



Quick Co-op Facts: Rock Island & OPALCO

Rock Island is OPALCO's wholly-owned subsidiary. Together they have built a hybrid fiber and LTE wireless network to meet the needs of our rural, remote territory. This robust communication system solves multiple critical needs including improving public safety, controlling OPALCO's electrical system maintenance and outage costs, and providing a connection to resources and the greater world.

- OPALCO gave Rock Island an initial start up loan for \$5M and was paid back in 2016.
- OPALCO members contributed \$1M to support Rock Island's initial debt service on the loan through a monthly charge on power bills of ~\$3/member over 24 months (2015-2016) for a total of \$72 per member. This limited member investment was and remains the only impact to member bills.
- OPALCO is a 100 percent equity owner of Island Network LLC, doing business as Rock Island Communications. OPALCO maintains ownership of our backbone infrastructure, while Rock Island owns all distribution assets they have installed.
- As of year end 2018, Rock Island has almost 5,000 subscribers, with positive cashflow expected in 2019-Q3. Beginning in 2024, Rock Island is forecast to generate \$8.7 million annually. A portion of Rock Island profits will come back to the Co-op to help slow electrical rate increases in the future.
- The expansion of fiber and the addition of 38 LTE sites throughout our remote island territory has increased the safety and communication for our crews in the field. It enables greater automation of our electrical system through installation of more devices in the field that can be monitored and controlled remotely.
- Rock Island's rapid deployment of technology has given us a leap of progress in preparing our grid for the foreseeable future of balancing more member devices on the system, more local distributed power and positioning OPALCO to serve as a balancing authority as we move toward a more transactive energy world when members will take control of their energy usage, local generation and storage.
- High-speed, two-way communications is the solution to the biggest challenge facing utilities today as they embrace more and more renewables and local distributed power. This project provides us with the perfect platform to meet our current and future needs.
- Board Strategic Directive #11: Manage OPALCO's wholly-owned subsidiary to provide our membership high quality, reliable internet, voice and communications services. Prioritize communications to emergency responders and fiber to the home deployment while continually improving wireless services and maintaining key partnerships.
- Rock Island Governance: Policy 1 states, "The Board shall also oversee any subsidiaries of the Cooperative. Such oversight shall include regular updates from the General Manager, financial performance review, business plan and strategy review, review and approve debt increases, and consistency with overall Strategic Directives."

Reference links from OPALCO's online Resource Library:

Rock Island Business Plan:

www.opalco.com/wp-content/uploads/2018/12/2019-Rock-Island-Business-Plan-FINAL-12_20_2018.pdf

2019 Budget:

www.opalco.com/wp-content/uploads/2018/12/2019-Budget-Report-FINAL-rev-12.14.18.pdf