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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION  
WA0009

PERIOD ENDED December, 2016

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.

Foster Hildreth

3/30/2017

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	24,581,918	25,249,029	24,833,155	3,213,123
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	7,787,142	7,942,885	7,624,980	1,098,539
4. Transmission Expense	179,264	94,462	53,560	26,985
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	3,391,150	3,215,893	3,420,263	272,079
7. Distribution Expense - Maintenance	1,713,924	1,692,345	1,702,147	(10,174)
8. Customer Accounts Expense	893,766	947,326	930,975	71,815
9. Customer Service and Informational Expense	750,701	182,710	504,591	45,095
10. Sales Expense	43,296	33,906	50,490	4,001
11. Administrative and General Expense	2,839,739	2,704,970	2,908,793	194,726
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>17,598,982</b>	<b>16,814,497</b>	<b>17,195,799</b>	<b>1,703,066</b>
13. Depreciation and Amortization Expense	3,308,154	3,546,977	3,673,019	306,976
14. Tax Expense - Property & Gross Receipts	188,790	241,993	194,454	20,608
15. Tax Expense - Other	857,836	895,065	833,633	99,952
16. Interest on Long-Term Debt	1,234,621	1,365,062	1,654,190	116,579
17. Interest Charged to Construction - Credit	(187,373)	(269,746)	(293,602)	(32,913)
18. Interest Expense - Other	0	0	0	0
19. Other Deductions	5,080	5,000	5,387	0
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>23,006,090</b>	<b>22,598,848</b>	<b>23,262,880</b>	<b>2,214,268</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>1,575,828</b>	<b>2,650,181</b>	<b>1,570,275</b>	<b>998,855</b>
22. Non Operating Margins - Interest	127,804	217,758	332,289	10,484
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	71,081	112,957	20,381	9,449
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	83,608	81,361	56,051	14,122
28. Extraordinary Items				
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>1,858,321</b>	<b>3,062,257</b>	<b>1,978,996</b>	<b>1,032,910</b>

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION

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WA0009

PERIOD ENDED

December, 2016

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	145	155	5. Miles Transmission	42.65	42.65
2. Services Retired	0	0	6. Miles Distribution – Overhead	156.03	154.80
3. Total Services in Place	15,009	15,164	7. Miles Distribution - Underground	1,139.98	1,142.16
4. Idle Services (Exclude Seasonals)	1,185	1,214	<b>8. Total Miles Energized (5 + 6 + 7)</b>	1,338.66	1,339.61

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	105,702,896	30. Memberships	56,905
2. Construction Work in Progress	12,436,771	31. Patronage Capital	35,272,375
<b>3. Total Utility Plant (1 + 2)</b>	<b>118,139,667</b>	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	44,569,745	33. Operating Margins - Current Year	2,949,300
<b>5. Net Utility Plant (3 - 4)</b>	<b>73,569,922</b>	34. Non-Operating Margins	112,957
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	885,578
7. Investments in Subsidiary Companies	(2,389,473)	<b>36. Total Margins &amp; Equities (30 thru 35)</b>	<b>39,277,115</b>
8. Invest. in Assoc. Org. - Patronage Capital	515,573	37. Long-Term Debt - RUS (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	7,000	38. Long-Term Debt - FFB - RUS Guaranteed	33,071,203
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	43,333	40. Long-Term Debt Other (Net)	8,812,642
12. Other Investments	1,152	41. Long-Term Debt - RUS - Econ. Devel. (Net)	48,651
13. Special Funds	213,665	42. Payments – Unapplied	1,701,107
<b>14. Total Other Property &amp; Investments (6 thru 13)</b>	<b>(1,050,476)</b>	<b>43. Total Long-Term Debt (37 thru 41 - 42)</b>	<b>40,231,389</b>
15. Cash - General Funds	1,239,649	44. Obligations Under Capital Leases - Noncurrent	53,775
16. Cash - Construction Funds - Trustee	30,662	45. Accumulated Operating Provisions and Asset Retirement Obligations	0
17. Special Deposits	0	<b>46. Total Other Noncurrent Liabilities (44 + 45)</b>	<b>53,775</b>
18. Temporary Investments	2,422,868	47. Notes Payable	0
19. Notes Receivable (Net)	0	48. Accounts Payable	1,692,981
20. Accounts Receivable - Sales of Energy (Net)	2,328,436	49. Consumers Deposits	89,928
21. Accounts Receivable - Other (Net)	137,784	50. Current Maturities Long-Term Debt	1,084,583
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	8,004
23. Materials and Supplies - Electric & Other	3,711,223	52. Current Maturities Capital Leases	29,332
24. Prepayments	349,741	53. Other Current and Accrued Liabilities	1,144,751
25. Other Current and Accrued Assets	1,153,987	<b>54. Total Current &amp; Accrued Liabilities (47 thru 53)</b>	<b>4,049,579</b>
<b>26. Total Current and Accrued Assets (15 thru 25)</b>	<b>11,374,350</b>	55. Regulatory Liabilities	0
27. Regulatory Assets	0	56. Other Deferred Credits	281,938
28. Other Deferred Debits	0	<b>57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)</b>	<b>83,893,796</b>
<b>29. Total Assets and Other Debits (5+14+26 thru 28)</b>	<b>83,893,796</b>		

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<b>PART D. NOTES TO FINANCIAL STATEMENTS</b>	

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION  WA0009</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2016</p>
<p><b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b></p>	

**FINANCIAL AND OPERATING REPORT  
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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	65,484,094	2,477,658	253,437		67,708,315
2. General Plant	12,776,417	2,708,805	40,702		15,444,520
3. Headquarters Plant	2,707,240	171,470			2,878,710
4. Intangibles	1,539,562				1,539,562
5. Transmission Plant	18,036,209	71,629	9,214		18,098,624
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	33,163				33,163
<b>8. Total Utility Plant in Service (1 thru 7)</b>	100,576,685	5,429,562	303,353		105,702,894
9. Construction Work in Progress	3,425,775	9,010,996			12,436,771
<b>10. Total Utility Plant (8 + 9)</b>	104,002,460	14,440,558	303,353		118,139,665

**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	3,341,939	2,093,094	6,875	2,166,588		435,903	3,711,223
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			23.700	284.300	308.000
2. Five-Year Average	174.000	101.000	24.000	90.000	389.000

**PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS**

1. Number of Full Time Employees	51	4. Payroll - Expensed	3,463,519
2. Employee - Hours Worked - Regular Time	107,515	5. Payroll - Capitalized	705,382
3. Employee - Hours Worked - Overtime	3,858	6. Payroll - Other	670,514

**PART I. PATRONAGE CAPITAL**

ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	1,635,500	9,243,543
	b. Special Retirements	222,346	4,279,728
	<b>c. Total Retirements (a + b)</b>	1,857,846	13,523,271
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	0	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	81,361	
	<b>c. Total Cash Received (a + b)</b>	81,361	

**PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE**

1. Amount Due Over 60 Days	\$ 11,352	2. Amount Written Off During Year	\$ 13,955
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**ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM**

1. Anticipated Loan Delinquency %		4. Anticipated Loan Default %	
2. Actual Loan Delinquency %		5. Actual Loan Default %	
3. Total Loan Delinquency Dollars YTD	\$	6. Total Loan Default Dollars YTD	\$

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**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			208,313,020	8,077,902	3.88		
2	*Miscellaneous	700000	Net Metering	Hydro	37,374	1,804	4.83		
3	*Adjustments	600000	BPA Settlement	Hydro		(136,821)	0.00		
	Total				208,350,394	7,942,885	3.81		

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<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, 2016	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Dell Financial Services	Computer Hardware/Software	4,889
	<b>TOTAL</b>		<b>4,889</b>



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<b>PART M. ANNUAL MEETING AND BOARD DATA</b>			
1. Date of Last Annual Meeting 4/30/2016	2. Total Number of Members 11,268	3. Number of Members Present at Meeting 237	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 2,316	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 124,111	8. Does Manager Have Written Contract? Y

**RUS Financial and Operating Report Electric Distribution**

**Revision Date 2014**

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION WA0009
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**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)	0	0	0	0
2	National Rural Utilities Cooperative Finance Corporation	8,812,642	379,567	477,937	857,504
3	CoBank, ACB				
4	Federal Financing Bank	33,071,203	985,494	520,230	1,505,724
5	RUS - Economic Development Loans	48,651		8,004	8,004
6	Payments Unapplied	1,701,107			
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	Dell Financial Services	53,775	0	4,889	4,889
	<b>TOTAL</b>	<b>40,285,164</b>	<b>1,365,061</b>	<b>1,011,060</b>	<b>2,376,121</b>

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**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	13,084	13,025	
	b. kWh Sold			137,671,475
	c. Revenue			18,385,631
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	2,074	2,061	
	b. kWh Sold			56,581,495
	c. Revenue			6,712,197
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			68,742
	c. Revenue			56,983
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			
<b>10. Total No. of Consumers (lines 1a thru 9a)</b>		15,164	15,092	
<b>11. Total kWh Sold (lines 1b thru 9b)</b>				194,321,712
<b>12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)</b>				25,154,811
13. Transmission Revenue				
14. Other Electric Revenue				94,218
15. kWh - Own Use				440,705
16. Total kWh Purchased				208,350,394
17. Total kWh Generated				
18. Cost of Purchases and Generation				8,037,347
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>				62,486

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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)	1,117	273,479	966	3,939	2,227,373	9,859
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	289	127,500	1,075	471	1,136,521	9,239
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						
<b>10. Total</b>	<b>1,406</b>	<b>400,979</b>	<b>2,041</b>	<b>4,410</b>	<b>3,363,894</b>	<b>19,098</b>

RUS Financial and Operating Report Electric Distribution

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**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION  
INVESTMENTS, LOAN GUARANTEES AND LOANS**

PERIOD ENDED  
December, 2016

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)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	Misc. Memberships	6,000	1,000		
	Misc. Patronage Capital	88,602	249,780	14,122	
	Federated Rural Electric Stock Certificate	177,191		38,256	
	CFC Capital Term Certificate		558,274	28,983	
	Investment in Subsidiary	(2,389,473)			
	Totals	(2,117,680)	809,054	81,361	
<b>3</b>	<b>Investments in Economic Development Projects</b>				
	Investment in Economic Development Project	43,333			X
	Totals	43,333			
<b>4</b>	<b>Other Investments</b>				
	Computershare	1,152			
	Totals	1,152			
<b>5</b>	<b>Special Funds</b>				
	Islanders Bank (Project PAL and MORE)		213,665		
	Totals		213,665		
<b>6</b>	<b>Cash - General</b>				
	Key Bank		(44,553)		
	Islanders Bank	612,925	250,000		
	Wells Fargo	170,677	250,000		
	Petty Cash	600			
	Totals	784,202	455,447		
<b>8</b>	<b>Temporary Investments</b>				
	Washington Federal Savings	119,295	100,000		
	CFC Commercial Paper	0	1,099,464		
	Home Street Bank	6,064	100,000		
	CoBank		151,941		
	CFC Select Notes		846,104		
	Totals	125,359	2,297,509		
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Custom Orders	138,227			
	AR Employees	(443)			
	Totals	137,784			
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	(1,025,850)	3,775,675	81,361	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION          INVESTMENTS, LOAN GUARANTEES AND LOANS</b>	BORROWER DESIGNATION WA0009  PERIOD ENDED December, 2016
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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 II. LOAN GUARANTEES**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Island Network LLC	4/30/2017	2,000,000	2,000,000	
2	Island Network LLC	4/20/2036	1,240,000	1,240,000	
3	Island Network LLC	4/20/2036	7,500,000	7,500,000	
	<b>TOTAL</b>		10,740,000	10,740,000	
	TOTAL (Included Loan Guarantees Only)				

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, 2016

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]	-0.87 %
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**SECTION IV. LOANS**

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	<b>TOTAL</b>				