OPALCO
Co-op Run. Community Powered.

Board of Directors
Regular Meeting

Thursday, October 16, 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

Sequence of Events

- OPALCO Board Meeting
- Executive Session

Board of Directors
Regular Board Meeting
October 16, 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.

Contents

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 – September 2025

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

BACHMAN, CODY & BACHMAN, CASSIDY
BALLENGER, JOANN
BLAHA, BRIAN & MCJUNKIN, JERRY
BOYD, BELA
BREZNAY, NICHOLAS & SCHOFIELD, ALEXANDRA
COTA, MAGALI
CRUZ TORRES, DAYNERIS
DE FILIPPS, SAM & DE FILIPPS, CHRIS
ESTATE OF GALA M, NORTON
GARCIA VARGAS, LUIS ANGEL
GOLDBERG, MARC
GUARD, JAMES & GUARD, ALEXA
HICKMAN, MARC & HICKMAN, SANDRA
HOLAND, CAMERON
JESSICA HALE DDS, PLLC
KEANE, TINA
KING, NICHOLAS & KING, SOPHIA
LICHTY, JOHN
MAAMARI, LEILA
MCGRANN, ANTHONY & WILLIAMS, PAUL
MUSSON, PHILLIP
PALMER-MCGEE, KELLEY & PALMER-MCGEE, CASEY
PARADISE RANCH OWNER'S ASSOC
PIKE, FREDRICK & PIKE, KIMBERLEY
ROBERTS, SHERI
SAFE HARBOR STORA, GE LLC
SJI RENTALS LLC
SUNDBERG, KATHLEEN & SUNDBERG, WAYNE
VELAZQUEZ, JUAN JOSE
WHITBY, THOMAS & WHITBY, JANA
WIGGIN, PERRY
WALSH, SUZANNE

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

BLAIN, STEVE & NORMAN, CATHY
BRUCE, HEIDI & BRUCE, W DOUGLAS
COLDEWEY, CHRIS & COLDEWEY, DEVIN
DILLON, NICHOLAS & DILLON, HEATHER
GARRISON, TIM
HOUPT, BRIAN & HOUPT, JENNIFER
LANDER, JENS & CLARK, STEPHANIE
NIVER, BENJAMIN
PARK, DENNIS & PARK, JENNY
RIOS, JENNIFER
ROBERTSON, NANCY
SIMS, LANCE & SIMS, JANET
STEWART, SAMANTHA & STEWART, JEFF
STONE, JANET & STONE, THOMAS
TAYLOR, MONTY & TRAHAN, SANDRA
WOROB, MARGARET & WOROB, SUKHA
ZAHN, DONNA

District 3 (Lopez, Center, Decatur, Charles)

ALLRED, ADRIANE & ALLRED, JONATHAN
BAYER, MOLLY & BEAR, JOSHUA
CONTRERAS, LAURA
CONVERSE, MARIA & HARDY, JEFFERY
DUBSKY, JOHN
GARZA, SANDRA & HENDEL, DIANA
HARDIN, MARGARET & PETERSON, ALEC
HAYASHI, JUSTIN & CHAN, REBECCA
LANGE, GREGORY
OWEN, PATRICK
PAGE, CHRISTOPHER
POTTS, ASA
RATZA, JOSHUA
RODRIGUEZ-VALDEZ, CATALINA
VAN ARSDALE, ROBERT

District 4 (Shaw, Crane, Canoe, Bell)

Collatz Family CA, Bin Trust

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:

October	
Customer #	Amount
80907	1,250.71
71007	523.99
93006	436.96
70893	780.24
60205	2,115.02
28380	1,241.39
Total	**$ 6,348.31**

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, September 18, 2025

Streaming through Zoom attendees were Board members Vince Dauciunas, Mark Madsen, Tom Osterman, Jerry Whitfield, Chuks Onwuneme, Brian Silverstein 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.

Members in attendance: Cyndi Smith, Rick Fant, Amber Smith, Andrew Munson, Barbara Pesola, Elisabeth Robson, Heather Nicholson, Jason (San Juan County Noxious Weed), Todd Goldsmith, Terry Lundeen, Virginia Schwedler

Meeting commenced at 8:44 AM

Member Comment Period: Chris Wolfe shared thoughts from the Town Hall meetings including requesting OPALCO utilize Net Metering; Elisabeth Robson spoke about reserving native vegetation when clearing under power lines; Cyndi Smith from Lopez spoke about her concerns over noxious weeds on Richardson Rd; Jason from SJC said he is optimistic about working with OPALCO and resolving the noxious weed issue.

ACTION ITEMS
CONSENT AGENDA

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

BOARD AND ANNUAL MEETING DATES 2026 – Staff presented the proposed dates and format for the 2026 Board and Annual Meeting dates. Discussion ensued.

> **MOTION** was made to approve the dates and locations of the 2026 Meetings and Annual Member Festival dates by Silverstein and seconded by Madsen and passed unanimously by voice vote.

2025 Audit and Tax Engagement Letters:

> **MOTION** was made by Madsen, to authorize General Manager Foster Hildreth to execute the letters, seconded by Silverstein and passed by voice vote with a recusal from Director Onwuneme.

DISCUSSION ITEMS
Renewable Energy Community Meetings
Staff gave an update on the Renewable Energy Meetings held on the three main islands. They reported on community participation, feedback on proposed projects, and the next steps for advancing renewable initiatives.
REPORTS
Staff reviewed reports, dashboards, grant and budget tracking, ongoing cooperative-wide safety measures and training, and projects.

Regular Session ended: 9:39 AM
Executive Session: 10 AM to 10:49 AM
Meeting Closed: 10:50 AM

______________________________ ______________________________
Vince Dauciunas, President Tom Osterman, Secretary-Treasurer

IRS Form 990

The draft 2024 IRS Form 990 will be reviewed during Executive Session. The IRS requires the OPALCO Board to review and approve the Form 990 filing.

These 990 figures were reviewed in March 2025 during the 2024 year-end review and again in May 2025 during the 2024 Moss Adams audit. The 2024 return is consistent with last year's filings and is based on the 2024 financial statements (including quarterly reviews), which were audited by Moss Adams and approved by the Board of Directors at the May 15, 2025, board meeting. No material adjustments have been made in the compilation of this tax filing.

NRECA has published a useful infographic for how to read a co-op Form 990:
https://www.electric.coop/990-2/

Please note that Staff will post Form 990 on OPALCO's website once it is officially filed and is available on the IRS website. Upon review in executive session, Staff recommends the Board make a motion to approve the submittal of the 2024 Form 990.

DISCUSSION ITEMS

AI Update- Policy 1: Functions of the Board of Directors and Policy 24: Artificial Intelligence & Records Management - First Read

At the PNGC Annual Meeting, four OPALCO Board Members attended the meeting. One session focused on Artificial Intelligence (AI) and recommendation was to review and implement an AI Policy. As Artificial Intelligence (AI) continues to advance rapidly, it is becoming increasingly sophisticated and powerful. To ensure OPALCO uses these technologies responsibly and in alignment with our mission and objectives, guidelines have been developed to govern the use of generative AI within the organization. These guidelines also help mitigate potential legal and privacy risks associated with AI use. AI safeguards include protecting: legal, proprietary, IT, privacy, and other internal documents. As part of the 2024 Cybersecurity Grant, OPALCO implemented an internal AI policy in the Employee Handbook to direct appropriate usage of AI. OPALCO will update the following AI policies and the Employee Handbook to ensure the most up to date safeguards:

- Update to Board Policy 1: Functions of the Board of Directors
- Update to Board Policy 24: Artificial Intelligence and Records Management
- Update OPALCO Employee Handbook (see Executive Session appendix)

Staff have already incorporated these guidelines into the Employee Handbook (see Executive Session appendix) and are now proposing corresponding updates to Policy 1: Functions of the Board of Directors, and Policy 24: Artificial Intelligence & Records Management to reflect and reinforce these standards at the policy level.

ORCAS POWER & LIGHT COOPERATIVE
POLICY 1
FUNCTIONS OF THE BOARD OF DIRECTORS

Preamble

This policy is the responsibility of the Board and it may only be changed or amended by the Board.

Board Governance policies are intended to define the Governance activities of the Board of Directors and their functioning within the Organization.

Board-authorized documents such as Mission and Values Statements and Strategic Directives will provide further guidance and instructions to the Organization.

1.1. BOARD ETHICAL STANDARDS

The Board may neither cause nor allow any Organizational practice or event that is imprudent or unethical, or that could damage the short-term or long-term viability of OPALCO.

1.2. CONFIDENTIALITY

Directors are entitled to reasonable access to Organizational data and information.

Directors are required to keep confidential all matters involving the cooperative that have not been disclosed to the public. Information received by a director shall not be disclosed to any other persons unless the director reasonably believes that he or she must do so to fulfill his fiduciary duty.

1.3 **DATA PRIVACY AND SECURITY**

Directors have the option for an OPALCO provided mobile device such as an iPhone, iPad and/or Android for use. To prevent unauthorized access, devices must be password protected using the features of the device. A device must lock itself with a password or PIN when idle. If a device is lost or stolen, alert OPALCO management within 24 hours who will alert OPALCO's Technical Service team. OPALCO Directors are expected to always use his or her devices in an ethical manner.

~~1.3~~1.4. DIRECTOR CONDUCT

Regardless of any personal differences, directors are required to:

~~1.3.1~~1.4.1. Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.

~~1.3.2~~1.4.2. Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.

~~1.3.3~~1.4.3. Publicly support decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision or action will bring harm to the cooperative or threaten the cooperative's survival.

~~1.3.4~~1.4.4. Refrain from revealing to persons other than directors, the General Manager, or the cooperative's attorney any differences of opinion among directors on matters considered and acted upon by the Board. (This standard does not preclude fair and accurate publication of such differences to the cooperative's members in relation to contests for director elections or other matters to be voted upon by the members. Nor does it impinge upon a director's right to dissent and to have his dissenting vote recorded in the minutes.)

~~1.3.5~~1.4.5. Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.

~~1.3.6~~1.4.6. Directors shall not create a hostile environment in which to perform their duties. Directors are committed to helping management provide a workplace free from discrimination in all forms, and providing an atmosphere at board meetings that are free of harassment in any way.

~~1.4~~1.5. CONFLICT OF INTEREST DISCLOSURE

Board members are required to disclose any potential conflict of interest with regard to ongoing or specific transactions on any matters before the Board and shall attest that they have no material undisclosed conflict of interest situations in writing annually, consistent with the Bylaws and all policies related to conflicts of interest. The Board has established conflict of interest policies in Policy 23.

~~1.5~~1.6. BOARD MEMBER QUALIFICATIONS

Board Member Qualifications are defined in Bylaws Article III: Directors, Section 2: Qualifications. Additionally, and consistent with the Bylaws, OPALCO strives to cultivate a diverse and well-rounded board of directors and with members who bring expertise in any of the following industries: engineering, utilities, legal, insurance, technology and communications, environmental, financial, outreach and education, community development, natural resources, human resources and construction, among others.

~~1.6~~1.7. BOARD MEMBER DUTIES AND RESPONSIBILITIES

Board service requires a significant commitment of time during and outside of monthly board meetings.

~~1.6.1~~1.7.1. Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.

~~1.6.2~~1.7.2. Board members are required to attend Board meetings as specified in other governing documents and to travel and perform other reasonably required duties in a safe and competent manner.

~~1.6.3~~1.7.3. Board members are expected to dedicate time outside of board meetings to review board materials on a monthly basis.

~~1.6.4~~1.7.4. Board members are required to complete an initial orientation conducted by the Board President and General Manager within 45 days and are encouraged to achieve NRECA Credentialed Cooperative Director status or equivalent within 24 months of first election to the Board.

~~1.6.5~~1.7.5. Board members are required to complete one or more relevant educational sessions during each additional three years of tenure.

~~1.6.6~~1.7.6. Board members are encouraged to attend conferences and other activities designed to improve their skills and knowledge. The expenses of enrollment and attendance at Board training programs are paid by the cooperative. Board training programs shall be conducted within the confines of an annual budget established by the Board of Directors for this purpose.

~~1.7~~1.8. BOARD POLICIES AND STRATEGIC DIRECTIVES

~~1.7.1~~1.8.1. The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.

~~1.7.2~~1.8.2. Board Policies shall address matters that are expected to be permanent and pervasive in nature and define the limitations imposed on the General Manager and the Cooperative.

~~1.7.3~~1.8.3. Board Strategic Directives shall address matters that may be impermanent in nature, address specific circumstances, may terminate when complete or rendered obsolete by changing circumstance and provide guidance in addressing the goals and objectives of the Cooperative.

~~1.7.4~~1.8.4. Any Board member may propose a new policy or amendment to a current policy.

~~1.7.5~~1.8.5. All Board Policies and Strategic Directives shall be maintained up to date in a format that is available to every Board member,

~~1.7.6~~1.8.6. The Board shall review its own Policies and Strategic Directives for relevance, appropriateness and benefit to OPALCO at least annually.

~~1.8~~1.9. STRATEGIC PLANNING

The Board shall set the Cooperative's mission and purposes, engage in strategic planning on a regular basis and produce Strategic Directives, to be reviewed and updated at least annually.

~~1.9~~1.10. OVERSIGHT

The Board shall provide oversight including the adoption of policies and monitoring for compliance with legal and regulatory requirements as well as the adequacy of internal controls, primarily through appropriate use of Auditors and Legal Counsel. The Board shall also oversee any subsidiaries of the Cooperative. Such oversight shall include regular updates from the General Manager, financial performance review, business plan and strategy review, review and approve debt increases, and consistency with overall Strategic Directives.

~~1.10~~1.11. BOARD INTERACTION WITH AUDITORS

The Board shall approve an engagement agreement for annual audit services to be provided to the cooperative that:

~~1.10.1~~1.11.1. Requires pre-approval by the Board for all services to be provided by the audit firm.

~~1.10.2~~1.11.2. Sets out the scope of the audit, its objective and purposes, and deadlines for work to be performed.

~~1.10.3~~1.11.3. Specifies all fees to be paid for all audit, audit-related and tax work provided by the audit firm.

~~1.10.4~~1.11.4. If a multi-year agreement, provides for regular rotation of the lead audit partner.

~~1.11.5~~1.11.5. Complies with all RUS Policies and/or other applicable regulatory standards on Audits.

~~1.11~~1.12. BOARD INTERACTION WITH LEGAL COUNSEL

The Board shall:

~~1.11.1~~1.12.1. Make all decisions regarding retaining, employing, and discharging attorneys for the cooperative.

~~1.11.2~~1.12.2. Reaffirm that the attorney represents the cooperative and does not represent individual directors, officers, employees, or members or affiliated entities of the cooperative, unless the Board consents to such representation and the attorney has complied with applicable conflict of interest requirements.

~~1.11.3~~1.12.3. Require the attorney to keep the Board and the General Manager informed of matters for which the attorney is providing legal services.

~~1.11.4~~1.12.4. Require the attorney to report evidence of any actual or intended material violation of law or material breach of duty that would likely cause substantial harm.

~~1.11.5~~1.12.5. Oversee the election process on behalf of the Board of Directors consistent with the Bylaws, Policies and adopted Guidelines, and assist management, and the Election Governance Committee as necessary to ensure a full and fair election for board positions and any proposals offered by the membership or otherwise.

~~1.12~~1.13. BOARD NOMINATIONS AND THE ELECTIONS & GOVERNANCE COMMITTEE

Nominating the best qualified Directors is essential to OPALCO and its members. To oversee the recruitment of strong Director candidates, the Bylaws have established an independent Elections & Governance Committee (EGC). The EGC serves to independently identify, interview and recommend to the Cooperative's membership high quality candidates to run for election to the Board of Directors. The Bylaws require that the EGC is made up of a representative group of members, preferably three from each of three districts as defined by the San Juan County Council. To foster independence, no current Director or Officer of the Cooperative may serve on the EGC, nor may any current employee of the Cooperative or its subsidiary serve on the EGC. The Board of Directors shall use its best efforts to ensure that the EGC has a full membership each year. This policy does not supersede any requirement in OPALCO Bylaws or Articles of Incorporation, or other applicable state or federal requirements.

Elections & Governance Committee Purpose
To facilitate the ability of the membership to elect board members who are most qualified and appropriate to serve in the best interests of OPALCO as a member-owned non-profit cooperative. The EGC will:

~~1.12.1~~1.13.1 Actively cultivate qualified candidates on an ongoing basis to fill upcoming board positions.
~~1.12.2~~1.13.2 Review candidate qualifications based on the ideal collective criteria for the Board as a whole and consistent with the bylaws.
~~1.12.3~~1.13.3. From time to time, at Board's request, make recommendations to update elections, Board compensation and governance policy.
~~1.12.4~~1.13.4. Work with the General Counsel to determine whether Candidate Applicants satisfy the qualifications to be eligible for election as a director, as established by the Bylaws.
~~1.12.5~~1.13.5. Recommend a slate of Qualified Candidate Applicants
~~1.12.6~~1.13.6. Announce the election results at the Annual Meeting

~~1.13~~1.14. GENERAL MANAGER

The Board selects the General Manager, and regularly evaluates performance, and sets his compensation.

~~1.13.1~~1.14.1. Board Interaction with General Manager

~~1.13.1.1~~1.14.1.1. The Board will direct the General Manager to achieve specific results within the restraint of specific limitations. He is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that do not transgress the limitations imposed.

~~1.13.1.2~~1.14.1.2. The Board may change its policies and thus the expectations or limitations imposed on the General Manager. So long as any particular delegation is in place, the Board members will respect and support the General Manager's choices.

~~1.13.1.3~~1.14.1.3. All Board authority, that is delegable, is delegated through the General Manager. The General Manager is to be considered the only employee of the Board.

~~1.13.1.4~~1.14.1.4. Only decisions of the Board acting as a body are binding upon the General Manager.

~~1.13.1.5~~1.14.1.5. Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in circumstances where the Board has specifically authorized such exercise of authority.

~~1.13.1.6~~1.14.1.6. In the case of Board members requesting information or assistance without Board authorization, the General Manager can refuse such requests that require in his judgment a material amount of staff time or funds or are disruptive.

~~1.13.2~~1.14.2. General Manager Relationship Review

The Board shall ensure that the General Manager knows and understands the expectations and limitations it has placed on discretionary decision making. These expectations and limitations shall be identified in approved policies or directives. Such policies and directives shall be used as the foundation for the annual appraisal of the General Manager's performance.

~~1.14~~1.15. BOARD SELF-EVALUATION

The Board shall complete an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of OPALCO, to confirm its compliance with all relevant policies and procedures, and to review its working methods and contribution to OPALCO.

~~1.15~~1.16. BOARD SUBCOMMITTEES

Due to the size and nature of the Board as stated in the bylaws, subcommittees are to be minimally used.

~~1.15.1~~1.16.1. Board subcommittees will be formed, defined, controlled, and dissolved by action of the Board;

~~1.15.2~~1.16.2. Authority of any subcommittee will be limited to reporting findings to the Board, unless specifically authorized by the Board. No action may be taken by a subcommittee unless authorized specifically or in general by the Board;

~~1.15.3~~1.16.3. Board member participation in any subcommittee will be determined and controlled by the Board. There will be no more than three Board members on any subcommittee;

~~1.15.4~~1.16.4. Employee involvement with a subcommittee will only be with the agreement of the General Manager;

~~1.15.5~~1.16.5. The General Manager shall be kept informed of the work of the subcommittee;

~~1.15.6~~1.16.6. Communications with employees will be copied to the General Manager.

~~1.15.7~~1.16.7. Purpose may include a review of methods, plans, or results, propose solutions, strategic directives;

~~1.15.8~~1.16.8. Duration of the subcommittee shall be at the pleasure of the Board.

~~1.16~~1.17. REMOVAL OF DIRECTORS AND OFFICERS

~~1.16.1~~1.17.1. The Bylaws provide for a process whereby a Board member may be removed in Article III, Section 6(b). The Board may adopt procedures that provide for a fair hearing and review of any allegations brought against a director, as long as such procedures are consistent with the Bylaws.

~~1.16.2~~1.17.2. The Board of Directors may adopt a process that will allow a full and fair discussion of any motion made to remove a sitting director based upon disorderly conduct, harassment of any kind toward other directors, Cooperative staff or members, or actions that will inhibit the orderly conduct of Cooperative business. This process may include adoption of relevant rules from Robert's Rules of Order that the Board may deem applicable, or any other similar process rules that serve to implement the Bylaws as well as provide a fair hearing on the motion to remove.

~~1.17~~1.18. BOARD MEETING RULES AND CONDUCT

The Board recognizes the importance of utilizing its time in a manner that is conducive to carrying out the responsibilities entrusted to it by the membership. In order to provide a respectful environment, and be able to effectively conduct business, the Board adopts and incorporate the following procedures adapted from Robert's Rules of Order 11th Edition "Procedures in Small Boards." These procedures are meant to facilitate open, fair and respectful discussion of all matters coming before it.

~~1.17.1~~1.18.1. The President of the Board of Directors shall preside as Board Chair at all meeting of the Board of Directors. In the President's absence, the Vice President shall preside at the meeting of the Board of Directors.

~~1.17..2~~1.18.2. Before speaking on any topic coming before the Board of Directors, the Board Chair shall recognize the Board member seeking to speak or make a motion.

~~1.17.3~~1.18.3. All motions must be seconded.

~~1.17.4~~1.18.4. At the discretion of the Board Chair, a time limit may be set for each Board member to speak to a motion. Upon expiration of the time, the Board Chair will announce said expiration, and recognize other Board members seeking to speak. The Board Chair may declare a total amount of time for discussion of a motion. Motions to close or limit discussion and proceed to a vote will be entertained.

~~1.17.5~~1.18.5. The Board may engage in informal discussion even while no motion is pending before it. The Board Chair may declare a total amount of time for the discussion of a topic. Board members may choose to make a motion to extend discussion time if so desired.

~~1.17.6~~1.18.6. In order to facilitate discussion, the Board Chair shall refrain from speaking to a motion until other Board members have spoken. In addition, the Board Chair shall vote last on any motion before the Board and shall refrain from offering any motions.

~~1.18~~1.19 STANDARDS FOR USING ARITIFICIAL INTELLIGENCE

Directors are strictly prohibited from using an approved Artificial Intelligence (AI) system in a manner that has potential to harm individuals, discriminate, or violate privacy or other applicable laws. Examples of permissible use for AI include, but are not limited to:

- Using AI to independently create or finalize work that involves current or potential new intellectual property (IP) for OPALCO without human review and verification. AI tools may be used to assist in drafting or research, but all such work must be carefully reviewed, edited to ensure accuracy and protect intellectual property rights.

- Inputting any sensitive, confidential, protected, or proprietary cooperative information into public AI platforms, tools, or APIs (including those that may use submitted data to train or improve large language models).
- Inputting any other confidential, protected, proprietary, or sensitive data into AI systems not explicitly approved for secure, internal use.

~~1.18.1~~1.19.1 Data Privacy and Security: Data used to train and operate AI systems must be handled and in compliance with applicable laws, regulations, and rules to prevent unauthorized access or disclosure. Directors shall not input confidential, proprietary, or other OPALCO data into AI systems like ChatGPT, Google Gemini, or other third-party services.

~~1.18.2~~1.19.2 Transparency: AI systems and models developed internally must be transparent and explainable, especially when making decisions that impact individuals or operations.

~~1.18.2.1~~1.19.2.1 OPALCO Directors will avoid the use of "black box" models that lack transparency when contracting with potential vendors. A "black box" model is a system that does not reveal any information about its internal workings or is so complex as to not be easily interpreted by humans.

~~1.18.3~~1.19.3 Intellectual Property: Directors shall not use any AI outputs that include unauthorized use of protected intellectual property, such as copyrighted or trademarked materials, that could expose OPALCO to legal liability.

~~1.18.3.1~~1.19.3.1 Directors shall not input any information into AI systems with any of OPALCO's intellectual property, including, but not limited to, copyrighted materials, publications, trademarks or logos. This includes intellectual property licensed from third parties that restricts its inputs into an AI system.

~~1.18.3.2~~1.19.3.2 If a Director is uncertain about using AI impacts intellectual property rights, the Director shall consult with our legal counsel.

~~1.18.4~~1.19.4 Review: This policy will be reviewed periodically and updated as needed to reflect changes in technology, regulations, or business practices.

OPALCO POLICY 24
ARTIFICIAL INTELLIGENCE & RECORDS MANAGEMENT

24.1 GOALS AND OBJECTIVES

The purpose of this policy is to ensure the reasonable and good faith retention of all records created by or under the control of the Cooperative, whether paper or electronic, that are necessary or advisable to retain for: business operations; historical value; accounting, audit, tax and financial purposes; compliance with applicable law; possible future use in litigation involving the Cooperative; and possible future use in an official proceeding or governmental investigation, audit or other matter.

As technologies evolve, including the increasing use of generative artificial intelligence (AI), the Cooperative recognizes the need to manage and retain information created, modified, or supported by AI systems with the same care and accountability as all other records. In accordance with Employee Handbook the generative artificial intelligence acceptable terms of use that specifies employees must ensure that any AI-generated or AI-assisted work aligns with the Cooperative's mission, data privacy, and intellectual property standards. Such records, when used for business or operational purposes, are subject to the same retention, review, and destruction requirements outlined in this policy.

Other records, which are not necessary to retain for these reasons, shall be destroyed in accordance with the guidelines set forth in this policy. All other information that is not a record should be discarded after it has fulfilled its purpose to avoid the unnecessary expense and effort that would be required to preserve it. A legal hold notice shall be issued when it becomes necessary to preserve a record or other information otherwise scheduled or due for ordinary and appropriate destruction in accordance with this policy.

24.2 POLICY

Records of the Cooperative, which may be in electronic or paper form, shall be retained in accordance with these guidelines. Records that do not need to be retained shall be destroyed after the requisite retention period, if any, has passed. A log or other documentation of records destruction may be created to track compliance and assist in evaluating the effectiveness of this policy. Pending or potential litigation, governmental investigation and other circumstances may require a "hold" or suspension of regularly scheduled destruction of records or other information. Employees will be promptly notified of any such hold by the General Manager. The format of the hold notification is shown in the appendix to this policy.

24.3 DEFINITIONS FOR PURPOSES OF THIS POLICY

The following terms will have the meanings provided in this section:

24.3.1 Active Data/Records – electronic or paper records and information that are presently in use, are less than two years old, or are immediately accessible to users.

24.3.2 Archival Data/Records – electronic or paper records and information that are not directly accessible to users, but which are maintained long term and accessible with some effort.

24.3.3 Backup Data/Records – electronic or paper records and information that are not presently in use and which are routinely stored on portable media (e.g. disks, magnetic tape) and/or off-site and are a source for disaster recovery.

24.3.4 Distributed Data/Records – data living on portable media or "non-local" devices (e.g. PDAs, BlackBerrys, employee home computer, application service provider, ISPs). Most is probably "active" data.

24.3.5 ESI – "Electronically Stored Information" – any file, document, data, image, database, etc. that is stored on a computing device or electronic media, including but not limited to servers, computer desktops and laptops, cell phones, hard drives, flash drives, PDAs or BlackBerrys, CDs or DVDs, floppy disks, and magnetic tapes.

24.3.6 Legacy Data – information which has retained some importance or usefulness to OPALCO for a period of time but has been created or stored by the use of software and/or hardware that has subsequently become obsolete or been replaced ("legacy systems").

24.3.7 Record – A "record" is any information (paper or electronic) recorded in a tangible form that is created or received by OPALCO and documents some aspect of its operations. A record has some enduring value to OPALCO that merits its retention for some period of time. Records include original and copies of contracts and other legal documents, memos, reports, forms, checks, accounting journals and ledgers, work orders, drawings, maps, images, photographs, and may be found in various electronic or machine-readable formats, including without limitation, CD-ROMs, DVDs, tape recordings, voice mail messages, e-mails, microfiche, web pages, computer and other electronic files.

24.3.8 Other Information/Data – "Other information" or "data" is any other material that is of a transitory nature, that after serving its limited purpose or being transferred to a more permanent form, or being incorporated with other record material, OPALCO has no need to retain such information except in the event of a legal hold. Some examples are: notes, drafts, routine correspondence, informational or courtesy copies, extra copies of filed or preserved records, and emails containing non-record information (such as scheduling or logistics information, thank you notes, etc.).

24.4 RETENTION OF RECORDS

Records shall be indexed and retained in a manner that ensures their easy accessibility. Records shall be maintained for as long as the period stated in the schedule appended to this policy, which schedule is based on the minimum periods required by applicable state or federal law and necessity for ongoing business purposes. The retention schedule will be reviewed periodically and amended as needed to reflect changing legal requirements, business needs or evolving practices. ~~The Manager of Finance and Member Services~~ Management shall be deemed Records Coordinator and responsible for supervising all of OPALCO's retention practices and procedures and ensuring that appropriate internal controls are implemented. Paper and electronic records and other information shall be maintained in the formats and/or media and at the locations provided in the master index, which media shall ensure a life expectancy that, at a minimum, preserves the records for as long as specified in the schedule. All records that require transfer to storage media that is different from the media in which the document was originally created or is being maintained requires documentation of the transfer and verification for accuracy.

24.5 Destruction of Records & Other Information

Unless a legal hold is in effect, destruction of records shall occur within six months after the time period stated in the schedule has been met. Other information should be discarded as soon as practical after it has served its purpose unless subject to a legal hold.

Destruction may occur by the following acceptable methods:

24.5.1 (Paper)

- Recycling or trash if no sensitive, personally identifiable or confidential information is included
- Shredding, burning, or pulverizing if sensitive, personally identifiable or confidential information is included

24.5.2 (Electronic)

- Deletion of records and data on shared network files, computer desktop and laptop hard drives, including personal copies
- Deletion of distributed data/records on peripheral devices and portable storage media (e.g. PDAs, memory sticks, CDs, floppy disks, etc.)
- Erasing or recycling of magnetic tapes

24.6 SUSPENSION OF DESTRUCTION/ "LEGAL HOLD"

A legal hold is the process for suspending the destruction of records and other information that becomes necessary for OPALCO to preserve. A legal hold may need to be issued for various reasons, such as:

- A complaint is filed against the Cooperative
- A credible threat of litigation has been received by the Cooperative
- A discovery request is received
- A records preservation order has been issued
- A subpoena has been served on the Cooperative

- A governmental, regulatory or law enforcement agency has instituted an investigation
- An event has occurred that resulted in death or serious bodily injury
- A circumstance has arisen that is likely to cause the Cooperative to file a lawsuit against someone or some entity
- An employee has made a complaint/allegation/report regarding a violation of law, Cooperative policy, or other improper conduct prompting an internal investigation

If a staff member of OPALCO receives any such complaint, request, subpoena or inquiry, he or she should immediately submit it to the General Manager. Following consultation with legal counsel, a determination will be made regarding the need to preserve records. If such a need is determined to exist, then the attorney will issue a legal hold notification in the form appended to this policy.

The legal hold requires the preservation of all records and other information detailed in the legal hold notice. With regard to electronic records and information, all such active, distributed and archived materials must be preserved. Back-up tapes that only contain records or other information redundant to that which is being maintained as active or archived data, will be recycled or destroyed in accordance with the Cooperative's regular back-up tape policy/practice.

If a computer or peripheral device (e.g. BlackBerry, external disk drive, etc.) has stored on it records or other information subject to the legal hold, then any scheduled replacement of that computer or device must be suspended until the stored materials on such computer or device are copied to a secure medium before the computer or device is taken out of service. Such steps must be documented *(in a hardware replacement, IT maintenance, or other log)* noting the dates of such copying and the equipment replacement, the person responsible for the copying and replacement, and the location of the copied materials.

24.7 ARTIFICIAL INTELLIGENCE SYSTEMS AND RECORDS

OPALCO recognizes that AI tools may be used to create, process, or analyze information. Any date, content, or output generated by AI systems shall be considered part of OPALCO's electronic records and is subject to the same retention, security, and destruction requirements outlined in this policy.

Employees must not input confidential, proprietary, or personally identifiable information into external or unapproved AI tools. Any AI systems deployed for Cooperative business must be approved by Management to ensure data security, accuracy, and compliance with applicable laws and Cooperative policies.

Documentation of AI use including prompts, data sources, outputs, and human review or validation should be retained as supporting records when the AI output contributes to a business decision, official communication, or member record.

~~24.7~~24.8 COMPLIANCE & QUESTIONS

Every employee, director and agent of OPALCO is required to comply with this policy. Training will be provided as needed to ensure that everyone subject to the policy is familiar with its provisions and understands the specific responsibilities and tasks associated with carrying out the policy. Periodic compliance audits and testing of retention, legal hold, and destruction procedures will be undertaken at the direction and supervision of the Records Coordinator. The General Manager shall make periodic reports to the Board of Directors regarding overall compliance.

Questions about this policy should be directed to the Records Coordinator.

~~24.8~~24.9 REPORTING OF SUSPECTED NONCOMPLIANCE

Should any employee, director or agent of OPALCO become aware of information indicating that a person responsible for the retention or destruction of records is not in compliance with this policy, such information shall be promptly reported to the Records Coordinator.

~~24.9~~24.10 POLICY REVIEW

A review of this policy will take place at least annually, at which time amendments to the policy may be made as necessary.

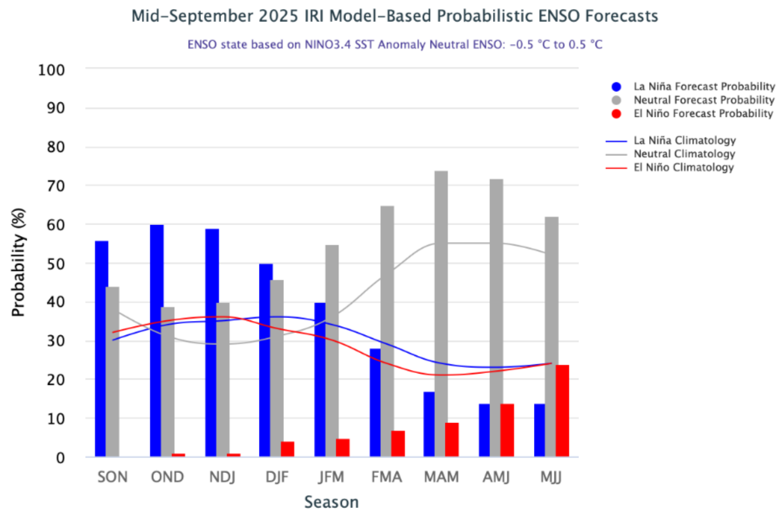
____ Effective Date: _______________

Foster Hildreth, General Manager

2026 Budget Power Purchase Forecast

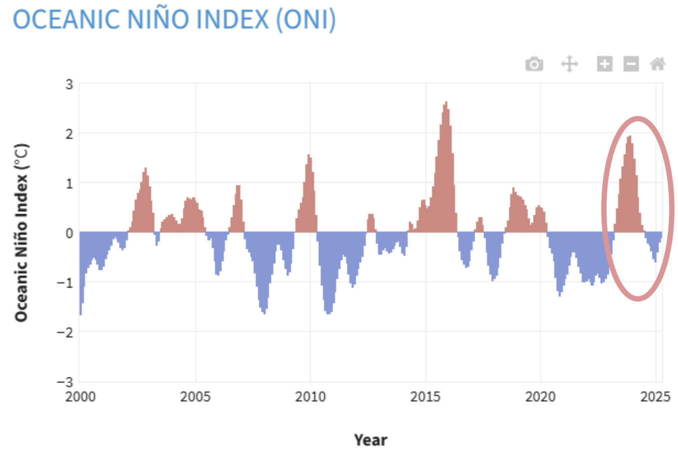
In preparation for the 2026 Budget, staff will be reviewing the load forecast for 2026 as a cornerstone in the overall budget. Predicting the weather is uncertain, OPALCO uses all the tools and resources available to make informed estimates. In November, the detailed budgeting process takes place.

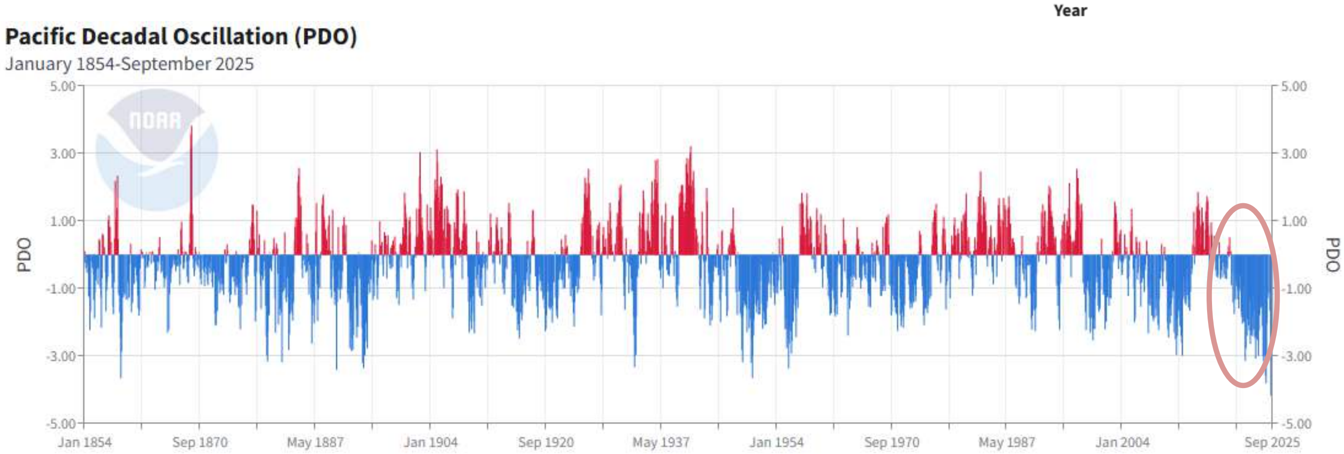
Conclusion:
Weather predictions for 2026 are very similar as to 2025. Staff projects energy purchases to be around 230 GWh with a winter peak of 79MW.



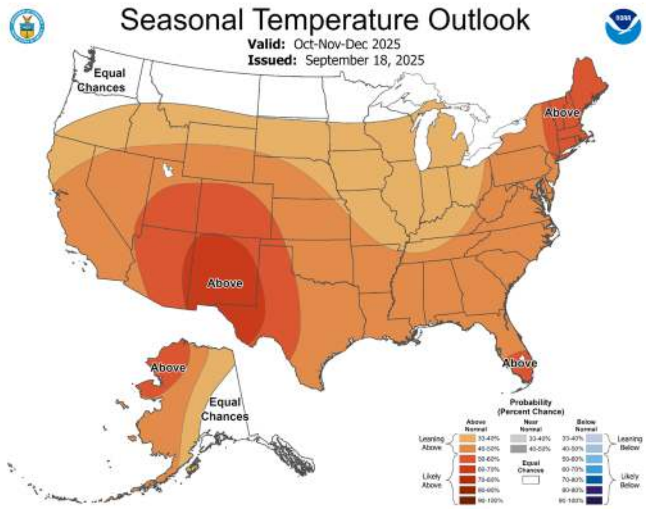
NOAA is forecasting the transition from La Nina conditions to neutral conditions with an increasing probability of El Nino conditions nearing the end of the summer of 2026.

With a review of the Oceanic Nino Index (ONI) and Pacific Decadal Oscillation (PDO) history we can confirm the likelihood of a shift to neutral or El Nino conditions in mid-2026. Traditionally, seen with the correlation of a negative ONI and a negative PDO transitioning to zero to positive simultaneously.

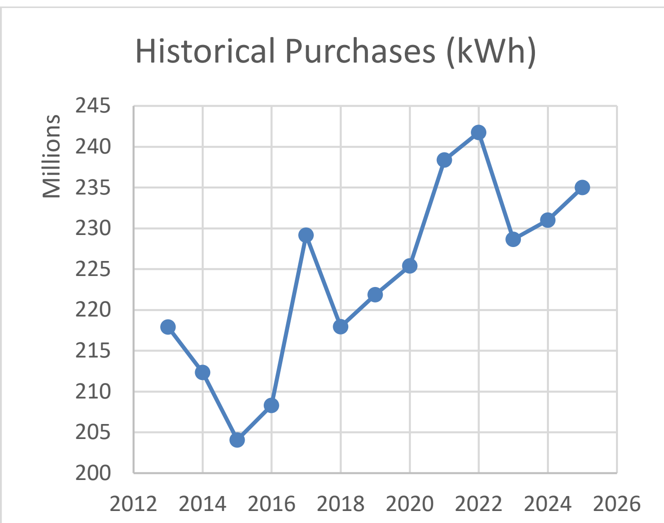


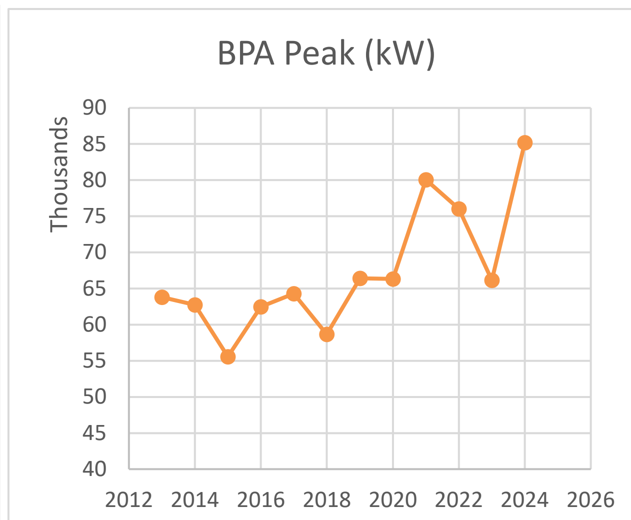


We anticipate that November and December 2024 and January and February of 2025 will range from slightly cooler to normal.

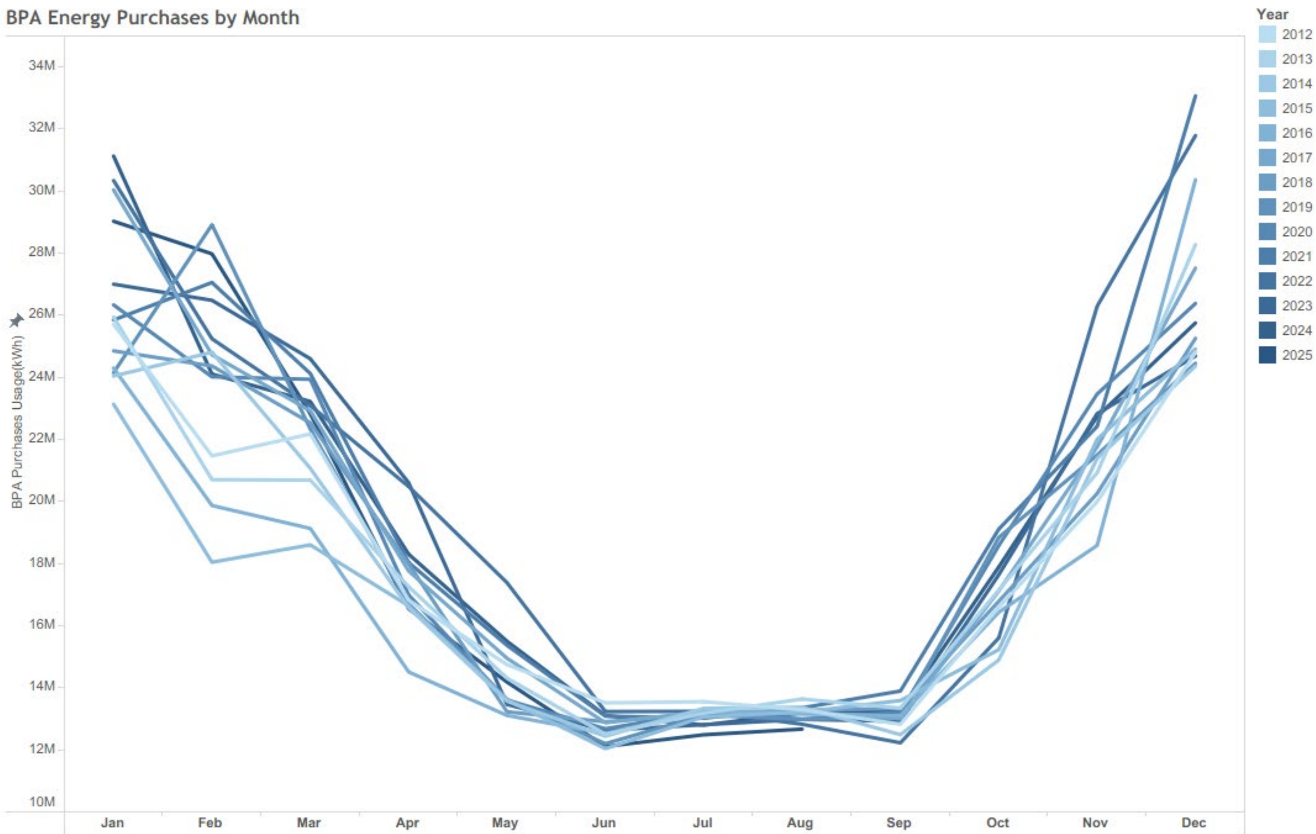


The chart below shows OPALCO Energy and Peak Purchases from BPA Load. The 2025 to date peak is ~67MW yet the forecast of a normal to cold winter may produce a larger single event.

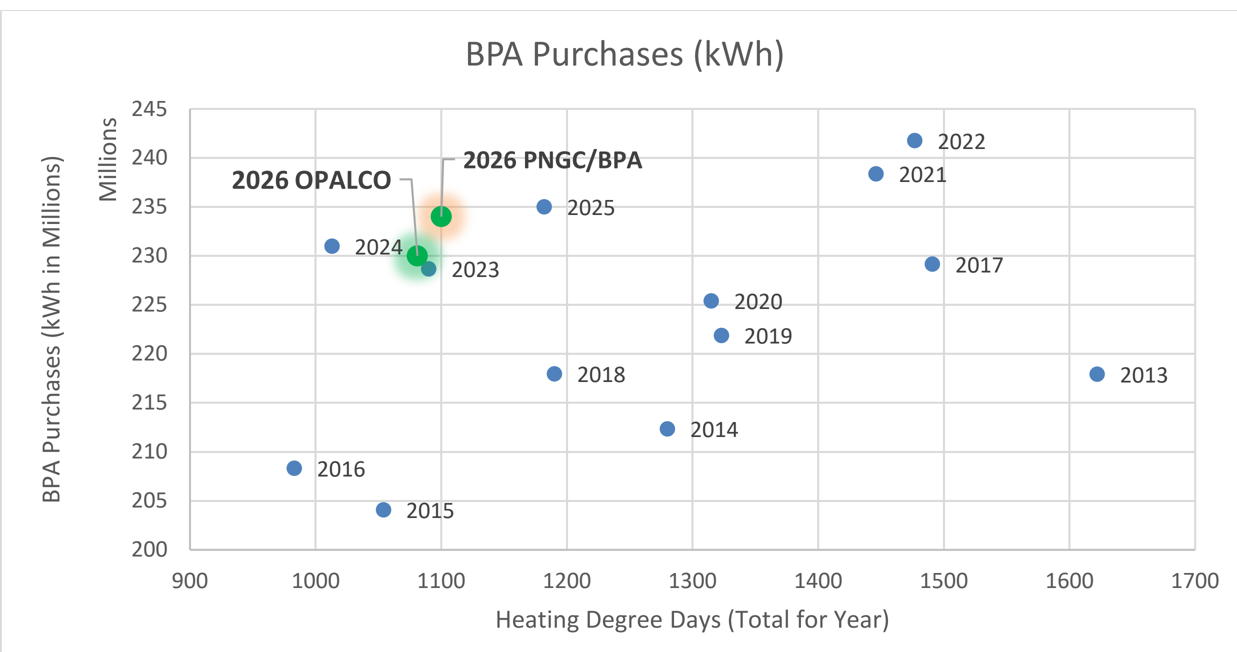


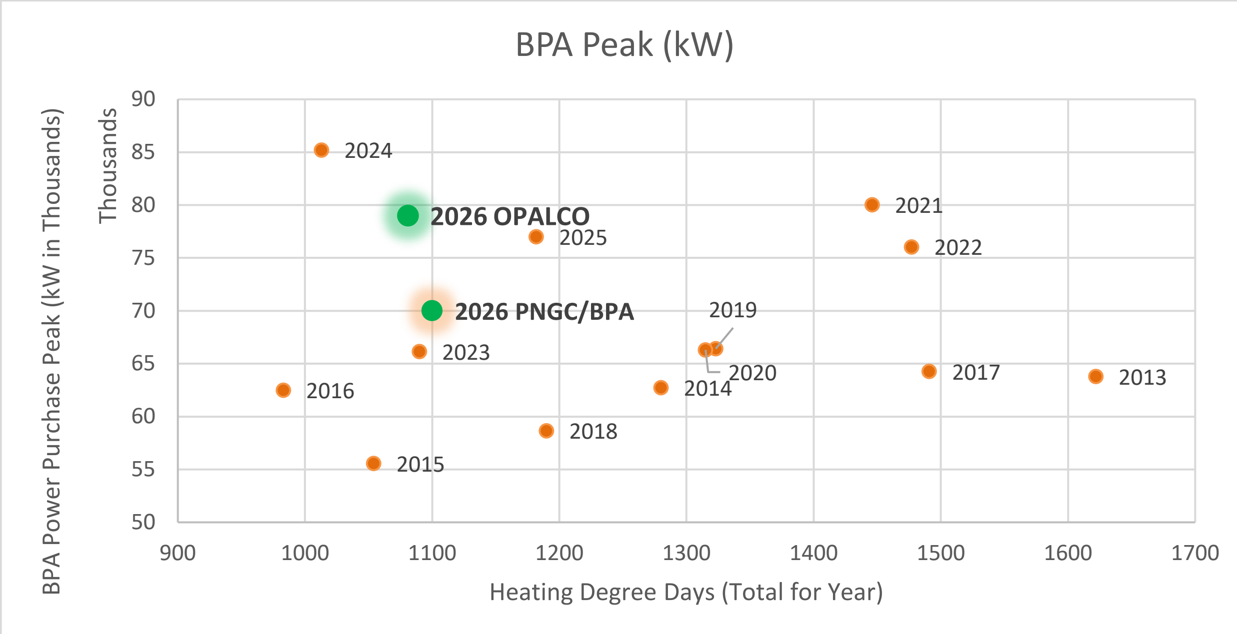


In the last 15 years, the trend is growing winter loads with negligable change in summer (June through September) loads. This is likely due to the increased solar installations through the system. Other imerging trends staffis keeping an eye on is peak timing. Since 2019 the peak time for these same summer months has shifted from the normal AM peak (7AM to 9AM) to the afternoon (5PLM to 8PM) likely due to the increase heat pumps and decrease in seasonal services.



Below you will find scatter plots for both historical energy and peak purchases from BPA as well as the PNGC/BPA and OPALCO forecasts. Modeling shows the probable forecast range for the peak to be ranging from 66MW to 92MW with the forecast of 79MW. Further, modeling shows the probable forecast range for the purchased energy to be ranging from 219 GWh to 253GWh with the forecast of 233 GWh.




BPA Peak (kW)
BPA Power Purchase Peak (kW in Thousands)
Thousands
90
85
80
75
70
65
60
55
50
900
1000
1100
1200
1300
1400
1500
1600
1700
Heating Degree Days (Total for Year)
2024
2026 OPALCO
2025
2021
2022
2026 PNGC/BPA
2019
2023
2020
2014
2017
2013
2016
2018
2015

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/.

- 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 October 6, 2025, there are 324 work orders open totaling $15.9M. Operations has completed construction on 116 work orders, totaling $2.3M.

Safety

Northwest Safety Service conducted Ground Testing in September. The total current hours worked without a loss time accident is 83,056 hours.

Tidal Update

On March 27, 2025, OPALCO filed a Draft License Application with the Federal Energy Regulatory Commission (FERC) for a 10-year pilot project license for OPALCO's proposed Rosario Strait Tidal Energy Project. The Draft License Application compiles the best available science, presents the results of the site characterization studies, and includes a discussion of existing conditions affects analysis. This is only the beginning of the analysis needed to get to a Final License Application. The work to date is not considered complete and is at a point where key areas will be identified for further study and analysis.

This month the comment period with FERC on the DLA closed. OPALCO has been selected as one of two finalists for ~$30M in funding through Department of Energy (DOE). Due to delays from DOE, the decision is not expected before January 2026. OPALCO requested and was granted a delay in the FERC process to avoid further investment of time and resources by OPALCO, FERC, resource agencies, Tribal Nations and stakeholders until project funding has been secured.

If this project were to move forward, there are still lots of studies, research, and analysis to be done to make sure this is a viable energy source for this region and that it meets the criteria for success on all fronts. The Draft License Application is a first step in a project like this and is only about ~10% of the analysis required in a process that is extensive and prescribed.

Since 2022, OPALCO has been meeting with the Tribal Nations to engage them on this project. OPALCO is grateful for the relationships with the Tribal Nations and their meaningful feedback on this project over the last 3.5 years. OPALCO knows that the success of this project or projects like this in the future will rely on the support and collaboration with the Tribal Nations.

OPALCO appreciates that the Swinomish Indian Tribal Community (Tribe) let OPALCO know in advance that they submitted a formal objection to the project with FERC. The objection raises concerns about the impacts the project will have on the Usual & Accustomed Tribal Fishing Rights and the sensitive marine environment. Two other tribes also filed objections with FERC. The OPALCO Team takes feedback from the Tribal Nations seriously and appreciates the time they took to provide input.

OPALCO chose to explore this technology because a version of it is deployed in a similar marine environment (Orkney Islands) and environmental impacts there are minimal. The Orkney Islands have Orca whales, and no marine mammal interaction has happened to date. While lessons from the Orkney pilot project are informative and will be applied to OPALCO's project, the Rosario Strait project will undergo its own scientific monitoring and mitigation requirements, ensuring locally relevant data informs every stage of design, construction, and operation.

Tidal energy has great potential to supply us with carbon-free energy in this area – especially valuable during the winter and night hours. By providing renewable power locally, the project and projects like this could reduce reliance on carbon-based energy generation and long-distance, dam-generated, energy imports, leading to broader environmental benefits for marine habitat and marine species.

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
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	Building Permitting
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Low Income Solar	$1M (tentative)	$1M	Land Use Permitting

Finance

2025 Budget Tracking

Energy (kWh) purchases are below budget, while kWh sales are trending right in line (within 1% +/-) with budgeted levels through September 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	$	42,559	$	(262)
ECA Surcharge / (Credit)*	$	-	$	(1,016)	$	(1,016)
Revenue	$	42,821	$	41,543	$	(1,278)
Expenses:						
Cost of Purchased Power	$	10,985	$	10,124	$	(861)
Transmission & Distribution Expense		9,385		9,068		(317)
General & Administrative Expense		7,387		6,802		(585)
Depreciation, Tax, Interest & Other		10,171		9,641		(530)
Total Expenses		37,928		35,635		(2,293)
Operating Margin		4,893		5,908		1,015
Non-op margin		793		812		19
Net Margin*		5,686	$	6,720		1,034
OTIER		2.99		3.55		0.56
TIER		3.31		3.90		0.58
Equity %		39.7%		40.1%		0.4%
HDD		1,446		1,278		(168)
kWh Purchases		235,000		228,956		(6,044)
kWh Sales		223,000		222,035		(965)

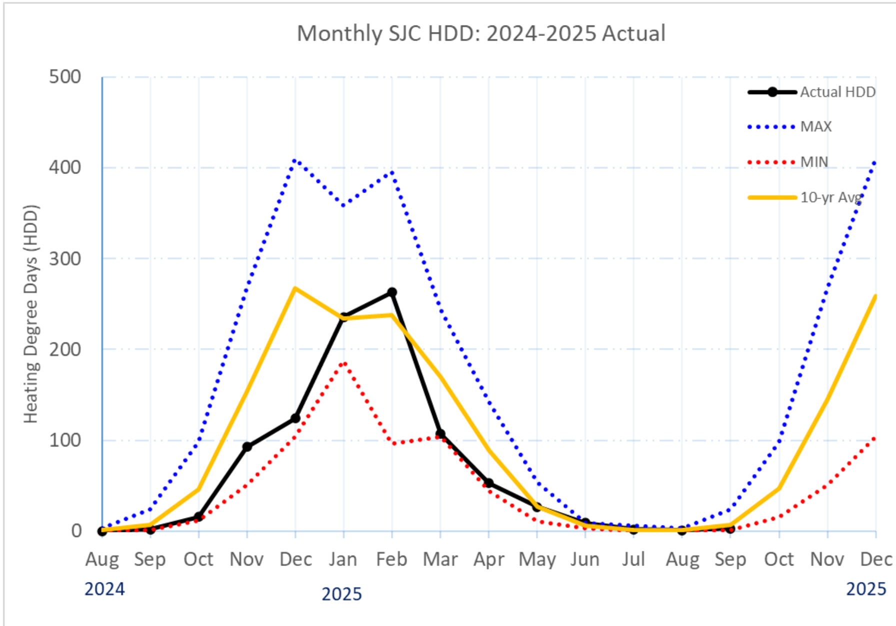
* The ECA returned a net $1.0M to members through September 2025.

Monthly Energy Charge Adjustment (ECA)

The September 2025 ECA returned $121,285 to members, or $9.99 per 1,000 kWh. The October billing period ECA is anticipated to be a credit of approximately ($.006251) or ($6.25) 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.

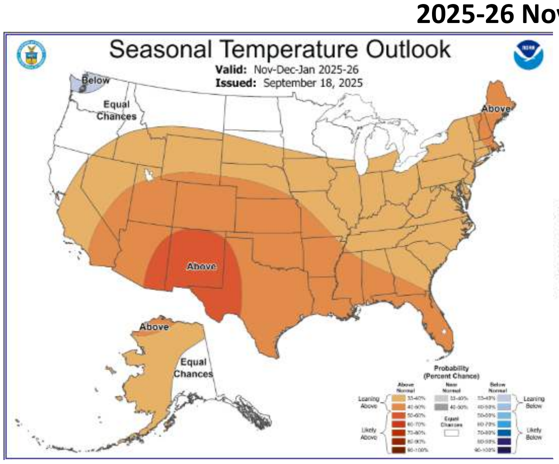


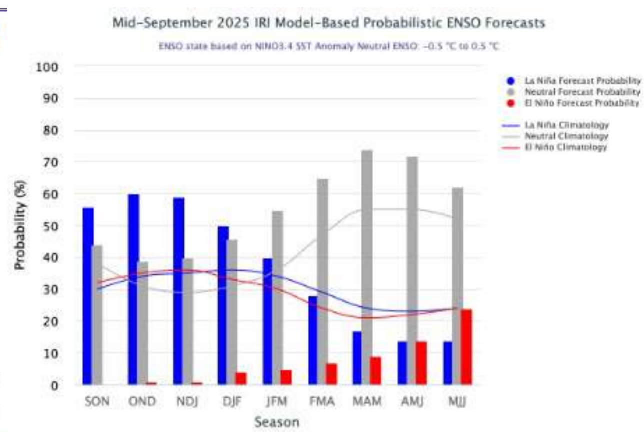
*max, min, avg is based on 10 year average

Weather Forecast

Looking ahead to the NOAA ‘three-month outlook temperature probability’ for Nov-Dec-Jan ’25-‘26, the outlook is currently showing a slight La Nina temperature condition in our region coming into winter season. The models in the International Research Institutes’ (IRI) ENSO (weather) prediction also forecasts a slight La Nina condition. We continue to monitor these predictors monthly.

2025-26 Nov-Dec-Jan 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	518	1,280
	Total Assistance	111,996	135,595	158,434	158,740	156,761	141,748	164,175	153,959	1,181,408
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	550	1,616
	Total Assistance	157,151	188,732	349,283	390,659	270,018	222,248	238,925	193,247	2,010,265

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 September 2025, 370 members received ~ $16.7K from the low-income Energy Assist program, compared to 287 members who received ~ $12.3K in assistance in September 2024.

LIHEAP (Low Income Home Energy Assistance Program)

As of this writing LIHEAP remains a federally appropriated program.

Energy Savings

During September there were a total of 7 rebates paid out to members totaling ~$7.3k. This includes 1 EV charging station rebate.

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	92	3,364
	Total Awards	$1,348,477	$167,432	$149,886	$227,622	$313,945	$259,445	$135,839	2,602,646
	Total Energy Savings (annual kWh)	5,960,711	783,431	359,269	346,900	440,382	253,675	173,975	8,318,163

**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 7 new interconnect applications submitted in September, with 9 members interconnected with solar for a total of 926. (https://energysavings.opalco.com/member-generated-power/). There are an additional 42 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 1,078 projects completed and billing for a total of $21.7M 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:

	Project Origination Year							
Measure	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Grand Total**
Appliance					36,112	51,093	33,949	**$ 121,153**
Energy Storage				39,510	27,159	47,766	17,379	**$ 131,813**
Ductless Heat Pump	648,252	620,060	637,599	1,532,528	1,770,569	2,347,042	1,435,441	**$ 8,991,490**
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	317,072	**$ 1,778,312**
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	694,388	**$ 1,234,686**
Other	14,543			92,649	188,075	31,981		**$ 327,249**
Solar + Storage				480,057	474,806	733,877	633,029	**$ 2,321,768**
Solar				1,896,999	3,116,225	2,461,983	1,144,612	**$ 8,619,819**
Windows				563,557	424,438	508,527	919,961	**$ 2,416,482**
Grand Total	**$ 684,900**	**$ 690,589**	**$ 701,280**	**$ 4,914,674**	**$ 7,051,834**	**$ 7,031,614**	**$ 5,262,155**	**$ 26,337,046**

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	19.46
	$ 46.80	$ 21.06

Member Communications

Renewable Energy Community Meetings

OPALCO hosted a series of community meetings about renewable energy and our shared energy future on the three big islands. The meetings were held at all three major islands to engage co-op members on the energy future of San Juan County.

At each meeting, OPALCO gave a short presentation summarizing the current issues. Due to climate impacts, carbon reduction legislation, and the move to renewable energy, the region is facing energy shortfalls. As the population grows and people transition to electricity for heating and transportation, OPALCO is looking at ways to meet this increase in energy demand and to work with co-op members to talk about some of the trade-offs that come with any energy source.

About 100 people in total attended the meetings held on San Juan Island, Lopez Island, and Orcas Island. Topics covered included:

- Planning for 30% Load Growth as predicted by the San Juan County Comprehensive Plan
- How rooftop solar helps meet the demand but cannot completely satisfy the increase in electrical demand alone

- How conservation is critical but must be combined with energy generation to meet the demand
- Permitting and land use challenges – many local land-use designations do not allow renewable energy projects
- Suggestions and energy solutions from members – nuclear, natural gas, battery storage, tidal power, demand management
- Conversations about which type of energy solutions may be realistic or viable in our service territory
- How to juggle permitting predictability through essential public facility designations and preserving robust public input

Comments included:

- *Why can't we just deploy microgrids faster*
- *I don't want my member money spent on solar farms*
- *I'm curious about costs to update to smart grid infrastructure*
- *What's the problem with getting 'solar farm' on Lopez, Orcas, San Juan, – sheep can run under solar panels – I have seen it in Europe and New Zealand*
- *I don't think OPALCO should pursue solar (which is not that effective in NW WA & that is why you see ONLY Decatur & Mukilteo) at a point when federal funding has stopped, the cables need replacement & public support is split.*
- *Can utility scale solar be put on private acreage? The county incentivizes residents with acreage to cut hay or cut and sell trees for agricultural and forestry tax breaks. Cutting hay yearly without grazing is environmentally damaging!! Let's see if there are private lands that have large-scale solar?*

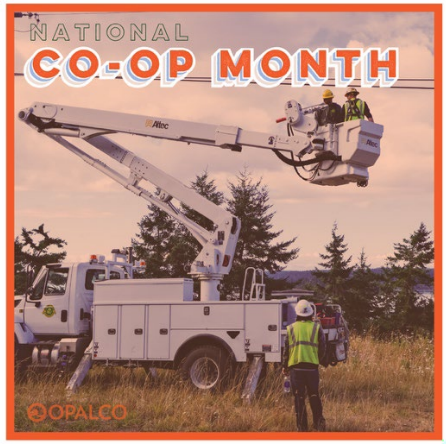
Co-op Month
October is National Cooperative Month! It is a chance to celebrate all the great things about co-ops every year. As a part of our co-op month celebrations, we celebrate the benefits of being an electric co-op. This campaign will continue to encourage engagement with OPALCO.

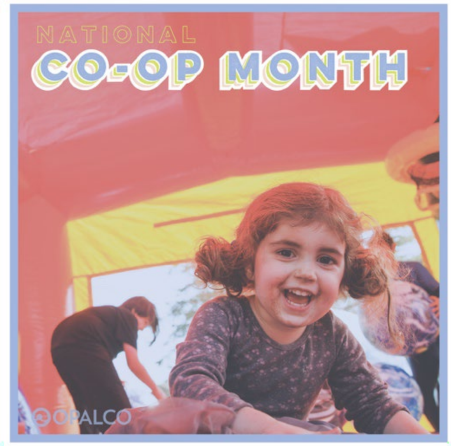
This year, we are hosting weekly social media swag-bag giveaways, as well as a grand prize giveaway. All active members can enter to win; 4 grand prize winners will be chosen. Grand prize winners will be able to choose one prize from the four available options, and the OPALCO team will ship it straight to your door! No in-person pickup necessary. Members selected to win the social media swag bag giveaways will be responsible for picking up their prize at their closest OPALCO office. Follow us on our social media pages to enter for even more chances to win! There are still 2 weeks of swag bag giveaways remaining! @orcaspower on Instagram and Facebook.

We have already seen a huge number of members enter to win our grand prize giveaway, 427 and counting! Don't forget to visit www.opalco.com/coopmonth to enter your name into our grand prize giveaway.

Additionally, we are hosting a month-long education campaign to spread the word about all the great benefits of being a member of a cooperative. Educational posts are scheduled to release each week on our social medias and will cover the following topics: What is a co-op, the Seven Cooperative Principles, co-op elections, and capital credits. We hope to continue to ensure that our members are not only involved in the co-op, but are aware of what we do, what the benefits are to them, and what OPALCO's values are.

OPALCO
Co-op Run. Community Powered.





Decatur Island Informational Meeting
The project to add more solar to land adjacent to OPALCO's substation on Decatur Island started earlier this year. OPALCO is having an informative meeting on Monday, October 27 at 12 pm at the Decatur School. At that time, we will present the results of the reports including:

- Site Plans
- Alternate Sites Explored
- Critical Areas & Wetland Report
- Permit Reports
- Stormwater Plan
- Landscaping Plan
- Arborist Report
- Community Commitments
- Mitigation Plans

All of the reports will be added to the website as they are completed. www.opalco.com/decatur.

Ruralite Articles
This month's Ruralite magazine features five pieces of original content for members to enjoy. The magazine articles this month were:

- Co-op Month
- Meet the Board Series: Wendy Hiester
- Electric Vehicles to include eplanes
- Upcoming Bill changes
- Pepper's Back Page celebrating co-op members

View the digital edition here:
https://issuu.com/utilitypioneers/docs/ruralite_orcas_power_light_cooperat_0b977a06ed6e59

Building Renovation Project Complete
During the summer months, OPALCO worked on a critical maintenance project for the Eastsound headquarters. The roof of OPALCO's 1970s built Eastsound headquarters office had reached the end of its life and needed to be replaced. Increasing structural issues with the original roof posed some safety concerns, so it was time for a renovation. The renovations are now complete!


Orcas Center
OPALCO is proud to have partnered with the Orcas Center for the completion of a new microgrid. Through the

Washington State Department of Commerce and the Climate Commitment Act, the project can now operate as a designated Emergency Operations Center under San Juan County's Comprehensive Emergency Management Plan. OPALCO worked with Orcas Center on interconnection and provided Switch It Up Funds.
Here is link to the video of the project:
https://vimeo.com/robotvideoco/review/1119240890/be1d481322#comment_71888974.

Member Comment on Rooftop Solar Rates
At the renewable energy community meetings, there was much discussion about rooftop solar rates. OPALCO buys power at a market rate of ~$0.045/kWh and the power is sold to members at ~$0.13/kWh (retail rate), with the difference going towards operating costs. Traditional net metering solar rates make it so non-solar members (including low-income) subsidize rooftop solar systems. However, OPALCO's solar rate structure still provides members with the benefit of solar offset at the retail rate via usage in the home. It is only excess usage that is put on the grid that is impacted by our solar rate ($0.088/kWh, double the market rate). The General Manager would like to keep rates transparent and based on cost-of-service principles. OPALCO is looking to create separate rooftop solar incentive programs that wouldn't force subsidization by non-solar members, including the low income members. Additionally, OPALCO already supports rooftop solar with the Switch It Up Program that has financed over $10M in solar projects.

Chris Wolfe, from Rainshadow Solar & Energy Solutions, Inc., sent in the transcript from the statement she provided at the September 18, 2025, meeting:

"Thank you for the opportunity to provide some comments today. We attended the community meetings on renewable energy projects this week and would like to share some thoughts.

During the meeting, Foster and others shared that OPALCO is proactively trying to prepare for an increase of 30-50% of grid load in the next 10-20 years. This is significant, especially we are all dealing with a completely new world where we can no longer plan on federal grant funding for local projects, or for BPA support of transmission infrastructure. Local generation, storage, and management will be crucial, alongside energy efficiency measures.

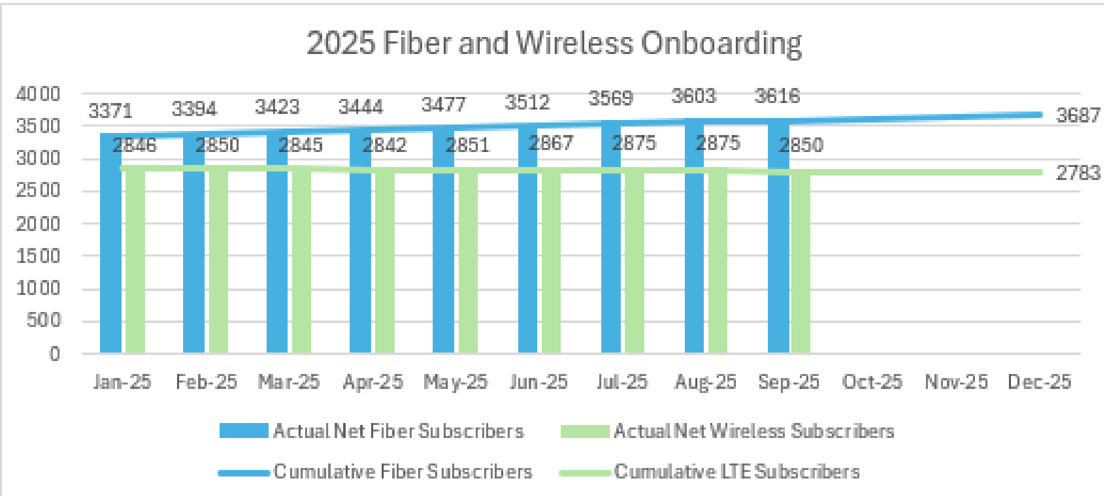
OPALCO has had some pushback on its Bailer Hill and Decatur community solar projects. Member-owned solar continues to be an excellent option to help provide local generation (and reduced grid reliance because some energy generated is used on site). More and more solar installations now include battery storage, with the option of self-consumption settings (to further reduce energy sent back to the grid). No one ever said that member-owned solar is the silver bullet, but it is absolutely a critical part of the solution, as Foster noted when he told the attendees on Orcas that, "we have to optimize what we got."

Our recommendation for the board is that OPALCO return to full net metering for solar (like nearly every other utility in the state of Washington), to help offset what has happened with the federal tax credit for renewable *energy that is now sunsetting on 12/31/25. Switch It Up has been a wonderful program to overcome some of the cost barriers for solar and battery systems so that it is available to many more people, but the federal changes will make the economic case more challenging for some, especially coupled with the reduced buyback rate. Keep in mind that member-owned solar includes non profits, community resiliency projects, and low-income developments, as well, for which the net metering can really be instrumental to help the project move forward. OPALCO should also be considering the importance of planning for demand side management and future OPALCO/member agreements by fully supporting solar and battery installations now."*

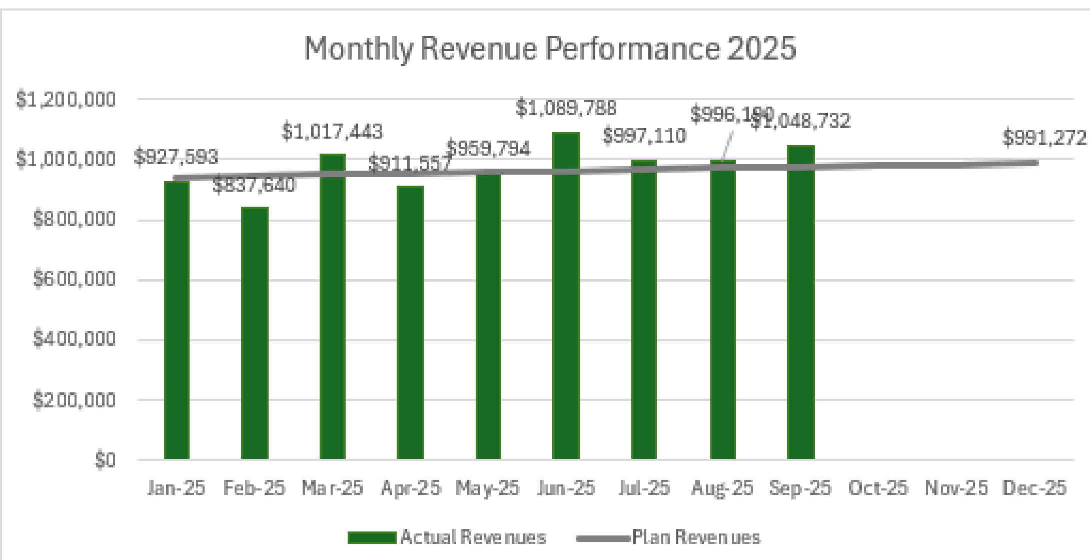
Rock Island Communications

6,887 Rock Island Service Customers

Net Subscribers



Revenues



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