

MEMORANDUM

Date: June 10, 2014

To: Board of Directors

From: Randy Cornelius, General Manager

Re: 2014 First Quarter Financials

The 2014 first quarter financial results are being sent as a separate file for review prior to the Board meeting. Included in the report are the Balance Sheet, Statement of Operations (along with a Notable Drivers analysis), Statement of Cash Flow (abbreviated), Island Network Financial Tracking Tool, Capital Projects Budget, and the 2014 Draft RUS Form 7.

Staff will be available to discuss the information in detail during the June 19th Board meeting.



ORCAS POWER & LIGHT COOPERATIVE
1st Quarter Financials
2014

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2009	B. Audited Year End 12/31/2010	C. Audited Year End 12/31/2011	D. Audited Year End 12/31/2012	E. Audited Year End 12/31/2013	F. Budget Year End 12/31/2014	G. Budget Period End 3/31/2014	H. Actual Period End 3/31/2014	I. Budget Variance (H - G)	J. Actual Period End 3/31/2013
1 OPERATING REVENUES (6000 & 6001)										
2 Residential (6000)	\$ 14,925,153	\$ 13,928,439	\$ 15,759,594	\$ 14,861,010	\$ 15,598,797	\$ 16,991,310	\$ 5,209,769	\$ 5,102,738	(107,031)	\$ 4,786,449
3 Commercial (6000)	4,468,053	4,445,257	5,092,396	5,260,451	5,467,588	6,055,958	1,652,482	1,604,685	(47,798)	1,514,444
4 Other (6001)	290,813	293,616	317,208	296,764	364,892	374,551	108,302	133,949	25,647	105,533
5 Total operating revenue	19,684,018	18,667,312	21,169,199	20,418,225	21,431,278	23,421,819	6,970,553	6,841,371	(129,182)	6,406,425
6										
7 OPERATING EXPENSES										
8 Cost of power (6100)	6,695,609	6,425,863	6,680,856	7,240,696	7,514,128	7,920,131	2,490,570	2,649,545	158,975	2,363,444
9 Transmission (6200)	27,170	32,217	51,964	126,986	70,117	77,111	18,247	14,017	(4,229)	16,547
10 Distribution - operations (6300)	2,007,229	2,265,323	2,348,360	2,805,586	2,968,003	3,246,251	879,277	767,854	(111,423)	834,223
11 Distribution - maintenance (6400)	1,575,628	1,338,564	1,417,386	1,518,742	1,669,524	1,896,364	457,292	345,025	(112,267)	449,393
12 Consumer accounts (6500)	912,793	936,561	835,247	809,149	853,211	899,085	223,116	199,885	(23,231)	212,052
13										
14 General and administration										
15 Administration G&A (6600)	1,895,390	2,116,896	2,385,483	2,799,833	2,718,889	3,056,579	713,699	759,450	45,751	714,094
16 Energy services G&A (6601)	171,790	342,782	219,929	276,269	462,966	620,345	161,326	143,154	(18,173)	156,280
17 Total general and administration	2,067,180	2,459,678	2,605,412	3,076,102	3,181,855	3,676,924	875,025	902,604	27,578	870,373
18										
19 Depreciation and amortization (6700)	2,231,600	2,313,197	2,507,468	2,652,194	2,719,560	2,889,271	715,655	710,913	(4,742)	673,603
20 Taxes (6800)	814,561	813,110	869,518	832,220	930,482	948,050	274,733	278,184	3,452	269,754
21										
22 Total operating expenses	16,331,770	16,584,513	17,316,211	19,061,677	19,906,881	21,553,187	5,933,915	5,868,028	(65,887)	5,689,389
23										
24 Operating margins before fixed charges	3,352,248	2,082,799	3,852,988	1,356,548	1,524,397	1,868,632	1,036,638	973,343	(63,295)	717,036
25										
26 FIXED CHARGES										
27 Interest on long-term debt (6900)	623,312	684,822	733,675	759,686	786,193	915,599	207,882	220,905	13,023	193,477
28 Other Interest (6900)	391	293	227,223	-	-	-	-	-	-	-
29										
30 Total fixed charges	623,703	685,115	960,898	759,686	786,193	915,599	207,882	220,905	13,023	193,477
31										
32 Operating margins after fixed charges	2,728,545	1,397,684	2,892,090	596,861	738,204	953,033	828,756	752,438	(76,318)	523,559
33										
34 PATRONAGE CAPITAL CREDITS (7000)	39,722	31,419	42,563	40,416	38,048	50,507	30,577	54,466	23,889	23,035
35										
36 Net operating margins	2,768,267	1,429,103	2,934,652	637,277	776,252	1,003,539	859,333	806,904	(52,429)	546,594
37										
38 NON-OPERATING MARGINS										
39 Interest income (7100)	44,016	37,721	33,196	32,228	33,261	34,568	8,542	8,389	(153)	8,219
40 Other income (7200 & 7201)	24,000	38,539	32,609	21,995	46,893	79,138	6,159	3,038	(3,121)	4,522
41 Fiber Optics Division (7202)	10,564	6,622	134,199	123,024	115,111	4,752	(11,982)	14,362	26,344	19,071
42										
43 Net non-operating margins	78,579	82,881	200,004	177,246	195,265	118,459	2,718	25,789	23,071	31,812
44										
45 NET MARGINS	\$ 2,846,847	\$ 1,511,984	\$ 3,134,656	\$ 814,524	\$ 971,518	\$ 1,121,998	\$ 862,052	\$ 832,693	(29,358)	\$ 578,406
46										
47 TIER	5.57	3.21	5.27	2.07	2.24	2.23	5.15	4.77		3.99
48 Equity % of Total Cap	76.3%	75.4%	73.5%	72.1%	69.5%	62.2%	69.3%	67.5%		73.3%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

	A.	B.	C.	D.
	Budget	Actual	Budget	
	Period End	Period End	Variance	
	3/31/2014	3/31/2014	(B - A)	Comments: Budget To Actual (Column C.)
1	6,970,553	6,841,371	(129,182)	Decrease in income
2	Operating Revenue - Line 5 Detail Breakout:			
3			(107,031)	Normal fluctuation of power sales
4			(47,798)	Normal fluctuation of power sales
5			25,647	Variance among multiple general ledger accounts (5 accounts)
6	6,970,553	6,841,371	(129,182)	
7	TOTAL OPERATING REVENUES			
8	5,933,915	5,868,028	(65,887)	Overall decrease in operating expenses
9	Cost of Power - Line 8			
10	2,490,570	2,649,545	158,975	Increase in expense
11			157,526	Demand charges in February pushed purchase costs above predicted
12			1,449	Normal fluctuation
13			158,975	
14				Subtotal Cost Of Power
15	18,247	14,017	(4,229)	Decrease in expense - Variance among multiple general ledger accounts (7 accounts)
16	Distribution - Operations - Line 10 Detail Breakout:			
17	879,277	767,854	(111,423)	Decrease in expense
18			(16,476)	Pole inspections delayed to June
19			(23,030)	Transformers received early in year - labor to install included as credit.
20			(27,601)	Delay in hiring Engineer
21			(17,737)	Held up due to complexity of archeological regulations
22			(26,579)	Variance among multiple general ledger accounts (17 accounts)
23			(111,423)	
24				Subtotal Distribution -Operations
25	457,292	345,025	(112,267)	Decrease in expense
26			(131,129)	Less outage expense
27			18,862	Variance among multiple general ledger accounts (11 accounts)
28			(112,267)	
29				Subtotal Distribution Maintenance
30	223,116	199,885	(23,231)	Decrease in expense
31			(17,047)	Labor expense reduction due to gap in coverage of MS Supervisor open position and re-class of capital credit postage expense
32			(6,694)	Change in timing of Transworld process - expense will occur in Q2
33			510	Normal fluctuation
34			(23,231)	
				Subtotal Consumer Accounts

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STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

	A.	B.	C.	D.
	Budget	Actual	Budget	
	Period End	Period End	Variance	
	3/31/2014	3/31/2014	(B - A)	Comments: Budget To Actual (Column C.)
35				
36	875,025	902,604	27,578	Increase in expense
37				
38	713,699	759,450	45,751	Increase in expense
39	Donations		(3,308)	Donation requests are lower than anticipated
40	Marketing		1,700	Unbudgeted marketing efforts for Wi-Fi
41	Office Supplies/Technical Services Misc. Expense		5,018	Increase in annual system maintenance agreements, warranty renewals, licenses, and WebEx usage
42	Legal Expense/Legal Expense - Tech. Services		15,851	Bylaw proposed amendments, wireless license, and employment matters
43	Misc. General Expense/Manager		20,509	Conservation potential assessment (EES Consulting), Energy services consulting (Mountain Cedar Partners)
44	Board of Directors - Legal		10,297	Policy changes
45	Multiple Accounts		(4,316)	Variance among multiple general ledger accounts (17 accounts)
46		Subtotal Administration G&A	45,751	
47				
48	161,326	143,153	(18,173)	Decrease in expense
49	Education and Outreach		46,989	Gave additional unbudgeted \$50k to SJI Conservation District
50	EEl Funding		(44,271)	More funds allocated sooner than expected
51	BPA Heat Pump Rebates		50,995	Processed more heat pumps as a result of rebate decrease on 4/1
52	BPA Commercial Lighting		(35,304)	No measures funded until Q2
53	BPA Custom Projects		(36,135)	No custom projects have funded in Q1; 4 in queue
54	GM Conservation EE Ed Discretion Fund		3,000	Friday Harbor Film Festival Grant (not budgeted)
55	Multiple Accounts		(3,447)	Variance among multiple general ledger accounts (14 accounts)
56		Subtotal Energy Services G&A	(18,173)	
57				
58			27,578	Overall increase in expense
59				
60	715,655	710,913	(4,742)	Decrease in expense - variance within expectations
61				
62	274,733	278,184	3,452	Decrease in expense
63	Property Tax and Other		2,013	Increase in property tax over budgeted amount
64	Utility Tax		1,439	Increase in sales over prior year
65		Subtotal Taxes	3,452	
66				
67	5,933,915	5,868,028	(65,887)	Overall decrease in expense
68				
69				

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STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.	
		Budget	Actual	Budget		
		Period End	Period End	Variance		
		3/31/2014	3/31/2014	(B - A)	Comments: Budget To Actual (Column C.)	
70	III	FIXED CHARGES - Interest Expense - Line 27	207,882	220,905	13,023	Increase in expense - RUS interest expense higher than budgeted due to timing of first loan draw
71						
72	IV	PATRONAGE CAPITAL CREDITS - Line 34	30,577	54,466	23,889	Increase in income -NISC 2013 allocation booked in 1st Q (\$17k) and increase in Federated Insurance allocation amount (\$7k).
73						
74						
75		TOTAL NET OPERATING MARGINS	859,333	806,904	(52,429)	Decrease in margin
76						
77						
78	V	NON-OPERATING MARGINS	2,718	25,789	23,071	Increase in margin
79						
80		Interest and Dividend Income - Line 25	8,542	8,389	(153)	Decrease in income - Variance within expectations.
81						
82		Other Income - Line 26	6,159	3,038	(3,121)	Decrease in income - Variance within expectations.
83						
84		Fiber Optics Division - Line 27 Detail Breakout:	(11,982)	14,362	26,344	Increase in margin
85		Island Network Income	93,334	123,559	30,225	Increase in income - New services
86		Island Network Expenses	105,317	109,197	3,881	Increase in expense
87		Subtotal Fiber Optics Division			26,344	
88						
89		TOTAL NON-OPERATING MARGINS	2,718	25,789	23,071	Increase in margin
90						
91						
92		GRAND TOTAL NET MARGIN DETAIL BREAKOUT	862,052	832,693	(29,358)	Decrease in margin

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BALANCE SHEET

	A. Audited Year End 12/31/2013	B. Actual Period End 3/31/2014	C. Change (B - A)	D. Actual Period End 3/31/2013
1 ASSETS				
2				
3 UTILITY PLANT, at cost				
4 Electric plant in service (3200, 3201, 3202, 3203 & 3206)	\$ 86,319,230	\$ 87,021,811	\$ 702,581	\$ 83,193,879
5 Construction work in progress (3204)	2,456,829	2,873,226	416,397	1,687,199
6				
7	88,776,059	89,895,037	1,118,978	84,881,078
8 Less accumulated depreciation and amortization (3300)	36,237,594	36,887,939	650,344	34,680,337
9				
10 Net utility plant	52,538,465	53,007,098	468,634	50,200,741
11				
12 OTHER PROPERTY AND INVESTMENT, at cost				
13 Non-utility property (3205 & 3207)	499,096	243,395	(255,701)	396,481
14 Less accumulated depreciation (3301 & 3302)	72,824	79,440	6,616	66,515
15				
16	426,272	163,955	(262,317)	329,966
17 Investments in associated organizations (2900)	941,203	1,080,990	139,786	941,004
18				
19 Other property and investments	1,367,476	1,244,945	(122,531)	1,270,969
20				
21 CURRENT ASSETS				
22 Cash and cash equivalents (2000)	797,873	3,338,673	2,540,800	2,697,012
23 Cash and cash equivalents - board designated (2001)	2,006,348	2,008,260	1,912	2,003,336
24 Accounts receivable, less doubtful accts allowance (2300, 2301, 2302 & 2303)	3,146,966	2,742,213	(404,753)	2,256,356
25				
26 Interest receivable (2304)	7,394	13,466	6,072	13,553
27 Materials and supplies (2500)	2,141,563	2,167,163	25,600	1,665,800
28 Prepaid expenses (2600)	122,451	109,663	(12,787)	105,099
29				
30 Total current assets	8,222,594	10,379,438	2,156,844	8,741,156
31				
32 DEFERRED CHARGES (3400)	-	34,776	34,776	-
33				
34 Total assets	<u>\$ 62,128,535</u>	<u>\$ 64,666,258</u>	<u>\$ 2,537,724</u>	<u>\$ 60,212,866</u>

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2013	B. Actual Period End 3/31/2014	C. Change (B - A)	D. Actual Period End 3/31/2013
35				
36	EQUITIES, MARGINS, AND LIABILITIES			
37				
38	EQUITIES AND MARGINS			
39	\$ 55,655	\$ 55,890	\$ 235	\$ 54,685
40	37,250,119	37,979,700	729,581	37,895,399
41	4,024,439	4,134,090	109,651	3,737,829
42				
43	41,330,213	42,169,680	839,467	41,687,913
44				
45	LONG-TERM DEBT, less current maturities			
46	14,982,671	17,147,690	2,165,019	12,203,343
47	-	78,666	78,666	-
48	2,575,694	2,547,290	(28,403)	2,686,151
49				
50	17,558,365	19,773,647	2,215,282	14,889,494
51				
52	CURRENT LIABILITIES			
53	1,732,736	1,209,205	(523,531)	2,066,394
54	86,161	92,194	6,034	104,404
55	696,741	672,540	(24,201)	981,996
56	555,793	574,138	18,345	315,439
57				
58	3,071,431	2,548,077	(523,354)	3,468,233
59				
60	168,527	174,854	6,327	167,227
61				
62	\$ 62,128,535	\$ 64,666,258	\$ 2,537,723	\$ 60,212,866

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW NON GAAP

	A. Actual Year End 12/31/2013	B. Budget Year End 12/31/2014	C. Budget Period End 3/31/2014	D. Actual Period End 3/31/2014	E. Variance (D - C)
¹ OPERATING ACTIVITIES:					
² Margins	\$ 972,000	\$ 1,122,000	\$ 862,000	\$ 833,000	\$ (29,000)
³ Plus Depreciation/Amortization	2,720,000	2,889,000	716,000	711,000	(5,000)
⁴ Cash Flow Operations	3,692,000	4,011,000	1,578,000	1,544,000	(34,000)
⁵					
⁶ PLANT INVESTMENT (NET) (Note 1 and 4)	(5,899,000)	(8,671,000)	(1,332,000)	(906,000)	426,000
⁷ Cash Flow From Operations and Plant Investment:	(2,207,000)	(4,660,000)	246,000	638,000	392,000
⁸					
⁹ CASH FLOWS FROM PATRONAGE CAPITAL	(712,000)	(745,000)	(298,000)	(360,000)	(62,000)
¹⁰ Cash Flow Before Borrowings	(2,919,000)	(5,405,000)	(52,000)	278,000	330,000
¹¹					
¹² NET BORROWINGS (Note 2)	2,173,000	6,598,000	(84,000)	2,234,000	2,318,000
¹³ Cash Increase (decrease) After Net Borrowings	(746,000)	1,193,000	(136,000)	2,512,000	2,648,000
¹⁴					
¹⁵					
¹⁶					
¹⁷ OUTSTANDING DEBT BALANCE (Note 3)	(18,114,000)	(24,712,000)	(18,031,000)	(20,348,000)	(2,317,000)
¹⁸					

¹⁹ Notes:

- ²⁰ 1 Net Plant calc represents capital projects flowing through the Work Order module and includes changes in general plant and material inventory.
- ²¹ 2 Net borrowings for 2013 include \$511k in principal payments, \$1.5M loan draw on 6/10, a \$1M loan draw on 8/1/13, \$700k loan draw on 11/22/13, and a net \$517k RUS Cushion of Credit increase.
- ²² Net borrowings for 2014 include \$138.6k in principal payments, \$2M loan draw on 1/17/14, and a net \$293.6k RUS Cushion of Credit decrease.
- ²³ 3 Outstanding debt balance is net of RUS Cushion of Credit (-\$1,062,570) as of 12/31/13 and (-\$769,002) as of 3/31/14.
- ²⁴ 4 2014 Annual Budget original amount for Plant Investment (net) was adjusted from (10,812,000) to (8,671,000) due to a formulary error at budget time.

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS BUDGET

	A.	B.	C.	D.	E.	F.	G.
	Audited	Budget	Budget	Actual	Budget	Actual	
	Year End	Year End	Period End	Period End	Variance	Period End	Comments
	12/31/2013	12/31/2014	3/31/2014	3/31/2014	(D - C)	3/31/2013	
RUS CWP DESCRIPTION							
1 DISTRIBUTION							
2 100 New Services	\$ 125,675	\$ 160,000	\$ 40,000	\$ 6,951	\$ (33,049)	\$ 12,469	
3 200 New Tie Lines	319,404	215,000	160,000	147,902	(12,098)	5,563	
4 300 Conversions and Line Changes	692,238	1,661,750	130,000	108,122	(21,878)	132,219	
5 400 New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6 500 Substation, Switching Station, Metering Point Changes	123,386	20,000	-	-	-	-	
7 600 Miscellaneous Distribution Equipment							
8 601 Transformers & Meters	372,396	310,000	285,000	323,266	38,266	20,202	
9 602 Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10 603 Sectionalizing Equipment	68,473	235,000	60,000	41,028	(18,972)	9,290	
11 604 Regulators	156,491	110,000	-	124	124	121,882	
12 605 Capacitors	-	-	-	-	-	-	
13 606 Ordinary Replacements	236,490	240,000	15,000	11,826	(3,174)	39,478	
14 608 Underground Dist. Cable Replacement	924,947	1,554,000	388,500	308,292	(80,208)	86,543	Delay in Henry Island Environmental/Permitting
15 700 Other Distribution Items							
16 701 Engineering Fees	-	-	-	-	-	-	
17 704 LMS & SCADA	52,327	90,000	-	755	755	16,727	
18 705 AMR	-	-	-	-	-	-	
19 706 Communications							
20 706.0 Island Network New Services	322,418	443,000	44,000	25,701	(18,299)	76,662	
21 706.1 Fiber/Microwave Infrastructure	474,460	1,775,000	-	(3,112)	(3,112)	30,832	
22 TRANSMISSION							
23 800 New Tie Line	-	-	-	-	-	-	
24 900 New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
25 1000 Line and Station Changes	365,876	240,000	-	401	401	5,425	
26 1100 Other Transmission	-	-	-	-	-	-	
27 GENERATION							
28 1200 Generation	-	-	-	-	-	-	
29 OTHER							
30 1300 Headquarters Facilities	249,280	462,000	43,000	4,199	(38,802)	2,486	
31 1400 Acquisitions	-	-	-	-	-	-	
32 1500 All Other (Transportation, Etc.)							
33 1501 Transportation/Equipment/Tools/Radios	448,241	646,000	100,000	49,124	(50,876)	3,535	
34 1502 Office Equipment/Furniture/Etc.	4,601	50,000	5,000	5,250	250	6,793	
35 1503 Computer/Servers/Software	358,351	271,000	70,000	68,202	(1,798)	116,322	
36 1600 Minor Projects	549,042	30,000	10,000	87,815	77,815	213,515	
37 RUS CWP SUBTOTAL	\$5,844,096	8,512,750	\$1,350,500	1,185,845	(164,655)	899,945	
39 CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
40 New Services (OPALCO), Transformers, Meters, New Services (IN)	(583,883)	(721,868)	(183,725)	(305,277)	(121,552)	(106,722)	\$245k for 1 Project (NOANET Lopez Island)
42 NET TOTAL	\$ 5,260,213	\$ 7,790,882	\$ 1,166,775	\$ 880,568	\$ (286,207)	\$ 793,223	

ORCAS POWER AND LIGHT COOPERATIVE

ISLAND NETWORK STATEMENT OF OPERATIONS

	A.	B.	C.	D.	E.	F.
	Audited Year End 12/31/2013	Budget Year End 12/31/2014	Budget Period End 3/31/2014	Actual Period End 3/31/2014	Variance (D - C)	Actual Period End 3/31/2013
1 OPERATING REVENUES						
2 2.5010.0000 Non Profit/Public	161,731	162,118	41,765	46,120	4,356	41,665
3 2.5014.0000 I-I Additional VLAN	-	-	-	-	-	-
4 2.5017.0000 Spec Consideration	30,135	31,269	7,736	7,716	(20)	7,455
5 2.5020.0000 Interisland Transport	21,000	21,792	5,448	5,250	(198)	5,250
6 2.5030.0000 Wholesale Internet Acc - Speed	84	87	22	21	(1)	21
7 2.5035.0000 Wholesale Internet Acc - Volume	26,100	27,127	8,045	6,210	(1,835)	7,740
8 2.5040.0000 Wholesale Private/Basic	146,350	152,462	29,982	56,474	26,493	28,780
9 2.5050.0000 Wireless Locations	600	623	156	150	(6)	150
10 2.5060.0000 Customer Configuration Fee	(225)	-	-	-	-	100
11 2.5230.0000 Miscellaneous Revenue	-	14	3	-	(3)	-
12 2.5230.1000 Misc. Revenue - Product Sales	-	-	-	-	-	-
13 2.5231.1000 Misc. Sales - COGS	-	-	-	-	-	-
14 2.5260.0000 Penalty Revenue	2,341	1,614	179	1,618	1,439	259
15 Total Operating Revenues	<u>388,117</u>	<u>397,106</u>	<u>93,334</u>	<u>123,559</u>	<u>30,225</u>	<u>91,420</u>
16						
17 OPERATING EXPENSES						
18 2.6124.1000 License Fees	-	-	-	-	-	-
19 2.6230.0000 Central Office Transmission	-	-	-	-	-	-
20 2.6232.0000 Circuit Equipment Expense	13,976	5,587	2,125	3,736	1,611	5,315
21 2.6232.1000 Circuit Equip Exp-Outage	13,625	10,022	522	2,183	1,661	709
22 2.6310.1000 Internet Connection Exp	67,473	69,399	19,827	15,934	(3,893)	19,277
23 2.6310.2000 Wireless Expense	-	-	-	-	-	-
24 2.6310.3000 Network Operations Exp	-	1,045	261	665	404	-
25 2.6530.0000 Network Operation Services	18,240	36,921	9,230	7,844	(1,386)	4,560
26 2.6531.0000 Power Expense	869	911	208	184	(24)	199
27 2.6532.0000 Network Administration Expense	15,176	25,111	13,679	503	(13,176)	8,267
28 2.6533.0000 Testing and Analysis Expense	-	-	-	-	-	-
29 2.6540.0000 Access Expense	7,854	8,151	2,040	1,978	(62)	1,966
30 2.6561.0000 Depreciation Expense-Plant	8,397	8,671	2,157	6,616	4,459	2,089
31 2.6562.0000 Amortization Expense IN	5,660	5,874	1,468	1,415	(53)	1,415
32 2.6610.0000 Marketing	-	-	-	-	-	-
33 2.6623.0000 Customer Services	-	-	-	-	-	-
34 2.6711.0000 Executive Expense	60,579	102,711	25,539	28,607	3,068	15,063
35 2.6720.0000 Gen'l & Admin	-	20,000	5,000	676	(4,324)	-
36 2.6721.0000 Accounting and Finance	-	-	-	-	-	-
37 2.6725.0000 Legal	-	10,487	2,622	-	(2,622)	-
38 2.6727.1000 Engineering Expense	-	-	-	-	-	-
39 2.6727.2000 Engineering Consultant	51,835	78,588	18,421	33,837	15,416	12,150
40 2.6730.0000 Insurance Expense	1,150	1,191	297	288	(9)	287
41 2.7240.0000 Operating Taxes	8,171	7,685	1,921	4,731	2,810	1,055
42 Total Operating Expenses	<u>273,006</u>	<u>392,354</u>	<u>105,317</u>	<u>109,197</u>	<u>3,881</u>	<u>72,350</u>
43						
44 NET MARGINS	<u>115,111</u>	<u>4,752</u>	<u>(11,982)</u>	<u>14,362</u>	<u>26,344</u>	<u>19,071</u>

ORCAS POWER AND LIGHT COOPERATIVE

ISLAND NETWORK BALANCE SHEET

	A.	B.	C.	D.
	Audited Year End 12/31/2013	Actual Period End 3/31/2014	Change (B - A)	Actual Period End 3/31/2013
1 ASSETS				
2 UTILITY PLANT, at cost				
3 Fiber Plant in Service				
4 Fiber plant in service	489,102	233,401	(255,701)	386,487
5				
6 Less accumulated depreciation	(62,830)	(69,446)	(6,616)	(56,521)
7 Net utility plant	426,272	163,955	(262,317)	329,966
8				
9 CURRENT ASSETS				
10 Accounts receivable	75,457	64,468	(10,989)	41,360
11 Prepaid expenses	474	186.00	(288)	191
12				
13 Total current assets	75,931	64,654	(11,277)	41,551
14				
15 Total assets	502,203	228,609	(273,594)	371,516
16				
17 EQUITIES AND MARGINS				
18 Memberships				
19 Memberships Issued	-	-	-	15
20 Margins & Equity				
21 Net Margins & Equity	115,111	129,473	14,362	142,095
22				
23 Total equities and margins	115,111	129,473	14,362	142,110
24				
25 CURRENT LIABILITIES				
26 Accounts payable	384,592	92,220	(292,372)	227,762
27 Accrued liabilities	2,499	6,916	4,417	1,644
28 Total current liabilities	387,092	99,136	(287,956)	229,406
29				
30 Total equities, margins, and liabilities	502,203	228,609	(273,594)	371,516

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7 STATEMENT OF OPERATIONS

<small>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.</small>				
UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION WA0009 BORROWER NAME AND ADDRESS Orcas Power & Light Cooperative		
INSTRUCTIONS-For detailed instructions, see RUS Bulletin 1717B-2 <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C 901 et. Seq.) and may be confidential.</i>		PERIOD ENDED Mar-14		
CERTIFICATION				
We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.				
<i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i>				
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.				
DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII (check one of the following)				
_____ All of the obligations under the RUS loan documents have been fulfilled in all material respects.				
_____ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.				
SIGNATURE OF MANAGER		DATE		
PART A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	6,406,425	6,841,371	6,970,552	2,311,228
2. Power Production Expense.....	-	-	-	-
3. Cost of Purchased Power.....	2,363,444	2,649,545	2,490,570	778,706
4. Transmission Expense.....	16,547	14,017	18,247	4,905
5. Regional Market Expense.....	-	-	-	-
6. Distribution Expense-Operation.....	834,223	767,854	879,276	242,740
7. Distribution Expense-Maintenance.....	449,393	345,025	457,291	130,363
8. Consumer Accounts Expense.....	212,052	199,885	223,116	56,017
9. Customer Service and Informational Expense.....	169,688	156,334	181,157	46,256
10. Sales Expense.....	4,259	4,496	5,430	-
11. Administrative and General Expense.....	691,739	739,773	683,129	216,781
12. Total Operation and Maintenance Expense (2 thru 11).....	4,741,345	4,876,931	4,938,217	1,475,768
13. Depreciation and Amortization Expense.....	673,603	710,913	715,656	239,826
14. Tax Expense - Property and Gross Receipts.....	45,932	49,322	47,310	17,006
15. Tax Expense - Other.....	223,822	228,862	227,424	69,259
16. Interest on Long-Term Debt.....	193,477	220,905	207,882	72,105
17. Interest Charged to Construction - Credit.....	-	-	-	-
18. Interest Expense - Other.....	-	-	-	-
19. Other Deductions.....	4,688	2,000	5,308	-
20. Total Cost of Electric Service (12 thru 19).....	5,882,866	6,088,933	6,141,796	1,873,964
21. Patronage Capital and Operating Margins (1 minus 20).....	523,559	752,438	828,755	437,263
22. Non Operating Margins - Interest.....	8,219	8,389	8,542	3,097
23. Allowance for Funds Used During Construction.....	-	-	-	-
24. Income (Loss) from Equity Investments.....	-	-	-	-
25. Non Operating Margins - Other.....	23,593	17,400	(5,822)	11,277
26. Generation and Transmission Capital Credits.....	-	-	-	-
27. Other Capital Credits and Patronage Dividends.....	23,035	54,466	30,577	37,403
28. Extraordinary Items.....	-	-	-	-
29. Patronage Capital or Margins (21 thru 28).....	578,406	832,693	862,052	489,040

RUS Form 7

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7 BALANCE SHEET

USDA - RUS				BORROWER DESIGNATION		
FINANCIAL AND STATISTICAL REPORT				PERIOD ENDED Mar-14		
INSTRUCTIONS - See RUS Bulletin 1717B-2						
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT						
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE		
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)	
1. New Services Connected	20	11	5. Miles Transmission	42.65	42.65	
2. Services Retired	-	15	6. Miles Distribution- Overhead	156.70	158.02	
3. Total Services in Place	14,758	14,756	7. Miles Distribution- Underground	1,122.30	1,128.39	
4. Idle Services (Exclude Seasonal)	1,086	967	8. Total Miles Energized (5 + 6 + 7)	1,321.65	1,329.06	
PART C. BALANCE SHEET						
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS			
1. Total Utility Plant in Service.....		87,021,811	30. Memberships.....		55,890	
2. Construction Work in Progress.....		2,851,523	31. Patronage Capital.....		36,175,489	
3. Total Utility Plant (1 + 2).....		89,873,334	32. Operating Margins - Prior Years.....		971,518	
4. Accum. Provision for Depreciation and Amort.....		36,866,236	33. Operating Margins - Current Year.....		808,523	
5. Net Utility Plant (3 - 4).....		53,007,098	34. Non-Operating Margins.....		24,171	
6. Non-Utility Property - Net.....		163,955	35. Other Margins and Equities.....		4,134,090	
7. Investments In Subsidiary Companies.....		-	36. Total Margins and Equities (30 thru 35).....		42,169,680	
8. Invest. In Assoc. Org. - Patronage Capital.....		417,383	37. Long-Term Debt - RUS (Net).....		3,646,927	
9. Invest. In Assoc. Org. - Other - General Funds.....		7,000	38. Long-Term Debt - FFB - RUS Guaranteed.....		14,726,525	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		558,274	39. Long-Term Debt - Other - RUS Guaranteed.....		-	
11. Investments In Economic Development Projects.....		98,333	40. Long-Term Debt - Other (Net).....		2,664,668	
12. Other Investments.....		-	41. Long-Term Debt - RUS - Econ. Devel. (Net).....		78,666	
13. Special Funds.....		2,182,309	42. Payments-Unapplied.....		(769,002)	
14. Total Other Property and Investments (6 thru 13).....		3,427,254	43. Total Long-Term Debt (37 thru 41-42).....		20,347,784	
15. Cash - General Funds.....		1,299,644	44. Obligations Under Capital Leases-Noncurrent.....		-	
16. Cash - Construction Fund - Trustee.....		30,842	45. Accumulated Operating Provisions and Asset Retirement Obligations.....		-	
17. Special Deposits.....		-	46. Total Other Noncurrent Liabilities (44+45).....		-	
18. Temporary Investments.....		1,834,138	47. Notes Payable.....		-	
19. Notes Receivable (Net).....		-	48. Accounts Payable.....		1,209,206	
20. Accounts Receivable - Sales of Energy (Net).....		1,745,631	49. Consumers Deposits.....		92,194	
21. Accounts Receivable - Other (Net).....		116,847	50. Current Maturities Long-Term Debt.....		-	
22. Renewable Energy Credits.....		-	51. Current Maturities Long-Term Debt-Ec.Dev.....		-	
23. Materials and Supplies - Electric and Other.....		2,167,163	52. Current Maturities Capital Leases.....		-	
24. Prepayments.....		109,663	53. Other Current and Accrued Liabilities.....		672,540	
25. Other Current and Accrued Assets.....		893,201	54. Total Current and Accrued Liabilities (47 thru 53).....		1,973,940	
26. Total Current and Accrued Assets (15 thru 25).....		8,197,129	55. Regulatory Liabilities.....		-	
27. Regulatory Assets.....		-	56. Other Deferred Credits.....		174,854	
28. Other Deferred Debits.....		34,776	57. Total Liabilities and Other Credits (36+43+46+54 thru 56).....		64,666,258	
29. Total Assets and Other Debits (5+14+26 thru 28).....		64,666,258				
PART D. NOTES TO FINANCIAL STATEMENTS						
THIS SPACE IS PROVIDED FOR IMPORTANT DISCLOSURE NOTES TO THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT. REPORT ITEMS CONTAINED IN THE INSTRUCTIONS AND ADDITIONAL MATERIAL ITEMS. (A SEPARATE SHEET MAY BE USED IF ADDITIONAL SPACE IS NEEDED.)						