

Orcas Power and Light Cooperative  
2023 Q3 Financial Report





MEMORANDUM

November 16, 2023

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2023 Third Quarter Financial Report

The 2023 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) returned a net \$649k to the membership through Q3 2023. This is driven by a combination of higher kWh sales, lower power costs than budgeted due to BPA dividend credits that were included through April'23 and an ECA credit of ~\$250k in January, related to a kWh sales spike in December of 2022. The board approved, at the May 2023 regular meeting, a prospective adjustment to the Tariff ECA calculation which became effective as of the date of the board action, May 18th, 2023. The calculation now excludes the Bonneville Power Administrations' provision known as the Reserves Distribution Clause (RDC) from the total purchased cost of power. Overall operating revenue was higher than budget with kWh sales coming in slightly over budget.

The table below presents the projection of full-year 2023 financial results using actuals from Q3 and budget projections for future months.

Income Statement Summary (in thousands)	2023 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 35,809	\$ 36,915	\$ 1,106
ECA Surcharge / (Credit)*	\$ -	\$ (604)	\$ (604)
Revenue	\$ 35,809	\$ 36,311	\$ 502
Expenses:			
Cost of Purchased Power	\$ 9,631	\$ 8,887	\$ (744)
Transmission & Distribution Expense	7,780	8,831	1,051
General & Administrative Expense	6,621	6,068	(553)
Depreciation, Tax, Interest & Other	9,537	9,531	(6)
Total Expenses	33,236	33,317	(252)
Operating Margin	2,730	3,737	1,007
Non-op margin	457	743	286
Net Margin*	\$ 3,187	\$ 4,480	1,293
OTIER	2.31	2.90	0.59
TIER	2.53	3.28	0.75
Equity %	39.7%	41.3%	1.6%
HDD	1,367	1,250	(117)
kWh Purchases	222,000	227,956	5,956
kWh Sales	208,700	211,276	2,576

\* The ECA returned \$604k to members through Oct 2023. The credit is partially driven by BPA dividend credits (of \$426k in Q1) included in, and artificially reducing Cost of Power.

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~12% below budgeted levels (actual of 816 vs. budget of 932). Overall kWh sales were ~4.5M kWh above budget (153.2M vs. budget of 148.7M).
- 2023 power purchases were \$976k lower than budgeted due to a combination of higher overall kWh purchases offset by large BPA dividend credits of approx. \$1.36M. Actual kWh purchases were 5.2M kWh above budget (163.5M vs. budget of 158.3M).
- Excluding purchased power, 2023 operating expenses were approximately \$335k over budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- For Q3, Transmission Expense came in at \$1.2M (\$677k over budget) due to increased ROW clearing contracting expense through Q3 carried over from delay in Q4 of 2022.
- The ECA for 2023 was a net credit to members (and decrease to operating revenue) of \$649k, or \$24.32 for a member using 1000 kWh/month. This was partially driven by BPA dividend credits that were included in the calculation through April 2023 of \$543k. The board approved, at the May 2023 regular meeting, a prospective adjustment to the Tariff ECA calculation which became effective as of the date of the board action, May 18th, 2023. The calculation now excludes the Bonneville Power Administrations' provision known as the Reserves Distribution Clause (RDC) from the total purchased cost of power.
- 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

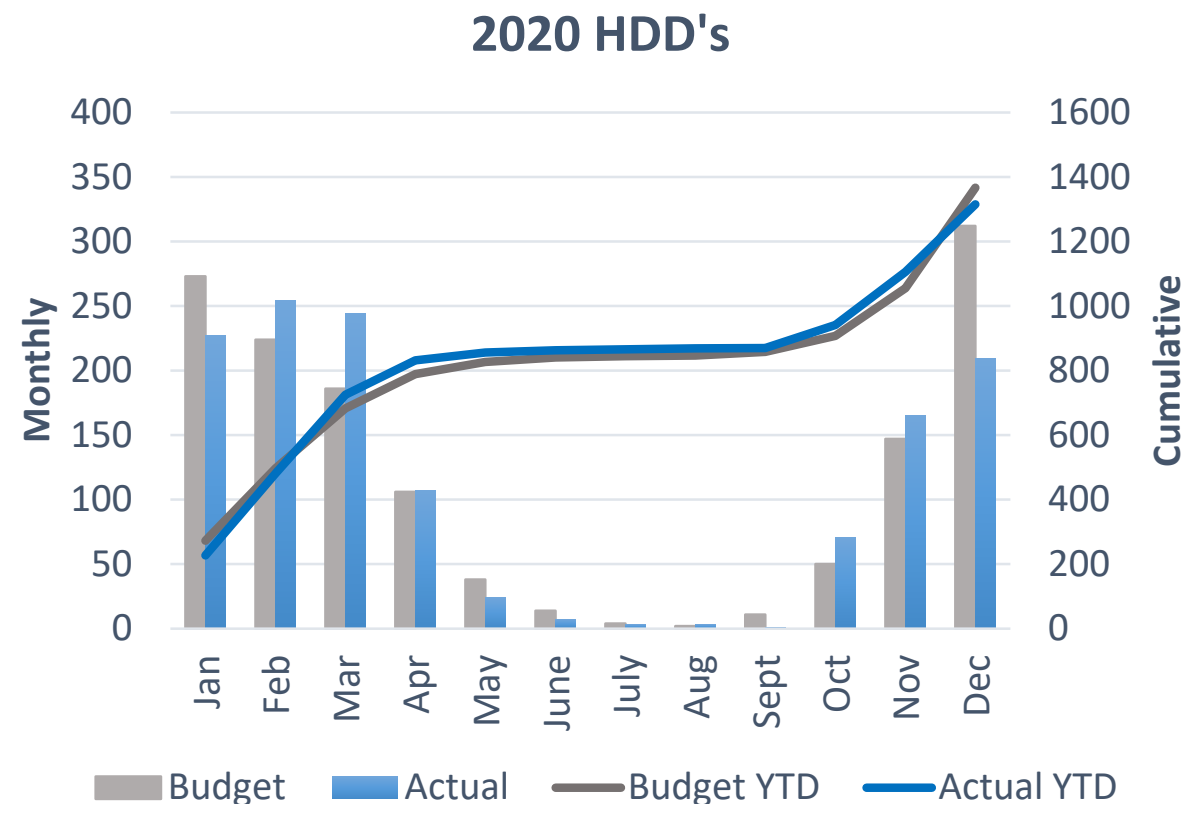
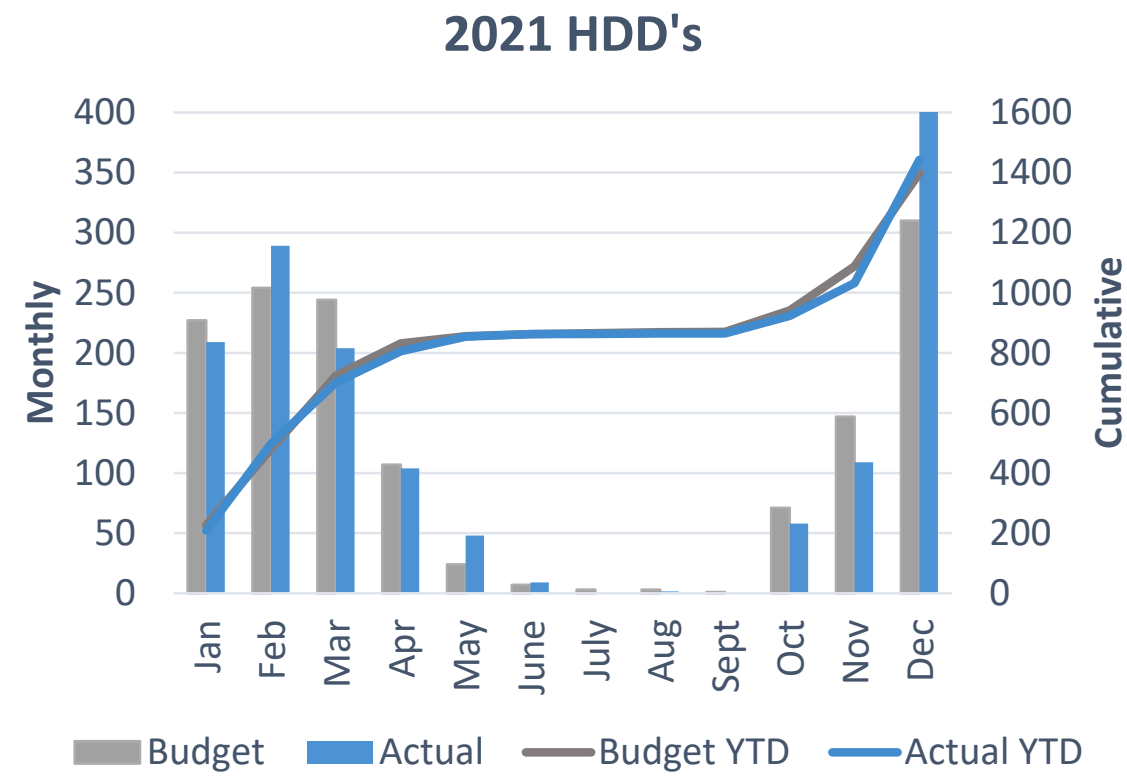
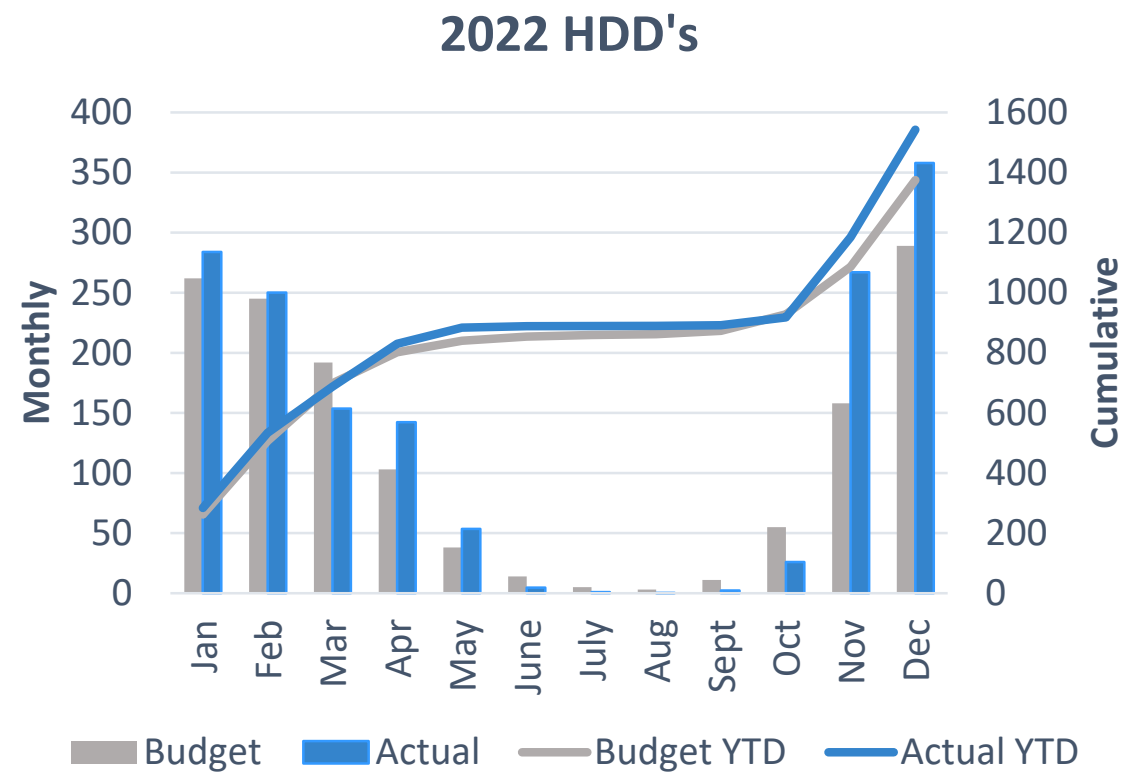
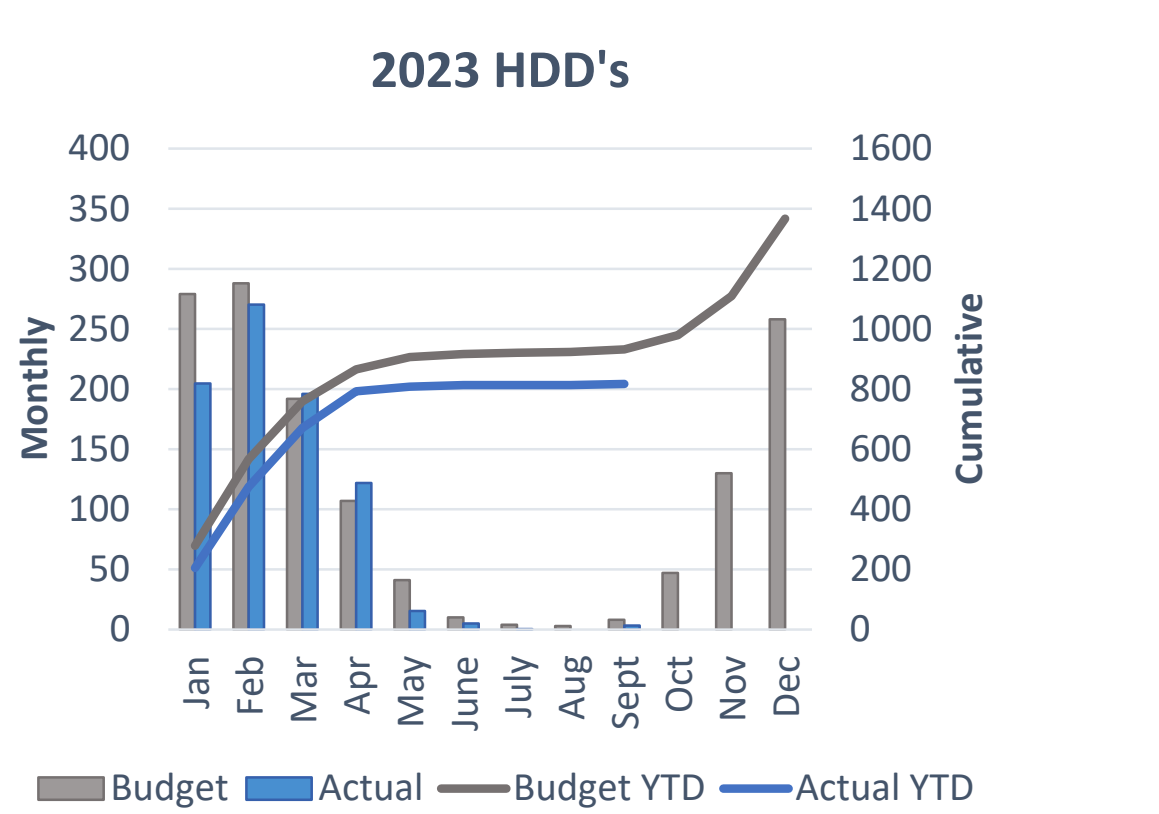
		A. Audited Year End 12/31/2021	B. Audited Year End 12/31/2022	C. Budget Period End 9/30/2023	D. Actual Period End 9/30/2023	E. Budget \$ Change (D - C)	F. Budget % Change (D - C)
1	kWh Purchases	238,379,768	241,801,858	158,250,000	163,486,332	5,236,332	3.3%
2	Gross Operating Revenue	34,893,000	35,679,000	25,574,000	26,666,000	1,092,000	4.3%
3	Energy Charge Adjustment	(1,294,000)	1,000	-	(649,229)	(649,229)	
4	Net Operating Revenue Total	33,599,000	35,680,000	25,574,000	26,016,771	442,771	1.7%
5	Cost of power	9,935,000	9,756,000	6,888,000	5,912,000	(976,000)	-14.2%
6	Operations & G&A	12,035,000	13,501,000	10,404,000	10,939,000	535,000	5.1%
7	Depr, Int, Taxes & Other	8,348,000	8,874,000	6,809,000	6,575,000	(234,000)	-3.4%
8		30,318,000	32,131,000	24,101,000	23,426,000	(675,000)	-2.8%
9	Net Operating Margins	\$ 3,281,000	\$ 3,549,000	\$ 1,473,000	\$ 2,590,771	1,117,771	75.9%
10	Non-Operating Margins (Note 1)	\$ 2,058,000	\$ 439,000	\$ 343,000	\$ 511,000	168,000	49.0%
11	Net Margin	\$ 5,339,000	\$ 3,988,000	\$ 1,816,000	\$ 3,101,771	1,285,771	70.8%
12	OTIER	2.62	2.75	1.95	2.76	0.81	
13	TIER	3.63	2.97	2.17	3.11	0.94	
14	Equity % of Total Cap	39.3%	40.0%	39.2%	40.5%	1%	
15	Equity	42,130,000	44,990,000	46,825,818	47,809,000	983,182	2.1%
16	Total Debt (Note 2)	67,076,000	69,194,000	74,524,000	72,837,000	(1,687,000)	-2.3%
17	Capital Spending	(6,243,027)	(10,320,000)	(8,061,000)	(7,955,020)	105,980	-1.3%
18	Capital Credit Retirement (net)	(1,100,000)	(1,189,000)	(88,688)	(68,552)	20,136	-22.7%
19	Annual HDD	1,446	1,543	917	813	(104)	-11.3%
Notes							
1	2021 - PPP loan forgiveness of \$1.79M						
2	Delayed FFB borrowing for contract finalization, partially replaced with available RESP funds borrowing of \$2.568M						

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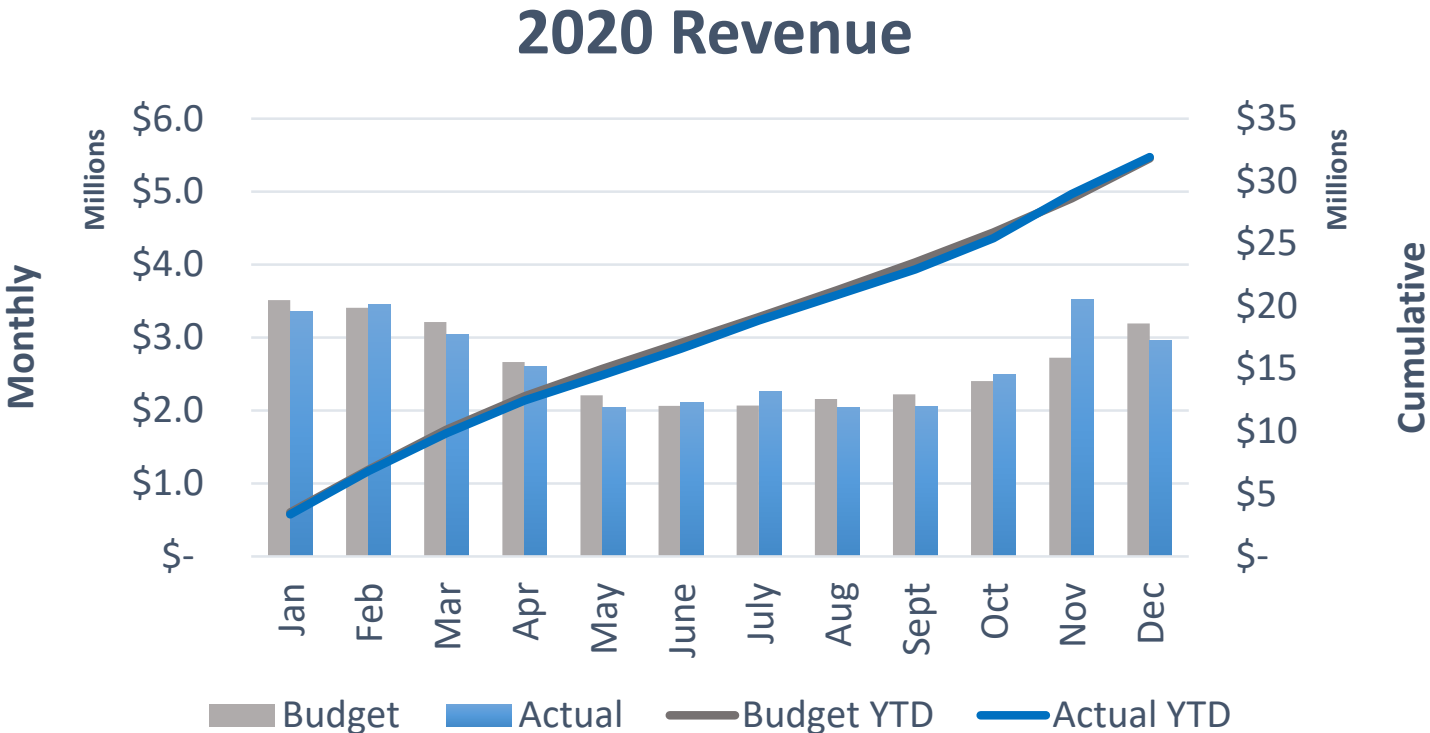
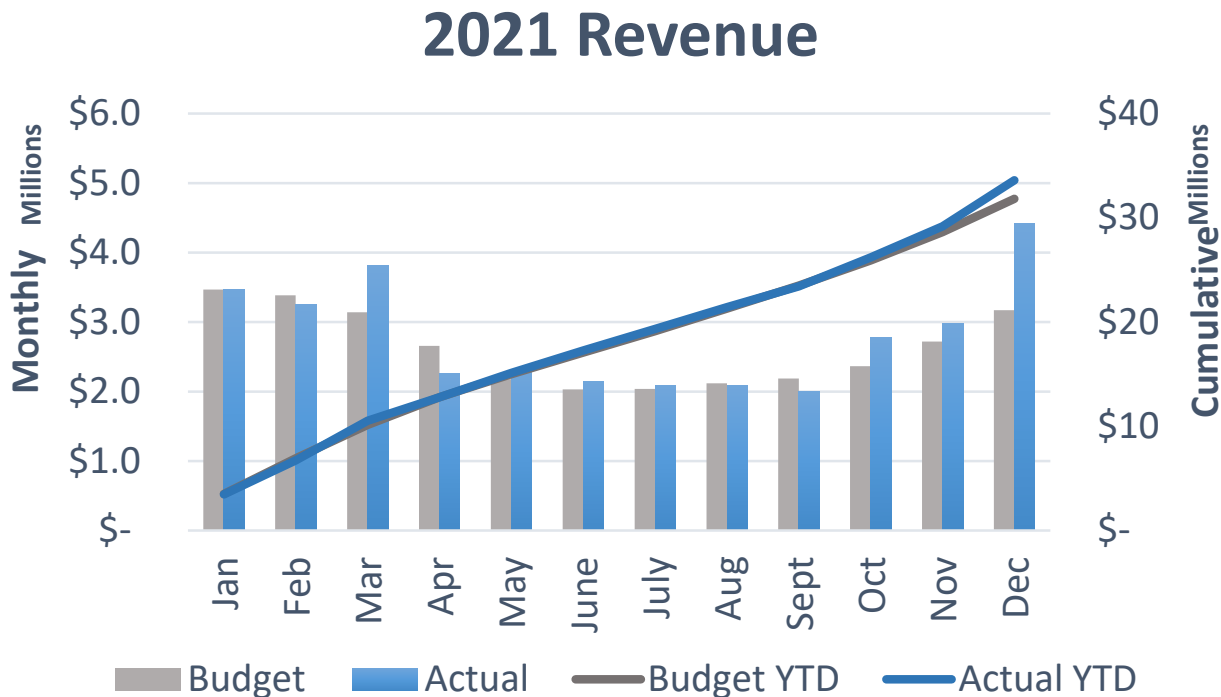
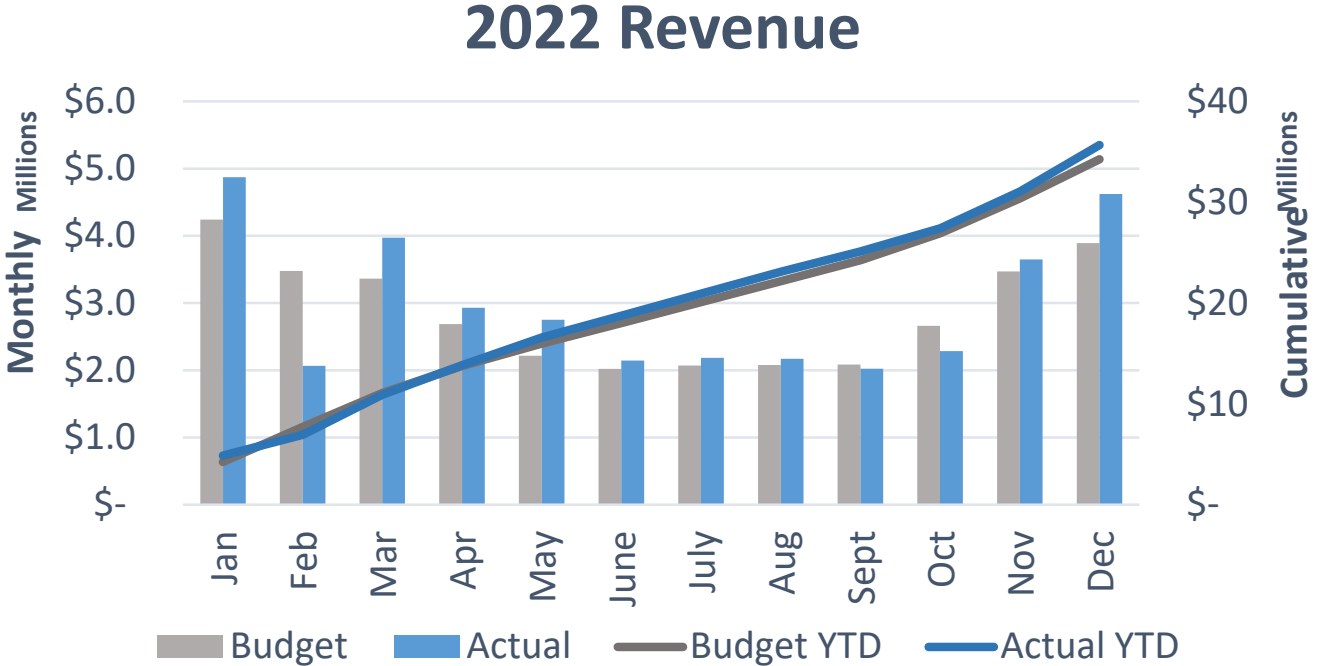
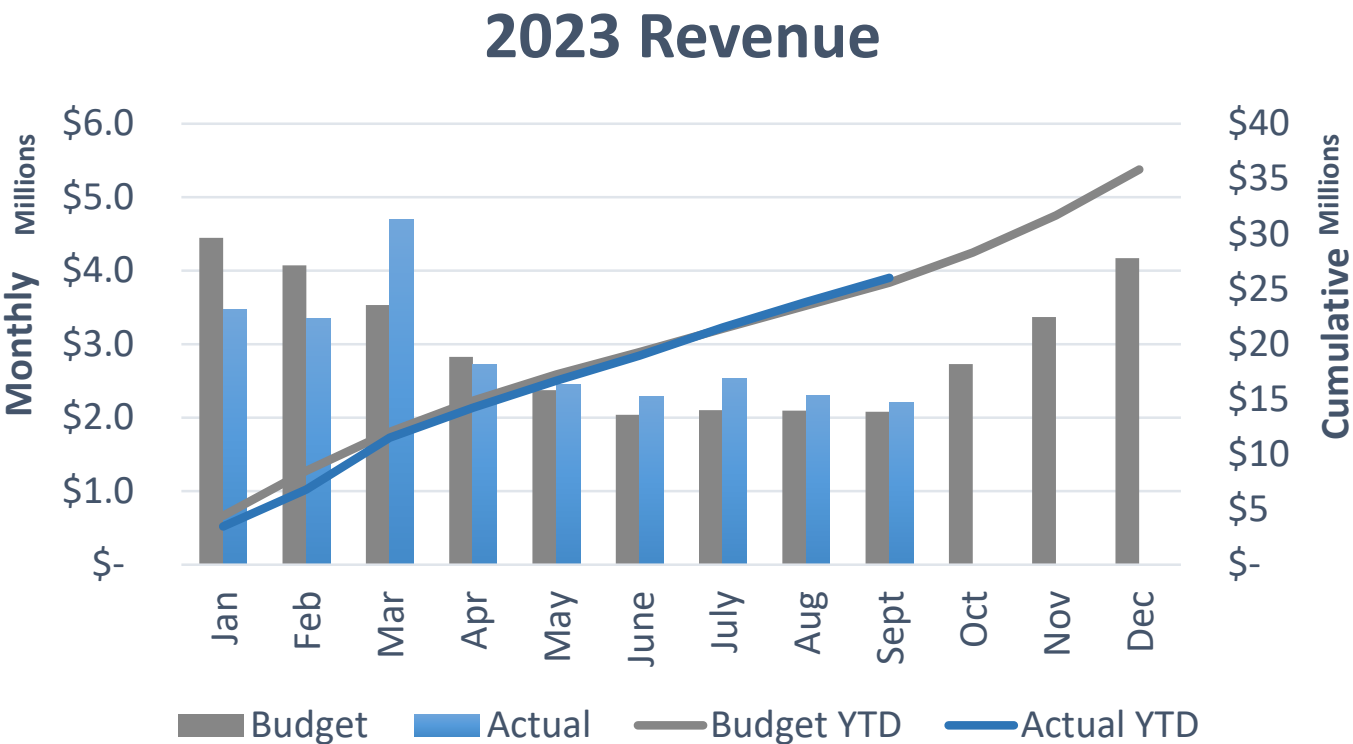
# 2023 Q3 Financial Highlights

# 2023 Budget to Actual: Heating Degree Days





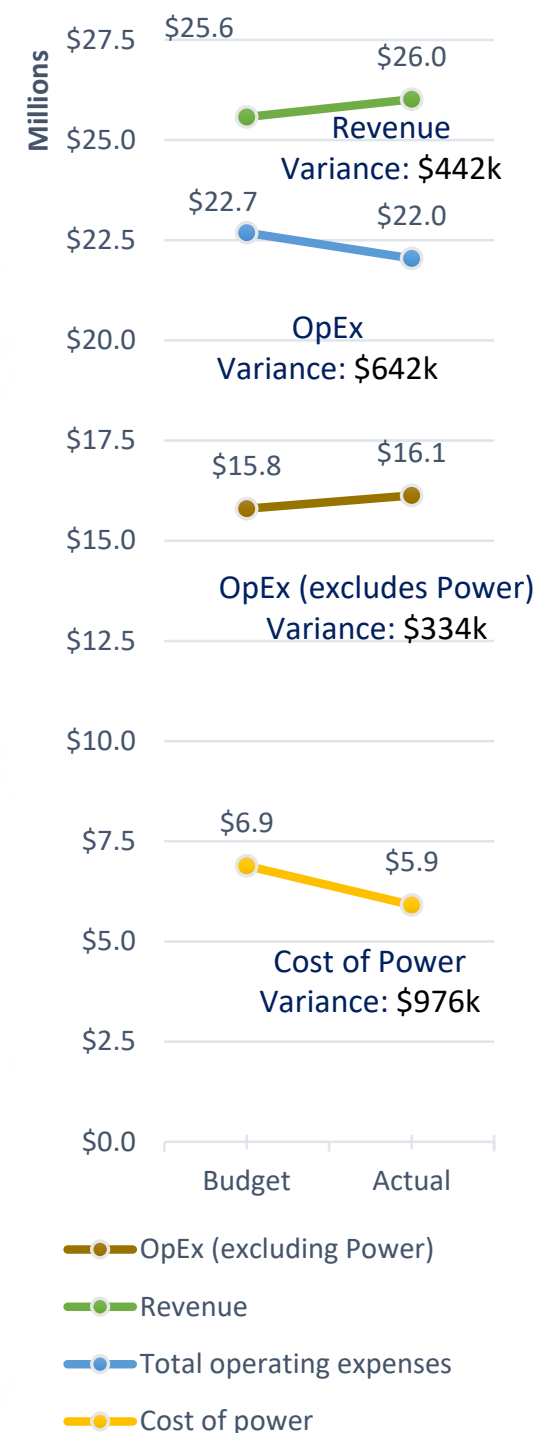
# 2023 Budget to Actual: Revenue



\* Revenue net of ECA

# 2023 Q3 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2021	B. Audited Year End 12/31/2022	C. Budget Year End 12/31/2023	D. Budget Period End 9/30/2023	E. Actual Period End 9/30/2023	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 25,597,555	\$ 26,565,416	\$ 26,438,064	\$ 18,848,300	\$ 19,324,469	476,169
3 Commercial	7,880,616	8,841,060	9,136,502	6,513,169	6,462,251	(50,918)
4 Other						
5 Penalties and fees	59,492	213,648	212,557	171,239	178,664	7,425
6 Other	61,697	59,501	55,023	41,223	50,974	9,751
7 Total operating revenue	33,599,361	35,679,624	35,842,146	25,573,931	26,016,358	442,427
9 OPERATING EXPENSES						
10 Cost of power	9,934,871	9,756,442	9,631,310	6,887,966	5,911,584	(976,382)
11 Transmission	402,069	730,538	561,801	506,325	1,183,481	677,156
12 Distribution - operations	3,625,309	3,900,840	3,888,958	2,815,426	2,813,088	(2,338)
13 Distribution - maintenance	2,564,054	3,107,333	3,329,063	2,206,383	2,521,389	315,006
14 Consumer accounts	1,093,181	1,113,268	1,197,992	880,558	846,849	(33,709)
16 General and administration						
17 Administration	4,057,726	4,316,867	5,095,737	3,749,197	3,436,112	(313,085)
18 Energy services	200,205	239,843	228,109	171,246	68,853	(102,393)
19 Subsidiary charges (RIC network mgt services)	92,062	92,039	99,420	74,565	68,989	(5,576)
20 Total general and administration	4,349,993	4,648,749	5,423,266	3,995,008	3,573,954	(421,054)
22 Depreciation and amortization	5,047,791	5,416,108	5,540,419	4,159,907	4,001,661	(158,246)
23 Taxes	1,502,418	1,629,555	1,663,434	1,234,588	1,192,300	(42,288)
25 Total operating expenses	28,519,686	30,302,833	31,236,243	22,686,160	22,044,305	(641,855)
27 Operating margins before fixed charges	5,079,674	5,376,791	4,605,903	2,887,771	3,972,053	1,084,283
29 FIXED CHARGES						
30 Interest on long-term debt	1,932,928	1,958,757	2,017,820	1,513,365	1,423,113	(90,252)
32 Operating margins after fixed charges	3,146,747	3,418,035	2,588,083	1,374,406	2,548,940	1,174,535
34 PATRONAGE CAPITAL CREDITS	135,327	130,840	141,902	99,331	42,000	(57,332)
36 Net operating margins	3,282,073	3,548,875	2,729,985	1,473,737	2,590,940	1,117,203
38 NON-OPERATING MARGINS						
39 Interest income	69,515	260,916	200,835	150,626	431,393	280,767
40 Other income (loss)	1,799,001	(11,287)	66,709	50,157	(62,189)	(112,346)
41 Total Opalco non-operating margins	1,868,516	249,629	267,544	200,783	369,204	168,421
43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,516	79,572	79,582	59,686	59,691	4
45 Other income (use of OPALCO backbone)	109,740	109,740	109,740	82,305	82,305	-
46 Total non-operating margins from Subsidiary	189,256	189,312	189,322	141,991	141,996	4
48 Net non-operating margins	2,057,772	438,941	456,866	342,775	511,200	168,426
50 NET MARGINS	\$ 5,339,845	\$ 3,987,816	\$ 3,186,851	\$ 1,816,512	\$ 3,102,140	1,285,629
52 OTIER	2.62	2.75	2.31	1.95	2.76	0.81
53 TIER	3.63	2.97	2.53	2.17	3.11	0.94
54 Equity % of Total Cap	39.3%	40.0%	39.7%	39.2%	40.5%	1.3%

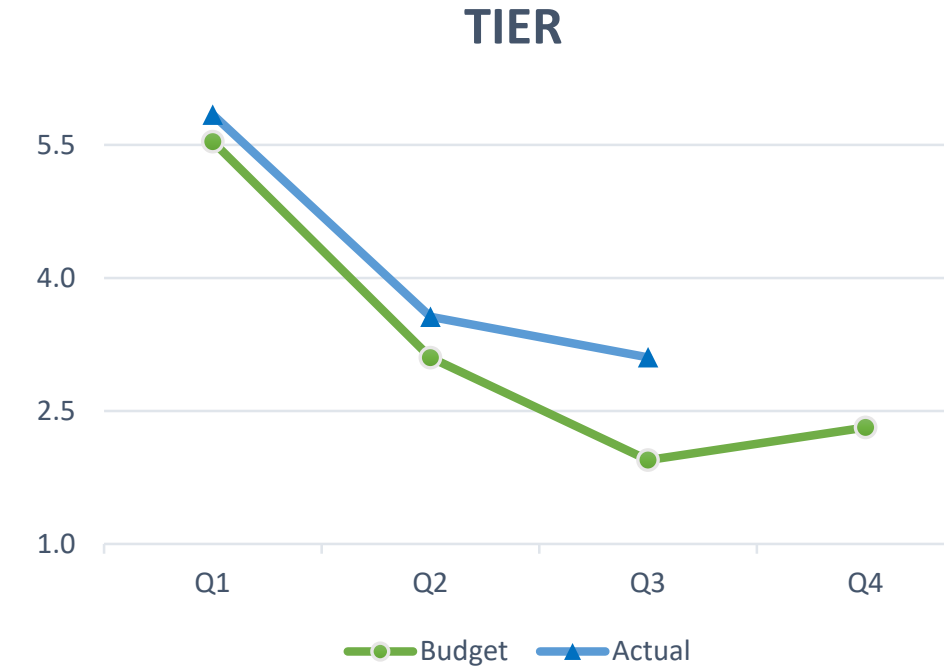
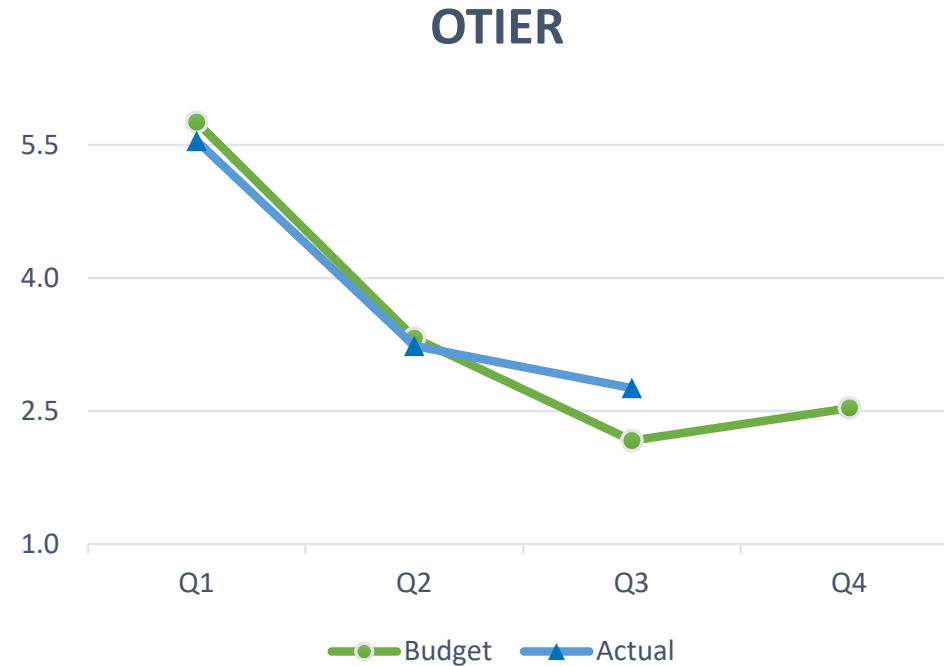
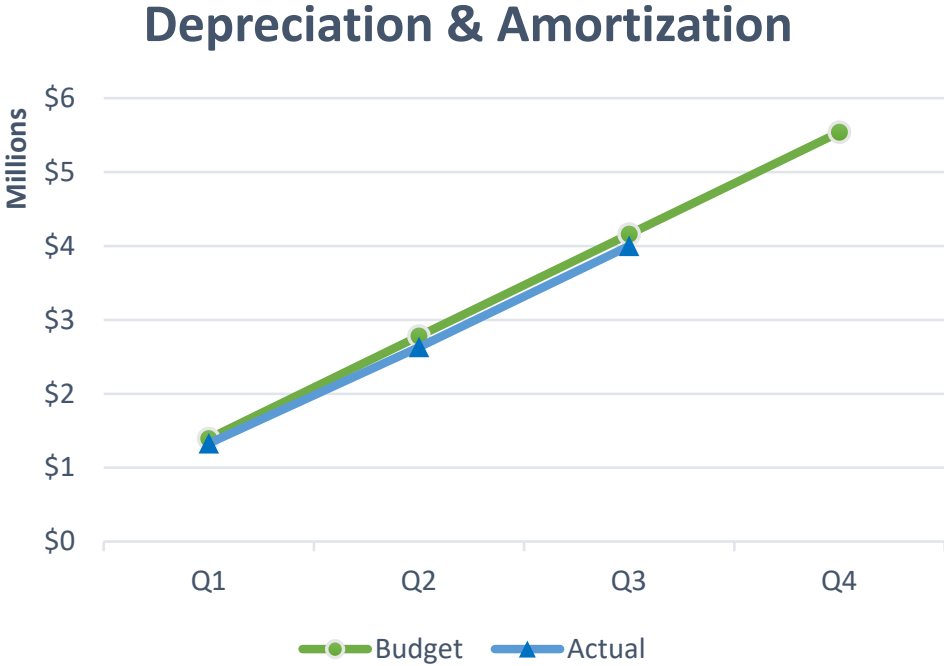


## Notes:

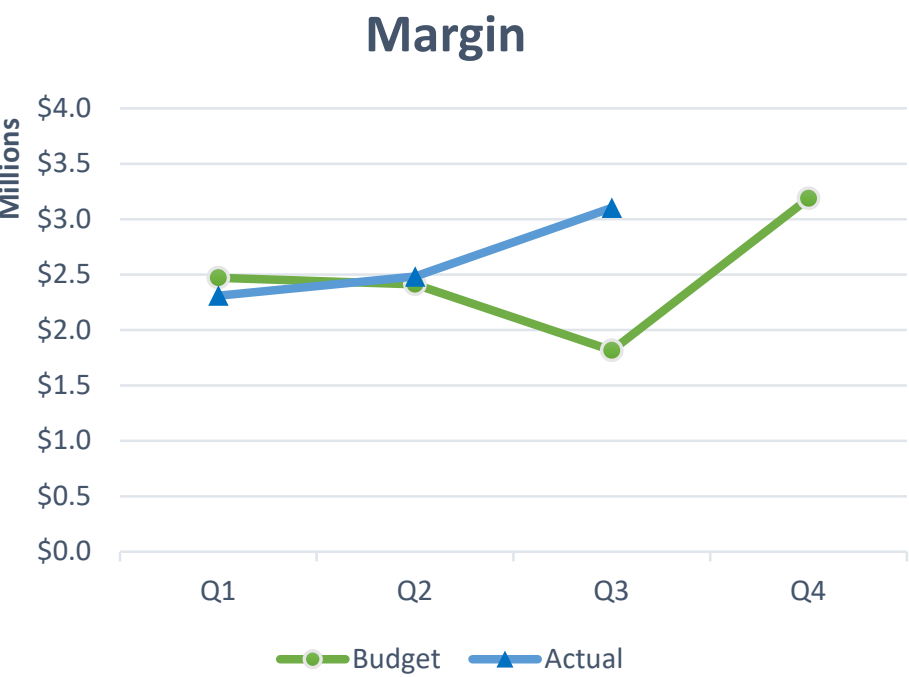
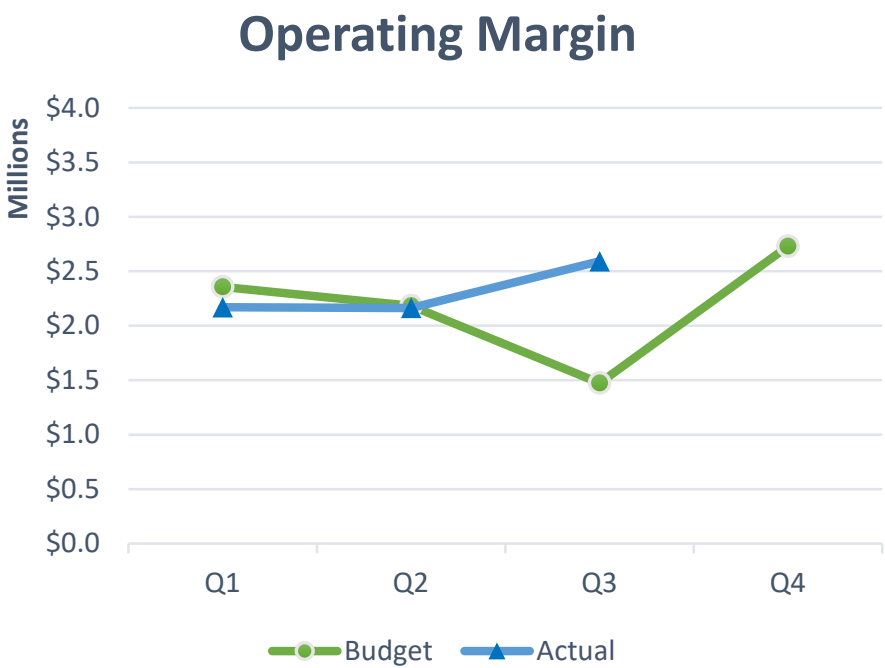
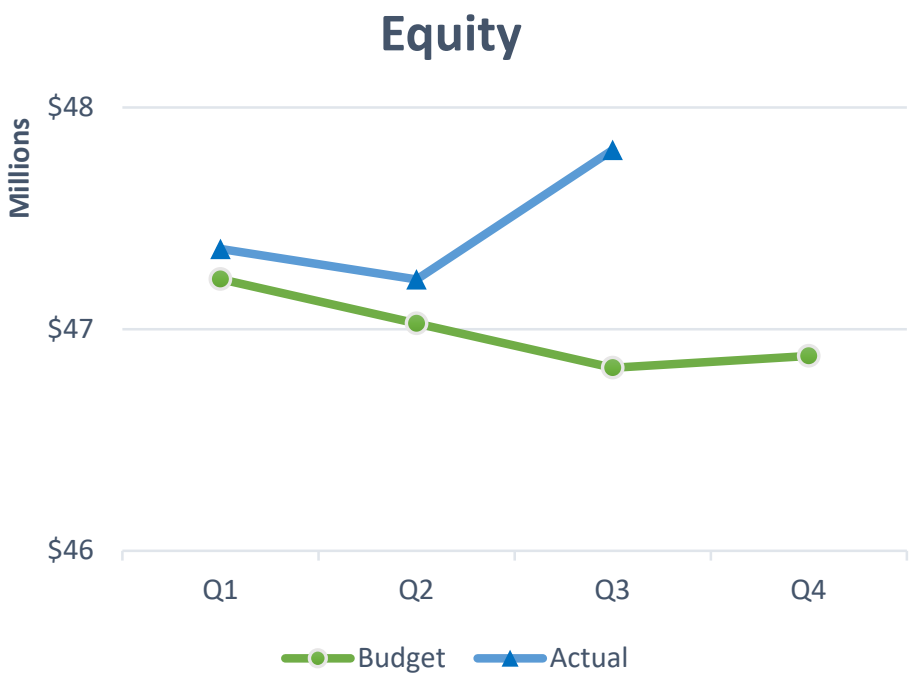
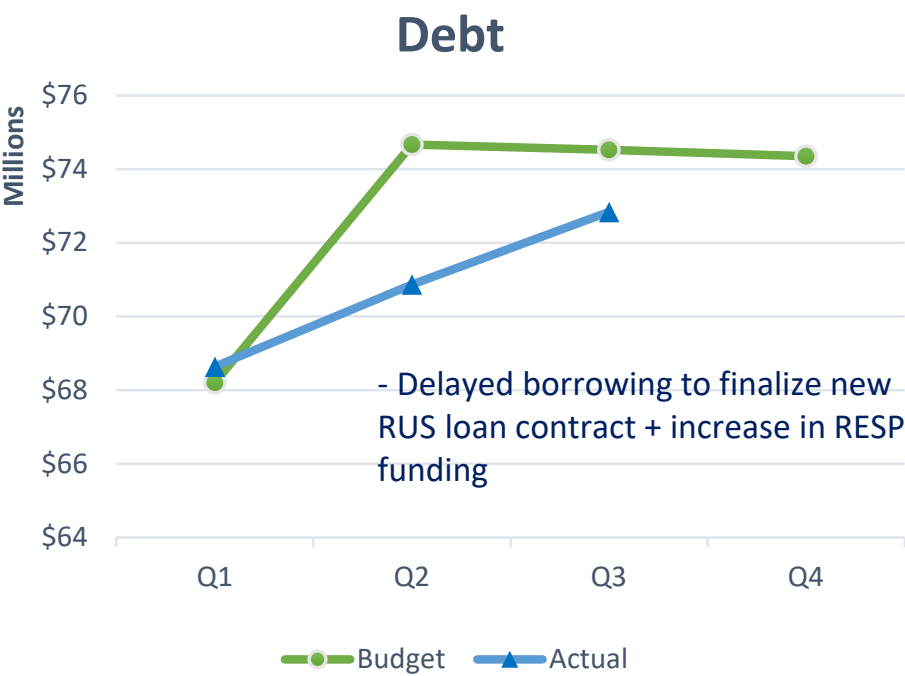
- Through Q3 the ECA returned a net \$649k to the membership  
**Note:** Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$253k in January 2023, related to the calculation based on December 2022 factors. The ECA credit is partially driven by BPA dividend credits through April (\$543k), that were included in, and artificially reducing Cost of Power.
- Transmission Expense came in at \$1.2M (\$680k increase) due to increased ROW clearing contracting expense in Q1 carried over from delay in 2022 Q4, offset in line 12 Distributions operations
- Net Operating Margin: \$2.6M (\$1.1M increase)
- Net Margin: \$3.1M (\$1.3M increase)



# 2023 Q3 Budget to Actual: Financial Metrics



# 2023 Q3 Budget to Actual: Financial Metrics





ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2021	B. Audited Year End 12/31/2022	C. Budget Year End 12/31/2023	D. Budget Period End 9/30/2023	E. Actual Period End 9/30/2023	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2     Residential	\$ 25,597,555	\$ 26,565,416	\$ 26,438,064	\$ 18,848,300	\$ 19,324,469	476,169
3     Commercial	7,880,616	8,841,060	9,136,502	6,513,169	6,462,251	(50,918)
4     Other						
5         Penalties and fees	59,492	213,648	212,557	171,239	178,664	7,425
6         Other	61,697	59,501	55,023	41,223	50,974	9,751
7     Total operating revenue	33,599,361	35,679,624	35,842,146	25,573,931	26,016,358	442,427
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9 OPERATING EXPENSES						
10    Cost of power	9,934,871	9,756,442	9,631,310	6,887,966	5,911,584	(976,382)
11    Transmission	402,069	730,538	561,801	506,325	1,183,481	677,156
12    Distribution - operations	3,625,309	3,900,840	3,888,958	2,815,426	2,813,088	(2,338)
13    Distribution - maintenance	2,564,054	3,107,333	3,329,063	2,206,383	2,521,389	315,006
14    Consumer accounts	1,093,181	1,113,268	1,197,992	880,558	846,849	(33,709)
15						
16    General and administration						
17         Administration	4,057,726	4,316,867	5,095,737	3,749,197	3,436,112	(313,085)
18         Energy services	200,205	239,843	228,109	171,246	68,853	(102,393)
19         Subsidiary charges (RIC network mgt services)	92,062	92,039	99,420	74,565	68,989	(5,576)
20         Total general and administration	4,349,993	4,648,749	5,423,266	3,995,008	3,573,954	(421,054)
21						
22    Depreciation and amortization	5,047,791	5,416,108	5,540,419	4,159,907	4,001,661	(158,246)
23    Taxes	1,502,418	1,629,555	1,663,434	1,234,588	1,192,300	(42,288)
24						
25         Total operating expenses	28,519,686	30,302,833	31,236,243	22,686,160	22,044,305	(641,855)
26						
27         Operating margins before fixed charges	5,079,674	5,376,791	4,605,903	2,887,771	3,972,053	1,084,283
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29 FIXED CHARGES						
30     Interest on long-term debt	1,932,928	1,958,757	2,017,820	1,513,365	1,423,113	(90,252)
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32         Operating margins after fixed charges	3,146,747	3,418,035	2,588,083	1,374,406	2,548,940	1,174,535
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34 PATRONAGE CAPITAL CREDITS	135,327	130,840	141,902	99,331	42,000	(57,332)
35						
36         Net operating margins	3,282,073	3,548,875	2,729,985	1,473,737	2,590,940	1,117,203
37						
38 NON-OPERATING MARGINS						
39     Interest income	69,515	260,916	200,835	150,626	431,393	280,767
40     Other income (loss)	1,799,001	(11,287)	66,709	50,157	(62,189)	(112,346)
41         Total Opalco non-operating margins	1,868,516	249,629	267,544	200,783	369,204	168,421
42						
43     Non-operating margins from Subsidiary						
44         Interest Income (RIC loan)	79,516	79,572	79,582	59,686	59,691	4
45         Other income (use of OPALCO backbone)	109,740	109,740	109,740	82,305	82,305	-
46         Total non-operating margins from Subsidiary	189,256	189,312	189,322	141,991	141,996	4
47						
48         Net non-operating margins	2,057,772	438,941	456,866	342,775	511,200	168,426
49						
50 NET MARGINS	\$ 5,339,845	\$ 3,987,816	\$ 3,186,851	\$ 1,816,512	\$ 3,102,140	1,285,629
51						
52     OTIER	2.62	2.75	2.31	1.95	2.76	0.81
53     TIER	3.63	2.97	2.53	2.17	3.11	0.94
54     Equity % of Total Cap	39.3%	40.0%	39.7%	39.2%	40.4%	1.2%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.			
		Budget Period End 9/30/2023	Actual Period End 9/30/2023	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)			
1	I OPERATING REVENUES	25,573,931	26,016,358	442,427				
2						Budget	Actual	Variance
3					HDD	932	817	115
4					kWh Sales	148,700	153,177	4,477
5	Operating Revenue - Line 7 Detail Breakout:				(kWh in thousands)			
6	Residential Sales	18,848,300	19,324,469	476,169	kWh sales slightly higher than budget, but large ECA credit in Jan'23 from Dec'22 weather event + BPA power credit rev'd through May drove high			
7	Commercial Sales	6,513,169	6,462,251	(50,918)	misc - CML pretty close to budget despite ECA & kWh sales fluctuations, mostly impacting RES			
8	Other Operating Revenue							
9	Penalties and Fees	(171,239)	(178,664)	7,425	Misc fees & charges higher than budgeted			
10	Other	(41,223)	(50,974)	9,751	Increase in pole attachment revenue			
11								
12	TOTAL OPERATING REVENUES	25,573,931	26,016,358	442,427	kWh sales higher than budget - sales reduced by large ECA credits through Q3, partially driven by artificialy low cost of power (see row 17).			
13								
14								
15	II OPERATING EXPENSES	22,686,160	22,044,305	(641,855)	Overall decrease in operating expenses			
16								
17	Cost of Power - Line 10	6,887,966	5,911,584	(976,382)	Decrease in expense - higher kWh purchases than budget offset by BPA dividend credits (approx \$1.36M) through Q3			
18						Budget	Actual	Variance
19					kWh Purchases	158,250	163,486	5,236
20					(kWh in thousands)			
21	Transmission - Line 11 Detail Breakout:	506,325	1,183,481	677,156	Increase in expense - increased ROW clearing contracting expense through Q3 carried over from delay in 2022 Q4, slight offset in line 12 Distribution			
22								
23	Distribution - Operations - Line 12 Detail Breakout:	2,815,426	2,813,088	(2,338)	Decrease in expense - offset in Line 11 Transmission Exp			
24								
25	Distribution - Maintenance - Line 13 Detail Breakout:	2,206,383	2,521,389	315,006	Increase in ROW overhead and underground expenses			
26								
27	Consumer accounts - Line 14 Detail Breakout:	880,558	846,849	(33,709)	Decrease in expense -			
28								
29	Total General and Administrative (G&A):							
30								
31	Administration G&A - Line 17 Detail Breakout:				Decrease in expense - delay of community solar, less expense of Annual meeting by going virtual, less legal expenses, & vacant positions			
32		3,749,197	3,436,112	(313,085)				
33	Energy Services G&A - Line 18	171,246	68,853	(102,393)	Decrease in expense			
34								
35	Subsidiary Charges G&A - Line 19	74,565	68,989	(5,576)	Decrease in expense			
36								
37	Total General and Administrative (G&A)	3,995,008	3,573,954	(421,054)	Overall decrease in expense			
38								



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	
		9/30/2023	9/30/2023	(B - A)	Comments: Budget To Actual (Column C.)
39	Deprec. & Amort. - Line 22	4,159,907	4,001,661	(158,246)	Decrease in expense - less general capitalization
40					
41	Taxes - Line 23	1,234,588	1,192,300	(42,288)	Decrease in expense -
42					
43	TOTAL OPERATING EXPENSES	22,686,160	22,044,305	(641,855)	Overall decrease in expense
44					
45					
46	III FIXED CHARGES - Interest Expense - Line 30	1,513,365	1,423,113	(90,252)	Decrease in expense - no FFB borrowing
47					
48	IV PATRONAGE CAPITAL CREDITS (Income) - Line 34	99,331	42,000	(57,332)	Decrease in income - received from associated cooperatives
49					
50	TOTAL NET OPERATING MARGINS	1,473,737	2,590,940	1,117,203	Increase in margin
51					
52	V NON-OPERATING MARGINS	342,775	511,200	168,426	Increase in margin
60					
61	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,816,512	3,102,140	1,285,629	Increase in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2020	B. Audited Year End 12/31/2021	C. Audited Year End 12/31/2022	D. Actual Period End 9/30/2023	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	\$ 164,370,755	5,361,465
5   Construction work in progress	6,633,154	4,342,145	9,984,056	12,215,543	2,231,487
6					
7	155,599,693	161,091,969	168,993,346	176,586,298	7,592,952
8   Less accumulated depreciation and amortization	58,016,597	62,700,104	67,446,380	71,341,182	3,894,802
9					
10   Net utility plant	97,583,096	98,391,865	101,546,966	105,245,116	3,698,150
11					
12   Investments in associated organizations					
13      Other (CFC, Federated, PNGC, etc.)	1,866,511	1,452,951	1,539,530	1,550,974	11,444
14      Non-utility investment subsidiary (Note 1)	(10,664,353)	(11,093,287)	(11,173,486)	(11,400,028)	(226,542)
15      Total investments in associated organizations	(8,797,842)	(9,640,336)	(9,633,956)	(9,849,054)	(215,098)
16					
17   Other property and investments	(8,797,842)	(9,640,336)	(9,633,956)	(9,849,054)	(215,098)
18					
19 CURRENT ASSETS					
20   Cash and cash equivalents	6,475,385	9,509,141	9,697,635	10,814,018	1,116,383
21   Cash and cash equivalents - board designated	6,376,649	3,081,838	1,002,529	1,046,625	44,096
22   Accounts receivable, less doubtful accts allowance	4,286,644	5,561,142	6,240,612	4,179,375	(2,061,237)
23   Interest receivable	6,240	6,800	55,550	93,089	37,539
24   Materials and supplies	3,460,300	4,122,049	3,766,502	4,729,064	962,562
25   Prepaid expenses	491,538	490,688	733,743	700,230	(33,513)
26					
27   Total current assets	21,096,756	22,771,658	21,496,571	21,562,401	65,830
28					
29 DEFERRED CHARGES (Note 2)	1,110,562	1,518,849	4,501,196	7,587,380	3,086,184
30					
29   Total assets	\$ 110,992,572	\$ 113,042,036	\$ 117,910,777	\$ 124,545,843	\$ 6,635,066



## BALANCE SHEET

Updated 11/3/2023

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW  
GAAP

		A.	B.	C.
		Audited	Audited	Actual
		Year End	Year End	Period End
		12/31/2021	12/31/2022	9/30/2023
1	CASH FLOWS FROM OPERATING ACTIVITIES			
2	Net margins	\$ 3,872,388	\$ 3,987,816	\$ 3,102,140
3	Adjustments to reconcile net margin to cash			
4	from operating activities			
5	Depreciation and amortization	5,047,791	5,416,108	4,001,661
6	Changes in assets and liabilities			
7	Accounts receivable	192,959	(679,470)	2,061,237
8	Interest receivable	(560)	(48,750)	(37,539)
9	Prepaid expenses	851	(243,056)	33,510
10	Accounts payable	512,391	(114,837)	490,549
11	Customer deposits	(21,294)	18,523	(275)
12	Accrued liabilities	578,074	42,596	(391,095)
13	Deferred credits	(9,724)	(55,179)	74,333
14	Deferred Charges	(408,287)	(2,982,347)	(3,086,184)
14	Net cash from operating activities	9,764,589	5,341,404	6,248,337
15				
16	CASH FLOWS FROM INVESTING ACTIVITIES			
17	Additions to utility plant, net	(6,941,645)	(10,287,226)	(9,465,938)
18	Reduction to non-utility plant (Island Network transition)	-	-	-
18	Change in materials and supplies	(661,749)	355,547	(962,562)
19	(Increase) decrease in investment in Subsidiary	428,934	80,199	226,542
20	(Increase) decrease in other OPALCO property and investments, net	413,560	(86,579)	(11,444)
21				
22	Net cash from investing activities	(6,760,900)	(9,938,059)	(10,213,402)
23	CASH FLOWS FROM FINANCING ACTIVITIES			
24	Payments on long-term debt, net	(3,399,451)	(2,521,842)	(1,720,157)
25	Proceeds from debt (Note 1)	600,000	4,640,000	5,363,000
26	Memberships	630	155	200
27	Retirements of patronage capital, net	(1,119,575)	(1,045,891)	(59,869)
28	Change in subsidiary equities	(431,431)	(82,599)	(223,759)
29	Contributions in aid of construction	1,085,085	1,716,016	1,766,128
30	Net cash from financing activities	(3,264,742)	2,705,839	5,125,543
31	NET CHANGE IN CASH	(261,053)	(1,890,816)	1,160,478
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	11,860,643
34	SUPPLEMENTAL DISCLOSURES			
35	Cash paid for interest	\$ 1,594,095	\$ 2,458,019	\$ 1,473,676
36	OUTSTANDING DEBT BALANCE	(67,076,343)	(69,194,501)	(72,837,343)
37	Notes:			
38	1 Full budgeted FFB borrowings yet to be taken Q4, RESP borrowings in Q3			

# ORCAS POWER AND LIGHT COOPERATIVE

## STATEMENT OF CASH FLOW

### NON GAAP

Note: All numbers in thousands		A.	B.	C.	D.	E.	F.
		Audited	Audited	Approved	Actual	Budget	
		Year-End	Year-End	Budget	Period-End	Variance	
		12/31/2021	12/31/2022	9/30/2023	9/30/2023	( D - C )	Comments
1	% Rate Increase	0%	0%	6%	6%		
2	OPERATING ACTIVITIES:						
3	Margins	\$ 3,900	\$ 4,000	\$ 1,800	\$ 3,100	\$ 1,300	
4	Plus depreciation/amortization	5,000	5,400	4,200	4,000	(200)	
5	Cash flow operations	8,900	9,400	6,000	7,100	1,100	
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(6,200)	(8,900)	(8,100)	(8,000)	100	
9	Cash flow from operations and plant investment	2,700	500	(2,100)	(900)	1,200	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,100)	(1,190)	(90)	(70)	20	
12	Cash flow before borrowings	1,600	(690)	(2,190)	(970)	1,220	
13							
14	NET BORROWINGS	(2,800)	2,100	5,330	3,600	(1,730)	Full budgeted FFB borrowings yet to be taken Q4, RESP borrowings in Q3
15	Cash increase (decrease) after net borrowings	\$ (1,200)	\$ 1,410	\$ 3,140	\$ 2,630	\$ (510)	
16							
17							
18	OUTSTANDING DEBT BALANCE	67,080	69,200	74,500	72,840	(1,660)	



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 9/30/2023	Actual Period End 9/30/2023	Budget Variance (E- D)	
1	DISTRIBUTION								
2	100	New Services	\$ 684,462	\$ 683,235	\$ 797,000	\$ 597,750	\$ 491,920	\$ (105,830)	Member request for overhead to underground (Offset to Line 38)
3	200	New Tie Lines	24,576	19,467	20,000	20,000	163,003	143,003	Single phase loop feed projects reprioritized due to delayed conversio
4	300	Conversions and Line Changes	1,326,787	1,407,717	910,000	750,000	191,289	(558,711)	See note above (Line 3)
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	2,600,000	2,029,015	(570,985)	Delay in Substation Rebuild and Battery project to 2024. Shift Budge
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	911,137	928,653	1,232,000	750,000	578,934	(171,066)	Delays in transformer arrivals
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603	Sectionalizing Equipment	200,825	153,382	695,000	400,000	132,425	(267,575)	Delayed to Q4 due to material availability
11	604	Regulators	211,038	-	-	-	-	-	
12	606	Ordinary Replacements	311,213	370,825	400,000	240,000	12,626	(227,374)	Pole replacements shifted to Q3 and Q4
13	607	Overhead to Underground Replacements	47,006	109,820	300,000	250,000	20,879	(229,121)	Delays in permitting and easement acquisition.
14	608	Underground Dist. Cable Replacement	2,288,599	3,236,205	2,270,000	2,000,000	3,054,520	1,054,520	Increase joint utility opportunities. See offset (Line 6 & 40)
15	700	Other Distribution Items							
16	701	Engineering Fees	-	-	-	-	-	-	
17	704	LMS & SCADA	205,671	110,941	135,000	135,000	137,245	2,245	
18	705	AMR	-	-	-	-	-	-	
19	706	Communications	52,598	252,059	205,000	205,000	456,813	251,813	Increased trenching cost and carryover from prior year.
20	TRANSMISSION								
21	800	New Tie Line	-	-	-	-	-	-	
22	900	New Substations, switching station, metering point, etc.	16,293	10,049	-	-	(8)	(8)	
23	1000	Line and Station Changes	42,518	639,300	700,000	700,000	955,916	255,916	Work efforts in concert with PSE Outage and ROW access areas
24	1100	Other Transmission	-	-	-	-	-	-	
25	GENERATION								
26	1200	Generation	4,332	119,474	225,000	150,000	98,116	(51,884)	Delay in contract execution with WA Commerce
27	OTHER								
28	1300	Headquarters Facilities	242,768	96,809	420,000	315,000	327,419	12,419	
29	1400	Acquisitions	-	-	50,000	-	-	-	
30	1500	All Other (Transportation, Etc.)							
31	1501	Transportation/Equipment/Tools/Radios	230,217	264,227	798,000	300,000	288,554	(11,446)	
32	1502	Office Equipment/Furniture/Etc.	27,088	8,156	11,000	10,000	1,109	(8,891)	
33	1503	Computer/Servers/Software	185,732	156,812	100,000	100,000	144,810	44,810	Network switch replacement arrived sooner than anticipated.
34	1504	Electrical Infrastructure to Support Community Solar	111,711	29,878	7,500,000	600,000	537,073	(62,927)	Permitting delays with Conditional Use and NEPA Processes
35	1600	Minor Projects	77,111	68,327	184,000	130,000	99,490	(30,510)	
36	RUS CWP SUBTOTAL		7,553,295	10,645,505	21,752,000	10,252,750	9,721,147	(531,603)	
37	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
38		New Services	(607,103)	(516,683)	(686,000)	(514,500)	(334,442)	180,058	Offset to Line 2 - New Services
39		Meters and Transformers	(378,177)	(375,080)	(432,000)	(324,000)	(233,982)	90,018	Offset to Line 8 Transformers & Meters
40		Joint Projects	(204,987)	(214,254)	(71,000)	(53,250)	(319,041)	(265,791)	Offset to Lines 3, 4, 14, 19, and 35
41		Grant Funding	(120,000)	(560,000)	(3,000,000)	(800,000)	(508,663)	291,337	Offset to Lines 6 and 26 - (Delayed submittals due to County Permitti
42		Community Solar Member Contributions	-	(50,000)	(6,500,000)	(500,000)	(370,000)	130,000	
43	CIAC SUBTOTAL		(1,310,268)	(1,716,016)	(10,689,000)	(2,191,750)	(1,766,128)	425,622	
44									
45	RUS CWP NET TOTAL		6,243,027	8,929,489	11,063,000	8,061,000	7,955,020	(105,980)	

ORCAS POWEWR AND LIGHT COOPERATIVE

RUS FORM 7  
STATEMENT OF OPERATIONS

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION

BORROWER DESIGNATION  
WA0009

PERIOD ENDED  
September '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)

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	25,118,333	26,016,358	25,573,931	2,201,173
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	7,025,013	5,911,584	6,887,966	511,512
4. Transmission Expense	286,292	1,183,481	506,325	34,610
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,842,979	2,813,088	2,815,426	304,251
7. Distribution Expense - Maintenance	1,860,195	2,521,389	2,206,383	303,045
8. Customer Accounts Expense	821,434	846,849	880,558	82,231
9. Customer Service and Informational Expense	291,962	231,296	409,875	12,680
10. Sales Expense	51,442	42,933	59,545	3,144
11. Administrative and General Expense	2,955,743	3,289,725	3,525,588	445,264
12. Total Operation & Maintenance Expense (2 thru 11)	16,135,061	16,840,345	17,291,666	1,696,736
13. Depreciation and Amortization Expense	4,069,101	4,001,661	4,159,907	458,291
14. Tax Expense - Property & Gross Receipts	235,260	203,597	254,081	22,222
15. Tax Expense - Other	973,954	988,703	980,507	101,292
16. Interest on Long-Term Debt	1,504,383	1,473,676	1,558,365	168,474
17. Interest Charged to Construction - Credit	(45,218)	(50,563)	(45,000)	(7,367)
18. Interest Expense - Other		-	-	-
19. Other Deductions	200	10,000	-	10,000
20. Total Cost of Electric Service (12 thru 19)	22,872,741	23,467,418	24,199,525	2,449,647
21. Patronage Capital & Operating Margins (1 minus 20)	2,245,593	2,548,940	1,374,406	(248,474)
22. Non Operating Margins - Interest	210,718	491,084	210,313	90,586
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	73,083	20,116	132,462	(13,955)
26. Generation and Transmission Capital Credits			-	-
27. Other Capital Credits and Patronage Dividends	66,958	42,000	99,331	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,596,351	3,102,140	1,816,512	(171,844)

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7 BALANCE SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION		
			WA0009		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED		
			September '23		
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	109	258	5. Miles Transmission	46.39	46.39
2. Services Retired	-	5	6. Miles Distribution – Overhead	142.27	139.51
3. Total Services in Place	15,676	15,820	7. Miles Distribution - Underground	1,076.62	1,085.00
4. Idle Services (Exclude Seasonals)	791	801	8. Total Miles Energized (5 + 6 + 7)	1,265.28	1,270.90
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	164,370,754		30. Memberships	58,580	
2. Construction Work in Progress	12,132,753		31. Patronage Capital	47,110,617	
3. Total Utility Plant (1 + 2)	176,503,507		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	71,258,392		33. Operating Margins - Current Year	2,590,940	
5. Net Utility Plant (3 - 4)	105,245,115		34. Non-Operating Margins	511,200	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	(2,462,753)	
7. Investments in Subsidiary Companies	(11,400,028)		36. Total Margins & Equities (30 thru 35 )	47,808,585	
8. Invest. in Assoc. Org. - Patronage Capital	1,002,844		37. Long-Term Debt - RUS (Net)	-	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	58,413,006	
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)	14,397,952	
12. Other Investments	1,356		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	1,215,510		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(8,633,543)		43. Total Long-Term Debt (37 thru 41 - 42 )	72,810,958	
15. Cash - General Funds	2,800,659		44. Obligations Under Capital Leases - Noncurrent	-	
16. Cash - Construction Funds - Trustee	37,917		45. Accumulated Operating Provisions and Asset Retirement Obligations	26,385	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	26,385	
18. Temporary Investments	7,860,189		47. Notes Payable	-	
19. Notes Receivable (Net)	956,477		48. Accounts Payable	2,386,863	
20. Accounts Receivable - Sales of Energy (Net)	1,924,938		49. Consumers Deposits	69,854	
21. Accounts Receivable - Other (Net)	195,894		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	4,729,064		52. Current Maturities Capital Leases	-	
24. Prepayments	700,231		53. Other Current and Accrued Liabilities	1,070,158	
25. Other Current and Accrued Assets	1,141,522		54. Total Current & Accrued Liabilities	3,526,875	
26. Total Current and Accrued Assets	20,346,891		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	373,041	
28. Other Deferred Debits	7,587,380		57. Total Liabilities and Other Credits	124,545,843	
29. Total Assets and Other Debits	124,545,843				