



ORCAS POWER & LIGHT COOPERATIVE

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OPALCO Rate Change: Board Merges Limited Service with Residential Tariff

At the August 18th meeting in Eastsound, the OPALCO Board approved a cost-of-service increase to the Limited Service Tariff covering small loads for barns, gates and other outbuildings (less than 5kVa). With this second-year adjustment, the Limited Service rate, now the same as the Residential Service rate, will be eliminated and the 140 members affected will be moved into the Residential Tariff. The change will take effect with the September 2011 billing. The change is as follows:

<i>Tariff</i>	<i>Basic Charge (per month)</i>	<i>Energy Charges (per kWh)</i>
Limited Service	\$25.50/mo (<i>was \$19.50</i>)	\$0.0758 (<i>was \$0.1115</i>)

Why are these rates going up? OPALCO is a non-profit cooperative that sells power to our members at cost. In late 2008, OPALCO completed a cost-of-service study to determine whether each member rate class was paying their fair share of the cost. The study showed that the cost of delivering electrical service is rising and will continue to fluctuate, and that a number of OPALCO's rates were performing below our cost of service for fixed costs.

Residential rates have not changed since March of 2008. The OPALCO Board will begin a process of examining our overall rate structure this fall. There are a number of models for how rates could be restructured. Many co-ops charge a higher base fee to cover costs and then sell the kilowatt hours at cost (OPALCO's cost is about \$0.04/kWh). Others have adopted a higher cost per kilowatt hour to encourage conservation and energy efficiency.

OPALCO's mission is to "serve our Members with safe, reliable, cost effective and environmentally sensitive electric utility services." To that end, the Board will consider those members who are least able to pay their bills—particularly in these tough economic times—while also considering the value of sending a price signal to members that would encourage conservation and energy efficiency.

OPALCO's new contract with BPA includes a tiered rate structure that guarantees the Co-op a certain amount of (mostly) hydro power (Tier I) up to a measured ceiling of demand. When our co-op load grows beyond that ceiling, BPA will purchase power at market rates to meet the additional demand. General Manager Randy Cornelius anticipates that, with our relatively slow growth in San Juan County of about 1% per year, we will not be subject to market (Tier 2) rates until about 2014. "As co-op members working together," said Cornelius, "we can forestall market rates by managing our load through energy efficiency and conservation behaviors. If we all pitch in, do what we can to make our homes and businesses more energy efficient, the savings will be significant."

Stay tuned for more news about rates as the Board begins their work on restructuring this fall. The Board meets the third Thursday of each month (rotating between San Juan, Orcas and Lopez Islands) and meetings are open to the public. An agenda for each meeting is posted the week before online at www.opalco.com.

OPALCO is our cooperative electrical utility serving more than 11,000 co-op member-owners on 20 islands in San Juan County. We provide electricity that is 95% greenhouse-gas free and is predominately generated by hydro-electric plants. OPALCO was founded in 1937 to bring electricity to our rural islands.

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