ORCAS POWER & LIGHT COOPERATIVE
2025 Q3 FINANCIAL REPORT

MEMORANDUM

November 20, 2025

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2025 Third Quarter Financial Report

The 2025 Third quarter financial report is posted online and included under separate cover. The third quarter's results are consistent with the budget. Included in the 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.

Overall operating revenue was lower than budget, driven by the ECA, which returned ~$1.0M to members through September. The ECA credit was driven by a decrease in power costs ($1.0M).

The table below presents the projection of full-year 2025 financial results using actuals from Q3 and budget projections for future months.

Income Statement Summary (in thousands)	**2025 Projection** (actuals for prior months)		
	Budget	**Projected**	**Variance**
Operating Revenue	$ 42,821	$ 42,566	$ (255)
ECA Surcharge / (Credit)*	$ -	$ (1,016)	$ (1,016)
Revenue	$ 42,821	$ 41,550	$ (1,271)
Expenses:			
Cost of Purchased Power	$ 10,985	$ 9,977	$ (1,008)
Transmission & Distribution Expense	9,385	9,678	293
General & Administrative Expense	7,387	7,140	(247)
Depreciation, Tax, Interest & Other	10,171	10,291	120
Total Expenses	37,928	37,086	(842)
Operating Margin	4,893	4,464	(429)
Non-op margin	793	840	47
Net Margin*	5,686	$ 5,304	(382)
OTIER	2.95	2.89	(0.06)
TIER	3.31	3.29	(0.02)
Equity %	39.7%	39.6%	-0.1%
HDD	1,446	1,278	(168)
kWh Purchases	235,000	228,956	(6,044)
kWh Sales	223,000	222,035	(965)

* The ECA returned a net $1.0M to members through September 2025.

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~19.3% below budgeted levels (actual of 701 vs. budget of 869). Overall kWh sales were ~965k kWh below budget (156.8M vs. budget of 157.8M).

- 2025 power purchases were $1.0M lower than budgeted, driven by a lower average cost per kWh than budgeted from our power supplier, while actual kWh purchases were $6.0M below budget at 160.1M.

- Excluding purchased power, 2025 operating expenses were approximately $253k over budgeted amounts. See budget notable drivers within the financial packet for specific account details.

- The ECA through Q3 2025 was a net credit to members (and decrease to operating revenue) of $1.0M, or $55.85 for a member using 1000 kWh/month.

- Rock Island Communications 2025 Financials included in separate packet.

OPALCO 2025 Financial Package under separate cover.

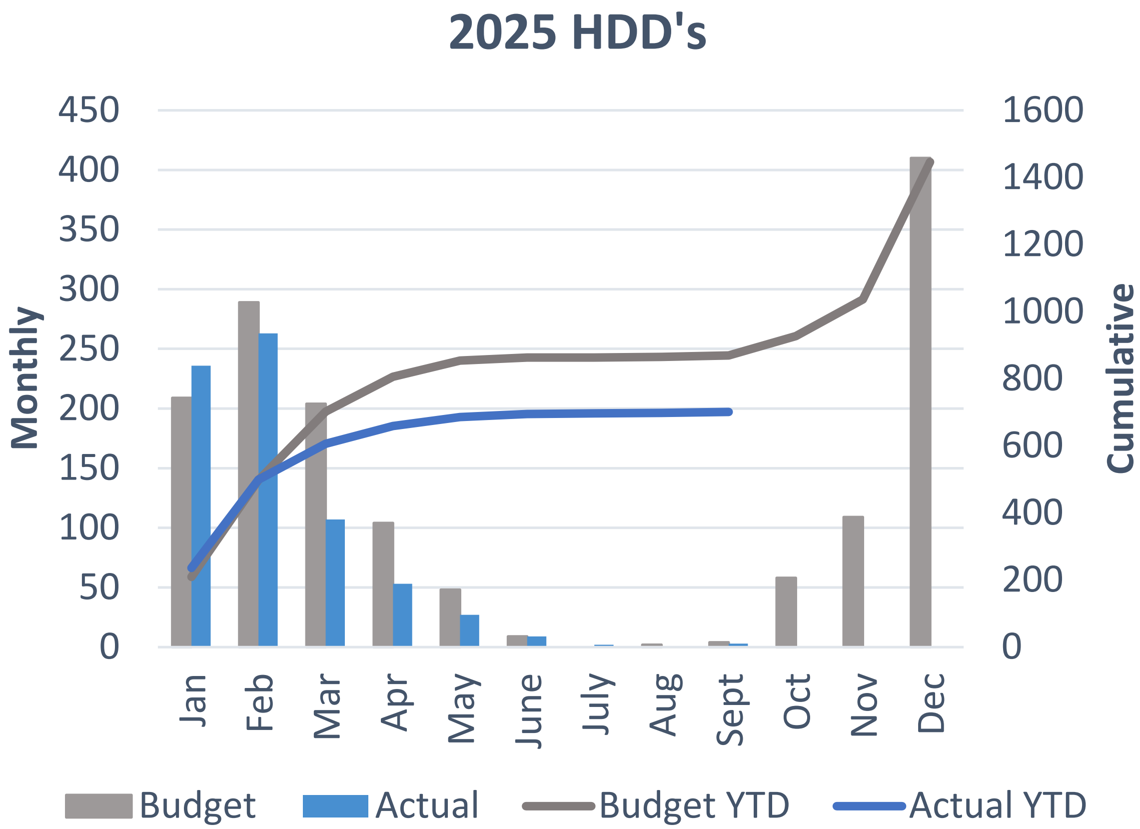
ORCAS POWER AND LIGHT COOPERATIVE

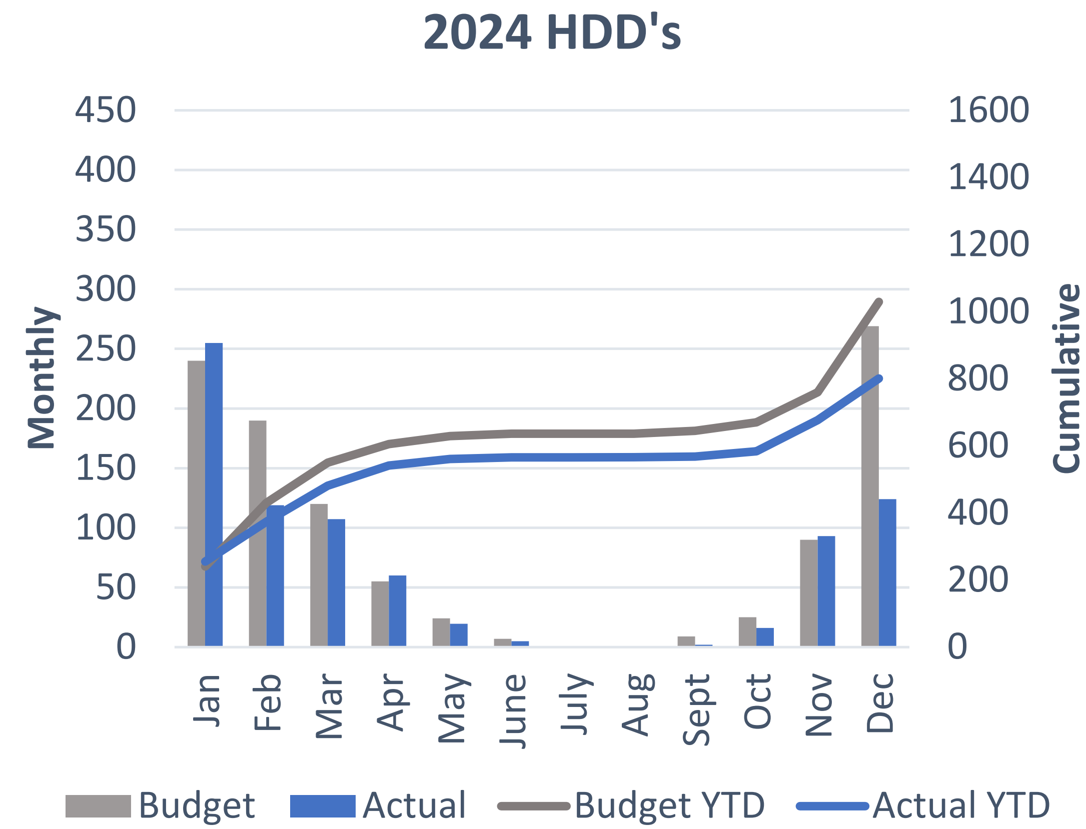
STATEMENT OF OPERATIONS
EXECUTIVE SUMMARY

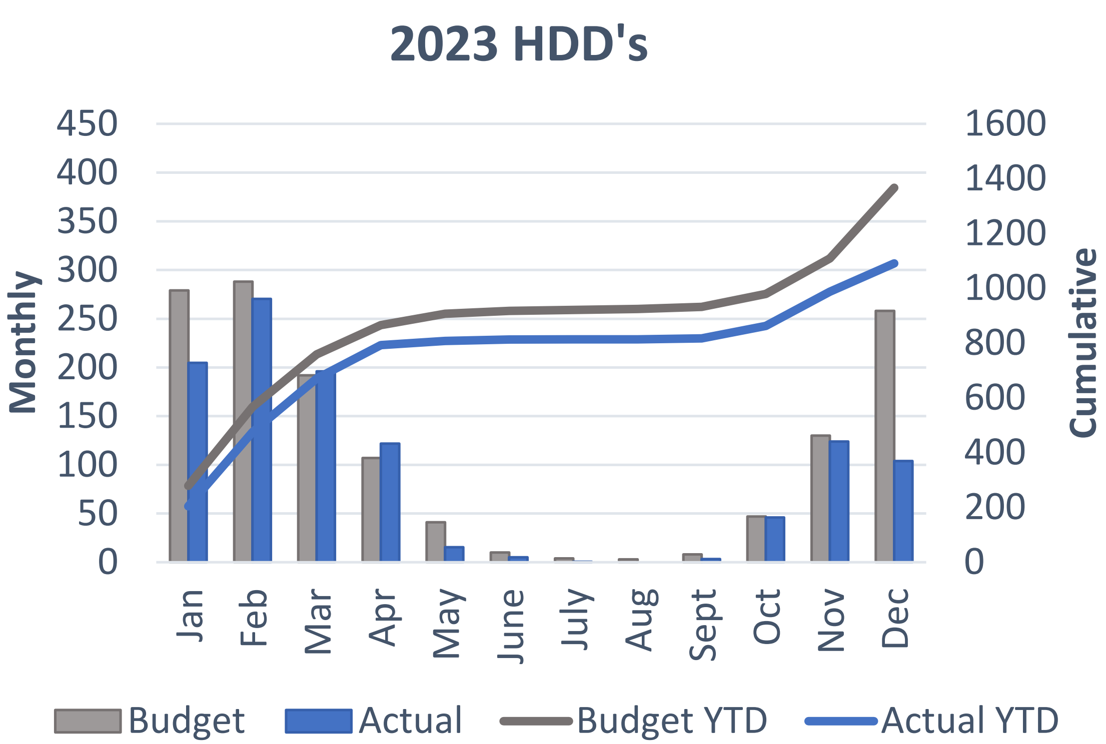
		A. Audited Year End 12/31/2023	B. Audited Year End 12/31/2024	C. Budget Period End 9/30/2025	**D. Actual Period End 9/30/2025**	E. Budget $ Change (D - C)	F. Budget % Change (E / C)
1	kWh Purchases	228,638,000	230,984,773	166,120,000	**160,075,507**	(6,044,493)	-3.6%
2	Gross Operating Revenue	36,836,000	39,492,000	30,317,000	**30,062,000**	(255,000)	-0.8%
3	Energy Charge Adjustment	(328,000)	147,000	-	**(1,015,921)**	(1,015,921)	
4	Net Operating Revenue Total	36,508,000	39,639,000	30,317,000	**29,046,079**	(1,270,921)	-4.2%
5	Cost of power	8,572,000	9,126,000	7,877,000	**6,869,000**	(1,008,000)	-12.8%
6	Operations & G&A	14,282,000	15,232,000	12,375,000	**12,436,000**	61,000	0.5%
7	Depr, Int, Taxes & Other	8,805,000	9,386,000	7,428,000	**7,533,000**	105,000	1.4%
8		31,659,000	33,744,000	27,680,000	**26,838,000**	(842,000)	-3.0%
9	Net Operating Margins	$ 4,849,000	$ 5,895,000	$ 2,637,000	**$ 2,208,079**	(428,921)	-16.3%
10	Non-Operating Margins	$ 778,000	$ 829,000	$ 593,000	**$ 640,000**	47,000	7.9%
11	Net Margin	$ 5,627,000	$ 6,724,000	$ 3,230,000	**$ 2,848,079**	(381,921)	-11.8%
12	OTIER	3.47	3.90	2.43	**2.30**	(0.13)	
13	TIER	3.86	4.31	2.75	**2.67**	(0.08)	
14	Equity % of Total Cap	39.7%	40.8%	39.1%	**39.9%**	0.8%	
15	Equity % (excl RESP)	42.7%	46.1%	45.0%	**46.0%**	1.0%	
16	Equity	51,310,000	56,943,000	60,325,163	60,343,000	17,837	0.0%
17	Capital Debt	65,099,000	68,984,000	76,275,000	73,297,000	(2,978,000)	-3.9%
18	RESP Debt	10,006,000	17,631,000	22,133,000	22,509,000	376,000	1.7%
19	Capital Spending	11,932,000	19,996,000	10,802,209	10,070,535	(731,674)	-6.8%
20	Capital Credit Retirement (net)	(1,137,000)	(1,179,000)	(97,000)	(141,000)	(44,000)	45.4%
21	Annual HDD	1,090	801	869	**701**	(168)	-19.3%

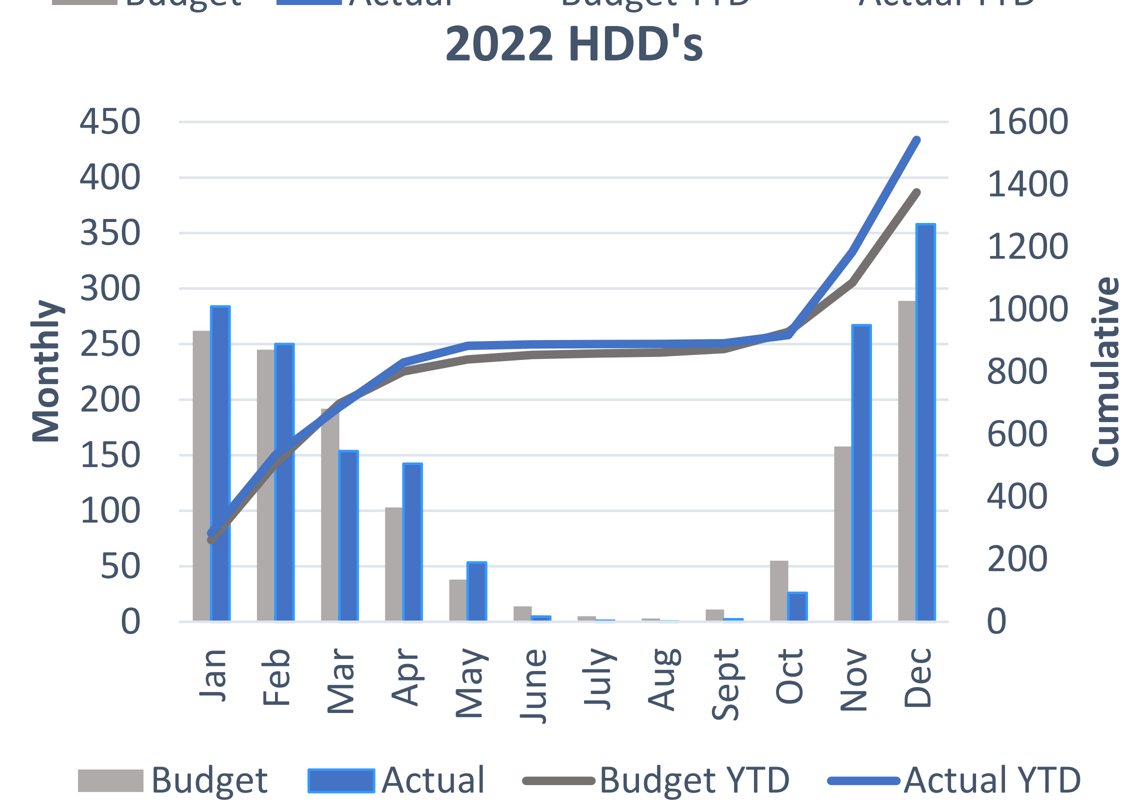
2025 Q3 Financial Highlights

2025 Budget to Actual: Heating Degree Days

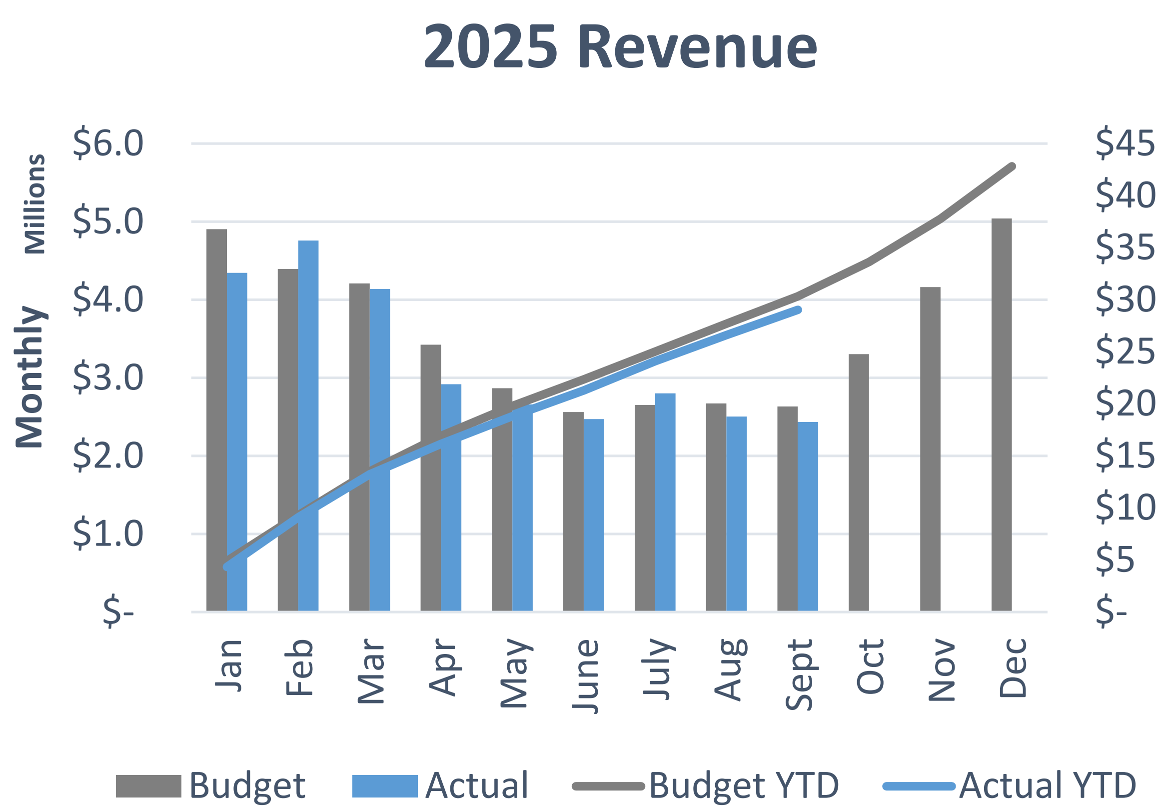


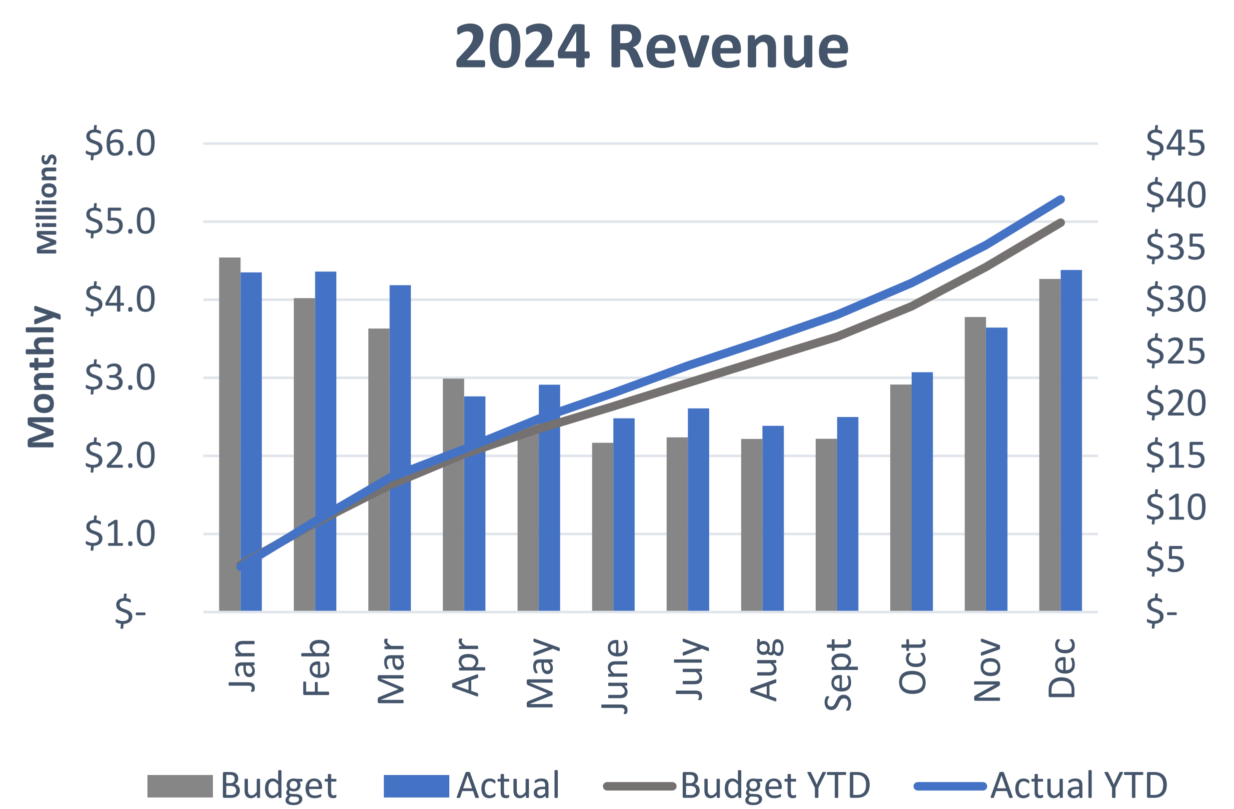


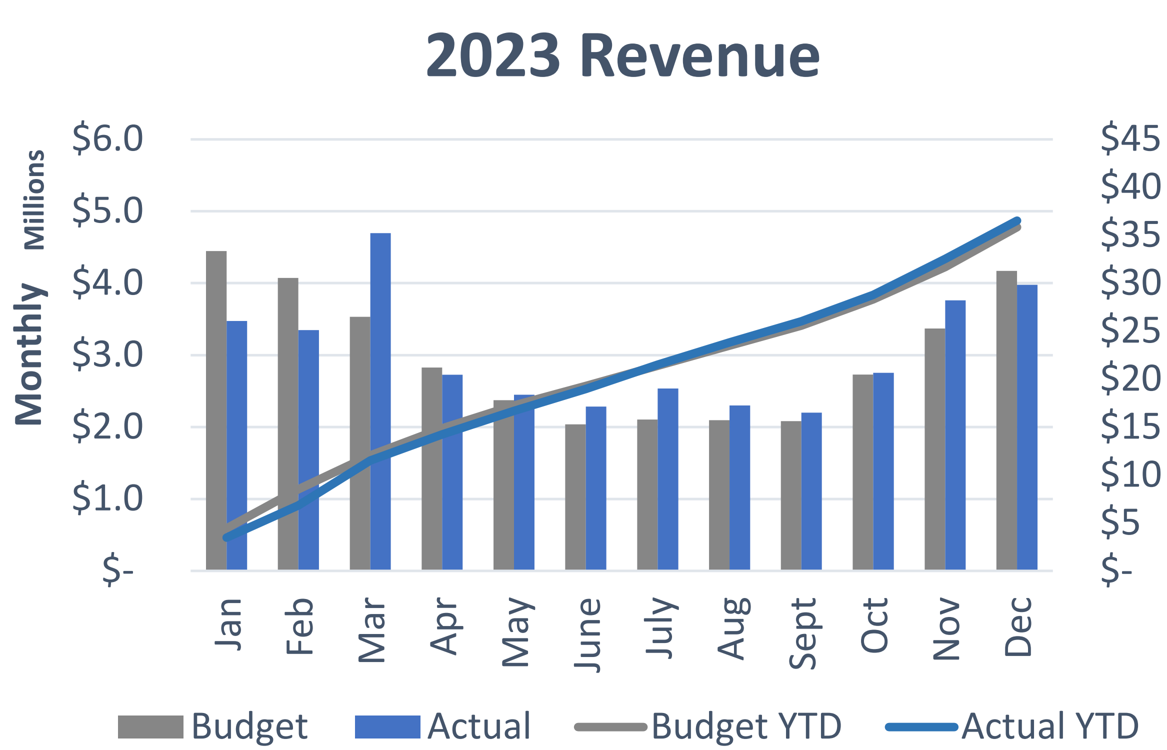


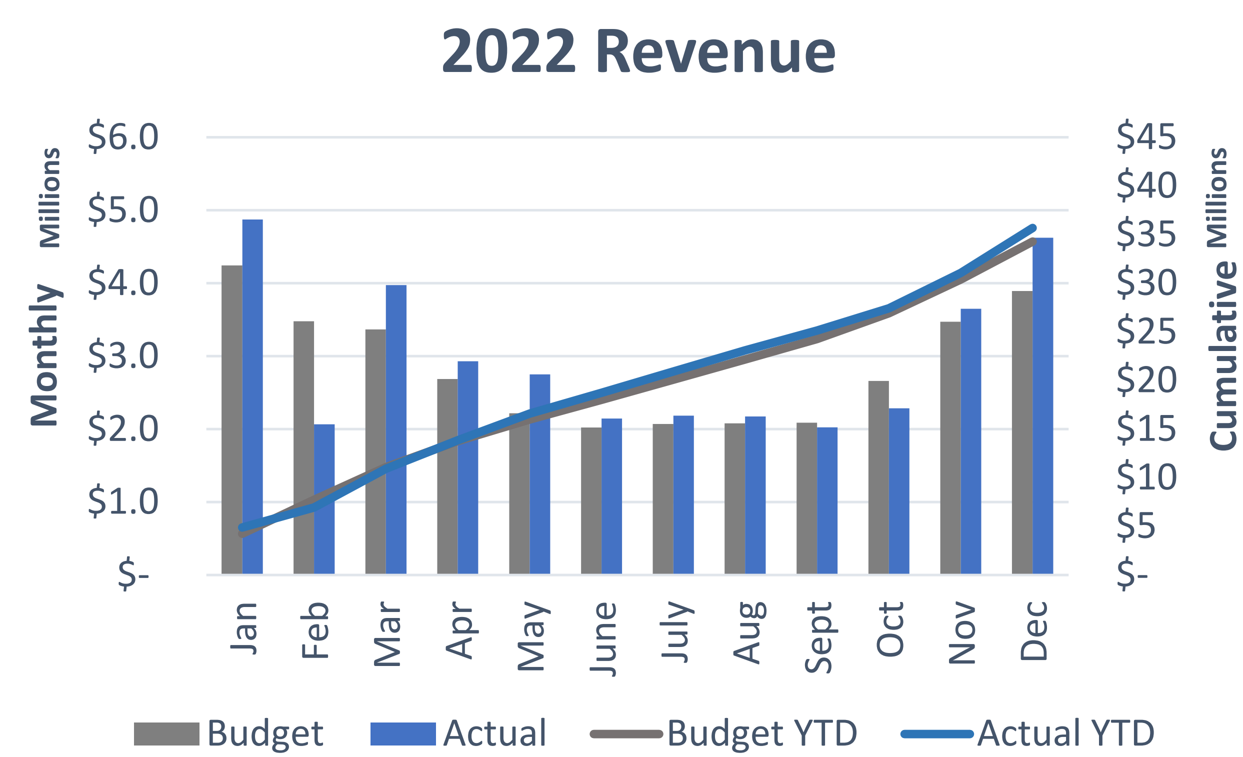


2025 Budget to Actual: Revenue









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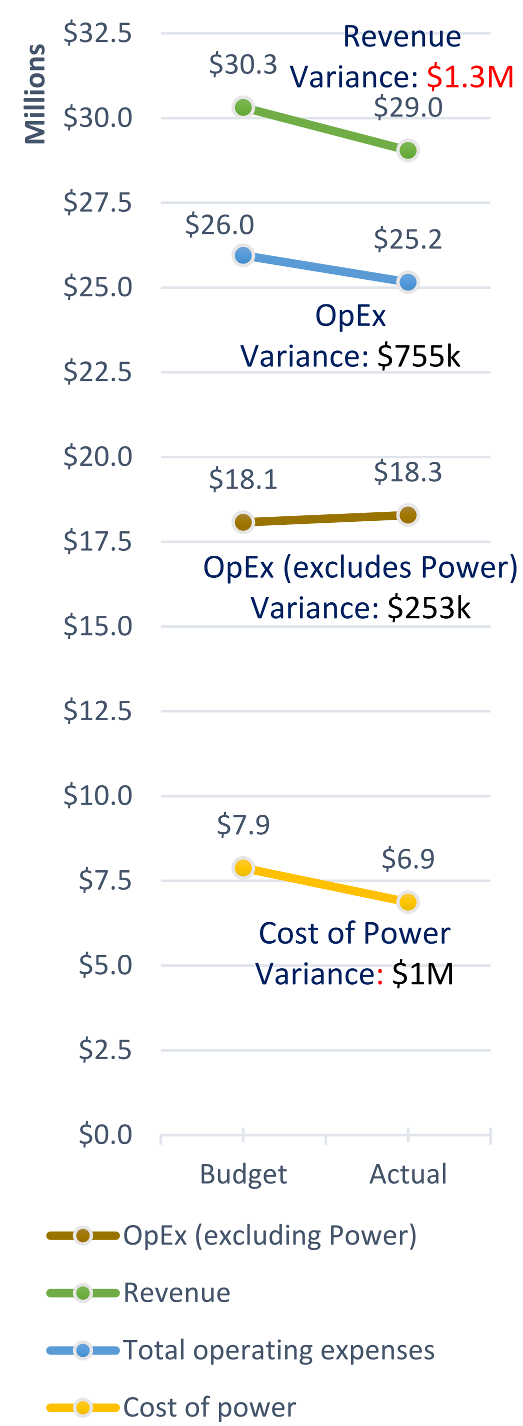
2025 Q3 Budget to Actual: Statement of Operations

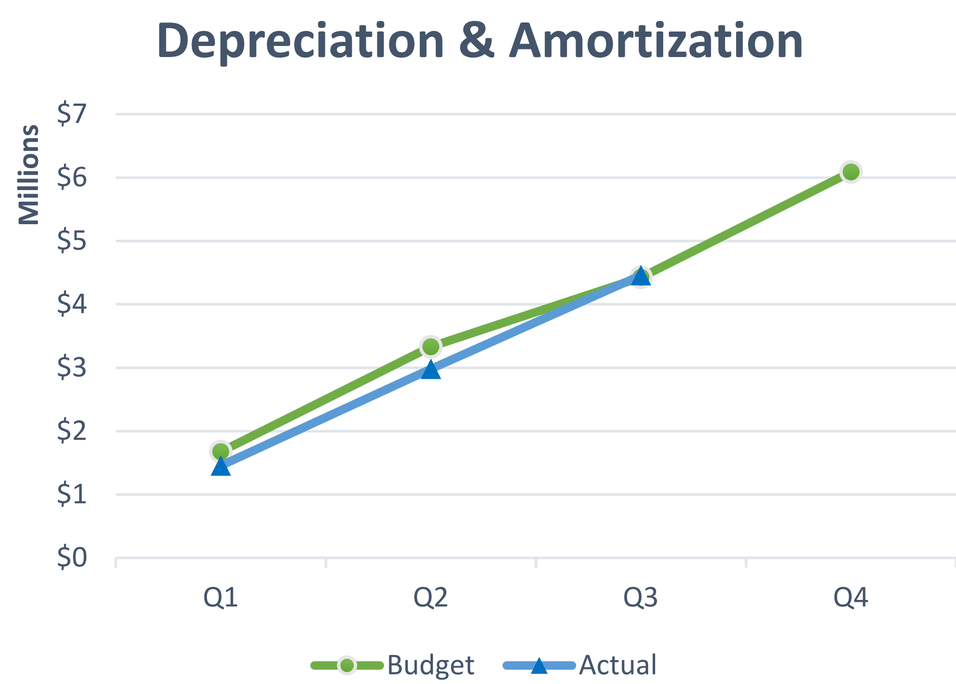
#		A. Audited Year End 12/31/2023	B. Audited Year End 12/31/2024	C. Budget Year End 12/31/2025	D. Budget Period End 9/30/2025	E. Actual Period End 9/30/2025	F. Budget Variance (E - D)
1	OPERATING REVENUES						
2	Residential	$ 27,321,332	$ 29,822,748	$ 32,025,967	$ 22,662,879	$ **21,582,639**	(1,080,240)
3	Commercial	8,892,792	9,490,777	10,484,601	7,419,530	**7,205,983**	(213,547)
4	Other						
5	Penalties and fees	234,574	243,437	246,302	188,882	**190,845**	1,963
6	Other	59,031	82,132	63,908	45,716	**66,974**	21,258
7	Total operating revenue	36,507,728	39,639,094	42,820,778	30,317,007	**29,046,441**	(1,270,566)
8							
9	OPERATING EXPENSES						
10	Cost of power	8,571,913	9,126,474	10,985,004	7,876,870	**6,868,894**	(1,007,976)
11	Transmission	1,348,268	1,049,768	724,734	613,728	**695,613**	81,885
12	Distribution - operations	3,796,463	3,914,167	4,793,580	3,554,624	**3,531,269**	(23,355)
13	Distribution - maintenance	3,214,269	4,077,748	3,866,737	2,801,118	**3,035,813**	234,695
14	Consumer accounts	1,085,072	1,151,107	1,466,846	1,058,822	**1,061,253**	2,431
15							
16	General and administration						
17	Administration	4,595,125	4,747,811	5,465,625	4,014,019	**3,875,151**	(138,868)
18	Energy services	151,220	198,951	357,968	259,985	**167,420**	(92,565)
19	Subsidiary charges (RIC network mgt services)	91,979	92,028	96,629	72,468	**69,034**	(3,434)
20	Total general and administration	4,838,324	5,038,790	5,920,222	4,346,472	**4,111,604**	(234,868)
21							
22	Depreciation and amortization	5,396,359	5,688,475	6,088,561	4,426,755	**4,460,255**	33,500
23	Taxes	1,610,154	1,825,621	1,784,180	1,272,231	**1,430,986**	158,755
24							
25	Total operating expenses	29,860,821	31,872,151	35,629,864	25,950,620	**25,195,688**	(754,932)
26							
27	Operating margins before fixed charges	6,646,907	7,766,943	7,190,914	4,366,387	**3,850,753**	(515,634)
28							
29	FIXED CHARGES						
30	Interest on long-term debt	1,906,039	1,965,138	2,397,754	1,798,317	**1,692,297**	(106,020)
31							
32	Operating margins after fixed charges	4,740,869	5,801,805	4,793,160	2,568,070	**2,158,457**	(409,613)
33							
34	PATRONAGE CAPITAL CREDITS	107,198	93,527	99,621	69,734	**50,633**	(19,101)
35							
36	Net operating margins	4,848,066	5,895,332	4,892,781	2,637,804	**2,209,089**	(428,715)
37							
38	NON-OPERATING MARGINS						
39	Interest income	607,039	704,061	721,270	540,954	**540,184**	(770)
40	Other income (loss)	(18,861)	(63,211)	(118,115)	(88,636)	**(32,657)**	55,979
41	Total Opalco non-operating margins	588,178	640,851	603,155	452,318	**507,527**	55,209
42							
43	Non-operating margins from Subsidiary						
44	Interest Income (RIC loan)	79,587	79,656	79,649	59,733	**59,765**	32
45	Other income (use of OPALCO backbone)	109,740	108,653	109,740	80,680	**72,522**	(8,158)
46	Total non-operating margins from Subsidiary	189,327	188,309	189,389	140,413	**132,287**	(8,126)
47							
48	Net non-operating margins	777,505	829,160	792,544	592,731	**639,814**	47,083
49							
50	NET MARGINS	$ 5,625,571	$ 6,724,491	$ 5,685,325	$ 3,230,535	$ **2,848,903**	(381,632)

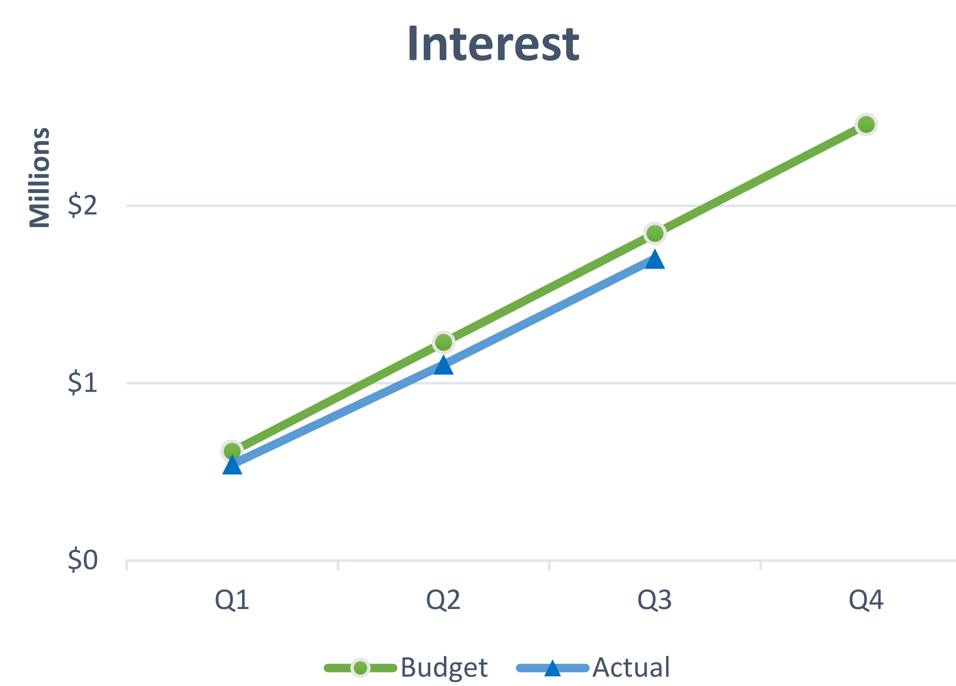


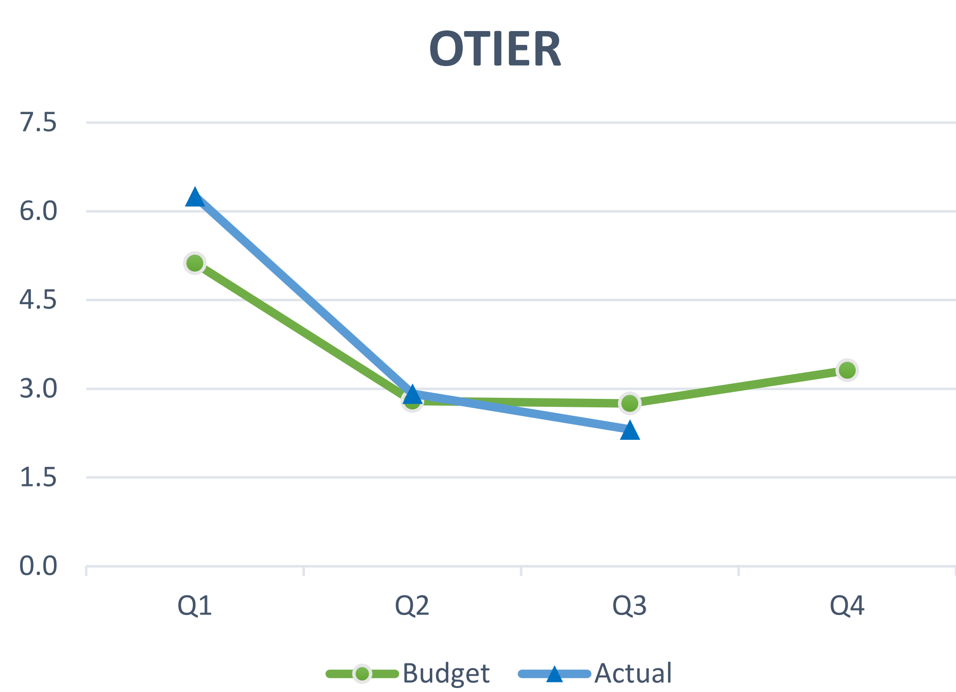
Notes:

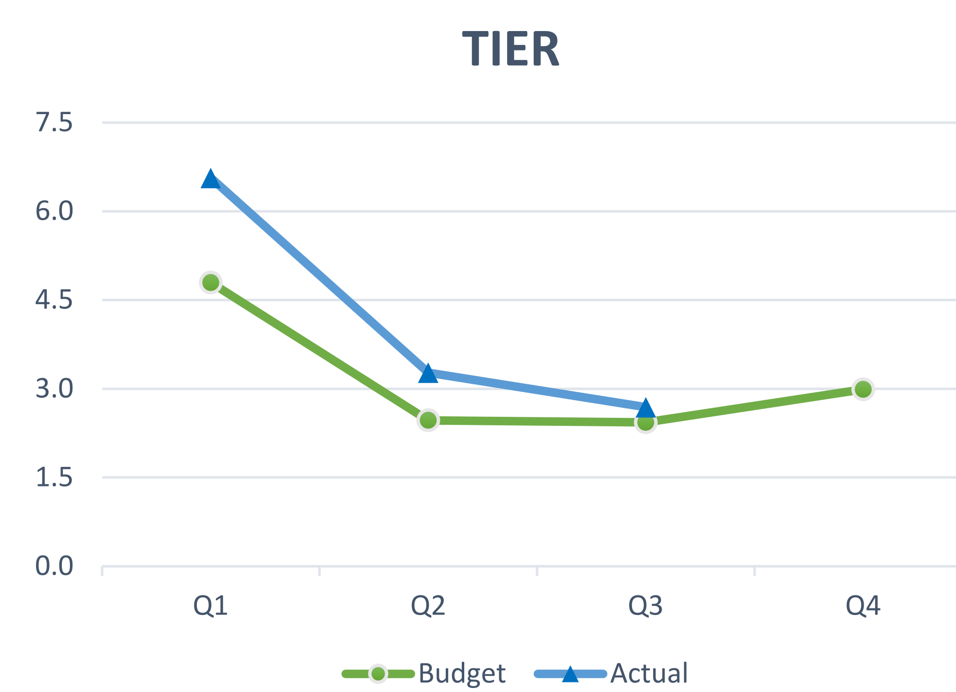
- Through Q3 the ECA returned net $1M to the membership
- **Note**: Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned $175k in January 2025, related to the calculation based on December 2024 factors.
- Net Operating Margin: $2.2M (~$429k decrease over budget)
- Net Margin: $2.8M (~$382k decrease over budget)

2025 Q3 Budget to Actual: Financial Metrics

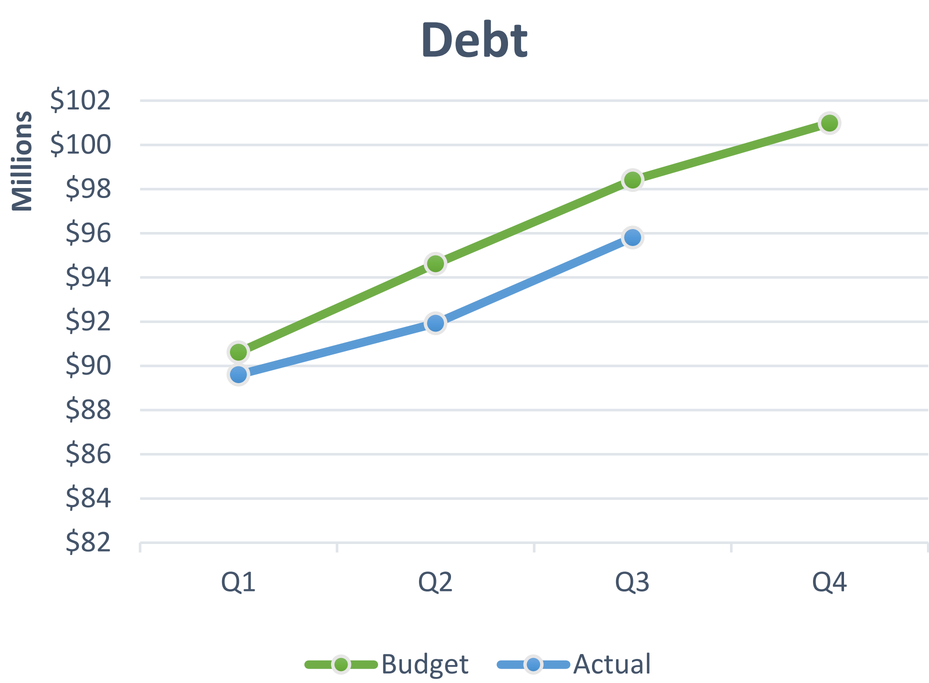


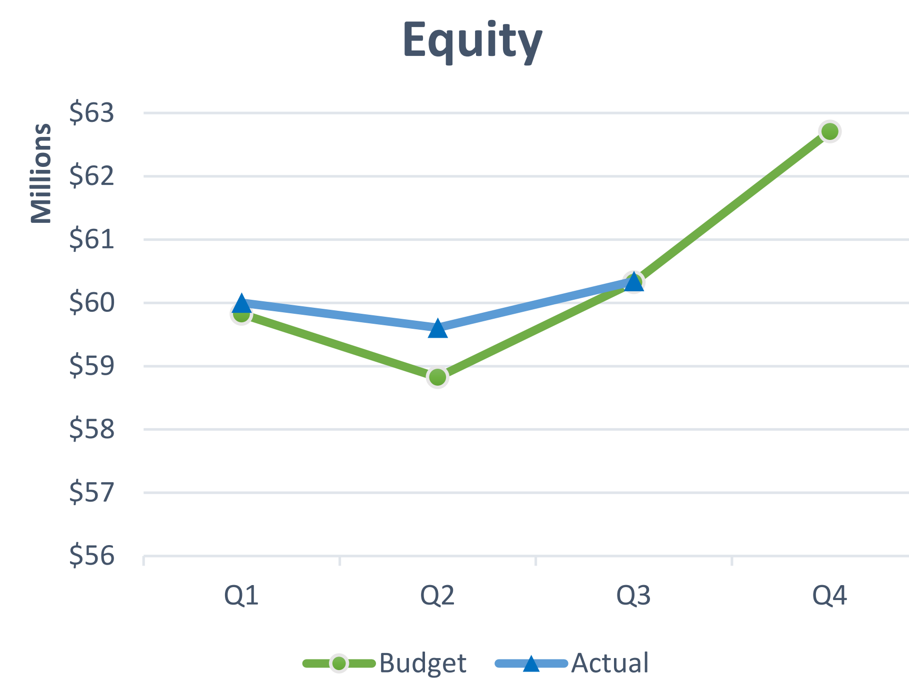


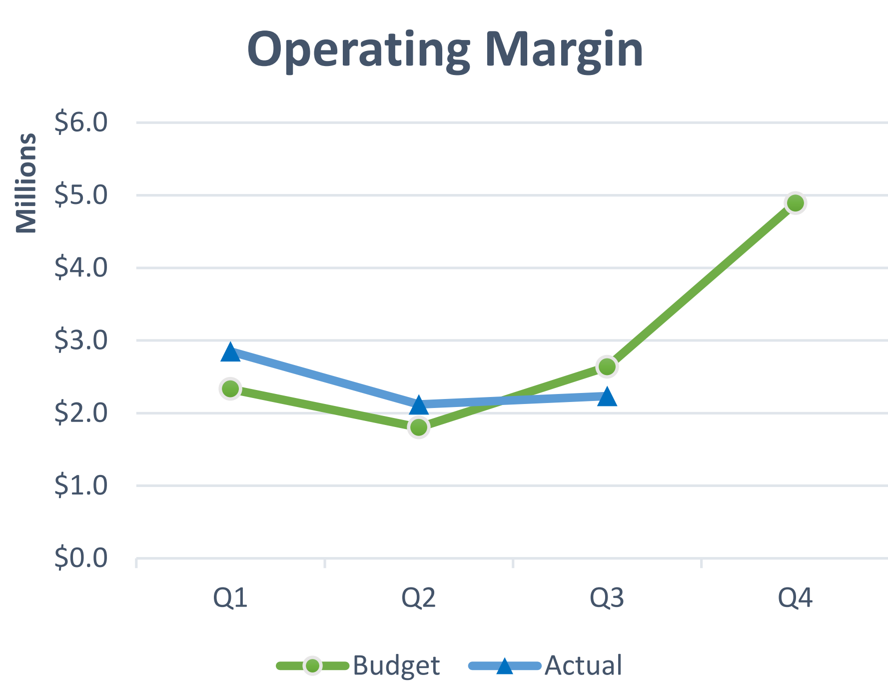




2025 Q3 Budget to Actual: Financial Metrics







ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2023	B. Audited Year End 12/31/2024	D. Budget Period End 9/30/2025	**E. Actual Period End 9/30/2025**	F. Budget Variance (E - D)
OPERATING REVENUES					
Residential	$ 27,321,332	$ 29,822,748	$ 22,662,879	**$ 21,582,639**	(1,080,240)
Commercial	8,892,792	9,490,777	7,419,530	**7,205,983**	(213,547)
Other					
Penalties and fees	234,574	243,437	188,882	**190,845**	1,963
Other	59,031	82,132	45,716	**66,974**	21,258
Total operating revenue	36,507,728	39,639,094	30,317,007	**29,046,441**	(1,270,566)
OPERATING EXPENSES					
Cost of power	8,571,913	9,126,474	7,876,870	**6,868,894**	(1,007,976)
Transmission	1,348,268	1,049,768	613,728	**695,613**	81,885
Distribution - operations	3,796,463	3,914,167	3,554,624	**3,531,269**	(23,355)
Distribution - maintenance	3,214,269	4,077,748	2,801,118	**3,035,813**	234,695
Consumer accounts	1,085,072	1,151,107	1,058,822	**1,061,253**	2,431
General and administration					
Administration	4,595,125	4,747,811	4,014,019	**3,875,151**	(138,868)
Energy services	151,220	198,951	259,985	**167,420**	(92,565)
Subsidiary charges (RIC network mgt services)	91,979	92,028	72,468	**69,034**	(3,434)
Total general and administration	4,838,324	5,038,790	4,346,472	**4,111,604**	(234,868)
Depreciation and amortization	5,396,359	5,688,475	4,426,755	**4,460,255**	33,500
Taxes	1,610,154	1,825,621	1,272,231	**1,430,986**	158,755
Total operating expenses	29,860,821	31,872,151	25,950,620	**25,195,688**	(754,932)
Operating margins before fixed charges	6,646,907	7,766,943	4,366,387	**3,850,753**	(515,634)
FIXED CHARGES					
Interest on long-term debt	1,906,039	1,965,138	1,798,317	**1,692,297**	(106,020)
Operating margins after fixed charges	4,740,869	5,801,805	2,568,070	**2,158,457**	(409,613)
PATRONAGE CAPITAL CREDITS	107,198	93,527	69,734	**50,633**	(19,101)
Net operating margins	4,848,066	5,895,332	2,637,804	**2,209,089**	(428,715)
NON-OPERATING MARGINS					
Interest income	607,039	704,061	540,954	**540,184**	(770)
Other income (loss)	(18,861)	(63,211)	(88,636)	**(32,657)**	55,979
Total Opalco non-operating margins	588,178	640,851	452,318	**507,527**	55,209
Non-operating margins from Subsidiary					
Interest Income (RIC loan)	79,587	79,656	59,733	**59,765**	32
Other income (use of OPALCO backbone)	109,740	108,653	80,680	**72,522**	(8,158)
Total non-operating margins from Subsidiary	189,327	188,309	140,413	**132,287**	(8,126)
Net non-operating margins	777,505	829,160	592,731	**639,814**	47,083
NET MARGINS	$ 5,625,571	$ 6,724,491	$ 3,230,535	**$ 2,848,903**	(381,632)
OTIER	3.47	3.90	2.43	**2.30**	(0.13)
TIER	3.86	4.31	2.75	**2.67**	(0.08)
Equity % of Total Cap	39.7%	40.8%	39.1%	**39.9%**	0.8%
Equity % of Total Assets (RUS - 30%)	39.1%	38.3%	39.2%	**37.6%**	-1.6%
Equity % of Total Cap (excluding RESP)	42.7%	46.1%	45.0%	**46.0%**	1.0%

Updated 11/11/2025

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

	A. Budget Period End 9/30/2025	B. Actual Period End 9/30/2025	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
I OPERATING REVENUES	**30,317,007**	**29,046,441**	**(1,270,566)**	

	Budget	Actual	Variance
HDD	869	701	-168
kWh Sales	157,800	156,835	-965

(kWh in thousands)

Operating Revenue - Line 7 Detail Breakout:				
Residential Sales	22,662,879	21,582,639	(1,080,240)	sales offset by ECA credit through Q3
Commercial Sales	7,419,530	7,205,983	(213,547)	sales offset by ECA credit through Q3
Other Operating Revenue				
Penalties and Fees	188,882	190,845	1,963	Misc fees & penalty charges higher than budgeted
Other	45,716	66,974	21,258	Higher pole contact rentals
TOTAL OPERATING REVENUES	**30,317,007**	**29,046,441**	**(1,270,566)**	**Decrease in Revenue - kWh sales offset from ECA credit of $1.0M through Q3**
II OPERATING EXPENSES	**25,950,620**	**25,195,688**	**(754,932)**	**Overall decrease in operating expenses**
Cost of Power - Line 10	**7,876,870**	**6,868,894**	**(1,007,976)**	**Decrease in expense** - lower kWh purchases and $/kWh than budgeted

	Budget	Actual	Variance
kWh Purchases	166,120	160,076	-6,044

(kWh in thousands)

Transmission - Line 11 Detail Breakout:	**613,728**	**695,613**	**81,885**	**Increase in expense** - more Transmission ROW clearing
Distribution - Operations - Line 12 Detail Breakout:	**3,554,624**	**3,531,269**	**(23,355)**	**Decrease in expense -** labor coded to other efforts (work orders)
Distribution - Maintenance - Line 13 Detail Breakout:	**2,801,118**	**3,035,813**	**234,695**	**Increase in expense -** more Distribution ROW
Consumer accounts - Line 14 Detail Breakout:	**1,058,822**	**1,061,253**	**2,431**	**Increase in expense**
Total General and Administrative (G&A):				
Administration G&A - Line 17 Detail Breakout:	**4,014,019**	**3,875,151**	**(138,868)**	**Decrease in expense** - vacant position, lower expense across several GLs
Energy Services G&A - Line 18	**259,985**	**167,420**	**(92,565)**	**Decrease in expense** - lower rebates & contractor education/outreach
Subsidiary Charges G&A - Line 19	**72,468**	**69,034**	**(3,434)**	**Decrease in expense**
Total General and Administrative (G&A)	**4,346,472**	**4,111,604**	**(234,868)**	**Overall decrease in expense**
Deprec. & Amort. - Line 22	**4,426,755**	**4,460,255**	**33,500**	**Increase in expense** - higher distribution capitalization
Taxes - Line 23	**1,272,231**	**1,430,986**	**158,755**	**Increase in expense** - higher B&O tax from high grant CIAC
TOTAL OPERATING EXPENSES	**25,950,620**	**25,195,688**	**(754,932)**	**Overall decrease in expense**

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

			A.	B.	C.	D.
			Budget Period End 9/30/2025	Actual Period End 9/30/2025	Budget Variance (B - A)	Comments: Budget To Actual (Column C.)
46	III	**FIXED CHARGES - Interest Expense - Line 30**	**1,798,317**	**1,692,297**	**(106,020)**	**Decrease in expense** - lower interest rate on new borrowings
48	IV	**PATRONAGE CAPITAL CREDITS (Income) - Line 34**	**69,734**	**50,633**	**(19,101)**	**Decrease in income** - received from associated cooperatives
50		**TOTAL NET OPERATING MARGINS**	**2,637,804**	**2,209,089**	**(428,715)**	**Decrease in margin**
52	V	**NON-OPERATING MARGINS**	**592,731**	**639,814**	**47,083**	**Increase in margin**
61		**TOTAL OPALCO NET MARGIN DETAIL BREAKOUT**	**3,230,535**	**2,848,903**	**(381,632)**	**Decrease in margin**

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

		A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Audited Year End 12/31/2024	D. **Actual Period End 9/30/2025**	E. Change (D - C)
1	ASSETS					
2						
3	UTILITY PLANT, at cost					
4	Electric plant in service	$ 159,009,290	$ 168,725,153	$ 183,941,874	**$ 189,727,672**	5,785,798
5	Construction work in progress	9,984,056	11,412,238	14,673,906	**17,551,124**	2,877,218
6						
7		168,993,346	180,137,391	198,615,780	**207,278,796**	8,663,016
8	Less accumulated depreciation and amortization	67,446,380	72,429,392	77,071,163	**81,388,561**	4,317,398
9						
10	Net utility plant	101,546,966	107,707,999	121,544,617	**125,890,235**	4,345,618
11						
12	OTHER PROPERTY AND INVESTMENT, at cost					
13						
14	Investments in associated organizations					
15	Other (CFC, Federated, PNGC, etc.)	1,539,530	1,616,371	1,675,311	**1,696,098**	20,787
16	Non-utility investment subsidiary (Note 1)	(11,173,486)	(9,331,007)	(9,245,876)	**(8,785,671)**	460,205
17	Total investments in associated organizations	(9,633,956)	(7,714,636)	(7,570,565)	**(7,089,573)**	480,992
18						
19	Other property and investments	(9,633,956)	(7,714,636)	(7,570,565)	**(7,089,573)**	480,992
20						
21	CURRENT ASSETS					
22	Cash and cash equivalents	9,697,635	9,076,867	5,403,649	**9,544,524**	4,140,875
23	Cash and cash equivalents - board designated	1,002,529	1,061,098	1,150,993	**1,204,478**	53,485
24	Accounts receivable, less doubtful accts allowance	6,240,612	6,247,535	7,251,802	**5,676,807**	(1,574,995)
25	Interest receivable	55,550	49,108	24,753	**37,605**	12,852
26	Materials and supplies	3,766,502	4,544,853	5,165,169	**4,963,113**	(202,056)
27	Prepaid expenses	733,743	750,806	670,845	**918,293**	247,448
28						
29	Total current assets	21,496,571	21,730,267	19,667,211	**22,344,820**	2,677,609
30						
31	DEFERRED CHARGES (Note 2)	4,501,196	9,440,198	14,874,483	**19,330,799**	4,456,316
32						
29	Total assets	$ 117,910,777	$ 131,163,828	$ 148,515,746	**$ 160,476,281**	$ 11,960,535

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Audited Year End 12/31/2024	D. **Actual Period End 9/30/2025**	E. Change (D - C)
EQUITIES, MARGINS, AND LIABILITIES					
EQUITIES AND MARGINS					
Memberships	$ 58,380	$ 58,555	$ 58,755	**$ 58,770**	15
Patronage capital - OPALCO	47,684,660	50,530,219	54,804,172	**56,623,661**	1,819,490
Donated and other equities					
OPALCO donated & other margins	10,558,452	12,188,061	13,471,437	**14,582,464**	1,111,026
Subsidiary margins	(13,311,620)	(11,466,670)	(11,391,703)	**(10,921,544)**	470,159
Total equities and margins	44,989,872	51,310,164	56,942,661	**60,343,351**	3,400,690
LONG-TERM DEBT, less current maturities					
RUS construction notes	58,119,089	56,054,232	60,186,534	**64,553,104**	4,366,570
RUS Rural Energy Savings Program (RESP)	2,174,521	9,141,513	15,869,950	**20,101,782**	4,231,832
CFC mortgage notes	7,149,506	6,832,012	6,501,178	**6,278,686**	(222,492)
Total long-term debt	67,443,116	72,027,757	82,557,662	**90,933,572**	8,375,910
OTHER NONCURRENT LIABILITIES	11,885	35,257	71,828	**94,328**	22,500
Total long-term liabilities	67,455,001	72,063,014	82,629,490	**91,027,900**	8,398,410
			86,615,221		
CURRENT LIABILITIES					
Accounts payable	1,896,315	3,197,832	3,107,981	**2,412,696**	(695,286)
Customer deposits	70,129	71,371	79,708	**88,896**	9,188
Accrued liabilities	1,461,254	1,062,639	1,258,050	**1,282,381**	24,331
Current maturities of long-term debt	1,739,499	3,077,652	4,057,559	**4,872,521**	814,962
Total current liabilities	5,167,197	7,409,495	8,503,299	**8,656,494**	153,195
DEFERRED CREDITS	298,707	381,155	440,297	**448,537**	8,240
Total equities and liabilities	$ 117,910,777	$ 131,163,828	$ 148,515,746	**$ 160,476,281**	$ 11,960,535

Note:

1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+$2,135,873) less IN LLC's cumulative net deficit of ($10,921,544) seen in 'equities & margins'.

2 Member Switch-It-Up On Bill Financing (OBF) Long Term Receivables

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW
GAAP

		A. Audited Year End 12/31/2023	B. Audited Year End 12/31/2024	C. Actual Period End 9/30/2025
1	CASH FLOWS FROM OPERATING ACTIVITIES			
2	Net margins	$ 5,625,571	$ 6,724,491	$ 2,848,903
3	Adjustments to reconcile net margin to cash			
4	from operating activities			
5	Depreciation and amortization	5,396,359	5,688,475	4,460,255
6	Changes in assets and liabilities			
7	Accounts receivable	(6,923)	(1,004,267)	1,574,995
8	Interest receivable	6,442	24,355	(12,852)
9	Prepaid expenses	(17,064)	79,961	(247,447)
10	Accounts payable	1,301,519	(89,851)	(695,286)
11	Customer deposits	1,242	8,337	9,188
12	Accrued liabilities	(398,616)	195,410	24,332
13	Deferred credits	82,449	59,143	8,240
14	Deferred Charges	(4,939,002)	(5,434,285)	(4,456,316)
14	Net cash from operating activities	7,051,977	6,251,769	3,514,012
15				
16	CASH FLOWS FROM INVESTING ACTIVITIES			
17	Additions to utility plant, net	(13,477,509)	(28,492,693)	(646,793)
18	Change in materials and supplies	(778,351)	(620,316)	202,056
19	(Increase) decrease in investment in Subsidiary	(1,842,479)	(85,131)	(460,205)
20	(Increase) decrease in other OPALCO property and investments, net	(76,841)	(58,940)	(20,787)
21				
22	Net cash from investing activities	(16,175,180)	(29,257,080)	(925,729)
23	CASH FLOWS FROM FINANCING ACTIVITIES			
24	Payments on long-term debt, net	(2,416,835)	(3,453,617)	(3,186,628)
25	Proceeds from debt (Note 1)	8,363,000	15,000,000	12,400,000
26	Memberships	175	200	15
27	Retirements of patronage capital, net	(1,150,403)	(1,167,162)	81,613
28	Change in subsidiary equities	1,844,950	74,967	470,159
29	Contributions in aid of construction	1,920,116	8,967,600	(8,159,080)
30	Net cash from financing activities	8,561,003	19,421,988	1,606,079
31	NET CHANGE IN CASH	(562,200)	(3,583,323)	4,194,362
32	CASH AND CASH EQUIVALENTS, beginning of year/period	10,700,165	10,137,965	6,554,642
33	CASH AND CASH EQUIVALENTS, end of year/period	10,137,965	6,554,642	10,749,004
34	SUPPLEMENTAL DISCLOSURES			
35	Cash paid for interest	$ 1,964,597	$ 2,031,038	$ 1,701,822
36	OUTSTANDING DEBT BALANCE	(75,140,665)	(86,687,049)	(95,900,421)

37 Notes:

38 1 RUS Treasury borrowings of $6M and $6.4M in RESP

Updated 11/5/2025

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

	Note: All numbers in thousands	A. Audited Year-End 12/31/2023	B. Audited Year-End 12/31/2024	C. Approved Budget 9/30/2025	D. **Actual Period-End 9/30/2025**	E. Budget Variance (D - C)	F. Comments
1	% Rate Increase	6%	6%	6%	**6%**		
2	OPERATING ACTIVITIES:						
3	Margins	$ 5,600	$ 6,700	$ 3,200	**$ 2,800**	$ (400)	various - see P&L notable drivers
4	Plus depreciation/amortization	5,400	5,700	4,400	**4,500**	100	see P&L notable drivers
5	Cash flow operations	11,000	12,400	7,600	**7,300**	(300)	
6							
7	PLANT INVESTMENT (NET)						
8	Plant investment (including material inventory)	(11,900)	(20,000)	(10,800)	**(10,100)**	700	various projects - see capital budget worksheet
9	Cash flow from operations and plant investment	(900)	(7,600)	(3,200)	**(2,800)**	400	
10							
11	CASH FLOWS FROM PATRONAGE CAPITAL	(1,140)	(1,200)	(100)	**(140)**	(40)	
12	Cash flow before borrowings	(2,040)	(8,800)	(3,300)	**(2,940)**	360	
13							
14	NET BORROWINGS	5,900	11,500	11,800	**9,200**	(2,600)	Q3 borrowing delayed to Q4
15	Cash increase (decrease) after net borrowings	$ 3,860	$ 2,700	$ 8,500	**$ 6,260**	$ (2,240)	
16							
17							
18	OUTSTANDING DEBT BALANCE	75,110	86,600	98,400	**95,810**	(2,590)	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			RUS CWP DESCRIPTION	A. Audited Year End 12/31/2023	B. Audited Year End 12/31/2024	C. Budget Year End 12/31/2025	D. Budget Period End 9/30/2025	**E. Actual Period End 9/30/2025**	F. Budget Variance (E- D)	Comments
1	DISTRIBUTION									
2	100		New Services	$ 783,026	$ 360,183	$ 415,000	$ 276,667	**$ 313,046**	$ 36,379	Member request for overhead to underground (Offset to Line 38)
3	200		New Tie Lines	241,980	218,715	-	-	**-**	-	Single phase loop feed projects prioritized due to joint projects
4	300		Conversions and Line Changes	381,236	2,729,501	1,103,000	1,000,000	**1,086,597**	86,597	Conversion project released to construction
5	400		New Substations, switching station, metering point, etc.	-	-	-	-	**-**	-	
6	500		Substation, Switching Station, Metering Point Changes	2,203,996	7,142,575	5,350,000	3,000,000	**924,311**	(2,075,689)	Delay in battery project due to SJC Permitting
7	600		Miscellaneous Distribution Equipment							
8		601	Transformers & Meters	1,289,078	1,962,276	1,640,000	1,500,000	**1,859,316**	359,316	Supply chain availability accelerated purchases
9		602	Sets of Service Wires to increase Capacity	-	-	-	-	**-**	-	
10		603	Sectionalizing Equipment	254,716	242,307	450,000	400,000	**18,352**	(381,648)	Delayed switchgear delivery and replacement
11		604	Regulators	-	-	300,000	-	**-**	-	
12		606	Ordinary Replacements	20,079	28,151	433,000	300,000	**49,124**	(250,876)	Shifting effort to Overhead Conversions
13		607	Overhead to Underground Replacements	33,794	713,800	355,000	300,000	**445,294**	145,294	Increase opportunity for Conversions
14		608	Underground Dist. Cable Replacement	3,817,644	2,893,512	3,625,000	2,800,000	**3,279,054**	479,054	Shift in efforts OH Conversion, Tie, and other Conversions
15	700		Other Distribution Items							
16		701	Engineering Fees	-	-	-	-	**-**	-	
17		704	LMS & SCADA	150,400	38,937	-	-	**-**	-	
18		705	AMR	-	-	-	-	**-**	-	
19		706	Communications	492,489	1,376	260,000	190,000	**144,488**	(45,512)	Joint participant cost increase to be offset in CIAC (Line 40)
20			ARPA Grant Fiber Project		8,501,911	7,373,972	5,500,000	**5,307,147**	(192,853)	APRA Targeted Completion Dec 2025
21	TRANSMISSION									
22	800		New Tie Line	-	-	-	-	**-**	-	
23	900		New Substations, switching station, metering point, etc.	32,072	-	-	-	**-**	-	
24	1000		Line and Station Changes	1,015,026	283,960	457,000	450,000	**386,907**	(63,093)	Canceled relocation due to easement and ROW negotiation
25	1100		Other Transmission	-	-	-	-	**-**	-	
26	GENERATION									
27	1200		Generation	146,484	1,938,904	1,200,000	1,200,000	**1,080,475**	(119,525)	US DOE Tidal Investigation - Awarded after Budget - Board Approved
28	OTHER							**-**		
29	1300		Headquarters Facilities	139,468	73,228	1,755,000	1,500,000	**1,717,889**	217,889	Efforts rescoped to Eastsound and other office facilities
30	1400		Acquisitions	-	-	-	-	**278,570**	278,570	Decatur Parcel - Board Approved
31	1500		All Other (Transportation, Etc.)							
32		1501	Transportation/Equipment/Tools/Radios	483,609	707,676	617,000	600,000	**578,234**	(21,766)	
33		1502	Office Equipment/Furniture/Etc.	3,219	19,182	13,000	10,000	**35,263**	25,263	
34		1503	Computer/Servers/Software	374,082	359,345	177,000	150,000	**164,065**	14,065	
35		1504	Electrical Infrastructure to Support Community Solar	1,918,563	595,477	6,400,000	3,000,000	**494,023**	(2,505,977)	Continued delays with permitting due to SJC
36	1600		Minor Projects	70,958	152,659	142,000	115,000	**118,383**	3,383	
37			**RUS CWP SUBTOTAL**	13,851,918	28,963,677	32,065,972	22,291,667	**18,280,541**	(4,011,126)	
38	**CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)**									
39			New Services	(389,586)	(332,200)	(332,000)	(249,000)	**(532,554)**	(283,554)	Offset to Line 2 - New Services
40			Meters and Transformers	(297,391)	(320,584)	(342,000)	(256,500)	**(293,822)**	(37,322)	Offset to Line 8 Transformers & Meters
41			Joint Projects	(354,476)	(37,708)	(48,000)	(48,000)	**(149,778)**	(101,778)	Offset to Lines 3, 4, 14, 19, and 35
42			Grant Funding	(508,663)	(1,013,955)	(1,888,000)	(1,000,000)	**(1,547,772)**	(547,772)	Offset to Lines 6 and 26 - Tidal Project
43			Community Solar Member Contributions	(370,000)	-	(9,030,000)	(4,500,000)	**-**	4,500,000	Offset to Line 35 - Community Solar
44			ARPA Grant Fiber Funding		(7,263,172)	(7,247,944)	(5,435,958)	**(5,635,444)**	(199,486)	Offset to Line 20 - ARPA Grant Fiber Project
45			**CIAC SUBTOTAL**	(1,920,116)	(1,704,447)	(11,640,000)	(11,489,458)	**(8,159,370)**	3,330,088	
46										
47			**RUS CWP NET TOTAL**	11,931,803	27,259,230	20,425,972	10,802,209	**10,121,171**	(681,037)	

Updated 11/11/2025

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7
STATEMENT OF OPS

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 September '25
INSTRUCTIONS - See help in the online application.	BORROWER NAME Orcas Power & Light Cooperative

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

☐ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Date

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (*a*)	THIS YEAR (*b*)	BUDGET (*c*)	THIS MONTH (*d*)
1. Operating Revenue and Patronage Capital	28,543,367	29,046,441	30,317,007	2,441,548
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	6,567,453	6,868,894	7,876,870	552,804
4. Transmission Expense	890,766	695,613	613,728	50,449
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,955,330	3,531,269	3,554,624	342,496
7. Distribution Expense - Maintenance	2,865,380	3,035,813	2,801,118	274,399
8. Customer Accounts Expense	866,243	1,061,253	1,058,822	111,192
9. Customer Service and Informational Expense	265,397	337,996	454,446	67,231
10. Sales Expense	38,470	48,138	41,233	3,694
11. Administrative and General Expense	3,435,339	3,710,470	3,850,793	362,279
12. Total Operation & Maintenance Expense (*2 thru 11*)	17,884,379	19,289,447	20,251,634	1,764,544
13. Depreciation and Amortization Expense	4,266,544	4,460,255	4,426,755	492,388
14. Tax Expense - Property & Gross Receipts	187,136	215,459	190,632	23,940
15. Tax Expense - Other	1,147,772	1,215,527	1,081,599	109,830
16. Interest on Long-Term Debt	1,501,981	1,702,165	1,843,317	201,795
17. Interest Charged to Construction - Credit	(35,691)	(9,868)	(45,000)	(2,449)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	15,000	-	-
20. Total Cost of Electric Service (*12 thru 19*)	24,952,122	26,887,985	27,748,937	2,590,049
21. Patronage Capital & Operating Margins (*1 minus 20*)	3,591,245	2,158,457	2,568,070	(148,500)
22. Non Operating Margins - Interest	592,212	599,949	600,687	100,008
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	41,110	39,865	(7,956)	(15,822)
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	29,240	50,633	69,734	13,357
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (*21 thru 28*)	4,253,807	2,848,903	3,230,535	(50,957)

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
	PERIOD ENDED September '25
INSTRUCTIONS - See help in the online application.	

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)	ITEM	YEAR-TO-DATE LAST YEAR (*a*)	YEAR-TO-DATE THIS YEAR (*b*)
1. New Services Connected	87	108	5. Miles Transmission	46.39	46.39
2. Services Retired	11	4	6. Miles Distribution – Overhead	137.56	134.91
3. Total Services in Place	15,931	16,054	7. Miles Distribution - Underground	1,092.43	1,096.89
4. Idle Services (Exclude Seasonals)	830	851	8. **Total Miles Energized** (5 + 6 + 7)	1,276.38	1,278.19

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	189,727,673	30. Memberships	58,770
2. Construction Work in Progress	17,469,934	31. Patronage Capital	54,414,572
3. Total Utility Plant ***(1 + 2)***	207,197,607	32. Operating Margins - Prior Years	-
4. Accum. Provision for Depreciation and Amort.	81,307,371	33. Operating Margins - Current Year	2,209,089
5. Net Utility Plant ***(3 - 4)***	125,890,236	34. Non-Operating Margins	639,814
6. Non-Utility Property (Net)	-	35. Other Margins and Equities	3,021,106
7. Investments in Subsidiary Companies	(8,785,671)	**36. Total Margins & Equities** ***(30 thru 35)***	60,343,351
8. Invest. in Assoc. Org. - Patronage Capital	1,147,954	37. Long-Term Debt - RUS (Net)	12,070,563
9. Invest. in Assoc. Org. - Other - General Funds	10,300	38. Long-Term Debt - FFB - RUS Guaranteed	54,607,089
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)	29,128,440
12. Other Investments	1,371	41. Long-Term Debt - RUS - Econ. Devel. (Net)	-
13. Special Funds	1,398,718	42. Payments – Unapplied	-
14. Total Other Property & Investments ***(6 thru 13)***	(5,690,856)	**43. Total Long-Term Debt** ***(37 thru 41 - 42)***	95,806,092
15. Cash - General Funds	4,847,148	44. Obligations Under Capital Leases - Noncurrent	-
16. Cash - Construction Funds - Trustee	37,917	45. Accumulated Operating Provisions and Asset Retirement Obligations	94,328
17. Special Deposits	-	**46. Total Other Noncurrent Liabilities** ***(44 + 45)***	94,328
18. Temporary Investments	4,548,372	47. Notes Payable	-
19. Notes Receivable (Net)	2,024,210	48. Accounts Payable	2,412,696
20. Accounts Receivable - Sales of Energy (Net)	2,294,041	49. Consumers Deposits	88,896
21. Accounts Receivable - Other (Net)	73,408		-
22. Renewable Energy Credits	-	50. Current Maturities Long-Term Debt	-
23. Materials and Supplies - Electric & Other	4,963,113	51. Current Maturities Long-Term Debt - Economic Development	-
24. Prepayments	918,292	52. Current Maturities Capital Leases	1,282,382
25. Other Current and Accrued Assets	1,239,600	53. Other Current and Accrued Liabilities	
26. Total Current and Accrued Assets	20,946,101	**54. Total Current & Accrued Liabilities**	3,783,973
27. Regulatory Assets	-	55. Regulatory Liabilities	-
28. Other Deferred Debits	19,330,799	56. Other Deferred Credits	448,537
29. Total Assets and Other Debits	160,476,281	**57. Total Liabilities and Other Credits**	160,476,281

RUS Financial and Operating Report Electric Distribution Revision Date 2014