

Board of Directors Regular Meeting

Thursday, May 15, 2025 Virtual Meeting via Zoom

Members may participate in the regular board meetings via Zoom. The first part of the meeting is reserved for member questions and comments. For security purposes, staff will be checking Zoom identities so please use your first and last name or you may not be let into the meeting. Please follow the protocols listed below:

- Mute yourself unless talking,
- Use your first and last name in your Zoom identity,
- Chat if you have a question/comment and the monitor will put you in the queue,

MG THE

OPALCO's Policy 17 - Member Participation at OPALCO Meetings decorum must be followed.

The Zoom link will be updated monthly. Members can get the link to the meeting, submit any comments and questions in writing no less than 24 hours in advance of each meeting to: communications@opalco.com

Sequence of Events

- OPALCO Board Meeting
- Executive Session



Board of Directors Regular Board Meeting May 15, 2025, 8:30 A.M.* Virtual

Meeting via Zoom

*Time is approximate; if all Board members are present, the meeting may begin earlier or later than advertised. The Board President has the authority to modify the sequence of the agenda.

WELCOME GUESTS/MEMBERS

Members attending the board meeting acknowledge that they may be recorded, and the recording posted to OPALCO's website. Members are expected to conduct themselves with civility and decorum, consistent with Member Service Policy 17. If you would like answers to specific questions, please email communications@opalco.com for post-meeting follow-up.

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other
ADJOURNMENT



ACTION ITEMS

Consent Agenda

All matters listed on the Consent Agenda are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item at the request of a Board member.

The Consent Agenda includes:

- Minutes of the previous meeting and special meeting attached.
- Approval of New Members attached (as required by Bylaws Article I Section 2 (d))

NEW MEMBERS - April 2025

District 1 (San Juan, Pearl, Henry, Brown, Spieden)

A REALL LLC BEAHAN, HADLEY & RAY, ZEB BOYLE, FRANCES & O'CONNOR, KELLEN BRAND, EMMA & GUNNING, AUSTIN BUTLER, ANNE CATANESE, KATHRYN CAZARES, LIZETH CENTER FOR WHALE, RESEARCH DANFORTH, DAVID & DANFORTH, VALERIE **HYMAN FAMILY TRUST 1998** JP'S RESTAURANT &. BAR MARIN, JOSEPH MUNRO, EDWIN & SHERRARD, KRISTIN PETTIT, RACHEL QUACKENBUSH, KASSANDRA & HOWER, EMIL SCHAFER, KATHLEEN SMITH. AMBER THOMPSON, THYATIRA & THOMPSON, ELAINA WALLS, MONICA

District 2 (Orcas, Armitage, Blakely, Obstruction, Double,

Alegria, Fawn)

AHRENS, MAJO

AUTO TECH LLC

BURR, LAUREL

MCBRIDE, MERYL & MCBRIDE, KENDALL

MITCHELL, ANDREA

PITKANEN, TERO

SAN JUAN ISLAND S, HUTTLE SYSTEM

SHARP, SUSANNAH & SHARP, PETE

TOOLEY-YOUNG, CAROLYN & YOUNG, JAMES

ZHONG, ZHENGYUN & COOPER, DAVID

District 3 (Lopez, Center, Decatur, Charles)

BERGE, REBECCA
FARIAS LOPEZ, EZEQUIEL & FARIAS, JULIA
HAMER, BRENNA
HOOPS, FRIEDA
KOHRING, TOBIAS
RODRIGUEZ, ENRIQUE
THULEN, JOHN & DEBRA, THULEN
VELAZCO, MIGUEL
WAGNILD, CRAIG & WAGNILD-NOJIMA, DEBBIE

District 4 (Shaw, Crane, Canoe, Bell) STARBIRD FAMILY LLC

Capital Credits

WHITLEY, SARA

Staff requests payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business by way of approval of the consent agenda:

May							
Customer #	Amount						
66161	1,047.31						
1384	1,548.48						
89290	513.10						
63410	1,163.97						
Total	\$ 4,272.86						

RUS Form 219

Inventory of Work Orders of projects completed from the Construction Work Plan. These forms are submitted to RUS for approval of loan funds.

Inventory	Amount	Description
202503	\$3,524.05	Replace transformer at new location
Total	\$3,524.05	

Staff requests a motion to approve the Consent Agenda.



04/24/2025 4:17:01 pm Page: 1 RUS Form 219 Inventory Of Work Orders Period: MAR 2025 System Designation: WA O9 Inventory: 202503 Salvage Relating To Cost Of Cost Of Loan Funds Contrib In Aid Of Subject Construction New Constr New Constr Construction Without Constr and To Advance Or Or Replacements Previous By RUS Replacements Project Retirement Bdgt Replacer Replacements Advances (4) (5) (6) (8) (1) (2) (3) 1600 2023 4294 4294 3.524.05 3.597.83 0.00 0.01 0.00 0.00 AFUDC: 73.77 3,597.83 0.00 3,524.05 0.00 0.01 0.00 **Grand Totals:** \$ 3,597.83 \$ 0.00 \$ 0.01 \$ 0.00 \$ 0.00 \$ 3,524.05 Minor Construction Work Orders Work Order: 4294 - REPLACE TRANSFORMER AT NEW LOCATION 04/24/2025 4:17:01 pm Page: 3 RUS Form 219 Inventory Of Work Orders Period: MAR 2025 System Designation: WA O9 Inventory: 202503 ENVIRONMENTAL CERTIFICATION Loan Project Amount WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1970 WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL 1 1600 3,524.05 Total: 3,524.05 WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED. SIGNATURE (MANAGER) DATE BORROWER CERTIFICATION WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES. REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA. SIGNATURE (MANAGER) DATE SIGNATURE (BOARD APPROVAL) DATE ENGINEERING CERTIFICATION I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY, THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE. INSPECTION PERFORMED BY FIRM LICENSE NUMBER DATE SIGNATURE OF LICENSED ENGINEER



Orcas Power & Light Cooperative Minutes of the Board of Directors Meeting Thursday, April 24, 2025

Streaming through Zoom attendees were Board members Vince Dauciunas, Mark Madsen, Tom Osterman, Jerry Whitfield, Chuks Onwuneme and Wendy Hiester. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance Travis Neal; Communications Manager Krista Bouchey; Manager of Member Services Joey Wyckoff; Communications Specialist Johanna Lange and Special Projects Office Coordinator Beth Stanford (serving as recording secretary). Also present were Legal Counsel Joel Paisner, and consultant Jay Kimball. Special guests, Ari Gold-Parker and Paul Picciano from E3 to present.

Members in attendance: Mary Nash, Deborah Strasser, Eva Schulte, Rick Fant, Barbara Pesola, Levi, Steve Bernheim and John Pierre.

Meeting commenced at 8:51 AM

Member Comment Period: Steve Bernheim expressed a desire for OPALCO to place greater emphasis on conservation and energy use reduction and encouraged the board to actively promote more opportunities for member engagement in the decision-making process.

ACTION ITEMS

CONSENT AGENDA

MOTION was made by Osterman, to accept the consent agenda, seconded by Madsen and passed unanimously by voice vote.

DISCUSSION ITEMS

Annual Membership Festival Logistics:

The Board and staff discussed logistical preparations for the Annual Membership Festival scheduled for April 25, 2025.

REPORTS

Staff reviewed reports, dashboards, grant and budget tracking, ongoing cooperative-wide safety measures and training, and projects.

Regular Session ended: 10 AM

Break: 10-10:15 AM

Executive Session: 10:15 AM Meeting Closed: 11:30 AM

Vince Dauciunas, President Tom Osterman, Secretary-Treasurer



Cooperative Finance Corporation (CFC) One-Card Limits

OPALCO's credit cards operate via an Agreement with CFC called the Corporate Card and One Card Program Charge Card Reimbursement. The Agreement is dated December 17, 2023 and the aggregated maximum credit limit to the Coop set at that time was \$50,000. Over a decade of inflation, as well as changes to how construction materials are purchased for the Coop have triggered a need to increase this limit. As the corporate officer's have changed since the 2013 Agreement was established, the Coop must complete an Amendment to the existing Agreement and requires the board to authorize the General Manager to increase our aggregate credit limit to \$100,000 to meet our current & future needs.

Staff requests the Board passes a motion authorizing the General Manager to execute an amendment to the Agreement on behalf of the Cooperative increasing the amount thereof, to execute any future amendments to said Agreement as such individual may deem appropriate, and to execute such further documents as may be necessary or appropriate to comply with CFC's or U.S. Bank's requirements.

Board Officer Elections

The Board needs to elect officers to the OPALCO Board in keeping with our Bylaws and regulatory requirements. Article V Section 2 of the Bylaws states "The officers shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members." The Board is encouraged to discuss potential officers and those who are interested in serving. Board members will be asked to vote electronically submitting their votes in the chat function to Travis Neal, Manager of Finance during this meeting. The 2025-2026 Directors are as follows:

Vince Dauciunas
Mark Madsen
Chuks Onwuneme
Brian Silverstein
Tom Osterman
Wendy Hiester
Jerry Whitfield

The Chart below shows the Board positions to be elected and the current officers.

Position	Current Officers: 2024-2025	2025-2026
President	Vince Dauciunas	
Vice-President	Jerry Whitfield	
Secretary/Treasurer	Tom Osterman	

Staff will tally the results and report the results once all votes are cast.



DISCUSSION ITEMS

Member Service Policy Update (First Read)

As part of the rate making process, we need to clearly communicate the fundamental principles of rate setting for the organization and third-party consultants as guidance as we analyze and develop rate design alternatives.

Staff recommends adding into Section 1.1.4 to Member Services Policy 1: Nature of Services Offered as follows (see highlighted section below):

ORCAS POWER AND LIGHT COOPERATIVE MEMBER SERVICE POLICY 1 NATURE OF SERVICES OFFERED

1.1 ELECTRIC SERVICES

1.1.1 OPALCO provides 60 cycle (Hertz) alternating current service at the following voltages:

Single Phase, 2 Wire	120 Volts
Single Phase, 3 Wire	120/240 Volts
Three Phase, 4 Wire	120/208 Volts
Three Phase, 4 Wire	277/480 Volts

Service voltage ranges are maintained at +/- 5% of these voltage levels. It will not be considered a violation of this voltage standard when voltages outside of the prescribed limits are caused by any of the following:

- Action of the elements
- Service Interruptions
- Temporary separation of parts of the system from the main system
- Infrequent fluctuation of a short duration
- Voltage control for load management purposes
- Addition of member equipment without proper notification to the Cooperative
- Emergency operation
- Operation of member's equipment
- Other causes beyond the control of the Cooperative

The Cooperative will not be responsible for the installation and maintenance of any equipment needed to accommodate nonstandard voltage, voltage regulation of less than +/- 5% of the standard voltages, or protection for motors and electronic equipment. This equipment will be operated and maintained at the member's expense.

1.1.2 OPALCO shall, unless otherwise provided in this policy, construct, operate and maintain the facilities necessary to deliver electrical energy to the point of service connection to the service equipment



owned by the member or prospective member (hereinafter "member"). Responsibility for design, construction, operation, maintenance and removal of OPALCO's lines and other facilities shall rest with OPALCO. See Member Service Policy 5 *Line Extension* for a detailed description of OPALCO's responsibility for construction of new facilities.

1.1.3 OPALCO shall only provide service to its members.

1.1.4 Principles of Service and Rate Design

Any person in San Juan County is eligible to become a member and receive electric service (OPALCO Bylaws, Section 1). As an electric cooperative, OPALCO upholds these essential service obligations by ensuring that there are adequate facilities to serve member needs. OPALCO shall provide adequate facilities including both equipment that generates electricity and equipment that transmits such electricity to members. San Juan County has recognized OPALCO's role in providing essential electric service by classifying the cooperative's "primary electrical transmission and distribution systems" as essential public facilities (San Juan County Code (SJCC) 18.20.050; see also SJCC 18.30.055 (concerning the siting and permitting of essential public facilities for purposes of the Growth Management Act). OPALCO's electric distribution systems depend on and assume the availability of adequate electric generation to transmit to members.

OPALCO adheres to fair and transparent utility practices. Rates are set using cost-of-service rate design principles. Retail rates must be based on the cost of providing electric services and shall be consistent with sound utility rate-making principles. The primary goal of setting retail rates is to equitably collect the required revenue to effectively run and operate the cooperative. Ancillary goals to support energy efficiency, conservation, low-income assistance and rebate disbursements shall be independent programs and separate from rate setting practices.

OPALCO adheres to the cost-of-service ratemaking philosophy. Rate design allocating costs relies upon cost causation principles to ensure that each rate class pays its fair share of system costs. Rate structures will not vary based on a member's income, except where specifically mandated under state law for low-income assistance programs.

OPALCO will not arbitrarily ration or limit kWh usage for any member or member class. While OPALCO may implement demand management programs or emergency load reduction measures when required for grid reliability, these actions will be non-discriminatory, transparent, and compliant with applicable cooperative policy, member agreements and state and federal regulatory obligations. As an ongoing borrower of the Rural Utilities Service (RUS), OPALCO complies with RUS "area coverage" regulations by continuing to make diligent efforts to extend electric service to all unserved persons in the service area who desire electric service consistent with 7 C.F.R. §§ 1710.2(a), 1710.103. Although OPALCO is a self-regulated electric utility, it is mindful of a continuing obligation to provide electric services to the entire San Juan Island community it has served since 1938.

OPALCO's policies and procedures aim to ensure all members receive equitable and non-preferential access to electric service, consistent with our cooperative principles, policies and the legal standards we uphold.

E3 Update

There will be a presentation on the continued retail rate discussions with our consultants E3.



2024 Audit Presentation (Moss Adams ~9am)

Moss Adams LLP will present their 2024 audit reports for Board discussion at the May 15th Board meeting (Executive Session). The annual audit report includes the consolidated financial statements of both OPALCO and Rock Island Communications. The Single Audit report includes a report on Compliance for the Major Federal Program and on Internal Control Over Compliance as well as a report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

Representatives of Moss Adams worked virtually with the OPALCO staff during the weeks of March 31 – April 11. Olga Darlington, Business Assurance Partner, and Daniel Roberts, Senior Manager, will be attending (via Zoom) the meeting to review the firm's audit findings and answer questions posed by the Board.

The 2024 year-end financial information for OPALCO was previously reviewed at the March 20, 2025, Board Meeting. Once approved by the Board, the audit report and Form 990 will be posted in OPALCO's online resource library after Form 990 is published by the IRS.

The Consolidated Financial Statements represent both OPALCO and its subsidiary, Rock Island Communications:

Separate company financial statements were presented at the March meeting, and the final consolidated audited financial statements are being presented to the Board at the May Board meeting.

Key takeaways:

• OPALCO and Rock Island received an "unmodified" opinion, which is the highest level of opinion.

Consolidation methodology:

- At the March Board meeting, OPALCO presented their separate company year-end financials and Rock Island presented their separate company year-end financials.
- As OPALCO owns 100% of Rock Island, accounting standards require that our audited financial statements be on a consolidated basis.
 - The first statements presented in the audit report (Income Statement, Balance Sheet, and Cash Flows) and the associated notes to the financial statements combine both OPALCO and Rock Island.
 - The 'Supplementary Information' section of the statements is the consolidation where you can see the companies broken out individually and the related consolidating entries.
 - Note that for 2024 and each year, the margin to be allocated to OPALCO members via capital credits is equal to the OPALCO-only operating margin, not the consolidated amount that includes Rock Island.

Upon the conclusion of the audit review and Board discussion in executive session, staff requests that the Board return to regular session and make a motion to approve all OPALCO's Independent Auditors' Reports.



2025 Q1 Financial Report

The 2025 first quarter financial report is posted online and included under separate cover. The first quarter results are consistent with the budget. Included in the package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

Overall operating revenue was lower than the budget even though kWh sales came in slightly over budget. This is due to the energy charge adjustment (ECA), which returned a net \$477k to the membership through Q1 2025, which was driven by increased kWh sales (up 10%) in relation to lower comparative power costs of \$58k.

The table below presents the projection of full-year 2025 financial results using actuals from Q1 and budget projections for future months.

Income Statement Summary		2025 Projection (actuals for prior months)					
(in thousands)		Budget		Projected		Variance	
Operating Revenue	\$	42,814	\$	43,030	\$	216	
ECA Surcharge / (Credit)*	\$	-	\$	(477)	\$	(477)	
Revenue	\$	42,814	\$	42,553	\$	(261)	
Expenses:							
Cost of Purchased Power	\$	10,985	\$	10,927	\$	(58)	
Transmission & Distribution Expense		9,385		9,073		(312)	
General & Administrative Expense		7,387		7,215		(172)	
Depreciation, Tax, Interest & Other		10,171		9,933		(238)	
Total Expenses		37,928		37,148		(780)	
Operating Margin		4,886		5,405		519	
Non-op margin		793		759		(34)	
Net Margin*		5,679	\$	6,164		485	
OTIER		2.99		3.27		0.28	
TIER		3.31		3.58		0.27	
Equity %		41.5%		41.6%		0.2%	
HDD		1,446		1,350		(96)	
kWh Purchases		235,000		240,695		5,695	
kWh Sales		223,000		230,048		7,048	

^{*} The ECA returned a net \$477k to members through March 2025.

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~14% below budgeted levels (actual of 606 vs. budget of 702). Overall kWh sales were ~7M kWh above budget (77M vs. budget of 70M).
- 2025 power purchases were \$58k lower than budgeted even though overall kWh purchases were higher. Actual kWh purchases were 5.7M kWh above budget (79.8M vs. budget of 74.1M).
- Excluding purchased power, 2025 operating expenses were approximately \$660k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- The ECA for Q1 2025 was a net credit to members (and decrease to operating revenue) of \$477k, or \$17.81 for a member using 1000 kWh/month.
- Rock Island Communications 2025 Financials included in separate packet.

OPALCO 2025 Financial Package under separate cover.



REPORTS

General Manager

Dashboards

Please review the dashboards at https://www.opalco.com/dashboards. Note that all the dashboards are within board approved strategic parameters.

Finance

- Budget Variance
- TIER/Margin
- Expense
- Cash
- Power Cost
- Purchased Power
- Annual Power Metrics
- Capital
- Debt/Equity
- WIP
- Income Statement Trends

Member Services

- Disconnects
- Uncollectable Revenue
- PAI
- EAP
- Membership
- Service Additions
- Annual Service Additions
- Revenue Dist. By Rate

Outage

- Historical SAIDI Graph
- Historical SAIDI Figures
- Outage Stats Rolling 12 Mo
- Outage Stats Monthly
- SAIDI by Category
- Outage Summary

Quickfacts

Please review the Quick Facts at https://www.opalco.com/newsroom/quick-facts/.

- OPALCO's Plan for our Energy Future
- Decarbonization 4 Part Series
- Switch It Up!
- WA 2021 Energy Strategy
- Simpson Proposal and the Northwest Energy Evolution
- Will there be enough power?
- OPALCO Rates
- Energy Independence? Not entirely
- Rock Island Communications
- OPALCO election process
- Wireless Services
- Cost of Service
- Staff Compensation
- NRECA
- OPALCO Debt and Capital Projects
- Ocean Health
- NW Resource Adequacy in a Rapidly Decarbonizing World

- Land for Renewable Energy Projects
- Understanding the Change in Solar Rates
- Decatur Island Battery Storage Project
- Why Hydropower is Important to our Power Supply
- Where does OPALCO stand on regional issues and the dams?
- Future Power Purchase Strategy
- Industry Association Memberships and Co-op Benefits
- Climate Change News Review September 2022
- OPALCO Tidal Energy Pilot Project
- Solar Rate for Residential Members
- Right-of-Way Program
- Inflation Reduction Act (IRA) Benefits
- Wildfire Mitigation
- Surge Protection
- OPALCO Needs a New Submarine Cable
- OPALCO's Rate for Members who have Rooftop Solar
- Why Local Renewable Projects? Mainland Power Demand Will Soon Exceed Supply



Engineering, Operations and Information Technologies

WIP

As of May 14, 2025, there are 323 work orders open totaling \$13.2M. Operations has completed construction on 115 work orders, totaling \$1.3M.

Safety

Northwest Safety Service conducted Job Briefings training in April. The total current hours worked without a loss time accident is 48,270 hours.

Grants

Given the unknowns in the new federal Administration, grants funds are expected to be less available. OPALCO will curtail our pursuit of grants funds accordingly.

Grant Seeking

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline
Water Power Technology Office	DOE	Pilot Tidal Project (\$60M)	\$35M	\$25M	Determination in 11/2023
RMUC Program Advanced Cybersecurity Technology Phase 2	US Dept of Energy	OPALCO Cybersecurity Initiative	\$150,000		Completed Phase 1: \$50K

Grant Awards

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline / Notes
Zero Energy Vehicle Infrastructure (ZEVI) / partner with OPAL CLT	Bonneville Environmental Foundation	EV Chargers for OPAL Neighborhoods (\$45k)	\$25k	\$20k (OPAL)	Working with OPAL Install by Aug 2025
Remote Communities Broadband ARPA	WA State Broadband Office	Last Mile Broadband	\$15M		Construction in Process
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Battery Storage Eastsound Substation	\$2.4M	\$2.4M	Land Use Permitting
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Low Income Solar	\$1M	\$1M	Land Use Permitting

Finance

2025 Budget Tracking

Energy (kWh) sales were slightly higher than budgeted levels through April 2025. The table presents the full year 2025 projection with actuals for prior months where available.



Income Statement Summary	2025 Projection (actuals for prior months)					
(in thousands)	<u> </u>					Variance
Operating Revenue	\$	42,814	\$	42,663	\$	(151)
ECA Surcharge / (Credit)*	\$	-	\$	(621)	\$	(621)
Revenue	\$	42,814	\$	42,042	\$	(772)
Expenses:						
Cost of Purchased Power	\$	10,985	\$	10,927	\$	(58)
Transmission & Distribution Expense		9,385		9,073		(312)
General & Administrative Expense		7,387		7,215		(172)
Depreciation, Tax, Interest & Other		10,171		9,933		(238)
Total Expenses		37,928		37,148		(780)
Operating Margin		4,886		4,894		8
Non-op margin		793		759		(34)
Net Margin*		5,679	\$	5,653		(26)
OTIER		2.99		3.05		0.06
TIER		3.31		3.37		0.06
Equity %		41.5%		41.5%		0.0%
HDD		1,446		1,350		(96)
kWh Purchases		235,000		240,695		5,695
kWh Sales		223,000		230,048		7,048
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^{*} The ECA returned a net \$621k to members through April 2025.

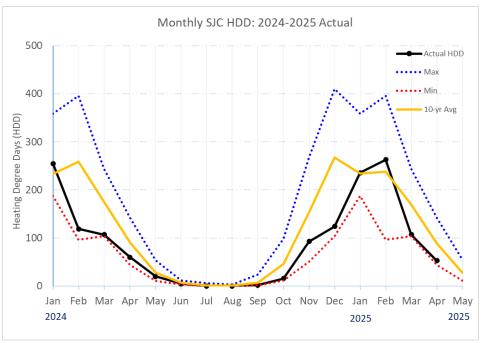
Monthly Energy Charge Adjustment (ECA)

The April 2025 ECA returned \$144,482 to members, or \$7.61 per 1,000 kWh. The May billing period ECA is unknown at the time of this board packet release due to timing of the April PNGC power bill. The exact amount of the ECA is an estimation based on known kWh sold and a recalculation of our contractual power bill, which may occasionally include other one-time factors or adjustments.



Heating Degree Days (HDD)

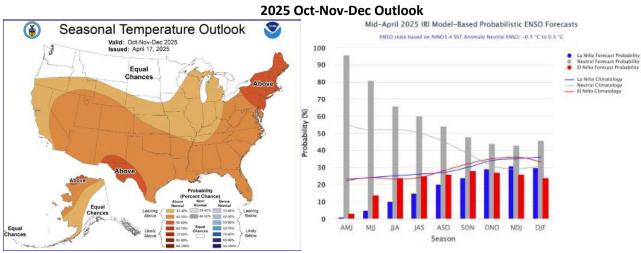
The first quarter 2025 trended slightly warmer, despite previous projections based on National Weather Service forecasts initially indicating a cooling weather pattern. As seen in the table below, April 2025 continued the trend from March and landed right around the 10-year minimum HDD, one of the warmest April's in a decade. We continue to monitor weather trends monthly.



*max, min, avg is based on 10 year average

Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Oct-Nov-Dec '25, the outlook is currently showing a neutral temperature condition in our region coming into the next fall/winter season. The models in the International Research Institutes' (IRI) ENSO (weather) prediction forecasts a neutral condition. We continue to monitor these predictors monthly.



Source: NOAA National Weather Service



Member Services

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	2024	2025	Grand Total
Energy Assist Credit	# of Accounts	444	460	574	577	546	519	524	449	1,250
	Total Assistance	111,996	135,595	158,434	158,740	156,761	141,748	164,175	75,229	1,102,678
PAL	# of Accounts	212	205	329	363	297	268	264	139	942
	Total Assistance	45,155	53,137	80,975	104,880	82,912	80,500	74,750	34,789	557,098
EAP Residential - COVID	# of Accounts			88	74	63				98
	Total Assistance			21,535	27,606	8,348				57,489
EAP Commercial - COVID	# of Accounts			107	97	79				119
	Total Assistance			73,340	87,233	21,998				182,570
PAL - COVID	# of Accounts			131	122					222
	Total Assistance			15,000	12,200					27,200
Grand Total	# of Accounts	460	488	835	825	754	584	566	482	1,587
	Total Assistance	157,151	188,732	349,283	390,659	270,018	222,248	238,925	110,018	1,927,035

Note: EAP funds are collected, primarily, from a program OPALCO created by including a line item on <u>all</u> OPALCO member bills. Additional funds are directed to the EAP from the Decatur Solar Project (10% of all production credits). In 2020/2021, additional funds (not included in this chart) were paid out to members who were impacted by COVID. When the Bailer Hill Microgrid Projects comes online, up to 45% of its production will be directed to EAP. The "# of Accounts" are the distinct accounts assistance was provided to over the year or as a total. The "Total Assistance" varies based on single account adjustments.

Project PAL

The regular Project PAL Award Season 2024-2025 is complete. Project PAL Award Season 2025-2026 will begin in November 2025. During April 2025, 38 Members received ~ \$9.5K in Project PAL Awards, compared to 34 Members who received ~\$8.5K in Project PAL Awards in April 2024.

Energy Assistance (EAP)

During April 2025, 442 members received \sim \$20.1K from the low-income Energy Assist program, compared to 394 members who received \sim \$16.6K in assistance in April 2024. April is the month to renew energy assistance for coop members.

LIHEAP and State Home Energy Assistance Program (S-HEAP)

From the WA Department of Commerce as communicated to Opportunity Council staff. As of April 1, 2025, all staff within the Division of Energy Assistance (DEA) at HHS-ACF-OCS have been released, however LIHEAP remains a federally appropriated program.

There are no immediate changes to LIHEAP or LIHEAP program requirements. Commerce is encouraging OPPCO to try to spend current contract dollars as quickly as possible for this program year, as a precaution. OPPCO has been approved for the Fiscal Year 2025 LIHEAP contract with Commerce for the next program year.

Client stories are very important right now, OPPCO is encouraging clients of the Community and Family Resource Centers to share their LIHEAP stories and are also encouraging them to share their story directly with their representatives if they feel comfortable doing that.

Energy Savings

During April there were a total of 28 rebates paid out to members totaling ~\$44.5k. This includes eight fuel switching ductless heat pump rebates and six EV charging station rebates.

Member Benefits from Energy Efficiency and Fuel Switching Programs:

OPALCO is committed to helping members prepare for an efficient and sustainable energy future with programs, incentives, and rebates. All values are as of first of the month reported.



		2014-2019	2020	2021	2022	2023	2024	2025	Totals
	# of Accounts	2,141	303	147	210	261	210	60	3,332
EE	Total Awards	\$1,348,477	\$167,432	\$149,886	\$227,622	\$313,945	\$259,445	\$96,531	2,563,338
Rebates*	Total Energy Savings (annual kWh)	5,960,711	783,431	359,269	346,900	440,382	253,675	114,507	8,258,875

^{*}BPA includes the cost of the Conservation (Rebate) program in the power bills that OPALCO pays. When members utilize the rebates and OPALCO documents it, the Co-op then gets credited back that amount. In essence, we are overbilled for the rebate program and only get credited if members utilize the rebates. OPALCO is unique in the pool of BPA utilities for consistently using all or most of the available conservation dollars in this program. We have often used conservation funds allocated to other Co-ops that they were unable to use through their member rebate programs.

Interconnects

There were nine new interconnect applications submitted in April, with 13 members interconnected with solar for a total of 877. (https://energysavings.opalco.com/member-generated-power/). There are an additional 28 pending connections.

Switch It Up

OPALCO can utilize \$46.8M in Rural Energy Savings Program (RESP) funds to provide on-bill financing for co-op members for energy efficiency measures. OPALCO is reimbursed for the funds once member measures are installed. There are now 966 projects completed and billing for a total of \$18.2M net outstanding (total projects less member pay-offs). There are another 40+ projects in various stages of the process. Current project details are as follows:

	Project Origination Year							
Measure	2019	2020	2021	2022	2023	2024	2025	Grand Total
Appliance					36,112	51,093	3,249	\$ 90,453
Energy Storage				39,510	27,159	47,766		\$ 114,435
Ductless Heat Pump	648,252	620,060	637,599	1,554,579	1,788,412	2,370,729	318,964	\$ 7,938,595
EV Charger						34,031	2,948	\$ 36,979
Fiber		30,725	48,681	29,301	41,929	85,080	4,492	\$ 240,207
Ducted Heat Pump	8,119	30,000	15,000	18,127	956,159	452,196	167,306	\$ 1,646,907
Heat Pump Water Heater	13,985	9,805		5,012	15,701	13,700	17,421	\$ 75,624
Insulation				256,935	42,634	240,729	58,115	\$ 598,412
Other	14,543			92,649	188,075	31,981		\$ 327,249
Solar + Storage				480,057	474,806	575,124	259,939	\$ 1,789,924
Solar				1,897,659	3,110,484	2,183,184	473,764	\$ 7,665,091
Windows				563,557	424,438	517,772	315,539	\$ 1,821,305
Grand Total	\$ 684,900	\$ 690,589	\$ 701,280	\$ 4,937,386	\$ 7,105,908	\$ 6,603,383	\$ 1,621,736	\$ 22,345,182

The following table shows the utilization of the RUS Rural Energy Savings Program (RESP) loan funds, used to fund the Switch It Up program. These funds are available for use through 2031.

	Total (in millions)		Remaining		
			Available		
RESP 1.0		5.80		-	
RESP 2.0		15.00		1.60	
RESP 3.0		26.00		23.46	
	\$	46.80	\$	25.06	



Annual Business Meeting and Festival

On Thursday April 24, at the OPALCO Business Annual Meeting, Rick Fant of the OPALCO Election and Governance Committee announced the results of the 2025 Board Election. In District 1 (San Juan et al), Mark Madsen was elected with 1,664 votes. In District 3 (Lopez et al), Brian Silverstein was elected with 1,674 votes. In District 4 (Shaw et al), Jerry Whitfield was elected with 1610 votes. A total of 1801 ballots were cast, which equates to 15.4% of the membership.

The next day the Annual Member Festival was held at the San Juan County Fairgrounds. The festival was a huge success with over 350 Co-op members in attendance! The fairgrounds turned into a family friendly educational activity center, with bucket truck rides and safety demos from the line crew, a bouncy house and giant earthball for the kids to play with, booths with information on OPALCO programs and local businesses, and an EV showcase with 9 electric vehicles to explore! The whole OPALCO team was on hand to welcome attendees, give out SWAG, and help keep the event flowing.













Youth Rally

OPALCO has selected 5 students from San Juan County to represent OPALCO at the ICUA Youth Rally in Idaho this summer. The delegates selected are Vera Schoultz from Friday Harbor High School and Gabe Chapman, Colter Bond, Wren Ontjes, and Lucia Rios from Orcas Island High School. Each student was awarded \$1000 for their post high school education and will go to the rally from July 6- 11.

Regional News Interviews

OPALCO has done two interviews with regional tv news outlets. The team did one with Fox 13 News about the Rosario Strait Tidal project and with King 5 news about the Decatur Solar Project. Keep a lookout for these stories in the coming weeks.

Decatur Solar Project

Decatur Solar Expansion Update



On May 10th, the OPALCO and Rock Island team held a town hall meeting at the schoolhouse on Decatur Island. From 10-11 am, Rock Island answered individual and group questions about the fiber installation project happenings throughout the island. The schoolhouse was packed with about 40 people inside the building spilling out to the outside where about 15 more people stood and listened.

At 11 am, OPALCO started the discussion about the proposed Decatur solar expansion project. There were approximately 60 people in person and 25 online. OPALCO started off with a brief discussion of the project starting high-level to outline the regional power supply and then specifics to Decatur project. The team answered questions until about 1 pm, when we convened for lunch. The tone of the meeting was respectful. There was a minority that were in opposition and some clear supporters, but most were there to learn more about the project details.

The key takeaways for OPALCO to follow up on for the community include justify that location, feasibility of other Decatur locations offered up by the community, provide a central hub on Opalco's website to listen and communicate potential mitigation measures to address the key concerns centered around fire mitigation, stormwater runoff, forest removal, construction disturbance and disruptions, maintenance and aesthetics, provide environmental reports and communication schedule logistics.

People very much appreciated that OPALCO came to Decatur for this event. There was another hour of one-on-one conversation with folks that were mostly positive while we served burgers. We will also agreed to hosting more town halls and have extensive detailed project updates going forward.

OPALCO is committed to early engagement and transparency as we continue the planning process. Read below for some of our answers to frequently asked questions:

How was the projected increase in electrical usage for Decatur Island and the San Juan Islands "determined to be 30% over the next 10 years to or so"? According to the 2024 PNUCC Northwest Regional Forecast a 30% increase in electricity demand across the Northwest is due to "data center expansion, high-tech manufacturing growth and the trend toward electrification." I don't expect to see these activities occurring on Decatur or in the San Juan Islands. The 30% projection seems way too high. If there is another study specific to the San Juans please share it.

OPALCO utilizes a variety of data to determine where to set our projected load growth. San Juan County Comp Plan is required per the Growth Management Act to account for a certain level of growth. We utilize the Comp Plan so we can adequately plan for the future of San Juan County. Factors like population growth, high speed internet enabling people to work remotely from the islands, and the electrification of heating and transportation 30% is an appropriate number for us to utilize when estimating growth. Planning for our future load requires looking ahead 10-25 years for adding the needed infrastructure takes years and years to plan, design, permit, procure, and test. Regional load growth will also affect our local electrical supply since we aren't installing new power sources fast enough – driving up costs and increasing the likelihood of blackouts.

OPALCO states it utilized state-based requirements to define low-income. According to sanjuancountywa.gov, the area median household income (AMI) in San Juan County in 2024 is \$104,000. Low income in San Juan County is defined as those with annual income at or below 80% of AMI, which is \$83,760. Are these the same numbers you used in obtaining the grant for Phase 1?

We received this Department of Commerce Grant in 2018 so likely the numbers are different then what is listed above. For OPALCO's low-income programs, our requirement is that the member qualifies and provides proof that they qualify for another source of assistance like SNAP, Medicaid, LIHEAP, Rental Assistance and others.



Landscaping Plans (Park)

Per community feedback and county requirements OPALCO will be landscaping along the site of the future solar installations that are along the county road. There will also be fencing. OPALCO does not have plans to install a park. With the new property, OPALCO will be able to stage its equipment out of view from the road. We will be continuing to improve the longstanding substation site.

Will we be hiring a Decatur person for maintenance? How will regular maintenance be addressed?

OPALCO has used Decatur residents in the past to help with maintenance of our property. The plans for the site will be low growing grass that does not need a ton of regular maintenance. We will likely contract out for that work. If there are Decatur residents interested in this kind of work, they can reach out to OPALCO to find out what opportunities we have.

There is not a ton of maintenance required for solar projects outside of our normal property maintenance plans. This will be added to our regular scheduled maintenance for all the parcels that OPALCO owns.

Has there been a time when Decatur lost power and the battery took over?

There have been several times since 2018 that the battery has enabled Decatur Island to keep power up and running. If the outage is on the Decatur grid, then this disconnects your service from the battery and/or BPA/OPALCO substation, so the battery is unable to provide backup power for those kinds of outages. When the outage is between the mainland and Decatur then the battery can provide backup that will extend the power supply to Decatur meters. In January 2021 and December 2022 during outages, the battery extended the power supply for Decatur Island. We will have our system engineer at the meeting to discuss the details of how our battery storage system works.

Fiber project and summer schedule for Decatur NW?

Decatur Island generally is completed in terms of excavation and cable installation. Service connections for these areas will be scheduled periodically throughout the late spring and summer months this year. Please look for scheduling communication from Rock Island for service installation to take advantage of the opportunities for installation this summer.

Decatur Northwest – Excavation work is in process currently and is anticipated to be complete by October this year. Connections in Decatur Northwest will follow in Winter of 2025 and Spring of 2026.

Can you ask that the presenters talk about fire prevention, fire response, and toxic fume risks from the battery storage system?

OPALCO performs regular inspections and maintenance of equipment, monitors the batteries and solar site with an automated system, maintains clear firebreak zones, protective devices that can isolate faults, and vegetation management to ensure the safety of all its sites and utilizes specific fire response system for battery storage sites. The battery container is sealed and will remain sealed in the event of a fire to aid in the suppression of the fire and keeps the fumes encased. There are no plans for additional battery storage projects on Decatur at this time. The battery chemistry used for the existing energy storage battery on Decatur is designed for low probability of fire called iron phosphate.

Is sheep grazing an option?

Since this is not an agricultural parcel like the Bailer Hill project – OPALCO has not been planning to do sheep grazing or farming on this parcel. Space is more limited on this parcel.

Fire prevention and response:

OPALCO will have the fire suppression and prevention measures in place for the solar site. OPALCO is also researching whether the well on the property could be utilized for fire protection.



Road Dust mitigation

San Juan County is responsible for the County roads. This is a good question for San Juan County Public Works. OPALCO will work to keep the impacts during construction to a minimum for the Decatur Community.

You also mentioned in the meeting that there are plans/needs for solar arrays across the islands to meet future needs. Are batteries part of the plans upon installation, never, or in the future – and upon what factors does this depend?

Battery storage is part of OPALCO's long term plans for our energy future. Offering utility scale power storage will increase our power reliability in the event of widespread blackouts or intense weather events. Battery storage is very expensive, so this plan is dependent on grant funding to make it work.

What are the benefits of battery storage?

The main benefits of battery storage are submarine cable replacement deferral, demand charge reduction, load shaping charge reduction, energy cost reduction, voltage regulation and outage mitigation.

Do rates vary across OPALCO and if not, could they vary based upon those taking on solar and batteries?

OPALCO does not vary rates based on if you have a microgrid close to your home. As a cooperative, we follow "cost-of-service" model when setting rates and there is no clear correlation between having a microgrid close to your house and your electricity usage. OPALCO is looking out for all the co-op membership regardless of location of our electrical infrastructure and must set rates to benefit the whole of the cooperative.

Key takeaways from my review of the Decatur Study: (PNNL study)

The use of batteries is the key benefit. It extends transmission line life by 3.65 years, along with shape load and reduce peak consumption reducing OPALCO's cost of purchasing energy from Bonneville. This is correct.

The cost and installation of the solar panels is \$829000. The time to break even at \$0.107 kwh is close to 15 years. Given this, I would ditch the panels. With the panels gone the site footprint can be drastically reduced, reducing land purchasing costs, as well as associated issues with runoff.

The PNNL study is only focusing on PV solar integration with battery not solar return on investment or Community Solar projects. OPALCO's community solar was paid for by the investors who purchased shares. There were additional incentives and grants made the return on investment closer to 7 years.

Where are we planning to put the panels?

Phase 1 will cover the east three acres on the county's public works property. The Phase 2 area is also located in close proximity to our existing substation and solar array. OPALCO is unsure on timing of Phase 1 & 2 as they are dependent on county processes for the two sites.

Will the west 2 acres of the county parcel be maintained as is as a county work area? Yes.

What would be the possibility of leasing part of the parcel just to the east of where the existing array is located to keep the array in the same plane, extending the array toward the school?

In March 2025 OPALCO acquired this property and is planning to expand solar onto this site.

Will we (Decatur residents) be able to buy into this project?

Yes. Decatur residents will have be able to purchase shares in this project.

Does Decatur get priority at purchasing shares?



Yes – we will give Decatur an early release of shares.

What is in it for Decatur?

As a nonprofit cooperative we are looking at this for what's in it for all our members. Increased reliability, cost shaving, and support for low-income members. We are also looking at ways to offer specific community benefits to the Decatur Community. Given the proximity of the solar and battery equipment, local Decatur members will have increased power reliability when mainland power goes out.

What can the community do to contribute to moving this solar project forward?

We encourage you to reach out to the SJ County to ensure permitting predictability and engage in meaningful discussions about the benefits of renewable energy.

What panels are being used?

We plan to utilize the panels originally purchased for the Bailer Hill project, so we are not considering alternate technology.

Can we augment the battery packs for increased longevity of service?

Additional batteries are a possibility but would require additional grant funds as battery storage is expensive.

Please outline the maximum scope of the project.

We will share the design when it becomes available. For now assume a 2.1MW solar project. As design and planning start this number will likely be adjusted.

When will landscaping along the road be completed?

A sign went up across from the store saying landscaping would hide the substation, but nothing has been done. OPALCO did not put up this sign. We have been making upgrades to the substation site to include a new shed building that will help with the aesthetics of the site. Having the additional land will make it so a lot of our equipment can be staged elsewhere and kept out of view.

What can be done about roads being maintained and mitigation of dust?

San Juan County is responsible for the County roads. This is a good question for San Juan County Public Works.

How can OPALCO enhance fire safety and preparedness on our unprotected island to benefit Decatur as well as the OPALCO systems?

OPALCO will provide fire mitigation equipment to serve our area.

OPALCO is also researching extending water supply to the Decatur Community.

Why was Decatur chosen for this project after other islands turned it down?

Given its close proximity to the existing solar site and substation. OPALCO is not planning to overburden Decatur with solar generation. The expanded solar will meet the needs of Decatur Island's future power supply and offers additional reliability to the Decatur community.

Is OPALCO purchasing land beyond the current solar farm for this expansion?

OPALCO purchased tax parcel: 152232005000 on March 6, 2025. Any plans on this parcel will be in Phase 2.

Will the forested area across from residential properties be removed for solar infrastructure?

There would need to be tree removal for this project. OPALCO will make any lumber or chips available to the Decatur Community. We will also have visual landscaping barriers to make the view from the road aesthetically



pleasing. Note: while many alder trees exist on the Phase 2 land, many trees were previously harvested.

Why isn't this project being placed on more suitable farmland on a larger island?

This is a good parcel due to its close proximity to our existing substation and solar site. Every parcel has trade-offs.

What are the environmental impacts, such as runoff and water drainage, from this expansion?

OPALCO is still early in this process and to address this question needs more information. This information will be made available as we get it and during the SJC permitting process.

How will this project affect property values on Decatur?

OPALCO has already begun to better the property by removing derelict vehicles and general clean up. Keeping the property maintained will help hold property values. We don't anticipate this project affecting property values.

What steps will be taken to mitigate dust and road degradation from construction activity?

OPALCO will work to keep construction activity to a minimum though we can't guarantee there will be no effects during the project. We will work with San Juan County for road maintenance issues.

Has OPALCO applied to bypass normal permitting processes for this project?

No. OPALCO will be following all SJC permitting processes.

Why are local residents not being directly notified about this development?

Local residents are being informed as promptly as new information becomes available.

Is the technology being used potentially obsolete in 20 years?

No. The technology is proven, reliable, and expected to remain effective well beyond 20 years. The lifecycle of the panels are at least 25 years.

What are the limits of solar farming on Decatur Island?

Solar development is limited by available land, environmental impact considerations, community input, and infrastructure capacity. OPALCO is committed to transparency throughout the entire process and will work closely with the Decatur community.

What are the actual benefits for the Decatur community in hosting a project rejected by others?

Decatur gains enhanced energy reliability, priority access to solar shares, and a local source of renewable energy. OPALCO is committed to transparency, environmental stewardship, and ensuring the project brings long-term value to the community.

What planning is being done to protect critical infrastructure, including the battery installation?

OPALCO is the critical infrastructure in this County with the electrical grid and fiber connectivity. Everything we do is to protect this infrastructure and ensure the safety of the community.

Why is there limited county oversight and planning for outer island infrastructure protection?

This project will follow all SJC permitting processes regardless of location.

Will this project include improved fire protection or EMS support for Decatur?

Fire protection and EMS services are managed at the county level. Again, OPALCO will be providing fire mitigation equipment required for the solar project (including access to water to fight a potential fire in our project area).



The best way to ensure your voice is heard is through active participation. We encourage community members to attend OPALCO meetings and San Juan County Council meetings, where your input can directly influence planning and decision-making. OPALCO is committed to an open and transparent process and values the engagement of all stakeholders.

Please provide information on the grant source for this project which I have been told has to do with low-income housing?

The grant funding is for a program to do a utility scale solar project that will benefit low-income community members from Washington State Department of Commerce "Clean Energy Fund 3 Solar" – nothing to do with low-income housing.

How would this benefit low-income community members? Then if there is a discernable benefit, where are these community members located?

The project will add dollars into our energy assist program (about 46% of the current monies put into this program) and serves low-income members throughout the County.

What is the definition of low-income and how many reside on Decatur?

We utilize state based requirements for low-income definition.

On what basis did OPALCO abandon the original siting on San Juan?

Read our three part series on Bailer Hill: https://www.opalco.com/why-local-generation-is-important-part-1-of-3/2025/01/

If OPALCO didn't do what they said they would on the first solar installation, what makes you think they would keep their word now?

Let us know what we didn't do and we can discuss in what ways we can do better or make changes.

The power that is generated from solar array: is it only used on Decatur?

From a technical perspective Yes. Electrons flow to the closest use point; however, if there is excess power it would then flow to other areas.

Is there a way to inform the people on Decatur when we are on battery power so we are aware that the power being generated here is being used?

This is a great idea, and we are researching if there is a way to make this automated.

What about putting this project on the other islands?

OPALCO is looking to put multiple microgrids on all the major islands.

OPALCO is also working with San Juan County to ensure more permitting predictability for future solar / battery projects on the other is. OPALCO foresees all the islands needing increases in electricity (30%).

OPALCO is not planning to overburden Decatur with solar generation needed for the rest of San Juan County. We will try to develop a chart so we can clearly communicate the need for future solar generation.

Is OPALCO putting more solar on Decatur than their fair share (i.e. more than the expected load growth of Decatur Residents)?

The amount of solar being proposed for Decatur is NOT more than the expected increase (20-30% in next 10 or so years) in electricity needed for Decatur Island.

OPALCO remains committed to the cooperative principles which emphasizes fairness as a key tenet so we are not asking Decatur to shoulder more of this burden – the potential solar OPALCO could install in both phases of the



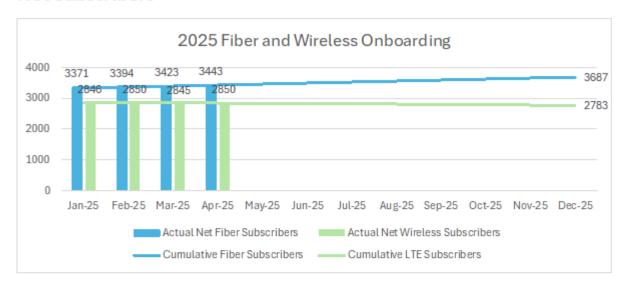
project would still be less than the expected load growth of Decatur. It will also offer greater power reliability to this community.



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