



**ORCAS POWER & LIGHT COOPERATIVE**  
**2017 Q3 FINANCIALS**



MEMORANDUM

Date: November 10, 2017

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2017 3<sup>rd</sup> Quarter Financial Report

Please see attached the full 2017 3<sup>rd</sup> quarter financial report. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

The cold weather experienced in Q1 of 2017 is the primary driver of the overall revenue variance of +12% (\$2.3M) higher than budgeted by YTDQ3. This was partially offset by the related increase in purchased power of 13% (\$735k), though we have not seen significant peak charges from BPA. All combined resulted in an increased margin of (\$1.86M). Please note in this board report, staff will be presenting the board requested excess margin analysis. This analysis includes the potential of member bill credit, capital credit retirement acceleration and re-establishing a restricted fund (board contingency).

For more detail, please note the following key points:

- Through Q3, YTD Heating Degree Days (HDD) were up ~44% above normal budgeted levels (Actual of 903 vs. budget of 627). Actual kWh sales were 17.0M kWh above budget (150.7M vs. budget of 133.5M). We expect weather and heating fluctuations to produce dramatic sales revenue volatility, and have budgeted based on those assumptions. We will continue to monitor revenue and expenses closely.
- Q3 YTD power purchases were up \$735k due to higher kWh consumption. Actual kWh purchases were 18.8M kWh above budget (162.7M vs. budget of 143.9M).
- Excluding purchased power, Q3 YTD operating expenses were approximately \$303k under budgeted amounts.
- Rock Island Communications Q3 Financials included in separate packet.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS  
EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2016	B. Approved Budget 9/30/2017	C. Actual Period End 9/30/2017	D. % Change (C - B)
1	kWh Purchases	208,313,000	142,668,000	162,753,000	14.1%
2	Total Revenue	25,661,000	18,881,000	21,188,000	12.2%
3	Cost of power	7,943,000	5,665,000	6,400,000	13.0%
4	Operations & G&A	8,877,000	7,784,000	7,476,000	-4.0%
5	Depr, Int & Taxes	5,779,000	4,463,000	4,489,000	0.6%
6		22,599,000	17,912,000	18,365,000	2.5%
7	Net Margins	\$ 3,062,000	\$ 969,000	\$ 2,823,000	191.3%
8	TIER	3.24	1.88	3.40	
9	Equity % of Total Cap	49.4%	41.9%	46.0%	
10	Equity	39,277,000	35,936,000	40,024,000	11.4%
11	Long Term Debt	40,231,000	49,932,000	46,992,000	-5.9%
12	Capital Spending	(15,568,000)	(11,122,000)	(11,698,000)	5.2%
13	Capital Credit Retirement (net)	(1,218,000)	(76,000)	(69,000)	-9.2%
14	Annual HDD	983	627	903	

ORCAS POWER AND LIGHT COOPERATIVE  
 STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2013	B. Audited Year End 12/31/2014	C. Audited Year End 12/31/2015	D. Audited Year End 12/31/2016	E. Budget Year End 12/31/2017	F. Budget Period End 9/30/2017	G. Actual Period End 9/30/2017	H. Budget Variance (G - F)	I. Audited Period End 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	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	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     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 FIXED CHARGES									
28   Interest on long-term debt	786,193	908,934	1,047,248	1,095,316	1,019,178	752,493	773,305	20,811	837,852
29									
30     Operating margins after fixed charges	738,204	218,598	1,575,829	2,650,181	1,705,384	746,050	2,590,326	1,844,275	1,060,147
31									
32 PATRONAGE CAPITAL CREDITS	38,048	67,853	83,608	81,361	79,323	55,526	64,505	8,979	67,239
33									
34     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									
36 NON-OPERATING MARGINS									
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
40									
41   Fiber Optics Division (Island Network Department)									
42     IN Income	388,117	519,819	-	-	-	-	-	-	-
43     IN Expenses	273,006	739,907	-	-	-	-	-	-	-
44       Total Fiber Optics Division	115,111	(220,088)	-	-	-	-	-	-	-
45									
46   Non-operating margins from Subsidiary									
47     Interest Income (RIC loan)	-	-	-	181,471	76,211	57,159	59,487	2,328	161,141
48     Other income (use of OPALCO backbone)	-	-	-	87,873	87,873	65,905	64,713	(1,191)	65,905
49       Total non-operating margins from Subsidiary	-	-	-	269,344	164,084	123,063	124,200	1,137	227,046
50									
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 MARGINS	\$ 971,518	\$ 121,951	\$ 1,858,322	\$ 3,062,257	\$ 2,010,100	\$ 969,084	\$ 2,824,186	1,855,103	\$ 1,401,392
54									
55   TIER	2.24	1.13	2.51	3.24	2.36	1.88	3.40	1.52	2.38
56   Equity % of Total Cap	69.5%	61.3%	53.3%	48.7%	42.9%	41.9%	46.0%	4.1%	49.7%

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			
		9/30/2017	9/30/2017	(B - A)	Comments: Budget To Actual (Column C.)		
1	I OPERATING REVENUES	18,658,302	20,954,497	2,296,194	Increase in income		
2					Budget	Actual	Variance
3					HDD	627	903
4					kWh Sales	98,367	133,474
5	Operating Revenue - Line 5 Detail Breakout:				(kWh in thousands)		
6	Residential Sales			1,648,125	Colder weather than anticipated		
7	Commercial Sales			563,145	Colder weather than anticipated		
8	Other Operating Revenue			84,925	Variance among multiple general ledger accounts (4 accounts)		
9							
10	TOTAL OPERATING REVENUES	18,658,302	20,954,497	2,296,194			
11							
12	II OPERATING EXPENSES	17,159,759	17,590,866	431,108	Overall increase in operating expenses		
13							
14							
15	Cost of Power - Line 8	5,665,314	6,399,836	734,522	Increase in expense - Colder weather yet no peaks in demand		
16					Budget	Actual	Variance
17					kWh Purchases	142,668	162,753
18					(kWh in thousands)		
19	Transmission - Line 9 Detail Breakout:	74,173	133,890	59,717	Increase in expense		
20	Submarine Cable Expense			63,151	Restoration of Lopez to Decatur submarine cable		
21	Multiple Accounts			(3,434)	Variance among multiple general ledger accounts (8 accounts)		
22	Subtotal Transmission			59,717			
23							
24	Distribution - Operations - Line 10 Detail Breakout:	2,682,947	2,693,001	10,054	Increase in expense		
25	Overhead Lines Expense			19,270	2017 pole inspections expense (completed Q1 rather than Q4)		
26	Meter Expenses			(120,866)	Vacant position - filled 10/10/17		
27	Misc. Distribution Expenses			117,731	Additional environmental review (per RUS) of CWP for 2017-2020		
28	Multiple Accounts			(6,081)	Variance among multiple general ledger accounts (11 accounts)		
29	Subtotal Distribution - Operations			10,054			
30							
31	Distribution - Maintenance - Line 11 Detail Breakout:	1,451,045	1,316,155	(134,890)	Decrease in expense		
32	Maint - Station Equipment			(41,152)	Less new equipment maintenance required		
33	Maint of Overhead Lines			29,910	Increased right of way trimming due to February Board discussion		
34	Maint of Underground Lines			(113,018)	Labor efforts focused on restoration of Lopez to Decatur submarine cable (see line 20 above submarine cable expense)		
35	Multiple Accounts			(10,629)	Variance among multiple general ledger accounts (5 accounts)		
36	Subtotal Distribution Maintenance			(134,890)			
37							
38	Consumer accounts - Line 12 Detail Breakout:	800,592	750,485	(50,107)	Decrease in expense		
39							

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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	
		9/30/2017	9/30/2017	(B - A)	Comments: Budget To Actual (Column C.)
40	<b>Total General and Administrative (G&amp;A):</b>	<b>2,775,165</b>	<b>2,582,093</b>	<b>(193,072)</b>	<b>Decrease in expense</b>
41					
42	<b>Administration G&amp;A - Line 15 Detail Breakout:</b>	<b>2,330,554</b>	<b>2,227,743</b>	<b>(102,811)</b>	<b>Decrease in expense</b>
43	Administrative /General			(51,509)	Vacant position filled 05/30/17
44	Legal			(73,482)	Less legal expense - Submarine cable legal capitalized (\$35k)
45	Outside Services			(26,134)	Less outside consulting
46	Misc Gen Exp/Dues			(11,993)	Dues and expenses expected Q4 (timing only)
47	Annual Meeting expense			16,520	80th anniversary specialty items, ballot enhancements, candidate forums, etc
48	Maintenance of General Plant			16,274	Deferred maintenance projects
	Office/Technical Service Supplies & Expenses			23,963	Increase in outside technical services consulting
49	Multiple Accounts			3,551	Variance among multiple general ledger accounts (11 accounts)
50				(102,811)	
51	Subtotal Administration G&A				
52	<b>Energy Services G&amp;A - Line 16</b>	<b>392,321</b>	<b>328,159</b>	<b>(64,161)</b>	<b>Decrease in expense</b>
53	General Overhead Expenses			6,809	Variance due to training/travel
54	Education and Outreach			(42,783)	Expenses expected to catch up by Q4
55	BPA Rebates			(105,745)	Fewer rebates than anticipated. Funds to be rolled into 2018
56	BPA EEI Funding			111,777	Fewer rebates overall - 3 months of rebates pending from BPA
57	Renewable Energy Programs			(23,042)	Expenses expected to catch up by Q4
58	Multiple Accounts			(11,177)	Variance among multiple general ledger accounts (8 accounts)
59				(64,161)	
60	Subtotal Energy Services G&A				
61	<b>Subsidiary Charges G&amp;A - Line 17</b>	<b>52,290</b>	<b>26,190</b>	<b>(26,100)</b>	<b>Decrease in expense</b>
62	Fiber Charge - Subsidiary			(26,100)	Moved to operations (partially reflective in line 20 Misc Distribution Expenses)
63					
64	Subtotal Subsidiary Charges G&A			(26,100)	
65	<b>Total General and Administrative (G&amp;A)</b>	<b>2,775,165</b>	<b>2,582,093</b>	<b>(193,072)</b>	<b>Overall decrease in expense</b>
66					
67	<b>Deprec. &amp; Amort. - Line 20</b>	<b>2,819,511</b>	<b>2,755,931</b>	<b>(63,580)</b>	<b>Decrease in expense</b>
68					
69	<b>Taxes - Line 21</b>	<b>891,011</b>	<b>959,474</b>	<b>68,463</b>	<b>Increase in expense</b> - higher sales resulting in higher utility tax
70					
71	<b>TOTAL OPERATING EXPENSES</b>	<b>17,159,759</b>	<b>17,590,866</b>	<b>431,108</b>	<b>Overall increase in expense</b>
72					
73					
74	<b>III FIXED CHARGES - Interest Expense - Line 28</b>	<b>752,493</b>	<b>773,305</b>	<b>20,811</b>	<b>Increase in expense</b>
75					
76	<b>IV PATRONAGE CAPITAL CREDITS (Income) - Line 32</b>	<b>55,526</b>	<b>64,505</b>	<b>8,979</b>	<b>Increase in income</b> - received from associated cooperatives
77					

# ORCAS POWER AND LIGHT COOPERATIVE

## STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.
		Budget Period End 9/30/2017	Actual Period End 9/30/2017	Budget Variance (B - A)	
		Comments: Budget To Actual (Column C.)			
78					
79	<b>TOTAL NET OPERATING MARGINS</b>	<b>801,576</b>	<b>2,654,830</b>	<b>1,853,254</b>	<b>Increase in margin</b>
80					
81					
82	<b>V NON-OPERATING MARGINS</b>	<b>167,508</b>	<b>169,356</b>	<b>1,849</b>	<b>Decrease in margin</b>
83					
84	<b>Interest and Dividend Income - Line 37 combined with Line 47</b>	<b>82,981</b>	<b>160,118</b>	<b>77,138</b>	<b>Increase in income</b> - interest from RUS advance payments
85					
86	<b>Other Income - Line 38 combined with Line 48</b>	<b>84,527</b>	<b>9,238</b>	<b>(75,289)</b>	<b>Decrease in income</b>
87	Loss on Disposition of Property			(71,515)	Disposal of obsolete meters in Q2
88	Multiple Accounts			(3,774)	Variance among multiple general ledger accounts (7 accounts)
89	Subtotal Other Income			<b>(75,289)</b>	
90					
91	<b>TOTAL OPALCO NON-OPERATING MARGINS</b>	<b>167,508</b>	<b>169,356</b>	<b>1,849</b>	<b>Increase in margin</b>
92					
93					
94	<b>TOTAL OPALCO NET MARGIN DETAIL BREAKOUT</b>	<b>969,084</b>	<b>2,824,186</b>	<b>1,855,103</b>	<b>Increase in margin</b>

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2013	B. Audited Year End 12/31/2014	C. Audited Year End 12/31/2015	D. Audited Year End 12/31/2016	E. Actual Period End 9/30/2017	F. Change (E - D)
1 ASSET S						
2						
3 UTILITY PLANT, at cost						
4     Electric plant in service	\$ 86,319,230	\$ 91,153,200	\$ 100,576,686	\$ 105,702,896	\$ 110,005,737	\$ 4,302,842
5     Construction work in progress	2,456,829	5,696,090	3,434,810	12,489,462	19,207,469	6,718,007
6						
7	88,776,059	96,849,290	104,011,496	118,192,358	129,213,207	11,020,849
8     Less accumulated depreciation and amortization	36,237,594	38,650,755	41,160,577	44,622,436	47,081,985	2,459,548
9						
10       Net utility plant	52,538,465	58,198,535	62,850,919	73,569,921	82,131,222	8,561,301
11						
12 OTHER PROPERTY AND INVESTMENT, at cost						
13     Island Network (department only) (Note 1)	426,272	74,891	-	-	-	-
14						
15     Investments in associated organizations						
16       Other	941,203	1,063,004	1,093,965	1,125,332	1,653,009	527,677
17       Non-utility investment subsidiary (Note 2)	-	-	5,249,879	(2,389,473)	(4,397,205)	(2,007,732)
18       Total investments in associated organizations	941,203	1,063,004	6,343,844	(1,264,141)	(2,744,196)	(1,480,055)
19						
20       Other property and investments	1,367,476	1,137,895	6,343,844	(1,264,141)	(2,744,196)	(1,480,055)
21						
22 CURRENT ASSET S						
23     Cash and cash equivalents	797,873	2,254,475	1,697,386	3,906,844	4,204,000	297,156
24     Cash and cash equivalents - board designated	2,006,348	1,279,616	-	-	-	-
25     Accounts receivable, less doubtful accts allowance	3,146,966	3,036,986	3,558,213	3,610,821	2,383,457	(1,227,364)
26     Interest receivable	7,394	6,330	6,140	9,386	12,477	3,091
27     Materials and supplies	2,141,563	2,720,342	3,341,939	3,711,223	3,508,388	(202,835)
28     Prepaid expenses	122,451	586,081	311,801	349,741	403,867	54,126
29						
30       Total current assets	8,222,594	9,883,830	8,915,479	11,588,015	10,512,189	(1,075,826)
31						
32 DEFERRED CHARGES	-	50,371	-	-	-	-
33						
34     Total assets	\$ 62,128,535	\$ 69,270,631	\$ 78,110,242	\$ 83,893,795	\$ 89,899,215	\$ 6,005,420



## BALANCE SHEET

72 Note:

2 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,125,221) LESS IN LLC's cumulative net deficit of (\$6,522,426) seen in 'equities & margins'.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW  
 GAAP

	A.	B.	C.	D.	E.
	Audited	Audited	Audited	Audited	Actual
	Year End	Year End	Year End	Year End	Period End
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	9/30/2017
1 CASH FLOWS FROM OPERATING ACTIVITIES					
2 Net margins	\$ 971,520	\$ 121,951	\$ 1,858,322	\$ 3,062,257	\$ 2,824,186
3 Adjustments to reconcile net margin to cash					
4 from operating activities					
5 Depreciation and amortization	2,719,561	2,975,650	3,308,154	3,546,977	2,755,931
6 Changes in assets and liabilities					
7 Accounts receivable	(758,796)	109,980	(521,227)	(52,608)	1,227,364
8 Interest receivable	(546)	1,064	190	(3,245)	(3,091)
9 Prepaid expenses	(7,219)	(463,630)	274,279	(37,939)	(54,126)
10 Accounts payable	435,535	198,663	(165,962)	(72,458)	(34,971)
11 Customer deposits	9,160	5,557	(9,340)	7,551	(1,070)
12 Accrued liabilities	(157,453)	54,308	(38,931)	432,633	(326,110)
13 Deferred credits	11,414	14,598	34,392	64,421	36,521
14					
15 Net cash from operating activities	3,223,176	3,018,141	4,739,878	6,947,587	6,424,634
16					
17 CASH FLOWS FROM INVESTING ACTIVITIES					
18 Additions to utility plant, net	(5,632,016)	(9,831,711)	(8,597,475)	(15,199,049)	(11,900,469)
19 Reduction to non-utility plant (Island Network transition)	(173,419)	351,381	74,891	-	-
20 Change in materials and supplies	(638,632)	(578,779)	(621,597)	(369,284)	202,835
21 (Increase) decrease in investment in Subsidiary	-	-	(5,249,879)	7,639,352	2,007,732
22 (Increase) decrease in other OPALCO property and investments, net	(12,063)	(121,801)	(30,961)	(31,367)	(527,677)
23					
24 Net cash from investing activities	(6,456,130)	(10,180,909)	(14,425,021)	(7,960,347)	(10,217,579)
25					
26 CASH FLOWS FROM FINANCING ACTIVITIES					
27 Payments on long-term debt (Note 1)	(1,027,495)	156,993	(4,347,789)	(2,497,268)	(415,359)
28 Proceeds from debt	3,200,000	7,380,000	13,858,989	8,742,000	6,000,000
29 Memberships	855	1,225	(485)	510	(450)
30 Retirements of patronage capital, net	(813,770)	(791,199)	(569,472)	(1,218,259)	(72,847)
31 Change in subsidiary equities	-	-	(1,780,113)	(2,737,834)	(2,004,479)
32 Contributions in aid of construction	583,883	1,145,619	687,308	933,069	583,237
33					
34 Net cash from financing activities	1,943,473	7,892,638	7,848,438	3,222,218	4,090,102
35					
36 NET CHANGE IN CASH	(1,289,481)	729,870	(1,836,705)	2,209,458	297,157
37					
38 CASH AND CASH EQUIVALENTS, beginning of year/period	4,093,702	2,804,221	3,534,091	1,697,386	3,906,844
39					
40 CASH AND CASH EQUIVALENTS, end of year/period	2,804,221	3,534,091	1,697,386	3,906,844	4,204,001
41					
42 SUPPLEMENTAL DISCLOSURES					
43 Cash paid for interest	\$ 786,193	\$ 908,934	\$ 1,234,621	\$ 1,085,134	\$ 1,128,488
44 OUTSTANDING DEBT BALANCE	(18,114,158)	(25,651,151)	(35,162,351)	(41,377,751)	(46,991,724)
45 Notes:					
46 1 Includes Economic Development loan from RUS and is offset by RUS Cushion of Credit balance of \$127k (2015), \$1.7M (2016), \$1.3M (Q2 2017), \$1.4M (Q3 2017)					



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

	A.	B.	C.	D.	E.
	Year-End	Year-End	Approved	Actual	
	12/31/2015	12/31/2016	Budget	9/30/2017	Variance
			9/30/2017		
1			5%		
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
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16					
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21					
22					
23					
24					

Note 1: \$3.6M was borrowed in July 2017 related to the submarine cable with the balance expected to be drawn by year end 2017

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	F.	G.
			Year End	Budget	Budget	Actual	Budget	Actual	
			12/31/2016	Year End	Period End	Period End	Variance	Period End	
			12/31/2016	12/31/2017	9/30/2017	9/30/2017	(D- C)	9/30/2016	Comments to Budget Variance Column E
1	DISTRIBUTION								
2	100	New Services	\$ 384,240	\$ 291,000	\$ 219,000	\$ 296,601	\$ 77,601	\$ 222,148	Ahead of budgeted efforts (Offset Line 40)
3	200	New Tie Lines	(13,438)	200,000	-	541	541	1,001	
4	300	Conversions and Line Changes	679,000	1,335,000	1,100,000	1,120,807	20,807	479,967	
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	2,443	126,000	126,000	228,237	102,237	2,443	Decatur and Blakely Substations advanced to 2017 expect overage
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	671,830	525,000	400,000	439,877	39,877	459,490	
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603	Sectionalizing Equipment	(185,844)	100,000	100,000	263,090	163,090	(57,382)	Offset of 2016 inventory accounting change
11	604	Regulators	-	-	-	5,170	5,170	(1,561)	
12	605	Capacitors	-	-	-	-	-	-	
13	606	Ordinary Replacements	291,336	119,000	75,000	41,789	(33,211)	258,519	Pole replacements shifted for Q4
14	608	Underground Dist. Cable Replacement	3,137,344	1,942,000	1,600,000	1,591,204	(8,796)	2,543,911	Joint efforts accelerated
15	700	Other Distribution Items							
16	701	Engineering Fees	-	-	-	-	-	-	
17	704	LMS & SCADA	87,054	89,000	67,000	64,952	(2,048)	76,026	
18	705	AMR	-	-	-	172	172	-	
19	706	Communications							
20	706.0	Island Network	-	-	-	-	-	-	
21	706.1	Fiber/Microwave Infrastructure	2,694,821	1,290,000	1,290,000	2,001,770	711,770	2,018,139	Less joint projects than expected (Clink), final projects proving to be more difficult and greater environmental costs than expected.
22	TRANSMISSION								
23	800	New Tie Line	-	-	-	-	-	-	
24	900	New Substations, switching station, metering point, etc.	68,174	650,000	400,000	370,379	(29,621)	25,427	
25	1000	Line and Station Changes	6,229,978	8,408,000	5,500,000	5,065,498	(434,502)	5,088,884	Project costs pushed to Q4
26	1100	Other Transmission	-	-	-	-	-	-	
27	GENERATION								
28	1200	Generation	-	-	-	-	-	-	
29	OTHER								
30	1300	Headquarters Facilities	178,301	300,000	250,000	96,448	(153,552)	132,229	Delay of capital facility projects (Eastsound bathroom remodel)
31	1400	Acquisitions	-	-	-	-	-	-	
32	1500	All Other (Transportation, Etc.)							
33	1501	Transportation/Equipment/Tools/Radios	604,272	450,000	300,000	70,150	(229,850)	563,860	Work boat delivered Q4
34	1502	Office Equipment/Furniture/Etc.	44,740	20,000	10,000	10,845	845	20,741	
35	1503	Computer/Servers/Software	339,289	298,000	200,000	205,909	5,909	211,684	
36	1504	Electrical Infrastructure to Support Community Solar	-	-	-	-	-	-	
37	1600	Minor Projects	205,310	100,000	75,000	247,333	172,333	222,694	Orcas Park and Ride released for construction by County (Unbudgeted)
38	RUS CWP SUBTOTAL		15,418,851	16,243,000	11,712,000	12,120,773	408,773	12,268,219	
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
40		New Services	(495,959)	(291,000)	(200,000)	(180,000)	20,000	(333,294)	Offset Line 2
41		Meters and Transformers	(398,561)	(209,000)	(160,000)	(192,812)	(32,812)	(218,486)	Offset Line 8
42		Joint Projects	(38,549)	(298,000)	(230,000)	(210,425)	19,575	(90,107)	Offset Lines 4,14,21, 37
43		Island Network Department	-	-	-	-	-	-	
44		WA DOC Grant Funding	-	-	-	-	-	-	
45		Community Solar Member Contributions	-	(250,000)	-	-	-	-	
46	RUS CWP NET TOTAL		14,485,782	15,195,000	11,122,000	11,537,536	415,536	11,626,333	
47									
48	General Notes:								
49	1	\$256,822 in Allowance for Funds Used During Construction (AFUDC). This cost is embedded in the associated projects listed above for capitalization purposes.							
50	2	\$35,862 in Environmental Consultants. This cost is embedded in the associated projects listed above for capitalization purposes.							



ORCAS POWER AND LIGHT COOPERATIVE

SALES AND USAGE REPORT

		A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.	M.	N.
		Year to Date Total	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	HEATING DEGREE DAYS (HDD)														
2	Budget HDD	627	195	170	135	49	37	9	5	9	18	32	172	225	500
3	Actual HDD	903	359	280	150	58	29	8	6	3	10				903
4	Variance	276	164	110	15	9	(8)	(1)	1	(6)	(8)	-	-	-	276
5															
6	ENERGY USAGE (kWh)														
7	Residential														
8	Budget	98,093,110	16,015,245	13,581,039	13,732,200	11,086,683	9,610,471	8,266,636	8,691,524	8,715,331	8,393,981	10,650,777	13,653,188	16,581,646	138,978,722
9	Actual	106,311,338	24,638,206	16,705,550	13,441,252	11,679,381	9,391,219	7,506,886	7,817,780	7,714,376	7,416,688				106,311,338
10	Variance (Budget to Actual)	8,218,228	8,622,961	3,124,511	(290,948)	592,698	(219,252)	(759,750)	(873,744)	(1,000,955)	(977,293)	-	-	-	8,218,228
11															
12	Commercial														
13	Budget	35,380,340	5,776,398	4,898,425	4,952,946	3,998,758	3,466,316	2,981,620	3,134,869	3,143,456	3,027,551	3,841,535	4,924,448	5,980,688	50,127,010
14	Actual	44,396,974	7,392,539	5,823,756	5,146,154	4,834,784	4,324,961	3,474,424	4,557,034	4,599,687	4,243,635				44,396,974
15	Variance (Budget to Actual)	9,016,634	1,616,141	925,331	193,208	836,026	858,645	492,804	1,422,165	1,456,231	1,216,084	-	-	-	9,016,634
16															
17	Combined Energy Usage (kWh)														
18	Budget	133,473,450	21,791,643	18,479,465	18,685,146	15,085,441	13,076,787	11,248,256	11,826,394	11,858,787	11,421,533	14,492,312	18,577,636	22,562,334	189,105,732
19	Actual	150,708,312	32,030,745	22,529,306	18,587,406	16,514,165	13,716,180	10,981,310	12,374,814	12,314,063	11,660,323	-	-	-	150,708,312
20	Variance (Budget to Actual)	17,234,862	10,239,102	4,049,841	(97,740)	1,428,724	639,393	(266,946)	548,420	455,276	238,790	-	-	-	17,234,862
21															
22	SALES REVENUE (kWh)														
23	Residential														
24	Budget	13,347,941	2,178,546	1,847,654	1,868,202	1,508,585	1,307,917	1,125,244	1,183,001	1,186,237	1,142,555	1,449,331	1,857,461	2,255,539	18,910,272
25	Actual	14,982,540	2,926,809	2,037,409	2,044,213	1,639,098	1,436,358	1,192,378	1,269,841	1,234,625	1,201,810	-	-	-	14,982,540
26	Variance (Budget to Actual)	1,634,599	748,263	189,755	176,011	130,513	128,441	67,134	86,840	48,388	59,255	-	-	-	1,634,599
27															
28	Commercial														
29	Budget	4,809,400	785,210	665,864	673,275	543,568	471,191	405,304	426,136	427,303	411,548	522,196	669,401	812,980	6,813,978
30	Actual	5,388,656	825,570	658,245	689,940	582,466	548,983	457,370	561,511	555,765	508,807	-	-	-	5,388,656
31	Variance (Budget to Actual)	579,256	40,360	(7,619)	16,665	38,898	77,792	52,065	135,375	128,461	97,259	-	-	-	579,256
32															
33	Combined kWh Sales Revenue														
34	Budget	18,157,341	2,963,756	2,513,517	2,541,477	2,052,153	1,779,108	1,530,548	1,609,137	1,613,541	1,554,103	1,971,527	2,526,862	3,068,519	25,724,250
35	Actual	20,371,197	3,752,379	2,695,654	2,734,152	2,221,565	1,985,341	1,649,748	1,831,352	1,790,390	1,710,617	-	-	-	20,371,197
36	Variance (Budget to Actual)	2,213,856	788,623	182,136	192,676	169,411	206,233	119,199	222,215	176,849	156,514	-	-	-	2,213,856
37															
38	NOTE: Excluded Other Revenue and Revenues that are not usage based.														

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7  
STATEMENT OF OPERATIONS

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 15 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.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION

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.

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	17,986,581	20,954,497	18,658,302	1,753,175
2. Power Production Expense		-	-	-
3. Cost of Purchased Power	5,675,960	6,399,836	5,665,314	576,780
4. Transmission Expense	47,787	133,890	74,173	3,322
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,441,628	2,693,001	2,682,947	304,942
7. Distribution Expense - Maintenance	1,457,133	1,316,155	1,451,045	107,480
8. Customer Accounts Expense	724,862	750,485	800,592	68,560
9. Customer Service and Informational Expense	67,829	437,155	464,768	43,870
10. Sales Expense	26,727	21,943	31,857	4,473
11. Administrative and General Expense	2,103,224	2,122,995	2,278,540	218,039
12. Total Operation & Maintenance Expense (2 thru 11)	12,545,150	13,875,461	13,449,236	1,327,465
13. Depreciation and Amortization Expense	2,630,573	2,755,931	2,819,511	312,580
14. Tax Expense - Property & Gross Receipts	180,170	205,890	189,178	23,160
15. Tax Expense - Other	732,689	753,584	701,833	66,701
16. Interest on Long-Term Debt	1,013,483	1,174,746	1,097,318	148,266
17. Interest Charged to Construction - Credit	(175,631)	(401,441)	(344,824)	(50,933)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	16,926,434	18,364,171	17,912,252	1,827,239
21. Patronage Capital & Operating Margins (1 minus 20)	1,060,147	2,590,326	746,050	(74,065)
22. Non Operating Margins - Interest	187,064	160,118	82,981	30,348
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	86,942	9,238	84,527	3,529
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	67,239	64,505	55,526	1,134
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,401,392	2,824,186	969,084	(39,053)

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

Updated 11/8/2017

2017 Q3 Financial Report  
Page 14 of 15



ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7  
BALANCE SHEET

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 September 2017		
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	119	110	5. Miles Transmission	42.65	42.65
2. Services Retired	-	-	6. Miles Distribution – Overhead	153.60	154.34
3. Total Services in Place	15,128	15,274	7. Miles Distribution - Underground	1,150.07	1,048.57
4. Idle Services (Exclude Seasonals)	1,192	1,188	8. Total Miles Energized (5 + 6 + 7)	1,346.32	1,245.56
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	110,005,737		30. Memberships	56,455	
2. Construction Work in Progress	19,160,431		31. Patronage Capital	38,169,671	
3. Total Utility Plant (1 + 2)	129,166,168		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	47,034,946		33. Operating Margins - Current Year	2,814,948	
5. Net Utility Plant (3 - 4)	82,131,222		34. Non-Operating Margins	9,238	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(1,026,786)	
7. Investments in Subsidiary Companies	(4,397,205)		36. Total Margins & Equities (30 thru 35)	40,023,526	
8. Invest. in Assoc. Org. - Patronage Capital	1,054,951		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	39,370,226	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274		39. Long-Term Debt - Other - RUS Guaranteed	-	
11. Investments in Economic Development Projects	28,333		40. Long-Term Debt Other (Net)	8,891,068	
12. Other Investments	1,152		41. Long-Term Debt - RUS - Econ. Devel. (Net)	28,333	
13. Special Funds	231,250		42. Payments – Unapplied	(1,359,011)	
14. Total Other Property & Investments (6 thru 13)	(2,512,945)		43. Total Long-Term Debt (37 thru 41 - 42)	46,930,616	
15. Cash - General Funds	1,344,149		44. Obligations Under Capital Leases - Noncurrent	31,776	
16. Cash - Construction Funds - Trustee	30,632		45. Accumulated Operating Provisions and Asset Retirement Obligations	-	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	31,776	
18. Temporary Investments	2,635,233		47. Notes Payable	-	
19. Notes Receivable (Net)	-		48. Accounts Payable	1,658,008	
20. Accounts Receivable - Sales of Energy (Net)	1,494,504		49. Consumers Deposits	88,858	
21. Accounts Receivable - Other (Net)	169,829		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	3,508,388		52. Current Maturities Capital Leases	29,332	
24. Prepayments	403,867		53. Other Current and Accrued Liabilities	818,641	
25. Other Current and Accrued Assets	694,338		54. Total Current & Accrued Liabilities	2,594,839	
26. Total Current and Accrued Assets	10,280,939		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	318,458	
28. Other Deferred Debits	-		57. Total Liabilities and Other Credits	89,899,215	
29. Total Assets and Other Debits	89,899,215				