ORCAS POWER & LIGHT COOPERATIVE
2026 Q3 FINANCIAL REPORT

MEMORANDUM

November 19, 2026

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2026 Third Quarter Financial Report

The 2026 third-quarter financial report is posted online and included under separate cover. The first quarter results are consistent with the budget. The package includes the Statement of Revenues and Margins (with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

Q3'26: As shown in the financial statements, operating revenue, power costs, and operating expenses were below budget through Q3. Combined, these factors drove an overall operating margin variance of $945k below budget for Q3'26. Q3 results are largely impacted by timing shifts between maintenance and capital projects, borrowings, and overall weather fluctuations. These items tend to catch up and smooth out over the year. Management continues to closely monitor operating expenses and the overall financial position.

Annual Projection:
The table below presents the projection of full-year 2026 financial results, using Q3 actuals, budget projections, and known amounts for future months. Financial ratios remain healthy, well above RUS covenant requirements.

Income Statement Summary (in thousands)	**2026 Projection** (actuals for prior months) Budget	Projected	Variance
Operating Revenue	$ 43,176	$ 43,403	$ 227
ECA Surcharge / (Credit)*	-	(437)	$ (437)
Revenue	$ 43,176	$ 42,966	$ (210)
Expenses:			
Cost of Purchased Power	10,848	10,516	$ (332)
Transmission & Distribution Expense	9,308	9,308	-
General & Administrative Expense	7,390	7,172	(218)
Depreciation, Tax, Interest & Other	10,971	10,351	(620)
Total Expenses	$ 38,517	$ 37,347	(1,170)
Operating Margin	4,659	5,619	960
Non-op margin	1,060	1,138	78
Net Margin*	$ 5,719	$ 6,757	1,038
OTIER	2.68	3.21	0.53
TIER	3.02	3.66	0.64
Equity %	38.2%	38.6%	0.4%
HDD	1,081	1,184	103
kWh Purchases	230,000	219,675	(10,325)
kWh Sales	218,500	207,072	(11,428)

*The ECA has returned a net $437k through October 2026

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~17% above budgeted levels (actual of 696 vs. budget of 597). Overall kWh sales were ~477k kWh below budget (70.9M vs. budget of 70.4M).
- 2026 power purchases were ($332k) lower than budgeted. Actual kWh purchases were 10.3M kWh below budget (152.5M vs. budget of 162.8M).
- Excluding purchased power, 2026 operating expenses were approximately $613k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- Rock Island Communications 2026 Financials are included in a separate packet.

OPALCO 2026 Financial Package is under separate cover.

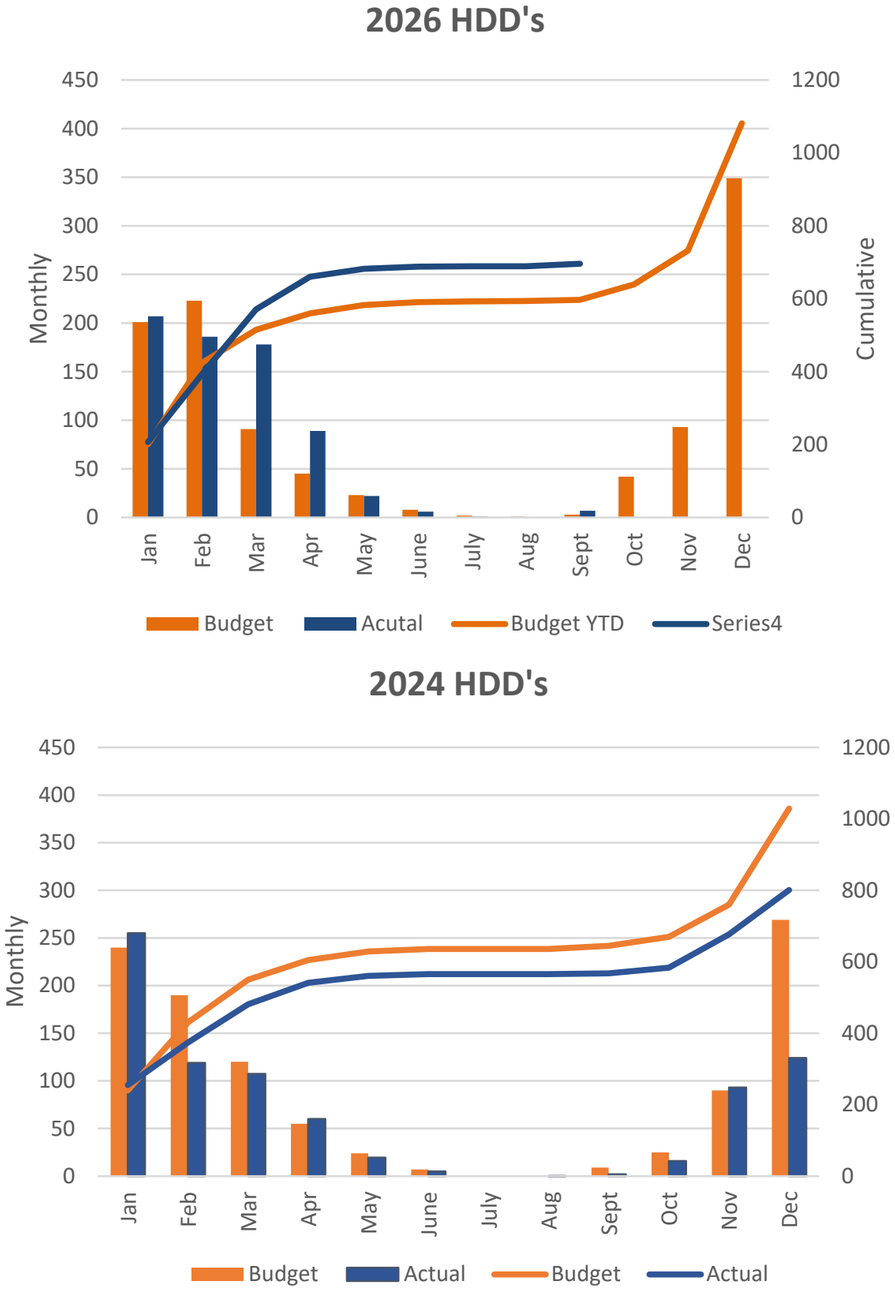
ORCAS POWER AND LIGHT COOPERATIVE

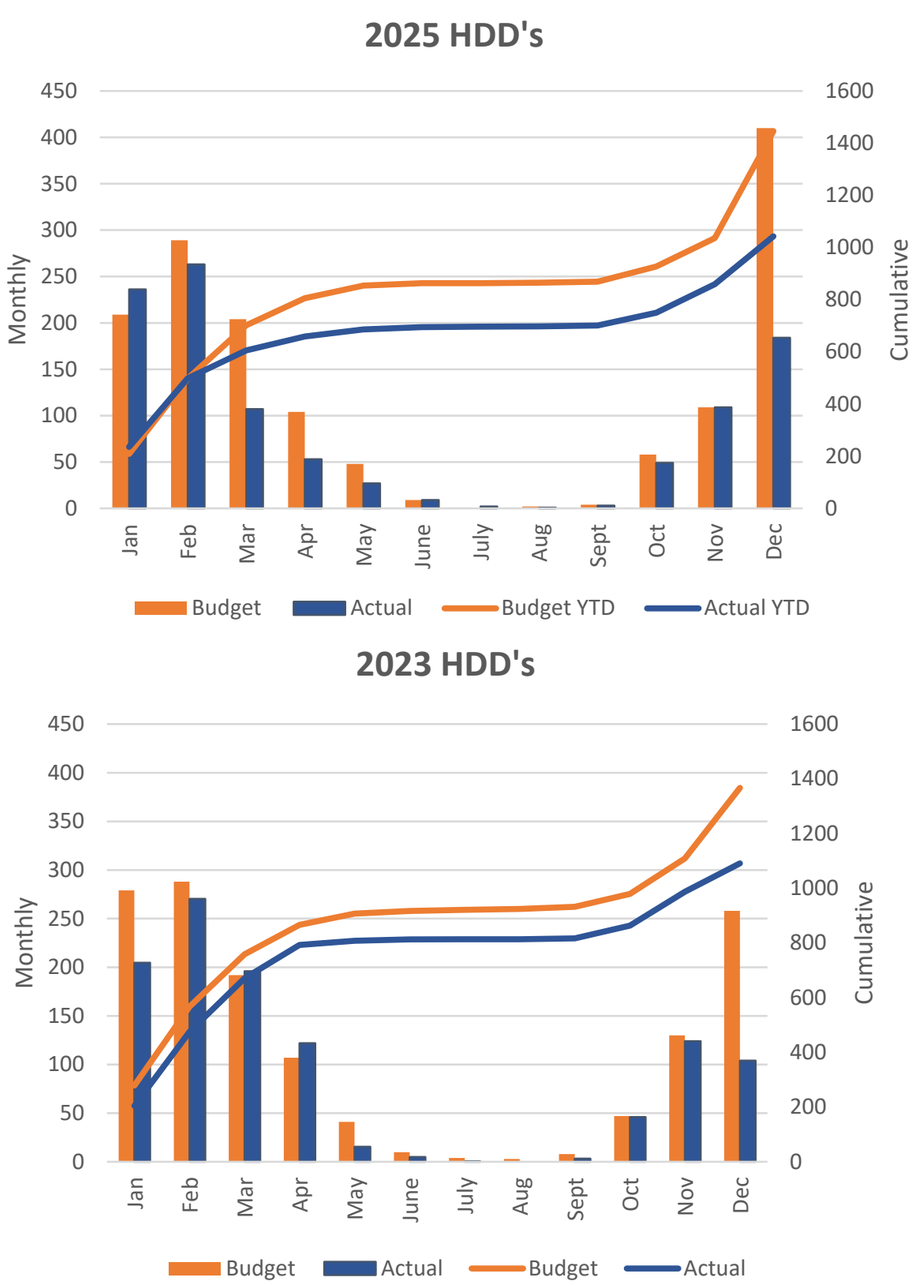
STATEMENT OF OPERATIONS
EXECUTIVE SUMMARY

		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 9/30/2026	**E. Actual Period End 9/30/2026**	F. Budget $ Change (E - D)	G. Budget % Change (F / D)
1	kWh Purchases	228,638,000	230,984,773	225,146,107	162,820,000	**152,495,000**	(10,325,000)	-6.3%
2	Gross Operating Revenue	36,836,000	39,492,000	41,327,000	30,590,000	**30,863,000**	273,000	0.9%
3	Energy Charge Adjustment	(328,000)	147,000	(934,000)	-	**(170,000)**	(170,000)	
4	Net Operating Revenue Total	36,508,000	39,639,000	40,393,000	30,590,000	**30,693,000**	103,000	0.3%
5	Cost of power	8,572,000	9,126,000	9,785,000	7,817,000	**7,485,000**	(332,000)	-4.2%
6	Operations & G&A	14,282,000	15,232,000	16,241,000	12,256,000	**12,100,000**	(156,000)	-1.3%
7	Depr, Int, Taxes & Other	8,805,000	9,386,000	10,058,000	8,142,000	**7,717,000**	(425,000)	-5.2%
8		31,659,000	33,744,000	36,084,000	28,215,000	**27,302,000**	(913,000)	-3.2%
9	Net Operating Margins	4,849,000	5,895,000	4,309,000	2,375,000	**3,391,000**	1,016,000	42.8%
10	Non-Operating Margins	778,000	829,000	(405,000)	701,000	**812,000**	111,000	15.8%
11	Net Margin	$ 5,627,000	$ 6,724,000	$ 3,904,000	$ 3,076,000	**$ 4,203,000**	1,127,000	36.6%
12	OTIER	3.47	3.90	2.85	2.12	**2.78**	0.66	
13	TIER	3.86	4.31	2.68	2.45	**3.20**	0.75	
14	Equity % of Total Cap	39.7%	40.8%	39.2%	38.7%	**40.1%**	1.4%	
15	Equity % (excl RESP)	42.7%	46.1%	44.8%	44.7%	**47.1%**	2.4%	
16	Equity	51,310,000	56,943,000	60,804,000	63,663,000	**64,964,000**	1,301,000	2.0%
17	Capital Debt (Note 1)	65,099,000	68,984,000	77,452,000	81,119,000	**75,547,000**	(5,572,000)	-6.9%
18	RESP Debt	10,006,000	17,631,000	21,907,000	24,995,000	**27,468,000**	2,473,000	9.9%
19	Capital Spending	11,932,000	19,996,000	10,876,000	8,129,000	7,489,000	(640,000)	-7.9%
20	Capital Credit Retirement (net)	(1,137,000)	(1,179,000)	(1,376,000)	(97,000)	(92,000)	5,000	-5.2%
21	Annual HDD	1,090	801	1,043	597	**696**	99	16.6%

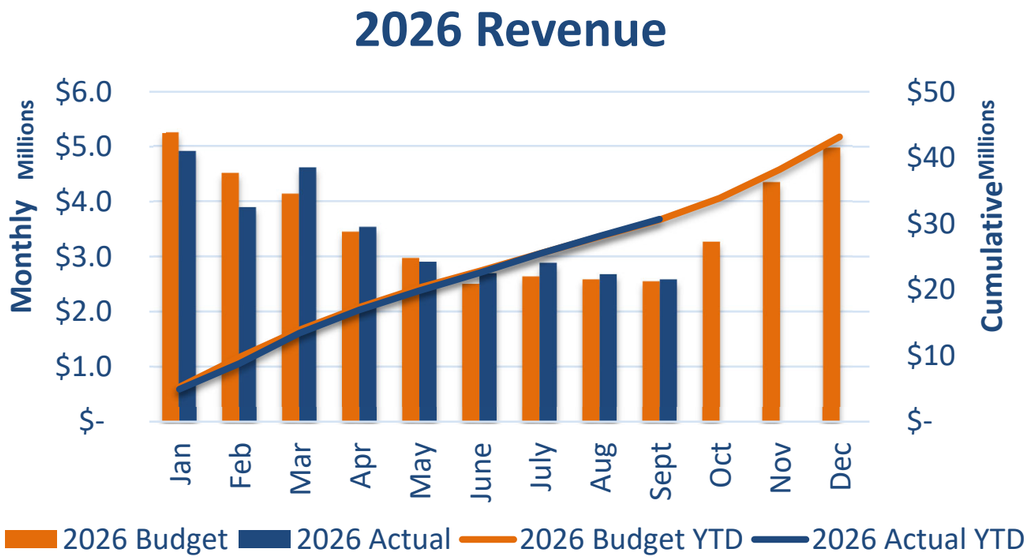
2026 Q3 Financial Highlights

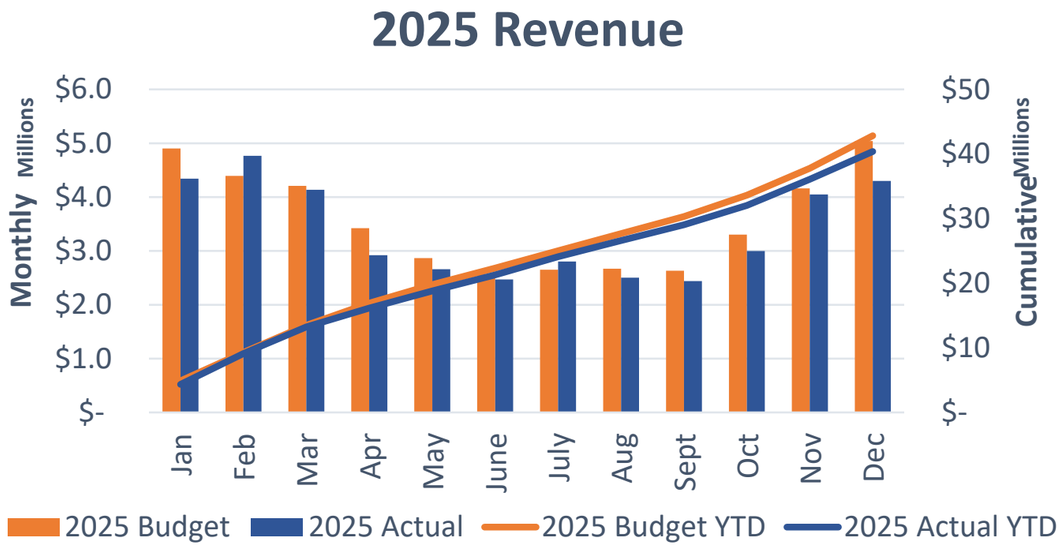
2026 Budget to Actual: Heating Degree Days

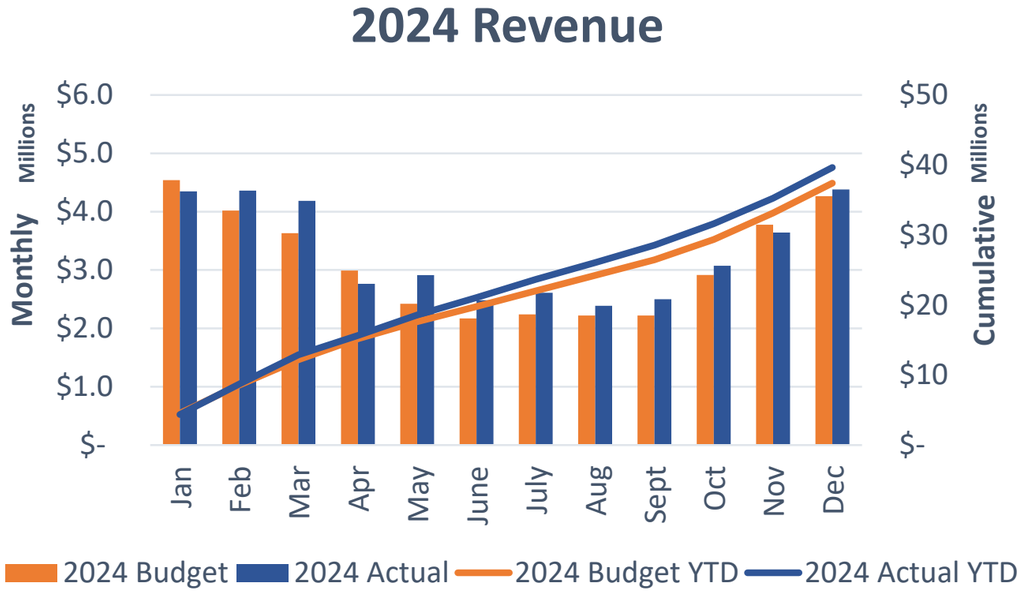


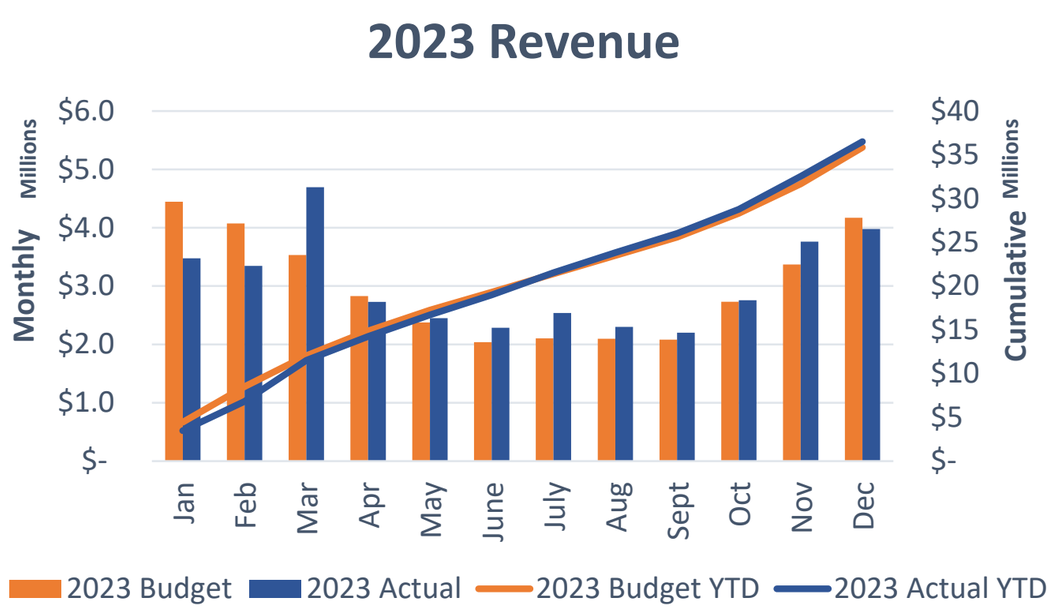


2026 Q3 Budget to Actual: Revenue





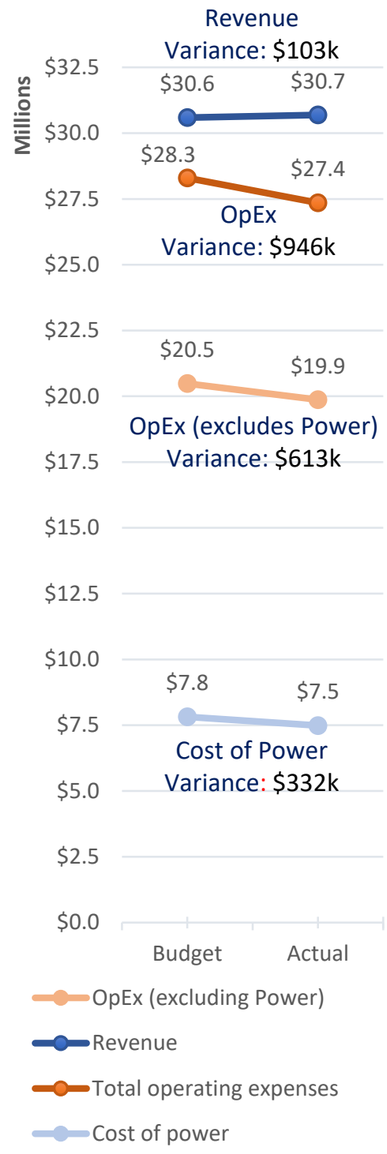




* Revenue net of ECA

2026 Q3 Budget to Actual: Statement of Operations

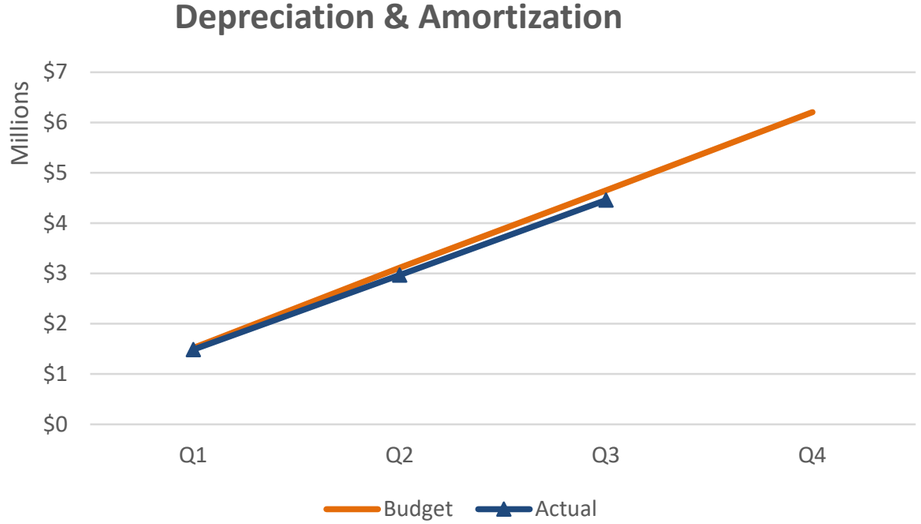
	A. Audited Year End 12/31/2024	B. Audited Year End 12/31/2025	C. Budget Period End 9/30/2026	**D. Actual Period End 9/30/2026**	E. Budget Variance
OPERATING REVENUES					
Residential	29,822,748	30,159,690	23,070,995	**22,966,538**	(104,457)
Commercial	9,490,777	9,895,493	7,262,137	**7,454,488**	192,351
Other Operating Revenue					
Penalties and fees	243,437	248,552	192,793	**194,050**	1,257
Other	82,132	88,772	64,236	**78,154**	13,918
TOTAL OPERATING REVENUES	39,639,094	40,392,506	30,590,161	**30,693,229**	103,068
OPERATING EXPENSES					
Cost of power	9,126,474	9,784,593	7,816,695	**7,484,638**	(332,057)
Transmission	1,049,768	768,339	408,543	**332,116**	(76,427)
Distribution - operations	3,914,167	4,679,551	3,282,337	**3,782,493**	500,155
Distribution - maintenance	4,077,748	4,028,535	3,000,748	**2,577,019**	(423,729)
Consumer accounts	1,151,107	1,391,335	1,191,720	**1,072,397**	(119,323)
General and administration (G & A)					
Administration	4,747,611	5,076,684	4,024,738	**4,021,078**	(3,660)
Energy Services	198,951	202,076	273,913	**245,741**	(28,172)
Subsidiary charges	92,028	93,982	73,638	**69,001**	(4,637)
TOTAL G&A	5,038,590	5,372,742	4,372,289	**4,335,820**	(36,469)
Depreciation and amortization	5,688,475	5,950,084	4,653,266	**4,460,077**	(193,189)
Taxes	1,825,621	1,907,774	1,470,620	**1,428,831**	(41,789)
Interest on Long-Term Debt	1,965,138	2,306,709	2,102,112	**1,879,558**	(222,554)
TOTAL OPERATING EXPENSES	33,837,089	36,189,662	28,298,330	**27,352,947**	(945,383)
OPERATING MARGINS	5,802,005	4,202,845	2,291,831	**3,340,282**	1,048,451
PATRONAGE CAPITAL CREDITS	93,527	107,029	84,481	**51,566**	(32,915)
NET OPERATING MARGINS	5,895,532	4,309,873	2,376,312	**3,391,848**	1,015,536
NONOPERATING MARGINS					
Interest income	783,717	850,667	734,967	**808,508**	73,541
Other Income (expense)	45,242	(1,255,731)	(34,305)	**3,576**	37,881
Total Net Nonoperating Margins	828,960	(405,063)	700,662	**812,084**	111,422
NET MARGINS	$ 6,724,491	$ 3,904,810	$ 3,076,974	**$ 4,203,932**	1,126,958

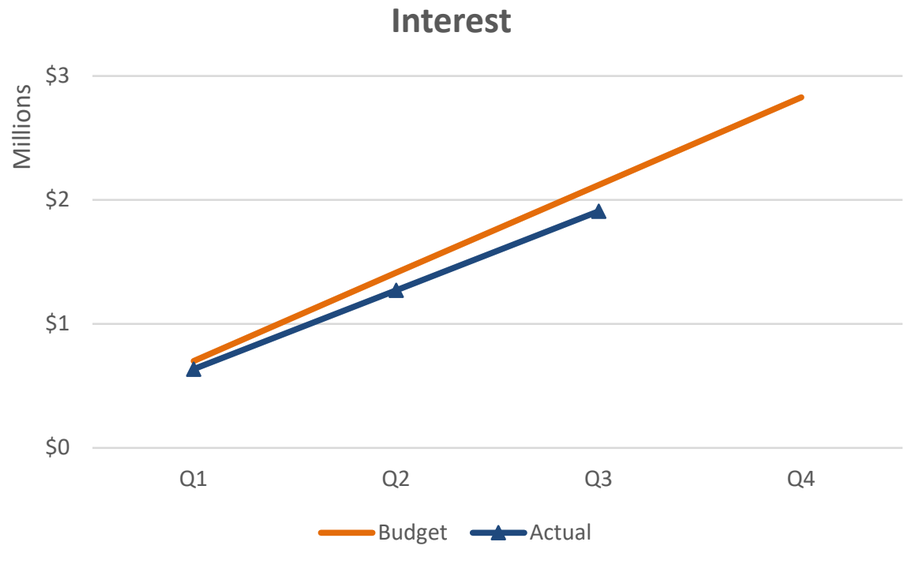


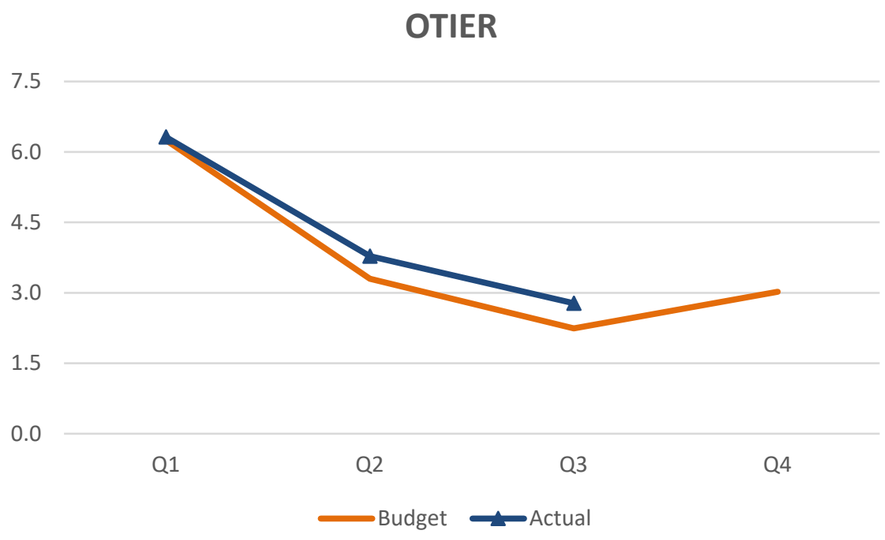
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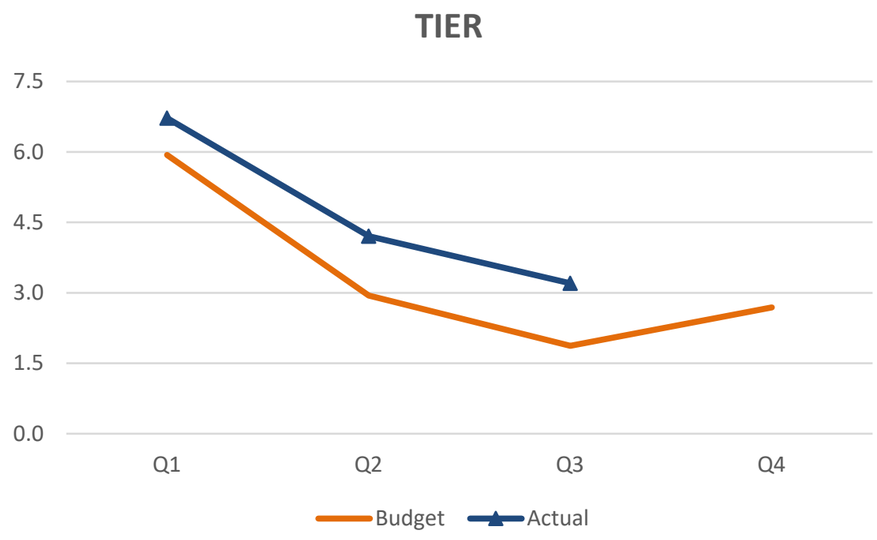
- The ECA returned net $170k through Q3
- Net Operating Margin: $3.4M (~$1m increase over budget)
- Net Margin: $4.2M (~$1.1m increase over budget)

2026 Q3 Budget to Actual: Financial Metrics

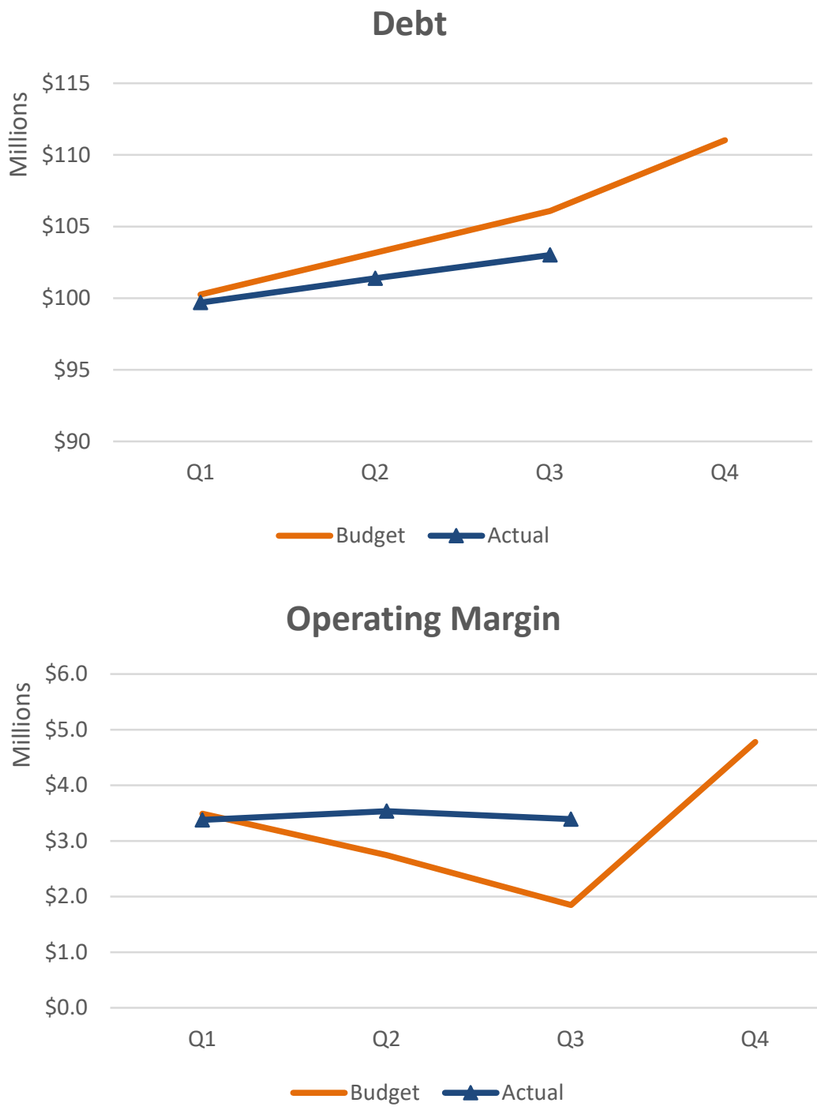


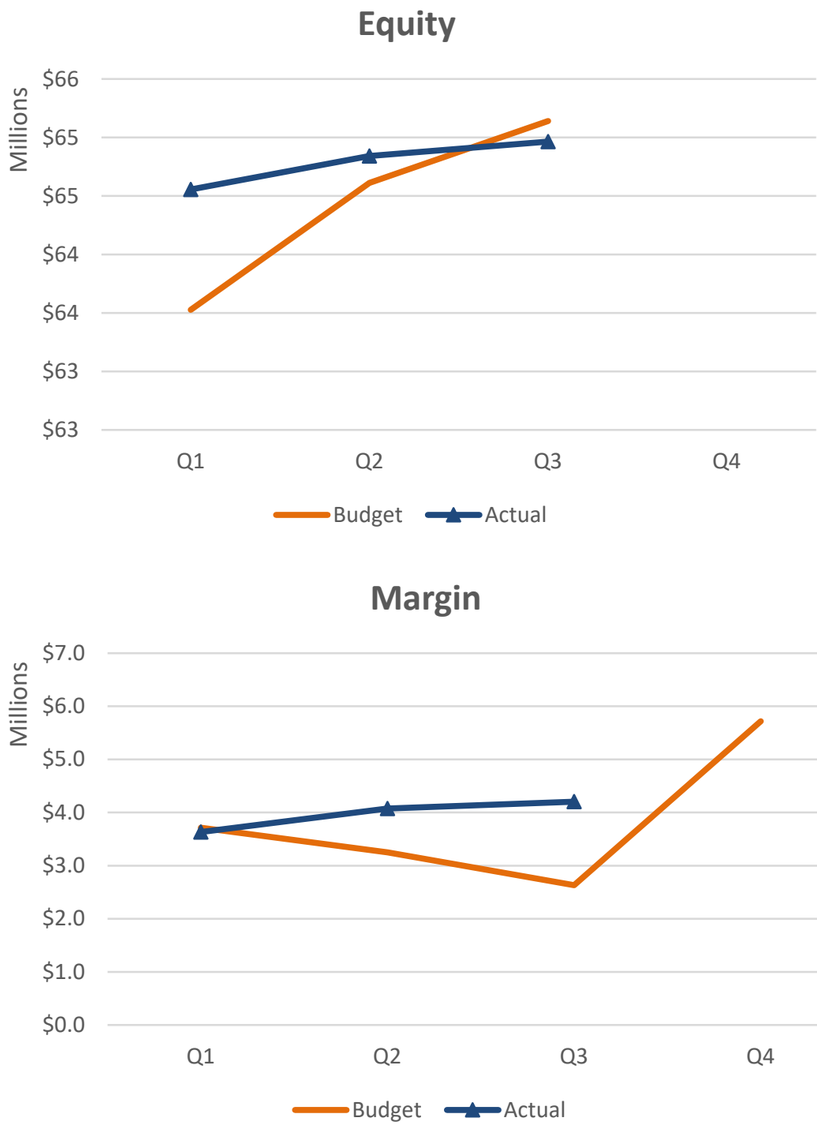




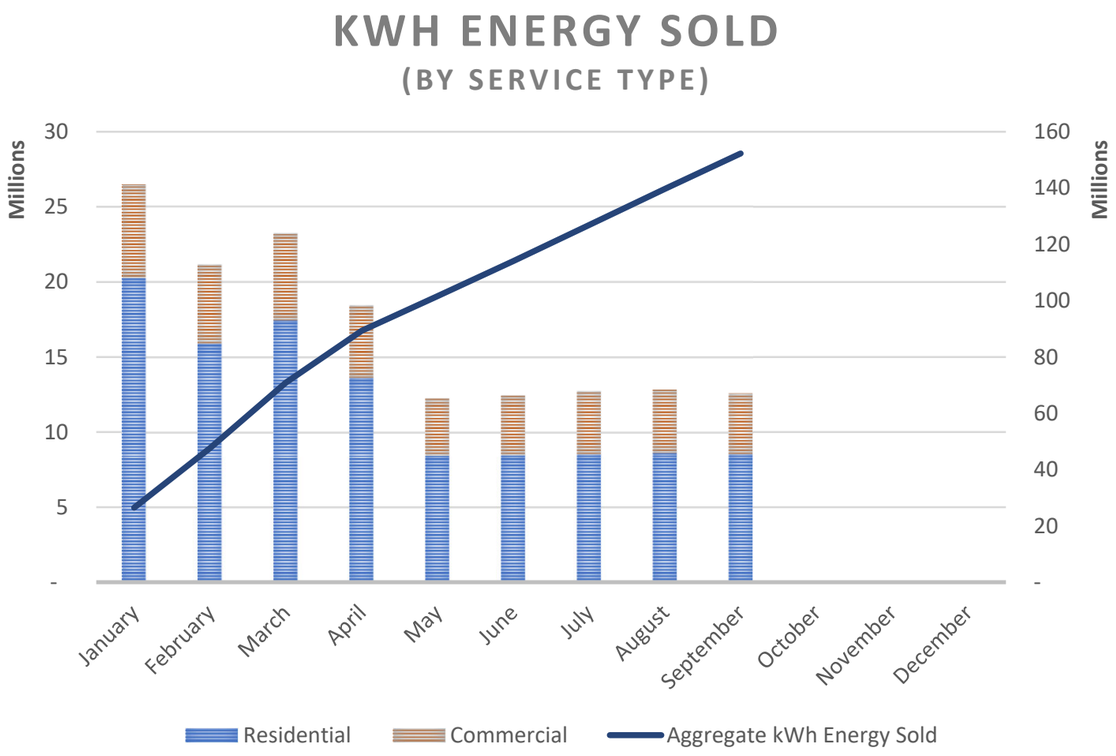


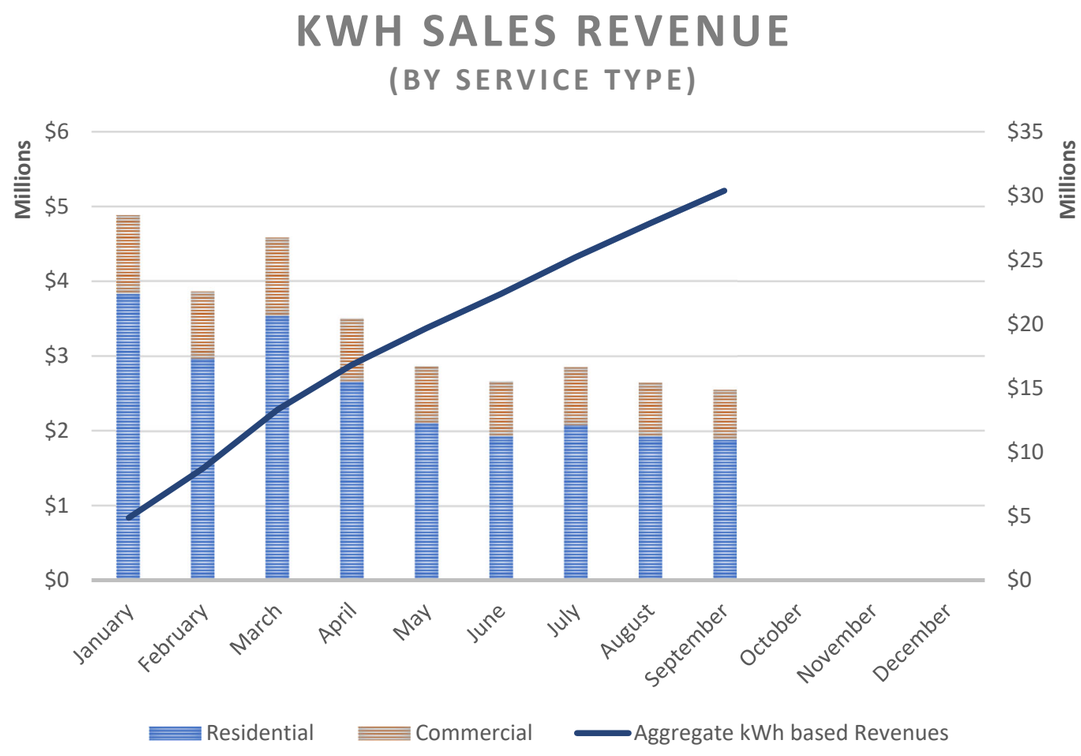
2026 Q3 Budget to Actual: Financial Metrics





2026 Q3 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 9/30/2026	**D. Actual Period End 9/30/2026**	E. Budget Variance (D-C)
1	OPERATING REVENUES					
2	Residential	29,822,748	30,159,690	23,070,995	**22,966,538**	(104,457)
3	Commercial	9,490,777	9,895,493	7,262,137	**7,454,488**	192,351
4	Other Operating Revenue					
5	Penalties and fees	243,437	248,552	192,793	**194,050**	1,257
6	Other	82,132	88,772	64,236	**78,154**	13,918
7	TOTAL OPERATING REVENUES	39,639,094	40,392,506	30,590,161	**30,693,229**	103,068
8	OPERATING EXPENSES					
9	Cost of power	9,126,474	9,784,593	7,816,695	**7,484,638**	(332,057)
10	Transmission	1,049,768	768,339	408,543	**332,116**	(76,427)
11	Distribution - operations	3,914,167	4,679,551	3,282,337	**3,782,493**	500,155
12	Distribution - maintenance	4,077,748	4,028,535	3,000,748	**2,577,019**	(423,729)
13	Consumer accounts	1,151,107	1,391,335	1,191,720	**1,072,397**	(119,323)
14	General and administration (G & A)					
15	Administration	4,747,611	5,076,684	4,024,738	**4,021,078**	(3,660)
16	Energy Services	198,951	202,076	273,913	**245,741**	(28,172)
17	Subsidiary charges	92,028	93,982	73,638	**69,001**	(4,637)
18	TOTAL G&A	5,038,590	5,372,742	4,372,289	**4,335,820**	(36,469)
19	Depreciation and amortization	5,688,475	5,950,084	4,653,266	**4,460,077**	(193,189)
20	Taxes	1,825,621	1,907,774	1,470,620	**1,428,831**	(41,789)
21	Interest on Long-Term Debt	1,965,138	2,306,709	2,102,112	**1,879,558**	(222,554)
22	TOTAL OPERATING EXPENSES	33,837,089	36,189,662	28,298,330	**27,352,947**	(945,383)
23	OPERATING MARGINS	5,802,005	4,202,845	2,291,831	**3,340,282**	1,048,451
24	PATRONAGE CAPITAL CREDITS	93,527	107,029	84,481	**51,566**	(32,915)
25	NET OPERATING MARGINS	5,895,532	4,309,873	2,376,312	**3,391,848**	1,015,536
26	NONOPERATING MARGINS					
27	Interest income	783,717	850,667	734,967	**808,508**	73,541
28	Other Income (expense)	45,242	(1,255,731)	(34,305)	**3,576**	37,881
29	Total Net Nonoperating Margins	828,960	(405,063)	700,662	**812,084**	111,422
30	NET MARGINS	$ 6,724,491	$ 3,904,810	$ 3,076,974	**$ 4,203,932**	1,126,958

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

		A. Budget Period End 9/30/2026	B. Actual Period End 9/30/2026	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
1	**I OPERATING REVENUES**	**30,590,161**	**30,693,229**	**103,068**	
2					Budget Actual Variance
3					HDD 597 696 99
4					kWh Sales 154,680 147,962 (6,718)
12	**TOTAL OPERATING REVENUES**	**30,590,161**	**30,693,229**	**103,068**	**Increase in Revenue** - <1% net variance reasonable
13					
14					
15	**II OPERATING EXPENSES**	**28,298,330**	**27,352,947**	**(945,383)**	**Overall decrease in operating expenses**
16					
17	**Cost of Power - Line 9**	**7,816,695**	**7,484,638**	**(332,057)**	**Decrease in expense** - lower kWh purchases and $/kWh than budgeted
18					Budget Actual Variance
19					kWh Purchases 162,820 152,495 -10,325
20					(kWh in thousands)
21	**Transmission - Line 10**	**408,543**	**332,116**	**(76,427)**	**Decrease in expense -** labor coded to other efforts see line 11 Distribution Maintenance
22					
23	**Distribution - Operations - Line 11**	**3,282,337**	**3,782,493**	**500,155**	**Increase in expense -** offset by line 10 Transmission and line 12 Distribution Maintenance
24					
25	**Distribution - Maintenance - Line 12**	**3,000,748**	**2,577,019**	**(423,729)**	**Decrease in expense -** labor coded to other efforts see line 11 Distribution Operations
26					
27	**Consumer accounts - Line 13**	**1,191,720**	**1,072,397**	**(119,323)**	**Decrease in expense**
28	**Total General and Administrative (G&A):**				
29					
30	**Administration G&A - Line 15**	**4,024,738**	**4,021,078**	**(3,660)**	**Decrease in expense** -
31					
32	**Energy Services G&A - Line 16**	**273,913**	**245,741**	**(28,172)**	**Decrease in expense** - timing of reimbursement from PNGC
33					
34	**Subsidiary Charges G&A - Line 17**	**73,638**	**69,001**	**(4,637)**	**Decrease in expense**
35					
36	**Total General and Administrative (G&A)**	**4,372,289**	**4,335,820**	**(36,469)**	**Overall decrease in expense**
37					
38	**Deprec. & Amort. - Line 20**	**4,653,266**	**4,460,077**	**(193,189)**	**Decrease in expense**
39					
40	**Taxes - Line 21**	**1,470,620**	**1,428,831**	**(41,789)**	**Decrease in expense**
41					
42	**Interest on Long-term Debt - Line 22**	**2,102,112**	**1,879,558**	**(222,554)**	**Decrease in expense -** CWP int-bearing borrowing moved to Q4
43					
44	**TOTAL OPERATING EXPENSES**	**28,298,330**	**27,352,947**	**(945,383)**	**Overall decrease in expenses**
45					
46	**OPERATING MARGINS**	**2,291,831**	**3,340,282**	**1,048,451**	
47					
48	**III PATRONAGE CAPITAL CREDITS (Income) - Line 28**	**84,481**	**51,566**	**(32,915)**	**Decrease in income** - received from associated cooperatives

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL
DETAILED BREAKOUT OF NOTABLE DRIVERS

			A. Budget Period End 9/30/2026	B. Actual Period End 9/30/2026	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
49						
50		**TOTAL NET OPERATING MARGINS**	**2,376,312**	**3,391,848**	**1,015,536**	**Increase in margin**
51						
52	**IV**	**NON-OPERATING MARGINS**	**700,662**	**812,084**	**111,422**	**Increase in margin**
53						
54		**Interest and Dividend Income - Line 33**	**734,967**	**808,508**	**73,541**	**Increase in income -** more Select Note investments
55						
56		**Other Income (loss) - Line 34**	**(34,305)**	**3,576**	**37,881**	**Increase in income -** lower SIU volumetric expenses
57						
58		**TOTAL OPALCO NON-OPERATING MARGINS**	**700,662**	**812,084**	**111,422**	**Increase in margin**
59						
60		**TOTAL OPALCO NET MARGIN DETAIL BREAKOUT**	**3,076,974**	**4,203,932**	**1,126,958**	**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 9/30/2026**	D. Change (C-B)
1	ASSETS				
2	UTILITY PLANT, at cost				
3	Electric plant in service	183,941,874	192,419,827	**196,722,670**	4,302,843
4	Construction work in progress	14,673,906	16,345,465	**18,441,975**	2,096,510
		198,615,780	208,765,292	**215,164,645**	6,399,353
5	Less accumulated depreciation and amortization	77,071,163	82,697,205	**86,173,670**	3,476,465
6	Net utility plant	121,544,617	126,068,087	**128,990,975**	2,922,888
7	INVESTMENTS AND OTHER ASSETS				
8	Other (CFC, Federated, PNGC, etc.)	1,675,311	1,709,953	**1,683,206**	(26,748)
9	Investment in associated organization, subsidiary (Note 1)	(9,245,876)	(8,113,442)	**(8,077,025)**	36,417
10	Total Investments & Other Assets	(7,570,565)	(6,403,488)	**(6,393,819)**	9,669
11	CURRENT ASSETS				
12	Cash and cash equivalents	5,403,648	8,952,111	**14,085,222**	5,133,111
13	Cash and cash equivalents - board designated	1,150,993	1,276,970	**804,602**	(472,368)
14	Account Receivable (net)	7,251,802	8,214,126	**6,584,101**	(1,630,025)
15	Interest receivable	24,753	26,405	**76,567**	50,162
16	Materials and supplies	5,165,169	4,691,912	**4,294,748**	(397,164)
17	Prepaid expenses	670,847	991,583	**1,080,289**	88,706
18	Total current assets	19,667,212	24,153,108	**26,925,530**	2,772,422
19	DEFERRED CHARGES (Note 2)	14,874,483	20,801,751	**21,870,050**	1,068,300
20	Total assets	$ 148,515,746	$ 164,619,456	**$ 171,392,736**	$ 6,773,280

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 9/30/2026**	D. Change (C-B)
21	EQUITIES, MARGINS, AND LIABILITIES				
22	EQUITIES AND MARGINS				
23	Memberships	58,755	58,810	**59,195**	385
24	Patronage capital	54,804,372	57,151,540	**60,303,656**	3,152,116
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	**14,816,478**	974,031
27	Total equities and margins	56,942,661	60,803,550	**64,964,344**	4,160,794
28	LONG-TERM DEBT				
29	RUS mortgage notes	60,219,982	68,747,056	**67,057,454**	(1,689,602)
30	RUS Rural Energy Savings Program (RESP)	15,869,950	19,500,068	**24,294,925**	4,794,857
31	CFC mortgage notes	6,501,178	6,156,550	**5,888,619**	(267,931)
32	Total long-term debt	82,591,110	94,403,673	**97,240,998**	2,837,324
33	OTHER NONCURRENT LIABILITIES	71,828	116,648	**139,148**	22,500
34	Total long-term liabilities	82,662,937	94,520,321	**97,380,145**	2,859,824
35	CURRENT LIABILITIES				
36	Accounts payable	3,107,980	2,482,809	**1,239,957**	(1,242,852)
37	Customer deposits	79,708	85,321	**86,033**	712
38	Accrued liabilities	1,258,051	1,329,873	**1,535,514**	205,641
39	Current maturities of long-term debt	4,024,111	4,954,927	**5,774,043**	819,116
40	Total current liabilities	8,469,851	8,852,930	**8,635,547**	(217,383)
41	DEFERRED CREDITS	440,298	442,655	**412,700**	(29,955)
42	Total equities and liabilities	$ 148,515,746	$ 164,619,456	**$ 171,392,736**	$ 6,773,280

43 1 Investment in subsidiary consists of OPALCO's invested dollars in Island Network LLC (+$2,138,000) 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 9/30/2026**
1	CASH FLOWS FROM OPERATING ACTIVITIES			
2	Net margins	$ 6,724,491	$ 3,904,810	**$ 4,203,932**
3	Adjustments to reconcile net margin to cash			
4	from operating activities			
5	Depreciation and amortization	5,688,475	5,950,084	**4,460,077**
6	Changes in assets and liabilities			
7	Accounts receivable	(1,004,267)	(962,324)	**1,630,025**
8	Interest receivable	24,355	(1,652)	**(50,162)**
9	Prepaid expenses	79,961	(320,738)	**(88,706)**
10	Deferred Charges	(5,434,285)	(5,927,268)	**(1,068,300)**
11	Accounts payable	(89,851)	(625,172)	**(1,242,852)**
12	Customer deposits	8,337	5,613	**712**
13	Accrued liabilities	195,410	71,822	**205,641**
14	Deferred credits	59,143	2,359	**(29,955)**
15	Net cash from operating activities	6,251,769	2,097,534	**8,020,413**
16				
17	CASH FLOWS FROM INVESTING ACTIVITIES			
18	Additions to utility plant, net	(28,492,693)	(17,404,458)	**(8,488,723)**
19	Change in materials and supplies	(620,316)	473,257	**397,164**
20	(Increase) decrease in investment in Subsidiary	(85,131)	(1,132,434)	**(36,417)**
21	(Increase) decrease in other OPALCO property and investments, net	(58,940)	(34,643)	**26,748**
22				
23	Net cash from investing activities	(29,257,080)	(18,098,278)	**(8,101,228)**
24	CASH FLOWS FROM FINANCING ACTIVITIES			
25	Payments on long-term debt, net	(3,453,617)	(4,411,800)	**(3,921,061)**
26	Proceeds from debt (Note 1)	15,000,000	17,200,000	**7,600,000**
27	Memberships	200	55	**385**
28	Retirements of patronage capital, net	(1,167,162)	(1,186,432)	**(77,785)**
29	Change in subsidiary equities	74,967	1,142,456	**34,262**
30	Contributions in aid of construction	8,967,600	6,930,904	**1,105,757**
31	Net cash from financing activities	19,421,988	19,675,183	**4,741,558**
32	NET CHANGE IN CASH	(3,583,323)	3,674,439	**4,660,743**
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	**14,889,824**
35	SUPPLEMENTAL DISCLOSURES			
36	Cash paid for interest	$ 2,031,038	$ 2,324,419	**$ 1,909,098**
37	OUTSTANDING DEBT BALANCE	(86,687,049)	(99,475,249)	**(103,015,040)**
38	Notes:			
39	1 $7.6M 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 9/30/2026	**D. Actual Period-End 9/30/2026**	Budget Variance (D-C)	Comments
1	% Rate Increase	6%	6%	6%	**5%**		
2	OPERATING ACTIVITIES:						
3	Margins	$ 6,724	$ 3,905	$ 3,077	**$ 4,204**	1,127	various - see P&L notable drivers
4	Plus Depreciation/Amortization	5,688	5,950	4,653	**4,460**	(193)	see P&L notable drivers
5	Cash Flow Operations	12,412	9,855	7,730	**8,664**	934	
6	PLANT INVESTMENT (NET)						
7	Plant Investment	(19,996)	(10,876)	(8,129)	**(7,489)**	640	various projects - see capital budget worksheet
8	Cash Flow From Operations and Plant Investment:	(7,584)	(1,021)	(399)	**1,175**	1,574	
9	CASH FLOWS FROM PATRONAGE CAPITAL	(1,179)	(1,376)	(97)	**(92)**	5	
10	Cash Flow Before Borrowings	(8,763)	(2,397)	(496)	**1,083**	1,579	
11	NET BORROWINGS	11,546	12,788	7,779	**3,679**	(4,100)	borrowing delay and overall reduction
12	Cash Increase (decrease) After Net Borrowings	2,783	10,391	7,283	**4,762**	(2,521)	
13	OUTSTANDING DEBT BALANCE	86,615	99,359	106,114	**103,015**	(3,099)	

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS SUMMARY

			RUS CWP DESCRIPTION	A. Audited Year End 12/31/2024	C. Audited Year End 12/31/2025	C. Budget Year End 12/31/2026	D. Budget Period End 9/30/2026	**E. Actual Period End 9/30/2026**	F. Budget Variance (E- D)	Comments
1	DISTRIBUTION									
2	100		New Services	$ 360,183	$ 470,145	$ 380,000	$ 253,333	**$ 376,574**	$ 123,240	Member request for overhead to underground (Offset to Line 38)
3	200		New Tie Lines	218,715	-	-	-	**12,301**	12,301	Single phase loop feed projects prioritized due to joint projects
4	300		Conversions and Line Changes	2,729,501	1,810,354	242,000	175,000	**297,132**	122,132	Conversion project released to construction
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	3,000,000	**1,730,726**	(1,269,274)	Delay in battery project due to SJC Permitting
7	600		Miscellaneous Distribution Equipment							
8		601	Transformers & Meters	1,962,276	2,001,005	1,882,000	1,500,000	**927,810**	(572,190)	Programming and vendor issues delayed purchasing
9		602	Sets of Service Wires to increase Capacity	-	-	-	-	**-**	-	
10		603	Sectionalizing Equipment	242,307	22,991	210,000	175,000	**110,155**	(64,845)	Delayed switchgear delivery and replacement
11		604	Regulators	-	-	300,000	-	**-**	-	
12		606	Ordinary Replacements	28,151	50,986	455,000	300,000	**149,826**	(150,174)	Shifting effort to Overhead Conversions
13		607	Overhead to Underground Replacements	713,800	506,574	111,000	75,000	**103,629**	28,629	Increase opportunity for Conversions
14		608	Underground Dist. Cable Replacement	2,893,512	3,917,413	2,757,000	2,800,000	**3,303,153**	503,153	Shift in efforts OH Conversion, Tie, and other Conversions
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	150,000	**130,692**	(19,308)	Joint participant cost increase to be offset in CIAC (Line 40)
20			ARPA Grant Fiber Project	8,501,911	6,327,698	-	-	**6,491**	6,491	Close out of APRA Projects
21	TRANSMISSION									
22	800		New Tie Line	-	-	-	-	**-**	-	
23	900		New Substations, switching station, metering point, etc.	-	-	-	-	**-**	-	
24	1000		Line and Station Changes	283,960	471,251	695,000	450,000	**(52,478)**	(502,478)	Pole replacements delayed to 2027, Shift of efforts to URD (Line 14)
25	1100		Other Transmission	-	-	-	-	**-**	-	
26	GENERATION									
27	1200		Generation	1,938,904	(2,025,164)	-	-	**(74,348)**	(74,348)	US DOE Tidal Investigation, Biomass Project Write-offs
28	OTHER							**-**		
29	1300		Headquarters Facilities	73,228	2,095,361	2,988,000	1,500,000	**140,860**	(1,359,140)	Efforts rescoped to Eastsound Solar
30	1400		Acquisitions	-	278,570	-	-	**9,508**	9,508	Decatur Parcel - Board Approved
31	1500		All Other (Transportation, Etc.)							
32		1501	Transportation/Equipment/Tools/Radios	707,676	597,297	852,000	600,000	**630,647**	30,647	
33		1502	Office Equipment/Furniture/Etc.	19,182	22,661	14,000	10,000	**14,823**	4,823	
34		1503	Computer/Servers/Software	359,345	182,833	144,000	135,000	**130,845**	(4,155)	
35		1504	Electrical Infrastructure to Support Community Solar	595,477	(484,642)	6,400,000	3,000,000	**566,111**	(2,433,889)	Decatur and Eastsound Solar continued delays with permitting due to SJC
36	1600		Minor Projects	152,659	141,381	150,000	115,000	**80,767**	(34,233)	
37			**RUS CWP SUBTOTAL**	28,963,677	17,806,636	23,861,000	14,238,333	**8,595,224**	(5,643,109)	
38	**CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)**									
39			New Services	(332,200)	(606,121)	(349,000)	(261,750)	**(128,421)**	133,329	Offset to Line 2 - New Services
40			Meters and Transformers	(320,584)	(411,959)	(400,000)	(300,000)	**(213,024)**	86,976	Offset to Line 8 Transformers & Meters
41			Joint Projects	(37,708)	(149,778)	(51,000)	(48,000)	**(715,966)**	(667,966)	Offset to Lines 3, 4, 14, 19, and 35
42			Grant Funding	(1,013,955)	1,013,955	(1,560,000)	(1,000,000)	**(48,346)**	951,654	Offset to Lines 6 and 26 - Tidal Project
43			Community Solar Member Contributions	-	-	(7,500,000)	(4,500,000)	**-**	4,500,000	Offset to Line 35 - Community Solar
44			ARPA Grant Fiber Funding	(7,263,172)	(6,777,002)	-	-	**-**	-	Offset to Line 20 - ARPA Grant Fiber Project
45			**CIAC SUBTOTAL**	(8,967,619)	(6,930,904)	(9,860,000)	(6,109,750)	(1,105,757)	5,003,993	
46										
47			**RUS CWP NET TOTAL**	19,996,058	10,875,732	14,001,000	8,128,583	**7,489,467**	(639,116)	

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

INSTRUCTIONS - See help in the online application.

BORROWER DESIGNATION: WA0009

PERIOD ENDED: September '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.

_____ Date

☐ 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.

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	29,046,441	30,693,229	30,590,161	2,581,581
2. Power Production Expense	-	-	-	-
3. Cost of Purchased Power	6,868,894	7,484,638	7,816,695	758,213
4. Transmission Expense	695,613	332,116	408,543	9,276
5. Regional Market Expense	-	-	-	-
6. Distribution Expense - Operation	3,531,269	3,782,493	3,282,337	376,125
7. Distribution Expense - Maintenance	3,035,813	2,577,019	3,000,748	257,059
8. Customer Accounts Expense	1,061,253	1,072,397	1,191,720	108,878
9. Customer Service and Informational Expense	337,996	441,287	445,407	56,455
10. Sales Expense	48,138	33,181	54,947	4,815
11. Administrative and General Expense	3,710,470	3,861,352	3,871,935	414,041
12. Total Operation & Maintenance Expense (2 thru 11)	19,289,447	19,584,481	20,072,332	1,984,862
13. Depreciation & Amortization Expense	4,460,255	4,460,077	4,653,266	498,373
14. Tax Expense - Property & Gross Receipts	215,459	277,767	226,233	18,390
15. Tax Expense - Other	1,215,527	1,151,064	1,244,387	98,831
16. Interest on Long-Term Debt	1,702,165	1,909,098	2,120,859	210,201
17. Interest Charged to Construction - Credit	(9,868)	(29,541)	(18,747)	(5,028)
18. Interest Expense - Other	-	-	-	-
19. Other Deductions	-	-	-	-
20. Total Cost of Electric Service (12 thru 19)	26,872,985	27,352,947	28,298,330	2,805,629
21. Patronage Capital & Operating Margins (1 minus 20)	2,173,457	3,340,282	2,291,831	(224,048)
22. Non Operating Margins - Interest	599,949	808,508	734,967	123,039
23. Allowance for Funds Used During Construction	-	-	-	-
24. Income (Loss) from Equity Investments	-	-	-	-
25. Non Operating Margins - Other	24,865	3,576	(34,305)	4,846
26. Generation and Transmission Capital Credits	-	-	-	-
27. Other Capital Credits and Patronage Dividends	50,633	51,566	84,481	12,819
28. Extraordinary Items	-	-	-	-
29. Patronage Capital or Margins (21 thru 28)	2,848,903	4,203,932	3,076,974	(83,344)

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 '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	108	59	5. Miles Transmission	46.39	49.66
2. Services Retired	6	6	6. Miles Distribution – Overhead	134.91	133.24
3. Total Services in Place	16,054	16,143	7. Miles Distribution - Underground	1,096.89	1,100.13
4. Idle Services (Exclude Seasonals)	851	866	8. **Total Miles Energized (5 + 6 + 7)**	1,278.19	1,283.03

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	196,722,671	30. Memberships	59,195
2. Construction Work in Progress	18,388,561	31. Patronage Capital	56,911,807
3. Total Utility Plant (1 + 2)	215,111,232	32. Operating Margins - Prior Years	-
4. Accum. Provision for Depreciation and Amort.	86,120,256	33. Operating Margins - Current Year	3,391,848
5. Net Utility Plant (3 - 4)	128,990,977	34. Non-Operating Margins	812,084
6. Non-Utility Property (Net)	-	35. Other Margins and Equities	3,789,409
7. Invest. in Subsidiary Companies	(8,077,025)	**36. Total Margins & Equities (30 thru 35)**	64,964,344
8. Invest. in Assoc. Org. - Patronage Capital	1,167,547	37. Long-Term Debt - RUS (Net)	16,423,537
9. Invest. in Assoc. Org. - Other - General Funds	10,300	38. Long-Term Debt - FFB - RUS Guaranteed	50,633,917
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	504,524	39. Long-Term Debt - Other - RUS Guaranteed	24,294,925
11. Invest. in Economic Development Projects	-	40. Long-Term Debt - Other (Net)	5,888,619
12. Other Investments	835	41. Long-Term Debt - RUS Econ. Devel. (Net)	-
13. Special Funds	1,009,842	42. Payments - Unapplied	-
14. Total Other Property & Investments (6 thru 13)	(5,383,977)	**43. Total Long-Term Debt (37 thru 41 - 42)**	97,240,997
15. Cash - General Funds	4,743,112	44. Obligations Under Capital Leases - Noncurrent	-
16. Cash - Construction Funds - Trustee	37,917	45. Accumulated Operating Provisions	139,148
17. Special Deposits	-	**46. Total Other Noncurrent Liabilities (44 + 45)**	139,148
18. Temporary Investments	9,154,512	47. Notes Payable	-
19. Notes Receivable (Net)	2,518,919	48. Accounts Payable	1,239,959
20. Accounts Receivable - Sales of Energy (Net)	2,499,092	49. Consumers Deposits	86,033
21. Accounts Receivable - Other (Net)	183,341		
22. Renewable Energy Credits	-	50. Current Maturities Long-Term Debt	5,771,943
23. Material and Supplies - Electric & Other	4,294,748	51. Current Maturities Long-Term Debt - Econ. Devel.	-
24. Prepayments	1,080,289	52. Current Maturities Capital Leases	-
25. Other Current and Accrued Assets	1,403,757	53. Other Current and Accrued Liabilities	1,537,614
26. Total Current and Accrued Assets (15 thru 25)	25,915,687	**54. Total Current & Accrued Liabilities (47 thru 53)**	8,635,549
27. Regulatory Assets	-	55. Regulatory Liabilities	-
28. Other Deferred Debits	21,870,050	56. Other Deferred Credits	412,700
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	171,392,737	**57. Total Liab. & Other Credits (36+43+46+54 thru 56)**	171,392,737

RUS Financial and Operating Report Electric Distribution Revision Date 2014

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