

ORCAS POWER AND LIGHT COOPERATIVE 2021 Q2 FINANCIAL REPORT



MEMORANDUM

August 13, 2021

To: Board of Directors
 From: Foster Hildreth, General Manager
 Re: 2021 Second Quarter Financial Report

Please see attached the full 2021 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.

The energy charge adjustment (ECA) returned \$622k (\$211k in January based on December 2020 calculation) to the membership through Q2 2021, which was the driven by higher kWh sales than budgeted. The continued impact of COVID-19 on our commercial members is notable as commercial revenue was below budget by ~\$128k. While much commercial consumption shifted to residential, sales were also bolstered by higher overall kWh sales than budgeted. Coupled with overall expenses coming in under budget by ~\$640k, all factors combined resulted in an increase in the margin of \$1,041M as compared to budget.

The table below is a high-level projection of full-year 2021 financial results using actuals from Q2 and budget projections for future months.

Income Statement Summary (in thousands)	2021 Projection w/Q2 actuals		
	Budget	Projected	Variance
Operating Revenue	\$ 31,454	\$ 31,525	\$ 71
ECA Surcharge / (Credit)*	\$ -	\$ (622)	\$ (622)
Revenue	\$ 31,454	\$ 30,903	\$ (551)
Expenses:			
Cost of Purchased Power	\$ 9,745	\$ 9,780	\$ 35
Transmission & Distribution Expense	6,799	6,400	(399)
General & Administrative Expense	5,443	5,248	(195)
Depreciation, Tax, Interest & Other	8,826	8,497	(329)
Total Expenses	30,813	29,925	(888)
Non-op rev (Int, Patronage, other)	373	375	2
Net Margin	1,014	1,975	961
TIER	2.00	3.04	1.04
HDD	1,398	1,395	(3)
kWh Purchases	216,000	223,521	7,521
kWh Sales	203,260	212,442	9,182

* The ECA returned \$622k to members in the form of bill credits through June 2021

For more detail, please note the following key points:

- Heating Degree Days (HDD) were spot on with budgeted levels (actual of 863 vs. budget of 863). Overall kWh sales were 9.2M kWh above budget (118.4M vs. budget of 109.2M) primarily resulting from residential revenue which is ~4.0% above budget.
- 2021 power purchases were \$34k higher than budgeted, due to a combination of higher overall kWh purchases and a slightly lower cost/kWh than budgeted. Actual kWh purchases were 7.5M kWh above budget (123.5M vs. budget of 116M).
- Excluding purchased power, Q2 YTD operating expenses were approximately \$636k under budgeted amounts.
- The ECA for 2021 was a net credit to members (and reduction to operating revenue) of \$622k, or \$27.22 for a member using 1000 kWh/month. Due to the one-month lag in billing the calculated ECA, ~\$211k of the 2021 ECA was derived from December 2020 results.
- Rock Island Communications 2021 Financials included in separate packet.

OPALCO 2021 Financial Package under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

	A.	B.	C.	D.	E.	F.	
	Actual	Actual	Budget	Actual	Budget	Budget	
	Year End	Year End	Period End	Period End	\$ Change	% Change	
	12/31/2019	12/31/2020	6/30/2021	6/30/2021	(D - C)	(D - C)	
1	kWh Purchases	221,869,000	225,413,000	115,992,000	123,513,000	7,521,000	6.5%
2	Gross Revenue	31,702,000	33,116,000	17,024,000	18,046,000	1,022,000	6.0%
3	Energy Charge Adjustment	(341,000)	(651,000)	-	(622,000)	(622,000)	
4	Gross Revenue Total	31,361,000	32,465,000	17,024,000	17,424,000	400,000	2.3%
5	Cost of power	9,262,000	9,513,000	5,166,000	5,200,000	34,000	0.7%
6	Operations & G&A	11,178,000	12,076,000	6,368,000	5,907,000	(461,000)	-7.2%
7	Depr, Int & Taxes	8,189,000	8,497,000	4,475,000	4,261,000	(214,000)	-4.8%
8		<u>28,629,000</u>	<u>30,086,000</u>	<u>16,009,000</u>	<u>15,368,000</u>	(641,000)	-4.0%
9	Net Margins	<u>\$ 2,732,000</u>	<u>\$ 2,379,000</u>	<u>\$ 1,015,000</u>	<u>\$ 2,056,000</u>	1,041,000	102.6%
10	TIER	2.40	2.18	2.00	3.04	1.04	
11	Equity % of Total Cap	39.7%	36.0%	37.2%	37.7%	1%	
12	Equity	38,403,000	38,341,000	39,511,000	39,983,000	472,000	1.2%
13	Total Debt (Note 1)	59,899,000	69,876,000	69,610,000	68,861,000	(749,000)	-1.1%
14	Capital Spending	(7,004,861)	(7,050,000)	(3,013,000)	(3,323,000)	(310,000)	10.3%
15	Capital Credit Retirement (net)	(1,115,000)	(1,151,000)	(59,000)	(43,000)	16,000	-27.1%
16	Annual HDD	1,323	1,315	863	863	-	0.0%

Notes

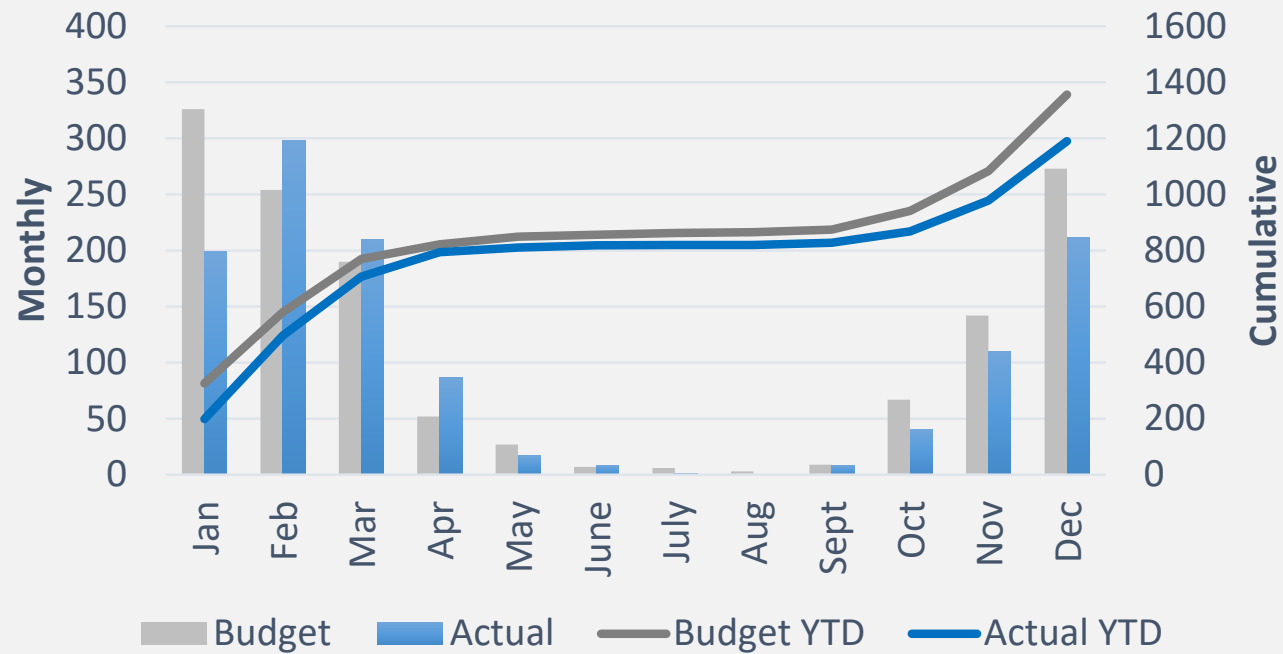
1 Delay in budgeted 0% RESP borrowing



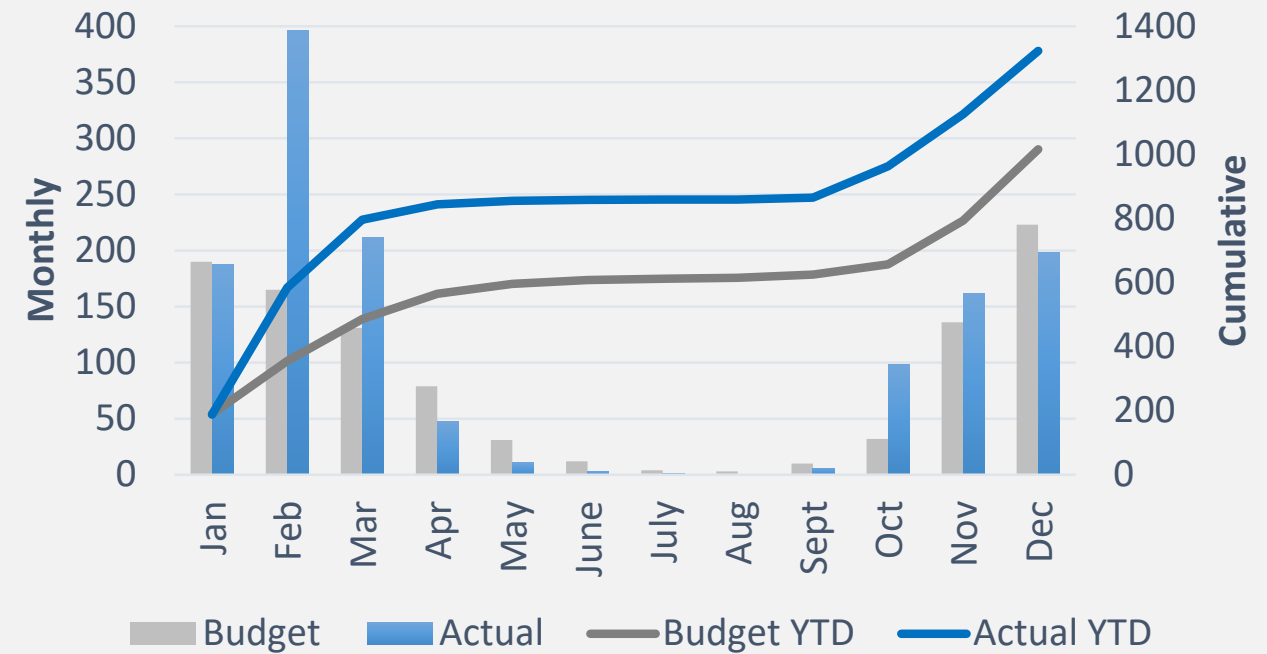
2021 Q2 Financial Highlights

2021 Budget to Actual: Heating Degree Days

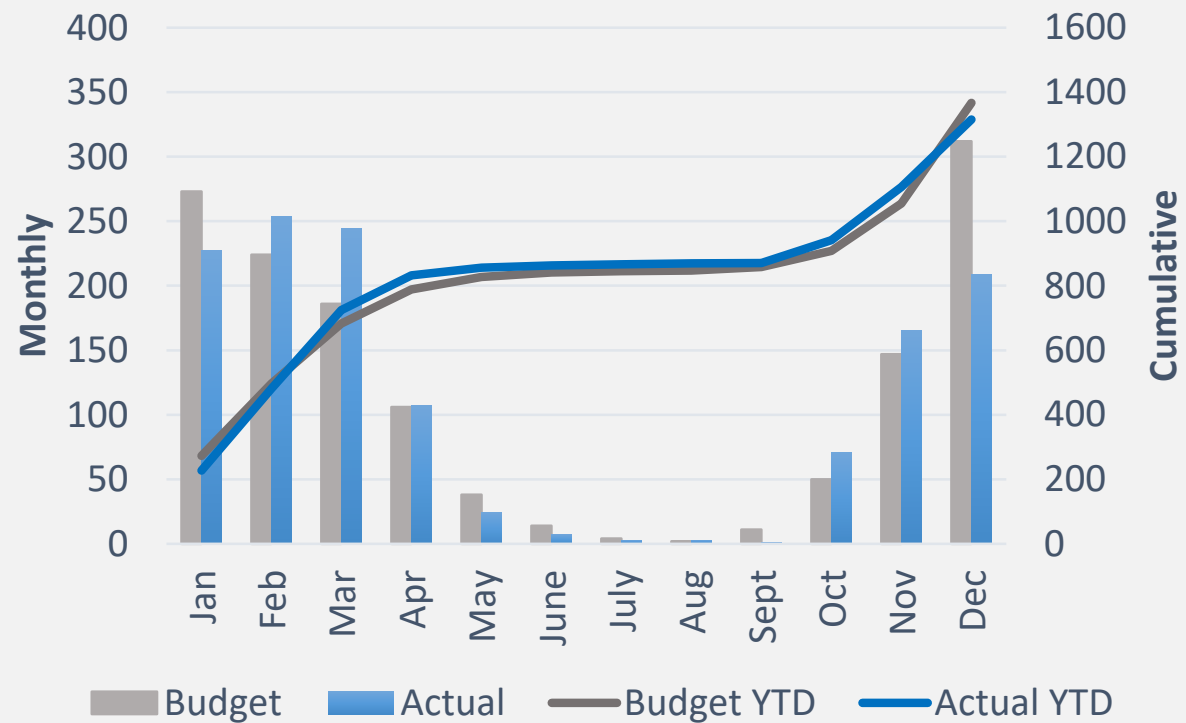
2018 HDD's



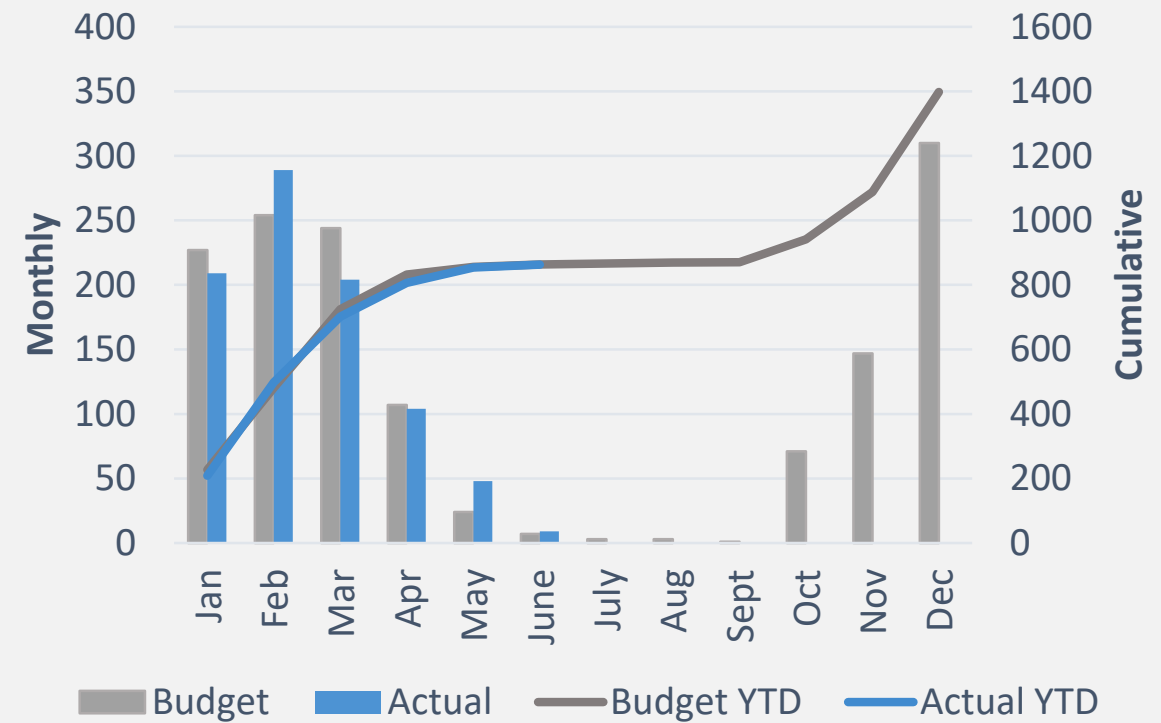
2019 HDD's



2020 HDD's

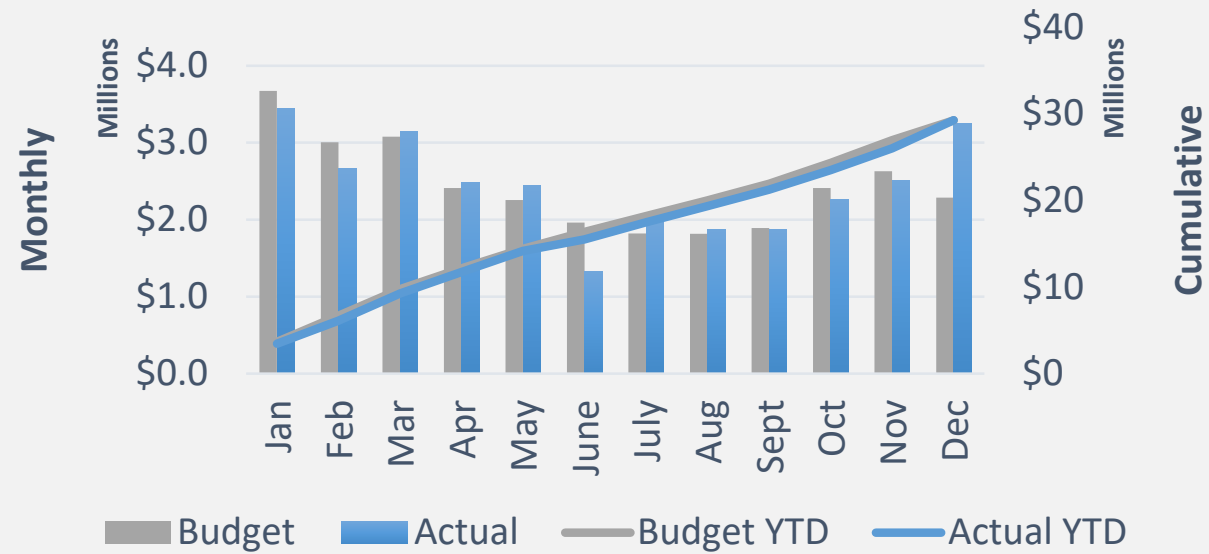


2021 HDD's

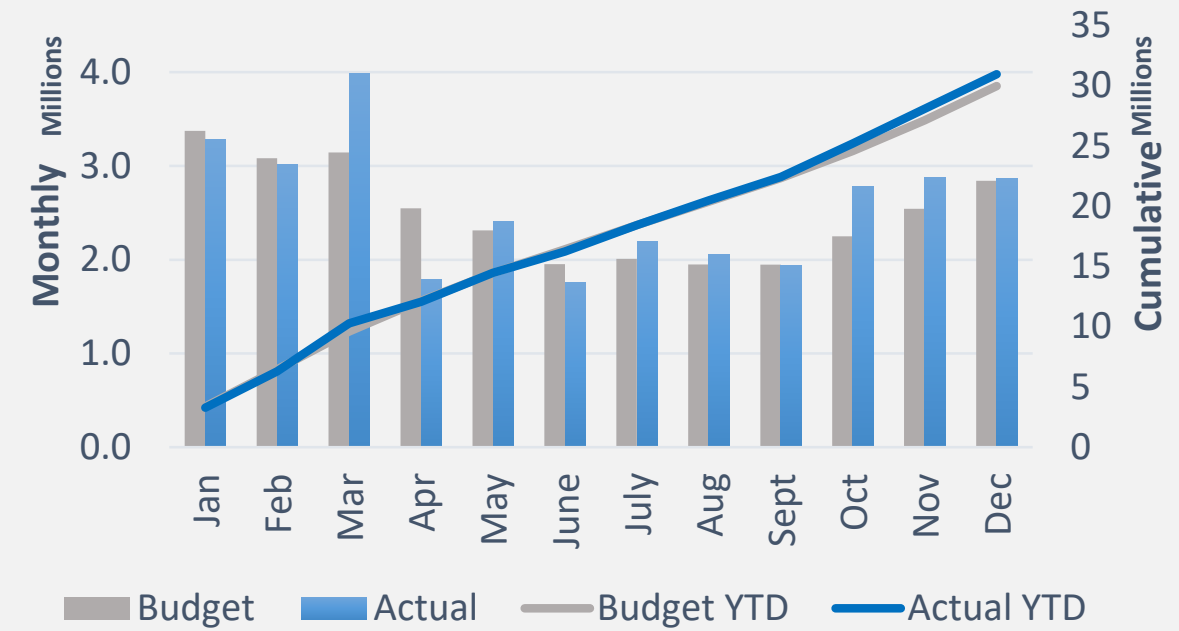


2021 Budget to Actual: Revenue

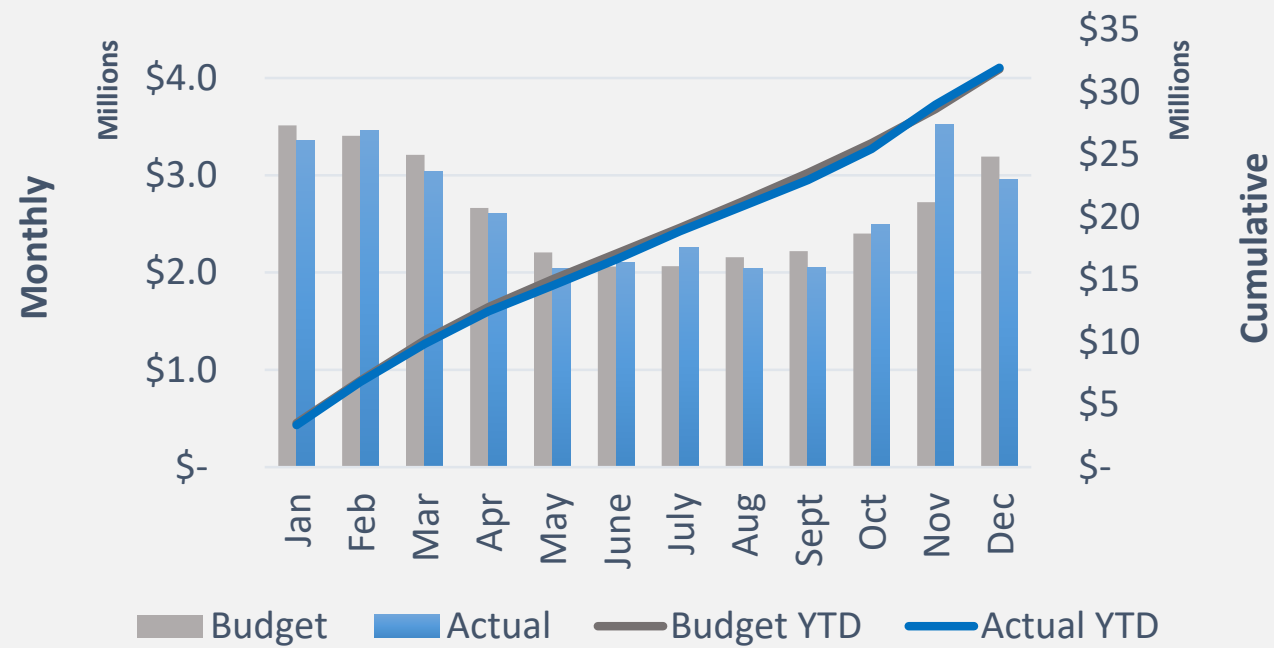
2018 Revenue



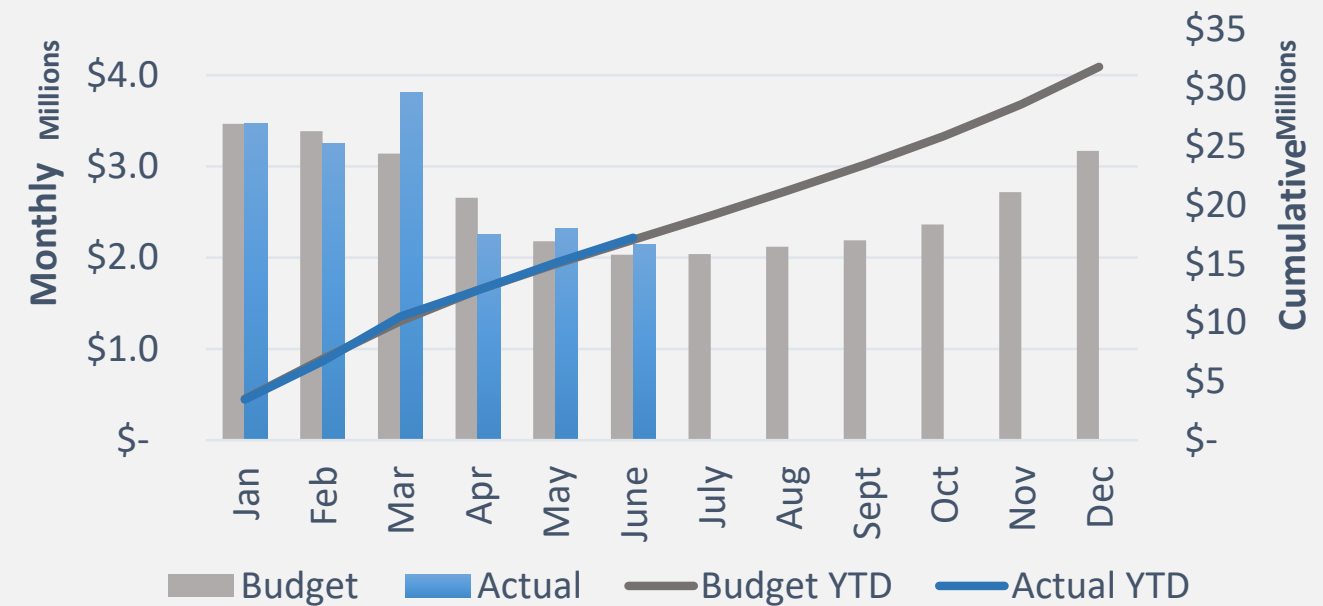
2019 Revenue



2020 Revenue



2021 Revenue



* Revenue net of ECA

2021 Q2 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2019	B. Audited Year End 12/31/2020	C. Budget Year End 12/31/2021	D. Budget Period End 6/30/2021	E. Actual Period End 6/30/2021	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 22,679,087	\$ 24,062,590	\$ 23,478,420	\$ 12,580,705	\$ 13,107,115	526,410
3 Commercial	7,999,086	7,714,074	7,865,526	4,223,856	4,096,311	(127,545)
4 Other						
5 Penalties and fees	190,397	75,175	42,538	18,174	19,430	1,256
6 Other	69,974	73,596	67,388	34,390	32,550	(1,840)
7 Total operating revenue	30,938,545	31,925,435	31,453,872	16,857,125	17,255,406	398,281
8						
9 OPERATING EXPENSES						
10 Cost of power	9,262,362	9,512,760	9,735,462	5,165,793	5,200,236	34,443
11 Transmission	458,165	388,576	428,447	245,522	264,695	19,173
12 Distribution - operations	3,604,825	3,570,350	3,636,851	1,932,738	1,825,853	(106,885)
13 Distribution - maintenance	2,170,783	2,825,081	2,733,082	1,338,428	1,151,613	(186,815)
14 Consumer accounts	1,097,439	1,093,791	1,003,546	522,357	550,215	27,858
15						
16 General and administration						
17 Administration	3,390,513	3,739,823	3,957,880	2,075,601	1,911,783	(163,818)
18 Energy services	395,013	369,201	408,389	208,132	156,953	(51,180)
19 Subsidiary charges (RIC network mgt services)	61,378	89,284	89,625	44,813	46,031	1,219
20 Total general and administration	3,846,904	4,198,308	4,455,894	2,328,546	2,114,767	(213,779)
21						
22 Depreciation and amortization	4,923,805	5,015,406	5,279,563	2,667,201	2,504,923	(162,278)
23 Taxes	1,444,843	1,514,553	1,573,530	813,936	800,588	(13,348)
24						
25 Total operating expenses	26,809,125	28,118,825	28,846,375	15,014,521	14,412,890	(601,631)
26						
27 Operating margins before fixed charges	4,129,420	3,806,610	2,607,497	1,842,604	2,842,515	999,912
28						
29 FIXED CHARGES						
30 Interest on long-term debt	1,820,581	1,966,936	1,962,740	994,111	955,496	(38,616)
31						
32 Operating margins after fixed charges	2,308,838	1,839,673	644,757	848,492	1,887,020	1,038,527
33						
34 PATRONAGE CAPITAL CREDITS	125,254	122,952	129,893	45,463	35,048	(10,415)
35						
36 Net operating margins	2,434,092	1,962,625	774,650	893,955	1,922,068	1,028,113
37						
38 NON-OPERATING MARGINS						
39 Interest income	123,252	89,550	70,985	35,493	33,478	(2,014)
40 Other income (loss)	4,259	157,313	2,473	749	5,756	5,007
41 Total Opalco non-operating margins	127,511	246,863	73,458	36,242	39,234	2,993
42						
43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,346	79,471	79,476	39,738	39,786	48
45 Other income (use of OPALCO backbone)	89,976	89,976	89,976	44,988	54,870	9,882
46 Total non-operating margins from Subsidiary	169,322	169,447	169,452	84,726	94,656	9,930
47						
48 NET MARGINS	\$ 2,730,925	\$ 2,378,935	\$ 1,017,560	\$ 1,014,923	\$ 2,055,958	1,041,035
49						
50 TIER	2.40	2.18	1.50	2.00	3.04	1.04
51 Equity % of Total Cap	39.7%	35.9%	36.1%	37.2%	37.7%	0.5%

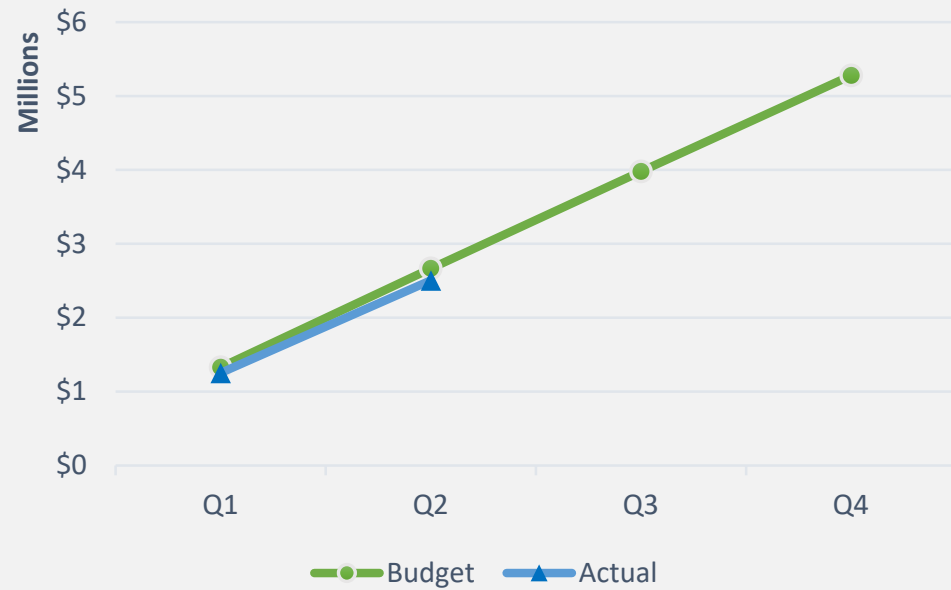


Notes:

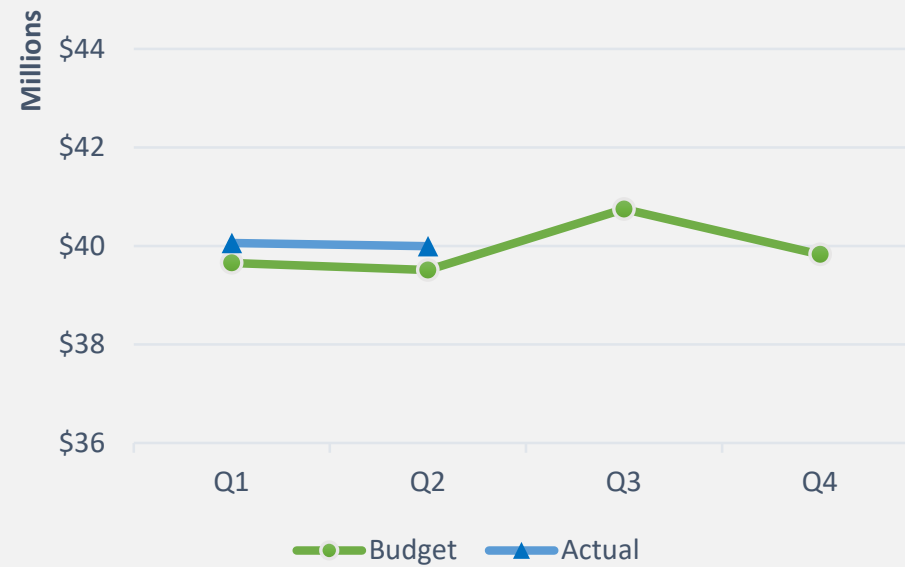
- Through Q2 the ECA returned a net \$622k in the form of bill credits to the membership **Note:** Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$211k in January 2021, related to the calculation based on December 2020 factors.
- Net Margin: \$2.056M (\$1,041M increase)

2021 Q2 Budget to Actual: Financial Metrics

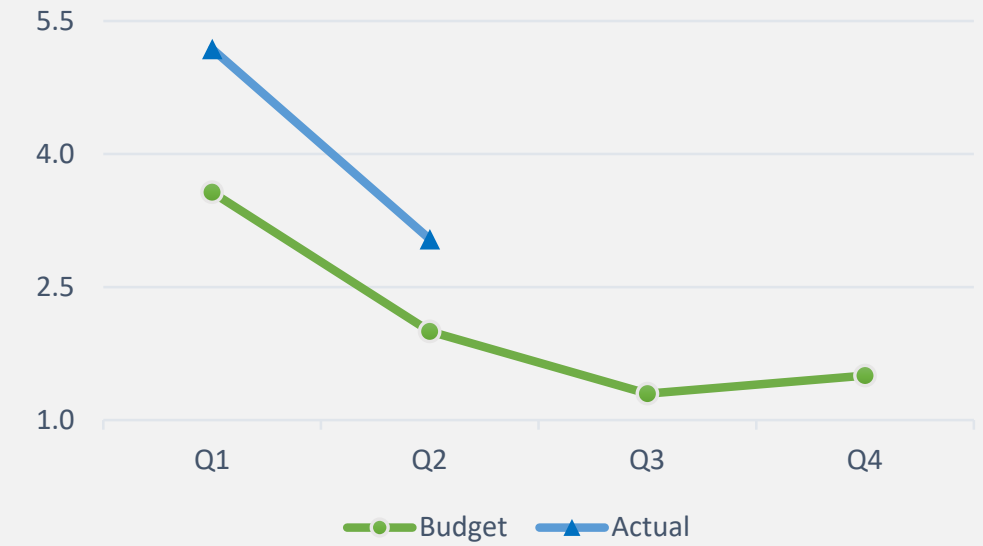
Depreciation & Amortization



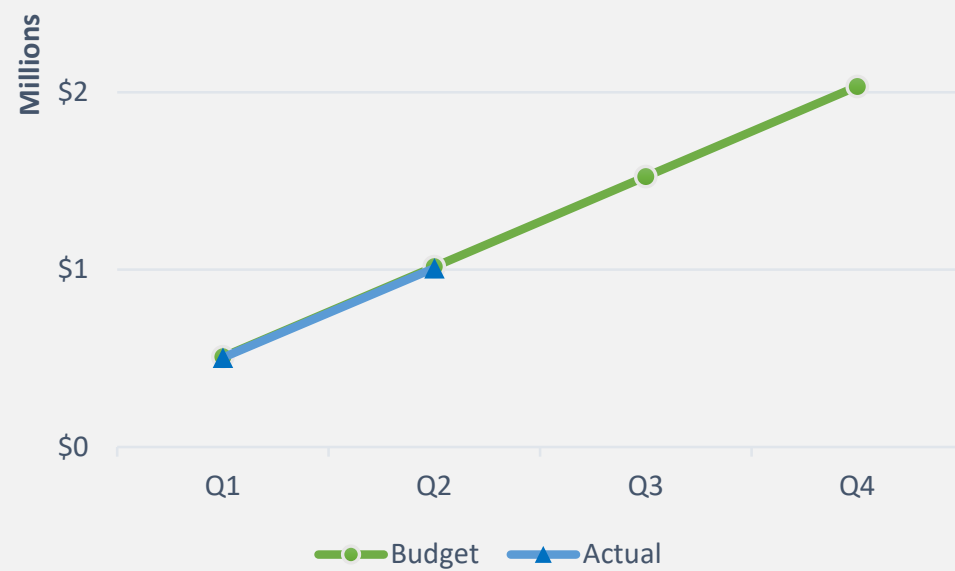
Equity



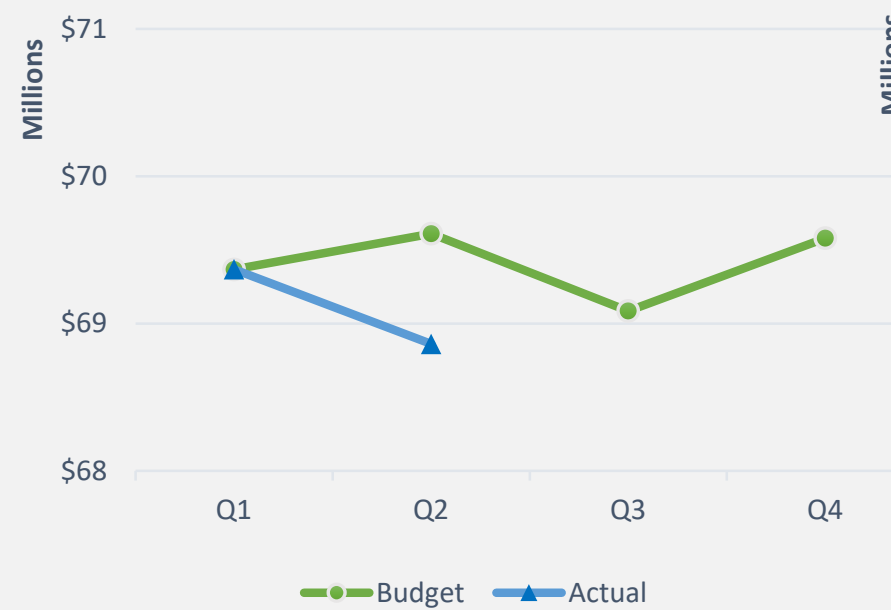
TIER



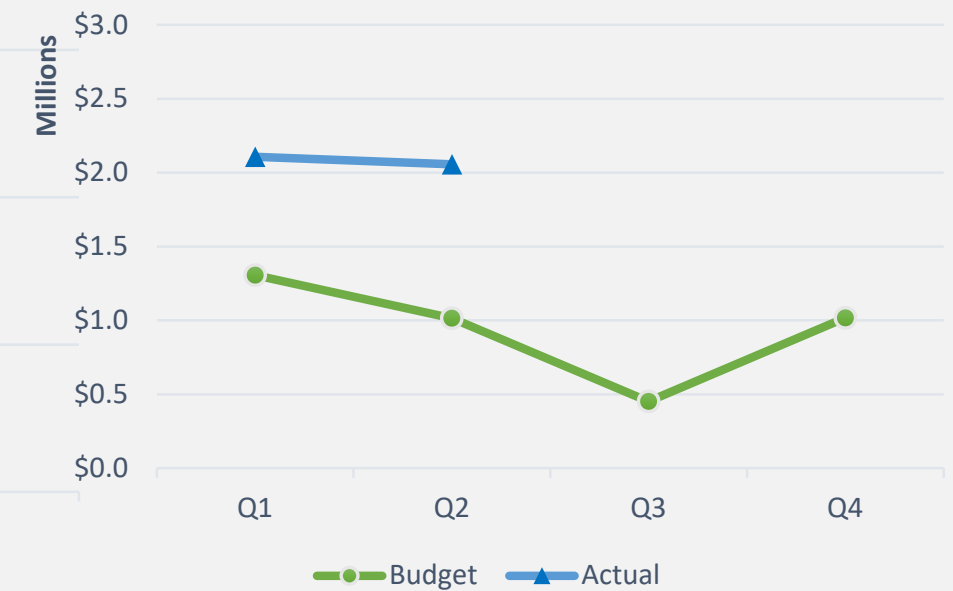
Interest



Debt



Margin



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STATEMENT OF OPERATIONS

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43 Other income (use of OPALCO backbone)	89,976	89,976	89,976	44,988	54,870	9,882
44 Total non-operating margins from Subsidiary	169,322	169,447	169,452	84,726	94,656	9,930
45						
46 Net non-operating margins	296,833	416,309	242,910	120,968	133,890	12,923
47						
48 NET MARGINS	\$ 2,730,925	\$ 2,378,935	\$ 1,017,560	\$ 1,014,923	\$ 2,055,958	1,041,035
49						
50 TIER	2.40	2.18	1.50	2.00	3.04	1.04
51 Equity % of Total Cap	39.7%	35.9%	36.1%	37.2%	37.7%	0.5%

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	
	6/30/2021	6/30/2021		(B - A)	Comments: Budget To Actual (Column C.)
1	16,857,125	17,255,406		398,281	
2					
3					Budget
4					Actual
5					Variance
6					HDD
7					kWh Sales
8					(kWh in thousands)
9					kWh sales higher than budgeted & shift from CML to RES consumption
10					Drop in commercial revenue
11					More fees collected
12					Less pole attachment revenue
13					
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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	Comments: Budget To Actual (Column C.)
		6/30/2021	6/30/2021	(B - A)	
41	Taxes - Line 23	813,936	800,588	(13,348)	Decrease in expense
42					
43	TOTAL OPERATING EXPENSES	15,014,521	14,412,890	(601,631)	Overall decrease in expense
44					
45					
46	III FIXED CHARGES - Interest Expense - Line 30	994,111	955,496	(38,616)	Decrease in expense
47					
48	IV PATRONAGE CAPITAL CREDITS (Income) - Line 34	45,463	35,048	(10,415)	Decrease in income - received from associated cooperatives
49					
50	TOTAL NET OPERATING MARGINS	893,955	1,922,068	1,028,113	Increase in margin
51					
52	V NON-OPERATING MARGINS	120,968	133,890	12,923	Increase in margin
53					
54	Interest and Dividend Income - Line 39 combined with Line 42	75,231	73,264	(1,966)	Decrease in income
55					
56	Other Income - Line 40 combined with Line 43	45,737	60,626	14,889	Increase in income - sale of vehicles, more interconnects, and backbone use increase
57					
60					
61	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,014,923	2,055,958	1,041,035	Increase in margin

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BALANCE SHEET

	A. Audited Year End 12/31/2018	B. Audited Year End 12/31/2019	C. Audited Year End 12/31/2020	D. Actual Period End 6/30/2021	E. Change (D - C)
1 ASSETS					
2					
3 UTILITY PLANT, at cost					
4 Electric plant in service	\$ 136,469,139	\$ 144,301,230	\$ 148,966,539	\$ 151,475,306	2,508,767
5 Construction work in progress	6,790,804	5,015,317	6,633,154	7,206,666	573,512
6					
7	143,259,943	149,316,547	155,599,693	158,681,972	3,082,279
8 Less accumulated depreciation and amortization	49,148,193	53,456,306	58,016,597	60,386,322	2,369,725
9					
10 Net utility plant	94,111,750	95,860,241	97,583,096	98,295,650	712,554
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,737,909	1,814,993	1,866,511	1,385,643	(480,868)
14 Non-utility investment subsidiary (Note 1)	(7,444,503)	(9,279,459)	(10,664,353)	(11,032,886)	(368,533)
15 Total investments in associated organizations	(5,706,594)	(7,464,466)	(8,797,842)	(9,647,243)	(849,401)
16					
17 Other property and investments	(5,706,594)	(7,464,466)	(8,797,842)	(9,647,243)	(849,401)
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	2,041,535	3,928,582	6,475,385	6,672,865	197,480
21 Cash and cash equivalents - board designated	530,765	538,699	6,376,649	6,880,536	503,887
22 Accounts receivable, less doubtful accts allowance	4,501,319	3,910,241	4,286,644	3,371,367	(915,277)
23 Interest receivable	6,316	24,279	6,240	9,140	2,900
24 Materials and supplies	3,045,487	3,006,903	3,460,300	4,064,686	604,386
25 Prepaid expenses	384,379	452,011	491,537	522,047	30,510
26					
27 Total current assets	10,509,801	11,860,715	21,096,755	21,520,641	423,886
28					
29 DEFERRED CHARGES (Note 2)	-	647,075	1,110,562	1,351,265	240,703
30					
29 Total assets	\$ 98,914,957	\$ 100,903,565	\$ 110,992,571	\$ 111,520,313	\$ 527,742

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2018	B. Audited Year End 12/31/2019	C. Audited Year End 12/31/2020	D. Actual Period End 6/30/2021	E. Change (D - C)
30					
31	EQUITIES, MARGINS, AND LIABILITIES				
32					
33	EQUITIES AND MARGINS				
34	\$ 56,580	\$ 56,355	\$ 57,595	\$ 58,085	490
35	41,668,217	42,747,665	43,510,710	45,458,093	1,947,383
36					
37	6,479,464	7,011,501	7,570,208	7,633,694	63,486
38	(9,571,004)	(11,412,680)	(12,797,590)	(13,167,239)	(369,649)
39					
40	38,633,257	38,402,841	38,340,923	39,982,633	1,641,710
41					
42	LONG-TERM DEBT, less current maturities				
43	47,256,888	49,959,161	58,091,826	56,811,923	(1,279,903)
44	-	-	-	-	-
45	8,300,502	8,029,709	7,747,858	7,602,696	(145,162)
46					
47	55,557,390	57,988,870	65,839,684	64,414,619	(1,425,065)
48					
49		251,562	2,477,302	1,606,746	(870,556)
50					
51	55,557,390	58,240,432	68,316,986	66,021,365	(2,295,621)
52					
53	CURRENT LIABILITIES				
54	1,979,818	1,622,227	1,498,762	1,276,453	(222,309)
55	83,857	85,259	72,900	46,692	(26,208)
56	691,055	583,736	840,583	1,006,486	165,903
57	1,628,954	1,640,280	1,540,751	2,829,117	1,288,366
58	24,443	18,057	18,057	10,526	(7,531)
59					
60	4,408,127	3,949,559	3,971,053	5,169,274	1,198,221
61					
62	316,183	310,733	363,609	347,041	(16,568)
63					
64	\$ 98,914,957	\$ 100,903,565	\$ 110,992,571	\$ 111,520,313	\$ 527,742
65					
66	Note:				
67	1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,134,353) less IN LLC's cumulative net deficit of (\$13,167,239) seen in 'equities & margins'.				
68	2 Member Switch-It-Up On Bill Financing (OBF) Long Term Receivables				
69	3 No FFB borrowing in 2021, delayed budget RESP borrowing				
70	4 Amount includes LT portion of PPP \$997k, \$610k RESP				

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW GAAP

	A. Audited Year End <u>12/31/2019</u>	B. Audited Year End <u>12/31/2020</u>	C. Actual Period End <u>6/30/2021</u>
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 2,730,925	\$ 2,378,935	\$ 2,055,958
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	4,923,805	5,015,406	2,504,923
6 Changes in assets and liabilities			
7 Accounts receivable	(55,997)	(376,403)	915,277
8 Interest receivable	(17,963)	18,039	(2,900)
9 Prepaid expenses	(67,635)	(39,526)	(30,509)
10 Accounts payable	(357,591)	(123,465)	(222,309)
11 Customer deposits	1,402	(12,359)	(26,208)
12 Accrued liabilities	(107,317)	256,849	165,903
13 Deferred credits	(5,449)	52,874	(16,568)
14 Deferred Charges	-	(463,487)	(240,703)
14 Net cash from operating activities	<u>7,044,180</u>	<u>6,706,863</u>	<u>5,102,864</u>
15			
16 CASH FLOWS FROM INVESTING ACTIVITIES			
17 Additions to utility plant, net	(7,659,387)	(8,112,759)	(3,994,097)
18 Reduction to non-utility plant (Island Network transition)	-	-	-
18 Change in materials and supplies	38,584	(453,397)	(604,386)
19 (Increase) decrease in investment in Subsidiary	1,834,956	1,384,894	368,533
20 (Increase) decrease in other OPALCO property and investments, net	(77,084)	(51,518)	480,868
21			
22 Net cash from investing activities	<u>(5,862,931)</u>	<u>(7,232,780)</u>	<u>(3,749,082)</u>
23			
23 CASH FLOWS FROM FINANCING ACTIVITIES			
24 Payments on long-term debt, net	(1,544,018)	(1,812,990)	(1,014,786)
25 Proceeds from debt (Note 1)	4,232,000	11,790,016	-
26 Memberships	(225)	1,240	490
27 Retirements of patronage capital, net	(1,119,442)	(1,057,183)	(45,089)
28 Change in subsidiary equities	(1,841,675)	(1,384,910)	(369,649)
29 Contributions in aid of construction	987,092	1,374,497	776,620
30			
30 Net cash from financing activities	<u>713,732</u>	<u>8,910,670</u>	<u>(652,414)</u>
31			
31 NET CHANGE IN CASH	<u>1,894,981</u>	<u>8,384,753</u>	<u>701,368</u>
32			
32 CASH AND CASH EQUIVALENTS, beginning of year/period	<u>2,572,300</u>	<u>4,467,281</u>	<u>12,852,034</u>
33			
33 CASH AND CASH EQUIVALENTS, end of year/period	<u>4,467,281</u>	<u>12,852,034</u>	<u>13,553,402</u>
34			
34 SUPPLEMENTAL DISCLOSURES			
35 Cash paid for interest	<u>\$ 1,948,626</u>	<u>\$ 2,021,376</u>	<u>\$ 1,008,037</u>
36			
36 OUTSTANDING DEBT BALANCE	<u>(59,898,769)</u>	<u>(69,875,795)</u>	<u>(68,861,008)</u>
37			
37 Notes:			
38 1 Delayed RESP borrowing			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

	A.	B.	C.	D.	E.	F.
	Audited	Audited	Approved	Actual	Budget	
	Year-End	Year-End	Budget	Period-End	Variance	Comments
	12/31/2019	12/31/2020	6/30/2021	6/30/2021	(D - C)	
Note: All numbers in thousands						
1 % Rate Increase	6%	3%	0%	0%		
2 OPERATING ACTIVITIES:						
3 Margins	\$ 2,700	\$ 2,400	\$ 1,000	\$ 2,100	\$ 1,100	
4 Plus depreciation/amortization	4,900	5,000	2,700	2,500	(200)	
5 Cash flow operations	7,600	7,400	3,700	4,600	900	
6						
7 PLANT INVESTMENT (NET)						
8 Plant investment (including material inventory)	(4,400)	(7,100)	(3,000)	(3,300)	(300)	
9 Cash flow from operations and plant investment	3,200	300	700	1,300	600	
10						
11 CASH FLOWS FROM PATRONAGE CAPITAL	(1,100)	(1,200)	(60)	(40)	20	
12 Cash flow before borrowings	2,100	(900)	640	1,260	620	
13						
14 NET BORROWINGS	2,700	10,000	(260)	(1,000)	(740)	Delayed RESP borrowing to Q3
15 Cash increase (decrease) after net borrowings	\$ 4,800	\$ 9,100	\$ 380	\$ 260	\$ (120)	
16						
17						
18 OUTSTANDING DEBT BALANCE	59,900	69,900	69,600	68,860	(740)	Delayed RESP borrowing

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	G.
			Audited	Budget	Budget	Actual	Budget	
			Year End	Year End	Period End	Period End	Variance	
			12/31/2020	12/31/2021	6/30/2021	6/30/2021	(D- C)	Comments
RUS CWP DESCRIPTION								
1	DISTRIBUTION							
2	100	New Services	\$ 429,487	\$ 416,000	\$ 208,000	\$ 403,439	\$ 195,439	Member request for overhead to underground (Offset to Line 38)
3	200	New Tie Lines	337,637	200,000	15,000	921	(14,079)	
4	300	Conversions and Line Changes	513,186	1,680,000	900,000	907,784	7,784	
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	1,148,926	1,980,000	150,000	151,992	1,992	
7	600	Miscellaneous Distribution Equipment						
8	601	Transformers & Meters	674,405	672,000	448,000	438,012	(9,988)	
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	
10	603	Sectionalizing Equipment	177,127	315,000	150,000	155,440	5,440	
11	604	Regulators	49,127	150,000	20,000	24,593	4,593	
12	606	Ordinary Replacements	375,670	250,000	150,000	160,523	10,523	
13	607	Overhead to Underground Replacements	-	95,000	15,000	3,491	(11,509)	
14	608	Underground Dist. Cable Replacement	2,025,373	1,637,000	1,000,000	1,178,656	178,656	More joint projects than anticipated
15	700	Other Distribution Items						
16	701	Engineering Fees	-	-	-	-	-	
17	704	LMS & SCADA	96,700	213,000	170,000	187,219	17,219	
18	705	AMR	34,430	-	-	-	-	
19	706	Communications	123,699	150,000	65,000	491	(64,509)	Deferred projects to later in year
20	TRANSMISSION							
21	800	New Tie Line	-	-	-	-	-	
22	900	New Substations, switching station, metering point, etc.	75,055	71,000	30,000	16,293	(13,707)	
23	1000	Line and Station Changes	23,510	350,000	75,000	6,404	(68,596)	Deferred projects to later in year
24	1100	Other Transmission	-	-	-	-	-	
25	GENERATION							
26	1200	Generation	-	150,000	-	300	300	
27	OTHER							
28	1300	Headquarters Facilities	666,958	247,000	150,000	195,539	45,539	
29	1400	Acquisitions	519,133	40,000	-	-	-	
30	1500	All Other (Transportation, Etc.)						
31	1501	Transportation/Equipment/Tools/Radios	717,348	271,500	100,000	98,698	(1,302)	
32	1502	Office Equipment/Furniture/Etc.	72,945	15,000	5,000	22,785	17,785	
33	1503	Computer/Servers/Software	227,575	133,000	60,000	36,591	(23,409)	
34	1504	Electrical Infrastructure to Support Community Solar	908	1,500,000	50,000	58,509	8,509	
35	1600	Minor Projects	134,979	162,000	90,000	52,063	(37,937)	
36	RUS CWP SUBTOTAL		8,424,179	10,697,500	3,851,000	4,099,744	248,744	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
38		New Services	(495,055)	(425,000)	(212,500)	(337,748)	(125,248)	Offset to Line 2 - New Services
39		Meters and Transformers	(271,615)	(297,000)	(148,500)	(213,473)	(64,973)	Offset to Line 8 Transformers & Meters
40		Joint Projects	(87,826)	(254,000)	(127,000)	(105,399)	21,601	Offset to Lines 3, 4, 14 and 35
41		WA DOC Grant Funding	(520,000)	(1,000,000)	(250,000)	(120,000)	130,000	Funding submittal earlier than anticipated
42		Community Solar Member Contributions	-	(1,500,000)	-	-	-	
43	CIAC SUBTOTAL		(1,374,497)	(3,476,000)	(738,000)	(776,620)	(38,620)	
44	RUS CWP NET TOTAL		7,049,683	7,221,500	3,113,000	3,323,124	210,124	

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	BORROWER DESIGNATION	WA0009		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	PERIOD ENDED	June '21		
	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)				
<p align="center">CERTIFICATION</p> <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. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII (check one of the following)</p>				
<input type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. <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.				
<p align="center">_____ Date _____</p>				
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	16,602,130	17,255,406	16,857,125	2,148,147
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	5,136,918	5,200,236	5,165,793	598,179
4. Transmission Expense	206,460	264,695	245,522	14,798
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,859,853	1,825,853	1,932,738	303,533
7. Distribution Expense - Maintenance	1,377,930	1,151,613	1,338,428	161,030
8. Customer Accounts Expense	579,068	550,215	522,357	81,732
9. Customer Service and Informational Expense	301,397	220,714	259,084	56,660
10. Sales Expense	23,540	25,666	20,561	3,980
11. Administrative and General Expense	1,908,613	1,858,387	2,048,901	310,462
12. Total Operation & Maintenance Expense (2 thru 11)	11,393,779	11,097,379	11,533,384	1,530,374
13. Depreciation and Amortization Expense	2,532,939	2,504,923	2,667,201	417,092
14. Tax Expense - Property & Gross Receipts	184,287	174,399	199,029	28,665
15. Tax Expense - Other	599,539	626,189	614,906	85,701
16. Interest on Long-Term Debt	979,108	1,008,037	1,016,370	168,044
17. Interest Charged to Construction - Credit	(17,311)	(52,541)	(22,259)	(9,071)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	10,000	-	-
20. Total Cost of Electric Service (12 thru 19)	15,672,340	15,368,386	16,008,633	2,220,804
21. Patronage Capital & Operating Margins (1 minus 20)	929,789	1,887,020	848,492	(72,658)
22. Non Operating Margins - Interest	90,856	73,264	75,231	13,036
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	115,124	60,626	45,737	7,756
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	29,581	35,048	45,463	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,165,350	2,055,958	1,014,923	(51,866)

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 June '21		
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	86	84	5. Miles Transmission	42.65	46.39
2. Services Retired	21	7	6. Miles Distribution – Overhead	149.50	147.16
3. Total Services in Place	15,300	15,483	7. Miles Distribution - Underground	1,063.52	1,067.86
4. Idle Services (Exclude Seasonals)	745	744	8. Total Miles Energized (5 + 6 + 7)	1,255.67	1,261.41
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	151,475,305		30. Memberships	58,085	
2. Construction Work in Progress	7,234,507		31. Patronage Capital	43,402,135	
3. Total Utility Plant (1 + 2)	158,709,812		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	60,414,163		33. Operating Margins - Current Year	1,995,540	
5. Net Utility Plant (3 - 4)	98,295,649		34. Non-Operating Margins	60,626	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(5,533,545)	
7. Investments in Subsidiary Companies	(11,032,886)		36. Total Margins & Equities (30 thru 35)	39,982,840	
8. Invest. in Assoc. Org. - Patronage Capital	836,929		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	58,509,723	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	536,474		39. Long-Term Debt - Other - RUS Guaranteed	-	
11. Investments in Economic Development Projects	-		40. Long-Term Debt Other (Net)	10,340,759	
12. Other Investments	1,940		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	7,030,581		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(2,616,662)		43. Total Long-Term Debt (37 thru 41 - 42)	68,850,482	
15. Cash - General Funds	2,647,493		44. Obligations Under Capital Leases - Noncurrent	-	
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)	-	
18. Temporary Investments	3,876,320		47. Notes Payable	-	
19. Notes Receivable (Net)	123,564		48. Accounts Payable	1,276,453	
20. Accounts Receivable - Sales of Energy (Net)	2,069,824		49. Consumers Deposits	46,692	
21. Accounts Receivable - Other (Net)	65,844		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	4,064,686		52. Current Maturities Capital Leases	10,526	
24. Prepayments	522,049		53. Other Current and Accrued Liabilities	1,006,278	
25. Other Current and Accrued Assets	1,082,365		54. Total Current & Accrued Liabilities	2,339,948	
26. Total Current and Accrued Assets	14,490,060		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	347,042	
28. Other Deferred Debits	1,351,265		57. Total Liabilities and Other Credits	111,520,313	
29. Total Assets and Other Debits	111,520,313				

RUS Financial and Operating Report Electric Distribution

Revision Date 2014