



ORCAS POWER AND LIGHT COOPERATIVE 3RD QUARTER FINANCIAL REPORT

November 15, 2019

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2019 Third Quarter Financial Report

Please see attached the full 2019 3rd 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 financial results through the 3rd quarter are good and are aligned with budget expectations. Two of the nine months we have experienced La Nina conditions which increased our heating load. Going forward staff expects a neutral condition to the end of the year. Please note our ECA is working as expected and will partially moderate the revenue.

Our average cost of power was lower than budgeted through Q3, causing an overall Energy Cost Adjustment (ECA) net credit to the membership of (\$217K) through Q3 from the ECA. Even considering the ECA credit return to the membership, total revenue is over budget by (\$148K). The revenue variance through Q3 is complemented by the related decrease in purchased power of 2% (\$143k). All combined resulted in an increased margin of \$82k.

Income Statement Summary (in thousands)	September 2019 YTD		
	Budget	Actual	Variance
Gross Revenue	\$ 22,566	\$ 22,931	\$ 365
ECA Surcharge / (Credit)	-	(217)	(217)
Revenue	22,566	22,714	148
Expenses			
Cost of Power	6,972	6,829	(143)
Transmission & Distribution Expense	4,580	4,683	103
General & Administrative Expense	3,710	3,722	12
Depreciation, Tax, Interest & Other	5,995	6,089	94
Total Expenses	21,257	21,323	66
Margin	\$ 1,309	\$ 1,391	\$ 82
TIER	1.90	1.95	0.06
HDD	625	865	240
kWh Purchases	153,470	157,076	3,606
kWh Sales	143,494	146,344	2,850

For more detail, please note the following key points:

- Through Q3, YTD Heating Degree Days (HDD) were up ~38% above normal budgeted levels (Actual of 865 vs. budget of 625), this was primarily in February and March. April thru September were strongly in the El Nino category. Again we expect more HDD than budgeted through year end.
- Actual kWh sales were 2.8M kWh above budget (146.3M vs. budget of 143.5M). 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.
- Q3 YTD power purchases were \$143k (2.1%) below budgeted amounts, primarily due to the lack of additional BPA cost recovery charges. Actual kWh purchases were 3.6M kWh above budget (157M vs. budget of 153.4M).
- Excluding purchased power, Q3 YTD operating expenses were approximately \$210k over budgeted amounts.
- The YTD Energy Cost Adjustment (ECA) through September billing period was a credit to members (and reduction to operating revenue) of \$216,846, or \$7.92 for a member using 1000 kWh/month.

ORCAS POWER AND LIGHT COOPERATIVE

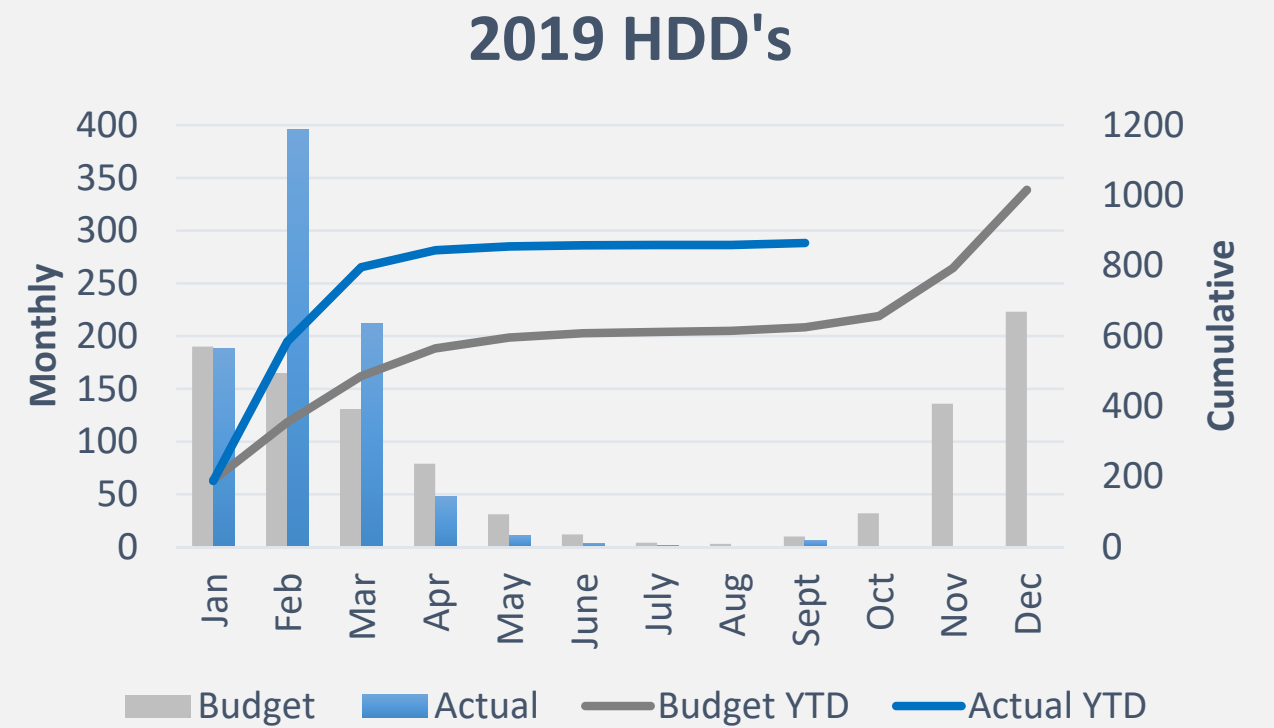
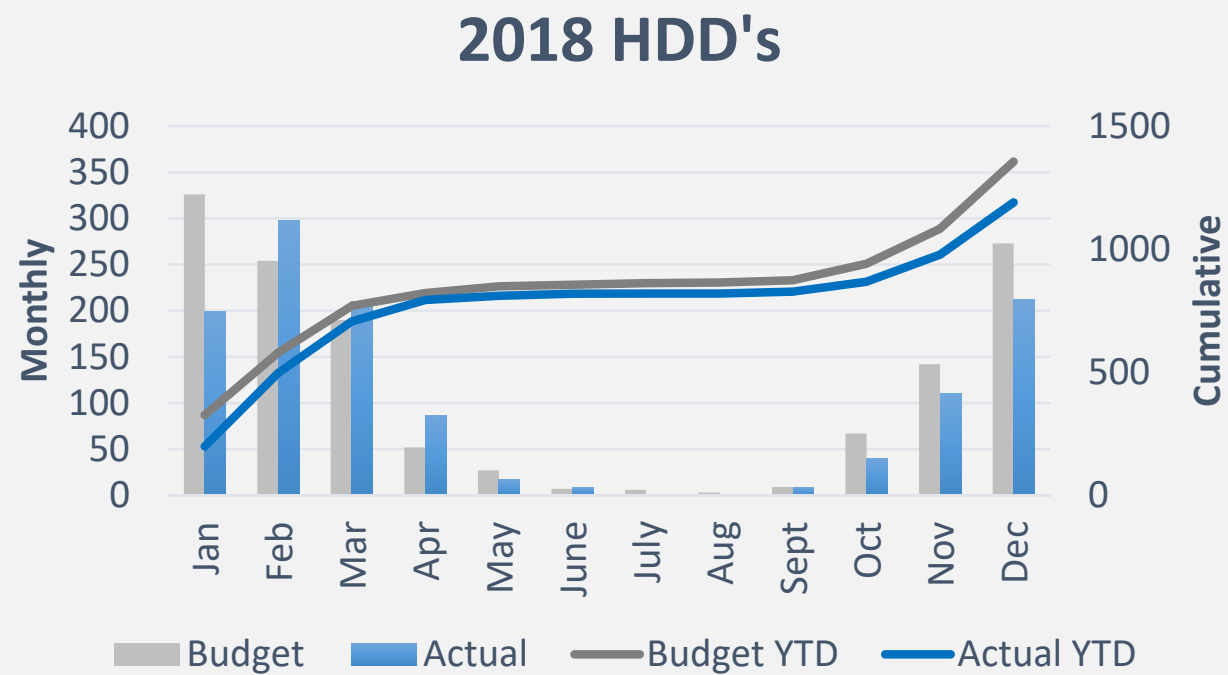
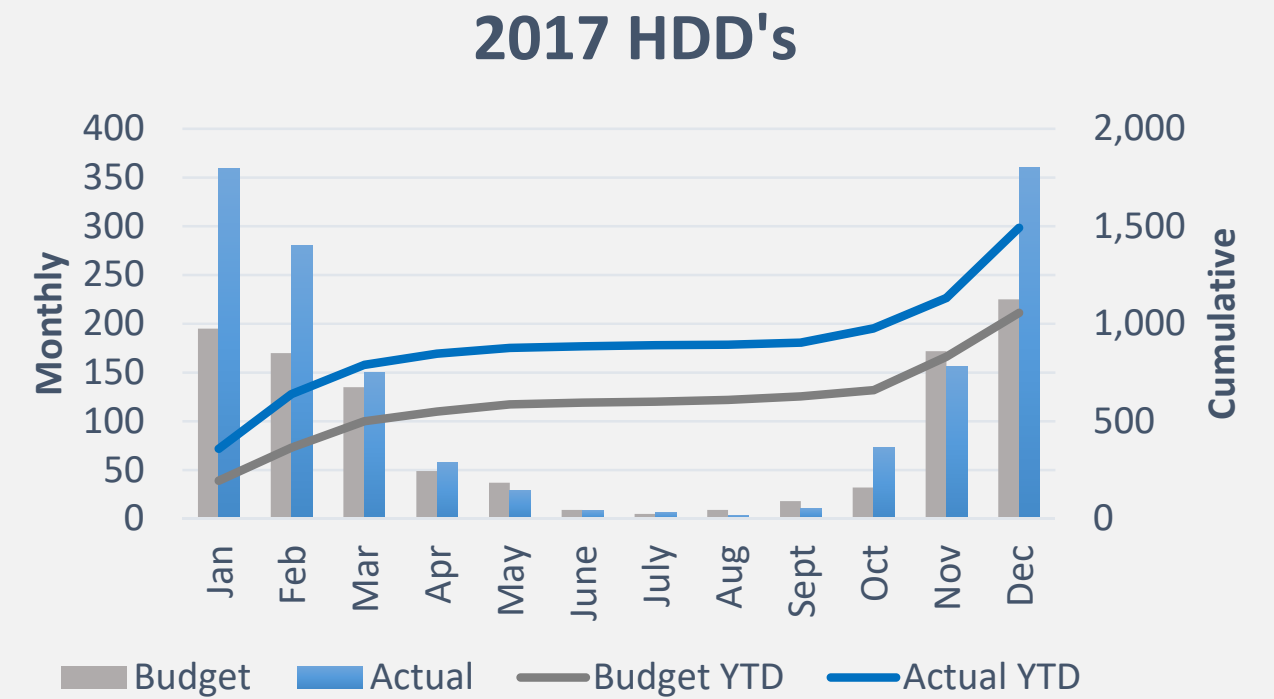
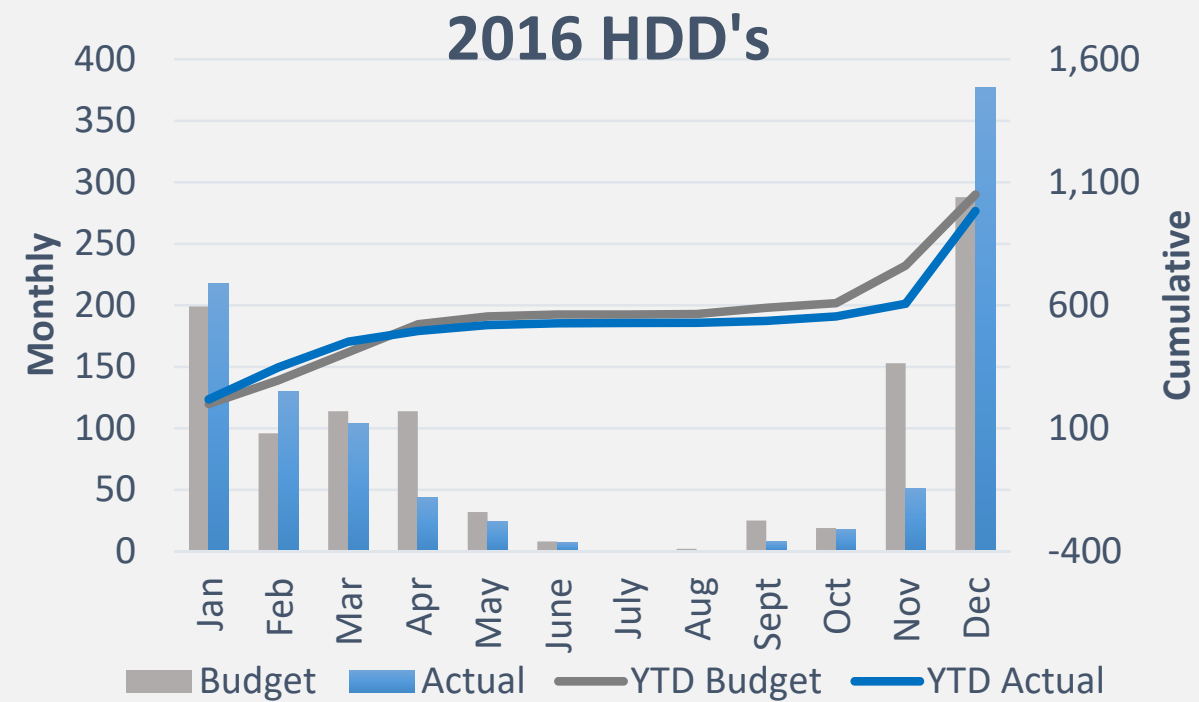
STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Budget Period End 9/30/2019	D. Actual Period End 9/30/2019	E. \$ Change (D - C)	F. % Change (D - C)
1	kWh Purchases	229,155,000	217,948,000	153,470,000	157,076,000	3,606,000	2.3%
2	Gross Revenue	28,310,000	29,683,000	22,566,000	22,930,846	364,846	1.6%
3	Energy Charge Adjustment	-	-	-	(216,846)	(216,846)	
4	Operating Revenue	28,310,000	29,683,000	22,566,000	22,714,000	148,000	0.7%
5	Cost of power	8,916,000	9,054,000	6,972,000	6,829,000	(143,000)	-2.1%
6	Operations & G&A	9,971,000	10,181,000	8,290,000	8,406,000	116,000	1.4%
7	Depr, Int & Taxes	6,023,000	7,441,000	5,995,000	6,089,000	94,000	1.6%
8		24,910,000	26,676,000	21,257,000	21,324,000	67,000	0.3%
9	Net Margins	<u>\$ 3,400,000</u>	<u>\$ 3,007,000</u>	<u>\$ 1,309,000</u>	<u>\$ 1,390,000</u>	81,000	6.2%
10	TIER	3.10	2.67	1.90	1.95	0.06	
11	Equity % of Total Cap	43.7%	41.0%	40.3%	40.2%	0%	
12	Equity	39,152,000	38,633,000	38,873,000	38,541,000	(332,000)	-0.9%
13	Total Debt	52,162,000	57,211,000	59,237,000	59,196,000	(41,000)	-0.1%
14	Capital Spending	(18,760,000)	(11,181,000)	(4,382,000)	(4,416,875)	(34,875)	0.8%
15	Capital Credit Retirement (net)	(1,102,034)	(1,084,000)	(89,000)	(123,000)	(34,000)	38.2%
16	Annual HDD	1,492	1,190	625	865	240	38.4%



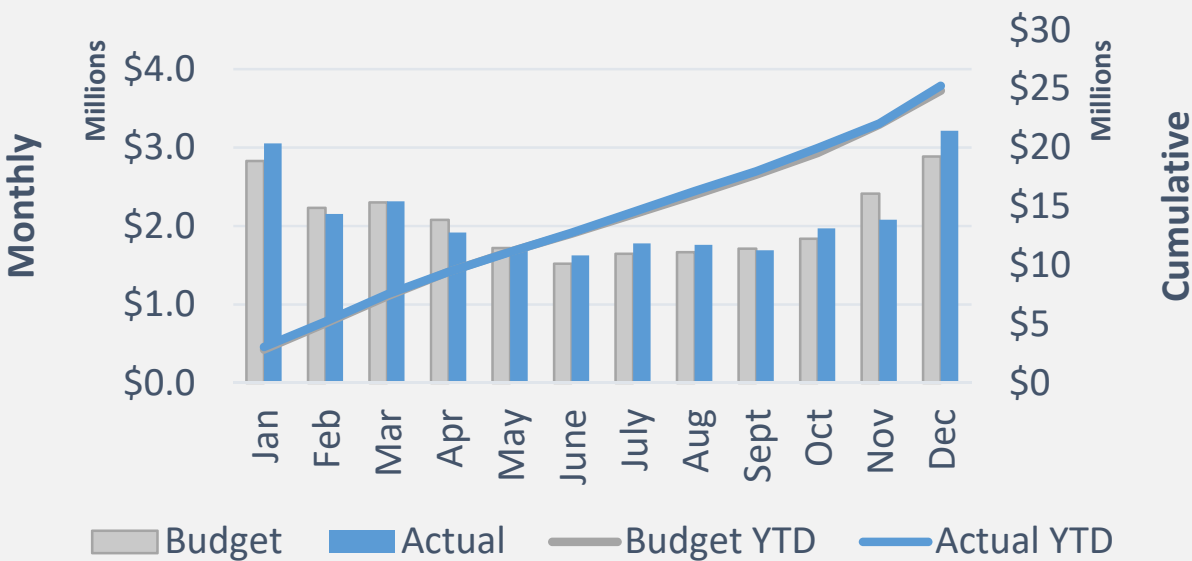
2019 Q3 Financial Highlights

2019 Budget to Actual: Heating Degree Days

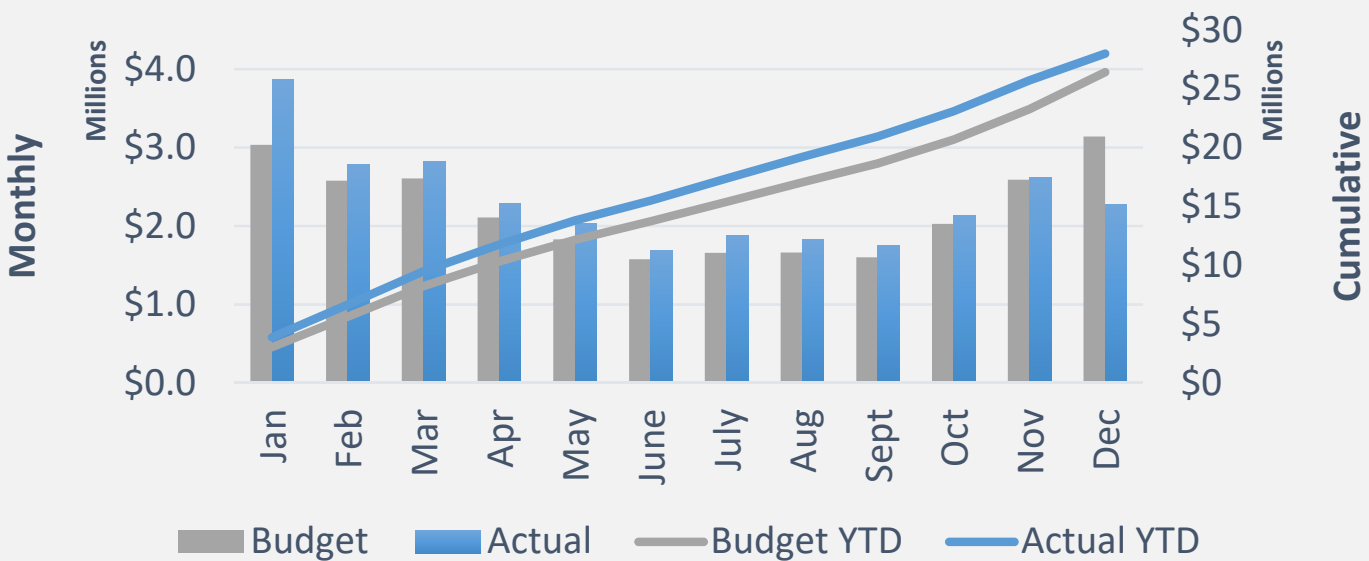


2019 Budget to Actual: Revenue

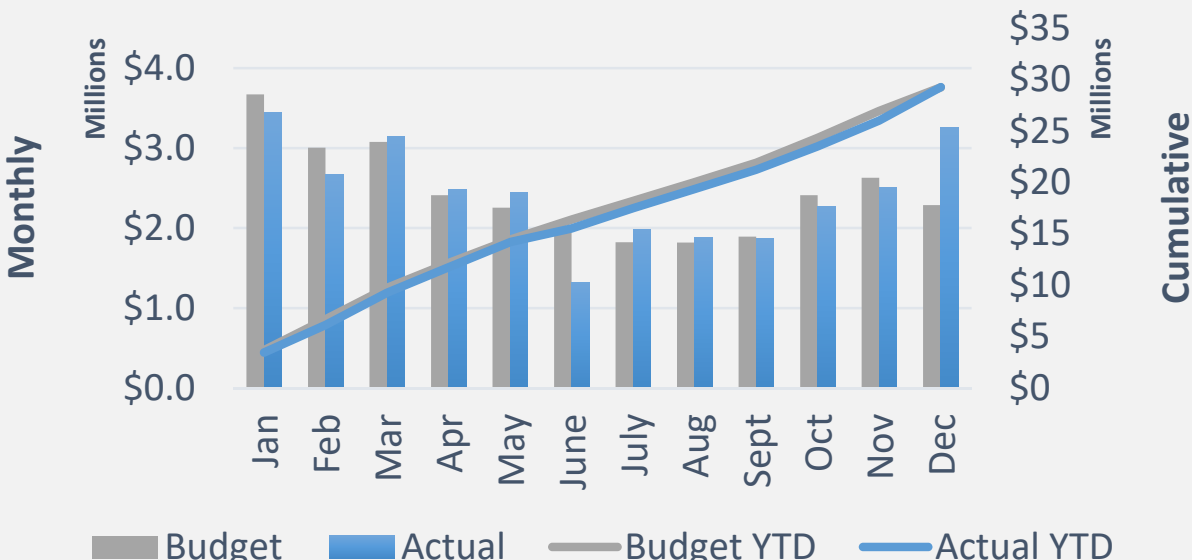
2016 Revenue



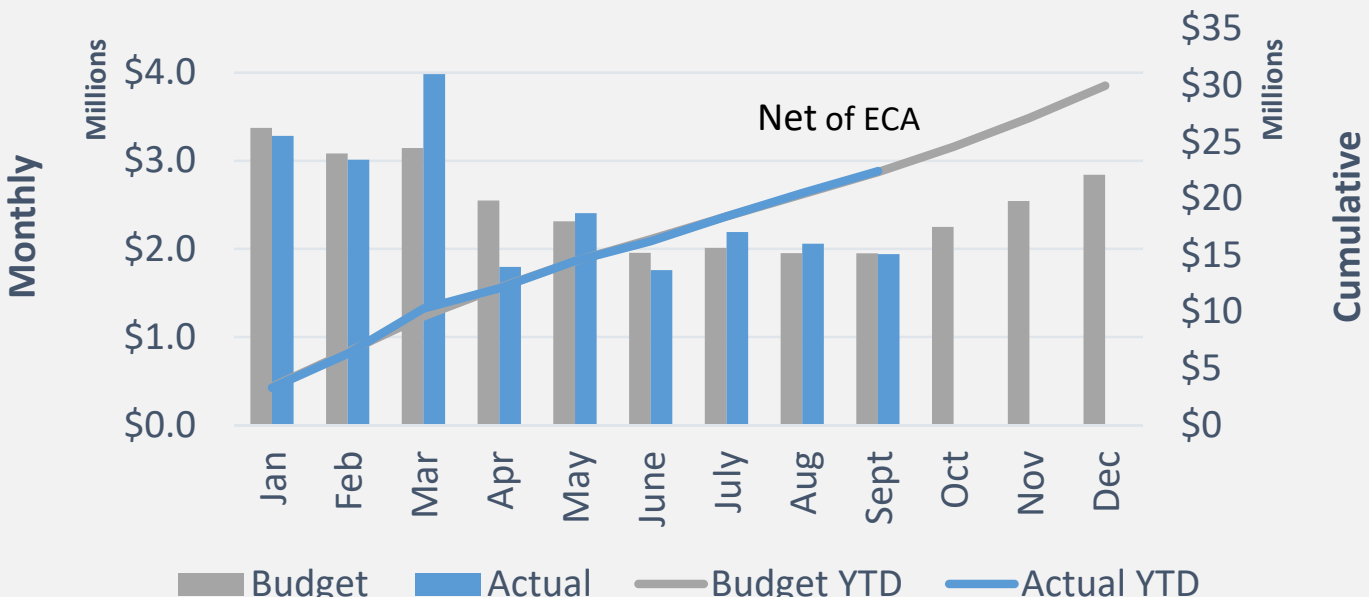
2017 Revenue



2018 Revenue



2019 Revenue



2019 Q3 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 9/30/2019	E. Actual Period End 9/30/2019	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 20,153,220	\$ 21,373,137	\$ 21,779,381	\$ 16,225,883	\$ 16,325,493	99,610
3 Commercial	7,063,321	7,655,416	7,950,218	5,922,886	5,896,392	(26,495)
4 Other	768,644	234,822	230,536	177,636	200,957	23,321
5 Total operating revenue	27,985,185	29,263,375	29,960,135	22,326,406	22,422,842	96,436
7 OPERATING EXPENSES						
8 Cost of power	8,916,059	9,053,663	9,357,588	6,972,039	6,829,106	(142,933)
9 Transmission	210,740	252,455	262,099	138,509	211,557	73,028
10 Distribution - operations	3,617,096	3,365,842	3,665,670	2,783,821	2,771,961	(11,860)
11 Distribution - maintenance	1,767,342	1,945,822	2,197,512	1,657,828	1,699,991	42,163
12 Consumer accounts	982,216	1,014,503	1,116,869	847,408	825,697	(21,710)
14 General and administration						
15 Administration	2,957,169	3,191,624	3,355,745	2,548,290	2,530,659	(17,631)
16 Energy services	401,970	375,582	400,348	287,506	320,837	33,331
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	27,041	45,111	18,070
18 Total general and administration	3,394,059	3,602,127	3,792,148	2,862,837	2,896,607	33,770
20 Depreciation and amortization	3,699,958	4,528,224	4,887,249	3,612,221	3,688,873	76,651
21 Taxes	1,261,409	1,365,016	1,424,613	1,059,938	1,068,493	8,555
23 Total operating expenses	23,848,878	25,127,630	26,703,748	19,934,402	19,992,066	57,665
24 Operating margins before fixed charges	4,136,307	4,135,745	3,256,387	2,392,004	2,430,776	38,771
27 FIXED CHARGES						
28 Interest on long-term debt	1,061,579	1,547,868	1,760,491	1,322,672	1,331,674	9,001
30 Operating margins after fixed charges	3,074,728	2,587,877	1,495,896	1,069,332	1,099,102	29,770
32 PATRONAGE CAPITAL CREDITS	77,586	143,090	90,907	63,635	60,607	(3,028)
34 Net operating margins	3,152,314	2,730,967	1,586,803	1,132,967	1,159,709	26,743
36 NON-OPERATING MARGINS						
37 Interest income	144,407	97,091	49,994	37,496	94,344	56,848
38 Other income (loss)	(63,005)	13,812	13,426	11,607	8,896	(2,712)
39 Total Opalco non-operating margins	81,402	110,903	63,420	49,103	103,240	54,137
41 Non-operating margins from Subsidiary						
42 Interest Income (RIC loan)	79,288	79,214	79,214	59,411	59,458	47
43 Other income (use of OPALCO backbone)	86,285	86,285	89,785	67,339	67,482	143
44 Total non-operating margins from Subsidiary	165,573	165,499	168,999	126,749	126,940	191
46 Net non-operating margins	246,975	276,402	232,419	175,852	230,180	54,327
48 NET MARGINS	\$ 3,399,289	\$ 3,007,369	\$ 1,819,222	\$ 1,308,819	\$ 1,389,889	81,070
50 TIER	3.10	2.67	1.93	1.90	1.95	0.06
51 Equity % of Total Cap	43.7%	41.0%	38.8%	40.3%	40.2%	-0.1%



Notes:

- YTD the ECA has returned a net \$217k in the form of bill credits to the membership which is the primary driver of the overall revenue variance of \$96k.
- Net Margin: \$1.4M (\$81k increase)

2019 Q3 Budget to Actual: Financial Metrics



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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 9/30/2019	E. Actual Period End 9/30/2019	F. Budget Variance (E - D)	G. Actual Period End 9/30/2018
1 OPERATING REVENUES							
2 Residential	\$ 20,153,220	\$ 21,373,137	\$ 21,779,381	\$ 16,225,883	\$ 16,325,493	99,610	\$ 15,426,127
3 Commercial	7,063,321	7,655,416	7,950,218	5,922,886	5,896,392	(26,495)	5,622,844
4 Other	768,644	234,822	230,536	177,636	200,957	23,321	180,528
5 Total operating revenue	27,985,185	29,263,375	29,960,135	22,326,406	22,422,842	96,436	21,229,499
6							
7 OPERATING EXPENSES							
8 Cost of power	8,916,059	9,053,663	9,357,588	6,972,039	6,829,106	(142,933)	6,731,845
9 Transmission	210,740	252,433	262,099	138,309	211,337	73,028	199,211
10 Distribution - operations	3,617,096	3,365,842	3,665,670	2,783,821	2,771,961	(11,860)	2,473,329
11 Distribution - maintenance	1,767,342	1,945,822	2,197,512	1,657,828	1,699,991	42,163	1,439,083
12 Consumer accounts	982,216	1,014,503	1,116,869	847,408	825,697	(21,710)	769,808
13							
14 General and administration							
15 Administration	2,957,169	3,191,624	3,355,745	2,548,290	2,530,659	(17,631)	2,422,005
16 Energy services	401,970	375,582	400,348	287,506	320,837	33,331	267,582
17 Subsidiary charges (RIC network mgt services)	34,920	34,920	36,055	27,041	45,111	18,070	26,190
18 Total general and administration	3,394,059	3,602,127	3,792,148	2,862,837	2,896,607	33,770	2,715,777
19							
20 Depreciation and amortization	3,699,958	4,528,224	4,887,249	3,612,221	3,688,873	76,651	3,347,092
21 Taxes	1,261,409	1,365,016	1,424,613	1,059,938	1,068,493	8,555	1,015,339
22							
23 Total operating expenses	23,848,878	25,127,630	26,703,748	19,934,402	19,992,066	57,665	18,691,484
24							
25 Operating margins before fixed charges	4,136,307	4,135,745	3,256,387	2,392,004	2,430,776	38,771	2,538,015
26							
27 FIXED CHARGES							
28 Interest on long-term debt	1,061,579	1,547,868	1,760,491	1,322,672	1,331,674	9,001	1,157,777
29							
30 Operating margins after fixed charges	3,074,728	2,587,877	1,495,896	1,069,332	1,099,102	29,770	1,380,238
31							
32 PATRONAGE CAPITAL CREDITS	77,586	143,090	90,907	63,635	60,607	(3,028)	75,178
33							
34 Net operating margins	3,152,314	2,730,967	1,586,803	1,132,967	1,159,709	26,743	1,455,416
35							
36 NON-OPERATING MARGINS							
37 Interest income	144,407	97,091	49,994	37,496	94,344	56,848	84,905
38 Other income (loss)	(63,005)	13,812	13,426	11,607	8,896	(2,712)	12,926
39 Total Opalco non-operating margins	81,402	110,903	63,420	49,103	103,240	54,137	97,831
40							
41 Non-operating margins from Subsidiary							
42 Interest Income (RIC loan)	79,288	79,214	79,214	59,411	59,458	47	59,412
43 Other income (use of OPALCO backbone)	86,285	86,285	89,785	67,339	67,482	143	64,713
44 Total non-operating margins from Subsidiary	165,573	165,499	168,999	126,749	126,940	191	124,125
45							
46 Net non-operating margins	246,975	276,402	232,419	175,852	230,180	54,327	221,956
47							
48 NET MARGINS	\$ 3,399,289	\$ 3,007,369	\$ 1,819,222	\$ 1,308,819	\$ 1,389,889	81,070	\$ 1,677,372
49							
50 TIER	3.10	2.67	1.93	1.90	1.95	0.06	2.25
51 Equity % of Total Cap	43.7%	41.0%	38.8%	40.3%	40.2%	-0.1%	41.6%

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	
		9/30/2019	9/30/2019	(B - A)	Comments: Budget To Actual (Column C.)
1	I OPERATING REVENUES	22,326,406	22,422,842	96,436	
2					
3					Budget Actual Variance
4					HDD 625 865 240
5	TOTAL OPERATING REVENUES	22,326,406	22,422,842	96,436	kWh Sales 143,495 146,344 2,849
6					Slightly higher than budget - partially due to ECA adjustment to revenue (thru 3rd Q
7					
8	II OPERATING EXPENSES	19,934,402	19,992,066	57,665	Overall increase in operating expenses
9					
10	Cost of Power - Line 8	6,972,039	6,829,106	(142,933)	Decrease in expense - lower cost per kWh than budgeted (BPA oversupply charges not implemented)
11					Budget Actual Variance
12					kWh Purchases 153,470 157,076 3,606
13					(kWh in thousands)
14	Transmission - Line 9 Detail Breakout:	138,309	211,337	73,028	Increase in expense - right of way maintenance, offset distribution expenses
15					
16	Distribution - Operations - Line 10 Detail Breakout:	2,783,821	2,771,961	(11,860)	Decrease in expense - offset transmission expense
17					
18	Distribution - Maintenance - Line 11 Detail Breakout:	1,657,828	1,699,991	42,163	Increase in expense
22					
23	Consumer accounts - Line 12 Detail Breakout:	847,408	825,697	(21,710)	Decrease in expense
24					
25	Total General and Administrative (G&A):	2,862,837	2,896,607	33,770	Increase in expense
26					
27	Administration G&A - Line 15 Detail Breakout:	2,548,290	2,530,659	(17,631)	Decrease in expense
28					
29	Energy Services G&A - Line 16	287,506	320,837	33,331	Increase in expense
36					
37	Subsidiary Charges G&A - Line 17	27,041	45,111	18,070	Increase in expense - Additional IP block and sales tax
38					
39	Total General and Administrative (G&A)	2,862,837	2,896,607	33,770	Overall increase in expense
40					
41	Deprec. & Amort. - Line 20	3,612,221	3,688,873	76,651	Increase in expense
42					
43	Taxes - Line 21	1,059,938	1,068,493	8,555	Increase in expense
44					
45	TOTAL OPERATING EXPENSES	19,934,402	19,992,066	57,665	Overall increase in expense
46					
47					
48	III FIXED CHARGES - Interest Expense - Line 28	1,322,672	1,331,674	9,001	Increase in expense - early borrowings
49					
50	IV PATRONAGE CAPITAL CREDITS (Income) - Line 32	63,635	60,607	(3,028)	Decrease in income - received from associated cooperatives

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.
		Budget Period End 9/30/2019	Actual Period End 9/30/2019	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)
51					
52		1,132,967	1,159,709	26,743	Increase in margin
53					
54	V	175,852	230,180	54,327	Increase in margin
55					
56	Interest and Dividend Income - Line 37 combined with Line 42	96,906	153,802	56,896	Increase in income
57					
58	Other Income - Line 38 combined with Line 43	78,946	76,378	(2,568)	Decrease in income
59					
60	TOTAL OPALCO NON-OPERATING MARGINS	175,852	230,180	54,327	Increase in margin
61					
62					
63	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,308,819	1,389,889	81,070	Increase in margin

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BALANCE SHEET

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Audited Year End 12/31/2018	D. Actual Period End 9/30/2019	E. Change (D - C)	F. Actual Period End 9/30/2018
1 ASSETS						
2						
3 UTILITY PLANT, at cost						
4 Electric plant in service	\$ 105,702,896	\$ 124,265,509	\$ 136,469,139	\$ 141,570,197	\$ 5,101,058	\$ 131,067,769
5 Construction work in progress	12,489,462	10,630,332	6,790,804	5,529,705	(1,261,099)	9,985,066
6						
7	118,192,358	134,895,841	143,259,943	147,099,902	3,839,959	141,052,835
8 Less accumulated depreciation and amortization	44,622,436	45,632,268	49,148,193	52,520,870	3,372,676	48,337,044
9						
10 Net utility plant	73,569,921	89,263,572	94,111,749	94,579,032	467,283	92,715,791
11						
12 Investments in associated organizations						
13 Other (CFC, Federated, PNGC, etc.)	1,125,332	1,654,603	1,737,909	1,752,773	14,864	1,683,055
14 Non-utility investment subsidiary (Note 1)	(2,389,473)	(4,944,798)	(7,444,503)	(8,797,174)	(1,352,671)	(6,968,896)
15 Total investments in associated organizations	(1,264,141)	(3,290,195)	(5,706,594)	(7,044,401)	(1,337,807)	(5,285,841)
16						
17 Other property and investments	(1,264,141)	(3,290,195)	(5,706,594)	(7,044,401)	(1,337,807)	(5,285,841)
18						
19 CURRENT ASSETS						
20 Cash and cash equivalents	3,906,844	3,269,223	2,041,535	5,541,851	3,500,316	1,174,954
21 Cash and cash equivalents - board designated	-	750,000	530,765	536,153	5,388	754,019
22 Accounts receivable, less doubtful accts allowance	3,610,821	3,136,480	4,501,319	3,120,424	(1,380,895)	2,567,724
23 Interest receivable	9,386	13,218	6,316	46,118	39,802	12,317
24 Materials and supplies	3,711,223	3,221,936	3,045,487	2,906,843	(138,644)	3,508,097
25 Prepaid expenses	349,741	343,443	384,379	325,878	(58,501)	421,307
26						
27 Total current assets	11,588,015	10,734,300	10,509,801	12,477,267	1,967,466	8,438,417
28						
29 Total assets	\$ 83,893,795	\$ 96,707,676	\$ 98,914,957	\$ 100,011,897	\$ 1,096,940	\$ 95,868,367

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2016	B. Audited Year End 12/31/2017	C. Audited Year End 12/31/2018	D. Actual Period End 9/30/2019	E. Change (D - C)	F. Actual Period End 9/30/2018
30						
31	EQUITIES, MARGINS, AND LIABILITIES					
32						
33	EQUITIES AND MARGINS					
34	Memberships	\$ 56,905	\$ 55,960	\$ 56,580	\$ (420)	\$ 56,500
35	Patronage capital - OPALCO	38,334,633	40,181,088	41,668,217	1,129,276	41,672,721
36	Donated and other equities					
37	OPALCO donated & other margins	5,403,526	5,984,621	6,479,465	139,289	6,159,591
38	Subsidiary margins	(4,517,947)	(7,069,953)	(9,571,004)	(1,360,460)	(9,094,940)
39						
40	Total equities and margins	39,277,116	39,151,716	38,633,257	(92,315)	38,793,872
41						
42	LONG-TERM DEBT, less current maturities					
43	RUS mortgage notes	31,370,096	41,809,367	47,256,888	1,661,402	44,145,188
44	RUS economic development	48,651	3,333	-	-	(11,667)
45	CFC mortgage notes	8,812,642	8,561,284	8,300,502	(199,580)	8,366,540
46						
47	Total long-term debt	40,231,389	50,373,984	55,557,390	1,461,822	52,500,062
48						
49	OTHER NONCURRENT LIABILITIES					
50		53,775	24,443	-	256,076	2,436
51	Total long-term liabilities	40,285,163	50,398,427	55,557,390	1,717,898	52,502,498
52						
53	CURRENT LIABILITIES					
54	Accounts payable	1,692,979	2,997,993	1,979,818	(694,586)	1,425,535
55	Customer deposits	89,928	87,219	83,857	3,026	85,650
56	Accrued liabilities	1,144,751	2,032,945	691,055	(120,260)	915,158
57	Current maturities of long-term debt	1,092,588	1,734,041	1,628,954	270,840	1,820,217
58	Current maturities capital leases	29,332	29,332	24,443	(3,942)	29,332
59						
60	Total current liabilities	4,049,578	6,881,530	4,408,127	(544,922)	4,275,893
61						
62	DEFERRED CREDITS					
63		281,938	276,002	316,182	16,279	296,104
64	Total equities and liabilities	\$ 83,893,795	\$ 96,707,676	\$ 98,914,957	\$ 1,096,940	\$ 95,868,367

66 Note:

67 1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,134,290) LESS IN LLC's cumulative net deficit of (\$10,931,464) seen in 'equities & margins'.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
 GAAP

	A.	B.	C.
	Audited	Audited	Actual
	Year End	Year End	Period End
	12/31/2017	12/31/2018	9/30/2019
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 3,399,289	\$ 3,007,369	\$ 1,389,889
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	3,699,958	4,528,224	3,688,873
6 Changes in assets and liabilities			
7 Accounts receivable	474,341	(1,364,839)	1,380,895
8 Interest receivable	(3,832)	6,902	(39,802)
9 Prepaid expenses	6,298	(40,936)	58,501
10 Accounts payable	1,305,014	(1,018,175)	(694,586)
11 Customer deposits	(2,709)	(3,362)	3,026
12 Accrued liabilities	(40,379)	(1,341,890)	(120,260)
13 Deferred credits	(5,936)	40,180	16,279
14 Net cash from operating activities	8,832,044	3,813,473	5,682,815
15			
16 CASH FLOWS FROM INVESTING ACTIVITIES			
17 Additions to utility plant, net	(19,248,896)	(11,357,751)	(4,982,223)
18 Change in materials and supplies	489,287	176,449	138,644
19 (Increase) decrease in investment in Subsidiary	2,555,325	2,499,705	1,352,671
20 (Increase) decrease in other OPALCO property and investments, net	(529,271)	(83,306)	(14,864)
21			
22 Net cash from investing activities	(16,733,555)	(8,764,903)	(3,505,772)
23			
23 CASH FLOWS FROM FINANCING ACTIVITIES			
24 Payments on long-term debt, net (Note 1 / Note 2)	(1,695,281)	548,984	(915,202)
25 Proceeds from debt	12,450,000	4,500,000	2,900,000
26 Memberships	(945)	620	(420)
27 Retirements of patronage capital, net	(971,738)	(1,025,396)	(121,324)
28 Change in subsidiary equities	(2,552,005)	(2,501,052)	(1,360,460)
29 Contributions in aid of construction	783,860	1,981,350	826,068
30			
30 Net cash from financing activities	8,013,890	3,504,506	1,328,662
31			
31 NET CHANGE IN CASH	112,379	(1,446,924)	3,505,705
32			
32 CASH AND CASH EQUIVALENTS, beginning of year/period	3,906,844	4,019,223	2,572,299
33			
33 CASH AND CASH EQUIVALENTS, end of year/period	4,019,223	2,572,299	6,078,004
34			
34 SUPPLEMENTAL DISCLOSURES			
35 Cash paid for interest	\$ 1,545,309	\$ 3,083,072	\$ 1,458,681
36			
36 OUTSTANDING DEBT BALANCE	(52,132,468)	(57,210,787)	(59,195,584)
37			
37 Notes:			
38			
38 1 Offset by RUS Cushion of Credit balance of \$2.3M (2017) & \$0 thereafter			
38 2 There have been modifications to the RUC 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

	A.	B.	C.	D.	E.	F.
	Audited	Audited	Approved	Actual	Variance	
	Year-End	Year-End	Budget	9/30/2019	(D - C)	Comments
	12/31/2017	12/31/2018	9/30/2019	9/30/2019		
1 % Rate Increase	5%	5%	6%	6%		
2 OPERATING ACTIVITIES:						
3 Margins	\$ 3,400	\$ 3,000	\$ 1,300	\$ 1,400	\$ 100	
4 Plus depreciation/amortization	3,700	4,500	3,600	3,700	100	
5 Cash flow operations	7,100	7,500	4,900	5,100	200	
6						
7 PLANT INVESTMENT (NET)						
8 Plant investment (including material inventory)	(18,400)	(10,300)	(4,400)	(4,400)	-	On target
9 Cash flow from operations and plant investment	(11,300)	(2,800)	500	700	200	
10						
11 CASH FLOWS FROM PATRONAGE CAPITAL	(1,100)	(1,100)	(90)	(120)	(30)	Estate retirements high in Q1 following general retirement
12 Cash flow before borrowings	(12,400)	(3,900)	410	580	170	
13						
14 NET BORROWINGS	10,800	5,000	2,030	2,000	(30)	
15 Cash increase (decrease) after net borrowings	\$ (1,600)	\$ 1,100	\$ 2,440	\$ 2,580	\$ 140	
16						
17						
18 OUTSTANDING DEBT BALANCE	52,200	57,200	59,200	59,200	-	
19						
20 EQUITY BALANCE	39,200	38,600	38,900	38,500	(400)	
21						
22 NET UTILITY PLANT	89,300	94,100	98,500	94,600	(3,900)	

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	9/30/2019	9/30/2019	(D- C)	9/30/2018	Comments
1	DISTRIBUTION								
2	100	New Services	\$ 398,000	\$ 372,000	\$ 279,000	\$ 302,000	\$ 23,000	\$ 250,000	More new services requests than anticipated (offset to Line 38 - CIAC New Services)
3	200	New Tie Lines	3,000		-	(7,000)	(7,000)	3,000	
4	300	Conversions and Line Changes	754,000	750,000	625,000	586,000	(39,000)	693,000	San Juan Valley Rd, Cattle Point Rd
5	400	New Substations, switching station, metering point, etc.	-		-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	1,502,000	2,306,000	1,250,000	805,000	(445,000)	958,000	Anticipated battery design milestone to be completed
7	600	Miscellaneous Distribution Equipment	-		-	-	-	-	
8	601	Transformers & Meters	801,000	600,000	450,000	347,000	(103,000)	760,000	Transformer order in process
9	602	Sets of Service Wires to increase Capacity	-		-	-	-	-	
10	603	Sectionalizing Equipment	1,000	300,000	200,000	1,000	(199,000)	1,000	Delay all projects until coordination study is complete
11	604	Regulators	114,000	127,000	-	2,000	2,000	114,000	
12	605	Capacitors	-	-	-	-	-	-	
13	606	Ordinary Replacements	147,000	127,000	115,000	163,000	48,000	142,000	Greater pole replacements than anticipated
14	608	Underground Dist. Cable Replacement	1,680,000	1,414,000	1,000,000	1,757,000	757,000	1,488,000	Joint CenturyLink projects
15	700	Other Distribution Items	-		-	-	-	-	
16	701	Engineering Fees	-		-	-	-	-	
17	704	LMS & SCADA	140,000	116,000	95,000	123,000	28,000	49,000	SCADA network segregation
18	705	AMR	233,000		-	45,000	45,000	197,000	Olga Substation AMR completed in January
19	706	Communications	535,000	150,000	145,000	129,000	(16,000)	258,000	
20	TRANSMISSION		-			-	-	-	
21	800	New Tie Line	-	-	-	-	-	-	
22	900	New Substations, switching station, metering point, etc.	526,000	-	-	123,000	123,000	358,000	Foundation repairs to North Shaw Submarine Cable Terminal
23	1000	Line and Station Changes	2,673,000	120,000	110,000	94,000	(16,000)	2,186,000	
24	1100	Other Transmission	-	-	-	-	-	-	
25	GENERATION		-			-	-	-	
26	1200	Generation	-	-	-	-	-	-	
27	OTHER		-			-	-	-	
28	1300	Headquarters Facilities	77,000	630,000	400,000	142,000	(258,000)	74,000	Eastsound bathroom project kickoff later than anticipated
29	1400	Acquisitions	219,000	-	-	-	-	219,000	
30	1500	All Other (Transportation, Etc.)	-			-	-	-	
31	1501	Transportation/Equipment/Tools/Radios	612,000	593,000	210,000	196,000	(14,000)	251,000	
32	1502	Office Equipment/Furniture/Etc.	10,000	22,000	-	5,000	5,000	-	
33	1503	Computer/Servers/Software	264,000	293,500	250,000	234,000	(16,000)	247,000	
34	1504	Electrical Infrastructure to Support Community Solar	985,000	-	-	33,000	33,000	985,000	Clearing associated with County parcel south of installation
35	1600	Minor Projects	606,000	175,000	130,000	164,000	34,000	138,000	Greater joint project than anticipated
36	RUS CWP SUBTOTAL		12,280,000	8,095,500	5,259,000	\$ 5,244,000	\$ (15,000)	\$ 9,371,000	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)		-						
38		New Services	(449,000)	(350,000)	(175,000)	(374,000)	(199,000)	(343,000)	More new services requests than anticipated (offset to Line 2 - New Services)
39		Meters and Transformers	(273,000)	(288,000)	(144,000)	(217,000)	(73,000)	(229,000)	More new services requests than anticipated (offset to Line 8 - Transformers)
40		Joint Projects	(95,000)	(296,000)	(148,000)	(234,000)	(86,000)	(86,000)	More joint projects than anticipated (offset to Line 14 - URD)
41		WA DOC Grant Funding	(180,000)	(820,000)	(410,000)	-	410,000	(50,000)	Anticipated battery design milestone to be completed
42		Community Solar Member Contributions	(985,000)		-	(1,000)	(1,000)	(906,000)	
43	CIAC SUBTOTAL		(1,982,000)	(1,754,000)	(877,000)	(826,000)	51,000	(1,614,000)	
44									
45	RUS CWP NET TOTAL		10,298,000	6,341,500	4,382,000	4,418,000	36,000	7,757,000	
46									

Notes:

1 \$126,901 in Allowance for Funds Used During Construction (AFUDC). This cost is embedded in the associated projects listed above for capitalization purposes.

2 \$131,063 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	625	190	165	131	79	31	12	4	3	10	32	136	223	1,016
3	Actual HDD	865	188	396	212	48	11	3	1	0	6				865
4	Variance	240	(2)	231	81	(31)	(20)	(9)	(3)	(3)	(4)				240
5															
6	ENERGY USAGE (kWh)														
7	Residential														
8	Budget	105,135,292	15,946,696	14,535,483	14,817,725	11,995,301	10,866,333	9,172,878	9,455,120	9,172,878	9,172,878	10,584,090	11,995,301	13,406,519	141,121,202
9	Actual	103,359,298	16,109,015	19,286,456	20,103,492	8,494,510	8,887,162	7,190,750	7,918,544	7,635,698	7,733,671				103,359,298
10	Variance (Budget to Actual)	(1,775,994)	162,319	4,750,973	5,285,767	(3,500,791)	(1,979,171)	(1,982,128)	(1,536,576)	(1,537,180)	(1,439,207)	-	-	-	(1,775,994)
11															
12	Commercial														
13	Budget	38,359,157	5,818,234	5,303,347	5,406,324	4,376,548	3,964,637	3,346,772	3,449,750	3,346,772	3,346,772	3,861,660	4,376,548	4,891,433	51,488,798
14	Actual	42,984,435	5,719,175	6,201,470	6,507,666	4,149,607	4,210,926	3,909,349	4,192,552	4,291,685	3,802,005				42,984,435
15	Variance (Budget to Actual)	4,625,278	(99,059)	898,123	1,101,342	(226,941)	246,289	562,577	742,802	944,913	455,233	-	-	-	4,625,278
16															
17	Combined Energy Usage (kWh)														
18	Budget	143,494,449	21,764,930	19,838,830	20,224,049	16,371,849	14,830,970	12,519,650	12,904,870	12,519,650	12,519,650	14,445,750	16,371,849	18,297,952	192,610,000
19	Actual	146,343,733	21,828,190	25,487,926	26,611,158	12,644,117	13,098,088	11,100,099	12,111,096	11,927,383	11,535,676	-	-	-	146,343,733
20	Variance (Budget to Actual)	2,849,284	63,260	5,649,096	6,387,109	(3,727,732)	(1,732,882)	(1,419,551)	(793,774)	(592,267)	(983,974)	-	-	-	2,849,284
21															
22	SALES REVENUE (kWh based)														
23	Residential														
24	Budget	16,212,896	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	16,314,381	2,481,051	2,280,418	3,022,915	1,254,770	1,710,616	1,224,574	1,536,586	1,421,143	1,382,307	-	-	-	16,314,381
26	Variance (Budget to Actual)	101,484	21,914	38,904	737,875	(595,023)	34,921	(189,974)	78,514	6,595	(32,241)	-	-	-	101,484
27															
28	Commercial														
29	Budget	5,915,359	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	5,889,110	777,162	707,092	934,924	509,471	670,666	506,478	630,905	613,536	538,874	-	-	-	5,889,110
31	Variance (Budget to Actual)	(26,249)	(120,067)	(110,736)	101,216	(165,435)	59,280	(9,627)	98,920	97,431	22,769	-	-	-	(26,249)
32															
33	Combined kWh Sales Revenue														
34	Budget	22,128,255	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	22,203,490	3,258,213	2,987,511	3,957,839	1,764,241	2,381,282	1,731,052	2,167,492	2,034,680	1,921,181	-	-	-	22,203,490
36	Variance (Budget to Actual)	75,235	(98,153)	(71,832)	839,091	(760,459)	94,201	(199,601)	177,434	104,026	(9,472)	-	-	-	75,235
37	NOTE: Excluded Other Revenue and Revenues that are not usage based.														
38															
39	POWER COST														
40	Budget	6,972,039	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	6,828,337	899,802	1,232,811	972,870	716,007	568,530	586,309	630,634	571,900	649,474				6,828,337
42	Variance (Budget to Actual)	(143,702)	(153,682)	271,596	(6,799)	(79,123)	(153,192)	(24,282)	1,589	(38,691)	38,883	-	-	-	(143,702)

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 September '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)				
<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</p> <p>(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>Date</div>				
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	21,229,499	22,422,842	22,326,406	1,940,405
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	6,731,845	6,829,106	6,972,039	649,575
4. Transmission Expense	199,211	211,337	138,309	16,517
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,473,329	2,771,961	2,783,821	302,301
7. Distribution Expense - Maintenance	1,439,083	1,699,991	1,657,828	139,948
8. Customer Accounts Expense	769,808	825,697	847,408	88,588
9. Customer Service and Informational Expense	369,695	407,431	453,319	27,400
10. Sales Expense	29,685	38,587	33,230	3,811
11. Administrative and General Expense	2,316,397	2,443,089	2,376,288	250,831
12. Total Operation & Maintenance Expense (2 thru 11)	14,329,053	15,227,200	15,262,242	1,478,971
13. Depreciation and Amortization Expense	3,347,092	3,688,873	3,612,221	409,655
14. Tax Expense - Property & Gross Receipts	236,754	260,285	272,267	28,919
15. Tax Expense - Other	778,584	808,208	787,671	71,609
16. Interest on Long-Term Debt	1,345,757	1,458,681	1,459,986	157,658
17. Interest Charged to Construction - Credit	(187,980)	(127,007)	(137,314)	(12,463)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	7,500	-	-
20. Total Cost of Electric Service (12 thru 19)	19,849,261	21,323,740	21,257,074	2,134,349
21. Patronage Capital & Operating Margins (1 minus 20)	1,380,238	1,099,102	1,069,332	(193,944)
22. Non Operating Margins - Interest	144,317	153,802	96,906	19,691
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	77,639	76,378	78,946	8,664
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	75,178	60,607	63,635	1,090
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,677,372	1,389,889	1,308,819	(164,499)

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		
			September '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	169	137	5. Miles Transmission	42.65	42.65
2. Services Retired	48	86	6. Miles Distribution – Overhead	152.81	151.38
3. Total Services in Place	15,129	15,193	7. Miles Distribution - Underground	1,058.16	1,055.49
4. Idle Services (Exclude Seasonals)	816	734	8. Total Miles Energized (5 + 6 + 7)	1,253.62	1,249.52
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	141,570,197		30. Memberships	56,160	
2. Construction Work in Progress	5,474,219		31. Patronage Capital	41,407,604	
3. Total Utility Plant (1 + 2)	147,044,416		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	52,465,384		33. Operating Margins - Current Year	2,035,902	
5. Net Utility Plant (3 - 4)	94,579,032		34. Non-Operating Margins	76,378	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(4,312,710)	
7. Investments in Subsidiary Companies	(8,797,174)		36. Total Margins & Equities (30 thru 35)	39,263,334	
8. Invest. in Assoc. Org. - Patronage Capital	1,183,060		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	50,552,467	
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)	8,598,540	
12. Other Investments	1,140		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	725,480		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(6,318,921)		43. Total Long-Term Debt (37 thru 41 - 42)	59,151,007	
15. Cash - General Funds	2,854,092		44. Obligations Under Capital Leases - Noncurrent	24,076	
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)	24,076	
18. Temporary Investments	2,472,967		47. Notes Payable	-	
19. Notes Receivable (Net)	508,216		48. Accounts Payable	634,454	
20. Accounts Receivable - Sales of Energy (Net)	1,644,445		49. Consumers Deposits	86,883	
21. Accounts Receivable - Other (Net)	82,614		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	2,906,843		52. Current Maturities Capital Leases	20,501	
24. Prepayments	325,878		53. Other Current and Accrued Liabilities	499,181	
25. Other Current and Accrued Assets	918,770		54. Total Current & Accrued Liabilities	1,241,020	
26. Total Current and Accrued Assets	11,751,786		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	332,460	
28. Other Deferred Debits	-		57. Total Liabilities and Other Credits	100,011,897	
29. Total Assets and Other Debits	100,011,897				