ORCAS POWER AND LIGHT COOPERATIVE 2021 Q3 FINANCIAL REPORT

THE ISLAND WAY



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.

| Budget \$ 31,454 | Projected | Variance |
|----------------------------|--|--|
| \$ 31,454 | | · ur unice |
| | \$ 33,356 | \$ 1,902 |
| - | (679) | (679) |
| \$ 31,454 | \$ 32,677 | \$ 1,223 |
| | | |
| 9,735 | 9,526 | \$ (209) |
| 6,798 | 6,825 | 27 |
| 5,449 | 5,371 | (78) |
| 8,698 | 8,316 | (382) |
| \$ 30,680 | \$ 30,038 | \$ (642) |
| | | |
| 774 | 2,639 | 1,865 |
| 243 | 2,059 | |
| \$ 1,017 | \$ 4,698 | \$ 3,681 |
| 1.38 | 2.31 | 0.93 |
| 1.50 | 3.33 | 1.83 |
| 35.8% | 38.7% | 2.9% |
| | | |
| 1,398 | 1,384 | (14) |
| 216,000 | 222,850 | 6,850 |
| 203,260 | 209,482 | 6,222 |
| | 9,735 6,798 5,449 8,698 \$ 30,680 774 243 \$ 1,017 1.38 1.50 35.8% 1,398 216,000 | $\begin{array}{c c c c c c c c c c c c c c c c c c c $ |

* 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.

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

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

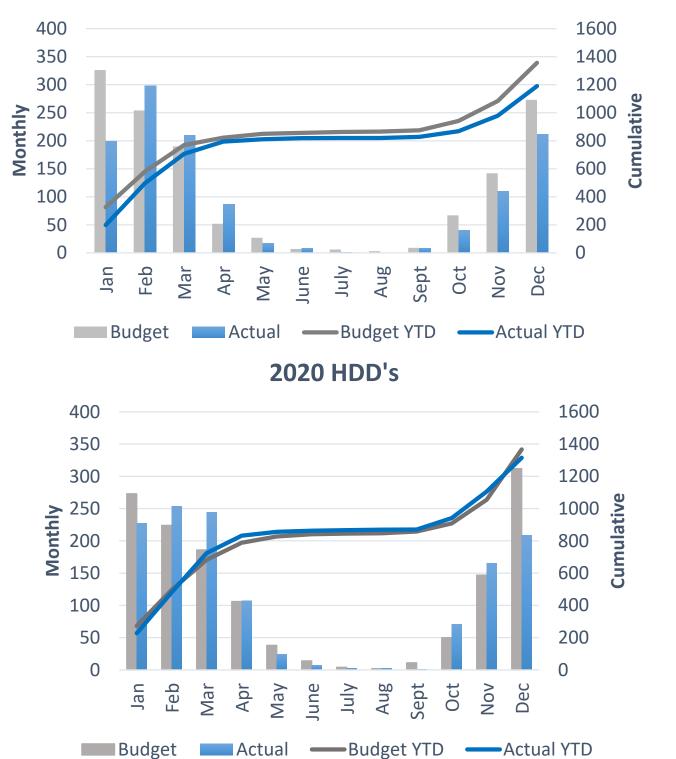
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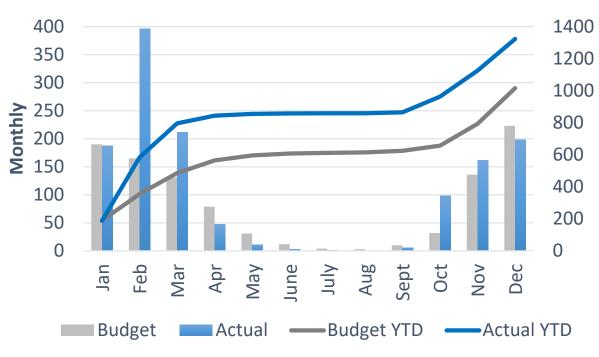


2021 Budget to Actual: Heating Degree Days

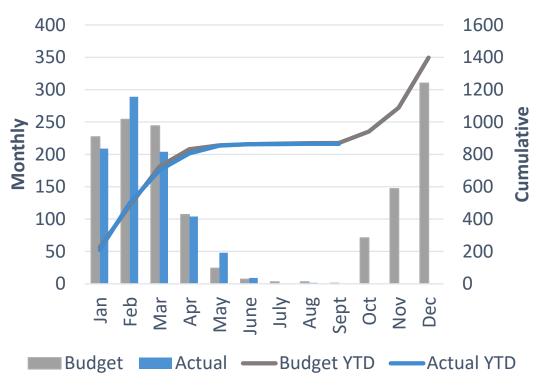
2018 HDD's







2021 HDD's

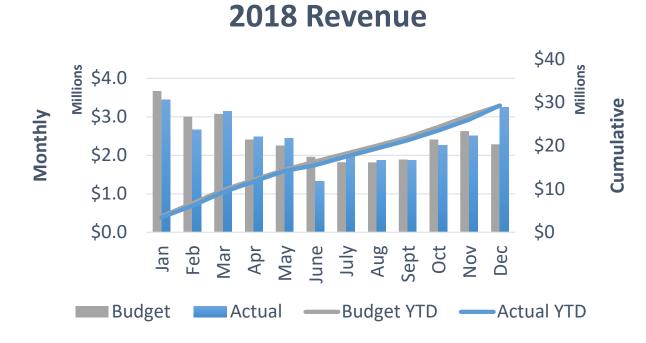


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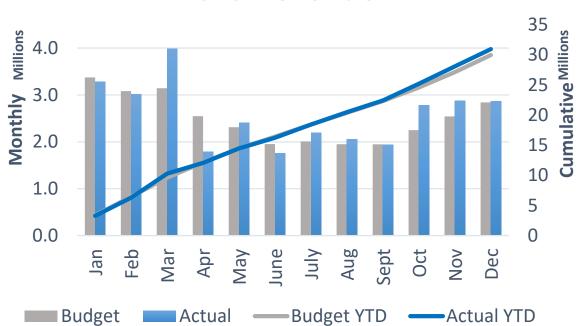


Cumulative

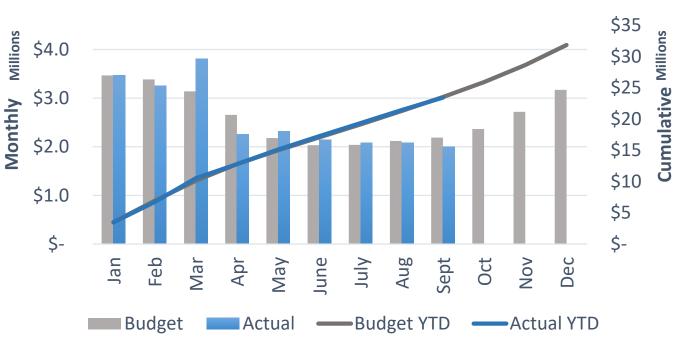
2021 Budget to Actual: Revenue



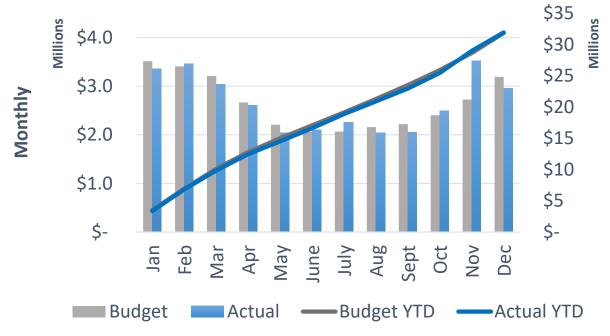
2019 Revenue



2021 Revenue



2020 Revenue



* Revenue net of ECA

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Cumulative

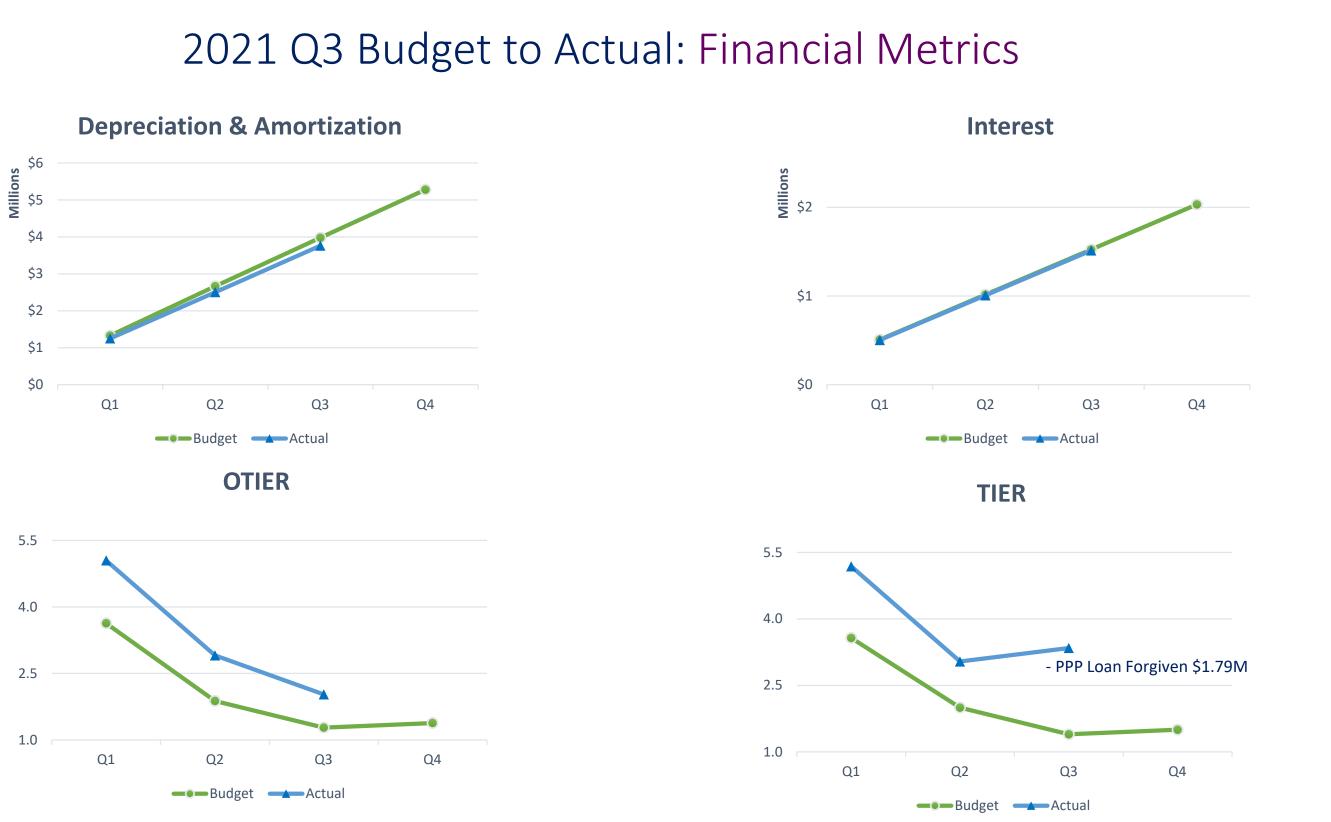
2021 Q3 Budget to Actual: Statement of Operations

| | 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) | \$30.0 sooilliw \$27.5 | Revenue |
|---|---|---|--|---|---|-------------------------------------|-------------------------------------|-------------------------|
| 1 OPERATING REVENUES 2 Residential 3 Commercial 4 Other | \$ 22,679,087 7,999,086 | \$ 24,062,590 7,714,074 | \$ 23,478,420 7,865,526 | \$ 17,324,330 5,796,728 | \$ 17,510,840 5,835,816 | 186,510 39,088 | \$25.0 | Variance: \$222k |
| 5 Penalties and fees 6 Other 7 Total operating revenue | 190,397 <u>69,974</u> 30,938,545 | 75,175 73,596 31,925,435 | 42,538 67,388 31,453,872 | 30,643 50,887 23,202,588 | 29,750 48,211 23,424,617 | (893) (2,676) 222,029 | \$22.5 | \$23.2 |
| 8 | 50,250,545 | 51,725,455 | 51,455,672 | 25,202,500 | 23,424,017 | 222,029 | | \$20.5 |
| 9 OPERATING EXPENSES | | | | | | | \$20.0 | \$21.4 |
| 10 Cost of power | 9,262,362 | 9,512,760 | 9,735,462 | 7,128,165 | 6,968,187 | (159,978) | Ş20.0 | OpEx |
| 11 Transmission | 458,165 | 388,576 | 428,447 | 260,396 | 330,002 | 69,606 | | • |
| Distribution - operations Distribution - maintenance | 3,604,825 2,170,783 | 3,570,350 2,825,081 | 3,636,851 2,733,082 | 2,751,883 1,982,526 | 2,688,037 1,791,317 | (63,846) (191,209) | \$17.5 | Variance: \$884k |
| 14 Consumer accounts | 1,097,439 | 1,093,791 | 1,003,546 | 759,340 | 816,621 | 57,281 | | |
| 15 | 1,057,455 | 1,095,791 | 1,005,540 | 155,540 | 010,021 | 57,201 | 61F 0 | \$14.3 |
| 16 General and administration | | | | | | | \$15.0 | \$13.5 |
| 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) | \$12.5 | |
| 19 Subsidiary charges (RIC network mgt services) | 61,378 | 89,284 | 89,625 | 67,219 | 69,047 | 1,828 | Ŷ12.5 | OpEx (excludes Power) |
| 20 Total general and administration | 3,846,904 | 4,198,308 | 4,455,894 | 3,377,479 | 3,030,608 | (346,871) | | Variance: \$724k |
| 21 22 Depresention and emertion | 4,923,805 | 5,015,406 | 5,279,563 | 3,978,915 | 2 262 064 | (215.051) | \$10.0 | |
| 22 Depreciation and amortization 23 Taxes | 1,444,843 | 1,514,553 | 1,573,530 | 1,148,612 | 3,762,964 1,115,682 | (215,951) (32,930) | | 4 |
| 25 Taxes 24 | 1,444,045 | 1,514,555 | 1,575,550 | 1,146,012 | 1,115,002 | (32,930) | 4 | \$7.1 \$7.0 |
| 25 Total operating expenses | 26,809,125 | 28,118,825 | 28,846,375 | 21,387,317 | 20,503,419 | (883,898) | \$7.5 | • |
| 26 | 4 120 420 | 2 006 610 | 2 607 407 | 1 015 071 | 2 021 109 | 1 105 027 | | Cost of Power |
| Operating margins before fixed charges | 4,129,420 | 3,806,610 | 2,607,497 | 1,815,271 | 2,921,198 | 1,105,927 | \$5.0 | |
| 29 FIXED CHARGES | | | | | | | | Variance: \$160k |
| 30 Interest on long-term debt | 1,820,581 | 1,966,936 | 1,962,740 | 1,483,262 | 1,431,378 | (51,884) | 4a - | |
| 31 | | | | | | | \$2.5 | |
| 32 Operating margins after fixed charges | 2,308,838 | 1,839,673 | 644,757 | 332,009 | 1,489,820 | 1,157,810 | | |
| 33 | 105.054 | 100.050 | 100.000 | 00.025 | <i></i> | | \$0.0 | |
| 34 PATRONAGE CAPITAL CREDITS 35 | 125,254 | 122,952 | 129,893 | 90,925 | 64,516 | (26,410) | <i>ç</i> 0.0 | Budget Actual |
| 36 Net operating margins | 2,434,092 | 1,962,625 | 774,650 | 422,934 | 1,554,335 | 1,131,401 | | Budget Actual |
| 37 | | | | | | | | Defy (oveluding Dower) |
| 38 NON-OPERATING MARGINS | | | | | | | |)pEx (excluding Power) |
| 39 Interest income | 123,252 | 89,550 | 70,985 | 53,239 | 51,833 | (1,406) | | evenue |
| 40 Other income (loss) | 4,259 | 157,313 | 2,473 | 2,224 | 1,798,312 | 1,796,088 | | |
| Total Opalco non-operating margins 42 | 127,511 | 246,863 | 73,458 | 55,463 | 1,850,144 | 1,794,682 | — () — T | otal operating expenses |
| 43 Non-operating margins from Subsidiary | | | | | | | | |
| 4 Interest Income (RIC loan) | 79,346 | 79,471 | 79,476 | 59,607 | 59,677 | 70 | —) — (| cost of power |
| 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 | | |
| 50 NET MARGINS | \$ 2,730,925 | \$ 2 270 025 | \$ 1.017.560 | \$ 605,486 | \$ 3,546,461 | 2.067.295 | | |
| 30 INET MARGINS | a 2,130,923 | \$ 2,378,935 | \$ 1,017,560 | <u>a 000,480</u> | \$ 3,546,461 | 2,967,385 | | |
| 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% | | |
| | | | | | | | | |

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Notes:

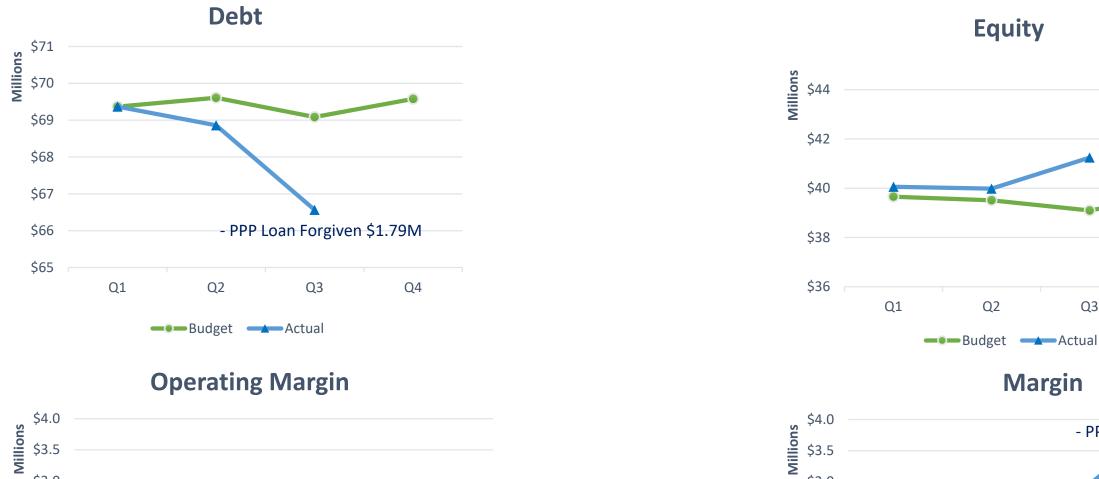
- Through Q3 the ECA returned a • net \$734k in the form of bill credits to the membership Note: Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$211k in January 2021, related to the calculation based on December 2020 factors.
- Net Operating Margin: \$1.554M (\$1.131M increase)
- Net Margin: \$3.546M (\$2.941M ۲ increase)
- Other income: PPP Loan • Forgiveness \$1.79M

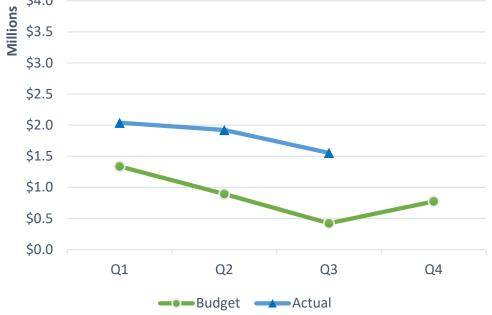


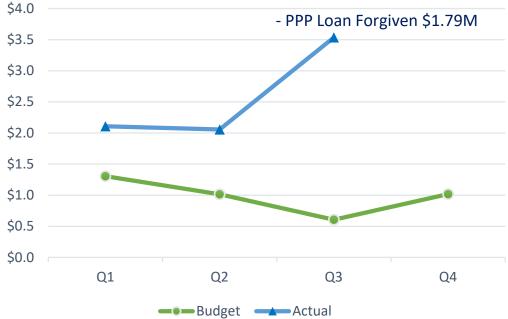


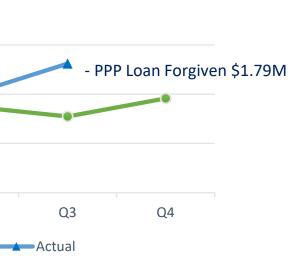
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2021 Q3 Budget to Actual: Financial Metrics









Margin

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 |
|------------|---|---|---|--|---|---|
| 2 | PERATING REVENUES Residential | \$ 22,679,087 | \$ 24,062,590 | \$ 23,478,420 | \$ 17,324,330 | \$ 17,510,840 |
| 3 | Commercial | 7,999,086 | 7,714,074 | 7,865,526 | 5,796,728 | 5,835,816 |
| 4 | Other | | | | | , , |
| 5 | Penalties and fees | 190,397 | 75,175 | 42,538 | 30,643 | 29,750 |
| 6 | Other | 69,974 | 73,596 | 67,388 | 50,887 | 48,211 |
| 7 8 | Total operating revenue | 30,938,545 | 31,925,435 | 31,453,872 | 23,202,588 | 23,424,617 |
| | PERATING EXPENSES | | | | | |
| 10 | Cost of power | 9,262,362 | 9,512,760 | 9,735,462 | 7,128,165 | 6,968,187 |
| 11 | Transmission | 458,165 | 388,576 | 428,447 | 260,396 | 330,002 |
| 12 | Distribution - operations | 3,604,825 | 3,570,350 | 3,636,851 | 2,751,883 | 2,688,037 |
| 13 | Distribution - maintenance | 2,170,783 | 2,825,081 | 2,733,082 | 1,982,526 | 1,791,317 |
| 14 | Consumer accounts | 1,097,439 | 1,093,791 | 1,003,546 | 759,340 | 816,621 |
| 15 | | | | | | |
| 16 17 | General and administration Administration | 3,390,513 | 3,739,823 | 3,957,880 | 3,033,370 | 2,807,778 |
| 17 | Energy services | 395,013 | 3,739,823 | 408,389 | 276,891 | 2,807,778 |
| 19 | Subsidiary charges (RIC network mgt services) | 61,378 | 89,284 | 89,625 | 67,219 | 69,047 |
| 20 | Total general and administration | 3,846,904 | 4,198,308 | 4,455,894 | 3,377,479 | 3,030,608 |
| 21 | | -,, | .,_, ., | .,, | -,, | •,••••,••• |
| 22 | Depreciation and amortization | 4,923,805 | 5,015,406 | 5,279,563 | 3,978,915 | 3,762,964 |
| 23 | Taxes | 1,444,843 | 1,514,553 | 1,573,530 | 1,148,612 | 1,115,682 |
| 24 | Total energia a sur energi | 26 800 125 | 20 110 025 | 20 046 275 | 21 227 217 | 20 502 410 |
| 25 26 | Total operating expenses | 26,809,125 | 28,118,825 | 28,846,375 | 21,387,317 | 20,503,419 |
| 20 | Operating margins before fixed charges | 4,129,420 | 3,806,610 | 2,607,497 | 1,815,271 | 2,921,198 |
| 28 | | , , , . | -)) |)) |)) | _,, |
| 29 F | IXED CHARGES | | | | | |
| 30 | Interest on long-term debt | 1,820,581 | 1,966,936 | 1,962,740 | 1,483,262 | 1,431,378 |
| 31 32 | Operating margins after fixed charges | 2,308,838 | 1,839,673 | 644,757 | 332,009 | 1 400 020 |
| 32 | Operating margins after fixed charges | 2,308,838 | 1,039,073 | 044,737 | 332,009 | 1,489,820 |
| | ATRONAGE CAPITAL CREDITS | 125,254 | 122,952 | 129,893 | 90,925 | 64,516 |
| 35 | | | | | | |
| 36 | Net operating margins | 2,434,092 | 1,962,625 | 774,650 | 422,934 | 1,554,335 |
| 37 | | | | | | |
| 38 N 39 | ION-OPERATING MARGINS Interest income | 123,252 | 89,550 | 70,985 | 53,239 | 51,833 |
| 39 40 | Other income (loss) | 4,259 | 157,313 | 2,473 | 2,224 | 1,798,312 |
| 40 | Total Opalco non-operating margins | 127,511 | 246,863 | 73,458 | 55,463 | 1,850,144 |
| 42 | rour opuro non operaning margino | 127,011 | 210,005 | 75,150 | 55,105 | 1,000,111 |
| 48 | Non-operating margins from Subsidiary | | | | | |
| 49 | Interest Income (RIC loan) | 79,346 | 79,471 | 79,476 | 59,607 | 59,677 |
| 50 | Other income (use of OPALCO backbone) | 89,976 | 89,976 | 89,976 | 67,482 | 82,305 |
| 51 | Total non-operating margins from Subsidiary | 169,322 | 169,447 | 169,452 | 127,089 | 141,982 |
| 52 | | 207 922 | 416 200 | 242.010 | 192 552 | 1 000 107 |
| 53 54 | Net non-operating margins | 296,833 | 416,309 | 242,910 | 182,552 | 1,992,126 |
| | IET MARGINS | \$ 2,730,925 | \$ 2,378,935 | \$ 1,017,560 | \$ 605,486 | \$ 3,546,461 |
| 56 | | ψ 2,150,723 | $\psi 2,570,755$ | ψ 1,017,500 | φ 000,700 | φ οιστυιτυι |
| 57 | OTIER | 2.25 | 1.97 | 1.38 | 1.28 | 2.03 |
| 50 | TIER | 2.40 | 2.18 | 1.50 | 1.40 | 3.34 |
| 58 | Equity % of Total Cap | 39.7% | 35.9% | 35.8% | 36.8% | 39.0% |

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| | F. Budget Variance (E - D) |
|-----------------------------|--|
| 40 16 | 186,510 39,088 |
| 50 <u>11</u> 17 | (893) (2,676) 222,029 |
| 87 02 37 17 21 | (159,978) 69,606 (63,846) (191,209) 57,281 |
| 78 84 <u>47</u> 08 | (225,592) (123,107) <u>1,828</u> (346,871) |
| 64 82 | (215,951) (32,930) |
| 19 | (883,898) |
| 98 | 1,105,927 |
| 78 | (51,884) |
| 20 | 1,157,810 |
| 16 | (26,410) |
| 35_ | 1,131,401 |
| 33 <u>12</u> 44 | (1,406) <u>1,796,088</u> 1,794,682 |
| 77 0 <u>5</u> 82 | 70 14,823 14,893 |
| 26 | 1,809,575 |
| 61 | 2,967,385 |
| 03 34)% | 0.75 1.95 2.2% |

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

| Hudget 9:00:201 Actual 9:00:201 Variance 9:00:201 Comments: Hudget (11: A) Comments: Hudget To Actual (Colume C) 1 1 OPERATING REVENUES 23:00:2588 23:44:47 22:00 22:00 20:00 <td< th=""><th></th><th></th><th>А.</th><th>B.</th><th>C.</th><th></th><th></th><th></th><th>D.</th></td<> | | | А. | B. | C. | | | | D. |
|---|----|---|------------|---------------|---------------|-----------------------|--------------------------|---------------------------------------|--------------|
| $ \begin{array}{ $ | | | Budget | Actual | Budget | | | | |
| 1 OPERATING REVENUES 23,202,588 23,424,617 222,029 Budget Actual Variation Structure Products (NV) Sales 130,413 Budget Actual Variation Structure Products (NV) Sales 130,413 Budget Actual Variation Products (NV) Sales 130,413 Sate Product Product Products (NV) Sales 130,413 Sate Product Produc | | | Period End | Period End | Variance | | | | |
| $ \begin{array}{ c c c c c c c c c c c c c c c c c c c$ | | | 9/30/2021 | 9/30/2021 | (B - A) | Comments: Budget | To Actual (Co | lumn C.) | |
| $ \begin{array}{ c c c c c c c c c c c c c c c c c c c$ | 1 | I OPEDATING DEVENUES | 23 202 588 | 23 121 617 | 222 020 | | | | |
| $ \begin{array}{ c c c c c } & \text{IDD} & 870 & 865 & 5 \\ & & & & & & & & & & & & & & & & $ | 2 | I OIERATING REVENUES | 23,202,300 | 23,424,017 | | | Budget | Actual | Varianc |
| 4 Control 12 Sales1204.13125.173 1304.304.76 1304.300 Commercial Sales17.34.3917.394.39186.510With sales higher than badgetd, curaalied by FCA Commercial Sales10.41310.517310.41310.517310.4130 Other Operating Revenue Other00441(2.370)10.4370 | 3 | | | | | нор | - | | |
| Operating Revenue - Line 17 Detail Breakout: 17.24.33.33 17.24.33 | 4 | | | | | | | | |
| 6 Residential Sales 17,214,30 17,310,400 18,6510 kWh alsel higher than budgeed, curtailed by ECA 7 Commercial Sales 579,6728 58,8534 39,088 CML consumption slightly under budget through Q3 21 9 Panities and Fees (90,493) (29,759) (89,33) Less fees collected 10 Other TOTAL OPERATING REVENUES 23,202,588 23,424,617 222,029 Net higher kWh sales through Q3, curtailed by ECA credit 11 OPERATING EXPENSES 21,387,317 20,638,419 (883,898) Overall Decrease in operating expenses 12 Cost of Power - Line 10 7,128,165 6,968,187 (159,978) Decrease in expense - lower cost/kWh than budgeted, partially distant wortains 13 Transmission - Line 11 Detail Breakout: 260,396 330,002 69,666 Increase in expense - sover outs/kWh than budgeted partially distant wortains 14 Distribution - Operations - Line 12 Detail Breakout: 1,982,526 1,791,317 (191,209) Decrease in expense - 50% decrease in labor time coded to of expenses 12 Distribution - Maintenance - Line 13 Detail Breakout: 789,340 816,621 571,281 Increase in expense - 50% decrease in labor time coded (51450, a | 5 | Operating Revenue - Line 7 Detail Breakout: | | | | K WII Bales | 150,415 | | ч,70 |
| Commercial Sales. Other Operating Revenue Penaltics and Fees5.796,7285.838.1630,088CMI: consumption slightly under badger through (3 2.1 (2.676)Dider Operating Revenue OtherOther (0.047) (0.037) <td< td=""><td>6</td><td></td><td>17.324.330</td><td>17.510.840</td><td>186 510</td><td>kWh sales higher th</td><td>an budgeted ci</td><td>urtailed by FCA</td><td></td></td<> | 6 | | 17.324.330 | 17.510.840 | 186 510 | kWh sales higher th | an budgeted ci | urtailed by FCA | |
| Other Operating Revenue 00.433 (29.750) (1903) Less for collected Duber Duber 1.css for collected Less pole attachment revenue IOPERATING EXPENSES 21.387,317 20.503,419 (28.750) Overall Decrease in operating expenses IOPERATING EXPENSES 21.387,317 20.503,419 (68.3898) Overall Decrease in operating expenses Cost of Power - Line 10 7,128,165 6,968,187 (159,078) Decrease in expense - lower cost/Wt han budgetcd, partially attachment Distribution - Operations - Line 11 Detail Breakout: 260,396 330,002 69,606 Increase in expense - lower cost/Wt han budgetcd, partially attachment Distribution - Operations - Line 12 Detail Breakout: 2.751,883 2,688,037 (63,346) Decrease in expense - 50% decrease in labor time coded to of 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 of expenses Consumer accounts - Line 14 Detail Breakout: 1.982,526 1.791,317 (191,209) Decrease in expense S0% decrease in labor time coded (S145k) at expenses Distribution - Maintenance - Line 13 Detail Breakout: 1.982,526 1.791,317 (191,209) | 7 | | | | | - | - | • | '21 |
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| 28Consumer accounts - Line 14 Detail Breakout:155,540616,62131,241Interest in expense29Total General and Administrative (G&A):3,377,4793,030,608(346,871)Decrease in expense31Administration G&A - Line 17 Detail Breakout:3,033,3702,807,778(225,592)Decrease in expense - less COVID-19 relief needed (\$145k) and33Energy Services G&A - Line 18276,891153,784(123,107)Decrease in expense - less outside consulting through Q3 coup34Subsidiary Charges G&A - Line 1967,21969,0471,828Increase in expense36Total General and Administrative (G&A)3,377,4793,030,608(346,871)Overall decrease in expense39Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense41Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Consumer accounts Line 14 Detail Preakouts | 750 340 | 816 691 | 57 291 | Increase in expense | | | |
| 29 30Total General and Administrative (G&A):3,377,4793,030,608(346,871)Decrease in expense31 32Administration G&A - Line 17 Detail Breakout:3,033,3702,807,778(225,592)Decrease in expense - less COVID-19 relief needed (\$145k) and33 34Energy Services G&A - Line 18276,891153,784(123,107)Decrease in expense - less outside consulting through Q3 coup34 35 36Subsidiary Charges G&A - Line 1967,21969,0471,828Increase in expense36 37 39Total General and Administrative (G&A)3,377,4793,030,608(346,871)Overall decrease in expense39 40Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant41Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Consumer accounts - Line 14 Detan Dreakout. | 733,340 | 810,021 | 57,201 | increase in expens | ie - | | |
| 10 <td></td> <td>Total Concerl and Administrative (C. P. A).</td> <td>2 277 470</td> <td>2 020 609</td> <td>(246 971)</td> <td>Decreases in expense</td> <td></td> <td></td> <td></td> | | Total Concerl and Administrative (C. P. A). | 2 277 470 | 2 020 609 | (246 971) | Decreases in expense | | | |
| 31Administration G&A - Line 17 Detail Breakout:3,033,3702,807,778(225,592)Decrease in expense - less COVID-19 relief needed (\$145k) and33Energy Services G&A - Line 18276,891153,784(123,107)Decrease in expense - less outside consulting through Q3 coup34Subsidiary Charges G&A - Line 1967,21969,0471,828Increase in expense36Total General and Administrative (G&A)3,377,4793,030,608(346,871)Overall decrease in expense39Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant41Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Total General and Administrative (G&A). | 3,377,479 | 3,030,008 | (340,071) | Decrease in expensi | 56 | | |
| 3233Energy Services G&A - Line 18276,891153,784(123,107)Decrease in expense - less outside consulting through Q3 coup3435Subsidiary Charges G&A - Line 1967,21969,0471,828Increase in expense363,377,4793,030,608(346,871)Overall decrease in expense37Total General and Administrative (G&A)3,377,4793,030,608(215,951)Decrease in expense38Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant40Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Administration C. P. A. Line 17 Detail Dreakoute | 2 022 270 | 2 007 770 | (225 502) | Deeneese in ernen | | 10 miliof mondod | (01451) |
| 33 Energy Services G&A - Line 18 276,891 153,784 (123,107) Decrease in expense - less outside consulting through Q3 coup 34 5 Subsidiary Charges G&A - Line 19 67,219 69,047 1,828 Increase in expense 36 7 Total General and Administrative (G&A) 3,377,479 3,030,608 (346,871) Overall decrease in expense 39 Deprec. & Amort Line 22 3,978,915 3,762,964 (215,951) Decrease in expense - lower capitalizations to general plant 40 Taxes - Line 23 1,148,612 1,115,682 (32,930) Decrease in expense | | Administration G&A - Line 17 Detan Breakout: | 3,033,370 | 2,007,770 | (225,592) | Decrease in expensi | | J-19 Tenet needed | (\$143K) al |
| 34 35 Subsidiary Charges G&A - Line 19 67,219 69,047 1,828 Increase in expense 36 37 Total General and Administrative (G&A) 3,377,479 3,030,608 (346,871) Overall decrease in expense 38 39 Deprec. & Amort Line 22 3,978,915 3,762,964 (215,951) Decrease in expense lower capitalizations to general plant 41 Taxes - Line 23 1,148,612 1,115,682 (32,930) Decrease in expense | | | 276 901 | 152 704 | (122 107) | D | | | 1.02 |
| 35Subsidiary Charges G&A - Line 1967,21969,0471,828Increase in expense36Total General and Administrative (G&A)3,377,4793,030,608(346,871)Overall decrease in expense38Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant41Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Energy Services G&A - Line 18 | 276,891 | 155,/84 | (123,107) | Decrease in expension | se - less outside | consulting throug | gn Q3 coup |
| 3637Total General and Administrative (G&A)3,377,4793,030,608(346,871)Overall decrease in expense3839Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant4041Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Sub-idiana Channer C. 8 A. Line 10 | (7.210 | (0.047 | 1 0 2 0 | T | | | |
| 37Total General and Administrative (G&A)3,377,4793,030,608(346,871)Overall decrease in expense3839Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant4041Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Subsidiary Charges G&A - Line 19 | 67,219 | 69,047 | 1,828 | Increase in expens | e | | |
| 38 39 Deprec. & Amort Line 22 3,978,915 3,762,964 (215,951) Decrease in expense - lower capitalizations to general plant 40 41 Taxes - Line 23 1,148,612 1,115,682 (32,930) Decrease in expense | | | 2 255 450 | 2 0 2 0 7 0 0 | | 0 11 1 | | | |
| 39Deprec. & Amort Line 223,978,9153,762,964(215,951)Decrease in expense - lower capitalizations to general plant4041Taxes - Line 231,148,6121,115,682(32,930)Decrease in expense | | Total General and Administrative (G&A) | 3,377,479 | 3,030,608 | (346,871) | Overall decrease i | n expense | | |
| $\frac{1}{40}$ $\frac{1}{1}$ Taxes - Line 23 $1,148,612$ $1,115,682$ $\frac{(213,551)}{(32,930)}$ Decrease in expense | | | 3 050 01 - | | (24 - 0 - 4) | D | ı . | 1 | 1 1 . |
| 41 Taxes - Line 23 1,148,612 1,115,682 (32,930) Decrease in expense | | Deprec. & Amort Line 22 | 3,978,915 | 3,762,964 | (215,951) | Decrease in expension | se - lower capita | alizations to gener | al plant |
| | | T | | | | D | | | |
| 2021 O2 Financial Danast | 41 | Taxes - Line 23 | 1,148,612 | 1,115,682 | (32,930) | Decrease in expension | se | | |
| | | | | 2021 02 | Financial D - | nort | | | |

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760

dit to memebrship

ally returned through ECA ance 939

osts

other efforts, 50% decrease in non-labor operating

other efforts, 50% decrease in non-labor operating

) and less legal expenses than budgeted (\$100k)

oupled with BPA rebates slowing increasing

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

| | | | А. | В. | С. | D. |
|----|-----|--|------------|------------|-----------|--|
| | | | Budget | Actual | Budget | |
| | | | Period End | Period End | Variance | |
| | | | 9/30/2021 | 9/30/2021 | (B - A) | Comments: Budget To Actual (Column C.) |
| 42 | | | | | | |
| 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 |
| | | | | | | |

BALANCE SHEET

| | A. | B. | C. | D. | E. |
|--|-----------------------------------|-----------------------------------|-----------------------------------|--|-------------------|
| | Audited Year End 12/31/2018 | Audited Year End 12/31/2019 | Audited Year End 12/31/2020 | Actual Period End 9/30/2021 | Change (D - C) |
| 1 ASSETS | 12/31/2010 | 12/31/2019 | 12/31/2020 | 9/30/2021 | (D-C) |
| 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 |
| | 04 111 770 | 05 0 60 0 41 | 07 502 000 | | 770 000 |
| 10 Net utility plant | 94,111,750 | 95,860,241 | 97,583,096 | 98,356,079 | 772,983 |
| ¹¹ ¹² Investments in associated organizations | | | | | |
| ¹² Other (CFC, Federated, PNGC, etc.) | 1,737,909 | 1,814,993 | 1,866,511 | 1,388,314 | (478,197) |
| 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) |
| | 10,309,801 | 11,800,713 | 21,090,755 | 20,734,032 | (301,923) |
| ²⁹ DEFERRED CHARGES (Note 2) | - | 647,075 | 1,110,562 | 1,421,166 | 310,604 |
| 30 | | | 1,110,002 | 1,121,100 | |
| 29 Total assets | \$ 98,914,957 | \$ 100,903,565 | \$ 110,992,571 | <u>\$ 110,653,121</u> | \$ (339,450) |

BALANCE SHEET

| 30 | 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) |
|---|---|---|---|---|-------------------------|
| ³⁰ ³¹ EQUITIES, MARGINS, AND LIABILITIES | | | | | |
| 32 | | | | | |
| 33 EQUITIES AND MARGINS | | | | | |
| 34 Memberships | \$ 56,580 | \$ 56,355 | \$ 57,595 | \$ 58,355 | 760 |
| ³⁵ Patronage capital - OPALCO | 41,668,217 | 42,747,665 | 43,510,710 | 44,922,763 | 1,412,053 |
| 36 Donated and other equities | | | | | |
| 37 OPALCO donated & other margins | 6,479,464 | 7,011,501 | 7,570,208 | 9,644,640 | 2,074,432 |
| 38 Subsidiary margins | (9,571,004) | (11,412,680) | (12,797,590) | (13,381,240) | (583,650) |
| 39 | | | | | |
| 40 Total equities and margins | 38,633,257 | 38,402,841 | 38,340,923 | 41,244,518 | 2,903,595 |
| 41 | | | | | |
| 42 LONG-TERM DEBT, less current maturities | | | | | |
| 43 RUS mortgage notes (Note 3) | 47,256,888 | 49,959,161 | 58,091,826 | 56,384,317 | (1,707,509) |
| 44 RUS economic development | - | - | - | - | - |
| 45 CFC mortgage notes | 8,300,502 | 8,029,709 | 7,747,858 | 7,529,003 | (218,855) |
| 46 | | | | | |
| 47 Total long-term debt | 55,557,390 | 57,988,870 | 65,839,684 | 63,913,320 | (1,926,364) |
| 48 | | | | | |
| 49 OTHER NONCURRENT LIABILITIES (Note 4) | - | 251,562 | 2,477,302 | 597,546 | (1,879,756) |
| | | 50 240 422 | (0.21(.00) | | (2,000,100) |
| 51 Total long-term liabilities | 55,557,390 | 58,240,432 | 68,316,986 | 64,510,866 | (3,806,120) |
| ⁵² ⁵³ CURRENT LIABILITIES | | | | | |
| 54 Accounts payable | 1,979,818 | 1,622,227 | 1,498,762 | 1,416,129 | (82,633) |
| 55 Customer deposits | 83,857 | 85,259 | 72,900 | 47,958 | (24,942) |
| 56 Accrued liabilities | 691,055 | 583,736 | 840,583 | 1,031,565 | 190,982 |
| 57 Current maturities of long-term debt | 1,628,954 | 1,640,280 | 1,540,751 | 2,048,064 | 507,313 |
| ⁵⁸ Current maturities capital leases | 24,443 | 18,057 | 18,057 | 6,012 | (12,045) |
| 59 | 27,773 | 10,057 | 10,007 | 0,012 | (12,045) |
| 60 Total current liabilities | 4,408,127 | 3,949,559 | 3,971,053 | 4,549,728 | 578,675 |
| 61 | 1,100,127 | 5,515,555 | 5,571,055 | | |
| 62 DEFERRED CREDITS | 316,183 | 310,733 | 363,609 | 348,009 | (15,600) |
| 63 | | , | , | | |
| 64 Total equities and liabilities | \$ 98,914,957 | \$ 100,903,565 | \$ 110,992,571 | \$ 110,653,121 | \$ (339,450) |
| 65 | | | | | |
| 66 Note: | | | | | |

66 Note:

1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,133,969.59) less IN LLC's cumulative net deficit of (\$13,381,240) 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 \$600k RESP

STATEMENT OF CASH FLOW GAAP

| | CASH FLOWS FROM OPERATING ACTIVITIES | | 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 <u>Period End</u> 9/30/2021 |
|----------|---|----|---|----|---|----|----------------------------------|----|-----------------------------------|----|--|
| 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 | Ψ | 2,750,925 | Ψ | 2,570,755 | Ψ | 1,017,500 | Ψ | 005,100 | Ψ | 5,540,401 |
| 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 15 | Net cash from operating activities | | 7,044,180 | | 6,706,863 | | 5,537,890 | | 7,325,532 | | 8,342,027 |
| 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 | 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 | Net cash from financing activities | | 713,732 | | 8,910,670 | | 11,389,254 | | 640,631 | | (2,868,633) |
| 31 | NET CHANGE IN CASH | | 1,894,981 | | 8,384,753 | | (6,527,159) | | (5,068,510) | | 94,099 |
| 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 | CASH AND CASH EQUIVALENTS, end of year/period | | 4,467,281 | | 12,852,034 | | 6,324,875 | | 7,783,524 | | 12,946,133 |
| 34 | SUPPLEMENTAL DISCLOSURES | | | | | | | | | | |
| 35 | Cash paid for interest | \$ | 1,948,626 | \$ | 2,021,376 | \$ | 2,032,740 | \$ | 1,524,555 | \$ | 1,513,561 |
| 36 | OUTSTANDING DEBT BALANCE | | (59,898,769) | | (69,875,795) | | (69,577,392) | | (69,079,782) | | (66,564,942) |
| 37 38 | Notes: 1 2021 includes PPP loan forgiveness (\$1.79M) | | | | | | | | | | |

2 Delayed RESP borrowing

STATEMENT OF CASH FLOW

NON GAAP

| Note: All numbers in thousands | | A. Audited ear-End (31/2019 | Y | ^{B.} Audited ear-End /31/2020 | I | c. pproved 3udget 30/2021 | Per | ^{D.} Actual 'iod-End 30/2021 | V | E. Budget ariance D - C) | |
|--|----|--------------------------------------|----|---|----|------------------------------------|-----|--|----|------------------------------------|--------------|
| 1 % Rate Increase | | 6% | 3% | | | 0% | | 0% | | | |
| ² OPERATING ACTIVITIES: | | | | | | | | | | | |
| 3 Margins | \$ | 2,700 | \$ | 2,400 | \$ | 600 | \$ | 3,500 | \$ | 2,900 | PPP loan fo |
| 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 for |
| 15 Cash increase (decrease) after net borrowings | \$ | 4,800 | \$ | 9,100 | \$ | (2,370) | \$ | (860) | \$ | 1,510 | |
| 16 | | | | | | | | | | | |
| | | 50.000 | | (0.000 | | (0.100 | | | | · ·· | |
| 18 OUTSTANDING DEBT BALANCE | | 59,900 | | 69,900 | | 69,100 | | 66,570 | | (2,530) | PPP loan for |

F.

Comments

for for given ess (\$1.79M) + kWh sales

forgiveness (\$1.79M) + delayed RESP funding

forgiveness (\$1.79M) + delayed RESP funding

CAPITAL PROJECTS SUMMARY

| | | | RUS CWP DESCRIPTION | Ye | A. Audited ear End (31/2020 | B. Budget Year End 12/31/2021 | Pe | c. Budget riod End 30/2021 | ^{D.} Actual eriod End D/30/2021 | E. Budget Variance (D- C) | Comments |
|----|-------------------|------------------|--|----|--------------------------------------|--|----|-------------------------------------|---|------------------------------------|----------------|
| 1 | DISTRIBU | JTION | | | | | | | | | |
| 2 | 100 | New Services | | \$ | 429,487 | \$ 416,000 | \$ | 312,000 | \$ 534,275 | \$ 222,275 | Member requ |
| 3 | 200 | New Tie Lines | | | 337,637 | 200,000 | | 80,000 | 24,551 | (55,449) | Reprioritizin |
| 4 | 300 | Conversions and | d Line Changes | | 513,186 | 1,680,000 | | 1,250,000 | 1,177,989 | (72,011) | |
| 5 | 400 | New Substation | s, switching station, metering point, etc. | | - | - | | - | | - | |
| 6 | 500 | Substation, Swit | tching Station, Metering Point Changes | | 1,148,926 | 1,980,000 | | 1,200,000 | 260,526 | (939,474) | Delayed due |
| 7 | 600 | Miscellaneous I | 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 rec |
| 11 | | 604 | Regulators | | 49,127 | 150,000 | | 150,000 | 110,152 | (39,848) | To be comple |
| 12 | | 606 | Ordinary Replacements | | 375,670 | 250,000 | | 225,000 | 298,640 | 73,640 | 1 |
| 13 | | 607 | Overhead to Underground Replacements | | , | 95,000 | | 70,000 | 3,966 | (66,034) | More opport |
| 14 | | 608 | Underground Dist. Cable Replacement | | 2,025,373 | 1,637,000 | | 1,400,000 | 1,875,492 | 475,492 | Increased cal |
| 15 | 700 | Other Distributi | | | _,, | _,, | | _,, | 1,010,172 | - | |
| 16 | 100 | 701 | Engineering Fees | | _ | _ | | - | - | - | |
| 17 | | 704 | LMS & SCADA | | 96,700 | 213,000 | | 193,000 | 199,397 | 6,397 | |
| 18 | | 705 | AMR | | 34,430 | 215,000 | | - | | | |
| 19 | | 706 | Communications | | 123,699 | 150,000 | | 110,000 | 37,252 | (72,748) | Reprioritizin |
| | TRANSMI | | Communications | | 125,079 | 150,000 | | 110,000 | 57,252 | (72,740) | Reprioritizing |
| | 800 | New Tie Line | | | | | | | | - | |
| 21 | 900 | | s, switching station, metering point, etc. | | 75,055 | 71,000 | | - 65,000 | 16,293 | - (48.707) | Donrioritizin |
| 22 | | | | | | | | | | | Reprioritizin |
| 23 | 1000 | Line and Station | | | 23,510 | 350,000 | | 275,000 | 34,410 | (240,590) | Reprioritizin |
| 24 | 1100 CENED A 7 | Other Transmiss | 51011 | | - | - | | - | - | - | |
| | GENERAT | | | | | 150.000 | | | 200 | - | |
| 26 | 1200 | Generation | | | - | 150,000 | | - | 300 | 300 | |
| | OTHER | | | | <i></i> | 247 000 | | 015 000 | | - | |
| 28 | 1300 | Headquarters Fa | acilities | | 666,958 | 247,000 | | 215,000 | 238,160 | 23,160 | |
| 29 | 1400 | Acquisitions | | | 519,133 | 40,000 | | - | - | - | |
| 30 | 1500 | All Other (Trans | | | | | | | | - | |
| 31 | | | 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 |
| 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 | CONTRIE | BUTION IN AID | OF CONSTRUCTION (CIAC) | | | | | | | | |
| 38 | | New Services | | | (495,055) | (425,000) | | (318,750) | (491,999) | (173,249) | Offset to Lin |
| 39 | | Meters and Trar | nsformers | | (271,615) | (297,000) | | (222,750) | (306,195) | (83,445) | Offset to Lin |
| 40 | | Joint Projects | | | (87,826) | (254,000) | | (190,500) | (166,891) | 23,609 | Offset to Lin |
| 41 | | WA DOC Grant | t Funding | | (520,000) | (1,000,000) | | (600,000) | (120,000) | 480,000 | Funding subr |
| 42 | | Community Sol | ar Member Contributions | | - | (1,500,000) | | - | - | - | - |
| 43 | | 2 | 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) | |
| | | | | | | | | | | | |

2021 Q3 Financial Report 18 of 20

equest for overhead to underground (Offset to Line 38) zing projects and shafting efforts to URD Replacements

ue to permitting and contracting with WA DOC

receipt of equipment, installation delayed to Q4 pleted in Q4

ortunities than anticipated cable faults and joint projects

zing projects and shafting efforts to URD Replacements

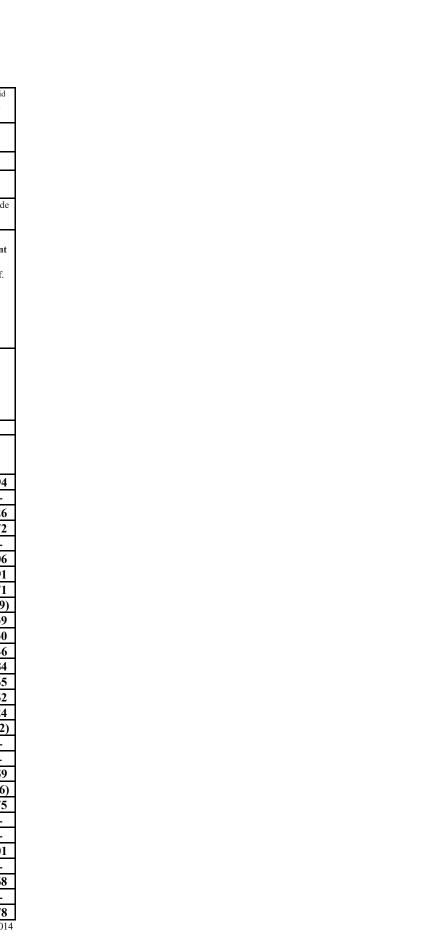
ring projects and shafting efforts to URD Replacements zing projects and shafting efforts to URD Replacements

ue to permitting and contracting with WA DOC

ine 2 - New Services Line 8 Transformers & Meters Lines 3, 4, 14 and 35 ubmittal earlier than anticipated

RUS FORM 7 STATEMENT OF OPERATIONS

| According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and | d a mansam is not required to reama | nd to a collection of informatic | n unless it displays a valid OM | anteol number The volid |
|---|-------------------------------------|----------------------------------|--|---------------------------|
| OMB control number for this information collection is 0572-0032. The time required to compl | lete this information collection is | estimated to average 15 hours p | per response, including the time | |
| searching existing data sources, gathering and maintai | | | on of information. | |
| UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIE | ES SERVICE | BORROWER | | • |
| | | DESIGNATION | WA0009 | |
| FINANCIAL AND OPERATING REPORT ELECTRIC DI | STRIBUTION | PERIOD ENDED | September '21 | |
| | | BORROWER NAME | | |
| INSTRUCTIONS - See help in the online application. This information is analyzed and used to determine the submitter's financial situatio | n and fassibility for loons on | augustantaan Vau ara raqui | Orcas Power & Light | Cooperative |
| the information is analyzed and used to determine the submitter's inflatent structor the information. The information provi | | | | ie regulations to provide |
| | CERTIFICATION | | | |
| We recognize that statements contained herein concern a matter within the jur | 01 | | 0 | or fraudulent statement |
| may render the maker subject to pr We hereby certify that the entries in this report are in accordance with the accounts | | | | r knowledge and belief. |
| ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVI | | | | U |
| OBTAINED FOR ALL H | POLICIES DURING THE | PERIOD COVERED | | |
| BY THIS REPORT PURSU | | CFR CHAPTER XVII | | |
| (c | check one of the following) | | | |
| | | | | |
| All of the obligations under the RUS loan documents have been fulfilled in all material respects. | | | t in the fulfillment of the ob aid default(s) is/are specific | |
| been furmed in an material respects. | | Part D of this report. | and default(3) is are specific | any described in |
| | | - | | |
| | Date | | | |
| PART A. S | STAT <mark>EMENT</mark> OF OPERAT | | | |
| | | YEAR-TO-DATE | | |
| | LAST YEAR | THIS YEAR | BUDGET | THIS MONTH |
| ITEM 1. Operating Revenue and Patronage Capital | (<i>a</i>) | (b) | (c) | (<i>d</i>) |
| 2. Power Production Expense | 22,950,230 | 23,424,617 | 23,202,588 | 2,004,294 |
| 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 | 221,100 | 550,002 | 200,390 | 50,972 |
| 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 201 |



RUS FORM 7 BALANCE SHEET

| | OF AGRICULTURE RURAL U | | BORROWER DESIGNATION | | |
|---|------------------------|--------------|--|-------------------------------|------------|
| FINANCIAL AND OPERATI | NG REPORT ELECTRIC | DISTRIBUTION | | WA0009 | |
| | | | PERIOD ENDED | TTAUUUT | |
| INSTRUCTIONS - See help in the online application. | | | | September '21 | |
| | | | N AND DISTRIBUTION PLANT | September 21 | |
| | YEAR-TO- | | | YEAR-TO- | -DATE |
| Γ | LAST YEAR | THIS YEAR | ITEM | LAST YEAR | THIS YE |
| ITEM | (a) | (b) | | (<i>a</i>) | <i>(b)</i> |
| 1. New Services Connected | 142 | 115 | 5. Miles Transmission | 42.65 | |
| 2. Services Retired | 23 | 8 | 6. Miles Distribution – Overhead | 151.30 | 14 |
| | | - | | | |
| 3. Total Services in Place | 15,354 | 15,513 | 7. Miles Distribution - Underground | 1,065.30 | 1,0 |
| 4. Idle Services | 742 | 740 | 8. Total Miles Energized | 1 250 25 | 1 2 |
| (Exclude Seasonals) | 742 | PART C. BALA | (5+6+7) NCE SHEET | 1,259.25 | 1,20 |
| ASSETS | AND OTHER DEBITS | TAKI C. DALA | | D OTHER CREDITS | |
| 1. Total Utility Plant in Service | | | 30. Memberships | | |
| 2. Construction Work in Progress | 8,018,011 | | 31. Patronage Capital | | 43,368 |
| 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 | | 1,66 |
| 5. Net Utility Plant (3 - 4) | | 98,356,079 | 34. Non-Operating Margins | | 1,88 |
| 6. Non-Utility Property (Net) | | - | 35. Other Margins and Equities | | (5,728 |
| 7. Investments in Subsidiary Companies | | (11,247,270) | 36. Total Margins & Equities (30 thru 35) | | 41,24 |
| 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 |
| 10. Invest. in Assoc. Org Other - Nongeneral Funds | | 536,474 | 39. Long-Term Debt - Other - RUS Guaranteed | | ŕ |
| 11. Investments in Economic Developm | ent Projects | - | 40. Long-Term Debt Other (Net) | | 8,46' |
| 12. Other Investments | | 1,940 | 0 41. Long-Term Debt - RUS - Econ. Devel. (Net) | | |
| 13. Special Funds | Special Funds | | 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 |
| 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 | | 1 41 |
| 19. Notes Receivable (Net) | | 139,362 | 48. Accounts Payable | | 1,41 |
| 20. Accounts Receivable - Sales of Energy (Net)21. Accounts Receivable - Other (Net) | | 1,791,073 | 49. Consumers Deposits | | 4' |
| 22. Renewable Energy Credits | | 160,125 | 50. Current Maturities Long-Term Debt | | |
| 22. Renewable Energy Credits | | - | 50. Current Maturities Long-Term Debt 51. Current Maturities Long-Term Debt | | |
| 23. Materials and Supplies - Electric & C | Other | 4,279,677 | - Economic Development | | |
| 24. Prepayments | | 428,357 | 52. Current Maturities Capital Leases | | |
| 25. Other Current and Accrued Assets | | 953,134 | 53. Other Current and Accrued Liabilities | | 1,03 |
| 6. Total Current and Accrued Assets | | 13,700,614 | 54. Total Current & Accrued Liabilities | | 2,50 |
| 27. Regulatory Assets | | 13,700,014 | 55. Regulatory Liabilities | | 2,50 |
| 28. Other Deferred Debits | | | 56. Other Deferred Credits | | 348 |
| 29. Total Assets and Other Debits | | 1,421,166 | - | Liabilities and Other Credits | |

RUS Financial and Operating Report Electric Distribution

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