ORCAS POWER & LIGHT COOPERATIVE
2026 Q2 FINANCIAL REPORT

MEMORANDUM

August 31, 2026

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2026 Second Quarter Financial Report

The 2026 second quarter financial report is posted online and included under separate cover. The first quarter 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.

Q2'26: As seen in the financial statements; operating revenue, power costs and operating expenses were lower than budgeted levels through Q2. All combined drove to an overall operating margin variance over budget of $223k for Q2' 2026. It is important to note that Q2 results are largely impacted by timing shifts in maintenance vs. capital projects, borrowings and the overall fluctuation in weather. These items catch up and smooth out over the course of the year. Management continues to monitor operating expenses and overall financial position closely.

Annual Projection:
The table below presents the projection of full-year 2026 financial results using actuals from Q2 and budget projections and/or known amounts for future months. Financial ratios remain at healthy levels well above RUS covenant requirements.

Income Statement Summary (in thousands)	2026 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	$ 43,176	$ 43,080	$ (96)
ECA Surcharge / (Credit)*	-	74	$ 74
Revenue	$ 43,176	$ 43,154	$ (22)
Expenses:			
Cost of Purchased Power	10,848	10,607	$ (241)
Transmission & Distribution Expense	9,308	9,370	62
General & Administrative Expense	7,390	7,291	(99)
Depreciation, Tax, Interest & Other	10,971	10,638	(333)
Total Expenses	$ 38,517	$ 37,906	(611)
Operating Margin	4,659	5,248	589
Non-op margin	1,060	1,136	76
Net Margin*	$ 5,719	$ 6,384	665
OTIER	2.68	2.97	0.29
TIER	3.02	3.40	0.37
Equity %	38.2%	38.4%	0.2%
HDD	1,081	1,177	96
kWh Purchases	230,000	221,367	(8,633)
kWh Sales	218,500	213,565	(4,935)

*The ECA collected $74k through July 2026

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~23% above budgeted levels (actual of 688 vs. budget of 560). Overall kWh sales were ~477k kWh below budget (70.9M vs. budget of 70.4M).
- 2026 power purchases were ($226k) lower than budgeted. Actual kWh purchases were 1.5M kWh below budget (89.2M vs. budget of 92.4M).
- Excluding purchased power, 2026 operating expenses were approximately $279k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- Rock Island Communications 2026 Financials included in separate packet.

OPALCO 2026 Financial Package under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

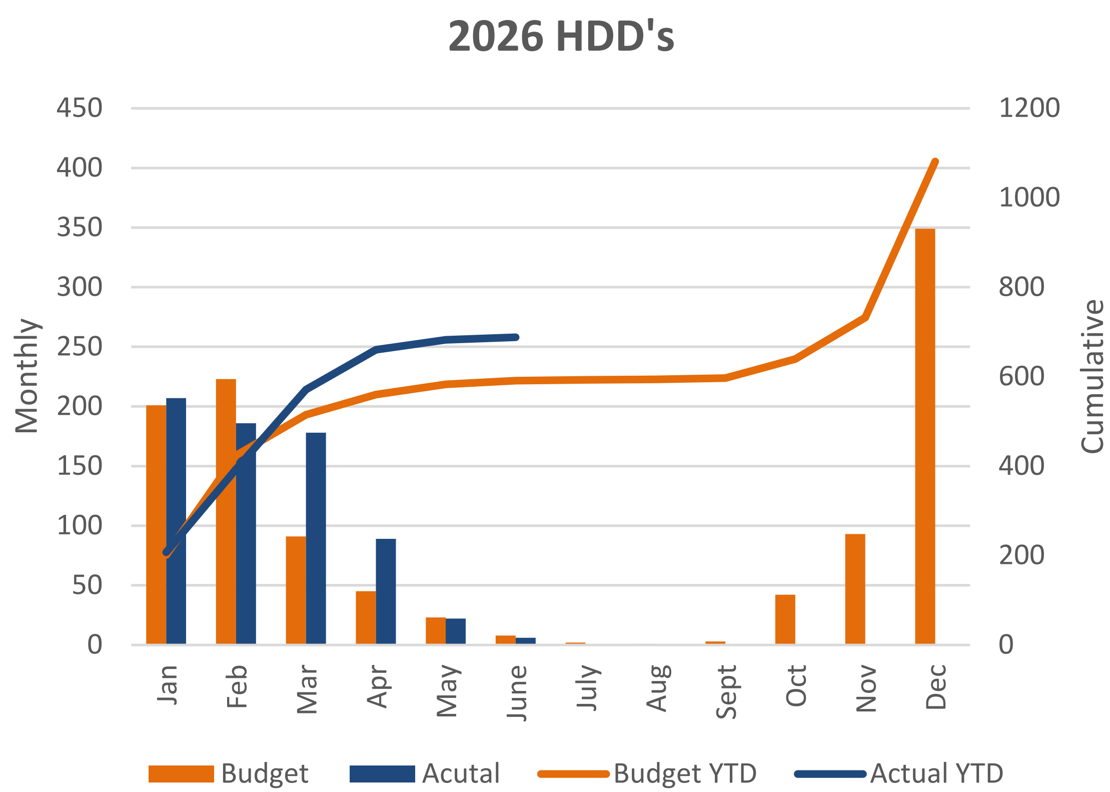
STATEMENT OF OPERATIONS
EXECUTIVE SUMMARY

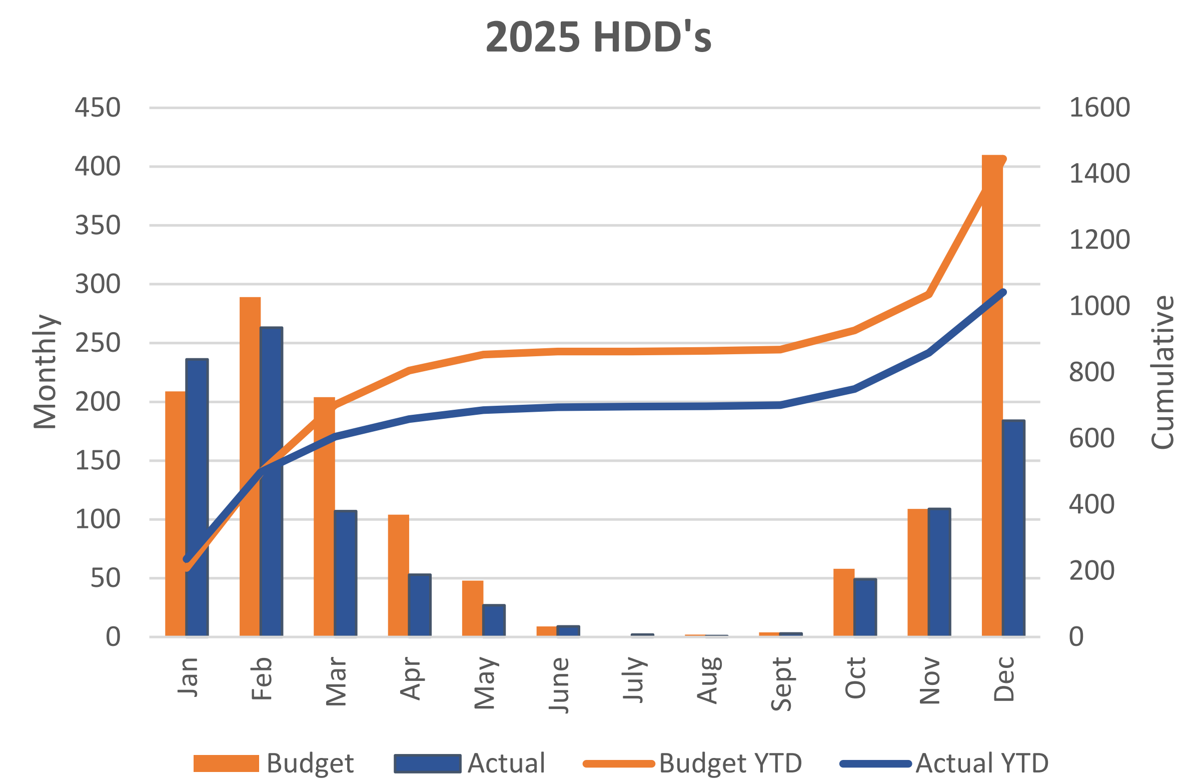
		A. Audited Year End 12/31/2023	B. Audited Year End 12/31/2024	C. Audited Year End 12/31/2025	D. Budget Period End 6/30/2026	**E. Actual Period End 6/30/2026**	F. Budget $ Change (E - D)	G. Budget % Change (F / D)
1	kWh Purchases	228,638,000	230,984,773	225,146,107	92,450,000	**89,220,000**	(3,230,000)	-3.5%
2	Gross Operating Revenue	36,836,000	39,492,000	41,327,000	22,821,000	**22,478,000**	(343,000)	-1.5%
3	Energy Charge Adjustment	(328,000)	147,000	(934,000)	-	**73,000**	73,000	
4	Net Operating Revenue Total	36,508,000	39,639,000	40,393,000	22,821,000	**22,551,000**	(270,000)	-1.2%
5	Cost of power	8,572,000	9,126,000	9,785,000	5,727,000	**5,586,000**	(141,000)	-2.5%
6	Operations & G&A	14,282,000	15,232,000	16,241,000	8,183,000	**8,202,000**	19,000	0.2%
7	Depr, Int, Taxes & Other	8,805,000	9,386,000	10,058,000	5,522,000	**5,227,000**	(295,000)	-5.3%
8		31,659,000	33,744,000	36,084,000	19,432,000	**19,015,000**	(417,000)	-2.1%
9	Net Operating Margins	4,849,000	5,895,000	4,309,000	3,389,000	**3,536,000**	147,000	4.3%
10	Non-Operating Margins	778,000	829,000	(405,000)	462,000	**539,000**	77,000	16.7%
11	Net Margin	$ 5,627,000	$ 6,724,000	$ 3,904,000	$ 3,851,000	**$ 4,075,000**	224,000	5.8%
12	OTIER	3.47	3.90	2.85	3.40	**3.78**	0.38	
13	TIER	3.86	4.31	2.68	3.72	**4.21**	0.48	
14	Equity % of Total Cap	39.7%	40.8%	39.2%	39.2%	**40.3%**	1.1%	
15	Equity % (excl RESP)	42.7%	46.1%	44.8%	45.4%	**46.8%**	1.5%	
16	Equity	51,310,000	56,943,000	60,804,000	64,185,000	**64,841,000**	656,000	1.0%
17	Capital Debt (Note 1)	65,099,000	68,984,000	77,452,000	79,771,000	**76,179,000**	(3,592,000)	-4.5%
18	RESP Debt	10,006,000	17,631,000	21,907,000	24,838,000	**25,211,000**	373,000	1.5%
19	Capital Spending	11,932,000	19,996,000	10,876,000	5,914,000	**4,124,000**	(1,790,000)	-30.3%
20	Capital Credit Retirement (net)	(1,137,000)	(1,179,000)	(1,376,000)	(65,000)	**(79,000)**	(14,000)	21.5%
21	Annual HDD	1,090	801	1,043	560	**688**	128	22.9%

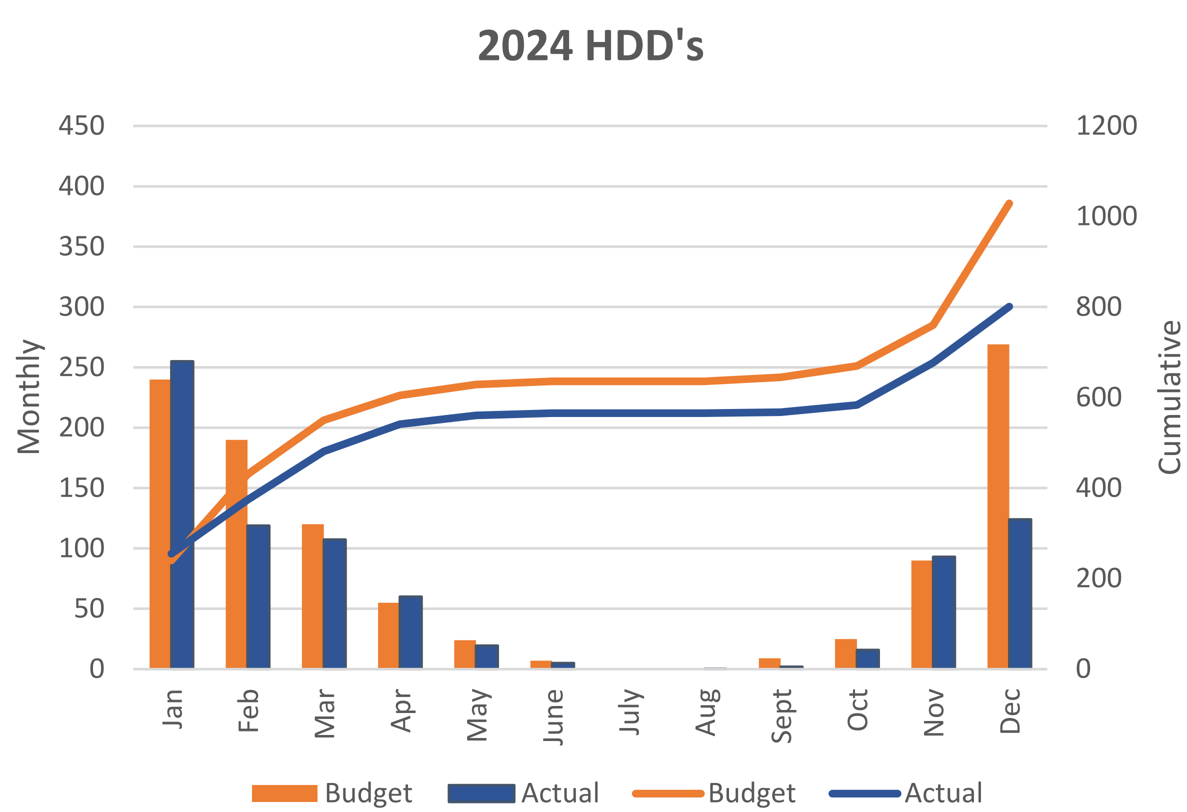
Updated 8/20/2026

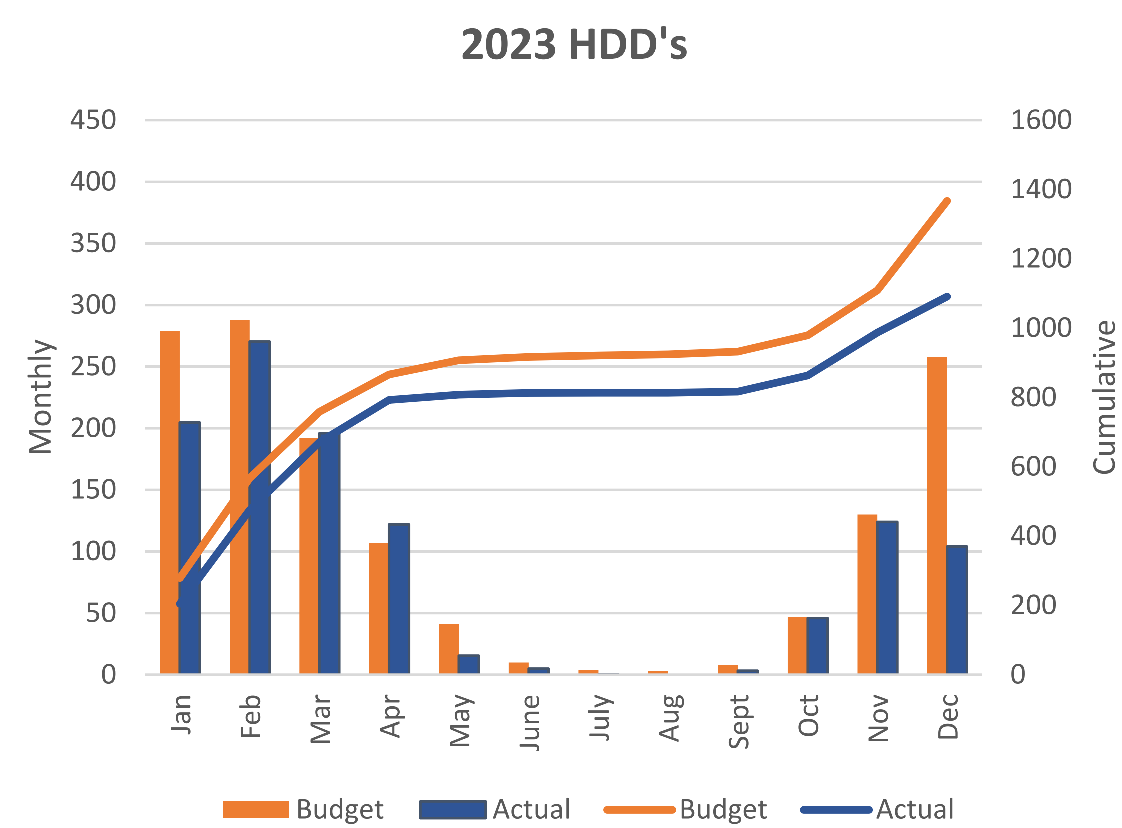
2026 Q2 Financial Highlights

2026 Budget to Actual: Heating Degree Days

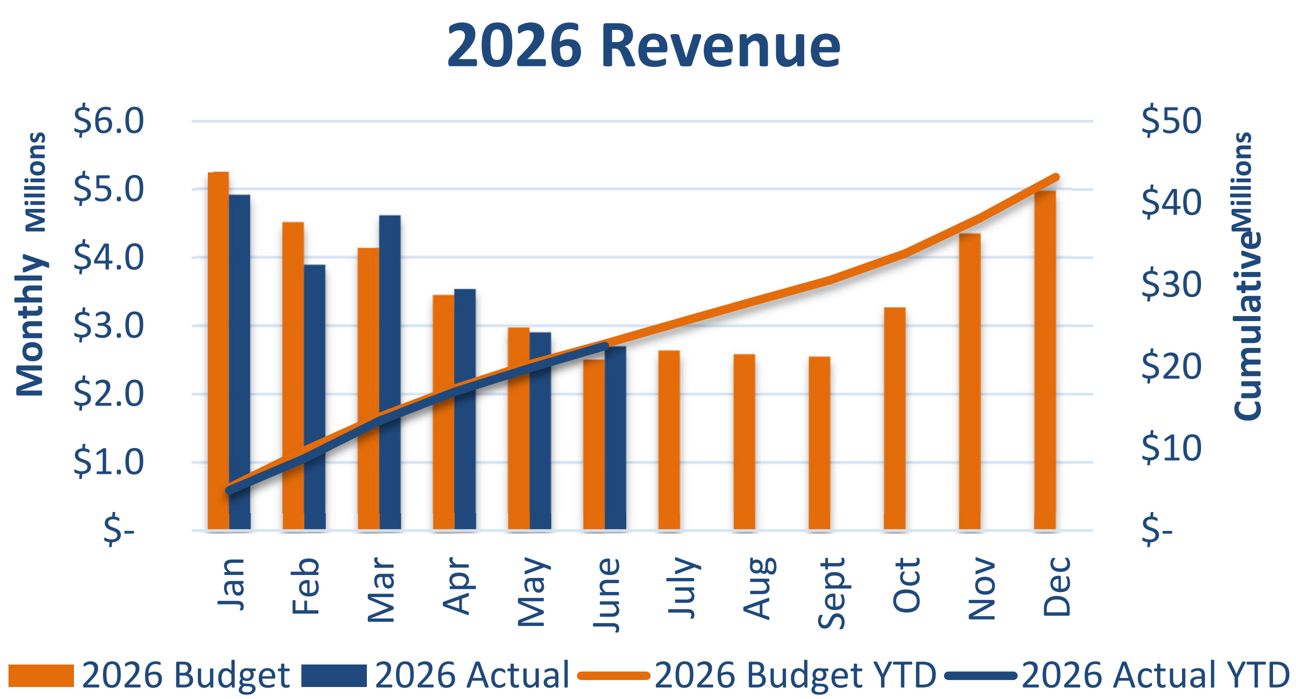


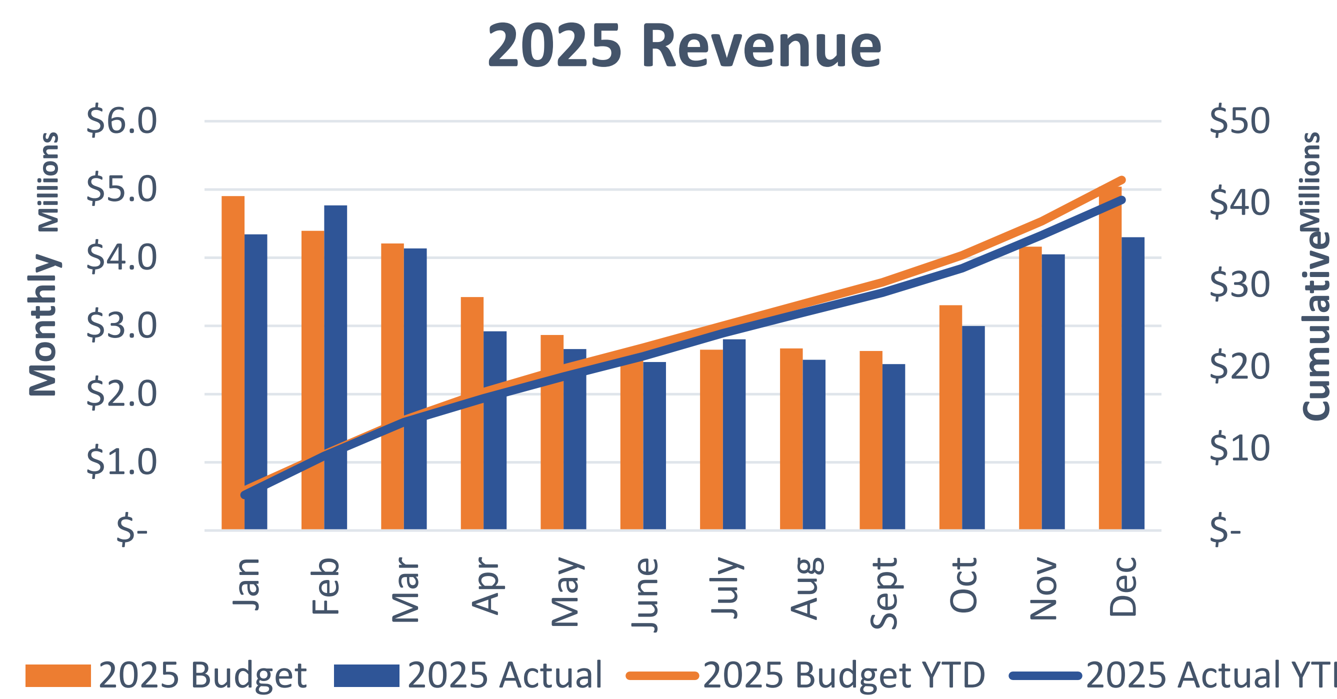


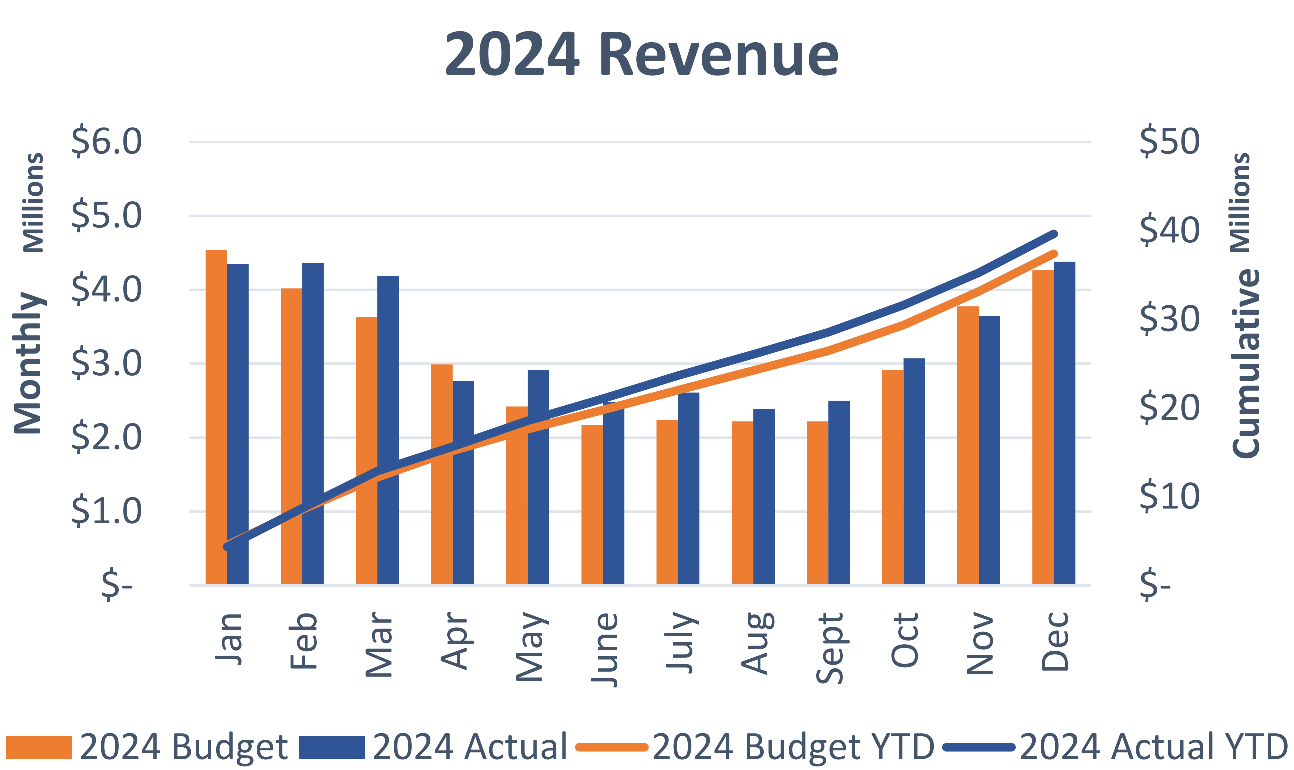


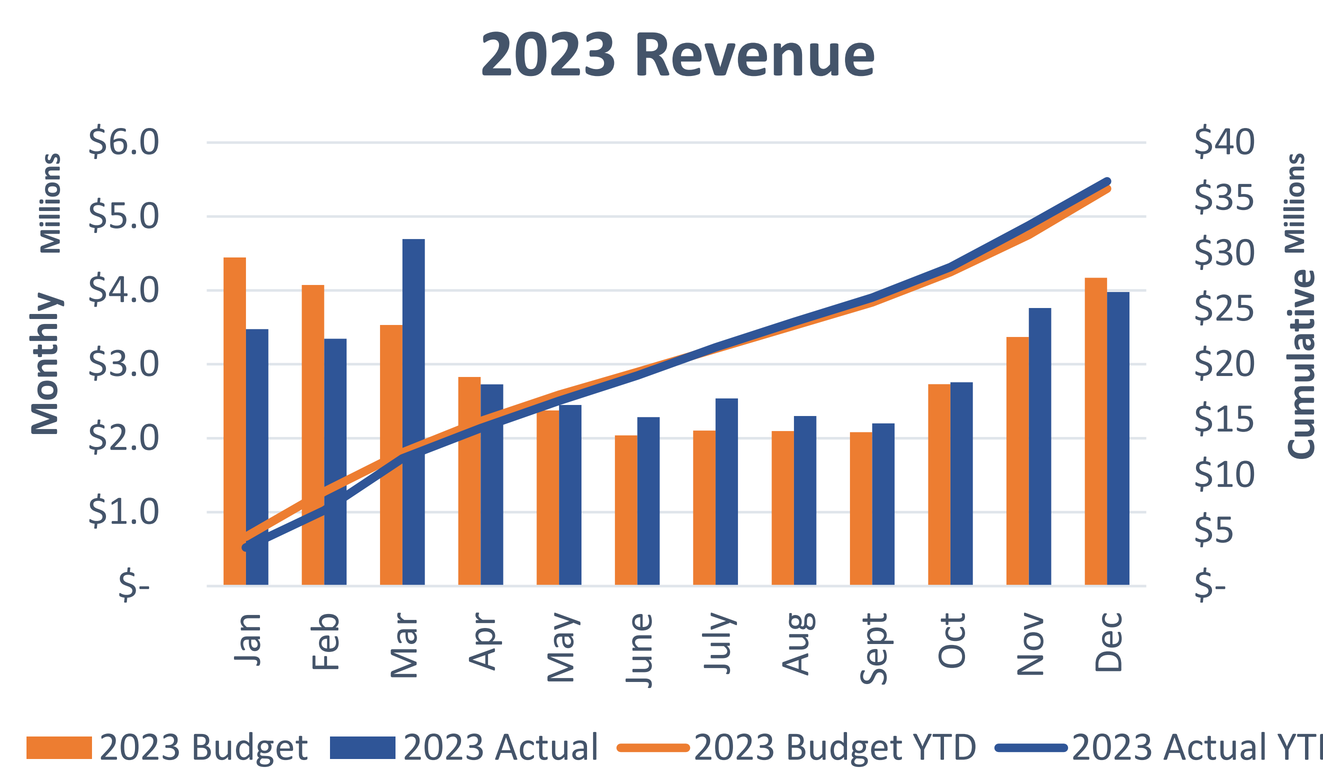


2026 Q2 Budget to Actual: Revenue





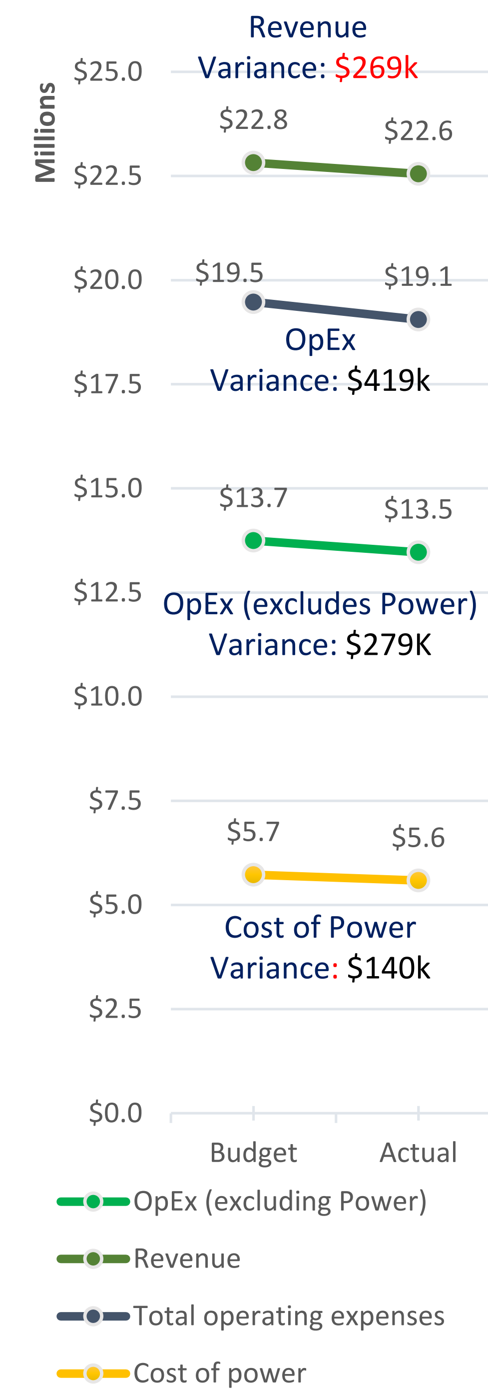




* Revenue net of ECA

2026 Q2 Budget to Actual: Statement of Operations

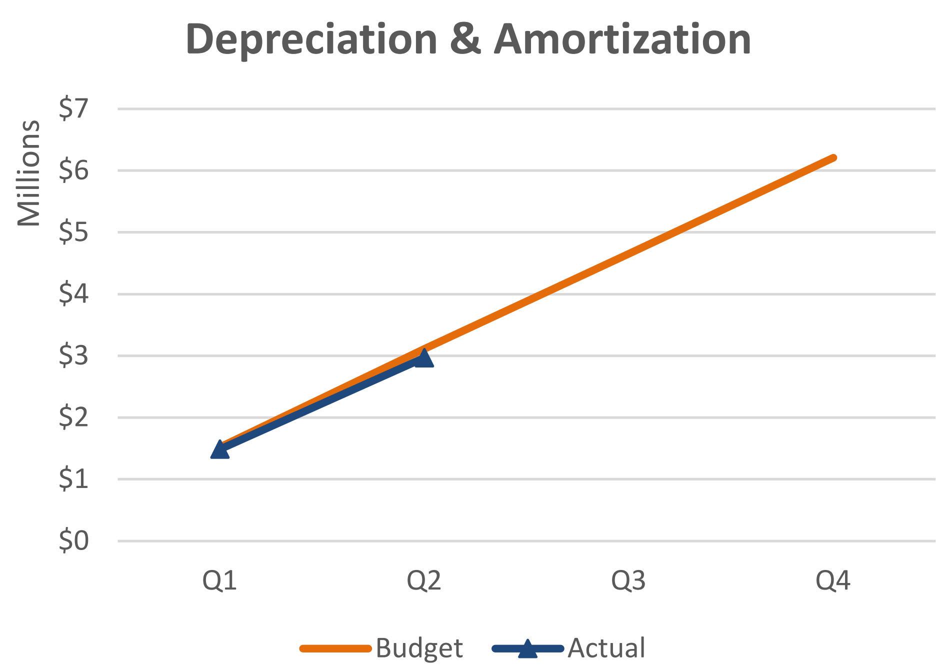
	A. Audited Year End 12/31/2024	B. Audited Year End 12/31/2025	C. Budget Period End 6/30/2026	D. **Actual Period End 6/30/2026**	E. Budget Variance
OPERATING REVENUES					
Residential	29,822,748	30,159,690	17,220,448	**17,055,698**	(164,750)
Commercial	9,490,777	9,895,493	5,420,358	**5,306,992**	(113,366)
Other Operating Revenue					
Penalties and fees	243,437	248,552	136,738	**138,736**	1,998
Other	82,132	88,772	43,329	**49,976**	6,647
TOTAL OPERATING REVENUES	39,639,094	40,392,506	22,820,873	**22,551,401**	(269,472)
OPERATING EXPENSES					
Cost of power	9,126,474	9,784,593	5,726,722	**5,586,409**	(140,313)
Transmission	1,049,768	768,339	189,153	**116,509**	(72,644)
Distribution - operations	3,914,167	4,679,551	2,298,408	**2,664,935**	366,527
Distribution - maintenance	4,077,748	4,028,535	1,918,745	**1,714,676**	(204,069)
Consumer accounts	1,151,107	1,391,335	790,098	**751,010**	(39,088)
General and administration (G & A)					
Administration	4,747,611	5,076,684	2,784,267	**2,735,736**	(48,531)
Energy Services	198,951	202,076	152,803	**173,373**	20,570
Subsidiary charges	92,028	93,982	49,092	**46,003**	(3,089)
TOTAL G&A	5,038,590	5,372,742	2,986,162	**2,955,112**	(31,050)
Depreciation and amortization	5,688,475	5,950,084	3,112,849	**2,968,708**	(144,141)
Taxes	1,825,621	1,907,774	1,049,758	**1,041,936**	(7,822)
Interest on Long-Term Debt	1,965,138	2,306,709	1,401,408	**1,255,069**	(146,339)
TOTAL OPERATING EXPENSES	33,837,089	36,189,662	19,473,303	**19,054,365**	(418,938)
OPERATING MARGINS	5,802,005	4,202,845	3,347,570	**3,497,036**	149,466
PATRONAGE CAPITAL CREDITS	93,527	107,029	42,241	**38,747**	(3,494)
NET OPERATING MARGINS	5,895,532	4,309,873	3,389,811	**3,535,783**	145,972
NONOPERATING MARGINS					
Interest income	783,717	850,667	489,978	**520,809**	30,831
Other Income (expense)	45,242	(1,255,731)	(27,870)	**18,654**	46,524
Total Net Nonoperating Margins	828,960	(405,063)	462,108	**539,463**	77,355
NET MARGINS	$ 6,724,491	$ 3,904,810	$ 3,851,919	$ **4,075,246**	223,327

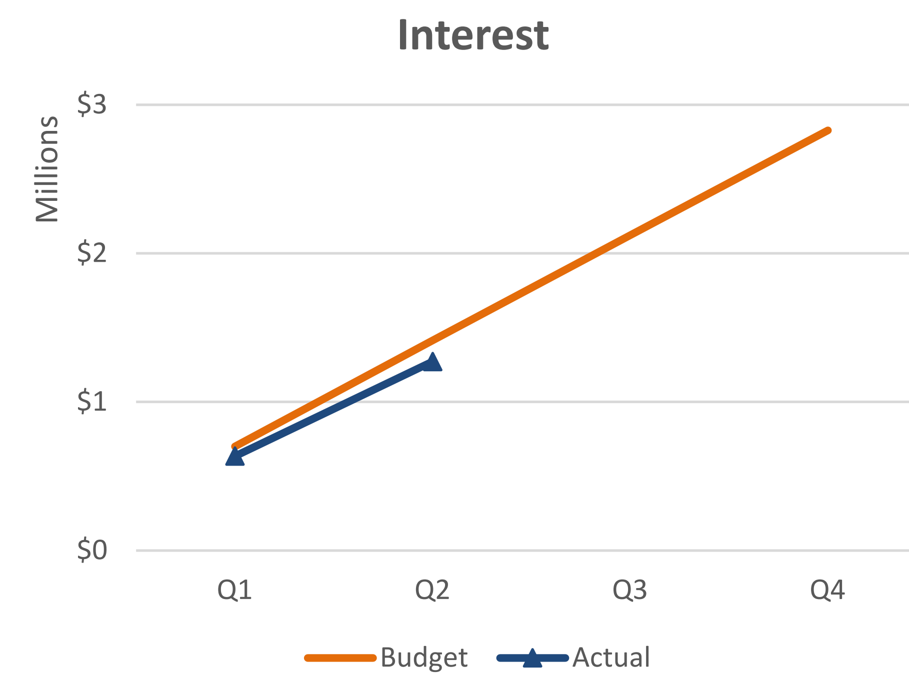


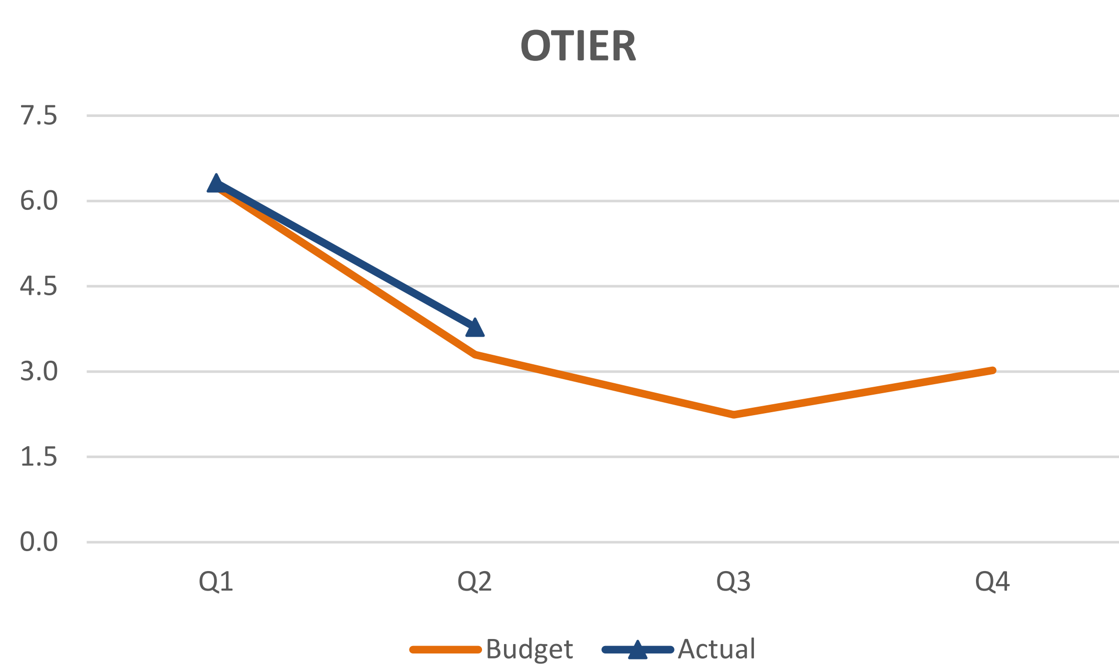
Notes:

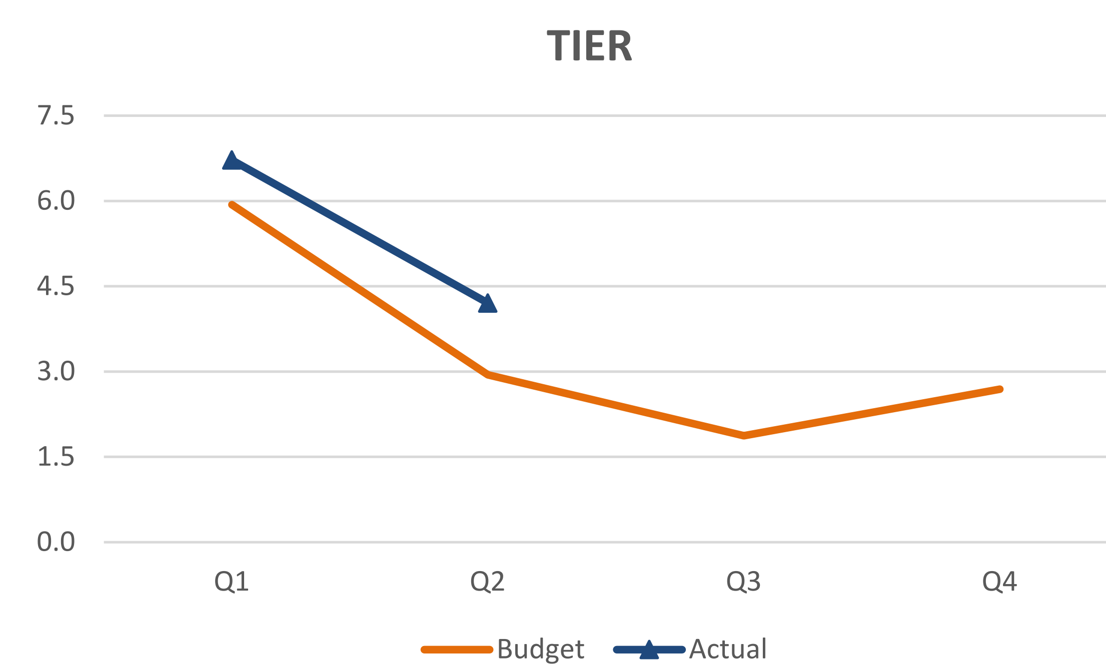
- The ECA collected $73k through Q2
- Net Operating Margin: $3.5M (~$146k increase over budget)
- Net Margin: $4.1M (~$223k increase over budget)

2026 Q2 Budget to Actual: Financial Metrics

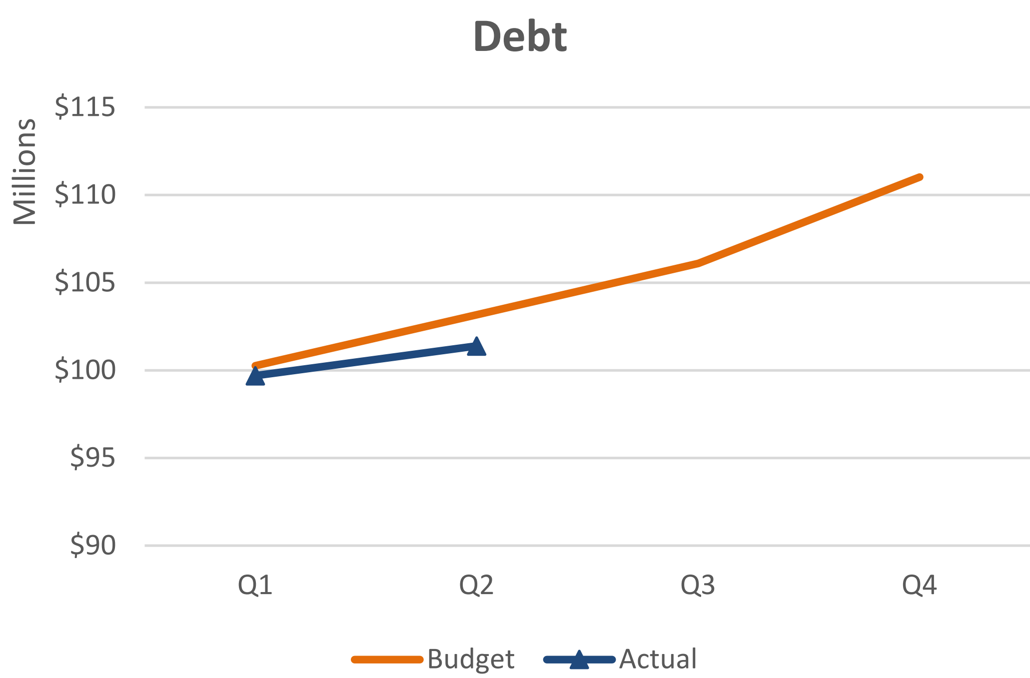


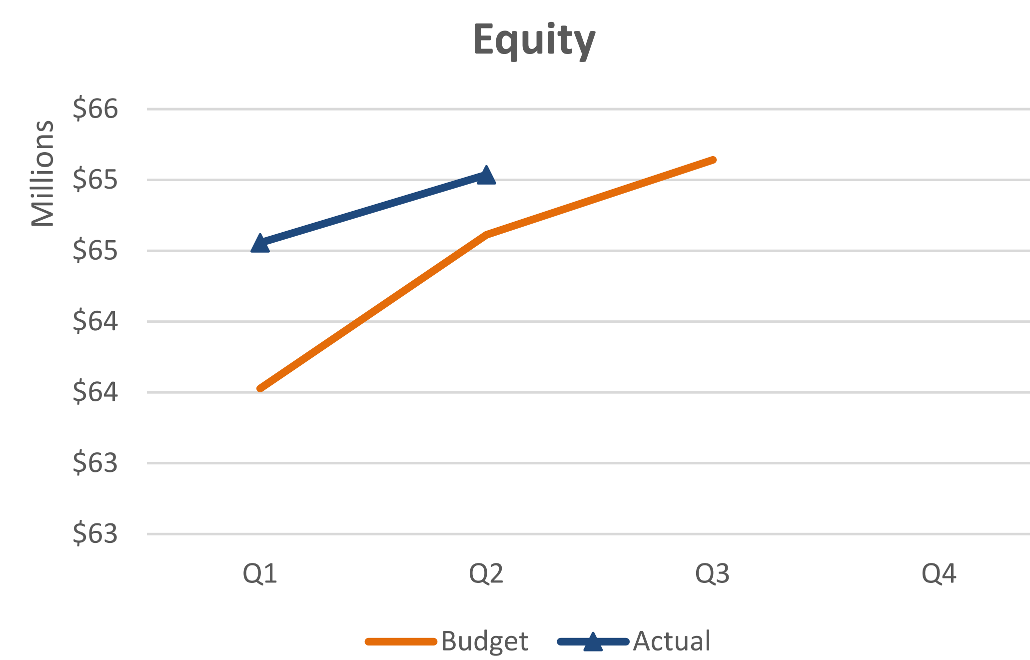


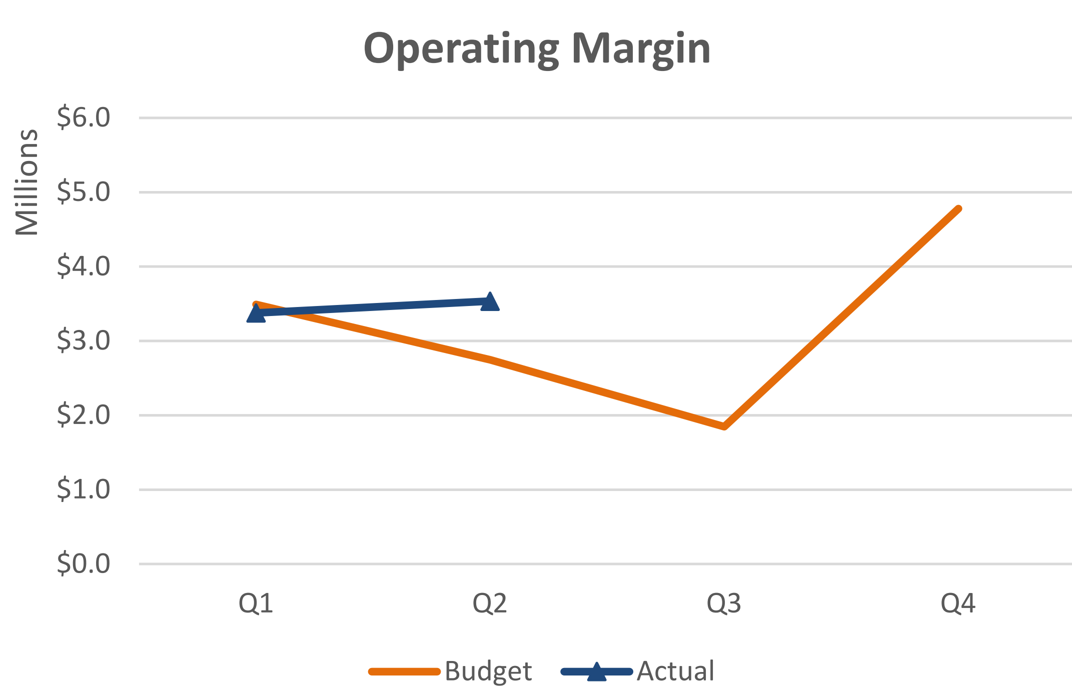


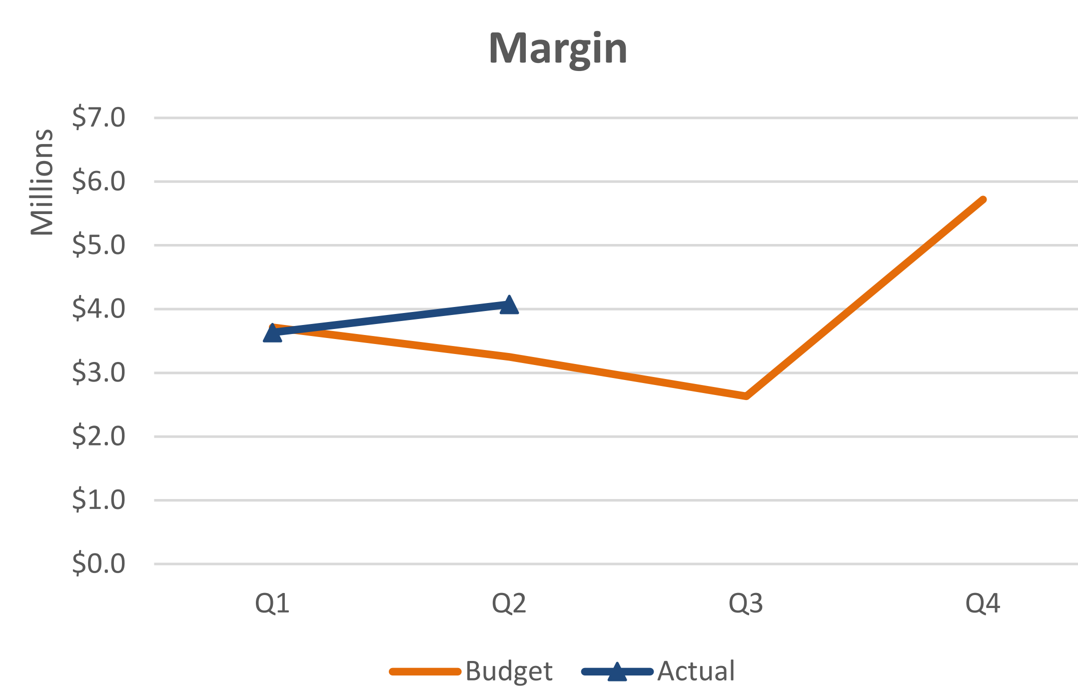


2026 Q2 Budget to Actual: Financial Metrics

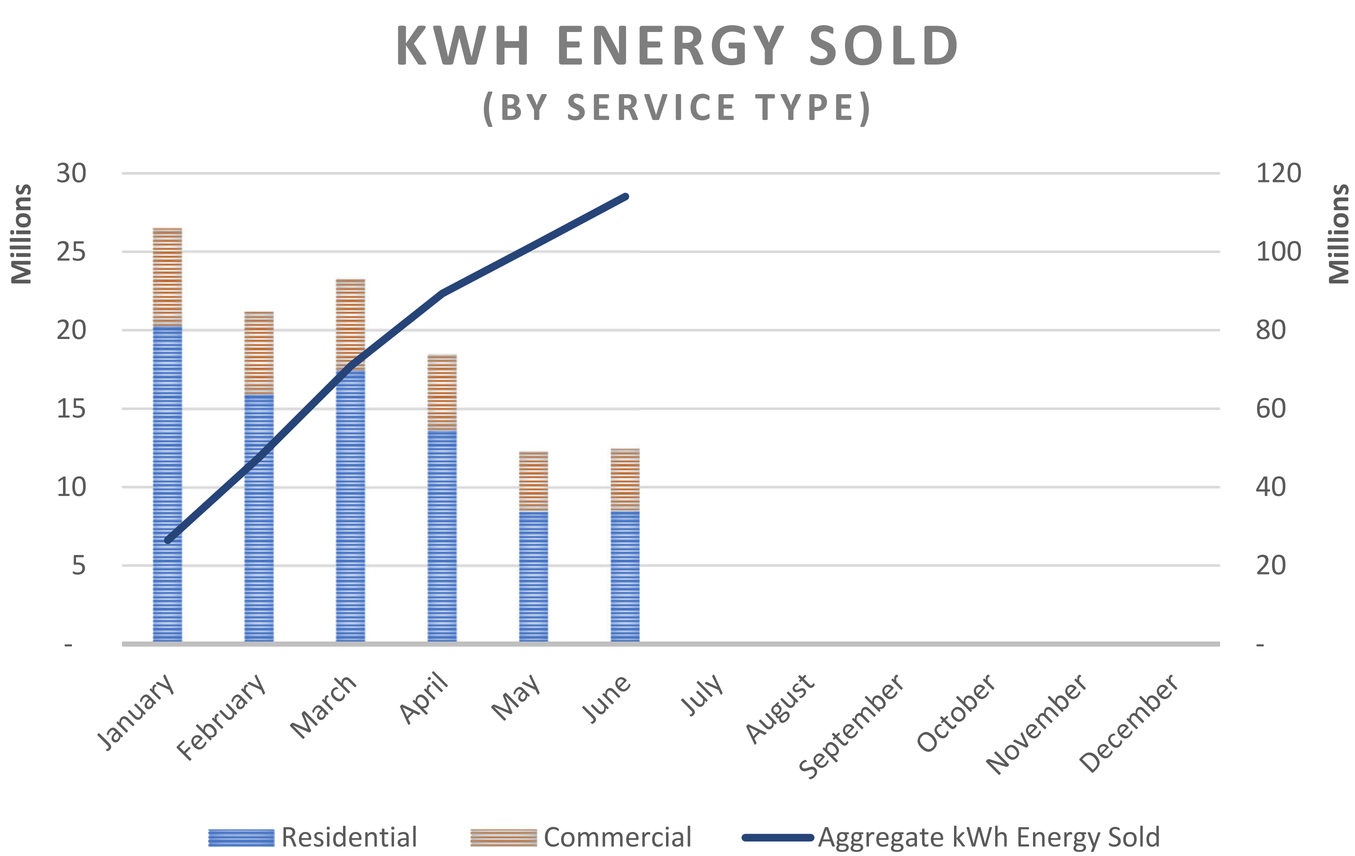


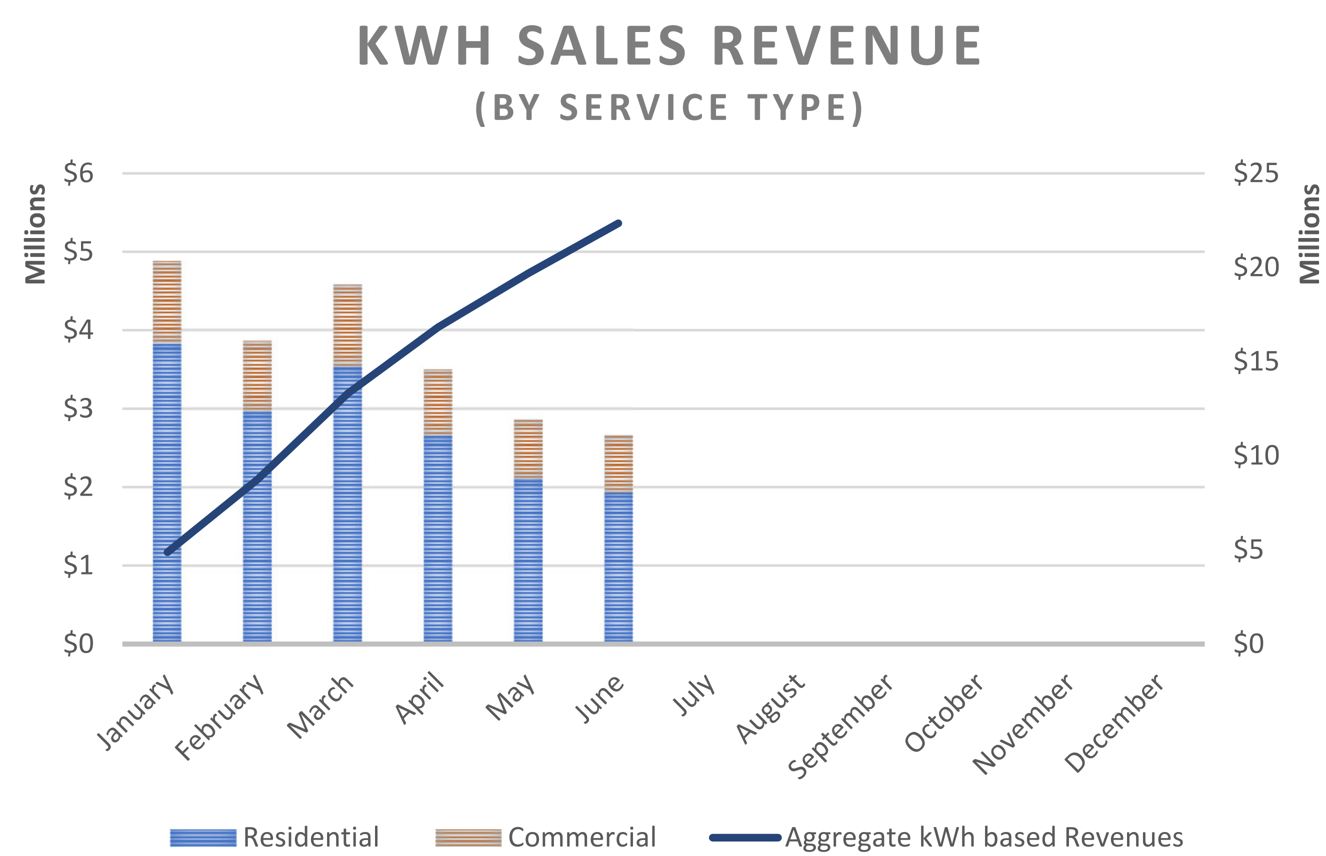






2026 Q2 Sales and Usage





ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS SUMMARY

		A. Audited Year End 12/31/2024	B. Audited Year End 12/31/2025	C. Budget Period End 6/30/2026	**D. Actual Period End 6/30/2026**	E. Budget Variance (D-C)
1	OPERATING REVENUES					
2	Residential	29,822,748	30,159,690	17,220,448	**17,055,698**	(164,750)
3	Commercial	9,490,777	9,895,493	5,420,358	**5,306,992**	(113,366)
4	Other Operating Revenue					
5	Penalties and fees	243,437	248,552	136,738	**138,736**	1,998
6	Other	82,132	88,772	43,329	**49,976**	6,647
7	TOTAL OPERATING REVENUES	39,639,094	40,392,506	22,820,873	**22,551,401**	(269,472)
8	OPERATING EXPENSES					
9	Cost of power	9,126,474	9,784,593	5,726,722	**5,586,409**	(140,313)
10	Transmission	1,049,768	768,339	189,153	**116,509**	(72,644)
11	Distribution - operations	3,914,167	4,679,551	2,298,408	**2,664,935**	366,527
12	Distribution - maintenance	4,077,748	4,028,535	1,918,745	**1,714,676**	(204,069)
13	Consumer accounts	1,151,107	1,391,335	790,098	**751,010**	(39,088)
14	General and administration (G & A)					
15	Administration	4,747,611	5,076,684	2,784,267	**2,735,736**	(48,531)
16	Energy Services	198,951	202,076	152,803	**173,373**	20,570
17	Subsidiary charges	92,028	93,982	49,092	**46,003**	(3,089)
18	TOTAL G&A	5,038,590	5,372,742	2,986,162	**2,955,112**	(31,050)
19	Depreciation and amortization	5,688,475	5,950,084	3,112,849	**2,968,708**	(144,141)
20	Taxes	1,825,621	1,907,774	1,049,758	**1,041,936**	(7,822)
21	Interest on Long-Term Debt	1,965,138	2,306,709	1,401,408	**1,255,069**	(146,339)
22	TOTAL OPERATING EXPENSES	33,837,089	36,189,662	19,473,303	**19,054,365**	(418,938)
23	OPERATING MARGINS	5,802,005	4,202,845	3,347,570	**3,497,036**	149,466
24	PATRONAGE CAPITAL CREDITS	93,527	107,029	42,241	**38,747**	(3,494)
25	NET OPERATING MARGINS	5,895,532	4,309,873	3,389,811	**3,535,783**	145,972
26	NONOPERATING MARGINS					
27	Interest income	783,717	850,667	489,978	**520,809**	30,831
28	Other Income (expense)	45,242	(1,255,731)	(27,870)	**18,654**	46,524
29	Total Net Nonoperating Margins	828,960	(405,063)	462,108	**539,463**	77,355
30	NET MARGINS	$ 6,724,491	$ 3,904,810	$ 3,851,919	**$ 4,075,246**	223,327

Updated 8/19/2026

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

	A. Budget Period End 6/30/2026	B. Unaudited Period End 6/30/2026	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
I OPERATING REVENUES	**22,820,873**	**22,551,401**	**(269,472)**	
				Budget / Actual / Variance
				HDD 560 / 688 / 128
				kWh Sales 87,830 / 89,337 / 1,507
Operating Revenue - Line 7 Detail Breakout:				(kWh in thousands)
Residential Sales	17,220,448	17,055,698	(164,750)	Slightly lower residential sales than budgeted
Commercial Sales	5,420,358	5,306,992	(113,366)	Slightly lower commerical sales than budgeted
Other Operating Revenue				
Penalties and Fees	136,738	138,736	1,998	Misc fees & penalty charges higher than budgeted
Other	43,329	49,976	6,647	increase in pole contacts
TOTAL OPERATING REVENUES	**22,820,873**	**22,551,401**	**(269,472)**	**Decrease in Revenue** - ~1% net variance reasonable
II OPERATING EXPENSES	**19,473,303**	**19,054,365**	**(418,938)**	**Overall decrease in operating expenses**
Cost of Power - Line 9	**5,726,722**	**5,586,409**	**(140,313)**	**Decrease in expense** - lower kWh purchases and $/kWh than budgeted
				Budget / Actual / Variance
				kWh Purchases 92,450 / 89,220 / -3,230
				(kWh in thousands)
Transmission - Line 10	**189,153**	**116,509**	**(72,644)**	**Decrease in expense -** labor coded to other efforts see line 11 Distribution Maintenance
Distribution - Operations - Line 11	**2,298,408**	**2,664,935**	**366,527**	**Increase in expense -** offset by line 10 Transmission and line 12 Distribution Maintenance
Distribution - Maintenance - Line 12	**1,918,745**	**1,714,676**	**(204,069)**	**Decrease in expense -** labor coded to other efforts see line 11 Distribution Operations
Consumer accounts - Line 13	**790,098**	**751,010**	**(39,088)**	**Decrease in expense**
Total General and Administrative (G&A):				
Administration G&A - Line 15	**2,784,267**	**2,735,736**	**(48,531)**	**Decrease in expense -**
Energy Services G&A - Line 16	**152,803**	**173,373**	**20,570**	**Increase in expense** - timing of reimbursement from PNGC
Subsidiary Charges G&A - Line 17	**49,092**	**46,003**	**(3,089)**	**Decrease in expense**
Total General and Administrative (G&A)	**2,986,162**	**2,955,112**	**(31,050)**	**Overall decrease in expense**
Deprec. & Amort. - Line 20	**3,112,849**	**2,968,708**	**(144,141)**	**Decrease in expense**
Taxes - Line 21	**1,049,758**	**1,041,936**	**(7,822)**	**Decrease in expense**
Interest on Long-term Debt - Line 22	**1,401,408**	**1,255,069**	**(146,339)**	**Decrease in expense -** CWP int-bearing borrowing moved to Q4

Updated 8/20/2026

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

Line			A. Budget Period End 6/30/2026	B. Unaudited Period End 6/30/2026	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
44		**TOTAL OPERATING EXPENSES**	**19,473,303**	**19,054,365**	**(418,938)**	**Overall decrease in expenses**
46		**OPERATING MARGINS**	**3,347,570**	**3,497,036**	**149,466**	
48	**III**	**PATRONAGE CAPITAL CREDITS (Income) - Line 28**	**42,241**	**38,747**	**(3,494)**	**Decrease in income** - received from associated cooperatives
50		**TOTAL NET OPERATING MARGINS**	**3,389,811**	**3,535,783**	**145,972**	**Increase in margin**
52	**IV**	**NON-OPERATING MARGINS**	**462,108**	**539,463**	**77,355**	**Increase in margin**
54		**Interest and Dividend Income - Line 33**	**489,978**	**520,809**	**30,831**	**Increase in income -** more Select Note investments
56		**Other Income (loss) - Line 34**	**(27,870)**	**18,654**	**46,524**	**Increase in income -** lower SIU volumetric expenses
58		**TOTAL OPALCO NON-OPERATING MARGINS**	**462,108**	**539,463**	**77,355**	**Increase in margin**
60		**TOTAL OPALCO NET MARGIN DETAIL BREAKOUT**	**3,851,919**	**4,075,246**	**223,327**	**Increase in margin**

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET SUMMARY

		A. Audited Year End 12/31/2024	B. Audited Year End 12/31/2025	**C. Actual Period End 6/30/2026**	D. Change (C-B)
1	ASSETS				
2	UTILITY PLANT, at cost				
3	Electric plant in service	183,941,874	192,419,827	**195,718,451**	3,298,624
4	Construction work in progress	14,673,906	16,345,465	**17,031,321**	685,857
		198,615,780	208,765,292	**212,749,773**	3,984,481
5	Less accumulated depreciation and amortization	77,071,163	82,697,205	**85,712,009**	3,014,804
6	Net utility plant	121,544,617	126,068,087	**127,037,764**	969,677
7	INVESTMENTS AND OTHER ASSETS				
8	Other (CFC, Federated, PNGC, etc.)	1,675,311	1,709,953	**1,736,219**	26,266
	0123.11 Investment in Subsidiary	(9,245,876)	(8,113,442)	**(8,077,284)**	36,157
9	Investment in associated organization, subsidiary (Note 1)	(9,245,876)	(8,113,442)	**(8,077,284)**	36,157
10	Total Investments & Other Assets	(7,570,565)	(6,403,488)	**(6,341,065)**	62,424
11	CURRENT ASSETS				
12	Cash and cash equivalents	5,403,648	8,952,111	**14,259,568**	5,307,457
13	Cash and cash equivalents - board designated	1,150,993	1,276,970	**764,330**	(512,640)
14	Account Receivable (net)	7,251,802	8,214,126	**7,100,368**	(1,113,759)
15	Interest receivable	24,753	26,405	**46,338**	19,933
16	Materials and supplies	5,165,169	4,691,912	**4,440,705**	(251,207)
17	Prepaid expenses	670,847	991,583	**1,100,630**	109,047
18	Total current assets	19,667,212	24,153,108	**27,711,939**	3,558,831
19	DEFERRED CHARGES (Note 2)	14,874,483	20,801,751	**21,746,341**	944,590
20	Total assets	$ 148,515,746	$ 164,619,456	**$ 170,154,979**	$ 5,535,523

Updated 8/20/2026

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET SUMMARY

		A. Audited Year End 12/31/2024	B. Audited Year End 12/31/2025	C. **Actual Period End 6/30/2026**	D. Change (C-B)
21	EQUITIES, MARGINS, AND LIABILITIES				
22	EQUITIES AND MARGINS				
23	Memberships	58,755	58,810	**59,065**	255
24	Patronage capital	54,804,372	57,151,540	**60,464,581**	3,313,041
25	Undistributed Subsidiary Losses	(11,391,703)	(10,249,247)	**(10,214,985)**	34,262
26	Donated and other equities	13,471,237	13,842,447	**14,532,534**	690,087
27	Total equities and margins	56,942,661	60,803,550	**64,841,195**	4,037,645
28	LONG-TERM DEBT				
29	RUS mortgage notes	60,219,982	68,747,056	**67,621,511**	(1,125,545)
30	RUS Rural Energy Savings Program (RESP)	15,869,950	19,500,068	**22,340,336**	2,840,269
31	CFC mortgage notes	6,501,178	6,156,550	**5,978,866**	(177,684)
32	Total long-term debt	82,591,110	94,403,673	**95,940,713**	1,537,039
33	OTHER NONCURRENT LIABILITIES	71,828	116,648	**131,648**	15,000
34	Total long-term liabilities	82,662,937	94,520,321	**96,072,360**	1,552,039
35	CURRENT LIABILITIES				
36	Accounts payable	3,107,980	2,482,809	**1,782,638**	(700,172)
37	Customer deposits	79,708	85,321	**83,834**	(1,488)
38	Accrued liabilities	1,258,051	1,329,873	**1,503,257**	173,384
39	Current maturities of long-term debt	4,024,111	4,954,927	**5,449,347**	494,420
40	Total current liabilities	8,469,851	8,852,930	**8,819,075**	(33,855)
41	DEFERRED CREDITS	440,298	442,655	**422,348**	(20,307)
42	Total equities and liabilities	$ 148,515,746	$ 164,619,456	**$ 170,154,979**	$ 5,535,523

43 1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+$2,137,700) less IN LLC's cumulative net deficit of ($10,214,985) seen in 'equities & margins'.

44 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 12/31/2024	B. Audited Year End 12/31/2025	C. **Actual Period End 6/30/2026**
1	CASH FLOWS FROM OPERATING ACTIVITIES			
2	Net margins	$ 6,724,491	$ 3,904,810	**$ 4,075,246**
3	Adjustments to reconcile net margin to cash			
4	from operating activities			
5	Depreciation and amortization	5,688,475	5,950,084	**2,968,708**
6	Changes in assets and liabilities			
7	Accounts receivable	(1,004,267)	(962,324)	**1,113,759**
8	Interest receivable	24,355	(1,652)	**(19,933)**
9	Prepaid expenses	79,961	(320,738)	**(109,047)**
10	Deferred Charges	(5,434,285)	(5,927,268)	**(944,590)**
11	Accounts payable	(89,851)	(625,172)	**(700,175)**
12	Customer deposits	8,337	5,613	**(1,488)**
13	Accrued liabilities	195,410	71,822	**173,384**
14	Deferred credits	59,143	2,359	**(20,307)**
15	Net cash from operating activities	6,251,769	2,097,534	**6,535,558**
16				
17	CASH FLOWS FROM INVESTING ACTIVITIES			
18	Additions to utility plant, net	(28,492,693)	(17,404,458)	**(4,933,814)**
19	Change in materials and supplies	(620,316)	473,257	**251,207**
20	(Increase) decrease in investment in Subsidiary	(85,131)	(1,132,434)	**(230,443)**
21	(Increase) decrease in other OPALCO property and investments, net	(58,940)	(34,643)	**(26,266)**
22				
23	Net cash from investing activities	(29,257,080)	(18,098,278)	**(4,939,316)**
24	CASH FLOWS FROM FINANCING ACTIVITIES			
25	Payments on long-term debt, net	(3,453,617)	(4,411,800)	**(2,553,539)**
26	Proceeds from debt (Note 1)	15,000,000	17,200,000	**4,600,000**
27	Memberships	200	55	**255**
28	Retirements of patronage capital, net	(1,167,162)	(1,186,432)	**(72,118)**
29	Change in subsidiary equities	74,967	1,142,456	**228,548**
30	Contributions in aid of construction	8,967,600	6,930,904	**995,429**
31	Net cash from financing activities	19,421,988	19,675,183	**3,198,575**
32	NET CHANGE IN CASH	(3,583,323)	3,674,439	**4,794,817**
33	CASH AND CASH EQUIVALENTS, beginning of year/period	10,137,965	6,554,642	**10,229,081**
34	CASH AND CASH EQUIVALENTS, end of year/period	6,554,641	10,229,081	**15,023,898**
35	SUPPLEMENTAL DISCLOSURES			
36	Cash paid for interest	$ 2,031,038	$ 2,324,419	**$ 1,271,500**
37	OUTSTANDING DEBT BALANCE	(86,687,049)	(99,475,249)	**(101,390,060)**

38 Notes:

39 1 $4.6M in RESP Borrowings

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

		A. Audited Year-End 12/31/2024	B. Unaudited Year-End 12/31/2025	C. Budget Period-End 6/30/2026	**D. Actual Period-End 6/30/2026**	Budget Variance (D-C)	Comments
1	% Rate Increase	6%	6%	6%	**5%**		
2	OPERATING ACTIVITIES:						
3	Margins	$ 6,724	$ 3,905	$ 3,852	**$ 4,075**	223	various - see P&L notable drivers
4	Plus Depreciation/Amortization	5,688	5,950	3,113	**2,969**	(144)	see P&L notable drivers
5	Cash Flow Operations	12,412	9,855	6,965	**7,044**	79	
6	PLANT INVESTMENT (NET)						
7	Plant Investment	(19,996)	(10,876)	(5,914)	**(4,124)**	1,790	various projects - see capital budget worksheet
8	Cash Flow From Operations and Plant Investment:	(7,584)	(1,021)	1,051	**2,920**	1,869	
9	CASH FLOWS FROM PATRONAGE CAPITAL	(1,179)	(1,376)	(65)	**(79)**	(14)	
10	Cash Flow Before Borrowings	(8,763)	(2,397)	986	**2,841**	1,855	
11	NET BORROWINGS	11,546	12,788	2,642	**2,046**	(596)	borrowing delay, will catch up throughout year
12	Cash Increase (decrease) After Net Borrowings	2,783	10,391	3,628	**4,887**	1,259	
13	OUTSTANDING DEBT BALANCE	86,615	99,359	104,609	**101,390**	(3,219)	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			RUS CWP DESCRIPTION	A. Audited Year End 12/31/2024	B. Audited Year End 12/31/2025	C. Budget Year End 12/31/2026	D. Budget Period End 6/30/2026	**E. Actual Period End 6/30/2026**	F. Budget Variance (E- D)	Comments
1	DISTRIBUTION									
2	100		New Services	$ 360,183	$ 470,145	$ 380,000	$ 190,000	**$ 225,211**	$ 35,211	Member request for overhead to underground (Offset to Line 38)
3	200		New Tie Lines	218,715	-	-	-	**12,301**	12,301	Joint Utility Opportunity for URD Loop Feed
4	300		Conversions and Line Changes	2,729,501	1,810,354	242,000	100,000	**91,523**	(8,477)	
5	400		New Substations, switching station, metering point, etc.	-	-	-	-	**-**	-	
6	500		Substation, Switching Station, Metering Point Changes	7,142,575	1,277,426	6,115,000	1,100,000	**886,022**	(213,978)	Delays in Orcas Transformer delivery due to tide schedule
7	600		Miscellaneous Distribution Equipment							
8		601	Transformers & Meters	1,962,276	2,001,005	1,882,000	1,200,000	**431,096**	(768,904)	Delayed Transformer Purchases
9		602	Sets of Service Wires to increase Capacity	-	-	-	-	**-**	-	
10		603	Sectionalizing Equipment	242,307	22,991	210,000	150,000	**25,845**	(124,155)	
11		604	Regulators	-	-	300,000	-	**-**	-	
12		606	Ordinary Replacements	28,151	50,986	455,000	75,000	**63,256**	(11,744)	
13		607	Overhead to Underground Replacements	713,800	506,574	111,000	40,000	**56,984**	16,984	Increased contractor availability
14		608	Underground Dist. Cable Replacement	2,893,512	3,917,413	2,757,000	1,800,000	**2,167,113**	367,113	Increased contractor availability
15	700		Other Distribution Items							
16		701	Engineering Fees	-	-	-	-	**-**	-	
17		704	LMS & SCADA	38,937	-	-	-	**-**	-	
18		705	AMR	-	-	-	-	**-**	-	
19		706	Communications	1,376	142,496	166,000	25,000	**6,125**	(18,875)	
20			ARPA Grant Fiber Projects	8,501,911	6,327,698	-	-	**-**	-	
21	TRANSMISSION									
22	800		New Tie Line	-	-	-	-	**-**	-	
23	900		New Substations, switching station, metering point, etc.	-	-	-	-	**553**	553	
24	1000		Line and Station Changes	283,960	471,251	695,000	5,000	**-**	(5,000)	
25	1100		Other Transmission	-	-	-	-	**-**	-	
26	GENERATION									
27	1200		Generation	1,938,904	(2,025,164)	-	-	**43,500**	43,500	Project Permitting for Eastsound Solar
28	OTHER									
29	1300		Headquarters Facilities	73,228	2,095,361	2,988,000	350,000	**84,317**	(265,683)	
30	1400		Acquisitions	-	278,570	-	-	**9,508**	9,508	Unbudgeted Board Approved Purchase
31	1500		All Other (Transportation, Etc.)							
32		1501	Transportation/Equipment/Tools/Radios	707,676	597,297	852,000	550,000	**598,016**	48,016	
33		1502	Office Equipment/Furniture/Etc.	19,182	22,661	14,000	8,000	**12,334**	4,334	
34		1503	Computer/Servers/Software	359,345	182,833	144,000	120,000	**70,638**	(49,362)	Purchases shifted to Q3
35		1504	Electrical Infrastructure to Support Community Solar	595,477	(484,642)	6,400,000	500,000	**253,778**	(246,222)	Delays in Permitting with SJC
36	1600		Minor Projects	152,659	141,381	150,000	75,000	**81,541**	6,541	
37			**RUS CWP SUBTOTAL**	28,963,677	17,806,636	23,861,000	6,288,000	**5,119,659**	(1,168,341)	
38	**CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)**									
39			New Services	(332,200)	(606,121)	(349,000)	(174,500)	**(33,584)**	140,916	Offset to Line 2 - New Services
40			Meters and Transformers	(320,584)	(411,959)	(400,000)	(200,000)	**(105,112)**	94,888	Offset to Line 8 Transformers & Meters
41			Joint Projects	(37,708)	(149,778)	(51,000)	-	**(177,355)**	(177,355)	Offset to Lines 3, 4, 14 and 36
42			Grant Funding	(1,013,955)	1,013,955	(1,560,000)	-	**(97,009)**	(97,009)	Permitting delays for Battery System (Rescoped for Friday Harbor)
43			Community Solar Member Contributions	-	-	(7,500,000)	-	**-**	-	
44			ARPA Grant Fiber Funding	(7,263,172)	(6,777,002)	-	-	**(582,368)**	(582,368)	Offset to Line 20 - Reimbursement received Quarter after Expediture
45			**CIAC SUBTOTAL**	(8,967,619)	(6,930,904)	(9,860,000)	(374,500)	**(995,429)**	(620,929)	
46										
47			**RUS CWP NET TOTAL**	19,996,058	10,875,732	14,001,000	5,913,500	**4,124,230**	(1,789,270)	

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7
STATEMENT OF OPERATIONS

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION

INSTRUCTIONS - See help in the online application.

BORROWER DESIGNATION: WA0009

PERIOD ENDED: June '26

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)	YEAR-TO-DATE THIS YEAR (b)	YEAR-TO-DATE BUDGET (c)	THIS MONTH (d)
1. Operating Revenue and Patronage Capital	21,297,770	22,551,401	22,820,873	2,697,314
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	5,301,328	5,586,409	5,726,722	707,707
4. Transmission Expense	586,088	116,509	189,153	59,588
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	2,418,222	2,664,935	2,298,408	449,041
7. Distribution Expense - Maintenance	2,219,675	1,714,676	1,918,745	303,312
8. Customer Accounts Expense	699,114	751,010	790,098	143,076
9. Customer Service and Informational Expense	197,265	292,147	261,577	15,957
10. Sales Expense	31,203	24,170	35,616	4,054
11. Administrative and General Expense	2,643,589	2,638,795	2,688,969	440,554
12. Total Operation & Maintenance Expense (2 thru 11)	14,096,483	13,788,652	13,909,288	2,123,287
13. Depreciation & Amortization Expense	2,983,559	2,968,708	3,112,849	469,190
14. Tax Expense - Property & Gross Receipts	143,639	194,730	150,822	32,324
15. Tax Expense - Other	878,088	847,206	898,936	107,073
16. Interest on Long-Term Debt	1,105,568	1,271,500	1,413,906	214,373
17. Interest Charged to Construction - Credit	(6,603)	(16,431)	(12,498)	(3,172)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	19,200,734	19,054,365	19,473,303	2,943,075
21. Patronage Capital & Operating Margins (1 minus 20)	2,097,036	3,497,036	3,347,570	(245,761)
22. Non Operating Margins - Interest	375,391	520,809	489,978	119,369
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	3,827	18,654	(27,870)	(5,559)
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	37,276	38,747	42,241	-
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,513,530	4,075,246	3,851,919	(131,950)

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: June '26

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	57	45	5. Miles Transmission	46.39	46.39
2. Services Retired	6	3	6. Miles Distribution – Overhead	135.20	133.78
3. Total Services in Place	16,005	16,132	7. Miles Distribution - Underground	1,095.37	1,099.57
4. Idle Services (Exclude Seasonals)	851	863	**8. Total Miles Energized** (5 + 6 + 7)	1,276.96	1,279.74

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	195,718,452	30. Memberships	59,065
2. Construction Work in Progress	16,972,049	31. Patronage Capital	56,928,798
3. Total Utility Plant (1 + 2)	212,690,501	32. Operating Margins - Prior Years	-
4. Accum. Provision for Depreciation and Amort.	85,652,737	33. Operating Margins - Current Year	3,535,783
5. Net Utility Plant (3 - 4)	127,037,764	34. Non-Operating Margins	539,463
6. Non-Utility Property (Net)	-	35. Other Margins and Equities	3,778,087
7. Invest. in Subsidiary Companies	(8,077,284)	**36. Total Margins & Equities (30 thru 35)**	64,841,196
8. Invest. in Assoc. Org. - Patronage Capital	1,220,561	37. Long-Term Debt - RUS (Net)	16,483,455
9. Invest. in Assoc. Org. - Other - General Funds	10,300	38. Long-Term Debt - FFB - RUS Guaranteed	51,138,055
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	504,524	39. Long-Term Debt - Other - RUS Guaranteed	22,340,336
11. Invest. in Economic Development Projects	-	40. Long-Term Debt - Other (Net)	5,978,866
12. Other Investments	835	41. Long-Term Debt - RUS Econ. Devel. (Net)	-
13. Special Funds	955,374	42. Payments - Unapplied	-
14. Total Other Property & Investments (6 thru 13)	(5,385,690)	**43. Total Long-Term Debt (37 thru 41 - 42)**	95,940,712
15. Cash - General Funds	4,569,636	44. Obligations Under Capital Leases - Noncurrent	-
16. Cash - Construction Funds - Trustee	37,917	45. Accumulated Operating Provisions	131,648
17. Special Deposits	-	**46. Total Other Noncurrent Liabilities (44 + 45)**	131,648
18. Temporary Investments	9,552,948	47. Notes Payable	-
19. Notes Receivable (Net)	2,456,030	48. Accounts Payable	1,782,639
20. Accounts Receivable - Sales of Energy (Net)	2,714,968	49. Consumers Deposits	83,834
21. Accounts Receivable - Other (Net)	342,412		
22. Renewable Energy Credits	-	50. Current Maturities Long-Term Debt	5,449,347
23. Material and Supplies - Electric & Other	4,440,705	51. Current Maturities Long-Term Debt - Econ. Devel.	-
24. Prepayments	1,100,630	52. Current Maturities Capital Leases	-
25. Other Current and Accrued Assets	1,541,319	53. Other Current and Accrued Liabilities	1,503,257
26. Total Current and Accrued Assets (15 thru 25)	26,756,564	**54. Total Current & Accrued Liabilities (47 thru 53)**	8,819,076
27. Regulatory Assets	-	55. Regulatory Liabilities	-
28. Other Deferred Debits	21,746,341	56. Other Deferred Credits	422,348
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	170,154,979	**57. Total Liab. & Other Credits (36+43+46+54 thru 56)**	170,154,979

RUS Financial and Operating Report Electric Distribution Revision Date 2014