

ORCAS POWER AND LIGHT COOPERATIVE 2021 Q3 FINANCIAL REPORT



MEMORANDUM

November 12, 2021

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2021 Third Quarter Financial Report

Please see attached the full 2021 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 energy charge adjustment (ECA) returned \$734k (\$211k in January based on December 2020 calculation) to the membership through Q3 2021, driven by higher kWh sales and a lower cost per kWh purchased than budgeted. The continued impact of COVID-19 on our commercial members is slightly notable as commercial revenue was below budget by ~\$76k. Overall, sales were bolstered by higher kWh sales than budgeted. Coupled with overall expenses coming in under budget by ~\$936k and the PPP Loan Forgiveness of \$1.79M, all factors combined resulted in an increase in the margin of \$2,941M as compared to budget.

The table below is a high-level projection of full-year 2021 financial results using actuals from Q3 and budget projections for future months.

Income Statement Summary (in thousands)	2021 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 31,454	\$ 33,356	\$ 1,902
ECA Surcharge / (Credit)*	-	(679)	(679)
Revenue	\$ 31,454	\$ 32,677	\$ 1,223
Expenses:			
Cost of Purchased Power	9,735	9,526	\$ (209)
Transmission & Distribution Expense	6,798	6,825	27
General & Administrative Expense	5,449	5,371	(78)
Depreciation, Tax, Interest & Other	8,698	8,316	(382)
Total Expenses	\$ 30,680	\$ 30,038	\$ (642)
Operating Margin	774	2,639	1,865
Non-op margin	243	2,059	
Net Margin**	\$ 1,017	\$ 4,698	\$ 3,681
OTIER	1.38	2.31	0.93
TIER	1.50	3.33	1.83
Equity %	35.8%	38.7%	2.9%
HDD	1,398	1,384	(14)
kWh Purchases	216,000	222,850	6,850
kWh Sales	203,260	209,482	6,222

* The ECA returned \$679k to members in the form of bill credits through Oct 2021

** PPP Loan forgiveness recognized as non-operating revenue in Sept '21

For more detail, please note the following key points:

- Heating Degree Days (HDD) were slightly lower than budgeted levels (actual of 865 vs. budget of 870). Overall kWh sales were 5.0M kWh above budget (155.0M vs. budget of 150.M) primarily resulting from residential revenue which is ~1.1% above budget.
- 2021 power purchases were \$174k lower than budgeted, due to a combination of higher overall kWh purchases and a slightly lower cost/kWh than budgeted. Actual kWh purchases were 4M kWh above budget (163.8M vs. budget of 159.8M).
- Excluding purchased power, Q2 YTD operating expenses were approximately \$724k under budgeted amounts.
- The ECA for 2021 was a net credit to members (and reduction to operating revenue) of \$734k, or \$36.25 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

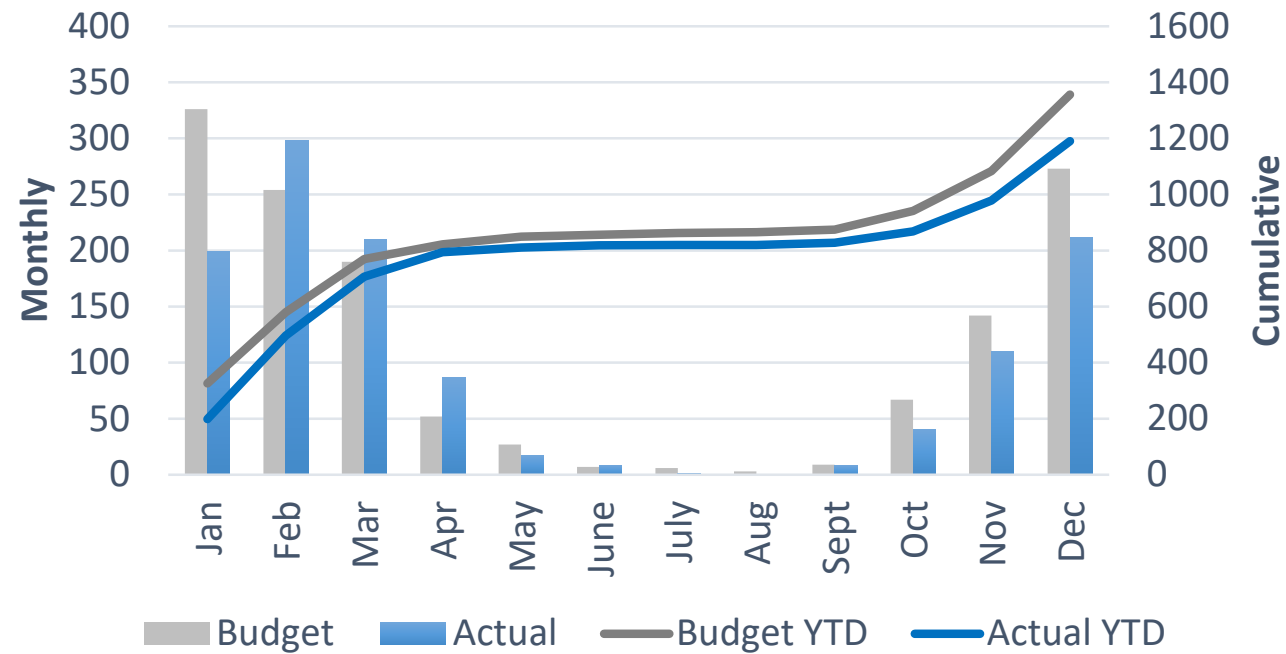
		A. Actual Year End 12/31/2019	B. Actual Year End 12/31/2020	C. Budget Period End 9/30/2021	D. Actual Period End 9/30/2021	E. Budget \$ Change (D - C)	F. Budget % Change (D - C)
1	kWh Purchases	221,869,000	225,413,000	159,840,000	163,779,342	3,939,342	2.5%
2	Gross Operating Revenue	31,279,000	32,577,000	23,203,000	24,158,000	955,000	4.1%
3	Energy Charge Adjustment	(341,000)	(651,000)	-	(734,000)	(734,000)	
4	Net Operating Revenue Total	30,938,000	31,926,000	23,203,000	23,424,000	221,000	1.0%
5	Cost of power	9,262,000	9,513,000	7,128,000	6,968,000	(160,000)	-2.2%
6	Operations & G&A	11,178,000	12,076,000	9,132,000	8,657,000	(475,000)	-5.2%
7	Depr, Int & Taxes	8,189,000	8,497,000	6,611,000	6,310,000	(301,000)	-4.6%
8		28,629,000	30,086,000	22,871,000	21,935,000	(936,000)	-4.1%
9	Net Operating Margins	\$ 2,309,000	\$ 1,840,000	\$ 332,000	\$ 1,489,000	1,157,000	348.5%
10	Non-Operating Margins (Note 1)	\$ 297,000	\$ 416,000	\$ 183,000	\$ 1,992,000	1,809,000	988.5%
11	Net Margin	\$ 2,606,000	\$ 2,256,000	\$ 515,000	\$ 3,481,000	2,966,000	575.9%
12	OTIER	2.25	1.97	1.28	2.03	0.75	
13	TIER	2.40	2.18	1.40	3.34	1.95	
14	Equity % of Total Cap	39.7%	36.0%	36.8%	39.0%	2%	
15	Equity	38,403,000	38,341,000	39,095,000	41,245,000	2,150,000	5.5%
16	Total Debt (Note 2)	59,899,000	69,876,000	69,085,000	66,565,000	(2,520,000)	-3.6%
17	Capital Spending	(7,004,861)	(7,050,000)	(6,072,000)	(4,789,000)	1,283,000	-21.1%
18	Capital Credit Retirement (net)	(1,115,000)	(1,151,000)	(89,000)	(59,000)	30,000	-33.7%
19	Annual HDD	1,323	1,315	870	869	(1)	-0.1%
Notes							
1	PPP loan forgiveness in 2021 \$1.79M						
2	PPP Loan Forgiveness \$1.79M and delay in budgeted 0% RESP borrowing						



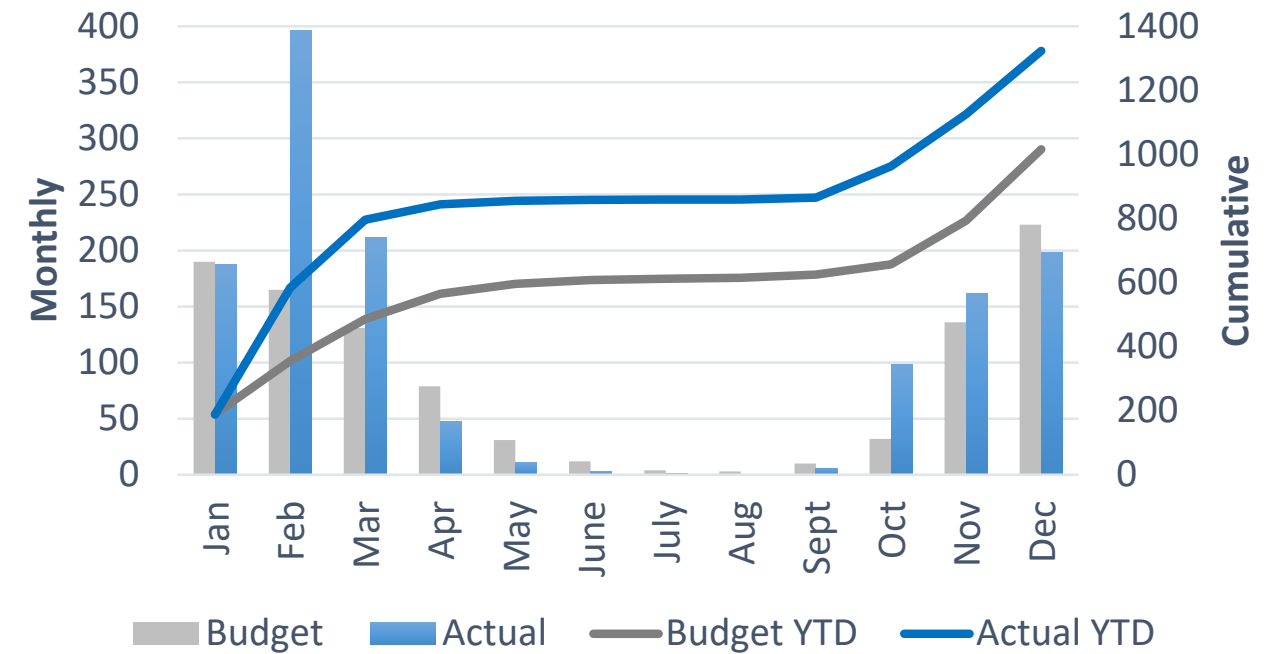
2021 Q3 Financial Highlights

2021 Budget to Actual: Heating Degree Days

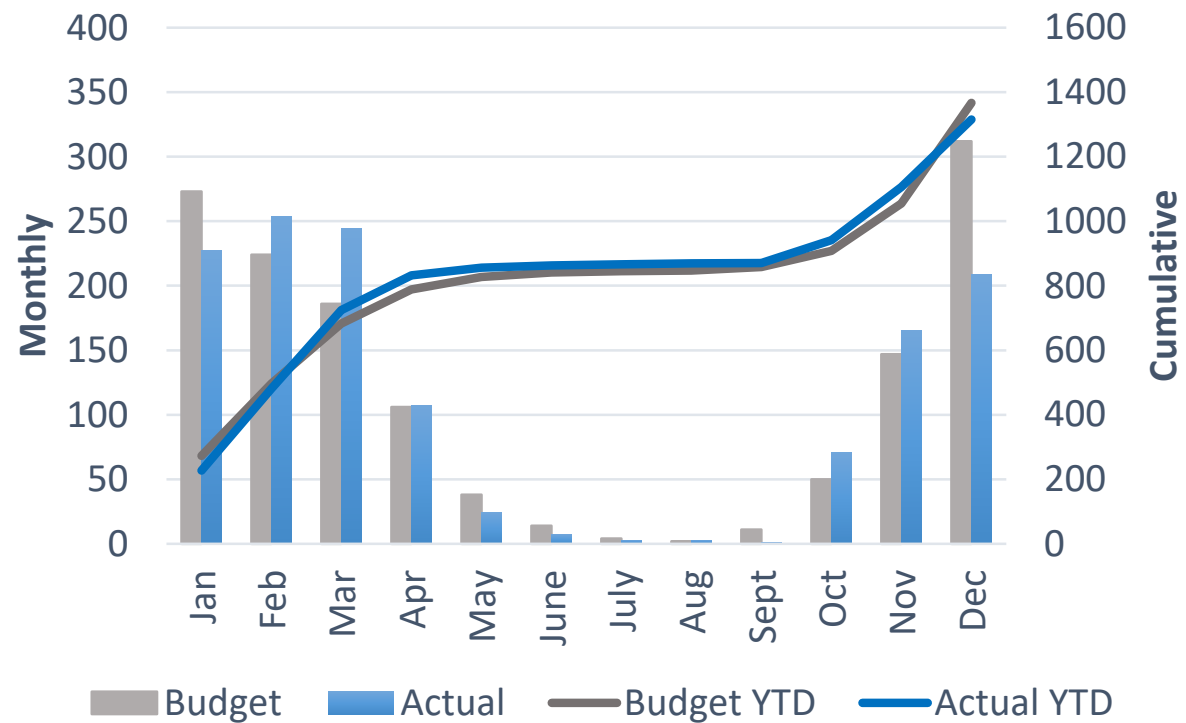
2018 HDD's



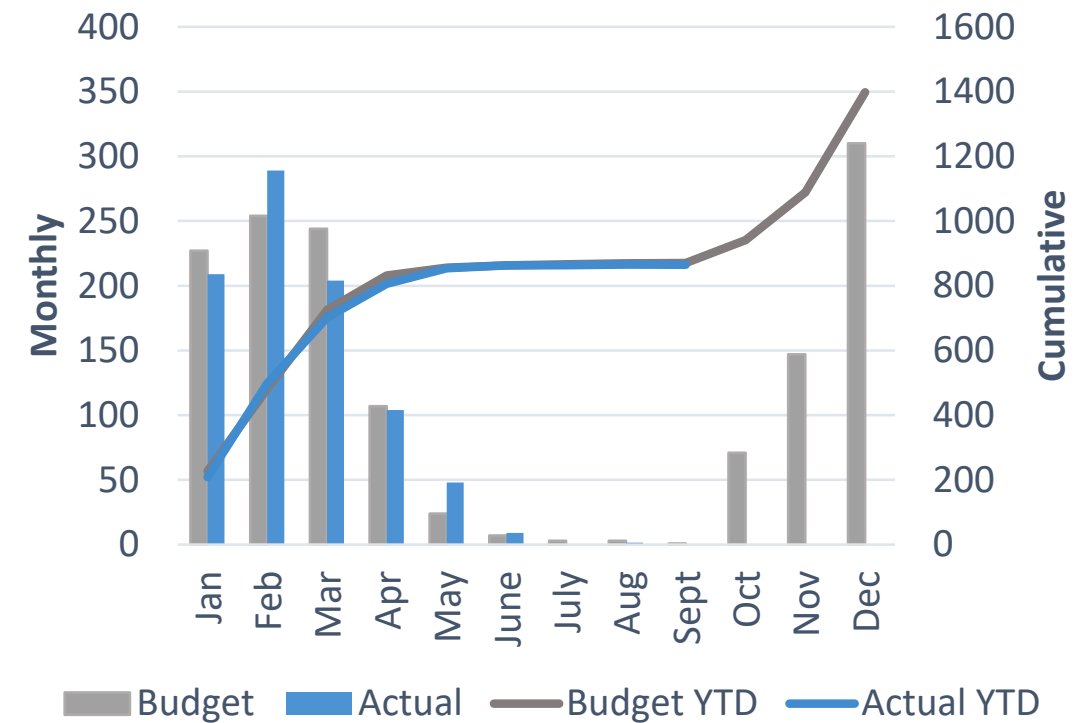
2019 HDD's



2020 HDD's

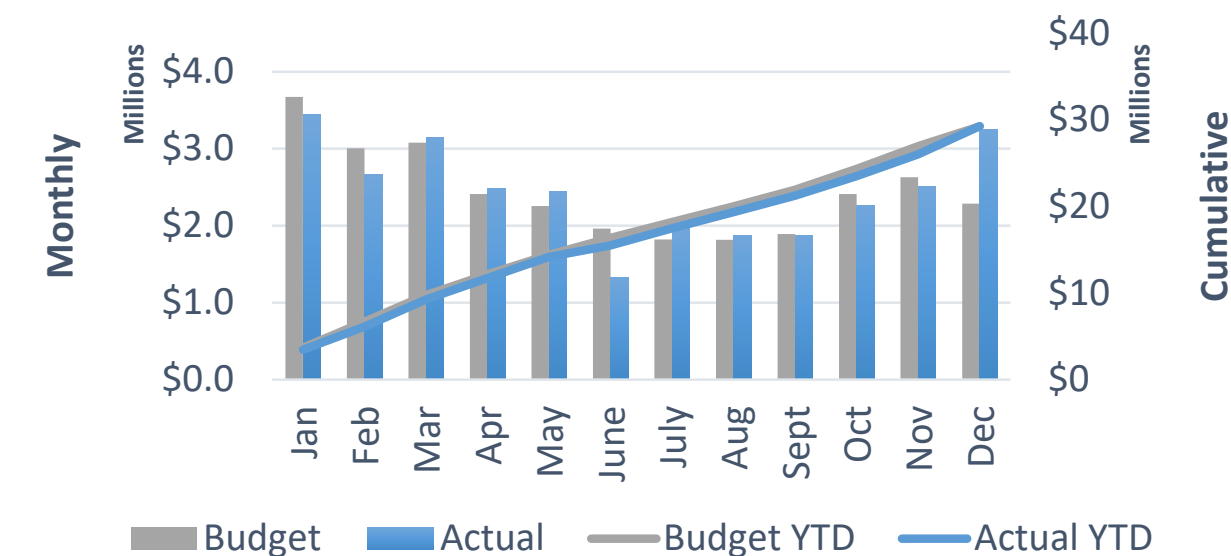


2021 HDD's

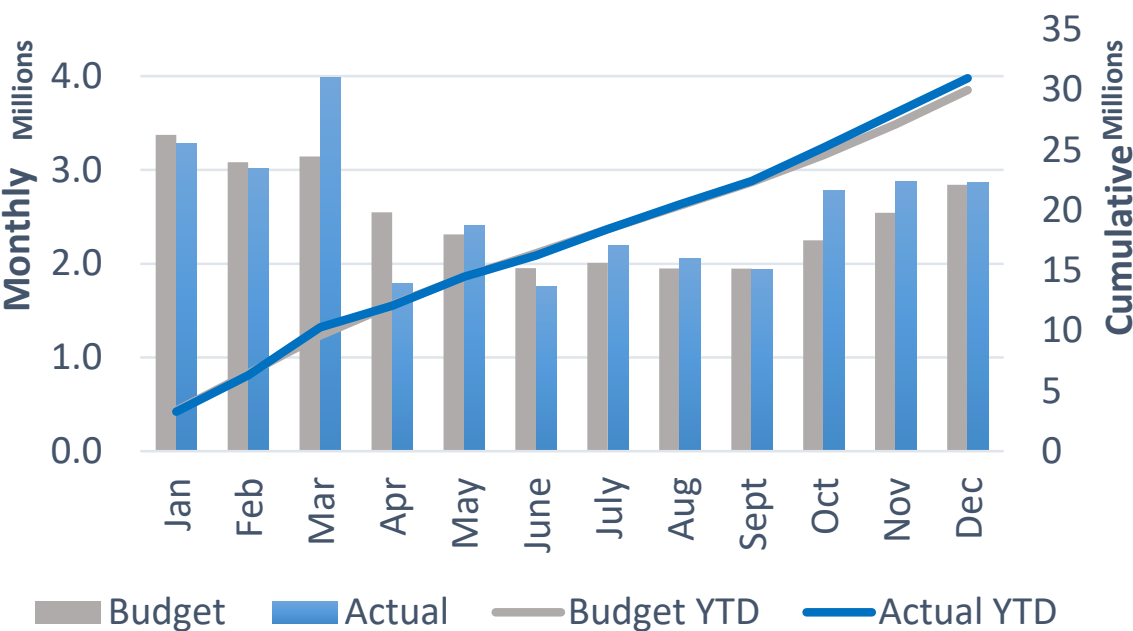


2021 Budget to Actual: Revenue

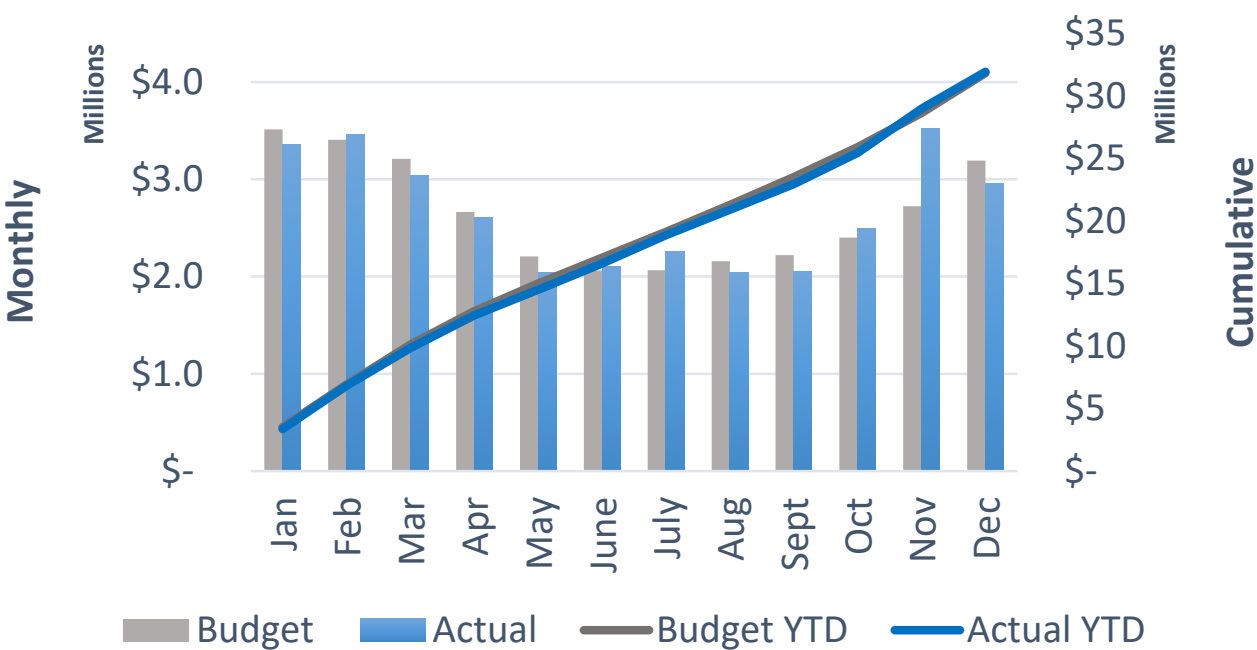
2018 Revenue



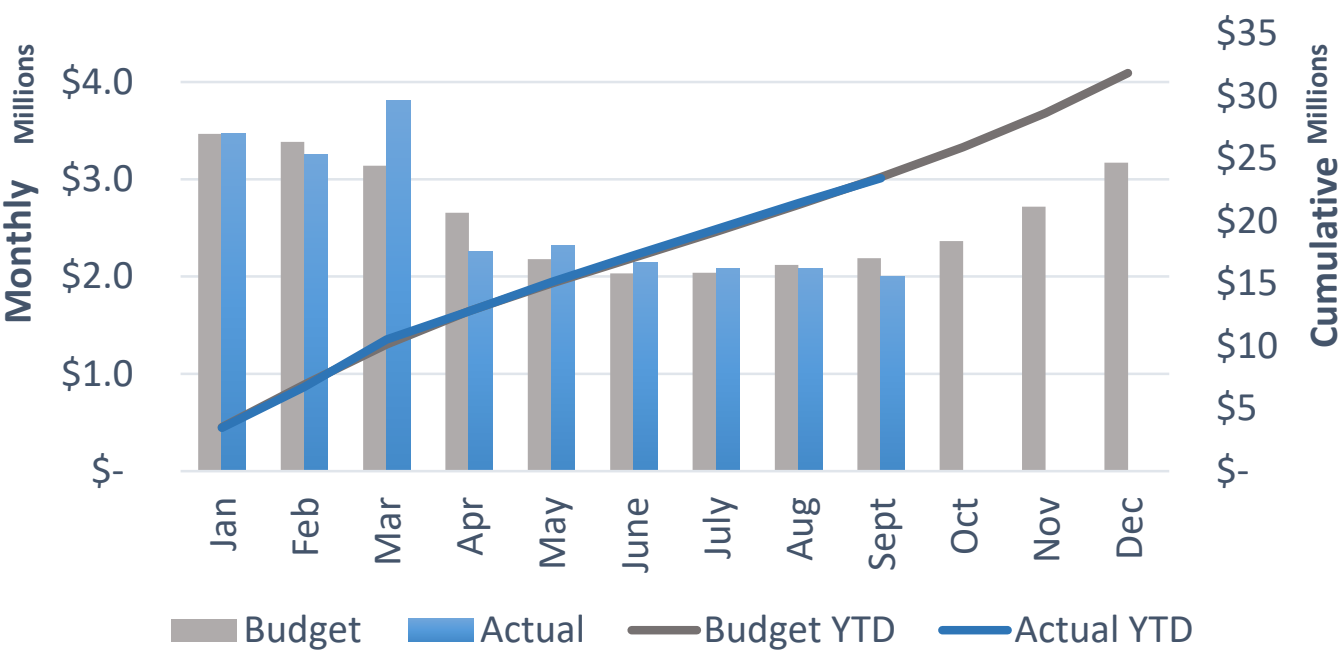
2019 Revenue



2020 Revenue



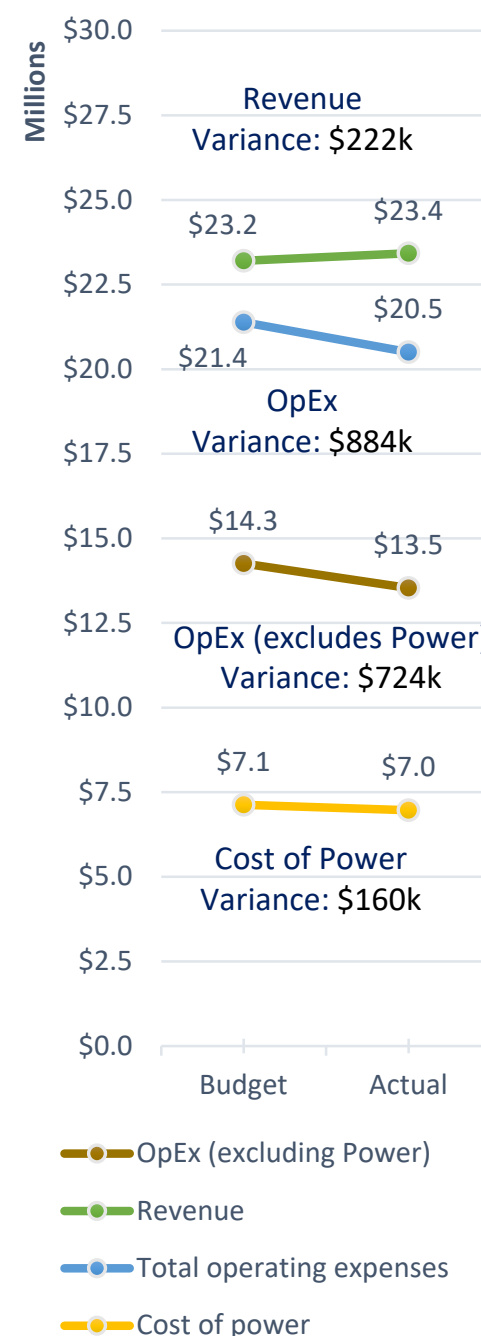
2021 Revenue



* Revenue net of ECA

2021 Q3 Budget to Actual: Statement of Operations

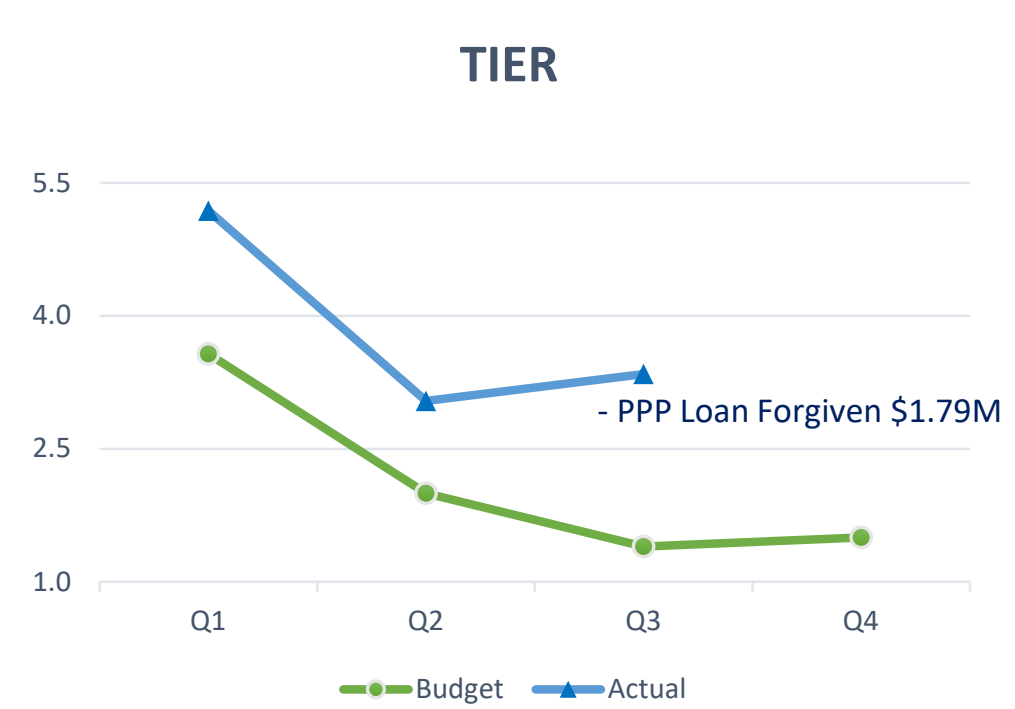
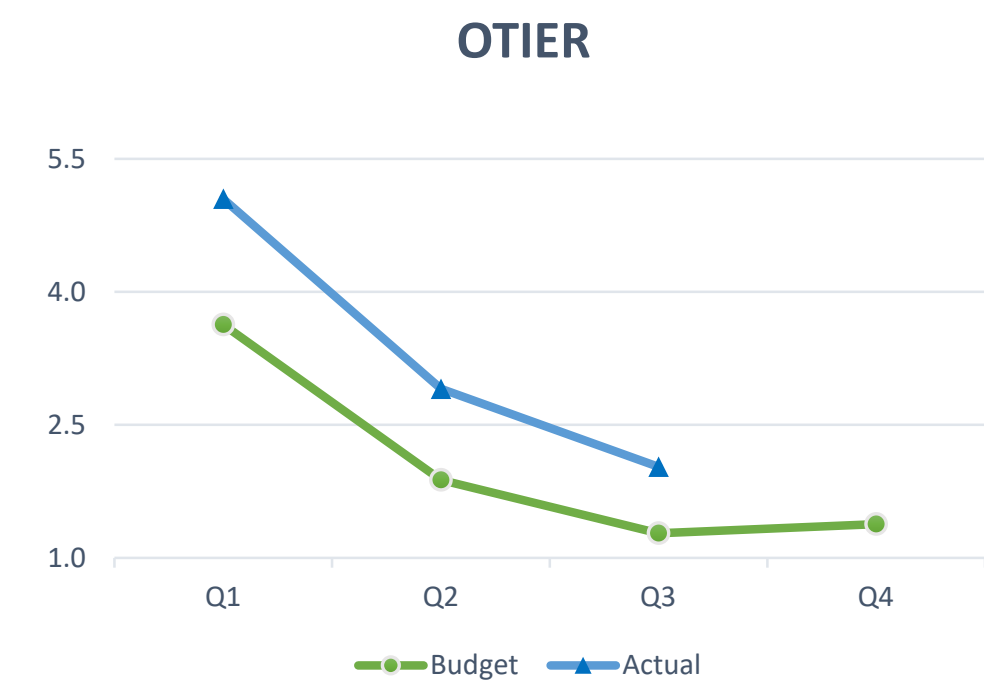
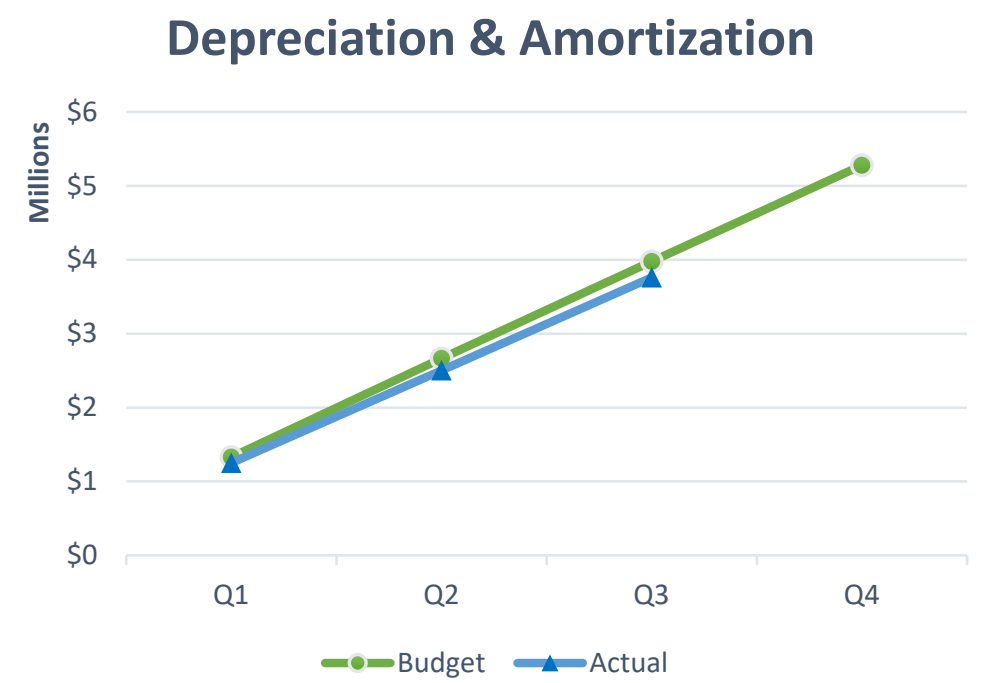
	A. Audited Year End 12/31/2019	B. Audited Year End 12/31/2020	C. Budget Year End 12/31/2021	D. Budget Period End 9/30/2021	E. Actual Period End 9/30/2021	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 22,679,087	\$ 24,062,590	\$ 23,478,420	\$ 17,324,330	\$ 17,510,840	186,510
3 Commercial	7,999,086	7,714,074	7,865,526	5,796,728	5,835,816	39,088
4 Other						
5 Penalties and fees	190,397	75,175	42,538	30,643	29,750	(893)
6 Other	69,974	73,596	67,388	50,887	48,211	(2,676)
7 Total operating revenue	30,938,545	31,925,435	31,453,872	23,202,588	23,424,617	222,029
8						
9 OPERATING EXPENSES						
10 Cost of power	9,262,362	9,512,760	9,735,462	7,128,165	6,968,187	(159,978)
11 Transmission	458,165	388,576	428,447	260,396	330,002	69,606
12 Distribution - operations	3,604,825	3,570,350	3,636,851	2,751,883	2,688,037	(63,846)
13 Distribution - maintenance	2,170,783	2,825,081	2,733,082	1,982,526	1,791,317	(191,209)
14 Consumer accounts	1,097,439	1,093,791	1,003,546	759,340	816,621	57,281
15						
16 General and administration						
17 Administration	3,390,513	3,739,823	3,957,880	3,033,370	2,807,778	(225,592)
18 Energy services	395,013	369,201	408,389	276,891	153,784	(123,107)
19 Subsidiary charges (RIC network mgt services)	61,378	89,284	89,625	67,219	69,047	1,828
20 Total general and administration	3,846,904	4,198,308	4,455,894	3,377,479	3,030,608	(346,871)
21						
22 Depreciation and amortization	4,923,805	5,015,406	5,279,563	3,978,915	3,762,964	(215,951)
23 Taxes	1,444,843	1,514,553	1,573,530	1,148,612	1,115,682	(32,930)
24						
25 Total operating expenses	26,809,125	28,118,825	28,846,375	21,387,317	20,503,419	(883,898)
26						
27 Operating margins before fixed charges	4,129,420	3,806,610	2,607,497	1,815,271	2,921,198	1,105,927
28						
29 FIXED CHARGES						
30 Interest on long-term debt	1,820,581	1,966,936	1,962,740	1,483,262	1,431,378	(51,884)
31						
32 Operating margins after fixed charges	2,308,838	1,839,673	644,757	332,009	1,489,820	1,157,810
33						
34 PATRONAGE CAPITAL CREDITS	125,254	122,952	129,893	90,925	64,516	(26,410)
35						
36 Net operating margins	2,434,092	1,962,625	774,650	422,934	1,554,335	1,131,401
37						
38 NON-OPERATING MARGINS						
39 Interest income	123,252	89,550	70,985	53,239	51,833	(1,406)
40 Other income (loss)	4,259	157,313	2,473	2,224	1,798,312	1,796,088
41 Total Opalco non-operating margins	127,511	246,863	73,458	55,463	1,850,144	1,794,682
42						
43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,346	79,471	79,476	59,607	59,677	70
45 Other income (use of OPALCO backbone)	89,976	89,976	89,976	67,482	82,305	14,823
46 Total non-operating margins from Subsidiary	169,322	169,447	169,452	127,089	141,982	14,893
47						
48 Net non-operating margins	296,833	416,309	242,910	182,552	1,992,126	1,809,575
49						
50 NET MARGINS	\$ 2,730,925	\$ 2,378,935	\$ 1,017,560	\$ 605,486	\$ 3,546,461	2,967,385
51						
52 OTIER	2.25	1.97	1.38	1.28	2.03	0.75
53 TIER	2.40	2.18	1.50	1.40	3.34	1.95
54 Equity % of Total Cap	39.7%	35.9%	35.8%	36.8%	39.0%	2.2%



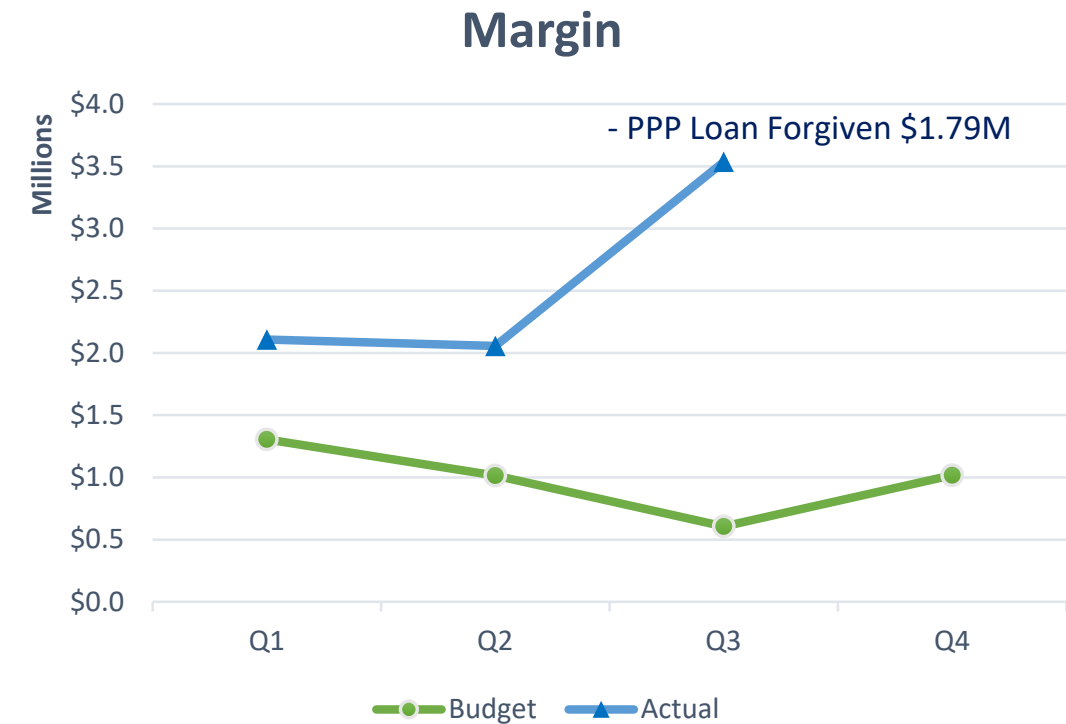
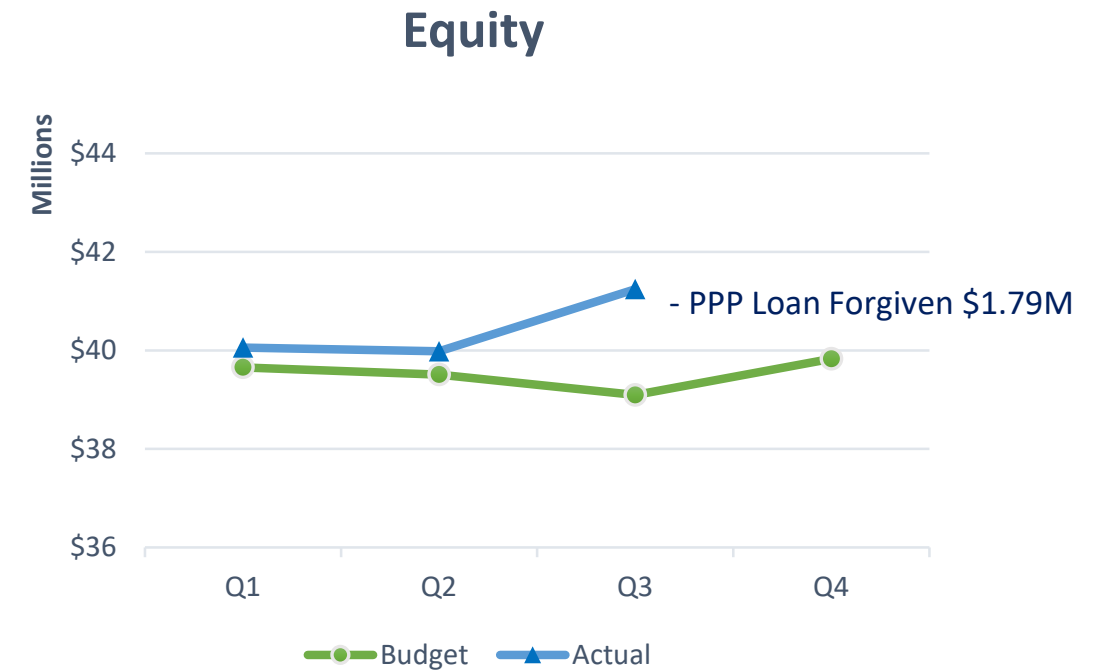
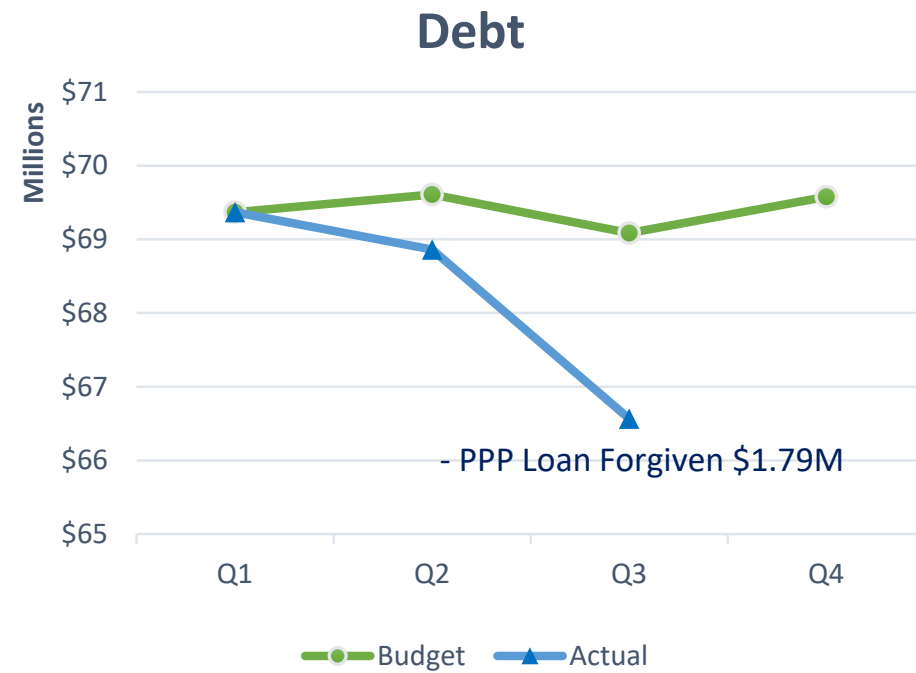
Notes:

- Through Q3 the ECA returned a net \$734k 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 Operating Margin: \$1.554M (\$1.131M increase)
- Net Margin: \$3.546M (\$2.941M increase)
- Other income: PPP Loan Forgiveness \$1.79M

2021 Q3 Budget to Actual: Financial Metrics



2021 Q3 Budget to Actual: Financial Metrics



ORCAS POWER AND LIGHT COOPERATIVE

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 9/30/2021	E. Actual Period End 9/30/2021	F. Budget Variance (E - D)
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51 Total non-operating margins from Subsidiary	169,322	169,447	169,452	127,089	141,982	14,893
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55 NET MARGINS	\$ 2,730,925	\$ 2,378,935	\$ 1,017,560	\$ 605,486	\$ 3,546,461	2,967,385
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57 OTIER	2.25	1.97	1.38	1.28	2.03	0.75
58 TIER	2.40	2.18	1.50	1.40	3.34	1.95
59 Equity % of Total Cap	39.7%	35.9%	35.8%	36.8%	39.0%	2.2%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

	A.	B.	C.	D.
	Budget Period End 9/30/2021	Actual Period End 9/30/2021	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)
I OPERATING REVENUES	23,202,588	23,424,617	222,029	
				Budget Actual Variance
				HDD 870 865 5
				kWh Sales 150,413 155,173 4,760
				(kWh in thousands)
Operating Revenue - Line 7 Detail Breakout:				
Residential Sales	17,324,330	17,510,840	186,510	kWh sales higher than budgeted, curtailed by ECA
Commercial Sales	5,796,728	5,835,816	39,088	CML consumption slightly under budget through Q3 '21
Other Operating Revenue				
Penalties and Fees	(30,643)	(29,750)	(893)	Less fees collected
Other	(50,887)	(48,211)	(2,676)	Less pole attachment revenue
TOTAL OPERATING REVENUES	23,202,588	23,424,617	222,029	Net higher kWh sales through Q3, curtailed by ECA credit to memebrship
II OPERATING EXPENSES	21,387,317	20,503,419	(883,898)	Overall Decrease in operating expenses
Cost of Power - Line 10	7,128,165	6,968,187	(159,978)	Decrease in expense - lower cost/kWh than budgeted, partially returned through ECA
				Budget Actual Variance
				kWh Purchases 159,840 163,779 3,939
				(kWh in thousands)
Transmission - Line 11 Detail Breakout:	260,396	330,002	69,606	Increase in expense - power outage Q2, offset Distribution costs
Distribution - Operations - Line 12 Detail Breakout:	2,751,883	2,688,037	(63,846)	Decrease in expense - 50% decrease in labor time coded to other efforts, 50% decrease in non-labor operating expenses
Distribution - Maintenance - Line 13 Detail Breakout:	1,982,526	1,791,317	(191,209)	Decrease in expense - 50% decrease in labor time coded to other efforts, 50% decrease in non-labor operating expenses
Consumer accounts - Line 14 Detail Breakout:	759,340	816,621	57,281	Increase in expense
Total General and Administrative (G&A):	3,377,479	3,030,608	(346,871)	Decrease in expense
Administration G&A - Line 17 Detail Breakout:	3,033,370	2,807,778	(225,592)	Decrease in expense - less COVID-19 relief needed (\$145k) and less legal expenses than budgeted (\$100k)
Energy Services G&A - Line 18	276,891	153,784	(123,107)	Decrease in expense - less outside consulting through Q3 coupled with BPA rebates slowing increasing
Subsidiary Charges G&A - Line 19	67,219	69,047	1,828	Increase in expense
Total General and Administrative (G&A)	3,377,479	3,030,608	(346,871)	Overall decrease in expense
Deprec. & Amort. - Line 22	3,978,915	3,762,964	(215,951)	Decrease in expense - lower capitalizations to general plant
Taxes - Line 23	1,148,612	1,115,682	(32,930)	Decrease in expense

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

			A.	B.	C.	D.
			Budget Period End 9/30/2021	Actual Period End 9/30/2021	Budget Variance (B - A)	
42						Comments: Budget To Actual (Column C.)
43	TOTAL OPERATING EXPENSES		21,387,317	20,503,419	(883,898)	Overall decrease in expense
44						
45						
46	III	FIXED CHARGES - Interest Expense - Line 30	1,483,262	1,431,378	(51,884)	Decrease in expense
47						
48	IV	PATRONAGE CAPITAL CREDITS (Income) - Line 34	90,925	64,516	(26,410)	Decrease in income - received from associated cooperatives
49						
50	TOTAL NET OPERATING MARGINS		422,934	1,554,335	1,131,401	Increase in margin
51						
52	V	NON-OPERATING MARGINS	182,552	1,992,126	1,809,575	Increase in margin
53						
54	Interest and Dividend Income - Line 39 combined with Line 42		112,846	111,509	(1,336)	Decrease in income
55						
56	Other Income - Line 40 combined with Line 43		69,706	1,880,617	1,810,911	Increase in income - PPP Loan Forgiveness (\$1.79M)
57						
60						
61	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT		605,486	3,546,461	2,940,975	Increase in margin

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 9/30/2021	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	\$ 152,009,274	3,042,735
5 Construction work in progress	6,790,804	5,015,317	6,633,154	8,014,218	1,381,064
6					
7	143,259,943	149,316,547	155,599,693	160,023,492	4,423,799
8 Less accumulated depreciation and amortization	49,148,193	53,456,306	58,016,597	61,667,413	3,650,816
9					
10 Net utility plant	94,111,750	95,860,241	97,583,096	98,356,079	772,983
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,737,909	1,814,993	1,866,511	1,388,314	(478,197)
14 Non-utility investment subsidiary (Note 1)	(7,444,503)	(9,279,459)	(10,664,353)	(11,247,270)	(582,917)
15 Total investments in associated organizations	(5,706,594)	(7,464,466)	(8,797,842)	(9,858,956)	(1,061,114)
16					
17 Other property and investments	(5,706,594)	(7,464,466)	(8,797,842)	(9,858,956)	(1,061,114)
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	2,041,535	3,928,582	6,475,385	6,064,610	(410,775)
21 Cash and cash equivalents - board designated	530,765	538,699	6,376,649	6,881,523	504,874
22 Accounts receivable, less doubtful accts allowance	4,501,319	3,910,241	4,286,644	3,065,484	(1,221,160)
23 Interest receivable	6,316	24,279	6,240	15,181	8,941
24 Materials and supplies	3,045,487	3,006,903	3,460,300	4,279,677	819,377
25 Prepaid expenses	384,379	452,011	491,537	428,357	(63,180)
26					
27 Total current assets	10,509,801	11,860,715	21,096,755	20,734,832	(361,923)
28					
29 DEFERRED CHARGES (Note 2)	-	647,075	1,110,562	1,421,166	310,604
30					
29 Total assets	\$ 98,914,957	\$ 100,903,565	\$ 110,992,571	\$ 110,653,121	\$ (339,450)

BALANCE SHEET

Updated 11/10/2021

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
GAAP

	A. Audited Year End 12/31/2019	B. Audited Year End 12/31/2020	Budget Year End 12/31/2021	Budget Period End 9/30/2021	C. Actual Period End 9/30/2021
1 CASH FLOWS FROM OPERATING ACTIVITIES					
2 Net margins (Note 1)	\$ 2,730,925	\$ 2,378,935	\$ 1,017,560	\$ 605,486	\$ 3,546,461
3 Adjustments to reconcile net margin to cash					
4 from operating activities					
5 Depreciation and amortization	4,923,805	5,015,406	5,279,563	3,978,915	3,762,964
6 Changes in assets and liabilities					
7 Accounts receivable	(55,997)	(376,403)	(994,259)	1,938,853	1,221,160
8 Interest receivable	(17,963)	18,039	11,435	15,199	(8,941)
9 Prepaid expenses	(67,635)	(39,526)	(173,477)	1,136,659	63,180
10 Accounts payable	(357,591)	(123,465)	(111,226)	(810,936)	(82,633)
11 Customer deposits	1,402	(12,359)	(20,323)	(19,341)	(24,942)
12 Accrued liabilities	(107,317)	256,849	315,211	303,464	190,982
13 Deferred credits	(5,449)	52,874	213,407	177,233	(15,600)
14 Deferred Charges	-	(463,487)	-	-	(310,604)
14 Net cash from operating activities	7,044,180	6,706,863	5,537,890	7,325,532	8,342,027
15					
16 CASH FLOWS FROM INVESTING ACTIVITIES					
17 Additions to utility plant, net	(7,659,387)	(8,112,759)	(15,697,458)	(10,421,346)	(5,621,032)
18 Reduction to non-utility plant (Island Network transition)	-	-	-	-	-
18 Change in materials and supplies	38,584	(453,397)	(737,928)	(729,138)	(819,377)
19 (Increase) decrease in investment in Subsidiary	1,834,956	1,384,894	(10,570,927)	(4,599,346)	582,917
20 (Increase) decrease in other OPALCO property and investments, net	(77,084)	(51,518)	3,552,010	2,715,158	478,197
21					
22 Net cash from investing activities	(5,862,931)	(7,232,780)	(23,454,303)	(13,034,672)	(5,379,295)
23					
23 CASH FLOWS FROM FINANCING ACTIVITIES					
24 Payments on long-term debt, net (Note 1)	(1,544,018)	(1,812,990)	5,996,681	(777,955)	(3,310,852)
25 Proceeds from debt (Note 2)	4,232,000	11,790,016	3,700,000	-	-
26 Memberships	(225)	1,240	1,800	1,753	760
27 Retirements of patronage capital, net	(1,119,442)	(1,057,183)	(1,785,228)	84,833	(59,976)
28 Change in subsidiary equities	(1,841,675)	(1,384,910)			(583,650)
29 Contributions in aid of construction	987,092	1,374,497	3,476,000	1,332,000	1,085,085
30					
30 Net cash from financing activities	713,732	8,910,670	11,389,254	640,631	(2,868,633)
31					
31 NET CHANGE IN CASH	1,894,981	8,384,753	(6,527,159)	(5,068,510)	94,099
32					
32 CASH AND CASH EQUIVALENTS, beginning of year/period	2,572,300	4,467,281	12,852,034	12,852,034	12,852,034
33					
33 CASH AND CASH EQUIVALENTS, end of year/period	4,467,281	12,852,034	6,324,875	7,783,524	12,946,133
34					
34 SUPPLEMENTAL DISCLOSURES					
35 Cash paid for interest	\$ 1,948,626	\$ 2,021,376	\$ 2,032,740	\$ 1,524,555	\$ 1,513,561
36					
36 OUTSTANDING DEBT BALANCE	(59,898,769)	(69,875,795)	(69,577,392)	(69,079,782)	(66,564,942)
37					
37 Notes:					
38 1 2021 includes PPP loan forgiveness (\$1.79M)					
2 Delayed RESP borrowing					

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

Note: All numbers in thousands		A. Audited Year-End 12/31/2019	B. Audited Year-End 12/31/2020	C. Approved Budget 9/30/2021	D. Actual Period-End 9/30/2021	E. Budget Variance (D - C)	F. Comments
1	% Rate Increase	6%	3%	0%	0%		
2	OPERATING ACTIVITIES:						
3	Margins	\$ 2,700	\$ 2,400	\$ 600	\$ 3,500	\$ 2,900	PPP loan forgiveness (\$1.79M) + kWh sales
4	Plus depreciation/amortization	4,900	5,000	4,000	3,800	(200)	
5	Cash flow operations	7,600	7,400	4,600	7,300	2,700	
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(4,400)	(7,100)	(6,100)	(4,800)	1,300	
9	Cash flow from operations and plant investment	3,200	300	(1,500)	2,500	4,000	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,100)	(1,200)	(90)	(60)	30	
12	Cash flow before borrowings	2,100	(900)	(1,590)	2,440	4,030	
13							
14	NET BORROWINGS	2,700	10,000	(780)	(3,300)	(2,520)	PPP loan forgiveness (\$1.79M) + delayed RESP funding
15	Cash increase (decrease) after net borrowings	\$ 4,800	\$ 9,100	\$ (2,370)	\$ (860)	\$ 1,510	
16							
17							
18	OUTSTANDING DEBT BALANCE	59,900	69,900	69,100	66,570	(2,530)	PPP loan forgiveness (\$1.79M) + delayed RESP funding

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	9/30/2021	9/30/2021	(D- C)	Comments
1	RUS CWP DESCRIPTION							
1	DISTRIBUTION							
2	100	New Services	\$ 429,487	\$ 416,000	\$ 312,000	\$ 534,275	\$ 222,275	Member request for overhead to underground (Offset to Line 38)
3	200	New Tie Lines	337,637	200,000	80,000	24,551	(55,449)	Reprioritizing projects and shafting efforts to URD Replacements
4	300	Conversions and Line Changes	513,186	1,680,000	1,250,000	1,177,989	(72,011)	
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	1,148,926	1,980,000	1,200,000	260,526	(939,474)	Delayed due to permitting and contracting with WA DOC
7	600	Miscellaneous Distribution Equipment						
8	601	Transformers & Meters	674,405	672,000	504,000	471,196	(32,804)	
9	602	Sets of Service Wires to increase Capacity	-		-	-	-	
10	603	Sectionalizing Equipment	177,127	315,000	300,000	182,584	(117,416)	Awaiting receipt of equipment, installation delayed to Q4
11	604	Regulators	49,127	150,000	150,000	110,152	(39,848)	To be completed in Q4
12	606	Ordinary Replacements	375,670	250,000	225,000	298,640	73,640	
13	607	Overhead to Underground Replacements		95,000	70,000	3,966	(66,034)	More opportunities than anticipated
14	608	Underground Dist. Cable Replacement	2,025,373	1,637,000	1,400,000	1,875,492	475,492	Increased cable faults and joint projects
15	700	Other Distribution Items						
16	701	Engineering Fees	-	-	-	-	-	
17	704	LMS & SCADA	96,700	213,000	193,000	199,397	6,397	
18	705	AMR	34,430	-	-	-	-	
19	706	Communications	123,699	150,000	110,000	37,252	(72,748)	Reprioritizing projects and shafting efforts to URD Replacements
20	TRANSMISSION							
21	800	New Tie Line	-		-	-	-	
22	900	New Substations, switching station, metering point, etc.	75,055	71,000	65,000	16,293	(48,707)	Reprioritizing projects and shafting efforts to URD Replacements
23	1000	Line and Station Changes	23,510	350,000	275,000	34,410	(240,590)	Reprioritizing projects and shafting efforts to URD Replacements
24	1100	Other Transmission	-	-	-	-	-	
25	GENERATION							
26	1200	Generation	-	150,000	-	300	300	
27	OTHER							
28	1300	Headquarters Facilities	666,958	247,000	215,000	238,160	23,160	
29	1400	Acquisitions	519,133	40,000	-	-	-	
30	1500	All Other (Transportation, Etc.)						
31	1501	Transportation/Equipment/Tools/Radios	717,348	271,500	215,000	163,855	(51,145)	
32	1502	Office Equipment/Furniture/Etc.	72,945	15,000	10,000	5,997	(4,003)	
33	1503	Computer/Servers/Software	227,575	133,000	100,000	76,887	(23,113)	
34	1504	Electrical Infrastructure to Support Community Solar	908	1,500,000	600,000	85,799	(514,201)	Delayed due to permitting and contracting with WA DOC
35	1600	Minor Projects	134,979	162,000	130,000	76,769	(53,231)	
36	RUS CWP SUBTOTAL		8,424,179	10,697,500	7,404,000	5,874,488	(1,529,512)	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
38		New Services	(495,055)	(425,000)	(318,750)	(491,999)	(173,249)	Offset to Line 2 - New Services
39		Meters and Transformers	(271,615)	(297,000)	(222,750)	(306,195)	(83,445)	Offset to Line 8 Transformers & Meters
40		Joint Projects	(87,826)	(254,000)	(190,500)	(166,891)	23,609	Offset to Lines 3, 4, 14 and 35
41		WA DOC Grant Funding	(520,000)	(1,000,000)	(600,000)	(120,000)	480,000	Funding submittal earlier than anticipated
42		Community Solar Member Contributions	-	(1,500,000)	-	-	-	
43	CIAC SUBTOTAL		(1,374,497)	(3,476,000)	(1,332,000)	(1,085,085)	246,915	
44								
45	RUS CWP NET TOTAL		7,049,683	7,221,500	6,072,000	4,789,403	(1,282,597)	

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 '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)

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	22,950,230	23,424,617	23,202,588	2,004,294
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	6,943,248	6,968,187	7,128,165	643,926
4. Transmission Expense	221,106	330,002	260,396	38,972
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,721,210	2,688,037	2,751,883	275,706
7. Distribution Expense - Maintenance	2,046,005	1,791,317	1,982,526	231,791
8. Customer Accounts Expense	833,563	816,621	759,340	93,271
9. Customer Service and Informational Expense	367,033	240,766	372,557	(64,389)
10. Sales Expense	32,006	37,263	27,955	3,739
11. Administrative and General Expense	2,764,394	2,742,579	2,966,967	301,230
12. Total Operation & Maintenance Expense (2 thru 11)	15,928,564	15,614,773	16,249,789	1,524,246
13. Depreciation and Amortization Expense	3,779,266	3,762,964	3,978,915	417,584
14. Tax Expense - Property & Gross Receipts	277,507	260,394	299,707	28,665
15. Tax Expense - Other	827,689	855,289	848,905	74,462
16. Interest on Long-Term Debt	1,505,169	1,513,561	1,524,555	171,524
17. Interest Charged to Construction - Credit	(32,114)	(82,183)	(41,293)	(10,622)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	10,000	10,000	10,000	-
20. Total Cost of Electric Service (12 thru 19)	22,296,082	21,934,797	22,870,579	2,205,859
21. Patronage Capital & Operating Margins (1 minus 20)	654,148	1,489,820	332,009	(201,566)
22. Non Operating Margins - Interest	131,173	111,509	112,846	13,275
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	189,337	1,880,617	69,706	1,799,301
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	61,464	64,516	90,925	29,468
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	1,036,121	3,546,461	605,486	1,640,478

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 '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	142	115	5. Miles Transmission	42.65	46.39
2. Services Retired	23	8	6. Miles Distribution – Overhead	151.30	147.05
3. Total Services in Place	15,354	15,513	7. Miles Distribution - Underground	1,065.30	1,069.70
4. Idle Services (Exclude Seasonals)	742	740	8. Total Miles Energized (5 + 6 + 7)	1,259.25	1,263.14
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	152,009,274		30. Memberships	58,355	
2. Construction Work in Progress	8,018,011		31. Patronage Capital	43,368,428	
3. Total Utility Plant (1 + 2)	160,027,285		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	61,671,205		33. Operating Margins - Current Year	1,665,845	
5. Net Utility Plant (3 - 4)	98,356,079		34. Non-Operating Margins	1,880,617	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(5,728,726)	
7. Investments in Subsidiary Companies	(11,247,270)		36. Total Margins & Equities (30 thru 35)	41,244,518	
8. Invest. in Assoc. Org. - Patronage Capital	839,600		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	58,091,619	
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)	8,467,311	
12. Other Investments	1,940		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	7,034,217		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(2,824,739)		43. Total Long-Term Debt (37 thru 41 - 42)	66,558,930	
15. Cash - General Funds	3,033,952		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	2,877,017		47. Notes Payable	-	
19. Notes Receivable (Net)	139,362		48. Accounts Payable	1,416,129	
20. Accounts Receivable - Sales of Energy (Net)	1,791,073		49. Consumers Deposits	47,958	
21. Accounts Receivable - Other (Net)	160,125		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	4,279,677		52. Current Maturities Capital Leases	6,012	
24. Prepayments	428,357		53. Other Current and Accrued Liabilities	1,031,563	
25. Other Current and Accrued Assets	953,134		54. Total Current & Accrued Liabilities	2,501,663	
26. Total Current and Accrued Assets	13,700,614		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	348,010	
28. Other Deferred Debits	1,421,166		57. Total Liabilities and Other Credits	110,653,121	
29. Total Assets and Other Debits	110,653,121				