

Orcas Power and Light Cooperative 2022 Q3 Financial Report



MEMORANDUM

November 17, 2022

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2022 Third Quarter Financial Report

The 2022 third quarter financial report is posted online and included under separate cover. The third 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 \$10k from the membership through Q3 2022 which was 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 ~\$595k. Overall operating revenue was higher than budget as kWh sales came in over budget.

The table below presents the projection of full-year 2022 financial results using actuals from Q3 and budget projections for future months.

Income Statement Summary (in thousands)	2022 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 34,256	\$ 34,790	\$ 534
ECA Surcharge / (Credit)*	\$ -	\$ (10)	\$ (10)
Revenue	\$ 34,256	\$ 34,780	\$ 524
Expenses:			
Cost of Purchased Power	\$ 9,496	\$ 9,664	\$ 168
Transmission & Distribution Expense	7,125	7,123	(2)
General & Administrative Expense	6,078	5,865	(213)
Depreciation, Tax, Interest & Other	8,568	8,814	246
Total Expenses	31,267	31,466	199
Operating Margin	2,989	3,314	325
Non-op margin	283	391	108
Net Margin*	3,272	\$ 3,705	433
OTIER	2.46	2.64	0.18
TIER	2.64	2.83	0.19
Equity %	39.9%	40.0%	0.1%
HDD	1,375	1,365	(10)
kWh Purchases	220,000	230,930	10,930
kWh Sales	206,800	213,264	6,464
Capital Expenditures	10,320	8,877	(1,443)

* The ECA returned \$10k to members through October 2022

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~2% above budgeted levels (actual of 892 vs. budget of 876). Overall kWh sales were ~10M kWh above budget (156M vs. budget of 146M).
- 2022 power purchases are \$274k higher than budgeted due to a combination of higher overall kWh sales and large peak charges. Actual kWh purchases were 12M kWh above budget (168M vs. budget of 156M).
- Excluding purchased power, Q3 YTD operating expenses were approximately \$212k under budgeted amounts.
- The ECA for 2022 was a net charge to members (and increase to operating revenue) of \$10k, or \$.92 for a member using 1000 kWh/month.
- 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. Audited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Budget Period End 9/30/2022	D. Actual Period End 9/30/2022	E. Budget \$ Change (D - C)	F. Budget % Change (D - C)
1	kWh Purchases	225,413,000	238,379,768	155,760,000	168,065,850	12,305,850	7.9%
2	Gross Operating Revenue	32,577,000	34,893,000	24,233,000	25,108,000	875,000	3.6%
3	Energy Charge Adjustment	(651,000)	(1,294,000)	-	10,000	10,000	
4	Net Operating Revenue Total	31,926,000	33,599,000	24,233,000	25,118,000	885,000	3.7%
5	Cost of power	9,513,000	9,935,000	6,751,000	7,025,000	274,000	4.1%
6	Operations & G&A	12,076,000	12,035,000	9,567,000	9,110,000	(457,000)	-4.8%
7	Depr, Int, Taxes & Other	8,374,000	8,348,000	6,390,000	6,671,000	281,000	4.4%
8		29,963,000	30,318,000	22,708,000	22,806,000	98,000	0.4%
9	Net Operating Margins	\$ 1,963,000	\$ 3,281,000	\$ 1,525,000	\$ 2,312,000	787,000	51.6%
10	Non-Operating Margins (Note 1)	\$ 416,000	\$ 2,058,000	\$ 205,000	\$ 284,000	79,000	38.5%
11	Net Margin	\$ 2,379,000	\$ 5,339,000	\$ 1,730,000	\$ 2,596,000	866,000	50.1%
12	OTIER	1.97	2.62	1.99	2.54	0.54	
13	TIER	2.18	3.63	2.13	2.73	0.60	
14	Equity % of Total Cap	36.0%	39.3%	36.3%	39.9%	4%	
15	Equity	38,341,000	42,130,000	44,584,435	44,924,000	339,565	0.8%
16	Total Debt	69,876,000	67,076,000	69,738,000	69,709,000	(29,000)	0.0%
17	Capital Spending	(7,050,000)	(6,243,027)	5,690,000	5,729,172	39,172	0.7%
18	Capital Credit Retirement (net)	(1,151,000)	(1,100,000)	(89,000)	(56,000)	33,000	-37.1%
19	Annual HDD	1,315	1,442	854	888	34	4.0%

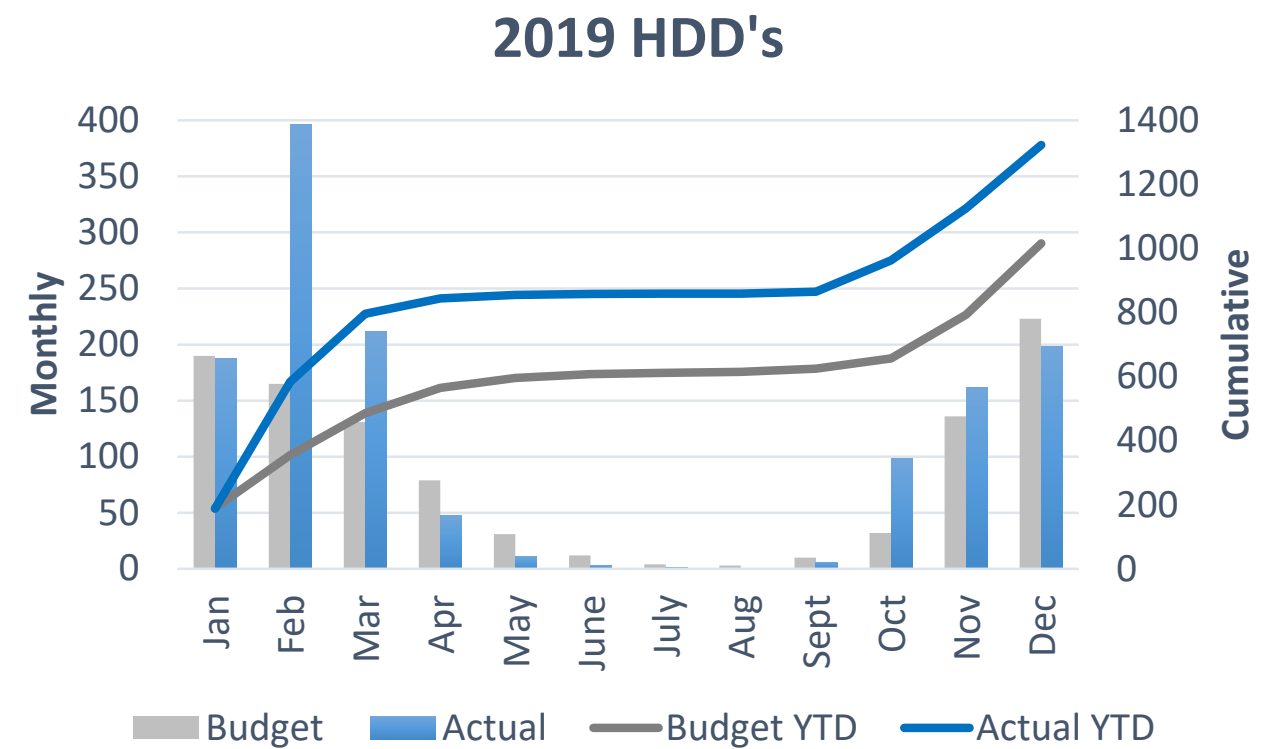
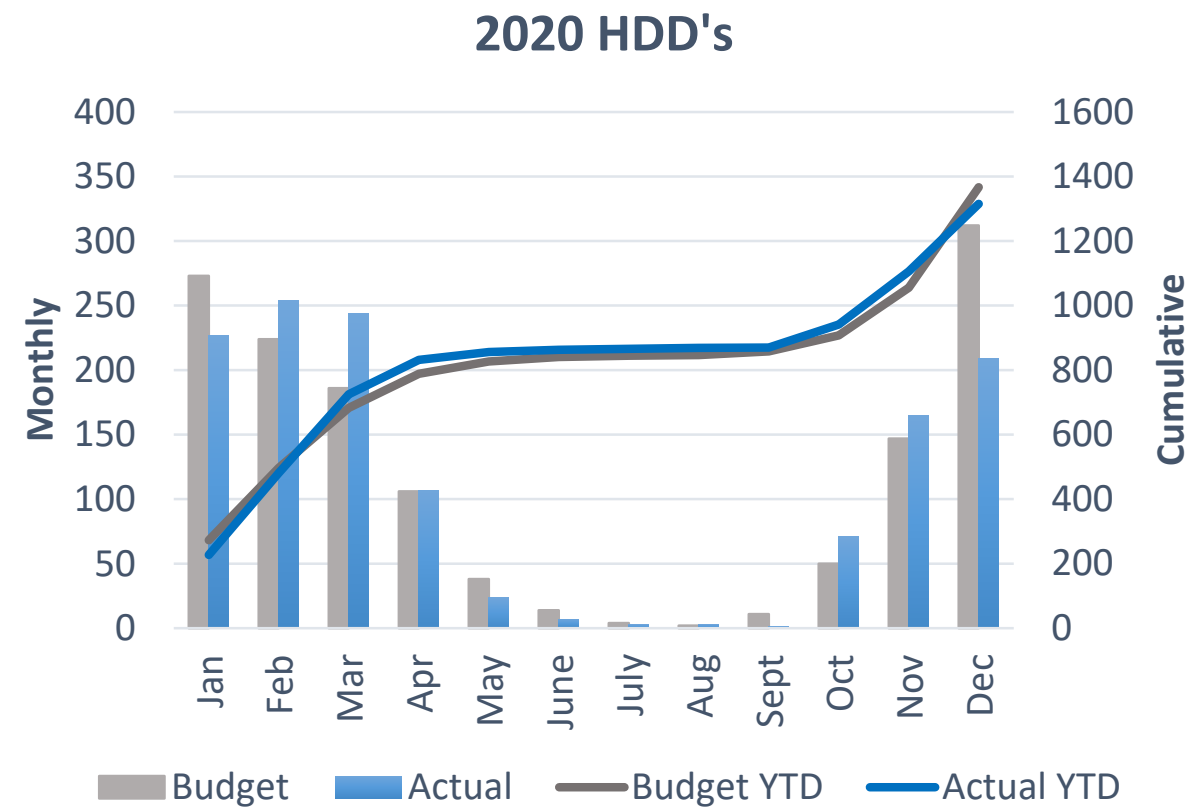
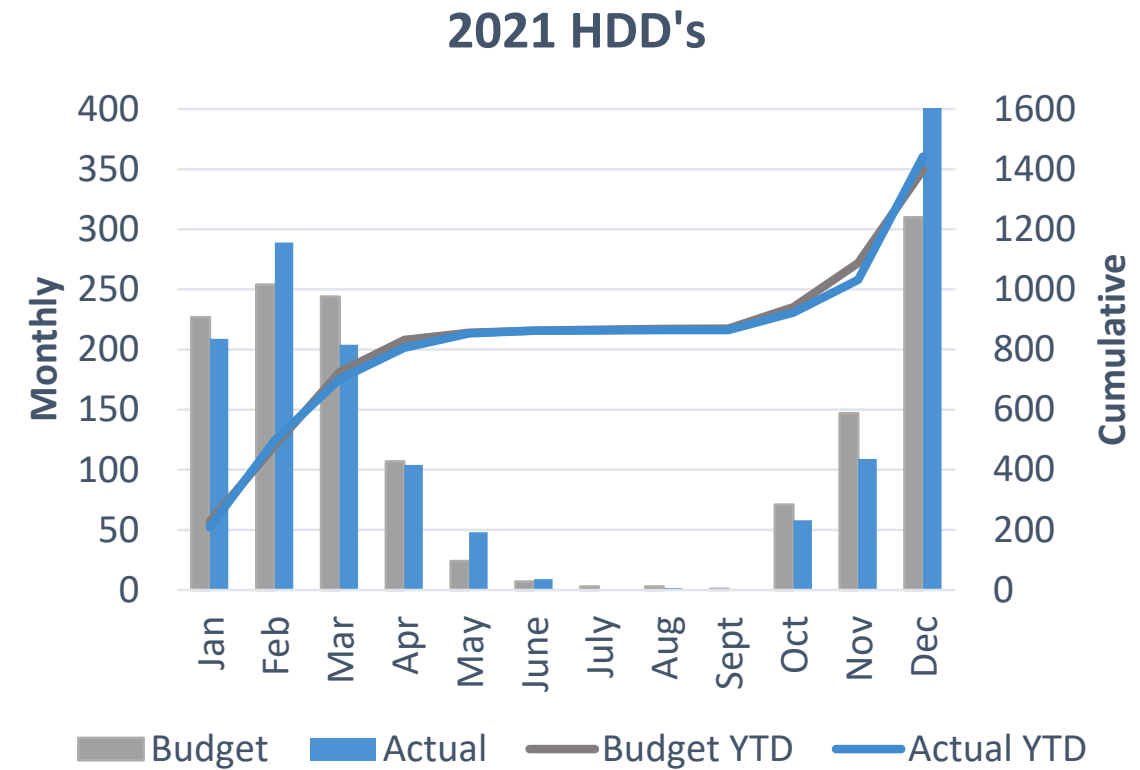
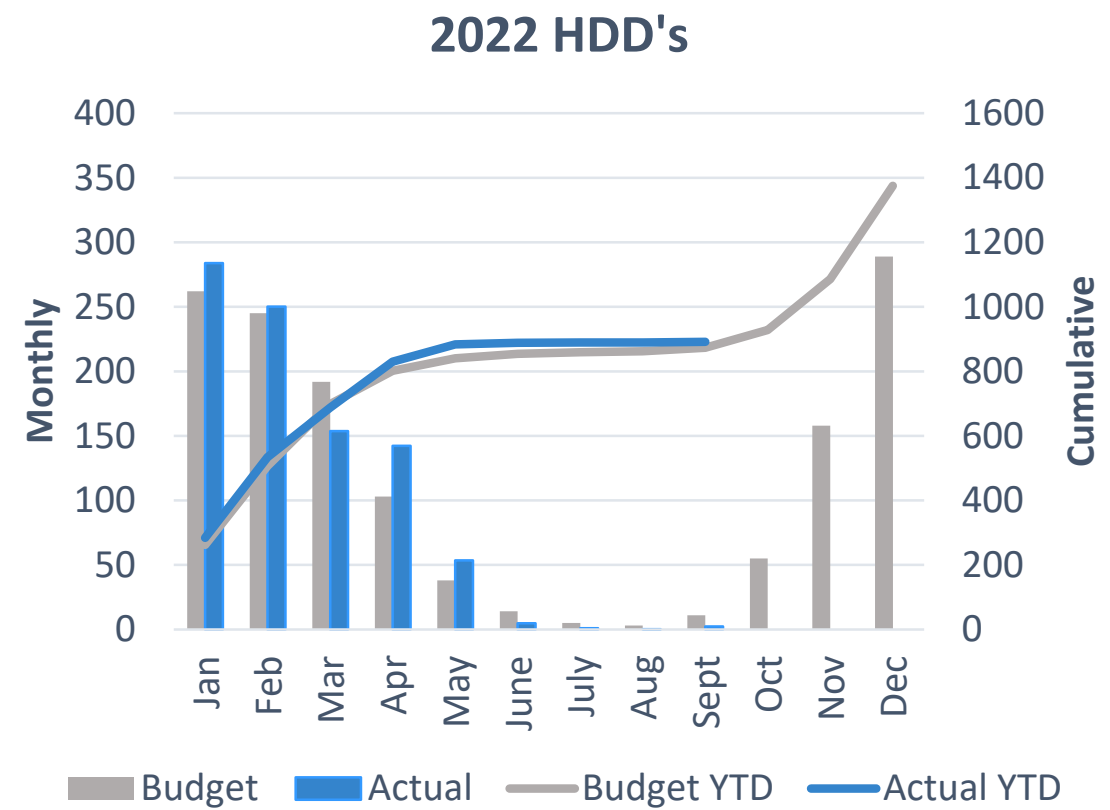
Notes

1 2021 - PPP loan forgiveness of \$1.79M

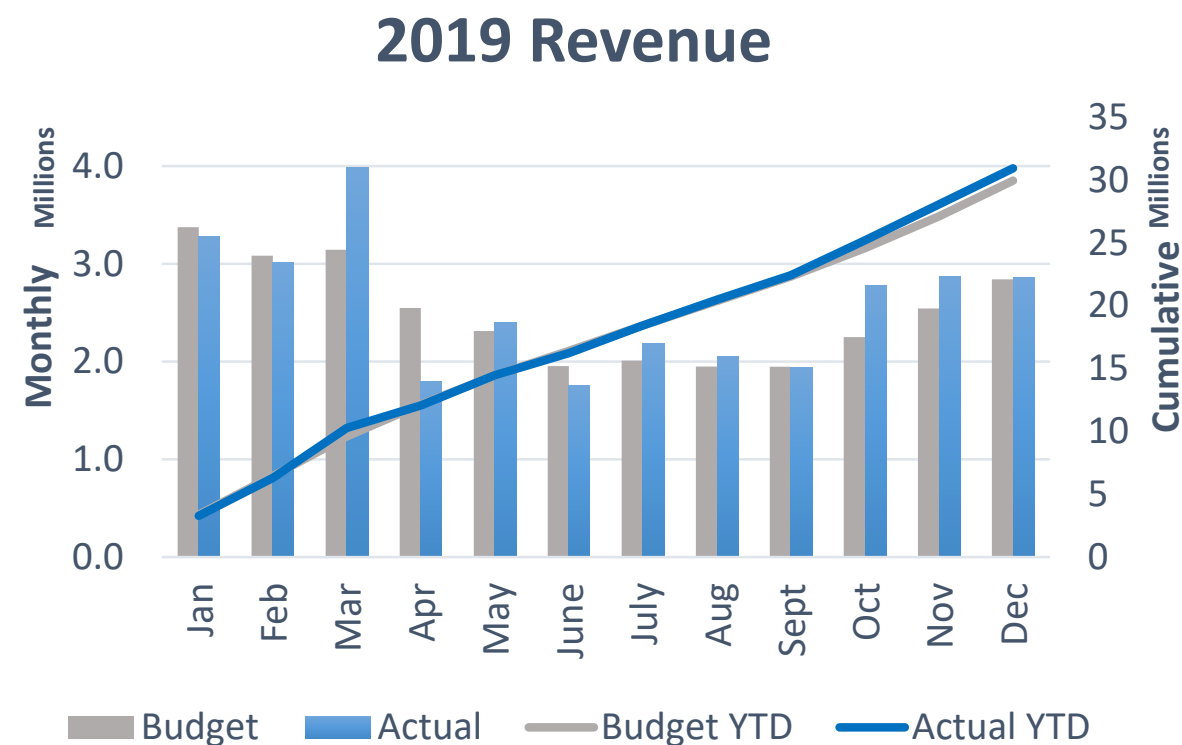
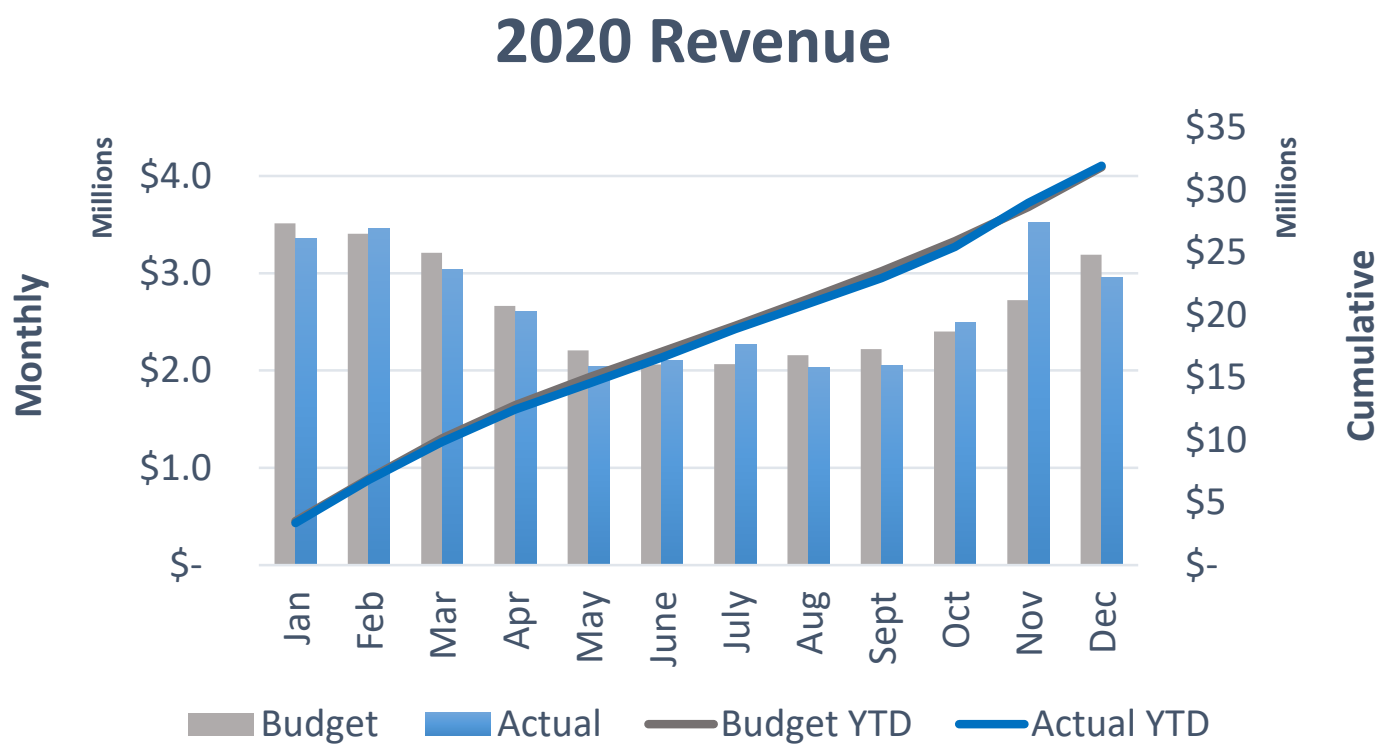
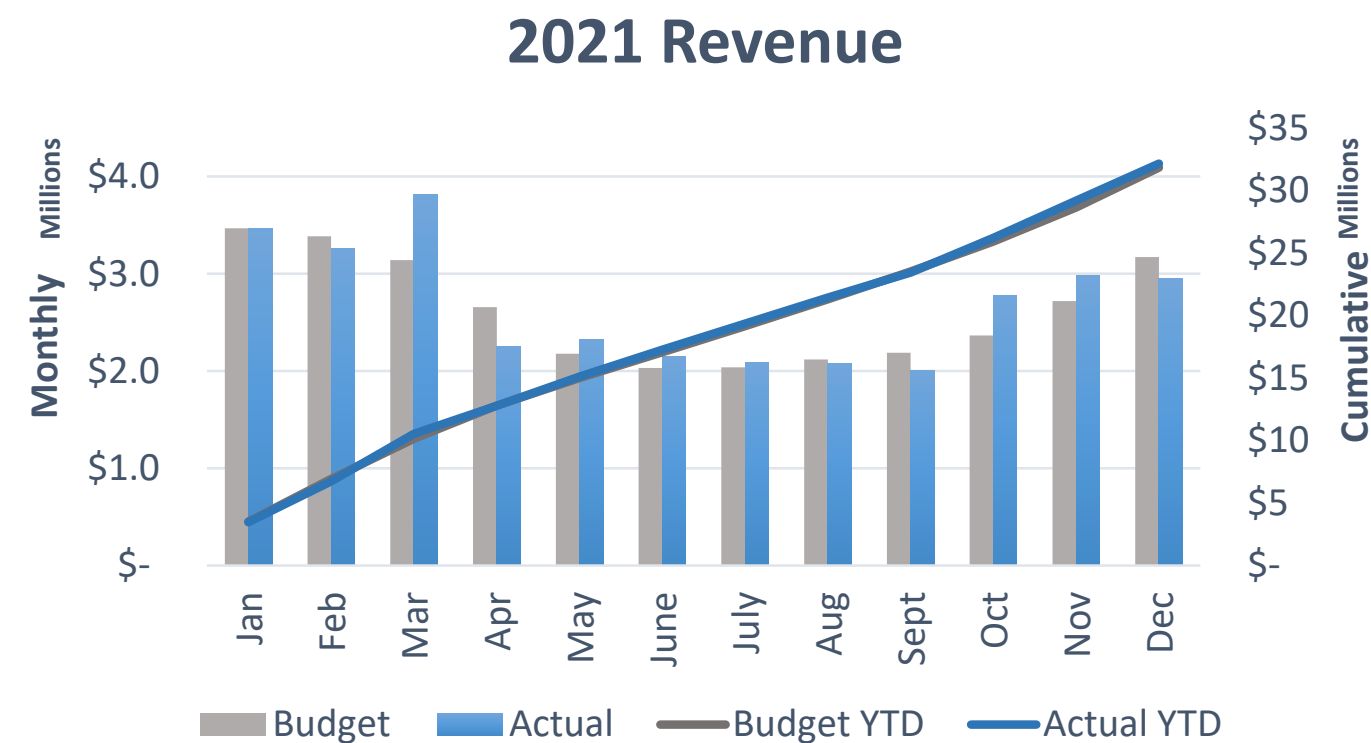
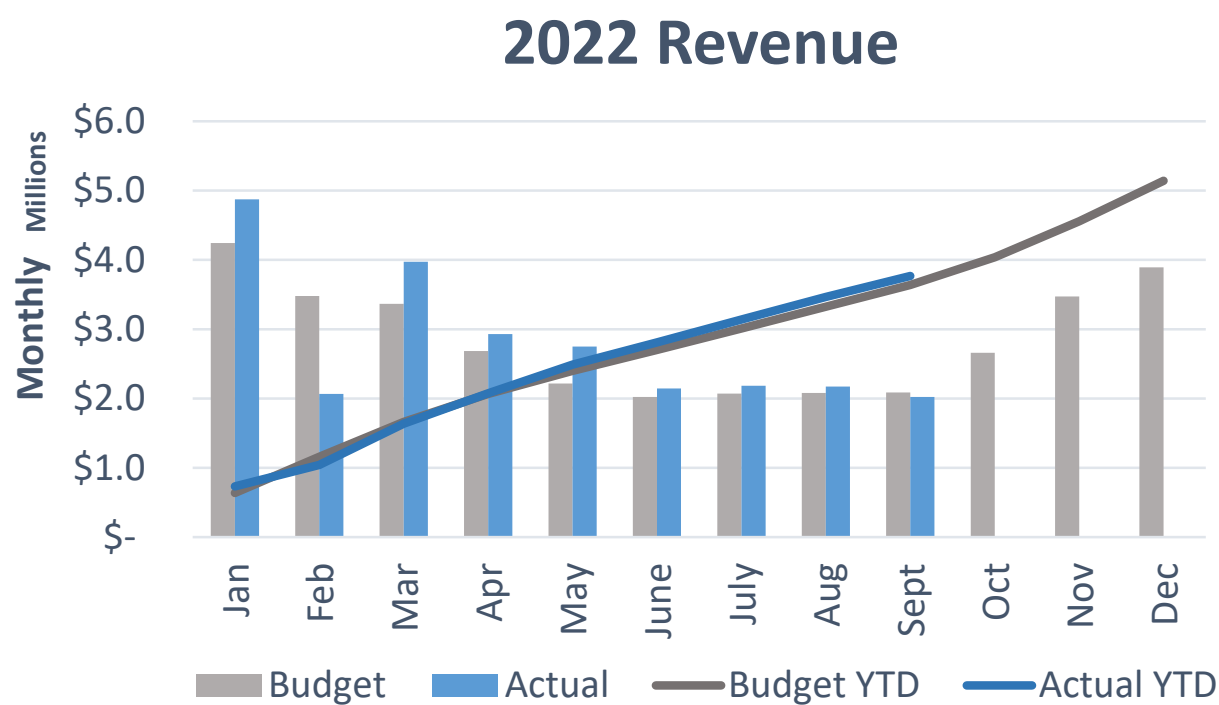


2022 Q3 Financial Highlights

2022 Budget to Actual: Heating Degree Days



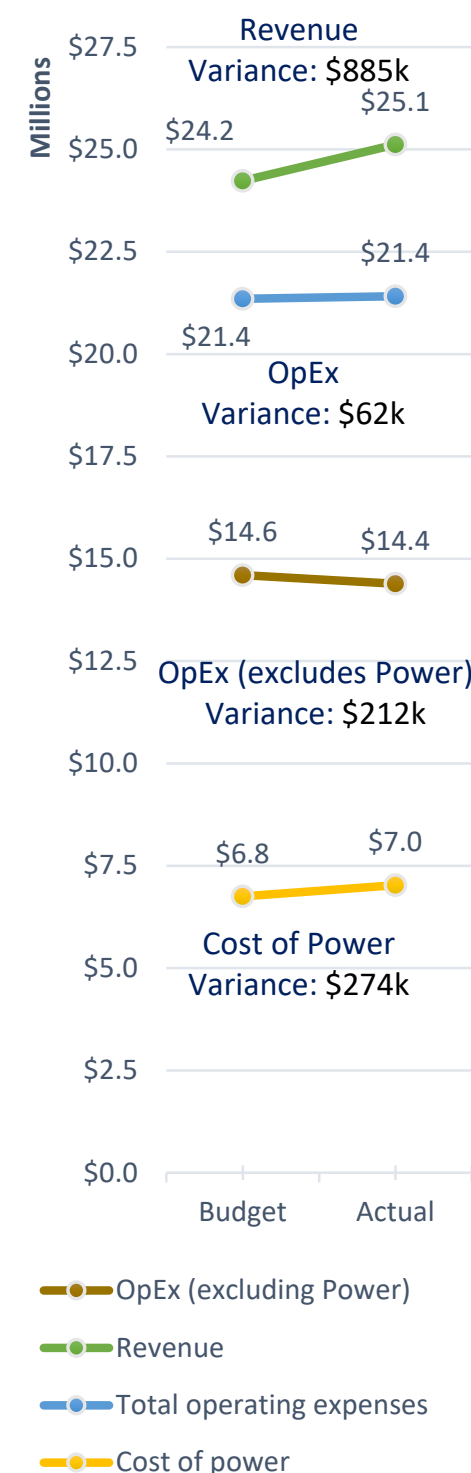
2022 Budget to Actual: Revenue



* Revenue net of ECA

2022 Q3 Budget to Actual: Statement of Operations

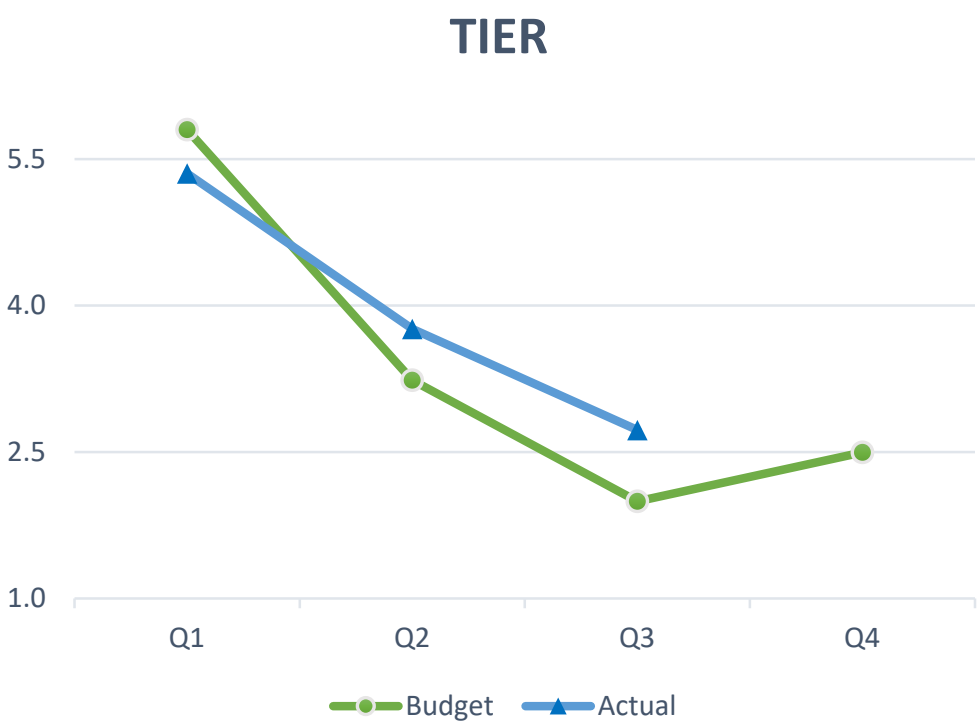
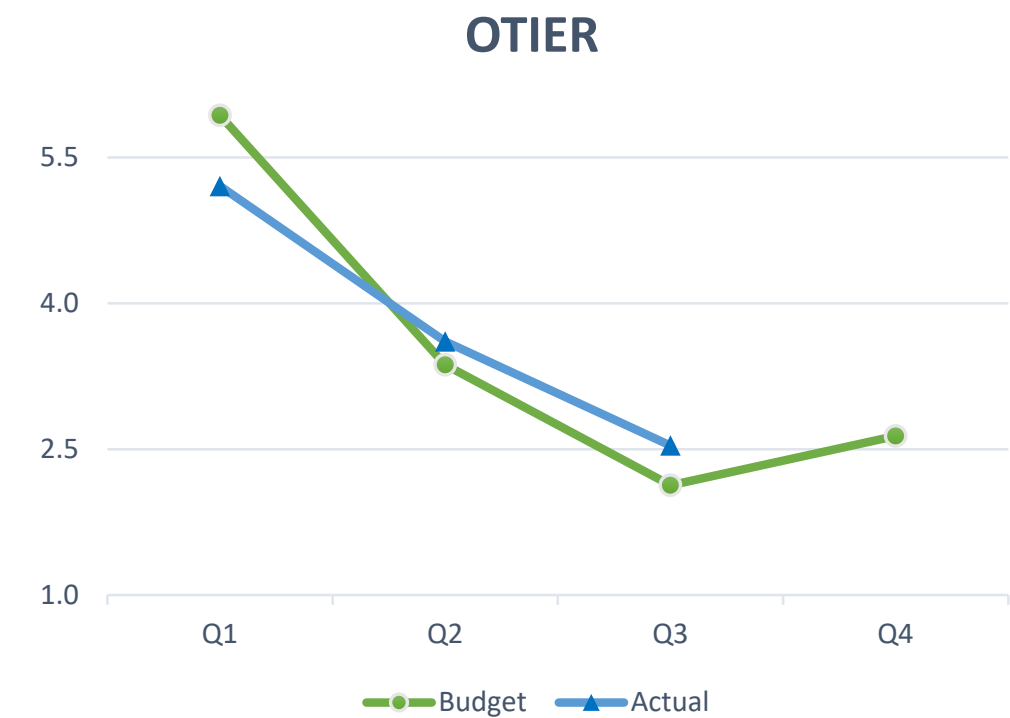
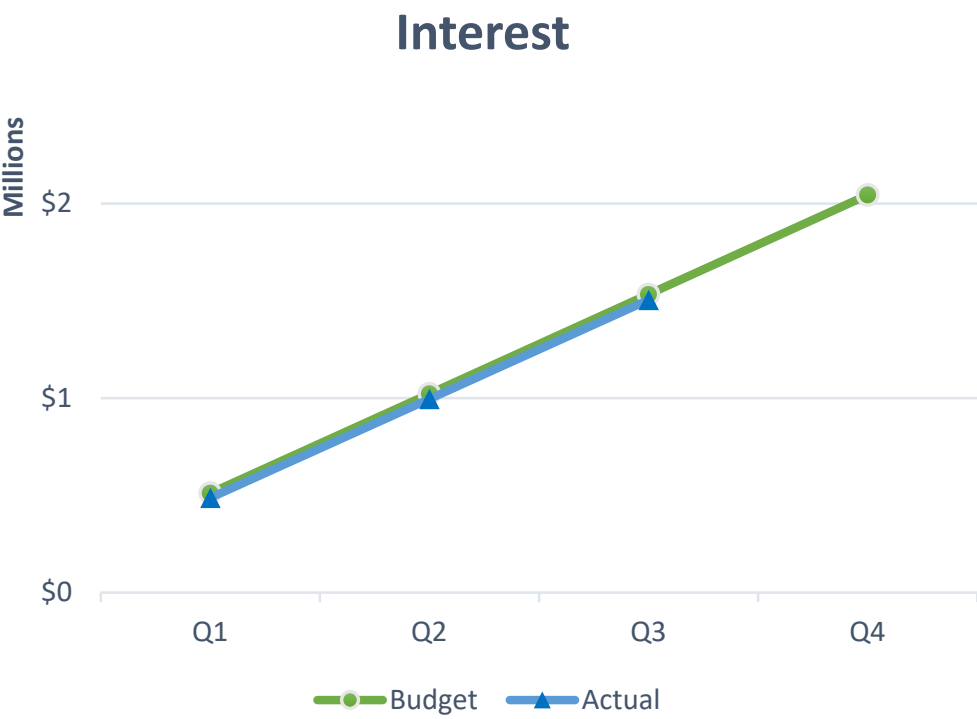
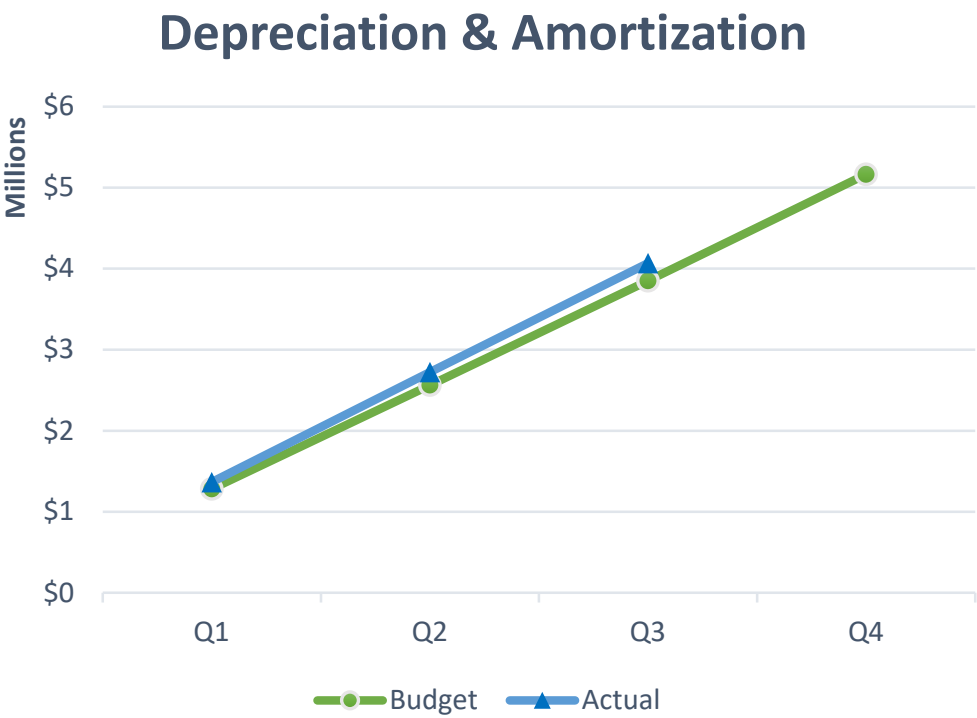
	A. Audited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Budget Year End 12/31/2022	D. Budget Period End 9/30/2022	E. Actual Period End 9/30/2022	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 24,062,590	\$ 25,597,555	\$ 25,697,862	\$ 18,189,941	\$ 18,445,050	255,109
3 Commercial	7,714,074	7,880,616	8,338,411	5,869,573	6,464,569	594,996
4 Other						
5 Penalties and fees	75,175	59,492	170,390	126,630	164,044	37,414
6 Other	73,596	61,697	60,463	47,246	44,670	(2,576)
7 Total operating revenue	31,925,435	33,599,361	34,267,126	24,233,390	25,118,333	884,943
8						
9 OPERATING EXPENSES						
10 Cost of power	9,512,760	9,934,871	9,496,026	6,751,498	7,025,013	273,515
11 Transmission	388,576	402,069	398,130	470,422	286,292	(184,130)
12 Distribution - operations	3,570,350	3,625,309	3,646,738	2,694,299	2,842,979	148,680
13 Distribution - maintenance	2,825,081	2,564,054	2,846,288	1,996,691	1,860,195	(136,496)
14 Consumer accounts	1,093,791	1,093,181	1,157,086	861,293	821,434	(39,859)
15						
16 General and administration						
17 Administration	3,739,823	4,057,726	4,499,480	3,249,300	3,095,830	(153,470)
18 Energy services	369,201	200,205	296,023	222,017	134,477	(87,541)
19 Subsidiary charges (RIC network mgt services)	89,284	92,062	96,665	72,499	69,041	(3,458)
20 Total general and administration	4,198,308	4,349,993	4,892,168	3,543,817	3,299,348	(244,469)
21						
22 Depreciation and amortization	5,015,406	5,047,791	5,164,706	3,850,237	4,069,101	218,864
23 Taxes	1,514,553	1,502,418	1,593,704	1,183,427	1,209,214	25,787
24						
25 Total operating expenses	28,118,825	28,519,686	29,394,846	21,351,684	21,413,576	61,892
26						
27 Operating margins before fixed charges	3,806,610	5,079,674	4,872,280	2,881,706	3,704,758	823,052
28						
29 FIXED CHARGES						
30 Interest on long-term debt	1,966,936	1,932,928	1,943,958	1,447,275	1,459,165	11,890
31						
32 Operating margins after fixed charges	1,839,673	3,146,747	2,928,322	1,434,431	2,245,593	811,162
33						
34 PATRONAGE CAPITAL CREDITS	122,952	135,327	129,784	90,849	66,958	(23,891)
35						
36 Net operating margins	1,962,625	3,282,073	3,058,106	1,525,280	2,312,551	787,271
37						
38 NON-OPERATING MARGINS						
39 Interest income	89,550	69,515	69,833	52,375	151,035	98,660
40 Other income (loss)	157,313	1,799,001	26,186	10,207	(9,222)	(19,429)
41 Total Opalco non-operating margins	246,863	1,868,516	96,019	62,582	141,813	79,231
42						
43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,471	79,516	79,575	59,681	59,682	1
45 Other income (use of OPALCO backbone)	89,976	109,740	109,740	82,305	82,305	-
46 Total non-operating margins from Subsidiary	169,447	189,256	189,315	141,986	141,987	1
47						
48 Net non-operating margins	416,309	2,057,772	285,334	204,568	283,800	79,232
49						
50 NET MARGINS	\$ 2,378,935	\$ 5,339,845	\$ 3,343,440	\$ 1,729,848	\$ 2,596,351	866,503
51						
52						
53						
54						
55						
56						
57 OTIER	1.97	2.62	2.50	1.99	2.54	0.54
58 TIER	2.18	3.63	2.64	2.13	2.73	0.60
59 Equity % of Total Cap	35.9%	39.3%	39.9%	36.3%	39.9%	3.6%



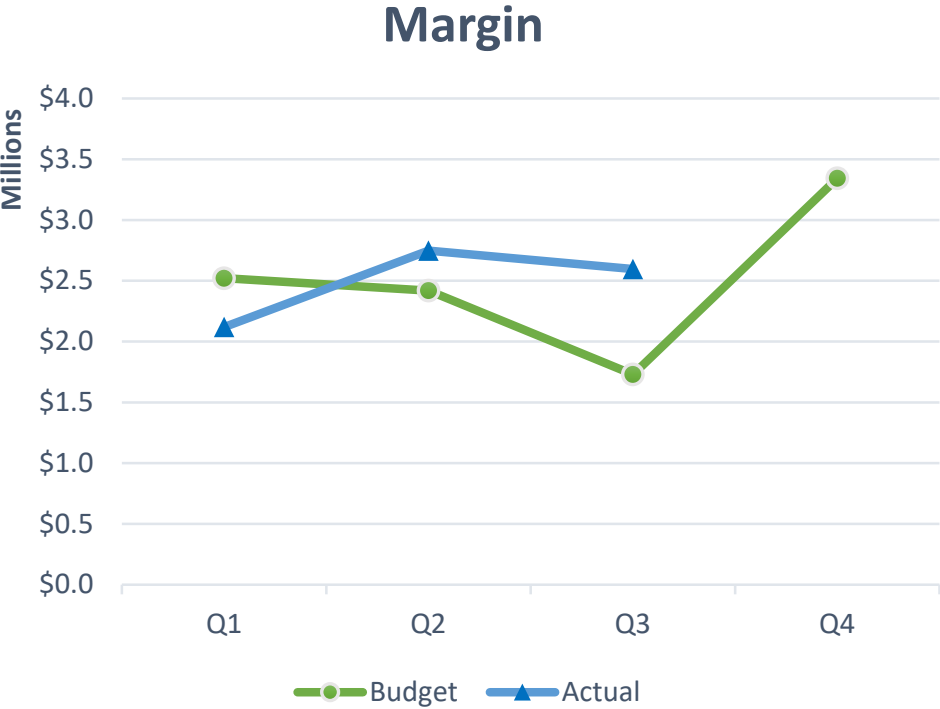
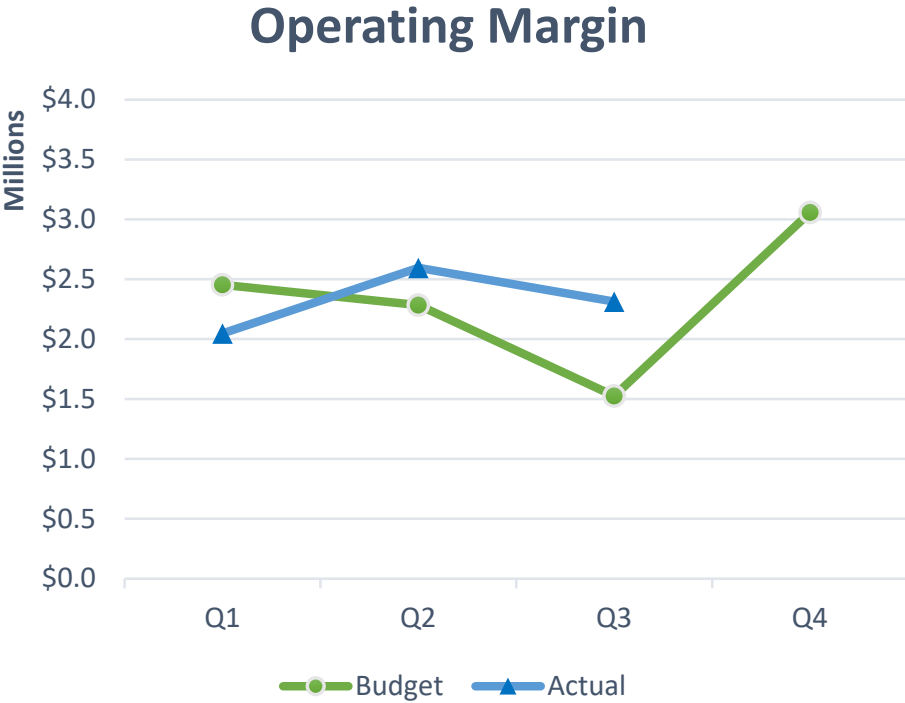
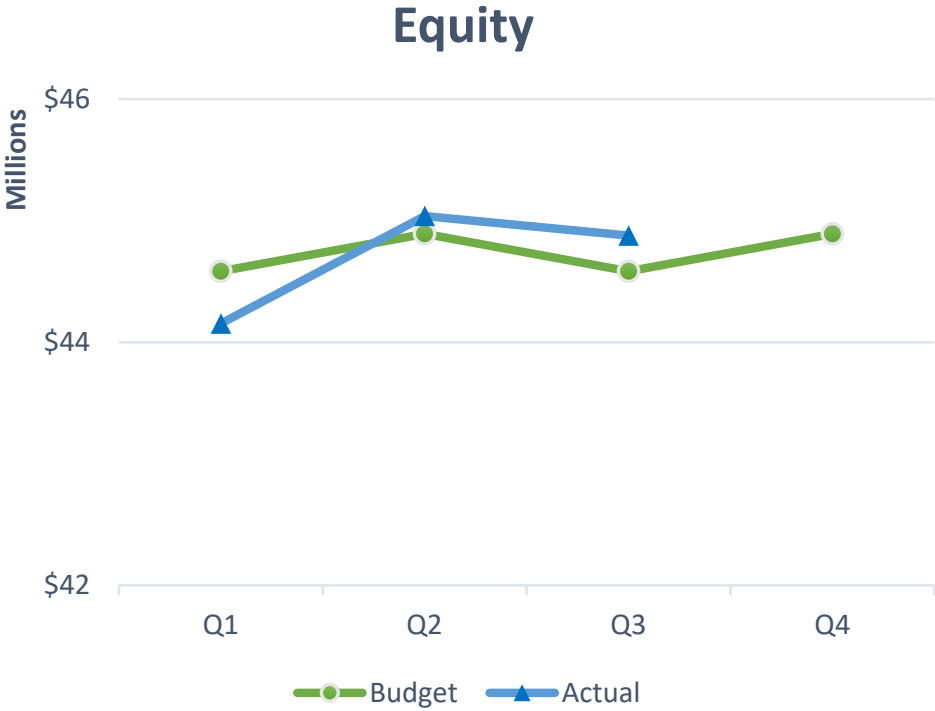
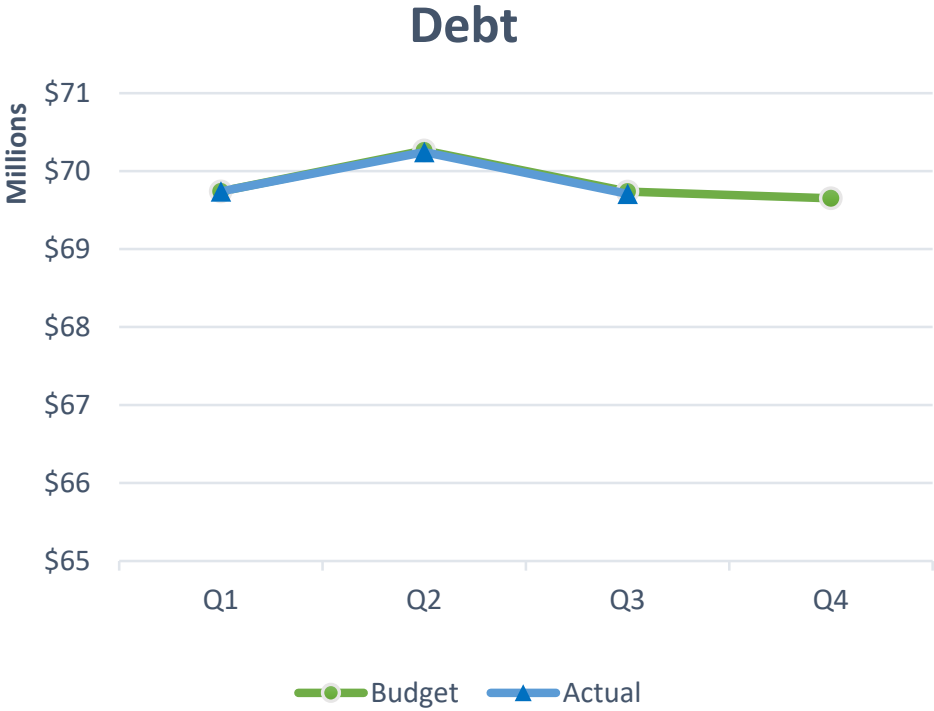
Notes:

- Through Q3 the ECA collected a net \$10k 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: \$2.313M (\$787k increase)
- Net Margin: \$2.596M (\$867k increase)

2022 Q3 Budget to Actual: Financial Metrics



2022 Q3 Budget to Actual: Financial Metrics



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Budget Year End 12/31/2022	D. Budget Period End 9/30/2022	E. Actual Period End 9/30/2022	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 24,062,590	\$ 25,597,555	\$ 25,697,862	\$ 18,189,941	\$ 18,445,050	255,109
3 Commercial	7,714,074	7,880,616	8,338,411	5,869,573	6,464,569	594,996
4 Other						
5 Penalties and fees	75,175	59,492	170,390	126,630	164,044	37,414
6 Other	73,596	61,697	60,463	47,246	44,670	(2,576)
7 Total operating revenue	31,925,435	33,599,361	34,267,126	24,233,390	25,118,333	884,943
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9 OPERATING EXPENSES						
10 Cost of power	9,512,760	9,934,871	9,496,026	6,751,498	7,025,013	273,515
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14 Consumer accounts	1,093,791	1,093,181	1,157,086	861,293	821,434	(39,859)
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16 General and administration						
17 Administration	3,739,823	4,057,726	4,499,480	3,249,300	3,095,830	(153,470)
18 Energy services	369,201	200,205	296,023	222,017	134,477	(87,541)
19 Subsidiary charges (RIC network mgt services)	89,284	92,062	96,665	72,499	69,041	(3,458)
20 Total general and administration	4,198,308	4,349,993	4,892,168	3,543,817	3,299,348	(244,469)
21						
22 Depreciation and amortization	5,015,406	5,047,791	5,164,706	3,850,237	4,069,101	218,864
23 Taxes	1,514,553	1,502,418	1,593,704	1,183,427	1,209,214	25,787
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25 Total operating expenses	28,118,825	28,519,686	29,394,846	21,351,684	21,413,576	61,892
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34 PATRONAGE CAPITAL CREDITS	122,952	135,327	129,784	90,849	66,958	(23,891)
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36 Net operating margins	1,962,625	3,282,073	3,058,106	1,525,280	2,312,551	787,271
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38 NON-OPERATING MARGINS						
39 Interest income	89,550	69,515	69,833	52,375	151,035	98,660
40 Other income (loss)	157,313	1,799,001	26,186	10,207	(9,222)	(19,429)
41 Total Opalco non-operating margins	246,863	1,868,516	96,019	62,582	141,813	79,231
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49 Interest Income (RIC loan)	79,471	79,516	79,575	59,681	59,682	1
50 Other income (use of OPALCO backbone)	89,976	109,740	109,740	82,305	82,305	-
51 Total non-operating margins from Subsidiary	169,447	189,256	189,315	141,986	141,987	1
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53 Net non-operating margins	416,309	2,057,772	285,334	204,568	283,800	79,232
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55 NET MARGINS	\$ 2,378,935	\$ 5,339,845	\$ 3,343,440	\$ 1,729,848	\$ 2,596,351	866,503
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57 OTIER	1.97	2.62	2.50	1.99	2.54	0.54
58 TIER	2.18	3.63	2.64	2.13	2.73	0.60
59 Equity % of Total Cap	35.9%	39.3%	39.9%	36.3%	39.9%	3.7%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
 DETAILED BREAKOUT OF NOTABLE DRIVERS

	A.	B.	C.	D.
	Budget Period End 9/30/2022	Actual Period End 9/30/2022	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)
I OPERATING REVENUES	24,233,390	25,118,333	884,943	
				Budget Actual Variance
				HDD 873 891.6 18.6
				kWh Sales 146,400 156,201 9,801
				(kWh in thousands)
Operating Revenue - Line 7 Detail Breakout:				
Residential Sales	18,189,941	18,445,050	255,109	kWh sales higher than budgeted through Q3
Commercial Sales	5,869,573	6,464,569	594,996	kWh sales higher than budgeted through Q3
Other Operating Revenue				
Penalties and Fees	(126,630)	(164,044)	37,414	Misc fees & charges back for 2022, higher than budgeted
Other	(47,246)	(44,670)	(2,576)	Less pole attachment revenue
TOTAL OPERATING REVENUES	24,233,390	25,118,333	884,943	
II OPERATING EXPENSES	21,351,684	21,413,576	61,892	Overall Increase in operating expenses
Cost of Power - Line 10	6,751,498	7,025,013	273,515	Increase in expense - higher kWh purchases than budget through Q3
				Budget Actual Variance
				kWh Purchases 155,760 168,066 12,306
				(kWh in thousands)
Transmission - Line 11 Detail Breakout:	470,422	286,292	(184,130)	Decrease in expense - efforts shift to Distribution Operations, offset Line 12 - less ROW clearing expense
Distribution - Operations - Line 12 Detail Breakout:	2,694,299	2,842,979	148,680	Increase in expense - Q3 efforts shift to Distribution Operations Exp, offset Line 11 Transmission Exp
Distribution - Maintenance - Line 13 Detail Breakout:	1,996,691	1,860,195	(136,496)	Decrease in expense - efforts shift to Distribution Operations, offset Line 12
Consumer accounts - Line 14 Detail Breakout:	861,293	821,434	(39,859)	Decrease in expense - vacant position filled 7/12/22
Total General and Administrative (G&A):				
Administration G&A - Line 17 Detail Breakout:	3,249,300	3,095,830	(153,470)	Decrease in expense
Energy Services G&A - Line 18	222,017	134,477	(87,541)	Decrease in expense - less rebates processed
Subsidiary Charges G&A - Line 19	72,499	69,041	(3,458)	Decrease in expense
Total General and Administrative (G&A)	3,543,817	3,299,348	(244,469)	Overall decrease in expense
Deprec. & Amort. - Line 22	3,850,237	4,069,101	218,864	Increase in expense - higher capitalizations through Q3 than budgeted
Taxes - Line 23	1,183,427	1,209,214	25,787	Increase in expense - higher sales through Q3
TOTAL OPERATING EXPENSES	21,351,684	21,413,576	61,892	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	
			9/30/2022	9/30/2022	(B - A)	Comments: Budget To Actual (Column C.)
46	III	FIXED CHARGES - Interest Expense - Line 30	1,447,275	1,459,165	11,890	Increase in expense
47						
48	IV	PATRONAGE CAPITAL CREDITS (Income) - Line 34	90,849	66,958	(23,891)	Decrease in income - received from associated cooperatives
49						
50		TOTAL NET OPERATING MARGINS	1,525,280	2,312,551	787,271	Increase in margin
51						
52	V	NON-OPERATING MARGINS	204,568	283,800	79,232	Increase in margin
60						
61		TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,729,848	2,596,351	866,503	Increase in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2019	B. Audited Year End 12/31/2020	C. Audited Year End 12/31/2021	D. Actual Period End 9/30/2022	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	\$ 158,355,313	1,605,489
5 Construction work in progress	5,015,317	6,633,154	4,342,145	8,037,000	3,694,855
6					
7	149,316,547	155,599,693	161,091,969	166,392,313	5,300,344
8 Less accumulated depreciation and amortization	53,456,306	58,016,597	62,700,104	66,515,017	3,814,913
9					
10 Net utility plant	95,860,241	97,583,096	98,391,865	99,877,296	1,485,431
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,814,993	1,866,511	1,452,951	1,476,901	23,950
14 Non-utility investment subsidiary (Note 1)	(9,279,459)	(10,664,353)	(11,093,287)	(11,002,870)	90,417
15 Total investments in associated organizations	(7,464,466)	(8,797,842)	(9,640,336)	(9,525,969)	114,367
16					
17 Other property and investments	(7,464,466)	(8,797,842)	(9,640,336)	(9,525,969)	114,367
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	3,928,582	6,475,385	9,509,141	14,900,124	5,390,983
21 Cash and cash equivalents - board designated	538,699	6,376,649	3,081,838	989,145	(2,092,693)
22 Accounts receivable, less doubtful accts allowance	3,910,241	4,286,644	5,561,142	3,063,819	(2,497,323)
23 Interest receivable	24,279	6,240	6,800	63,609	56,809
24 Materials and supplies	3,006,903	3,460,300	4,122,049	4,520,734	398,685
25 Prepaid expenses	452,011	491,537	490,688	709,834	219,146
26					
27 Total current assets	11,860,715	21,096,755	22,771,658	24,247,265	1,475,607
28					
29 DEFERRED CHARGES (Note 2)	647,075	1,110,562	1,518,849	3,384,441	1,865,592
30					
29 Total assets	\$ 100,903,565	\$ 110,992,571	\$ 113,042,036	\$ 117,983,033	\$ 4,940,997

BALANCE SHEET

Updated 10/31/2022

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
 GAAP

	A.	B.	C.
	Audited	Audited	Actual
	Year End	Year End	Period End
	12/31/2020	12/31/2021	9/30/2022
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins (Note 1)	\$ 2,378,935	\$ 3,872,388	\$ 2,596,351
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	5,015,406	5,047,791	4,069,101
6 Changes in assets and liabilities			
7 Accounts receivable	(376,403)	192,959	2,497,323
8 Interest receivable	18,039	(560)	(56,809)
9 Prepaid expenses	(39,526)	851	(219,149)
10 Accounts payable	(123,465)	512,391	(174,717)
11 Customer deposits	(12,359)	(21,294)	16,073
12 Accrued liabilities	256,849	578,074	(328,016)
13 Deferred credits	52,874	(9,724)	1,919
14 Deferred Charges	(463,487)	(408,287)	(1,865,592)
14 Net cash from operating activities	6,706,863	9,764,589	6,536,484
15			
16 CASH FLOWS FROM INVESTING ACTIVITIES			
17 Additions to utility plant, net	(8,112,759)	(6,941,645)	(7,020,853)
18 Reduction to non-utility plant (Island Network transition)	-	-	-
18 Change in materials and supplies	(453,397)	(661,749)	(398,685)
19 (Increase) decrease in investment in Subsidiary	1,384,894	428,934	(90,417)
20 (Increase) decrease in other OPALCO property and investments, net	(51,518)	413,560	(23,950)
21			
22 Net cash from investing activities	(7,232,780)	(6,760,900)	(7,533,905)
23			
23 CASH FLOWS FROM FINANCING ACTIVITIES			
24 Payments on long-term debt, net	(1,812,990)	(3,399,451)	(2,007,581)
25 Proceeds from debt (Note 1)	11,790,016	600,000	4,640,000
26 Memberships	1,240	630	50
27 Retirements of patronage capital, net	(1,057,183)	(1,119,575)	104,582
28 Change in subsidiary equities	(1,384,910)	(431,431)	92,336
29 Contributions in aid of construction	1,374,497	1,085,085	1,466,321
30 Net cash from financing activities	8,910,670	(3,264,742)	4,295,708
31 NET CHANGE IN CASH	8,384,753	(261,053)	3,298,287
32 CASH AND CASH EQUIVALENTS, beginning of year/period	4,467,281	12,852,034	12,590,981
33 CASH AND CASH EQUIVALENTS, end of year/period	12,852,034	12,590,981	15,889,268
34 SUPPLEMENTAL DISCLOSURES			
35 Cash paid for interest	\$ 2,021,376	\$ 1,594,095	\$ 1,939,120
36 OUTSTANDING DEBT BALANCE	(69,875,795)	(67,076,343)	(69,708,762)
37 Notes:			
38 1 Drew full 2022 FFB borrowing budget (\$3.6M) in Q1 to take advantage of lower interest rates. Received \$1.04M in RESP funds for Q2.			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

Note: All numbers in thousands		A. Audited Year-End 12/31/2020	B. Audited Year-End 12/31/2021	C. Approved Budget 9/30/2022	D. Actual Period-End 9/30/2022	E. Budget Variance (D - C)	F. Comments
1	% Rate Increase	3%	0%	4%	4%		
2	OPERATING ACTIVITIES:						
3	Margins	\$ 2,400	\$ 3,900	\$ 1,700	\$ 2,600	\$ 900	
4	Plus depreciation/amortization	5,000	5,000	3,900	4,100	200	
5	Cash flow operations	7,400	8,900	5,600	6,700	1,100	
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(7,100)	(6,200)	(3,800)	(3,000)	800	
9	Cash flow from operations and plant investment	300	2,700	1,800	3,700	1,900	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,200)	(1,100)	(90)	(60)	30	
12	Cash flow before borrowings	(900)	1,600	1,710	3,640	1,930	
13							
14	NET BORROWINGS	10,000	(2,800)	2,660	2,600	(60)	
15	Cash increase (decrease) after net borrowings	\$ 9,100	\$ (1,200)	\$ 4,370	\$ 6,240	\$ 1,870	
16							
17							
18	OUTSTANDING DEBT BALANCE	69,900	67,080	69,700	69,710	10	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	F.	G.
			Audited	Audited	Budget	Budget	Actual	Budget	
			Year End	Year End	Year End	Period End	Period End	Variance	
			12/31/2020	12/31/2021	12/31/2022	9/30/2022	9/30/2022	(D- C)	Comments
1	DISTRIBUTION								
2	100	New Services	\$ 429,487	\$ 684,462	\$ 650,000	\$ 487,500	\$ 547,264	\$ 59,764	Member request for overhead to underground (Offset to Line 38)
3	200	New Tie Lines	337,637	24,576	-	-	13,794	13,794	Project planning efforts
4	300	Conversions and Line Changes	513,186	1,326,787	1,600,000	1,400,000	1,155,431	(244,569)	Delay in contracting due to availability
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	2,600,000	674,810	(1,925,190)	Bid solicitation for battery in progress yet behind schedule
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	674,405	911,137	955,000	750,000	874,704	124,704	Meters arrived in Q3 vs Q4
9	602	Sets of Service Wires to increase Capacity	-	-		-	-	-	
10	603	Sectionalizing Equipment	177,127	200,825	200,000	175,000	141,962	(33,038)	
11	604	Regulators	49,127	211,038	-	-	-	-	
12	606	Ordinary Replacements	375,670	311,213	260,000	240,000	333,777	93,777	Increase pole replacements due to inspections (Offset via Line 23)
13	607	Overhead to Underground Replacements		47,006	35,000	35,000	61,764	26,764	Increase conversions (Offset via Line 23)
14	608	Underground Dist. Cable Replacement	2,025,373	2,288,599	1,910,000	1,500,000	2,217,104	717,104	Shift of budget from Line 4 and Line 23
15	700	Other Distribution Items							
16	701	Engineering Fees	-	-	-	-	-	-	
17	704	LMS & SCADA	96,700	205,671	220,000	175,000	106,846	(68,154)	Delayed SCADA staged deployment to Q4
18	705	AMR	34,430	-	-	-	-	-	
19	706	Communications	123,699	52,598	287,500	250,000	3,867	(246,133)	Delay in Point Lawrence installation to Q4
20	TRANSMISSION								
21	800	New Tie Line	-	-	-	-	-	-	
22	900	New Substations, switching station, metering point, etc.	75,055	16,293	100,000	65,000	10,049	(54,951)	Quotes for relaying overbudget, project canceled
23	1000	Line and Station Changes	23,510	42,518	700,000	650,000	459,024	(190,976)	Easement acquisition delaying project to 2023
24	1100	Other Transmission	-	-	-	-	-	-	
25	GENERATION								
26	1200	Generation	-	4,332	150,000	150,000	99,587	(50,413)	Delay in WA DOC Contracting
27	OTHER								
28	1300	Headquarters Facilities	666,958	242,768	330,000	125,000	96,809	(28,191)	
29	1400	Acquisitions	519,133	-	-	-	-	-	
30	1500	All Other (Transportation, Etc.)							
31	1501	Transportation/Equipment/Tools/Radios	717,348	230,217	282,000	215,000	220,051	5,051	
32	1502	Office Equipment/Furniture/Etc.	72,945	27,088	10,000	10,000	3,607	(6,393)	
33	1503	Computer/Servers/Software	227,575	185,732	190,000	170,000	93,349	(76,651)	Rescope of project to virtual service
34	1504	Electrical Infrastructure to Support Community Solar	908	111,711	5,500,000	600,000	25,472	(574,528)	Equipment availability delays, installation delayed to 2023
35	1600	Minor Projects	134,979	77,111	170,000	130,000	56,223	(73,777)	Less joint projects than anticipated
36	RUS CWP SUBTOTAL		8,424,179	7,553,295	16,570,000	9,727,500	7,195,493	(2,532,007)	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
38		New Services	(495,055)	(607,103)	(635,000)	(476,250)	(487,789)	(11,539)	Offset to Line 2 - New Services
39		Meters and Transformers	(271,615)	(378,177)	(400,000)	(300,000)	(302,533)	(2,533)	Offset to Line 8 Transformers & Meters
40		Joint Projects	(87,826)	(204,987)	(215,000)	(161,250)	(65,999)	95,251	Offset to Lines 3, 4, 14 and 35
41		WA DOC Grant Funding	(520,000)	(120,000)	(2,500,000)	(1,350,000)	(560,000)	790,000	Bid solicitation for battery in progress yet behind schedule
42		Community Solar Member Contributions	-	-	(2,500,000)	(1,750,000)	(50,000)	1,700,000	Design effort delayed to Q4 completion, installation delayed to 2023
43	CIAC SUBTOTAL		(1,374,497)	(1,310,268)	(6,250,000)	(4,037,500)	(1,466,321)	2,571,179	
44									
45	RUS CWP NET TOTAL		7,049,683	6,243,027	10,320,000	5,690,000	5,729,172	39,172	

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.				
UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION WA0009		
		PERIOD ENDED September '22		
		BORROWER NAME Orcas Power & Light Cooperative		
INSTRUCTIONS - See help in the online application.				
This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)				
<div>CERTIFICATION</div> <p>We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.</p> <p>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <p>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</p> <p>(check one of the following)</p>				
<div><div><input type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.</div><div><input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.</div></div> <div>Date</div>				
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	23,424,617	25,118,333	24,233,390	2,023,334
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	6,968,187	7,025,013	6,751,498	558,089
4. Transmission Expense	330,002	286,292	470,422	64,162
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,688,037	2,842,979	2,694,299	279,328
7. Distribution Expense - Maintenance	1,791,317	1,860,195	1,996,691	201,463
8. Customer Accounts Expense	816,621	821,434	861,293	92,433
9. Customer Service and Informational Expense	240,766	291,962	410,087	55,333
10. Sales Expense	37,263	51,442	39,301	3,822
11. Administrative and General Expense	2,742,579	2,955,743	3,084,429	319,244
12. Total Operation & Maintenance Expense (2 thru 11)	15,614,773	16,135,061	16,308,020	1,573,874
13. Depreciation and Amortization Expense	3,762,964	4,069,101	3,850,237	447,986
14. Tax Expense - Property & Gross Receipts	260,394	235,260	273,413	25,824
15. Tax Expense - Other	855,289	973,954	910,013	77,442
16. Interest on Long-Term Debt	1,513,561	1,504,383	1,532,968	168,168
17. Interest Charged to Construction - Credit	(82,183)	(45,218)	(85,693)	(8,786)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	10,000	200	10,000	-
20. Total Cost of Electric Service (12 thru 19)	21,934,797	22,872,740	22,798,959	2,284,508
21. Patronage Capital & Operating Margins (1 minus 20)	1,489,820	2,245,593	1,434,431	(261,173)
22. Non Operating Margins - Interest	111,509	210,718	112,056	44,686
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	1,880,617	73,083	92,512	(1,369)
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	64,516	66,958	90,849	27,555
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	3,546,461	2,596,351	1,729,848	(190,302)

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

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 September '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	115	107	5. Miles Transmission	46.39	46.39
2. Services Retired	8	-	6. Miles Distribution – Overhead	147.05	142.27
3. Total Services in Place	15,513	15,676	7. Miles Distribution - Underground	1,069.70	1,076.62
4. Idle Services (Exclude Seasonals)	740	791	8. Total Miles Energized (5 + 6 + 7)	1,263.14	1,265.28
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	158,355,313		30. Memberships	58,275	
2. Construction Work in Progress	7,936,579		31. Patronage Capital	45,153,609	
3. Total Utility Plant (1 + 2)	166,291,892		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	66,414,597		33. Operating Margins - Current Year	2,312,551	
5. Net Utility Plant (3 - 4)	99,877,295		34. Non-Operating Margins	283,800	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(2,884,523)	
7. Investments in Subsidiary Companies	(11,002,869)		36. Total Margins & Equities (30 thru 35)	44,923,712	
8. Invest. in Assoc. Org. - Patronage Capital	927,519		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	59,942,212	
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)	9,766,549	
12. Other Investments	2,608		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	1,133,320		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(8,392,649)		43. Total Long-Term Debt (37 thru 41 - 42)	69,708,762	
15. Cash - General Funds	4,055,497		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	10,703,139		47. Notes Payable	-	
19. Notes Receivable (Net)	310,346		48. Accounts Payable	1,836,436	
20. Accounts Receivable - Sales of Energy (Net)	1,701,449		49. Consumers Deposits	67,679	
21. Accounts Receivable - Other (Net)	38,837				
22. Renewable Energy Credits	-		50. Current Maturities Long-Term Debt	-	
23. Materials and Supplies - Electric & Other	4,520,734		51. Current Maturities Long-Term Debt - Economic Development	-	
24. Prepayments	709,836		52. Current Maturities Capital Leases	-	
25. Other Current and Accrued Assets	1,036,192		53. Other Current and Accrued Liabilities	1,090,640	
26. Total Current and Accrued Assets	23,113,946		54. Total Current & Accrued Liabilities	2,994,755	
27. Regulatory Assets	-		55. Regulatory Liabilities	-	
28. Other Deferred Debits	3,384,441		56. Other Deferred Credits	355,805	
29. Total Assets and Other Debits	117,983,033		57. Total Liabilities and Other Credits	117,983,033	