

ORCAS POWER AND LIGHT COOPERATIVE

OPALCO POLICY 3 POLICIES AND TARIFFS

3.1 GOALS AND OBJECTIVES

To establish a consistent basis for changes and/or additions to policies and tariffs.

3.2 POLICY

3.2.1. OPALCO shall consider changes and/or additions to OPALCO's policies and/or tariffs at not less than two board meetings.

3.2.1.1 The general manager will present a proposal for changes to policies and/or tariffs at a board meeting for review and discussion. At this board meeting, the board of directors may make suggestions and amend any language they consider appropriate.

3.2.1.2 Suggestions from the board of directors will be incorporated into the proposals.

3.2.1.3 The board of directors may, at their discretion, have the manager write a brief summary of the proposed changes and have it published in local newspapers, inviting written comments from OPALCO members. The board of directors may also, at their discretion, have the manager schedule one or more public hearings to receive comments on the proposed additions or changes. The board of directors will then decide whether to include any changes suggested by the members.

3.2.1.4 A final draft shall be brought before the board of directors for approval.

3.2.1.5 If the proposed change or addition affects the rates that OPALCO charges, the Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation will be notified.

3.2.2 Nothing in this policy will prevent or restrict the ability of the board of directors to implement a change or addition to the policy or tariff on an interim basis before final approval and adoption of the change or addition.

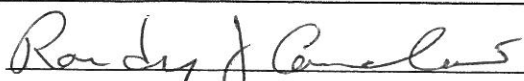
3.2.3 New policies and tariffs shall be adopted by the methods described above.

3.3 IMPLEMENTATION

3.3.1 The general manager shall be responsible for preparing proposed changes and/or additions to the policies or tariffs.

3.3.2 The general manager shall be responsible for providing public notice, if the board of directors so desires, of any proposed changes to the policies or tariffs.

3.3.3 The board of directors is responsible for approval of all changes and/or additions to the policies or tariffs.



Randy J. Cornelius, General Manager

Effective Date: March 17, 2004