



ORCAS POWER AND LIGHT COOPERATIVE 2018 YEAR END FINANCIALS

MEMORANDUM

March 21, 2019

To: Board of Directors

From: Foster Hildreth, General Manager

Re: OPALCO 2018 Year End Unaudited Financial Report

Please see attached the full 2018 Year End Unaudited 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), capital projects budget tracking and the Draft 2018 RUS Financial and Operating Report Electric Distribution.

In summary, overall 2018 finances tracked favorably to budget. A cold and windy December brought the trailing kWh sales and revenue back in line with annual budget amounts. Total operating revenue was \$22K or .08% higher than budgeted. This was complemented by purchased power being slightly below budget by \$136k or 1.5% (in part by demand costs being lower than budgeted). While most of the year was trending warmer, with lower sales than budgeted, operating costs were cut along the way to make up for the deficit. All combined resulted in an increased margin of \$209k.

For more detail, please note the following key points:

- Heating Degree Days (HDD) were down ~12% below budgeted levels (Actual of 1,190 vs. budget of 1,356). Although actual kWh sales were 5.7M kWh above budgeted (209M vs. budget of 203M) due in part by high winds in December.
- 2018 power purchases were above budget by 955K (.4%) while the cost of purchases was below budget by \$135k. This is mostly due to lower kWh consumption throughout first three quarters of the year which only caught up in December '18. Actual kWh purchases were 955k kWh above budget (218M vs. budget of 217M).
- 2018 operating expenses, excluding Power Purchases, were approximately \$325k under budgeted amounts. Please note, we were still able to maintain service levels, safety and the reliability in our system.
- TIER ended the year slightly higher at 2.67 vs. the budget of 2.61. OPALCO is well above the RUS covenant requirement of 1.25 measured as the average best two out of the three most recent years. As calculated per RUS loan covenant, OPALCO's current average for TIER is 3.17 (average of highest 2 of the last 3 years).
- RUS borrowings were accelerated during the year due to the warmer weather and lower revenue experienced. Outstanding debt balance at year-end is higher than budgeted due primarily to (1) the RUS Cushion of Credit (CoC) program was ended in December 2018 with the President's signing the Agriculture Improvement Act of 2018. The CoC was budgeted to be a ~\$2.9M offset to debt at YE and (2) \$2M of additional borrowing was approved by the board in November 2018 to offset (a) the increased capital spending that occurred at the end of Q4 2017 (submarine cable and Decatur tap) which used up 2018's allocation of borrowings (as reported since YE 2017), and (b) less revenue associated with lower kWh sales through the first 10 months of 2018 (weather).

ORCAS POWER AND LIGHT COOPERATIVE

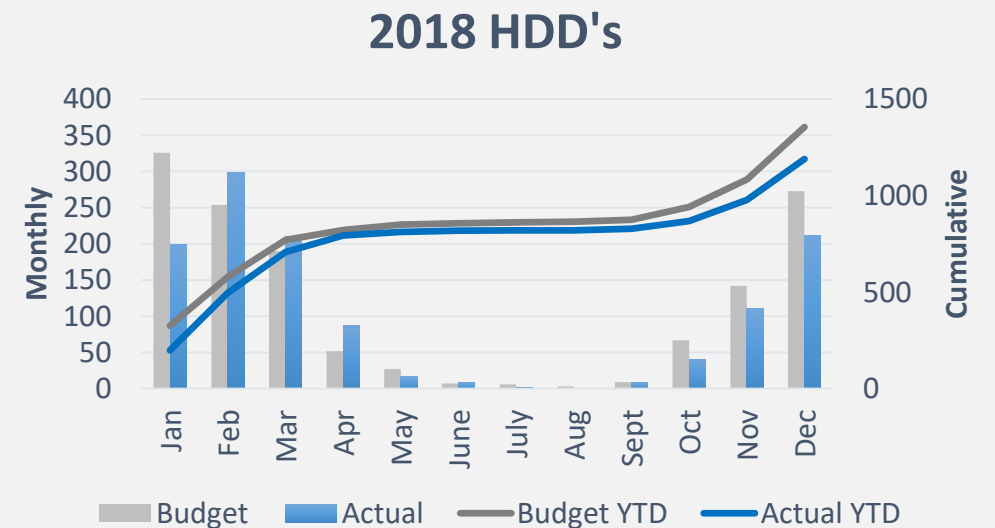
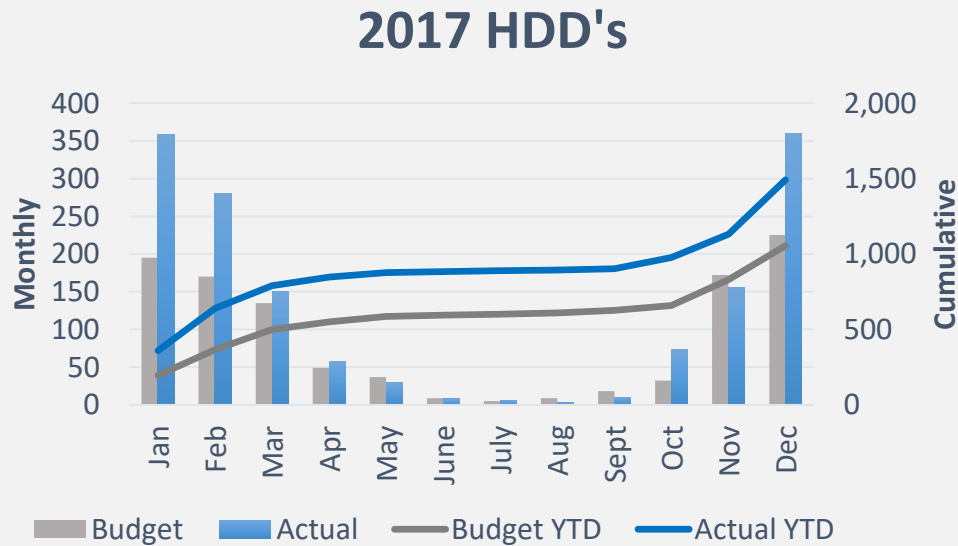
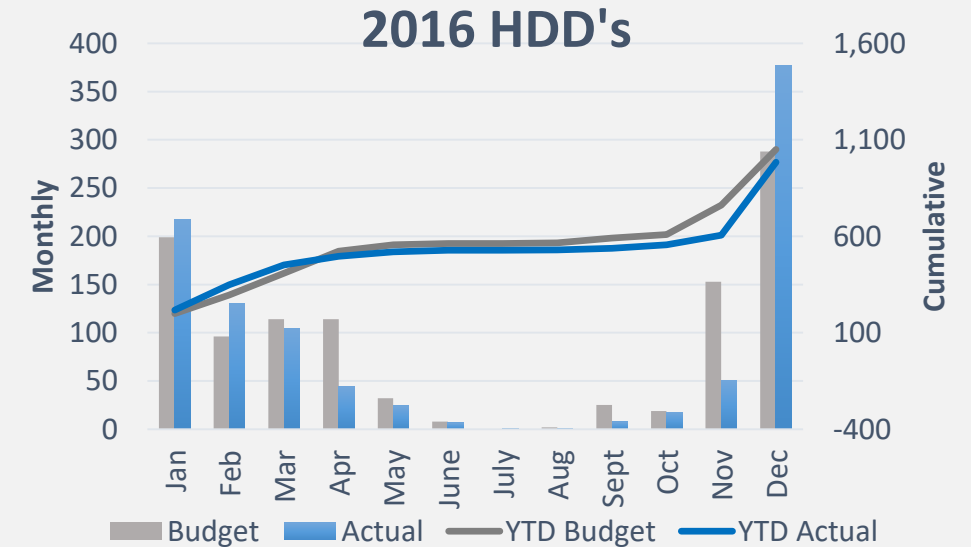
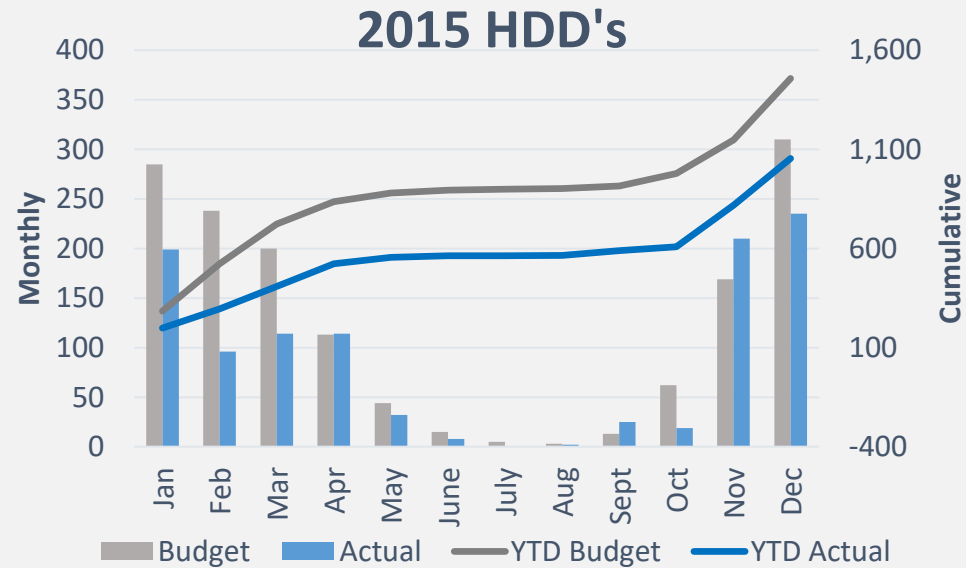
STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Budget Year End 12/31/2018	D. Unaudited Year End 12/31/2018	E. % Change (D - C)
1	kWh Purchases	208,313,000	229,155,000	216,993,000	217,948,000	0.4%
2	Total Revenue	25,661,000	28,310,000	29,664,000	29,683,000	0.1%
3	Cost of power	7,943,000	8,916,000	9,189,000	9,054,000	-1.5%
4	Operations & G&A	8,877,000	9,971,000	10,678,000	10,181,000	-4.7%
5	Depr, Int & Taxes	5,779,000	6,023,000	6,999,000	7,441,000	6.3%
6		<u>22,599,000</u>	<u>24,910,000</u>	<u>26,866,000</u>	<u>26,676,000</u>	-0.7%
7	Net Margins	<u>\$ 3,062,000</u>	<u>\$ 3,400,000</u>	<u>\$ 2,798,000</u>	<u>\$ 3,007,000</u>	7.5%
8	TIER	3.24	3.10	2.61	2.67	
9	Equity % of Total Cap	49.4%	43.7%	43.4%	41.0%	
10	Equity	39,277,000	39,152,000	38,828,000	38,680,000	-0.4%
11	Total Debt	41,407,000	52,162,000	52,285,000	57,211,000	9.4%
12	Capital Spending	(15,568,000)	(18,760,000)	(8,898,000)	(11,181,000)	25.7%
13	Capital Credit Retirement (net)	(1,218,000)	(1,102,034)	(1,051,000)	(1,084,000)	3.1%
14	Annual HDD	983	1,492	1,356	1,190	-12.2%

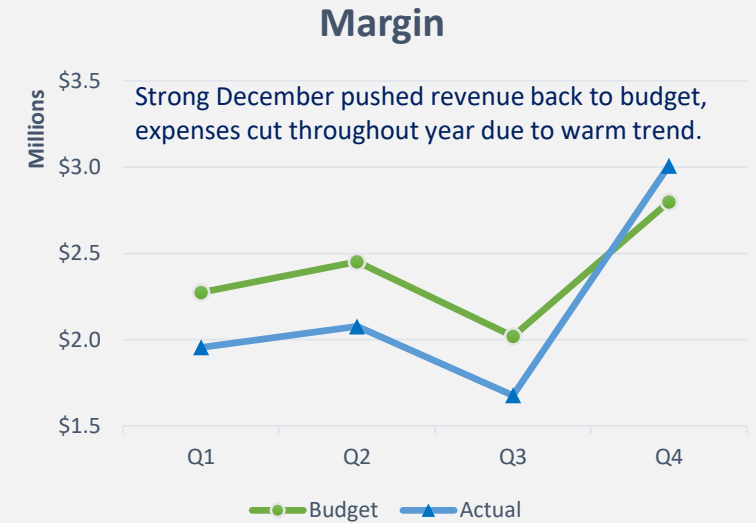
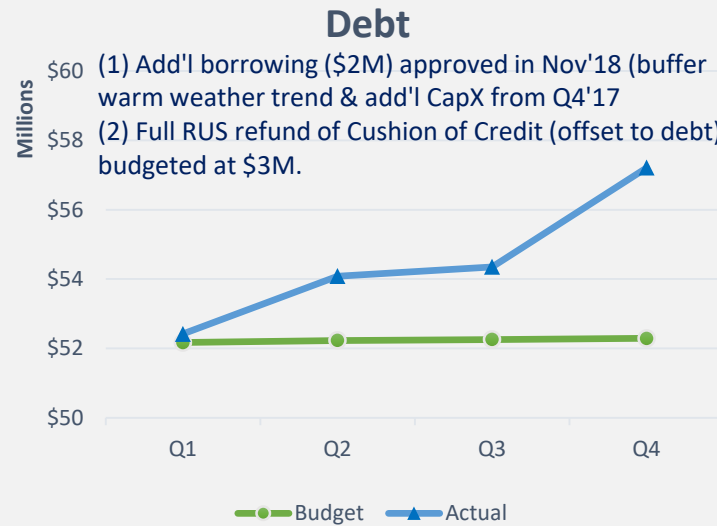
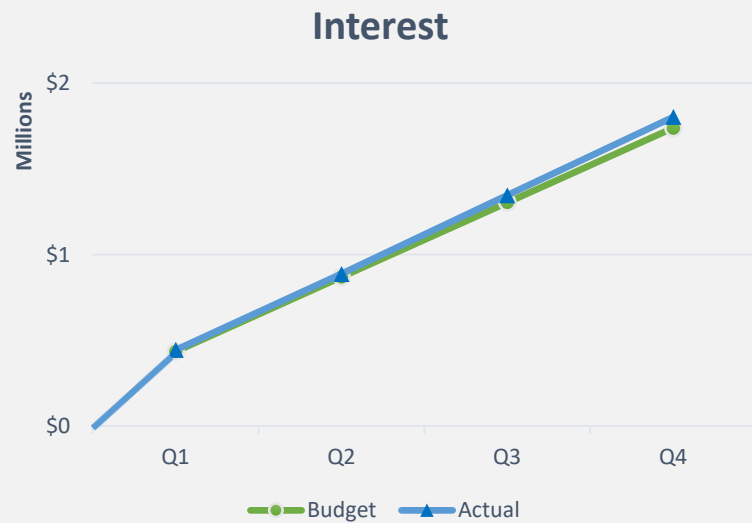
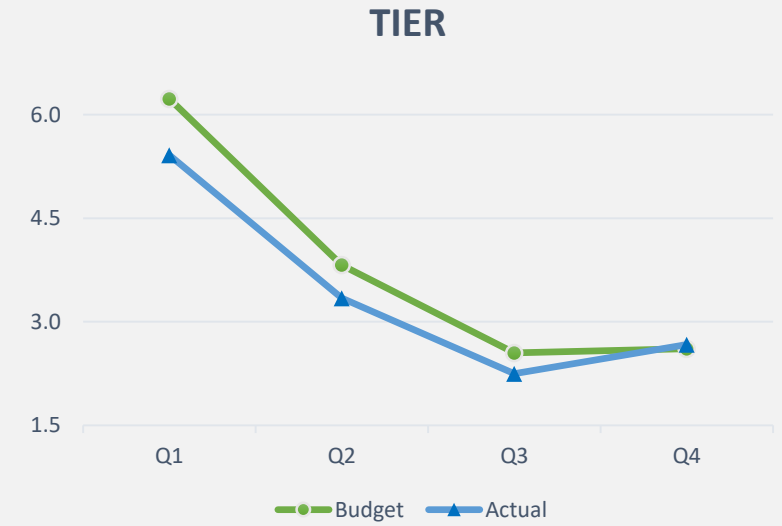
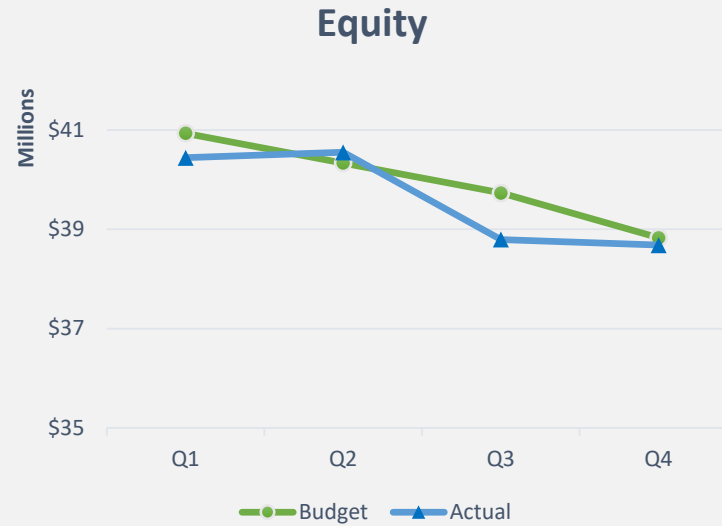
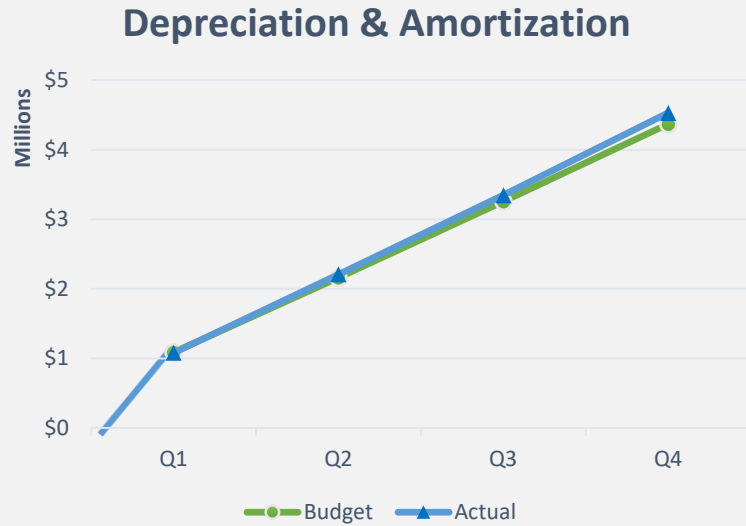
Note: Outstanding debt balance at year-end is higher than budgeted due primarily to (1) the RUS Cushion of Credit (CoC) program was ended in December 2018. The CoC was budgeted to be a \$2.9M offset to debt at YE and (2) \$2M of additional borrowing was approved by the Board in November 2018 to offset (a) the increased capital spending that occurred at the end of Q4 2017 (submarine cable and Decatur tap) which used up 2018's allocation of borrowings (as reported since YE 2017, and (b) less revenue associated with lower kWh sales through the first 10 months of 2018 (weather).

2018 Financial Highlights

2018 Budget to Actual: Heating Degree Days



2018 Budget to Actual: Financial Metrics



2018 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. Unaudited Year End 12/31/2018	E. Budget Variance (D - C)
1 OPERATING REVENUES					
2 Residential	\$ 18,104,756	\$ 20,153,220	\$ 20,942,108	\$ 21,373,137	431,029
3 Commercial	6,463,561	7,063,321	7,548,978	7,655,416	106,438
4 Other	680,713	768,644	749,965	234,822	(515,143)
5 Total operating revenue	25,249,029	27,985,185	29,241,051	29,263,375	22,324
6					
7 OPERATING EXPENSES					
8 Cost of power	7,942,885	8,916,059	9,188,856	9,053,663	(135,193)
9 Transmission	94,462	210,740	159,989	252,433	92,444
10 Distribution - operations	3,215,893	3,617,096	3,813,151	3,365,842	(447,309)
11 Distribution - maintenance	1,692,345	1,767,342	1,712,581	1,945,822	233,241
12 Consumer accounts	947,326	982,216	1,064,826	1,014,503	(50,323)
13					
14 General and administration					
15 Administration	2,787,995	2,957,169	3,384,697	3,191,624	(193,073)
16 Energy services	103,671	401,970	506,939	375,582	(131,357)
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	34,920	(1,135)
18 Total general and administration	2,926,586	3,394,059	3,927,691	3,602,127	(325,564)
19					
20 Depreciation and amortization	3,546,977	3,699,958	4,368,126	4,528,224	160,098
21 Taxes	1,137,058	1,261,409	1,352,517	1,365,016	12,499
22					
23 Total operating expenses	21,503,532	23,848,878	25,587,737	25,127,630	(460,107)
24					
25 Operating margins before fixed charges	3,745,497	4,136,307	3,653,314	4,135,745	482,431
26					
27 FIXED CHARGES					
28 Interest on long-term debt	1,095,316	1,061,579	1,278,462	1,547,868	269,406
29					
30 Operating margins after fixed charges	2,650,181	3,074,728	2,374,852	2,587,877	213,025
31					
32 PATRONAGE CAPITAL CREDITS	81,361	77,586	77,627	143,090	65,463
33					
34 Net operating margins	2,731,543	3,152,314	2,452,479	2,730,967	278,488
35					
36 NON-OPERATING MARGINS					
37 Interest income	36,286	144,407	159,194	97,091	(62,103)
38 Other income (loss)	25,084	(63,005)	19,895	13,812	(6,083)
39 Total Opalco non-operating margins	61,370	81,402	179,089	110,903	(68,186)
40					
41 Non-operating margins from Subsidiary					
42 Interest Income (RIC loan)	181,471	79,288	79,291	79,214	(77)
43 Other income (use of OPALCO backbone)	87,873	86,285	86,944	86,285	(659)
44 Total non-operating margins from Subsidiary	269,344	165,573	166,235	165,499	(736)
45					
46 Net non-operating margins	330,715	246,975	345,324	276,402	(68,922)
47					
48 NET MARGINS	\$ 3,062,257	\$ 3,399,289	\$ 2,797,803	\$ 3,007,369	209,566
49					
50 TIER	3.24	3.10	2.61	2.67	0.06
51 Equity % of Total Cap	49.4%	43.7%	43.4%	41.0%	-2.3%



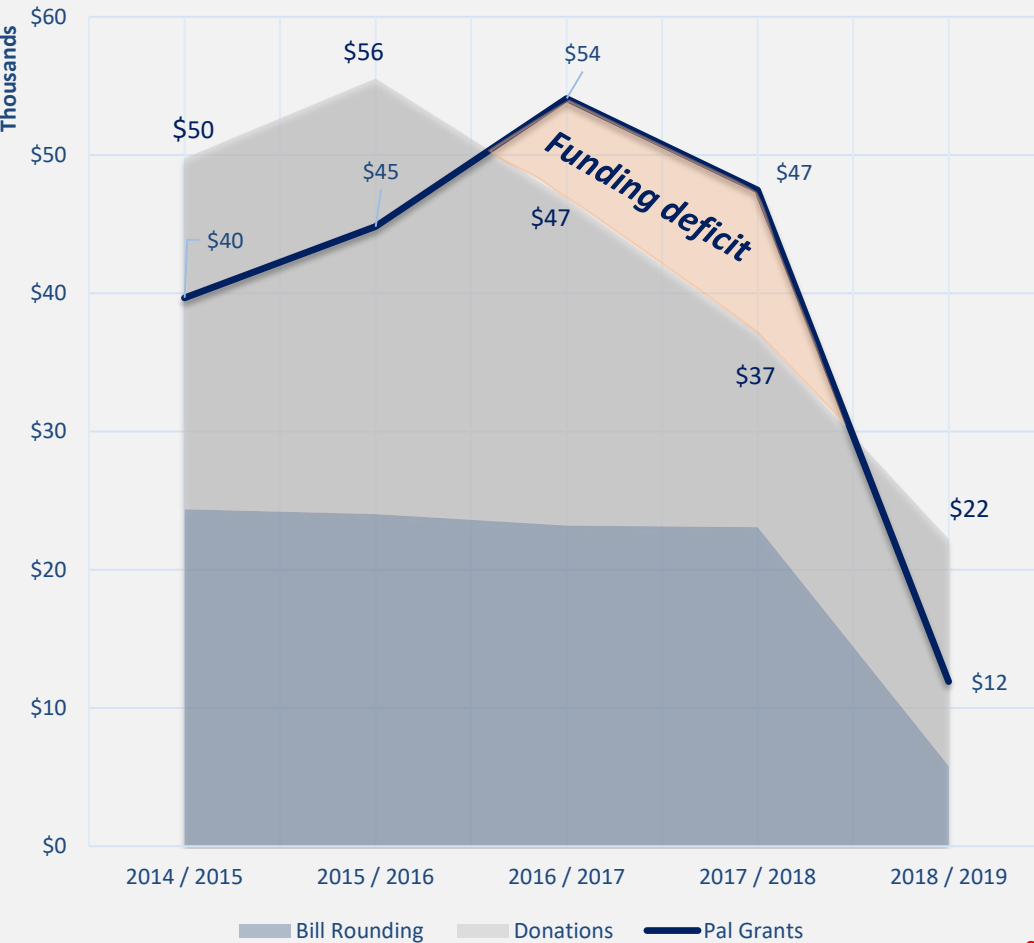
Notes:

- First two months and last two months of the year are usually our coldest, largest revenue months.
- All major expenses less than budget.
- Net Margin: \$3.0M

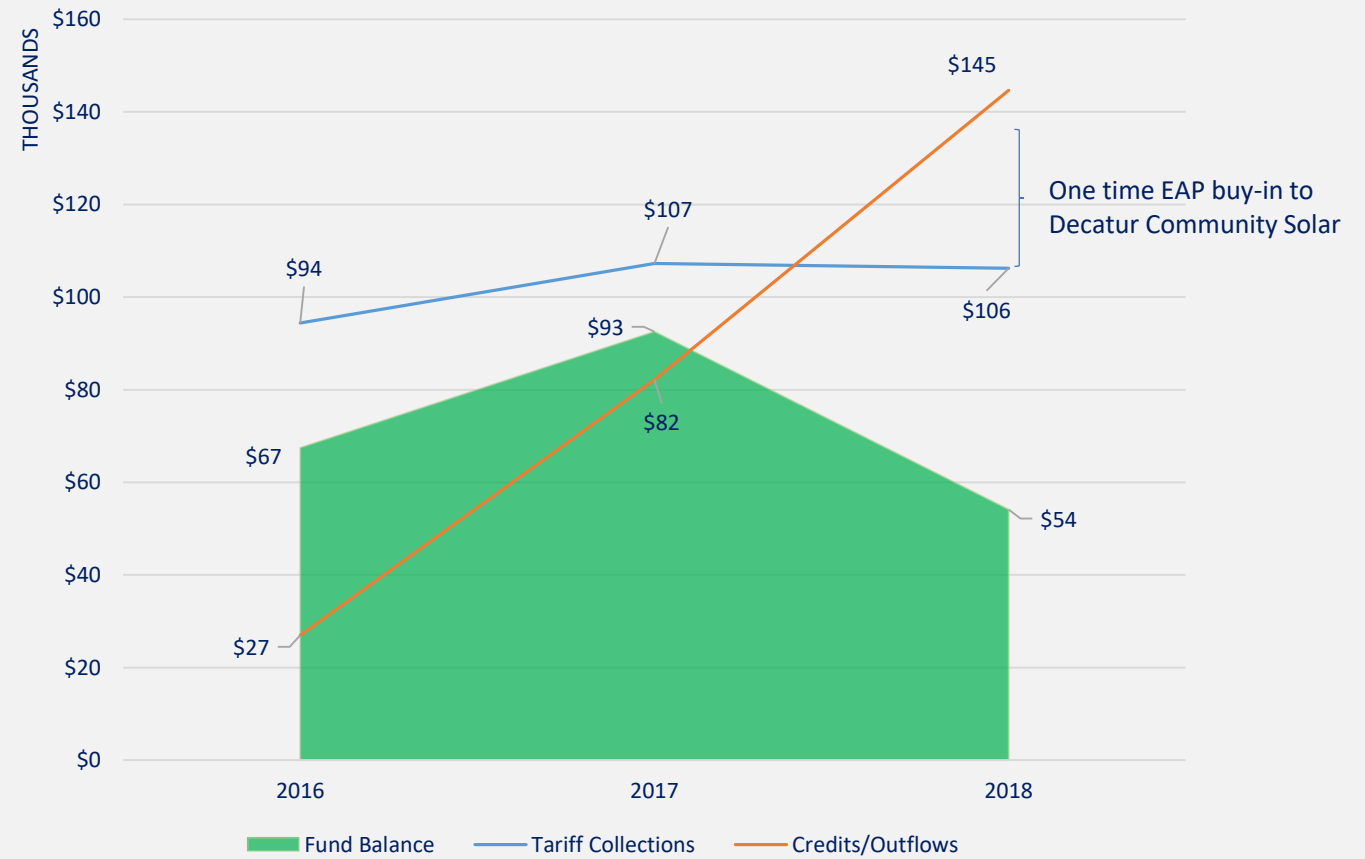
Low Income Programs

Over 700 households received Energy Assistance in 2018

Project PAL Overview



Energy Assist Program Overview



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. Unaudited Year End 12/31/2018	E. Budget Variance (D - C)
1 OPERATING REVENUES					
2 Residential	\$ 18,104,756	\$ 20,153,220	\$ 20,942,108	\$ 21,373,137	431,029
3 Commercial	6,463,561	7,063,321	7,548,978	7,655,416	106,438
4 Other	680,713	768,644	749,965	234,822	(515,143)
5 Total operating revenue	25,249,029	27,985,185	29,241,051	29,263,375	22,324
6					
7 OPERATING EXPENSES					
8 Cost of power	7,942,885	8,916,059	9,188,856	9,053,663	(135,193)
9 Transmission	94,462	210,740	159,989	252,433	92,444
10 Distribution - operations	3,215,893	3,617,096	3,813,151	3,365,842	(447,309)
11 Distribution - maintenance	1,692,345	1,767,342	1,712,581	1,945,822	233,241
12 Consumer accounts	947,326	982,216	1,064,826	1,014,503	(50,323)
13					
14 General and administration					
15 Administration	2,787,995	2,957,169	3,384,697	3,191,624	(193,073)
16 Energy services	103,671	401,970	506,939	375,582	(131,357)
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	34,920	(1,135)
18 Total general and administration	2,926,586	3,394,059	3,927,691	3,602,127	(325,564)
19					
20 Depreciation and amortization	3,546,977	3,699,958	4,368,126	4,528,224	160,098
21 Taxes	1,137,058	1,261,409	1,352,517	1,365,016	12,499
22					
23 Total operating expenses	21,503,532	23,848,878	25,587,737	25,127,630	(460,107)
24					
25 Operating margins before fixed charges	3,745,497	4,136,307	3,653,314	4,135,745	482,431
26					
27 FIXED CHARGES					
28 Interest on long-term debt	1,095,316	1,061,579	1,278,462	1,547,868	269,406
29					
30 Operating margins after fixed charges	2,650,181	3,074,728	2,374,852	2,587,877	213,025
31					
32 PATRONAGE CAPITAL CREDITS	81,361	77,586	77,627	143,090	65,463
33					
34 Net operating margins	2,731,543	3,152,314	2,452,479	2,730,967	278,488
35					
36 NON-OPERATING MARGINS					
37 Interest income	36,286	144,407	159,194	97,091	(62,103)
38 Other income (loss)	25,084	(63,005)	19,895	13,812	(6,083)
39 Total Opalco non-operating margins	61,370	81,402	179,089	110,903	(68,186)
40					
41 Non-operating margins from Subsidiary					
42 Interest Income (RIC loan)	181,471	79,288	79,291	79,214	(77)
43 Other income (use of OPALCO backbone)	87,873	86,285	86,944	86,285	(659)
44 Total non-operating margins from Subsidiary	269,344	165,573	166,235	165,499	(736)
45					
46 Net non-operating margins	330,715	246,975	345,324	276,402	(68,922)
47					
48 NET MARGINS	\$ 3,062,257	\$ 3,399,289	\$ 2,797,803	\$ 3,007,369	209,566
49					
50 TIER	3.24	3.10	2.61	2.67	0.06
51 Equity % of Total Cap	49.4%	43.7%	43.4%	41.0%	-2.3%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

	A.	B.	C.	D.
	Budget Year End 12/31/2018	Actual Year End 12/31/2018	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)
I OPERATING REVENUES	29,241,051	29,263,375	22,324	
				Budget Actual Variance
				HDD 1,356 1,190 166
				kWh Sales 202,985 208,733 5,748
TOTAL OPERATING REVENUES	29,241,051	29,263,375	22,324	Slightly higher than budget
II OPERATING EXPENSES	25,587,737	25,127,630	(460,107)	Overall decrease in operating expenses
Cost of Power - Line 8	9,188,856	9,053,663	(135,193)	Decrease in expense - warmer weather
				Budget Actual Variance
				kWh Purchases 216,993 217,948 955
				(kWh in thousands)
Transmission - Line 9 Detail Breakout:	159,989	252,433	92,444	Increase in expense - transmission lines ROW clearing, reduced distribution ROW clearing to offset
Distribution - Operations - Line 10 Detail Breakout:	3,813,151	3,365,842	(447,309)	Decrease in expense
Station / Overhead Lines / Underground Lines / Meter Expense			(98,152)	Labor shift to Distribution Maintenance line 24
Misc Distribution Expenses			(331,757)	Vacant Engineering positions
Multiple Accounts			(17,400)	Variance among multiple general ledger accounts (5 accounts)
Subtotal Distribution - Operations			(447,309)	
Distribution - Maintenance - Line 11 Detail Breakout:	1,712,581	1,945,822	233,241	Increase in expense
Maint - Station Equipment / Overhead Lines / Underground Lines			242,558	Increase in storm related outages throughout 2018 and an increase in maintenance (labor shift from line 18)
Multiple Accounts			(9,316)	Variance among multiple general ledger accounts (7 accounts)
Subtotal Distribution Maintenance			233,241	
Consumer accounts - Line 12 Detail Breakout:	1,064,826	1,014,503	(50,323)	Decrease in expense
Total General and Administrative (G&A):	3,927,691	3,602,127	(325,564)	Decrease in expense
Administration G&A - Line 15 Detail Breakout:	3,384,697	3,191,624	(193,073)	Decrease in expense
Informational/Instruct Adv Ex			(54,375)	Less spending on Community Solar; Switch it Up project delayed to 2019
Maintenance of General Plant			(26,384)	Delayed building maintenance to 2019
Misc General Expenses			(67,410)	Less expenses throughout 2018 including \$27k savings on Annual Meeting
Multiple Accounts			(44,904)	Variance among multiple general ledger accounts (16 accounts)
Subtotal Administration G&A			(193,073)	

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.
		Budget	Actual	Budget	
		Year End	Year End	Variance	
		12/31/2018	12/31/2018	(B - A)	Comments: Budget To Actual (Column C.)
39	Energy Services G&A - Line 16	506,939	375,582	(131,357)	Decrease in expense
40	Education and Outreach			(25,835)	Less overall planned spending
41	BPA Rebates			(45,523)	Opportunity Council contract delayed to 2019 + fewer rebates than anticipated
42	BPA EEI Funding			(29,754)	On target for 2018
43	Multiple Accounts			(30,245)	Variance among multiple general ledger accounts (10 accounts)
44	Subtotal Energy Services G&A			(131,357)	
45					
46	Subsidiary Charges G&A - Line 17	36,055	34,920	(1,135)	Decrease in expense
47					
48	Total General and Administrative (G&A)	3,927,691	3,602,127	(325,564)	Overall decrease in expense
49					
50	Deprec. & Amort. - Line 20	4,368,126	4,528,224	160,098	Increase in expense
51					
52	Taxes - Line 21	1,352,517	1,365,016	12,499	Increase in expense
53					
54	TOTAL OPERATING EXPENSES	25,587,737	25,127,630	(460,107)	Overall decrease in expense
55					
56					
57	III FIXED CHARGES - Interest Expense - Line 28	1,278,462	1,547,868	269,406	Increase in expense - less interest capitalized due to early completion / capitalization of "George" in Dec '17
58					
59	IV PATRONAGE CAPITAL CREDITS (Income) - Line 32	77,627	143,090	65,463	Increase in income - received from associated cooperatives
60					
61	TOTAL NET OPERATING MARGINS	2,452,479	2,730,967	278,488	Increase in margin
62					
63	V NON-OPERATING MARGINS	345,324	276,402	(68,922)	Decrease in margin
64					
65	Interest and Dividend Income - Line 37 combined with Line 42	238,485	176,305	(62,180)	Decrease in income - interest from RUS advance payments (cushion of credit)
66					
67	Other Income - Line 38 combined with Line 43	106,839	100,097	(6,742)	Decrease in income
68					
69	TOTAL OPALCO NON-OPERATING MARGINS	345,324	276,402	(68,922)	Decrease in margin
70					
71					
72	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	2,797,803	3,007,369	209,566	Increase in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Unaudited Year End 12/31/2018	D. Change (C - B)
1 ASSET S				
2				
3 UTILITY PLANT, at cost				
4 Electric plant in service	\$ 105,702,896	\$ 124,265,509	\$ 136,469,139	\$ 12,203,631
5 Construction work in progress	12,489,462	10,630,332	6,790,804	(3,839,528)
6				
7	118,192,358	134,895,841	143,259,943	8,364,102
8 Less accumulated depreciation and amortization	44,622,436	45,632,268	49,148,193	3,515,925
9				
10 Net utility plant	73,569,921	89,263,572	94,111,749	4,848,177
11				
12 Investments in associated organizations				
13 Other (CFC, Federated, PNGC, etc.)	1,125,332	1,654,603	1,737,910	83,306
14 Non-utility investment subsidiary (Note 1)	(2,389,473)	(4,944,798)	(7,398,108)	(2,453,310)
15 Total investments in associated organizations	(1,264,141)	(3,290,195)	(5,660,198)	(2,370,004)
16				
17 Other property and investments	(1,264,141)	(3,290,195)	(5,660,198)	(2,370,004)
18				
19 CURRENT ASSET S				
20 Cash and cash equivalents	3,906,844	3,269,223	2,041,535	(1,227,688)
21 Cash and cash equivalents - board designated	-	750,000	530,765	(219,235)
22 Accounts receivable, less doubtful accts allowance	3,610,821	3,136,480	4,501,319	1,364,839
23 Interest receivable	9,386	13,218	6,316	(6,902)
24 Materials and supplies	3,711,223	3,221,936	3,045,487	(176,449)
25 Prepaid expenses	349,741	343,443	384,379	40,936
26				
27 Total current assets	11,588,015	10,734,300	10,509,801	(224,499)
28				
29 Total assets	\$ 83,893,795	\$ 96,707,676	\$ 98,961,352	\$ 2,253,676

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Unaudited Year End 12/31/2018	D. Change (C - B)
30				
31 EQUITIES, MARGINS, AND LIABILITIES				
32				
33 EQUITIES AND MARGINS				
34 Memberships	\$ 56,905	\$ 55,960	\$ 56,580	\$ 620
35 Patronage capital - OPALCO	38,334,633	40,181,088	41,668,217	1,487,129
36 Donated and other equities				
37 OPALCO donated & other margins	5,403,526	5,984,621	6,479,465	494,844
38 Subsidiary margins	(4,517,947)	(7,069,953)	(9,524,609)	(2,454,656)
39				
40 Total equities and margins	39,277,116	39,151,716	38,679,653	(472,063)
41				
42 LONG-TERM DEBT, less current maturities				
43 RUS mortgage notes	31,370,096	41,809,367	47,256,888	5,447,521
44 RUS economic development	48,651	3,333	-	(3,333)
45 CFC mortgage notes	8,812,642	8,561,284	8,300,502	(260,781)
46				
47 Total long-term debt	40,231,389	50,373,984	55,557,390	5,183,407
48				
49 OTHER NONCURRENT LIABILITIES	53,775	24,443	-	(24,443)
50				
51 Total long-term liabilities	40,285,163	50,398,427	55,557,390	5,158,964
52				
53 CURRENT LIABILITIES				
54 Accounts payable	1,692,979	2,997,993	1,979,818	(1,018,175)
55 Customer deposits	89,928	87,219	83,857	(3,362)
56 Accrued liabilities	1,144,751	2,032,945	691,055	(1,341,890)
57 Current maturities of long-term debt	1,092,588	1,734,041	1,628,954	(105,087)
58 Current maturities capital leases	29,332	29,332	24,443	(4,889)
59				
60 Total current liabilities	4,049,578	6,881,530	4,408,127	(2,473,403)
61				
62 DEFERRED CREDIT S	281,938	276,002	316,182	40,180
63				
64 Total equities and liabilities	\$ 83,893,795	\$ 96,707,676	\$ 98,961,352	\$ 2,253,676
65				

66 Note:

67 1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,126,501) LESS IN LLC's cumulative net deficit of (\$9,524,609) seen in 'equities & margins'.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
 GAAP

	A.	B.	C.
	Audited	Audited	Unaudited
	Year End	Year End	Year End
	12/31/2016	12/31/2017	12/31/2018
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 3,062,257	\$ 3,399,289	\$ 3,007,369
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	3,546,977	3,699,958	4,528,224
6 Changes in assets and liabilities			
7 Accounts receivable	(52,608)	474,341	(1,364,839)
8 Interest receivable	(3,245)	(3,832)	6,902
9 Prepaid expenses	(37,939)	6,298	(40,936)
10 Accounts payable	(72,458)	1,305,014	(1,018,175)
11 Customer deposits	7,551	(2,709)	(3,362)
12 Accrued liabilities	432,633	(40,379)	(1,341,890)
13 Deferred credits	64,421	(5,936)	40,180
14			
15 Net cash from operating activities	6,947,587	8,832,044	3,813,473
16			
17 CASH FLOWS FROM INVESTING ACTIVITIES			
18 Additions to utility plant, net	(15,199,049)	(19,248,896)	(11,357,751)
19 Reduction to non-utility plant (Island Network transition)	-	-	-
20 Change in materials and supplies	(369,284)	489,287	176,449
21 (Increase) decrease in investment in Subsidiary	7,639,352	2,555,325	2,453,310
22 (Increase) decrease in other OPALCO property and investments, net	(31,367)	(529,271)	(83,306)
23			
24 Net cash from investing activities	(7,960,347)	(16,733,555)	(8,811,298)
25			
26 CASH FLOWS FROM FINANCING ACTIVITIES			
27 Payments on long-term debt, net (Note 1 / Note 2)	(2,497,268)	(1,695,281)	548,984
28 Proceeds from debt	8,742,000	12,450,000	4,500,000
29 Memberships	510	(945)	620
30 Retirements of patronage capital, net	(1,218,259)	(971,738)	(1,025,396)
31 Change in subsidiary equities	(2,737,834)	(2,552,005)	(2,454,656)
32 Contributions in aid of construction	933,069	783,860	1,981,350
33			
34 Net cash from financing activities	3,222,218	8,013,890	3,550,902
35			
36 NET CHANGE IN CASH	2,209,458	112,379	(1,446,923)
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	2,572,300
41			
42 SUPPLEMENTAL DISCLOSURES			
43 Cash paid for interest	\$ 1,085,134	\$ 1,545,309	\$ 3,083,072
44			
44 OUTSTANDING DEBT BALANCE	(41,377,751)	(52,132,468)	(57,210,787)
45			
45 Notes:			
46 1 Includes Economic Development loan from RUS and is offset by RUS Cushion of Credit balance of \$1.7M (2016), \$2.3M (2017), \$0 (2018)			
2 There have been modifications to the RUS Cushion of Credit via the President signing the Agriculture Improvement Act of 2018, as such Cooperatives were no longer allowed to make deposits to the RUS Cushion of Credit after 12/20/18 and RUS refunded the balance of the CoC which is included in A/R at year end.			

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 12/31/2018	C. Unaudited 12/31/2018	D. Variance (c - b)	Comments
1 % Rate Increase		5%			
2 OPERATING ACTIVITIES:					
3 Margins	\$ 3,400	\$ 2,800	\$ 3,000	\$ 200	
4 Plus depreciation/amortization	<u> 3,700</u>	<u> 4,400</u>	<u> 4,500</u>	<u> 100</u>	
5 Cash flow operations	7,100	7,200	7,500	300	Slightly higher margin & depreciation
6					
7 PLANT INVESTMENT (NET)					
8 Plant investment (including material inventory)	<u> (18,400)</u>	<u> (8,800)</u>	<u> (10,300)</u>	<u> (1,500)</u>	Capital spending higher
9 Cash flow from operations and plant investment	(11,300)	(1,600)	(2,800)	(1,200)	
10					
11 CASH FLOWS FROM PATRONAGE CAPITAL	<u> (1,100)</u>	<u> (1,050)</u>	<u> (1,080)</u>	<u> (30)</u>	
12 Cash flow before borrowings	(12,400)	(2,650)	(3,880)	(1,230)	
13					
14 NET BORROWINGS (Note 1)	10,800	120	5,000	4,880	See note 1
15 RIC repayment of start-up loan	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	
16 Cash increase (decrease) after net borrowings	<u>\$ (1,600)</u>	<u>\$ (2,530)</u>	<u>\$ 1,120</u>	<u>\$ 3,650</u>	
17					
18					
19 OUTSTANDING DEBT BALANCE	<u> 52,200</u>	<u> 52,300</u>	<u> 57,200</u>	<u> 4,900</u>	
20					
21 EQUITY BALANCE	<u> 39,200</u>	<u> 38,800</u>	<u> 38,700</u>	<u> (100)</u>	
22					
23 NET UTILITY PLANT	<u> 89,300</u>	<u> 90,900</u>	<u> 94,100</u>	<u> 3,200</u>	
24					
25 Note 1: \$2M additional borrowings approved in Q4, CoC fully refunded by RUS in December 2018					

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	G.
			Audited	Budget	Actual	Budget	
			Year End	Year End	Year End	Variance	
			12/31/2017	12/31/2018	12/31/2018	(C - B)	
RUS CWP DESCRIPTION							Comments
1	DISTRIBUTION						
2	100	New Services	\$ 348,971	\$ 361,000	\$ 397,842	\$ 36,842	
3	200	New Tie Lines	596	-	3,147	3,147	
4	300	Conversions and Line Changes	1,381,722	410,000	754,232	344,232	Buck Mountain, Crescent Beach Environmental
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	677,046	2,450,000	1,502,357	(947,643)	Delay in Decatur Battery project due to WA DOC scope shift
7	600	Miscellaneous Distribution Equipment					
8	601	Transformers & Meters	569,966	545,000	801,046	256,046	Increase in meter failures; increase in transformer replacements
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	
10	603	Sectionalizing Equipment	266,215	440,000	1,063	(438,937)	Hold on projects until sectionalizing study complete
11	604	Regulators	26,429	150,000	114,440	(35,560)	
12	605	Capacitors	-	-	-	-	
13	606	Ordinary Replacements	78,098	123,000	146,639	23,639	More poles replacements needed during inspections
14	608	Underground Dist. Cable Replacement	2,506,256	1,712,000	1,679,837	(32,163)	
15	700	Other Distribution Items					
16	701	Engineering Fees	-	-	-	-	
17	704	LMS & SCADA	77,985	162,000	139,991	(22,009)	
18	705	AMR	-	270,000	232,872	(37,128)	
19	706	Communications					
20	706.0	Island Network	-	-	-	-	
21	706.1	Fiber/Microwave Infrastructure	2,425,185	538,000	534,627	(3,373)	
22	TRANSMISSION						
23	800	New Tie Line	-	-	-	-	
24	900	New Substations, switching station, metering point, etc.	1,373,235	-	526,038	526,038	Decatur Tap
25	1000	Line and Station Changes	8,463,865	1,730,000	2,672,572	942,572	Orcas Road Relocation, Tucker Road, Transmission Pole Replacements
26	1100	Other Transmission	-	-	-	-	
27	GENERATION						
28	1200	Generation	-	-	-	-	
29	OTHER						
30	1300	Headquarters Facilities	100,451	675,000	77,349	(597,651)	Delay of Eastsound Office remodel due to permitting
31	1400	Acquisitions	-	-	219,235	219,235	Board approved purchase of Decatur parcels
32	1500	All Other (Transportation, Etc.)					
33	1501	Transportation/Equipment/Tools/Radios	477,967	613,000	612,005	(995)	
34	1502	Office Equipment/Furniture/Etc.	24,769	41,000	9,746	(31,254)	
35	1503	Computer/Servers/Software	286,305	274,000	264,369	(9,631)	
36	1504	Electrical Infrastructure to Support Community Solar	-	900,000	984,612	84,612	offset by line 45
37	1600	Minor Projects	295,589	170,000	605,704	435,704	County and Town of FH Joint Projects (Web St, Orcas Park and Ride, Enchanted Forest)
38	RUS CWP SUBTOTAL		19,380,653	11,564,000	12,279,724	715,724	
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)						
40		New Services	(231,464)	(307,000)	(448,823)	(141,823)	
41		Meters and Transformers	(243,750)	(304,000)	(273,110)	30,890	
42		Joint Projects	(308,646)	(287,000)	(94,806)	192,194	Orcas Road County reimbursement in 2019
43		Island Network Department	-	-	-	-	
44		WA DOC Grant Funding	-	(1,000,000)	(180,000)	820,000	Delay in project due to WA DOC scope shift
45		Community Solar Member Contributions	-	(900,000)	(984,612)	(84,612)	offset by line 36
46	CIAC SUBTOTAL		(783,860)	(2,798,000)	(1,981,350)	816,650	
47							
48	RUS CWP NET TOTAL		18,596,794	8,766,000	10,298,373	1,532,373	
49							
50	Notes:						
51	1	\$257,571.88 in Allowance for Funds Used During Construction (AFUDC). This cost is embedded in the associated projects listed above for capitalization purposes.					
52	2	\$80,634.30 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. Year to Date Total	B. January	C. February	D. March	E. April	F. May	G. June	H. July	I. August	J. September	K. October	L. November	M. December	N. Total
1	HEATING DEGREE DAYS (HDD)														
2	Budget HDD	1,356	326	254	190	52	27	7	6	3	9	67	142	273	1,356
3	Actual HDD	1,190	199	298	210	87	17	8	1	0	8	40	110	212	1,190
4	Variance	(166)	(127)	44	20	35	(10)	1	(5)	(3)	(1)	(27)	(32)	(61)	(166)
5															
6	ENERGY USAGE (kWh)														
7	Residential														
8	Budget	149,266,023	19,908,359	15,299,767	17,108,041	11,946,769	11,200,438	9,707,778	8,961,448	8,961,448	9,334,613	11,946,769	13,322,476	11,568,117	149,266,023
9	Actual	149,471,919	20,208,179	14,625,448	17,872,650	12,276,608	8,263,017	6,965,679	8,277,325	7,344,047	8,159,340	10,595,393	13,167,900	21,716,333	149,471,919
10	Variance (Budget to Actual)	205,896	299,820	(674,319)	764,609	329,839	(2,937,421)	(2,742,099)	(684,123)	(1,617,401)	(1,175,273)	(1,351,376)	(154,576)	10,148,216	205,896
11															
12	Commercial														
13	Budget	53,718,507	7,164,707	5,506,147	6,156,916	4,299,455	4,030,863	3,493,678	3,225,085	3,225,085	3,359,381	4,299,455	4,794,551	4,163,184	53,718,507
14	Actual	59,260,676	6,425,701	5,377,022	6,004,535	5,072,539	4,017,661	3,853,828	4,452,506	4,419,329	4,063,350	4,381,011	4,907,904	6,285,290	59,260,676
15	Variance (Budget to Actual)	5,542,169	(739,006)	(129,125)	(152,381)	773,084	(13,202)	360,150	1,227,421	1,194,244	703,969	81,556	113,353	2,122,106	5,542,169
16															
17	Combined Energy Usage (kWh)														
18	Budget	202,984,530	27,073,066	20,805,914	23,264,957	16,246,224	15,231,301	13,201,456	12,186,533	12,186,533	12,693,994	16,246,224	18,117,027	15,731,301	202,984,530
19	Actual	208,732,595	26,633,880	20,002,470	23,877,185	17,349,147	12,280,678	10,819,507	12,729,831	11,763,376	12,222,690	14,976,404	18,075,804	28,001,623	208,732,595
20	Variance (Budget to Actual)	5,748,065	(439,186)	(803,444)	612,228	1,102,923	(2,950,623)	(2,381,949)	543,298	(423,157)	(471,304)	(1,269,820)	(41,223)	12,270,322	5,748,065
21															
22	SALES REVENUE (kWh based)														
23	Residential														
24	Budget	21,262,871	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	1,659,366	21,262,871
25	Actual	21,264,463	2,619,278	1,966,021	2,367,427	1,789,282	1,842,278	774,312	1,381,934	1,272,103	1,308,954	1,648,081	1,846,914	2,447,878	21,264,463
26	Variance (Budget to Actual)	1,592	(51,898)	(217,186)	131,384	36,425	202,728	(652,706)	58,727	(51,427)	(65,950)	(108,049)	(68,968)	788,512	1,592
27															
28	Commercial														
29	Budget	7,726,840	974,526	794,483	813,543	636,678	593,562	516,355	479,094	479,435	497,612	638,642	696,825	606,085	7,726,840
30	Actual	7,737,233	809,830	675,752	755,229	664,468	573,170	525,745	573,523	587,128	542,309	598,307	642,599	789,174	7,737,233
31	Variance (Budget to Actual)	10,393	(164,696)	(118,731)	(58,314)	27,791	(20,393)	9,389	94,430	107,692	44,697	(40,335)	(54,226)	183,089	10,393
32															
33	Combined kWh Sales Revenue														
34	Budget	28,989,711	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	2,265,451	28,989,711
35	Actual	29,001,696	3,429,108	2,641,773	3,122,656	2,453,750	2,415,448	1,300,056	1,955,458	1,859,230	1,851,263	2,246,388	2,489,513	3,237,052	29,001,696
36	Variance (Budget to Actual)	11,985	(216,594)	(335,917)	73,070	64,216	182,335	(643,317)	153,156	56,265	(21,252)	(148,384)	(123,194)	971,601	11,985
37	NOTE: Excluded Other Revenue and Revenues that are not usage based.														
38															
39	POWER COST														
40	Budget	9,188,856	1,147,078	941,103	963,989	758,013	714,076	620,696	574,924	574,924	597,810	757,786	826,445	712,014	9,188,856
41	Actual	9,053,789	931,282	1,106,601	878,065	790,463	533,932	622,666	618,731	612,811	637,420	706,485	609,692	1,005,641	9,053,789
42	Variance (Budget to Actual)	(135,067)	(215,796)	165,498	(85,924)	32,450	(180,144)	1,970	43,807	37,888	39,610	(51,301)	(216,753)	293,627	(135,067)

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, 2018
	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	27,985,185	29,263,375	29,241,051	3,257,204
2. Power Production Expense		0		
3. Cost of Purchased Power	8,916,059	9,053,663	9,188,856	1,005,641
4. Transmission Expense	210,740	252,433	159,989	20,810
5. Regional Market Expense		0		
6. Distribution Expense - Operation	3,617,096	3,365,842	3,813,151	352,313
7. Distribution Expense - Maintenance	1,767,342	1,945,822	1,712,581	174,698
8. Customer Accounts Expense	982,216	1,014,503	1,064,826	76,886
9. Customer Service and Informational Expense	507,786	503,334	691,700	39,795
10. Sales Expense	34,374	45,088	42,454	4,359
11. Administrative and General Expense	2,846,899	3,048,704	3,193,537	236,892
12. Total Operation & Maintenance Expense (2 thru 11)	18,882,512	19,229,389	19,867,094	1,911,394
13. Depreciation and Amortization Expense	3,699,958	4,528,224	4,368,126	396,239
14. Tax Expense - Property & Gross Receipts	275,371	315,672	289,140	26,306
15. Tax Expense - Other	986,038	1,049,343	1,063,377	107,094
16. Interest on Long-Term Debt	1,617,166	1,802,714	1,738,228	156,956
17. Interest Charged to Construction - Credit	(555,587)	(254,846)	(459,766)	(20,815)
18. Interest Expense - Other	0	0		
19. Other Deductions	5,000	5,000	0	
20. Total Cost of Electric Service (12 thru 19)	24,910,458	26,675,496	26,866,199	2,577,174
21. Patronage Capital & Operating Margins (1 minus 20)	3,074,727	2,587,879	2,374,852	680,030
22. Non Operating Margins - Interest	223,696	176,305	238,485	13,310
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	23,279	100,097	106,839	5,922
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	77,586	143,090	77,627	67,912
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	3,399,288	3,007,371	2,797,803	767,174

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

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, 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	218	227	5. Miles Transmission	42.65	42.65
2. Services Retired	374	93	6. Miles Distribution – Overhead	153.86	152.10
3. Total Services in Place	15,008	15,142	7. Miles Distribution - Underground	1,049.37	1,053.36
4. Idle Services (Exclude Seasonals)	858	811	8. Total Miles Energized (5 + 6 + 7)	1,245.88	1,248.11
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	136,469,140		30. Memberships	56,580	
2. Construction Work in Progress	6,780,795		31. Patronage Capital	38,660,848	
3. Total Utility Plant (1 + 2)	143,249,935		32. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort.	49,138,184		33. Operating Margins - Current Year	2,907,272	
5. Net Utility Plant (3 - 4)	94,111,751		34. Non-Operating Margins	100,097	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	(3,045,144)	
7. Investments in Subsidiary Companies	(7,398,109)		36. Total Margins & Equities (30 thru 35)	38,679,653	
8. Invest. in Assoc. Org. - Patronage Capital	1,164,863		37. Long-Term Debt - RUS (Net)	0	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	47,256,888	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	3,333		40. Long-Term Debt Other (Net)	8,300,502	
12. Other Investments	1,140		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	709,291		42. Payments – Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	(4,950,908)		43. Total Long-Term Debt (37 thru 41 - 42)	55,557,390	
15. Cash - General Funds	1,628,563		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	37,977		45. Accumulated Operating Provisions and Asset Retirement Obligations	0	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	0	
18. Temporary Investments	226,358		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	1,979,817	
20. Accounts Receivable - Sales of Energy (Net)	2,581,981		49. Consumers Deposits	83,857	
21. Accounts Receivable - Other (Net)	590,304		50. Current Maturities Long-Term Debt	1,625,624	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	3,333	
23. Materials and Supplies - Electric & Other	3,045,487		52. Current Maturities Capital Leases	24,443	
24. Prepayments	384,379		53. Other Current and Accrued Liabilities	691,053	
25. Other Current and Accrued Assets	1,305,460		54. Total Current & Accrued Liabilities (47 thru 53)	4,408,127	
26. Total Current and Accrued Assets (15 thru 25)	9,800,509		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	316,182	
28. Other Deferred Debits	0		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	98,961,352	
29. Total Assets and Other Debits (5+14+26 thru 28)	98,961,352				

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, 2018
PART D. NOTES TO FINANCIAL STATEMENTS	

DRAFT

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, 2018
PART D. CERTIFICATION LOAN DEFAULT NOTES	

DRAFT

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE				BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December, 2018			
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	70,637,753	5,910,732	714,874		75,833,611		
2. General Plant	18,109,790	4,088,411	448,890		21,749,311		
3. Headquarters Plant	2,916,541	465,154	0	(41,554)	3,340,141		
4. Intangibles	1,539,562				1,539,562		
5. Transmission Plant	31,028,698	3,025,864	48,608		34,005,954		
6. Regional Transmission and Market Operation Plant							
7. All Other Utility Plant	33,163		32,604		559		
8. Total Utility Plant in Service (1 thru 7)	124,265,507	13,490,161	1,244,976	(41,554)	136,469,138		
9. Construction Work in Progress	10,613,567	(3,832,772)			6,780,795		
10. Total Utility Plant (8 + 9)	134,879,074	9,657,389	1,244,976	(41,554)	143,249,933		
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	3,221,936	1,112,435	30,205	1,339,555	68,871	89,337	3,045,487
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	735.600	290.100	38.200	535.100	1,599.000		
2. Five-Year Average	243.100	292.800	54.900	331.000	921.800		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	49	4. Payroll - Expensed				3,640,439	
2. Employee - Hours Worked - Regular Time	102,411	5. Payroll - Capitalized				812,258	
3. Employee - Hours Worked - Overtime	5,036	6. Payroll - Other				665,376	
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION			THIS YEAR (a)	CUMULATIVE (b)		
1. Capital Credits - Distributions	a. General Retirements			1,300,000	11,843,543		
	b. Special Retirements			220,240	7,409,277		
	c. Total Retirements (a + b)			1,520,240	19,252,820		
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			143,090			
	c. Total Cash Received (a + b)			143,090			
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. Amount Due Over 60 Days	\$	16,366	2. Amount Written Off During Year	\$	9,776		
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				\$

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, 2018

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	Pacific Northwest Genertg Coop	14323			217,948,067	8,968,570	4.12		
2	*Adjustments	600000	REP Allocation	Hydro		(138,798)	0.00		
3	*Adjustments	600000	PNGC Mgt. Fees	Hydro		223,483	0.00		
4	*Miscellaneous	700000	Net Metering	Hydro	73,109	408	.56		
	Total				218,021,176	9,053,663	4.15		

DRAFT

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, 2018
PART K. kWh PURCHASED AND TOTAL COST		
No	Comments	
1		
2		
3		
4		

DRAFT

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, 2018	
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

DRAFT

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009	
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2018	
INSTRUCTIONS - See help in the online application.			
PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 4/21/2018	2. Total Number of Members 11,316	3. Number of Members Present at Meeting 178	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail 1,741	6. Total Number of Board Members 7	7. Total Amount of Fees and Expenses for Board Members \$ 168,789	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

DRAFT

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, 2018		
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	8,300,502	355,841	251,358	607,199
3	CoBank, ACB				
4	Federal Financing Bank	47,256,888	1,446,872	1,458,963	2,905,835
5	RUS - Economic Development Loans			20,000	20,000
6	Payments Unapplied				
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			29,332	29,332
	TOTAL	55,557,390	1,802,713	1,759,653	3,562,366

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION WA0009		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2018		
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	13,240	13,188	
	b. kWh Sold			149,471,919
	c. Revenue			21,262,384
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	1,896	1,888	
	b. kWh Sold			59,197,588
	c. Revenue			7,756,495
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			63,087
	c. Revenue			9,674
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)		15,142	15,082	
11. Total kWh Sold (lines 1b thru 9b)				208,732,594
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				29,028,553
13. Transmission Revenue				
14. Other Electric Revenue				234,822
15. kWh - Own Use				1,145,225
16. Total kWh Purchased				218,021,176
17. Total kWh Generated				
18. Cost of Purchases and Generation				9,306,096
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>				58,654

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION WA0009			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			PERIOD ENDED December, 2018			
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)	1,136	255,581	933	5,652	2,726,359	11,641
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	27	176,804	1,012	516	1,451,849	10,860
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	1,163	432,385	1,945	6,168	4,178,208	22,501

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS</p>	<p>BORROWER DESIGNATION WA0009</p> <p>PERIOD ENDED December, 2018</p>
--	---

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.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
2	Investments in Associated Organizations				
	Misc. Memberships	9,300	1,000		
	Misc. Patronage Capital	107,537	339,664	13,280	
	Federated Rural Electric Stock Certificate	215,102		40,055	
	CFC Capital Term Certificate		558,274	34,262	
	PNGC Capital Term Certificate		502,560	55,493	
	Investment in Subsidiary	(7,398,108)			
	Totals	(7,066,169)	1,401,498	143,090	
3	Investments in Economic Development Projects				
	Investment in Economic Development project	3,333			X
	Totals	3,333			
4	Other Investments				
	Computershare	1,140			
	Totals	1,140			
5	Special Funds				
	CFC Select Notes		46,140		
	Washington Federal Savings		221,397		
	HomeStreet Bank		107,455		
	CoBank		155,773		
	Islanders Bank (Project PAL and MORE)		178,526		
	Totals		709,291		
6	Cash - General				
	Key Bank		(409,092)		
	Islanders Bank	1,680,605	250,000		
	Wells Fargo		76,563		
	Petty Cash	600			
	Cash Clearing	29,888			
	Totals	1,711,093	(82,529)		
7	Special Deposits				
	Totals				
8	Temporary Investments				
	CFC Select Notes		226,358		
	Totals		226,358		
9	Accounts and Notes Receivable - NET				
	Custom Orders	590,880			
	AR Employees	(576)			
	Totals	590,304			
11	TOTAL INVESTMENTS (1 thru 10)	(4,760,299)	2,254,618	143,090	

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS</p>	<p>BORROWER DESIGNATION WA0009</p> <p>PERIOD ENDED December, 2018</p>
--	---

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.

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	9/30/2019	2,850,000	2,850,000	
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	
4	Island Network LLC	12/20/2037	4,050,000	4,050,000	
5	Island Network LLC	12/20/2037	1,450,000	1,450,000	
	TOTAL		21,850,000	21,850,000	
	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, 2018			
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]					-3.32 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				

DRAFT