

ORCAS POWER AND LIGHT COOPERATIVE
2022 Q1 FINANCIAL REPORT



MEMORANDUM

May 13, 2022

To: Board of Directors
 From: Foster Hildreth, General Manager
 Re: 2022 First Quarter Financial Report

The 2022 first quarter financial report is posted online and included under separate cover. The first quarter results are consistent with the budget. 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) collected \$122k from the membership through Q1 2022 which was the driven primarily by higher power costs than budgeted. The continued impact of COVID-19 on our commercial members is waning as commercial revenue was above budget by ~\$50k. Overall operating revenue was slightly below budget despite kWh sales coming in over budget due to the allocation of unbilled revenue & kWh sales between December 2021 and January 2022.

The table below presents the projection of full-year 2022 financial results using actuals from Q1 and budget projections for future months.

Income Statement Summary (in thousands)	2022 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 34,262	\$ 34,156	\$ (106)
ECA Surcharge / (Credit)*	\$ -	\$ 180	\$ 180
Revenue	\$ 34,262	\$ 34,336	\$ 74
Expenses:			
Cost of Purchased Power	\$ 9,496	\$ 9,944	\$ 448
Transmission & Distribution Expense	7,049	6,814	(235)
General & Administrative Expense	6,011	5,908	(103)
Depreciation, Tax, Interest & Other	8,579	8,692	113
Total Expenses	31,135	31,358	223
Operating Margin	3,127	2,978	(149)
Non-op margin	285	289	4
Net Margin*	3,412	\$ 3,267	(145)
OTIER**	2.53	2.47	(0.06)
TIER**	2.64	2.62	(0.02)
Equity %	39.9%	39.8%	-0.1%
HDD	1,375	1,403	28
kWh Purchases	220,000	230,913	10,913
kWh Sales	206,800	215,331	8,531

* The ECA collected \$180k from members through April 2022

** TIER is a 'full-year' metric, thus not representative in early months as there has not been an accumulation of interest expense

For more detail, please note the following key points:

- Heating Degree Days (HDD) were ~1.6% below budgeted levels (actual of 688 vs. budget of 699). Overall kWh sales were 6.3M kWh above budget (73M vs. budget of 66.7M).
- 2022 power purchases are \$310k higher than budgeted due to a combination of higher overall kWh sales and large peak charges. Actual kWh purchases were 7.8M kWh above budget (78.7M vs. budget of 70.9M).
- Excluding purchased power, Q1 YTD operating expenses were approximately \$74k under budgeted amounts.
- The ECA for 2022 was a net charge to members (and increase to operating revenue) of \$122k, or \$.75 for a member using 1000 kWh/month. Due to the one-month lag in billing the calculated ECA, ~\$598k of the 2022 ECA was derived from December 2021 results.
- Rock Island Communications 2022 Financials included in separate packet.

OPALCO 2022 Financial Package under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

	A.	B.	C.	D.	E.	F.	
	Actual	Unaudited	Budget	Actual	Budget	Budget	
	Year End	Year End	Period End	Period End	\$ Change	% Change	
	12/31/2020	12/31/2021	3/31/2022	3/31/2022	(D - C)	(D - C)	
1	kWh Purchases	225,413,000	238,379,768	70,840,000	78,675,000	7,835,000	11.1%
2	Gross Operating Revenue	32,577,000	34,893,000	11,078,000	10,789,000	(289,000)	-2.6%
3	Energy Charge Adjustment	(651,000)	(1,294,000)	-	122,000	122,000	
4	Net Operating Revenue Total	31,926,000	33,599,000	11,078,000	10,911,000	(167,000)	-1.5%
5	Cost of power	9,513,000	9,935,000	3,009,000	3,319,000	310,000	10.3%
6	Operations & G&A	12,076,000	12,035,000	3,421,000	3,235,000	(186,000)	-5.4%
7	Depr, Int, Taxes & Other	8,374,000	8,348,000	2,194,000	2,310,000	116,000	5.3%
8		29,963,000	30,318,000	8,624,000	8,864,000	240,000	2.8%
9	Net Operating Margins	\$ 1,963,000	\$ 3,281,000	\$ 2,454,000	\$ 2,047,000	(407,000)	-16.6%
10	Non-Operating Margins (Note 1)	\$ 416,000	\$ 2,058,000	\$ 67,000	\$ 71,000	4,000	6.0%
11	Net Margin	<u>\$ 2,379,000</u>	<u>\$ 5,339,000</u>	<u>\$ 2,521,000</u>	<u>\$ 2,118,000</u>	(403,000)	-16.0%
12	OTIER	1.97	2.62	5.80	5.21	(0.60)	
13	TIER	2.18	3.63	5.93	5.35	(0.58)	
14	Equity % of Total Cap	36.0%	39.3%	39.7%	39.5%	0%	
15	Equity	38,341,000	42,130,000	44,584,000	44,153,000	(431,000)	-1.0%
16	Total Debt	69,876,000	67,076,000	69,739,000	69,739,000	-	0.0%
17	Capital Spending	(7,050,000)	(6,243,027)	(1,620,000)	(1,604,000)	16,000	-1.0%
18	Capital Credit Retirement (net)	(1,151,000)	(1,100,000)	(30,000)	(18,000)	12,000	-40.0%
19	Annual HDD	1,315	1,442	699	688	(11)	-1.6%

Notes

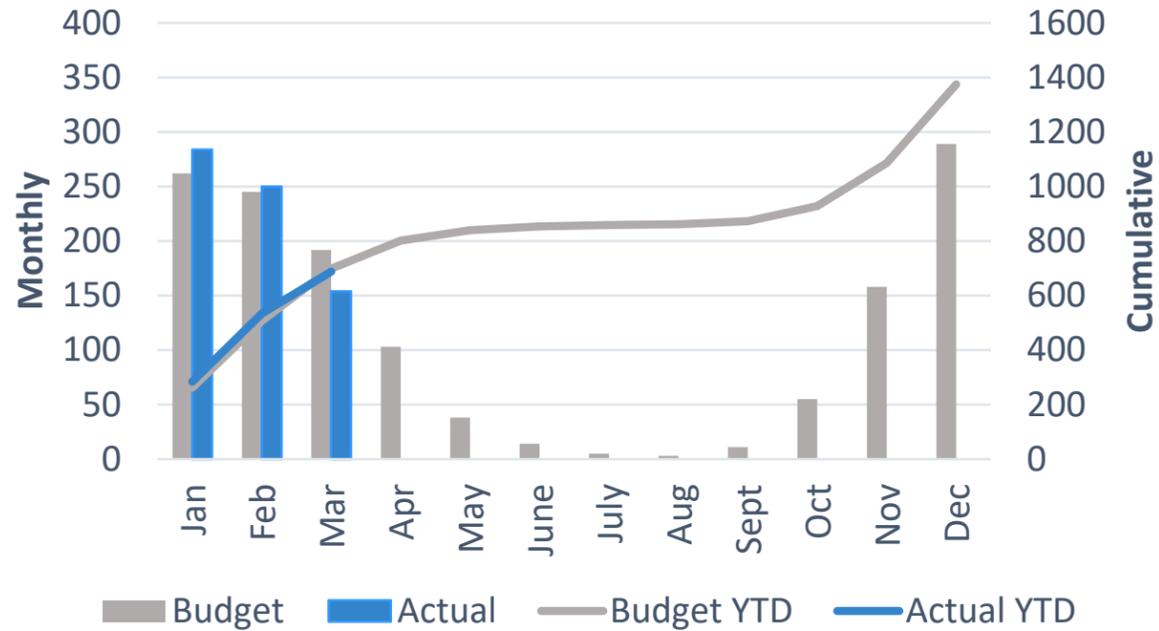
1 2021 - PPP loan forgiveness of \$1.79M



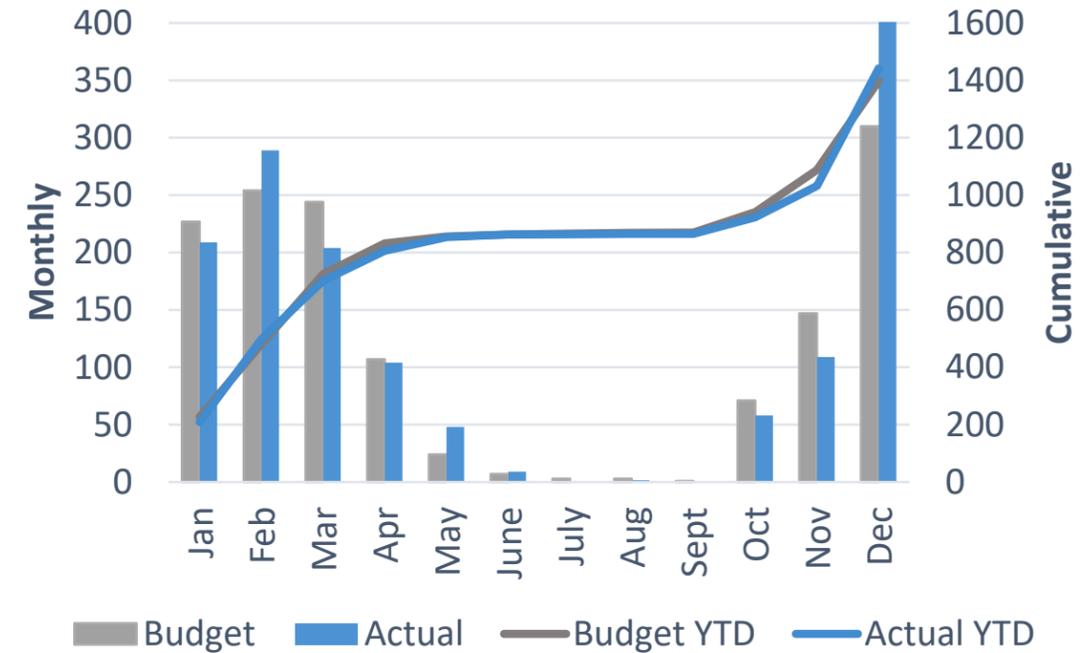
2022 Q1 Financial Highlights

2022 Budget to Actual: Heating Degree Days

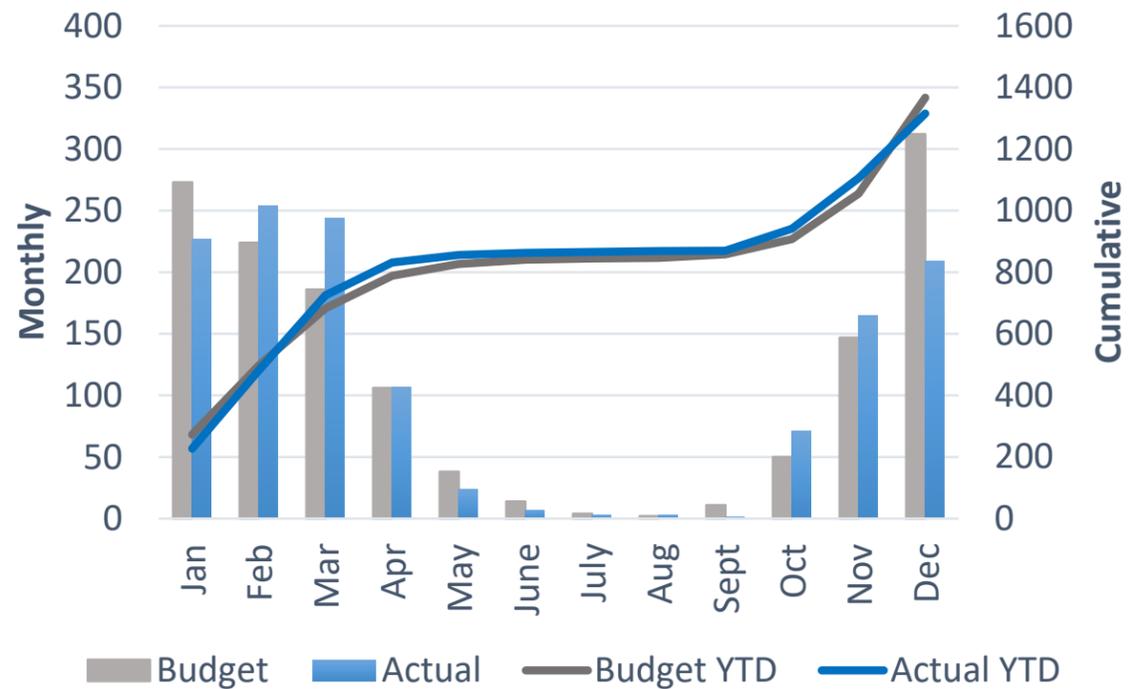
2022 HDD's



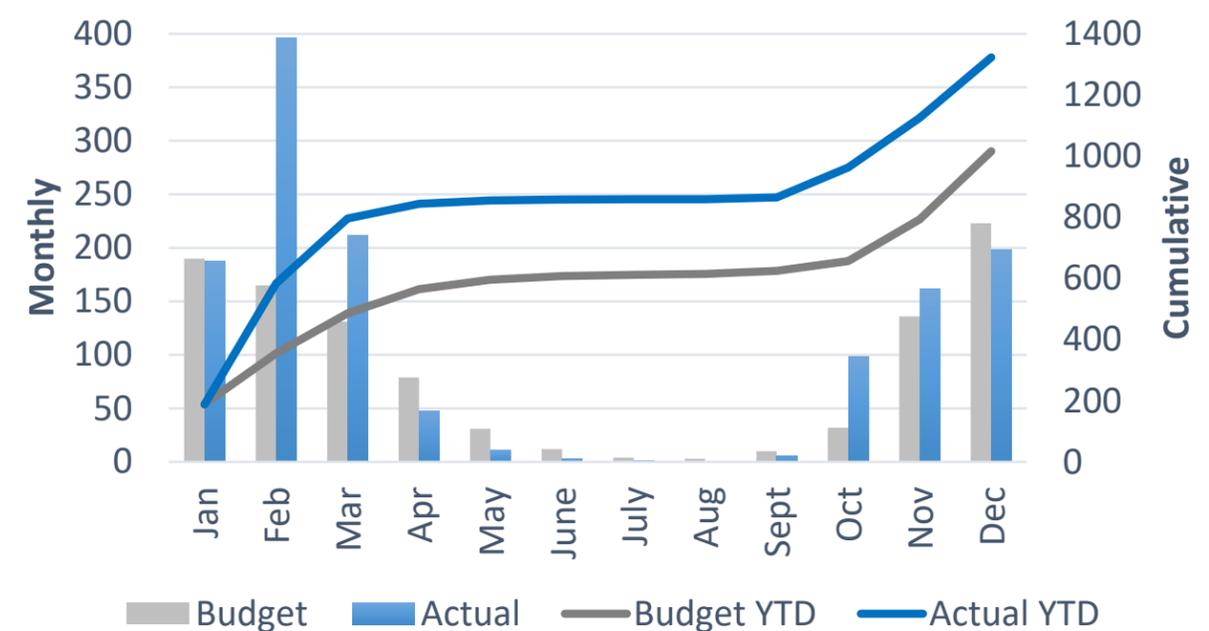
2021 HDD's



2020 HDD's

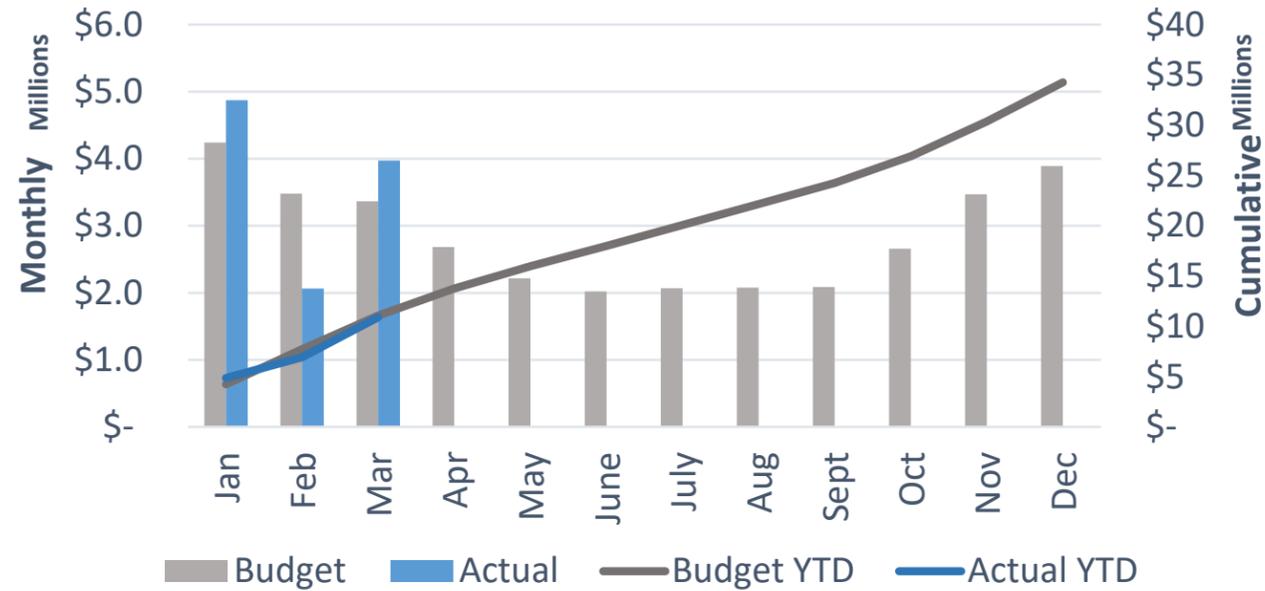


2019 HDD's

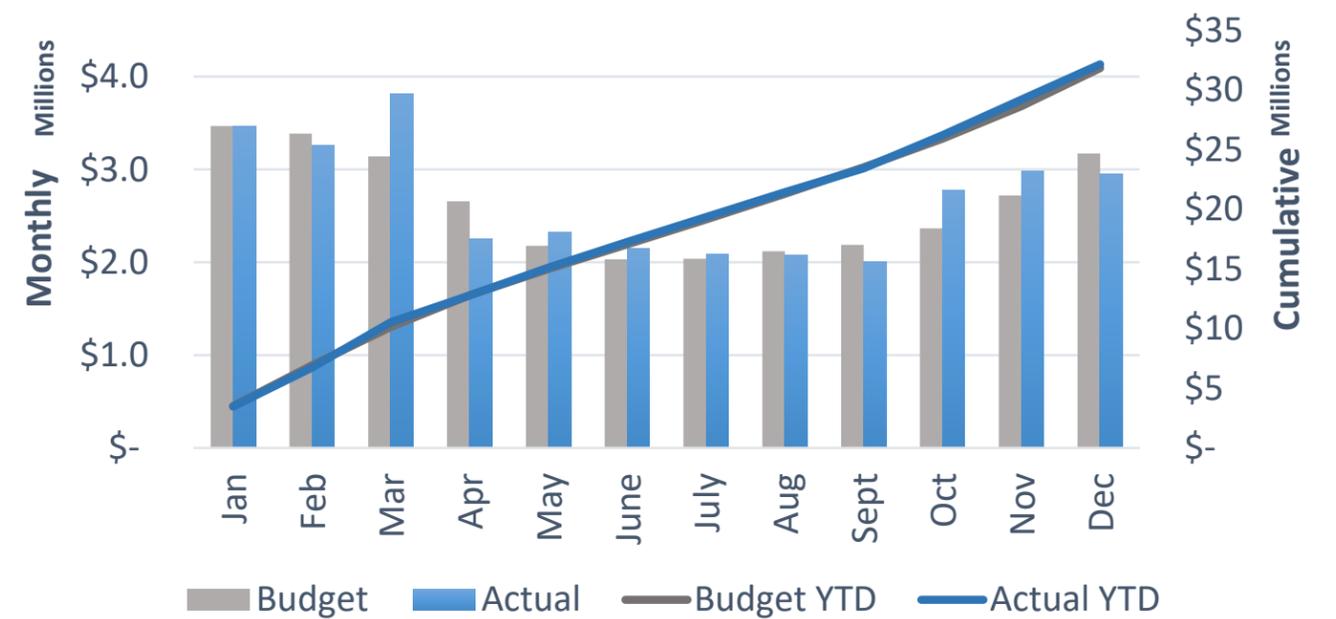


2022 Budget to Actual: Revenue

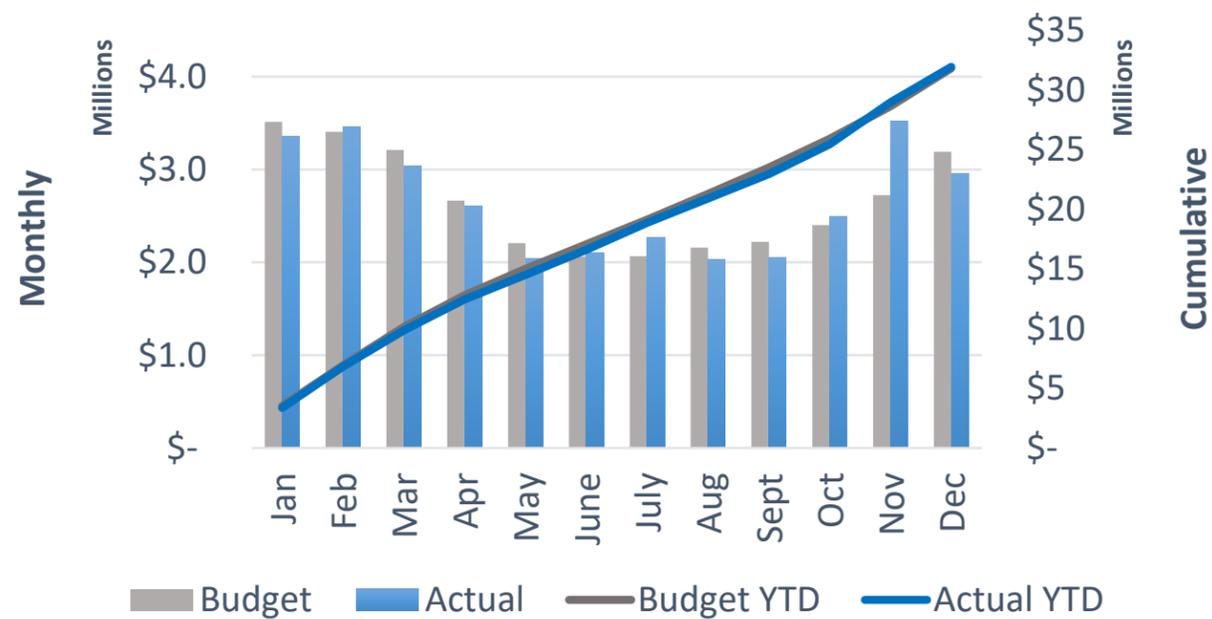
2022 Revenue



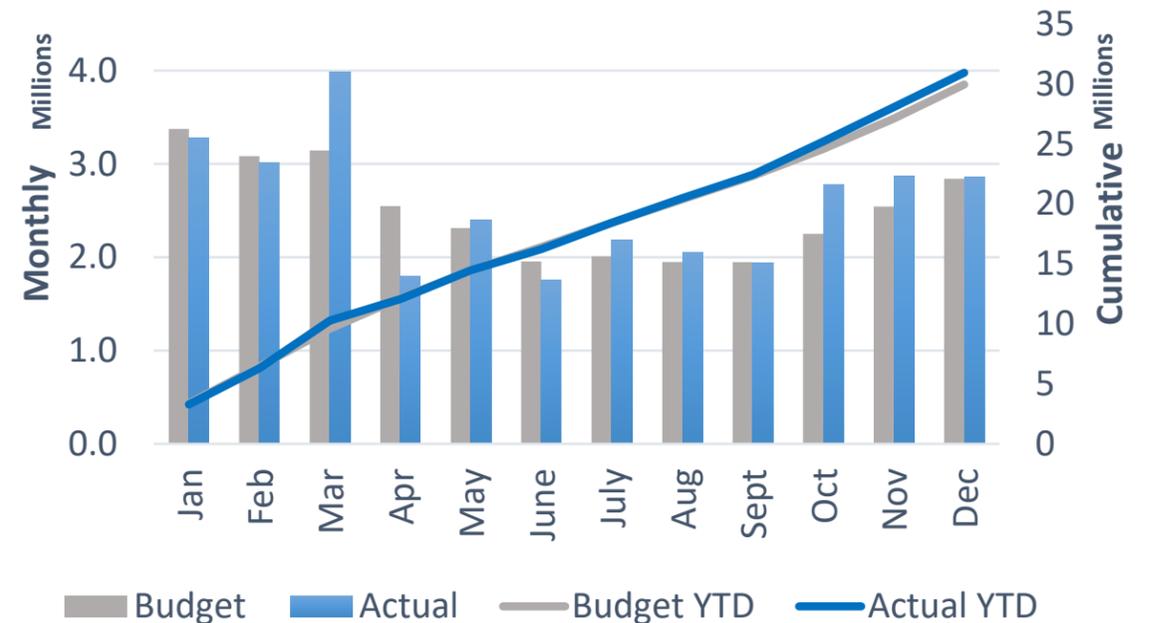
2021 Revenue



2020 Revenue



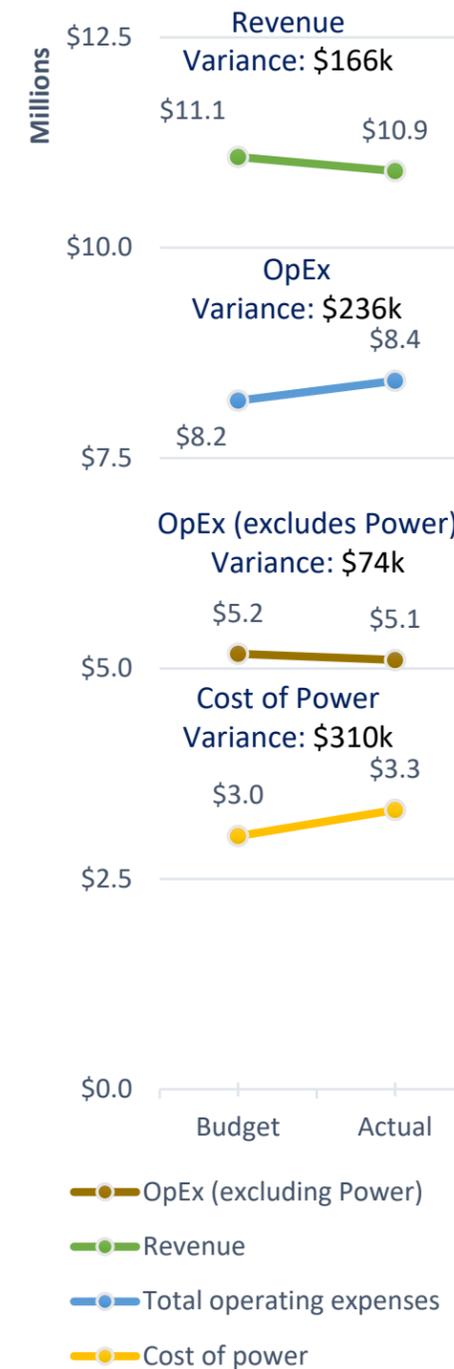
2019 Revenue



* Revenue net of ECA

2022 Q1 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2020	B. Unaudited Year End 12/31/2021	C. Budget Year End 12/31/2022	D. Budget Period End 3/31/2022	E. Actual Period End 3/31/2022	F. Budget Variance (E-D)
OPERATING REVENUES						
Residential	\$ 24,062,590	\$ 25,597,555	\$ 25,697,862	\$ 8,341,884	\$ 8,112,176	(229,708)
Commercial	7,714,074	7,880,616	8,338,411	2,680,226	2,729,781	49,555
Other						
Penalties and fees	75,175	59,492	170,390	38,884	54,402	15,518
Other	73,596	61,697	60,463	16,550	15,009	(1,541)
Total operating revenue	31,925,435	33,599,361	34,267,126	11,077,544	10,911,368	(166,176)
OPERATING EXPENSES						
Cost of power	9,512,760	9,934,871	9,496,026	3,009,206	3,319,253	310,047
Transmission	388,576	402,069	598,130	197,076	48,286	(148,790)
Distribution - operations	3,570,350	3,625,309	3,646,738	950,126	1,088,010	137,884
Distribution - maintenance	2,825,081	2,564,054	2,846,288	775,537	663,334	(112,203)
Consumer accounts	1,093,791	1,093,181	1,157,086	308,638	295,199	(13,439)
General and administration						
Administration	3,739,823	4,057,726	4,499,480	1,091,333	1,054,912	(36,420)
Energy services	369,201	200,205	296,023	74,006	61,926	(12,080)
Subsidiary charges (RIC network mgt services)	89,284	92,062	96,665	24,166	23,016	(1,151)
Total general and administration	4,198,308	4,349,993	4,892,168	1,189,505	1,139,854	(49,651)
Depreciation and amortization	5,015,406	5,047,791	5,164,706	1,281,556	1,366,945	85,390
Taxes	1,514,553	1,502,418	1,593,704	472,533	499,510	26,977
Total operating expenses	28,118,825	28,519,686	29,394,846	8,184,176	8,420,392	236,216
Operating margins before fixed charges	3,806,610	5,079,674	4,872,280	2,893,368	2,490,976	(402,392)
FIXED CHARGES						
Interest on long-term debt	1,966,936	1,932,928	1,943,958	485,164	482,667	(2,497)
Operating margins after fixed charges	1,839,673	3,146,747	2,928,322	2,408,203	2,008,309	(399,895)
PATRONAGE CAPITAL CREDITS						
	122,952	135,327	129,784	45,424	39,403	(6,021)
Net operating margins	1,962,625	3,282,073	3,058,106	2,453,628	2,047,712	(405,916)
NON-OPERATING MARGINS						
Interest income	89,550	69,515	69,833	17,458	24,091	6,633
Other income (loss)	157,313	1,799,001	26,186	2,708	49	(2,659)
Total Opalco non-operating margins	246,863	1,868,516	96,019	20,166	24,141	3,974
Non-operating margins from Subsidiary						
Interest Income (RIC loan)	79,471	79,516	79,575	19,894	19,895	1
Other income (use of OPALCO backbone)	89,976	109,740	109,740	27,435	27,435	-
Total non-operating margins from Subsidiary	169,447	189,256	189,315	47,329	47,330	1
Net non-operating margins	416,309	2,057,772	285,334	67,495	71,470	3,975
NET MARGINS	\$ 2,378,935	\$ 5,339,845	\$ 3,343,440	\$ 2,521,123	\$ 2,119,182	(401,941)
OTIER	1.97	2.62	2.50	5.80	5.21	(0.60)
TIER	2.18	3.63	2.64	5.93	5.35	(0.58)
Equity % of Total Cap	35.9%	39.3%	39.9%	41.0%	39.5%	-1.5%



Notes:

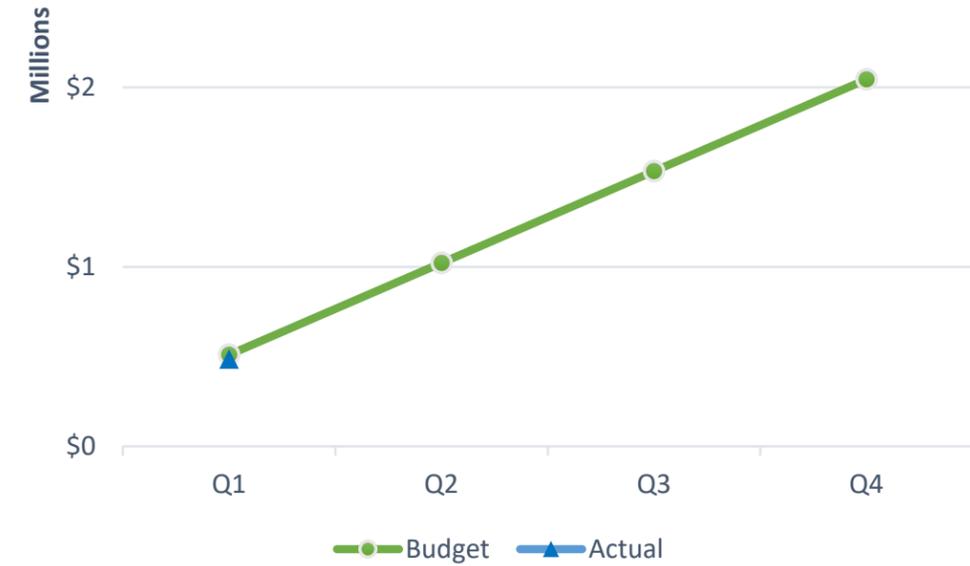
- Through Q1 the ECA returned a net \$122k from the membership
Note: Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA collected \$598k in January 2022, related to the calculation based on December 2021 factors.
- Net Operating Margin: \$2.048M (\$406k decrease)
- Net Margin: \$2.119M (\$402k decrease)

2022 Q1 Budget to Actual: Financial Metrics

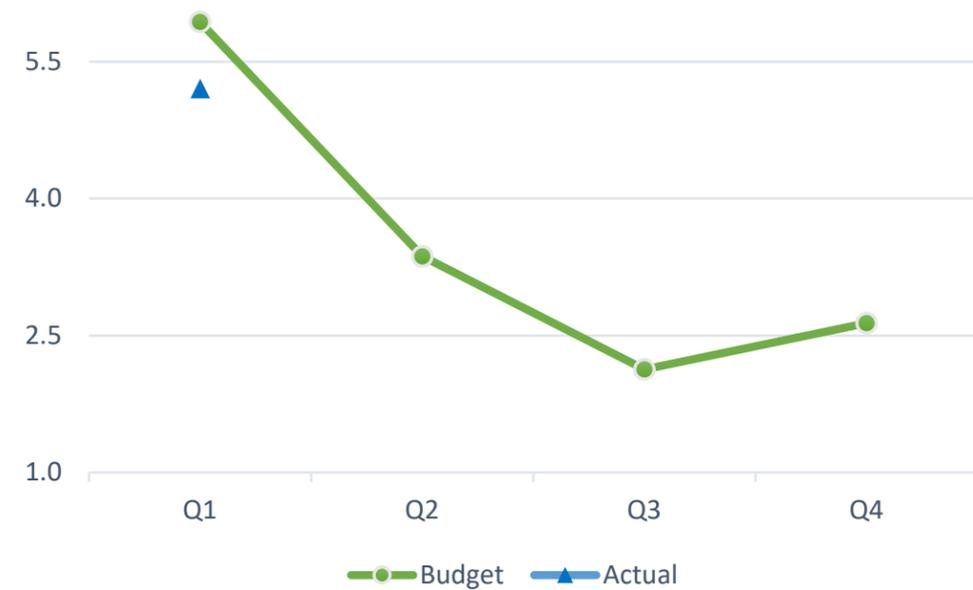
Depreciation & Amortization



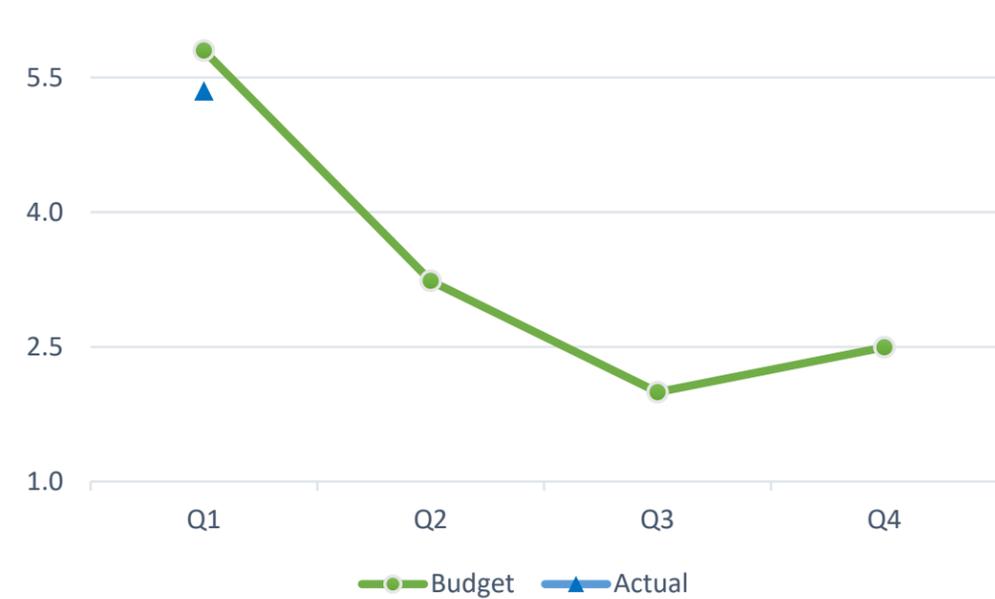
Interest



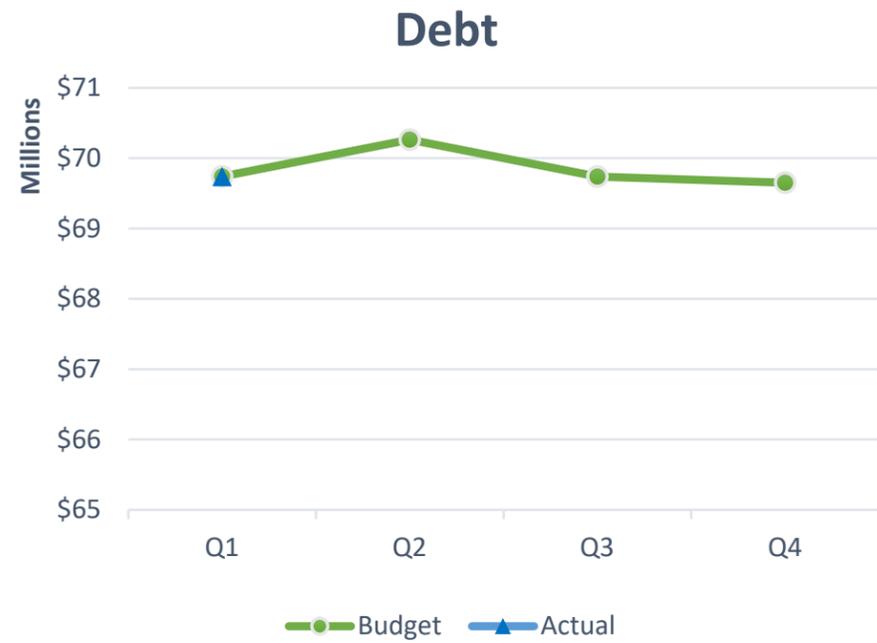
OTIER



TIER



2022 Q1 Budget to Actual: Financial Metrics



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2020	B. Unaudited Year End 12/31/2021	C. Budget Year End 12/31/2022	D. Budget Period End 3/31/2022	E. Actual Period End 3/31/2022	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 24,062,590	\$ 25,597,555	\$ 25,697,862	\$ 8,341,884	\$ 8,112,176	(229,708)
3 Commercial	7,714,074	7,880,616	8,338,411	2,680,226	2,729,781	49,555
4 Other						
5 Penalties and fees	75,175	59,492	170,390	38,884	54,402	15,518
6 Other	73,596	61,697	60,463	16,550	15,009	(1,541)
7 Total operating revenue	31,925,435	33,599,361	34,267,126	11,077,544	10,911,368	(166,176)
8						
9 OPERATING EXPENSES						
10 Cost of power	9,512,760	9,934,871	9,496,026	3,009,206	3,319,253	310,047
11 Transmission	388,576	402,069	598,130	197,076	48,286	(148,790)
12 Distribution - operations	3,570,350	3,625,309	3,646,738	950,126	1,088,010	137,884
13 Distribution - maintenance	2,825,081	2,564,054	2,846,288	775,537	663,334	(112,203)
14 Consumer accounts	1,093,791	1,093,181	1,157,086	308,638	295,199	(13,439)
15						
16 General and administration						
17 Administration	3,739,823	4,057,726	4,499,480	1,091,333	1,054,912	(36,420)
18 Energy services	369,201	200,205	296,023	74,006	61,926	(12,080)
19 Subsidiary charges (RIC network mgt services)	89,284	92,062	96,665	24,166	23,016	(1,151)
20 Total general and administration	4,198,308	4,349,993	4,892,168	1,189,505	1,139,854	(49,651)
21						
22 Depreciation and amortization	5,015,406	5,047,791	5,164,706	1,281,556	1,366,945	85,390
23 Taxes	1,514,553	1,502,418	1,593,704	472,533	499,510	26,977
24						
25 Total operating expenses	28,118,825	28,519,686	29,394,846	8,184,176	8,420,392	236,216
26						
27 Operating margins before fixed charges	3,806,610	5,079,674	4,872,280	2,893,368	2,490,976	(402,392)
28						
29 FIXED CHARGES						
30 Interest on long-term debt	1,966,936	1,932,928	1,943,958	485,164	482,667	(2,497)
31						
32 Operating margins after fixed charges	1,839,673	3,146,747	2,928,322	2,408,203	2,008,309	(399,895)
33						
34 PATRONAGE CAPITAL CREDITS	122,952	135,327	129,784	45,424	39,403	(6,021)
35						
36 Net operating margins	1,962,625	3,282,073	3,058,106	2,453,628	2,047,712	(405,916)
37						
38 NON-OPERATING MARGINS						
39 Interest income	89,550	69,515	69,833	17,458	24,091	6,633
40 Other income (loss)	157,313	1,799,001	26,186	2,708	49	(2,659)
41 Total Opalco non-operating margins	246,863	1,868,516	96,019	20,166	24,141	3,974
42						
48 Non-operating margins from Subsidiary						
49 Interest Income (RIC loan)	79,471	79,516	79,575	19,894	19,895	1
50 Other income (use of OPALCO backbone)	89,976	109,740	109,740	27,435	27,435	-
51 Total non-operating margins from Subsidiary	169,447	189,256	189,315	47,329	47,330	1
52						
53 Net non-operating margins	416,309	2,057,772	285,334	67,495	71,470	3,975
54						
55 NET MARGINS	\$ 2,378,935	\$ 5,339,845	\$ 3,343,440	\$ 2,521,123	\$ 2,119,182	(401,941)
56						
57 OTIER	1.97	2.62	2.50	5.80	5.21	(0.60)
58 TIER	2.18	3.63	2.64	5.93	5.35	(0.58)
59 Equity % of Total Cap	35.9%	39.3%	39.9%	39.7%	39.5%	-0.2%

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	
	3/31/2022	3/31/2022		(B - A)	Comments: Budget To Actual (Column C.)
I OPERATING REVENUES	11,077,544	10,911,368		(166,176)	
					Budget Actual Variance
					HDD 699 688 11
					kWh Sales 66,700 72,957 6,257
					(kWh in thousands)
Operating Revenue - Line 7 Detail Breakout:					
Residential Sales	8,341,884	8,112,176		(229,708)	kWh sales higher than budgeted, curtailed by ECA
Commercial Sales	2,680,226	2,729,781		49,555	
Other Operating Revenue					
Penalties and Fees	(38,884)	(54,402)	(15,518)	15,518	Misc fees & charges back for 2022, higher than budget
Other	(16,550)	(15,009)	1,541	(1,541)	Less pole attachment revenue
TOTAL OPERATING REVENUES	11,077,544	10,911,368		(166,176)	
II OPERATING EXPENSES	8,184,176	8,420,392		236,216	Overall Increase in operating expenses
Cost of Power - Line 10	3,009,206	3,319,253		310,047	Increase in expense - higher kWh purchases than budget in Q1
					Budget Actual Variance
					kWh Purchases 70,840 78,675 7,835
					(kWh in thousands)
Transmission - Line 11 Detail Breakout:	197,076	48,286		(148,790)	Decrease in expense - less ROW clearing expense in Q1
Distribution - Operations - Line 12 Detail Breakout:	950,126	1,088,010		137,884	Increase in expense - Q1 efforts shift to Distribution Operations Exp, offset Line 11 Transmission Exp
Distribution - Maintenance - Line 13 Detail Breakout:	775,537	663,334		(112,203)	Decrease in expense - decrease in non-labor operating expenses
Consumer accounts - Line 14 Detail Breakout:	308,638	295,199		(13,439)	Decrease in expense - vacant position
Total General and Administrative (G&A):					
Administration G&A - Line 17 Detail Breakout:	1,091,333	1,054,912		(36,420)	Decrease in expense
Energy Services G&A - Line 18	74,006	61,926		(12,080)	Decrease in expense
Subsidiary Charges G&A - Line 19	24,166	23,016		(1,151)	Decrease in expense
Total General and Administrative (G&A)	1,189,505	1,139,854		(49,651)	Overall decrease in expense
Deprec. & Amort. - Line 22	1,281,556	1,366,945		85,390	Increase in expense - higher capitalizations in Q1 than budgeted
Taxes - Line 23	472,533	499,510		26,977	Increase in expense
TOTAL OPERATING EXPENSES	8,184,176	8,420,392		236,216	Overall increase in expense

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		
		3/31/2022	3/31/2022	(B - A)	Comments: Budget To Actual (Column C.)	
46	III	FIXED CHARGES - Interest Expense - Line 30	485,164	482,667	(2,497)	Decrease in expense
47						
48	IV	PATRONAGE CAPITAL CREDITS (Income) - Line 34	45,424	39,403	(6,021)	Decrease in income - received from associated cooperatives
49						
50		TOTAL NET OPERATING MARGINS	2,453,628	2,047,712	(405,916)	Decrease in margin
51						
52	V	NON-OPERATING MARGINS	67,495	71,470	3,975	Increase in margin
53						
54		Interest and Dividend Income - Line 39 combined with Line 42	37,352	43,986	6,634	Increase in income
55						
56		Other Income - Line 40 combined with Line 43	30,143	27,484	(2,659)	Decrease in income
57						
60						
61		TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	2,521,123	2,119,182	(401,941)	Decrease in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2019	B. Audited Year End 12/31/2020	C. Unaudited Year End 12/31/2021	D. Actual Period End 3/31/2022	E. Change (D - C)
1 ASSETS					
2					
3 UTILITY PLANT, at cost					
4 Electric plant in service	\$ 144,301,230	\$ 148,966,539	\$ 156,749,824	\$ 157,762,439	1,012,615
5 Construction work in progress	5,015,317	6,633,154	4,342,145	4,689,730	347,585
6					
7	149,316,547	155,599,693	161,091,969	162,452,169	1,360,200
8 Less accumulated depreciation and amortization	53,456,306	58,016,597	62,700,104	63,895,065	1,194,961
9					
10 Net utility plant	95,860,241	97,583,096	98,391,865	98,557,104	165,239
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,814,993	1,866,511	1,452,951	1,475,905	22,954
14 Non-utility investment subsidiary (Note 1)	(9,279,459)	(10,664,353)	(11,093,287)	(11,164,635)	(71,348)
15 Total investments in associated organizations	(7,464,466)	(8,797,842)	(9,640,336)	(9,688,730)	(48,394)
16					
17 Other property and investments	(7,464,466)	(8,797,842)	(9,640,336)	(9,688,730)	(48,394)
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	3,928,582	6,475,385	9,509,141	13,447,761	3,938,620
21 Cash and cash equivalents - board designated	538,699	6,376,649	3,081,838	3,082,681	843
22 Accounts receivable, less doubtful accts allowance	3,910,241	4,286,644	5,561,142	5,051,604	(509,538)
23 Interest receivable	24,279	6,240	6,800	18,828	12,028
24 Materials and supplies	3,006,903	3,460,300	4,122,049	4,352,264	230,215
25 Prepaid expenses	452,011	491,537	490,689	573,394	82,705
26					
27 Total current assets	11,860,715	21,096,755	22,771,659	26,526,532	3,754,873
28					
29 DEFERRED CHARGES (Note 2)	647,075	1,110,562	1,518,849	1,769,404	250,555
30					
29 Total assets	\$ 100,903,565	\$ 110,992,571	\$ 113,042,037	\$ 117,164,310	\$ 4,122,273

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2019	B. Audited Year End 12/31/2020	C. Unaudited Year End 12/31/2021	D. Actual Period End 3/31/2022	E. Change (D - C)
30					
31 EQUITIES, MARGINS, AND LIABILITIES					
32					
33 EQUITIES AND MARGINS					
34 Memberships	\$ 56,355	\$ 57,595	\$ 58,225	\$ 58,305	80
35 Patronage capital - OPALCO	42,747,665	43,510,710	47,343,880	47,292,893	(50,987)
36 Donated and other equities					
37 OPALCO donated & other margins	7,011,501	7,570,208	7,957,308	10,103,904	2,146,596
38 Subsidiary margins	(11,412,680)	(12,797,590)	(13,229,021)	(13,302,142)	(73,121)
39					
40 Total equities and margins	<u>38,402,841</u>	<u>38,340,923</u>	<u>42,130,392</u>	<u>44,152,960</u>	<u>2,022,568</u>
41					
42 LONG-TERM DEBT, less current maturities					
43 RUS mortgage notes (Note 3)	49,959,161	58,091,826	56,342,663	59,091,905	2,749,242
44 RUS economic development	-	-	-	-	-
45 CFC mortgage notes	8,029,709	7,747,858	7,454,617	7,382,404	(72,213)
46					
47 Total long-term debt	<u>57,988,870</u>	<u>65,839,684</u>	<u>63,797,280</u>	<u>66,474,309</u>	<u>2,677,029</u>
48					
49 OTHER NONCURRENT LIABILITIES (Note 4)	251,562	2,477,302	1,184,941	1,172,336	(12,605)
50					
51 Total long-term liabilities	<u>58,240,432</u>	<u>68,316,986</u>	<u>64,982,221</u>	<u>67,646,645</u>	<u>2,664,424</u>
52					
53 CURRENT LIABILITIES					
54 Accounts payable	1,622,227	1,498,762	2,011,153	1,641,774	(369,379)
55 Customer deposits	85,259	72,900	51,606	61,491	9,885
56 Accrued liabilities	583,736	840,583	1,418,657	1,221,525	(197,132)
57 Current maturities of long-term debt	1,640,280	1,540,751	2,092,617	2,092,617	-
58 Current maturities capital leases	18,057	18,057	1,505	-	(1,505)
59					
60 Total current liabilities	<u>3,949,559</u>	<u>3,971,053</u>	<u>5,575,538</u>	<u>5,017,407</u>	<u>(558,131)</u>
61					
62 DEFERRED CREDITS	<u>310,733</u>	<u>363,609</u>	<u>353,885</u>	<u>347,298</u>	<u>(6,587)</u>
63					
64 Total equities and liabilities	<u>\$ 100,903,565</u>	<u>\$ 110,992,571</u>	<u>\$ 113,042,036</u>	<u>\$ 117,164,310</u>	<u>\$ 4,122,273</u>
65					
66 Note:					
67 1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,137,508) less IN LLC's cumulative net deficit of (\$13,302,142) seen in 'equities & margins'.					
68 2 Member Switch-It-Up On Bill Financing (OBF) Long Term Receivables					
69 3 Early FFB borrowing in Q1 2022 to take advantage of lower interest rates					
70 4 RESP borrowing & PPP loan (2020)					

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW GAAP

	A. Audited Year End <u>12/31/2020</u>	B. Unaudited Year End <u>12/31/2021</u>	C. Actual Period End <u>3/31/2022</u>
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins (Note 1)	\$ 2,378,935	\$ 3,872,388	\$ 2,119,182
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	5,015,406	5,047,791	1,366,945
6 Changes in assets and liabilities			
7 Accounts receivable	(376,403)	192,959	509,538
8 Interest receivable	18,039	(560)	(12,028)
9 Prepaid expenses	(39,526)	851	(82,708)
10 Accounts payable	(123,465)	512,391	(369,379)
11 Customer deposits	(12,359)	(21,294)	9,885
12 Accrued liabilities	256,849	578,074	(197,132)
13 Deferred credits	52,874	(9,724)	(6,587)
14 Deferred Charges	(463,487)	(408,287)	(250,555)
14 Net cash from operating activities	<u>6,706,863</u>	<u>9,764,589</u>	<u>3,087,161</u>
15			
16 CASH FLOWS FROM INVESTING ACTIVITIES			
17 Additions to utility plant, net	(8,112,759)	(6,941,645)	(1,877,996)
18 Reduction to non-utility plant (Island Network	-	-	-
18 Change in materials and supplies	(453,397)	(661,749)	(230,215)
19 (Increase) decrease in investment in Subsidiary	1,384,894	428,934	71,348
20 (Increase) decrease in other OPALCO property	(51,518)	413,560	(22,954)
21			
22 Net cash from investing activities	<u>(7,232,780)</u>	<u>(6,760,900)</u>	<u>(2,059,817)</u>
23 CASH FLOWS FROM FINANCING ACTIVITIES			
24 Payments on long-term debt, net (Note 1)	(1,812,990)	(3,399,451)	(937,081)
25 Proceeds from debt (Note 2)	11,790,016	600,000	3,600,000
26 Memberships	1,240	630	80
27 Retirements of patronage capital, net	(1,057,183)	(1,119,575)	(23,572)
28 Change in subsidiary equities	(1,384,910)	(431,431)	(73,122)
29 Contributions in aid of construction	1,374,497	1,085,085	345,812
30 Net cash from financing activities	<u>8,910,670</u>	<u>(3,264,742)</u>	<u>2,912,117</u>
31 NET CHANGE IN CASH	<u>8,384,753</u>	<u>(261,053)</u>	<u>3,939,461</u>
32 CASH AND CASH EQUIVALENTS, beginning of year	<u>4,467,281</u>	<u>12,852,034</u>	<u>12,590,981</u>
33 CASH AND CASH EQUIVALENTS, end of year	<u>12,852,034</u>	<u>12,590,981</u>	<u>16,530,442</u>
34 SUPPLEMENTAL DISCLOSURES			
35 Cash paid for interest	<u>\$ 2,021,376</u>	<u>\$ 1,594,095</u>	<u>\$ 921,606</u>
36 OUTSTANDING DEBT BALANCE	<u>(69,875,795)</u>	<u>(67,076,343)</u>	<u>(69,739,262)</u>
37 Notes:			
38 1			
2			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

	A.	B.	C.	D.	E.	F.
	Audited	Unaudited	Approved	Actual	Budget	
	Year-End	Year-End	Budget	Period-End	Variance	
	12/31/2020	12/31/2021	3/31/2022	3/31/2022	(D - C)	Comments
1 % Rate Increase	3%	0%	4%	4%		
2 OPERATING ACTIVITIES:						
3 Margins	\$ 2,400	\$ 3,900	\$ 2,500	\$ 2,100	\$ (400)	
4 Plus depreciation/amortization	5,000	5,000	1,300	1,400	100	
5 Cash flow operations	7,400	8,900	3,800	3,500	(300)	
6						
7 PLANT INVESTMENT (NET)						
8 Plant investment (including material inventory)	(7,100)	(6,200)	(1,600)	(1,600)	-	
9 Cash flow from operations and plant investment	300	2,700	2,200	1,900	(300)	
10						
11 CASH FLOWS FROM PATRONAGE CAPITAL	(1,200)	(1,100)	(30)	(20)	10	
12 Cash flow before borrowings	(900)	1,600	2,170	1,880	(290)	
13						
14 NET BORROWINGS	10,000	(2,800)	2,660	2,700	40	
15 Cash increase (decrease) after net borrowings	\$ 9,100	\$ (1,200)	\$ 4,830	\$ 4,580	\$ (250)	
16						
17						
18 OUTSTANDING DEBT BALANCE	69,900	67,080	69,700	69,740	40	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

RUS CWP DESCRIPTION		A. Unaudited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Budget Year End 12/31/2022	D. Budget Period End 3/31/2022	E. Actual Period End 3/31/2022	F. Budget Variance (E - D)	Comments
1	DISTRIBUTION							
2	100 New Services	\$ 429,487	\$ 684,462	\$ 650,000	\$ 162,500	\$ 230,662	\$ 68,162	Member request for overhead to underground (Offset to Line 38)
3	200 New Tie Lines	337,637	24,576	-	-	2,808	2,808	
4	300 Conversions and Line Changes	513,186	1,326,787	1,600,000	450,000	425,642	(24,358)	
5	400 New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6	500 Substation, Switching Station, Metering Point Changes	1,148,926	351,612	3,020,500	100,000	90,093	(9,907)	
7	600 Miscellaneous Distribution Equipment							
8	601 Transformers & Meters	674,405	911,137	955,000	100,000	72,491	(27,509)	Delays in transformer deliveries
9	602 Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603 Sectionalizing Equipment	177,127	200,825	200,000	130,000	136,324	6,324	
11	604 Regulators	49,127	211,038	-	-	-	-	
12	606 Ordinary Replacements	375,670	311,213	260,000	50,000	35,035	(14,965)	
13	607 Overhead to Underground Replacements	-	47,006	35,000	5,000	2,921	(2,079)	
14	608 Underground Dist. Cable Replacement	2,025,373	2,288,599	1,910,000	500,000	558,369	58,369	
15	700 Other Distribution Items							
16	701 Engineering Fees	-	-	-	-	-	-	
17	704 LMS & SCADA	96,700	205,671	220,000	75,000	78,996	3,996	
18	705 AMR	34,430	-	-	-	-	-	
19	706 Communications	123,699	52,598	287,500	-	223	223	
20	TRANSMISSION							
21	800 New Tie Line	-	-	-	-	-	-	
22	900 New Substations, switching station, metering point, etc.	75,055	16,293	100,000	15,000	10,049	(4,951)	
23	1000 Line and Station Changes	23,510	42,518	700,000	10,000	10,531	531	
24	1100 Other Transmission	-	-	-	-	-	-	
25	GENERATION							
26	1200 Generation	-	4,332	150,000	50,000	44,777	(5,223)	
27	OTHER							
28	1300 Headquarters Facilities	666,958	242,768	330,000	25,000	61,066	36,066	Friday Harbor Roof Failure
29	1400 Acquisitions	519,133	-	-	-	-	-	
30	1500 All Other (Transportation, Etc.)							
31	1501 Transportation/Equipment/Tools/Radios	717,348	230,217	282,000	100,000	86,523	(13,477)	
32	1502 Office Equipment/Furniture/Etc.	72,945	27,088	10,000	5,000	3,607	(1,393)	
33	1503 Computer/Servers/Software	227,575	185,732	190,000	80,000	69,693	(10,307)	
34	1504 Electrical Infrastructure to Support Community Solar	908	111,711	5,500,000	25,000	8,740	(16,260)	Equipment availability per bidder will extend installation to 2023
35	1600 Minor Projects	134,979	77,111	170,000	50,000	21,567	(28,433)	
36	RUS CWP SUBTOTAL	8,424,179	7,553,295	16,570,000	1,932,500	1,950,115	17,615	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
38	New Services	(495,055)	(607,103)	(635,000)	(158,750)	(175,669)	(16,919)	Offset to Line 2 - New Services
39	Meters and Transformers	(271,615)	(378,177)	(400,000)	(100,000)	(103,915)	(3,915)	Offset to Line 8 Transformers & Meters
40	Joint Projects	(87,826)	(204,987)	(215,000)	(53,750)	(66,227)	(12,477)	Offset to Lines 3, 4, 14 and 35
41	WA DOC Grant Funding	(520,000)	(120,000)	(2,500,000)	-	-	-	
42	Community Solar Member Contributions	-	-	(2,500,000)	-	-	-	
43	CIAC SUBTOTAL	(1,374,497)	(1,310,268)	(6,250,000)	(312,500)	(345,812)	(33,312)	
44								
45	RUS CWP NET TOTAL	7,049,683	6,243,027	10,320,000	1,620,000	1,604,303	(15,697)	

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	March '22
INSTRUCTIONS - See help in the online application.	BORROWER NAME	Orcas Power & Light Cooperative

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	10,531,516	10,911,368	11,077,544	3,973,077
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	3,132,324	3,319,253	3,009,206	924,966
4. Transmission Expense	219,760	48,286	197,076	10,579
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	973,055	1,088,010	950,126	340,453
7. Distribution Expense - Maintenance	703,859	663,334	775,537	189,780
8. Customer Accounts Expense	287,382	295,199	308,638	96,078
9. Customer Service and Informational Expense	85,602	84,285	109,721	26,293
10. Sales Expense	9,826	14,087	10,363	4,613
11. Administrative and General Expense	939,150	1,041,482	1,069,421	355,437
12. Total Operation & Maintenance Expense (2 thru 11)	6,350,957	6,553,936	6,430,088	1,948,198
13. Depreciation and Amortization Expense	1,252,592	1,366,945	1,281,556	457,174
14. Tax Expense - Property & Gross Receipts	88,404	80,314	92,824	25,824
15. Tax Expense - Other	356,875	419,197	379,710	120,485
16. Interest on Long-Term Debt	503,493	486,869	510,989	298,869
17. Interest Charged to Construction - Credit	(24,767)	(4,202)	(25,825)	(5,548)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	8,527,554	8,903,059	8,669,341	2,845,002
21. Patronage Capital & Operating Margins (1 minus 20)	2,003,961	2,008,309	2,408,203	1,128,075
22. Non Operating Margins - Interest	35,713	43,986	37,352	16,080
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	32,475	27,484	30,143	5,432
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	33,048	39,403	45,424	39,403
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,105,197	2,119,182	2,521,123	1,188,989

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7 BALANCE SHEET DETAIL

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION		
INSTRUCTIONS - See help in the online application.			WA0009		
			PERIOD ENDED March '22		
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	31	21	5. Miles Transmission	46.39	46.39
2. Services Retired	2	-	6. Miles Distribution - Overhead	147.32	142.84
3. Total Services in Place	15,435	15,590	7. Miles Distribution - Underground	1,066.44	1,073.69
4. Idle Services (Exclude Seasonals)	769	784	8. Total Miles Energized (5 + 6 + 7)	1,260.15	1,262.92
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	157,762,439		30. Memberships		58,305
2. Construction Work in Progress	4,615,987		31. Patronage Capital		41,963,108
3. Total Utility Plant (1 + 2)	162,378,425		32. Operating Margins - Prior Years		3,282,073
4. Accum. Provision for Depreciation and Amort.	63,821,323		33. Operating Margins - Current Year		2,091,698
5. Net Utility Plant (3 - 4)	98,557,103		34. Non-Operating Margins		27,484
6. Non-Utility Property (Net)	-		35. Other Margins and Equities		(3,269,709)
7. Investments in Subsidiary Companies	(11,164,635)		36. Total Margins & Equities (30 thru 35)		44,152,960
8. Invest. in Assoc. Org. - Patronage Capital	926,523		37. Long-Term Debt - RUS (Net)		-
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed		60,840,861
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)		8,898,401
12. Other Investments	2,608		41. Long-Term Debt - RUS - Econ. Devel. (Net)		-
13. Special Funds	3,213,294		42. Payments - Unapplied		-
14. Total Other Property & Investments (6 thru 13)	(6,475,436)		43. Total Long-Term Debt (37 thru 41 - 42)		69,739,262
15. Cash - General Funds	6,796,396		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	6,578,770		47. Notes Payable		-
19. Notes Receivable (Net)	186,527		48. Accounts Payable		1,641,774
20. Accounts Receivable - Sales of Energy (Net)	2,867,895		49. Consumers Deposits		61,491
21. Accounts Receivable - Other (Net)	51,700		50. Current Maturities Long-Term Debt		-
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development		-
23. Materials and Supplies - Electric & Other	4,352,264		52. Current Maturities Capital Leases		-
24. Prepayments	573,398		53. Other Current and Accrued Liabilities		1,221,526
25. Other Current and Accrued Assets	1,868,373		54. Total Current & Accrued Liabilities		2,924,790
26. Total Current and Accrued Assets	23,313,240		55. Regulatory Liabilities		-
27. Regulatory Assets	-		56. Other Deferred Credits		347,299
28. Other Deferred Debits	1,769,404		57. Total Liabilities and Other Credits		117,164,311
29. Total Assets and Other Debits	117,164,311				

RUS Financial and Operating Report Electric Distribution

Revision Date 2014