

2025 Year in Review – OPALCO & Rock Island Communications

OPALCO Team Accomplishments 2025

Safety:

- Exceeded 298,000 hours worked without a loss-time accident.
- Zero reportable injuries.
- Actively monitor safety improvement plans as outlined in our RESAP program (Rural Electric Safety Achievement Program).
- Committed to NRECA's Zero Contacts initiative.
- Held monthly comprehensive in-person safety meetings to sustain our culture of safety.
- Transitioned to in-house drug and alcohol testing.

Engineering, Operations & Information Technology:

- Average service availability rate of 99.938% for the year.
- Average outage duration per service is 265 minutes with national average at 335 minutes.
- Replaced ~18 miles of aging and failing underground cable and ~17 miles of conduit for future aging cable projects.
- ROW Trimming: Roughly 5.8 miles of transmission corridors were able to be cleared for safety and operational access in addition to side trimming of distribution corridors.
- Completed relocation of Jackson Beach transmission line in preparation for the San Juan County salmon recovery project.
- Completed US DOE Phase 1 for Rosario Strait tidal generation.
- Boyce Road distribution tie line construction completed. This tie will allow for greater redundancy for San Juan Island substations.
- Sourced and schedule replacement substation transformers for Orcas Substation. Staff will be able to do so with minor alterations to the existing substation for an estimated savings of \$2.5M.
- Redesign of the Eastsound Substation was completed in December 2025 with construction to commence in Q2 of 2027, due to transformer delivery timing.
- Conducted 6.58 mi. of brush and tree clearing
 - Lopez – 4.56
 - Orcas – 1.02
 - San Juan – 0.91
- Completed design of Decatur Solar and submitted SJC permit.
- Completed installation of new Center Island submarine cable.
- Added high speed reclosing for targeted overhead lines to reduce outage times for winter months.

Finance & Accounting:

- Unqualified opinion of Financial Audit for 2024. No audit comments in the 'communication of internal control related matters' letter to management and the Board.
- No Internal Control or Compliance findings in OPALCO's first 'Single Audit' over federal government grant compliance for two 'major programs' (ARPA & DoE Tidal grants).
- Switch-It-Up on-bill financing program financed 259 energy efficiency projects for over \$8.1M in additional financing provided by OPALCO to our members. Dollars financed were ~\$600k over 2024 & was our largest year of financing yet.
- Continued capital credit smoothing methodology, retiring \$1.5M in capital credits back to the membership in 2025. Thanks to the continued generosity of our members, capital credit reoccurring donations were ~\$20k in 2025.
- Managed multiple grant applications, periodic reporting to various State & Federal agencies as well as successful submission & receipt of grant reimbursements in 2025.
- Maintained a high level of excellence in a highly transitional year, while short staffed for 9+ months, a new manager of finance and the mid-year retirement of a key accounting personnel.
- Staff completed Ferry Electrification Grid Interconnection Study.

Management and Human Resources:

- Offered farewell to the Manager of Member Services and Finance, a Special Projects and Office Coordinator, two General Foreman and a Journeyman Lineman.
- Promoted the Head Accountant to the Manager of Finance and the Member Services Supervisor to the Manager of Member Services. Promoted the Accountant to Head Accountant, and a Member Services Representative to the Special Projects and Office Coordinator position in Finance.
- Hired a Staking Technician, an Information Systems Specialist, a Member Services Representative, a Member Services Supervisor, and a new Journeyman Lineman.

Continued training with four Apprentice Lineman.

Energy Savings: Rebates, Electric Vehicles & Renewables

- Rebate dollars awarded to members through December: ~\$256k.
- Energy saved by members through BPA/PNGC rebates: 315,174 kilowatt hours.
- Total interconnected members generating renewable power: 1005 with 152 new in 2025.
- 1,104 MWh of member solar/wind production incentivized by WA State.
- Supported 34 members in beneficial electrification measures, totaling \$49,500.
- Incentivized the installation of 45 EV charging stations for homes and businesses.
- **Decatur Community Solar project:**
- 260 members participated.
- Produced 526.72 MWh – enough to power 500+ typical SJ County homes for a month.
- distributed \$50.7k through production credits on participants' bills (\$369k since energization), including an additional \$7,853 to the PAL and Energy Assist programs.

Member Services:

- Five Member Services Representatives (one new hire) and one new Member Services Supervisor answered more than 10,000 inbound calls from members.
- Billed members ~\$39.7M for energy usage of ~219.4M kWh.
- During the first part of 2025 (the 2024-2025 PAL season) the Member Services Team awarded ~35.5k of PAL assistance to 199 low-income households.
- During November and December of 2025 (2025 – 2026 PAL season), Member Services Team awarded 176 low-income households with ~ 51.3k of PAL assistance funds.
- Energy Assist participation increased with an average of ~386 households receiving monthly bill credits which totaled ~\$209.4k.
- ~9.2k accounts are on autopay.
- ~7.6k accounts are paperless.

Communications:

- Continued the monthly Ruralite magazine to have a consistent wide-reaching communication with OPALCO members on topics such as energy savings, our energy future, the Island Way Campaign, and a variety of timely articles that affect the membership.
- Staff continued the Island Way Campaign including a variety of meetings and articles about topics including tidal energy, Decatur Island Community Solar, Jackson Beach pole relocation project, and renewable energy community meetings. The renewable energy and tidal energy community meetings were the most popular events held. The in-person tidal energy community meetings had around 150 members in attendance, and the Renewable Energy Community meetings had about 100 members in attendance.
- Maintained the format of the Annual Meeting to have the business portion of the meeting via Zoom and an in-person member appreciation event the following day. The Annual Member Festival was held at the San Juan County Fairgrounds. The festival was a huge success with over 300 Co-op members in attendance. The main fairground building was filled with OPALCO and vendor booths and an EV showcase, while the lawn housed the bouncy house, kids activities, grill, and bucket truck rides. The whole OPALCO team was on hand to welcome attendees, give out SWAG, and help keep the event flowing.
- Conducted a member survey to assess customer satisfaction, awareness of energy reliability challenges, and perspectives on local renewable energy development, land use, and permitting. Research included a statistically representative survey of 300 members and an opt-in community portion with 989 member responses.
- Worked with Sustainable Connections to promote grant that helps businesses in San Juan County to get energy efficiency incentives
- Created new and updated an extensive Quick Fact Library – digital information sheets hosted on the website

- Promoted and held the annual Board Candidate election including 3 candidates. 1,801 members voted which is ~15.4% of the membership
- Awarded five Youth Scholarships and took the scholars to the ICUA Youth Rally. 2025's group included 4 students from Orcas Island Highschool and 1 student from Friday Harbor High School. Additionally, the returning student director was from Friday Harbor High School
- The OPALCO team had two interviews with regional tv news outlets. One with Fox 13 News about the Rosario Strait Tidal project and the other with King 5 news about the Decatur Solar Project.
- Successfully advertised and navigated a planned overnight outage on San Juan Island in order to install and energize new power poles at Jackson Beach. Social media posts, newspaper and journal ads, chamber newsletters, Ruralite magazine, press releases, and flyers around town were all utilized to get the word out.
- Celebrated National Cooperative Month with a social media giveaway campaign. 4 members won social media swag bags, and 4 winners were selected for the grand prize giveaway. Members had the ability to choose one of four different grand prize options. Throughout the month, we received over 100 comments from members interacting with various posts.
- Produced and distributed monthly bill inserts, newspaper ads, monthly email newsletters, updated and created new forms including digitizing and modernizing processes, documents and content for the Member Services and Engineering departments.
- 958 followers on Instagram, 2,834 followers on Facebook and ~1485 followers on Twitter. Engagement has been highest on Facebook in 2025, with Instagram as the second most popular social media channel. Posts with the highest engagement in 2025 included the overnight outage post, renewable energy town hall event and the youth rally program recap. 2025 was also the year that we introduced more regular short form content to OPALCO social media platforms.
- Website analytics: overall increase in page views by 42%, as well as increase in engagement rate, length of time spent on website, and percentage of new users. Majority of traffic to the website (46%) came from direct visit. Top pages were OPALCO home page, outage center, careers page, and document library. Member services My Account and Project Pal application pages had an increase in traffic, and Save Money and Energy pages saw a decrease in page views but an increased engagement rate.
- Partnered with the Orcas Center on an exciting new microgrid project. The project utilized Switch It Up funds and required coordination between multiple project partners.

With the new microgrid and battery backup system, the Orcas Center can now operate as a designated Emergency Operations Center.

- Attended various community events including County Council Meetings, meetings with legislators in Olympia, attended a test ride of an electric boats with the Port of Friday Harbor, Touch-A-Truck, Truck-or-Treat, and Chamber Mixers for outreach and connection opportunities. OPALCO also hosted and attended the NRG (Northwest Regional Group) Fall 2025 meeting to bring together representatives from various electric co-ops and organizations in the region, learn about the industry, and share ideas.

Rock Island Team Year in Review 2025

Notable Accomplishments for 2025:

Accomplishments related to the community and outreach -

- Launched an improved onboarding portal to improve the process of getting connected. New customers are guided through the onboarding process, getting customized recommendations on rate plans and add-on services based on their answers to onboarding survey questions. Managed Mesh and VOIP sales have gone up, and support calls from new fiber customers are reduced.
- Launched a new website, which improved functionality for site visitors and streamlined our ability to update the site as needed. Service requests have drastically increased, and improvements in GIS record lookup and Salesforce integration make it possible for new customers to start their service completely online (in the case where a router is already on site). Work orders are created and assigned to the appropriate department, improving response time.

Accomplishments in meeting financial goals -

- Overcame early operational expense overspends to achieve overall business plan goals by YE
- Bolstered the monthly reporting system to better track operational spending across primary categories for senior management
- Successfully met our *Fiber and Wireless Onboarding goals for 2025*
- Expected to generate over \$11M in Operating Revenue in 2025
- Remained ahead of the net income plan through each quarter this year

Accomplishments in staffing and training -

- Certified staff in splicing and production splicing, scaling our internal resources for splicing workloads.
- Trained staff in the following safety related categories while enhancing a Safety Orientation program for new hires:
 - Work Zone & Traffic Control/Struck-by Hazards
 - Trench Excavation/Fire Protection
 - Hazard Communication/Outdoor Heat Exposure
 - Health Hazards/Wildfire Smoke
 - RFR/Confined Space
 - Powerline/Ladders
 - WAC 296-32 Telecomm/Ergonomics
 - Accident Prevention Plan/ Job Hazard Analysis
 - Lockout-Tagout/Work Environment
 - Electrical/Respiratory Protection
 - Emergency Action Plan/Tools/Caught-in
- Successfully onboarded four of six potential new labor positions to strengthen operations, fiber, and customer support.

Accomplishments in operational refinement -

- Instituted better driving habits for fleet operators by deploying tracking and video feedback
- Implemented a quarterly internal merit review initiative which aligns with our market-driven compensation structure.
- Streamlined onboarding and performance evaluation processes.
- Instituted new benefit options that promote family support, equity, and retention as part of budget and benefits restructuring.
- Improved transparency in internal communication through data-driven tools that spotlight goal creation, and accountability between managers and their teams.
- Managed an Eastsound office transition continues to focus our efforts on an efficient build of office and warehouse space in Eastsound while we completed internal office design in Friday Harbor to host more collaborative in-office work.

Accomplishments in projects -

- Completed all four ARPA projects a full year ahead of the program deadline
- Assumption of the CommNet RDOF funding opportunity for supporting community infrastructure.

- Successfully navigated a multi-round application process for BEAD due to changes in government agendas and policies.
- Project managed the upgrades to 19 wireless sites, improving coverage and speed increases across the islands.
- *Accomplishments in technology improvements –*
- Implemented an enhanced browser application for staff to access systems, providing additional layers of protection for cyber security. (to be implemented by YE)
- Completed architecture design and vendor negotiations for the Juniper ACX Backbone switch migration, laying the groundwork for Rock Island’s next-generation subscriber-management backbone and improved resiliency across all 60+ active sites.
- Expanded and hardened core routing capacity by implementing multi-100Gb transport upgrades in preparation for increased customer demand, LTE load, CGNAT exit, and new wholesale customers.
- Executed large-scale IP space transition planning, including acquisition preparation for a /19 and ASN from Semaphore, ensuring organic growth capacity for fiber, LTE, colocation, and managed services.
- Established Rock Island’s first formalized cybersecurity governance framework, aligning ongoing initiatives with NIST CSF 2.0 and creating a multi-year roadmap to increase organizational maturity from Tier 2 to Tier 3.
- Successfully executed a forced unplanned core data center relocation within the Westin Building under extremely tight timelines, coordinating engineering, transport, cross-connect, and vendor teams to migrate all critical systems with *zero downtime or customer impact*. The seamless move preserved full redundancy for emergency services, ISP partners, and enterprise customers while positioning Rock Island for expanded colocation and interconnection capacity.
- Successfully upgraded and expanded the cluster environment to enhance scalability, reliability, and performance—significantly improving Rock Island’s ability to host internal resources and support business services.
- Designed and implemented an updated expanded backup system, immutable backup and recovery platform with improved replication across sites, strengthening our resilience, data protection, and disaster recovery capabilities.

FINANCIALS:

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS EXECUTIVE SUMMARY

	A.	B.	C.	D.	E.	F.	
	Audited	Audited	Budget	Unaudited	Budget	Budget	
	Year End	Year End	Year End	Year End	\$ Change	% Change	
	12/31/2022	12/31/2023	12/31/2024	12/31/2024	(D - C)	(E / C)	
1	kWh Purchases	241,801,858	228,638,000	219,000,000	230,984,773	11,984,773	5.5%
2	Gross Operating Revenue	35,679,000	36,836,000	37,407,000	39,492,000	2,085,000	5.6%
3	Energy Charge Adjustment	1,000	(328,000)	-	147,000	147,000	
4	Net Operating Revenue Total	35,680,000	36,508,000	37,407,000	39,639,000	2,232,000	6.0%
5	Cost of power	9,756,000	8,572,000	9,159,000	9,126,000	(33,000)	-0.4%
6	Operations & G&A	13,501,000	14,282,000	16,407,000	15,232,000	(1,175,000)	-7.2%
7	Depr, Int, Taxes & Other	8,874,000	8,805,000	9,306,000	9,386,000	80,000	0.9%
8		<u>32,131,000</u>	<u>31,659,000</u>	<u>34,872,000</u>	<u>33,744,000</u>	(1,128,000)	-3.2%
9	Net Operating Margins	\$ 3,549,000	\$ 4,849,000	\$ 2,535,000	\$ 5,895,000	3,360,000	132.5%
10	Non-Operating Margins	\$ 439,000	\$ 778,000	\$ 673,000	\$ 829,000	156,000	23.2%
11	Net Margin	<u>\$ 3,988,000</u>	<u>\$ 5,627,000</u>	<u>\$ 3,208,000</u>	<u>\$ 6,724,000</u>	3,516,000	109.6%
12	OTIER	2.75	3.47	2.19	3.90	1.72	
13	TIER	2.97	3.86	2.50	4.31	1.81	
14	Equity % of Total Cap	36.6%	39.7%	40.3%	40.8%	0.5%	
15	Equity % (excl RESP)	37.2%	42.7%	44.5%	46.1%	1.6%	
16	Equity	44,990,000	51,310,000	52,676,833	56,943,000	4,266,167	8.1%
17	Capital Debt	66,958,000	65,099,000	68,935,000	68,984,000	49,000	0.1%
18	RESP Debt	2,225,000	10,006,000	13,044,000	17,631,000	4,587,000	35.2%
19	Capital Spending	10,320,000	11,932,000	12,129,000	19,996,000	7,867,000	64.9%
20	Capital Credit Retirement (net)	(1,189,000)	(1,137,000)	(1,051,000)	(1,179,000)	(128,000)	12.2%
21	Annual HDD	1,543	1,090	1,029	801	(228)	-22.2%

Rock Island Communication (Island Network LLC)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income Statement										
Revenues	1,829,439	2,286,266	3,644,987	4,920,825	5,990,624	6,977,567	8,036,459	9,402,727	10,917,772	10,963,462
Expenses	3,609,552	5,024,100	6,196,992	7,421,877	7,832,300	8,362,478	8,467,890	9,485,326	9,072,821	10,888,494
Net Income (Loss)*	(1,780,113)	(2,737,834)	(2,552,005)	(2,501,052)	(1,841,676)	(1,384,911)	(431,431)	(82,599)	1,844,951	74,968
Balance Sheet										
Total Assets	6,190,816	9,374,080	13,490,906	16,516,691	17,950,343	19,825,866	21,130,244	22,048,659	24,571,489	22,939,958
Total Borrowings	7,566,247	13,199,145	19,206,910	24,778,748	28,461,816	31,214,649	33,107,978	34,215,852	34,570,821	32,500,655
Other Liabilities	404,682	692,882	1,353,948	1,308,947	901,207	1,408,808	1,251,288	1,144,428	1,467,338	1,831,005
Total Equity*	(1,780,113)	(4,517,947)	(7,069,952)	(9,571,004)	(11,412,680)	(12,797,591)	(13,229,022)	(13,311,621)	(11,466,670)	(11,391,702)
	6,190,816	9,374,080	13,490,906	16,516,691	17,950,343	19,825,866	21,130,244	22,048,659	24,571,489	22,939,958

*RIC's Net Income/(loss) & Equity numbers roll up into the OPALCO-only financials. As RIC turns the corner to profitability, the benefit to OPALCO equity growth will be very important for future borrowings for major capital project (including future submarine cable. replacements)

All figures derived from Audited Financial Statements - Supplementary Consolidating Statements (see Audit Reports ~ page 28 thru 31)

Start-Up Operations	
Cashflow Positive	
Net Income Positive	