ORCAS POWER AND LIGHT COOPERATIVE
2025 BUDGET REPORT

MEMORANDUM

Date: November 20, 2024

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2025 Budget Presentation

Attached please find our 2025 Budget Presentation. Consistent with last year's projections, staff is recommending a 6% average rate increase for the 2025 budget year and forecasting 6% over the following four years. Staff is recommending that our 2025 budget revenue increase from $39.7M (projected 2024) to $42.8M to meet our financial, operational and capital project commitments. The projected figures for the years 2026 through 2029 are for reference only, as future years will be reviewed annually during our normal budgeting process.

OPALCO had very high statistics for power reliability throughout 2024 (99.9%) as we continue to future proof the power grid throughout the islands. Upgrading major substations like we did with the Friday Harbor Substation this year (and are projected to do for the Eastsound Substation in the coming years) will enable predicted load growth and increased redundancy. The first quarter of 2025 is expected to be a cold weather period. As included in the 2025 budget load forecast, OPALCO is expected to sell more power, which will keep the rate increase at 6% as we have been forecasting for the last several years.

The revenue required to meet our financial obligations is broken up evenly into three categories as follows:

- Power Costs: Rising by ~18% when incorporating all cost factors including losing the BPA power dividend distribution
- Labor Costs: Continual annual increases based on the union contract
- Capital & Interest Costs: High inflation and rising interest rates

Most expense categories are rising. This is driving higher power bills for OPALCO members for 2025 and into the foreseeable future. OPALCO will continue to encourage members to utilize our on-bill financing program, Switch It Up, to encourage beneficial electrification and conserve energy which will help members save money on their rising bills and save energy for the planet.

OPALCO also needs to prepare for upcoming challenges:

- Financially intensive capital projects (submarine cable replacements and substation upgrades)
- Increasing cost of power in our region due to legislative mandates
- Climate change driven weather volatility
- NIMBY sentiments making it difficult to get renewable energy projects completed
- Load growth due to electrification of heating and transportation

The OPALCO team is positioned to face these challenges with a strong and committed Board of Directors, leadership team, and staff.

2025 Focus

The Island Way Campaign will continue to tell the big regional story and to inspire the membership to get involved as we work towards the carbon free energy world. Communication efforts will continue to get out the needed information about this big energy transition story of rising costs and lack of clean energy sources.

OPALCO will have an in-depth rate analysis to determine the future of power rates and how to fairly allocate the cost throughout the membership. OPALCO's rates continue to collect the revenue needed for fixed costs through our variable energy costs. Energy usage varies year-to-year due to weather fluctuation that can lead to revenue shortfalls. Throughout 2025, OPALCO will have presentations and analyses of a variety of solutions – there will be a priority to engage the membership along the way. This is a critical topic that has no easy answer. The analysis will weigh out the pros and cons of differing rate structures and will need to avoid rate shock. Additionally, OPALCO wants to encourage all electric homes while discouraging wasteful energy usage.

OPALCO has a strong internal culture, and the next generation of employees are here and ready to take the company forward. Staffing levels were only 46 employees through 2024 due to unexpected departures and due to the highly competitive environment for qualified line workers among electric cooperatives. OPALCO filled four open positions in 2024 and expects to fill six more vacancies in 2025 to bring the total FTE up to 51. With housing scarcity and inflationary cost of living challenges, hiring has been difficult. OPALCO is budgeting for worker housing to be developed on the back lot of the Eastsound headquarters in 2025 to address employee hiring challenges.

Inflation is driving escalating expense in the budget: supply chain issues, rising cost of materials and hiring costs are all contributing to a higher cost of service for the same level of system reliability.

OPALCO is committed to programs that help its most vulnerable members keep up with the rising cost of power. The 2025 Budget once again raises the Energy Assist bill credit amounts to offset the rate increase. Additionally, OPALCO will continue to support and promote Project Pal for low-income members.

The 2025 budget continues to align our operations to the mission statement of providing safe, reliable, cost effective, and environmentally sensitive utility services. This budget prepares OPALCO to meet the marks set out in our energy road map:

> TODAY: Make the most of our available resources. Incentivize transitioning to all electric homes and allowing the membership to install rooftop solar and battery storage projects through the Switch it Up program. Reduce members' total energy budget through electrification of transportation and heating.
>
> TOMORROW: Increase local resilience. Embrace as much local utility-scale renewable energy generation as the co-op membership supports. Leverage the dynamic grid and build emergency back-up power for emergency services. Prepare for grid parity when renewables (local and regional) will be less expensive than our mainland power provider. Explore demand response programs to reward time of use and peak shaving technologies. Explore rate structure options that guarantee collection of revenue to cover fixed costs of operations.
>
> FUTURE: Give members more control. With the devices and connections OPALCO and Rock Island facilitate, members will participate more actively in making decisions about their power usage in response to real time price signals and demand response. OPALCO's system must evolve to include the equipment, automated control and power supply capacity necessary to manage full adoption of EVs, local distributed power generators and battery storage units – as well as smart home appliances and devices.

The 2025 budget includes some key capital projects:

- Bailer Hill Microgrid Project (on San Juan Island) delayed due to the San Juan County permitting process
- Eastsound substation transformer purchasing
- Center Island submarine cable replacement project (delayed from 2024);
- Jackson Beach Pole Relocation in collaboration with the San Juan County Salmon Recovery Project
- Continue replacement of URD distribution and transmission poles
- Right-of-way clearing continues to be top priority throughout the County to safeguard our service territory against wildfire risk

The rate increases forecast for the next four years must reposition the Co-op's equity for major capital projects on the horizon including several costly submarine cable replacement projects.

Staff recommends the Board make a motion to approve the 2025 budget as submitted, including a 6% rate increase to be applied equally across the fixed and energy charges. Individual tariffs would come before the Board for a second read in December with the increase applied to all tariffs for review and approval.

BUDGET NARRATIVE

Mission:

OPALCO serves our members with safe, reliable, cost-effective and environmentally sensitive utility services. Our mission drives our budget in the following ways:

✓ Safety – OPALCO has a rigorous safety program for all employees and provides safety information to members through classroom visits, demonstrations, field assistance, and the website. The right-of-way (tree trimming and brush clearing) program is key for system reliability and fire safety. OPALCO depends on member cooperation to address right-of-way issues in a timely manner. The Co-op is committed to continually improving and fortifying our safety programs. OPALCO's grid is critical for the safety of our community, wildfire prevention, and especially our crew members in the field. OPALCO's grid connects the County to real-world services for education, economic development, and quality of life.

✓ Reliability – OPALCO's system provides power 99.9% of the time to its members. This is a reliability rating to be proud of. We continue to budget for replacement of the old unjacketed underground cable (referred to as URD) system wide. This trend will continue with prioritization of replacement targeted at the areas with higher failure rates. With each URD project, where needed, we include fiber and increase the reach of our fiber network and therefore the reach of our monitoring and control system. Upgrading our critical substations that serve our population dense town centers and serves the emergency services, will continue to increase our resiliency for the next generation of islands.

✓ Cost Effective – Our capital construction plan is designed to maximize system efficiency and make best use of member resources. The continual expansion of our grid and fiber-connected devices on our system, helps to contain costs by putting control of the system in the hands of crew members wherever they are.

✓ Environmentally Sensitive – OPALCO has critical infrastructure installed throughout our beautiful and fragile island environs. Doing the right thing comes at a cost that is reflected in our cost of service and OPALCO is committed to good stewardship, working within the County's Critical Areas Ordinance, complying with all permitting requirements, and keeping as low a profile as possible to maintain island character. In every project, OPALCO's vision of sustainable island communities keeps us focused on best practices and member education to protect ocean health and do our part to mitigate the effects of climate change.

Load Forecast:

The Load Forecast is the heart of the budget and the most precarious aspect of our forecasting. The forecasting drives our power cost, which is one-third of our expenses, and our energy (kWh) sales which is two-thirds of our revenue. The energy management team of PNGC (Pacific NW Generating Cooperative) assisted us with load forecasting for this budget. They bring valuable industry expertise and resources to our Co-op to help us navigate the rapidly evolving energy market.

Forecasting is challenging. Our team uses every available tool to gage what impact the weather may have on our Cooperative; we incorporate analysis from various sources which include BPA's climatologist, the National Oceanic and Atmospheric Administration (NOAA), the Office of the Washington State Climatologist, and other Northwest climatologists. We also consider local weather and historical data, including air temperature, water temperature, wind speed and direction, and precipitation.

Weather drives heating load. OPALCO's load peaks in the winter, in large part due to increased heating load. Predicting the weather for the year ahead is fraught with uncertainty due to variations of temperature, wind and humidity and yet we depend on weather forecasting to meet our budgetary commitments. In 2025, the forecast is for a shift to a slightly La Niña weather pattern with projected kilowatt hour purchases of 235M

kWh. As a point of reference, OPALCO's load has averaged 224.5M kWh, ranging between 204M (2015) – 241M (2022) kWh. While predicting the weather beyond a few days or weeks with any certainty is not possible, we can use trends to forecast likely scenarios.

Based on the predicted weather pattern, we estimate our purchasing load to be 235M kWh. With that information, we set rates accordingly – to generate the revenue to pay for the expenses. The science of forecasting is imperfect: if it ends up being colder than we forecast, member bills are higher than budgeted and we end up with more money than needed to cover co-op expenses; if weather was warmer than forecast, member bills are lower than budgeted, and we end up with less money than needed to cover expenses. To combat this unavoidable situation, the Energy Charge Adjustment (ECA) works well to partially offset weather volatility.

BUDGET ASSUMPTIONS

GENERAL:

General Inflation Rate:

The general annual inflation rate has been projected at 5% for year 2025, and 5% through 2026-2029. We use the US Department of Labor, Bureau of Statistics, Seattle-Tacoma-Bellevue consumer price index as the baseline for inflation.

2025-29 Budget Basis:

The 2025-2029 budgetary figures have been forecast with the use of actual activity from January through September 2024 and adjusted 4th quarter 2024 projections.

Power Cost Projections:

- Over 90% of the power resources we depend on are sourced from our Federal Hydro System via PNGC.
- BPA operates on a two-year rate cycle. 2025 is the second year of their current rate case. In 2025, we are budgeting for an overall flat rate impact in BPA kWh charges over 2024, resulting in >16% per kWh cost increase. The BPA rate also includes fish spill & oversupply surcharges, potential power cost recovery adjustment clause (CRAC) increase, demand charge volatility, residential exchange charges and TIER 2 power costs. OPALCO works closely with PNGC to identify these cost increases.
- Please note that power costs were reduced in 2024 due to a BPA dividend distribution of $662K that was applied to power costs from January to September 2024, distributed ~60/40% to power cost line item and the Energy Charge Adjustment line.
- From 2026 through 2029, we have maintained a 5% BPA cost increase for each year, with specific adjustments in years for known increases. Market indicators are showing that power costs will be escalating.
- We will be closely monitoring load growth which is expected to be about 1% for 2025-2029.

Labor:

- Staffing levels will be 51 full-time OPALCO employees from 2025 through 2029 depending on ability to fill all funded positions (see organization chart).

- The general wage increase is in accordance with the current estimated Collective Bargaining Agreement.
- The benefit growth assumptions are in accordance with 2025 NRECA and LineCo rate projections based on the changes to the benefits package.

Capital Projects:

- The 2025 capital projects are based on the 2021 – 2025 RUS Construction Work Plan (CWP). The CWP is derived from outage analysis, system monitoring and system modeling based on load growth projections along with current system loading. The goals are to continue to achieve our Strategic Directives including safety, voltage stability, greater system reliability and overall system efficiency.
- Planning – Engineering completed the 20-year Long Range Plan and 2021-2025 Construction Work Plan (CWP) with the supporting Environmental Report for the CWP for submittal to USDA RUS. These plans follow growth and planning projections for renewable resources as anticipated in the IRP to ensure our system is built to handle electric vehicle integration, electrification of the ferries, fuel switching and remains stable with the integration of distributed resources (batteries, roof-top solar, etc.) and utility resources to include community solar, utility scale solar, utility scale battery systems, tidal generation, etc.
- Distribution System:
    - New Services are trending slower; staff expect this to return to normal ~1% growth in 2025. Please note, contributions in aid of construction (CIAC) offset new member construction expense.
    - Underground Residential Distribution (URD) replacement will continue based on the following criteria: age, cable type, neutral degradation and, most importantly, outage frequency and outage duration. There are approximately 72 miles of unjacketed URD to replace system-wide over time with problem areas mapped for priority scheduling. In 2025, 10-15 miles of URD is slated for replacement at a budgeted cost of ~$2.7M. Staff expect an average annual spending of ~$2.7M for the foreseeable future for replacement of unjacketed URD. In addition to these replacements an average of $1M of replacements are anticipated in association with the ARPA Fiber Grant projects, which will take advantage of a reduced cost shared trenching effort. OPALCO joint efforts with ARPA project is anticipated to continue into 2026.
    - Conversions, Line Changes and Tie Lines - upgrading lines to carry greater capacity and increased ability to reroute power, in addition to the replacement of the Center Island submarine cable.
    - Initiate meter replacement program in 2025, which has an expected completion date of 2028.
    - Sectionalizing Equipment expenses will be to automated switches on our system to improve reliability and give us greater visibility into our system.
    - Grid Control Communications Infrastructure (fiber) expansion to install conduits for future fiber jointly with other projects, expanding the original fiber backbone and maintenance of active sites.

- Transmission System – Projects include the routine replacement of transmission poles and realignment of pole locations for increased reliability, reduced tree trimming and coordination with a San Juan County salmon recovery project. Additionally, the transmission line across Jackson Beach on San Juan Island will be relocated in collaboration with the San Juan County Jackson Beach salmon recovery project.
- Substation/Community Solar
    - Energy Storage System (ESS) – includes the San Juan Microgrid with offsetting funds from a WA DOC grant (50% matching funds for the battery). This storage system will be twice the size of the Decatur Microgrid Project and will provide four complementary functions that enhance grid reliability and operation, and community solar array performance, while increasing storage system "capacity factor" and saving money on our power bill from BPA.
    - Community Solar Project – This project will have offsets from member contributions in addition to the WA Department of Commerce CEF3 Solar grant funding of $1M for the allocation of the output to OPALCOs low-income fund. Permitting, supply chain and labor availability continues to create delays in the project.
    - Eastsound Substation – Redesign of this aging substation is essential as it has reached capacity. Purchasing for this project will begin in 2025 though actual construction won't start until 2026.
    - Future years include the replacement of aging (> 40 years old) substation transformers.
- Facilities – the 2024 capital project budget (line 1300) includes project (permitting, site preparation, design, etc.) for worker housing development on OPALCO's Eastsound headquarters back lot with 2025 forecasted for construction.

Energy Savings:

- OPALCO continues to offer RESP funds for the on-bill financing program. Member participation has maintained a high level, and even increased in 2024 and we are anticipating similar levels of participation in 2025. Please note the on-bill financing rate will be increased from 2% to 3% for new Switch It Up projects.
- We are anticipating our new Community Solar project will be available for member purchase in late 2025.
- BPA/PNGC pass-through rebates will continue for ductless heat pumps, weatherization, commercial lighting, and appliances. Members can apply for rebates online. BPA is now offering higher rebates for low-income members to incentivize beneficial electrification and conservation.
- Beneficial electrification (fuel-switching) rebates are offered again in 2025. More self-funded incentives for ductless heat pumps (60) and EV charging stations (60) will be available. These conversions bring new load (kWh usage) and revenue, and help members breach the cost barrier for these appliances. Switch it Up participants will also receive beneficial electrification incentive off the principle of their projects.

Increasing Support for Local Renewable Projects:

a. Low-Income Access to Solar Benefits
   - OPALCO's primary strategy to provide access to solar benefits for low-income households is to apply grant funding for community solar projects to fund the Energy Assistance Program (EAP) and help it keep up with the rising cost of power.
   - Subscribers to community solar are given the option to donate all or some of their solar production credits from OPALCO-owned community solar projects into the Energy Assist program to assist low-income members and provide access to the benefits of solar.
   - OPALCO will continue to pursue grant funding to provide access to the benefits of solar for low-income members.

b. Rooftop Solar
   - OPALCO offers on-bill financing for solar installations and energy (battery) storage projects through the Switch it Up! Program. Terms and financing amount per meter to be determined.

c. Commercial Solar
   - OPALCO will work with Sustainable Connections to provide incentives, technical assistance and access to federal grants for commercial solar projects.
   - OPALCO will pursue grant funding to offer solar workshops tailored to business/commercial members.

Capital Credits

- Capital credits pay out cash planning is based on an average 25 year pay back cycle (remaining 1999 capital credits in 2024) plus an additional "smoothing" payout amount (~47% portion of 2000 in 2024). $1.5M in capital credits are expected to be retired in 2024 going up to $1.6M in 2027 through 2029 and $1.7M in 2031. The goal is to smooth out the low and high year payouts by using an average rather than strict year total.

Energy Assistance Program:

- The 2025 Budget includes a continuation of ~$196k for low-income monthly bill credits, which range from $38.92 (single person household) to $76.08 (six-or-more-person household) per month, and not to exceed the total bill amount. The Energy Assistance Program is funded as a line item on all member bills (approximately $0.94 on the average residential bill). Outreach continues to encourage participation.

Communications

- Member Engagement – the primary activity of the Communications budget in 2025 is increased member engagement through direct in person outreach, dynamic social media campaigns, and membership surveys. The Island Way member engagement campaign will offer a fresh round of workshops and events, promote member investment in the Bailer Hill Microgrid Project, and encourage

beneficial electrification and efficiency projects (EVs, rebates, etc.). Outreach to educate members about rates will be a priority in 2025.

- Website – new website analysis tools and an Action Hub to increase grassroots engagement will be implemented. Continual member experience improvement projects are ongoing. During the rate analysis discussions, there will be tools on the website to help the membership understand the pros and cons of different rate scenarios.
- Annual Meeting – As we did in 2024, the business portion of the meeting will be on April 24th and will be a virtual format designed to meet the requirements and announce election results. The day after the business portion of the annual meeting (April 25), the Annual Member Festival ("Annual Meeting") will be held in person at the San Juan County Fairgrounds will include family activities, prizes, informational booths, a BBQ lunch and EV Jamboree.
- Grant Funding – OPALCO is committed to continuing to pursue grant funds that benefit the membership. OPALCO is expecting that the existing grant awards will continue. However, the availability of future grant funding is uncertain.

OVERALL SUMMARIZATION:

1. **Revenue:**

   For 2025, staff recommends a rate increase of 6.0%, equating to a total revenue increase of ~8% as we continue to monitor uncertain weather patterns, especially in Q4. The Energy Charge Adjustment (ECA) will continue to be in place to alleviate the impact of uncertain weather patterns on rates.

2. **Operating Margins:**

   Per Staff recommendation, projected operating margins are as follows: $6.1M in 2024 (projected), $4.9M in 2025 (budget), $4.7M in 2026 (forecast), $5.7M in 2027 (forecast), $5.9M in 2028 (forecast), and $6.4M in 2029 (forecast).

3. **TIER & OTIER:**

   Per Staff recommendation, TIER is as follows: 4.42 in 2024 (projected), 3.31 in 2025 (budget), 2.99 in 2026, 3.34 in 2027 (forecast), 2.97 in 2028 (forecast), and 2.82 in 2029 (forecast). OTIER is as follows: 4.01 in 2024 (projected), 2.99 in 2025 (budget), 2.67 in 2026, 3.01 in 2027 (forecast), 2.70 in 2028 (forecast), and 2.57 in 2029 (forecast).

4. **Equity % of Total Capitalization (includes Switch It Up loans):**

   Per Staff recommendation, Equity % of Total Capitalization is as follows: 43.4% in 2024 (projected), 41.5% in 2025 (budget), 41.8% in 2026 (forecast), 43.0% in 2027 (forecast), 45.0% in 2028 (forecast), and 47.2% in 2029 (forecast).

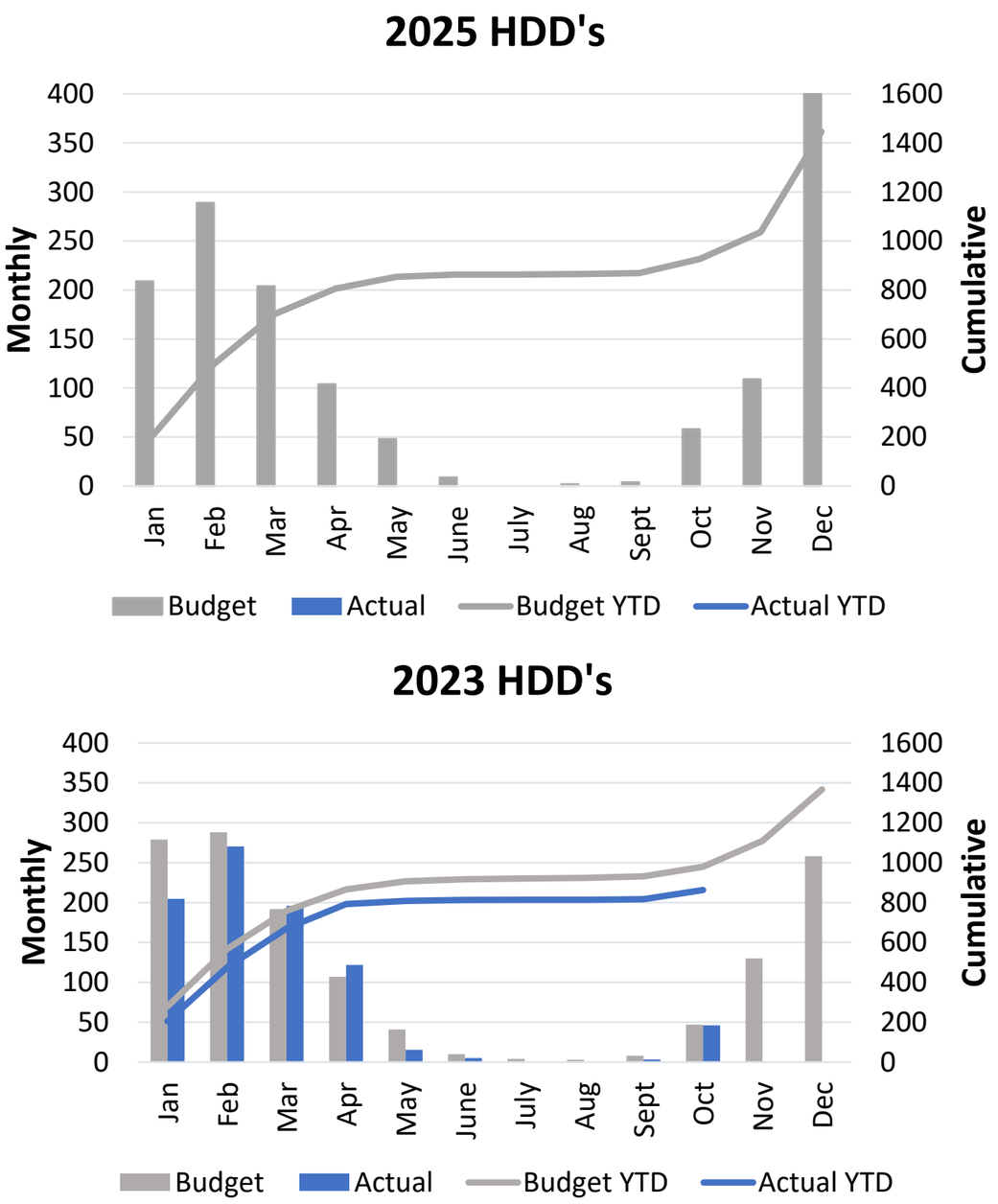
5. **Debt:**

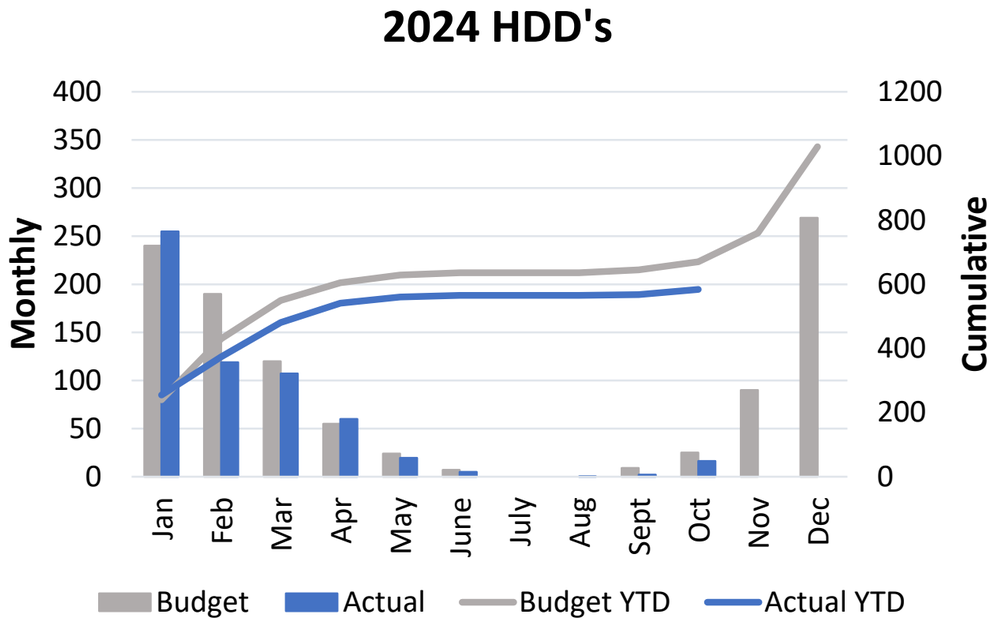
   We anticipate borrowing from the RUS-Treasury $10.8M in 2025, $7.7M in 2026, $7.7M in 2027, $6.7M in 2028 and $6.6M in 2029 for capital projects. This assumes that capital project funding in 2025-29 is approximately 55% through RUS-Treasury and 45% through member rates. We anticipate using our approved RUS (Treasury) loan funds and have estimated interest rates at 5.5% for 2025 through 2029. RUS Rural Energy Savings Program (RESP) funds will be borrowed at 0% over a 10-year period as member demand defines, to provide on-bill financing to members for efficiency / fuel switching measures. RESP borrowing has been projected at $8M for the year 2025 and ranging from $4-8M per year for 2026-2029. $27.8M in RESP funds are available for 2025 (see table below).

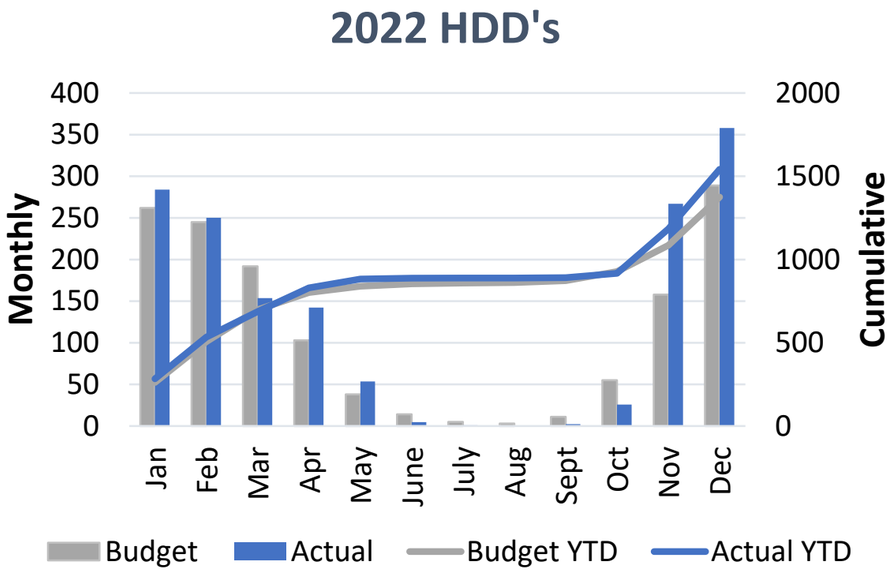
	Total (in millions)	Remaining Available
RESP 1.0	5.80	-
RESP 2.0	15.00	4.00
RESP 3.0	26.00	24.96
	$ 46.80	$ 28.96

2025 Budget:
Weather Trends

2025 Budget: Heating Degree Days





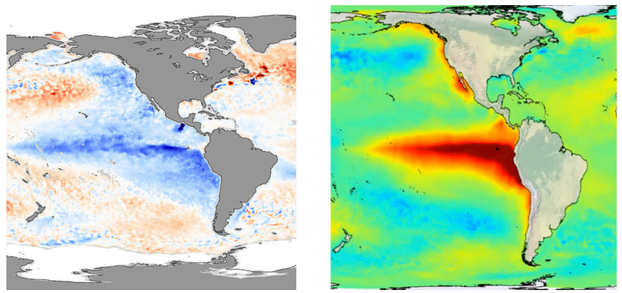


2024 Load Forecast (1 of 2)

1 Global Weather Perspective: Oceanic Niño Index (ONI)

*Our winds prevail from the south, and the air temperature is influenced by **southern** hemisphere El Niño and La Niña cycles*

Southern Hemisphere Pacific

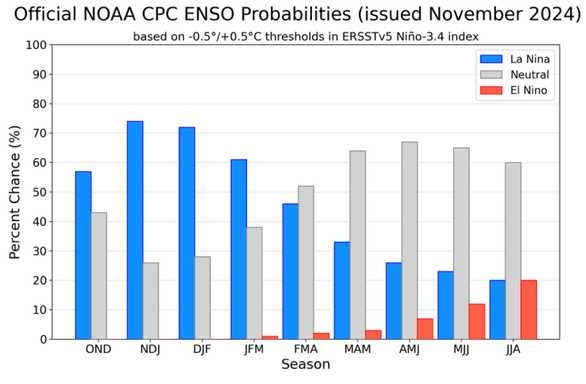


La Niña
(cooler winters)

El Niño
(warmer winters)

Source: NOAA

2 Global Weather Perspective: Oceanic Niño Index (ONI) Forecast



La Niña is most likely to emerge in October-December 2024 (57% chance) and is expected to persist through January-March 2025

Source: NOAA

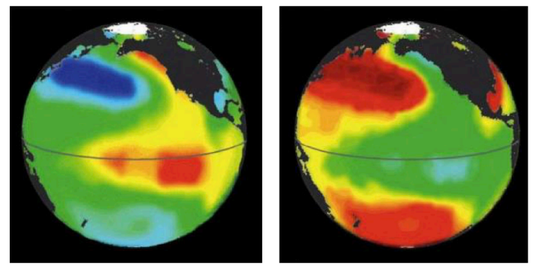
Notes

- El Niño/Southern Oscillation (ENSO)
- Global perspective - influences NW, but other factors pertain too - e.g. Pacific Decadal Oscillation (PDO), local wind, sun, rain, overcast, etc.

3 NW Weather Perspective: Pacific Decadal Oscillation (PDO)

*Our air temperature is also influenced by **northern** hemisphere PDO which effects nearby ocean temperatures*

Northern Hemisphere Pacific

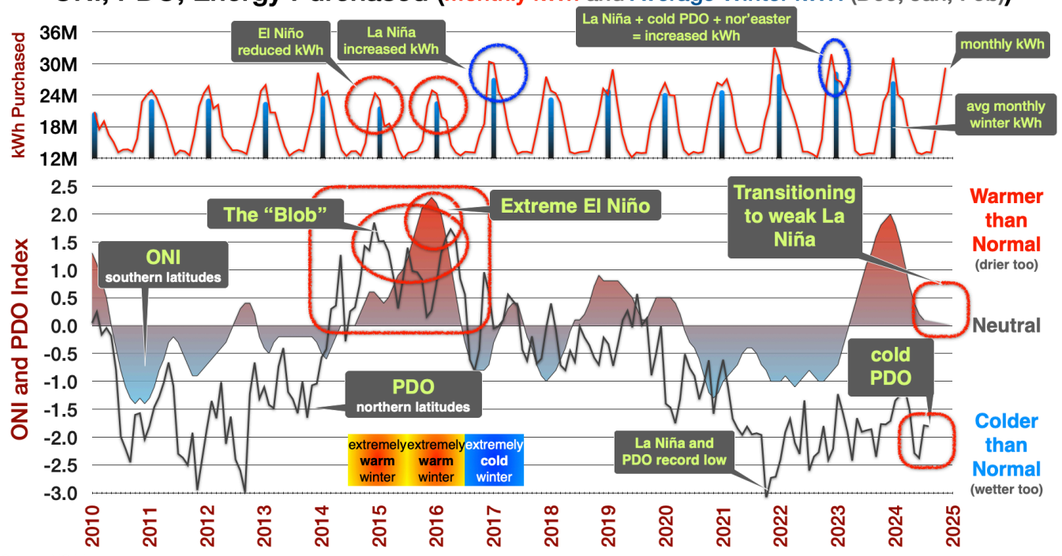


Cold PDO

Warm PDO
(The "Blob" 2016)

Source: NOAA

4 ONI, PDO, Energy Purchased (Monthly kWh and Average Winter kWH (Dec, Jan, Feb))



Source: NOAA

2024 Load Forecast (2 of 2)

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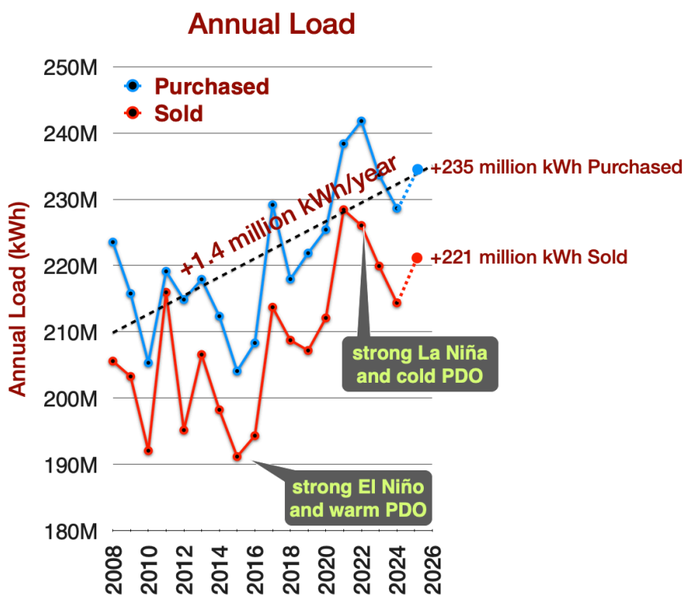
OPALCO Annual Load Trends and Projection for 2025



Notes

- NOAA forecasts 2025 will be a very weak La Niña. The PDO is currently cool, which may reinforce cooler conditions.
- Annual Load has been growing at 1.4 million kWh per year, driven by population growth and fuel switching to electric heat and EVs.
- Summer load is trending down with energy efficiency improvements and local solar generation.
- Winter load, despite HDD warming trend, has slowly increased as COVID drove snowbirds to spend more time here in winter, and members shift to electric heating and driving which is lower cost compared to propane and gasoline.
- 2016 was a strong El Niño, on top of a very warm PDO (the “Blob”).
- Recent years have had nor’easter winter load spike wild cards that can create unpredictable kWh upside.

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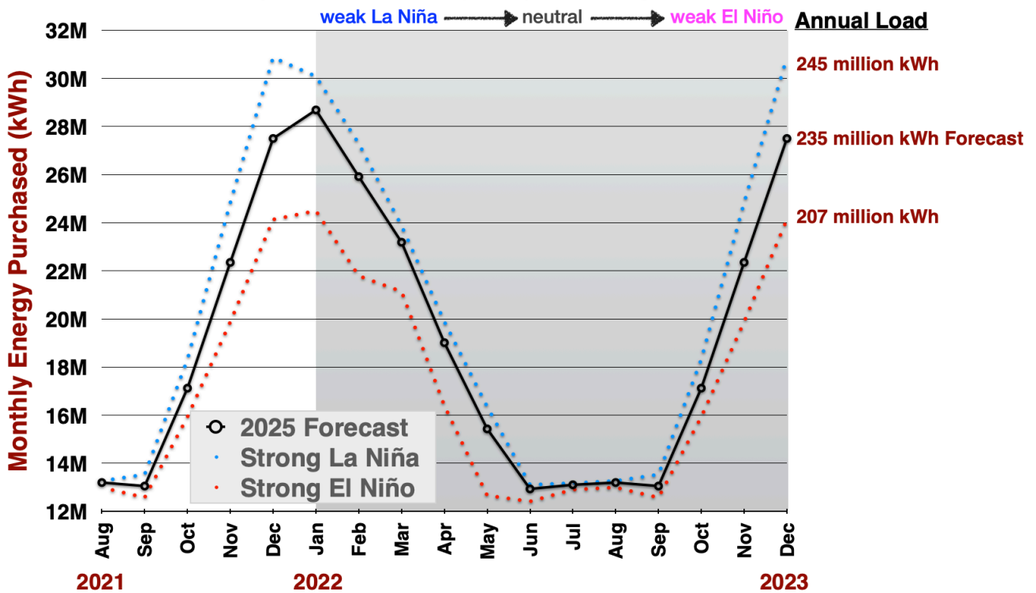
Monthly Energy Forecast: With El Niño, La Niña Historic Boundaries

Weak La Niña, driven by cooler ONI and PDO, possibly transitioning to warmer weak El Niño next winter.



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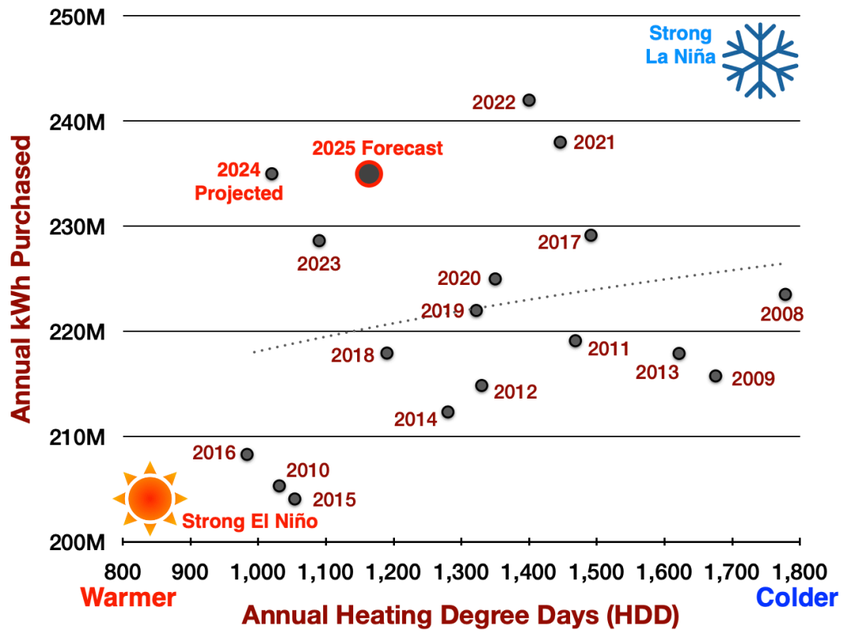
2025 Load Forecast: Transitioning to Weak La Niña Cycle

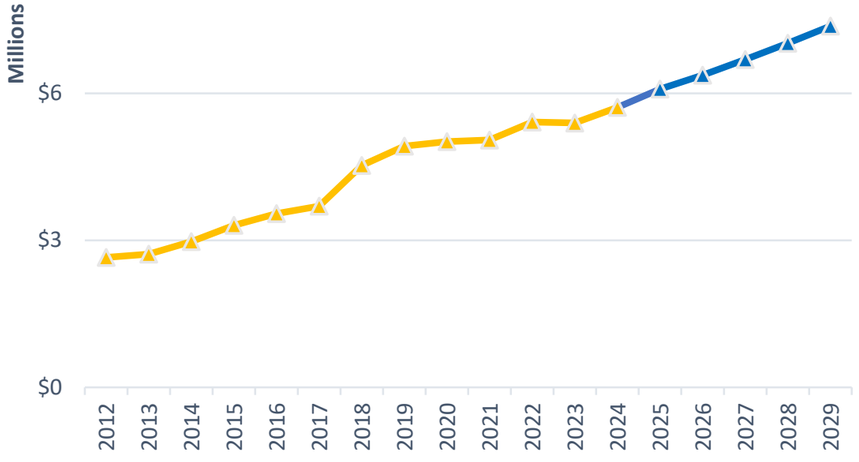


Note:
The Load Forecast actuals can vary widely due to unpredictable weather conditions, particularly winter nor’easters, which bring in very cold arctic air, in contrast to the prevailing warmer winter southerlies.

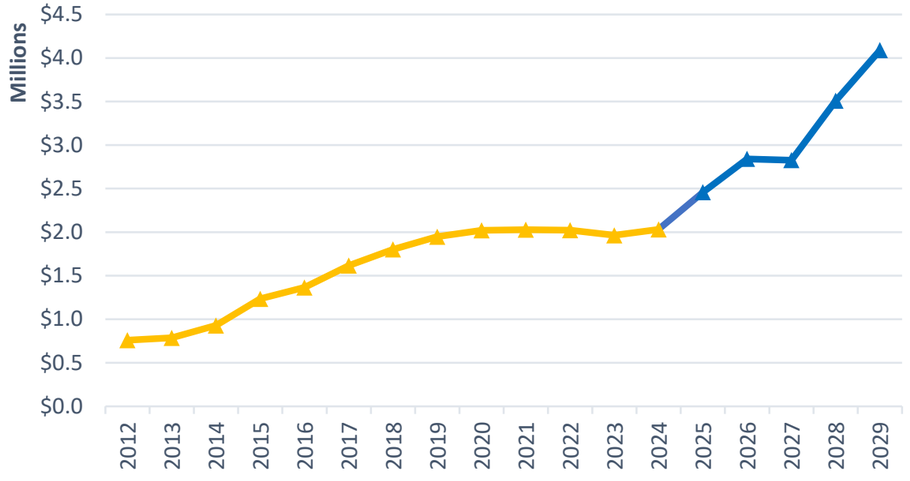
2025 Budget:
Financial Highlights

2025 Budget: Financial Metrics

Depreciation & Amortization



Interest



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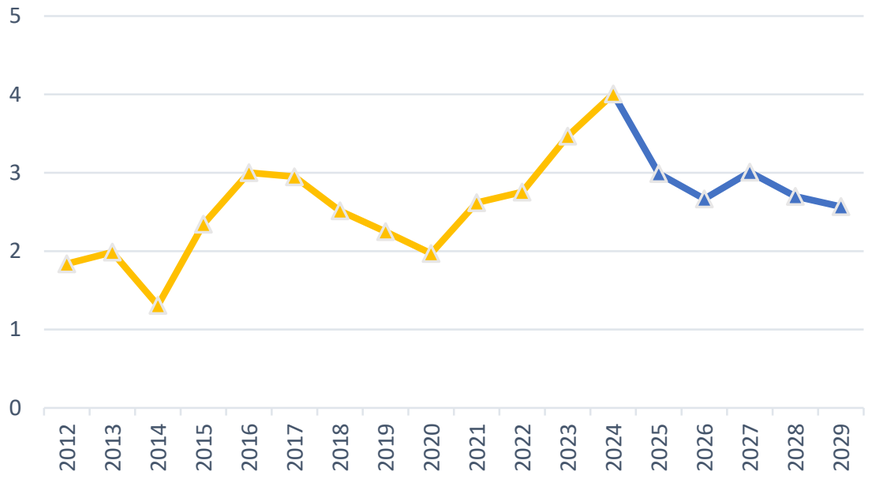
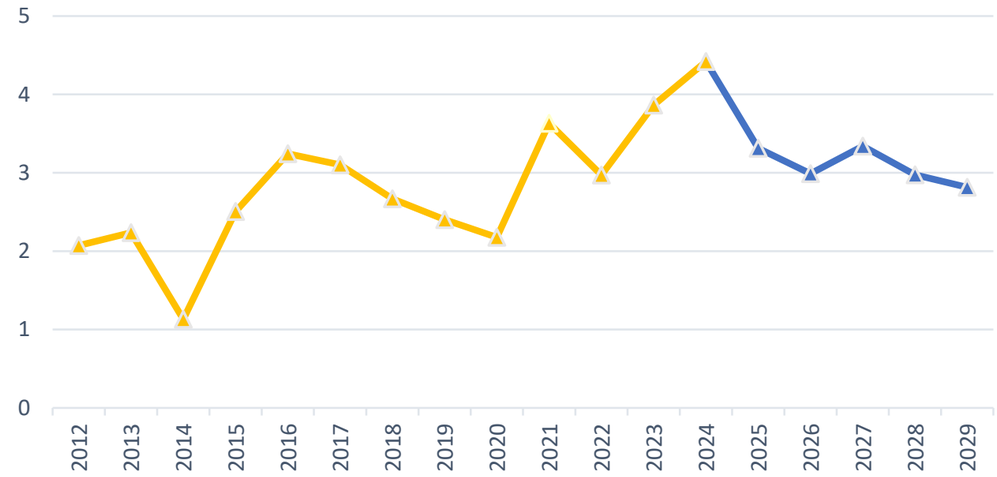
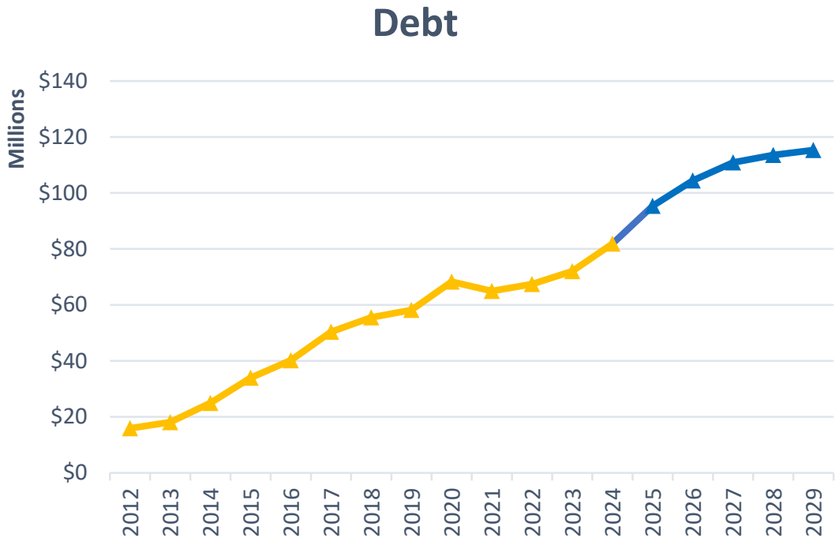
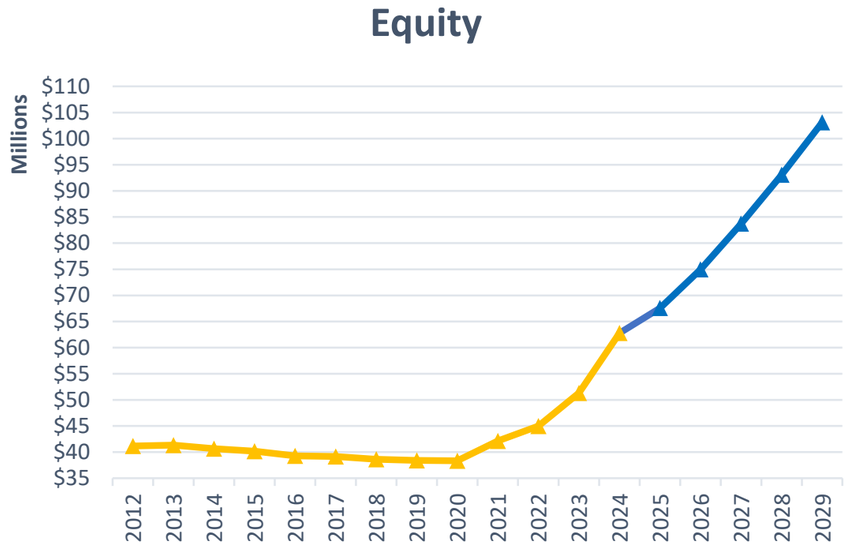


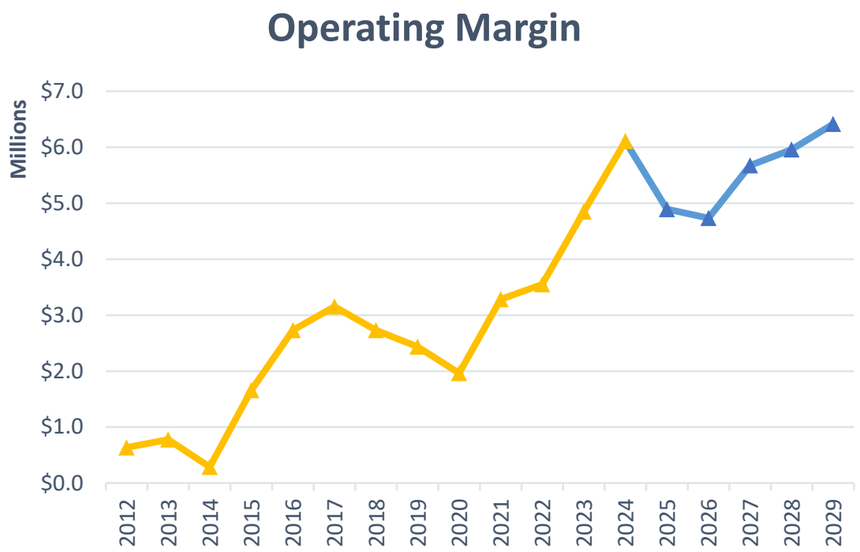
TIER

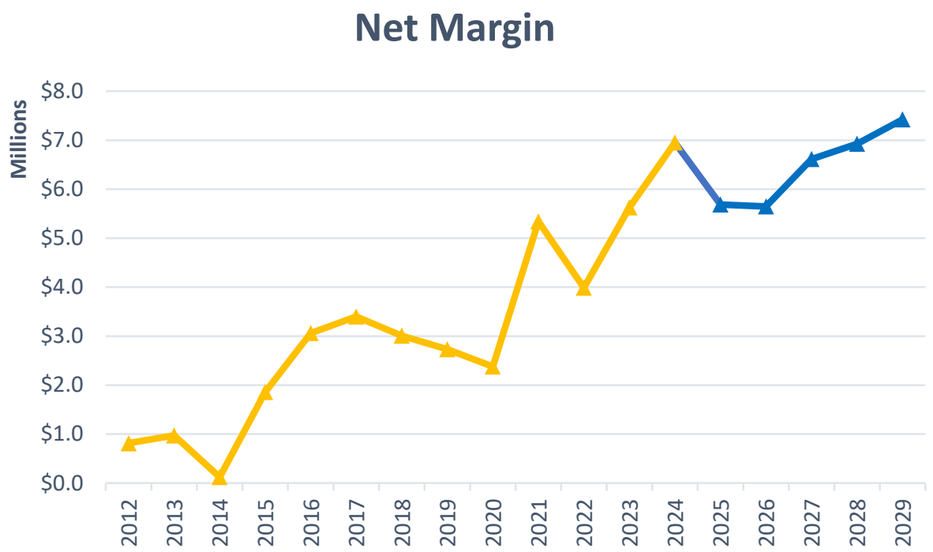


2025 Budget: Financial Metrics

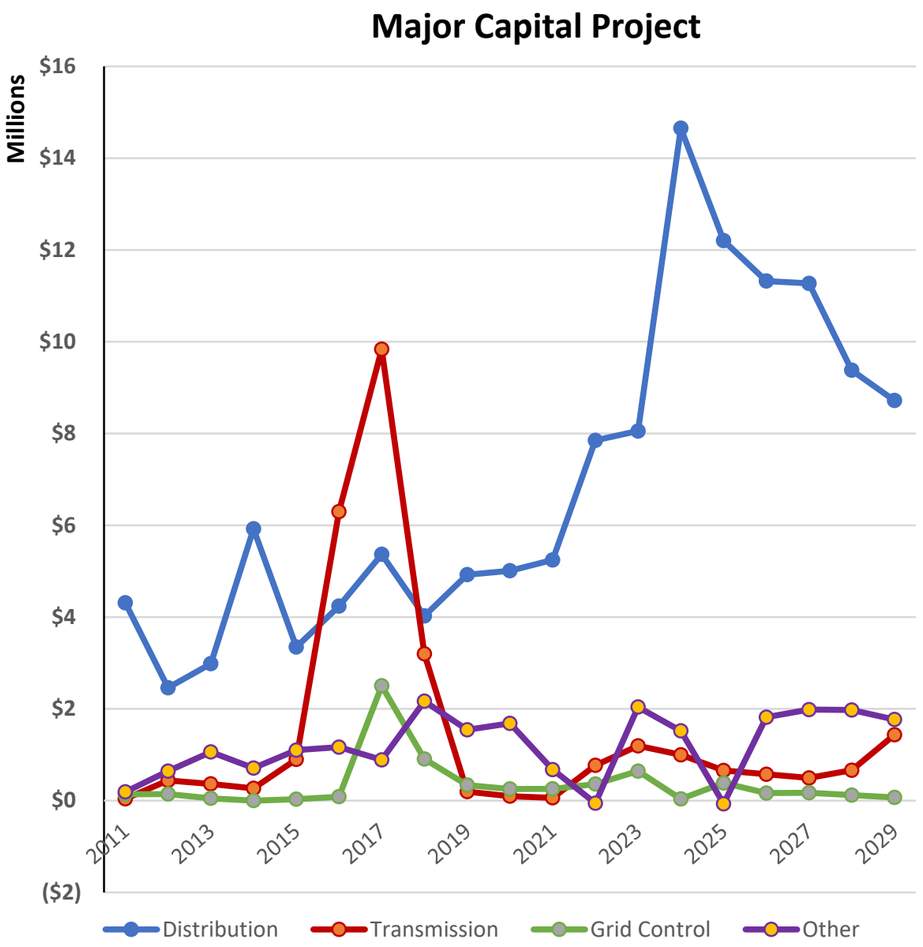


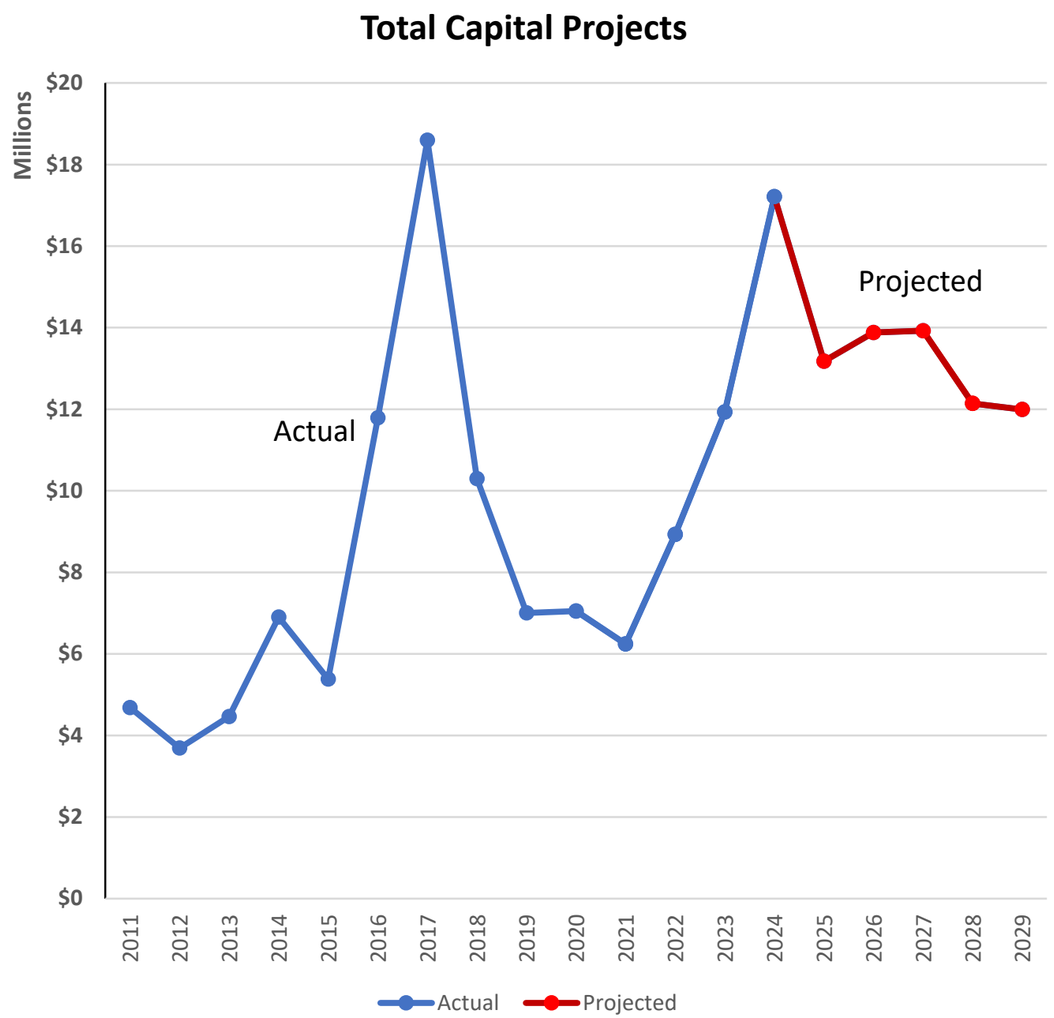






2025 Budget: Capital Projects





Notes:

- Transmission: 2024 – 2025 Tidal Energy investigation. Lopez to Shaw Submarine Cable Replacement permitting starting in 2028
- Distribution: heightened work for submarine cable replacement, substation upgrades, metering, microgrid projects, joint UG replacement
- Grid Control Backbone: Expansion to improve reliability, field communications, preparing for intermittent local renewable energy resources
- Other: Replacement of aging fleet vehicles & facilities. Community solar project & member participation funding

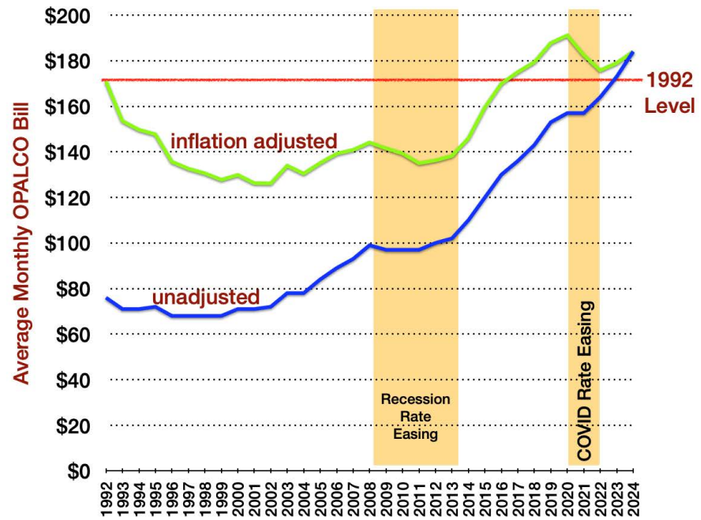
ORCAS POWER AND LIGHT COOPERATIVE

BUDGET EXECUTIVE SUMMARY

		A. Audited Year End 12/31/2023	B. Projected Year End 12/31/2024	C. **Proposed Budget 12/31/2025**	% Change from 2024	D. Forecast 12/31/2026	E. Forecast 12/31/2027	F. Forecast 12/31/2028	G. Forecast 12/31/2029	Comments
1	kWh Purchases	228,638,000	229,725,000	**235,000,000**	2.3%	237,000,000	239,000,000	241,000,000	243,000,000	OPALCO estimate conservative for predicted weather conditions
2	% Rate Increase	6%	6%	**6.0%**		6.0%	6.0%	6.0%	6.0%	
3	% Total Revenue Increase	2%	9%	**8.0%**		6.7%	6.7%	6.7%	6.7%	2025 operating revenue increase from rate change
4	Gross Operating Revenue	36,836,000	39,585,000	**42,821,000**	8.2%	45,678,000	48,728,000	51,982,000	55,455,000	Revenue necessary to meet budget and cash flow requirements
5	Energy Charge Adjustment	(328,000)	74,000	**-**		-	-	-	-	2024 is actual ECA through October, no budgeting for future ECA
6	Net Operating Revenue Total	36,508,000	39,659,000	**42,821,000**	8.0%	45,678,000	48,728,000	51,982,000	55,455,000	
7	Cost of power	8,572,000	9,344,000	**10,985,000**	17.6%	12,199,000	12,936,000	13,719,000	14,557,000	BPA rates (8.5%+), Power Div Credit (7%+),volumetric (2%+). TIER 2 cost & BPA surcharges
8	Operations & G&A	14,282,000	14,973,000	**16,772,000**	12.0%	17,809,000	18,771,000	19,830,000	20,959,000	Years 2025-'29 includes union contract increases, new staff & training
9	Depr, Int & Taxes	8,805,000	9,235,000	**10,171,000**	10.1%	10,937,000	11,346,000	12,474,000	13,525,000	Depreciation on new assets & interest on related borrowings, taxes & other pat cap allocations
10		31,659,000	33,552,000	**37,928,000**	13.0%	40,945,000	43,053,000	46,023,000	49,041,000	Power, labor, depreciation and supply chain increases
11	Net Operating Margins	4,849,000	6,107,000	**4,893,000**	-19.9%	4,733,000	5,675,000	5,959,000	6,414,000	Acceptable margin levels in order cover capital credit retirements only
12	Non-Operating Margins	778,000	843,000	**793,000**	-5.9%	914,000	940,000	966,000	1,011,000	Non-operating margin retained as permanent equity
13	Net Margins	$ 5,627,000	$ 6,950,000	**$ 5,686,000**	-18.2%	$ 5,647,000	$ 6,615,000	$ 6,925,000	$ 7,425,000	Net margin - equity for future borrowings
	Informational Data:									
14	OTIER	3.47	4.01	**2.99**		2.67	3.01	2.70	2.57	Fluctuates with changes in weather (operating revenues) & borrowing rates
15	TIER	3.86	4.42	**3.31**		2.99	3.34	2.97	2.82	
16	Equity % of Total Cap	41.6%	43.4%	**41.5%**		41.8%	43.0%	45.0%	47.2%	Continue to manage closely to ensure we accelerate trending upwards for future capital investment.
17	Equity % (excl RESP)	45.3%	49.3%	**47.4%**		48.2%	49.6%	51.3%	52.7%	Informational only
18	Equity	51,310,000	62,788,000	**67,556,000**		74,953,000	83,720,000	93,072,000	103,095,000	Equity trending upwards (gradual building for next large capital investment)
19	Capital Debt	65,135,000	68,985,000	**77,490,000**		82,766,000	87,877,000	91,822,000	95,501,000	Borrowings to fund new capital investment while also meeting equity growth targets (excludes RESP)
20	Rural Energy Savings Program (RESP) Debt	10,006,000	17,331,000	**23,190,000**		27,309,000	29,778,000	29,746,000	27,905,000	0% debt, Switch It Up! funding source, reduces Equity % ratios, increases with uptick in projects
21	Total Debt	75,141,000	86,316,000	**100,680,000**		110,075,000	117,655,000	121,568,000	123,406,000	
22	Capital Spending	11,931,803	17,211,000	**13,178,000**		13,882,000	13,924,000	12,142,000	11,993,000	Capital spending necessary for system upgrades & replacements in 2025-2029.
23	Capital Credit Retirement (net)	1,137,000	1,294,000	**1,294,000**		1,294,000	1,372,000	1,372,000	1,372,000	Smoothing of capital credit retirements (reduces volatility in margin, cash and equity requirements)
24	Annual HDD	1,090	1,002	**1,446**		1,281	1,292	1,303	1,314	HDD definition: Number of degrees that a day's average temperature is below 50 degrees F
25	kWh per HDD	209,760	229,266	**162,517**		185,012	184,985	184,958	184,932	

OPALCO Rate Comparison

1 History of 1,000 kWh Monthly Bill: OPALCO, inflation adjusted

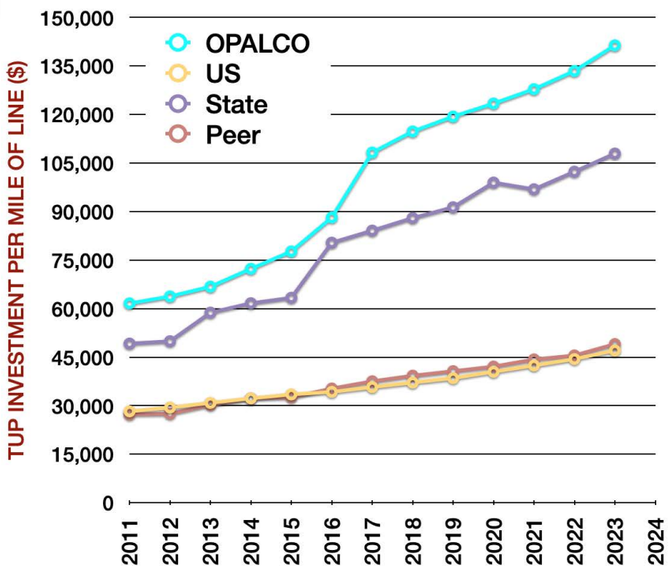


Source: OPALCO, BLS CPI Index

Notes

- OPALCO 2024 average bills, adjusted for inflation, are 8% above where they were 30 years ago – an average increase of .24% per year.
- 1992 through 2024, Residential
- Historically, average OPALCO member usage has been 1,000 kWh/month
- Monthly bill includes all Facility, Usage Charges
- OPALCO Rate increases postponed during 2008 - 2011 recession and COVID, to ease economic impact on co-op members.

2 Cooperative Comparable's: Total Utility Plant Investment Per Mile Higher

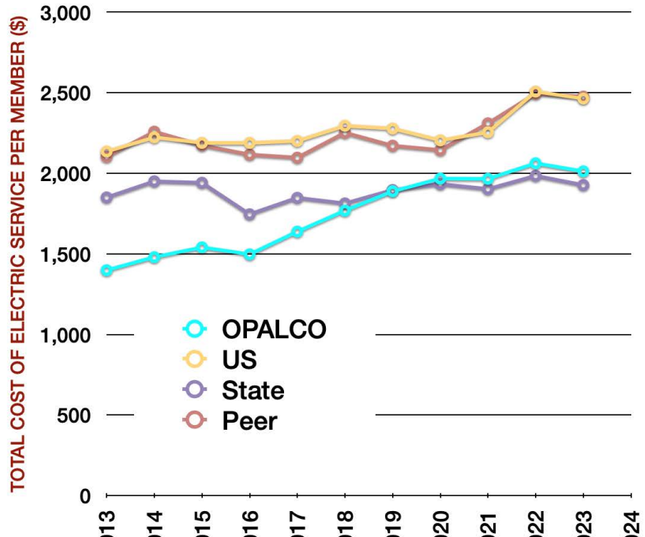


Notes

- Due to our County's 20 island service area, interconnected with submarine cables and multiple substations, OPALCO invests more to build & maintain the grid than our US, state & size peers
- Lopez San Juan cable was major driver in 2017 and 2018. Other drivers of growth include continued under-grounding of distribution cable to storm-harden grid, and grid modernization to support increased local renewable energy.
- Source notes: US median, WA median, Size median (similar to OPALCO total members)
- Combined Annual Growth Rate (CAGR) for past year

Source: Cooperative Lender CFC

3 Cooperative Comparable's: Total Cost of Electric Service Per Member

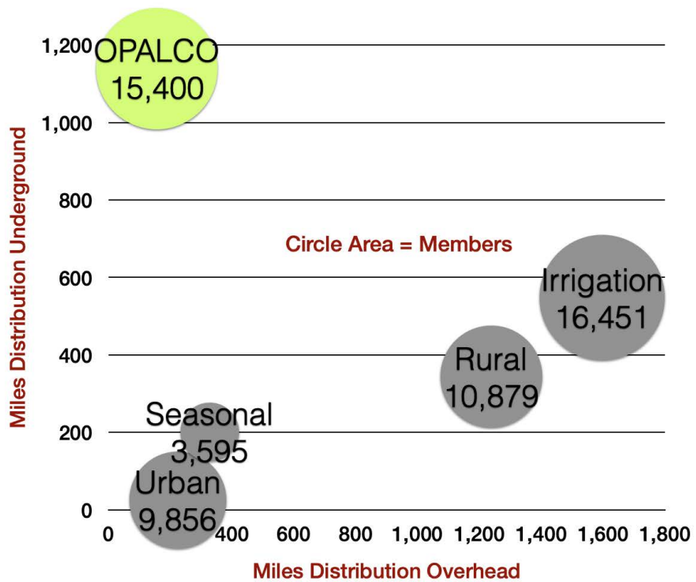


Notes

- This is the average annual electric bill per member. OPALCO's average member bill is lower than typical US and Peer co-op bills, and comparable to mainland WA co-ops.
- Inline with our mission, we keep the cost of service as low as possible for our members - despite more complex island grid, OPALCO service costs less than our mainland counterparts.
- Source notes: US median, WA median, Size median (similar to OPALCO total members)

Source: Cooperative Lender CFC

4 WA Co-op Distribution Cable: Overhead versus Underground Cable



Notes

Serving 20 Islands with storm-hardened infrastructure requires very expensive buried distribution cable for comparable reliability

- "Rural" co-op service area 200 times larger than OPALCO
- "Seasonal" co-op territory size similar to OPALCO, with concentrated neighborhoods rather than our scattered rural population

ORCAS POWER AND LIGHT COOPERATIVE

RATE SENSITIVITY

Proposed 2025 Budget Figures; Future Years for Reference Only

	A. Budget 12/31/2025	B. Forecast 12/31/2026	C. Forecast 12/31/2027	D. Forecast 12/31/2028	E. Forecast 12/31/2029	Comment
kWh Purchases	**235,000,000**	**237,000,000**	**239,000,000**	**241,000,000**	**243,000,000**	
BASE LINE: No Rate Change (Not Financially Viable Long Term)						
% Avg. Residential Rate Increase	0.0%	0.0%	0.0%	0.0%	0.0%	Baseline only to see the implication of no rate increase.
% Revenue Increase (Decrease)	1.9%	0.7%	12.0%			
Operating Margin	$ 2,495,450	$ (229,913)	$ (2,044,799)	$ (4,717,998)	$ (7,438,400)	
Margin	$ 3,287,994	$ 684,321	$ (1,105,223)	$ (3,752,318)	$ (6,427,861)	
OTIER	2.02	0.92	0.28	(0.35)	(0.82)	
TIER	2.34	1.24	0.61	(0.07)	(0.57)	
Equity % of Total Capital	40.6%	39.3%	38.2%	37.2%	35.5%	
OPTION 1 - Recommended						
% Avg. Residential Rate Increase	6.0%	6.0%	6.0%	6.0%	6.0%	Recommended rate/revenue increase. Meets internal goal for equity building, TIER, covenant compliance and covers operational costs.
% Revenue Increase	8.0%	6.7%	6.7%	6.7%	6.7%	
Operating Margin	$ 4,892,781	$ 4,733,430	$ 5,674,307	$ 5,959,499	$ 6,413,855	
Margin	$ 5,685,325	$ 5,647,664	$ 6,613,883	$ 6,925,179	$ 7,424,394	
OTIER	2.99	2.67	3.01	2.70	2.57	
TIER	3.31	2.99	3.34	2.97	2.82	
Equity % of Total Capital	41.5%	41.8%	43.0%	45.0%	47.2%	
OPTION 2 - TIER ~2						
% Avg. Residential Rate Increase	0.0%	5.5%	4.0%	7.5%	6.5%	Rate increases sufficient to maintain capital credit retirement cycle and build equity needed for future capital projects, but rate changes are more volatile than desired for short-term planning.
% Revenue Increase	1.9%	6.2%	4.7%	8.2%	7.2%	
Operating Margin	$ 2,495,450	$ 1,974,587	$ 1,878,573	$ 2,577,459	$ 3,045,788	
Margin	$ 3,287,994	$ 2,888,821	$ 2,818,149	$ 3,543,139	$ 4,056,327	
OTIER	2.02	1.70	1.66	1.73	1.74	
TIER	2.34	2.02	2.00	2.01	1.99	
Equity % of Total Capital	40.6%	40.1%	40.3%	41.6%	43.1%	

ORCAS POWER AND LIGHT COOPERATIVE

RATE SENSITIVITY

Proposed 2025 Budget Figures; Future Years for Reference Only

OPTION 3 - 5% starting

	A. Budget 12/31/2025	B. Forecast 12/31/2026	C. Forecast 12/31/2027	D. Forecast 12/31/2028	E. Forecast 12/31/2029	Comment
kWh Purchases	**235,000,000**	**237,000,000**	**239,000,000**	**241,000,000**	**243,000,000**	
% Avg. Residential Rate Increase	5.0%	5.0%	5.0%	5.0%	5.0%	
% Revenue Increase	7.0%	5.7%	5.7%	5.7%	5.7%	Example of 5% rate increase in 2025. Slower equity growth than desired for capital project planning.
Operating Margin	$ 4,499,543	$ 3,892,906	$ 4,332,367	$ 4,056,997	$ 3,886,217	
Margin	$ 5,292,087	$ 4,807,140	$ 5,271,943	$ 5,022,677	$ 4,896,756	
OTIER	2.83	2.37	2.53	2.16	1.95	
TIER	3.15	2.69	2.87	2.43	2.20	
Equity % of Total Capital	41.3%	41.4%	42.3%	43.8%	45.5%	

OPTION 4 - 4% starting

% Avg. Residential Rate Increase	4.0%	4.0%	4.0%	4.0%	4.0%	
% Revenue Increase	6.0%	4.7%	4.7%	4.7%	4.7%	Example of 4% rate increase in 2025. Slower equity growth than desired for capital project planning.
Operating Margin	$ 4,098,724	$ 3,052,308	$ 3,007,161	$ 2,198,859	$ 1,443,086	
Margin	$ 4,891,268	$ 3,966,542	$ 3,946,737	$ 3,164,539	$ 2,453,625	
OTIER	2.67	2.07	2.06	1.63	1.35	
TIER	2.99	2.40	2.40	1.90	1.60	
Equity % of Total Capital	41.2%	41.0%	41.5%	42.6%	43.6%	

ORCAS POWER AND LIGHT COOPERATIVE
RATE SPLIT OPTIONS

The chart below demonstrates options for how the marginal difference in revenue is collected by the proposed 6% rate increase that could be spread between different fixed and volumetric scenarios. Each option will collect the required revenue. The recommended option (1) has been our historical approach to collecting revenue and provides a level rate philosophy (6% to all individual billing components). The other rate options guarantee increasing levels of revenue collection via the “service access charge” (fixed) in comparison to the kWh charge (variable), but the percentage change to fixed costs on these options are higher than the stated 6% rate increase and may create confusion among the membership. The rate collection option approved by the Board will be applied to all tariffs upon a second read in December. The three tariffs included in the chart give a range for comparison and review.

2024 - Current Rates

	Service Access	$ / kWh
Residential	$ 56.59	$ 0.1273
*SML & LG Commercial**	$ 78.97	$ 0.1227
Pump	$ 50.82	$ 0.1354

** kWh charge is a weighted average of small & large commercial accounts*

2025 Rate Scenarios ***6% Average Rate Increase***

	Option 1 - 6% even increase			***Option 2 - 25% / 75% fixed***			***Option 3 - all kWh***			***Option 4 - all fixed charge***		
	Rate	**$ Change**	**% Inc**	**Rate**	**$ Change**	**% Inc**	**Rate**	**$ Change**	**% Inc**	**Rate**	**$ Change**	**% Inc**
Service Access												
Residential	$ 59.99	$ 3.40	6.0%	$ 64.84	$ 8.25	14.6%	$ 56.59	$ -	0%	$ 67.59	$ 11.00	19.4%
SML & LG Commercial	$ 83.71	$ 4.74	6.0%	$ 97.59	$ 18.62	23.6%	$ 78.97	$ -	0%	$ 103.80	$ 24.83	31.4%
Pump	$ 53.87	$ 3.05	6.0%	$ 54.57	$ 3.75	7.4%	$ 50.82	$ -	0%	$ 55.82	$ 5.00	9.8%
kWh Charge												
Residential	$ 0.1349	$ 0.0076	6.0%	$ 0.1300	$ 0.0027	2.1%	$ 0.1382	$ 0.0109	8.6%	$ 0.1273	$ -	0%
*SML & LG Commercial**	$ 0.1301	$ 0.0074	6.0%	$ 0.1252	$ 0.0025	2.0%	$ 0.1326	$ 0.0099	8.1%	$ 0.1227	$ -	0%
Pump	$ 0.1435	$ 0.0081	6.0%	$ 0.1406	$ 0.0052	3.8%	$ 0.1560	$ 0.0206	15.2%	$ 0.1354	$ -	0%

	Option 5 - $1 Demand on Res			*Option 6 - Res Demand + service size*		
	Rate	**$ Change**	**% Inc**	**Rate**	**$ Change**	**% Inc**
Service Access						
Residential	$ 62.86	$ 1.08	1.9%	$ 62.86	$ 0.89	1.6%
SML & LG Commercial	$ 83.71	$ 4.74	6.0%	$ 83.71	$ 4.74	6.0%
Pump	$ 53.87	$ 3.05	6.0%	$ 53.87	$ 3.05	6.0%
Residential Demand ($1/kW)	**$ 7.40**	**$ 7.40**		**$ 7.40**	**$ 7.40**	
Service Size (400 & >400 Amps)				**$ 13.70**	**$ 13.70**	
kWh Charge						
Residential	$ 0.1298	$ 0.0025	2.0%	$ 0.1294	$ 0.0021	1.6%
*SML & LG Commercial**	$ 0.1301	$ 0.0074	6.0%	$ 0.1301	$ 0.0074	6.0%
Pump	$ 0.1435	$ 0.0081	6.0%	$ 0.1435	$ 0.0081	6.0%

**Collection through Res Demand & Large Services offset increases to Residential Service Access & kWh Charges.

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

		A. Audited Year End 12/31/2022	B. Audited Year End 12/31/2023	C. Approved Budget 12/31/2024	D. Projected Year End 12/31/2024	E. **Proposed Budget 12/31/2025**	% Change from 2024	F. Forecast 12/31/2026	G. Forecast 12/31/2027	H. Forecast 12/31/2028	I. Forecast 12/31/2029
1	OPERATING REVENUES										
2	kWh Purchases	238,379,768	228,638,000	219,000,000	229,725,000	**235,000,000**		237,000,000	239,000,000	241,000,000	243,000,000
3	% Rate Increase	0%	6%	6%	6%	**6.0%**		6.0%	6.0%	6.0%	6.0%
4	% Operating Revenue Increase	6%	2%	2%	6%	**8.0%**		6.7%	6.7%	6.7%	6.7%
3	Residential	$ 26,565,416	$ 27,321,332	$ 27,769,404	$ 29,648,719	**$ 32,025,967**	8%	$ 34,176,675	$ 36,471,910	$ 38,921,385	$ 41,535,464
4	Commercial	8,841,060	8,892,792	9,342,762	9,706,564	**10,484,601**	8%	11,188,495	11,939,690	12,741,365	13,596,913
5	Other	273,149	293,605	295,060	303,573	**310,210**	2%	313,312	316,444	319,609	322,805
6	Total operating revenue	35,679,624	36,507,728	37,407,226	39,658,856	**42,820,778**	8%	45,678,482	48,728,044	51,982,359	55,455,182
7											
8	OPERATING EXPENSES										
9	Cost of power	9,756,442	8,571,913	9,159,300	9,343,666	**10,985,004**	18%	12,198,811	12,936,242	13,718,901	14,557,333
10	Transmission	730,538	1,348,268	1,369,332	1,064,616	**724,734**	-32%	765,255	804,021	845,478	889,168
11	Distribution - operations	3,900,840	3,796,463	4,123,097	4,010,128	**4,793,580**	20%	5,153,132	5,372,563	5,696,184	6,042,827
12	Distribution - maintenance	3,107,333	3,214,269	3,850,445	3,648,199	**3,866,737**	6%	4,187,562	4,422,962	4,661,206	4,914,289
13	Consumer accounts	1,113,268	1,085,072	1,231,969	1,154,847	**1,466,846**	27%	1,555,825	1,674,773	1,776,001	1,884,369
14											
15	General and administration										
16	Administration G&A	4,316,867	4,595,125	5,491,691	4,809,831	**5,465,625**	14%	5,673,188	5,999,881	6,335,939	6,693,266
17	Energy services G&A	239,843	151,220	243,479	193,005	**357,968**	85%	377,361	400,582	418,848	438,289
18	Subsidiary Charges	92,039	91,979	96,586	92,028	**96,629**	5%	96,629	96,629	96,629	96,629
19	Total general and administration	4,648,749	4,838,324	5,831,756	5,094,864	**5,920,222**	16%	6,147,178	6,497,092	6,851,416	7,228,184
20											
21	Depreciation and amortization	5,416,108	5,396,359	5,650,687	5,714,959	**6,088,561**	7%	6,372,721	6,691,074	7,025,345	7,376,329
22	Taxes	1,629,555	1,610,154	1,689,196	1,658,935	**1,784,180**	8%	1,888,616	1,999,188	2,116,257	2,240,206
23											
24	Total operating expenses	30,302,833	29,860,821	32,905,782	31,690,214	**35,629,864**	12%	38,269,100	40,397,915	42,690,788	45,132,705
25											
26	Operating margins before fixed charges	5,376,791	6,646,907	4,501,444	7,968,642	**7,190,914**	-10%	7,409,382	8,330,129	9,291,571	10,322,477
27											
28	FIXED CHARGES										
29	Interest on long-term debt	1,958,757	1,906,039	2,077,260	1,957,447	**2,397,754**	22%	2,780,554	2,765,654	3,447,396	4,029,712
30											
31	Total fixed charges	1,958,757	1,906,039	2,077,260	1,957,447	**2,397,754**	22%	2,780,554	2,765,654	3,447,396	4,029,712
32											
33	Operating margins after fixed charges	3,418,035	4,740,869	2,424,184	6,011,195	**4,793,160**	-20%	4,628,828	5,564,475	5,844,175	6,292,765
34											
35	PATRONAGE CAPITAL CREDITS	130,840	107,198	111,362	96,719	**99,621**	3%	104,602	109,832	115,324	121,090
36											
37	Net operating margins	3,548,875	4,848,066	2,535,546	6,107,914	**4,892,781**	-20%	4,733,430	5,674,307	5,959,499	6,413,855
38											
39	NON-OPERATING MARGINS										
40	Interest income	340,489	686,626	645,722	800,919	**800,919**	0%	922,557	947,844	973,890	1,018,602
41	Other income (expense)	98,453	90,879	27,273	41,947	**(8,375)**	-120%	(8,323)	(8,268)	(8,210)	(8,063)
42											
43	Net non-operating margins	438,941	777,505	672,995	842,866	**792,544**	-6%	914,234	939,576	965,680	1,010,539
44											
45	NET MARGINS	$ 3,987,816	$ 5,625,571	$ 3,208,541	$ 6,950,780	**$ 5,685,325**	-18%	$ 5,647,664	$ 6,613,883	$ 6,925,179	$ 7,424,394
46											
47	OTIER	2.75	3.47	2.19	4.01	**2.99**	-25%	2.67	3.01	2.70	2.57
48	TIER	2.97	3.86	2.50	4.42	**3.31**	-25%	2.99	3.34	2.97	2.82
49	Equity % of Total Capital	40.0%	41.6%	40.3%	43.4%	**41.5%**	-4%	41.8%	43.0%	45.0%	47.2%
50	Equity % of Total Assets (RUS - 30%)	38.2%	39.1%	37.8%	40.5%	**38.5%**	-5%	38.8%	39.7%	41.3%	43.2%
51	Equity % of Total Cap (excluding RESP)	43.6%	44.9%	44.2%	48.5%	**47.4%**	-2%	48.2%	49.6%	51.3%	52.7%

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS BUDGET

			RUS CWP DESCRIPTION	A. Budget 2024	B. Projected Year End 2024	C. **Budget 2025**	D. Forecast 2026	E. Forecast 2027	F. Forecast 2028	G. Forecast 2029	H. Strategic Directives: Safety	Reliability	Environment	I. Comments
1	DISTRIBUTION													
2	100		New Services	$ 600,000	$ 376,253	**$ 415,000**	$ 439,000	$ 465,000	$ 492,000	$ 521,000				Decrease in New Services (2024)
3	200		New Tie Lines	-	218,715	**-**	-	-	1,000,000	-		*		
4	300		Conversions and Line Changes	1,825,000	2,539,140	**1,103,000**	578,000	607,000	937,000	984,000		*	*	Center Island Submarine Cable (2024) (dependent on permitting)
5	400		New Substations, switching station, metering point, etc.	-	-	**-**	-	-	-	-				
6	500		Substation, Switching Station, Metering Point Changes	5,800,000	6,984,154	**5,350,000**	4,500,000	5,300,000	2,000,000	2,500,000	*	*		Bailer Hill Battery (25-26), Eastsound/Orcas Substation (25-28)
7	600		Miscellaneous Distribution Equipment											
8		601	Transformers & Meters	1,100,000	1,847,743	**1,640,000**	1,782,000	1,827,000	1,574,000	1,323,000	*	*	*	Transformer deliveries are scheduled to 2027, Metering (25-28)
9		602	Sets of Service Wires to increase Capacity	-	-	**-**	-	-	-	-				
10		603	Sectionalizing Equipment	650,000	292,225	**450,000**	210,000	221,000	383,000	245,000	*	*		Replacement of Switchgear
11		604	Regulators	-	-	**300,000**	-	-	-	-		*		
12		606	Ordinary Replacements	412,000	153,077	**433,000**	455,000	478,000	502,000	528,000	*	*		Projected + Proactive Pole Replacements
13		607	Overhead to Underground Conversions	100,000	712,567	**355,000**	211,000	117,000	123,000	130,000	*	*		
14		608	Underground Dist. Cable Replacements	3,500,000	2,157,368	**3,625,000**	3,757,000	2,897,000	3,044,000	3,197,000	*	*	*	Standard Replacements and Joint Fiber Project with ARPA Grant
15	700		Other Distribution Items											
16		701	Engineering Fees	-	-	**-**	-	-	-	-				
17		704	LMS & SCADA	-	38,937	**-**	-	-	-	-	*	*		
18		705	AMR Infrastructure (excludes meters)	-	-	**-**	-	-	-	-				
19		706	Communications/Fiber	216,000	1,376	**260,000**	166,000	174,000	122,000	70,000	*	*	*	Replacement of Switches and Batteries
20			ARPA Grant Fiber Projects	7,600,000	7,624,652	**7,373,972**	-							APRA Fiber Grant (See Line 45) (2024-2026)
21	TRANSMISSION													
22	800		New Tie Line	-	-	**-**	-	-	-	-				
23	900		New substations, switching station, metering point, etc.	-	-	**-**	-	-	-	-		*		
24	1000		Line/Station Changes and Pole Replacements	540,000	369,086	**457,000**	575,000	494,000	664,000	1,435,000	*	*		Aging Transmission Pole Replacements, Submarine Cable Replacement Environ. (2028+)
25	1100		Other Transmission	-	-	**-**	-	-	-	-				
26	GENERATION													
27	1200		Generation	100,000	2,630,392	**1,200,000**	-	-	-	-		*	*	Tidal Energy Investigation (subject to pilot project results) and Interconnection Upgrades
28	1201		PNGC Generation Investment (Reference Only)	-	-	**-**	-	-	-	-		*		Investment in Generation Resources through PNGC (~$1.1M per year)
29	OTHER													
30	1300		Facilities	578,000	174,783	**1,755,000**	1,575,000	1,092,000	1,147,000	1,204,000	*			Housing (2025, 2026) and Building Upgrades
31	1400		Acquisitions	-	-	**-**	-	-	-	-				
32	1500		All Other											
33		1501	Transportation/Equipment/Tools/Radios	716,000	703,751	**617,000**	762,000	731,000	658,000	385,000	*	*	*	Service Vehicle, Bucket/Digger Truck, and Boat Replacements
34		1502	Office Equipment/Furniture/Etc.	12,000	11,007	**13,000**	14,000	15,000	16,000	17,000				
35		1503	Computer/Servers/Software	138,000	338,443	**177,000**	140,000	147,000	154,000	162,000	*	*		
36		1504	Community Solar (member funded)	6,000,000	616,112	**6,400,000**	-	-	-	-		*	*	Bailer Hill Community Solar (dependent on permitting)
37	1600		Minor Projects	135,000	75,634	**142,000**	150,000	158,000	166,000	175,000	*	*	*	Transclosure replacement projects
38			**RUS CWP SUBTOTAL**	30,022,000	27,865,416	**32,065,972**	15,314,000	14,723,000	12,982,000	12,876,000				
39	**CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)**													
40			New Services	(500,000)	(323,717)	**(332,000)**	(349,000)	(367,000)	(386,000)	(406,000)				Offset to Line 2 - New Services
41			Meters and Transformers	(325,000)	(278,555)	**(342,000)**	(360,000)	(378,000)	(397,000)	(417,000)				Offset to Line 8 - Transformers and Meters
42			Joint Projects	(100,000)	7,614	**(48,000)**	(51,000)	(54,000)	(57,000)	(60,000)				Offset to Lines 3,4,13,14 - Tie Lines, Conversion, OH to UG Conv., URD
43			Grant Funding	(1,368,000)	(2,109,726)	**(1,888,000)**	(672,000)	-	-	-				Offset to Line 6 - San Juan Battery, Tidal
44			Community Solar Member Contributions/Grants	(8,000,000)	(323,717)	**(9,030,000)**	-	-	-	-				Offset to Line 35 - Community Solar
45			ARPA Grant Fiber Funding	(7,600,000)	(7,626,028)	**(7,247,944)**	-	-	-	-				Offset to Line 20 - ARPA Fiber Grant
46			**RUS CWP NET TOTAL**	12,129,000	17,211,288	**13,178,028**	13,882,000	13,924,000	12,142,000	11,993,000				

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW

NON GAAP

		A.	B.	C.	D.	E.	F.
		Projected Year End 12/31/2024	**Proposed Budget 12/31/2025**	Forecast 12/31/2026	Forecast 12/31/2027	Forecast 12/31/2028	Forecast 12/31/2029
1	% Rate Increase	6%	**6.0%**	6.0%	6.0%	6.0%	6.0%
2	OPERATING ACTIVITIES:						
3	Margins	$ 6,951,000	**$ 5,685,000**	$ 5,648,000	$ 6,614,000	$ 6,925,000	$ 7,424,000
4	Plus Depreciation/Amortization	5,715,000	**6,089,000**	6,373,000	6,691,000	7,025,000	7,376,000
5	Cash Flow Operations	12,666,000	**11,774,000**	12,021,000	13,305,000	13,950,000	14,800,000
6							
7	Plant Investment (Net)	(17,342,000)	**(13,309,000)**	(14,028,000)	(14,070,000)	(12,292,000)	(12,148,000)
8	Renewable Generation (PNGC) (Note 1)		**(1,100,000)**	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
9	Cash Flows from Patronage Capital	(1,294,000)	**(1,294,000)**	(1,294,000)	(1,372,000)	(1,372,000)	(1,372,000)
10	Net Borrowings	11,239,000	**14,393,000**	9,424,000	7,612,000	3,947,000	1,873,000
11	Annual Estimated Cash Increase (decrease)	5,269,000	**10,464,000**	5,023,000	4,375,000	3,133,000	2,053,000
12							
13	RUS Capital Borrowings	6,100,000	**10,800,000**	7,700,000	7,700,000	6,700,000	6,600,000
14	0% RESP Borrowing	8,600,000	**8,000,000**	7,000,000	6,000,000	4,000,000	2,760,000
15	Gross Borrowings	14,700,000	**18,800,000**	14,700,000	13,700,000	10,700,000	9,360,000
16							
17	OUTSTANDING DEBT BALANCE	86,316,000	**100,680,000**	110,075,000	117,655,000	121,568,000	123,406,000
18							
19	EQUITY BALANCE	62,788,000	**67,556,000**	74,953,000	83,720,000	93,072,000	103,095,000
20							
21	NET UTILITY PLANT	121,076,000	**134,741,000**	148,659,000	162,821,000	177,242,000	191,982,000
22							
23	Note 1 - 2025 - Accounted for in Board Designated funds						

ORCAS POWER AND LIGHT COOPERATIVE

2025 - 2029 BUDGETED STAFFING LEVELS

	A.	B.	C.	D.	
		ACTUAL	APPROVED BUDGET	APPROVED	
		# EMPLOYEES	# EMPLOYEES	# EMPLOYEES	
	DEPARTMENT	2024	2025	2026 - 2029	Vacant Positions to fill[2]
1	Operations[1]	21.5	23.5	23.5	Meter Technician and a Journeyman Lineman Lopez Island
2	Engineering[1]	7.5	8.5	8.5	Staking Tech
3	General Management	5	5	5	
4	Technical Services	1	2	2	Information System Specialist
5	Member Services	6	7	7	Member Services Supervisor
6	Administration	4	4	4	Head Accountant
7	Energy Savings	1	1	1	
8	Total	46	51[2]	51	

Notes:

1 Engineering & Operations Manager split between departments

2 Vacant-funded positions not filled

OPALCO ORGANIZATIONAL CHART - 2025 BUDGET

OPALCO MEMBERSHIP

BOARD OF DIRECTORS

DIRECTOR MADSEN (D1)

DIRECTOR SILVERSTEIN (D3)

VICE PRESIDENT WHITFIELD (D4)

PRESIDENT DAUCIUNAS (D1)

SECRETARY/TREASURER OSTERMAN (D3)

DIRECTOR ONWUNEME (D2)

DIRECTOR HIESTER (D2)

GENERAL MANAGER HILDRETH

ROCK ISLAND COMMUNICATIONS SEE SEPARATE ORG CHART

MANAGER OF ENGINEERING & OPERATIONS GUERRY

SPECIAL PROJECTS & OFFICE COORDINATOR STANFORD

MANAGER OF COMMUNICATIONS BOUCHEY

MANAGER OF MEMBER SERVICES WYCKOFF

MANAGER OF FINANCE NEAL

LOPEZ GENERAL FOREMAN DENGLER

LOPEZ CREW
SWANSON **LF**
VACANT FUNDED
WARNER
SUB TECH
BURLESON
APPRENTICE
KRAMER

SAN JUAN GENERAL FOREMAN GUARD

SAN JUAN CREW
FURBER **LF**
WALLS
BLACK
OLSON
SUB TECH
PARSONS
APPRENTICE
IRBY
JONS

ORCAS GENERAL FOREMAN FOWLER

ORCAS CREW
WATTERS **LF**
LOOCK
ROSS
SUB TECH
MINNIS
APPRENTICE
AKERS

SYSTEM ENGINEER SMALLWOOD

GIS TECHNICIAN SOMMER

E&O ADMIN SPECIALIST BOSSERT

METER TECHNICIAN HISER

METER TECHNICIAN
VACANT
FUNDED

SYSTEM DESIGN ENGINEER VEKVED

ENGINEERING TECHNICIAN
DEINES
LAGO

STAKING TECHNICIAN
HELMS (ES)
VACANT FUNDED (ES)

MANAGER OF IT HEINZ

COMMUNICATIONS TECH TILSTRA

INFO SYSTEM SPECIALIST
VACANT
FUNDED

COMMUNICATIONS SPECIALIST LANGE

MEMBER SERVICES SUPERVISOR
VACANT
FUNDED

MEMBER SERVICE REPRESENTATIVES
PENWELL (FH)
BOURNE (FH)
FRINK (FH)
KIMPLE (ES)
DANIELSON (ES)

HEAD ACCOUNTANT
VACANT
FUNDED

ACCOUNTANT BEAL

SPECIAL PROJECTS COORDINATOR KELLY

PURCHASING BECKER

ENERGY SAVINGS SPECIALIST GROSS

LEGEND

NON-BARGAINING UNIT POSITION

BARGAINING UNIT POSITION