

# ORCAS POWER AND LIGHT COOPERATIVE Q1 FINANCIALS





MEMORANDUM

May 10, 2019

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2019 First Quarter Financial Report

Please see attached the full 2019 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 colder weather experienced in Q1 of 2019 was the primary driver of the overall revenue variance of 7% (\$682k) higher than budgeted. This was partially offset by the related increase in purchased power of 4% (\$111k). All combined resulted in an increased margin of \$507k.

Income Statement Summary (in thousands)	Q1 2019		
	Budget	Actual	Variance
Gross Revenue	\$ 9,691	\$ 10,528	\$ 837
ECA Surcharge / (Credit)	-	(155)	(155)
Net Revenue	9,691	10,373	682
Expenses:			
Cost of Power	2,994	3,105	111
Transmission & Distribution Expense	1,645	1,592	(53)
General & Administrative Expense	1,238	1,287	49
Depreciation, Tax, Interest & Other	2,029	2,097	68
Total Expenses	7,907	8,082	175
Margin	\$ 1,784	\$ 2,291	\$ 507
TIER	4.67	5.73	1.06

For more detail, please note the following key points:

- Through Q1, YTD Heating Degree Days (HDD) were up ~61% above normal budgeted levels (Actual of 797 vs. budget of 496)

- Actual kWh sales were 12.1M kWh above budget (73.9M vs. budget of 61.8M). 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.
- Q1 YTD power purchases were up \$111k due to higher kWh consumption. Actual kWh purchases were 9.3M kWh above budget (75.4M vs. budget of 66.1M).
- Excluding purchased power, Q1 YTD operating expenses were approximately \$67k over budgeted amounts.
- The YTD Energy Cost Adjustment (ECA) through March billing period was a credit to members (and reduction to operating revenue) of \$155,166, or \$5.87 for a member using 1000 kWh/month.
- Borrowings were accelerated in 2019 due primarily to concerns surrounding the government shutdown December 22, 2018 until January 25, 2019 RUS had been on furlough during this period and upon re-opening for what was known as temporary, OPALCO borrowed \$2.9M to ensure funding if the shutdown continued or occurred later in the year.
- Rock Island Communications Q1 Financials included in separate packet.

# ORCAS POWER AND LIGHT COOPERATIVE

## STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

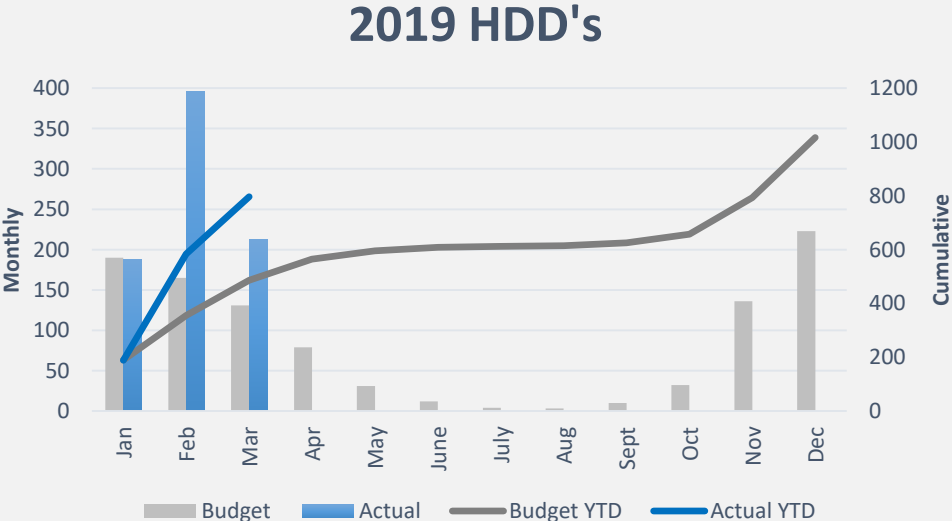
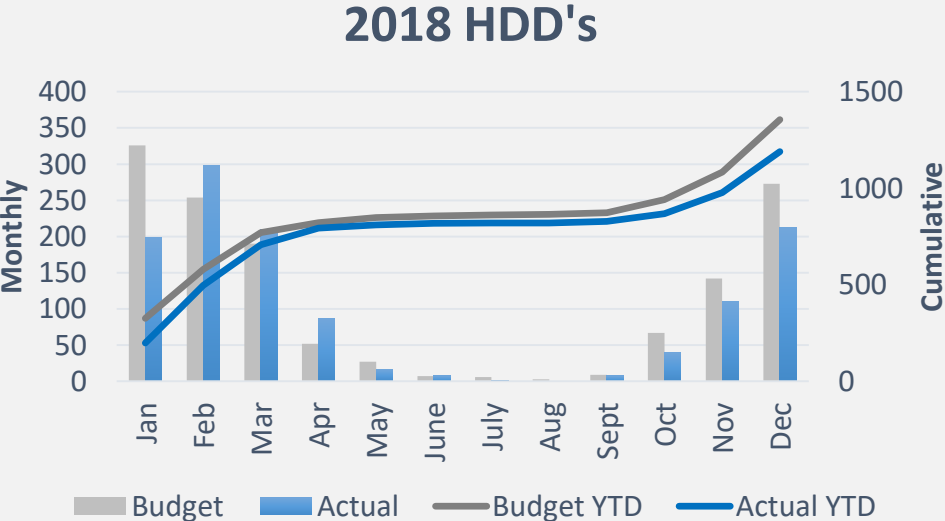
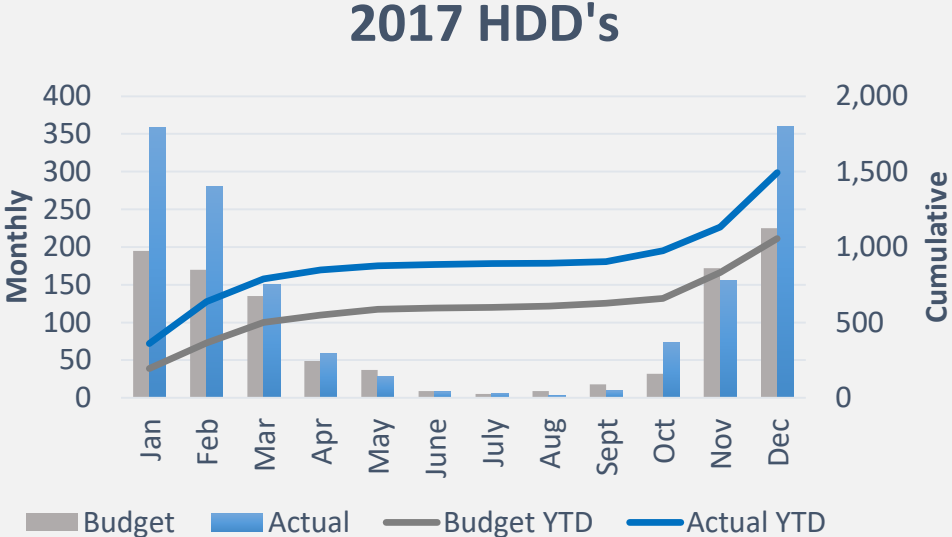
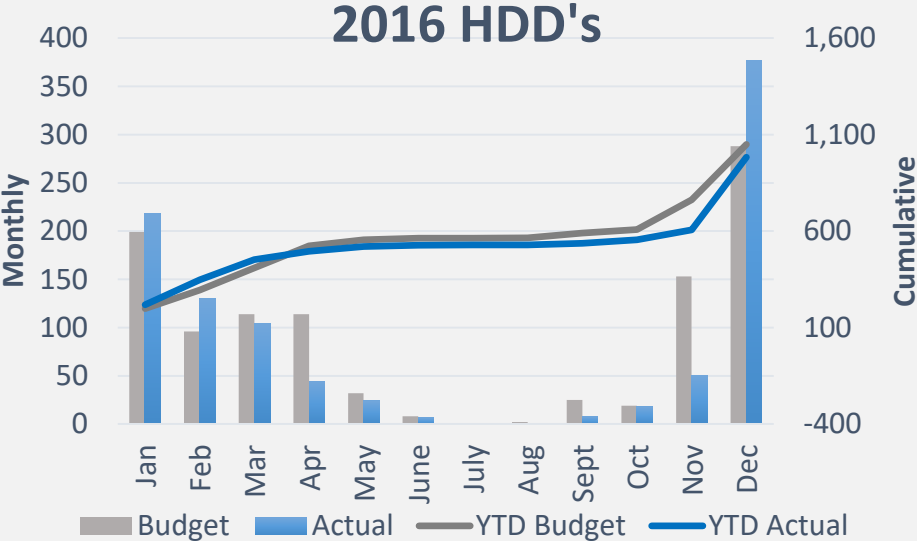
		A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Budget Period End 3/31/2019	D. Actual Period End 3/31/2019	E. \$ Change (D - C)	F. % Change (D - C)
1	kWh Purchases	229,155,000	217,948,000	66,126,000	<b>75,406,000</b>	9,280,000	14.0%
2	Gross Revenue	28,310,000	29,683,000	9,691,000	<b>10,528,000</b>	837,000	8.6%
3	Energy Charge Adjustment	-	-	-	<b>(155,000)</b>	(155,000)	
4	Operating Revenue	28,310,000	29,683,000	9,691,000	<b>10,373,000</b>	682,000	7.0%
5	Cost of power	8,916,000	9,054,000	2,994,000	<b>3,105,000</b>	111,000	3.7%
6	Operations & G&A	9,971,000	10,181,000	2,883,000	<b>2,879,000</b>	(4,000)	-0.1%
7	Depr, Int & Taxes	6,023,000	7,441,000	2,029,000	<b>2,097,000</b>	68,000	3.4%
8		<u>24,910,000</u>	<u>26,676,000</u>	<u>7,906,000</u>	<u><b>8,081,000</b></u>	175,000	2.2%
9	Net Margins	<u>\$ 3,400,000</u>	<u>\$ 3,007,000</u>	<u>\$ 1,785,000</u>	<u><b>\$ 2,292,000</b></u>	507,000	28.4%
10	TIER	3.10	2.67	4.67	<b>5.73</b>	1.06	
11	Equity % of Total Cap	43.7%	41.0%	41.6%	<b>40.9%</b>	-1%	
12	Equity	39,152,000	38,633,000	40,123,000	<b>40,361,000</b>	238,000	0.6%
13	Total Debt (Note 1)	52,162,000	57,211,000	57,886,000	<b>60,319,000</b>	2,433,000	4.2%
14	Capital Spending	(18,760,000)	(11,181,000)	(1,585,000)	<b>(1,444,000)</b>	141,000	-8.9%
15	Capital Credit Retirement (net)	(1,102,034)	(1,084,000)	(30,000)	<b>(73,000)</b>	(43,000)	143.3%
16	Annual HDD	1,492	1,190	496	<b>797</b>	301	60.7%

Note 1: Borrowings were accelerated in 2019 due primarily to concerns surrounding the government shutdown December 22, 2018 until January 25, 2019  
RUS had been on furlough during this period and upon re-opening for what was known as temporary, OPALCO borrowed \$2.9M to ensure funding if the shutdown continued or occurred later in the year.

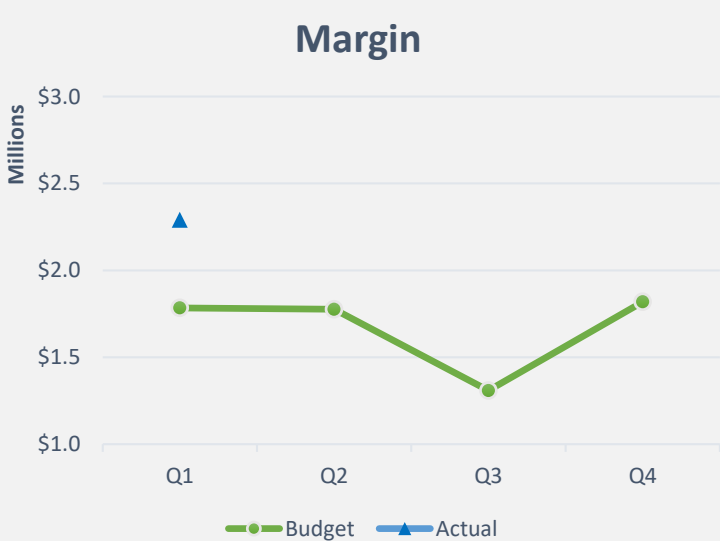
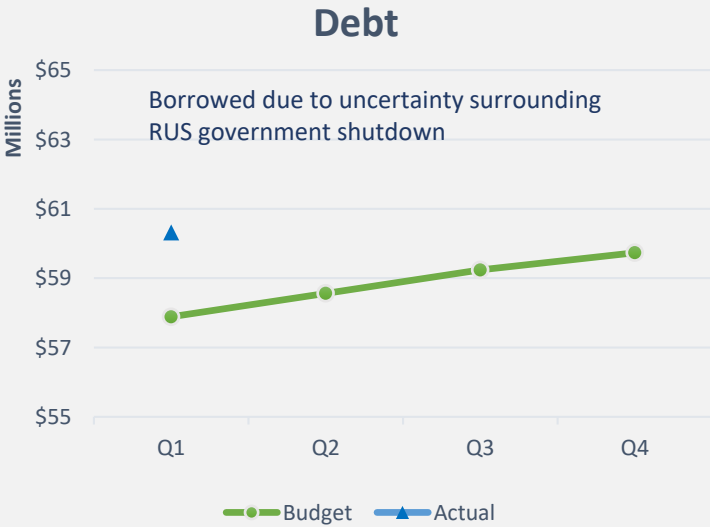
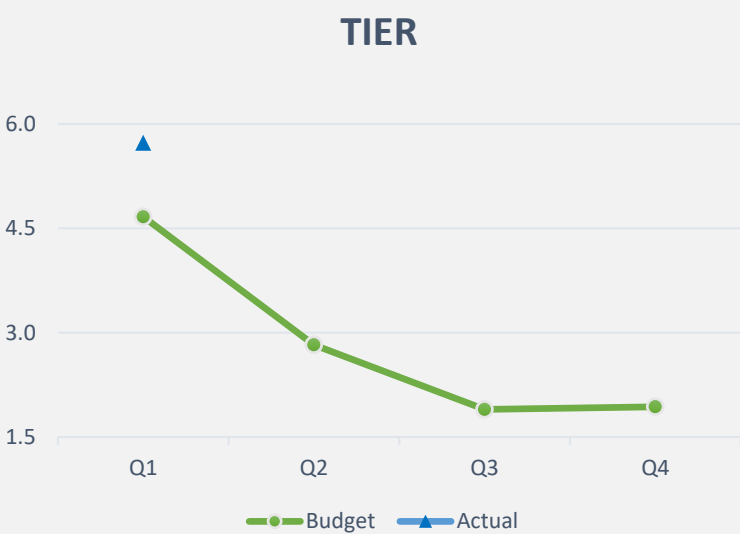
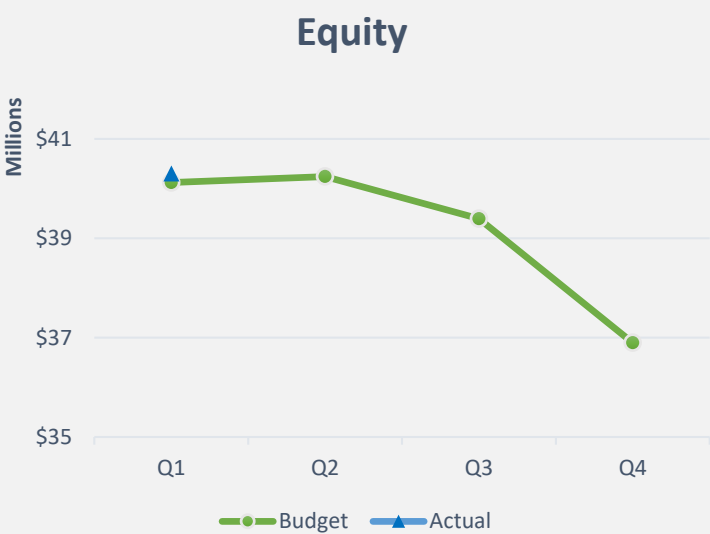
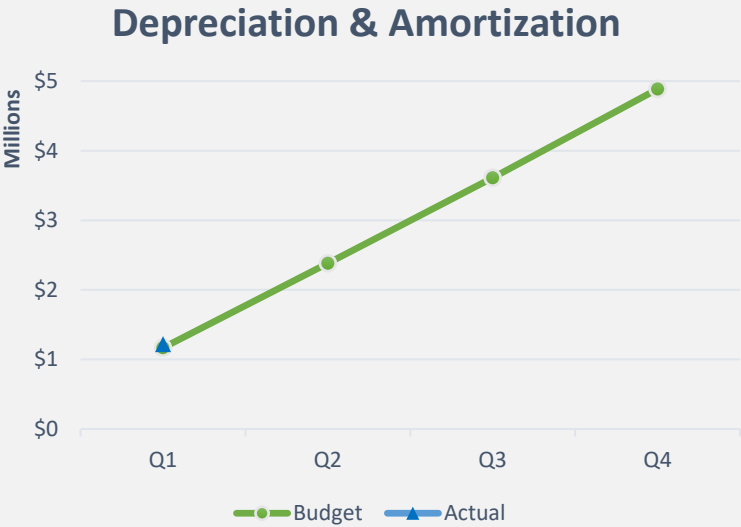


# 2019 Q1 Financial Highlights

# 2019 Budget to Actual: Heating Degree Days

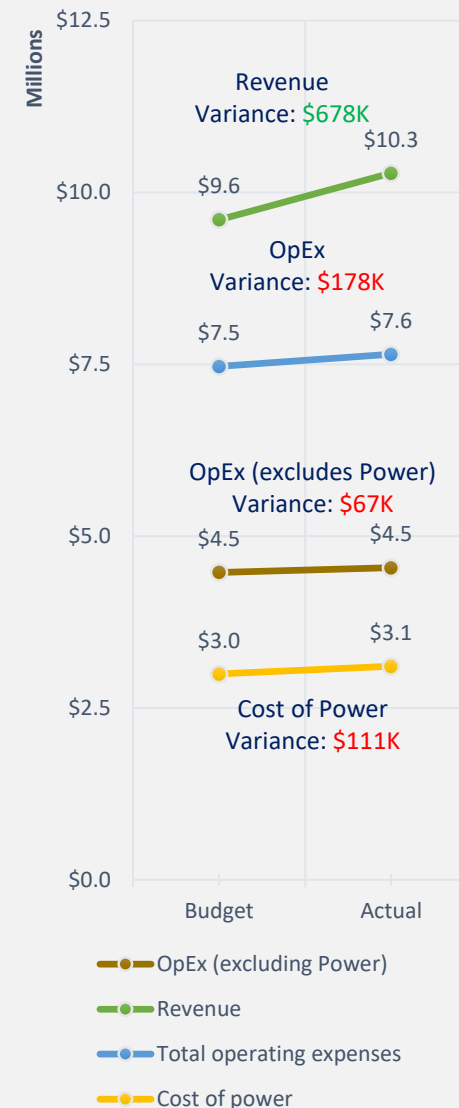


# 2019 Q1 Budget to Actual: Financial Metrics



# 2019 Q1 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Budget Year End 12/31/2019	D. Budget Period End 3/31/2019	E. Actual Period End 3/31/2019	F. Budget Variance (D - C)
1 OPERATING REVENUES						
2 Residential	\$ 20,153,220	\$ 21,373,137	\$ 21,779,381	\$ 6,990,318	\$ 7,788,924	798,607
3 Commercial	7,063,321	7,655,416	7,950,218	2,551,228	2,421,616	(129,612)
4 Other	768,644	234,822	230,536	60,048	69,016	8,968
5 Total operating revenue	27,985,185	29,263,375	29,960,135	9,601,593	10,279,556	677,963
6						
7 OPERATING EXPENSES						
8 Cost of power	8,916,059	9,053,663	9,357,588	2,994,368	3,105,483	111,115
9 Transmission	210,740	252,433	262,099	39,314	47,348	8,034
10 Distribution - operations	3,617,096	3,365,842	3,665,670	1,049,916	993,904	(56,012)
11 Distribution - maintenance	1,767,342	1,945,822	2,197,512	555,855	550,525	(5,329)
12 Consumer accounts	982,216	1,014,503	1,116,869	297,221	287,296	(9,924)
13						
14 General and administration						
15 Administration	2,957,169	3,191,624	3,355,745	877,900	888,903	11,002
16 Energy services	401,970	375,582	400,348	53,943	97,616	43,673
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	9,014	13,500	4,486
18 Total general and administration	3,394,059	3,602,127	3,792,148	940,857	1,000,018	59,161
19						
20 Depreciation and amortization	3,699,958	4,528,224	4,887,249	1,167,242	1,219,335	52,094
21 Taxes	1,261,409	1,365,016	1,424,613	421,672	440,961	19,289
22						
23 Total operating expenses	23,848,878	25,127,630	26,703,748	7,466,444	7,644,872	178,427
24						
25 Operating margins before fixed charges	4,136,307	4,135,745	3,256,387	2,135,149	2,634,684	499,536
26						
27 FIXED CHARGES						
28 Interest on long-term debt	1,061,579	1,547,868	1,760,491	440,068	436,911	(3,157)
29						
30 Operating margins after fixed charges	3,074,728	2,587,877	1,495,896	1,695,081	2,197,773	502,692
31						
32 PATRONAGE CAPITAL CREDITS	77,586	143,090	90,907	31,817	26,994	(4,823)
33						
34 Net operating margins	3,152,314	2,730,967	1,586,803	1,726,899	2,224,767	497,869
35						
36 NON-OPERATING MARGINS						
37 Interest income	144,407	97,091	49,994	12,499	20,588	8,090
38 Other income (loss)	(63,005)	13,812	13,426	2,568	3,467	900
39 Total Opalco non-operating margins	81,402	110,903	63,420	15,066	24,055	8,989
40						
41 Non-operating margins from Subsidiary						
42 Interest Income (RIC loan)	79,288	79,214	79,214	19,804	19,782	(22)
43 Other income (use of OPALCO backbone)	86,285	86,285	89,785	22,446	22,494	48
44 Total non-operating margins from Subsidiary	165,573	165,499	168,999	42,250	42,276	26
45						
46 Net non-operating margins	246,975	276,402	232,419	57,316	66,331	9,015
47						
48 NET MARGINS	\$ 3,399,289	\$ 3,007,369	\$ 1,819,222	\$ 1,784,215	\$ 2,291,099	506,884
49						
50 TIER	3.10	2.67	1.93	4.67	5.73	1.06
51 Equity % of Total Cap	43.7%	41.0%	38.8%	41.6%	40.8%	-0.8%

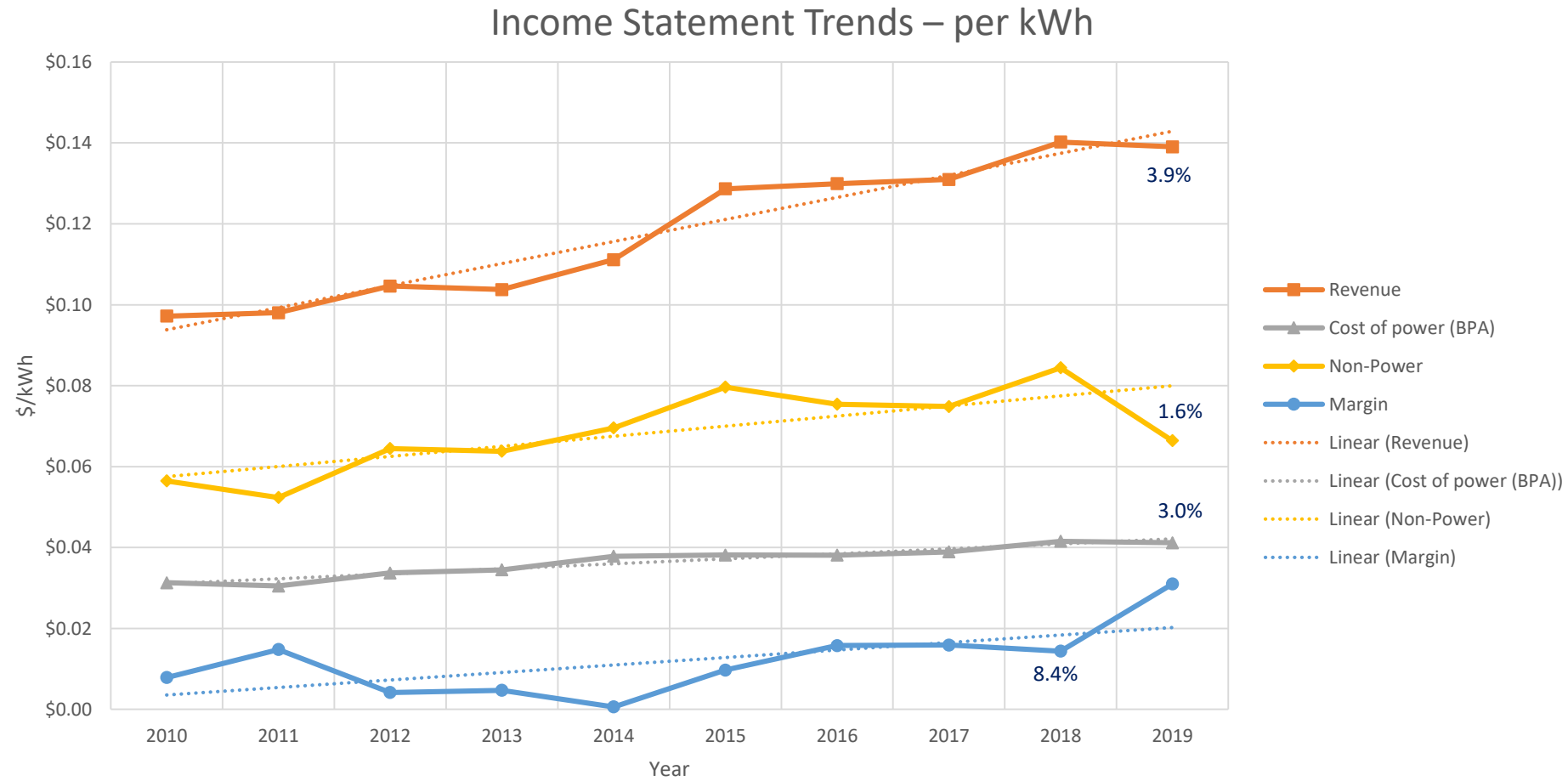


## Notes:

- First two months and last two months of the year are usually our coldest, largest revenue months. February/March were strong revenue months.
- Net Margin: \$2.3M



# Income Statement Trends



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Budget Year End 12/31/2019	D. Budget Period End 3/31/2019	E. Actual Period End 3/31/2019	F. Budget Variance (E - D)	G. Audited Period End 3/31/2018
1 OPERATING REVENUES							
2     Residential	\$ 20,153,220	\$ 21,373,137	\$ 21,779,381	\$ 6,990,318	\$ 7,788,924	798,607	\$ 7,048,866
3     Commercial	7,063,321	7,655,416	7,950,218	2,551,228	2,421,616	(129,612)	2,151,670
4     Other	768,644	234,822	230,536	60,048	69,016	8,968	60,568
5         Total operating revenue	27,985,185	29,263,375	29,960,135	9,601,593	10,279,556	677,963	9,261,104
6							
7 OPERATING EXPENSES							
8     Cost of power	8,916,059	9,053,663	9,357,588	2,994,368	3,105,483	111,115	2,915,948
9     Transmission	210,740	252,433	262,099	39,314	47,348	8,034	23,800
10    Distribution - operations	3,617,096	3,365,842	3,665,670	1,049,916	993,904	(56,012)	949,783
11    Distribution - maintenance	1,767,342	1,945,822	2,197,512	555,855	550,525	(5,329)	482,282
12    Consumer accounts	982,216	1,014,503	1,116,869	297,221	287,296	(9,924)	278,954
13							
14    General and administration							
15         Administration	2,957,169	3,191,624	3,355,745	877,900	888,903	11,002	823,645
16         Energy services	401,970	375,582	400,348	53,943	97,616	43,673	73,561
17         Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	9,014	13,500	4,486	8,730
18         Total general and administration	3,394,059	3,602,127	3,792,148	940,857	1,000,018	59,161	905,936
19							
20    Depreciation and amortization	3,699,958	4,528,224	4,887,249	1,167,242	1,219,335	52,094	1,081,656
21    Taxes	1,261,409	1,365,016	1,424,613	421,672	440,961	19,289	406,017
22							
23         Total operating expenses	23,848,878	25,127,630	26,703,748	7,466,444	7,644,872	178,427	7,044,377
24							
25         Operating margins before fixed charges	4,136,307	4,135,745	3,256,387	2,135,149	2,634,684	499,536	2,216,727
26							
27 FIXED CHARGES							
28     Interest on long-term debt	1,061,579	1,547,868	1,760,491	440,068	436,911	(3,157)	379,263
29							
30         Operating margins after fixed charges	3,074,728	2,587,877	1,495,896	1,695,081	2,197,773	502,692	1,837,464
31							
32 PATRONAGE CAPITAL CREDITS	77,586	143,090	90,907	31,817	26,994	(4,823)	40,055
33							
34         Net operating margins	3,152,314	2,730,967	1,586,803	1,726,899	2,224,767	497,869	1,877,519
35							
36 NON-OPERATING MARGINS							
37     Interest income	144,407	97,091	49,994	12,499	20,588	8,090	35,008
38     Other income (loss)	(63,005)	13,812	13,426	2,568	3,467	900	1,785
39         Total Opalco non-operating margins	81,402	110,903	63,420	15,066	24,055	8,989	36,793
40							
41    Non-operating margins from Subsidiary							
42         Interest Income (RIC loan)	79,288	79,214	79,214	19,804	19,782	(22)	19,801
43         Other income (use of OPALCO backbone)	86,285	86,285	89,785	22,446	22,494	48	21,571
44         Total non-operating margins from Subsidiary	165,573	165,499	168,999	42,250	42,276	26	41,372
45							
46         Net non-operating margins	246,975	276,402	232,419	57,316	66,331	9,015	78,165
47							
48 NET MARGINS	\$ 3,399,289	\$ 3,007,369	\$ 1,819,222	\$ 1,784,215	\$ 2,291,099	506,884	\$ 1,955,684
49							
50     TIER	3.10	2.67	1.93	4.67	5.73	1.06	5.41
51     Equity % of Total Cap	43.7%	41.0%	38.8%	41.6%	40.9%	-0.7%	43.6%

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			
	3/31/2019	3/31/2019	(B - A)	Comments: Budget To Actual (Column C.)		
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						



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	
			3/31/2019	3/31/2019	(B - A)	Comments: Budget To Actual (Column C.)
49	III	FIXED CHARGES - Interest Expense - Line 28	440,068	436,911	(3,157)	Decrease in expense
50						
51	IV	PATRONAGE CAPITAL CREDITS (Income) - Line 32	31,817	26,994	(4,823)	Decrease in income - received from associated cooperatives
52						
53		TOTAL NET OPERATING MARGINS	1,726,899	2,224,767	497,869	Increase in margin
54						
55	V	NON-OPERATING MARGINS	57,316	66,331	9,015	Increase in margin
63						
64		TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,784,215	2,291,099	506,884	Increase in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Actual Period End 3/31/2019	D. Change (C - B)	E. Audited Period End 3/31/2018
1 ASSET S					
2					
3 UTILITY PLANT, at cost					
4     Electric plant in service	\$ 124,265,509	\$ 136,469,139	\$ 138,072,581	\$ 1,603,442	\$ 126,300,297
5     Construction work in progress	10,630,332	6,790,804	5,993,807	(796,997)	11,443,767
6					
7	134,895,841	143,259,943	144,066,387	806,445	137,744,063
8     Less accumulated depreciation and amortization	45,632,268	49,148,193	50,131,747	983,554	46,471,468
9					
10     Net utility plant	89,263,572	94,111,749	93,934,640	(177,109)	91,272,596
11					
12     Investments in associated organizations					
13         Other (CFC, Federated, PNGC, etc.)	1,654,603	1,737,909	1,746,877	8,968	1,675,234
14         Non-utility investment subsidiary (Note 1)	(4,944,798)	(7,444,503)	(7,939,466)	(494,963)	(5,632,172)
15         Total investments in associated organizations	(3,290,195)	(5,706,594)	(6,192,589)	(485,995)	(3,956,938)
16					
17     Other property and investments	(3,290,195)	(5,706,594)	(6,192,589)	(485,995)	(3,956,938)
18					
19 CURRENT ASSET S					
20     Cash and cash equivalents	3,269,223	2,041,535	7,497,543	5,456,008	2,030,480
21     Cash and cash equivalents - board designated	750,000	530,765	532,242	1,477	750,820
22     Accounts receivable, less doubtful accts allowance	3,136,480	4,501,319	4,839,580	338,261	3,691,260
23     Interest receivable	13,218	6,316	19,691	13,375	18,439
24     Materials and supplies	3,221,936	3,045,487	3,326,327	280,840	3,202,699
25     Prepaid expenses	343,443	384,379	149,162	(235,217)	108,382
26					
27     Total current assets	10,734,300	10,509,801	16,364,545	5,854,744	9,802,081
28					
29     Total assets	\$ 96,707,676	\$ 98,914,957	\$ 104,106,595	\$ 5,191,638	\$ 97,117,739

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Actual Period End 3/31/2019	D. Change (C - B)	E. Audited Period End 3/31/2018
30					
31 EQUITIES, MARGINS, AND LIABILITIES					
32					
33 EQUITIES AND MARGINS					
34 Memberships	\$ 55,960	\$ 56,580	\$ 56,755	\$ 175	\$ 56,080
35 Patronage capital - OPALCO	40,181,088	41,668,217	43,805,829	2,137,612	42,033,834
36 Donated and other equities					
37 OPALCO donated & other margins	5,984,621	6,479,465	6,562,827	83,362	6,108,019
38 Subsidiary margins	(7,069,953)	(9,571,004)	(10,064,102)	(493,098)	(7,757,505)
39					
40 Total equities and margins	39,151,716	38,633,257	40,361,309	1,728,052	40,440,429
41					
42 LONG-TERM DEBT , less current maturities					
43 RUS mortgage notes	41,809,367	47,256,888	49,898,862	2,641,974	42,332,540
44 RUS economic development	3,333	-	-	-	(1,667)
45 CFC mortgage notes	8,561,284	8,300,502	8,233,811	(66,692)	8,496,988
46					
47 Total long-term debt	50,373,984	55,557,390	58,132,673	2,575,282	50,827,861
48					
49 OTHER NONCURRENT LIABILITIES	24,443	-	265,105	265,105	17,110
50					
51 Total long-term liabilities	50,398,427	55,557,390	58,397,778	2,840,387	50,844,971
52					
53 CURRENT LIABILITIES					
54 Accounts payable	2,997,993	1,979,818	1,783,123	(196,695)	1,731,255
55 Customer deposits	87,219	83,857	82,483	(1,374)	86,745
56 Accrued liabilities	2,032,945	691,055	1,242,649	551,594	2,153,180
57 Current maturities of long-term debt	1,734,041	1,628,954	1,886,042	257,088	1,543,798
58 Current maturities capital leases	29,332	24,443	35,167	10,724	29,332
59					
60 Total current liabilities	6,881,530	4,408,127	5,029,464	621,337	5,544,310
61					
62 DEFERRED CREDIT S	276,002	316,182	318,045	1,863	288,029
63					
64 Total equities and liabilities	\$ 96,707,676	\$ 98,914,957	\$ 104,106,595	\$ 5,191,638	\$ 97,117,739
65					

66 Note:

67 1 Investment in subsidiary consists ofOPALCO's invested dollars in Island Network LLC (+\$2,124,636) LESS IN LLC's cumulative net deficit of(\$10,064,102) seen in 'equities & margins'.



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW  
 GAAP

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Actual Period End 3/31/2019
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 3,399,289	\$ 3,007,369	\$ 2,291,099
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	3,699,958	4,528,224	1,219,335
6 Changes in assets and liabilities			
7 Accounts receivable	474,341	(1,364,839)	(338,261)
8 Interest receivable	(3,832)	6,902	(13,375)
9 Prepaid expenses	6,298	(40,936)	235,217
10 Accounts payable	1,305,014	(1,018,175)	(196,695)
11 Customer deposits	(2,709)	(3,362)	(1,374)
12 Accrued liabilities	(40,379)	(1,341,890)	551,594
13 Deferred credits	(5,936)	40,180	1,863
14			
15 Net cash from operating activities	8,832,044	3,813,473	3,749,403
16			
17 CASH FLOWS FROM INVESTING ACTIVITIES			
18 Additions to utility plant, net	(19,248,896)	(11,357,751)	(1,162,979)
19 Reduction to non-utility plant (Island Network transition)	-	-	-
20 Change in materials and supplies	489,287	176,449	(280,840)
21 (Increase) decrease in investment in Subsidiary	2,555,325	2,499,705	494,963
22 (Increase) decrease in other OPALCO property and investments, net	(529,271)	(83,306)	(8,968)
23			
24 Net cash from investing activities	(16,733,555)	(8,764,903)	(957,824)
25			
26 CASH FLOWS FROM FINANCING ACTIVITIES			
27 Payments on long-term debt, net (Note 1 / Note 2)	(1,695,281)	548,984	208,201
28 Proceeds from debt	12,450,000	4,500,000	2,900,000
29 Memberships	(945)	620	175
30 Retirements of patronage capital, net	(971,738)	(1,025,396)	(70,125)
31 Change in subsidiary equities	(2,552,005)	(2,501,052)	(493,098)
32 Contributions in aid of construction	783,860	1,981,350	120,753
33			
34 Net cash from financing activities	8,013,890	3,504,506	2,665,907
35			
36 NET CHANGE IN CASH	112,379	(1,446,924)	5,457,486
37			
38 CASH AND CASH EQUIVALENTS, beginning of year/period	3,906,844	4,019,223	2,572,299
39			
40 CASH AND CASH EQUIVALENTS, end of year/period	4,019,223	2,572,299	8,029,785
41			
42 SUPPLEMENTAL DISCLOSURES			
43 Cash paid for interest	\$ 1,545,309	\$ 3,083,072	\$ 87,087
44			
44 OUTSTANDING DEBT BALANCE	(52,132,468)	(57,210,787)	(60,318,987)

Notes:

- Offset by RUS Cushion of Credit balance of \$2.3M (2017) & \$0 thereafter
- 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. Audited Year-End 12/31/2018	C. Approved Budget 3/31/2019	D.  <b>Actual 3/31/2019</b>	E.  Variance ( D - C )	Comments
1	% Rate Increase	5%	5%	6%	<b>6%</b>		
2	OPERATING ACTIVITIES:						
3	Margins	\$ 3,400	\$ 3,000	\$ 1,800	<b>\$ 2,300</b>	\$ 500	
4	Plus depreciation/amortization	3,700	4,500	1,200	<b>1,200</b>	-	
5	Cash flow operations	7,100	7,500	3,000	<b>3,500</b>	500	Higher margin from sales (colder weather)
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(18,400)	(10,300)	(1,200)	<b>(1,100)</b>	100	Slightly lower capital spending
9	Cash flow from operations and plant investment	(11,300)	(2,800)	1,800	<b>2,400</b>	600	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,100)	(1,100)	(30)	<b>(70)</b>	(40)	Estate retirements high in Q1 following general ret.
12	Cash flow before borrowings	(12,400)	(3,900)	1,770	<b>2,330</b>	560	
13							
14	NET BORROWINGS (Note 1)	10,800	5,000	680	<b>3,100</b>	2,420	See note 1
15	RIC repayment of start-up loan	-	-	-	<b>-</b>	-	
16	Cash increase (decrease) after net borrowings	<u>\$ (1,600)</u>	<u>\$ 1,100</u>	<u>\$ 2,450</u>	<u><b>\$ 5,430</b></u>	<u>\$ 2,980</u>	
17							
18							
19	OUTSTANDING DEBT BALANCE	<u>52,200</u>	<u>57,200</u>	<u>57,900</u>	<u><b>60,300</b></u>	<u>2,400</u>	
20							
21	EQUITY BALANCE	<u>39,200</u>	<u>38,600</u>	<u>40,100</u>	<u><b>40,400</b></u>	<u>300</u>	
22							
23	NET UTILITY PLANT	<u>89,300</u>	<u>94,100</u>	<u>95,600</u>	<u><b>93,900</b></u>	<u>(1,700)</u>	
24							
25	Note 1: Borrowings accelerated in 2019 due to concerns surrounding the government shutdown.						

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	F.	G.
			Unaudited	Budget	Budget	Actual	Budget	Actual	
			Year End	Year End	Period End	Period End	Variance	Period End	
			12/31/2018	12/31/2019	3/31/2019	3/31/2019	(D- C)	3/31/2018	Comments
1	DISTRIBUTION								
2	100	New Services	\$ 397,842	\$ 372,000	\$ 70,000	\$ 68,998	\$ (1,002)	\$ 67,401	
3	200	New Tie Lines	3,147		-	76	76	2,912	
4	300	Conversions and Line Changes	754,232	750,000	175,000	159,400	(15,600)	68,975	
5	400	New Substations, switching station, metering point, etc.	-		-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	1,502,357	2,306,000	200,000	224,529	24,529	463,931	Blakely Substation completed in January
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	801,046	600,000	120,000	134,615	14,615	285,227	Greater meter purchases than anticipated
9	602	Sets of Service Wires to increase Capacity	-		-	-	-	-	
10	603	Sectionalizing Equipment	1,063	300,000	10,000	328	(9,672)	331	Delay all projects until coordination study is complete
11	604	Regulators	114,440	127,000	-	772	772	129,218	
12	605	Capacitors	-	-	-	-	-	-	
13	606	Ordinary Replacements	146,639	127,000	60,000	66,933	6,933	84,714	Greater pole replacements than anticipated
14	608	Underground Dist. Cable Replacement	1,679,837	1,414,000	300,000	296,611	(3,389)	386,473	
15	700	Other Distribution Items							
16	701	Engineering Fees	-		-	-	-	-	
17	704	LMS & SCADA	139,991	116,000	25,000	32,977	7,977	24,427	SCADA network segregation switch purchases
18	705	AMR	232,872		-	25,509	25,509	184,656	Olga Substation AMR completed in January
19	706	Communications							
20	706.0	Island Network	-		-	-	-	-	
21	706.1	Fiber/Microwave Infrastructure	534,627	150,000	50,000	41,407	(8,593)	147,887	Less generators deployed than anticipated
22	TRANSMISSION								
23	800	New Tie Line	-		-	-	-	-	
24	900	New Substations, switching station, metering point, etc.	526,038		-	12,923	12,923	229,812	Foundation repairs to North Shaw Submarine Cable Terminal
25	1000	Line and Station Changes	2,672,572	120,000	10,000	(73,315)	(83,315)	195,975	Reimbursement from San Juan County for non-franchise area facilities
26	1100	Other Transmission	-	-	-	-	-	-	
27	GENERATION								
28	1200	Generation	-	-	-	-	-	-	
29	OTHER								
30	1300	Headquarters Facilities	77,349	630,000	10,000	3,366	(6,634)	33,533	
31	1400	Acquisitions	219,235	-	-	-	-	-	
32	1500	All Other (Transportation, Etc.)							
33	1501	Transportation/Equipment/Tools/Radios	612,005	593,000	50,000	46,653	(3,347)	121,052	
34	1502	Office Equipment/Furniture/Etc.	9,746	22,000	-	1,171	1,171	-	
35	1503	Computer/Servers/Software	264,369	293,500	140,000	120,579	(19,421)	133,892	
36	1504	Electrical Infrastructure to Support Community Solar	984,612	-	-	4,683	4,683	700,142	
37	1600	Minor Projects	605,704	175,000	70,000	62,395	(7,605)	93,725	
38	RUS CWP SUBTOTAL		12,279,724	8,095,500	1,290,000	1,230,610	(59,390)	3,354,282	
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
40		New Services	(448,823)	(350,000)	(60,000)	(52,500)	7,500	(95,784)	
41		Meters and Transformers	(273,110)	(288,000)	(30,000)	(63,805)	(33,805)	(59,389)	
42		Joint Projects	(94,806)	(296,000)	-	(3,821)	(3,821)	(15,384)	
43		Island Network Department	-		-	-	-	-	
44		WA DOC Grant Funding	(180,000)	(820,000)	-	-	-	-	
45		Community Solar Member Contributions	(984,612)		-	(627)	(627)	-	
46	CIAC SUBTOTAL		(1,981,350)	(1,754,000)	(90,000)	(120,753)	(30,753)	(170,557)	
47									
48	RUS CWP NET TOTAL		10,298,373	6,341,500	1,200,000	1,109,857	(90,143)	3,183,724	
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. 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	496	190	175	131	79	31	12	4	3	10	32	136	228	1,031
3	Actual HDD	797	188	396	213										797
4	Variance	301	(2)	221	82										301
5															
6	ENERGY USAGE (kWh)														
7	Residential														
8	Budget	45,299,906	15,946,696	14,535,484	14,817,726	11,995,302	10,866,333	9,172,878	9,455,121	9,172,878	9,172,878	10,584,090	11,995,302	13,406,514	141,121,202
9	Actual	55,498,963	16,109,015	19,286,456	20,103,492										55,498,963
10	Variance (Budget to Actual)	10,199,057	162,319	4,750,972	5,285,766	-	-	-	-	-	-	-	-	-	10,199,057
11															
12	Commercial														
13	Budget	16,525,543	5,817,593	5,302,525	5,405,425	4,375,734	3,963,747	3,345,945	3,449,028	3,346,079	3,346,124	3,860,909	4,375,898	4,890,742	51,479,750
14	Actual	18,428,311	5,719,175	6,201,470	6,507,666										18,428,311
15	Variance (Budget to Actual)	1,902,768	(98,418)	898,945	1,102,241	-	-	-	-	-	-	-	-	-	1,902,768
16															
17	Combined Energy Usage (kWh)														
18	Budget	61,825,449	21,764,289	19,838,008	20,223,151	16,371,036	14,830,080	12,518,823	12,904,148	12,518,957	12,519,002	14,444,999	16,371,200	18,297,257	192,600,952
19	Actual	73,927,274	21,828,190	25,487,926	26,611,158	-	-	-	-	-	-	-	-	-	73,927,274
20	Variance (Budget to Actual)	12,101,825	63,901	5,649,918	6,388,007	-	-	-	-	-	-	-	-	-	12,101,825
21															
22	SALES REVENUE (kWh based)														
23	Residential														
24	Budget	6,985,691	2,459,137	2,241,515	2,285,039	1,849,794	1,675,695	1,414,548	1,458,073	1,414,548	1,414,548	1,632,171	1,849,794	2,067,416	21,762,277
25	Actual	7,784,384	2,481,051	2,280,418	3,022,915	-	-	-	-	-	-	-	-	-	7,784,384
26	Variance (Budget to Actual)	798,693	21,914	38,904	737,875	-	-	-	-	-	-	-	-	-	798,693
27															
28	Commercial														
29	Budget	2,548,765	897,229	817,828	833,708	674,907	611,386	516,105	531,985	516,105	516,105	595,506	674,907	754,308	7,940,079
30	Actual	2,419,178	777,162	707,092	934,924	-	-	-	-	-	-	-	-	-	2,419,178
31	Variance (Budget to Actual)	(129,587)	(120,067)	(110,736)	101,216	-	-	-	-	-	-	-	-	-	(129,587)
32															
33	Combined kWh Sales Revenue														
34	Budget	9,534,456	3,356,366	3,059,343	3,118,747	2,524,700	2,287,081	1,930,653	1,990,058	1,930,653	1,930,653	2,227,677	2,524,700	2,821,724	29,702,356
35	Actual	10,203,562	3,258,213	2,987,511	3,957,839	-	-	-	-	-	-	-	-	-	10,203,562
36	Variance (Budget to Actual)	669,106	(98,153)	(71,832)	839,091	-	-	-	-	-	-	-	-	-	669,106
37	NOTE: Excluded Other Revenue and Revenues that are not usage based.														
38															
39	POWER COST														
40	Budget	2,994,368	1,053,484	961,215	979,669	795,130	721,722	610,591	629,045	610,591	610,591	702,914	795,183	887,452	9,357,588
41	Actual	3,105,483	899,802	1,232,811	972,870										3,105,483
42	Variance (Budget to Actual)	111,115	(153,682)	271,596	(6,799)	-	-	-	-	-	-	-	-	-	111,115

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 '19

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	9,261,104	10,279,556	9,601,593	3,984,050
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	2,915,948	3,105,483	2,994,368	972,870
4. Transmission Expense	23,800	47,348	39,314	9,558
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	949,783	993,904	1,049,916	355,257
7. Distribution Expense - Maintenance	482,282	550,525	555,855	157,323
8. Customer Accounts Expense	278,954	287,296	297,221	94,230
9. Customer Service and Informational Expense	101,502	124,710	111,888	46,745
10. Sales Expense	12,293	12,336	11,724	3,226
11. Administrative and General Expense	792,141	862,972	817,245	277,170
12. Total Operation & Maintenance Expense (2 thru 11)	5,556,703	5,984,576	5,877,531	1,916,379
13. Depreciation and Amortization Expense	1,081,656	1,219,335	1,167,242	408,386
14. Tax Expense - Property & Gross Receipts	78,918	86,770	90,756	28,919
15. Tax Expense - Other	327,099	354,190	330,916	126,720
16. Interest on Long-Term Debt	443,050	484,352	486,662	165,752
17. Interest Charged to Construction - Credit	(63,787)	(47,441)	(46,594)	(14,644)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	7,423,640	8,081,783	7,906,512	2,631,512
21. Patronage Capital & Operating Margins (1 minus 20)	1,837,464	2,197,773	1,695,081	1,352,538
22. Non Operating Margins - Interest	54,809	40,370	32,302	17,889
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	23,356	25,961	25,014	8,276
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	40,055	26,994	31,817	26,994
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,955,684	2,291,099	1,784,215	1,405,697

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		
INSTRUCTIONS - See help in the online application.			WA0009		
			PERIOD ENDED March '19		
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	42	41	5. Miles Transmission	42.65	42.65
2. Services Retired	39	63	6. Miles Distribution – Overhead	154.21	153.47
3. Total Services in Place	15,011	15,120	7. Miles Distribution - Underground	1,055.03	1,055.04
4. Idle Services (Exclude Seasonals)	824	771	8. Total Miles Energized (5 + 6 + 7)	1,251.89	1,251.16
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	138,072,580		30. Memberships	56,755	
2. Construction Work in Progress	5,956,092		31. Patronage Capital	41,514,731	
3. Total Utility Plant (1 + 2)	144,028,673		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	50,094,032		33. Operating Margins - Current Year	2,265,137	
5. Net Utility Plant (3 - 4)	93,934,640		34. Non-Operating Margins	25,961	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(3,501,275)	
7. Investments in Subsidiary Companies	(7,939,466)		36. Total Margins & Equities (30 thru 35 )	40,361,309	
8. Invest. in Assoc. Org. - Patronage Capital	1,177,163		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	51,521,727	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	558,274		39. Long-Term Debt - Other - RUS Guaranteed	-	
11. Investments in Economic Development Projects	-		40. Long-Term Debt Other (Net)	8,728,988	
12. Other Investments	1,140		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	698,087		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(5,494,502)		43. Total Long-Term Debt (37 thru 41 - 42 )	60,250,715	
15. Cash - General Funds	5,115,215		44. Obligations Under Capital Leases - Noncurrent	33,105	
16. Cash - Construction Funds - Trustee	37,962		45. Accumulated Operating Provisions and Asset Retirement Obligations	-	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	33,105	
18. Temporary Investments	2,242,967		47. Notes Payable	-	
19. Notes Receivable (Net)	103,839		48. Accounts Payable	1,783,123	
20. Accounts Receivable - Sales of Energy (Net)	3,096,410		49. Consumers Deposits	82,483	
21. Accounts Receivable - Other (Net)	84,278		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	3,326,327		52. Current Maturities Capital Leases	35,167	
24. Prepayments	149,162		53. Other Current and Accrued Liabilities	1,242,649	
25. Other Current and Accrued Assets	1,510,297		54. Total Current & Accrued Liabilities	3,143,422	
26. Total Current and Accrued Assets	15,666,456		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	318,044	
28. Other Deferred Debits	-		57. Total Liabilities and Other Credits	104,106,595	
29. Total Assets and Other Debits	104,106,595				