

ORCAS POWER AND LIGHT COOPERATIVE 2023 Q1 FINANCIAL REPORT



MEMORANDUM

May 18, 2023

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2023 First Quarter Financial Report

The 2023 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) returned a net \$454k to the membership through Q1 2023 which was driven partially by lower power costs than budgeted due to BPA dividend credits of approx. \$426k, and partially by an ECA credit of ~\$250k in January, related to a kWh sales spike in December of 2022. Overall operating revenue was lower than budget even though kWh sales came in slightly over budget.

The table below presents the projection of full-year 2023 financial results using actuals from Q1 and budget projections for future months.

Income Statement Summary (in thousands)	2023 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 35,842	\$ 35,870	\$ 28
ECA Surcharge / (Credit)*	\$ -	\$ (661)	\$ (661)
Revenue	\$ 35,842	\$ 35,209	\$ (633)
Expenses:			
Cost of Purchased Power	\$ 9,631	\$ 9,464	\$ (167)
Transmission & Distribution Expense	8,280	8,741	461
General & Administrative Expense	6,631	6,416	(215)
Depreciation, Tax, Interest & Other	9,066	8,942	(124)
Total Expenses	33,608	33,563	(45)
Operating Margin	2,234	1,646	(588)
Non-op margin	443	460	17
Net Margin*	2,677	\$ 2,106	(571)
OTIER**	2.08	1.72	(0.36)
TIER**	2.37	1.95	(0.42)
Equity %	39.6%	39.3%	-0.3%
HDD	1,367	1,294	(73)
kWh Purchases	222,000	228,448	6,448
kWh Sales	208,700	214,381	5,681

* The ECA returned \$661k to members through April 2023. The credit is partially driven by BPA dividend credits (of \$426k in Q1) included in, and artificially reducing Cost of Power.

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

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~12% below budgeted levels (actual of 671 vs. budget of 759). Overall kWh sales were ~2.2M kWh above budget (72.4M vs. budget of 70.2M).
- 2023 power purchases were \$225k lower than budgeted due to a combination of higher overall kWh purchases offset by large BPA dividend credits of approx. \$426k. Actual kWh purchases were 3.3M kWh above budget (78.0M vs. budget of 74.7M).
- Excluding purchased power, 2023 operating expenses were approximately \$101k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- For Q1, Transmission Expense came in at \$721k (\$283k over budget) due to increased ROW clearing contracting expense in Q1 carried over from delay in Q4 of 2022, this additional expense was partially offset by lower distributions operations and maintenance costs (~\$203k below budget).
- The ECA for 2023 was a net credit to members (and decrease to operating revenue) of \$454k, or \$16.85 for a member using 1000 kWh/month. This was primarily driven by BPA dividend credits of approx. \$426k in Q1.
- Rock Island Communications 2023 Financials included in separate packet.

OPALCO 2023 Financial Package under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2021	B. Unaudited Year End 12/31/2022	C. Budget Period End 3/31/2023	D. Actual Period End 3/31/2023	E. Budget \$ Change (D - C)	F. Budget % Change (D - C)
1	kWh Purchases	238,379,768	241,801,858	74,760,000	78,084,692	3,324,692	4.4%
2	Gross Operating Revenue	34,893,000	36,974,000	12,049,000	11,970,000	(79,000)	-0.7%
3	Energy Charge Adjustment	(1,294,000)	(1,294,000)	-	(454,000)	(454,000)	
4	Net Operating Revenue Total	33,599,000	35,680,000	12,049,000	11,516,000	(533,000)	-4.4%
5	Cost of power	9,935,000	9,756,000	3,197,000	2,972,000	(225,000)	-7.0%
6	Operations & G&A	12,035,000	13,501,000	4,139,000	4,137,000	(2,000)	0.0%
7	Depr, Int, Taxes & Other	8,348,000	8,874,000	2,357,000	2,238,000	(119,000)	-5.0%
8		30,318,000	32,131,000	9,693,000	9,347,000	(346,000)	-3.6%
9	Net Operating Margins	\$ 3,281,000	\$ 3,549,000	\$ 2,356,000	\$ 2,169,000	(187,000)	-7.9%
10	Non-Operating Margins (Note 1)	\$ 2,058,000	\$ 439,000	\$ 114,000	\$ 141,000	27,000	23.7%
11	Net Margin	\$ 5,339,000	\$ 3,988,000	\$ 2,470,000	\$ 2,310,000	(160,000)	-6.5%
12	OTIER	2.62	2.75	5.54	5.54	0.01	
13	TIER	3.63	2.97	5.76	5.84	0.08	
14	Equity % of Total Cap	39.3%	40.0%	42.2%	41.6%	-1%	
15	Equity	42,130,000	44,990,000	44,584,435	47,362,000	2,777,565	6.2%
16	Total Debt	67,076,000	69,194,000	68,206,000	68,638,000	432,000	0.6%
17	Capital Spending	(6,243,027)	(10,320,000)	(1,287,000)	(1,472,886)	(185,886)	14.4%
18	Capital Credit Retirement (net)	(1,100,000)	(1,051,000)	(30,000)	(16,000)	14,000	-46.7%
19	Annual HDD	1,442	1,442	759	671	(88)	-11.6%

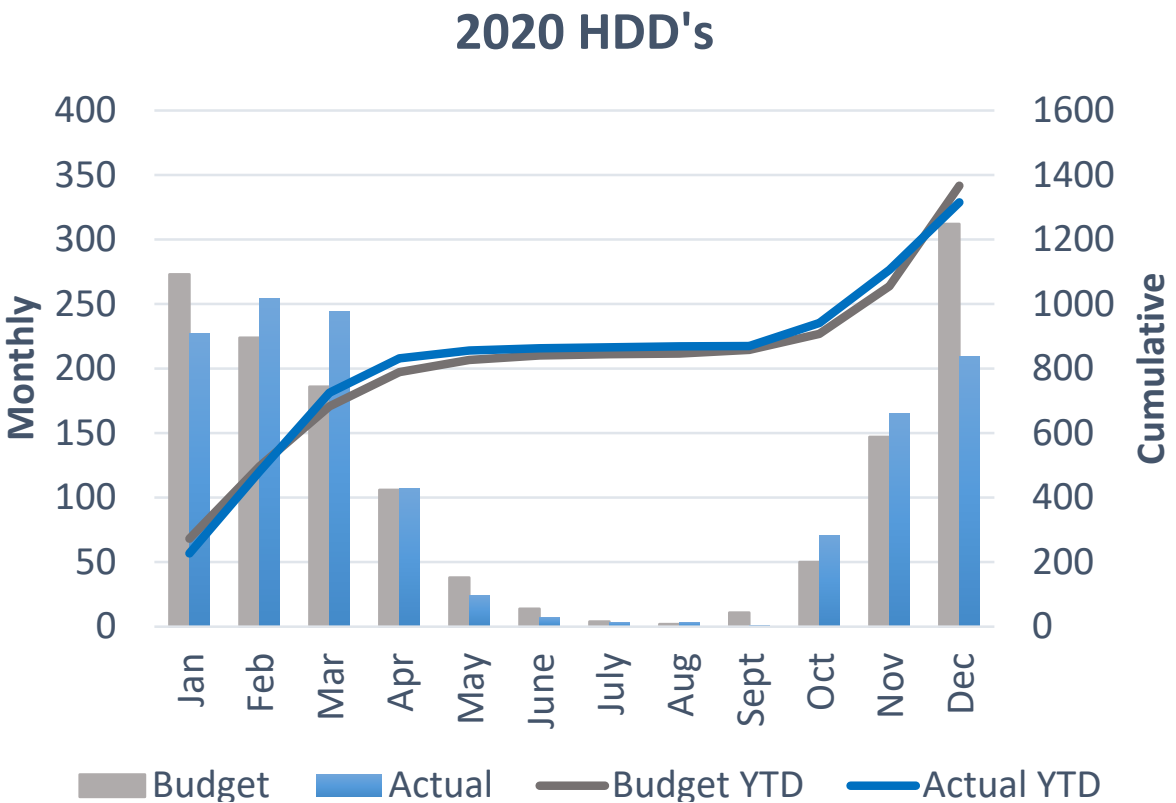
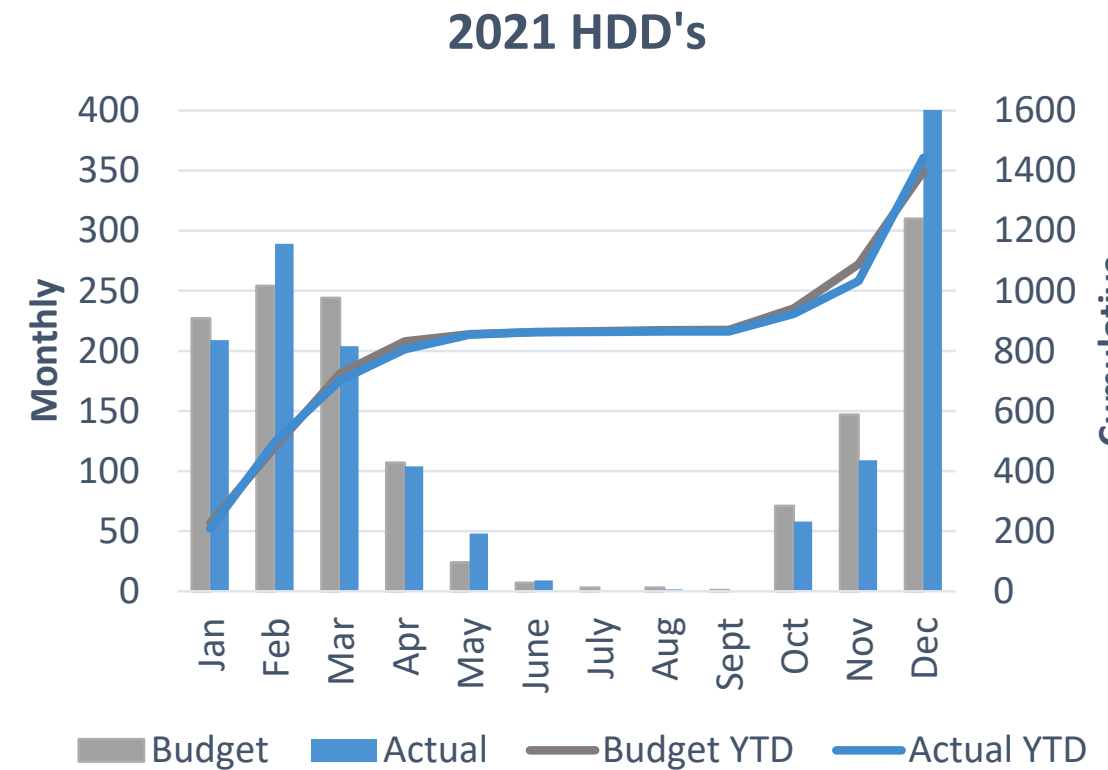
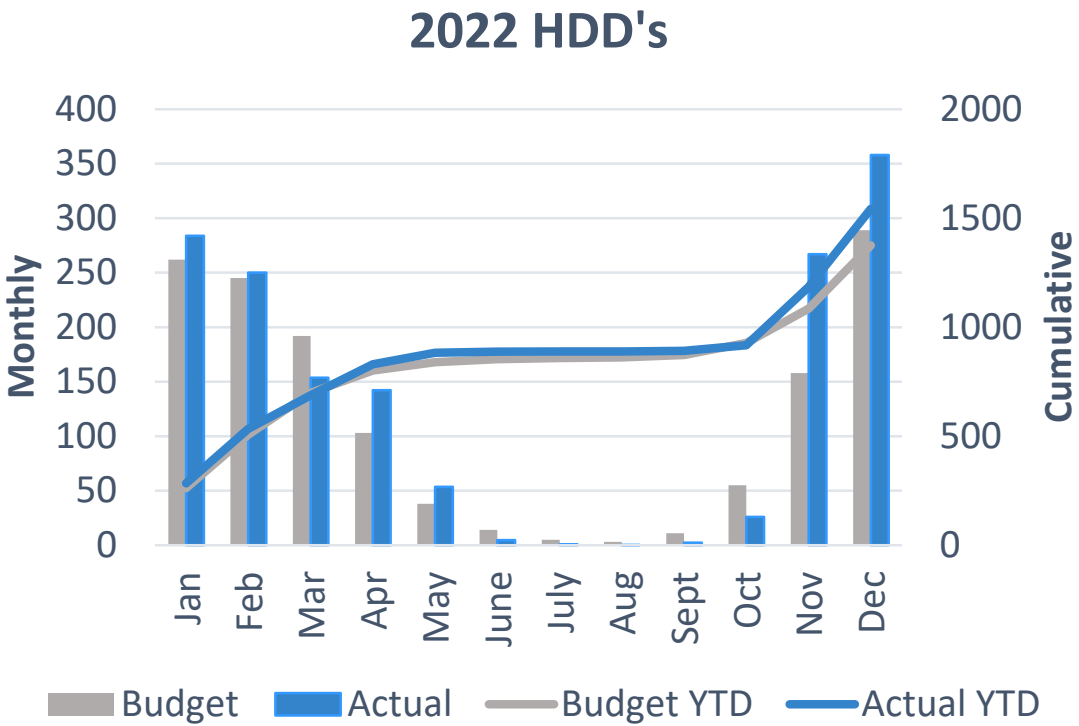
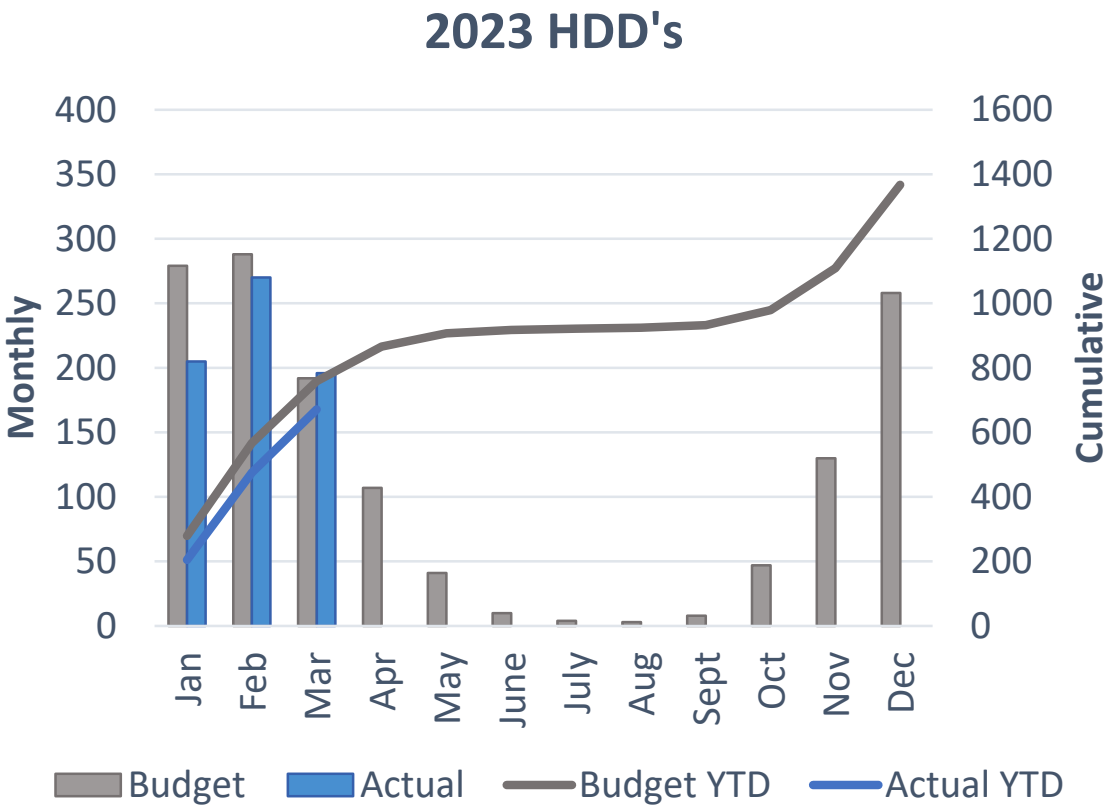
Notes

1 2021 - PPP loan forgiveness of \$1.79M



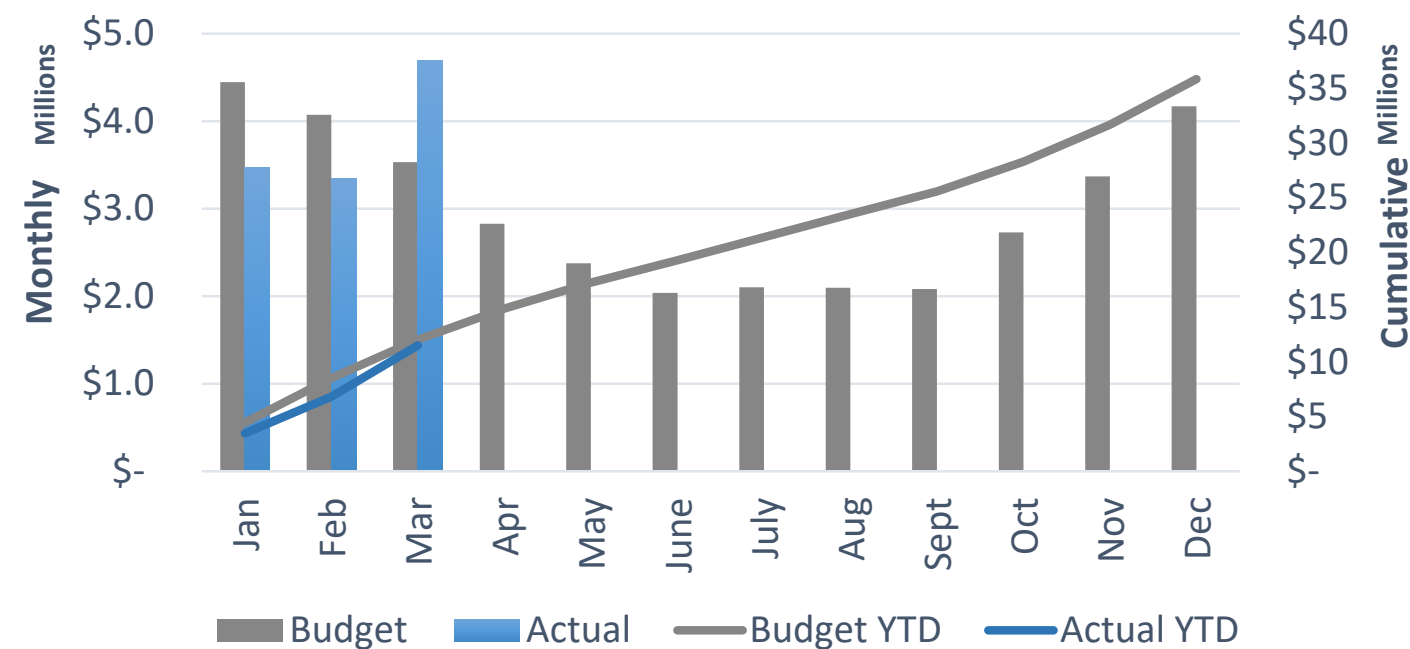
2023 Q1 Financial Highlights

2023 Budget to Actual: Heating Degree Days

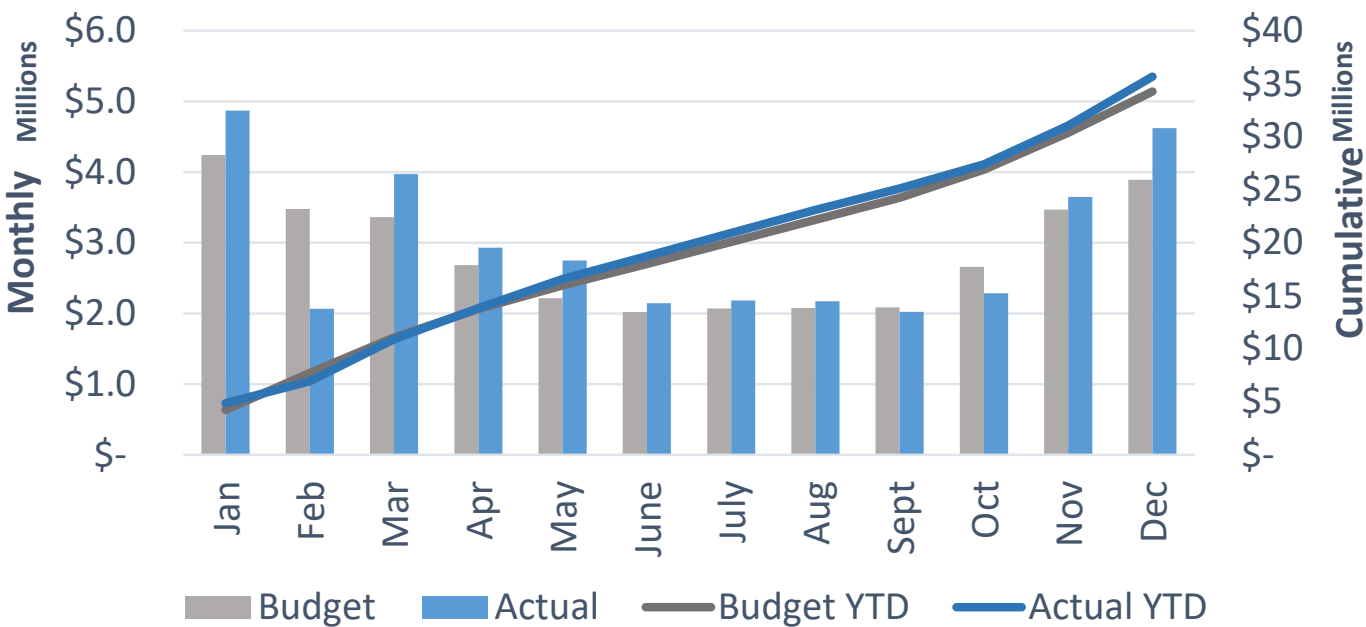


2023 Budget to Actual: Revenue

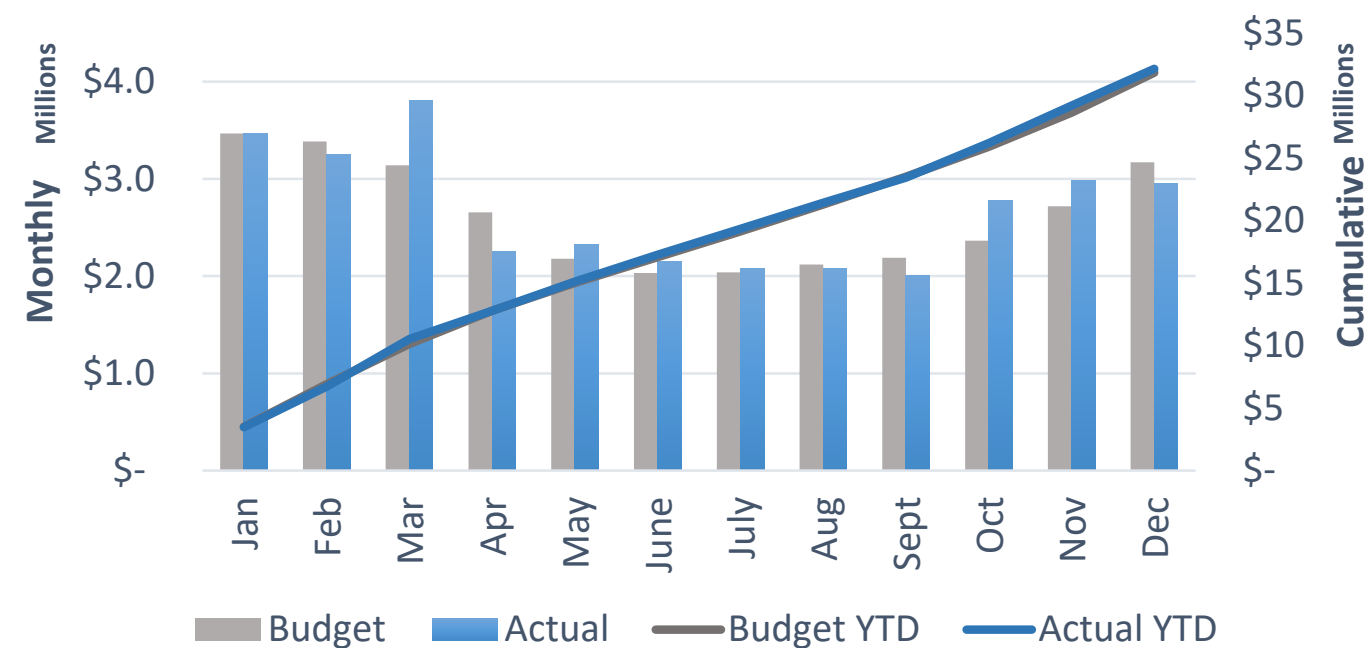
2023 Revenue



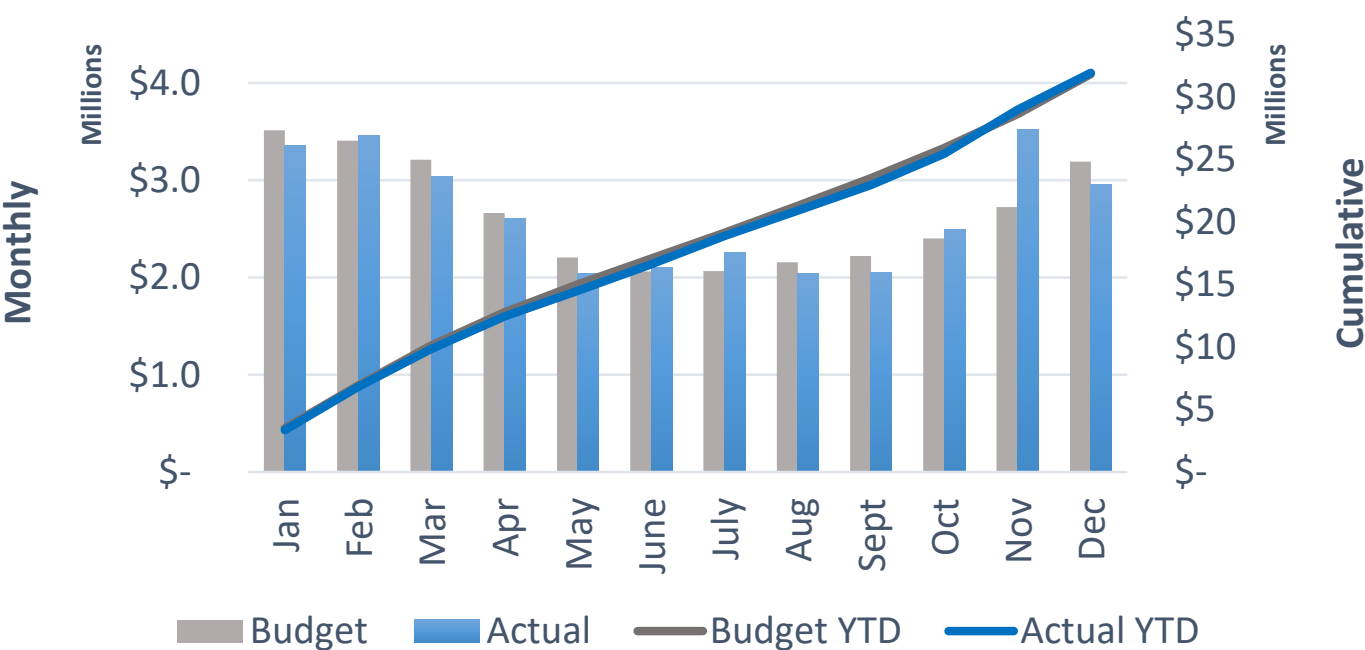
2022 Revenue



2021 Revenue



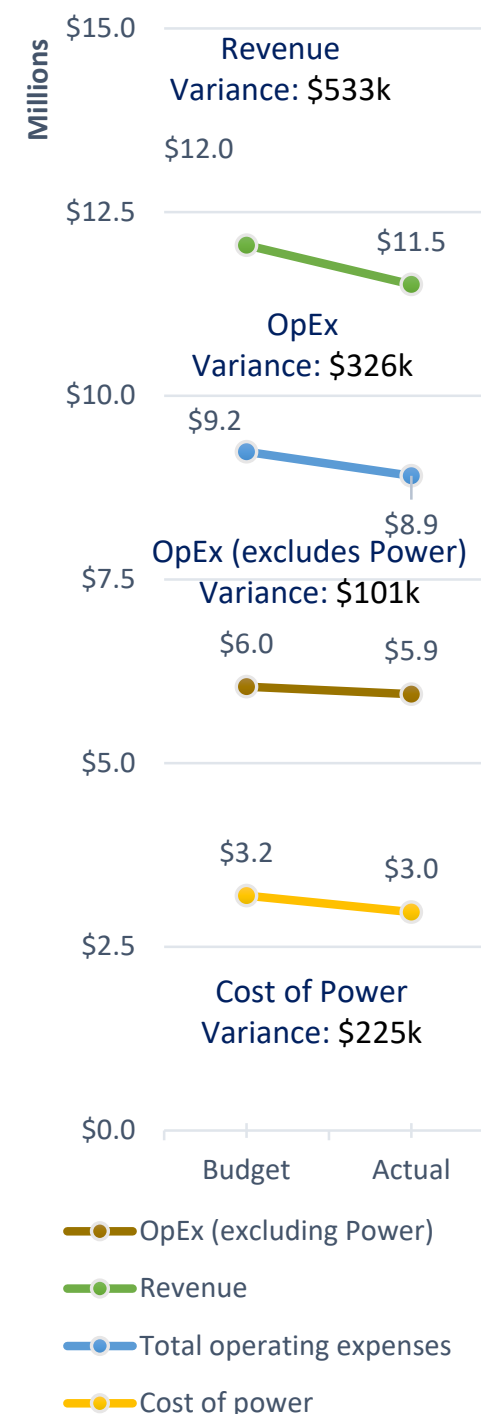
2020 Revenue



* Revenue net of ECA

2023 Q1 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2021	B. Unaudited Year End 12/31/2022	C. Budget Year End 12/31/2023	D. Budget Period End 3/31/2023	E. Actual Period End 3/31/2023	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 25,597,555	\$ 26,565,416	\$ 26,438,064	\$ 8,901,948	\$ 8,809,451	(92,497)
3 Commercial	7,880,616	8,841,060	9,136,502	3,075,887	2,628,182	(447,705)
4 Other						
5 Penalties and fees	59,492	213,648	212,557	56,894	63,348	6,454
6 Other	61,697	59,501	55,023	13,851	14,831	980
7 Total operating revenue	33,599,361	35,679,624	35,842,146	12,048,580	11,515,812	(532,768)
9 OPERATING EXPENSES						
10 Cost of power	9,934,871	9,756,442	9,631,310	3,197,041	2,972,295	(224,746)
11 Transmission	402,069	730,538	561,801	437,419	720,581	283,162
12 Distribution - operations	3,625,309	3,900,840	3,888,958	1,073,548	1,042,583	(30,965)
13 Distribution - maintenance	2,564,054	3,107,333	3,329,063	948,908	776,044	(172,864)
14 Consumer accounts	1,093,181	1,113,268	1,197,992	309,749	305,844	(3,905)
16 General and administration						
17 Administration	4,057,726	4,316,867	5,095,737	1,292,201	1,167,037	(125,164)
18 Energy services	200,205	239,843	228,109	51,863	101,653	49,790
19 Subsidiary charges (RIC network mgt services)	92,062	92,039	99,420	24,855	22,997	(1,858)
20 Total general and administration	4,349,993	4,648,749	5,423,266	1,368,920	1,291,687	(77,233)
22 Depreciation and amortization	5,047,791	5,416,108	5,540,419	1,393,102	1,328,312	(64,790)
23 Taxes	1,502,418	1,629,555	1,663,434	508,756	474,072	(34,684)
25 Total operating expenses	28,519,686	30,302,833	31,236,243	9,237,442	8,911,417	(326,024)
27 Operating margins before fixed charges	5,079,674	5,376,791	4,605,903	2,811,138	2,604,394	(206,744)
29 FIXED CHARGES						
30 Interest on long-term debt	1,932,928	1,958,757	2,017,820	504,455	450,070	(54,385)
32 Operating margins after fixed charges	3,146,747	3,418,035	2,588,083	2,306,683	2,154,324	(152,359)
34 PATRONAGE CAPITAL CREDITS	135,327	130,840	141,902	49,666	14,597	(35,069)
36 Net operating margins	3,282,073	3,548,875	2,729,985	2,356,349	2,168,921	(187,428)
38 NON-OPERATING MARGINS						
39 Interest income	69,515	260,916	200,835	50,209	113,287	63,078
40 Other income (loss)	1,799,001	(11,287)	66,709	16,893	(19,365)	(36,258)
41 Total Opalco non-operating margins	1,868,516	249,629	267,544	67,101	93,922	26,821
43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,516	79,572	79,582	19,895	19,885	(10)
45 Other income (use of OPALCO backbone)	109,740	109,740	109,740	27,435	27,435	-
46 Total non-operating margins from Subsidiary	189,256	189,312	189,322	47,330	47,320	(10)
48 Net non-operating margins	2,057,772	438,941	456,866	114,432	141,243	26,811
50 NET MARGINS	\$ 5,339,845	\$ 3,987,816	\$ 3,186,851	\$ 2,470,781	\$ 2,310,163	(160,617)
51						
52 OTIER	2.62	2.75	2.31	5.54	5.54	0.01
53 TIER	3.63	2.97	2.53	5.76	5.84	0.08
54 Equity % of Total Cap	39.3%	40.0%	39.7%	42.2%	41.6%	-0.6%

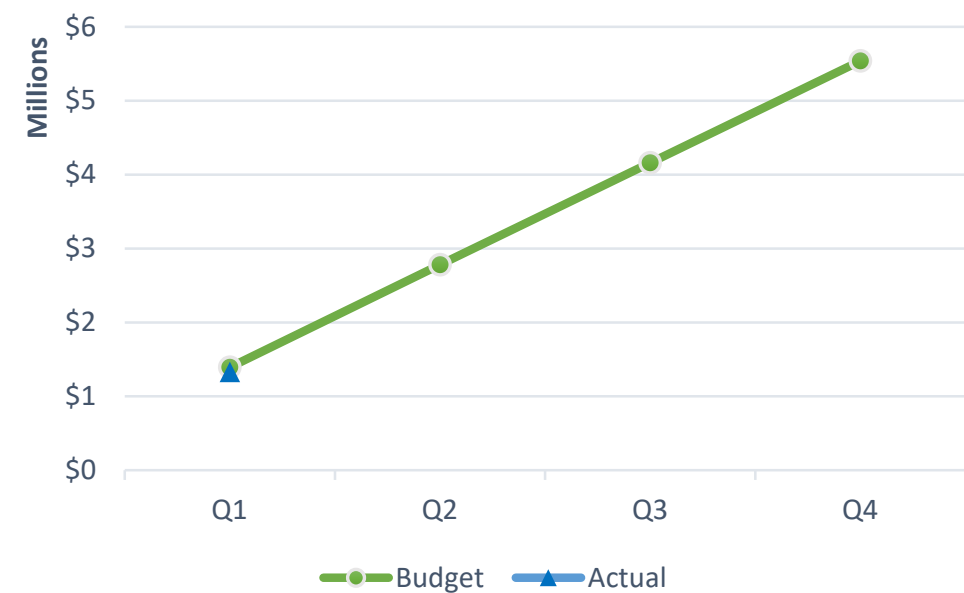


Notes:

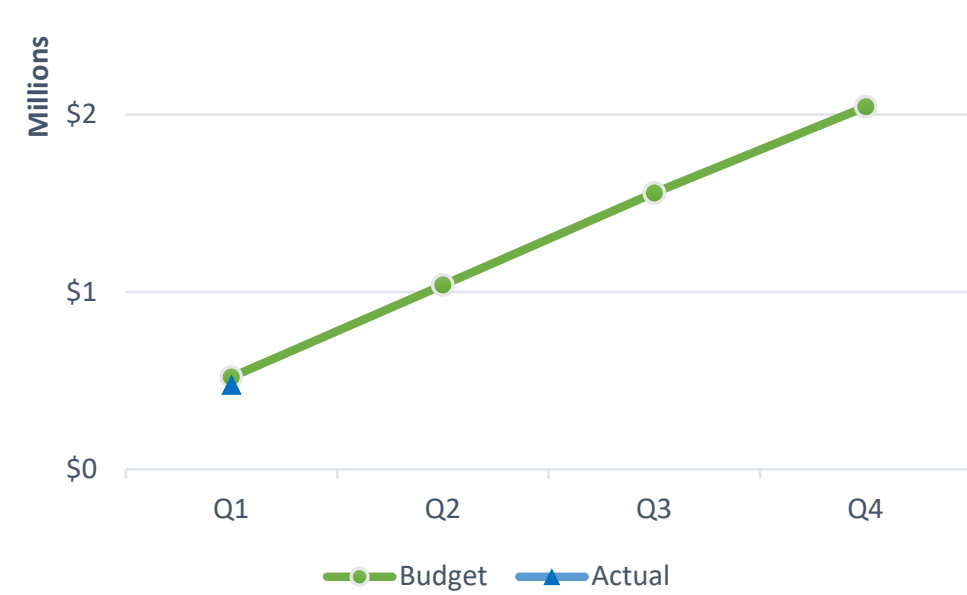
- Through Q1 the ECA returned a net \$454k to the membership
Note: Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$253k in January 2023, related to the calculation based on December 2022 factors. The ECA credit is partially driven by BPA dividend credits (of \$426k in Q1) included in, and artificially reducing Cost of Power.
- Transmission Expense came in at \$721k (\$283k increase) due to increased ROW clearing contracting expense in Q1 carried over from delay in 2022 Q4, offset in line 12 and 13 Distributions operations and maintenance.
- Net Operating Margin: \$2.2M (\$187k decrease)
- Net Margin: \$2.31M (\$161k decrease)

2023 Q1 Budget to Actual: Financial Metrics

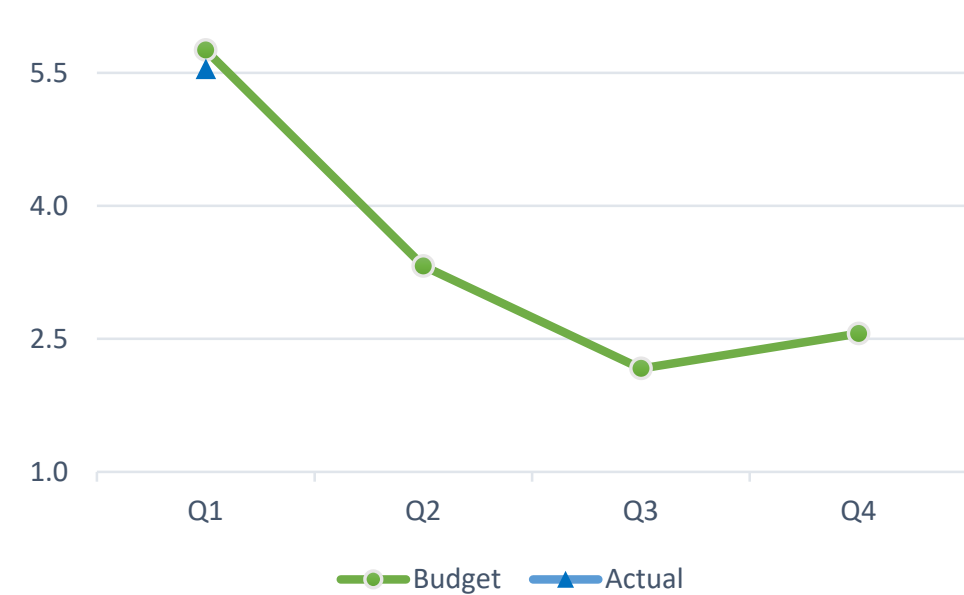
Depreciation & Amortization



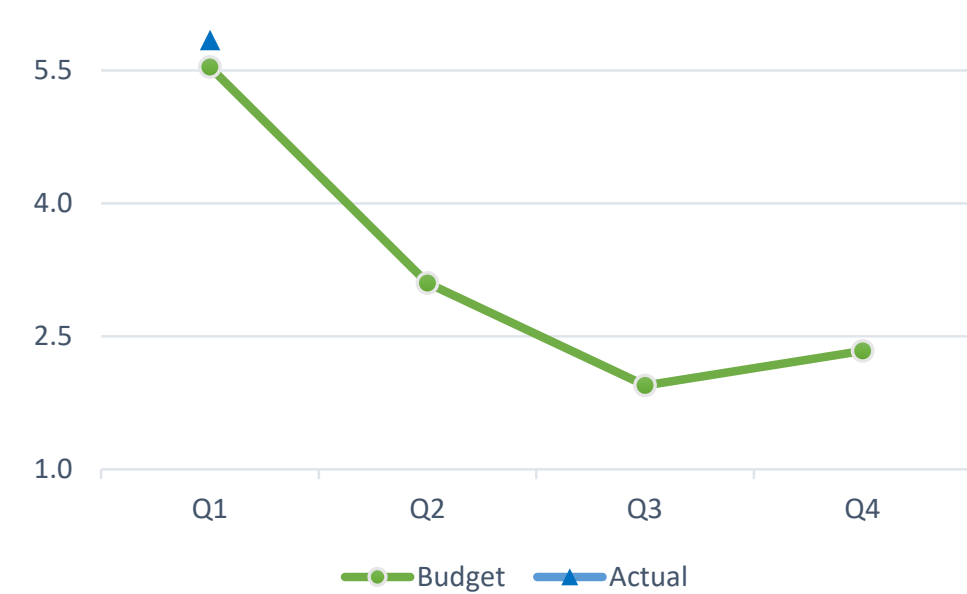
Interest



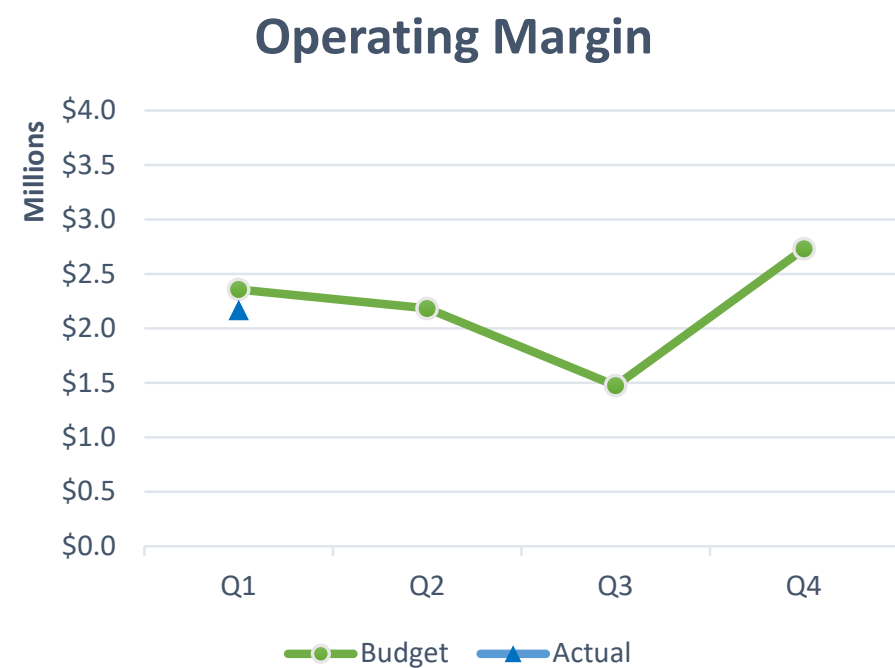
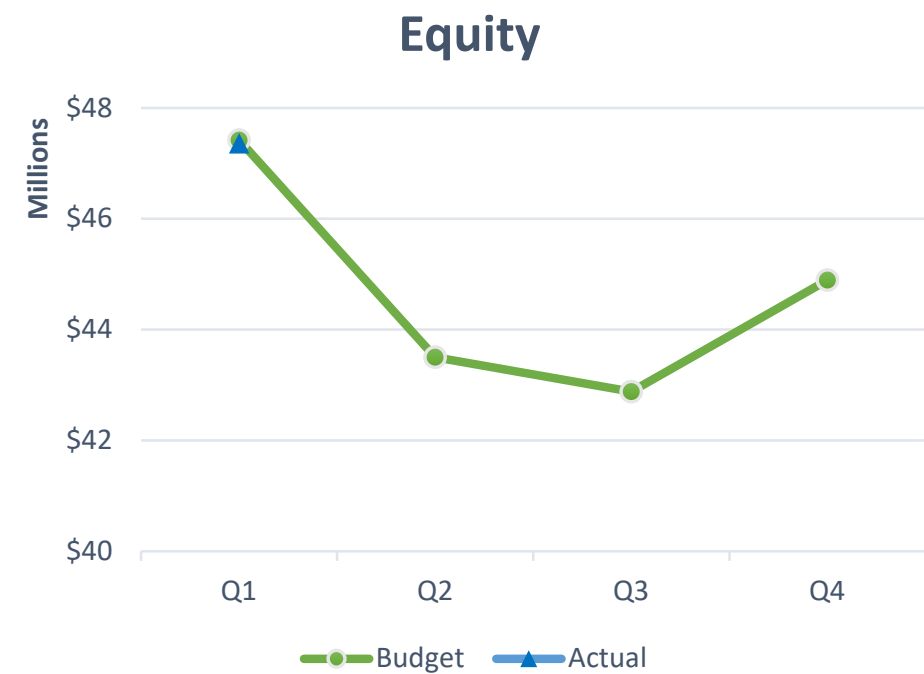
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2023 Q1 Budget to Actual: Financial Metrics



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2021	B. Unaudited Year End 12/31/2022	C. Budget Year End 12/31/2023	D. Budget Period End 3/31/2023	E. Actual Period End 3/31/2023	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 25,597,555	\$ 26,565,416	\$ 26,438,064	\$ 8,901,948	\$ 8,809,451	(92,497)
3 Commercial	7,880,616	8,841,060	9,136,502	3,075,887	2,628,182	(447,705)
4 Other						
5 Penalties and fees	59,492	213,648	212,557	56,894	63,348	6,454
6 Other	61,697	59,501	55,023	13,851	14,831	980
7 Total operating revenue	33,599,361	35,679,624	35,842,146	12,048,580	11,515,812	(532,768)
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9 OPERATING EXPENSES						
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15						
16 General and administration						
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19 Subsidiary charges (RIC network mgt services)	92,062	92,039	99,420	24,855	22,997	(1,858)
20 Total general and administration	4,349,993	4,648,749	5,423,266	1,368,920	1,291,687	(77,233)
21						
22 Depreciation and amortization	5,047,791	5,416,108	5,540,419	1,393,102	1,328,312	(64,790)
23 Taxes	1,502,418	1,629,555	1,663,434	508,756	474,072	(34,684)
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25 Total operating expenses	28,519,686	30,302,833	31,236,243	9,237,442	8,911,417	(326,024)
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29 FIXED CHARGES						
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36 Net operating margins	3,282,073	3,548,875	2,729,985	2,356,349	2,168,921	(187,428)
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46 Total non-operating margins from Subsidiary	189,256	189,312	189,322	47,330	47,320	(10)
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48 Net non-operating margins	2,057,772	438,941	456,866	114,432	141,243	26,811
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50 NET MARGINS	\$ 5,339,845	\$ 3,987,816	\$ 3,186,851	\$ 2,470,781	\$ 2,310,163	(160,617)
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52 OTIER	2.62	2.75	2.31	5.54	5.54	0.01
53 TIER	3.63	2.97	2.53	5.76	5.84	0.08
54 Equity % of Total Cap	39.3%	40.0%	39.7%	42.2%	41.6%	-0.6%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.		
		Budget Period End 3/31/2023	Actual Period End 3/31/2023	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)		
1	I OPERATING REVENUES	12,048,580	11,515,812	(532,768)			
2							
3						Budget	Actual
4					HDD	759	671
5	Operating Revenue - Line 7 Detail Breakout:				kWh Sales	70,200	72,361
6	Residential Sales	8,901,948	8,809,451	(92,497)			
7	Commercial Sales	3,075,887	2,628,182	(447,705)			
8							(kWh in thousands)
9	Other Operating Revenue						
10	Penalties and Fees	(56,894)	(63,348)	(6,454)			
11	Other	(13,851)	(14,831)	(980)			
12	TOTAL OPERATING REVENUES	12,048,580	11,515,812	(532,768)	kWh sales higher than budget, sales reduced by large ECA credits in Q1, partially driven by artificialy low cost of power (see row 17).		
13							
14							
15	II OPERATING EXPENSES	9,237,442	8,911,417	(326,024)	Overall Increase in operating expenses		
16							
17	Cost of Power - Line 10	3,197,041	2,972,295	(224,746)	Decrease in expense - higher kWh purchases than budget offset by BPA dividend credits (approx \$426k)		
18						Budget	Actual
19					kWh Purchases	74,760	78,085
20							(kWh in thousands)
21	Transmission - Line 11 Detail Breakout:	437,419	720,581	283,162	Increase in expense - increased ROW clearing contracting expense in Q1 carried over from delay in 2022 Q4, offset in line 12 and 13 Distribution and Maintenance Expenses		
22							
23	Distribution - Operations - Line 12 Detail Breakout:	1,073,548	1,042,583	(30,965)	Decrease in expense - offset in Line 11 Transmission Exp		
24							
25	Distribution - Maintenance - Line 13 Detail Breakout:	948,908	776,044	(172,864)	Decrease in expense - offset in line 11 Transmission Exp		
26							
27	Consumer accounts - Line 14 Detail Breakout:	309,749	305,844	(3,905)	Decrease in expense -		
28							
29	Total General and Administrative (G&A):						
30							
31	Administration G&A - Line 17 Detail Breakout:	1,292,201	1,167,037	(125,164)	Decrease in expense -		
32							
33	Energy Services G&A - Line 18	51,863	101,653	49,790	Increase in expense - delay in EEI reimbursements, \$48k posted in		
34							
35	Subsidiary Charges G&A - Line 19	24,855	22,997	(1,858)	Decrease in expense		
36							
37	Total General and Administrative (G&A)	1,368,920	1,291,687	(77,233)	Overall decrease in expense		
38							
39	Deprec. & Amort. - Line 22	1,393,102	1,328,312	(64,790)	Decrease 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	
		3/31/2023	3/31/2023	(B - A)	Comments: Budget To Actual (Column C.)
40					
41	Taxes - Line 23	508,756	474,072	(34,684)	Decrease in expense -
42					
43	TOTAL OPERATING EXPENSES	9,237,442	8,911,417	(326,024)	Overall increase in expense
44					
45					
46	III FIXED CHARGES - Interest Expense - Line 30	504,455	450,070	(54,385)	Decrease in expense -
47					
48	IV PATRONAGE CAPITAL CREDITS (Income) - Line 34	49,666	14,597	(35,069)	Decrease in income - received from associated cooperatives
49					
50	TOTAL NET OPERATING MARGINS	2,356,349	2,168,921	(187,428)	Decrease in margin
51					
52	V NON-OPERATING MARGINS	114,432	141,243	26,811	Increase in margin
60					
61	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	2,470,781	2,310,163	(160,617)	Decrease in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Unaudited Year End 12/31/2022	D. Actual Period End 3/31/2023	E. Change (D - C)
1 ASSETS					
2					
3 UTILITY PLANT, at cost					
4 Electric plant in service	\$ 148,966,539	\$ 156,749,824	\$ 159,009,290	\$ 160,507,252	1,497,962
5 Construction work in progress	6,633,154	4,342,145	9,984,056	9,842,124	(141,932)
6					
7	155,599,693	161,091,969	168,993,346	170,349,376	1,356,030
8 Less accumulated depreciation and amortization	58,016,597	62,700,104	67,446,380	68,744,570	1,298,190
9					
10 Net utility plant	97,583,096	98,391,865	101,546,966	101,604,806	57,840
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,866,511	1,452,951	1,539,530	1,549,918	10,388
14 Non-utility investment subsidiary (Note 1)	(10,664,353)	(11,093,287)	(11,173,486)	(11,097,618)	75,868
15 Total investments in associated organizations	(8,797,842)	(9,640,336)	(9,633,956)	(9,547,700)	86,256
16					
17 Other property and investments	(8,797,842)	(9,640,336)	(9,633,956)	(9,547,700)	86,256
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	6,475,385	9,509,141	9,697,635	10,020,647	323,012
21 Cash and cash equivalents - board designated	6,376,649	3,081,838	1,002,529	1,016,358	13,829
22 Accounts receivable, less doubtful accts allowance	4,286,644	5,561,142	6,240,612	6,201,559	(39,053)
23 Interest receivable	6,240	6,800	55,550	25,430	(30,120)
24 Materials and supplies	3,460,300	4,122,049	3,766,502	3,971,262	204,760
25 Prepaid expenses	491,537	490,688	733,743	500,960	(232,783)
26					
27 Total current assets	21,096,755	22,771,658	21,496,571	21,736,216	239,645
28					
29 DEFERRED CHARGES (Note 2)	1,110,562	1,518,849	4,501,196	5,739,982	1,238,786
30					
29 Total assets	\$ 110,992,571	\$ 113,042,036	\$ 117,910,777	\$ 119,533,304	\$ 1,622,527

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Unaudited Year End 12/31/2022	D. Actual Period End 3/31/2023	E. Change (D - C)
30					
31	EQUITIES, MARGINS, AND LIABILITIES				
32					
33	EQUITIES AND MARGINS				
34	Memberships	\$ 57,595	\$ 58,225	\$ 58,380	\$ 58,365 (15)
35	Patronage capital - OPALCO	43,510,710	47,343,880	47,684,660	49,815,222 2,130,562
36	Donated and other equities				
37	OPALCO donated & other margins	7,570,208	7,957,308	10,558,452	10,720,773 162,321
38	Subsidiary margins	(12,797,590)	(13,229,021)	(13,311,620)	(13,232,741) 78,879
39					
40	Total equities and margins	38,340,923	42,130,392	44,989,872	47,361,619 2,371,747
41					
42	LONG-TERM DEBT, less current maturities				
43	RUS mortgage notes (Note 3)	58,777,608	57,527,604	60,293,610	59,346,547 (947,063)
44	RUS economic development	-	-	-	- -
45	CFC mortgage notes	7,747,858	7,454,617	7,149,506	7,071,354 (78,152)
46					
47	Total long-term debt	66,525,466	64,982,221	67,443,116	66,417,901 (1,025,215)
48					
49	OTHER NONCURRENT LIABILITIES (Note 4)				
50		1,791,521	-	11,885	15,885 4,000
51	Total long-term liabilities	68,316,987	64,982,221	67,455,001	66,433,786 (1,021,215)
52					
53	CURRENT LIABILITIES				
54	Accounts payable	1,498,762	2,011,153	1,896,315	1,917,662 21,347
55	Customer deposits	72,900	51,606	70,129	68,709 (1,420)
56	Accrued liabilities	840,582	1,418,657	1,461,254	1,229,860 (231,394)
57	Current maturities of long-term debt	1,540,751	2,092,617	1,739,499	2,203,721 464,222
58	Current maturities capital leases	18,057	1,505	-	- -
59					
60	Total current liabilities	3,971,052	5,575,538	5,167,197	5,419,952 252,755
61					
62	DEFERRED CREDITS				
63		363,609	353,885	298,707	317,947 19,240
64	Total equities and liabilities	\$ 110,992,571	\$ 113,042,036	\$ 117,910,777	\$ 119,533,304 \$ 1,622,527
65					
66	Note:				
67	1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,135,124) less IN LLC's cumulative net deficit of (\$13,232,741) seen in 'equities & margins'.				
68	2 Member Switch-It-Up On Bill Financing (OBF) Long Term Receivables				
69	3 Includes RESP borrowing				
70	4 Includes 457(f) plan				

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
GAAP

		A. Audited Year End 12/31/2021	B. Unaudited Year End 12/31/2022	C. Actual Period End 3/31/2023
1	CASH FLOWS FROM OPERATING ACTIVITIES			
2	Net margins	\$ 3,872,388	\$ 3,987,816	\$ 2,310,163
3	Adjustments to reconcile net margin to cash			
4	from operating activities			
5	Depreciation and amortization	5,047,791	5,416,108	1,328,312
6	Changes in assets and liabilities			
7	Accounts receivable	192,959	(679,470)	39,053
8	Interest receivable	(560)	(48,750)	30,120
9	Prepaid expenses	851	(243,056)	232,780
10	Accounts payable	512,391	(114,837)	21,348
11	Customer deposits	(21,294)	18,523	(1,420)
12	Accrued liabilities	578,074	42,596	(231,394)
13	Deferred credits	(9,724)	(55,179)	19,240
14	Deferred Charges	(408,287)	(2,982,347)	(1,238,786)
14	Net cash from operating activities	9,764,589	5,341,404	2,509,416
15				
16	CASH FLOWS FROM INVESTING ACTIVITIES			
17	Additions to utility plant, net	(6,941,645)	(10,287,226)	(1,655,232)
18	Reduction to non-utility plant (Island Network transition)	-	-	-
18	Change in materials and supplies	(661,749)	355,547	(204,760)
19	(Increase) decrease in investment in Subsidiary	428,934	80,199	(75,868)
20	(Increase) decrease in other OPALCO property and investments, net	413,560	(86,579)	(10,388)
21				
22	Net cash from investing activities	(6,760,900)	(9,938,059)	(1,946,248)
23	CASH FLOWS FROM FINANCING ACTIVITIES			
24	Payments on long-term debt, net	(3,399,451)	(2,521,842)	(556,993)
25	Proceeds from debt (Note 1)	600,000	4,640,000	-
26	Memberships	630	155	(15)
27	Retirements of patronage capital, net	(1,119,575)	(1,045,891)	(17,280)
28	Change in subsidiary equities	(431,431)	(82,599)	78,879
29	Contributions in aid of construction	1,085,085	1,716,016	269,080
30	Net cash from financing activities	(3,264,742)	2,705,839	(226,329)
31	NET CHANGE IN CASH	(261,053)	(1,890,816)	336,839
32	CASH AND CASH EQUIVALENTS, beginning of year/period	12,852,034	12,590,981	10,700,165
33	CASH AND CASH EQUIVALENTS, end of year/period	12,590,981	10,700,165	11,037,004
34	SUPPLEMENTAL DISCLOSURES			
35	Cash paid for interest	\$ 1,594,095	\$ 2,458,019	\$ 477,215
36	OUTSTANDING DEBT BALANCE	(67,076,343)	(69,194,501)	(68,637,507)
37	Notes:			
38	1 Budgeted FFB borrowings to be taken upon loan finalization with RUS, RESP borrowings in Q2			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

Note: All numbers in thousands		A. Audited Year-End 12/31/2021	B. Unaudited Year-End 12/31/2022	C. Approved Budget 3/31/2023	D. Actual Period-End 3/31/2023	E. Budget Variance (D - C)	F. Comments
1	% Rate Increase	0%	0%	6%	6%		
2	OPERATING ACTIVITIES:						
3	Margins	\$ 3,900	\$ 4,000	\$ 2,500	\$ 2,300	\$ (200)	
4	Plus depreciation/amortization	5,000	5,400	1,400	1,300	(100)	
5	Cash flow operations	8,900	9,400	3,900	3,600	(300)	
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(6,200)	(8,900)	(1,300)	(1,500)	(200)	
9	Cash flow from operations and plant investment	2,700	500	2,600	2,100	(500)	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,100)	(1,190)	(30)	(20)	10	
12	Cash flow before borrowings	1,600	(690)	2,570	2,080	(490)	
13							
14	NET BORROWINGS	(2,800)	2,100	1,130	(600)	(1,730)	budgeted borrowings delayed to Q2 for RESP & awaiting contract finalization from RUS on FFB loan facility
15	Cash increase (decrease) after net borrowings	\$ (1,200)	\$ 1,410	\$ 3,700	\$ 1,480	\$ (2,220)	
16							
17							
18	OUTSTANDING DEBT BALANCE	67,080	69,200	68,200	68,640	440	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	F.	Comments
RUS CWP DESCRIPTION			Audited Year End 12/31/2021	Audited Year End 12/31/2022	Budget Year End 12/31/2023	Budget Period End 3/31/2023	Actual Period End 3/31/2023	Budget Variance (E- D)	
1	DISTRIBUTION								
2	100	New Services	\$ 684,462	\$ 683,235	\$ 797,000	\$ 199,250	\$ 173,453	\$ (25,797)	Member request for overhead to underground (Offset to Line 38)
3	200	New Tie Lines	24,576	19,467	20,000	20,000	54,958	34,958	
4	300	Conversions and Line Changes	1,326,787	1,407,717	910,000	100,000	90,820	(9,180)	
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	351,612	1,980,169	4,800,000	300,000	268,338	(31,662)	
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	911,137	928,653	1,232,000	75,000	46,688	(28,312)	Delays in transformer arrivals
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603	Sectionalizing Equipment	200,825	153,382	695,000	-	1,183	1,183	
11	604	Regulators	211,038	-	-	-	-	-	
12	606	Ordinary Replacements	311,213	370,825	400,000	15,000	4,020	(10,980)	
13	607	Overhead to Underground Replacements	47,006	109,820	300,000	5,000	3,232	(1,768)	
14	608	Underground Dist. Cable Replacement	2,288,599	3,236,205	2,270,000	500,000	491,342	(8,658)	
15	700	Other Distribution Items							
16	701	Engineering Fees	-	-	-	-	-	-	
17	704	LMS & SCADA	205,671	110,941	135,000	75,000	58,352	(16,648)	
18	705	AMR	-	-	-	-	-	-	
19	706	Communications	52,598	252,059	205,000	175,000	167,348	(7,652)	
20	TRANSMISSION								
21	800	New Tie Line	-	-	-	-	-	-	
22	900	New Substations, switching station, metering point, etc.	16,293	10,049	-	-	-	-	
23	1000	Line and Station Changes	42,518	639,300	700,000	10,000	184,349	174,349	ROW Road access for upcoming pole projects previously scheduled for Q2
24	1100	Other Transmission	-	-	-	-	-	-	
25	GENERATION								
26	1200	Generation	4,332	119,474	225,000	15,000	37,716	22,716	
27	OTHER								
28	1300	Headquarters Facilities	242,768	96,809	420,000	-	-	-	
29	1400	Acquisitions	-	-	50,000	-	-	-	
30	1500	All Other (Transportation, Etc.)							
31	1501	Transportation/Equipment/Tools/Radios	230,217	264,227	798,000	35,000	28,891	(6,109)	
32	1502	Office Equipment/Furniture/Etc.	27,088	8,156	11,000	5,000	-	(5,000)	
33	1503	Computer/Servers/Software	185,732	156,812	100,000	80,000	43,450	(36,550)	Equipment selection for substaiton cameras delayed deployment
34	1504	Electrical Infrastructure to Support Community Solar	111,711	29,878	7,500,000	25,000	20,314	(4,686)	
35	1600	Minor Projects	77,111	68,327	184,000	50,000	67,513	17,513	
36	RUS CWP SUBTOTAL		7,553,295	10,645,505	21,752,000	1,684,250	1,741,966	57,716	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
38		New Services	(607,103)	(516,683)	(686,000)	(171,500)	(94,264)	77,236	Offset to Line 2 - New Services
39		Meters and Transformers	(378,177)	(375,080)	(432,000)	(108,000)	(74,816)	33,184	Offset to Line 8 Transformers & Meters
40		Joint Projects	(204,987)	(214,254)	(71,000)	(17,750)	-	17,750	Offset to Lines 3, 4, 14 and 35
41		WA DOC Grant Funding	(120,000)	(560,000)	(3,000,000)	(100,000)	(100,000)	-	
42		Community Solar Member Contributions	-	(50,000)	(6,500,000)	-	-	-	
43	CIAC SUBTOTAL		(1,310,268)	(1,716,016)	(10,689,000)	(397,250)	(269,080)	128,170	
44									
45	RUS CWP NET TOTAL		6,243,027	8,929,489	11,063,000	1,287,000	1,472,886	185,886	

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7
STATEMENT OF OPERATIONS

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.				
UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION WA0009		
		PERIOD ENDED March '23		
		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><div></div><div>Date</div></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	10,911,368	11,515,812	12,048,580	4,695,265
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	3,319,253	2,972,295	3,197,041	834,846
4. Transmission Expense	48,286	720,581	437,419	141,170
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,088,010	1,042,583	1,073,548	335,059
7. Distribution Expense - Maintenance	663,334	776,044	948,908	282,178
8. Customer Accounts Expense	295,199	305,844	309,749	107,729
9. Customer Service and Informational Expense	84,285	147,355	84,655	65,648
10. Sales Expense	14,087	14,014	16,305	5,003
11. Administrative and General Expense	1,041,482	1,130,318	1,267,960	376,729
12. Total Operation & Maintenance Expense (2 thru 11)	6,553,936	7,109,033	7,335,584	2,148,362
13. Depreciation and Amortization Expense	1,366,945	1,328,312	1,393,102	432,540
14. Tax Expense - Property & Gross Receipts	80,314	70,268	86,739	22,222
15. Tax Expense - Other	419,197	403,805	422,017	138,540
16. Interest on Long-Term Debt	486,869	477,215	519,455	157,215
17. Interest Charged to Construction - Credit	(4,202)	(27,145)	(15,000)	(745)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	8,903,059	9,361,488	9,741,897	2,898,134
21. Patronage Capital & Operating Margins (1 minus 20)	2,008,309	2,154,324	2,306,683	1,797,131
22. Non Operating Margins - Interest	43,986	133,173	70,104	65,010
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	27,484	8,070	44,328	(11,823)
26. Generation and Transmission Capital Credits	-		-	-
27. Other Capital Credits and Patronage Dividends	39,403	14,597	49,666	14,597
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,119,182	2,310,163	2,470,781	1,864,915

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 '23		
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)				
<div>CERTIFICATION</div> <div>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.</div> <div>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.</div> <div>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</div> <div>(check one of the following)</div>				
<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>_____</div> <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	10,911,368	11,515,812	12,048,580	4,695,265
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	3,319,253	2,972,295	3,197,041	834,846
4. Transmission Expense	48,286	720,581	437,419	141,170
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,088,010	1,042,583	1,073,548	335,059
7. Distribution Expense - Maintenance	663,334	776,044	948,908	282,178
8. Customer Accounts Expense	295,199	305,844	309,749	107,729
9. Customer Service and Informational Expense	84,285	147,355	84,655	65,648
10. Sales Expense	14,087	14,014	16,305	5,003
11. Administrative and General Expense	1,041,482	1,130,318	1,267,960	376,729
12. Total Operation & Maintenance Expense (2 thru 11)	6,553,936	7,109,033	7,335,584	2,148,362
13. Depreciation and Amortization Expense	1,366,945	1,328,312	1,393,102	432,540
14. Tax Expense - Property & Gross Receipts	80,314	70,268	86,739	22,222
15. Tax Expense - Other	419,197	403,805	422,017	138,540
16. Interest on Long-Term Debt	486,869	477,215	519,455	157,215
17. Interest Charged to Construction - Credit	(4,202)	(27,145)	(15,000)	(745)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	8,903,059	9,361,488	9,741,897	2,898,134
21. Patronage Capital & Operating Margins (1 minus 20)	2,008,309	2,154,324	2,306,683	1,797,131
22. Non Operating Margins - Interest	43,986	133,173	70,104	65,010
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	27,484	8,070	44,328	(11,823)
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	39,403	14,597	49,666	14,597
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,119,182	2,310,163	2,470,781	1,864,915