



Orcas Power & Light Cooperative

2017 Q2 Financials

MEMORANDUM

Date: August 10, 2017

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2017 2nd Quarter Financial Report

Please see attached the full 2017 2nd 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 +13% (\$1.75M) higher than budgeted by YTDQ2. This was partially offset by the related increase in purchased power of 12% (\$524k), though we have not seen significant peak charges from BPA. All combined resulted in an increased margin of (\$1.25M).

For more detail, please note the following key points:

- Through Q2, YTD Heating Degree Days (HDD) were up ~49% above normal budgeted levels (Actual of 884 vs. budget of 595). Actual kWh sales were 16.0M kWh above budget (114.4M vs. budget of 98.4M). 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.
- Q2 YTD power purchases were up \$523k due to higher kWh consumption. Actual kWh purchases were 18.2M kWh above budget (123.3M vs. budget of 105.1M).
- Q2 YTD operating expenses were approximately \$479k over budgeted amounts, primarily due to the increase in purchased power and taxes as a result of higher power sales.
- Rock Island Communications paid \$43k to OPALCO for use of the communications backbone through Q2. This is partially offset by \$35k in expense paid to Rock Island Communications for Internet & network operations services.
- Rock Island Communications Q2 Financials included in separate packet.

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 6/30/2017	G. Actual Period End 6/30/2017	H. Budget Variance (G - F)	I. Audited Period End 6/30/2016
1 OPERATING REVENUES									
2 Residential	\$ 15,598,797	\$ 15,913,325	\$ 17,694,706	\$ 18,104,756	\$ 18,910,272	\$ 9,836,148	\$ 11,285,288	1,449,141	\$ 9,202,727
3 Commercial	5,467,588	5,694,901	6,356,143	6,463,561	6,851,153	3,563,000	3,771,932	208,931	3,186,226
4 Other	364,892	420,798	531,069	680,713	648,188	343,556	437,669	94,113	366,233
5 Total operating revenue	21,431,278	22,029,025	24,581,918	25,249,029	26,409,613	13,742,704	15,494,889	1,752,185	12,755,186
6									
7 OPERATING EXPENSES									
8 Cost of power	7,514,128	8,037,428	7,787,142	7,942,885	8,402,223	4,254,217	4,777,889	523,672	4,046,271
9 Transmission	70,117	92,874	179,264	94,462	177,500	44,006	122,353	78,347	28,497
10 Distribution - operations	2,968,003	2,961,250	3,391,150	3,215,893	3,514,721	1,831,457	1,826,928	(4,529)	1,665,305
11 Distribution - maintenance	1,669,524	1,778,516	1,713,924	1,692,345	1,851,312	1,032,435	970,363	(62,072)	1,043,290
12 Consumer accounts	853,211	898,198	893,766	947,326	1,045,340	541,811	520,987	(20,825)	490,692
13									
14 General and administration									
15 Administration	2,718,889	2,822,439	2,950,777	2,787,995	3,110,220	1,591,692	1,520,249	(71,444)	1,479,335
16 Energy services	462,966	373,323	658,939	103,671	491,931	168,416	202,382	33,966	(74,630)
17 Subsidiary charges (RIC network mgt services)	-	-	29,100	34,920	69,720	34,860	17,460	(17,400)	17,460
18 Total general and administration	3,181,855	3,195,763	3,638,816	2,926,586	3,671,871	1,794,968	1,740,091	(54,877)	1,422,166
19									
20 Depreciation and amortization	2,719,560	2,975,650	3,308,154	3,546,977	3,801,831	1,878,294	1,827,646	(50,648)	1,752,470
21 Taxes	930,482	961,815	1,046,626	1,137,058	1,220,252	622,229	692,292	70,063	579,670
22									
23 Total operating expenses	19,906,881	20,901,493	21,958,841	21,503,532	23,685,051	11,999,418	12,478,549	479,131	11,028,361
24									
25 Operating margins before fixed charges	1,524,397	1,127,532	2,623,077	3,745,497	2,724,563	1,743,287	3,016,340	1,273,053	1,726,826
26									
27 FIXED CHARGES									
28 Interest on long-term debt	786,193	908,934	1,047,248	1,095,316	1,019,178	499,278	500,434	1,156	587,617
29									
30 Operating margins after fixed charges	738,204	218,598	1,575,829	2,650,181	1,705,384	1,244,009	2,515,906	1,271,897	1,139,209
31									
32 PATRONAGE CAPITAL CREDITS	38,048	67,853	83,608	81,361	79,323	27,763	28,851	1,088	-
33									
34 Net operating margins	776,252	286,451	1,659,437	2,731,543	1,784,707	1,271,772	2,544,757	1,272,985	1,139,209
35									
36 NON-OPERATING MARGINS									
37 Interest income	33,261	32,130	127,804	217,758	36,146	15,636	61,493	45,857	15,697
38 Other income	46,893	23,458	71,081	112,957	25,163	12,488	(53,707)	(66,195)	13,629
39 Total Opalco non-operating margins	80,154	55,588	198,886	330,715	61,309	28,124	7,786	(20,339)	29,326
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)	-	-	-	-	76,211	38,106	39,684	1,579	136,804
48 Other income (use of OPALCO backbone)	-	-	-	-	87,873	43,936	43,142	(794)	43,936
49 Total non-operating margins from Subsidiary	-	-	-	-	164,084	82,042	82,827	784	180,741
50									
51 Net non-operating margins	195,265	(164,500)	198,886	330,715	225,393	110,167	90,612	(19,554)	210,066
52									
53 NET MARGINS	\$ 971,518	\$ 121,951	\$ 1,858,322	\$ 3,062,257	\$ 2,010,100	\$ 1,381,938	\$ 2,635,369	1,253,431	\$ 1,349,275
54									
55 TIER	2.24	1.13	2.51	3.24	2.36	2.90	4.48	1.58	3.00
56 Equity % of Total Cap	69.5%	61.3%	53.3%	48.7%	42.9%	44.3%	48.2%	3.9%	50.2%

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	
	6/30/2017	6/30/2017	(B - A)	Comments: Budget To Actual (Column C.)
1	13,742,704	15,494,889	1,752,185	Increase in income - Colder weather than anticipated
2				Budget Actual Variance
3				HDD 595 884 289
4				kWh Sales 98,367 114,359 15,992
5				(kWh in thousands)
6	11,999,418	12,478,549	479,131	Overall increase in operating expenses
7				
8	4,254,217	4,777,889	523,672	Increase in expense - Colder weather yet no peaks in demand
9				Budget Actual Variance
10				kWh Purchases 104,443 123,274 18,831
11				(kWh in thousands)
12	44,006	122,353	78,347	Increase in expense
13	Submarine Cable Expense		61,095	Restoration of Lopez to Decatur submarine cable
14	Maint-OH Lines/Transmission		12,067	Terminal structure support repairs for north end of Decatur
15	Multiple Accounts		5,185	Variance among multiple general ledger accounts (4 accounts)
16		Subtotal Transmission	78,347	
17				
18	1,831,457	1,826,928	(4,529)	Decrease in expense
19	Overhead Lines Expense		18,123	2017 pole inspections expense (completed Q1 rather than Q4)
20	Meter Expenses		(65,206)	Vacant position
21	Misc. Distribution Expenses		45,596	Additional environmental review (per RUS) of CWP for 2017-2020
22	Multiple Accounts		(3,042)	Variance among multiple general ledger accounts (12 accounts)
23		Subtotal Distribution - Operations	(4,529)	
24				
25	1,032,435	970,363	(62,072)	Decrease in expense
26	Maint - Station Equipment		(35,475)	Olga transformer maintenance delayed to Q4
27	Maint of Overhead Lines		34,505	Increased right of way trimming due to February Board discussion
28	Maint of Underground Lines		(59,125)	Labor efforts focused on restoration of Lopez to Decatur submarine cable (see line 13 above submarine cable expense)
29	Multiple Accounts		(1,978)	Variance among multiple general ledger accounts (5 accounts)
30		Subtotal Distribution Maintenance	(62,072)	
31				
32	541,811	520,987	(20,825)	Decrease in expense
33				
34	1,794,968	1,740,091	(54,877)	Decrease in expense
35				
36	1,591,692	1,520,249	(71,444)	Decrease in expense
37	Administrative /General		(32,372)	Vacant position filled 05/30/17
38	Legal		(39,607)	Less legal services
39	Outside Services		(18,233)	Less outside consulting

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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	
		6/30/2017	6/30/2017	(B - A)	Comments: Budget To Actual (Column C.)
40	Misc. Gen Exp/Manager			(29,636)	Dues and expenses expected Q4
41	Annual Meeting expense			17,105	80th anniversary specialty items, ballot enhancements, candidate forums, etc
42	Maintenance of General Plant			24,993	Deferred maintenance projects
43	Multiple Accounts			6,306	Variance among multiple general ledger accounts (12 accounts)
44				(71,444)	
45	Subtotal Administration G&A				
46	Energy Services G&A - Line 16	168,416	202,382	33,966	Increase in expense
47	General Overhead Expenses			13,970	Variance due to training/travel
48	Education and Outreach			(36,893)	Expenses expected to catch up by Q4
49	BPA Rebates			(73,679)	Fewer rebates than anticipated. Marketing efforts increasing over summer
50	BPA EEI Funding	(174,726)	(39,853)	134,872	Fewer rebates overall - 3 months of rebates pending from BPA
51	Multiple Accounts			(4,304)	Variance among multiple general ledger accounts (9 accounts)
52				33,966	
53	Subtotal Energy Services G&A				
54	Subsidiary Charges G&A - Line 17	34,860	17,460	(17,400)	Decrease in expense
55	Fiber Charge - Subsidiary			(17,400)	Moved to operations (partially reflective in line 21 Misc Distribution Expenses)
56				(17,400)	
57	Subtotal Subsidiary Charges G&A				
58	Total General and Administrative (G&A)	1,794,968	1,740,091	(54,877)	Overall decrease in expense
59					
60	Deprec. & Amort. - Line 20	1,878,294	1,827,646	(50,648)	Decrease in expense
61					
62	Taxes - Line 21	622,229	692,292	70,063	Increase in expense - higher sales (see revenue variance)
63					
64	TOTAL OPERATING EXPENSES	11,999,418	12,478,549	479,131	Overall increase in expense
65					
66					
67	III FIXED CHARGES - Interest Expense - Line 28	499,278	500,434	1,156	Increase in expense
68					
69	IV PATRONAGE CAPITAL CREDITS (Income) - Line 32	27,763	28,851	1,088	Increase in income - received from associated cooperatives
70					
71					
72	TOTAL NET OPERATING MARGINS	1,271,772	2,544,757	1,272,985	Increase in margin
73					
74					
75	V NON-OPERATING MARGINS	110,167	90,612	(19,554)	Decrease in margin
76					
77	Interest and Dividend Income - Line 37 combined with Line 47	53,742	101,177	47,435	Increase in income - interest from RUS advance payments
78					

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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	
		6/30/2017	6/30/2017	(B - A)	Comments: Budget To Actual (Column C.)
79	Other Income - Line 38 combined with Line 48	56,425	(10,565)	(66,990)	Decrease in income
80	Loss on Disposition of Property			(66,515)	Disposal of obsolete meters in Q2
81	Multiple Accounts			(475)	Variance among multiple general ledger accounts (7 accounts)
82	Subtotal Other Income			(66,990)	
83					
84	TOTAL OPALCO NON-OPERATING MARGINS	110,167	90,612	(19,554)	Decrease in margin
85					
86					
87	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,381,938	2,635,369	1,253,431	Increase in margin

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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 6/30/2017	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	\$ 107,140,663	\$ 1,437,767
5 Construction work in progress	2,456,829	5,696,090	3,434,810	12,489,462	17,449,454	4,959,992
6						
7	88,776,059	96,849,290	104,011,496	118,192,358	124,590,117	6,397,759
8 Less accumulated depreciation and amortization	36,237,594	38,650,755	41,160,577	44,622,436	46,191,280	1,568,844
9						
10 Net utility plant	52,538,465	58,198,535	62,850,919	73,569,921	78,398,836	4,828,915
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	1,133,983	8,651
17 Non-utility investment subsidiary (Note 2)	-	-	5,249,879	(2,389,473)	(3,829,658)	(1,440,185)
18 Total investments in associated organizations	941,203	1,063,004	6,343,844	(1,264,141)	(2,695,675)	(1,431,534)
19						
20 Other property and investments	1,367,476	1,137,895	6,343,844	(1,264,141)	(2,695,675)	(1,431,534)
21						
22 CURRENT ASSET S						
23 Cash and cash equivalents	797,873	2,254,475	1,697,386	3,906,844	3,903,391	(3,453)
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	2,470,871	(1,139,950)
26 Interest receivable	7,394	6,330	6,140	9,386	8,922	(464)
27 Materials and supplies	2,141,563	2,720,342	3,341,939	3,711,223	3,651,115	(60,108)
28 Prepaid expenses	122,451	586,081	311,801	349,741	378,976	29,235
29						
30 Total current assets	8,222,594	9,883,830	8,915,479	11,588,015	10,413,275	(1,174,740)
31						
32 DEFERRED CHARGES	-	50,371	-	-	-	-
33						
34 Total assets	\$ 62,128,535	\$ 69,270,631	\$ 78,110,242	\$ 83,893,795	\$ 86,116,436	\$ 2,222,641

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 6/30/2017	F. Change (E - D)
35						
36	EQUITIES, MARGINS, AND LIABILITIES					
37						
38	EQUITIES AND MARGINS					
39	Memberships	\$ 55,655	\$ 56,880	\$ 56,395	\$ 56,905	\$ 56,855 (50)
40	Patronage capital - OPALCO	37,250,119	36,348,023	37,130,221	38,334,633	40,838,594 2,503,962
41	Patronage capital - Island Network department	-	(220,088)	-	-	-
42	Donated and other equities					
43	OPALCO donated & other margins	4,024,439	4,477,375	4,763,939	5,403,526	5,477,171 73,646
44	Subsidiary margins	-	-	(1,780,113)	(4,517,947)	(5,955,387) (1,437,440)
45						
46	Total equities and margins	41,330,213	40,662,189	40,170,442	39,277,116	40,417,233 1,140,117
47						
48	LONG-TERM DEBT, less current maturities					
49	RUS mortgage notes	14,982,671	22,446,072	25,094,574	31,370,096	33,582,648 2,212,552
50	RUS economic development	-	72,663	64,659	48,651	13,333 (35,318)
51	CFC mortgage notes	2,575,694	2,468,531	8,821,516	8,812,642	8,688,108 (124,533)
52						
53	Total long-term debt	17,558,365	24,987,266	33,980,749	40,231,389	42,284,089 2,052,701
54						
55	OTHER NONCURRENT LIABILITIES					
56		-	-	-	53,775	60,399 6,624
57	Total long-term liabilities	17,558,365	24,987,266	33,980,749	40,285,163	42,344,489 2,059,325
58						
59	CURRENT LIABILITIES					
60	Accounts payable	1,732,736	1,931,399	1,765,437	1,692,979	1,308,263 (384,716)
61	Customer deposits	86,161	91,717	82,377	89,928	93,284 3,356
62	Accrued liabilities	696,741	751,049	712,118	1,144,751	506,540 (638,211)
63	Current maturities of long-term debt	555,793	663,885	1,181,603	1,092,588	1,112,317 19,729
64	Current maturities capital leases	-	-	-	29,332	29,332 -
65						
66	Total current liabilities	3,071,431	3,438,051	3,741,535	4,049,578	3,049,736 (999,842)
67						
68	DEFERRED CREDITS					
69		168,527	183,124	217,517	281,938	304,978 23,040
70	Total equities and liabilities	\$ 62,128,535	\$ 69,270,631	\$ 78,110,242	\$ 83,893,795	\$ 86,116,436 2,222,641

72 Note:

- 73
- 1
- Combination of all balance sheet accounts for Island Network (department only).
- 74
- 2
- Investment in subsidiary consists of OPALCO's invested dollars in Island Netwk LLC (+\$2,127,407) LESS IN LLC's cumulative net decifit of (\$5,955,387) 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	6/30/2017
1 CASH FLOWS FROM OPERATING ACTIVITIES					
2 Net margins	\$ 971,520	\$ 121,951	\$ 1,858,322	\$ 3,062,257	\$ 2,635,369
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	1,827,646
6 Changes in assets and liabilities					
7 Accounts receivable	(758,796)	109,980	(521,227)	(52,608)	1,139,950
8 Interest receivable	(546)	1,064	190	(3,245)	464
9 Prepaid expenses	(7,219)	(463,630)	274,279	(37,939)	(29,235)
10 Accounts payable	435,535	198,663	(165,962)	(72,458)	(384,716)
11 Customer deposits	9,160	5,557	(9,340)	7,551	3,356
12 Accrued liabilities	(157,453)	54,308	(38,931)	432,633	(638,211)
13 Deferred credits	11,414	14,598	34,392	64,421	23,040
14					
15 Net cash from operating activities	3,223,176	3,018,141	4,739,878	6,947,587	4,577,663
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)	(6,924,162)
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)	60,108
21 (Increase) decrease in investment in Subsidiary	-	-	(5,249,879)	7,639,352	1,440,185
22 (Increase) decrease in other OPALCO property and investments, net	(12,063)	(121,801)	(30,961)	(31,367)	(8,651)
23					
24 Net cash from investing activities	(6,456,130)	(10,180,909)	(14,425,021)	(7,960,347)	(5,432,520)
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)	(320,946)
28 Proceeds from debt	3,200,000	7,380,000	13,858,989	8,742,000	2,400,000
29 Memberships	855	1,225	(485)	510	(50)
30 Retirements of patronage capital, net	(813,770)	(791,199)	(569,472)	(1,218,259)	(57,761)
31 Change in subsidiary equities	-	-	(1,780,113)	(2,737,834)	(1,437,440)
32 Contributions in aid of construction	583,883	1,145,619	687,308	933,069	267,600
33					
34 Net cash from financing activities	1,943,473	7,892,638	7,848,438	3,222,218	851,403
35					
36 NET CHANGE IN CASH	(1,289,481)	729,870	(1,836,705)	2,209,458	(3,454)
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	3,903,390
41					
42 SUPPLEMENTAL DISCLOSURES					
43 Cash paid for interest	\$ 786,193	\$ 908,934	\$ 1,234,621	\$ 1,085,134	\$ 1,037,308
44 OUTSTANDING DEBT BALANCE	(18,114,158)	(25,651,151)	(35,162,351)	(41,377,751)	(43,486,138)
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)					

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STATEMENT OF CASH FLOW

NON GAAP

	A.	B.	C.	D.	E.
	Year-End	Year-End	Approved	Actual	
	12/31/2015	12/31/2016	Budget	6/30/2017	Variance
Note: All numbers in thousands			6/30/2017		
1 % Rate Increase			5%		
2 OPERATING ACTIVITIES:					
3 Margins	\$ 1,900	\$ 3,100	\$ 1,400	\$ 2,600	\$ 1,200
4 Plus depreciation/amortization	3,300	3,500	1,900	1,800	(100)
5 Cash flow operations	5,200	6,600	3,300	4,400	1,100
6					
7 PLANT INVESTMENT (NET)					
8 Plant investment (including material inventory)	(12,800)	(14,900)	(6,900)	(6,900)	-
9 Cash flow from operations and plant investment	(7,600)	(8,300)	(3,600)	(2,500)	1,100
10					
11 CASH FLOWS FROM PATRONAGE CAPITAL	(500)	(1,300)	(100)	(100)	-
12 Cash flow before borrowings	(8,100)	(9,600)	(3,700)	(2,600)	1,100
13					
14 NET BORROWINGS (Note 1)	12,700	6,200	5,500	2,400	(3,100)
15 RIC repayment of start-up loan	-	7,200	-	-	-
16 Cash increase (decrease) after net borrowings	\$ 4,600	\$ 3,800	\$ 1,800	\$ (200)	\$ (2,000)
17					
18					
19 OUTSTANDING DEBT BALANCE (Note 1)	(35,200)	(41,400)	(47,100)	(43,500)	3,600
20					
21 EQUITY BALANCE	40,900	39,300	37,400	40,400	3,000
22					
23 NET UTILITY PLANT	67,100	73,600	78,400	78,400	-
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	
				12/31/2017	6/31/2017	6/31/2017	(D- C)	6/31/2016	Comments to Budget Variance Column E
1	DISTRIBUTION								
2	100	New Services	\$ 384,240	\$ 291,000	\$ 150,000	\$ 206,184	\$ 56,184	\$ 96,160	Ahead of budgeted efforts (Offset Line 40)
3	200	New Tie Lines	(13,438)	200,000	-	202	202	814	
4	300	Conversions and Line Changes	679,000	1,335,000	700,000	476,264	(223,736)	150,182	Focusing on New services, URD and fiber efforts
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	2,443	126,000	100,000	120,609	20,609	2,443	Decatur and Blakely Substations advanced to 2017 expect overage
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	671,830	525,000	230,000	229,411	(589)	407,218	
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603	Sectionalizing Equipment	(185,844)	100,000	100,000	169,294	69,294	31,579	Offset of 2016 inventory accounting change
11	604	Regulators	-	-	-	4,999	4,999	(1,923)	
12	605	Capacitors	-	-	-	-	-	-	
13	606	Ordinary Replacements	291,336	119,000	50,000	10,065	(39,935)	246,423	Pole replacements shifted for Q4
14	608	Underground Dist. Cable Replacement	3,137,344	1,942,000	970,000	1,021,563	51,563	1,856,219	Joint efforts accelerated
15	700	Other Distribution Items							
16	701	Engineering Fees	-	-	-	-	-	-	
17	704	LMS & SCADA	87,054	89,000	45,000	50,018	5,018	49,380	
18	705	AMR	-	-			-	-	
19	706	Communications							
20	706.0	Island Network	-	-			-	-	
21	706.1	Fiber/Microwave Infrastructure	2,694,821	1,290,000	1,100,000	1,411,024	311,024	1,225,863	Less joint projects than expected (CLnk), 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	100,000	65,538	(34,462)	4,586	
25	1000	Line and Station Changes	6,229,978	8,408,000	3,000,000	2,869,410	(130,590)	4,295,750	
26	1100	Other Transmission	-	-	-		-	-	
27	GENERATION								
28	1200	Generation	-	-	-		-	-	
29	OTHER								
30	1300	Headquarters Facilities	178,301	300,000	100,000	81,491	(18,509)	127,520	Note: 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	100,000	95,479	(4,521)	554,529	Note: Work boat delivery expected Q3
34	1502	Office Equipment/Furniture/Etc.	44,740	20,000	10,000	10,845	845	7,264	
35	1503	Computer/Servers/Software	339,289	298,000	200,000	173,418	(26,582)	210,459	Metering system server upgrade delayed to Q3
36	1504	Electrical Infrastructure to Support Community Solar	-	-	-		-	-	
37	1600	Minor Projects	205,310	100,000	50,000	97,851	47,851	127,211	Orcas Park and Ride released for construction by County (Unbudgeted)
38	RUS CWP SUBTOTAL		15,418,851	16,243,000	7,005,000	7,093,664	88,664	9,391,678	
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
40		New Services	(495,959)	(291,000)	(70,000)	(123,127)	(53,127)	(163,675)	Offset Line 2
41		Meters and Transformers	(398,561)	(209,000)	(50,000)	(138,781)	(88,781)	(130,135)	Offset Line 8
42		Joint Projects	(38,549)	(298,000)	-	(5,693)	(5,693)	(63,953)	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	6,885,000	6,826,064	(58,936)	9,033,915	
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	595	195	170	135	49	37	9	5	9	18	32	172	500
3	Actual HDD	884	359	280	150	58	29	8						884
4	Variance	289	164	110	15	9	(8)	(1)	-	-	-	-	-	289
5														
6	ENERGY USAGE (kWh)													
7	Residential													
8	Budget	72,292,274	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	138,978,722
9	Actual	83,362,494	24,638,206	16,705,550	13,441,252	11,679,381	9,391,219	7,506,886						83,362,494
10	Variance (Budget to Actual)	11,070,220	8,622,961	3,124,511	(290,948)	592,698	(219,252)	(759,750)	-	-	-	-	-	11,070,220
11														
12	Commercial													
13	Budget	26,074,463	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	50,127,010
14	Actual	30,996,618	7,392,539	5,823,756	5,146,154	4,834,784	4,324,961	3,474,424						30,996,618
15	Variance (Budget to Actual)	4,922,155	1,616,141	925,331	193,208	836,026	858,645	492,804	-	-	-	-	-	4,922,155
16														
17	Combined Energy Usage (kWh)													
18	Budget	98,366,737	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	189,105,732
19	Actual	114,359,112	32,030,745	22,529,306	18,587,406	16,514,165	13,716,180	10,981,310	-	-	-	-	-	114,359,112
20	Variance (Budget to Actual)	15,992,375	10,239,102	4,049,841	(97,740)	1,428,724	639,393	(266,946)	-	-	-	-	-	15,992,375
21														
22	SALES REVENUE (kWh)													
23	Residential													
24	Budget	9,836,148	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	18,910,272
25	Actual	11,276,265	2,926,809	2,037,409	2,044,213	1,639,098	1,436,358	1,192,378	-	-	-	-	-	11,276,265
26	Variance (Budget to Actual)	1,440,117	748,263	189,755	176,011	130,513	128,441	67,134	-	-	-	-	-	1,440,117
27														
28	Commercial													
29	Budget	3,544,413	785,210	665,864	673,275	543,568	471,191	405,304	426,136	427,303	411,548	522,196	669,401	6,813,978
30	Actual	3,762,573	825,570	658,245	689,940	582,466	548,983	457,370	-	-	-	-	-	3,762,573
31	Variance (Budget to Actual)	218,161	40,360	(7,619)	16,665	38,898	77,792	52,065	-	-	-	-	-	218,161
32														
33	Combined kWh Sales Revenue													
34	Budget	13,380,560	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	25,724,250
35	Actual	15,038,838	3,752,379	2,695,654	2,734,152	2,221,565	1,985,341	1,649,748	-	-	-	-	-	15,038,838
36	Variance (Budget to Actual)	1,658,278	788,623	182,136	192,676	169,411	206,233	119,199	-	-	-	-	-	1,658,278
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 (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	12,755,186	15,494,889	13,742,704	1,692,512
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	4,046,271	4,777,889	4,254,217	507,859
4. Transmission Expense	28,497	122,353	44,006	7,075
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,665,305	1,826,928	1,831,457	316,714
7. Distribution Expense - Maintenance	1,043,290	970,363	1,032,435	135,365
8. Customer Accounts Expense	490,692	520,987	541,811	82,330
9. Customer Service and Informational Expense	(43,452)	265,010	216,068	61,193
10. Sales Expense	21,733	14,981	25,905	2,293
11. Administrative and General Expense	1,443,885	1,460,100	1,552,995	224,044
12. Total Operation & Maintenance Expense (2 thru 11)	8,696,221	9,958,611	9,498,894	1,336,873
13. Depreciation and Amortization Expense	1,752,470	1,827,646	1,878,294	302,503
14. Tax Expense - Property & Gross Receipts	118,347	136,409	124,264	23,160
15. Tax Expense - Other	461,323	555,883	497,966	67,468
16. Interest on Long-Term Debt	673,826	718,876	729,161	130,973
17. Interest Charged to Construction - Credit	(86,210)	(256,945)	(229,883)	(46,184)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	11,615,977	12,940,480	12,498,696	1,814,794
21. Patronage Capital & Operating Margins (1 minus 20)	1,139,209	2,554,409	1,244,009	(122,282)
22. Non Operating Margins - Interest	152,501	62,674	53,742	11,672
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	57,566	(10,565)	56,425	8,144
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	-	28,851	27,763	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,349,275	2,635,369	1,381,938	(102,467)

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

Updated 8/9/2017

2017 Q2 Financial Report
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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		
			June 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	74	93	5. Miles Transmission	42.65	42.65
2. Services Retired	-	-	6. Miles Distribution – Overhead	154.36	154.40
3. Total Services in Place	15,083	15,257	7. Miles Distribution - Underground	1,147.07	1,147.03
4. Idle Services (Exclude Seasonals)	1,172	1,192	8. Total Miles Energized (5 + 6 + 7)	1,344.08	1,344.08
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	107,140,663		30. Memberships	56,855	
2. Construction Work in Progress	17,450,096		31. Patronage Capital	38,203,226	
3. Total Utility Plant (1 + 2)	124,590,759		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	46,191,923		33. Operating Margins - Current Year	2,645,933	
5. Net Utility Plant (3 - 4)	78,398,836		34. Non-Operating Margins	(10,565)	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(478,216)	
7. Investments in Subsidiary Companies	(3,829,658)		36. Total Margins & Equities (30 thru 35)	40,417,233	
8. Invest. in Assoc. Org. - Patronage Capital	534,224		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	7,000		38. Long-Term Debt - FFB - RUS Guaranteed	35,770,226	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274		39. Long-Term Debt - Other - RUS Guaranteed	-	
11. Investments in Economic Development Projects	33,333		40. Long-Term Debt Other (Net)	8,956,235	
12. Other Investments	1,152		41. Long-Term Debt - RUS - Econ. Devel. (Net)	33,333	
13. Special Funds	215,045		42. Payments – Unapplied	(1,342,097)	
14. Total Other Property & Investments (6 thru 13)	(2,480,630)		43. Total Long-Term Debt (37 thru 41 - 42)	43,417,697	
15. Cash - General Funds	993,068		44. Obligations Under Capital Leases - Noncurrent	39,109	
16. Cash - Construction Funds - Trustee	30,647		45. Accumulated Operating Provisions and Asset Retirement Obligations	-	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	39,109	
18. Temporary Investments	2,679,592		47. Notes Payable	-	
19. Notes Receivable (Net)	-		48. Accounts Payable	1,308,263	
20. Accounts Receivable - Sales of Energy (Net)	1,567,137		49. Consumers Deposits	93,284	
21. Accounts Receivable - Other (Net)	179,439		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	3,651,115		52. Current Maturities Capital Leases	29,332	
24. Prepayments	378,976		53. Other Current and Accrued Liabilities	506,540	
25. Other Current and Accrued Assets	718,255		54. Total Current & Accrued Liabilities	1,937,419	
26. Total Current and Accrued Assets	10,198,229		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	304,977	
28. Other Deferred Debits	-		57. Total Liabilities and Other Credits	86,116,436	
29. Total Assets and Other Debits	86,116,436				