OPALCO 2017 Q3 Financial Report November 2017 Board Meeting

Let's start with Budget to Actual...





2017 Q3 Results: Statement of Operations

	А.	B.	C.	D.	E.	F.	G.	H.	I.
	Audited	Audited	Audited	Audited	Budget	Budget	Actual	Budget	Audited
	Year End	Year End	Year End	Year End	Year End	Period End	Period End	Variance	Period End
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	9/30/2017	9/30/2017	(G - F)	9/30/2016
1 OPERATING REVENUES									
2 Residential	\$ 15,598,797	\$ 15,913,325	\$ 17,694,706	\$ 18,104,756	\$ 18,910,272	\$ 13,347,941	\$ 14,996,066	1,648,125	\$ 12,794,148
3 Commercial	5,467,588	5,694,901	6,356,143	6,463,561	6,851,153	4,837,281	5,400,426	563,145	4,705,567
4 Other	364,892	420,798	531,069	680,713	648,188	473,080	558,005	84,925	486,866
5 Total operating revenue	21,431,278	22,029,025	24,581,918	25,249,029	26,409,613	18,658,302	20,954,497	2,296,194	17,986,581
6									
7 OPERATING EXPENSES									
8 Cost of power	7,514,128	8,037,428	7,787,142	7,942,885	8,402,223	5,665,314	6,399,836	734,522	5,675,960
9 Transmission	70,117	92,874	179,264	94,462	177,500	/4,1/3	133,890	59,717	47,787
10 Distribution - operations	2,968,003	2,961,250	3,391,150	3,215,893	3,514,721	2,682,947	2,693,001	10,054	2,441,628
11 Distribution - maintenance	1,669,524	1,778,516	1,713,924	1,692,345	1,851,312	1,451,045	1,316,155	(134,890)	1,457,133
12 Consumer accounts	853,211	898,198	893,766	947,326	1,045,340	800,592	750,485	(50,107)	724,862
13									
14 General and administration									
15 Administration	2,718,889	2,822,439	2,950,777	2,787,995	3,110,220	2,330,554	2,227,743	(102,811)	2,154,123
16 Energy services	462,966	373,323	658,939	103,671	491,931	392,321	328,159	(64,161)	17,466
17 Subsidiary charges (RIC network mgt services)		-	29,100	34,920	69,720	52,290	26,190	(26,100)	26,190
18 Total general and administration	3,181,855	3,195,763	3,638,816	2,926,586	3,671,871	2,775,165	2,582,093	(193,072)	2,197,779
19									
20 Depreciation and amortization	2,719,560	2,975,650	3,308,154	3,546,977	3,801,831	2,819,511	2,755,931	(63,580)	2,630,573
21 Taxes	930,482	961,815	1,046,626	1,137,058	1,220,252	891,011	959,474	68,463	912,859
22									
²³ Total operating expenses	19,906,881	20,901,493	21,958,841	21,503,532	23,685,051	17,159,759	17,590,866	431,108	16,088,582
24 25 Originating manying haffang fined sharess	1 504 207	1 107 520	0 (00 077	2 745 407	2 724 562	1 400 544	2 2/2 /20	1.075.007	1 007 000
25 Operating margins before fixed charges	1,524,397	1,127,532	2,623,077	3,745,497	2,724,563	1,498,544	3,363,630	1,865,087	1,897,999
26 27 EIXED CHARGES									
27 FIXED CHARGES	796 102	000 024	1 047 249	1 005 216	1 010 179	752 402	772 205	20.011	027 052
 Interest on long-term debt 29 	786,193	908,934	1,047,248	1,095,316	1,019,178	752,493	773,305	20,811	837,852
	738 204	218 508	1 575 820	2 650 181	1 705 384	746 050	2 500 326	1,844,275	1 060 147
 Operating margins after fixed charges 31 	738,204	218,598	1,575,829	2,650,181	1,705,384	746,050	2,590,326	1,044,275	1,060,147
32 PATRONAGE CAPITAL CREDITS	38,048	67,853	83,608	81,361	79,323	55,526	64,505	8,979	67,239
32 FATRONAGE CAFITAL CREDITS				01,501		55,520			
³³ Net operating margins	776,252	286,451	1,659,437	2,731,543	1,784,707	801,576	2,654,830	1,853,254	1,127,386
35	110,202				1,703,707	001,070	<u>2,037,030</u>	1,000,201	
36 NON-OPERATING MARGINS							Contraction of the second s		
37 Interest income	33,261	32,130	127,804	36,286	36,146	25,822	100,632	74,810	25,922
38 Other income	46,893	23,458	71,081	25,084	25,163	18,622	(55,475)	(74,098)	21,038
³⁹ Total Opalco non-operating margins	80,154	55,588	198,886	61,370	61,309	44,445	45,156	712	46,960
	00,154	55,500	190,000	01,570	01,507		75,150	/12	т0,200
41 Fiber Optics Division (Island Network Department)									
42 IN Income	388,117	519,819	_	2	-	-	2	-	2
43 IN Expenses	273,006	739,907	-	10 A				100	- -
	115,111	(220,088)							
 44 Total Fiber Optics Division 45 	115,111	(220,000)	-2	-	-		-	-	-
46 Non-operating margins from Subsidiary				101 471	76 011	57 150	E0 407	2 2 2 0	161 141
47 Interest Income (RIC loan)	-	-	-	181,471	76,211	57,159	59,487	2,328	161,141
48 Other income (use of OPALCO backbone)	1 <u>1</u>		1.5	87,873	87,873	65,905	64,713	(1,191)	65,905
⁴⁹ Total non-operating margins from Subsidiary	-		25	269,344	164,084	123,063	124,200	1,137	227,046
50	105 265	(164 500)	100 006	220 715	225 202	167 500	160 256	1 940	274 006
51 Net non-operating margins	195,265	(164,500)	198,886	330,715	225,393	167,508	169,356	1,849	274,006
52 53 NET MARCINS	0 071 519	Φ 101.051	¢ 1050277	¢ 2.040.057	¢ 2.010.100	Φ <u>040.09</u> 4	0 004 196	1 955 102	¢ 1 401 202
53 NET MARGINS	<u>\$ 971,518</u>	\$ 121,951	\$ 1,858,322	\$ 3,062,257	\$ 2,010,100	\$ 969,084	<u>\$ 2,824,186</u>	1,855,103	\$ 1,401,392
54 55 TIED	2.24	1 12	2.51	2.24	2.26	1 00	2.40	1.50	2.28
55 TIER 56 Equity % of Total Can	2.24 69.5%	1.13	2.51 53.3%	3.24	2.36	1.88	3.40	1.52 4.1%	2.38 49.7%
56 Equity % of Total Cap	09.370	61.3%	33.370	48.7%	42.9%	41.9%	46.0%	4.170	49.770

Total Operating Revenue Cost of Power

Total Operating Expenses

Headline

Revenue up. Expenses up less.

3rd Quarter Results

- Operating Margin: +\$2,654,830
- Margin: +\$2,824,186 (excludes Rock Island)









Revenue + Weather







(Water & Air)

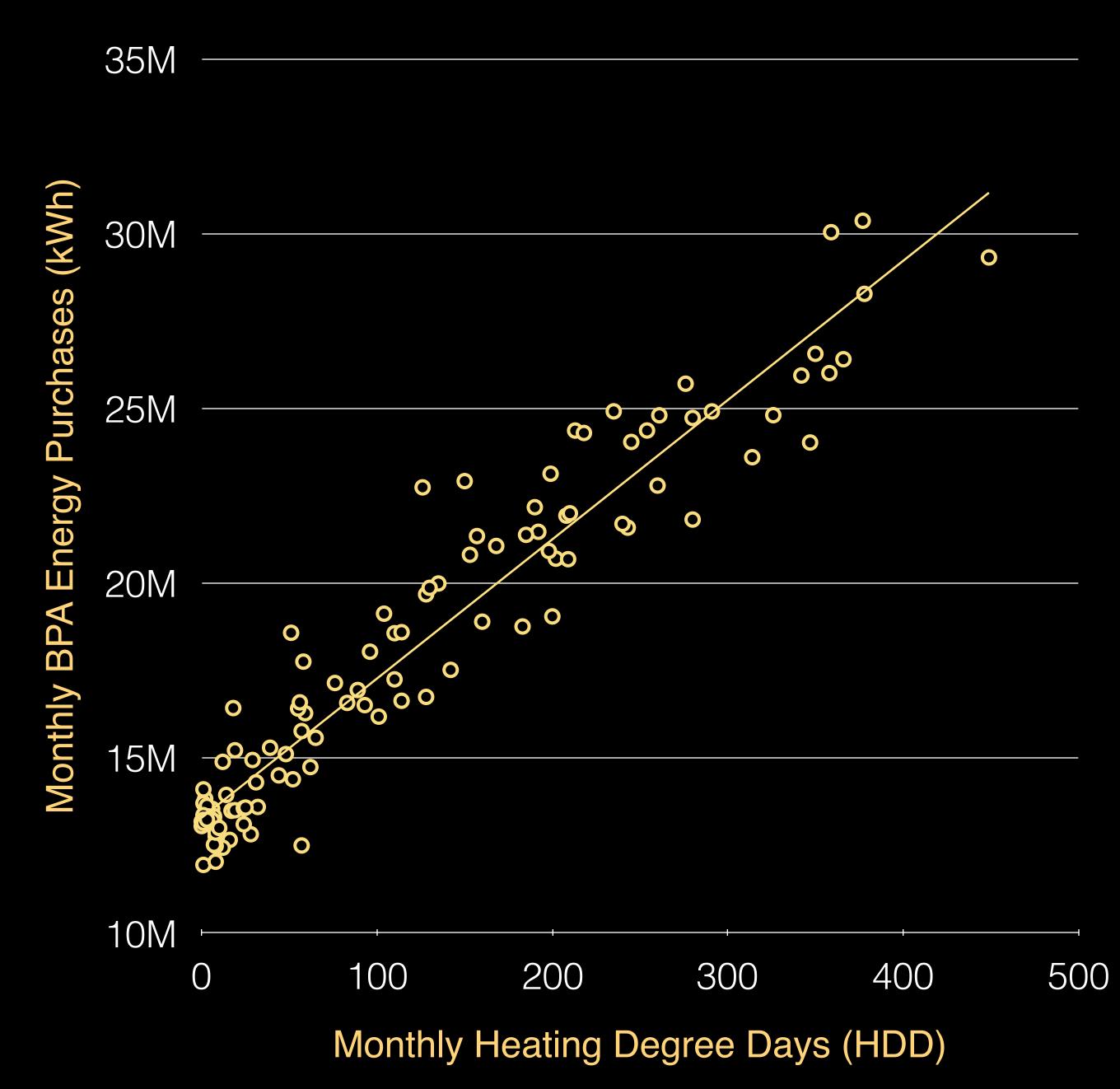
Temperature \rightarrow HDD \rightarrow kWh \rightarrow \$







Monthly HDD and BPA kWh Purchases







Cold spikes during mid-December 2016 and mid-January 2017 wind shift

Notes

 Sea Temperature takes months to change a few degrees.

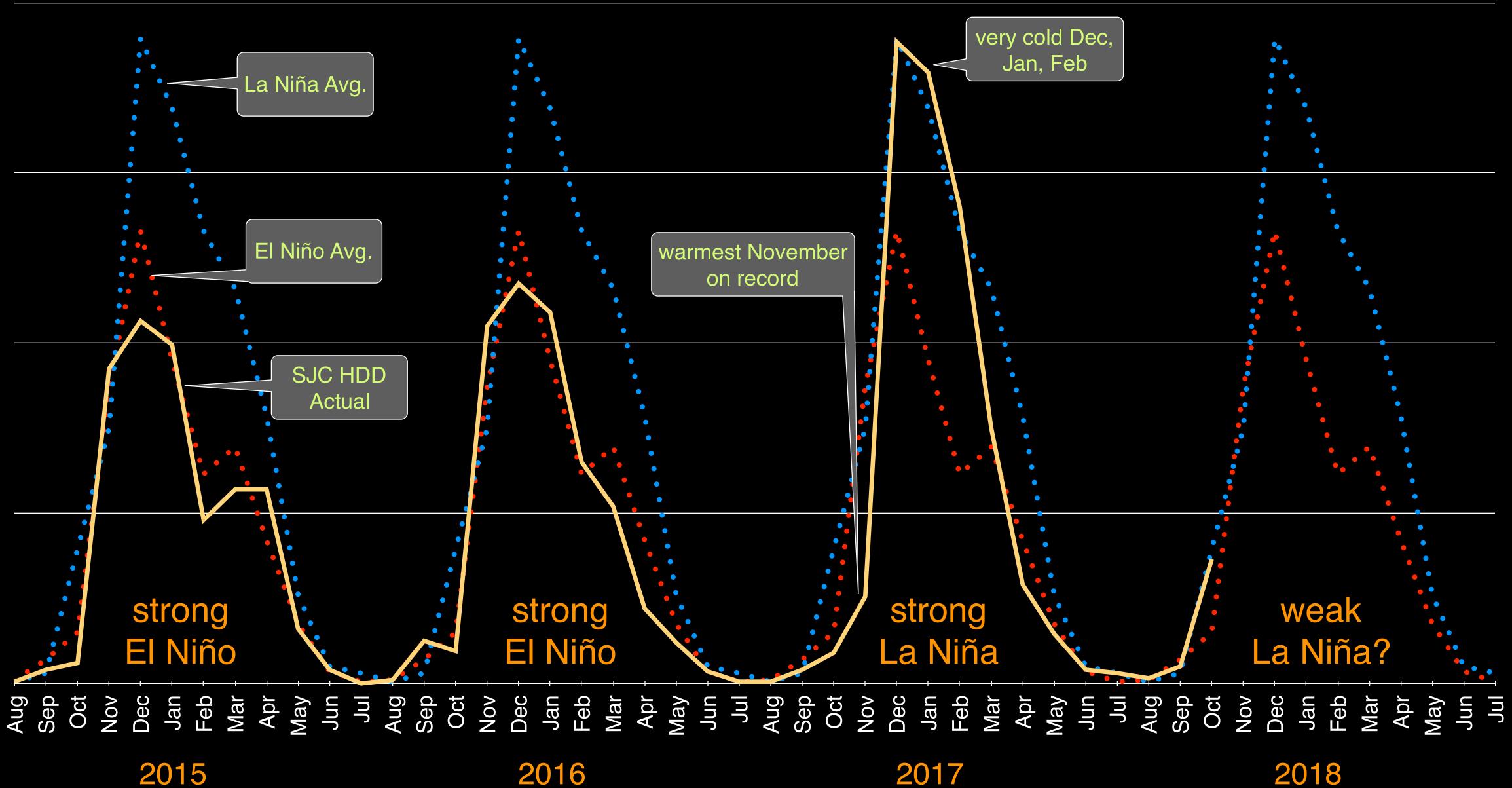
 Air temperature can change a few degrees in a matter of hours due to changes in wind direction.

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Current Winter Was Much Colder Than Previous Two Winters

400 La Niña Avg. (HDD) 300 Days El Niño Avg. Degree 200 SJC HDD Actual Heating 100 strong strong El Niño El Niño ···· 0 2015 2016







SJC Annual HDD

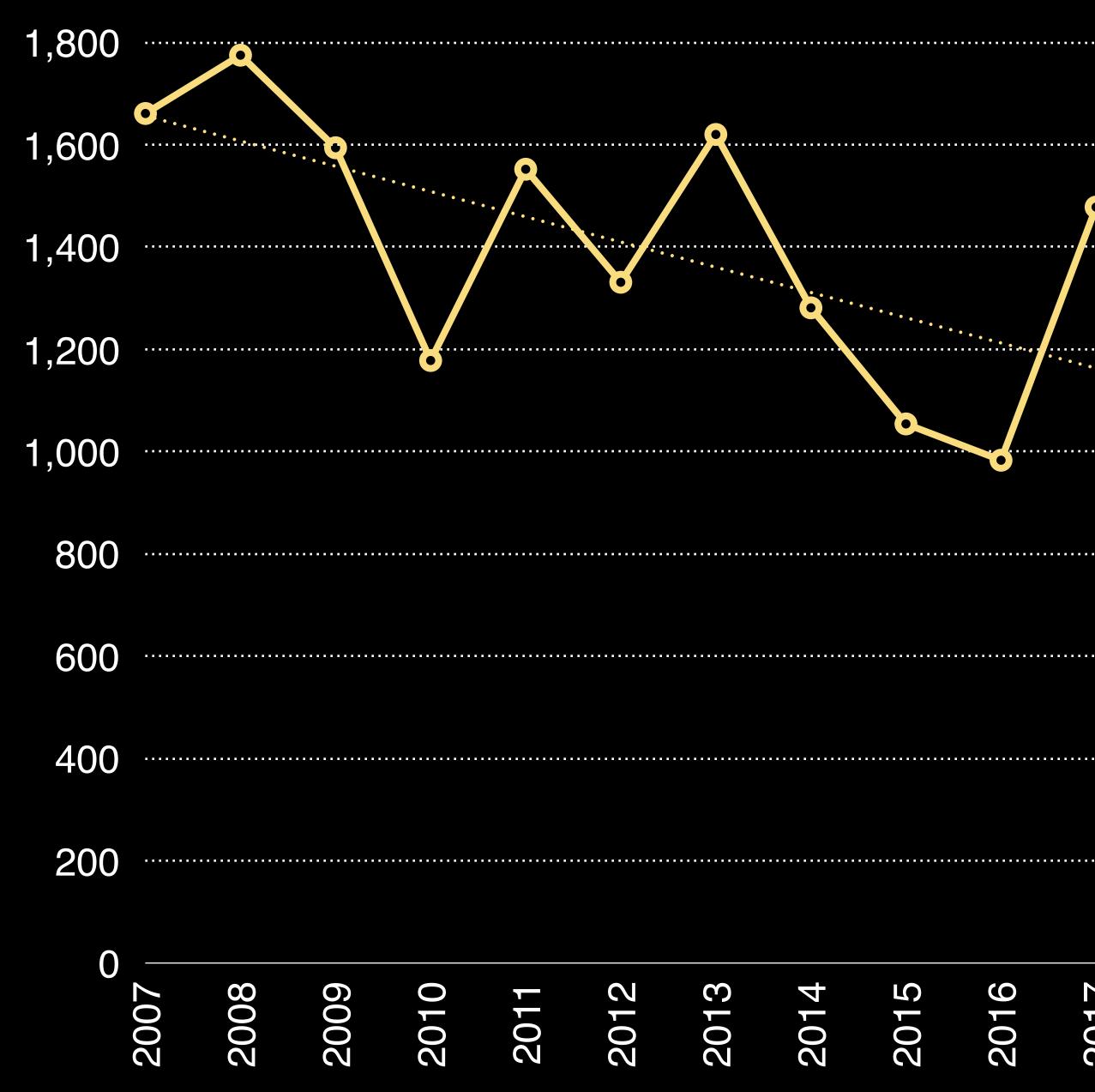
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2016

2017

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Annual HDD

Notes

- Total January through December
- 2017: January actual, February through December average 2007 through 2016

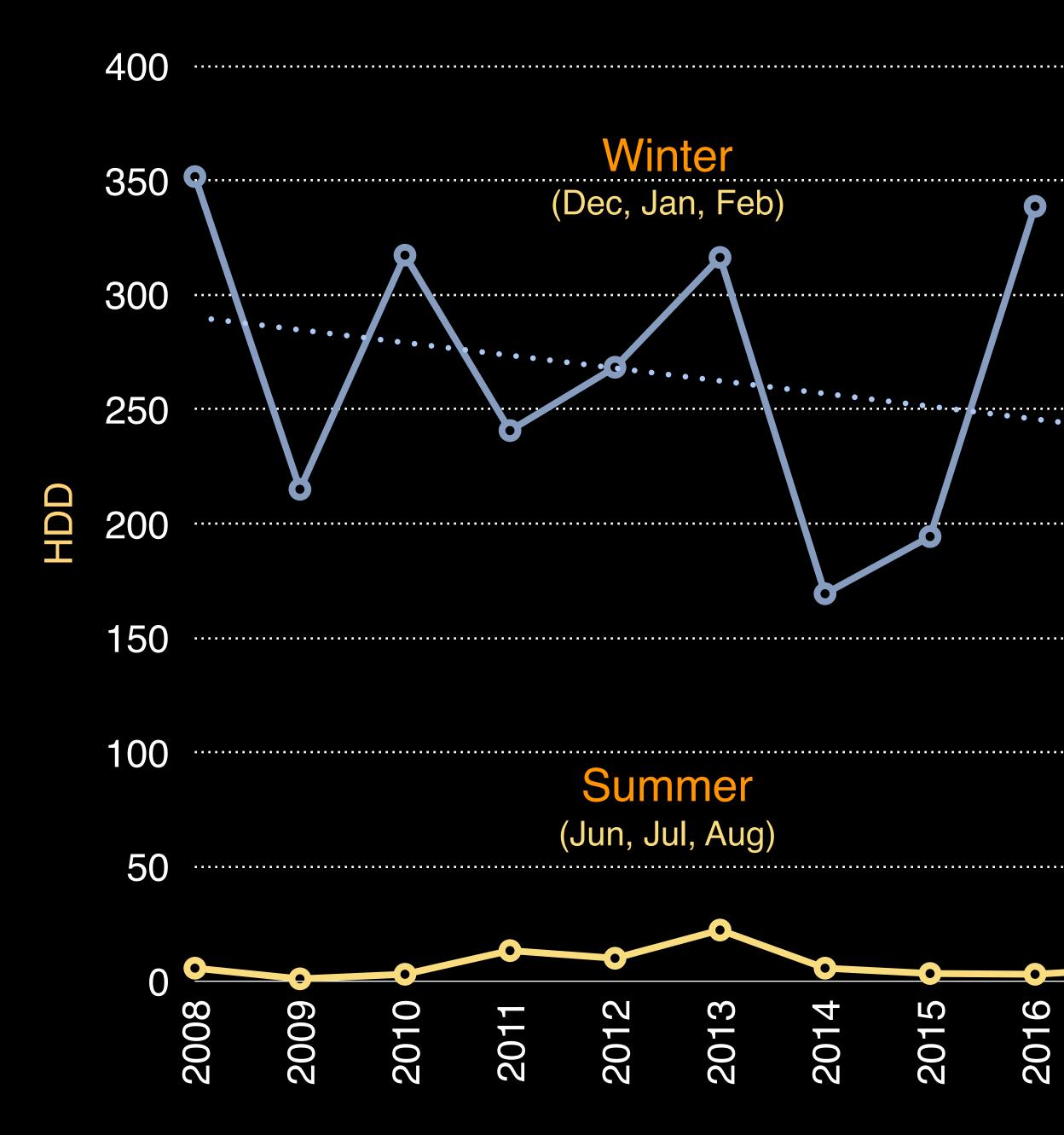






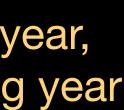
Average Seasonal HDD: Summer, Winter

2017



Notes

- Summer: Jun, Jul, Aug
- Winter: Dec, Jan, Feb
- Winter is December of indicated year, and January/February of following year







2017 Q3 Results: Statement of Operations

		A. Audited Year End		B. Audited Year End		C. Audited Year End		D. Audited Year End		E. Budget Year End		F. Budget Period End	24 S	G. Actual Period End	H. Budget Variance	I. Audited Period End
10	PERATING REVENUES	12/31/2013	-	12/31/2014		12/31/2015	3 <u></u>	12/31/2016	-	12/31/2017		9/30/2017	<u></u>	9/30/2017	(G - F)	9/30/2016
2	Residential	\$ 15,598,797	\$	15,913,325	\$	17,694,706	\$	18,104,756	¢	18,910,272	\$	13,347,941	\$	14,996,066	1,648,125	\$ 12,794,148
2	Commercial	5,467,588	φ	5,694,901	Φ	6,356,143	φ	6,463,561	φ	6,851,153	φ	4,837,281	4	5,400,426	563,145	4,705,567
4	Other	364,892		420,798		531,069		680,713		648,188		473,080		558,005	84,925	486,866
5	Total operating revenue	21,431,278		22,029,025		24,581,918		25,249,029		26,409,613		18,658,302		20,954,497	2,296,194	17,986,581
6	Total operating revenue	21,431,270		22,029,025		24,301,910		25,249,029		20,409,015		10,050,502		20,734,477	2,270,174	17,900,901
7 0	PERATING EXPENSES															
8	Cost of power	7,514,128		8,037,428		7,787,142		7,942,885		8,402,223		5,665,314		6,399,836	734,522	5,675,960
9	Transmission	70,117		92,874		179,264		94,462		177,500		74,173		133,890	59,717	47,787
10	Distribution - operations	2,968,003		2,961,250		3,391,150		3,215,893		3,514,721		2,682,947		2,693,001	10,054	2,441,628
11	Distribution - maintenance	1,669,524		1,778,516		1,713,924		1,692,345		1,851,312		1,451,045		1,316,155	(134,890)	1,457,133
12	Consumer accounts	853,211		898,198		893,766		947,326		1,045,340		800,592		750,485	(50,107)	724,862
13				· · · · · · · · · · · · · · · · · · ·		, , , , , , , , , , , , , , , , , , , ,		,		·,- ·,- ·		,		,		,
14	General and administration															
15	Administration	2,718,889		2,822,439		2,950,777		2,787,995		3,110,220		2,330,554		2,227,743	(102,811)	2,154,123
16	Energy services	462,966		373,323		658,939		103,671		491,931		392,321		328,159	(64,161)	17,466
17	Subsidiary charges (RIC network mgt services)			-		29,100	17	34,920	5	69,720		52,290	21	26,190	(26,100)	26,190
18	Total general and administration	3,181,855		3,195,763		3,638,816		2,926,586		3,671,871		2,775,165		2,582,093	(193,072)	2,197,779
19																
20	Depreciation and amortization	2,719,560		2,975,650		3,308,154		3,546,977		3,801,831		2,819,511		2,755,931	(63,580)	2,630,573
21	Taxes	930,482	14 <u>1</u>	961,815	<u>.</u>	1,046,626	<u>96</u>	1,137,058		1,220,252		891,011	<u>.</u>	959,474	68,463	912,859
22																
23	Total operating expenses	19,906,881		20,901,493		21,958,841	-	21,503,532		23,685,051		17,159,759		17,590,866	431,108	16,088,582
24																1 00 - 000
25	Operating margins before fixed charges	1,524,397		1,127,532		2,623,077		3,745,497		2,724,563		1,498,544		3,363,630	1,865,087	1,897,999

\$22M \$20M	Revenue (variance: \$2,296,194)	\$7M	
\$18M \$16M	• Total Operating Expense (variance: \$431,108)	\$6M \$5M	
\$14M \$12M	Net: +\$2,727,302	\$4M	
\$10M \$8M	Op Expense Details	\$3M	
\$6M		\$2M	
\$4M		\$1M	
\$2M \$0M		\$0M	
	Budget Actual		



Headline

- Revenue up. Expenses up less.
- **3rd Quarter Results**
 - Operating Margin: +\$2,654,830
 - Margin: +\$2,824,186 (excludes Rock Island)

- Distribution operations G&A - Admin
 - **Distribution maintenance**
 - Consumer Accounts G&A Energy Services Transmission

Budget Actual











