



ORCAS POWER AND LIGHT COOPERATIVE
2018 Q1 FINANCIALS

Decatur Substation

MEMORANDUM

May 11, 2018

To: Board of Directors
From: Foster Hildreth, General Manager
Re: 2018 First Quarter Financial Report

Please see attached the full 2018 1st 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 warmer weather experienced in Q1 of 2018 is the primary driver of the overall revenue variance of -5% (\$493k) lower than budgeted. This was partially offset by the related decrease in purchased power of 4% (\$137k). All combined resulted in a decreased margin of (\$317k).

For more detail, please note the following key points:

- Through Q1, YTD Heating Degree Days (HDD) were down ~8% below normal budgeted levels (Actual of 707 vs. budget of 770). Actual kWh sales were 629k kWh below budget (70.5M vs. budget of 71.1M). 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. At this time, staff does not believe a mid-year rate increase will be required.
- Q1 YTD power purchases were down \$137k due to lower kWh consumption. Actual kWh purchases were 394k kWh below budget (71.8M vs. budget of 72.1M).
- Excluding purchased power, Q1 YTD operating expenses were approximately \$78k under budgeted amounts.
- Rock Island Communications Q1 Financials included in separate packet.

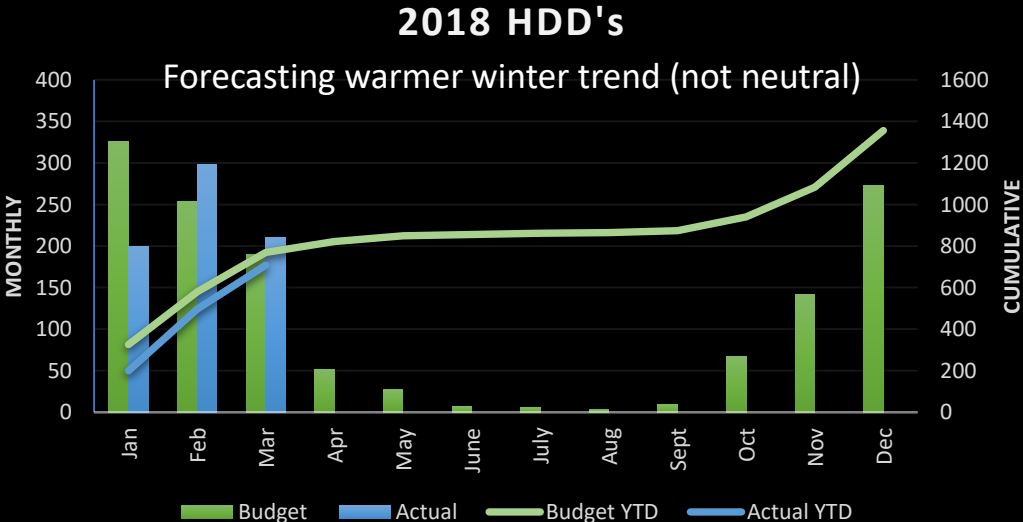
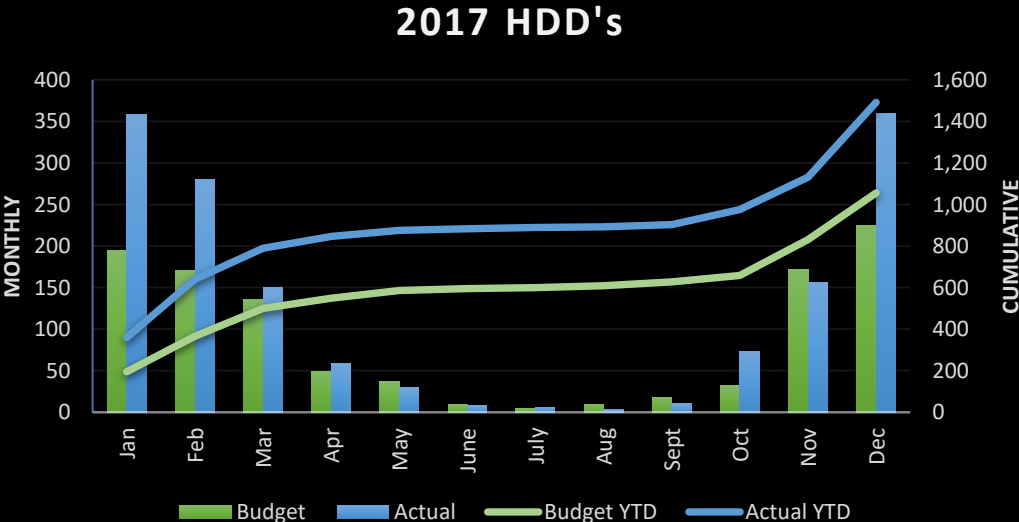
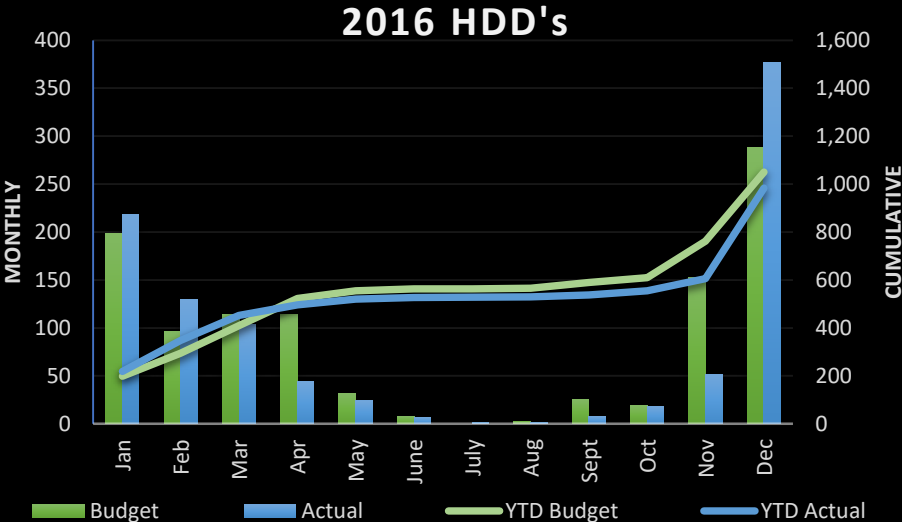
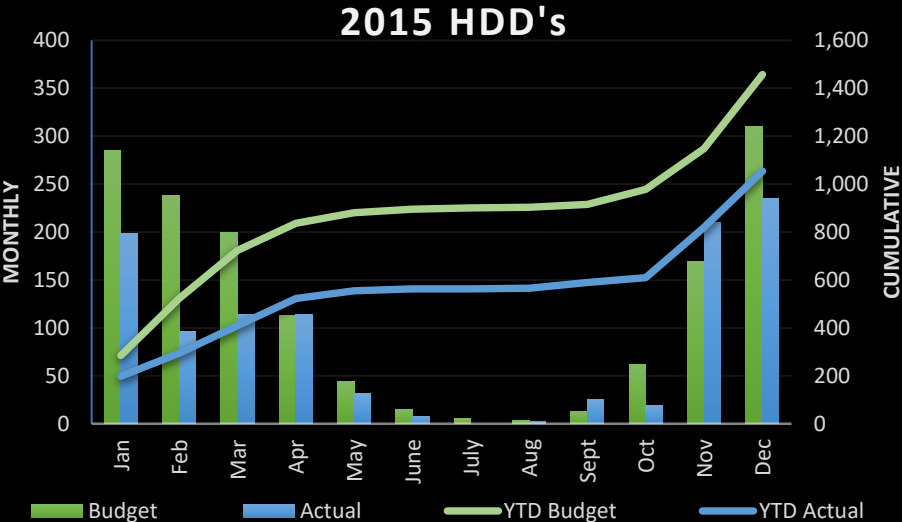
ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Budget Period End 3/31/2018	D. Actual Period End 3/31/2018	E. % Change (D - C)
1	kWh Purchases	208,313,000	229,155,000	72,150,000	71,756,000	-0.5%
2	Total Revenue	25,661,000	28,310,000	9,867,000	9,379,000	-4.9%
3	Cost of power	7,943,000	8,916,000	3,052,000	2,916,000	-4.5%
4	Operations & G&A	8,877,000	9,971,000	2,688,000	2,641,000	-1.7%
5	Depr, Int & Taxes	5,779,000	6,023,000	1,855,000	1,867,000	0.6%
6		<u>22,599,000</u>	<u>24,910,000</u>	<u>7,595,000</u>	<u>7,424,000</u>	-2.3%
7	Net Margins	<u><u>\$ 3,062,000</u></u>	<u><u>\$ 3,400,000</u></u>	<u><u>\$ 2,272,000</u></u>	<u><u>\$ 1,955,000</u></u>	-14.0%
8	TIER	3.24	3.10	6.23	5.41	
9	Equity % of Total Cap	49.4%	43.7%	44.7%	44.3%	
10	Equity	39,277,000	39,152,000	40,932,000	40,440,000	-1.2%
11	Total Debt	41,407,000	52,162,000	52,169,000	52,418,000	0.5%
12	Capital Spending	(15,568,000)	(18,760,000)	(3,191,000)	(3,242,000)	1.6%
13	Capital Credit Retirement (net)	(1,218,000)	(1,102,034)	(30,000)	(47,000)	56.7%
14	Annual HDD	983	1,492	770	707	

2018 First Quarter Financial Highlights

2018 First Quarter Budget to Actual: Heating Degree Days

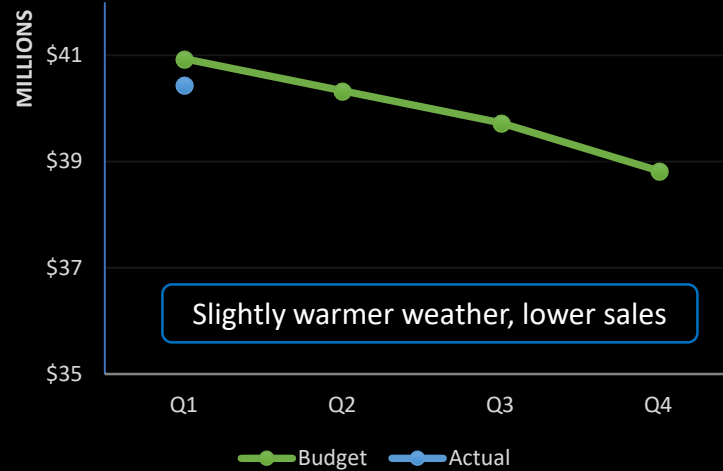


2018 First Quarter Budget to Actual: Financial Metrics

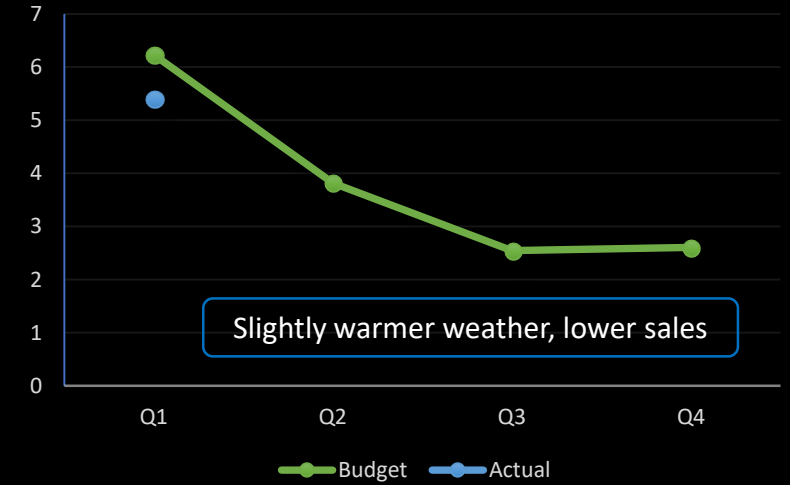
Depreciation & Amortization



Equity



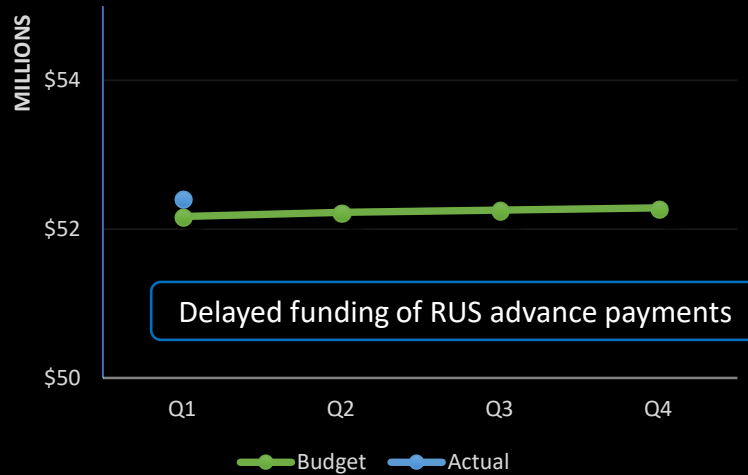
TIER



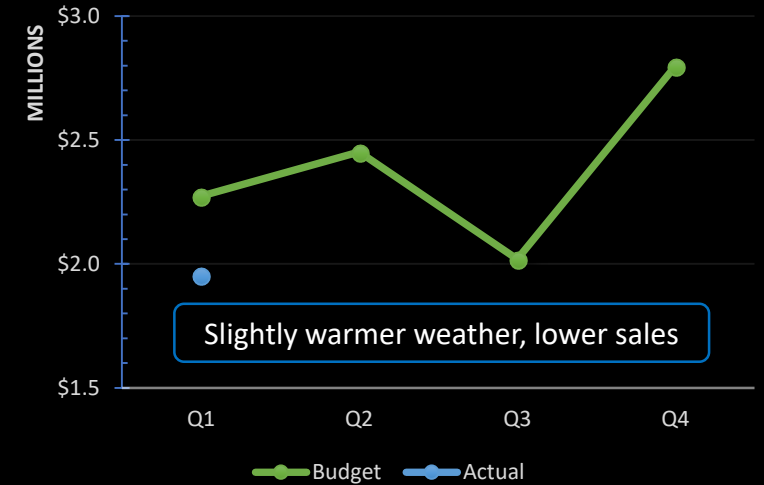
Interest



Debt

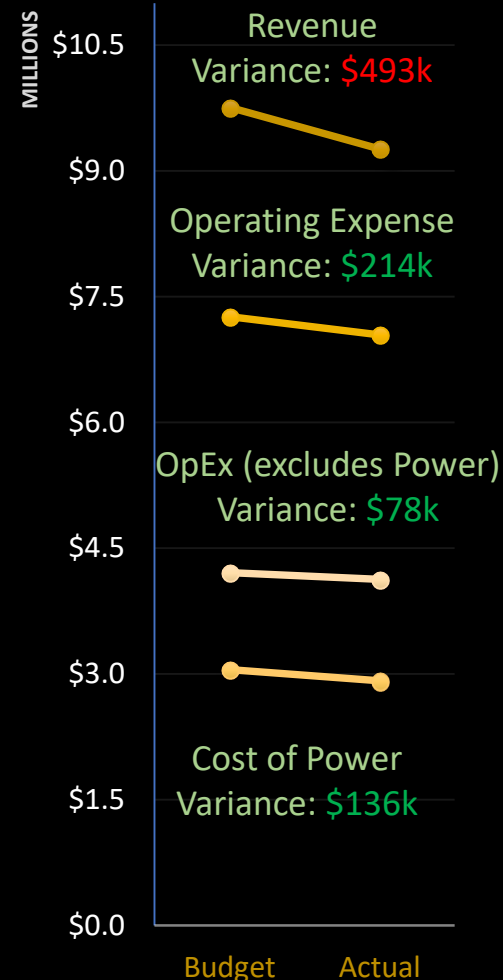


Margin



2018 First Quarter Budget to Actual: Statement of Operations

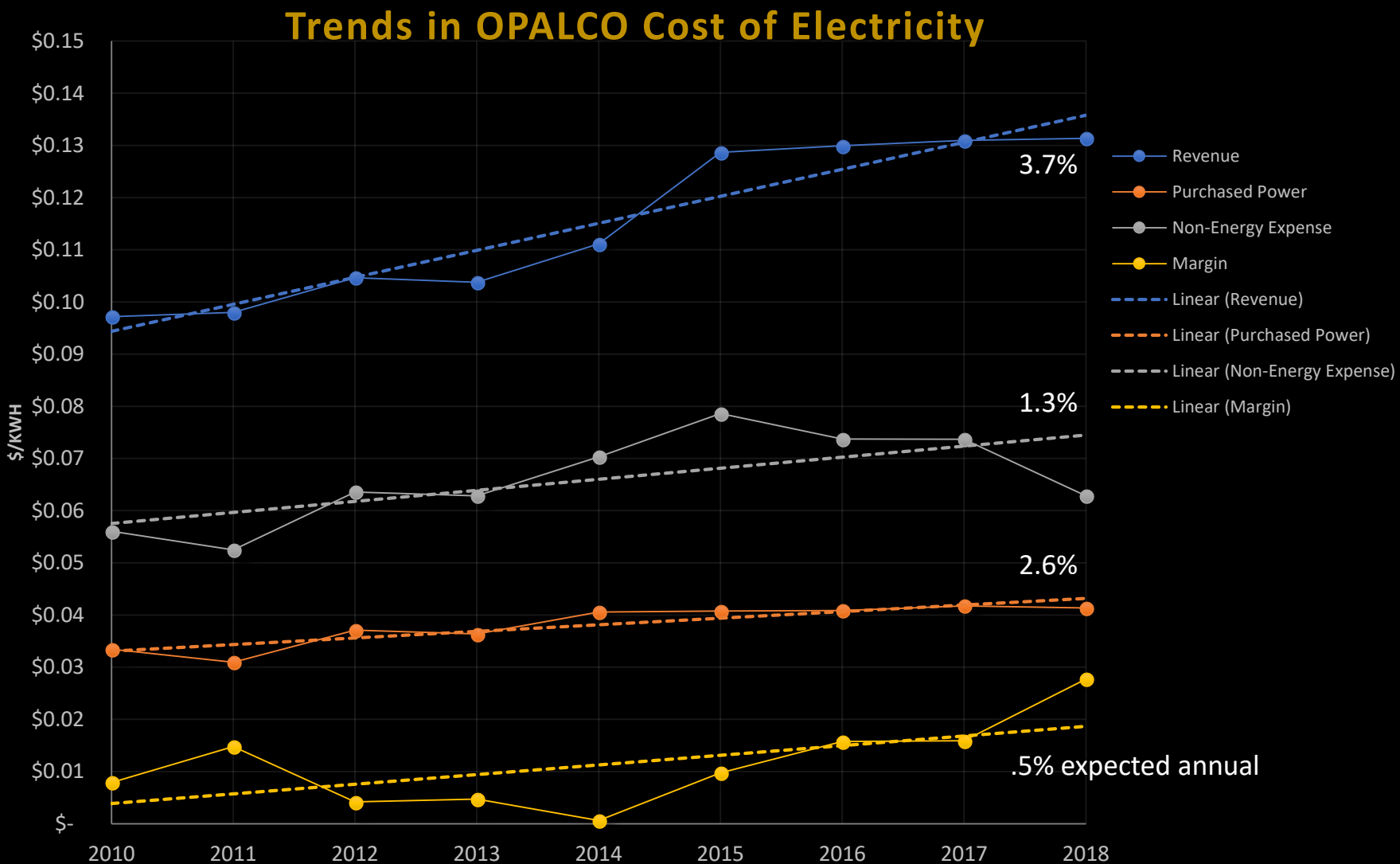
	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Budget Year End 12/31/2018	D. Budget Period End 3/31/2018	E. Actual Period End 3/31/2018	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 18,104,756	\$ 20,153,220	\$ 20,942,108	\$ 6,961,946	\$ 6,808,099	(153,846)
3 Commercial	6,463,561	7,063,321	7,548,978	2,513,040	2,151,670	(361,370)
4 Other	680,713	768,644	749,965	279,491	301,334	21,843
5 Total operating revenue	25,249,029	27,985,185	29,241,051	9,754,477	9,261,104	(493,373)
7 OPERATING EXPENSES						
8 Cost of power	7,942,885	8,916,059	9,188,856	3,052,170	2,915,948	(136,222)
9 Transmission	94,462	210,740	159,989	24,972	23,800	(1,172)
10 Distribution - operations	3,215,893	3,617,096	3,813,151	1,019,749	949,783	(69,965)
11 Distribution - maintenance	1,692,345	1,767,342	1,712,581	389,950	482,282	92,332
12 Consumer accounts	947,326	982,216	1,064,826	295,170	278,954	(16,216)
14 General and administration						
15 Administration	2,787,995	2,957,169	3,384,697	861,158	823,645	(37,513)
16 Energy services	103,671	401,970	506,939	87,492	73,561	(13,931)
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	9,014	8,730	(284)
18 Total general and administration	2,926,586	3,394,059	3,927,691	957,664	905,936	(51,728)
20 Depreciation and amortization	3,546,977	3,699,958	4,368,126	1,088,496	1,081,656	(6,839)
21 Taxes	1,137,058	1,261,409	1,352,517	430,320	406,017	(24,303)
23 Total operating expenses	21,503,532	23,848,878	25,587,737	7,258,491	7,044,377	(214,114)
25 Operating margins before fixed charges	3,745,497	4,136,307	3,653,314	2,495,986	2,216,727	(279,259)
27 FIXED CHARGES						
28 Interest on long-term debt	1,095,316	1,061,579	1,278,462	335,782	379,263	43,481
30 Operating margins after fixed charges	2,650,181	3,074,728	2,374,852	2,160,204	1,837,464	(322,740)
32 PATRONAGE CAPITAL CREDITS	81,361	77,586	77,627	27,169	40,055	12,886
34 Net operating margins	2,731,543	3,152,314	2,452,479	2,187,373	1,877,519	(309,854)
36 NON-OPERATING MARGINS						
37 Interest income	36,286	144,407	159,194	39,799	35,008	(4,790)
38 Other income (loss)	25,084	(63,005)	19,895	3,953	1,785	(2,168)
39 Total Opalco non-operating margins	61,370	81,402	179,089	43,751	36,793	(6,958)
41 Non-operating margins from Subsidiary						
42 Interest Income (RIC loan)	181,471	79,288	79,291	19,823	19,801	(22)
43 Other income (use of OPALCO backbone)	87,873	86,285	86,944	22,136	21,571	(565)
44 Total non-operating margins from Subsidiary	269,344	165,573	166,235	41,959	41,372	(587)
45 Net non-operating margins	330,715	246,975	345,324	85,710	78,165	(7,545)
48 NET MARGINS	\$ 3,062,257	\$ 3,399,289	\$ 2,797,803	\$ 2,273,083	\$ 1,955,684	(317,399)
50 TIER	3.24	3.10	2.61	6.23	5.41	(0.82)
51 Equity % of Total Cap	49.4%	43.7%	43.4%	44.7%	44.3%	-0.4%



Notes:

- First two months and last two months of the year are usually our coldest, largest revenue months.
- All major expenses less than budget, corresponding to lower revenues.
- Net Margin: **\$1.96M**

Revenue and Expenses: Per kWh Sold



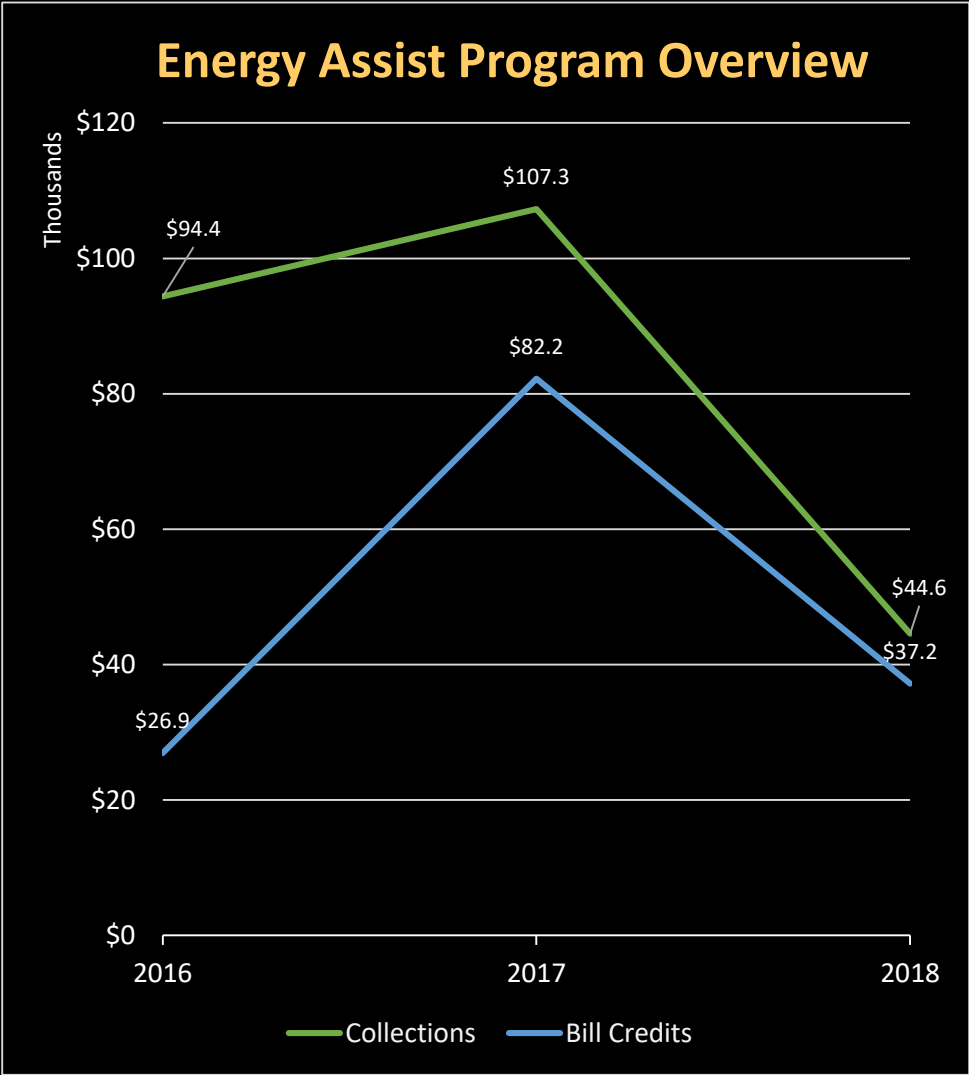
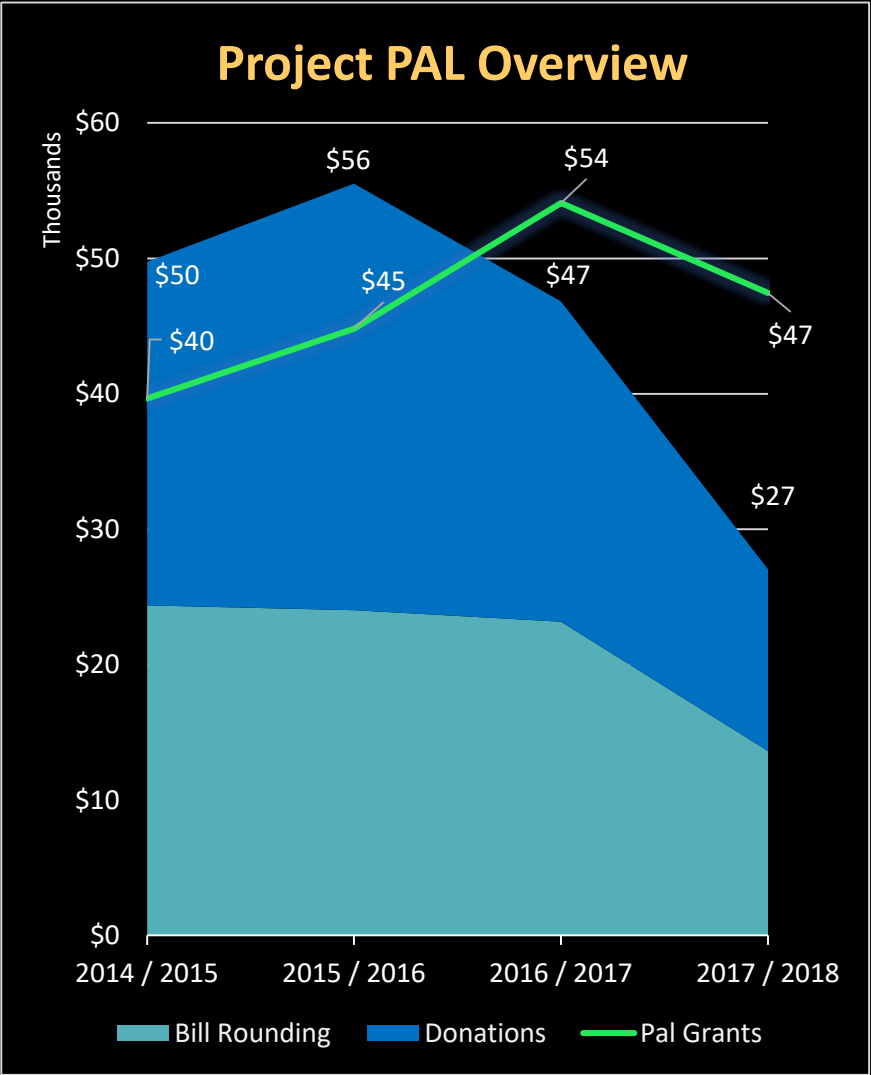
Notes:

- Historical years use annual values, 2018 uses Q1 actuals only
- Trend percentages are based on 2010-2018 average change
- Non-energy includes interest & non-operating

Notes to Per kWh Charts: Staff Observations

- kWh sales relate only to the variable portion of revenue, which is one of many components that drives our margin, e.g. facility charge, etc.
- 2014 saw a \$360K net decrease in IN department benefit, which still did impact margin that year. Also in 2014, though kWh sales decreased by 4%, the cost of power/kwh increased 9.8%, making the cost of power go up by \$520k for declining sales.
- In 2015 OPALCO used the ECA to collect ~\$750K of revenue which impacted margin but had nothing to do with kWh sales
- In 2017 \$750k was given back to the membership, having a \$750k impact on revenue & margin, but not related to kWh sales.
- Any year may see a significant (or not) jump in depreciation, taxes or interest expense depending on the related level of asset capitalization, sales revenue and borrowings respectively. Other than taxes (which is largely tied to sales), depreciation and int. expense may increase without a sufficient corresponding increase in revenue (depending on weather and board budgeting rate increases). This will drive down margin (as we've seen in historical years, 2014 & 2015 @ 9.2% & 11.2% increase respectively) **while having nothing to do with revenue/kWh.**

Low Income Programs



Notes:

- In the 2017/2018 winter season PAL's average bill credit was ~\$175, or equal to 4 months facility charges.
- The EAP has ramped up from its inception in 2016 and now funds 300+ members an average of \$353 annually (8 months of no facility charge)

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Budget Year End 12/31/2018	D. Budget Period End 3/31/2018	E. Actual Period End 3/31/2018	F. Budget Variance (E - D)	G. Audited Period End 3/31/2017
1 OPERATING REVENUES							
2 Residential	\$ 18,104,756	\$ 20,153,220	\$ 20,942,108	\$ 6,961,946	\$ 6,808,099	(153,846)	\$ 7,012,988
3 Commercial	6,463,561	7,063,321	7,548,978	2,513,040	2,151,670	(361,370)	2,180,743
4 Other	680,713	768,644	749,965	279,491	301,334	21,843	286,822
5 Total operating revenue	25,249,029	27,985,185	29,241,051	9,754,477	9,261,104	(493,373)	9,480,552
6							
7 OPERATING EXPENSES							
8 Cost of power	7,942,885	8,916,059	9,188,856	3,052,170	2,915,948	(136,222)	3,025,251
9 Transmission	94,462	210,740	159,989	24,972	23,800	(1,172)	80,874
10 Distribution - operations	3,215,893	3,617,096	3,813,151	1,019,749	949,783	(69,965)	975,792
11 Distribution - maintenance	1,692,345	1,767,342	1,712,581	389,950	482,282	92,332	607,328
12 Consumer accounts	947,326	982,216	1,064,826	295,170	278,954	(16,216)	272,178
13							
14 General and administration							
15 Administration	2,787,995	2,957,169	3,384,697	861,158	823,645	(37,513)	750,353
16 Energy services	103,671	401,970	506,939	87,492	73,561	(13,931)	68,807
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	9,014	8,730	(284)	17,460
18 Total general and administration	2,926,586	3,394,059	3,927,691	957,664	905,936	(51,728)	836,620
19							
20 Depreciation and amortization	3,546,977	3,699,958	4,368,126	1,088,496	1,081,656	(6,839)	921,218
21 Taxes	1,137,058	1,261,409	1,352,517	430,320	406,017	(24,303)	400,788
22							
23 Total operating expenses	21,503,532	23,848,878	25,587,737	7,258,491	7,044,377	(214,114)	7,120,047
24							
25 Operating margins before fixed charges	3,745,497	4,136,307	3,653,314	2,495,986	2,216,727	(279,259)	2,360,505
26							
27 FIXED CHARGES							
28 Interest on long-term debt	1,095,316	1,061,579	1,278,462	335,782	379,263	43,481	236,642
29							
30 Operating margins after fixed charges	2,650,181	3,074,728	2,374,852	2,160,204	1,837,464	(322,740)	2,123,863
31							
32 PATRONAGE CAPITAL CREDITS	81,361	77,586	77,627	27,169	40,055	12,886	28,851
33							
34 Net operating margins	2,731,543	3,152,314	2,452,479	2,187,373	1,877,519	(309,854)	2,152,714
35							
36 NON-OPERATING MARGINS							
37 Interest income	36,286	144,407	159,194	39,799	35,008	(4,790)	10,822
38 Other income (loss)	25,084	(63,005)	19,895	3,953	1,785	(2,168)	2,556
39 Total Opalco non-operating margins	61,370	81,402	179,089	43,751	36,793	(6,958)	13,377
40							
41 Non-operating margins from Subsidiary							
42 Interest Income (RIC loan)	181,471	79,288	79,291	19,823	19,801	(22)	19,875
43 Other income (use of OPALCO backbone)	87,873	86,285	86,944	22,136	21,571	(565)	21,968
44 Total non-operating margins from Subsidiary	269,344	165,573	166,235	41,959	41,372	(587)	41,843
45							
46 Net non-operating margins	330,715	246,975	345,324	85,710	78,165	(7,545)	55,220
47							
48 NET MARGINS	\$ 3,062,257	\$ 3,399,289	\$ 2,797,803	\$ 2,273,083	\$ 1,955,684	(317,399)	\$ 2,207,934
49							
50 TIER	3.24	3.10	2.61	6.23	5.41	(0.82)	7.20
51 Equity % of Total Cap	49.4%	43.7%	43.4%	44.7%	44.3%	-0.4%	48.4%

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			
		3/31/2018	3/31/2018	(B - A)	Comments: Budget To Actual (Column C.)		
1	I OPERATING REVENUES	9,754,477	9,261,104	(493,373)			
2					Budget	Actual	Variance
3					HDD	770	707
4					kWh Sales	71,143	70,514
5					(kWh in thousands)		
6	TOTAL OPERATING REVENUES	9,754,477	9,261,104	(493,373)	Slightly lower than budget		
7							
8							
9	II OPERATING EXPENSES	7,258,491	7,044,377	(214,114)	Overall decrease in operating expenses		
10							
11	Cost of Power - Line 8	3,052,170	2,915,948	(136,222)	Decrease in expense - warmer weather		
12					Budget	Actual	Variance
13					kWh Purchases	72,150	71,756
14					(kWh in thousands)		
15	Transmission - Line 9 Detail Breakout:	24,972	23,800	(1,172)	Decrease in expense		
16							
17	Distribution - Operations - Line 10 Detail Breakout:	1,019,749	949,783	(69,965)	Decrease in expense		
18	Overhead Lines / Underground Lines / Meter Expense			(58,586)	Labor shift to Distribution Maintenance line 27		
19	Multiple Accounts			(11,380)	Variance among multiple general ledger accounts (14 accounts)		
20	Subtotal Distribution - Operations			(69,965)			
21							
22	Distribution - Maintenance - Line 11 Detail Breakout:	389,950	482,282	92,332	Increase in expense		
23	Maint - Station Equipment / Overhead Lines / Underground Lines			90,427	Increase in storm outages Jan-Feb '18 (shift from line 22)		
24	Multiple Accounts			1,905	Variance among multiple general ledger accounts (5 accounts)		
25	Subtotal Distribution Maintenance			92,332			
26							
27	Consumer accounts - Line 12 Detail Breakout:	295,170	278,954	(16,216)	Decrease in expense		
28							
29	Total General and Administrative (G&A):	957,664	905,936	(51,728)	Decrease in expense		
30							
31	Administration G&A - Line 15 Detail Breakout:	861,158	823,645	(37,513)	Decrease in expense		
32							
33	Energy Services G&A - Line 16	87,492	73,561	(13,931)	Decrease in expense		
34							
35	Subsidiary Charges G&A - Line 17	9,014	8,730	(284)	Decrease in expense		
36							
37	Total General and Administrative (G&A)	957,664	905,936	(51,728)	Overall decrease in expense		
38							
39	Deprec. & Amort. - Line 20	1,088,496	1,081,656	(6,839)	Decrease in expense		

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	
		3/31/2018	3/31/2018	(B - A)	Comments: Budget To Actual (Column C.)
40					
41	Taxes - Line 21	430,320	406,017	(24,303)	Decrease in expense - lower sales result in lower utility tax
42					
43	TOTAL OPERATING EXPENSES	7,258,491	7,044,377	(214,114)	Overall decrease in expense
44					
45					
46	III FIXED CHARGES - Interest Expense - Line 28	335,782	379,263	43,481	Increase in expense - less interest capitalized due to early completion / capitalization of "George" in Dec'17
47					
48	IV PATRONAGE CAPITAL CREDITS (Income) - Line 32	27,169	40,055	12,886	Increase in income - received from associated cooperatives
49					
50	TOTAL NET OPERATING MARGINS	2,187,373	1,877,519	(309,854)	Decrease in margin
51					
52	V NON-OPERATING MARGINS	85,710	78,165	(7,545)	Decrease in margin
53					
54	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	2,273,083	1,955,684	(317,399)	Decrease in margin - lower revenue offset by lower power costs

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Actual Period End 3/31/2018	D. Change (C - B)	E. Audited Period End 3/31/2017
1 ASSET S					
2					
3 UTILITY PLANT, at cost					
4 Electric plant in service	\$ 105,702,896	\$ 124,265,509	\$ 126,300,297	\$ 2,034,788	\$ 106,286,690
5 Construction work in progress	12,489,462	10,630,332	11,443,767	813,434	16,071,436
6					
7	118,192,358	134,895,841	137,744,063	2,848,223	122,358,126
8 Less accumulated depreciation and amortization	44,622,436	45,632,268	46,471,468	839,199	45,445,012
9					
10 Net utility plant	73,569,921	89,263,572	91,272,596	2,009,023	76,913,114
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,125,332	1,654,603	1,675,234	20,631	1,138,983
14 Non-utility investment subsidiary (Note 2)	(2,389,473)	(4,944,798)	(5,632,172)	(687,374)	(3,220,242)
15 Total investments in associated organizations	(1,264,141)	(3,290,195)	(3,956,938)	(666,743)	(2,081,259)
16					
17 Other property and investments	(1,264,141)	(3,290,195)	(3,956,938)	(666,743)	(2,081,259)
18					
19 CURRENT ASSET S					
20 Cash and cash equivalents	3,906,844	3,269,223	2,030,480	(1,238,743)	4,189,535
21 Cash and cash equivalents - board designated	-	750,000	750,820	820	-
22 Accounts receivable, less doubtful accts allowance	3,610,821	3,136,480	3,691,260	554,780	3,589,735
23 Interest receivable	9,386	13,218	18,439	5,221	12,772
24 Materials and supplies	3,711,223	3,221,936	3,202,699	(19,237)	3,746,194
25 Prepaid expenses	349,741	343,443	108,382	(235,061)	234,838
26					
27 Total current assets	11,588,015	10,734,300	9,802,081	(932,219)	11,773,075
28					
29 Total assets	\$ 83,893,795	\$ 96,707,676	\$ 97,117,738	\$ 410,062	\$ 86,604,930

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Actual Period End 3/31/2018	D. Change (C - B)	E. Audited Period End 3/31/2017
30					
31 EQUITIES, MARGINS, AND LIABILITIES					
32					
33 EQUITIES AND MARGINS					
34 Memberships	\$ 56,905	\$ 55,960	\$ 56,080	\$ 120	\$ 56,800
35 Patronage capital - OPALCO	38,334,633	40,181,088	42,033,834	1,852,746	40,443,241
36 Donated and other equities					
37 OPALCO donated & other margins	5,403,526	5,984,621	6,108,019	123,399	5,457,731
38 Subsidiary margins	(4,517,947)	(7,069,953)	(7,757,505)	(687,552)	(5,347,649)
39					
40 Total equities and margins	39,277,116	39,151,716	40,440,429	1,288,712	40,610,124
41					
42 LONG-TERM DEBT , less current maturities					
43 RUS mortgage notes	31,370,096	41,809,367	42,332,540	523,173	33,429,510
44 RUS economic development	48,651	3,333	(1,667)	(5,000)	38,333
45 CFC mortgage notes	8,812,642	8,561,284	8,496,988	(64,296)	8,750,663
46					
47 Total long-term debt	40,231,389	50,373,984	50,827,861	453,877	42,218,506
48					
49 OTHER NONCURRENT LIABILITIES	53,775	24,443	17,110	(7,333)	67,933
50					
51 Total long-term liabilities	40,285,163	50,398,427	50,844,971	446,544	42,286,440
52					
53 CURRENT LIABILITIES					
54 Accounts payable	1,692,979	2,997,993	1,731,255	(1,266,738)	1,545,050
55 Customer deposits	89,928	87,219	86,745	(474)	93,228
56 Accrued liabilities	1,144,751	2,032,945	2,153,180	120,235	779,662
57 Current maturities of long-term debt	1,092,588	1,734,041	1,543,798	(190,243)	971,736
58 Current maturities capital leases	29,332	29,332	29,332	-	29,332
59					
60 Total current liabilities	4,049,578	6,881,530	5,544,310	(1,337,221)	3,419,008
61					
62 DEFERRED CREDITS	281,938	276,002	288,029	12,027	289,359
63					
64 Total equities and liabilities	\$ 83,893,795	\$ 96,707,676	\$ 97,117,738	\$ 410,062	\$ 86,604,930
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 (+\$2,125,333) LESS IN LLC's cumulative net deficit of (\$7,757,505) seen in 'equities & margins'.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
 GAAP

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Actual Period End 3/31/2018
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 3,062,257	\$ 3,399,289	\$ 1,955,684
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	3,546,977	3,699,958	1,081,656
6 Changes in assets and liabilities			
7 Accounts receivable	(52,608)	474,341	(554,780)
8 Interest receivable	(3,245)	(3,832)	(5,221)
9 Prepaid expenses	(37,939)	6,298	235,061
10 Accounts payable	(72,458)	1,305,014	(1,266,738)
11 Customer deposits	7,551	(2,709)	(474)
12 Accrued liabilities	432,633	(40,379)	120,235
13 Deferred credits	64,421	(5,936)	12,027
14			
15 Net cash from operating activities	6,947,587	8,832,044	1,577,450
16			
17 CASH FLOWS FROM INVESTING ACTIVITIES			
18 Additions to utility plant, net	(15,199,049)	(19,248,896)	(3,261,237)
19 Reduction to non-utility plant (Island Network transition)	-	-	-
20 Change in materials and supplies	(369,284)	489,287	19,237
21 (Increase) decrease in investment in Subsidiary	7,639,352	2,555,325	687,374
22 (Increase) decrease in other OPALCO property and investments, net	(31,367)	(529,271)	(20,631)
23			
24 Net cash from investing activities	(7,960,347)	(16,733,555)	(2,575,257)
25			
26 CASH FLOWS FROM FINANCING ACTIVITIES			
27 Payments on long-term debt (Note 1)	(2,497,268)	(1,695,281)	256,298
28 Proceeds from debt	8,742,000	12,450,000	-
29 Memberships	510	(945)	120
30 Retirements of patronage capital, net	(1,218,259)	(971,738)	20,461
31 Change in subsidiary equities	(2,737,834)	(2,552,005)	(687,552)
32 Contributions in aid of construction	933,069	783,860	170,557
33			
34 Net cash from financing activities	3,222,218	8,013,890	(240,116)
35			
36 NET CHANGE IN CASH	2,209,458	112,379	(1,237,923)
37			
38 CASH AND CASH EQUIVALENTS, beginning of year/period	1,697,386	3,906,844	4,019,223
39			
40 CASH AND CASH EQUIVALENTS, end of year/period	3,906,844	4,019,223	2,781,300
41			
42 SUPPLEMENTAL DISCLOSURES			
43 Cash paid for interest	\$ 1,085,134	\$ 1,545,309	\$ 441,170
44 OUTSTANDING DEBT BALANCE	(41,377,751)	(52,132,468)	(52,418,100)
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), \$1.7M (Q1 2018)			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

Note: All numbers in thousands					
	A. Audited Year-End 12/31/2017	B. Approved Budget 3/31/2018	C. Actual 3/31/2018	D. Variance (c - b)	Comments
1 % Rate Increase		5%			
2 OPERATING ACTIVITIES:					
3 Margins	\$ 3,400	\$ 2,300	\$ 2,000	\$ (300)	
4 Plus depreciation/amortization	<u> 3,700</u>	<u> 1,100</u>	<u> 1,100</u>	<u> -</u>	
5 Cash flow operations	<u> 7,100</u>	<u> 3,400</u>	<u> 3,100</u>	<u> (300)</u>	Slightly lower margin
6					
7 PLANT INVESTMENT (NET)					
8 Plant investment (including material inventory)	<u> (18,400)</u>	<u> (3,200)</u>	<u> (3,200)</u>	<u> -</u>	
9 Cash flow from operations and plant investment	<u> (11,300)</u>	<u> 200</u>	<u> (100)</u>	<u> (300)</u>	Capital Spending on budget
10					
11 CASH FLOWS FROM PATRONAGE CAPITAL	<u> (1,100)</u>	<u> (30)</u>	<u> (50)</u>	<u> (20)</u>	Higher estate retirements
12 Cash flow before borrowings	<u> (12,400)</u>	<u> 170</u>	<u> (150)</u>	<u> (320)</u>	
13					
14 NET BORROWINGS (Note 1)	10,800	10	300	290	Timing of funding RUS advance payments
15 RIC repayment of start-up loan	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	
16 Cash increase (decrease) after net borrowings	<u><u>\$ (1,600)</u></u>	<u><u>\$ 180</u></u>	<u><u>\$ 150</u></u>	<u><u>\$ (30)</u></u>	
17					
18					
19 OUTSTANDING DEBT BALANCE	<u><u> 52,200</u></u>	<u><u> 52,200</u></u>	<u><u> 52,400</u></u>	<u><u> 200</u></u>	
20					
21 EQUITY BALANCE	<u><u> 39,200</u></u>	<u><u> 40,900</u></u>	<u><u> 40,400</u></u>	<u><u> (500)</u></u>	
22					
23 NET UTILITY PLANT	<u><u> 89,300</u></u>	<u><u> 90,100</u></u>	<u><u> 91,300</u></u>	<u><u> 1,200</u></u>	
24					
25 Note 1: The RUS advanced payments account (Cushion of Credit (CoC)) was not funded in Q1 as we are still waiting on a new loan facility from RUS. The CoC is used to pay the mortgage and our debt balance <i>increases</i> as the amount gets					
26 applied roughly 50/50 between P&I. Funding the CoC reduces outstanding debt balance.					

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	F.	G.
			Audited	Budget	Budget	Actual	Budget	Actual	
			Year End	Year End	Period End	Period End	Variance	Period End	
			12/31/2017	12/31/2018	3/31/2018	3/31/2018	(D- C)	3/31/2017	Comments
1	RUS CWP DESCRIPTION								
2	DISTRIBUTION								
2	100	New Services	\$ 348,971	\$ 361,000	\$ 90,000	\$ 67,401	\$ (22,599)	\$ 118,166	Less service connections then projected
3	200	New Tie Lines	596		-	2,912	2,912	55	
4	300	Conversions and Line Changes	1,381,722	410,000	100,000	68,975	(31,025)	322,973	
5	400	New Substations, switching station, metering point, etc.	-		-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	677,046	2,450,000	500,000	463,931	(36,069)	-	Blakely Substation delayed
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	569,966	545,000	270,000	285,227	15,227	31,534	
9	602	Sets of Service Wires to increase Capacity	-		-	-	-	-	
10	603	Sectionalizing Equipment	266,215	440,000	10,000	331	(9,669)	46,675	
11	604	Regulators	26,429	150,000	150,000	129,218	(20,782)	2,677	Delays in Blakely regulator installation
12	605	Capacitors	-		-	-	-	-	
13	606	Ordinary Replacements	78,098	123,000	90,000	84,714	(5,286)	5,615	
14	608	Underground Dist. Cable Replacement	2,506,256	1,712,000	420,000	386,473	(33,527)	505,991	
15	700	Other Distribution Items							
16	701	Engineering Fees	-		-	-	-	-	
17	704	LMS & SCADA	77,985	162,000	30,000	24,427	(5,573)	36,705	
18	705	AMR	-	270,000	200,000	184,656	(15,344)	-	Delay in Blakely AMR installation
19	706	Communications							
20	706.0	Island Network	-	-	-	-	-	-	
21	706.1	Fiber/Microwave Infrastructure	2,425,185	538,000	140,000	147,887	7,887	757,218	
22	TRANSMISSION								
23	800	New Tie Line	-			-	-	-	
24	900	New Substations, switching station, metering point, etc.	1,373,235	-	-	229,812	229,812	6,530	Decatur Tap project delays
25	1000	Line and Station Changes	8,463,865	1,730,000	250,000	195,975	(54,025)	2,430,511	Project close out pending
26	1100	Other Transmission	-	-	-	-	-	-	
27	GENERATION								
28	1200	Generation	-	-	-	-	-	-	
29	OTHER								
30	1300	Headquarters Facilities	100,451	675,000	30,000	33,533	3,533	36,647	
31	1400	Acquisitions	-	-		-	-	-	
32	1500	All Other (Transportation, Etc.)							
33	1501	Transportation/Equipment/Tools/Radios	477,967	613,000	130,000	121,052	(8,948)	24,309	
34	1502	Office Equipment/Furniture/Etc.	24,769	41,000	-	-	-	9,802	
35	1503	Computer/Servers/Software	286,305	274,000	150,000	133,892	(16,108)	31,996	
36	1504	Electrical Infrastructure to Support Community Solar	-	900,000	700,000	700,142	142	-	Recording of presale payments will be in Q2 (offset by line 45)
37	1600	Minor Projects	295,589	170,000	80,000	93,725	13,725	50,545	
38	RUS CWP SUBTOTAL		19,380,653	11,564,000	3,340,000	3,354,282	14,282	4,417,946	
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
40		New Services	(231,464)	(307,000)	(75,000)	(95,784)	(20,784)	(32,361)	
41		Meters and Transformers	(243,750)	(304,000)	(75,000)	(59,389)	15,611	(45,808)	
42		Joint Projects	(308,646)	(287,000)	(30,000)	(15,384)	14,616	(2,617)	
43		Island Network Department	-		-	-	-	-	
44		WA DOC Grant Funding	-	(1,000,000)	-	-	-	-	
45		Community Solar Member Contributions	-	(900,000)	-	-	-	-	Recording of presale payments will be in Q2 (offset by line 36)
46	CIAC SUBTOTAL		(783,860)	(2,798,000)	(180,000)	(170,557)	9,443	(80,786)	
47									
48	RUS CWP NET TOTAL		18,596,794	8,766,000	3,160,000	3,183,724	23,724	4,337,161	
49									
50	Notes:								
51	1	\$119,361 in Allowance for Funds Used During Construction (AFUDC). This cost is embedded in the associated projects listed above for capitalization purposes.							
52	2	\$17,734 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	770	326	254	190	52	27	7	6	3	9	67	142	1,356
3	Actual HDD	707	199	298	210									707
4	Variance	(63)	(127)	44	20	-	-	-	-	-	-	-	-	(63)
5														
6	ENERGY USAGE (kWh)													
7	Residential													
8	Budget	52,316,167	19,908,359	15,299,767	17,108,041	12,314,447	11,568,117	10,075,457	9,329,126	9,329,126	9,702,292	12,314,447	13,433,942	151,951,238
9	Actual	52,706,277	20,208,179	14,625,448	17,872,650									52,706,277
10	Variance (Budget to Actual)	390,110	299,820	(674,319)	764,609	-	-	-	-	-	-	-	-	390,110
11														
12	Commercial													
13	Budget	18,827,770	7,164,707	5,506,147	6,156,916	4,431,777	4,163,184	3,625,999	3,357,407	3,357,407	3,491,703	4,431,777	4,834,666	54,684,873
14	Actual	17,807,258	6,425,701	5,377,022	6,004,535									17,807,258
15	Variance (Budget to Actual)	(1,020,512)	(739,006)	(129,125)	(152,381)	-	-	-	-	-	-	-	-	(1,020,512)
16														
17	Combined Energy Usage (kWh)													
18	Budget	71,143,937	27,073,066	20,805,914	23,264,957	16,746,224	15,731,301	13,701,456	12,686,533	12,686,533	13,193,994	16,746,224	18,268,608	206,636,111
19	Actual	70,513,535	26,633,880	20,002,470	23,877,185	-	-	-	-	-	-	-	-	70,513,535
20	Variance (Budget to Actual)	(630,402)	(439,186)	(803,444)	612,228	-	-	-	-	-	-	-	-	(630,402)
21														
22	SALES REVENUE (kWh based)													
23	Residential													
24	Budget	7,090,426	2,671,176	2,183,207	2,236,043	1,752,857	1,639,550	1,427,017	1,323,208	1,323,530	1,374,904	1,756,130	1,915,882	21,262,871
25	Actual	6,952,727	2,619,278	1,966,021	2,367,427	-	-	-	-	-	-	-	-	6,952,727
26	Variance (Budget to Actual)	(137,700)	(51,898)	(217,186)	131,384	-	-	-	-	-	-	-	-	(137,700)
27														
28	Commercial													
29	Budget	2,582,552	974,526	794,483	813,543	636,678	593,562	516,355	479,094	479,435	497,612	638,642	696,825	7,726,840
30	Actual	2,240,811	809,830	675,752	755,229	-	-	-	-	-	-	-	-	2,240,811
31	Variance (Budget to Actual)	(341,741)	(164,696)	(118,731)	(58,314)	-	-	-	-	-	-	-	-	(341,741)
32														
33	Combined kWh Sales Revenue													
34	Budget	9,672,978	3,645,702	2,977,690	3,049,586	2,389,534	2,233,113	1,943,373	1,802,301	1,802,966	1,872,515	2,394,773	2,612,707	28,989,711
35	Actual	9,193,538	3,429,108	2,641,773	3,122,656	-	-	-	-	-	-	-	-	9,193,538
36	Variance (Budget to Actual)	(479,440)	(216,594)	(335,917)	73,070	-	-	-	-	-	-	-	-	(479,440)
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		BORROWER DESIGNATION WA0009		
		PERIOD ENDED March '18		
		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)				
<div>CERTIFICATION</div> <p>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.</p> <p>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.</p> <p>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)</p>				
<div><div><input type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.</div><div><input type="checkbox"/> 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.</div></div> <div></div> <div>Date</div>				
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	9,480,552	9,261,104	9,754,477	3,148,312
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	3,025,251	2,915,948	3,052,170	878,065
4. Transmission Expense	80,874	23,800	24,972	4,283
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	975,792	949,783	1,019,749	305,080
7. Distribution Expense - Maintenance	607,328	482,282	389,950	147,929
8. Customer Accounts Expense	272,178	278,954	295,170	81,118
9. Customer Service and Informational Expense	99,464	101,502	129,179	(3,845)
10. Sales Expense	7,506	12,293	9,270	4,826
11. Administrative and General Expense	729,650	792,141	819,214	247,910
12. Total Operation & Maintenance Expense (2 thru 11)	5,798,042	5,556,703	5,739,675	1,665,367
13. Depreciation and Amortization Expense	921,218	1,081,656	1,088,496	368,125
14. Tax Expense - Property & Gross Receipts	66,928	78,918	70,275	26,306
15. Tax Expense - Other	333,859	327,099	360,045	105,448
16. Interest on Long-Term Debt	356,003	443,050	434,557	147,550
17. Interest Charged to Construction - Credit	(119,361)	(63,787)	(98,775)	(19,953)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	7,356,690	7,423,640	7,594,273	2,292,843
21. Patronage Capital & Operating Margins (1 minus 20)	2,123,863	1,837,464	2,160,204	855,470
22. Non Operating Margins - Interest	30,696	54,809	59,621	32,512
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	24,524	23,356	26,089	8,602
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	28,851	40,055	27,169	40,055
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,207,934	1,955,684	2,273,083	936,638
RUS Financial and Operating Report Electric Distribution				Revision Date 2014

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 March 2018		
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	41	42	5. Miles Transmission	42.65	42.65
2. Services Retired	-	39	6. Miles Distribution – Overhead	154.40	154.21
3. Total Services in Place	15,205	15,011	7. Miles Distribution - Underground	1,143.95	1,055.03
4. Idle Services (Exclude Seasonals)	1,207	824	8. Total Miles Energized (5 + 6 + 7)	1,341.00	1,251.89
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	126,300,296		30. Memberships	56,080	
2. Construction Work in Progress	11,426,439		31. Patronage Capital	36,678,861	
3. Total Utility Plant (1 + 2)	137,726,735		32. Operating Margins - Prior Years	3,399,289	
4. Accum. Provision for Depreciation and Amort.	46,454,140		33. Operating Margins - Current Year	1,932,328	
5. Net Utility Plant (3 - 4)	91,272,595		34. Non-Operating Margins	23,356	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(1,649,485)	
7. Investments in Subsidiary Companies	(5,632,172)		36. Total Margins & Equities (30 thru 35)	40,440,429	
8. Invest. in Assoc. Org. - Patronage Capital	1,086,984		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	45,327,780	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274		39. Long-Term Debt - Other - RUS Guaranteed	-	
11. Investments in Economic Development Projects	18,333		40. Long-Term Debt Other (Net)	8,750,663	
12. Other Investments	1,344		41. Long-Term Debt - RUS - Econ. Devel. (Net)	18,333	
13. Special Funds	938,970		42. Payments – Unapplied	(1,725,118)	
14. Total Other Property & Investments (6 thru 13)	(3,017,968)		43. Total Long-Term Debt (37 thru 41 - 42)	52,371,659	
15. Cash - General Funds	1,121,692		44. Obligations Under Capital Leases - Noncurrent	17,110	
16. Cash - Construction Funds - Trustee	38,052		45. Accumulated Operating Provisions and Asset Retirement Obligations	-	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	17,110	
18. Temporary Investments	729,828		47. Notes Payable	-	
19. Notes Receivable (Net)	-		48. Accounts Payable	1,731,255	
20. Accounts Receivable - Sales of Energy (Net)	2,470,837		49. Consumers Deposits	86,745	
21. Accounts Receivable - Other (Net)	51,159		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	29,332	
23. Materials and Supplies - Electric & Other	3,202,699		52. Current Maturities Capital Leases	2,153,180	
24. Prepayments	108,382		53. Other Current and Accrued Liabilities	4,000,512	
25. Other Current and Accrued Assets	1,140,461		54. Total Current & Accrued Liabilities	-	
26. Total Current and Accrued Assets	8,863,111		55. Regulatory Liabilities	288,029	
27. Regulatory Assets	-		56. Other Deferred Credits	-	
28. Other Deferred Debits	-		57. Total Liabilities and Other Credits	97,117,739	
29. Total Assets and Other Debits	97,117,739				
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