

2019 Annual Report



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

A Message from the Chair and General Manager

2019 commemorated the 40th anniversary of the Vermont Public Power Supply Authority. It has been 40 years since the 1979 Vermont General Assembly enacted Title 30 VSA, Chapter 84: the legislation that opened the door for VPPSA's creation.

Throughout those 40 years, VPPSA has provided its member municipal utilities with affordable and reliable electric supply. We've ebbed and flowed with the changing legislative and regulatory tides, adapting to new industry trends. Year after year we delicately balanced supplying diverse, reasonably priced fuel sources with renewable and carbon free energy. Today, we can boast that our member electric utilities are 60% renewable and 90% carbon free while offering some of the lowest residential rates in the state.

VPPSA's services have expanded over the past four decades to offer more than just wholesale power supply. We help our member utilities meet their communities' needs efficiently and cost-effectively. We provide IT support and usher forward the latest advances in innovative technology. We advocate for our municipalities in front of local, state, and even national policymakers.

In our 40th year of operation, VPPSA continued to expand its program offerings to best serve its member utilities. We worked with Vermont's state legislature to provide financial flexibility to municipalities while conducting routine business. We began offering rebate incentives to utility customers who reduced fossil fuel use, offsetting carbon dioxide emissions. We laid the groundwork for introducing new technology to our members and established a clear path for an upgrade to smart metering.

As we enter a new operating era, we briefly pause to reflect on our existing achievements before shifting focus onto the progress we're striving for.



Ken Nolan
VPPSA General Manager



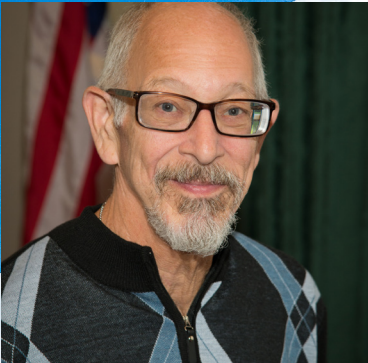
Reginald Beliveau Jr.
Chair of the Board

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Board of Directors

REGINALD BELIVEAU, JR. Chair, Swanton Village	CRAIG MYOTTE Vice Chair, Village of Morrisville	JONATHAN ELWELL Village of Enosburg Falls	MIKE SULLIVAN Town of Hardwick	PAMELA MOORE Village of Jacksonville	Officers Crystal Currier Secretary Amy Parah Assistant Secretary Lynn Paradis Treasurer
MEREDITH BIRKETT Village of Johnson	THOMAS PETRASKA Village of Ludlow	BILL HUMPHREY Village of Lyndonville	STEPHEN FITZHUGH Town of Northfield	JOHN MORLEY III Village of Orleans	



IN MEMORIAM
James Pallota
Village of Ludlow
1955-2019

It is with great sadness that we share the loss of James Pallotta. Jim served on the VPPSA Board of Directors for nearly a decade and was a fierce advocate for his community. We are honored to recognize his legacy in public power.



Our Members

- Barton Village
- Village of Enosburg Falls
- Town of Hardwick
- Village of Jacksonville
- Village of Johnson
- Village of Ludlow
- Village of Lyndonville
- Village of Morrisville
- Town of Northfield
- Village of Orleans
- Swanton Village

About VPPSA

Over four decades ago, leaders of Vermont's small, municipal electric utilities recognized that they required a support network to deliver exceptional service to their communities. These leaders sought state support for establishing a Joint Action Agency. In 1979, the Vermont General Assembly responded, enacting statute to create the Vermont Public Power Supply Authority. Since then, VPPSA has been providing its member utilities with strength in numbers while allowing each community to maintain its individual identity.

Today, VPPSA serves 11 Vermont member municipalities. Individually, VPPSA member utilities serve anywhere from 600 to 6,000 customers. Combined, the customer base adds up to nearly 30,000.

Services include wholesale power supply, technology support, financial and rates planning, legislative and regulatory representation, and customer outreach. In addition, VPPSA holds ownership positions in generation assets on behalf of the members.



Mission

To deliver exceptional value to community-owned utilities by advocating, educating, collaborating, and providing guidance through the changing economic, technological, and regulatory landscape.

Vision

To promote, advance, and celebrate public power communities in Vermont and beyond.



The Value of Public Power

2,011 public power utilities provide electricity to 49 million people across America. There are 14 community-owned utilities in Vermont, 11 of which are members of the Vermont Public Power Supply Authority.

“The Swanton Village Electric Department is a public power utility, meaning we are publicly owned and democratically run, much like a public library or a public school. We’re governed by customers who are our neighbors, friends, and even family.”

Reginald Beliveau Jr. Village Manager, Swanton, VT

PUBLIC POWER IS Renewable

Power Supply Portfolio

VPPSA provides its member communities with wholesale power supply that is reliable, diverse, and in compliance with Vermont’s Renewable Energy Standard (RES). The RES took effect in 2017 and established a minimum percentage of renewable energy required within electric utilities’ generation portfolios. The amount of renewable energy increases over time, bringing Vermont electric utilities to 75% renewable by 2032.

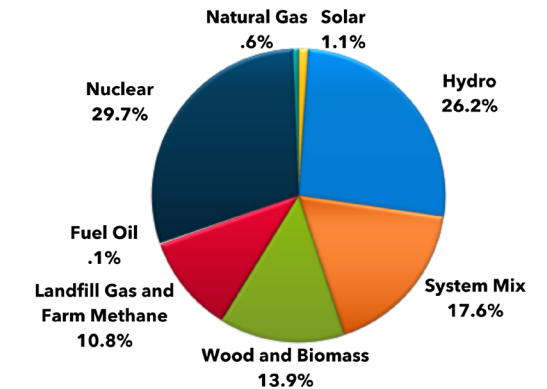
Utilities buy and sell Renewable Energy Credits (RECs) to meet requirements for the RES. Official 2019 Vermont utility portfolios will become available after RES compliance filings are submitted in August 2020. The most recently available electric portfolios

show that VPPSA utilities, who comply with the RES in aggregate, are 60% renewable and 90% carbon free after buying and selling RECs.

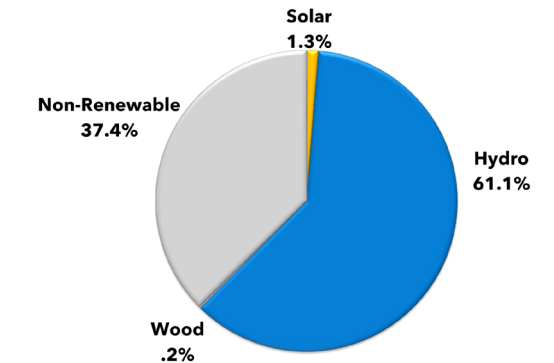
Please note that individual member profiles may vary. For example, Swanton Village is 100% renewable after buying and selling RECs.



Electricity Sources Before Buying and Selling RECs



Electricity Sources After Buying and Selling RECs





Swanton Village: 100% Renewable

When Swanton Village's 3,781 customers flip the switch, they're tapping into a 100% renewable source. Most of Swanton Village's electricity comes from the community-owned hydropower plant, the Orman Croft Generating Facility, which has been providing clean energy since the 1800s.

In 2019, VPPSA and Swanton Village partnered with Efficiency Vermont, Vermont's Council on Rural Development, and Vermont Gas to help Swanton residents save energy and take advantage of their 100% renewable electric supply. Working together, over 100 free home and business energy visits were provided to the community.



Village of Morrisville: Trombley Hill Solar Project

On May 30, 2019 the Trombley Hill Solar array officially went online in Morrisville, VT. Trombley Hill Solar produces 1,500 MWh annually, enough to power 208 Vermont homes. While the solar project is sited on land owned by Morrisville Water & Light, the energy produced will be shared with all Vermont electric utilities that aren't already 100% renewable.



"I am so pleased that we are able to provide property for this exciting project. While all Vermont utilities buy a portion of Trombley Hill Solar's output, Morrisville Water

& Light gets the benefit of having the real electrons from the project serving the load of its customers. Our community places high value on committing to renewable energy resources, and we're proud to be able to share the solar energy benefits of Trombley Hill Solar with the entirety of Vermont." Craig Myotte, General Manager, Morrisville Water & Light

PUBLIC POWER IS Reliable

Community-owned utilities offer steadfast electric service to the customers that are their neighbors, friends, and even family. Over the course of a year, power outages in VPPSA communities average 42 minutes shorter than in the rest of Vermont.

Planning For Remote Work

VPPSA is committed to providing its member utilities with exceptional services. Reliable, wholesale power supply is an absolute necessity, and VPPSA recognizes that operations must continue despite potential emergency situations. In June 2019, VPPSA took innovative steps to enable mobile and remote work for all staff and put forth a plan to test existing capabilities and identify opportunities for improvements. Each

VPPSA department is planning to work remotely for one week and document issues that arise before the end of 2020. This will maximize use of existing technologies' remote capabilities, including VPPSA's ability to connect to network drives through use of a virtual private network and the recent phone system upgrade to include call forwarding from the office lines to cell phones.

Over the course of a year, power outages in VPPSA communities average 42 minutes shorter than in the rest of Vermont.

Laying the Groundwork for Technology Advancements

Smart metering transmits precise electric data from the customer to the utility and increases communication abilities. In 2019, VPPSA took substantial steps toward introducing smart metering technology to member municipal electric utilities. Partnering with Lemmerhirt Consulting, a selection committee consisting of VPPSA staff and board members reviewed information from numerous metering vendors. The committee issued requests for proposals to three vendor finalists: Aclara, Hometown Connections, and Landis & Gyr. A final vendor selection will be made in July 2020 with installation projected to begin in 2021.



Village of Orleans: System Upgrades

The Village of Orleans has a unique customer base: roughly 50% of its load comes from the Ethan Allen Manufacturing facility. To continue providing unwavering electric service to the company that employs hundreds of Vermonters, the Village of Orleans executed multiple system upgrades in 2019, including a voltage conversion for the warehouse. New poles, conductors, and beams were erected and the Rainbow Substation received new wires and upgraded structure.



“Our excellent team of municipal office staff and hardworking line crew keep the entire operation running smoothly. Our electric

service is dependable, and our rates are among the lowest in Vermont, which keeps our customers happy and helps bring new businesses to Main Street.” John Morley III, Village of Orleans, Village Manager

PUBLIC POWER IS Affordable

Keeping electricity costs low is a high priority for community-owned electric utilities. The most recent available public data shows that on average, **VPPSA member utilities offer household electric rates that are 11.3% lower than what the typical Vermonter pays.**

The affordable rates are achieved through long-term power supply contracts and smart investments in municipally owned generation.



Barton Village: Low Impact Hydropower Institute Certification

The Barton Village Hydroelectric Project is a small hydroelectric facility that has provided renewable energy to Barton Village’s 2,100 customers for over 100 years. It consists of two turbines that can produce a combined maximum output of 1.25 MW under ideal river flow conditions, serving roughly half of the utility’s peak load.

On March 29, 2019, the Barton Village Hydroelectric Project qualified for Low Impact Hydropower Institute (LIHI) certification. Barton’s hydroelectric facility met rigorous environmental, cultural, and recreational criteria to qualify. With LIHI certification, RECs generated by the Barton Village Hydroelectric Project have a higher value and can be sold on the market. As a result, Barton Village can continue supplying its community with community-owned energy while potentially lowering future costs.

Saving Customers Money and Reducing Carbon Emissions

In 2019, VPPSA began offering rebate incentives on behalf of its member utilities to customers who chose to convert from fossil fuel to electricity, which is currently 60% renewable and 90% carbon free. Customers who installed cold climate heat pumps, which heat buildings efficiently and run on electricity, could receive as much as \$400 back in a rebate check. Switching from a fossil fuel fired water heater to a heat pump water heater could earn customers a check of \$300. In Vermont, the transportation sector accounts for nearly half of the state’s carbon emissions. VPPSA provided an incentive of up to \$1,000 to member customers who purchased or leased a new electric vehicle.

In all, VPPSA member utilities put \$42,400 back into the pockets of their customers. 23.8% of total rebate incentives went to customers who identified as low income.

Member utilities are expected to recoup the costs over the lifetime of the new electric appliances and vehicles, so costs will not be shifted to those who did not receive a rebate.

23.8% of total rebate incentives went to customers who identified as low income.

Financial Statements

A complete copy of VPPSA’s audited financial reports can be found at: <https://vppsa.com/about-vppsa/financial-reports>

Project Operations

VPPSA owns 19% of the J.C. McNeil Generating Facility, located in Burlington. The McNeil Station is managed by Burlington Electric Department, which is

the majority owner. Additionally, VPPSA owns 100% of the Project 10 peaking generating facility, located in Swanton. This is a “fast-start” generator within the ISO-NE wholesale market, allowing New England power grid operators to quickly dispatch generation to keep the power grid stable.

Condensed Statement of Net Position

	2019	2018
Net capital assets	\$15,920,689	\$17,227,323
Current assets, including cash and equivalents, accounts receivable, and other assets	\$18,922,541	\$18,427,539
Long-term assets, including investments	\$36,234,706	\$44,460,532
Deferred outflow of resources	\$25,000	\$433,436
Total assets and deferred outflow of resources	\$71,102,935	\$80,548,830
Current liabilities, including accounts payable, short-term debt, current portion-bonds and LTD	\$10,239,072	\$16,74,975
Long-term liabilities, including bonds and long-term debt	\$29,162,655	\$34,231,464
Deferred inflow of resources	\$70,605	\$651,613
Total liabilities and deferred inflows of resources	\$39,472,332	\$51,758,053

McNeil Station 2019



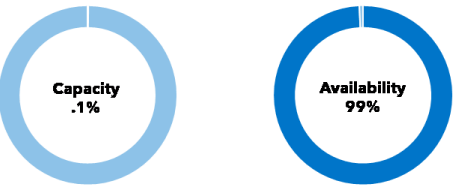
2018



Project 10 2019



2018





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