

# ORCAS POWER & LIGHT COOPERATIVE

## 2017 Q4 Financials



Lopez crew at work on Decatur Substation Rebuild



## MEMORANDUM

March 09, 2018

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2017 Year End Unaudited Financial Report

Please see attached the 2017 Year End Unaudited Financial Report. Included in the report package are the Statement of Operations (along with a Notable Drivers analysis), Statement of Financial Position, Statement of Cash Flows (GAAP), Capital Projects Budget, and the Draft 2017 RUS Financial and Operating Report Electrical Distribution Form 7.

In summary, overall 2017 finances tracked favorably to budget. The total revenue was \$1.57M or 6.0% higher than budgeted, although this was offset by the related increase in purchased power of \$514k. All combined, 2017 resulted in a margin of \$3.4M which is approximately \$1.4M greater than budgeted. This favorable margin variance is primarily the result of colder weather generating higher revenues than budgeted as well as various cost reductions across various operating and non-operating accounts.

Please note the following key points for more detail:

### **Income Statement:**

- Heating Degree Days (HDD) for 2017 were 41% above forecasted for the year, resulting in both kilowatt hour purchases and sales above budget. Weather and heating fluctuations are expected to produce dramatic sales revenue volatility, and the budget is based on those assumptions.
- 2017 power purchases were up \$514k over budgeted amounts due to higher kWh consumption resulting from colder weather.
- 2017 operating expenses, excluding Power Purchases, were approximately \$350k under budgeted amounts. Please note, we were still able to maintain service levels, safety and the reliability in our system.
- TIER ended the year at a healthy 3.10. OPALCO is well above the RUS covenant requirement of 1.25 measured as the average best two out of the three most recent years. OPALCO's current average for the RUS covenant is 2.95.

### **Capital projects:**

OPALCO initiated several critical projects to position the cooperative for reliable infrastructure. These projects will aid in modernizing our grid for the automation needed to increase reliability and provide long lasting assets with the flexibility to mold our system to the needs of the future. The major 2017 projects include:

- Successfully energized one of our most challenging submarine cable crossings (Lopez to San Juan) (8-year planning process)
- Navigated through a catastrophic failure of aging submarine cables from Lopez to Decatur and kept the power on for remote areas - Decatur, Blakely, Olga
- Initiated installation of second Bonneville delivery point (tap) on Decatur Island, which will provide us with a redundant path from Decatur to Orcas (10-year planning process)
- Completion of majority of fiber backbone installation, which serves as a basis for connecting remote devices throughout the grid for monitoring, controlling and automating
- Along the way, leveraged joint utility projects and fiber optic backbone installation to replace aging, open-concentric cables

From a financial perspective, a shifting of capital expenditure has occurred to handle system failure and to leverage joint installation opportunities. This amounts to a shift of ~\$1.8M. The increased construction within the county from joint utilities provided the opportunity (open trenches) to install conduit and replace conductors, which amounts to \$500k. The catastrophic failure of the Lopez to Decatur cable and the acceleration of the second Bonneville tap shifted \$1.3M to 2017 from future years.

The following is a summary timeline of the mitigation of the failures in the Lopez to Decatur crossing:

- March: Decatur to Lopez cable failure #1: unbudgeted short-term cable repair
- May: Decatur to Lopez cable failure #2
- June: Board discussed accelerating new BPA tap and substation rebuild to increase capacity for winter load. Was budgeted for 2018-19.
- August: "Construction began on the Decatur Tap and Substation Project in late July."
- December: Spending of \$1.2M on equipment procurement and ~50% of substation construction for Decatur substation and tap. Note: Upgrades to substations on Blakely and Olga will be constructed in 2018 (accelerated from 2019) to reroute a redundant feed all the way from Decatur to Eastsound.

The remainder of the budget to actual overage (~\$1.5M) is attributed to the reduction of scope of the joint utility installations in correlation to fiber optic backbone projects, acceleration of fiber optic backbone projects, and county joint projects. Additionally, the environmental permitting costs of our projects increased dramatically due to regulatory changes and heightened oversight (~\$200k).

Please note, staff is still working on closing out our submarine cable project with Sumitomo for the marine installation process. We expect contract labor overages associated with the land portion of the cable equating to ~8%. We will have further clarity once the Sumitomo contract is closed (anticipated Q2 2018).

Loan draws were necessarily accelerated for projects that shifted to 2017. As a result, we anticipate higher borrowing in 2018 may be required as other CWP projects shift to take their place, we will have a better read on this by Q3 as we see how 2018 weather patterns play out.

# ORCAS POWER AND LIGHT COOPERATIVE

## STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2016	B. Approved Budget 12/31/2017	C. Unaudited Year End 12/31/2017	D. % Change (C - B)
1	kWh Purchases	208,313,000	202,132,363	<b>229,154,627</b>	13.4%
2	Total Revenue	25,661,000	26,714,000	<b>28,310,000</b>	6.0%
3	Cost of power	7,943,000	8,402,000	<b>8,916,000</b>	6.1%
4	Operations & G&A	8,877,000	10,261,000	<b>9,971,000</b>	-2.8%
5	Depr, Int & Taxes	5,779,000	6,041,000	<b>6,023,000</b>	-0.3%
6		<u>22,599,000</u>	<u>24,704,000</u>	<u><b>24,910,000</b></u>	0.8%
7	Net Margins	<u><b>\$ 3,062,000</b></u>	<u><b>\$ 2,010,000</b></u>	<u><b>\$ 3,400,000</b></u>	69.2%
8	TIER	3.24	2.36	<b>3.10</b>	
9	Equity % of Total Cap	49.4%	42.9%	<b>43.7%</b>	
10	Equity	39,277,000	38,660,000	<b>39,152,000</b>	1.3%
11	Long Term Debt	40,231,000	51,480,000	<b>52,162,000</b>	1.3%
12	Capital Spending	(15,568,000)	(15,195,000)	<b>(18,760,000)</b>	23.5%
13	Capital Credit Retirement (net)	(1,218,000)	(535,000)	<b>(1,102,034)</b>	106.0%
14	Annual HDD	983	1,056	<b>1,492</b>	

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2015	B. Audited Year End 12/31/2016	C. Budget Year End 12/31/2017	D. Unaudited Year End 12/31/2017	E. Budget Variance (D - C)
1 OPERATING REVENUES					
2     Residential	\$ 17,694,706	\$ 18,104,756	\$ 18,910,272	\$ 20,153,220	1,242,948
3     Commercial	6,356,143	6,463,561	6,851,153	7,063,321	212,168
4     Other	531,069	680,713	648,188	768,644	120,456
5         Total operating revenue	24,581,918	25,249,029	26,409,613	27,985,185	1,575,572
6					
7 OPERATING EXPENSES					
8     Cost of power	7,787,142	7,942,885	8,402,223	8,916,059	513,836
9     Transmission	179,264	94,462	177,500	210,740	33,239
10    Distribution - operations	3,391,150	3,215,893	3,514,721	3,617,096	102,375
11    Distribution - maintenance	1,713,924	1,692,345	1,851,312	1,767,342	(83,971)
12    Consumer accounts	893,766	947,326	1,045,340	982,216	(63,124)
13					
14    General and administration					
15       Administration	2,950,777	2,787,995	3,110,220	2,957,169	(153,051)
16       Energy services	658,939	103,671	491,931	401,970	(89,961)
17       Subsidiary charges (RIC network mgt services)	29,100	34,920	69,720	34,920	(34,800)
18         Total general and administration	3,638,816	2,926,586	3,671,871	3,394,059	(277,812)
19					
20    Depreciation and amortization	3,308,154	3,546,977	3,801,831	3,699,958	(101,873)
21    Taxes	1,046,626	1,137,058	1,220,252	1,261,409	41,157
22					
23         Total operating expenses	21,958,841	21,503,532	23,685,051	23,848,878	163,828
24					
25         Operating margins before fixed charges	2,623,077	3,745,497	2,724,563	4,136,307	1,411,744
26					
27 FIXED CHARGES					
28     Interest on long-term debt	1,047,248	1,095,316	1,019,178	1,061,579	42,401
29					
30         Operating margins after fixed charges	1,575,829	2,650,181	1,705,384	3,074,728	1,369,344
31					
32 PATRONAGE CAPITAL CREDITS	83,608	81,361	79,323	77,586	(1,737)
33					
34         Net operating margins	1,659,437	2,731,543	1,784,707	3,152,314	1,367,607
35					
36 NON-OPERATING MARGINS					
37     Interest income	127,804	36,286	36,146	144,407	108,262
38     Other income (loss)	71,081	25,084	25,163	(63,005)	(88,168)
39         Total Opalco non-operating margins	198,886	61,370	61,309	81,402	20,093
40					
41    Non-operating margins from Subsidiary					
42       Interest Income (RIC loan)	-	181,471	76,211	79,288	3,077
43       Other income (use of OPALCO backbone)	-	87,873	87,873	86,285	(1,588)
44         Total non-operating margins from Subsidiary	-	269,344	164,084	165,573	1,489
45					
46         Net non-operating margins	198,886	330,715	225,393	246,975	21,582
47					
48 NET MARGINS	\$ 1,858,322	\$ 3,062,257	\$ 2,010,100	\$ 3,399,289	1,389,189
49					
50     TIER	2.51	3.24	2.36	3.10	0.74
51     Equity % of Total Cap	54.2%	49.4%	43.6%	43.7%	0.8%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.		
		Budget Year End 12/31/2017	Unaudited Year End 12/31/2017	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)		
1	I OPERATING REVENUES	26,409,613	27,985,185	1,575,572	Increase in income		
2					Budget	Actual	Variance
3					HDD	1,056	1,492
4					kWh Sales	189,106	214,733
5	Operating Revenue - Line 5 Detail Breakout:				(kWh in thousands)		
6	Residential Sales			1,242,948	Higher kWh sales due to colder weather		
7	Commercial Sales			212,168	Higher kWh sales due to colder weather		
8	Other Operating Revenue			120,456	Variance among multiple general ledger accounts (4 accounts)		
9							
10	TOTAL OPERATING REVENUES	26,409,613	27,985,185	1,575,572			
11							
12	II OPERATING EXPENSES	23,685,050	23,848,878	163,828	Overall increase in operating expenses		
13							
14							
15	Cost of Power - Line 8	8,402,223	8,916,059	513,836	Increase in expense - Higher kWh purchases due to colder weather		
16					Budget	Actual	Variance
17					kWh Purchases	202,133	229,155
18					(kWh in thousands)		
19	Transmission - Line 9 Detail Breakout:	177,500	210,740	33,239	Increase in expense		
20	Submarine Cable Expense			52,719	Outage restoration logistics of Lopez to Decatur maintenance efforts on outdated feeders		
21							
22	Maint-OH Lines/Brush			(19,241)	Shift Decatur brush work to 2018		
23	Multiple Accounts			(239)	Variance among multiple general ledger accounts (7 accounts)		
24	Subtotal Transmission			33,239			
25	Distribution - Operations - Line 10 Detail Breakout:	3,514,721	3,617,096	102,375	Increase in expense		
26	Overhead Lines Expense			1,616	2017 pole inspections expense		
27	Meter Expenses			(73,827)	Vacant position - filled 10/10/17		
28	Misc. Distribution Expenses			190,763	Additional environmental review (per RUS) of CWP for 2017-2020		
29	Consumer Installations Expense			(15,525)	Less truck rolls to resolve member system complaints and member outages		
30	Multiple Accounts			(652)	Variance among multiple general ledger accounts (8 accounts)		
31	Subtotal Distribution - Operations			102,375			
32							
33	Distribution - Maintenance - Line 11 Detail Breakout:	1,851,312	1,767,342	(83,971)	Decrease in expense		
34	Maint - Station Equipment / Overhead Lines / Underground Lines			(67,054)	Labor efforts focused on restoration of Lopez to Decatur outdated feeders (see line 20 above submarine cable expense)		
35							
36	Maintenance of Meters			(15,711)	Vacant position filled 10/10/17		
37	Multiple Accounts			(1,206)	Variance among multiple general ledger accounts (5 accounts)		
38	Subtotal Distribution Maintenance			(83,971)			

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STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.
		Budget Year End 12/31/2017	Unaudited Year End 12/31/2017	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)
39	<b>Consumer accounts - Line 12 Detail Breakout:</b>	<b>1,045,340</b>	<b>982,216</b>	<b>(63,124)</b>	<b>Decrease in expense</b>
40					
41	<b>Total General and Administrative (G&amp;A):</b>	<b>3,671,871</b>	<b>3,394,059</b>	<b>(277,812)</b>	<b>Decrease in expense</b>
42					
43	<b>Administration G&amp;A - Line 15 Detail Breakout:</b>	<b>3,110,220</b>	<b>2,957,169</b>	<b>(153,051)</b>	<b>Decrease in expense</b>
44	Administrative /General			(65,449)	Vacant positions
45	Office/Technical Service Supplies & Expenses			48,728	Increase in outside technical services consulting
46	Legal			(99,860)	Less legal expense - Submarine cable legal capitalized (\$46k)
47	Outside Services			(37,755)	Less outside consulting
48	Multiple Accounts			1,286	Variance among multiple general ledger accounts (18 accounts)
49				(153,051)	
50					
51	<b>Energy Services G&amp;A - Line 16</b>	<b>491,931</b>	<b>401,970</b>	<b>(89,961)</b>	<b>Decrease in expense</b>
52	Education and Outreach			(95,413)	Less spending through Conservation District
53	BPA Rebates			(126,893)	Fewer rebates submitted to BPA. Funds to be rolled into 2018
54	BPA EEI Funding			164,805	Fewer rebates overall
55	Renewable Energy Programs			(15,557)	Bonneville Environmental Foundation "In-Kind" consulting
56	Multiple Accounts			(16,904)	Variance among multiple general ledger accounts (8 accounts)
57				(89,961)	
58					
59	<b>Subsidiary Charges G&amp;A - Line 17</b>	<b>69,720</b>	<b>34,920</b>	<b>(34,800)</b>	<b>Decrease in expense</b>
60	Fiber Charge - Subsidiary			(34,800)	Same expense, half amount reallocated to operations (line 28 Misc Distribution Expenses)
61				(34,800)	
62					
63	<b>Total General and Administrative (G&amp;A)</b>	<b>3,671,871</b>	<b>3,394,059</b>	<b>(277,812)</b>	<b>Overall decrease in expense</b>
64					
65	<b>Deprec. &amp; Amort. - Line 20</b>	<b>3,801,831</b>	<b>3,699,958</b>	<b>(101,873)</b>	<b>Decrease in expense</b>
66					
67	<b>Taxes - Line 21</b>	<b>1,220,252</b>	<b>1,261,409</b>	<b>41,157</b>	<b>Increase in expense - higher sales resulting in higher utility tax</b>
68					
69	<b>TOTAL OPERATING EXPENSES</b>	<b>23,685,050</b>	<b>23,848,878</b>	<b>163,828</b>	<b>Overall increase in expense</b>
70					
71					
72	<b>III      FIXED CHARGES - Interest Expense - Line 28</b>	<b>1,019,178</b>	<b>1,061,579</b>	<b>42,401</b>	<b>Increase in expense</b>
73					
74	<b>IV      PATRONAGE CAPITAL CREDITS (Income) - Line 32</b>	<b>79,323</b>	<b>77,586</b>	<b>(1,737)</b>	<b>Decrease in income - received from associated cooperatives</b>
75					
76					
77	<b>TOTAL NET OPERATING MARGINS</b>	<b>1,784,707</b>	<b>3,152,314</b>	<b>1,367,607</b>	<b>Increase in margin</b>

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.
		Budget	Unaudited	Budget	
		Year End	Year End	Variance	
		12/31/2017	12/31/2017	(B - A)	Comments: Budget To Actual (Column C.)
78					
79					
80	V	225,393	246,975	21,582	Increase in margin
81					
82		112,357	223,696	111,338	Increase in income - interest from RUS advance payments (cushion of credit)
83					
84		113,036	23,279	(89,756)	Decrease in income
85				(88,058)	Disposal of obsolete meters in Q2
86				(1,699)	Variance among multiple general ledger accounts (7 accounts)
87				(89,756)	
88					
89		225,393	246,975	21,582	Increase in margin
90					
91					
92		2,010,100	3,399,289	1,389,189	Increase in margin



ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2015	B. Audited Year End 12/31/2016	C. Unaudited Year End 12/31/2017	D. Change (C - B)
1 ASSET S				
2				
3 UTILITY PLANT , at cost				
4   Electric plant in service	\$ 100,576,686	\$ 105,702,896	\$ 124,265,509	\$ 18,562,613
5   Construction work in progress	3,434,810	12,489,462	9,701,759	(2,787,703)
6				
7	104,011,496	118,192,358	133,967,268	15,774,910
8   Less accumulated depreciation and amortization	41,160,577	44,622,436	45,632,268	1,009,832
9				
10   Net utility plant	62,850,919	73,569,921	88,334,999	14,765,078
11				
12   Investments in associated organizations				
13      Other (CFC, Federated, PNGC, etc.)	1,093,965	1,125,332	1,654,603	529,271
14      Non-utility investment subsidiary (Note 2)	5,249,879	(2,389,473)	(4,944,798)	(2,555,325)
15        Total investments in associated organizations	6,343,844	(1,264,141)	(3,290,195)	(2,026,054)
16				
17   Other property and investments	6,343,844	(1,264,141)	(3,290,195)	(2,026,054)
18				
19 CURRENT ASSETS				
20   Cash and cash equivalents	1,697,386	3,906,844	3,269,223	(637,621)
21   Cash and cash equivalents - board designated	-	-	750,000	750,000
22   Accounts receivable, less doubtful accts allowance	3,558,213	3,610,821	3,136,480	(474,341)
23   Interest receivable	6,140	9,386	13,218	3,832
24   Materials and supplies	3,341,939	3,711,223	3,221,936	(489,287)
25   Prepaid expenses	311,801	349,741	343,443	(6,298)
26				
27   Total current assets	8,915,479	11,588,015	10,734,300	(853,715)
28				
29   Total assets	\$ 78,110,242	\$ 83,893,795	\$ 95,779,103	\$ 11,885,308

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BALANCE SHEET

	A. Audited Year End 12/31/2015	B. Audited Year End 12/31/2016	C. Unaudited Year End 12/31/2017	D. Change (C - B)
30				
31 EQUITIES, MARGINS, AND LIABILITIES				
32				
33 EQUITIES AND MARGINS				
34     Memberships	\$ 56,395	\$ 56,905	\$ 55,960	\$ (945)
35     Patronage capital - OPALCO	37,130,221	38,334,633	40,181,088	1,846,455
36     Donated and other equities				
37         OPALCO donated & other margins	4,763,939	5,403,526	5,984,621	581,095
38         Subsidiary margins	(1,780,113)	(4,517,947)	(7,069,953)	(2,552,005)
39				
40     Total equities and margins	40,170,442	39,277,116	39,151,716	(125,400)
41				
42 LONG-TERM DEBT, less current maturities				
43     RUS mortgage notes	25,094,574	31,370,096	41,809,368	10,439,272
44     RUS economic development	64,659	48,651	3,333	(45,318)
45     CFC mortgage notes	8,821,516	8,812,642	8,561,284	(251,358)
46				
47     Total long-term debt	33,980,749	40,231,389	50,373,985	10,142,596
48				
49 OTHER NONCURRENT LIABILITIES	-	53,775	24,443	(29,332)
50				
51     Total long-term liabilities	33,980,749	40,285,163	50,398,428	10,113,264
52				
53 CURRENT LIABILITIES				
54     Accounts payable	1,765,437	1,692,979	2,997,993	1,305,014
55     Customer deposits	82,377	89,928	87,219	(2,709)
56     Accrued liabilities	712,118	1,144,751	1,104,372	(40,379)
57     Current maturities of long-term debt	1,181,603	1,092,588	1,734,041	641,453
58     Current maturities capital leases	-	29,332	29,332	-
59				
60     Total current liabilities	3,741,535	4,049,578	5,952,957	1,903,379
61				
62 DEFERRED CREDIT S	217,517	281,938	276,002	(5,936)
63				
64     Total equities and liabilities	\$ 78,110,242	\$ 83,893,795	\$ 95,779,103	\$ 11,885,308
65				

66 Note:

67     1 Combination of all balance sheet accounts for Island Network (department only).

68     2 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,125,155) LESS IN LLC's cumulative net deficit of (\$7,069,953) seen in 'equities & margins'.



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STATEMENT OF CASH FLOW

NON GAAP

	A.	B.	C.	D.
	Year-End	Approved	Unaudited	
	12/31/2016	Budget	Year End	Variance
		12/31/2017	12/31/2017	( c - b )
Note: All numbers in thousands				
1 % Rate Increase		5%		
2 OPERATING ACTIVITIES:				
3 Margins	\$ 3,100	\$ 2,000	\$ 3,400	\$ 1,400
4 Plus depreciation/amortization	3,500	3,800	3,700	(100)
5 Cash flow operations	6,600	5,800	7,100	1,300
6				
7 PLANT INVESTMENT (NET)				
8 Plant investment (including material inventory)	(14,900)	(14,600)	(18,400)	(3,800)
9 Cash flow from operations and plant investment	(8,300)	(8,800)	(11,300)	(2,500)
10				
11 CASH FLOWS FROM PATRONAGE CAPITAL	(1,300)	(500)	(1,100)	(600)
12 Cash flow before borrowings	(9,600)	(9,300)	(12,400)	(3,100)
13				
14 NET BORROWINGS (Note 1)	6,200	9,900	10,800	900
15 RIC repayment of start-up loan	7,200	-	-	-
16 Cash increase (decrease) after net borrowings	\$ 3,800	\$ 600	\$ (1,600)	\$ (2,200)
17				
18				
19 OUTSTANDING DEBT BALANCE (Note 1)	(41,400)	(51,500)	(52,200)	(700)
20				
21 EQUITY BALANCE	39,300	38,700	39,200	500
22				
23 NET UTILITY PLANT	73,600	85,500	88,300	2,800
24				

Note 1: Board approved additional \$1.5M borrowings in Q4 to bridge the funding gap between available RUS loans in 2018

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STATEMENT OF CASH FLOW  
 GAAP

	A.	B.	C.
	Audited	Audited	Unaudited
	Year End	Year End	Year End
	12/31/2015	12/31/2016	12/31/2017
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 1,858,322	\$ 3,062,257	\$ 3,399,289
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	3,308,154	3,546,977	3,699,958
6 Changes in assets and liabilities			
7 Accounts receivable	(521,227)	(52,608)	474,341
8 Interest receivable	190	(3,245)	(3,832)
9 Prepaid expenses	274,279	(37,939)	6,298
10 Accounts payable	(165,962)	(72,458)	1,305,014
11 Customer deposits	(9,340)	7,551	(2,709)
12 Accrued liabilities	(38,931)	432,633	(40,379)
13 Deferred credits	34,392	64,421	(5,936)
14			
15 Net cash from operating activities	4,739,878	6,947,587	8,832,044
16			
17 CASH FLOWS FROM INVESTING ACTIVITIES			
18 Additions to utility plant, net	(8,597,475)	(15,199,049)	(19,248,896)
19 Reduction to non-utility plant (Island Network transition)	74,891	-	-
20 Change in materials and supplies	(621,597)	(369,284)	489,287
21 (Increase) decrease in investment in Subsidiary	(5,249,879)	7,639,352	2,555,325
22 (Increase) decrease in other OPALCO property and investments, net	(30,961)	(31,367)	(529,271)
23			
24 Net cash from investing activities	(14,425,021)	(7,960,347)	(16,733,555)
25			
26 CASH FLOWS FROM FINANCING ACTIVITIES			
27 Payments on long-term debt (Note 1)	(4,347,789)	(2,497,268)	(1,695,281)
28 Proceeds from debt	13,858,989	8,742,000	12,450,000
29 Memberships	(485)	510	(945)
30 Retirements of patronage capital, net	(569,472)	(1,218,259)	(971,738)
31 Change in subsidiary equities	(1,780,113)	(2,737,834)	(2,552,005)
32 Contributions in aid of construction	687,308	933,069	783,860
33			
34 Net cash from financing activities	7,848,438	3,222,218	8,013,890
35			
36 NET CHANGE IN CASH	(1,836,705)	2,209,458	112,379
37			
38 CASH AND CASH EQUIVALENTS, beginning of year/period	3,534,091	1,697,386	3,906,844
39			
40 CASH AND CASH EQUIVALENTS, end of year/period	1,697,386	3,906,844	4,019,223
41			
42 SUPPLEMENTAL DISCLOSURES			
43 Cash paid for interest	\$ 1,234,621	\$ 1,085,134	\$ 1,545,309
44 OUTSTANDING DEBT BALANCE	(35,162,351)	(41,377,751)	(52,161,800)
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), \$2.3M (2017)			



ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS BUDGET

			A.	B.	C.	D.	G.
			Audited	Budget	Unaudited	Budget	
			Year End	Year End	Year End	Variance	
			12/31/2016	12/31/2017	12/31/2017	(C - B)	
RUS CWP DESCRIPTION							Comments
1	DISTRIBUTION						
2	100	New Services (Member Funded)	\$ 384,240	\$ 291,000	\$ 348,971	\$ 57,971	New Services are accelerating (offset to line 40).
3	200	New Tie Lines (Line for loop feeds and redundancy)	(13,438)	200,000	596	(199,404)	Labor tranferred to other capital projects
4	300	Conversions and Line Changes	679,000	1,335,000	1,381,722	46,722	
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	2,443	126,000	677,046	551,046	Substation upgrades on Decatur and Blakely accelerated due to catastrophic cable failure, previously planned in 2019/2020
7	600	Miscellaneous Distribution Equipment					
8	601	Transformers & Meters	671,830	525,000	569,966	44,966	
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	
10	603	Sectionalizing Equipment	(185,844)	100,000	266,215	166,215	Offset of 2016 inventory accounting methodology change
11	604	Regulators	-	-	26,429	26,429	Due to loss of Decatur Submarine cable voltage regulation was needed to maintain service quality in Olga/Blakely areas
12	605	Capacitors	-	-	-	-	
13	606	Ordinary Replacements	291,336	119,000	78,098	(40,902)	
14	608	Underground Dist. Cable Replacement	3,137,344	1,942,000	2,506,256	564,256	Additional open trenches in franchise areas and joint projects allowed for lower conduit installation costs
15	700	Other Distribution Items					
16	701	Engineering Fees	-	-	-	-	
17	704	LMS & SCADA	87,054	89,000	77,985	(11,015)	
18	705	AMR	-	-	-	-	
19	706	Communications					
20	706.0	Island Network	-	-	-	-	
21	706.1	Fiber/Microwave Infrastructure	2,694,821	1,290,000	2,425,185	1,135,185	Reduction of scope of the joint utility installations in correlation to fiber optic backbone projects, acceleration of fiber optic backbone projects, and county joint projects. Environmental permitting costs of our projects increased dramatically due to regulatory changes and heightened oversite
22	TRANSMISSION						
23	800	New Tie Line	-	-	-	-	
24	900	New Substations, switching station, metering point, etc.	68,174	650,000	1,373,235	723,235	Bonneville/Decatur Tap accelerated due to failure of BPA leased cables to Decatur (installed in 1951 and 1952).
25	1000	Line and Station Changes	6,229,978	8,408,000	8,463,865	55,865	Closing documentation for the Submarine Cable Project is still in progress
26	1100	Other Transmission	-	-	-	-	
27	GENERATION						
28	1200	Generation	-	-	-	-	
29	OTHER						
30	1300	Headquarters Facilities	178,301	300,000	100,451	(199,549)	Delayed construction on headquarters bathroom
31	1400	Acquisitions	-	-	-	-	
32	1500	All Other (Transportation, Etc.)					
33	1501	Transportation/Equipment/Tools/Radios	604,272	450,000	477,967	27,967	
34	1502	Office Equipment/Furniture/Etc.	44,740	20,000	24,769	4,769	
35	1503	Computer/Servers/Software	339,289	298,000	286,305	(11,695)	
36	1504	Electrical Infrastructure to Support Community Solar		-	-	-	
37	1600	Minor Projects	205,310	100,000	295,589	195,589	County project - Orcas Park and Ride (offset to line 42)
38	RUS CWP SUBTOTAL		15,418,851	16,243,000	19,380,653	3,137,653	
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)						
40		New Services	(495,959)	(291,000)	(231,464)	59,536	Offset to Line 2
41		Meters and Transformers	(398,561)	(209,000)	(243,750)	(34,750)	Offset to Line 8
42		Joint Projects	(38,549)	(298,000)	(308,646)	(10,646)	Offset to Line 37
43		Island Network Department	-	-	-	-	
44		WA DOC Grant Funding	-	-	-	-	
45		Community Solar	-	(250,000)	-	250,000	Member pre-sale contributions were shifted to 2018
46	RUS CWP NET TOTAL		14,485,782	15,195,000	18,596,794	3,401,794	
47	Notes:						
48	1	\$554,164 in Allowance for Funds Used During Construction (AFUDC). This cost is embedded in the associated projects listed above for capitalization purposes.					
49	2	\$260,010 in Environmental Consulting. 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	1,056	195	170	135	49	37	9	5	9	18	32	172	225
3	Actual HDD	1,492	359	280	150	58	29	8	6	3	10	73	156	360
4	Variance	436	164	110	15	9	(8)	(1)	1	(6)	(8)	41	(16)	135
5														
6	ENERGY USAGE (kWh)													
7	Residential													
8	Budget	138,978,722	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
9	Actual	153,356,120	22,473,368	19,700,653	16,448,743	12,914,680	10,039,554	8,666,484	7,682,496	7,759,734	8,121,134	9,450,246	14,262,847	15,836,181
10	Variance (Budget to Actual)	14,377,399	6,458,123	6,119,614	2,716,543	1,827,998	429,083	399,848	(1,009,028)	(955,597)	(272,847)	(1,200,531)	609,659	(745,465)
11														
12	Commercial													
13	Budget	50,127,010	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
14	Actual	61,376,533	7,128,801	6,621,832	5,943,043	4,964,214	4,335,006	3,983,086	4,160,846	4,536,918	4,448,762	4,301,489	5,325,728	5,626,808
15	Variance (Budget to Actual)	11,249,522	1,352,403	1,723,406	990,097	965,456	868,690	1,001,466	1,025,976	1,393,462	1,421,211	459,954	401,280	(353,880)
16														
17	Combined Energy Usage (kWh)													
18	Budget	189,105,732	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
19	Actual	214,732,653	29,602,169	26,322,485	22,391,786	17,878,894	14,374,560	12,649,570	11,843,342	12,296,652	12,569,896	13,751,735	19,588,575	21,462,989
20	Variance (Budget to Actual)	25,626,921	7,810,526	7,843,020	3,706,640	2,793,453	1,297,773	1,401,314	16,948	437,865	1,148,363	(740,577)	1,010,939	(1,099,345)
21														
22	SALES REVENUE (kWh)													
23	Residential													
24	Budget	19,167,333	2,208,168	1,872,774	1,893,601	1,529,092	1,325,693	1,140,535	1,199,077	1,202,358	1,158,081	1,469,031	1,882,715	2,286,209
25	Actual	20,465,462	2,982,572	2,075,373	2,082,569	1,664,984	1,453,078	1,205,904	1,284,020	1,249,378	1,215,473	1,544,548	1,963,242	1,744,321
26	Variance (Budget to Actual)	1,298,129	774,404	202,599	188,968	135,892	127,385	65,369	84,943	47,020	57,393	75,517	80,527	(541,888)
27														
28	Commercial													
29	Budget	6,971,531	803,366	681,260	688,843	556,137	482,086	414,676	435,989	437,183	421,064	534,270	684,879	831,778
30	Actual	7,251,253	859,748	681,513	713,448	598,331	559,231	465,659	570,202	564,807	517,181	571,880	635,653	513,599
31	Variance (Budget to Actual)	279,722	56,382	253	24,606	42,195	77,145	50,984	134,212	127,623	96,117	37,610	(49,226)	(318,179)
32														
33	Combined kWh Sales Revenue													
34	Budget	26,138,865	3,011,534	2,554,034	2,582,444	2,085,228	1,807,779	1,555,210	1,635,067	1,639,541	1,579,145	2,003,301	2,567,594	3,117,987
35	Actual	27,716,715	3,842,320	2,756,886	2,796,017	2,263,315	2,012,310	1,671,563	1,854,222	1,814,184	1,732,654	2,116,428	2,598,895	2,257,921
36	Variance (Budget to Actual)	1,577,850	830,786	202,852	213,574	178,087	204,530	116,353	219,155	174,643	153,510	113,126	31,301	(860,067)
37														
38	NOTE: Excluded Other Revenue and Revenues that are not usage based.													



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**

BORROWER DESIGNATION

WA0009

PERIOD ENDED December, 2017

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.

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	25,249,029	27,985,185	26,409,613	2,279,661
2. Power Production Expense	0			
3. Cost of Purchased Power	7,942,885	8,916,059	8,402,223	1,028,923
4. Transmission Expense	94,462	210,740	177,500	20,379
5. Regional Market Expense	0			
6. Distribution Expense - Operation	3,215,893	3,617,096	3,514,721	279,725
7. Distribution Expense - Maintenance	1,692,345	1,767,342	1,851,312	203,702
8. Customer Accounts Expense	947,326	982,216	1,045,340	74,469
9. Customer Service and Informational Expense	182,710	507,786	609,981	35,649
10. Sales Expense	33,906	34,374	40,415	3,997
11. Administrative and General Expense	2,704,970	2,846,899	3,021,475	236,263
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>16,814,497</b>	<b>18,882,512</b>	<b>18,662,967</b>	<b>1,883,107</b>
13. Depreciation and Amortization Expense	3,546,977	3,699,958	3,801,831	312,968
14. Tax Expense - Property & Gross Receipts	241,993	275,371	254,093	23,160
15. Tax Expense - Other	895,065	986,038	966,159	72,125
16. Interest on Long-Term Debt	1,365,062	1,617,166	1,478,944	153,020
17. Interest Charged to Construction - Credit	(269,746)	(555,587)	(459,766)	(52,162)
18. Interest Expense - Other	0	0	0	0
19. Other Deductions	5,000	5,000	0	0
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>22,598,848</b>	<b>24,910,458</b>	<b>24,704,228</b>	<b>2,392,218</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>2,650,181</b>	<b>3,074,727</b>	<b>1,705,385</b>	<b>(112,557)</b>
22. Non Operating Margins - Interest	217,758	223,696	112,357	36,585
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	112,957	23,279	113,036	3,843
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	81,361	77,586	79,323	13,081
28. Extraordinary Items				
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>3,062,257</b>	<b>3,399,288</b>	<b>2,010,101</b>	<b>(59,048)</b>

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			WA0009		
			PERIOD ENDED December , 2017		
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	155	218	5. Miles Transmission	42.65	42.65
2. Services Retired	0	374	6. Miles Distribution – Overhead	154.80	153.86
3. Total Services in Place	15,164	15,008	7. Miles Distribution - Underground	1,142.16	1,049.37
4. Idle Services (Exclude Seasonals)	1,214	858	8. Total Miles Energized (5 + 6 + 7)	1,339.61	1,245.88
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service		124,265,508	30. Memberships		55,960
2. Construction Work in Progress		9,684,994	31. Patronage Capital		36,781,799
3. Total Utility Plant (1 + 2)		133,950,502	32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.		45,615,503	33. Operating Margins - Current Year		3,376,010
5. Net Utility Plant (3 - 4)		88,334,999	34. Non-Operating Margins		23,279
6. Non-Utility Property (Net)		0	35. Other Margins and Equities		(1,085,332)
7. Investments in Subsidiary Companies		(4,944,798)	36. Total Margins & Equities (30 thru 35)		39,151,716
8. Invest. in Assoc. Org. - Patronage Capital		1,061,352	37. Long-Term Debt - RUS (Net)		0
9. Invest. in Assoc. Org. - Other - General Funds		10,300	38. Long-Term Debt - FFB - RUS Guaranteed		44,381,789
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		558,274	39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects		23,333	40. Long-Term Debt Other (Net)		8,563,562
12. Other Investments		1,344	41. Long-Term Debt - RUS - Econ. Devel. (Net)		3,333
13. Special Funds		933,459	42. Payments – Unapplied		2,308,639
14. Total Other Property & Investments (6 thru 13)		(2,356,736)	43. Total Long-Term Debt (37 thru 41 - 42)		50,640,045
15. Cash - General Funds		390,647	44. Obligations Under Capital Leases - Noncurrent		24,443
16. Cash - Construction Funds - Trustee		38,052	45. Accumulated Operating Provisions and Asset Retirement Obligations		0
17. Special Deposits		0	46. Total Other Noncurrent Liabilities (44 + 45)		24,443
18. Temporary Investments		2,679,828	47. Notes Payable		0
19. Notes Receivable (Net)		0	48. Accounts Payable		2,997,993
20. Accounts Receivable - Sales of Energy (Net)		1,805,303	49. Consumers Deposits		87,219
21. Accounts Receivable - Other (Net)		165,159	50. Current Maturities Long-Term Debt		1,447,980
22. Renewable Energy Credits		0	51. Current Maturities Long-Term Debt - Economic Development		20,000
23. Materials and Supplies - Electric & Other		3,221,936	52. Current Maturities Capital Leases		29,332
24. Prepayments		343,442	53. Other Current and Accrued Liabilities		1,104,373
25. Other Current and Accrued Assets		1,156,473	54. Total Current & Accrued Liabilities (47 thru 53)		5,686,897
26. Total Current and Accrued Assets (15 thru 25)		9,800,840	55. Regulatory Liabilities		0
27. Regulatory Assets		0	56. Other Deferred Credits		276,002
28. Other Deferred Debits		0	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		95,779,103
29. Total Assets and Other Debits (5+14+26 thru 28)		95,779,103			



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  WA0009
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2017
<b>PART D. NOTES TO FINANCIAL STATEMENTS</b>	

DRAFT

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, 2017
<b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b>	

DRAFT

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE				BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December, 2017			
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	67,708,315	3,773,218	843,780		70,637,753		
2. General Plant	15,444,520	3,911,714	1,246,444		18,109,790		
3. Headquarters Plant	2,878,710	38,114	283		2,916,541		
4. Intangibles	1,539,562				1,539,562		
5. Transmission Plant	18,098,624	13,742,818	812,744		31,028,698		
6. Regional Transmission and Market Operation Plant							
7. All Other Utility Plant	33,163				33,163		
8. Total Utility Plant in Service (1 thru 7)	105,702,894	21,465,864	2,903,251		124,265,507		
9. Construction Work in Progress	12,436,771	(2,751,776)			9,684,995		
10. Total Utility Plant (8 + 9)	118,139,665	18,714,088	2,903,251		133,950,502		
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	3,711,223	1,417,430	15,565	1,769,421		(152,861)	3,221,936
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		666.900	174.600	432.500	1,274.000		
2. Five-Year Average	96.000	234.800	55.300	228.000	614.100		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	51	4. Payroll - Expensed				3,574,211	
2. Employee - Hours Worked - Regular Time	105,666	5. Payroll - Capitalized				777,106	
3. Employee - Hours Worked - Overtime	4,811	6. Payroll - Other				671,111	
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION			THIS YEAR (a)	CUMULATIVE (b)		
1. Capital Credits - Distributions	a. General Retirements			1,300,000	10,543,543		
	b. Special Retirements			252,833	7,189,037		
	c. Total Retirements (a + b)			1,552,833	17,732,580		
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power						
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System			77,586			
	c. Total Cash Received (a + b)			77,586			
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. Amount Due Over 60 Days	\$	15,774	2. Amount Written Off During Year	\$	12,130		
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				\$	



<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p><b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b></p>	<p>BORROWER DESIGNATION</p> <p>WA0009</p>
<p>INSTRUCTIONS - See help in the online application</p>	<p>PERIOD ENDED</p> <p>December, 2017</p>

**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			162,753,195	6,500,669	3.99		
2	*Miscellaneous	700000	Net Metering	Hydro	50,189	1,371	2.73		
3	*Adjustments	600000	BPA Settlement	Hydro		(136,956)	0.00		
4	*Adjustments	600000	PNGC Management Fee	Hydro		58,532	0.00		
5	Pacific Northwest Genertg Coop	14323			66,401,432	2,492,443	3.75		
	Total				229,204,816	8,916,059	3.89		

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INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2017	
<b>PART K. kWh PURCHASED AND TOTAL COST</b>			
<b>No</b>	<b>Comments</b>		
1			
2			
3			
4			
5			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION  WA0009	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2017	
PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Dell Financial Services	Computer Hardware/Software	29,332
	TOTAL		29,332



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009	
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2017	
INSTRUCTIONS - See help in the online application.			
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 5/6/2017	2. Total Number of Members 11,393	3. Number of Members Present at Meeting 276	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 1,992	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 137,531	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  WA0009		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2017		
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)				
2	National Rural Utilities Cooperative Finance Corporation	8,563,562	362,719	242,461	605,180
3	CoBank, ACB				
4	Federal Financing Bank	44,381,789	1,252,457	790,084	2,042,541
5	RUS - Economic Development Loans	3,333		33,322	33,322
6	Payments Unapplied	2,308,639			
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	24,443		29,332	29,332
	TOTAL	50,664,488	1,615,176	1,095,199	2,710,375

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2017		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	13,136	13,143	
	b. kWh Sold			153,356,946
	c. Revenue			20,482,980
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	1,866	2,055	
	b. kWh Sold			60,300,615
	c. Revenue			7,251,253
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			47,554
	c. Revenue			14,178
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		15,008	15,204	
11. Total kWh Sold (lines 1b thru 9b)				213,705,115
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				27,748,411
13. Transmission Revenue				
14. Other Electric Revenue				236,774
15. kWh - Own Use				1,079,309
16. Total kWh Purchased				229,204,816
17. Total kWh Generated				
18. Cost of Purchases and Generation				9,126,799
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>				64,271

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FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December, 2017		
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)	577	243,405	849	4,516	2,470,778	10,708
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	18	138,524	609	489	1,275,045	9,848
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total	595	381,929	1,458	5,005	3,745,823	20,556

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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, 2017
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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.

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	9,300	1,000		
	Misc. Patronage Capital	98,353	267,040	14,215	
	Federated Rural Electric Stock Certificate	193,399		28,851	
	NRUCFC Capital Term Certificate		558,274	34,520	
	PNGC Capital Term Certificate		502,560		
	Investment in Subsidiary	(4,944,798)			
	Totals	(4,643,746)	1,328,874	77,586	
<b>3</b>	<b>Investments in Economic Development Projects</b>				
	Investments In Economic Development Project	23,333			X
	Totals	23,333			
<b>4</b>	<b>Other Investments</b>				
	Computershare	1,344			
	Totals	1,344			
<b>5</b>	<b>Special Funds</b>				
	NRUCFC Select Notes		270,172		
	Washington Federal Savings		220,284		
	HomeStreet Bank		106,435		
	CoBank		153,109		
	Islanders' Bank (Project PAL and MORE)		183,459		
	Totals		933,459		
<b>6</b>	<b>Cash - General</b>				
	Key Bank		(491,993)		
	Islanders' Bank	532,790	250,000		
	Wells Fargo		76,487		
	Petty Cash	600			
	Cash Clearing	22,764			
	Totals	556,154	(165,506)		
<b>8</b>	<b>Temporary Investments</b>				
	NRUCFC Select Notes		2,679,828		
	Totals		2,679,828		
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Custom Orders	165,587			
	AR Employees	(428)			
	Totals	165,159			
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	(3,897,756)	4,776,655	77,586	

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, 2017
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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	9/30/2018	2,400,000	2,400,000	
2	Island Network LLC	4/20/2036	7,500,000	7,500,000	
3	Island Network LLC	4/20/2036	6,000,000	6,000,000	
	<b>TOTAL</b>		15,900,000	15,900,000	
	TOTAL (Included Loan Guarantees Only)				



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2017			
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]					-2.91 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				