

**ORCAS POWER & LIGHT COOPERATIVE
2025 YEAR END FINANCIAL REPORT**



MEMORANDUM

March 19, 2026

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2025 Year End Financial Report

Please see attached the full 2025 Year End Unaudited financial report. The fourth 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.

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Overall operating revenue was lower than budget, driven by the ECA, which returned ~\$934K to members through December. The ECA credit was driven by a decrease in power costs (\$1.2M).

The table below provides a summary of the financial results of 2025.

Income Statement Summary (in thousands)	2025 Year-End Unaudited		
	Budget	Actual (draft)	Variance
Operating Revenue	\$ 42,821	\$ 41,327	\$ (1,494)
ECA Surcharge / (Credit)*	-	(934)	\$ (934)
Revenue	\$ 42,821	\$ 40,393	\$ (2,428)
Expenses:			
Cost of Purchased Power	10,985	9,785	\$ (1,200)
Transmission & Distribution Expense	9,385	9,476	91
General & Administrative Expense	7,387	6,779	(608)
Depreciation, Tax, Interest & Other	10,270	10,165	(105)
Total Expenses	\$ 38,027	\$ 36,205	(1,822)
Operating Margin	4,893	4,293	(600)
Non-op margin**	793	(390)	(1,183)
Net Margin*	\$ 5,686	\$ 3,904	(1,782)
OTIER	2.99	2.85	(0.14)
TIER	3.31	2.68	(0.63)
Equity %	39.7%	39.2%	-0.5%
HDD	1,446	1,043	(403)
kWh Purchases	235,000	225,146	(9,854)
kWh Sales	223,000	216,273	(6,727)

* The ECA returned a net \$934K to members in 2025.

**Grant funded research projects & sunk costs associated with Bailer Hill permitting write offs - no impact on member margin allocations

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.

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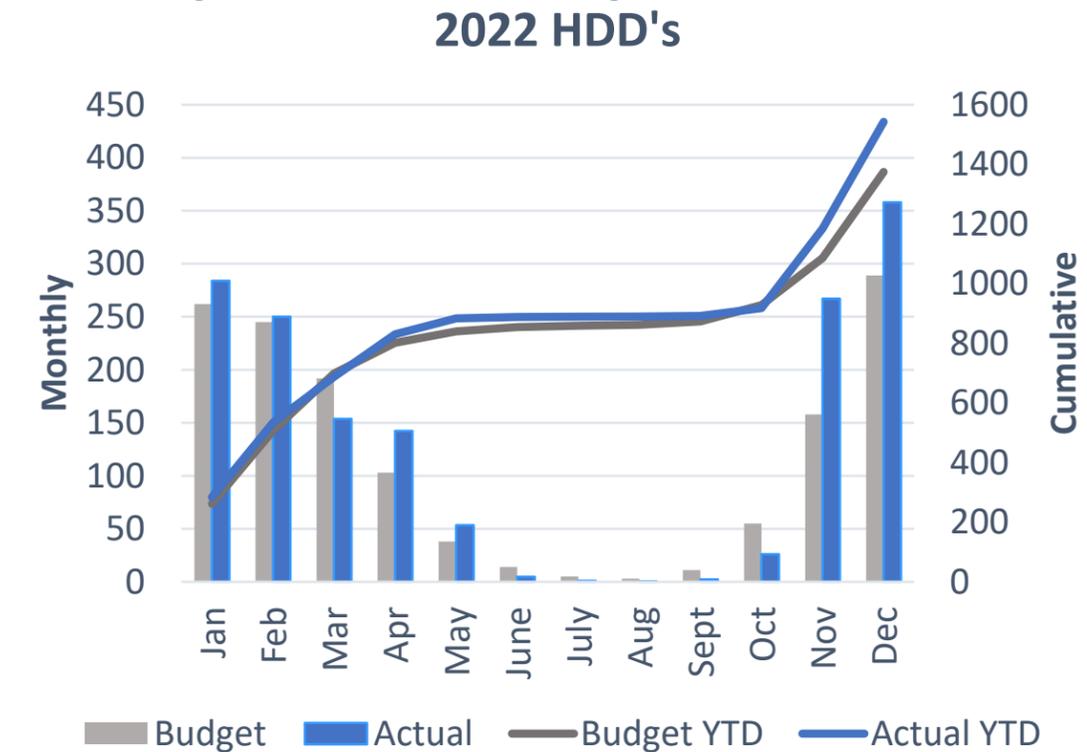
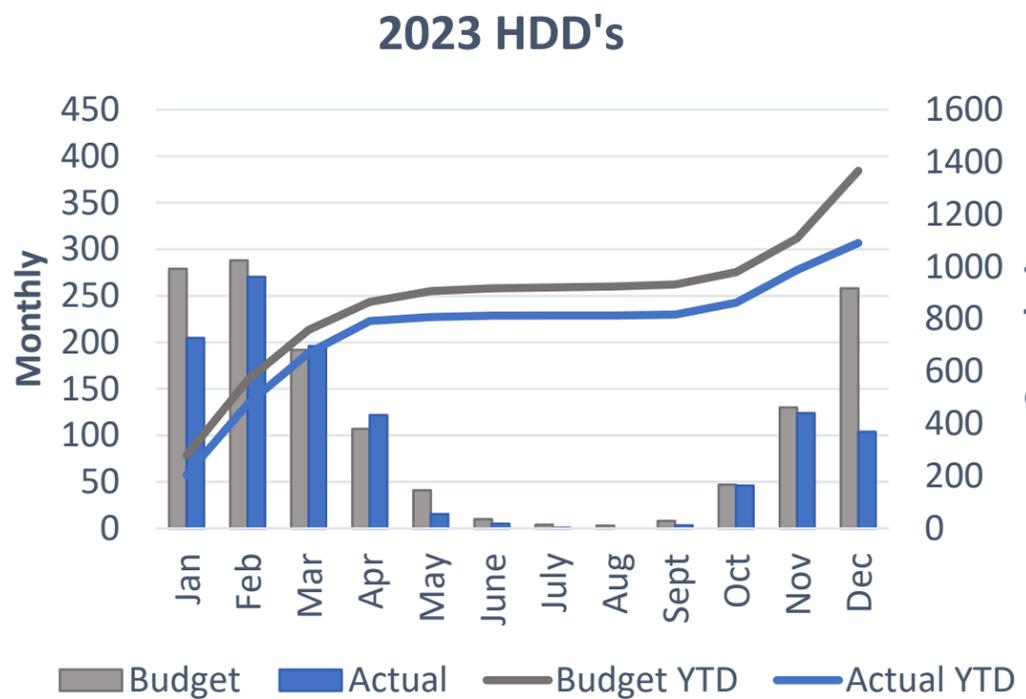
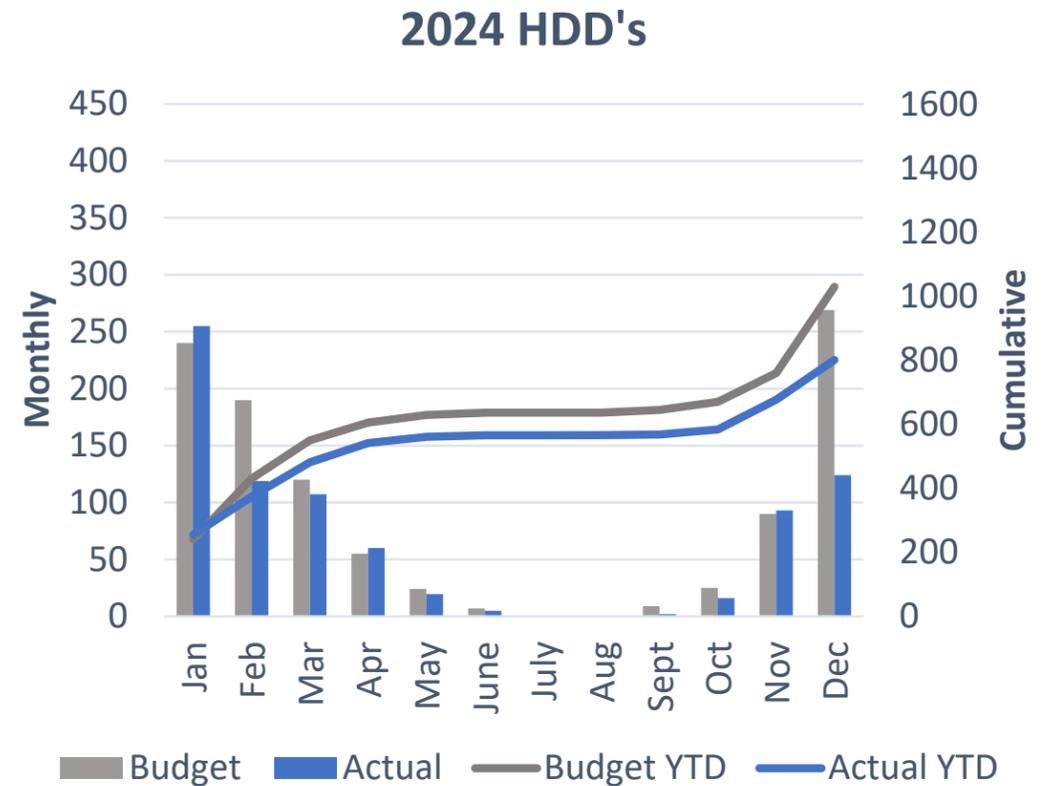
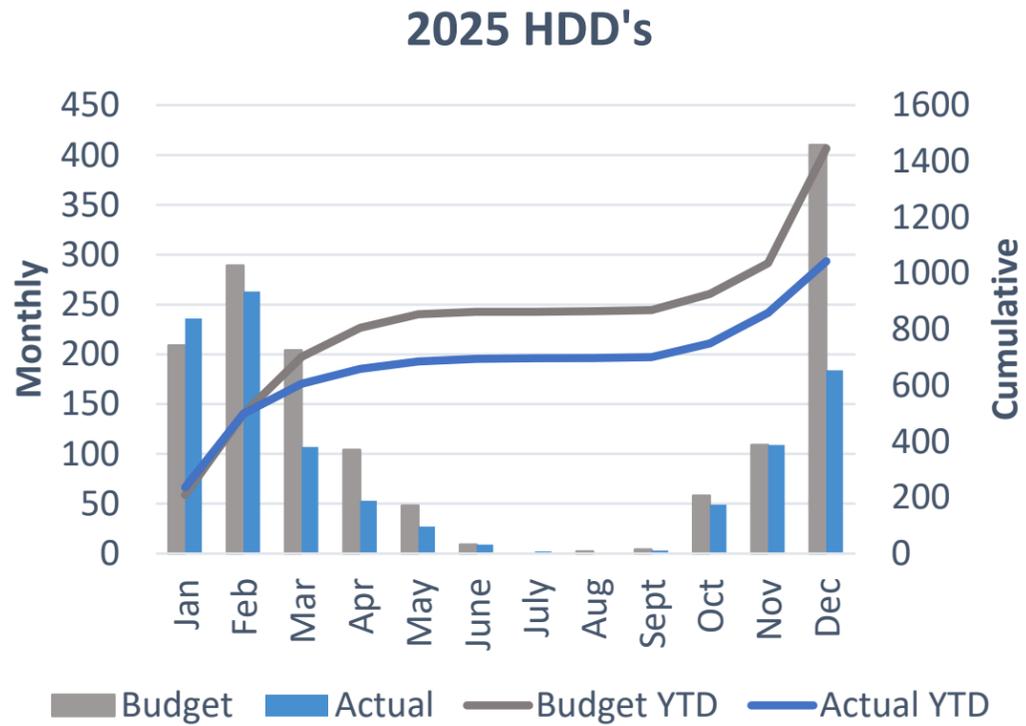
STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

	A.	B.	C.	D.	E.	F.	G.
	Audited	Audited	Audited	Budget	Unaudited	Budget	Budget
	Year End	Year End	Year End	Year End	Year End	\$ Change	% Change
	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2025	(E - D)	(F / D)
1	kWh Purchases	241,801,858	228,638,000	230,984,773	235,000,000	225,146,107	(9,853,893) -4.2%
2	Gross Operating Revenue	35,679,000	36,836,000	39,492,000	42,821,000	41,327,000	(1,494,000) -3.5%
3	Energy Charge Adjustment	1,000	(328,000)	147,000	-	(934,000)	(934,000)
4	Net Operating Revenue Total	<u>35,680,000</u>	<u>36,508,000</u>	<u>39,639,000</u>	<u>42,821,000</u>	<u>40,393,000</u>	(2,428,000) -5.7%
5	Cost of power	9,756,000	8,572,000	9,126,000	10,985,000	9,785,000	(1,200,000) -10.9%
6	Operations & G&A	13,501,000	14,282,000	15,232,000	16,772,000	16,256,000	(516,000) -3.1%
7	Depr, Int, Taxes & Other	8,874,000	8,805,000	9,386,000	10,171,000	10,058,000	(113,000) -1.1%
8		<u>32,131,000</u>	<u>31,659,000</u>	<u>33,744,000</u>	<u>37,928,000</u>	<u>36,099,000</u>	(1,829,000) -4.8%
9	Net Operating Margins	3,549,000	4,849,000	5,895,000	4,893,000	4,294,000	(599,000) -12.2%
10	Non-Operating Margins	439,000	778,000	829,000	793,000	(390,000)	(1,183,000) -149.2%
11	Net Margin	<u>\$ 3,988,000</u>	<u>\$ 5,627,000</u>	<u>\$ 6,724,000</u>	<u>\$ 5,686,000</u>	<u>\$ 3,904,000</u>	(1,782,000) -31.3%
12	OTIER	2.75	3.47	3.90	2.99	2.85	(0.14)
13	TIER	2.97	3.86	4.31	3.31	2.68	(0.63)
14	Equity % of Total Cap	36.6%	39.7%	40.8%	39.7%	39.2%	-0.5%
15	Equity % (excl RESP)	37.2%	42.7%	46.1%	45.5%	44.8%	-0.7%
16	Equity	44,990,000	51,310,000	56,943,000	62,708,000	60,804,000	(1,904,000) -3.0%
17	Capital Debt	66,958,000	65,099,000	68,984,000	77,490,000	77,452,000	(38,000) 0.0%
18	RESP Debt	2,225,000	10,006,000	17,631,000	23,190,000	21,907,000	(1,283,000) -5.5%
19	Capital Spending	10,320,000	11,932,000	19,996,000	13,178,000	10,876,000	(2,302,000) -17.5%
20	Capital Credit Retirement (net)	(1,189,000)	(1,137,000)	(1,179,000)	(1,294,000)	(1,376,000)	(82,000) 6.3%
21	Annual HDD	1,543	1,090	801	1,446	1,043	(403) -27.9%



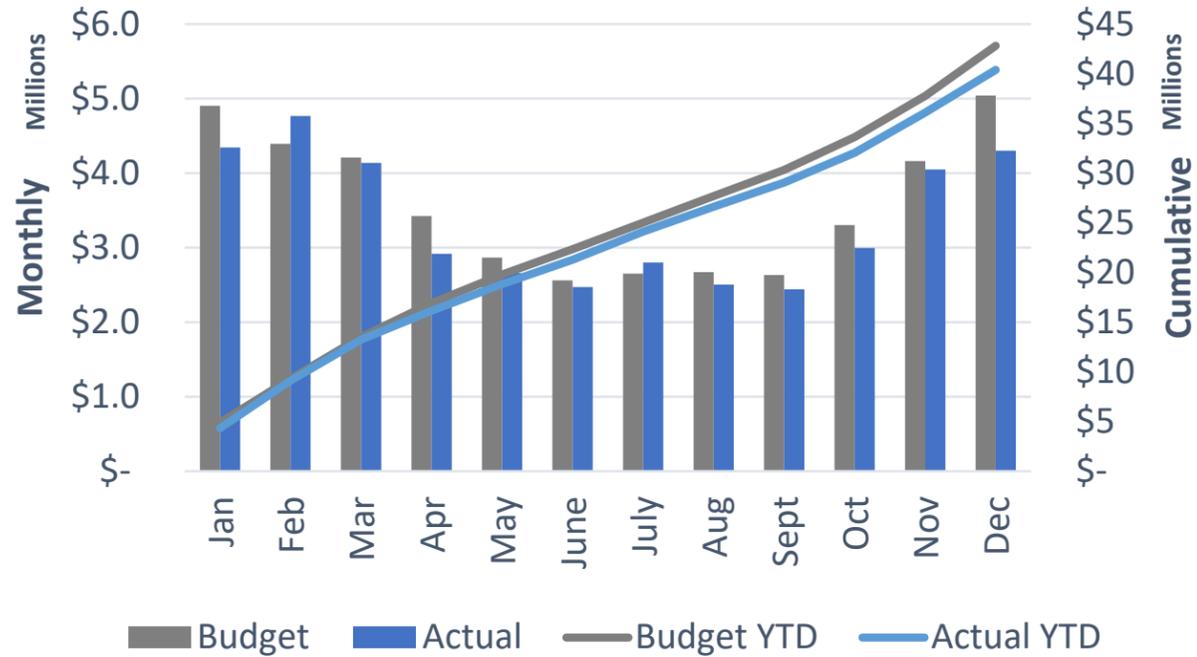
2025 Q4 Financial Highlights

2025 Budget to Actual: Heating Degree Days

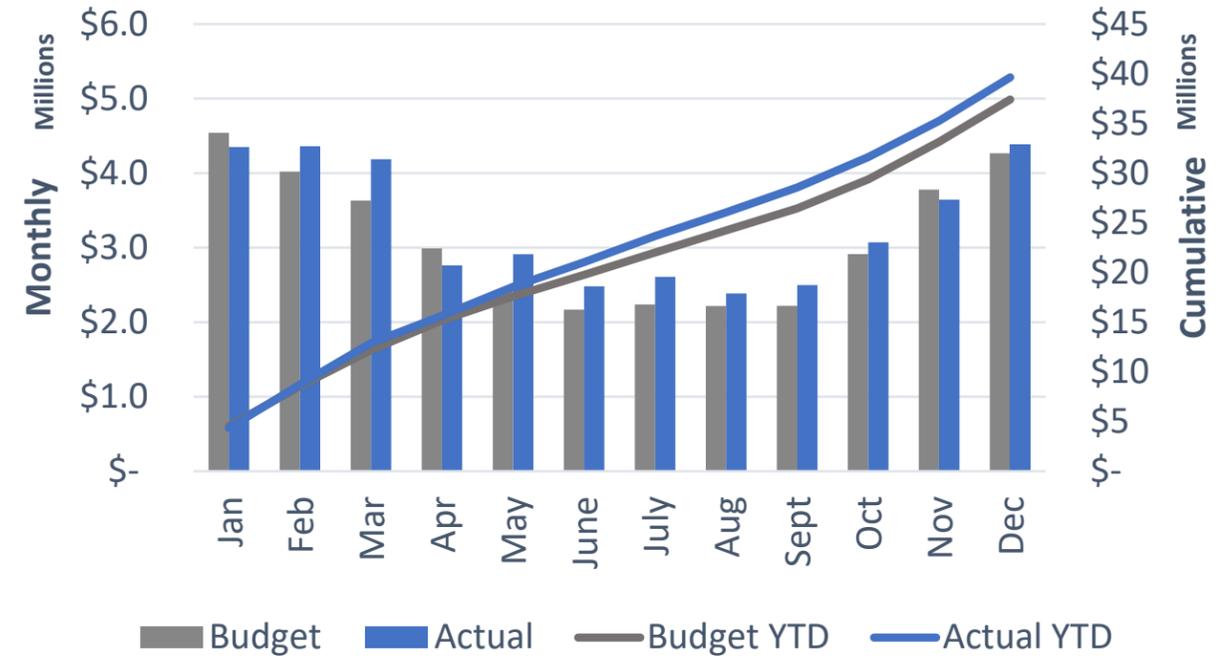


2025 Q4 Budget to Actual: Revenue

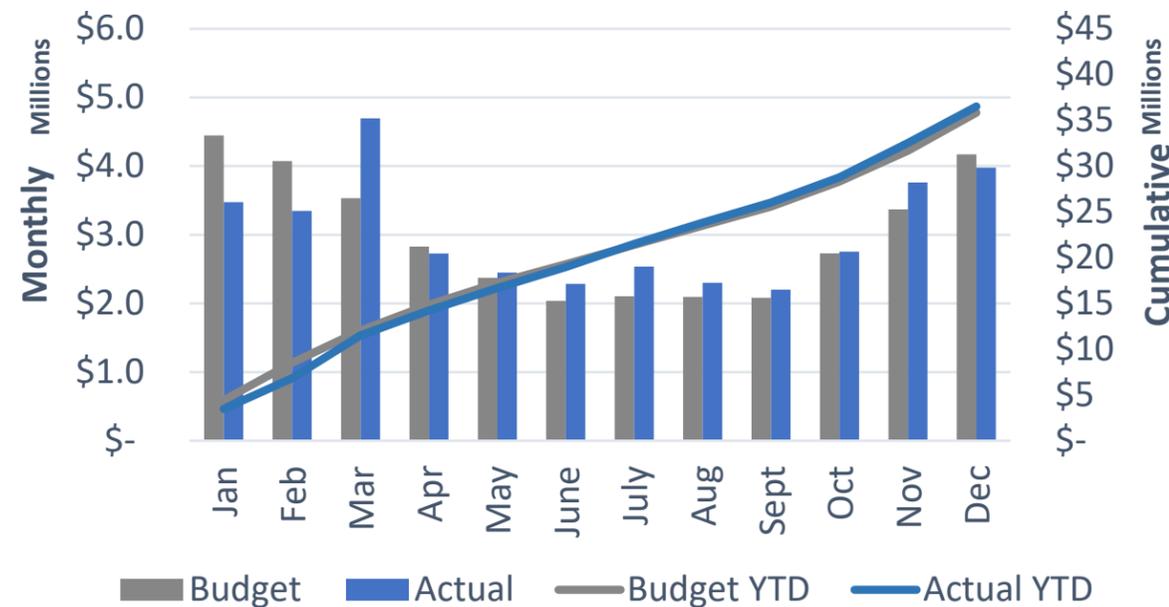
2025 Revenue



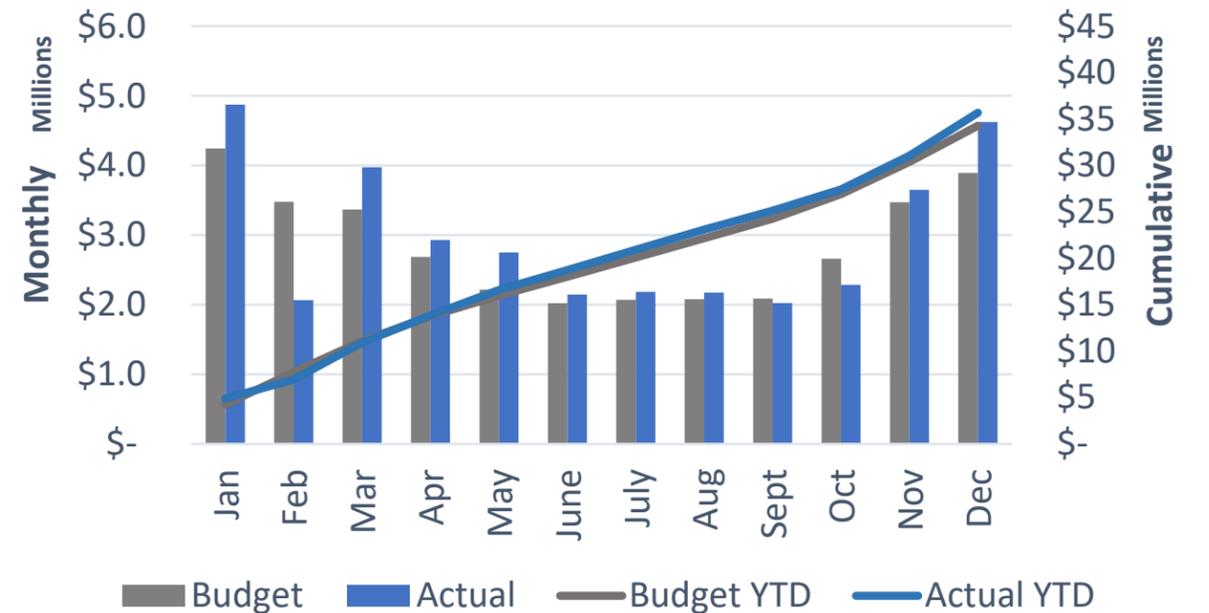
2024 Revenue



2023 Revenue



2022 Revenue



* F

2025 Q4 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. Unaudited Year End 12/31/2025	E. Budget Variance (D - C)
OPERATING REVENUES					
Residential	\$ 27,321,332	\$ 29,822,748	\$ 32,025,967	\$ 30,159,690	(1,866,277)
Commercial	8,892,792	9,490,777	10,484,601	9,895,493	(589,108)
Other					
Penalties and fees	234,574	243,437	246,302	248,552	2,250
Other	59,031	82,132	63,908	88,772	24,864
Total operating revenue	36,507,728	39,639,094	42,820,778	40,392,506	(2,428,272)
OPERATING EXPENSES					
Cost of power	8,571,913	9,126,474	10,985,004	9,784,593	(1,200,411)
Transmission	1,348,268	1,049,768	724,734	768,339	43,605
Distribution - operations	3,796,463	3,914,167	4,793,580	4,679,551	(114,029)
Distribution - maintenance	3,214,269	4,077,748	3,866,737	4,028,535	161,798
Consumer accounts	1,085,072	1,151,107	1,466,846	1,391,335	(75,511)
General and administration					
Administration	4,595,125	4,747,811	5,465,625	5,091,684	(373,941)
Energy services	151,220	198,951	357,968	202,076	(155,892)
Subsidiary charges (RIC network mgt services)	91,979	92,028	96,629	93,982	(2,647)
Total general and administration	4,838,324	5,038,790	5,920,222	5,387,742	(532,480)
Depreciation and amortization	5,396,359	5,688,475	6,088,561	5,950,084	(138,477)
Taxes	1,610,154	1,825,621	1,784,180	1,907,774	123,594
Total operating expenses	29,860,821	31,872,151	35,629,864	33,897,953	(1,731,911)
Operating margins before fixed charges	6,646,907	7,766,943	7,190,914	6,494,554	(696,360)
FIXED CHARGES					
Interest on long-term debt	1,906,039	1,965,138	2,397,754	2,306,709	(91,045)
Operating margins after fixed charges	4,740,869	5,801,805	4,793,160	4,187,845	(605,315)
PATRONAGE CAPITAL CREDITS					
Net operating margins	4,848,066	5,895,332	4,892,781	4,294,873	(597,908)
NON-OPERATING MARGINS					
Interest income	607,039	704,061	721,270	771,000	49,730
Other income (loss)	(18,861)	(63,211)	(118,115)	(1,337,427)	(1,219,312)
Total Opalco non-operating margins	588,178	640,851	603,155	(566,427)	(1,169,582)
Non-operating margins from Subsidiary					
Interest Income (RIC loan)	79,587	79,656	79,649	79,668	19
Other income (use of OPALCO backbone)	109,740	108,653	109,740	96,696	(13,044)
Total non-operating margins from Subsidiary	189,327	188,309	189,389	176,364	(13,025)
Net non-operating margins	777,505	829,160	792,544	(390,063)	(1,182,607)
NET MARGINS	\$ 5,625,571	\$ 6,724,491	\$ 5,685,325	\$ 3,904,810	(1,780,515)

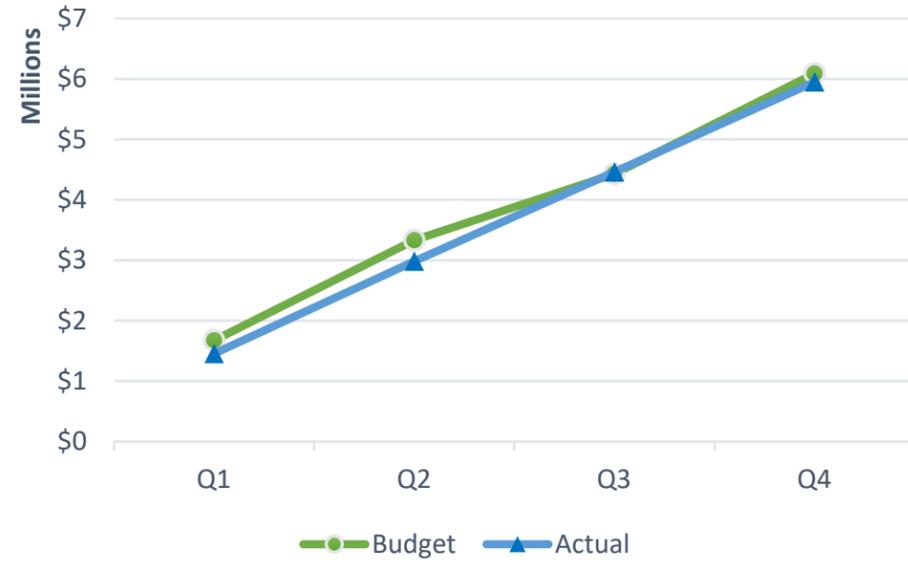


Notes:

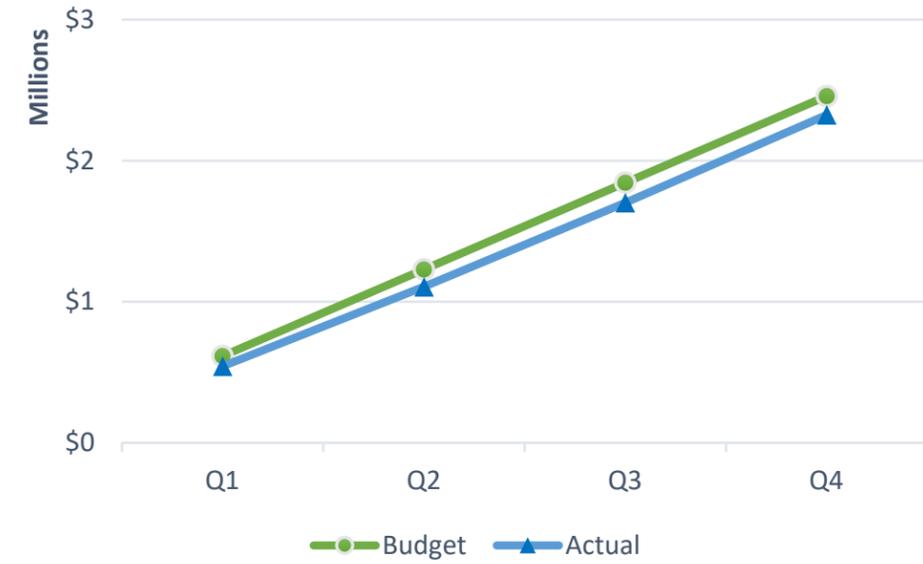
- Through Q4 the ECA returned net \$934K to the membership
- Note:** Due to the 1-month between the calculation of the ECA and impact on member bills, the ECA returned \$175k in January 2025, related to the calculation based on December 2024 factors.
- Net Operating Margin: \$4.3M (~\$598k decrease over budget)
- Net Margin: \$3.9M (~\$1.8M decrease over budget)

2025 Q4 Budget to Actual: Financial Metrics

Depreciation & Amortization



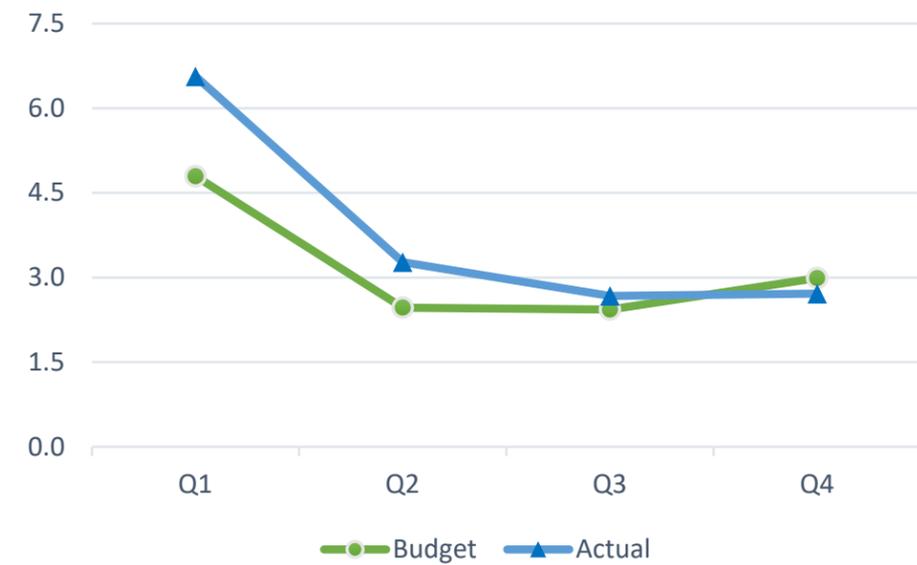
Interest



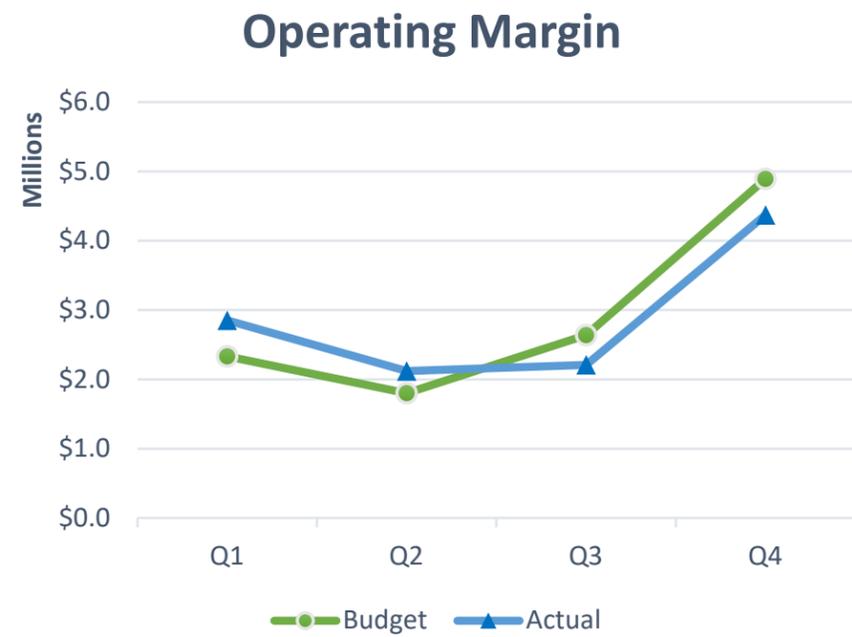
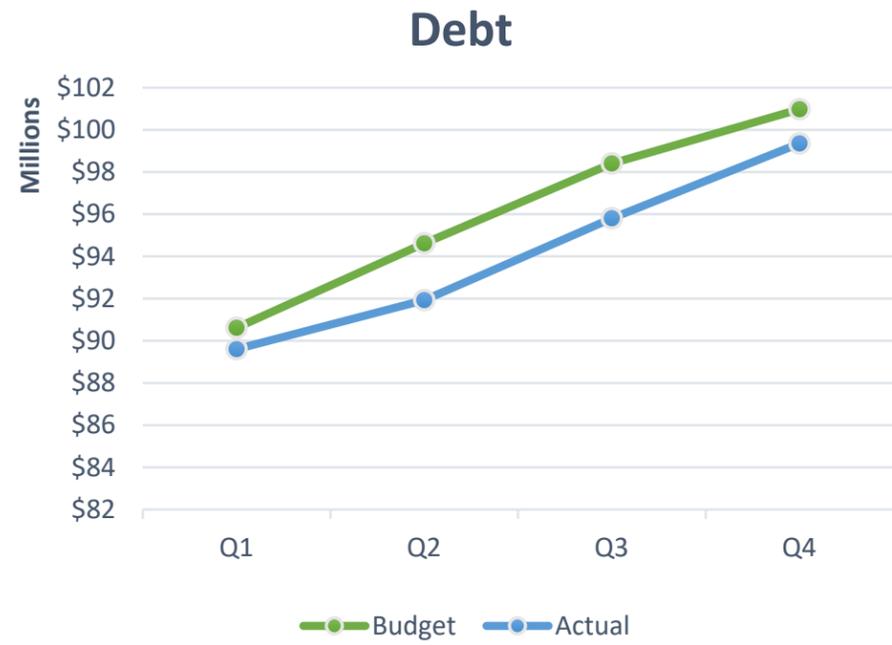
OTIER



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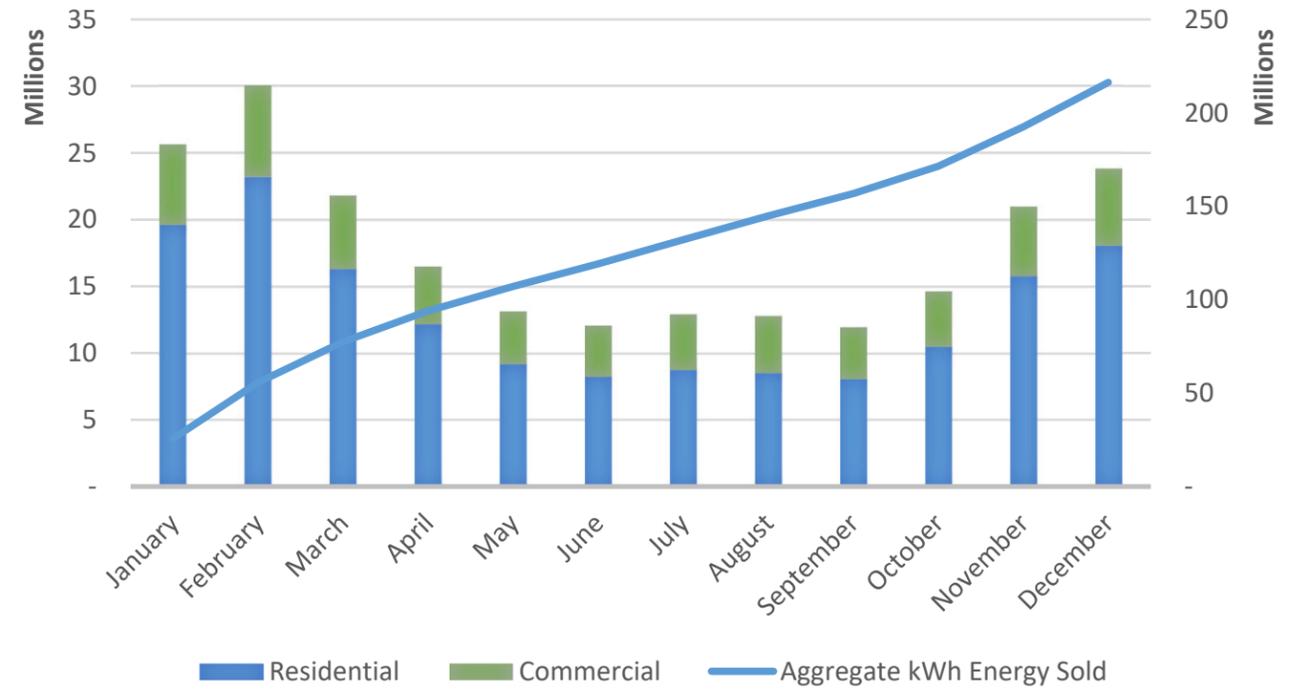


2025 Q4 Budget to Actual: Financial Metrics

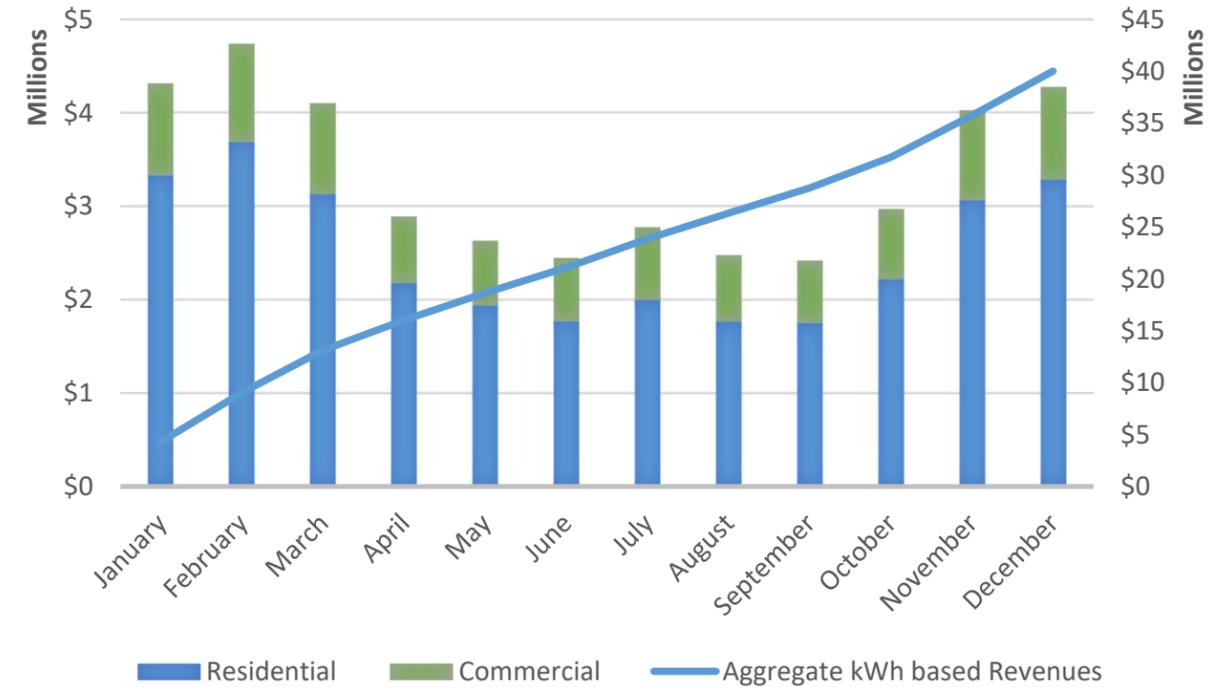


Sales and Usage

KWH ENERGY SOLD (BY SERVICE TYPE)

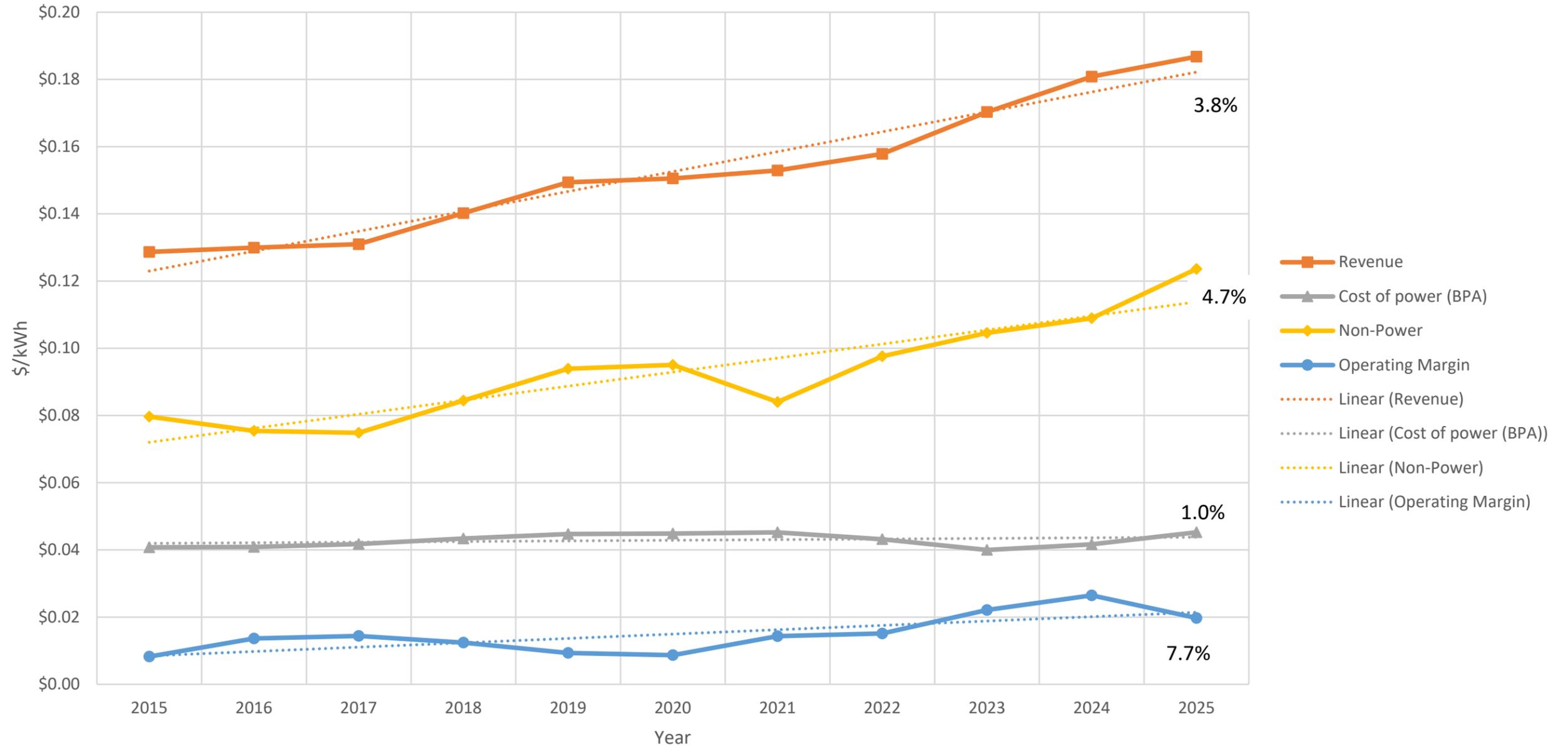


KWH SALES REVENUE (BY SERVICE TYPE)



2025 Income Statement Trends

Income Statement Trends - per kWh sold



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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. Unaudited Year End 12/31/2025	E. Budget Variance (D - C)
1 OPERATING REVENUES					
2 Residential	\$ 27,321,332	\$ 29,822,748	\$ 32,025,967	\$ 30,159,690	(1,866,277)
3 Commercial	8,892,792	9,490,777	10,484,601	9,895,493	(589,108)
4 Other					
5 Penalties and fees	234,574	243,437	246,302	248,552	2,250
6 Other	59,031	82,132	63,908	88,772	24,864
7 Total operating revenue	36,507,728	39,639,094	42,820,778	40,392,506	(2,428,272)
8					
9 OPERATING EXPENSES					
10 Cost of power	8,571,913	9,126,474	10,985,004	9,784,593	(1,200,411)
11 Transmission	1,348,268	1,049,768	724,734	768,339	43,605
12 Distribution - operations	3,796,463	3,914,167	4,793,580	4,679,551	(114,029)
13 Distribution - maintenance	3,214,269	4,077,748	3,866,737	4,028,535	161,798
14 Consumer accounts	1,085,072	1,151,107	1,466,846	1,391,335	(75,511)
15					
16 General and administration					
17 Administration	4,595,125	4,747,811	5,465,625	5,091,684	(373,941)
18 Energy services	151,220	198,951	357,968	202,076	(155,892)
19 Subsidiary charges (RIC network mgt services)	91,979	92,028	96,629	93,982	(2,647)
20 Total general and administration	4,838,324	5,038,790	5,920,222	5,387,742	(532,480)
21					
22 Depreciation and amortization	5,396,359	5,688,475	6,088,561	5,950,084	(138,477)
23 Taxes	1,610,154	1,825,621	1,784,180	1,907,774	123,594
24					
25 Total operating expenses	29,860,821	31,872,151	35,629,864	33,897,953	(1,731,911)
26					
27 Operating margins before fixed charges	6,646,907	7,766,943	7,190,914	6,494,554	(696,360)
28					
29 FIXED CHARGES					
30 Interest on long-term debt	1,906,039	1,965,138	2,397,754	2,306,709	(91,045)
31					
32 Operating margins after fixed charges	4,740,869	5,801,805	4,793,160	4,187,845	(605,315)
33					
34 PATRONAGE CAPITAL CREDITS	107,198	93,527	99,621	107,029	7,408
35					
36 Net operating margins	4,848,066	5,895,332	4,892,781	4,294,873	(597,908)
37					
38 NON-OPERATING MARGINS					
39 Interest income	607,039	704,061	721,270	771,000	49,730
40 Other income (loss)	(18,861)	(63,211)	(118,115)	(1,337,427)	(1,219,312)
41 Total Opalco non-operating margins	588,178	640,851	603,155	(566,427)	(1,169,582)
42					
43 Non-operating margins from Subsidiary					
44 Interest Income (RIC loan)	79,587	79,656	79,649	79,668	19
45 Other income (use of OPALCO backbone)	109,740	108,653	109,740	96,696	(13,044)
46 Total non-operating margins from Subsidiary	189,327	188,309	189,389	176,364	(13,025)
47					
48 Net non-operating margins	777,505	829,160	792,544	(390,063)	(1,182,607)
49					
50 NET MARGINS	\$ 5,625,571	\$ 6,724,491	\$ 5,685,325	\$ 3,904,810	(1,780,515)
51					
52 OTIER	3.47	3.90	2.99	2.85	(0.14)
53 TIER	3.86	4.31	3.31	2.68	(0.63)
54 Equity % of Total Cap	39.7%	40.8%	39.7%	39.2%	-0.5%
55 Equity % of Total Assets (RUS - 30%)	39.1%	38.3%	35.8%	36.9%	1.2%
56 Equity % of Total Cap (excluding RESP)	42.7%	46.1%	45.5%	44.8%	-0.7%

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL DETAILED BREAKOUT OF NOTABLE DRIVERS

	A.	B.	C.	D.
	Budget	Unaudited	Budget	
	Year End	Year End	Variance	
	12/31/2025	12/31/2025	(B - A)	Comments: Budget To Actual (Column C.)
1	42,820,778	40,392,506	(2,428,272)	
2				
3				Budget
4				Actual
5				Variance
6				HDD
7				kWh Sales
8				(kWh in thousands)
9				sales offset by ECA credit through Q4
10				sales offset by ECA credit through Q4
11				Misc fees & penalty charges higher than budgeted
12				Higher pole contact rentals
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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. Unaudited Year End 12/31/2025	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	\$ 192,419,827	8,477,953
5 Construction work in progress	9,984,056	11,412,238	14,673,906	16,345,465	1,671,559
6					
7	168,993,346	180,137,391	198,615,780	208,765,292	10,149,512
8 Less accumulated depreciation and amortization	67,446,380	72,429,392	77,071,163	82,697,205	5,626,042
9					
10 Net utility plant	101,546,966	107,707,999	121,544,617	126,068,087	4,523,470
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	1,709,954	34,643
16 Non-utility investment subsidiary (Note 1)	(11,173,486)	(9,331,007)	(9,245,876)	(8,113,442)	1,132,434
17 Total investments in associated organizations	(9,633,956)	(7,714,636)	(7,570,565)	(6,403,488)	1,167,077
18					
19 Other property and investments	(9,633,956)	(7,714,636)	(7,570,565)	(6,403,488)	1,167,077
20					
21 CURRENT ASSETS					
22 Cash and cash equivalents	9,697,635	9,076,867	5,403,649	8,952,111	3,548,462
23 Cash and cash equivalents - board designated	1,002,529	1,061,098	1,150,993	1,276,970	125,977
24 Accounts receivable, less doubtful accts allowance	6,240,612	6,247,535	7,251,802	8,214,126	962,324
25 Interest receivable	55,550	49,108	24,753	26,405	1,652
26 Materials and supplies	3,766,502	4,544,853	5,165,169	4,691,912	(473,257)
27 Prepaid expenses	733,743	750,806	670,845	991,583	320,738
28					
29 Total current assets	21,496,571	21,730,267	19,667,211	24,153,107	4,485,896
30					
31 DEFERRED CHARGES (Note 2)	4,501,196	9,440,198	14,874,483	20,801,751	5,927,268
32					
29 Total assets	\$ 117,910,777	\$ 131,163,828	\$ 148,515,746	\$ 164,619,457	\$ 16,103,711

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. Unaudited Year End 12/31/2025	E. Change (D - C)
30					
31 EQUITIES, MARGINS, AND LIABILITIES					
32					
33 EQUITIES AND MARGINS					
34 Memberships	\$ 58,380	\$ 58,555	\$ 58,755	\$ 58,810	55
35 Patronage capital - OPALCO	47,684,660	50,530,219	54,804,172	57,136,540	2,332,368
36 Donated and other equities					
37 OPALCO donated & other margins	10,558,452	12,188,061	13,471,437	13,857,447	386,010
38 Subsidiary margins	<u>(13,311,620)</u>	<u>(11,466,670)</u>	<u>(11,391,703)</u>	<u>(10,249,247)</u>	<u>1,142,456</u>
39					
40 Total equities and margins	<u>44,989,872</u>	<u>51,310,164</u>	<u>56,942,661</u>	<u>60,803,550</u>	<u>3,860,889</u>
41					
42 LONG-TERM DEBT, less current maturities					
43 RUS construction notes	58,119,089	56,054,232	60,186,534	68,747,056	8,560,522
44 RUS Rural Energy Savings Program (RESP)	2,174,521	9,141,513	15,869,950	19,500,068	3,630,118
45 CFC mortgage notes	7,149,506	6,832,012	6,501,178	6,166,550	(334,628)
46					
47 Total long-term debt	<u>67,443,116</u>	<u>72,027,757</u>	<u>82,557,662</u>	<u>94,413,674</u>	<u>11,856,012</u>
48					
49 OTHER NONCURRENT LIABILITIES	11,885	35,257	71,828	116,648	44,820
50					
51 Total long-term liabilities	<u>67,455,001</u>	<u>72,063,014</u>	<u>82,629,490</u>	<u>94,530,322</u>	<u>11,900,832</u>
52					
53 CURRENT LIABILITIES					
54 Accounts payable	1,896,315	3,197,832	3,107,981	2,482,809	(625,172)
55 Customer deposits	70,129	71,371	79,708	85,321	5,613
56 Accrued liabilities	1,461,254	1,062,639	1,258,050	1,329,872	71,822
57 Current maturities of long-term debt	1,739,499	3,077,652	4,057,559	4,944,927	887,368
58					
59 Total current liabilities	<u>5,167,197</u>	<u>7,409,495</u>	<u>8,503,299</u>	<u>8,842,929</u>	<u>339,631</u>
60					
61 DEFERRED CREDITS	<u>298,707</u>	<u>381,155</u>	<u>440,297</u>	<u>442,656</u>	<u>2,359</u>
62					
63 Total equities and liabilities	<u>\$ 117,910,777</u>	<u>\$ 131,163,828</u>	<u>\$ 148,515,746</u>	<u>\$ 164,619,457</u>	<u>\$ 16,103,711</u>
64					

65 Note:

66 1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+\$2,135,805) less IN LLC's cumulative net deficit of (\$10,249,247) seen in 'equities & margins'.

67 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 <u>12/31/2023</u>	B. Audited Year End <u>12/31/2024</u>	C. Unaudited Year End <u>12/31/2025</u>
1 CASH FLOWS FROM OPERATING ACTIVITIES			
2 Net margins	\$ 5,625,571	\$ 6,724,491	\$ 3,904,810
3 Adjustments to reconcile net margin to cash			
4 from operating activities			
5 Depreciation and amortization	5,396,359	5,688,475	5,950,084
6 Changes in assets and liabilities			
7 Accounts receivable	(6,923)	(1,004,267)	(962,324)
8 Interest receivable	6,442	24,355	(1,652)
9 Prepaid expenses	(17,064)	79,961	(320,738)
10 Accounts payable	1,301,519	(89,851)	(625,172)
11 Customer deposits	1,242	8,337	5,613
12 Accrued liabilities	(398,616)	195,410	71,822
13 Deferred credits	82,449	59,143	2,359
14 Deferred Charges	(4,939,002)	(5,434,285)	(5,927,268)
14 Net cash from operating activities	<u>7,051,977</u>	<u>6,251,769</u>	<u>2,097,534</u>
15			
16 CASH FLOWS FROM INVESTING ACTIVITIES			
17 Additions to utility plant, net	(13,477,509)	(28,492,693)	(17,404,458)
18 Change in materials and supplies	(778,351)	(620,316)	473,257
19 (Increase) decrease in investment in Subsidiary	(1,842,479)	(85,131)	(1,132,434)
20 (Increase) decrease in other OPALCO property and investments, net	(76,841)	(58,940)	(34,643)
21			
22 Net cash from investing activities	<u>(16,175,180)</u>	<u>(29,257,080)</u>	<u>(18,098,278)</u>
23 CASH FLOWS FROM FINANCING ACTIVITIES			
24 Payments on long-term debt, net	(2,416,835)	(3,453,617)	(4,411,800)
25 Proceeds from debt (Note 1)	8,363,000	15,000,000	17,200,000
26 Memberships	175	200	55
27 Retirements of patronage capital, net	(1,150,403)	(1,167,162)	(1,186,432)
28 Change in subsidiary equities	1,844,950	74,967	1,142,456
29 Contributions in aid of construction	1,920,116	8,967,600	6,930,904
30 Net cash from financing activities	<u>8,561,003</u>	<u>19,421,988</u>	<u>19,675,183</u>
31 NET CHANGE IN CASH	<u>(562,200)</u>	<u>(3,583,323)</u>	<u>3,674,439</u>
32 CASH AND CASH EQUIVALENTS, beginning of year/period	<u>10,700,165</u>	<u>10,137,965</u>	<u>6,554,642</u>
33 CASH AND CASH EQUIVALENTS, end of year/period	<u>10,137,965</u>	<u>6,554,642</u>	<u>10,229,081</u>
34 SUPPLEMENTAL DISCLOSURES			
35 Cash paid for interest	<u>\$ 1,964,597</u>	<u>\$ 2,031,038</u>	<u>\$ 2,324,419</u>
36 OUTSTANDING DEBT BALANCE	<u>(75,140,665)</u>	<u>(86,687,049)</u>	<u>(99,475,249)</u>
37 Notes:			
38 1 RUS Treasury borrowings of \$10.8M and \$6.4M in RESP			

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

	A.	B.	C.	D.	E.	F.
	Audited	Audited	Approved	Unaudited	Budget	
	Year-End	Year-End	Budget	Period-End	Variance	Comments
	12/31/2023	12/31/2024	12/31/2025	12/31/2025	(D - C)	
Note: All numbers in thousands						
1 % Rate Increase	6%	6%	6%	6%		
2 OPERATING ACTIVITIES:						
3 Margins	\$ 5,600	\$ 6,700	\$ 5,700	\$ 3,900	\$ (1,800)	various - see P&L notable drivers
4 Plus depreciation/amortization	5,400	5,700	6,100	6,000	(100)	see P&L notable drivers
5 Cash flow operations	11,000	12,400	11,800	9,900	(1,900)	
6						
7 PLANT INVESTMENT (NET)						
8 Plant investment (including material inventory)	(11,900)	(20,000)	(13,200)	(10,900)	2,300	various projects - see capital budget worksheet
9 Cash flow from operations and plant investment	(900)	(7,600)	(1,400)	(1,000)	400	
10						
11 CASH FLOWS FROM PATRONAGE CAPITAL	(1,140)	(1,200)	(1,280)	(1,380)	(100)	
12 Cash flow before borrowings	(2,040)	(8,800)	(2,680)	(2,380)	300	
13						
14 NET BORROWINGS	5,900	11,500	14,100	12,800	(1,300)	RESP borrowing delayed to 2026
15 Cash increase (decrease) after net borrowings	\$ 3,860	\$ 2,700	\$ 11,420	\$ 10,420	\$ (1,000)	
16						
17						
18 OUTSTANDING DEBT BALANCE	75,110	86,600	100,700	99,360	(1,340)	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			A.	B.	C.	D.	E.	F.
			Audited	Audited	Budget	Unaudited	Budget	
			Year End	Year End	Year End	Year End	Variance	
			12/31/2023	12/31/2024	12/31/2025	12/31/2025	(D - C)	Comments
RUS CWP DESCRIPTION								
1	DISTRIBUTION							
2	100	New Services	\$ 783,026	\$ 360,183	\$ 415,000	\$ 470,145	\$ 55,145	Less new or alter services than anticipated (Offset to Line 38)
3	200	New Tie Lines	241,980	218,715	-	-	-	
4	300	Conversions and Line Changes	381,236	2,729,501	1,103,000	1,810,354	707,354	Center Island Submarine Cable, Boyce Road Reconductor
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	1,277,426	(4,072,574)	Permitting delays for Battery System (FH Office)
7	600	Miscellaneous Distribution Equipment						
8	601	Transformers & Meters	1,289,078	1,962,276	1,640,000	2,001,005	361,005	Battery and Solar Project Transformers
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	
10	603	Sectionalizing Equipment	254,716	242,307	450,000	22,991	(427,009)	Equipment Procurement Delays
11	604	Regulators	-	-	300,000	-	(300,000)	Equipment Procurement Delays
12	606	Ordinary Replacements	20,079	28,151	433,000	50,986	(382,014)	Less replacements than projected, shifted to UG Projects
13	607	Overhead to Underground Replacements	33,794	713,800	355,000	506,574	151,574	Joint project opportunities
14	608	Underground Dist. Cable Replacement	3,817,644	2,893,512	3,625,000	3,917,413	292,413	Shifted efforts from Pole Replacements
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	142,496	(117,504)	Delay in fiber replacement
20		ARPA Grant Fiber Projects	-	8,501,911	7,373,972	6,327,698	(1,046,274)	
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	471,251	14,251	Jackson Beach Transmission, Deer Point Terminators
25	1100	Other Transmission	-	-	-	-	-	
26	GENERATION							
27	1200	Generation	146,484	1,938,904	1,200,000	(2,025,164)	(3,225,164)	DOE Tidal Project (Offset to Line 42, Write-off of Project)
28	OTHER							
29	1300	Headquarters Facilities	139,468	73,228	1,755,000	2,095,361	340,361	Eastsound Building Renovations, Rooftop Solar Panels
30	1400	Acquisitions	-	-	-	278,570	278,570	Unbudgeted Board Approved Purchase - Decatur
31	1500	All Other (Transportation, Etc.)						
32	1501	Transportation/Equipment/Tools/Radios	483,609	707,676	617,000	597,297	(19,703)	
33	1502	Office Equipment/Furniture/Etc.	3,219	19,182	13,000	22,661	9,661	
34	1503	Computer/Servers/Software	374,082	359,345	177,000	182,833	5,833	
35	1504	Electrical Infrastructure to Support Community Solar	1,918,563	595,477	6,400,000	(484,642)	(6,884,642)	Delays in Permitting with SJC, Write-off of Delayed Project
36	1600	Minor Projects	70,958	152,659	142,000	141,381	(619)	
37	RUS CWP SUBTOTAL		13,851,918	28,963,677	32,065,972	17,806,636	(14,259,336)	
38	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
39		New Services	(389,586)	(332,200)	(332,000)	(606,121)	(274,121)	Offset to Line 2 - New Services
40		Meters and Transformers	(297,391)	(320,584)	(342,000)	(411,959)	(69,959)	Offset to Line 8 - Transformers & Meters
41		Joint Projects	(354,476)	(37,708)	(48,000)	(149,778)	(101,778)	Offset to Lines 3, 4, 14 and 36
42		Grant Funding	(508,663)	(1,013,955)	(1,888,000)	1,013,955	2,901,955	Offset to Line 27 - Tidal Grant Reimbursements (Write-off of Project)
43		Community Solar Member Contributions	(370,000)	-	(9,030,000)	-	9,030,000	
44		ARPA Grant Fiber Funding	-	(7,263,172)	(7,247,944)	(6,777,002)	470,942	Offset to Line 20 - Reimbursement received Quarter after Expenditure
45	CIAC SUBTOTAL		(1,920,116)	(8,967,619)	(18,887,944)	(6,930,904)	11,957,040	
46	RUS CWP NET TOTAL		11,931,803	19,996,058	13,178,028	10,875,732	(2,302,296)	
47								

ORCAS POWER AND LIGHT COOPERATIVE

2025 BUDGET TO ACTUAL STAFFING LEVELS

	A.	B.	C.	D.	E.
		APPROVED BUDGET	ACTUAL		
		# EMPLOYEES	# EMPLOYEES		
	DEPARTMENT	2025	2025	Net	Comment
1	Operations ¹	23.5	20.5	-3	Line workers
2	Engineering ¹	8.5	7.5	-1	moved to Operations
3	General & Admin ³	5	4	-1	moved to Finance
4	Technical Services	2	2	0	
5	Member Services	7	7	0	
6	Finance	4	5	1	moved from General Management
7	Energy Savings	1	1	0	
8	Total	<u>51²</u>	<u>47</u>	<u>-4</u>	

Notes:

- 1 Engineering & Operations Manager split between departments
- 2 Includes vacant-funded positions not filled
- 3 General Manager, Communications, Special Projects & Office Coordinator

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	December '25
	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	39,639,094	40,392,506	42,820,778	4,299,705
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	9,126,474	9,784,593	10,985,004	1,087,892
4. Transmission Expense	1,049,768	768,339	724,734	18,028
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	3,914,167	4,679,551	4,793,580	405,234
7. Distribution Expense - Maintenance	4,077,748	4,028,535	3,866,737	361,502
8. Customer Accounts Expense	1,151,107	1,391,335	1,466,846	107,257
9. Customer Service and Informational Expense	437,737	449,260	634,952	3,384
10. Sales Expense	52,671	56,699	58,275	2,759
11. Administrative and General Expense	4,548,183	4,866,782	5,226,995	413,271
12. Total Operation & Maintenance Expense (2 thru 11)	24,357,855	26,025,095	27,757,123	2,399,326
13. Depreciation and Amortization Expense	5,688,475	5,950,084	6,088,561	504,777
14. Tax Expense - Property & Gross Receipts	248,979	287,279	261,428	23,940
15. Tax Expense - Other	1,576,641	1,620,495	1,522,752	144,721
16. Interest on Long-Term Debt	2,031,038	2,324,419	2,457,754	227,631
17. Interest Charged to Construction - Credit	(65,901)	(17,710)	(60,000)	(2,501)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	33,837,089	36,189,661	38,027,618	3,297,894
21. Patronage Capital & Operating Margins (1 minus 20)	5,802,005	4,202,845	4,793,160	1,001,811
22. Non Operating Margins - Interest	783,717	850,667	800,919	123,478
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	45,242	(1,255,731)	(8,375)	(26,950)
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	93,527	107,029	99,621	56,396
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	6,724,491	3,904,810	5,685,325	1,154,735

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		
INSTRUCTIONS - See help in the online application.			WA0009		
			PERIOD ENDED December '25		
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	113	126	5. Miles Transmission	46.39	46.39
2. Services Retired	16	7	6. Miles Distribution – Overhead	136.93	134.40
3. Total Services in Place	15,952	16,071	7. Miles Distribution - Underground	1,093.71	1,098.50
4. Idle Services (Exclude Seasonals)	857	859	8. Total Miles Energized (5 + 6 + 7)	1,277.03	1,279.29
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service		192,419,827	30. Memberships		58,810
2. Construction Work in Progress		16,312,767	31. Patronage Capital		52,841,666
3. Total Utility Plant (1 + 2)		208,732,594	32. Operating Margins - Prior Years		-
4. Accum. Provision for Depreciation and Amort.		82,664,506	33. Operating Margins - Current Year		4,309,874
5. Net Utility Plant (3 - 4)		126,068,088	34. Non-Operating Margins		(405,063)
6. Non-Utility Property (Net)		-	35. Other Margins and Equities		3,998,264
7. Investments in Subsidiary Companies		(8,113,442)	36. Total Margins & Equities (30 thru 35)		60,803,550
8. Invest. in Assoc. Org. - Patronage Capital		1,194,295	37. Long-Term Debt - RUS (Net)		16,599,957
9. Invest. in Assoc. Org. - Other - General Funds		10,300	38. Long-Term Debt - FFB - RUS Guaranteed		52,147,098
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		504,524	39. Long-Term Debt - Other - RUS Guaranteed		-
11. Investments in Economic Development Projects		-	40. Long-Term Debt Other (Net)		25,666,617
12. Other Investments		835	41. Long-Term Debt - RUS - Econ. Devel. (Net)		-
13. Special Funds		1,463,090	42. Payments – Unapplied		-
14. Total Other Property & Investments (6 thru 13)		(4,940,399)	43. Total Long-Term Debt (37 thru 41 - 42)		94,413,672
15. Cash - General Funds		1,917,179	44. Obligations Under Capital Leases - Noncurrent		-
16. Cash - Construction Funds - Trustee		37,917	45. Accumulated Operating Provisions and Asset Retirement Obligations		116,648
17. Special Deposits		-	46. Total Other Noncurrent Liabilities (44 + 45)		116,648
18. Temporary Investments		6,849,973	47. Notes Payable		-
19. Notes Receivable (Net)		2,230,458	48. Accounts Payable		2,482,809
20. Accounts Receivable - Sales of Energy (Net)		3,737,157	49. Consumers Deposits		85,321
21. Accounts Receivable - Other (Net)		108,178	50. Current Maturities Long-Term Debt		-
22. Renewable Energy Credits		-	51. Current Maturities Long-Term Debt - Economic Development		-
23. Materials and Supplies - Electric & Other		4,691,912	52. Current Maturities Capital Leases		1,329,873
24. Prepayments		991,583	53. Other Current and Accrued Liabilities		-
25. Other Current and Accrued Assets		2,125,662	54. Total Current & Accrued Liabilities		8,842,930
26. Total Current and Accrued Assets		22,690,017	55. Regulatory Liabilities		-
27. Regulatory Assets		-	56. Other Deferred Credits		442,656
28. Other Deferred Debits		20,801,751	57. Total Liabilities and Other Credits		164,619,457
29. Total Assets and Other Debits		164,619,457			