

Village of Jacksonville Electric Company

FINANCIAL STATEMENTS

December 31, 2024

Village of Jacksonville Electric Company  
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**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License # 167

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Electric Company  
of the Village of Jacksonville, Vermont  
(A Component Unit of the Village of Jacksonville, Vermont)  
Jacksonville, Vermont

### **Opinions**

We have audited the financial statements of the Village of Jacksonville Electric Company, a component unit of the Village of Jacksonville, Vermont, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Village of Jacksonville Electric Company's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Village of Jacksonville Electric Company, as of December 31, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Jacksonville Electric Company, 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 opinions.

### **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 Village of Jacksonville Electric Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS 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 GAAS, 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 Village of Jacksonville Electric Company's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Jacksonville Electric Company's ability to continue as a going concern for a reasonable period of time.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Village of Jacksonville Electric Company and do not purport to, and do not present fairly, the financial position of the Village of Jacksonville, Vermont as of December 31, 2024 and 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Kittle Branger & Sargent". The signature is written in dark ink and is positioned above the date and location text.

St. Albans, Vermont  
May 12, 2025

Village of Jacksonville Electric Company  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2024

The following is a discussion and analysis of the Village of Jacksonville Electric Company's financial performance, including an overview and analysis of the financial activities of the Jacksonville Electric Company for the fiscal year ending December 31, 2024. Readers should consider this information in conjunction with the Company's financial statements, which are located after this analysis. GASB Statement No. 34 requires the use of full accrual accounting in the Financial Statements.

## **FINANCIAL HIGHLIGHTS**

The Village of Jacksonville Electric Company's retail operating revenues were \$972,047 in December 31, 2024, compared to \$946,745 in 2023, an increase of \$25,302 or 2.7%.

The year 2024 experienced a purchased power expense decrease of \$1,639, and annual total operating costs increased \$126,426 in 2023. The year ended December 31, 2023, experienced a purchase power increase of \$9,986 and a total increase in operating costs of \$84,813.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Jacksonville Electric Company is a proprietary component unit of the Village of Jacksonville, Vermont. Proprietary funds report activities that operate more like those of private sector businesses. These funds report activities that charge fees for services to the general public.

### **Basic Components**

The financial section of this report consists of the following parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements. The basic financial statements consist of the statement of net position, the statement of revenues, expenses, and changes in fund balances, and the statement of cash flows. These statements provide current and long-term information about the Electric Company and its activities. This information taken collectively is designed to provide readers with an understanding of the Electric Company's finances.

The statement of net position presents information on all of Jacksonville Electric Company's assets and liabilities, with the difference between the assets and liabilities being an indicator of whether The Company is improving or deteriorating. Over time, its net position may serve as a useful indicator of the financial position of the Electric Company.

The statements of revenues, expenses and changes in net position present information showing how the Jacksonville Electric Company's net assets changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The statement of cash flows report activity of cash and cash equivalents during the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities is reconciled to the cash and cash equivalent balances reported at the end of the fiscal year.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the proprietary financial statements.

Village of Jacksonville Electric Company  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2024

**Basis of Accounting**

The Village of Jacksonville Electric Company presents its financial statements on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated over their useful lives. See notes to the financial statements for a summary of the Electric Company's significant accounting policies.

**Financial Analysis**

Total assets, total liabilities, and total net position at December 31, are as follows:

	<u>2024</u>	<u>2023</u>
Utility Plant, Net	\$ 666,175	\$ 664,449
Current Assets	380,442	525,551
Other Assets	<u>486,213</u>	<u>444,219</u>
Total Assets	<u>\$1,532,830</u>	<u>\$1,634,219</u>
Current Liabilities	\$ 669,617	\$ 611,146
Non-Current Liabilities	62,046	0
Net investment in capital assets	589,456	664,449
Unrestricted	<u>211,711</u>	<u>358,624</u>
Total Liabilities and Net Position	<u>\$1,532,830</u>	<u>\$1,634,219</u>

The principal operating revenues of the Village of Jacksonville Electric Company are derived from electric energy sales. Major operating expenses include purchased power, distribution operating and maintenance expenses, administrative costs, and depreciation on capital assets.

Non-operating income includes interest, dividend income and gain/loss on sale of assets.

Components of operating revenues, non-operating revenues and expenses for the years ended December 31, are as follows:

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sale of Energy	\$ 972,047	\$ 946,745
Miscellaneous Income	<u>56,714</u>	<u>37,606</u>
Total Operating Revenue	<u>1,028,761</u>	<u>984,351</u>

Village of Jacksonville Electric Company  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2024

Operating Expenses		
Purchased Power	692,648	694,287
Distribution	185,314	159,997
Customer Accounting & Collection	10,294	8,740
Administrative and General	300,517	207,106
Depreciation	46,932	40,513
Property and Other Taxes	<u>63,033</u>	<u>61,669</u>
Total Operating Expenses	<u>1,298,738</u>	<u>1,172,312</u>
Non-Operating Income (Expense)		
Non-Operating Income	<u>48,071</u>	<u>72,108</u>
CHANGE IN NET POSITION	<u>\$ (221,906)</u>	<u>\$ (115,583)</u>

**Capital Assets**

At December 31, 2024 and 2023, the Electric Company had \$666,175 and \$664,449 respectively, invested in utility plant in service, net of depreciation.

**Long-Term Debt**

At December 31, 2024 and 2023, the Electric Company had \$76,719 and \$0 respectively in long term debt balances due for the purchase of a bucket truck.

**Economic Climate**

1. The Electric Company provides electric service to residents in Jacksonville and Whitingham.
2. The Service territory is very rural with very little or no growth on an annual basis.
3. The Electric Company purchases power requirements through the ISO/NE Power Pool.
4. The Village primarily uses subcontractors for line maintenance and improvements from Green Mountain Power and Riggs Distler. Under the contract the cost of labor is handled on a pay as you go basis.

**Contacting the Village of Jacksonville Electric Company's Financial Management**

This report is designed to provide our citizens, customers, and creditors with a general overview of the Electric Company's finances. If you have any questions about this report, or need additional information, contact the Village of Jacksonville Electric Company at 351 VT. Route 112, Jacksonville, VT 05342.



Village of Jacksonville Electric Company  
STATEMENTS OF NET POSITION  
December 31,

<u>ASSETS</u>		<u>2024</u>	<u>2023</u>
UTILITY PLANT, at cost		\$ 1,642,382	\$ 1,607,891
Less Accumulated Depreciation		<u>(976,207)</u>	<u>(943,442)</u>
TOTAL UTILITY PLANT, net		<u>666,175</u>	<u>664,449</u>
INVESTMENTS		<u>486,213</u>	<u>444,219</u>
CURRENT ASSETS			
Cash		134,498	244,629
Restricted Cash		-	52,436
Accounts Receivable		131,936	139,227
Other Receivables		1,636	853
Unbilled Revenue		75,220	68,762
Inventories		27,427	11,474
Prepaid Expenses		<u>9,725</u>	<u>8,170</u>
TOTAL CURRENT ASSETS		<u>380,442</u>	<u>525,551</u>
TOTAL ASSETS		<u>\$ 1,532,830</u>	<u>\$ 1,634,219</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts Payable		\$ 590,562	\$ 511,460
Current portion of notes payable		14,673	-
Due to Unrelated Third Parties		-	52,436
Accrued Salaries and Payroll Taxes		4,360	4,044
Other Accrued Expenses		25,409	14,685
Customer Deposits		<u>34,613</u>	<u>28,521</u>
TOTAL CURRENT LIABILITIES		<u>669,617</u>	<u>611,146</u>
NON-CURRENT LIABILITIES			
Notes Payable		<u>62,046</u>	<u>-</u>
TOTAL LIABILITIES		<u>731,663</u>	<u>611,146</u>
NET POSITION			
Net investment in capital assets		589,456	664,449
Unrestricted		<u>211,711</u>	<u>358,624</u>
TOTAL NET POSITION		<u>801,167</u>	<u>1,023,073</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 1,532,830</u>	<u>\$ 1,634,219</u>

See Accompanying Notes to Financial Statements.

Village of Jacksonville Electric Company  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN NET POSITION  
For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
OPERATING REVENUE		
Electric sales to customers	\$ 972,047	\$ 946,745
Miscellaneous income	<u>56,714</u>	<u>37,606</u>
TOTAL OPERATING REVENUES	<u>1,028,761</u>	<u>984,351</u>
OPERATING EXPENSES		
Purchased power	692,648	694,287
Distribution	185,314	159,997
Customer accounting and collection	10,294	8,740
Administrative and general	272,679	185,044
Depreciation	46,932	40,513
Interest expense	27,838	22,062
Taxes	<u>63,033</u>	<u>61,669</u>
TOTAL OPERATING EXPENSES	<u>1,298,738</u>	<u>1,172,312</u>
(LOSS) FROM OPERATIONS	<u>(269,977)</u>	<u>(187,961)</u>
OTHER INCOME		
Loss on sale of assets	(29,408)	-
Interest and dividend income	<u>77,479</u>	<u>72,108</u>
TOTAL OTHER INCOME	<u>48,071</u>	<u>72,108</u>
CHANGE IN NET POSITION	(221,906)	(115,853)
NET POSITION, Beginning of Year	<u>1,023,073</u>	<u>1,138,926</u>
NET POSITION, End of Year	<u>\$ 801,167</u>	<u>\$ 1,023,073</u>

See Accompanying Notes to Financial Statements.

Village of Jacksonville Electric Company  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 970,542	\$ 967,944
Payments to suppliers	(1,042,134)	(740,512)
Payments to employees	(129,391)	(55,038)
Other receipts (payments)	<u>56,714</u>	<u>37,606</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(144,269)</u>	<u>210,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(891)	(63,046)
Proceeds from sale of assets	6,425	-
Purchase of Investments	(41,994)	(42,112)
Principal payments on notes payable	<u>(6,881)</u>	<u>-</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(43,341)</u>	<u>(105,158)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt of interest and dividends on investments	<u>77,479</u>	<u>72,108</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	(110,131)	176,950
<b>CASH - Beginning of Year</b>	<u>244,629</u>	<u>67,679</u>
<b>CASH - End of Year</b>	<u>\$ 134,498</u>	<u>\$ 244,629</u>
<b>Reconciliation of operating income to net cash provided (used)</b>		
by operating activities		
(Loss) from operations	\$ (269,977)	\$ (187,961)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	46,932	40,513
(Increase)Decrease in:		
Accounts receivable & Unbilled Revenues	50	52,378
Inventories	(15,953)	(612)
Prepaid Expenses	(1,555)	(1,539)
Increase (decrease) in:		
Accounts Payable	79,102	340,467
Accrued Salaries	316	79
Other Accrued Expenses	<u>16,816</u>	<u>(33,325)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>\$ (144,269)</u>	<u>\$ 210,000</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Assets acquired through the issuance of long-term debt	<u>\$ 83,600</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements.

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 1      SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Village of Jacksonville Electric Company is a municipally owned utility providing electric power to the residents of Jacksonville, Vermont, and surrounding towns. The Company is a component unit of the Village of Jacksonville. The Village of Jacksonville elects the board of commissioners of the Company and the Village of Jacksonville is liable for the debt of the Company. The Company maintains its accounting records in the manner prescribed by the Federal Energy Regulatory Commission (FERC). The Company is regulated by the Public Service Board of Vermont (VPSB). Approval by the VPSB is required for changes in the Company's rate structure.

Basis of Presentation

Proprietary fund accounting is used for the Company's ongoing operation and activities, which are similar to those often found in the private sector. Proprietary funds are accounted for using the economic resources measurement focus.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Company applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins, except those that conflict with a GASB pronouncement.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales of services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, Company's policy to use restricted resources first, then unrestricted resources, as needed.

Assets, Liabilities, and Net Position

*Utility Plant In Service* – The utility plant of the Electric Company is stated at cost. The Electric Company follows the policy of charging to operating expense annual amounts of depreciation, which allocate the cost of these assets over their estimated useful lives on a straight-line basis for periods of 5-40 years. Repairs and maintenance are expensed as incurred.

*Cash and Cash Equivalents* – The Electric Company considers cash and short-term investments with a maturity of three months or less to be cash equivalents.

*Investments*- Investments in stock of associated companies are stated at cost. Because these investments are not publicly traded, market values are not readily determinable.

*Inventories* – Inventories are valued at cost.

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 1      SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenses

*Retirement Plan* – All employees of the Company who work greater than 24 hours on a regular basis are covered under the State of Vermont Municipal Employee's Retirement Plan. The plan requires a percentage contribution of salary. The Company pays all costs accrued each year for the plan. There is currently 1 active participant in the plan. The total contribution expense incurred by the Company was \$3,937 for the year ended December 31, 2024.

*Operating Revenues* – Revenues are based on billing rates authorized by the VPSB which are applied to customers' consumption of electricity. The Company bills on a monthly basis using a cycle billing method. The Company estimates unbilled revenues at the end of the accounting period. Unbilled revenues at December 31, 2024 and 2023 amounted to \$75,220 and \$68,762, respectively.

*Use of Estimates* – The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expensed. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2      UTILITY PLANT

An analysis of utility plant at December 31, is as follows:

	<u>Depreciable Lives</u>	<u>2024</u>	<u>2023</u>
Distribution Plant	25 to 33	\$ 1,182,689	\$ 1,232,688
General Plant	5 to 40	<u>459,693</u>	<u>375,203</u>
Total Utility Plant in Service		1,642,382	1,607,891
Less: Accumulated Depreciation		<u>(976,207)</u>	<u>(943,442)</u>
Net Utility Plant in Service		<u>\$ 666,175</u>	<u>\$ 664,449</u>

Depreciation expense for the year ended December 31, 2024 and 2023 was \$46,932 and \$40,513, respectively.

NOTE 3      CASH AND CASH EQUIVALENTS

As of December 31, 2024, the carrying amount of the Company's deposits with two financial institutions was \$134,527, all of which was covered by the FDIC at December 31, 2024.

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 4 INVESTMENTS

Investment in Associated Company

The Electric Company accounts for investment in the associated company on the cost method. An analysis of investment in the associated company for the period ended December 31, 2024 is as follows:

	<u>Shares/Units</u>	<u>2024</u>	<u>2023</u>
Vermont Electric Power Company, Inc.:			
Class C Common Stock	113	\$ 11,300	\$ 11,300
Class B Common Stock (2004)	196	19,200	19,200
Vermont Transco, LLC			
Class A & B Units		<u>455,713</u>	<u>413,719</u>
 TOTAL		 <u>\$ 486,213</u>	 <u>\$ 444,219</u>

NOTE 5 ACCOUNTS RECEIVABLE

An analysis of accounts receivable at December 31, 2024 is as follows:

	<u>2024</u>	<u>2023</u>
Electric Customers Receivable	\$ 146,936	\$ 179,227
Less: Reserve for Uncollectable Accounts	<u>(15,000)</u>	<u>(40,000)</u>
Net Accounts Receivable	<u>\$ 131,936</u>	<u>\$ 139,227</u>

NOTE 6 NOTES PAYABLE

	<u>2024</u>	<u>2023</u>
Note Payable to Community Bank N.A., requiring monthly payments of \$1,722 including fixed interest at 8.55%, Matures in June, 2029. Secured by vehicle.	\$ 76,719	\$ -
Less Current Portion	<u>(14,673)</u>	<u>-</u>
	<u>\$ 62,046</u>	<u>\$ -</u>

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 6      NOTES PAYABLE (continued)

The annual debt service requirements to maturity, including principle and interest, for long-term debt as of December 31, 2024, are as follows:

For the Years then Ended	Principal	Interest	Total
2025	\$ 14,673	\$ 5,993	\$ 20,666
2026	15,978	4,688	20,666
2027	17,398	3,268	20,666
2028	18,946	1,720	20,666
2029	9,724	228	9,952
	<u>\$ 76,719</u>	<u>\$ 15,897</u>	<u>\$ 92,616</u>

NOTE 7      COMMITMENTS AND CONTINGENCIES

Village of Jacksonville Electric Department (the Electric Department) is a member of the Vermont Public Power Supply Authority ("VPPSA"). The Electric Department pays a proportionate share of VPPSA's operating costs and holds a seat on the VPPSA Board of Directors.

**Central Dispatch Agreement**

The Electric Department has entered into a Central Dispatch Agreement (CDA) with VPPSA for the economic dispatch of its generating sources. Under the CDA, the Electric Department authorizes VPPSA to act as its billing agent with regard to its generating sources and transmission providers. VPPSA continues to provide dispatch services to the Electric Department under the terms of the CDA between the Electric Department and VPPSA dated 8/9/2001.

**Power Supply Resources**

The energy sold through the Electric Department is obtained from a combination of sources. A summary of the major power agreements as of December 31, 2024, follows:

Brookfield Hydro 2023-2027

- Size: 8 MW On Peak, 7 MW Off Peak
- Fuel: Hydro
- Location: Varies
- Entitlement: 0.3 MW On Peak, 0.2 MW Off Peak
- Products: Energy, VT Tier I renewable energy credits
- End Date: 12/31/27

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 7      COMMITMENTS AND CONTINGENCIES (continued)

Fitchburg Landfill

- Size: 4.8 MW
- Fuel: Landfill Gas
- Location: Westminster, MA
- Entitlement: 1.9%, PPA
- Products: Energy, capacity, renewable energy credits (MA I)
- End Date: 12/31/31

Hydro Quebec US (HQUS)

- Size: 6.067 MW
- Fuel: Hydro
- Location: Quebec
- Entitlement: 0.79% (0.049) MW, PPA
- Products: Energy, renewable energy credits (Quebec system mix)
- End Date: 10/31/38

Kruger Hydro

- Size: 6.7 MW
- Fuel: Hydro
- Location: Maine and Rhode Island
- Entitlement: 2.03%, PPA
- Products: Energy, capacity
- End Date: 12/31/37
- Notes: The Electric Department has an agreement with VPPSA to purchase unit contingent energy and capacity from six hydroelectric generators. The contract does not include the environmental attributes.

Market Contracts

- Size: Varies
- Fuel: New England System Mix
- Location: New England
- Entitlement: Varies (PPA)
- Products: Energy, renewable energy credits
- End Date: Varies, less than 5 years.
- Notes: In addition to the above resources, the Electric Department purchases system power from various other entities under short-term (5 year or less) agreements. These contracts are described as Planned and Market Purchases in the tables below.



Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 7 COMMITMENTS AND CONTINGENCIES (continued)

New York Power Authority (NYPA)

- Size: 2,675 MW (Niagara), 1,957 MW (St. Lawrence)
- Fuel: Hydro
- Location: New York State
- Entitlement: 0.0874 MW (Niagara PPA), 0.0049 MW (St. Lawrence PPA)
- Products: Energy, capacity, renewable energy credits (New York System Mix)
- End Date: 4/30/32 (Niagara), 4/30/2032 (St. Lawrence)
- Notes: NYPA provides hydro power to the Electric Department under two contracts, which will be extended at the end of their term.

Project 10

- Size: 40 MW
- Fuel: Oil
- Location: Swanton, VT
- Entitlement: 2.4%, joint-owned through VPPSA
- Products: Energy, capacity, reserves
- End Date: Life of unit
- Notes: As the joint-owner, VPPSA has agreements with the Electric Department pay for and purchase 2.4% of the unit's output.

Ryegate

- Size: 20.5 MW
- Fuel: Wood
- Location: East Ryegate, VT
- Entitlement: 0.103%, PPA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: 10/31/2032

Standard Offer Program

- Size: Small renewables, primarily solar < 2.2 MW
- Fuel: Mostly solar, but also some wind, biogas and micro-hydro
- Location: Vermont
- Entitlement: 0.1052% (Statutory)
- Products: Energy, capacity, renewable energy credits
- End Date: Varies
- Notes: The Electric Department is required to purchase power from small power producers through the Vermont Standard Offer Program in 2024, in accordance with PUC Rule #4.300. The entitlement percentage fluctuates slightly each year with the Electric Department's pro rata share of Vermont's retail energy sales.

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 7 COMMITMENTS AND CONTINGENCIES (continued)

Stetson Wind 2023-2027

- Size: 57 MW
- Fuel: Wind
- Location: Maine
- Entitlement: 1.05% (PPA)
- Products: Energy, VT Tier I renewable energy credits
- End Date: 12/31/27

The percentage of energy (MWH) acquired from the above sources for the year ended December 31, 2024, appears in Table 1.

Table 1: 2023 Electricity Supply Resources (MWH)

<u>Resource</u>	<u>2024 mWh</u>	<u>%</u>	<u>Fuel</u>	<u>Exp. Date</u>
Brookfield 2023-2027	2,166	35.8%	Hydro	12/31/2027
Fitchburg Landfill	607	10.0%	Landfill Gas	12/31/2031
HQUS Contract	281	4.6%	Hydro	10/31/2038
Kruger Hydro	437	7.2%	System	12/31/2037
Market Contracts	238	3.9%	System	Varies
NYPA Niagra Contract	709	11.7%	Hydro	4/30/2032
NYPA St. Lawrence Contract	21	0.3%	Hydro	4/30/2032
Porject #10	28	0.5%	Oil	Life of Unit
Ryegate Facility	156	2.6%	Wood	10/31/2032
Stetson Wind 2023-2027	1,270	21.0%	Solar	12/31/2027
Standard Offer Program	140	2.3%	Solar	Varies
Total Resources Available	<u>6,053</u>	100.00%		
Total Load Including Losses	6,342			
ISO Exchange (+ Purchase/-Sale)	289	4.77%		

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2024

NOTE 7 COMMITMENTS AND CONTINGENCIES (continued)

The cost of power from all power vendor sources for the year ended December 31, 2024, appears in Table 2.

<u>Power Supply Cost</u>	<u>Cost</u>
Brookfield 2023-2027	\$ 1,743
Fitchburg Landfill	5,209
HQUS Contract	7,442
Kruger Hydro	5,037
2019 Planned Purchase Product 2, 2.1, 4 & 5	2,727
NYPA Niagara Contract	(10,708)
NYPA St. Lawrence Contract	(699)
Project #10	(1,090)
Ryegate Facility	3,581
Stetson Wind 2023-2027	71,584
Standard Offer Program	23,705
Subtotal Power Supply	<u>108,531</u>
<u>Transmission Costs</u>	
VELCO & St Lawrence Transmission	266
1991 VTA - Common Facilities	28,590
GMP Transmission	49,942
Open Access Transmission Tariff	149,298
Subtotal Transmission	<u>228,096</u>
<u>VPPSA and Other Costs</u>	
Energy Market	278,541
Capacity Market	49,813
Reserve Market	3,915
NCPC	1,185
Regulation Services	941
Marginal Loss Revenues	(819)
Auction Revenue Rights	(1,434)
Other Load Settlement	(681)
VPPSA Fees - Power Supply	6,781
ISONE Self Funding Tariff	16,682
VELCO Tariff Allocation	500
VELCO Market Settlement	204
VELCO Service Fees	327
GIS Costs	66
Total VPPSA & Other Costs	<u>356,021</u>
TOTAL POWER SUPPLY AND TRANSMISSION	<u><u>\$ 692,648</u></u>

Village of Jacksonville Electric Company  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 7      COMMITMENTS AND CONTINGENCIES (continued)

For many years, VELCO offered stock to the Vermont distribution companies when it undertook a financing. The distribution companies were encouraged to acquire VELCO stock for several reasons. First, the FERC approved dividend rate substantially exceeds the cost of money used to purchase the stock. Second, as shareholders of VELCO, the municipalities have a voice in the operation of VELCO through the “municipal representative” director who has historically been elected to the VELCO Board. Finally, if each of VELCO’s Vermont customers own its’ load ratio share of stock, then VELCO and its’ customers can avoid disputes at FERC over the rate of return on equity of VELCO. In 2006, VELCO created Vt. Transco, a Limited Liability Company. Whereas VELCO previously offered stock, all future financings would be funded by the offer of membership units in Vt. Transco, LLC.

In 2007, Vt. Transco, LLC offered \$113.5 Million of equity in the form of membership units to the Vermont Distribution companies. At the time of the offer, each member had the opportunity to purchase Transco units. As an alternative to purchasing the equity itself, a member of the Vermont Public Power Supply Authority (“VPPSA”) had the authority to elect to have VPPSA acquire the units as allowed by the Vt. Transco, LLC operating agreement and a separate TRANSCO equity agreement between the member and VPPSA.

The latter agreement does not eliminate the municipality’s right to purchase equity in Vt. Transco; it simply provides the option to have VPPSA purchase the units for the benefit of the member and defines the terms should it be advantageous to do so. During 2010 VPPSA purchased an additional \$50,400 of these units for the benefit of the Village of Jacksonville Electric Company. In 2011 VPPSA increased the utilities Investment in Transco by \$54,640. On December 28, 2012, the Public Service Board approved a new issuance and are to complete issuance within 30 days. During 2014 VPPSA purchased an additional \$54,900 of units for the benefit of Village of Jacksonville Electric Company. This amount represents units valued at \$28,500 that were previously assigned to VELCO in 2013 and units valued at \$28,500 that were offered to the Village in 2014. Between 2016 and 2023 VPPSA purchased an additional \$44,710 (2016), \$28,170 (2018), \$11,220 (2019), \$19,130 (2020) and \$41,250 (2021) and \$33,460 (2023) of these units for the benefit of the Village of Jacksonville Electric Company.

The units are owned by VPPSA, the associated debt is an obligation of VPPSA and VPPSA will receive the distributions related to the units. However, as outlined in the Transco Equity Agreement and further recognized by the Vt. Public Service Board in Docket 7340, the Village of Jacksonville Electric Company will receive all the benefits of the units related to their load share. The distributions received by VPPSA related to these units shall be used first, to cover VPPSA’s debt service costs related to those units, and second, all net earnings from the investment will be recorded as investment income in the Village of Jacksonville Electric Company’s financial statements.

In addition, as principal payments are made on this debt, the member will record an investment in others with an offsetting credit to miscellaneous income. At December 31, 2024 the investment in others is \$455,713.

Village of Jacksonville Electric Company  
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NOTE 7      COMMITMENTS AND CONTINGENCIES (continued)

During 2017 VPPSA purchased an additional \$45,000 of units for the benefit of the Village of Jacksonville Electric Company. The Village also purchased \$250 of units in 2020 and another \$1,080 in 2023. These units were purchased outright by the Electric Department and were not financed through VPPSA.

The Company has an annual contract with Green Mountain Power to provide emergency services on off hours for the convenience of the Company's customers where services are billed as the expenses are incurred. All other contracted services are agreed upon as they occur.

NOTE 8      RISK MANAGEMENT

The Company is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; stray voltage; and natural causes. The Company manages these risks through commercial insurance packages purchased in the name of the Company. The Company has transferred the risk of loss to the commercial insurance carrier. Insurance settlements have not exceeded insurance coverage in any of the past three years.

NOTE 9      SUBSEQUENT EVENTS

In accordance with Accounting Standards, the Company has evaluated subsequent events through May 12, 2025, which is the date these basic financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2024, have been incorporated into these basic financial statements herein.