

ORCAS POWER AND LIGHT COOPERATIVE 2024 Q2 FINANCIAL REPORT



MEMORANDUM

August 15, 2024

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2024 Second Quarter Financial Report

The 2024 second quarter financial report is posted online and included under separate cover. The second 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 a net \$13k from the membership through Q2 2024 which was driven by an increase in power costs in Q1 of \$346k. Overall operating revenue was higher than the budget, corresponding with higher kWh sales.

The table below presents the projection of full-year 2024 financial results using actuals from Q2 and budget projections for future months.

Income Statement Summary (in thousands)	2024 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 37,407	\$ 38,674	\$ 1,267
ECA Surcharge / (Credit)*	\$ -	\$ 13	\$ 13
Revenue	\$ 37,407	\$ 38,687	\$ 1,280
Expenses:			
Cost of Purchased Power	\$ 9,159	\$ 9,502	\$ 343
Transmission & Distribution Expense	9,817	9,418	(399)
General & Administrative Expense	7,112	6,664	(448)
Depreciation, Tax, Interest & Other	9,314	9,478	164
Total Expenses	35,402	35,062	(340)
Operating Margin	2,005	3,625	1,620
Non-op margin	673	811	138
Net Margin*	2,678	\$ 4,436	1,758
OTIER	1.94	2.76	0.82
TIER	2.25	3.15	0.90
Equity %	40.3%	41.1%	0.8%
HDD	1,029	959	(70)
kWh Purchases	219,000	230,424	11,424
kWh Sales	208,000	217,463	9,463

* The ECA collected a net \$13k from members through June 2024.

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~11% below budgeted levels (actual of 566 vs. budget of 636). Overall kWh sales were ~9M kWh above budget (119M vs. budget of 110M).
- 2024 power purchases were \$343k higher than budgeted due to higher overall kWh purchases. Actual kWh purchases were 12M kWh above budget (128M vs. budget of 116M).
- Excluding purchased power, 2024 operating expenses were approximately \$669k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- The ECA for Q2 2024 was a net charge to members (and increase to operating revenue) of \$13k, or \$.69 for a member using 1000 kWh/month.
- Rock Island Communications 2024 Financials included in separate packet.

OPALCO 2024 Financial Package under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

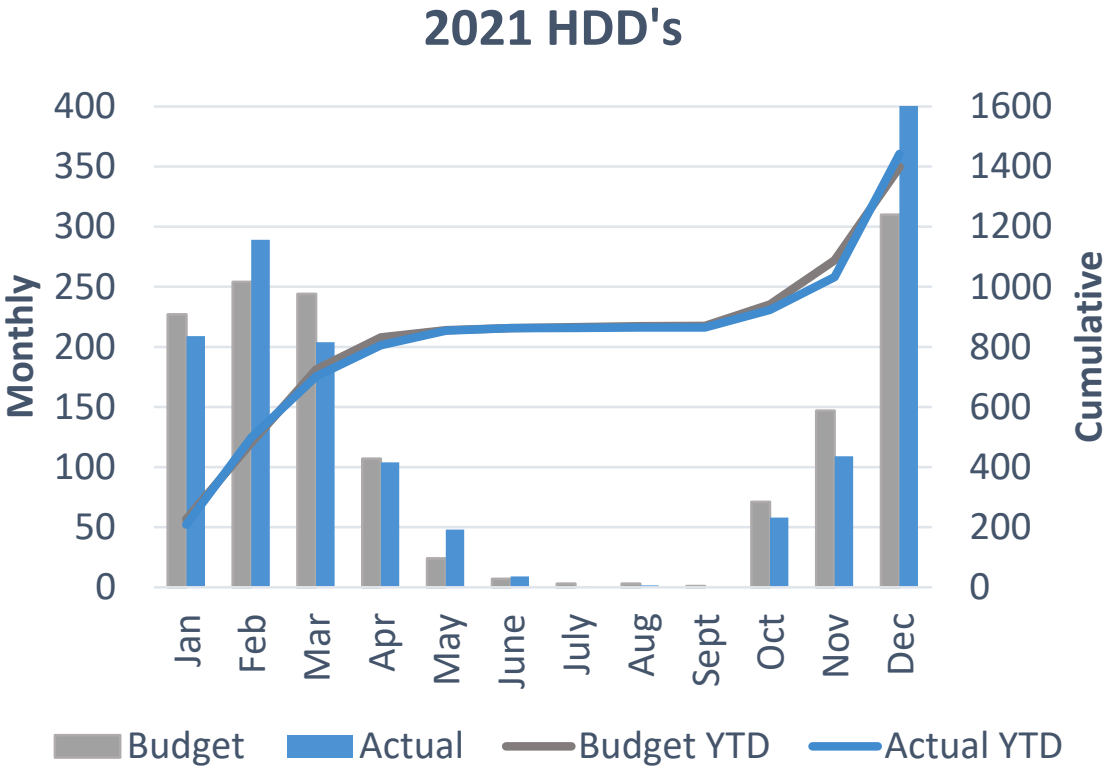
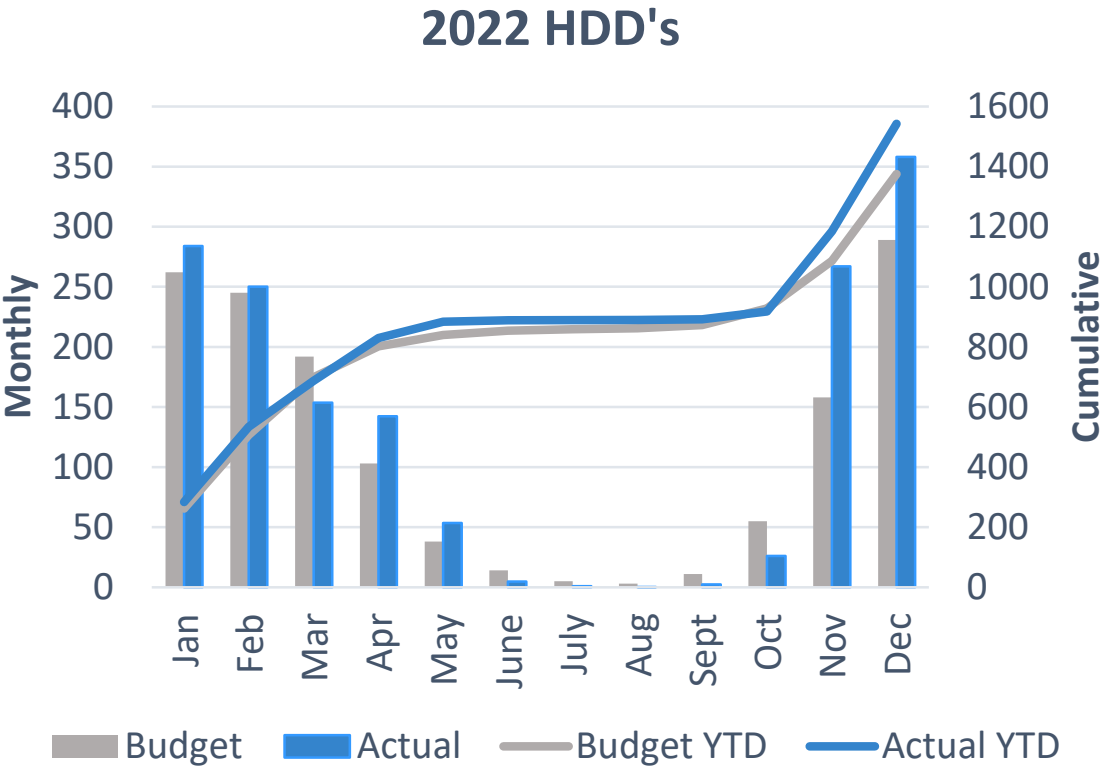
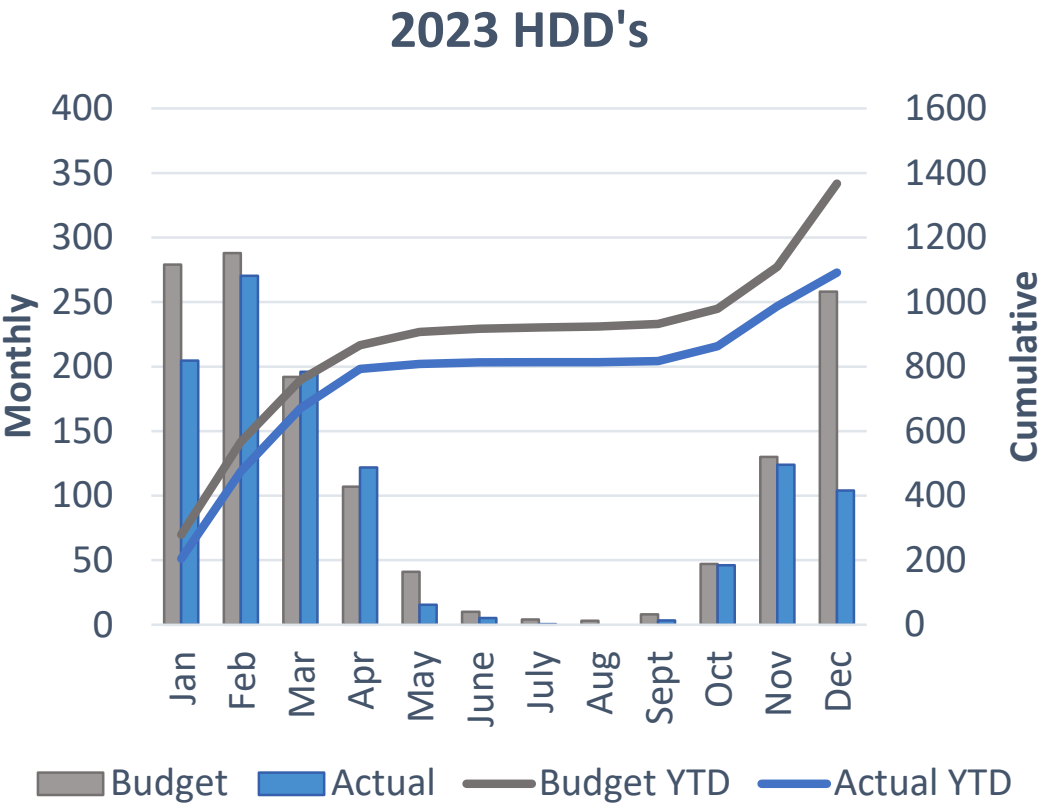
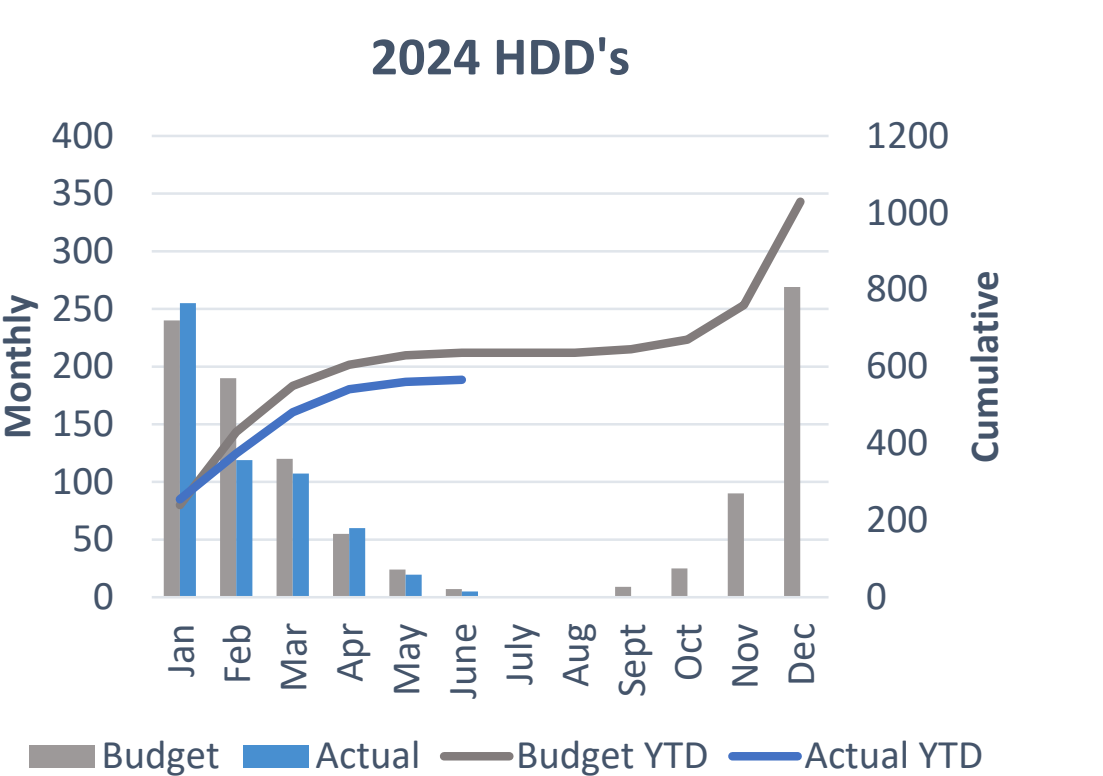
STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Budget Period End 6/30/2024	D. Actual Period End 6/30/2024	E. Budget \$ Change (D - C)	F. Budget % Change (E / C)
1	kWh Purchases	241,801,858	228,638,000	115,780,000	128,012,529	12,232,529	10.6%
2	Gross Operating Revenue	35,679,000	36,836,000	19,771,000	21,038,000	1,267,000	6.4%
3	Energy Charge Adjustment	1,000	(328,007)	-	13,000	13,000	
4	Net Operating Revenue Total	35,680,000	36,507,993	19,771,000	21,051,000	1,280,000	6.5%
5	Cost of power	9,756,000	8,572,000	4,774,000	5,117,000	343,000	7.2%
6	Operations & G&A	13,501,000	14,282,000	8,791,000	7,944,000	(847,000)	-9.6%
7	Depr, Int, Taxes & Other	8,874,000	8,805,000	4,643,000	4,806,000	163,000	3.5%
8		<u>32,131,000</u>	<u>31,659,000</u>	<u>18,208,000</u>	<u>17,867,000</u>	(341,000)	-1.9%
9	Net Operating Margins	\$ 3,549,000	\$ 4,848,993	\$ 1,563,000	\$ 3,184,000	1,621,000	103.7%
10	Non-Operating Margins	\$ 439,000	\$ 778,000	\$ 337,000	\$ 474,000	137,000	40.7%
11	Net Margin	<u><u>\$ 3,988,000</u></u>	<u><u>\$ 5,626,993</u></u>	<u><u>\$ 1,900,000</u></u>	<u><u>\$ 3,658,000</u></u>	1,758,000	92.5%
12	OTIER	2.75	3.47	2.46	4.20	1.73	
13	TIER	2.97	3.86	2.78	4.67	1.90	
14	Equity % of Total Cap	40.0%	41.6%	39.3%	41.0%	1.8%	
15	Equity	44,990,000	51,310,000	53,544,342	54,930,000	1,385,658	2.6%
16	Total Debt	69,194,000	75,141,000	83,698,000	81,621,000	(2,077,000)	-2.5%
17	Capital Spending	10,320,000	11,931,803	7,351,500	10,146,549	2,795,049	38.0%
18	Capital Credit Retirement (net)	1,189,000	1,137,000	59,000	35,000	(24,000)	-40.7%
19	Annual HDD	1,543	1,090	636	566	(70)	-11.0%



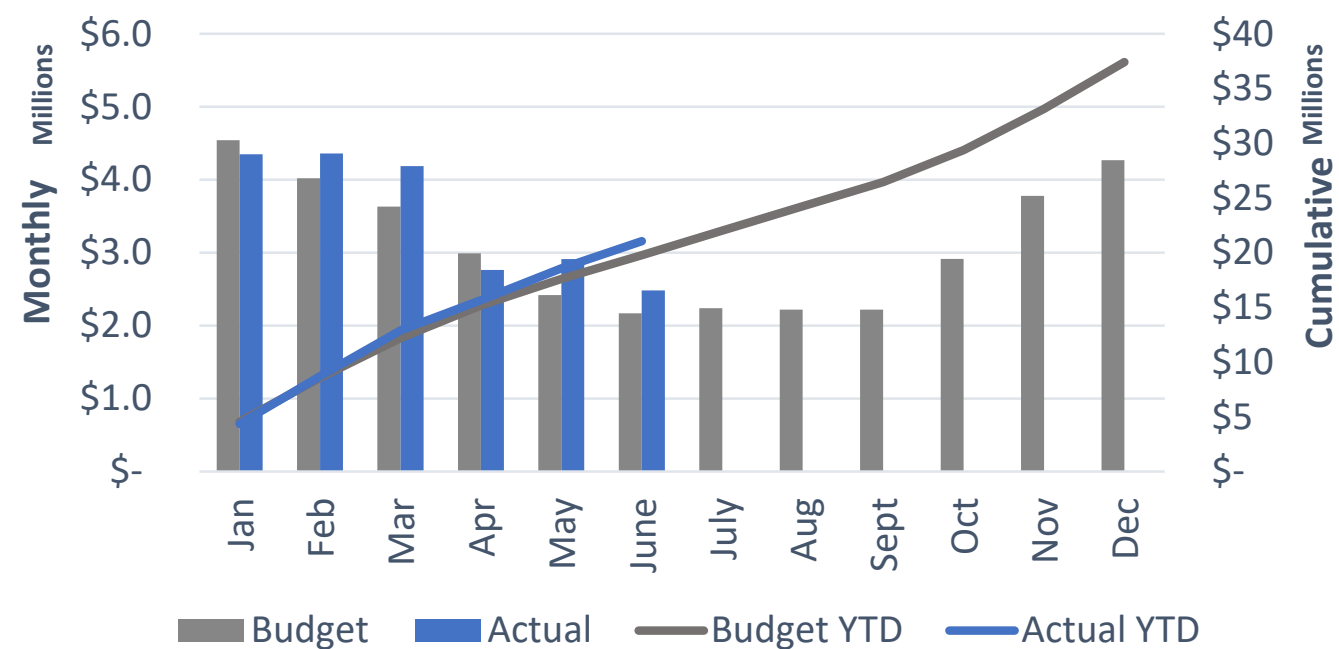
2024 Q2 Financial Highlights

2024 Budget to Actual: Heating Degree Days

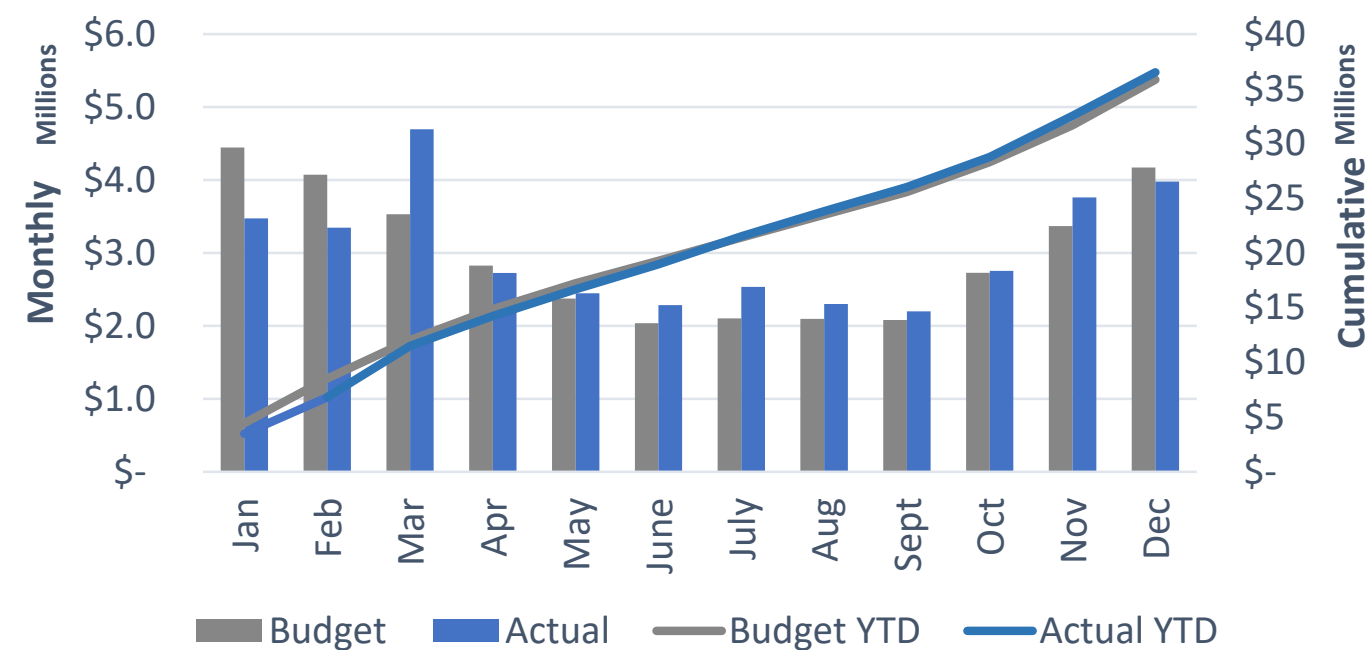


2024 Budget to Actual: Revenue

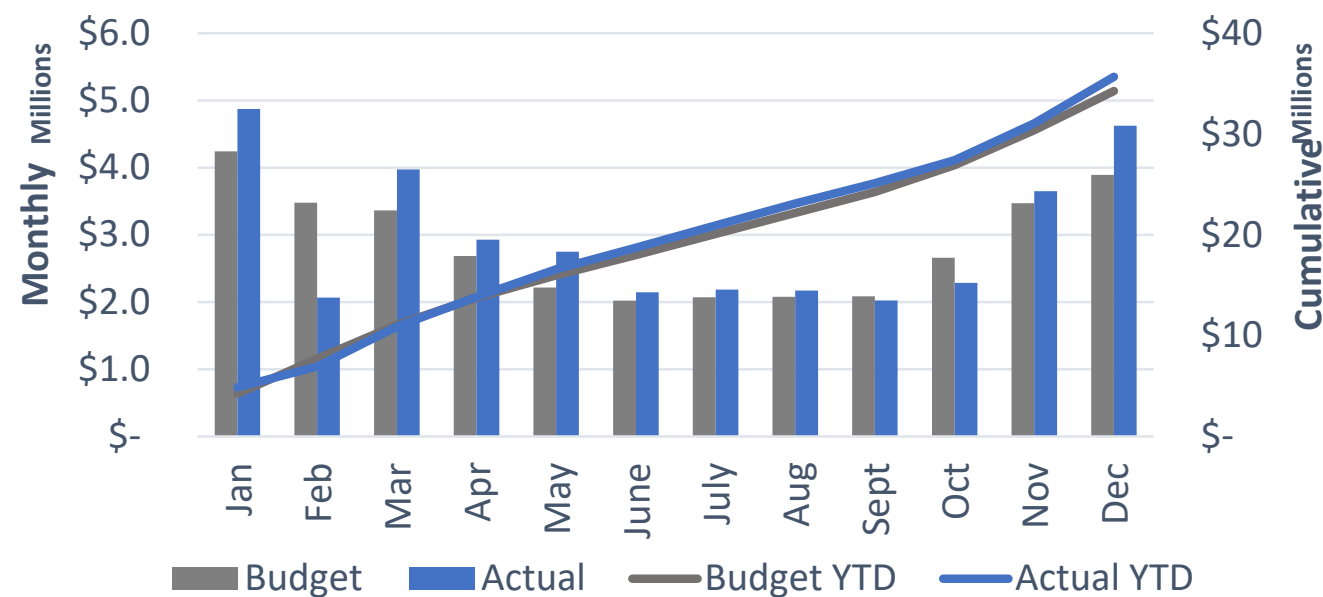
2024 Revenue



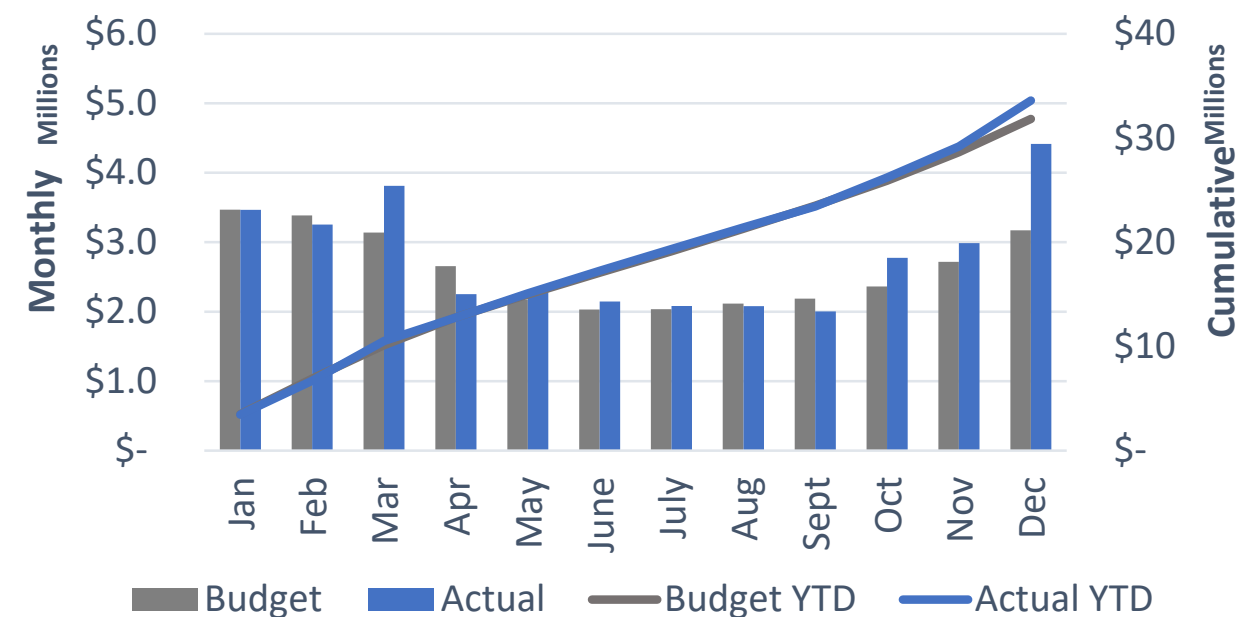
2023 Revenue



2022 Revenue



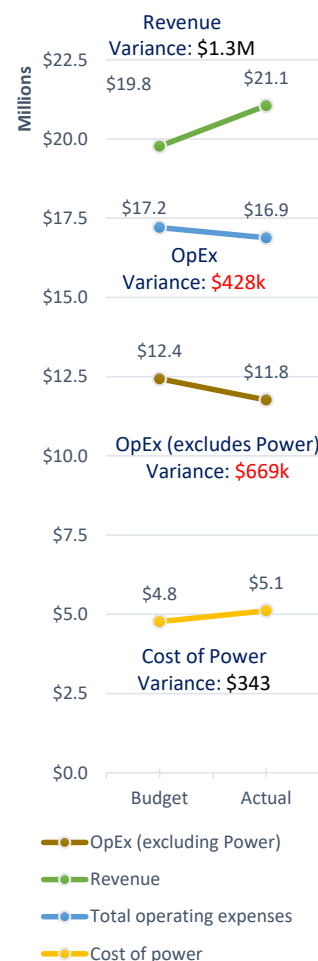
2021 Revenue



Revenue net of ECA

2024 Q2 Budget to Actual: Statement of Operations

	A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	D. Budget Period End 6/30/2024	E. Actual Period End 6/30/2024	F. Budget Variance (E - D)
1 OPERATING REVENUES					
2 Residential	\$ 26,565,416	\$ 27,321,332	\$ 14,671,865	\$ 15,969,132	1,297,267
3 Commercial	8,841,060	8,892,792	4,936,068	4,906,915	(29,153)
4 Other					
5 Penalties and fees	213,648	234,574	122,731	138,872	16,141
6 Other	59,501	59,031	40,506	35,806	(4,610)
7 Total operating revenue	35,679,624	36,507,728	19,771,170	21,050,815	1,279,645
8					
9 OPERATING EXPENSES					
10 Cost of power	9,756,442	8,571,913	4,774,219	5,117,151	342,932
11 Transmission	750,358	1,348,268	1,147,917	859,474	(288,443)
12 Distribution - operations	3,900,840	3,796,463	2,091,802	2,076,374	(15,428)
13 Distribution - maintenance	3,107,333	3,214,269	1,910,445	1,814,864	(95,581)
14 Consumer accounts	1,113,268	1,085,072	661,913	568,031	(93,881)
15					
16 General and administration					
17 Administration	4,316,867	4,595,125	2,827,555	2,492,968	(334,586)
18 Energy services	239,843	151,220	103,231	86,387	(16,844)
19 Subsidiary charges (RIC network mgt services)	92,039	91,979	48,293	46,014	(2,279)
20 Total general and administration	4,648,749	4,838,324	2,979,079	2,625,370	(353,709)
21					
22 Depreciation and amortization	5,416,108	5,396,359	2,755,124	2,848,838	93,714
23 Taxes	1,629,555	1,610,154	888,177	972,503	84,325
24					
25 Total operating expenses	30,302,833	29,860,821	17,208,676	16,882,605	(326,071)
26					
27 Operating margins before fixed charges	5,376,791	6,646,907	2,562,494	4,168,210	1,605,716
28					
29 FIXED CHARGES					
30 Interest on long-term debt	1,958,757	1,906,039	1,038,630	1,000,760	(37,870)
31					
32 Operating margins after fixed charges	3,418,035	4,740,869	1,523,864	3,167,450	1,643,586
33					
34 PATRONAGE CAPITAL CREDITS	130,840	107,198	38,977	15,962	(23,015)
35					
36 Net operating margins	3,548,875	4,848,066	1,562,841	3,183,412	1,620,571
37					
38 NON-OPERATING MARGINS					
39 Interest income	260,916	607,039	283,060	339,388	56,328
40 Other income (loss)	(11,287)	(18,861)	(41,103)	40,364	81,466
41 Total Opalco non-operating margins	249,629	588,178	241,958	379,752	137,794
42					
43 Non-operating margins from Subsidiary					
44 Interest Income (RIC loan)	79,572	79,587	39,801	39,817	16
45 Other income (use of OPALCO backbone)	109,740	109,740	54,870	54,870	-
46 Total non-operating margins from Subsidiary	189,312	189,327	94,671	94,687	16
47					
48 Net non-operating margins	438,941	777,505	336,629	474,439	137,810
49					
50 NET MARGINS	\$ 3,987,816	\$ 5,625,571	\$ 1,899,470	\$ 3,657,851	1,758,381
51					
52 OTIER	2.75	3.47	2.46	4.20	1.73
53 TIER	2.97	3.86	2.78	4.67	1.90
54 Equity % of Total Cap	40.0%	41.6%	39.3%	41.0%	1.8%

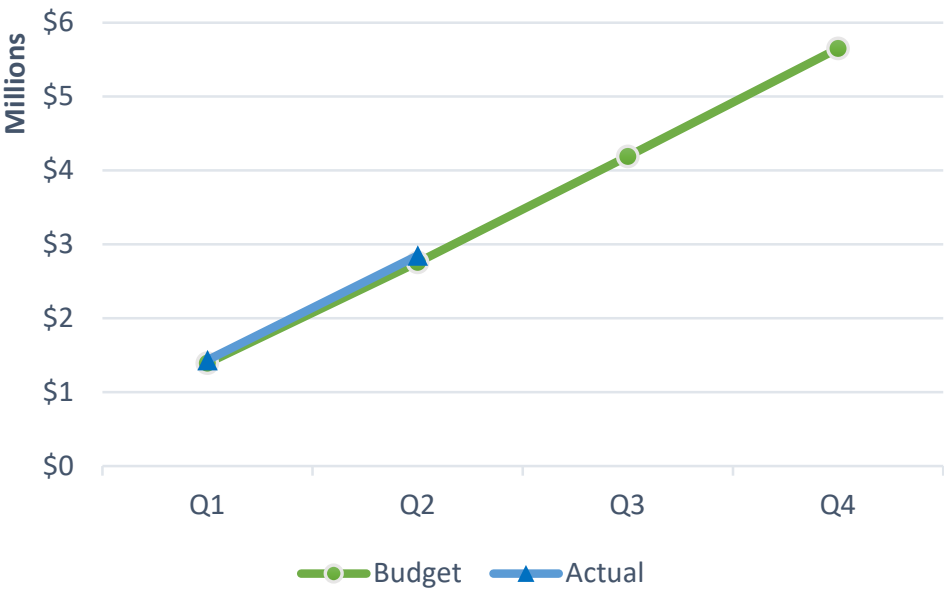


Notes:

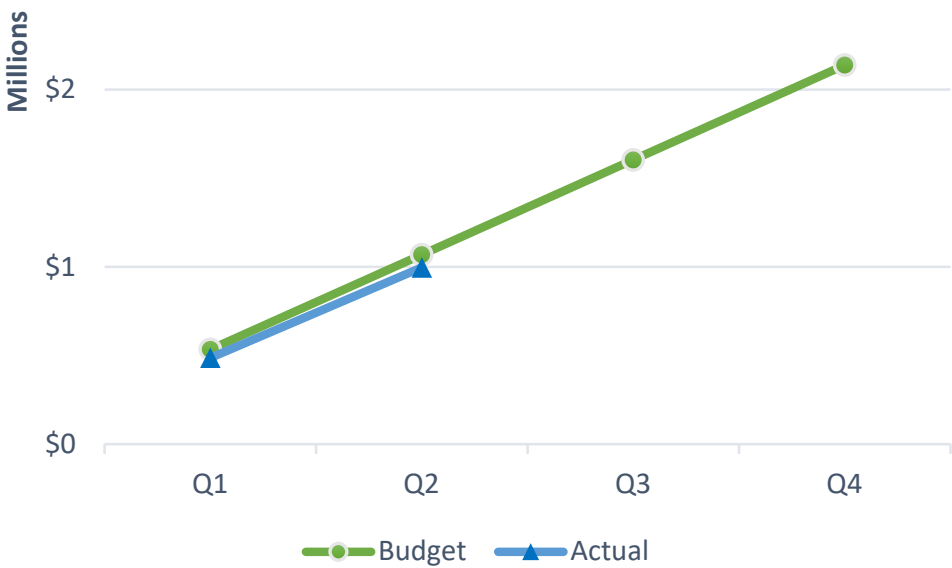
- Throughout Q2 the ECA collected a net \$13k from the membership
Note: Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$165k in January 2024, related to the calculation based on December 2023 factors.
- Net Operating Margin: \$3.3M (\$1.7M increase over budget)
- Net Margin: \$3.7M (\$1.8M increase over budget)

2024 Q2 Budget to Actual: Financial Metrics

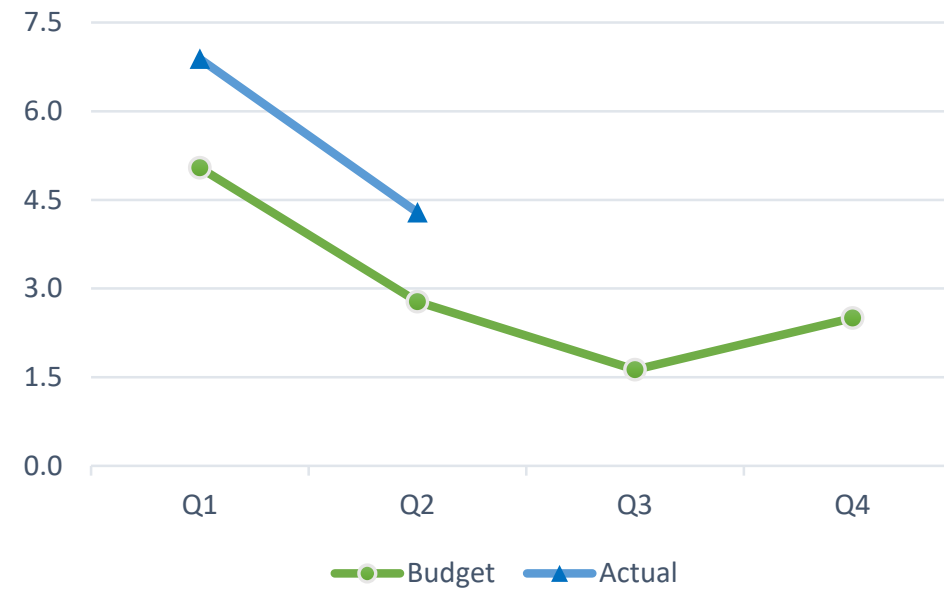
Depreciation & Amortization



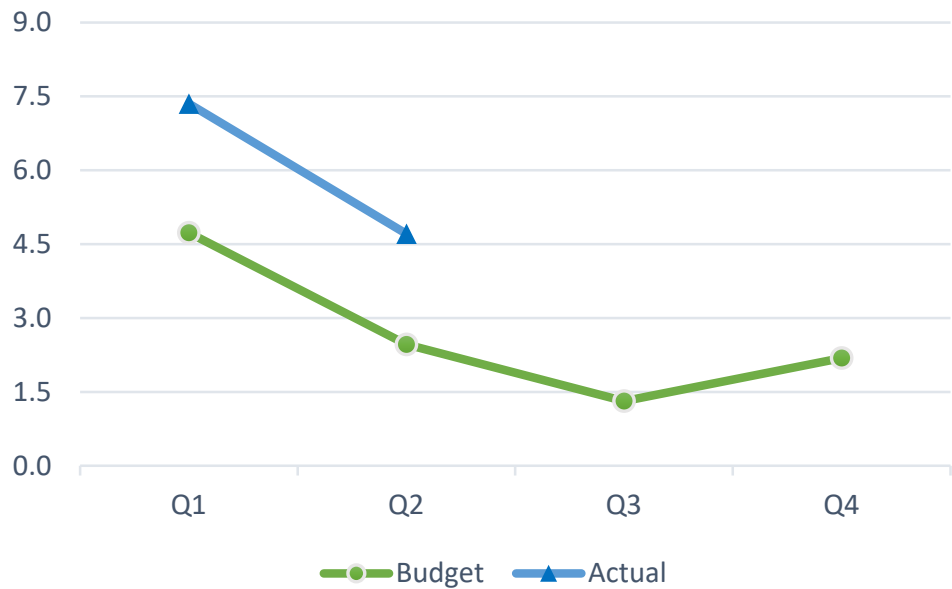
Interest



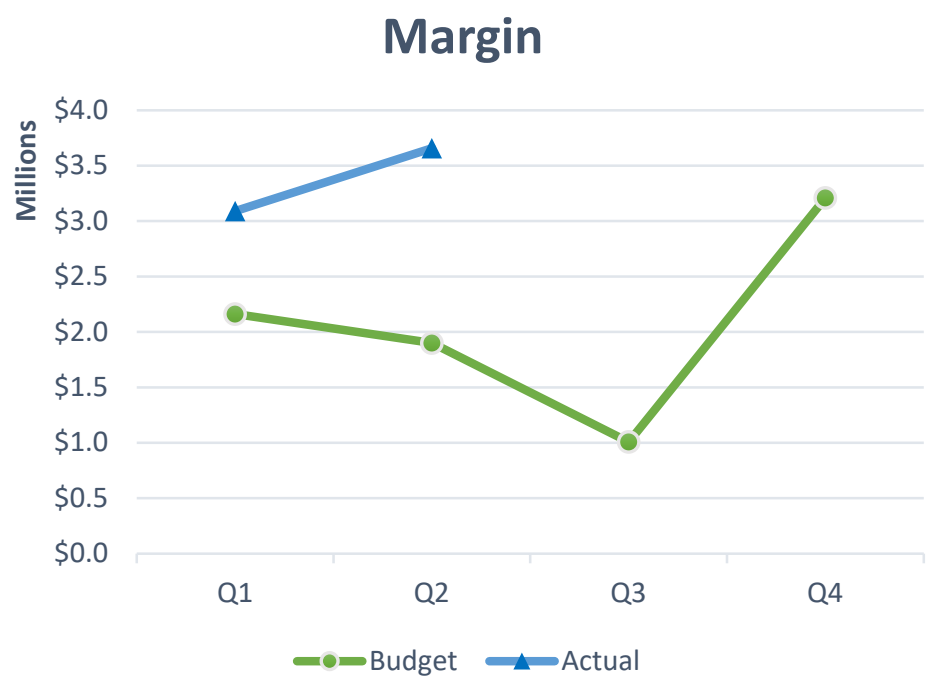
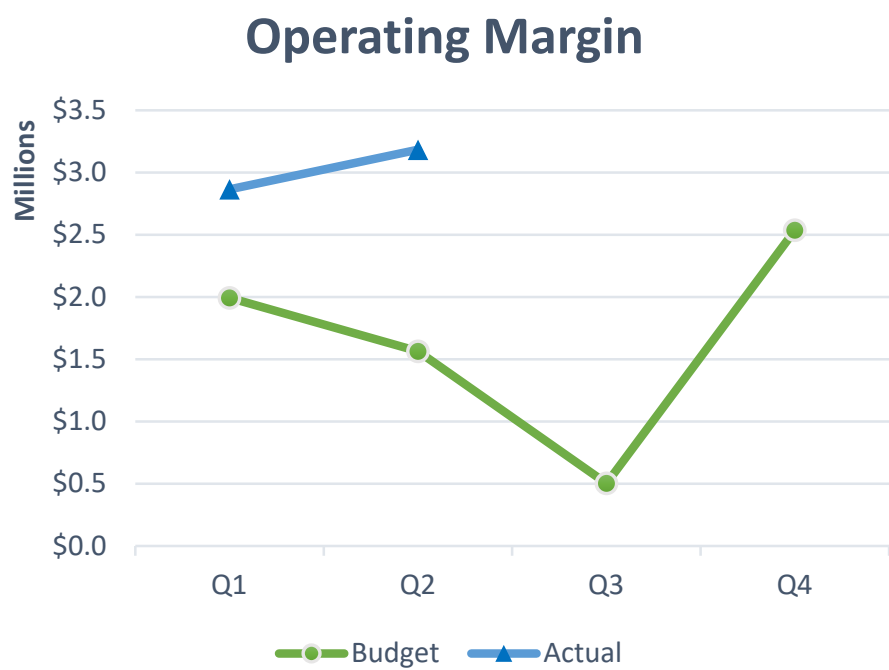
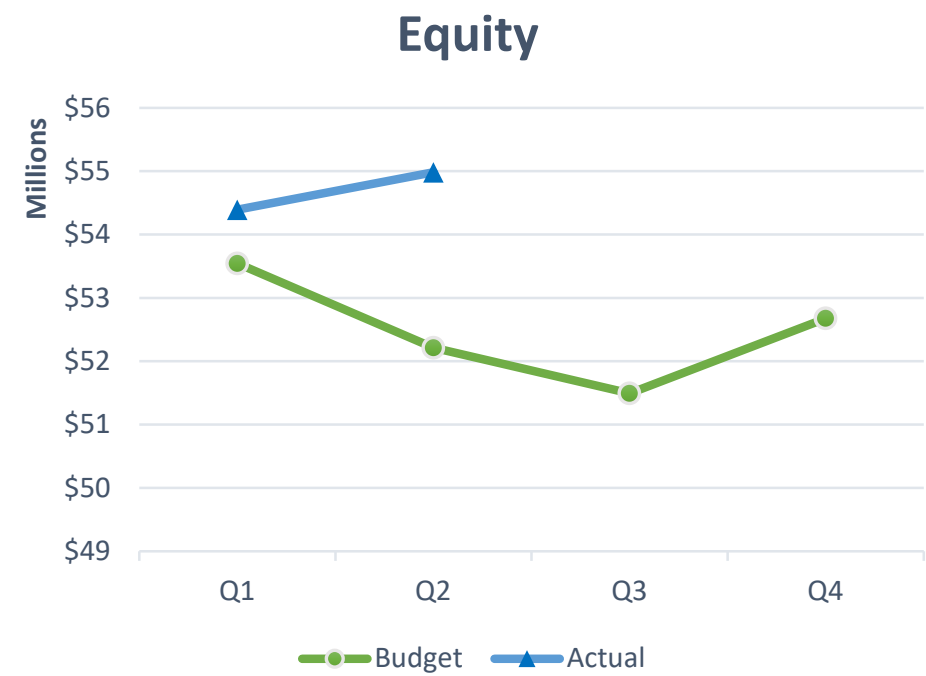
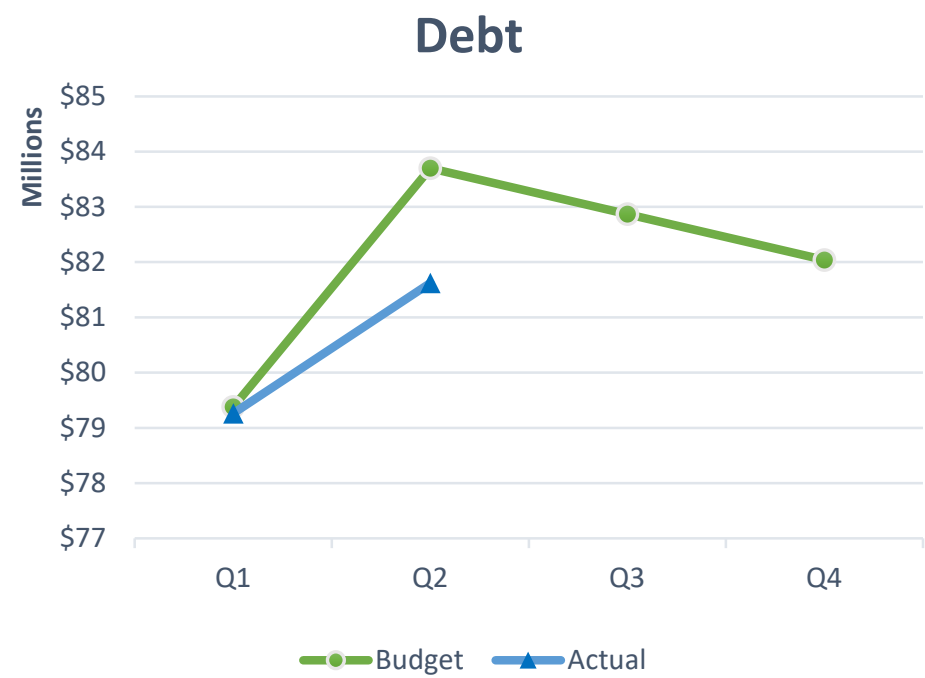
OTIER



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2024 Q2 Budget to Actual: Financial Metrics



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STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Budget Year End 12/31/2024	D. Budget Period End 6/30/2024	E. Actual Period End 6/30/2024	F. Budget Variance (E - D)
1 OPERATING REVENUES						
2 Residential	\$ 26,565,416	\$ 27,321,332	\$ 27,769,404	\$ 14,671,865	\$ 15,969,132	1,297,267
3 Commercial	8,841,060	8,892,792	9,342,762	4,936,068	4,906,915	(29,153)
4 Other						
5 Penalties and fees	213,648	234,574	228,162	122,731	138,872	16,141
6 Other	59,501	59,031	66,898	40,506	35,896	(4,610)
7 Total operating revenue	35,679,624	36,507,728	37,407,226	19,771,170	21,050,815	1,279,645
8						
9 OPERATING EXPENSES						
10 Cost of power	9,756,442	8,571,913	9,159,300	4,774,219	5,117,151	342,932
11 Transmission	730,538	1,348,268	1,369,332	1,147,917	859,474	(288,443)
12 Distribution - operations	3,900,840	3,796,463	4,123,097	2,091,802	2,076,374	(15,428)
13 Distribution - maintenance	3,107,333	3,214,269	3,850,445	1,910,445	1,814,864	(95,581)
14 Consumer accounts	1,113,268	1,085,072	1,231,969	661,913	568,031	(93,881)
15						
16 General and administration						
17 Administration	4,316,867	4,595,125	5,491,691	2,827,555	2,492,968	(334,586)
18 Energy services	239,843	151,220	243,479	103,231	86,387	(16,844)
19 Subsidiary charges (RIC network mgt services)	92,039	91,979	96,586	48,293	46,014	(2,279)
20 Total general and administration	4,648,749	4,838,324	5,831,756	2,979,079	2,625,370	(353,709)
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22 Depreciation and amortization	5,416,108	5,396,359	5,650,687	2,755,124	2,848,838	93,714
23 Taxes	1,629,555	1,610,154	1,689,196	888,177	972,503	84,325
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25 Total operating expenses	30,302,833	29,860,821	32,905,782	17,208,676	16,882,605	(326,071)
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29 FIXED CHARGES						
30 Interest on long-term debt	1,958,757	1,906,039	2,077,260	1,038,630	1,000,760	(37,870)
31						
32 Operating margins after fixed charges	3,418,035	4,740,869	2,424,184	1,523,864	3,167,450	1,643,586
33						
34 PATRONAGE CAPITAL CREDITS	130,840	107,198	111,362	38,977	15,962	(23,015)
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36 Net operating margins	3,548,875	4,848,066	2,535,546	1,562,841	3,183,412	1,620,571
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38 NON-OPERATING MARGINS						
39 Interest income	260,916	607,039	566,120	283,060	339,388	56,328
40 Other income (loss)	(11,287)	(18,861)	(82,467)	(41,103)	40,364	81,466
41 Total Opalco non-operating margins	249,629	588,178	483,653	241,958	379,752	137,794
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43 Non-operating margins from Subsidiary						
44 Interest Income (RIC loan)	79,572	79,587	79,602	39,801	39,817	16
45 Other income (use of OPALCO backbone)	109,740	109,740	109,740	54,870	54,870	-
46 Total non-operating margins from Subsidiary	189,312	189,327	189,342	94,671	94,687	16
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48 Net non-operating margins	438,941	777,505	672,995	336,629	474,439	137,810
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50 NET MARGINS	\$ 3,987,816	\$ 5,625,571	\$ 3,208,541	\$ 1,899,470	\$ 3,657,851	1,758,381
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52 OTIER	2.75	3.47	2.19	2.46	4.20	1.73
53 TIER	2.97	3.86	2.50	2.78	4.67	1.90
54 Equity % of Total Cap	40.0%	41.6%	40.2%	39.3%	41.0%	1.8%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A.	B.	C.	D.		
		Budget Period End 6/30/2024	Actual Period End 6/30/2024	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)		
1	I OPERATING REVENUES	19,771,170	21,050,815	1,279,645			
2						Budget	Actual
3					HDD	636	566
4					kWh Sales	109,900	119,363
5	Operating Revenue - Line 7 Detail Breakout:					(kWh in thousands)	
6	Residential Sales	14,671,865	15,969,132	1,297,267	kWh sales higher than budget		
7	Commercial Sales	4,936,068	4,906,915	(29,153)	lower Commercial sales than budgeted, offset in Residential sales		
8	Other Operating Revenue						
9	Penalties and Fees	(122,731)	(138,872)	16,141	Misc fees & penalty charges higher than budgeted		
10	Other	(40,506)	(35,896)	(4,610)	Lower pole contact rentals		
11							
12	TOTAL OPERATING REVENUES	19,771,170	21,050,815	1,279,645	Increase in Revenue		
13							
14							
15	II OPERATING EXPENSES	17,208,676	16,882,605	(326,071)	Overall decrease in operating expenses		
16							
17	Cost of Power - Line 10	4,774,219	5,117,151	342,932	Increase in expense - kWh purchases above budget		
18						Budget	Actual
19					kWh Purchases	115,780	128,013
20						(kWh in thousands)	
21	Transmission - Line 11 Detail Breakout:	1,147,917	859,474	(288,443)	Decrease in expense - less ROW through Q2		
22							
23	Distribution - Operations - Line 12 Detail Breakout:	2,091,802	2,076,374	(15,428)	Decrease in expense -		
24							
25	Distribution - Maintenance - Line 13 Detail Breakout:	1,910,445	1,814,864	(95,581)	Decrease in expense -		
26							
27	Consumer accounts - Line 14 Detail Breakout:	661,913	568,031	(93,881)	Decrease in expense - vacant position filled April 2024		
28							
29	Total General and Administrative (G&A):						
30							
31					Decrease in expense - 2 vacant positions (1 filled April '24 and 1 filled Aug '24), lower tech & outside contract services, and legal expenses coded to other efforts		
32	Administration G&A - Line 17 Detail Breakout:	2,827,555	2,492,968	(334,586)			
33							
34	Energy Services G&A - Line 18	103,231	86,387	(16,844)	Decrease in expense - lower outreach expenses & timing of member rebates		
35							
36	Subsidiary Charges G&A - Line 19	48,293	46,014	(2,279)	Decrease in expense		
37	Total General and Administrative (G&A)	2,979,079	2,625,370	(353,709)	Overall decrease in expense		
38							
39	Deprec. & Amort. - Line 22	2,755,124	2,848,838	93,714	Increase in expense - higher general & distribution capitalization		
40							
41	Taxes - Line 23	888,177	972,503	84,325	Increase in expense - higher sales		

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	
		6/30/2024	6/30/2024	(B - A)	Comments: Budget To Actual (Column C.)
42					
43					
44					
45					
46	III				
	FIXED CHARGES - Interest Expense - Line 30	1,038,630	1,000,760	(37,870)	Decrease in expense - lower rate on new borrowings along with less borrowings so far this year
47					
48	IV				
49	PATRONAGE CAPITAL CREDITS (Income) - Line 34	38,977	15,962	(23,015)	Decrease in income - received from associated cooperatives
50					
51					
52	V				
60	NON-OPERATING MARGINS	336,629	474,439	137,810	Increase in margin
61					
	TOTAL OPALCO NET MARGIN DETAIL BREAKOUT	1,899,470	3,657,851	1,758,381	Increase in margin

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2021	B. Audited Year End 12/31/2022	C. Audited Year End 12/31/2023	D. Actual Period End 6/30/2024	E. Change (D - C)
1 ASSETS					
2					
3 UTILITY PLANT, at cost					
4 Electric plant in service	\$ 156,749,824	\$ 159,009,290	\$ 168,725,153	\$ 173,737,020	5,011,867
5 Construction work in progress	4,342,145	9,984,056	11,412,238	15,016,299	3,604,061
6					
7	161,091,969	168,993,346	180,137,391	188,753,319	8,615,928
8 Less accumulated depreciation and amortization	62,700,104	67,446,380	72,429,392	74,536,199	2,106,807
9					
10 Net utility plant	98,391,865	101,546,966	107,707,999	114,217,120	6,509,121
11					
12 Investments in associated organizations					
13 Other (CFC, Federated, PNGC, etc.)	1,452,951	1,539,530	1,616,371	1,627,219	10,848
14 Non-utility investment subsidiary (Note 1)	(11,093,287)	(11,173,486)	(9,331,007)	(9,333,768)	(2,761)
15 Total investments in associated organizations	(9,640,336)	(9,633,956)	(7,714,636)	(7,706,549)	8,087
16					
17 Other property and investments	(9,640,336)	(9,633,956)	(7,714,636)	(7,706,549)	8,087
18					
19 CURRENT ASSETS					
20 Cash and cash equivalents	9,509,141	9,697,635	9,076,867	10,432,583	1,355,716
21 Cash and cash equivalents - board designated	3,081,838	1,002,529	1,061,098	1,103,010	41,912
22 Accounts receivable, less doubtful accts allowance	5,561,142	6,240,612	6,247,535	5,258,851	(988,684)
23 Interest receivable	6,800	55,550	49,108	51,624	2,516
24 Materials and supplies	4,122,049	3,766,502	4,544,853	4,917,531	372,678
25 Prepaid expenses	490,688	733,743	750,805	765,377	14,572
26					
27 Total current assets	22,771,658	21,496,571	21,730,266	22,528,976	798,710
28					
29 DEFERRED CHARGES (Note 2)	1,518,849	4,501,196	9,440,198	12,153,507	2,713,309
30					
29 Total assets	\$ 113,042,036	\$ 117,910,777	\$ 131,163,827	\$ 141,193,054	\$ 10,029,227

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2021	B. Audited Year End 12/31/2022	C. Audited Year End 12/31/2023	D. Actual Period End 6/30/2024	E. Change (D - C)	
30						
31	EQUITIES, MARGINS, AND LIABILITIES					
32						
33	EQUITIES AND MARGINS					
34	Memberships	\$ 58,225	\$ 58,380	\$ 58,555	\$ 58,640	85
35	Patronage capital - OPALCO	47,343,880	47,684,660	50,530,219	53,636,162	3,105,943
36	Donated and other equities					
37	OPALCO donated & other margins	7,957,308	10,558,452	12,188,061	12,706,852	518,791
38	Subsidiary margins	(13,229,021)	(13,311,620)	(11,466,670)	(11,471,285)	(4,614)
39						
40	Total equities and margins	42,130,392	44,989,872	51,310,164	54,930,369	3,620,204
41						
42	LONG-TERM DEBT, less current maturities					
43	RUS mortgage notes (Note 3)	57,527,604	60,293,610	65,195,745	72,205,502	7,009,757
44	CFC mortgage notes	7,454,617	7,149,506	6,832,012	6,668,275	(163,737)
45						
46	Total long-term debt	64,982,221	67,443,116	72,027,757	78,873,777	6,846,020
47						
48	OTHER NONCURRENT LIABILITIES					
49		-	11,885	35,257	48,757	13,500
50	Total long-term liabilities	64,982,221	67,455,001	72,063,013	78,922,534	6,859,520
51						
52	CURRENT LIABILITIES					
53	Accounts payable	2,011,153	1,896,315	3,197,832	2,957,417	(240,415)
54	Customer deposits	51,606	70,129	71,371	63,425	(7,946)
55	Accrued liabilities	1,418,656	1,461,254	1,062,638	1,209,287	146,649
56	Current maturities of long-term debt	2,092,617	1,739,499	3,077,652	2,698,727	(378,925)
57	Current maturities capital leases	1,505	-	-	-	-
58						
59	Total current liabilities	5,575,537	5,167,197	7,409,494	6,928,856	(480,637)
60						
61	DEFERRED CREDITS					
62		353,886	298,707	381,155	411,295	30,140
63	Total equities and liabilities	\$ 113,042,036	\$ 117,910,777	\$ 131,163,827	\$ 141,193,054	\$ 10,029,227
64						
65	Note:					
66	1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,137,517) less IN LLC's cumulative net deficit of (\$11,471,285) seen in 'equities & margins'.					
67	2 Member Switch-It-Up On Bill Financing (OBF) Long Term Receivables					
68	3 Includes RESP borrowing					

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
GAAP

	A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Actual Period End 6/30/2024
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 3,987,816	\$ 5,625,571	\$ 3,657,851
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	5,416,108	5,396,359	2,848,838
6 Changes in assets and liabilities			
7 Accounts receivable	(679,470)	(6,923)	988,684
8 Interest receivable	(48,750)	6,442	(2,516)
9 Prepaid expenses	(243,056)	(17,064)	(14,572)
10 Accounts payable	(114,837)	1,301,519	(240,415)
11 Customer deposits	18,523	1,242	(7,946)
12 Accrued liabilities	42,596	(398,616)	146,649
13 Deferred credits	(55,179)	82,449	30,140
14 Deferred Charges	(2,982,347)	(4,939,002)	(2,713,309)
14 Net cash from operating activities	5,341,404	7,051,977	4,693,404
15			
16 CASH FLOWS FROM INVESTING ACTIVITIES			
17 Additions to utility plant, net	(10,287,226)	(13,477,509)	(13,232,248)
18 Change in materials and supplies	355,547	(778,351)	(372,678)
19 (Increase) decrease in investment in Subsidiary	80,199	(1,842,479)	2,761
20 (Increase) decrease in other OPALCO property and investments, net	(86,579)	(76,841)	(10,848)
21			
22 Net cash from investing activities	(9,938,059)	(16,175,180)	(13,613,013)
23			
23 CASH FLOWS FROM FINANCING ACTIVITIES			
24 Payments on long-term debt, net	(2,521,842)	(2,416,835)	(1,619,405)
25 Proceeds from debt (Note 1)	4,640,000	8,363,000	8,100,000
26 Memberships	155	175	85
27 Retirements of patronage capital, net	(1,045,891)	(1,150,403)	(33,118)
28 Change in subsidiary equities	(82,599)	1,844,950	(4,614)
29 Contributions in aid of construction	1,716,016	1,920,116	3,874,289
30			
30 Net cash from financing activities	2,705,839	8,561,003	10,317,237
31			
31 NET CHANGE IN CASH	(1,890,816)	(562,200)	1,397,628
32			
32 CASH AND CASH EQUIVALENTS, beginning of year/period	12,590,981	10,700,165	10,137,965
33			
33 CASH AND CASH EQUIVALENTS, end of year/period	10,700,165	10,137,965	11,535,593
34			
34 SUPPLEMENTAL DISCLOSURES			
35 Cash paid for interest	\$ 2,458,019	\$ 1,964,597	\$ 995,870
36			
36 OUTSTANDING DEBT BALANCE	(69,194,501)	(75,140,665)	(81,621,261)
37			
37 Notes:			
38 1 RUS Treasury borrowings of \$3M and \$5.1M in RESP			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

Note: All numbers in thousands		A. Audited Year-End 12/31/2022	B. Audited Year-End 12/31/2023	C. Approved Budget 6/30/2024	D. Actual Period-End 6/30/2024	E. Budget Variance (D - C)	F. Comments
1	% Rate Increase	4%	6%	6%	6%		
2	OPERATING ACTIVITIES:						
3	Margins	\$ 4,000	\$ 5,600	\$ 1,900	\$ 3,700	\$ 1,800	
4	Plus depreciation/amortization	5,400	5,400	2,800	2,800	-	
5	Cash flow operations	9,400	11,000	4,700	6,500	1,800	
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(8,900)	(11,900)	(7,400)	(10,100)	(2,700)	
9	Cash flow from operations and plant investment	500	(900)	(2,700)	(3,600)	(900)	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,190)	(1,140)	(60)	(40)	20	
12	Cash flow before borrowings	(690)	(2,040)	(2,760)	(3,640)	(880)	
13							
14	NET BORROWINGS	2,100	5,900	8,560	6,500	(2,060)	includes \$5.1M in RESP borrowings
15	Cash increase (decrease) after net borrowings	\$ 1,410	\$ 3,860	\$ 5,800	\$ 2,860	\$ (2,940)	
16							
17							
18	OUTSTANDING DEBT BALANCE	69,200	75,140	83,700	81,620	(2,080)	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Budget Year End 12/31/2024	D. Budget Period End 6/30/2024	E. Actual Period End 6/30/2024	F. Budget Variance (E- D)	Comments
1	DISTRIBUTION								
2	100	New Services	\$ 683,235	\$ 783,026	\$ 600,000	\$ 300,000	\$ 223,704	\$ (76,296)	Member request for overhead to underground (Offset to Line 38)
3	200	New Tie Lines	19,467	241,980	-	-	218,449	218,449	Joint Opportunities for URD ties
4	300	Conversions and Line Changes	1,407,717	381,236	1,825,000	900,000	1,179,521	279,521	Doe Bay to Eagle Lake OH to UG Conversion
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	1,980,169	2,203,996	5,800,000	3,500,000	3,543,967	43,967	Friday Harbor Substation rebuild is underway
7	600	Miscellaneous Distribution Equipment						-	
8	601	Transformers & Meters	928,653	1,289,078	1,100,000	900,000	1,289,484	389,484	Transformers vendor change reduced delays in receiving
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603	Sectionalizing Equipment	153,382	254,716	650,000	50,000	228,105	178,105	Switchgear delivery anticipated in Q3
11	604	Regulators	-	-	-	-	-	-	
12	606	Ordinary Replacements	370,825	20,079	412,000	150,000	28,005	(121,995)	Delay due to crew priority
13	607	Overhead to Underground Replacements	109,820	33,794	100,000	75,000	310,285	235,285	Projected to exceed
14	608	Underground Dist. Cable Replacement	3,236,205	3,817,644	3,500,000	1,500,000	1,361,577	(138,423)	Shift in efforts to Tie projects related to URD projects
15	700	Other Distribution Items						-	
16	701	Engineering Fees	-	-	-	-	-	-	
17	704	LMS & SCADA	110,941	150,400	-	-	38,937	38,937	Delay close out invoicing of SCADA/ADMS upgrades from prior year
18	705	AMR	-	-	-	-	-	-	
19	706	Communications	252,059	492,489	216,000	125,000	-	(125,000)	Delayed to Q3 and Q4
20		ARPA Grant Fiber Projects	-	-	7,600,000	3,800,000	4,349,470	549,470	Construction is ahead of schedule (Offset to Line 44)
21	TRANSMISSION								
22	800	New Tie Line	-	-	-	-	-	-	
23	900	New Substations, switching station, metering point, etc.	10,049	32,072	-	-	-	-	
24	1000	Line and Station Changes	639,300	1,015,026	540,000	300,000	170,197	(129,803)	Jackson Beach Relocation project delay due to Island Rec negotiations
25	1100	Other Transmission	-	-	-	-	-	-	
26	GENERATION								
27	1200	Generation	119,474	146,484	100,000	50,000	63,925	13,925	Tidal Report Complete awaiting CEF Publishing. Ferry Elec. in progress
28	OTHER								
29	1300	Headquarters Facilities	96,809	139,468	578,000	289,000	49,783	(239,217)	Delays in permitting with County
30	1400	Acquisitions	-	-	-	-	-	-	
31	1500	All Other (Transportation, Etc.)						-	
32	1501	Transportation/Equipment/Tools/Radios	264,227	483,609	716,000	475,000	359,346	(115,654)	Bucket truck purchase delay, anticipated for Q3
33	1502	Office Equipment/Furniture/Etc.	8,156	3,219	12,000	6,000	-	(6,000)	
34	1503	Computer/Servers/Software	156,812	374,082	138,000	69,000	82,671	13,671	Equipment selection for substation cameras delayed deployment
35	1504	Electrical Infrastructure to Support Community Solar	29,878	1,918,563	6,000,000	2,500,000	511,395	(1,988,605)	Delays in Permitting with SJC (Offset to Line 42/43)
36	1600	Minor Projects	68,327	70,958	135,000	75,000	12,016	(62,984)	
37	RUS CWP SUBTOTAL		10,645,505	13,851,918	30,022,000	15,064,000	14,020,838	(1,043,162)	
38	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
39		New Services	(516,683)	(389,586)	(500,000)	(250,000)	(178,150)	71,850	Offset to Line 2 - New Services
40		Meters and Transformers	(375,080)	(297,391)	(325,000)	(162,500)	(179,468)	(16,968)	Offset to Line 8 Transformers & Meters
41		Joint Projects	(214,254)	(354,476)	(100,000)	-	2,904	2,904	Offset to Lines 3, 4, 14 and 36
42		WA DOC Grant Funding	(560,000)	(508,663)	(1,368,000)	(500,000)	(109,726)	390,274	Delays in Permitting with SJC (Offset to Line 6/35)
43		Community Solar Member Contributions	(50,000)	(370,000)	(8,000,000)	(3,000,000)	-	3,000,000	Delays in Permitting with SJC (Offset to Line 35)
44		ARPA Grant Fiber Funding	-	-	(7,600,000)	(3,800,000)	(3,409,849)	390,151	Offset to Line 20 - Reimbursement received Quarter after Expenditure
45	CIAC SUBTOTAL		(1,716,016)	(1,920,116)	(17,893,000)	(7,712,500)	(3,874,289)	3,838,211	
46									
47	RUS CWP NET TOTAL		8,929,489	11,931,803	12,129,000	7,351,500	10,146,549	2,795,049	

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
June '24

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	18,977,608	21,050,815	19,771,170	2,481,850
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	4,682,965	5,117,151	4,774,219	567,249
4. Transmission Expense	1,135,105	859,474	1,147,917	28,605
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	1,905,249	2,076,374	2,091,802	289,470
7. Distribution Expense - Maintenance	1,735,111	1,814,864	1,910,445	259,065
8. Customer Accounts Expense	583,431	568,031	661,913	101,847
9. Customer Service and Informational Expense	181,282	199,793	223,421	62,163
10. Sales Expense	31,046	27,479	37,796	3,039
11. Administrative and General Expense	2,156,421	2,398,097	2,717,862	338,679
12. Total Operation & Maintenance Expense (2 thru 11)	12,410,611	13,061,264	13,565,374	1,650,118
13. Depreciation and Amortization Expense	2,632,001	2,848,838	2,755,124	467,541
14. Tax Expense - Property & Gross Receipts	136,932	125,293	147,887	20,614
15. Tax Expense - Other	709,869	847,209	740,291	102,190
16. Interest on Long-Term Debt	968,802	995,870	1,068,630	166,440
17. Interest Charged to Construction - Credit	(29,116)	4,890	(30,000)	(6,398)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	16,829,100	17,883,365	18,247,306	2,400,504
21. Patronage Capital & Operating Margins (1 minus 20)	2,148,508	3,167,450	1,523,864	81,346
22. Non Operating Margins - Interest	307,409	379,205	322,861	87,092
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	11,940	95,234	13,767	(19,166)
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	14,597	15,962	38,977	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,482,455	3,657,851	1,899,470	149,271

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 June '24		
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	82	54	5. Miles Transmission	46.39	46.39
2. Services Retired	-	-	6. Miles Distribution – Overhead	140.01	138.08
3. Total Services in Place	15,785	15,899	7. Miles Distribution - Underground	1,082.37	1,090.53
4. Idle Services (Exclude Seasonals)	799	818	8. Total Miles Energized (5 + 6 + 7)	1,268.77	1,275.00
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	173,737,020		30. Memberships	58,640	
2. Construction Work in Progress	14,918,031		31. Patronage Capital	50,452,750	
3. Total Utility Plant (1 + 2)	188,655,051		32. Operating Margins - Prior Years	-	
4. Accum. Provision for Depreciation and Amort.	74,437,931		33. Operating Margins - Current Year	3,183,412	
5. Net Utility Plant (3 - 4)	114,217,120		34. Non-Operating Margins	474,439	
6. Non-Utility Property (Net)	-		35. Other Margins and Equities	761,128	
7. Investments in Subsidiary Companies	(9,333,768)		36. Total Margins & Equities (30 thru 35)	54,930,369	
8. Invest. in Assoc. Org. - Patronage Capital	1,078,890		37. Long-Term Debt - RUS (Net)	2,998,558	
9. Invest. in Assoc. Org. - Other - General Funds	10,300		38. Long-Term Debt - FFB - RUS Guaranteed	57,003,834	
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)	21,570,112	
12. Other Investments	1,555		41. Long-Term Debt - RUS - Econ. Devel. (Net)	-	
13. Special Funds	1,273,944		42. Payments – Unapplied	-	
14. Total Other Property & Investments (6 thru 13)	(6,432,606)		43. Total Long-Term Debt (37 thru 41 - 42)	81,572,504	
15. Cash - General Funds	3,358,039		44. Obligations Under Capital Leases - Noncurrent	-	
16. Cash - Construction Funds - Trustee	37,917		45. Accumulated Operating Provisions and Asset Retirement Obligations	48,757	
17. Special Deposits	-		46. Total Other Noncurrent Liabilities (44 + 45)	48,757	
18. Temporary Investments	6,961,749		47. Notes Payable	-	
19. Notes Receivable (Net)	1,183,476		48. Accounts Payable	2,957,417	
20. Accounts Receivable - Sales of Energy (Net)	2,568,176		49. Consumers Deposits	63,425	
21. Accounts Receivable - Other (Net)	116,161		50. Current Maturities Long-Term Debt	-	
22. Renewable Energy Credits	-		51. Current Maturities Long-Term Debt - Economic Development	-	
23. Materials and Supplies - Electric & Other	4,917,531		52. Current Maturities Capital Leases	-	
24. Prepayments	765,378		53. Other Current and Accrued Liabilities	1,209,287	
25. Other Current and Accrued Assets	1,346,606		54. Total Current & Accrued Liabilities	4,230,129	
26. Total Current and Accrued Assets	21,255,033		55. Regulatory Liabilities	-	
27. Regulatory Assets	-		56. Other Deferred Credits	411,296	
28. Other Deferred Debits	12,153,507		57. Total Liabilities and Other Credits	141,193,054	
29. Total Assets and Other Debits	141,193,054				