



2017 Annual Report

Putting the **Public** in **Power**.

VPPSA's Vision:

To promote and celebrate public power in Vermont and beyond.

VPPSA's Mission:

To provide exceptional essential services to its member utilities.

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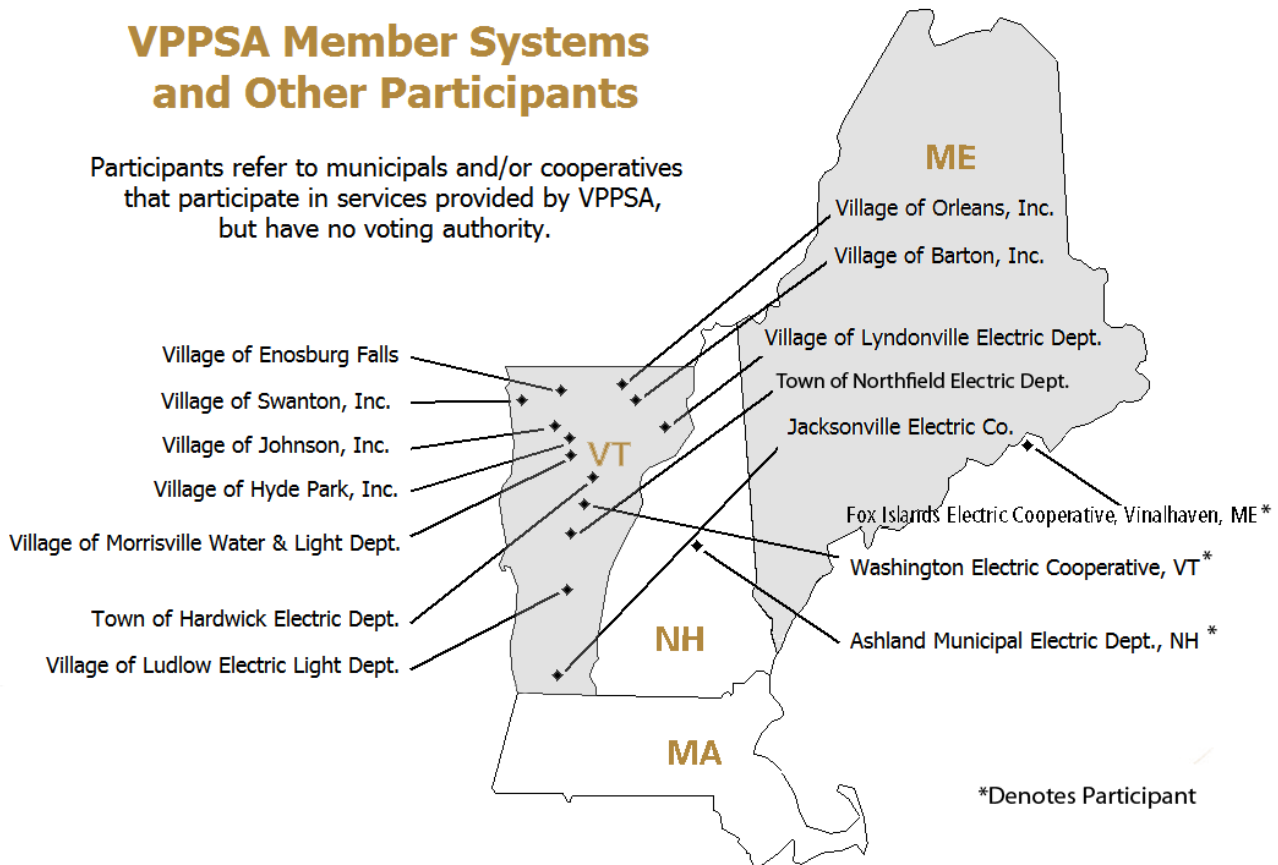
Vermont Public Power Supply Authority (VPPSA) is a joint action agency established by act of the Vermont General Assembly on July 1, 1979 and codified as Title 30 VSA, Chapter 84. VPPSA is an instrumentality of the State of Vermont, which primarily means that as a governmental agency, bonds or notes issued by VPPSA are exempt from taxation (subject to IRS rules).

In addition, VPPSA is authorized by the State of Vermont to charge sufficient amounts to guarantee recovery of all costs. VPPSA provides its members with a broad spectrum of joint action services, as defined by its Board of Directors. VPPSA is governed by a members' Board of Directors. Our membership includes 12 consumer-owned municipals in Vermont. The selectboard, trustees, or commissioners of each municipality appoints its VPPSA Director. In this way, our member board has equal representation, which consists of one director from each municipality.

VPPSA also provides services to other municipals and cooperatives both within and outside Vermont. These systems are considered participants rather than members. Participants differ from members in that they have no representation on the Board of Directors. These systems have access to VPPSA's project services at the discretion of the Board. To the extent that participants take part in VPPSA projects, they are bound by the same terms and conditions as the members.

VPPSA Member Systems and Other Participants

Participants refer to municipals and/or cooperatives that participate in services provided by VPPSA, but have no voting authority.



Message from the Chairman



My first year as Chair represented a continuation of VPPSA's evolution. Building on its vision "to promote and celebrate Public Power and Beyond", as well as its mission "to provide exceptional essential services to its member utilities", and a newly adopted 5-year strategic plan supported by the Board, staff focused its efforts in 2017 on revising internal systems and turning VPPSA's strategic planning goals into concrete deliverables. All company policies were reviewed and updated, and the budget process was redesigned to better implement the strategic plan.

VPPSA once again finished the year in a strong financial position having maintained our positive bond rating on our Swanton Peaker plant. The Authority's outstanding debt was completely restructured with the advance refunding of the Swanton Peaker bonds, as well as the refinancing of other loan agreements. These efforts not only reduced interest costs, but also eliminated outstanding balloon payments that would have required refinancing within the next few years.

The Swanton peaking units produced positive results for us once again, and we continued to hold our longstanding ownership interest in the J.C. McNeil Generating Facility. In 2016 VPPSA decided to sell its ownership in the Highgate converter station, and that transaction was closed in early 2017 providing a substantial net benefit.

Internal technologies systems were also upgraded during the year, with VPPSA's conversion to a new VoIP phone system that has allowed greater conferencing webinar capabilities as well as moving the Authority toward mobile workforce capabilities.

With guidance from the Board of Directors VPPSA increased its advocacy efforts at the state, regional and federal levels both directly and through its partnerships with the Northeast Public Power Association (NEPPA), the American Public Power Association (APPA), and Transmission Access Policy Study group (TAPS). We continue to participate heavily in Public Utilities Commission (PUC) matters, and through partnerships with other regional agencies, such as MMWEC, CMEEC, and NHEC strengthened our voice in the ISO New England stakeholder process and before FERC.

I want to thank our VPPSA Board of Directors and staff for their hard and diverse work as we prepare for an unprecedented period of change for our industry and our customers.

Reginald R. Beliveau Jr

VPPSA Members

Barton Village - The Village of Barton is located in the northeast corner of Vermont in Orleans County. It was incorporated in 1789 and its electric department was formed in 1893. Its service area is between fifteen and twenty square miles within the Town of Barton boundaries and portions of the Towns of Brownington, Charleston, Irasburg, Orleans, Sutton and Westmore. During 2016, the Village provided electrical service to 2,112 customers, most of which were residential customers accounting for 71% of energy sales, followed by commercial customers at 22%, and the remaining 7% from area lighting and other. During 2016, the Town experienced a peak demand in February of approximately 3,483 kW. **VPPSA Director: Evan Riordan**

The Village of Enosburg Falls - The Village of Enosburg Falls is located in the northwest corner of Vermont in Franklin County. It was incorporated in 1886 and its electric department was formed in 1896. It serves a 70 square mile service area within the Village boundaries and the Towns of Enosburg, Sheldon, Bakersfield, Berkshire, Fairfield and Franklin. During 2016, the Village provided electrical service to 1,729 customers, most of which were residential customers accounting for 54% of energy sales, followed by large commercial and industrial sales of 34%, small commercial sales at 7%, and the remaining 5% from area lighting and other. During 2016 the Village experienced a peak demand in August of approximately 4,654 kW. **VPPSA Director: Jonathan Elwell**

Hardwick Electric Department - The Town of Hardwick is located in the north central portion of Vermont in Caledonia County. It was incorporated in 1894 and its electric department was formed in 1897. The Hardwick Electric Department serves a 174 square mile service area within the Towns of Hardwick, Craftsbury, Greensboro, Woodbury, Wolcott, Calais, Elmore, Hyde Park, Eden, Stannard and Walden. During 2016, the Town experienced a peak demand in February of approximately 6,695 kW and provided service to 4,468 customers, most of which were residential customers accounting for 71% of energy sales, followed by small commercial sales at 15%, large commercial and industrial sales at 13%, and other sales at less than 1%. **VPPSA Director: Mike Sullivan**

The Village of Hyde Park - The Village of Hyde Park was incorporated in 1894 and is located in the north central portion of Vermont in Lamoille County. It small serves customers within the Village boundaries and extending throughout the Town of Hyde Park and into a portion of the Town of Johnson. During 2016, the Village provided electrical service to 1,395 customers, most of which were residential customers accounting for 69% of energy sales, followed by commercial customers at 25%, and the remaining 6% from area lighting and other. During 2016, the Village experienced a peak demand in August of approximately 2,948 kW. **VPPSA Director: Carol Robertson**

The Village of Jacksonville - The Village of Jacksonville is located in southern Vermont in Windham County. It was incorporated in 1904 and its electric department was formed the same year. It serves a 50 square mile service area within the Village boundaries and the Town of Whitingham. During 2016, the Village provided electrical service to 698 customers, most of which were residential customers accounting for 71% of energy sales, followed by commercial customers at 29%, and less than 1% from area lighting and other. During 2016, the Village experienced a peak demand in August of approximately 1,140 kW. **VPPSA Director: Joseph Winter**

The Village of Johnson - The Village of Johnson is located in the northern part of Vermont in Lamoille County. The Village was chartered in 1894 and it's electric and water departments were formed the same year. Its service area is the Village of Johnson, extending a limited distance into the Town of Johnson, comprising approximately 30 miles of distribution lines. During 2016, the Village provided electrical service to approximately 945 customers. Of these, residential customers account for 38% of energy sales, followed by small and large commercial customers at 27%, industrial customers at 27% and the remaining 8% from area lighting and other. The largest user by kWh is Johnson State College. During 2016, the Village experienced a peak demand in February of approximately 2,485 kW. **VPPSA Director: Meredith Birkett**

VPPSA Members

The Village of Ludlow Electric Dept. - The Village of Ludlow is located in the south central portion of Vermont in Windsor County. It was incorporated in 1866 and its electric department was formed in 1900. It serves a 23 square mile service area within the Village boundaries and portions of the Towns of Ludlow, Cavendish, Proctorsville and Plymouth. During 2016 the Village experienced a peak demand in January of approximately 12,309 kW and served 3,670 customers. Skiing is an important industry in the area. In 2016, residential customers accounted for 29% of energy sales, large commercial and industrial customers accounted for 30%, and small commercial customers accounted for 40% of energy sales. The remaining 1% of sales came from area lighting and other customers. **VPPSA Director: James Pallotta**

The Village of Lyndonville - The Village of Lyndonville is located in the north east portion of Vermont in Caledonia County, an area known as the Northeast Kingdom. It was incorporated in 1880 and the electric department was formed in 1894. It serves a 246 square mile service area within the Village boundaries and the Towns of Burke, East Haven, Glover, Kirby, Lyndon, Newark, Sheffield, St. Johnsbury, Sutton, Westmore and Wheelock. The Village provided service in 2016 to 5,701 customers, and experienced a peak demand in December of approximately 12,755 kW. In 2016, residential customers accounted for 51% of energy sales, large commercial and industrial accounted for 20%, small commercial customers accounted for 18% of energy sales, and the remaining 11% came from street lighting and other. **VPPSA Director: Bill Humphrey**

The Village of Morrisville Water & Light Dept. - The Village of Morrisville is located in the north central portion of Vermont in Lamoille County. It was incorporated in 1884 and its electric department was formed in 1895. It serves a 73 square mile area within the Village boundaries and the Towns of Morristown, Elmore, Hyde Park, Stowe, Wolcott and Johnson. During 2016, the Village provided service to 4,048 customers, and had a peak demand in August of approximately 8,639 kW. In 2016, residential customers accounted for 47% of energy sales and commercial and industrial customers accounted for 53% of energy sales and less than 1% came from street lighting and other. **VPPSA Director: Craig Myotte**

The Town of Northfield Electric Dept. - The Town of Northfield is located in the central portion of Vermont in Washington County. It was chartered in 1781 and its electric department was formed in 1894. It serves a 13 square mile service area within the Towns of Northfield, Berlin and Moretown. During 2016, the Village served 2,212 customers and had a peak demand in January of approximately 4,831 kW. In 2016, residential customers accounted for 36% of energy sales and commercial and industrial customers 56%, with its largest industrial accounting for 29% of energy sales. The remaining 7% of usage came from area lighting and other. **VPPSA Director: Stephen Fitzhugh**

The Village of Orleans - The Village of Orleans is located near the Canadian border in Orleans County. It was incorporated in 1789 and its electric department was formed in 1925. It serves 38 miles of electric line within the Village boundaries and portions of the Towns of Barton, Brownington, Coventry and Irasburg. During 2016, the Village provided electrical service to 669 customers, most of which were residential customers accounting for 27% of energy sales, followed by commercial customers at 12%, and 4% from area lighting and other. The Village's largest customer is an industrial customer that accounts for 57% of energy sales. During 2016, the Village experienced a peak demand in December of approximately 3,305 kW. **VPPSA Director: John Morley III**

Swanton Village - Swanton Village is located in the upper northwest portion of Vermont in Franklin County. It was incorporated in 1888 and the electric department was formed in 1894. It serves an area of 56 square miles within the Village boundaries and the Towns of Swanton and Highgate Falls. During 2016 the Village served 3,672 customers, and experienced a peak demand of approximately 10,940 kW in August. In 2016, residential customers accounted for 47% of energy sales, commercial and industrial customers accounted for 51% of energy sales and the remaining 3% from area lighting and other. **VPPSA Director: Reginald Beliveau, Jr.**

2017 Highlights

Finance

The overall financial integrity of the Authority continues to remain strong. This is attributable to a sound membership with a commitment to timely payments. This provides the Authority with a strong cash flow position and little need to draw on the Authority's operating line of credit. In 2017 and 2016, the Authority realized an increase in net assets of approximately \$3.0M and \$2.2M, respectively (exclusive of other comprehensive income activity).

With the addition of approximately \$31.5M in assets and liabilities since 2008, VPPSA's balance sheet has seen significant growth, (67% increase). This growth is primarily due to the 2009 construction of a new generating facility located in Swanton, Vermont known as "Project #10," and the cumulative purchases of membership units in Vt. Transco, LLC, (TRANSCO), Vermont's transmission provider. These increases are offset by the sale of VPPSA's 9.36% ownership share of the Highgate Converter Facility that occurred in 2017.

Project 10 became fully operational in 2010, and since February 1, 2010, the project participants have been invoiced and meeting their obligations as established under the Power Sales Agreements with the Authority. The economic benefits the participants received in 2017 and 2016 exceeded the participant cost by approximately \$1.1M and \$62K, respectively, making the project beneficial to those participants by reducing their overall power supply costs.

Over the last several years, the distribution utilities have had the opportunity to purchase equity in the form of membership units in Vermont's transmission provider, Vt. Transco, LLC. As an alternative to purchasing the membership units directly, those utilities that are members of the Authority, or are eligible to be a member of Authority, have the option to direct the Authority to purchase the units that are so offered to that utility, should the Authority's Board of Directors authorize overall financing of the purchases. As a result, the Authority has worked with its members, to help facilitate their ability to realize the economic benefits of these offers. As of December 31, 2017, the Authority owns a total of 4,064,106 TRANSCO membership units, at a value of \$40,641,060. Of the total 4,064,106 member units, 3,965,489 member units were purchased for the direct benefit of the Authority's members and 98,617 member units were purchased to benefit the Authority directly. The Authority's direct purchase provides another source of revenue that reduces the Authority's operating costs. As shown in the Authority's financial statements, TRANSCO equity purchases earn an average rate of return of 12.51%. Currently, this rate of return is significantly higher than the related debt service, resulting in an economic benefit that reduces the members' costs and ultimately the cost to their ratepayers.

During 2017 and 2016, the Authority continued to pay down principal on existing debt obligations (bonds and long-term debt) in the amount of \$4.0M and \$4.9M, respectively. This decline in debt levels further strengthens the Authority's financial position. A major milestone in 2015 was the maturity of the McNeil bonds that were issued in the 1980's, with the final bond payment paid on July 2, 2015. During 2017 the Authority completed a major restructuring of its debt including the completion of an advance refunding of the Authority's Project #10 bonds, and refinancing of its outstanding loans associated with Vt. Transco LLC membership unit purchases. Refinancing of the Vt. Transco associated loans also resulted in elimination of balloon payments that would have come due in 2021/2022.

In 2017, Moody's Investor Services conducted a review of the rating assigned to the Authority's Project 10 project revenue bonds. Moody's maintained the Project 10 revenue bonds rating of Baa1 with a stable outlook.

Information Systems and Support Services

Once again, VPPSA made several improvements in the use of Information Systems Technology during 2017. The investment in a Ring Central VoIP phone system was leveraged to implement robust video conferencing capabilities within the organization. This effort enables the VPPSA board members, management and staff to be a true mobile workforce.

Compliance with NERC Critical Infrastructure Protection (CIP) requirements were a focus during 2017. Conversion to CIP Version 5 was completed during the year. The compliance program was updated to conform to the new requirements.

VPPSA IT and power supply staff implemented a new Central Dispatch Agreement (CDA) billing process during 2017. The conversion to the new system will be completed with the January 2018 invoicing. The new processes leverage VPPSA's investment in Microsoft's SQL Server and development tools, resulting in more streamlined, efficient and accurate reporting.

Staff also began the process of virtualizing the computing environment at the VPPSA headquarters office. This effort will culminate with a much more efficient, cost effective infrastructure. Efficiencies in Systems Management and Security will be the result once the process is completed in early 2018.

In addition to managing and maintaining its own building and electronic infrastructure, VPPSA also completed technology projects at its member facilities during the year. These projects included replacement of aging computer systems, cyber security devices and meter interrogation systems.

Legislative and Regulatory Affairs

Throughout 2017 VPPSA staff actively participated in statewide regulatory proceedings at the Public Utility Commission through workshops, hearings, and the submission of written comments. Significant staff efforts were devoted to revisions to the state's Net Metering and Standard Offer programs, which promote small-scale renewable development in the state.

Staff commenced implementation of Vermont's Renewable Energy Standard ("RES"), which took effect in 2017. A pilot Electric Vehicle Rebate program was developed in compliance with the Energy Transformation tier of the RES. The VPPSA members have the option of meeting their RES requirements in the aggregate, and staff is in the process of developing a replicable internal structure to track RES obligations, credits, and program participation.

VPPSA has increased its level of engagement with Efficiency Vermont to promote coordination between the energy efficiency utility and the VPPSA members. Areas of discussion include RES implementation, data sharing, and the future role of the energy efficiency utility.

VPPSA was also an engaged participant in the Vermont System Planning Committee ("VSPC"), including the geotargeting and forecasting subcommittees, on behalf of its municipal member systems. Staff attend quarterly VSPC meetings to discuss issues related to grid planning.

2017 Highlights

In 2017, VPPSA actively monitored relevant state legislative proceedings and testified in front of the House and Senate committees with jurisdiction over energy-related issues. Much of the legislative session was devoted to finalizing the revised Net Metering Rule, which took effect in 2017.

In addition to its activities at the state level, VPPSA was very active working to shape energy policy at the regional and national level through participation in the Transmission Access Policy Group (“TAPS”), the American Public Power Association (“APPA”), and the Northeast Public Power Association (“NEPPA”). VPPSA staff helped to craft position papers and policy documents put forward by these entities and participated in Legislative Rally’s and helping to craft policy positions before Congress and the Federal Energy Regulatory Commission (“FERC”). Staff also began an effort in 2017 with six other joint action agencies to establish a national service company that will provide more sophisticated smart grid and information technology services.

Looking towards 2018, VPPSA will focus on guiding updates to the Net Metering and Standard Offer programs, expanding RES implementation efforts, and continuing to grow its influence on energy policy at the state, regional, and national levels.

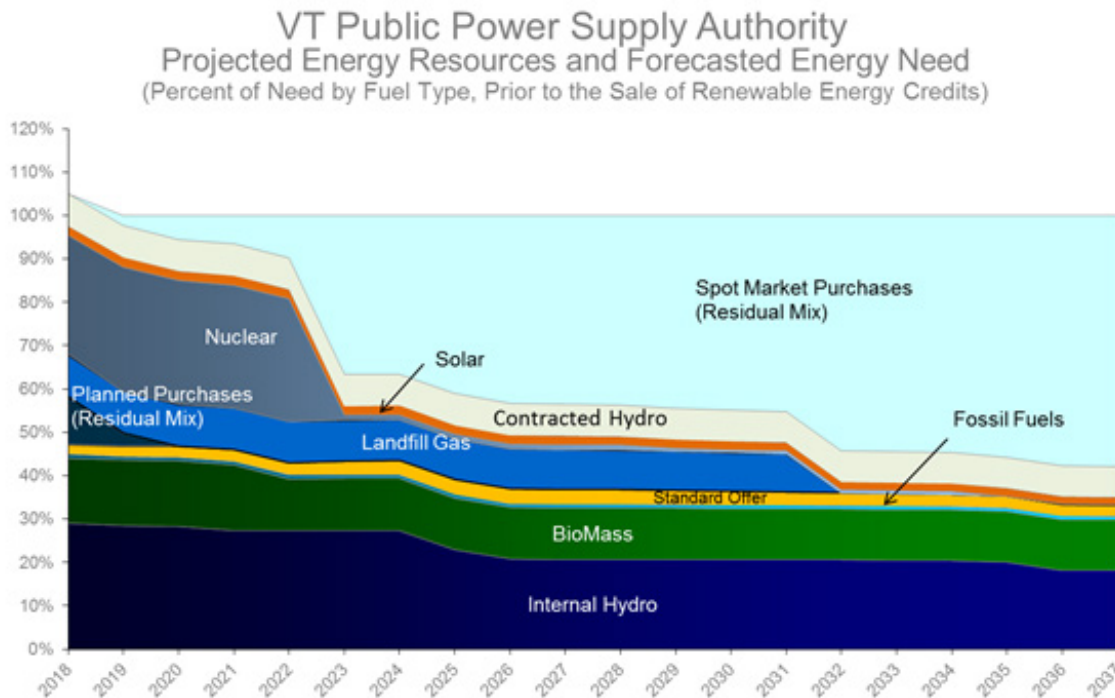
Power Supply

VPPSA’s power supply team has continued to support Member’s short and long-term power supply needs through the evaluation and contracting of resources to meet demand, as well as improving evaluation and reporting mechanisms.

Long-Term Portfolio — VPPSA has continued to pursue long-term resource agreement opportunities that meet the priorities of Members as articulated in their Integrated Resource Plans, including but not limited to fuel diversity, affordability, and cost stability. In 2017, VPPSA explored potential agreements for the provision of energy generation, capacity, and/or renewable energy attributes from a diverse array of sources including solar, wind, and small hydro, along with potential short to medium-term energy agreements via “market” contracts (sourced by the region’s residual mix). VPPSA entered into three 20-year Purchase Power Agreements for relatively stable priced energy and capacity resources from a total of six small hydro facilities in Maine and Rhode Island. Including these resources, the chart on the next page shows VPPSA’s overall energy resource position as of 12/31/17.

VPPSA currently has resources to cover over 90% of its projected aggregate needs through the year 2022. Each individual Member holds a varying mix of the above summarized resources, and VPPSA continues to evaluate each individual portfolio as to its continued short and long-term need. As seen above, VPPSA’s portfolio has a diverse set of fuel types, balancing base-load facilities with intermittent resources whose output varies depending on weather conditions.

In 2017, VPPSA also issued a Request for Proposals for solar photovoltaic resources within Member service territories. Members identified a dozen possible sites where solar should be considered, and vendors offered several more possible locations. VPPSA has narrowed the sites and Respondents and requested a second round of binding bids from vendors to potentially begin the process of acquiring Certificates of Public Good for any resources that are economic and/or provide additional benefit to members, including meeting long-term Renewable Energy Standard requirements.



Renewable Energy Standard — 2017 was the first year of obligations under Vermont’s Renewable Energy Standard (RES). Power Supply Staff have worked to analyze the new Vermont market and evaluate least cost solutions. To this end, VPPSA made several purchases of Renewable Energy Credits (RECs) to meet obligations in 2017 and beyond. Given the economics of RECs that qualify for Vermont and other states’ renewable energy portfolio requirements, continual evaluation of New England’s market prices is necessary to determine the most beneficial disposition of RECs. At times, it may be beneficial to sell the RECs for Vermont owned resources and replace them with lower cost RECs from out of state resources. Power Supply has regularly evaluated these opportunities to provide the least cost solution to Members.

Planned Purchasing — VPPSA continued its Planned Purchasing program in 2017. The Planned Purchasing program blends a systematic structure with continual market monitoring and judgement. Under this approach, VPPSA regularly reviews market exposure to analyze the benefits and costs associated with making a market purchase, which if made reduces exposure to price uncertainty and volatility. By staggering purchases over time, members are able to diversify their counterparties and contract prices. This is akin to the concept of dollar cost averaging used in investing and results in lower realized power price volatility.

Standard-Offer Program — In 2015, VPPSA was awarded Standard Offer contracts for 485 and a 500kW solar PV projects in Lyndonville Electric Department’s (LED) service territory. During 2017, VPPSA worked toward construction of these projects in coordination with Lyndonville Electric Department and the town of Lyndon, the Northeastern Vermont Development Association, the Vermont Agency of Natural Resources, and Public Service Department, and other stakeholders. Certificates of Public Good were received in 2017, and the sites, which were brownfields and unused for at least a decade, were successfully entered into the Brownfield Redevelopment and Environmental Limited Liability Act program, which delayed construction but allowed for construction to begin. The projects are now expected to be commissioned in Spring of 2018.

In 2017, VPPSA was awarded Standard Offer contracts for 860 and 855 kW (AC) projects in Morristown and Brandon, respectively. The site in Morristown has received its Certificate of Public Good, while the application

2017 Highlights

for the Brandon site has been under development. VPPSA began negotiating underlying PPAs with the developer in 2017 and expects them to be signed in Spring of 2018. The Morristown site is expected to be constructed in 2018, with the Brandon site constructed in 2019.

Applications Development — VPPSA continued a significant software redevelopment project in 2017 to upgrade tools that support core activities. Primary efforts focused on coordination of Central Dispatch Agreement invoices with Power Bill Summary reporting, with the goal of creating a more reliable, streamlined, and transparent process that allows for more direct management, simpler maintenance, and future flexibility. The project was largely completed in 2017 to be put in place for invoices beginning January 2018. Incremental improvements were also made to a variety of applications supporting power supply functions such as market participation, data analysis, and forecasting.

Rates and Planning

During 2017 VPPSA continued to focus on building collaborative relationships with regulators while supporting members' ongoing regulatory reporting and filing requirements. Efforts in this area included annual reports to the Public Utilities Commission (PUC), Department of Energy (DOE), and SQRP related reports and providing extensive feedback to the PUC during development of the new, PDF based Small Electric Company Annual Report form. Efforts to complete, file and gain approval for all Integrated Resource Plan (IRP) T&D sections continued throughout the year. Eleven out of twelve member's T&D sections have been filed and 4 are completely approved, with one MOU currently awaiting PUC feedback. Having established a "repeatable" template for the MOU's leading to approval of the T&D sections, it is hoped the pace of approval will pick up during the upcoming year.

The year brought continued change to the net metering area as the new Rule 5.100 was finalized on July 1st. The compliance filings, required by the Commission's December 30, 2016 order, were submitted for all members in February 2017. Before these compliance tariffs were approved, the PUC opened an investigation involving all 12 members' net metering tariffs requesting additional information regarding the cost of required production meters. Extensive time and resources were expended throughout 2017 to service these investigations, as well as providing ongoing educational efforts to assist members as they worked through changes to the net metering rules. The investigations were ultimately concluded as of October 2017 with the compliance tariffs approved largely as filed. Continued support of members efforts to administer net metering rules and resolve related billing issues continues to consume significant time and resources.

During 2017 VPPSA initiated efforts to increase member involvement in, and enhance the capital planning aspect of, the process it uses to analyze and project retail revenue requirements, anticipate financing needs, and identify rate increase requirements. This process, and the tools supporting it, is used to analyze business scenarios, such as anticipated net metering impact, in addition to providing the foundation for rate planning. Initiatives related to capital planning are ongoing and will continue to be important to successful responses to the current regulatory environment.

Other efforts undertaken include continued participation in the statewide Deep Thunder weather forecasting effort, active support of the Municipal Electric Association of Vermont (MEAV) meetings and participation in various regulatory proceedings and workshops. Although VPPSA did not receive any grant funding, useful grant writing experience was gained from applying for the 2017 Northern Border Regional Commission grant. Rates & Planning staff also provided key support to the Power Supply and Accounting departments during periods of staff transition. Ongoing activities include analyzing and responding to developing events and specific member questions with related education or problem resolution efforts.

The Authority has knowledge, experience, and access to tax-free bond financings. Its current projects include the following:

The J. C. McNeil Generating Facility (Project #2) - The Authority owns 19% of the J. C. McNeil Generating Facility, located in Burlington, Vermont. The McNeil Station is managed by the Burlington Electric Department, which is the majority owner. McNeil continues to be a reliable source of energy for the project participants. The following chart identifies the capacity and availability factors for the plant over the last ten (10) years and demonstrates that the plant has been, and continues to be, a dependable resource for its owners. A major VPPSA milestone was realized in July 2015 with the maturity of the McNeil revenue bonds that were issued to construct the project in the early 1980's.

Year	Capacity Factor	Availability Factor
2017	61.4%	74.6%
2016	69.7%	96.3%
2015	66.3%	82.3%
2014	65.7%	82.5%
2013	72.9%	89.7%
2012	51.3%	83.8%
2011	51.9%	84.9%
2010	62.1%	89.7%
2009	50.8%	89.3%
2008	57.6%	91.9%

The Highgate Converter Station (Project #3) - In 2016, the Authority owned a 9.36% share of the 225 mW AC-DC-AC converter station which connects the US and Quebec electric grids at Highgate, Vermont. This converter station provides Vermont with electricity imports from the Hydro-Quebec Trans Energie grid. In May of 2017, the Authority sold its ownership shares to Vt. Transco, Vermont's transmission provider and the Town of Stowe Electric Department.

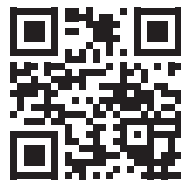
The Swanton Peaker Generating Facility (Project #10) - The Authority owns 100% of the peaking generating facility located in Swanton, Vermont. This facility was completed and entered commercial operation in 2010. The project consists of two GE Frame 5N turbines, each rated at 24 mW. As a peaking facility, the facility is expected to operate infrequently. The two GE Frame 5N turbines are able to produce maximum capable output (24 MW) within ten minutes of being energized from a standing (off) state. This gives the units "Fast-Start" capabilities within the ISO-NE wholesale markets. The units are remotely controlled by the operators of the New England power grid, allowing the operators to quickly dispatch the units to help keep the power grid stable. The following chart identifies the operating statistics for the plant since it began operation.

	Runtime	Generation	Capacity	Availability
Year	(Hrs)	(MWh)	Factor	Factor
2017	33	589.0	.2%	99%
2016	110	965.2	.3%	99%
2015	126	904.5	.3%	99%
2014	74	225.3	.1%	99%
2013	92	539.9	.2%	99%
2012	42	319.0	.1%	91%
2011	47	362.7	.1%	98%

This report, along with the 2017 Independent Auditors' Report, is included on the CD attached to the back cover in electronic format for your convenience. Questions concerning any of the information found in this report, requests for additional information, or requests for written copies should be directed to:

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The information may also be accessed on our website:
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Our Audit was performed by:

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