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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION  
WA0009

PERIOD ENDED December, 2012

BORROWER NAME  
Orcas Power & Light Cooperative

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**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.

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.

**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.

Randy Cornelius

3/14/2013

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	21,169,199	20,418,225	21,490,599	2,263,983
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	6,680,856	7,240,696	7,872,813	825,928
4. Transmission Expense	51,964	126,986	61,953	3,299
5. Regional Market Expense		0	0	0
6. Distribution Expense - Operation	2,348,360	2,805,587	3,140,236	222,917
7. Distribution Expense - Maintenance	1,417,386	1,518,742	1,572,521	211,341
8. Customer Accounts Expense	835,247	809,149	970,129	63,877
9. Customer Service and Informational Expense	290,929	374,727	389,082	(13,135)
10. Sales Expense	11,740	20,517	28,711	2,624
11. Administrative and General Expense	2,302,554	2,677,593	2,568,698	269,706
12. Total Operation & Maintenance Expense (2 thru 11)	13,939,036	15,573,997	16,604,143	1,586,557
13. Depreciation and Amortization Expense	2,507,468	2,652,194	2,671,849	225,886
14. Tax Expense - Property & Gross Receipts	120,120	148,180	114,603	12,560
15. Tax Expense - Other	749,398	684,040	733,586	73,082
16. Interest on Long-Term Debt	733,675	759,687	821,897	54,241
17. Interest Charged to Construction - Credit		0	0	0
18. Interest Expense - Other	227,223	0	400,000	0
19. Other Deductions	190	3,265	194	200
20. Total Cost of Electric Service (12 thru 19)	18,277,110	19,821,363	21,346,272	1,952,526
21. Patronage Capital & Operating Margins (1 minus 20)	2,892,089	596,862	144,327	311,457
22. Non Operating Margins - Interest	33,196	32,228	32,855	2,902
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	166,808	145,018	120,834	16,899
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	42,563	40,416	33,173	10,667
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	3,134,656	814,524	331,189	341,925

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  WA0009
	PERIOD ENDED  December, 2012

INSTRUCTIONS - See help in the online application.

**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	127	121	5. Miles Transmission	42.65	42.65
2. Services Retired	0		6. Miles Distribution - Overhead	161.80	157.00
3. Total Services in Place	14,617	14,738	7. Miles Distribution - Underground	1,120.00	1,121.60
4. Idle Services (Exclude Seasonals)	987	1,066	8. Total Miles Energized (5 + 6 + 7)	1,324.45	1,321.25

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	82,840,443	30. Memberships	54,800
2. Construction Work in Progress	1,425,010	31. Patronage Capital	36,659,084
3. Total Utility Plant (1 + 2)	84,265,453	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	34,055,559	33. Operating Margins - Current Year	640,775
5. Net Utility Plant (3 - 4)	50,209,894	34. Non-Operating Margins	173,748
6. Non-Utility Property (Net)	252,854	35. Other Margins and Equities	3,643,203
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	41,171,610
8. Invest. in Assoc. Org. - Patronage Capital	363,867	37. Long-Term Debt - RUS (Net)	3,731,878
9. Invest. in Assoc. Org. - Other - General Funds	7,000	38. Long-Term Debt - FFB - RUS Guaranteed	9,606,177
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	2,693,387
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	2,158,544	42. Payments - Unapplied	546,044
14. Total Other Property & Investments (6 thru 13)	3,340,539	43. Total Long-Term Debt (37 thru 41 - 42)	15,485,398
15. Cash - General Funds	1,375,200	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	30,917	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	0
18. Temporary Investments	529,041	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	1,297,200
20. Accounts Receivable - Sales of Energy (Net)	1,360,955	49. Consumers Deposits	77,002
21. Accounts Receivable - Other (Net)	160,985	50. Current Maturities Long-Term Debt	456,254
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	1,502,931	52. Current Maturities Capital Leases	0
24. Prepayments	115,232	53. Other Current and Accrued Liabilities	854,196
25. Other Current and Accrued Assets	873,079	54. Total Current & Accrued Liabilities (47 thru 53)	2,684,652
26. Total Current and Accrued Assets (15 thru 25)	5,948,340	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	157,113
28. Other Deferred Debits	0	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	59,498,773
29. Total Assets and Other Debits (5+14+26 thru 28)	59,498,773		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION WA0009
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2012
<b>PART D. NOTES TO FINANCIAL STATEMENTS</b>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  WA0009
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<b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE				BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December, 2012			
INSTRUCTIONS - See help in the online application.							
PART E. CHANGES IN UTILITY PLANT							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)		
1. Distribution Plant	53,153,331	3,014,682	544,778		55,623,235		
2. General Plant	7,560,642	412,214	81,430		7,891,426		
3. Headquarters Plant	1,792,282	134,971	11,300		1,915,953		
4. Intangibles	992,454	0	0		992,454		
5. Transmission Plant	15,838,951	561,933	30,569		16,370,315		
6. Regional Transmission and Market Operation Plant							
7. All Other Utility Plant	432,116		385,056		47,060		
8. Total Utility Plant in Service (1 thru 7)	79,769,776	4,123,800	1,053,133		82,840,443		
9. Construction Work in Progress	1,859,540	(434,530)			1,425,010		
10. Total Utility Plant (8 + 9)	81,629,316	3,689,270	1,053,133		84,265,453		
PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	1,333,658	1,237,386	110,115	1,167,545	0	(10,683)	1,502,931
2. Other	0						0
PART G. SERVICE INTERRUPTIONS							
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)		
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)			
1. Present Year	390.000	0.000	42.000	28.000	460.000		
2. Five-Year Average	84.000	0.000	43.000	111.000	238.000		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	50	4. Payroll - Expensed		3,105,259			
2. Employee - Hours Worked - Regular Time	112,207	5. Payroll - Capitalized		537,830			
3. Employee - Hours Worked - Overtime	2,248	6. Payroll - Other		760,769			
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION		THIS YEAR (a)	CUMULATIVE (b)			
1. Capital Credits - Distributions	a. General Retirements		815,466	5,218,799			
	b. Special Retirements		374,378	3,151,449			
	c. Total Retirements (a + b)		1,189,844	8,370,248			
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power						
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System		40,416				
	c. Total Cash Received (a + b)		40,416				
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. Amount Due Over 60 Days	\$	21,791	2. Amount Written Off During Year	\$	25,988		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION					BORROWER DESIGNATION  WA0009				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December, 2012				
PART K. kWh PURCHASED AND TOTAL COST									
No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Bonneville Power Admin	1738			214,865,077	7,377,069	3.43		
2	*Miscellaneous	700000	Net Metering	Hydro	38,889	1,579	4.06		
3	*Adjustments	600000	BPA Settlement	Hydro		(137,952)	0.00		
	Total				214,903,966	7,240,696	3.37		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION  WA0009	
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2012	
<b>PART K. kWh PURCHASED AND TOTAL COST</b>			
<b>No</b>	<b>Comments</b>		
1			
2			
3			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION WA0009	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2012	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	<b>TOTAL</b>		



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009	
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2012	
INSTRUCTIONS - See help in the online application.			
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 5/5/2012	2. Total Number of Members 10,957	3. Number of Members Present at Meeting 334	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 1,763	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 134,254	8. Does Manager Have Written Contract? N

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  WA0009		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2012		
PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	3,731,878	157,370	227,428	384,798
2	National Rural Utilities Cooperative Finance Corporation	2,693,387	159,718	129,943	289,661
3	CoBank, ACB				
4	Federal Financing Bank	9,606,177	442,598	148,955	591,553
5	RUS - Economic Development Loans				
6	Payments Unapplied	546,044			
	TOTAL	15,485,398	759,686	506,326	1,266,012

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2012		
INSTRUCTIONS - See help in the online application				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	12,803	12,757	
	b. kWh Sold			140,025,358
	c. Revenue			14,475,475
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,929	1,922	
	b. kWh Sold			55,139,046
	c. Revenue			5,104,921
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
6. Public Street & Highway Lighting	a. No. Consumers Served	6	6	
	b. kWh Sold			1,171
	c. Revenue			28,260
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10.	Total No. of Consumers (lines 1a thru 9a)	14,738	14,685	
11.	Total kWh Sold (lines 1b thru 9b)			195,165,575
12.	Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)			19,608,656
13.	Transmission Revenue			0
14.	Other Electric Revenue			809,568
15.	kWh - Own Use			523,291
16.	Total kWh Purchased			214,903,966
17.	Total kWh Generated			0
18.	Cost of Purchases and Generation			7,367,682
19.	Interchange - kWh - Net			
20.	Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>			57,398

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FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			PERIOD ENDED December, 2012			
INSTRUCTIONS - See help in the online application.						
PART P. ENERGY EFFICIENCY PROGRAMS						
CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)	517	354,105	1,567	1,099	747,586	3,381
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	40	109,191	1,292	66	209,145	2,149
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total	557	463,296	2,859	1,165	956,731	5,530

RUS Financial and Operating Report Electric Distribution

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2012			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application					
PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)					
No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
1	<b>Non-Utility Property (NET)</b>				
	Fiber Optics Division	252,854			
	Totals	252,854			
2	<b>Investments in Associated Organizations</b>				
	Misc. Memberships	6,000	1,000		
	Misc. Patronage Capital	43,950	213,062	24,287	
	Federated Rural Electric Stock Certificate	106,855		16,129	
	CFC Capital Term Certificate		558,274	24,511	
	Totals	156,805	772,336	64,927	
5	<b>Special Funds</b>				
	Treasury Bill		199,869		
	CFC Commercial Paper		628,999		
	CFC Select Notes		701,366		
	Washington Federal Savings		215,725		
	Home Street Bank		104,679		
	CoBank		151,598		
	Islanders' Bank (Project PAL and MORE)		156,308		
	Totals		2,158,544		
6	<b>Cash - General</b>				
	Key Bank		(153,310)		
	Islanders' Bank		1,054,489		
	Wells Fargo		473,422		
	Petty Cash	600			
	Totals	600	1,374,601		
8	<b>Temporary Investments</b>				
	CFC Commercial Paper		529,041		
	Totals		529,041		
9	<b>Accounts and Notes Receivable - NET</b>				
	Custom Orders	106,239			
	AR Employees	(2,788)			
	AR Island Network	57,534			
	Totals	160,985			
11	<b>TOTAL INVESTMENTS (1 thru 10)</b>	571,244	4,834,522	64,927	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b> <b>INVESTMENTS, LOAN GUARANTEES AND LOANS</b>		BORROWER DESIGNATION WA0009			
		PERIOD ENDED December, 2012			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
<b>PART Q. SECTION II. LOAN GUARANTEES</b>					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2012			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
SECTION III. RATIO					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]					0.68 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
	TOTAL				

