



# Board of Directors Regular Meeting

Thursday, August 21, 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,
- 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](mailto:communications@opalco.com)

## Sequence of Events

- OPALCO Board Meeting
- Executive Session



Board of Directors  
Regular Board Meeting  
August 21, 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](mailto:communications@opalco.com) for post-meeting follow-up.*

## Contents

ACTION ITEMS.....	3
Consent Agenda .....	3
December 2025 Board Meeting.....	6
Public Electric Vehicle Charging – Member Service Policy 4 – Service Conditions (Second Read).....	6
Cost of Service and Rates Update .....	7
<b>Service Access Charge Break Out.....</b>	<b>10</b>
<b>Cost of Service Analysis Alignment.....</b>	<b>10</b>
<b>Increased Service Access Charge and Reduced Volumetric Charges .....</b>	<b>10</b>
<b>Energy Charge Adjustment (ECA) .....</b>	<b>10</b>
<b>Fee for Large Residential Services .....</b>	<b>10</b>
<b>Not Recommended.....</b>	<b>10</b>
DISCUSSION ITEMS .....	12
Q2 2025 Financial Update .....	12
REPORTS.....	14
General Manager .....	14
<b>Dashboards.....</b>	<b>14</b>
<b>Quick facts .....</b>	<b>14</b>
<b>Engineering, Operations and Information Technologies.....</b>	<b>15</b>
<b>Finance .....</b>	<b>16</b>
<b>Member Services.....</b>	<b>18</b>
<b>Energy Savings.....</b>	<b>18</b>
<b>Communications .....</b>	<b>19</b>
Rock Island Communications .....	21

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 – June & July 2025

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

37 PEARL ISLAND L, LC  
ANDERSON, AVA  
AXMEAR, KRISTINA  
BAYUK, LENORE  
BEAL, GEORGE & BEAL, CAROLE  
BELANGA, SEAN  
BERRETH, TYLER  
BROWN, ANDREA & BROWN, SKYLER  
BUCK, JESSICA & BUCK, EARL  
BUCKTON, LISA & CHAFFEE, EMILY  
CAPOTE, BRITNEY  
CASTANEDA, JANET & EMMANUEL, SOLIS NEPOTE  
CHASE, MARIYA & CHASE, WILLIAM  
CLARK, TAYLOR & CLARK, SUMMER  
COLE, JOSHUA & GALINDO, ALEXIS  
DAVEY, BRIANNA & DAVEY, SCOTT  
DECLUE, MARK  
DOMICO, RACHEL  
FENLEY, BRITTANIE  
FONTAINE, KAREN  
GONZALEZ MENDEZ, JOEL & GONZALEZ, ADRIANA  
GREENHOOT, WILLIAM & GREENHOOT, LISA  
HAMILTON RANCH AS, SOCIATES  
HARDING, BRYCE  
HARRIS, LEIGHANNE  
HUGHES, JOHN  
JOSEPH AND KELLI BLAIR FAMILY T  
KASEL, LYNN  
LAWRENCE, LISA  
LEAVEN BAKERY LLC  
MADDAGE, SRIYA  
MCCAMPBELL, THOMAS  
MCEACHRAN, ANGEL  
MIKSCHWITSCH, PETER & CARNES, MARIANNA  
MINER, CHRISTINA  
MOXON, DAVID  
NEIL BAY SJI CABI, N LLC  
NEW DIRECTION TRU, ST COMPANY TT  
PASIC, JOSEPH & PASIC, TINA  
PECKMAN, WHITNEY  
PEW, JOSEPH & PEW, MARION  
PROUT, JOSHUA  
RADDEN, DYLAN & RADDEN, SONJA  
RATHFON, BARRY  
RINGER, DANIELLE  
ROMMEL, ALEXANDER  
ROSE, JERRON  
SCHEFFER, CAROLYN  
SCHLEGELMILCH, ELLIOT & MCKIRDY, MARGOT  
SEHGAL, MELISSA  
STUCKI, KYLE  
SUHY, ADAM

TARANTELLI, DOMINIC & FAHNDRICH, MARIKA  
TURMAN, BROOKE  
WESTPHALEN, ANDREW & WESTPHALEN, CHANTEL  
WONHAM, MARJORIE  
WORRELL, LAURA  
WRIGHT, STEPHEN  
ZONGOLOWICZ, BRIAN & SASINOWSKI, DANA  
CHRISTOPHER, SONJA  
DICKERSON, JEANNE

#### District 2 (Orcas, Armitage, Blakely, Obstruction, Double, Alegria, Fawn)

ACTKINSON, JORDAN & ACTKINSON, KIM  
ARRIZON QUINTERO, JOSE  
BARNARD, KATHRYN  
BLOCH, KALA  
BOYER, ALYSSA & BOYER, JOHN  
CORDDRY, MATT  
CULLIGAN, MOLLIE  
DANCER, TYLER & DANCER, SIERRA  
DENGLER, MATTHEW  
ENGSKOV, PAUL & WESTHUSING, KARA  
GRID INSIGHT CORP, ORATION  
HALL, JAYDA  
HAMILTON, KENT ALAN  
HEIRLOOM GARDENS  
HELSELL KUTSCHER, SUSAN & KUTSCHER, TED  
ISLAND SKILLET LLC  
JACKSON, GEORGE & JACKSON, MARY  
JARMAN, ALYSSA & JARMAN, JOHN  
JURGENSEN, JONATHAN  
KOS, JULIEN & MCCOMBIE SMITH, IONA  
LEVER, MARK & EISNER, RIVKA  
LJUBIC, MIHO  
LUCAS, EBER  
MADAN, RICHARD & MADAN, JUDITH  
MANKOWSKI, TINA & GUDGELL, MIKE  
MCDONALD, MICHAEL  
MEESTER, TOM & SCHUMACHER, SAVAHNA  
MINNETT, RUPERT & MINNETT, TRICIA  
OSTLE, LILY  
PAGAN ASSOCIATES  
PATTON, JEFFREY  
PATTY, RENA  
REED, ANGIE  
ROSARIO HARBOR LL, C  
ROSEN, KEITH & ROSEN, DEANNA  
ROULAC, JOHN  
ROUNDS, TAMARA  
RUBEL, R JACK  
SCOTT HAMBLEN, MARY  
SHELLMAN, ROBERT & FLEISCHMAN, SONIA



SMITH, SARA  
 STANKOVIC, ZORAN  
 TOKARCHUK, JESSICA  
 VAZQUEZ, RICARDO & VALLADAREZ, FRANCISCA  
 WEST, MARCIA  
 WHITRIDGE, SARAH & WHITRIDGE, ZACHARIAH  
 WIKE, LAWRENCE & WIKE, JANE  
 WOLAK, ERIC & WOLAK, ANNE  
 WOLF, CAROLINE & RUSSELL, SARAH

**District 3** (Lopez, Center, Decatur, Charles)

BELANGER, MARK  
 BRITTAINE, ERIC  
 BURT, DON & BURT, NELLA  
 CHAPPUIS, JAMES & CHAPPUIS, JEANNE  
 EWERT, NANCY  
 FINNERAN, SHANE & FINNERAN, CHRISTINA  
 FORTIER, TONY  
 HELLA, KYLENE  
 HORMAN, JAN & HORMAN, STEVEN  
 HOUSTON, JESSICA  
 INSLEE, JAY & INSLEE, TRUDI  
 KRAMER, JOSH

**Capital Credits**

Staff request 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:

August	
Customer #	Amount
3890	999.46
25175	442.54
29460	1,288.97
<b>Total</b>	<b>\$ 2,730.97</b>

LESLIE, RONALD  
 LIPMAN, AVI  
 MARCY, R  
 MARTIN, DAVE & MARTIN, ANGELA  
 MILES, JOSH & MILES, ERICA  
 MISHLER, MEAGAN & BISHOP, RYAN  
 MORRIS, LAURA  
 NGUYEN, KENNY  
 NOODLE CREW LLC  
 RAYNALDS, DONNA  
 RICH, SAMUEL & TROTTO, BRIANNA  
 SCHIBLE, GERALD & SCHIBLE, TAMMY  
 SEETON, BETSY  
 SMITH-TAYLOR, HEATHER  
 SORENSEN, EVAN  
 STANBURY, OLIVER  
 TILLOTSON, CARLI  
 TURNEY, JOSHUA  
 WINNINGHOFF, JAMES  
 ZABLE, RACHEL

**District 4** (Shaw, Crane, Canoe, Bell)

HOLTZMAN, KYRA

Staff requests a motion to approve the Consent Agenda.



## Minutes

Staff request approval of the minutes from the prior meeting upon review.

### **Orcas Power & Light Cooperative Minutes of the Board of Directors Meeting Thursday, June 19, 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, Arne Olson and Paul Picciano from E3 to present.

Members in attendance: David Robison from San Juan Island, Barbara Pesola from Orcas Island, Chris Wolfe from Orcas Island, John Fleischer from Orcas Island, and Dean Frost

Meeting commenced at 8:33 AM

Member Comment Period: David Robison from San Juan Island commented about the importance of renewable energy projects in San Juan County and the need to decarbonize for the environment.

#### **ACTION ITEMS**

##### **CONSENT AGENDA**

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

**MEMBER SERVICE POLICY and BYLAW UPDATES – Final Read** – Staff reviewed changes to the policy. Discussion ensued.

**MOTION** was made by Silverstein to approve revisions to Member Services Policy 1, seconded by Whitfield and passed unanimously by voice vote.

#### **DISCUSSION ITEMS**

##### **Public Electric Vehicle Charging – Member Service Policy 4 – Service Conditions (First Read)**

Staff reviewed Member Service Policy 4 and proposed policy additions and revisions. Discussion ensued.

##### **E3 Update**

There was a presentation on the continued retail rate discussions with our consultants E3. Discussion ensued.

##### **State of the PNW Power Grid and OPALCO**

The General Manager and Board President gave updates on the continuing pressure the PNW is under with the growing risk of blackouts. Discussion ensued.

#### **REPORTS**

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

Regular Session ended: 10:45 am

Executive Session: 11:00 am

Meeting Closed: 12:31 am

---

Vince Dauciunas, President

---

Tom Osterman, Secretary-Treasurer

## December 2025 Board Meeting

To maintain consistency with prior December Board Meetings, staff requests rescheduling the December 2025 meeting to Thursday, December 11, 2025, at 8:30 a.m., held via Zoom.

## Public Electric Vehicle Charging – Member Service Policy 4 – Service Conditions (Second Read)

San Juan County has one of the highest growth rates in electric vehicle (EV) ownership and many tourists are now driving EVs. The Port of Orcas has utilized a grant to install a payment enabled level 3 charger.

Staff is proposing guidelines for those owner/members who wish to install publicly accessible payment enabled electric vehicle chargers. Staff is proposing to require owner/installers to provide preferential pricing as outlined below to members and allow non-members to be charged as member/owners determine.

Below you will find the proposed additions to the Member Service Policy 4 – Service Conditions and 2025 Tariffs. The intent for the member rate when charging at this public charging stations is to approximate the Residential Rate plus an addition for the cost for Commercial Demand charges.

Example based on 2025 Tariffs: \$0.1351/kWh + \$0.02 /kWh = \$0.1551/kWh

### Member Service Policy 4 – Service Conditions

#### 4.9 RESALE OF ELECTRICITY

The member shall not sell to others any of the electric service furnished by OPALCO, with the exception of Section 4.9.5.

##### 4.9.1 Master Meters/Sub-Meters

No service will be supplied through a master meter for sub-metering for resale. This rule does not prohibit a landlord or manager from including a fixed amount as part of the rental charge to cover the cost of electric service to marinas or rental units.

##### 4.9.2 Combined Billing

The rates set forth in the individual rate schedules are based upon the supply of service to one member through one meter on one premise and service measured through two or more meters on the same premise will not be combined for billing purposes. Upon request of an applicant, OPALCO may install more than one meter, but in such instances the bill for service through each meter will be computed separately and billed in accordance with the applicable rate schedule.

##### 4.9.3 Multiple Occupant Commercial Buildings.

Primary service will be supplied only to one location for each building. All metering and service entrance equipment will be located at this point. Each separate commercial unit separated by permanent load-bearing walls must be metered separately. No master metering will be permitted. Laundry, furnaces, and other common use areas will be metered and charged according to the appropriate rate schedules.

##### 4.9.4 Marina Service

Marinas, boat floats or moorings are metered at the point of delivery. The serving transformer's secondary lugs shall not be extended beyond the shoreline and be located no closer than five (5) feet horizontally above the electrical datum plane. These services shall be billed under the appropriate commercial schedule.

The moorage owner may either install an OPALCO approved master meter base or meter the individual slips with an approved OPALCO meter. In both of these cases, the point of delivery shall remain the secondary lugs of the serving transformer, but OPALCO will read the meters and bill the individual slips under the appropriate tariff.

Slips which are occupied for residential purposes shall be billed under the residential schedule only if an OPALCO approved and installed meter is metering the slip. The moorage owner is responsible for all maintenance from the shoreline transformer secondary lugs.

NOTE: Electrolysis may be a major problem for those receiving electric service in the marine environment. Isolation transformers or other means to prevent or reduce electrolysis are the sole responsibility of those taking service. OPALCO assumes no responsibility for electrolysis or similar problems.

#### 4.9.5 Electric Vehicle Supply Equipment

Members may resell energy exclusively for the purpose of providing publicly accessible electric vehicle charging services. Resale of energy to other members shall be per the provisions in the Commercial Tariffs. Resale of energy to others may be reviewed as needed for recuperation of the cost to provide the charging services.

OPALCO reserves the right to disconnect the electric service that feeds the Electric Vehicle Charger if in violation of this policy.

Proposed addition to Commercial Tariffs General Provisions:

Services with public access to electric vehicle charging shall be allowed to resale energy per the following conditions:

- Resale to other members, rates shall not exceed the current residential Energy Block 1 Tariff plus 0.02 \$/kWh.
- Resale to non-members, rates may be as determined by the member.

This is the final read, and this language will be incorporated into the Small Commercial, Larger Commercial and Commercial Distributed Energy Resource Tariffs. This will be revisited during the annual Budget and Tariff updates in 4th quarter.

## Cost of Service and Rates Update

Since the beginning of 2025, staff has been performing a cost-of-service study and rates analysis with E3. Staff is not proposing to increase retail rates at this time, the changes discussed below are only to realign our rate structure to be cost-based following our cost-of-service study. The adjustment will be phased into both Residential and Commercial members.

Below is a table detailing the annual change to the four major rate schedules and the impacts as seen by the average consumer. This table does not reflect any revenue changes that may be requested in the 2026 Budget. These changes with any revenue increase requested after passing of the 2026 Budget will be presented to the board for approval at that time.



Example Rate Phase-In From 2024 Tariff to COSA Over 6 Years, Excluding Annual Escalation											
Rate	Units	2024 Tariff	2024 COSA	2025	Example 6 Year Linear Phase-In Adder		2026	2027	2028	2029	2030
Residential											
Customer Charge	\$ / month	\$ 56.59	\$ 82.82	\$ 59.99	\$ 4.37		\$ 64.36	\$ 68.73	\$ 73.11	\$ 77.48	\$ 81.85
Volumetric Charge - Block 1	\$ / kWh	\$ 0.1274	\$ 0.1138	\$ 0.1351	\$ (0.0023)		\$ 0.1328	\$ 0.1306	\$ 0.1283	\$ 0.1260	\$ 0.1237
Volumetric Charge - Block 2	\$ / kWh	\$ 0.1444	\$ 0.1318	\$ 0.1531	\$ (0.0021)		\$ 0.1510	\$ 0.1489	\$ 0.1468	\$ 0.1447	\$ 0.1426
Volumetric Charge - Block 3	\$ / kWh	\$ 0.1662	\$ 0.1550	\$ 0.1762	\$ (0.0019)		\$ 0.1743	\$ 0.1725	\$ 0.1706	\$ 0.1687	\$ 0.1669
Small Commercial											
Customer Charge	\$ / month	\$ 78.97	\$ 66.54	\$ 83.71	\$ (2.07)		\$ 81.64	\$ 79.57	\$ 77.50	\$ 75.42	\$ 73.35
Volumetric - Block 1	\$ / kWh	\$ 0.1258	\$ 0.1060	\$ 0.1333	\$ (0.0033)		\$ 0.1300	\$ 0.1267	\$ 0.1234	\$ 0.1201	\$ 0.1168
Volumetric - Block 2	\$ / kWh	\$ 0.1392	\$ 0.1173	\$ 0.1476	\$ (0.0037)		\$ 0.1439	\$ 0.1403	\$ 0.1366	\$ 0.1330	\$ 0.1293
Demand Rate	\$ / kW	\$ 7.52	\$ 6.34	\$ 7.97	\$ (0.20)		\$ 7.77	\$ 7.58	\$ 7.38	\$ 7.18	\$ 6.98
Large Commercial											
Customer Charge	\$ / month	\$ 78.97	\$ 55.12	\$ 83.71	\$ (3.98)		\$ 79.74	\$ 75.76	\$ 71.79	\$ 67.81	\$ 63.84
Volumetric Charge - Block 1	\$ / kWh	\$ 0.1141	\$ 0.0796	\$ 0.1209	\$ (0.0057)		\$ 0.1152	\$ 0.1094	\$ 0.1037	\$ 0.0979	\$ 0.0922
Volumetric Charge - Block 2	\$ / kWh	\$ 0.1264	\$ 0.0882	\$ 0.1341	\$ (0.0064)		\$ 0.1277	\$ 0.1214	\$ 0.1150	\$ 0.1086	\$ 0.1023
Volumetric Charge - Block 3	\$ / kWh	\$ 0.1621	\$ 0.1131	\$ 0.1787	\$ (0.0082)		\$ 0.1705	\$ 0.1624	\$ 0.1542	\$ 0.1461	\$ 0.1379
Demand Rate - Block 1	\$ / kW	\$ 4.61	\$ 3.22	\$ 4.89	\$ (0.23)		\$ 4.66	\$ 4.43	\$ 4.19	\$ 3.96	\$ 3.73
Demand Rate - Block 2	\$ / kW	\$ 6.92	\$ 4.83	\$ 7.34	\$ (0.35)		\$ 6.99	\$ 6.64	\$ 6.29	\$ 5.95	\$ 5.60
Pumps											
Customer Charge	\$ / month	\$ 50.82	\$ 54.74	\$ 53.87	\$ 0.65		\$ 54.52	\$ 55.18	\$ 55.83	\$ 56.48	\$ 57.14
Volumetric Charge - Block 1	\$ / kWh	\$ 0.1354	\$ 0.1458	\$ 0.1436	\$ 0.0017		\$ 0.1453	\$ 0.1471	\$ 0.1488	\$ 0.1506	\$ 0.1523
Volumetric Charge - Block 2	\$ / kWh	\$ 0.1085	\$ 0.1169	\$ 0.1151	\$ 0.0014		\$ 0.1165	\$ 0.1179	\$ 0.1193	\$ 0.1207	\$ 0.1221
Volumetric Charge - Block 3	\$ / kWh	\$ 0.1318	\$ 0.1420	\$ 0.1398	\$ 0.0017		\$ 0.1415	\$ 0.1432	\$ 0.1449	\$ 0.1466	\$ 0.1483
Demand Rate - Block 1	\$ / kW	\$ 1.43	\$ 1.54	\$ 1.52	\$ 0.02		\$ 1.54	\$ 1.56	\$ 1.58	\$ 1.59	\$ 1.61
Demand Rate - Block 2	\$ / kW	\$ 4.68	\$ 5.04	\$ 4.96	\$ 0.06		\$ 5.02	\$ 5.08	\$ 5.14	\$ 5.20	\$ 5.26





Rate	Units	Usage		2025		2026	2027	2028	2029	2030
Residential										
Usage	kWh	1100								
Annual % Change						1%	1%	1%	1%	1%
Average Monthly Bill	\$			\$ 208.60		\$ 210.47	\$ 212.35	\$ 214.22	\$ 216.09	\$ 217.96
Small Commercial										
Usage	kWh	960								
Demand	kW	6								
Annual % Change						-2%	-3%	-3%	-3%	-3%
Average Monthly Bill	\$			\$ 219.65		\$ 214.21	\$ 208.78	\$ 203.34	\$ 197.91	\$ 192.47
Large Commercial										
Usage	kWh	8800								
Demand	kW	33								
Annual % Change						-5%	-5%	-5%	-5%	-5%
Average Monthly Bill	\$			\$ 1,359.16		\$ 1,294.63	\$ 1,230.10	\$ 1,165.57	\$ 1,101.04	\$ 1,036.51
Pumps										
Usage	kWh	600								
Demand	kW	7								
Annual % Change						1%	1%	1%	1%	1%
Average Monthly Bill	\$			\$ 135.00		\$ 136.63	\$ 138.27	\$ 139.90	\$ 141.54	\$ 143.17

### Service Access Charge Break Out

As reviewed in prior Board Meetings, the Service Access Charge is proposed to break out into 4 categories per the following:

- Crews, Operations and Maintenance – 34%
- Grid Infrastructure – 33%
- Administrative and business expense – 24%
- Member service and billing – 10%

### Cost of Service Analysis Alignment

This table outlines the current rates and proposed annual changes for 2026–2031, based on E3’s research and staff recommendations. The purpose of this shift is to smooth rate impacts needed to align rate classes with the cost allocations from the Cost-of-Service Analysis (COSA) presented in prior months. Residential and pump rates are projected to increase by approximately 1% per year, while commercial rates are expected to decrease by about 5% for large commercial and 3% for small commercial annually. All amounts are rounded to the nearest cent. Note, the below increase only reflects the shift of charges needed to align with the COSA and are void of any rate increases to meet overall revenue requirements.

### Increased Service Access Charge and Reduced Volumetric Charges

Existing residential tariffs on average allocate ~27% of revenues from the Service Access Charge. The COSA indicated that cost allocations from the Service Access Charge should equate to ~39%. To implement, the energy charges will shift as needed to accommodate this increase by reducing the energy charges from ~73% to ~61%.

### Energy Charge Adjustment (ECA)

Based on rolling annual net operating margin to be presented with the next tariff change.

### Fee for Large Residential Services

During our analysis with E3, it was suggested that demand rate would be appropriate for collecting revenue on large residential services. However, the roll out residential meters will cause a delay in the implementation of a residential demand rate.

In the interim, staff is proposing a fee for larger services as follows. This fee will be based on the meter size (i.e. 400 Amp and >600 Amp meters). This additional fee will be \$10/month for 400-amp meters and \$20/month for >600-amp meters.

### Not Recommended

#### **Merging of Small and Large Commercial Tariffs**

Staff does not recommend the merging of these two consumer groups since this does not provide any substantive alignment with Cost of Service. This does allow for an ease in administration.

#### **Demand rate for Residential**

Staff will implement the addition of the hourly demand measurement on consumer bills by the end of 2025. Once we have 12 months of data for revenue and bill impact analysis, this rate will be investigated and presented to the board for consideration.

Staff recommends the above alignment with the COSA, Fee for Larger Residential Service and alteration to the ECA. These charges will be finalized and incorporated in the 2026 tariff revisions to be presented after the 2026 Budget approval.



# DISCUSSION ITEMS

## Q2 2025 Financial Update

The 2025 second quarter financial report is posted online and included under separate cover. The second quarter's 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 budget, driven by the ECA, which returned ~\$818k to members through June. The ECA credit was driven by slightly increased kWh sales (up 2.4%) in relation to lower comparative power costs of (\$440k).

The table below presents the projection of full-year 2025 financial results using actuals from Q2 and budget projections for future months.

<b>Income Statement Summary</b> (in thousands)	<b>2025 Projection (actuals for prior months)</b>		
	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
Operating Revenue	\$ 42,821	\$ 42,578	\$ (243)
ECA Surcharge / (Credit)*	\$ -	\$ (818)	\$ (818)
Revenue	\$ 42,821	\$ 41,760	\$ (1,061)
Expenses:			
Cost of Purchased Power	\$ 10,985	\$ 10,545	\$ (440)
Transmission & Distribution Expense	9,385	9,254	(131)
General & Administrative Expense	7,387	7,008	(379)
Depreciation, Tax, Interest & Other	10,171	9,743	(428)
Total Expenses	37,928	36,550	(1,378)
Operating Margin	4,893	5,210	317
Non-op margin	793	785	(8)
Net Margin*	5,686	\$ 5,995	309
OTIER	2.99	3.23	0.24
TIER	3.31	3.57	0.25
Equity %	39.7%	39.9%	0.1%
HDD	1,446	1,278	(168)
kWh Purchases	235,000	235,052	52
kWh Sales	223,000	225,750	2,750

\* The ECA returned a net \$818k to members through June 2025.

For more details, please note the following key points:



- Heating Degree Days (HDD) were ~19% below budgeted levels (actual of 695 vs. budget of 863). Overall kWh sales were ~2.8M kWh above budget (119.2M vs. budget of 116.4M).
- The ECA through Q2 2025 was a net credit to members (and decrease to operating revenue) of \$818k, or \$33.38 for a member using 1000 kWh/month.
- 2025 power purchases were \$440k lower than budgeted, driven by a lower average cost per kWh than budgeted from our power supplier, while actual kWh purchases were right on budget at 122.7M.
- Excluding purchased power, 2025 operating expenses were approximately \$836k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- Overall, Net Margin is \$309k over budget through Q2.
- 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
- PAL
- 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

### Quick facts

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

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• OPALCO's Plan for our Energy Future</li> <li>• Decarbonization – 4 Part Series</li> <li>• Switch It Up!</li> <li>• WA 2021 Energy Strategy</li> <li>• Simpson Proposal and the Northwest Energy Evolution</li> <li>• Will there be enough power?</li> <li>• OPALCO Rates</li> <li>• Energy Independence? Not entirely</li> <li>• Rock Island Communications</li> <li>• OPALCO election process</li> <li>• Wireless Services</li> <li>• Cost of Service</li> <li>• Staff Compensation</li> <li>• NRECA</li> <li>• OPALCO Debt and Capital Projects</li> <li>• Ocean Health</li> <li>• NW Resource Adequacy in a Rapidly Decarbonizing World</li> </ul> | <ul style="list-style-type: none"> <li>• Land for Renewable Energy Projects</li> <li>• Understanding the Change in Solar Rates</li> <li>• Decatur Island Battery Storage Project</li> <li>• Why Hydropower is Important to our Power Supply</li> <li>• Where does OPALCO stand on regional issues and the dams?</li> <li>• Future Power Purchase Strategy</li> <li>• Industry Association Memberships and Co-op Benefits</li> <li>• Climate Change News Review - September 2022</li> <li>• OPALCO Tidal Energy Pilot Project</li> <li>• Solar Rate for Residential Members</li> <li>• Right-of-Way Program</li> <li>• Inflation Reduction Act (IRA) Benefits</li> <li>• Wildfire Mitigation</li> <li>• Surge Protection</li> <li>• OPALCO Needs a New Submarine Cable</li> <li>• OPALCO's Rate for Members who have Rooftop Solar</li> <li>• Why Local Renewable Projects? Mainland Power Demand Will Soon Exceed Supply</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Engineering, Operations and Information Technologies

### WIP

As of August 4, 2025, there are 332 work orders open totaling \$15.6M. Operations has completed construction on 122 work orders, totaling \$1.4M.

### Safety

Northwest Safety Service conducted Confined Space and Vault Rescue training in June and Forklift training in July. The total current hours worked without a loss time accident is 69,409 hours.

### Grants

Given the unknowns in the new federal Administration, grants funds are less available. OPALCO will curtail our pursuit of federal grant funds, and shift focus to state grant funds accordingly.

### Grant Seeking

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline
Water Power Technology Office	DOE	Pilot Tidal Project (Project Cost TBD)	\$32M	TBD	DOE Down select process scheduled
RMUC Program Advanced Cybersecurity Technology Phase 2	US Dept of Energy	OPALCO Cybersecurity Initiative	\$150k		Phase 1: \$50K (completed) Phase 2: Federal Delay (TBD)

### 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 (\$50k)	\$25k	\$25k (OPAL)	Working with OPAL Install by Q3 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) purchases and sales are trending right in line (within 1% +/-) with budgeted levels through August 2025. While revenue is shy of budget, the complementary reduction in operating expenses is resulting in a positive net margin variance compared to budget for the year. The table presents the full year 2025 projection with actuals for prior months where available.

Income Statement Summary (in thousands)	2025 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 42,821	\$ 42,734	\$ (87)
ECA Surcharge / (Credit)*	\$ -	\$ (825)	\$ (825)
Revenue	\$ 42,821	\$ 41,909	\$ (912)
Expenses:			
Cost of Purchased Power	\$ 10,985	\$ 10,323	\$ (662)
Transmission & Distribution Expense	9,385	9,133	(252)
General & Administrative Expense	7,387	6,979	(408)
Depreciation, Tax, Interest & Other	10,171	9,751	(420)
Total Expenses	37,928	36,186	(1,742)
Operating Margin	4,893	5,723	830
Non-op margin	793	783	(10)
Net Margin*	5,686	\$ 6,506	820
OTIER	2.99	3.45	0.46
TIER	3.31	3.79	0.47
Equity %	39.7%	40.1%	0.3%
HDD	1,446	1,278	(168)
kWh Purchases	235,000	235,052	52
kWh Sales	223,000	225,750	2,750

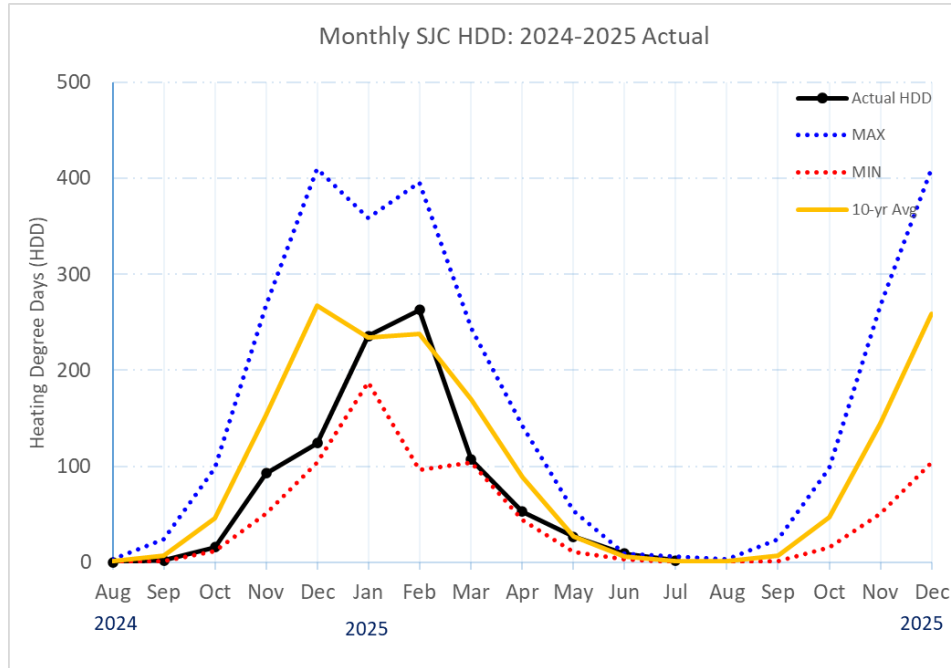
\* The ECA returned a net \$825k to members through July 2025.

### Monthly Energy Charge Adjustment (ECA)

The July 2025 ECA returned \$7,460 to members, or \$0.62 per 1,000 kWh. The August billing period ECA will be a credit of (\$.005550) or (\$5.55) per 1,000 kWh. 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, 2025 has continued to trend right around the 10-year minimum & average HDD. We continue to monitor weather trends monthly.

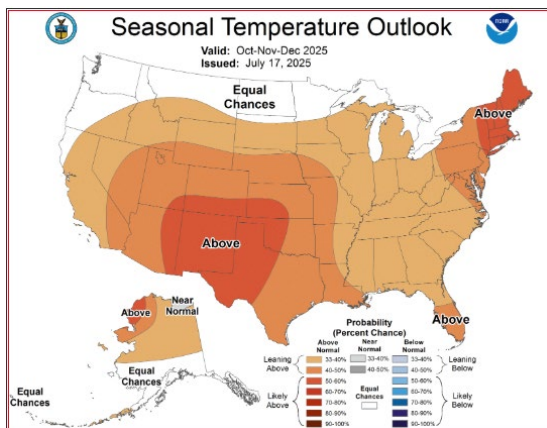


\*max, min, avg is based on 10 year average

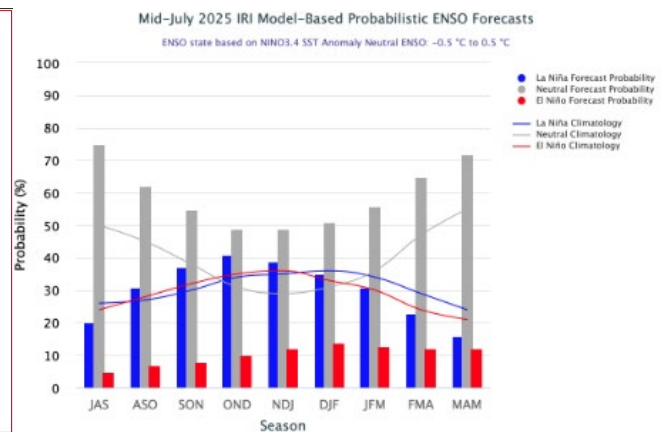
## Weather Forecast

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.

### 2025 Oct-Nov-Dec Outlook



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	504	1,270
	Total Assistance	111,996	135,595	158,434	158,740	156,761	141,748	164,175	121,406	1,148,855
PAL	# of Accounts	212	205	329	363	297	268	264	157	951
	Total Assistance	45,155	53,137	80,975	104,880	82,912	80,500	74,750	39,289	561,598
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	537	1,608
	Total Assistance	157,151	188,732	349,283	390,659	270,018	222,248	238,925	160,695	1,977,712

*Note: EAP funds are collected, primarily, from a program OPALCO created by including a line item on all 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

Project PAL Award Season 2025-2026 will begin in November 2025.

### Energy Assistance (EAP)

During June 2025, 339 members received ~ \$15.1K from the low-income Energy Assist program, compared to 258 members who received ~ \$10.9K in assistance in June 2024.

During July 2025, 355 members received ~ \$15.7K from the low-income Energy Assist program, compared to 275 members who received ~ \$11.7K in assistance in July 2024.

### LIHEAP (Low Income Home Energy Assistance Program)

As of this writing LIHEAP remains a federally appropriated program.

## Energy Savings

During June and July there were a total of 25 rebates paid out to members totaling ~\$32.1. This includes 2 fuel switching ductless heat pump rebates and 2 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
EE Rebates*	# of Accounts	2,141	303	147	210	261	210	85	3,357
	Total Awards	\$1,348,477	\$167,432	\$149,886	\$227,622	\$313,945	\$259,445	\$128,709	2,595,516
	Total Energy Savings (annual kWh)	5,960,711	783,431	359,269	346,900	440,382	253,675	135,194	8,279,562

*\*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 24 new interconnect applications submitted in June and July, with 25 members interconnected with solar for a total of 910. (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 45 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 1,032 projects completed and billing for a total of \$20.9M net outstanding (total projects less member pay-offs). There are another 100+ projects in various stages of the process. Current project details are as follows:

Measure	Project Origination Year							Grand Total
	2019	2020	2021	2022	2023	2024	2025	
Appliance					36,112	51,093	3,249	\$ 90,453
Energy Storage				39,510	27,159	47,766	17,379	\$ 131,813
Ductless Heat Pump	648,252	620,060	637,599	1,532,528	1,788,412	2,356,198	1,308,462	\$ 8,891,510
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	914,187	475,807	271,603	\$ 1,732,843
Heat Pump Water Heater	13,985	9,805		5,012	15,701	13,700	58,885	\$ 117,087
Insulation				256,935	42,634	240,729	680,235	\$ 1,220,533
Other	14,543			92,649	188,075	31,981		\$ 327,249
Solar + Storage				480,057	474,806	710,262	539,346	\$ 2,204,470
Solar				1,896,999	3,116,225	2,394,941	867,961	\$ 8,276,126
Windows				563,557	424,438	508,527	822,386	\$ 2,318,908
Grand Total	\$ 684,900	\$ 690,589	\$ 701,280	\$ 4,914,674	\$ 7,069,677	\$ 6,950,113	\$ 4,576,946	\$ 25,588,180

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	21.46
	<u>\$ 46.80</u>	<u>\$ 23.06</u>

## Communications

### Youth Rally

The team spent a week at the Rally with six San Juan County students. The details of the week will be highlighted in the September edition of Ruralite.



There are also social media posts that recap the rally, including a video about one of the big events of the week, the 'Co-opstacle Course'!

### **Island Way**

The team had several articles related to our energy future in Ruralite this summer including an article highlighting battery storage, Island Rides – a local organization getting grants for EV programs, wildfire safety, and renewable energy community meetings. We also published a new Quick Fact related to the San Juan County Comprehensive Plan and OPALCO Load Forecasting.

### **Renewable Energy Community Meetings**

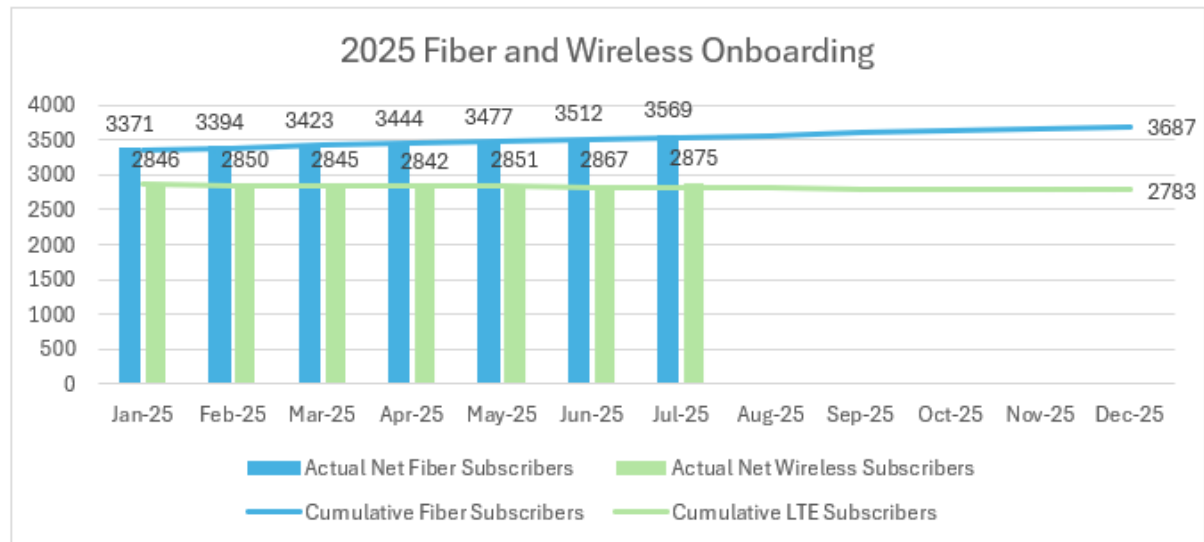
OPALCO is hosting a series of community meetings about renewable energy and our shared energy future on the three big islands. We encourage all board members to attend the community meetings on their home islands.

- San Juan: Monday, September 15, 4:00 pm @ San Juan Grange
- Orcas: Tuesday, September 16, 4:00 pm @ Orcas Center Madrona Room
- Lopez: Wednesday, September 17, 4:00 pm @ Lopez Island Library

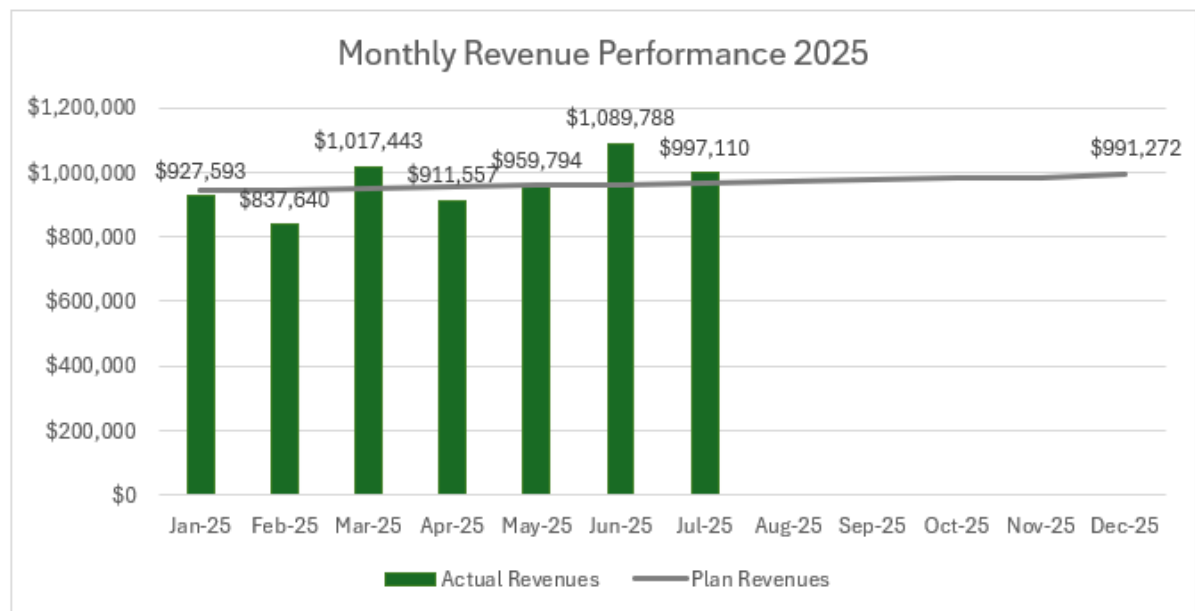
## Rock Island Communications

**6,881 Rock Island Service Customers**

### Net Subscribers



### Revenues



\*Previous months revenues, not closed out, are subject to change.