

ORCAS POWER AND LIGHT COOPERATIVE Q2 FINANCIAL REPORT



MEMORANDUM

August 7, 2020

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2020 Second Quarter Financial Report

Please see attached the full 2020 2nd 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.

Second quarter financials remain positive primarily due to colder weather pattern during the summer and higher sales (prior to ECA adjustment) than budgeted. The impacts from COVID-19 did start to influence kWh sales / revenue beginning with the last two weeks of March. Commercial kWh sales have reported lower in the last part of March and into Q2 which was partially offset by an increase in residential sales.

The energy charge adjustment (ECA) returned \$530k (\$300k in January based on December 2019 calculation) to the membership through Q2, which is the primary driver of the decreased sales of 2.8% or \$460k. The impact of COVID-19 on our commercial members through Q2 is also notable as commercial revenue was below budget by ~\$606k. All factors combined resulted in a decrease in the margin of \$386k as compared to budget.

Income Statement Summary (in thousands)	Q2 2020		
	Budget	Actual	Variance
Gross Revenue	\$ 17,239	\$ 17,368	\$ 129
ECA Surcharge / (Credit)**	-	(530)	(530)
Revenue	17,239	16,838	(401)
Expenses			
Cost of Power	5,113	5,137	24
Transmission & Distribution Expense	3,499	3,444	(55)
General & Administrative Expense	2,760	2,813	53
Depreciation, Tax, Interest & Other	4,316	4,279	(37)
Total Expenses	15,688	15,673	(15)
Margin	\$ 1,551	\$ 1,165	\$ (386)
TIER	2.56	2.19	(0.37)
HDD	841	863	22
kWh Purchases	113,844	117,559	3,715
kWh Sales	106,825	111,381	4,556

** The ECA returned \$530k to members in the form of bill credits in 2020

For more detail, please note the following key points:

- Through Q2, YTD Heating Degree Days (HDD) were up ~2.6% above normal budgeted levels (actual of 863 vs. budget of 841). Actual kWh sales were 4.6M kWh above budget (111.4M vs. budget of 106.8M). We budgeted year end 2020 to have above average temperatures for the region, with a Q4 2020 temperature probability of above average. The latest NOAA predictions are indicating a probability of higher temperatures in the region. Yet, NOAA ENSO (El Niño Southern Oscillation) is indicating a trend to a weak La Niña condition. Given OPALCO's sales influence by oceanic conditions, we may tilt toward a slightly cooler condition which may yield increased energy sales.
- Q2 YTD power purchases were up \$19k due to slightly higher kWh consumption. Actual kWh purchases were 3.7M kWh above budget (117.6M vs. budget of 113.9M).
- Excluding purchased power, Q2 YTD operating expenses were approximately \$87k under budgeted amounts.
- The YTD ECA through June billing period was a credit to members (and reduction to operating revenue) of \$529,687, or \$21.15 for a member using 1000 kWh/month. Due to meter reading and billing lag from December to January, ~\$300k of the ECA was derived from 2019.
- Borrowings were accelerated in 2020, primarily due to concerns surrounding the COVID-19 pandemic and uncertainty of funds. OPALCO borrowed the 2020 budgeted amount of \$3.1M to ensure funding in case the pandemic impacts continued throughout the year along. OPALCO borrowed an additional \$6.4M in restricted funding which was approved by the Board during the May meeting in order to take advantage of lower interest rates to save member funds in the future.
- As another measure to offset the economic uncertainty of the COVID-19 pandemic, OPALCO applied for and received late April ~\$1.79M as part of the CARES Act - Payroll Protection Program (PPP). The funds are currently included as part of other long-term debt, until an application for loan forgiveness is completed in Q4, which is when the Small Business Administration will begin accepting forgiveness applications. Applying for the PPP was an act of precaution to protect the 50 jobs we provide in an atmosphere of uncertainty.
- Rock Island Communications Q2 Financials included in separate packet.

OPALCO 2020 Q2 Financial Package under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2018	B. Actual Period End 12/31/2019	C. Budget Period End 6/30/2020	D. Actual Period End 6/30/2020	E. Budget \$ Change (D - C)	F. Budget % Change (D - C)	
1	kWh Purchases	217,948,000	221,869,000	113,844,000	117,559,000	3,715,000	3.3%	
2	Gross Revenue	29,683,000	31,702,000	17,239,000	17,368,000	129,000	0.7%	
3	Energy Charge Adjustment	-	(341,000)	-	(530,000)	(530,000)		Note: 1
4	Gross Revenue Total	29,683,000	31,361,000	17,239,000	16,838,000	(401,000)	-2.3%	
5	Cost of power	9,054,000	9,262,000	5,113,000	5,137,000	24,000	0.5%	
6	Operations & G&A	10,181,000	11,178,000	6,259,000	6,257,000	(2,000)	0.0%	
7	Depr, Int & Taxes	7,441,000	8,189,000	4,316,000	4,279,000	(37,000)	-0.9%	
8		26,676,000	28,629,000	15,688,000	15,673,000	(15,000)	-0.1%	
9	Net Margins	\$ 3,007,000	\$ 2,732,000	\$ 1,551,000	\$ 1,165,000	(386,000)	-24.9%	
10	TIER	2.67	2.40	2.56	2.19	(0.37)		
11	Equity % of Total Cap	41.0%	39.7%	39.9%	36.0%	-4%		Note: 2
12	Equity	38,633,000	38,403,000	38,863,000	38,801,000	(62,000)	-0.2%	
13	Total Debt	57,211,000	59,899,000	60,657,000	70,863,000	10,206,000	16.8%	Note: 2
14	Capital Spending	(11,181,000)	(7,004,861)	(3,132,000)	(3,778,000)	(646,000)	20.6%	
15	Capital Credit Retirement (net)	(1,084,000)	(1,115,000)	(59,000)	(60,000)	(1,000)	1.7%	
16	Annual HDD	1,190	1,323	841	863	22	2.6%	

Notes

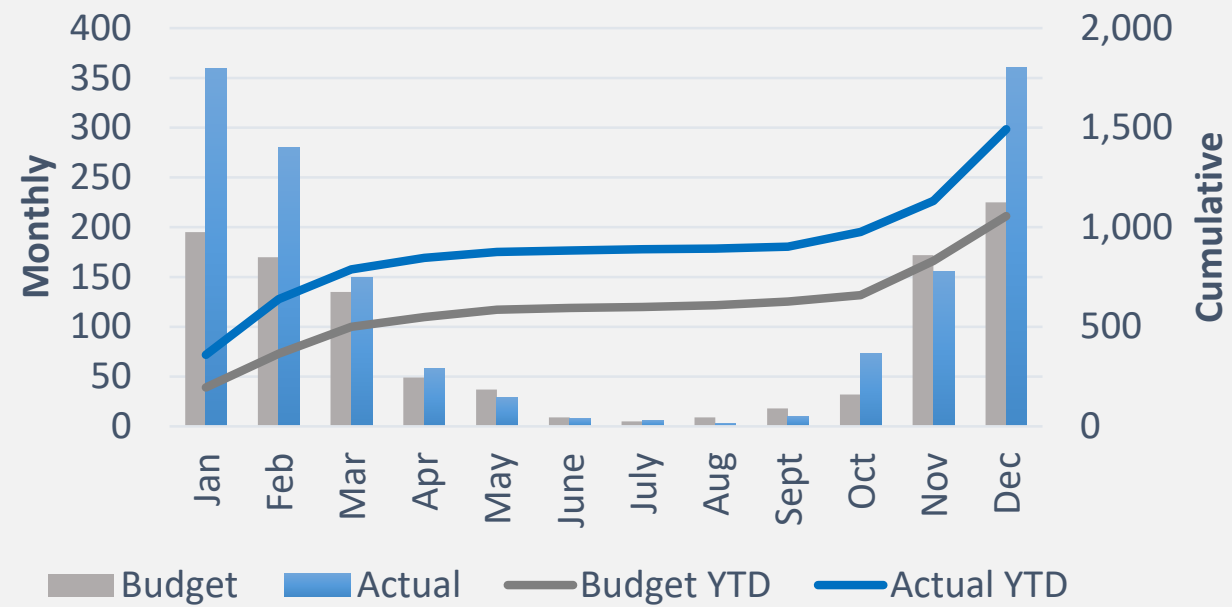
- 1
- ECA returned \$297K in January 2020 based on Dec'19 calculation (1-month lag)
- 2
- \$3.1M (budget for whole year) on 3/20, \$6.4M Restricted Funds on 6/5, RESP \$500k, PPP (which may be forgiven) \$1.790M, less principal payments of ~\$826k



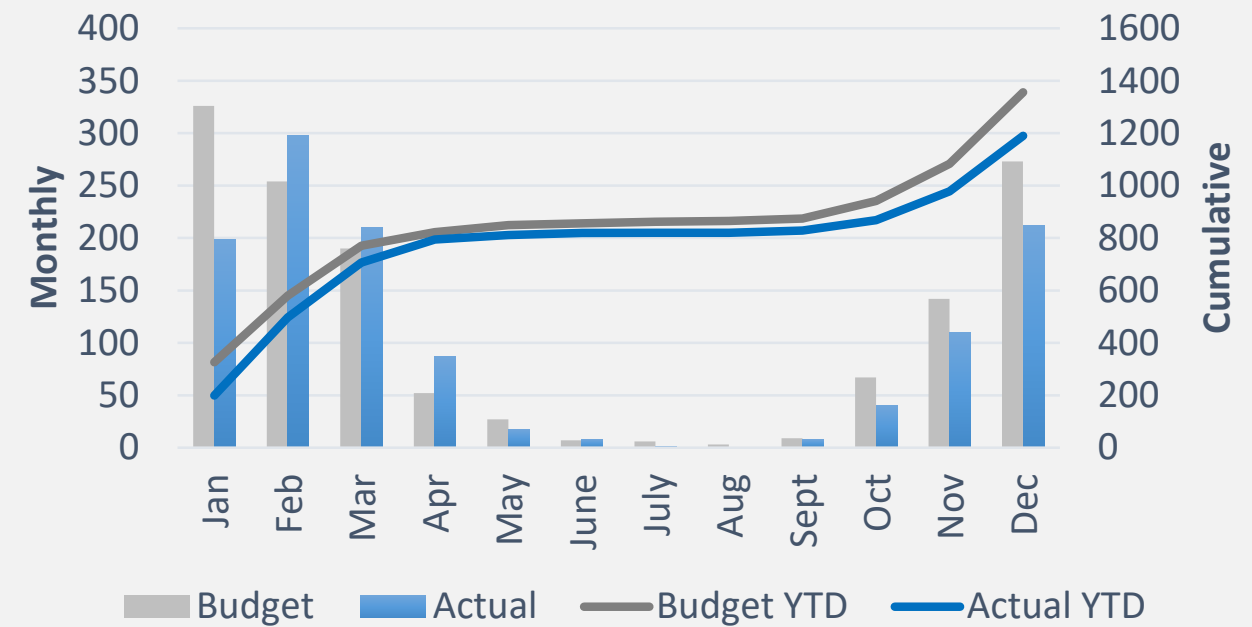
2020 Q2 Financial Highlights

2020 Budget to Actual: Heating Degree Days

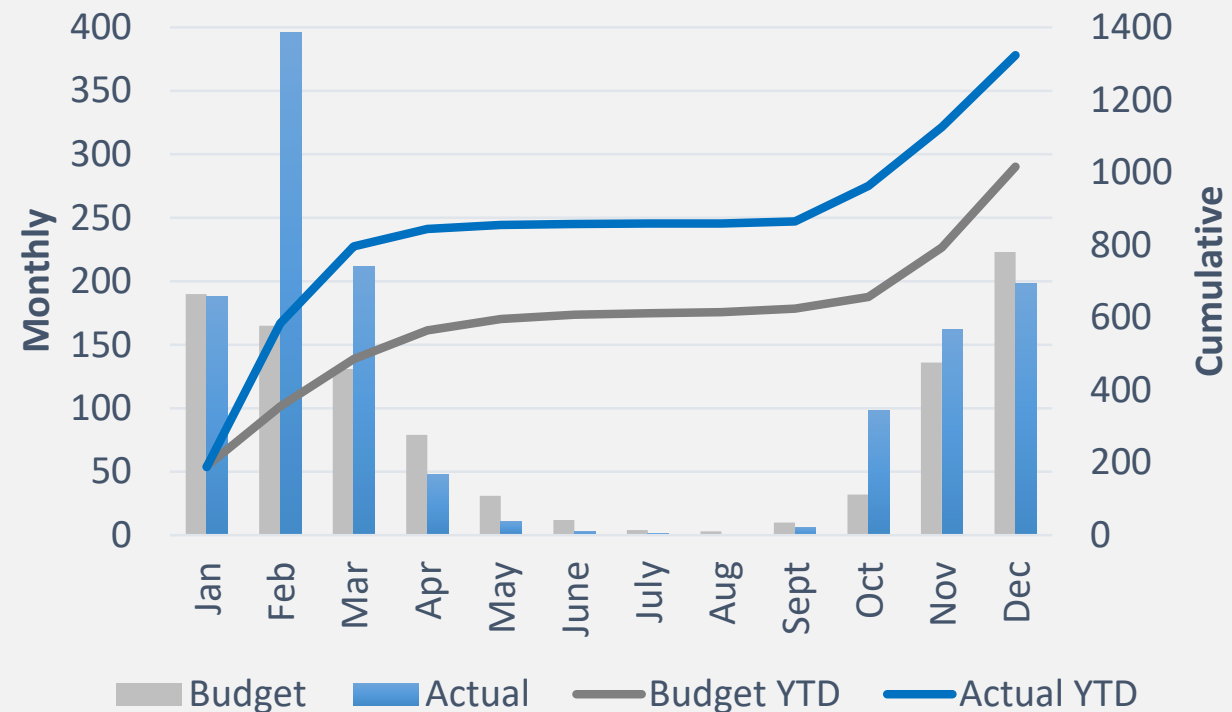
2017 HDD's



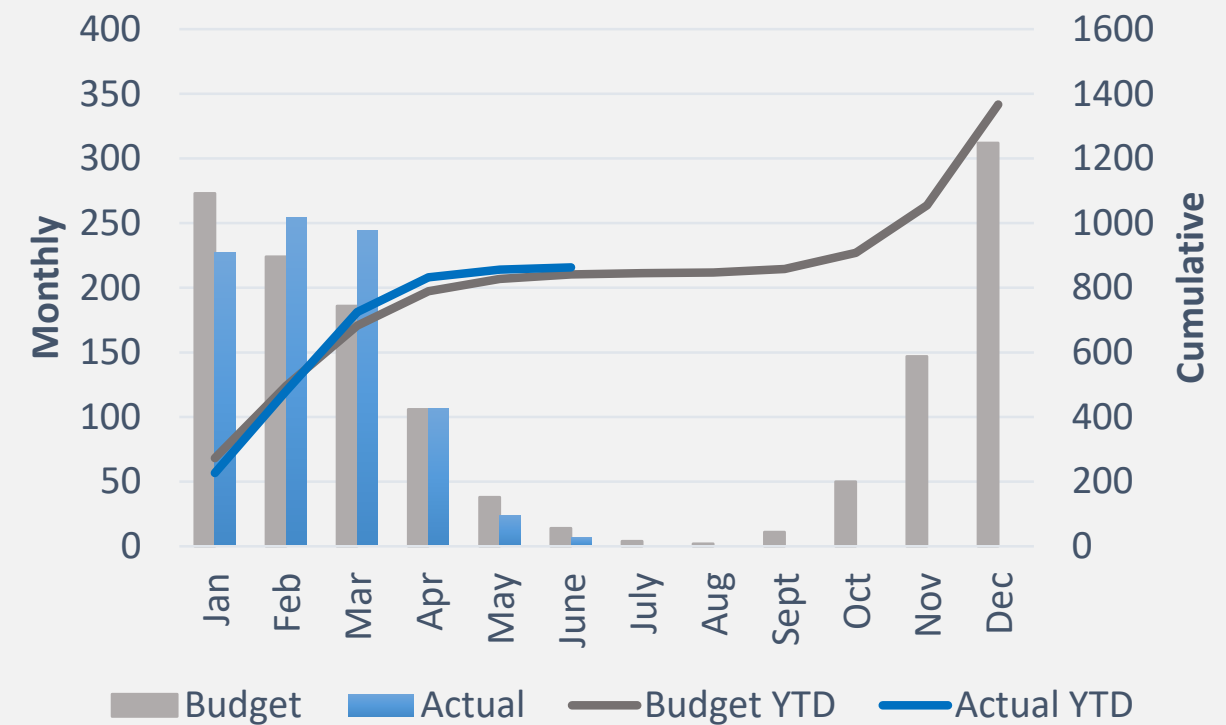
2018 HDD's



2019 HDD's

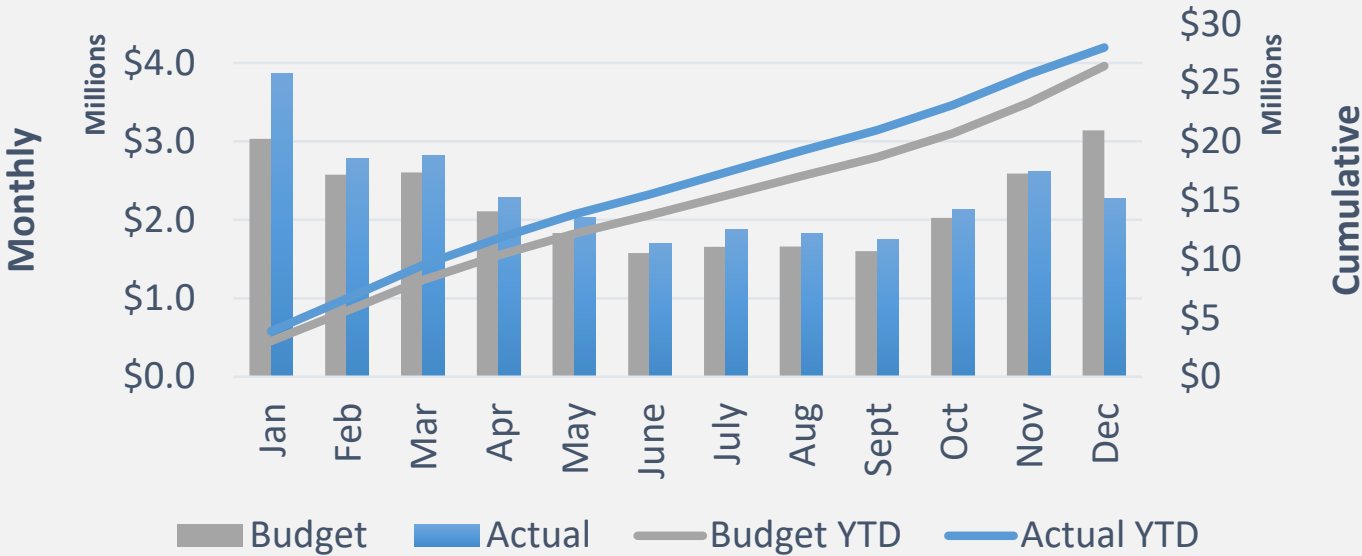


2020 HDD's

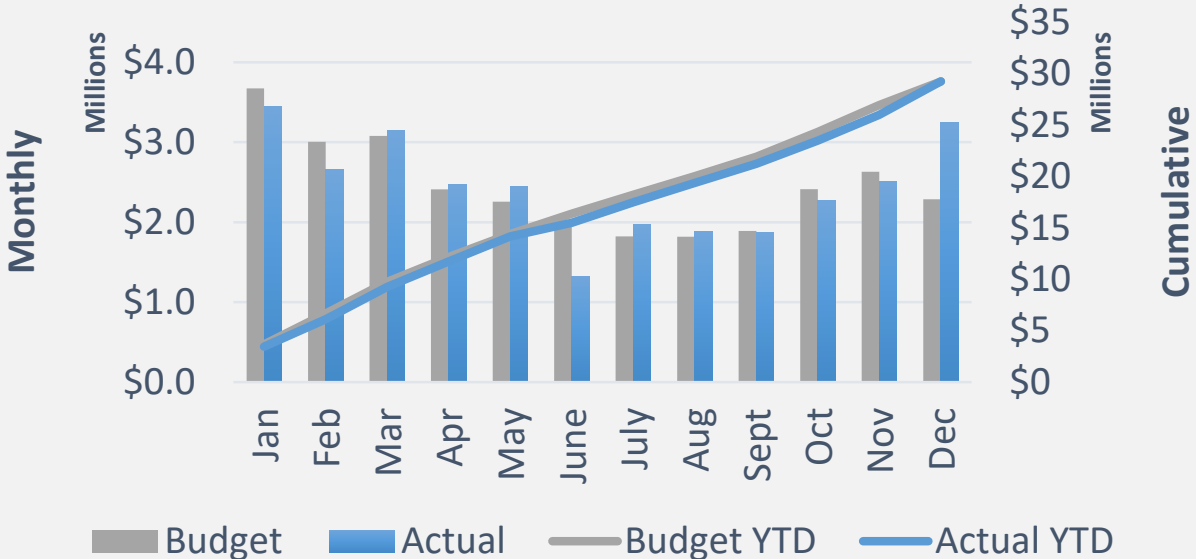


2020 Budget to Actual: Revenue

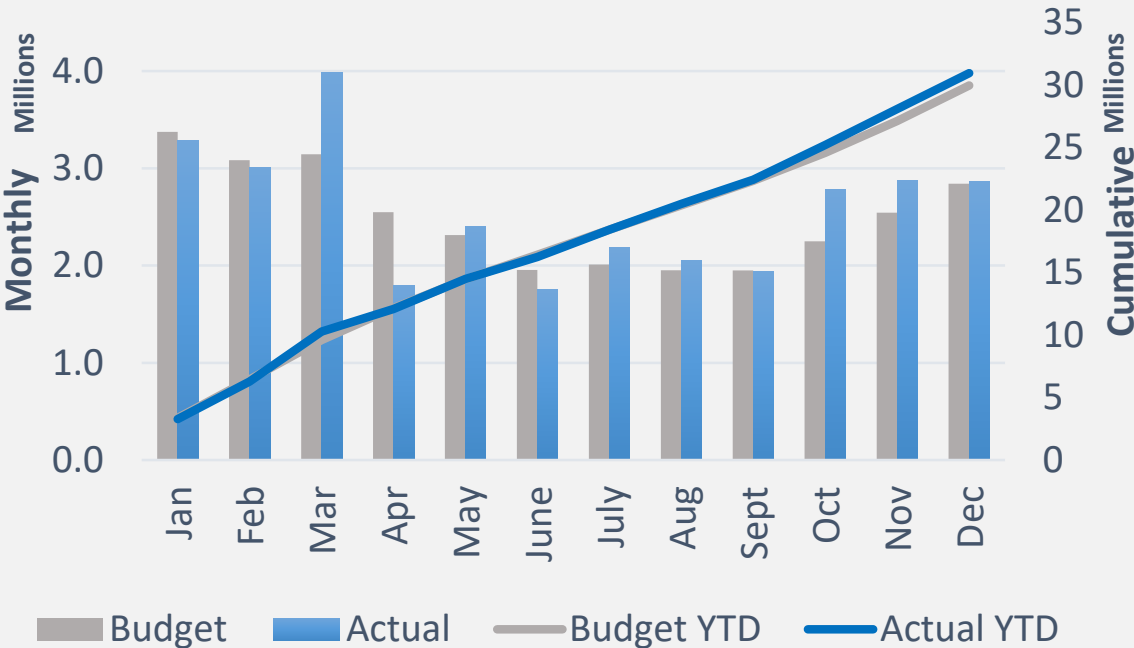
2017 Revenue



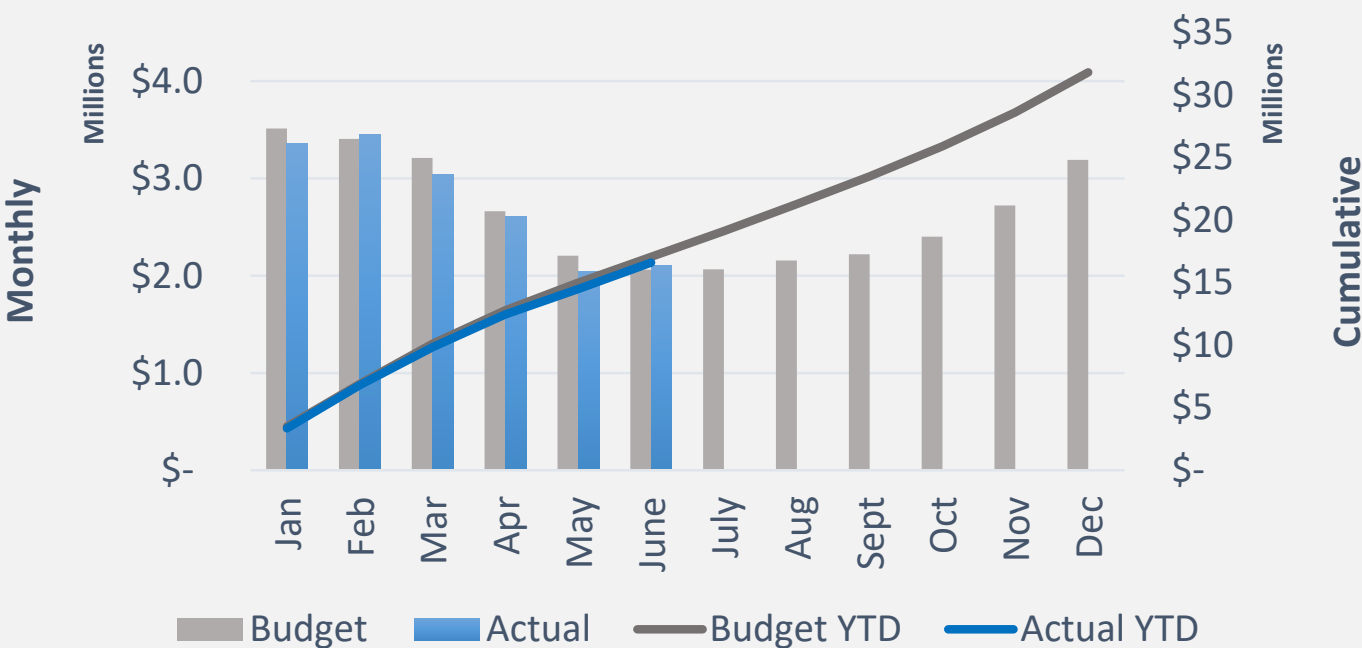
2018 Revenue



2019 Revenue



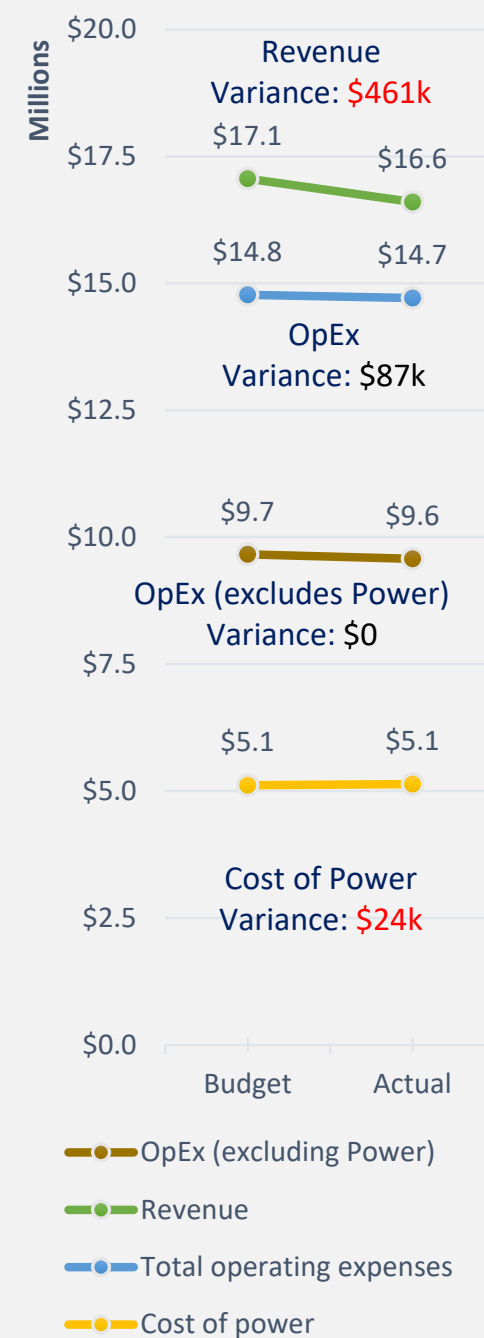
2020 Revenue



Net of ECA

2020 Q2 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2018	B. Audited Year End 12/31/2019	C. Budget Year End 12/31/2020	D. Budget Period End 6/30/2020	E. Actual Period End 6/30/2020	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 21,373,137	\$ 22,679,087	\$ 23,156,921	\$ 12,423,378	\$ 12,587,998	164,620
3 Commercial	7,655,416	7,999,086	8,411,026	4,530,793	3,924,336	(606,457)
4 Other						
5 Penalties and fees	186,774	190,397	188,239	79,218	52,235	(26,983)
6 Other	48,047	69,974	64,692	29,262	37,561	8,299
7 Total operating revenue	29,263,375	30,938,545	31,820,878	17,062,651	16,602,130	(460,521)
8						
9 OPERATING EXPENSES						
10 Cost of power	9,053,663	9,262,362	9,532,908	5,113,057	5,136,918	23,861
11 Transmission	252,433	458,165	377,727	236,075	206,460	(29,615)
12 Distribution - operations	3,365,842	3,604,825	3,913,175	2,077,157	1,859,853	(217,305)
13 Distribution - maintenance	1,945,822	2,170,783	2,324,623	1,185,893	1,377,930	192,037
14 Consumer accounts	1,014,503	1,097,439	1,153,739	593,908	579,068	(14,840)
15						
16 General and administration						
17 Administration	3,191,624	3,390,513	3,593,738	1,859,433	1,936,008	76,574
18 Energy services	375,582	395,013	505,230	275,059	253,818	(21,242)
19 Subsidiary charges (RIC network mgt services)	34,920	61,378	63,219	31,610	43,725	12,115
20 Total general and administration	3,602,127	3,846,904	4,162,187	2,166,102	2,233,550	67,448
21						
22 Depreciation and amortization	4,528,224	4,923,805	5,216,895	2,604,841	2,532,939	(71,902)
23 Taxes	1,365,016	1,444,843	1,514,661	797,000	783,825	(13,174)
24						
25 Total operating expenses	25,127,630	26,809,125	28,195,915	14,774,033	14,710,543	(63,491)
26						
27 Operating margins before fixed charges	4,135,745	4,129,420	3,624,963	2,288,618	1,891,587	(397,031)
28						
29 FIXED CHARGES						
30 Interest on long-term debt	1,547,868	1,820,581	1,873,848	913,668	961,798	48,130
31						
32 Operating margins after fixed charges	2,587,877	2,308,838	1,751,115	1,374,950	929,789	(445,160)
33						
34 PATRONAGE CAPITAL CREDITS	143,090	125,254	132,375	46,331	29,581	(16,750)
35						
36 Net operating margins	2,730,967	2,434,092	1,883,490	1,421,281	959,370	(461,911)
37						
38 NON-OPERATING MARGINS						
39 Interest income	97,091	123,252	81,464	40,732	51,148	10,416
40 Other income (loss)	13,812	4,259	(18,842)	5,018	70,136	65,118
41 Total Opalco non-operating margins	110,903	127,511	62,622	45,750	121,284	75,534
42						
43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,214	79,346	79,260	39,630	39,708	78
45 Other income (use of OPALCO backbone)	86,285	89,976	89,976	44,988	44,988	-
46 Total non-operating margins from Subsidiary	165,499	169,322	169,236	84,618	84,696	78
47						
48 Net non-operating margins	276,402	296,833	231,858	130,368	205,980	75,612
49						
50 NET MARGINS	\$ 3,007,369	\$ 2,730,925	\$ 2,115,348	\$ 1,551,649	\$ 1,165,350	(386,299)
51						
TIER	2.67	2.40	2.06	2.56	2.19	(0.37)
Equity % of Total Cap	41.0%	39.7%	38.3%	41.4%	35.9%	-5.5%



Notes:

- Through Q2 the ECA returned a net \$530k in the form of bill credits to the membership which is the primary driver of the overall revenue variance of \$461k.
- Note:** Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$300K in January 2020, related to the calculation based on December 2019 factors.
- Net Margin: \$1.17M (\$386k decrease)**

2020 Q2 Budget to Actual: Financial Metrics



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

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7 Total operating revenue	29,263,375	30,938,545	31,820,878	17,062,651	16,602,130	(460,521)
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16 General and administration						
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46 Net non-operating margins	276,402	296,833	231,858	130,368	205,980	75,612
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48 NET MARGINS	\$ 3,007,369	\$ 2,730,925	\$ 2,115,348	\$ 1,551,649	\$ 1,165,350	(386,299)
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50 TIER	2.67	2.40	2.06	2.56	2.19	(0.37)
51 Equity % of Total Cap	41.0%	39.7%	38.3%	39.9%	36.0%	-3.8%

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	Year End	Variance	
		6/30/2020	6/30/2020	(B - A)	Comments: Budget To Actual (Column C.)
1	I OPERATING REVENUES	17,062,651	16,602,130	(460,521)	
2					
3					Budget Actual Variance
4					HDD 841 863 22
5	Operating Revenue - Line 7 Detail Breakout:				kWh Sales 106,825 111,381 4,556
6	Residential Sales			164,620	(kWh in thousands) Greater sales yet ECA reduces by ~\$400k
7	Commercial Sales			(606,457)	Less sales plus ECA reduces by ~\$130k
8	Other Operating Revenue				
9	Penalties and Fees	(79,218)	(52,235)	(26,983)	Less penalties collected
10	Other	(29,262)	(37,561)	8,299	
11					
12	TOTAL OPERATING REVENUES	17,062,651	16,602,130	(460,521)	Overall, sales & revenue were above budget by ~\$70K before the ECA returned ~\$530k through Q2. Note ECA returned ~\$300K in January, which is related to Dec'19 kWh sales calculation.
13					
14	II OPERATING EXPENSES	14,774,033	14,710,543	(63,491)	Overall Decrease in operating expenses
15					
16					
17	Cost of Power - Line 10	5,113,057	5,136,918	23,861	Increase in expense - higher purchases than budgeted / less BPA surcharges than anticipated
18					Budget Actual Variance
19					kWh Purchases 113,844 117,559 3,715
20					(kWh in thousands)
21	Transmission - Line 11 Detail Breakout:	236,075	206,460	(29,615)	Decrease in expense
22					
23	Distribution - Operations - Line 12 Detail Breakout:	2,077,157	1,859,853	(217,305)	Decrease in expense - offset Distribution Maintenance
24					
25	Distribution - Maintenance - Line 13 Detail Breakout:	1,185,893	1,377,930	192,037	Increase in expense - offset Distribution Operations
26					
27	Consumer accounts - Line 14 Detail Breakout:	593,908	579,068	(14,840)	Decrease in expense - vacant position
28					
29	Total General and Administrative (G&A):	2,166,102	2,233,550	67,448	Increase in expense
30					
31	Administration G&A - Line 17 Detail Breakout:	1,859,433	1,936,008	76,574	Increase in expense -Board COVID-19 relief funding offset by less expenses
32					
33	Energy Services G&A - Line 18	275,059	253,818	(21,242)	Decrease in expense
34					
35	Subsidiary Charges G&A - Line 19	31,610	43,725	12,115	Increase in expense - 2020 inter-co increase
36					
37	Total General and Administrative (G&A)	2,166,102	2,233,550	67,448	Overall increase in expense
38					
39	Deprec. & Amort. - Line 22	2,604,841	2,532,939	(71,902)	Decrease in expense
40					
41	Taxes - Line 23	797,000	783,825	(13,174)	Decrease in expense
42					

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	Year End	Variance	
		6/30/2020	6/30/2020	(B - A)	Comments: Budget To Actual (Column C.)
43					
	TOTAL OPERATING EXPENSES	14,774,033	14,710,543	(63,491)	Overall decrease in expense
44					
45					
					Increase in expense - borrowed full 2020 budgeted amount due to uncertainty surrounding COVID-19 + addental \$6.4M Board approved funding to take advantage of lower interest rates to save member funds in the future.
46	III				
	FIXED CHARGES - Interest Expense - Line 30	913,668	961,798	48,130	
47					
48	IV				
	PATRONAGE CAPITAL CREDITS (Income) - Line 34	46,331	29,581	(16,750)	Decrease in income - received from associated cooperatives
49					
50					
	TOTAL NET OPERATING MARGINS	1,421,281	959,370	(461,911)	Decrease in margin
51					
52	V				
	NON-OPERATING MARGINS	130,368	205,980	75,612	Increase in margin
53					
54					
	Interest and Dividend Income - Line 39 combined with Line 42	80,362	90,856	10,494	Increase in income - interest increase due to investments and OBF
55					
56					
	Other Income - Line 40 combined with Line 43	50,006	115,124	65,118	Increase in income - REDA Energy Audit Grant
57					
58					
	TOTAL OPALCO NON-OPERATING MARGINS	130,368	205,980	75,612	Increase in margin
59					
60					
61					
	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,551,649	1,165,350	(386,299)	Decrease in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Audited Year End 12/31/2019	D. Actual Period End 6/30/2020	E. Change (D - C)
1 ASSETS					
2					
3 UTILITY PLANT, at cost					
4 Electric plant in service	\$ 124,265,509	\$ 136,469,139	\$ 144,301,230	\$ 146,420,684	2,119,454
5 Construction work in progress	10,630,332	6,790,804	5,015,317	6,151,613	1,136,296
6					
7	134,895,841	143,259,943	149,316,547	152,572,297	3,255,750
8 Less accumulated depreciation and amortization	45,632,268	49,148,193	53,456,306	55,582,874	2,126,568
9					
10 Net utility plant	89,263,573	94,111,750	95,860,241	96,989,423	1,129,182
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,654,603	1,737,909	1,814,993	1,822,608	7,615
14 Non-utility investment subsidiary (Note 1)	(4,944,798)	(7,444,503)	(9,279,459)	(10,129,624)	(850,165)
15 Total investments in associated organizations	(3,290,195)	(5,706,594)	(7,464,466)	(8,307,016)	(842,550)
16					
17 Other property and investments	(3,290,195)	(5,706,594)	(7,464,466)	(8,307,016)	(842,550)
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	3,269,223	2,041,535	3,928,582	8,638,723	4,710,141
21 Cash and cash equivalents - board designated	750,000	530,765	538,699	6,934,067	6,395,368
22 Accounts receivable, less doubtful accts allowance	3,136,480	4,501,319	3,910,241	3,093,649	(816,592)
23 Interest receivable	13,218	6,316	24,279	14,342	(9,937)
24 Materials and supplies	3,221,936	3,045,487	3,006,903	3,318,408	311,505
25 Prepaid expenses	343,441	384,379	452,011	496,791	44,780
26					
27 Total current assets	10,734,298	10,509,801	11,860,715	22,495,980	10,635,265
28					
29 DEFERRED CHARGES (Note 2)	-	-	647,075	887,950	240,875
30					
29 Total assets	\$ 96,707,676	\$ 98,914,957	\$ 100,903,565	\$ 112,066,337	\$ 11,162,772

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2017	B. Audited Year End 12/31/2018	C. Audited Year End 12/31/2019	D. Actual Period End 6/30/2020	E. Change (D - C)	
30						
31	EQUITIES, MARGINS, AND LIABILITIES					
32						
33	EQUITIES AND MARGINS					
34	Memberships	\$ 55,960	\$ 56,580	\$ 56,355	\$ 56,835	480
35	Patronage capital - OPALCO	40,181,088	41,668,217	42,747,665	43,797,854	1,050,189
36	Donated and other equities					
37	OPALCO donated & other margins	5,984,621	6,479,464	7,011,501	7,208,600	197,099
38	Subsidiary margins	(7,069,953)	(9,571,004)	(11,412,680)	(12,262,295)	(849,615)
39						
40	Total equities and margins	39,151,716	38,633,257	38,402,841	38,800,994	398,153
41						
42	LONG-TERM DEBT, less current maturities					
43	RUS mortgage notes	41,809,367	47,256,888	49,959,161	58,509,526	8,550,365
44	RUS economic development	3,333	-	-	-	-
45	CFC mortgage notes	8,561,284	8,300,502	8,029,709	7,890,171	(139,538)
46						
47	Total long-term debt	50,373,984	55,557,390	57,988,870	66,399,697	8,410,827
48						
49	OTHER NONCURRENT LIABILITIES (Note 3)	24,443	-	251,562	2,461,121	2,209,559
50						
51	Total long-term liabilities	50,398,427	55,557,390	58,240,432	68,860,818	10,620,386
52						
53	CURRENT LIABILITIES					
54	Accounts payable	2,997,993	1,979,818	1,622,227	1,119,897	(502,330)
55	Customer deposits	87,219	83,857	85,259	82,225	(3,034)
56	Accrued liabilities	2,032,946	691,055	583,736	723,855	140,119
57	Current maturities of long-term debt	1,734,041	1,628,954	1,640,280	1,984,386	344,106
58	Current maturities capital leases	29,332	24,443	18,057	18,057	-
59						
60	Total current liabilities	6,881,531	4,408,127	3,949,559	3,928,420	(21,139)
61						
62	DEFERRED CREDITS	276,002	316,183	310,733	476,105	165,372
63						
64	Total equities and liabilities	\$ 96,707,676	\$ 98,914,957	\$ 100,903,565	\$ 112,066,337	\$ 11,162,772
65						
66	Note:					
67	1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,132,673) less IN LLC's cumulative net deficit of (\$12,262,295) seen in 'equities & margins'.					
68	2 Member Switch-It-Up On Bill Financing (OBF) Long Term Receivables					
	3 Amount includes PPP (which may be forgiven) \$1.790M + \$671k in RESP					

STATEMENT OF CASH FLOW GAAP

Updated 8/6/2020

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

Note: All numbers in thousands						F. Comments
	A. Audited Year-End 12/31/2018	B. Unaudited Year-End 12/31/2019	C. Approved Budget 6/30/2020	D. Actual Period-End 6/30/2020	E. Budget Variance (D - C)	
1 % Rate Increase	5%	5%	3%	3%		
2 OPERATING ACTIVITIES:						
3 Margins	\$ 3,000	\$ 2,700	\$ 1,600	\$ 1,200	\$ (400)	Effect of ECA - rollover from December 2019
4 Plus depreciation/amortization	<u>4,500</u>	<u>4,900</u>	<u>2,600</u>	<u>2,500</u>	<u>(100)</u>	
5 Cash flow operations	7,500	7,600	4,200	3,700	(500)	
6						
7 PLANT INVESTMENT (NET)						
8 Plant investment (including material inventory)	<u>(10,300)</u>	<u>(4,400)</u>	<u>(3,100)</u>	<u>(3,800)</u>	<u>(700)</u>	
9 Cash flow from operations and plant investment	(2,800)	3,200	1,100	(100)	(1,200)	
10						
11 CASH FLOWS FROM PATRONAGE CAPITAL	<u>(1,100)</u>	<u>(1,100)</u>	<u>(60)</u>	<u>(60)</u>	<u>-</u>	
12 Cash flow before borrowings	(3,900)	2,100	1,040	(160)	(1,200)	
13						
14 NET BORROWINGS	5,000	2,700	750	11,000	10,250	Early borrowing due to uncertainty surrounding COVID-19 + additional Board approved \$6.4M to take advantage of lower interest rates
15 Cash increase (decrease) after net borrowings	<u>\$ 1,100</u>	<u>\$ 4,800</u>	<u>\$ 1,790</u>	<u>\$ 10,840</u>	<u>\$ 9,050</u>	
16						
17						
18 OUTSTANDING DEBT BALANCE	<u>57,200</u>	<u>59,900</u>	<u>60,700</u>	<u>70,900</u>	<u>10,200</u>	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

RUS CWP DESCRIPTION			A. Unaudited Year End 12/31/2019	B. Budget Year End 12/31/2020	C. Budget Period End 6/30/2020	D. Actual Period End 6/30/2020	E. Budget Variance (D- C)	G. Comments
1	DISTRIBUTION							
2	100	New Services	\$ 389,793	\$ 397,000	\$ 198,500	\$ 182,781	\$ (15,719)	Delays in member projects due to COVID-19 and personnel
3	200	New Tie Lines	(6,874)	115,000	15,000	111,920	96,920	County Missing Mountain Road (Unbudgeted)
4	300	Conversions and Line Changes	751,525	1,165,000	475,000	187,807	(287,193)	Delays in projects due to COVID-19
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	1,312,375	1,005,000	800,000	1,014,867	214,867	Decatur Battery project carryover from 2019. Failure of 3 LTC controllers.
7	600	Miscellaneous Distribution Equipment						
8	601	Transformers & Meters	619,180	646,000	200,000	276,630	76,630	Reprioritized projects due to COVID-19 away from contractor based projects
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	
10	603	Sectionalizing Equipment	1,258	140,000	25,000	76,214	51,214	Received equipment, installation in Q3
11	604	Regulators	(1,499)	100,000	-	24,963	24,963	Received regulators, construction anticipated in Q4
12	606	Ordinary Replacements	226,830	350,000	225,000	227,742	2,742	
13	607	Overhead to Underground Replacements	-	70,000	10,000	-	(10,000)	
14	608	Underground Dist. Cable Replacement	2,350,837	1,600,000	800,000	971,911	171,911	Reprioritized projects
15	700	Other Distribution Items						
16	701	Engineering Fees	-	-	-	-	-	
17	704	LMS & SCADA	138,265	70,000	32,000	36,974	4,974	
18	705	AMR	44,876	55,000	-	-	-	
19	706	Communications	157,426	110,000	65,000	61,465	(3,535)	
20	TRANSMISSION							
21	800	New Tie Line	-	-	-	-	-	
22	900	New Substations, switching station, metering point, etc.	-	110,000	30,000	-	(30,000)	Tie switch equipment delays
23	1000	Line and Station Changes	196,951	100,000	75,000	3,041	(71,959)	Shift in projects due to COVID-19
24	1100	Other Transmission	-	-	-	-	-	
25	GENERATION							
26	1200	Generation	-	-	-	-	-	
27	OTHER							
28	1300	Headquarters Facilities	574,560	355,000	355,000	607,257	252,257	Multiple HVAC failures and further septic repairs than anticipated
29	1400	Acquisitions	-	60,000	-	-	-	
30	1500	All Other (Transportation, Etc.)						
31	1501	Transportation/Equipment/Tools/Radios	596,410	539,000	330,000	459,732	129,732	Vehicle more repairs than anticipated. Early vehicle arrivals.
32	1502	Office Equipment/Furniture/Etc.	20,662	80,000	80,000	70,587	(9,413)	
33	1503	Computer/Servers/Software	310,903	222,000	130,000	117,895	(12,105)	
34	1504	Electrical Infrastructure to Support Community Solar	40,263	1,500,000	-	-	-	
35	1600	Minor Projects	268,214	155,000	90,000	19,693	(70,307)	Shift in projects due to COVID-19
36		RUS CWP SUBTOTAL	7,991,954	8,944,000	3,935,500	4,451,478	515,978	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
38		New Services	(439,694)	(408,000)	(204,000)	(211,467)	(7,467)	Offset to Line 2 - New Services
39		Meters and Transformers	(280,290)	(285,000)	(142,500)	(128,956)	13,544	Offset to Line 8 Transformers & Meters
40		Joint Projects	(266,480)	(244,000)	(122,000)	(33,208)	88,792	Less joint project due to COVID-19 (Offset to Lines 3, 4, 14 and 35)
41		WA DOC Grant Funding	-	(670,000)	(335,000)	(300,000)	35,000	
42		Community Solar Member Contributions	(627)	(1,500,000)	-	-	-	
43		CIAC SUBTOTAL	(987,092)	(3,107,000)	(803,500)	(673,632)	129,868	
44								
45		RUS CWP NET TOTAL	\$ 7,004,861	\$ 5,837,000	\$ 3,132,000	\$ 3,777,846	\$ 645,846	

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	841	273	224	186	106	38	14	4	2	11	50	147	312	841
3	Actual HDD	863	227	254	244	107	24	7							863
4	Variance	22	(46)	30	58	1	(14)	(7)							22
5															
6	ENERGY USAGE (kWh)														
7	Residential														
8	Budget	78,286,157	16,040,280	15,609,417	14,560,666	12,390,987	10,189,579	9,495,228	9,511,172	9,949,438	10,234,224	10,946,272	12,404,517	14,615,778	145,947,558
9	Actual	83,382,393	18,948,661	17,705,839	16,636,049	13,837,589	8,277,463	7,976,792							83,382,393
10	Variance (Budget to Actual)	5,096,236	2,908,381	2,096,422	2,075,383	1,446,602	(1,912,116)	(1,518,436)	-	-	-	-	-	-	5,096,236
11															
12	Commercial														
13	Budget	28,538,844	5,841,720	5,676,583	5,332,334	4,518,013	3,735,421	3,434,772	3,418,828	3,577,562	3,690,776	3,973,728	4,504,483	5,278,220	52,982,442
14	Actual	27,998,850	6,164,848	5,974,411	5,752,129	3,934,977	3,007,548	3,164,937							27,998,850
15	Variance (Budget to Actual)	(539,994)	323,128	297,828	419,795	(583,036)	(727,873)	(269,835)	-	-	-	-	-	-	(539,994)
16															
17	Combined Energy Usage (kWh)														
18	Budget	106,825,001	21,882,000	21,286,000	19,893,000	16,909,000	13,925,000	12,930,000	12,930,000	13,527,000	13,925,000	14,920,000	16,909,000	19,893,998	198,930,000
19	Actual	111,381,243	25,113,509	23,680,250	22,388,178	17,772,566	11,285,011	11,141,729	-	-	-	-	-	-	111,381,243
20	Variance (Budget to Actual)	4,556,242	3,231,509	2,394,250	2,495,178	863,566	(2,639,989)	(1,788,271)	-	-	-	-	-	-	4,556,242
21															
22	SALES REVENUE (kWh based)														
23	Residential														
24	Budget	12,414,869	2,558,069	2,479,822	2,331,483	1,945,157	1,607,617	1,492,721	1,498,175	1,564,628	1,613,126	1,742,841	1,980,442	2,327,514	23,141,595
25	Actual	12,579,582	2,544,980	2,598,317	2,280,081	2,031,761	1,554,027	1,570,417	-	-	-	-	-	-	12,579,582
26	Variance (Budget to Actual)	164,713	(13,089)	118,495	(51,402)	86,604	(53,590)	77,696	-	-	-	-	-	-	164,713
27															
28	Commercial														
29	Budget	4,525,828	931,625	901,822	853,824	709,245	589,340	539,972	538,525	562,600	581,743	632,688	719,163	840,539	8,401,086
30	Actual	3,919,447	786,613	833,920	736,053	564,567	476,743	521,552	-	-	-	-	-	-	3,919,447
31	Variance (Budget to Actual)	(606,381)	(145,012)	(67,902)	(117,771)	(144,678)	(112,597)	(18,420)	-	-	-	-	-	-	(606,381)
32															
33	Combined kWh Sales Revenue														
34	Budget	16,940,697	3,489,694	3,381,644	3,185,307	2,654,402	2,196,957	2,032,693	2,036,700	2,127,228	2,194,869	2,375,529	2,699,605	3,168,053	31,542,681
35	Actual	16,499,029	3,331,593	3,432,236	3,016,134	2,596,327	2,030,770	2,091,969	-	-	-	-	-	-	16,499,029
36	Variance (Budget to Actual)	(441,668)	(158,101)	50,592	(169,173)	(58,075)	(166,187)	59,276	-	-	-	-	-	-	(441,668)
37	NOTE: Excluded Other Revenue and Revenues that are not usage based.														
38															
39	POWER COST														
40	Budget	5,113,057	1,044,213	1,016,110	950,536	810,022	669,507	622,669	622,669	650,771	669,507	716,345	810,022	950,537	9,532,908
41	Actual	5,131,959	1,173,716	966,987	959,737	797,770	631,140	602,609							5,131,959
42	Variance (Budget to Actual)	18,902	129,503	(49,123)	9,201	(12,252)	(38,367)	(20,060)	-	-	-	-	-	-	18,902

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
DESIGNATIONWA0009

PERIOD ENDED
June '20

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	16,235,739	16,602,130	17,062,651	2,104,475
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	4,976,997	5,136,918	5,113,057	602,609
4. Transmission Expense	164,181	206,460	236,075	17,071
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,908,379	1,859,853	2,077,157	257,342
7. Distribution Expense - Maintenance	1,069,436	1,377,930	1,185,893	243,716
8. Customer Accounts Expense	564,670	579,068	593,908	85,257
9. Customer Service and Informational Expense	269,540	301,397	336,627	62,669
10. Sales Expense	25,957	23,540	23,786	4,021
11. Administrative and General Expense	1,703,812	1,908,613	1,798,189	269,249
12. Total Operation & Maintenance Expense (2 thru 11)	10,682,971	11,393,779	11,364,693	1,541,935
13. Depreciation and Amortization Expense	2,460,135	2,532,939	2,604,841	423,793
14. Tax Expense - Property & Gross Receipts	173,528	184,287	190,880	31,073
15. Tax Expense - Other	587,333	599,539	606,119	80,300
16. Interest on Long-Term Debt	973,023	979,108	996,924	172,207
17. Interest Charged to Construction - Credit	(88,837)	(17,311)	(83,256)	(9,319)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	7,500	-	7,500	-
20. Total Cost of Electric Service (12 thru 19)	14,795,653	15,672,340	15,687,701	2,239,989
21. Patronage Capital & Operating Margins (1 minus 20)	1,440,086	929,789	1,374,950	(135,514)
22. Non Operating Margins - Interest	97,834	90,856	80,362	16,787
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	51,112	115,124	50,006	7,214
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	26,994	29,581	46,331	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,616,026	1,165,350	1,551,649	(111,513)

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

Updated 7/27/2020

2020 Q2 Financial Report
Page 19 of 20

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		
			June '20		
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	84	86	5. Miles Transmission	42.65	42.65
2. Services Retired	81	21	6. Miles Distribution – Overhead	153.04	149.50
3. Total Services in Place	15,145	15,300	7. Miles Distribution - Underground	1,055.46	1,063.52
4. Idle Services (Exclude Seasonals)	738	745	8. Total Miles Energized (5 + 6 + 7)	1,251.15	1,255.67
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	146,420,683		30. Memberships	56,835	
2. Construction Work in Progress	6,276,496		31. Patronage Capital	42,632,504	
3. Total Utility Plant (1 + 2)	152,697,179		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	55,707,757		33. Operating Margins - Current Year	1,050,226	
5. Net Utility Plant (3 - 4)	96,989,422		34. Non-Operating Margins	115,124	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(5,053,697)	
7. Investments in Subsidiary Companies	(10,129,624)		36. Total Margins & Equities (30 thru 35)	38,800,992	
8. Invest. in Assoc. Org. - Patronage Capital	1,252,094		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	60,167,205	
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)	10,667,466	
12. Other Investments	1,940		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	7,116,436		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(1,190,581)		43. Total Long-Term Debt (37 thru 41 - 42)	70,834,671	
15. Cash - General Funds	3,658,693		44. Obligations Under Capital Leases - Noncurrent	10,533	
16. Cash - Construction Funds - Trustee	37,917		45. Accumulated Operating Provisions and Asset Retirement Obligations	-	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	10,533	
18. Temporary Investments	4,834,117		47. Notes Payable	-	
19. Notes Receivable (Net)	68,244		48. Accounts Payable	1,119,897	
20. Accounts Receivable - Sales of Energy (Net)	1,948,029		49. Consumers Deposits	82,225	
21. Accounts Receivable - Other (Net)	25,065		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	3,318,408		52. Current Maturities Capital Leases	18,057	
24. Prepayments	496,794		53. Other Current and Accrued Liabilities	723,855	
25. Other Current and Accrued Assets	992,278		54. Total Current & Accrued Liabilities	1,944,033	
26. Total Current and Accrued Assets	15,379,546		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	476,107	
28. Other Deferred Debits	887,950		57. Total Liabilities and Other Credits	112,066,337	
29. Total Assets and Other Debits	112,066,337				