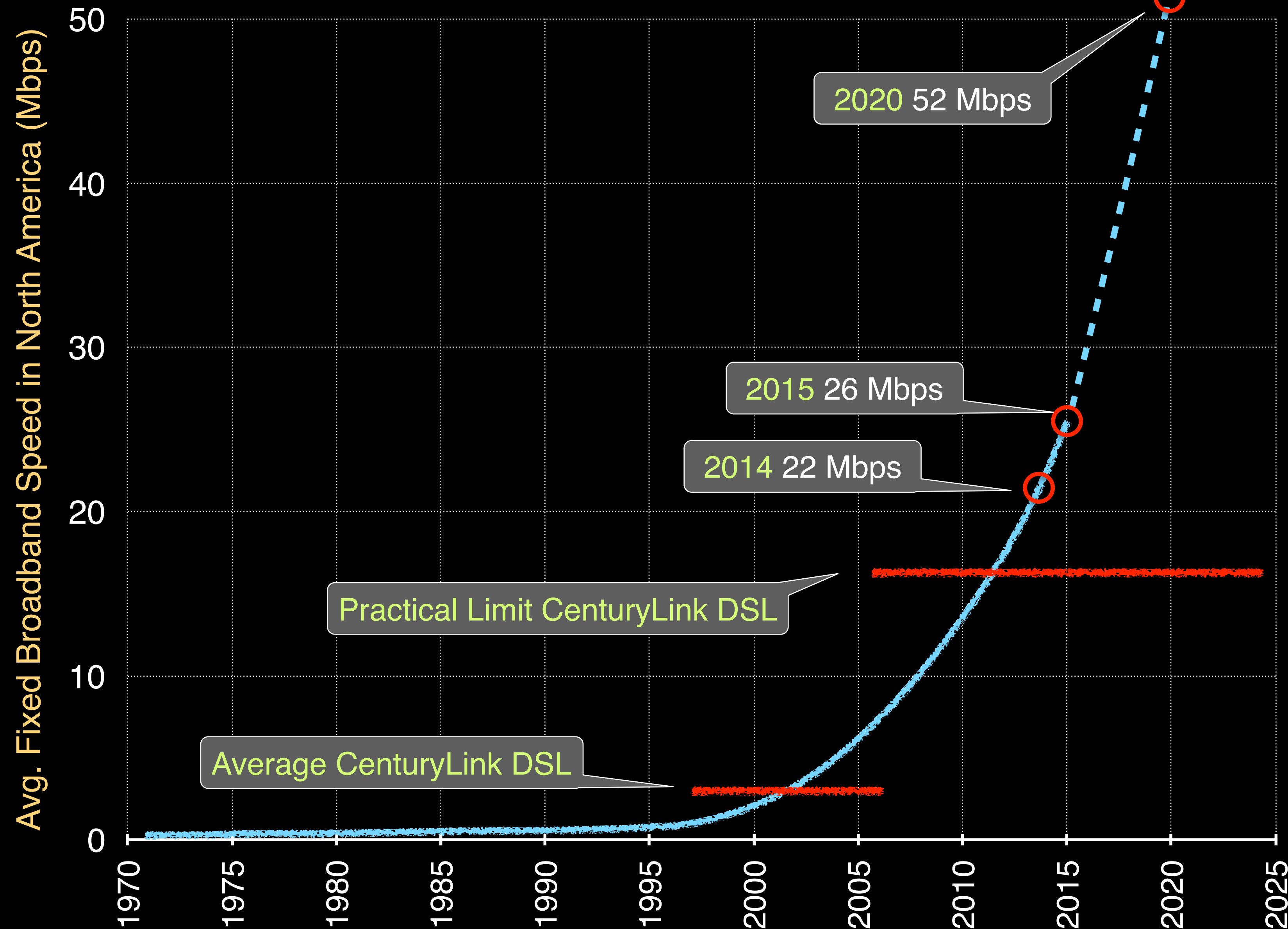


Rock Island and OPALCO

How Co-op members invest in, and benefit from, Rock Island Communications

Exponential Need for Speed



21st Century Internet

Across the US, the speed of Internet services has outpaced the capability of obsolete copper-based DSL Internet service.

Lack of fast reliable Internet service is worst in rural areas like ours. Rural Electric Co-ops across the nation are increasingly stepping up to solve the problem.

As with electricity, it will take years to reach every co-op member's home. To speed the transition, OPALCO and Rock Island have innovated a modern hybrid of fiber optic and LTE wireless services. LTE wireless allows for rapid deployment of services to most members, who don't want to wait for fiber to get to their neighborhood.

The next few slides show how all members benefit, regardless of if they use the services.

How Members Benefit Rock Island Communication Services

From 2015 through 2016, all Co-op members paid \$3 a month to help start up Rock Island Communications. How does that investment benefit members?

Direct Benefits

- Very fast reliable fiber or wireless Internet service
- Low cost phone service using VoIP feature of fiber and LTE services
- Improved property value

Indirect Benefits

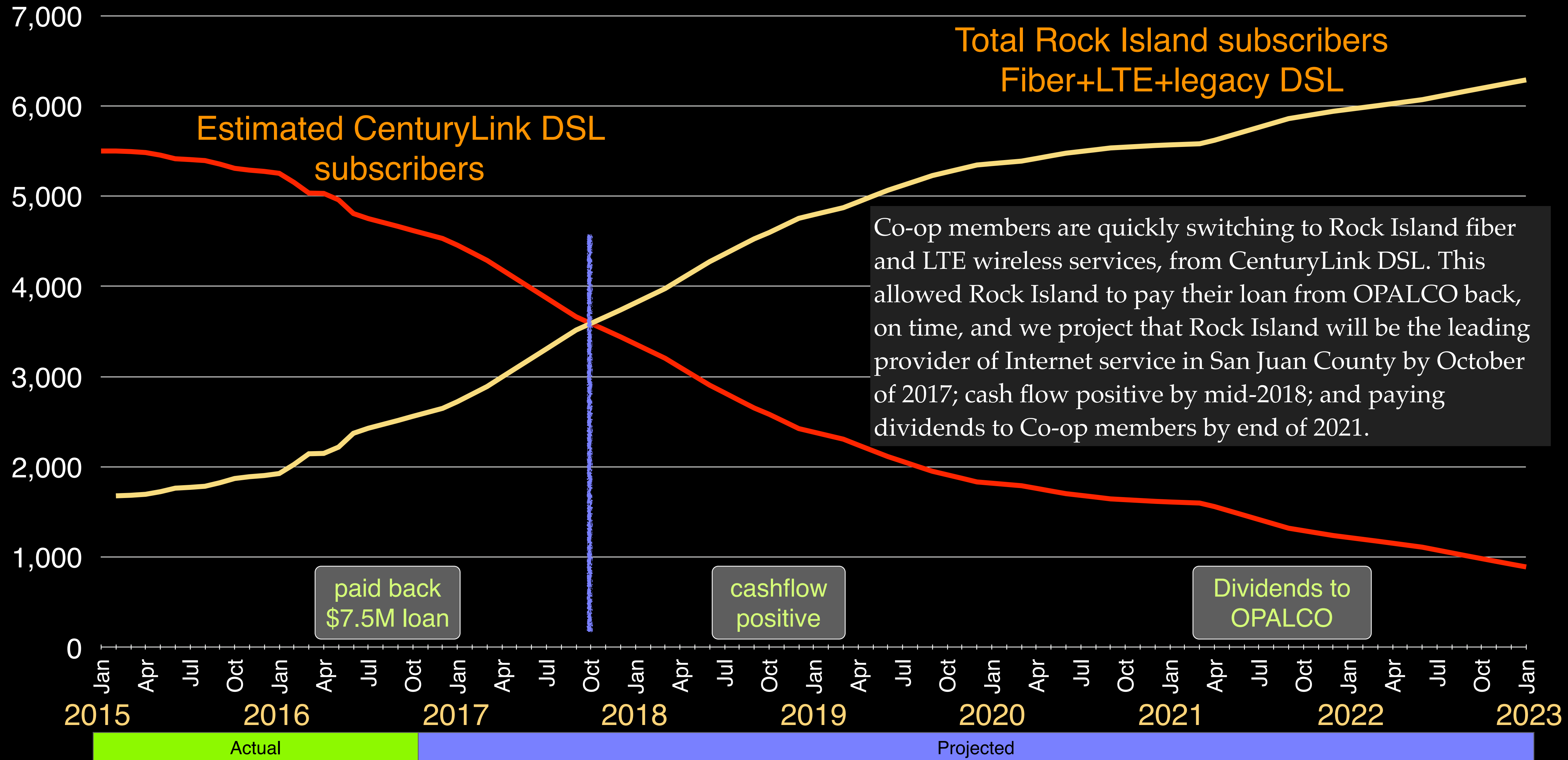
- Improved first responder communications
- Improved cell phone service coverage
- More vibrant local economy and quality jobs, less dependent on low wage tourist economy

Co-op Member Benefits

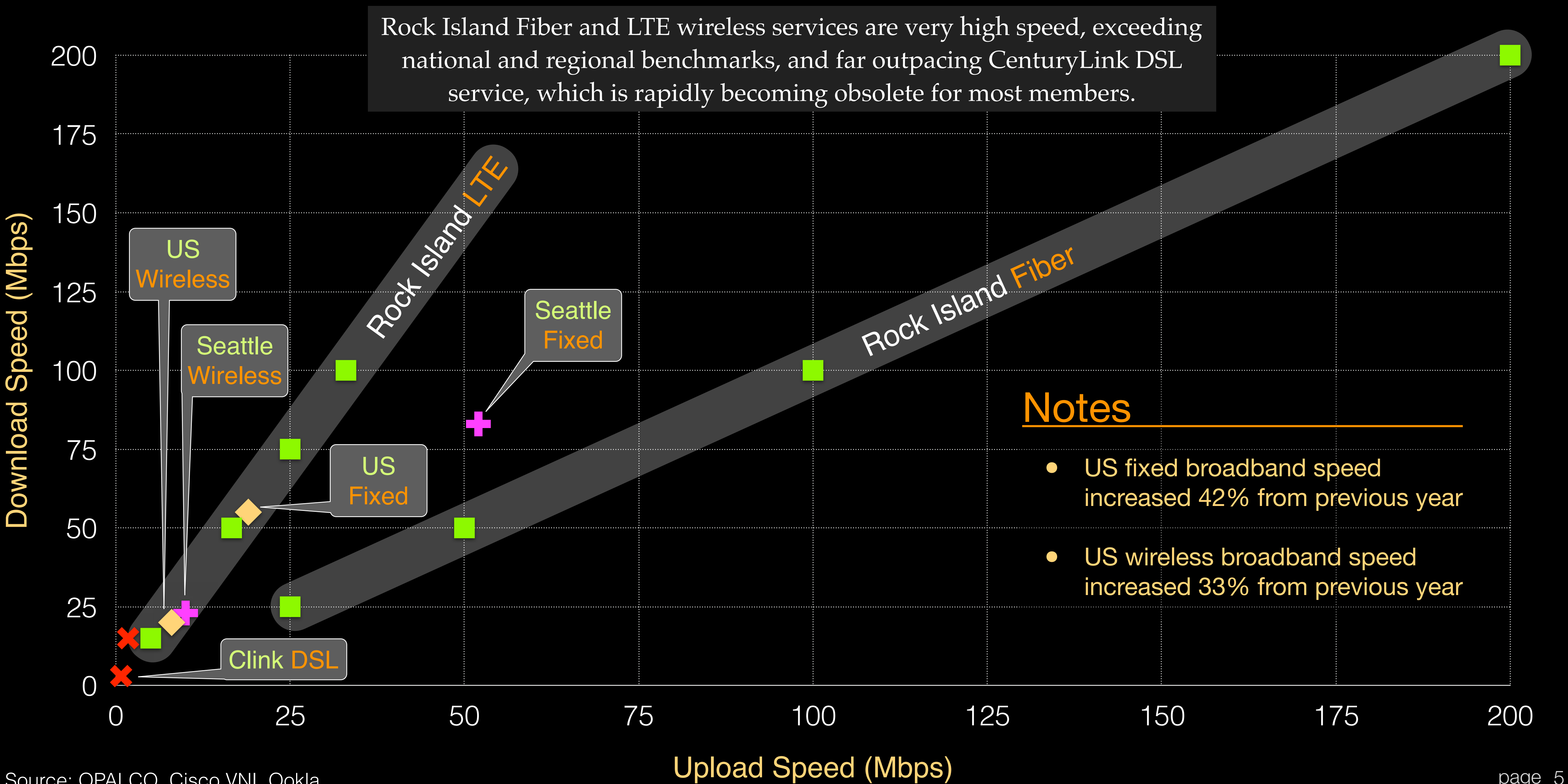
- Dividends that flow through from Rock Island to the Co-op, starting in 2021, that will help keep electric rates lower than normal inflation.

The next few slides detail some of these benefits...

Historic Broadband Transition: DSL to Fiber/LTE

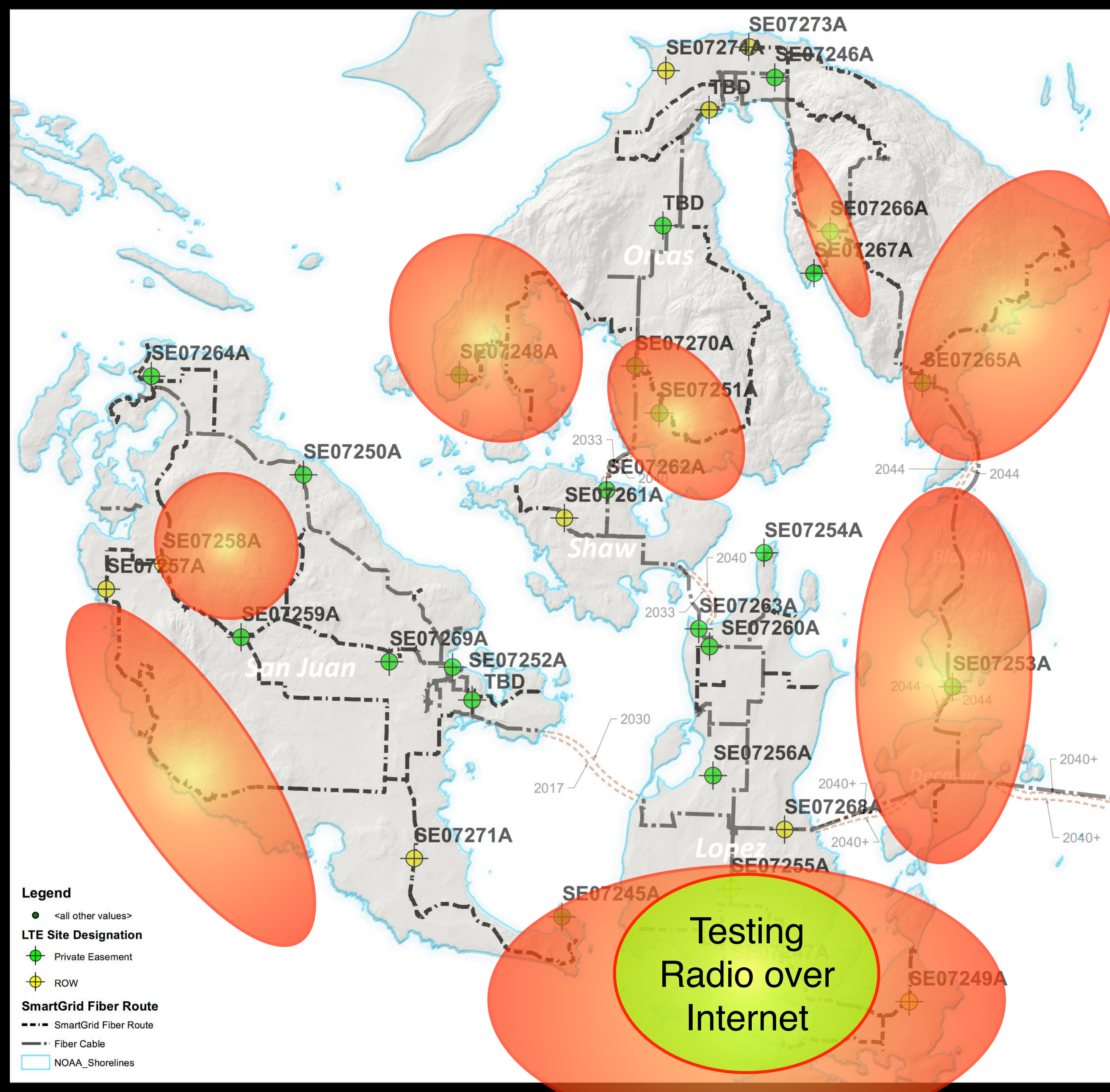


2016 Rock Island Internet Speed Comparison: Fixed + Wireless Broadband



LTE Wireless Improves Safety

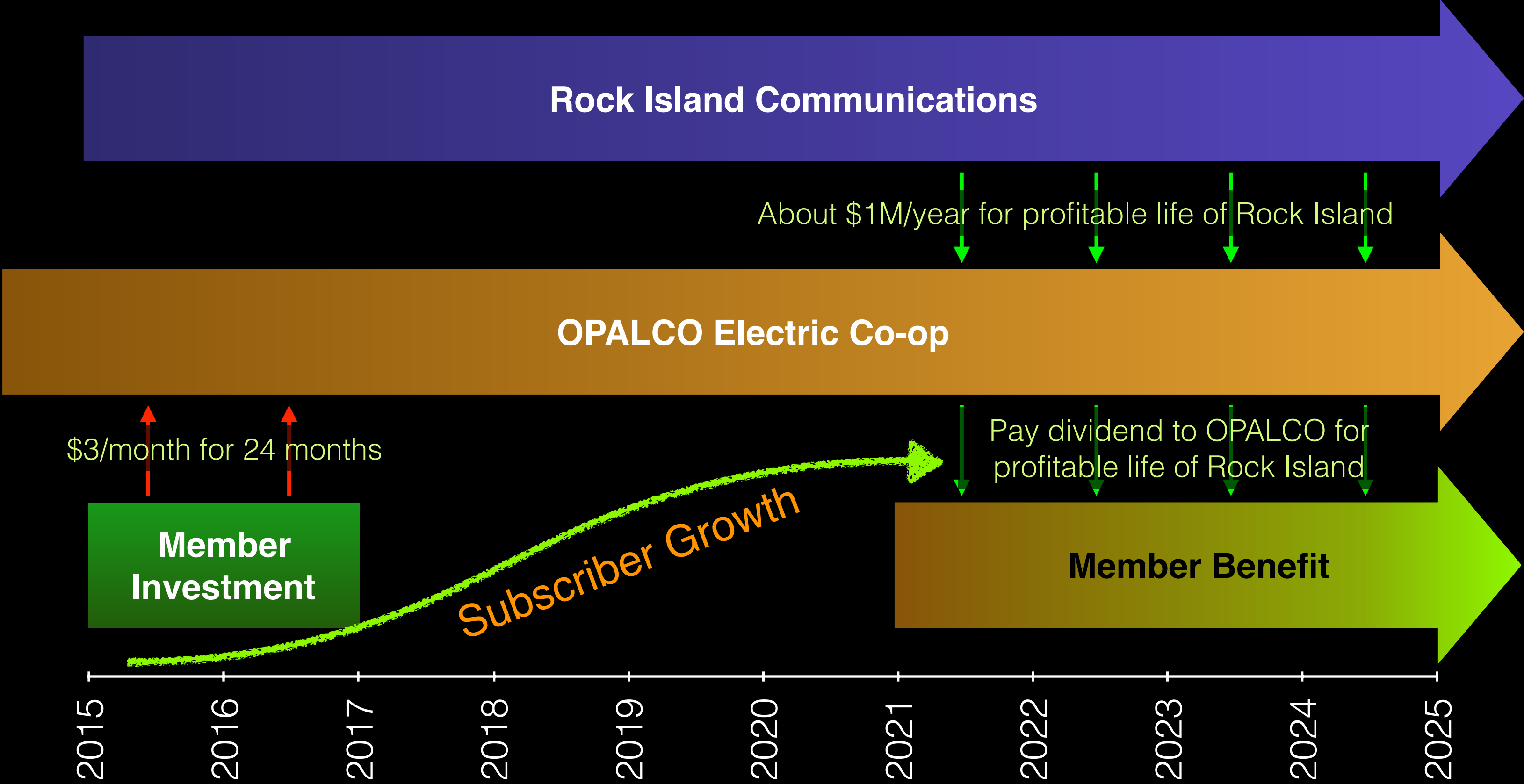
- First responder communications are problematic in 8 dead zones across the county
- Rock Island and first responders are testing VHF Radio over Internet in South Lopez
- “75% of cellular phone calls to 911 are problematic” Dr. Bob Wilson, emergency medical services on-call doctor, Lopez Island
- Emergency services personnel use cell phones as backup for their VHF radios
- OPALCO is installing state of the art LTE wireless service on 38 OPALCO poles
- Most of county should have quality cellphone reception by end of 2017 via T-Mobile network on OPALCO fiber backbone



How Investment in Rock Island Benefits Co-op Members: **Member Dividend**

Headline

- **Member Investment:**
 - \$3/month for 24 months (2015 to 2016)
- **Member Dividend and Benefits:**
 - Profit from Rock Island flows back to OPALCO as an additional revenue stream, which helps further stabilize co-op finances and rates
 - Vibrant local economy empowered by Internet-enabled businesses that lift us up beyond the confines of a tourist economy
 - Better communication in neglected parts of the County, especially first responder safety
 - Prepares us for the smart homes and local renewable energy of the not-so distant future
 - Unlimited access for education, advances in rural tele-medicine delivery, and much more



Co-op and Rock Island Audits

OPALCO costs and Rock Island costs are kept separate

This separation is critical for legal and financial reasons.

Each company is independently audited.

Additionally, OPALCO is audited by the Rural Utility Service, as all projects they finance must be reviewed and approved by them and must be for purposes of providing electricity to the membership.

The IRS provides a third layer of separation since OPALCO is a nonprofit and Rock Island is a wholly owned for-profit subsidiary.