



OPALCO

Co-op Run. Community Powered.

Board of Directors Regular Meeting

Thursday, March 19, 2026 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
March 19, 2026, 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

ACTION ITEMS	3
Consent Agenda.....	3
Member Service Policy 3 – Technical Provisions (Final Read).....	7
DISCUSSION ITEMS.....	10
Pacific Northwest Electrical Grid (compiled by Board President).....	10
Decatur Solar Expansion – Project Update.....	11
2026-2031 Construction Work Plan.....	13
2025 Year-End Unaudited Financials.....	15
REPORTS.....	16
General Manager.....	16
<i>Dashboards.....</i>	<i>16</i>
<i>Quick facts.....</i>	<i>16</i>
<i>Engineering, Operations and Information Technologies.....</i>	<i>17</i>
<i>Finance.....</i>	<i>17</i>
<i>Member Services.....</i>	<i>19</i>
<i>Energy Savings.....</i>	<i>19</i>
<i>Member Communications.....</i>	<i>21</i>
Rock Island Communications.....	23
<i>Net Subscribers.....</i>	<i>23</i>
<i>Revenues.....</i>	<i>23</i>
Appendix.....	24
<i>Rock Island Article.....</i>	<i>24</i>
<i>Response to misinformation.....</i>	<i>25</i>
<i>2025 Year in Review.....</i>	<i>27</i>

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 – February 2026

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

BENHAM, DAVID
BOWER, SERINA & BOWER, JAKE
COMBS, LORI
CORDS, EMMA
DIERS, TYSON
ENOCHS, JAMES
FILER, SARAH
GREEN, JASON
GROPP, KYLE
HAINES, CONNOR
HARLING, JEFFREY
JENSEN ALLEY PROP, ERTIES
KOLODZIEJ, ZACHARY
MASTER, KAREN & REMINGTON, MILES
MERKER, ERIN
MORENO MORALES, DANIEL
MYSTICA VENTURES, INC
NARASIMHAN, RANGAPRASAD
PAWLEK, BETH
RAIVO, KAILEY
ROBERTS, ELLEN
ROOT, KATHRYN
SHIELDS, THOMAS & SHIELDS, MARISA
TENNANT, LORA
WIGGIN, HENRY

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

CHIQUET, PAULINE
EBERLE, GEORGE
EVOLUTION HOLDING, S LLC
FOUNTAIN, JEFF & FOUNTAIN, KRISTI
GATES, HILARY
JOHNSTON, LANCE
LANCASTER, PATRICK & MEISNER, ASHLEY
MARTSOLF, JOHN
MILLS, OPAL
NASH, MARY
NICHOLS, TACY & NICHOLS THE 1ST, MARSHALL
OWENS, CAROL
PRADES, JAMES & PRADES, JANA
RORABAUGH, JAKE
SALISH HOSPITALIT, Y
STENEHJEM, J & STENEHJEM, JOY
ULS CA INC
WILD, ISSA

District 3 (Lopez, Center, Decatur, Charles)

OTTER DAUGHTER CO, LLECTIVE LLC
WEEKS, KENNETH

District 4 (Shaw, Crane, Canoe, Bell)

None

RUS Form 219

There are no 219s.

Staff requests a motion to approve the Consent Agenda.

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:

March	
Customer #	Amount
65687	301.59
64316	1,353.54
84524	1,768.02
16330	874.09
33636	1,807.42
82874	1,681.45
72340	1,196.47
64410	644.61
71743	626.08
3963	2,163.95
70639	962.48
62877	907.93
21360	751.68
72138	-
Total	\$ 15,039.31

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, February 19, 2026

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; Communications Specialist Johanna Lange; Manager of Member Services Joey Wyckoff; 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: Barbara Pesola, Rich Goodhart, Jill Rullkoetter, Conor Anderson

Meeting commenced at 8:34 AM

Member Comment Period: No member comments.

ACTION ITEMS

CONSENT AGENDA

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

Corporate Debt Resolution – 1-2026

MOTION was made by Silverstein to approve Resolution 1-2026, seconded by Madsen and passed unanimously by voice vote.

Corporate Debt Resolution – 2-2026

MOTION was made by Madsen to approve Resolution 2-2026, seconded by Whitfield and passed unanimously by voice vote.

State Mandated Clean Energy Implementation Plan

MOTION was made by Silverstein to approve the State Mandated Clean Energy Implementation Plan for filing, seconded by Osterman and passed unanimously by voice vote.

DISCUSSION ITEMS

Regional Utility Update

Board President, Vince Dauciunas, gave an update on regional utilities. Discussion ensued.

Climate & Market Outlook: Managing Revenue & Mainland Power Supply Risk

Staff shared information about the current climate trends and how they affect financial planning and mainland power supply. Discussion ensued.

2025 Year in Review

The General Manager shared 2025 highlights and successes for both OPALCO and Rock Island. Discussion ensued.



REPORTS

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

Regular Session ended: 10:06 AM

Executive Session: 10:20 AM to 11:46 AM

Meeting Closed: 11:46 AM

Vince Dauciunas, President

Tom Osterman, Secretary-Treasurer



Member Service Policy 3 – Technical Provisions (Final Read)

Staff requests a motion to approve the edits below for Member Service Policy 3 – Technical Provisions.

ORCAS POWER AND LIGHT COOPERATIVE MEMBER SERVICE POLICY 3 TECHNICAL PROVISIONS

3.1 DETERMINATION OF USE AND METERING

The quantity of electrical energy and electrical demand shall be determined by the registration of the electric meters authorized and maintained by OPALCO.

3.1.1 Where the load is such that the amount of electrical energy consumed is fixed, OPALCO may elect not to meter the service and to bill the member for a fixed number of kilowatt hours. The amount charged shall be computed under the appropriate schedule including base charges.

3.1.2 Where service is rendered under conditions making metering impractical, OPALCO may estimate the amount of energy consumed based on the member's load.

3.1.3 OPALCO is required to maintain its meters within plus or minus two (2) percent accuracy. OPALCO maintains an ongoing meter calibration program. OPALCO will test a member's meter upon written request at no charge if the most recent calibration is more than ten years old. If a member requests a meter accuracy check less than ten years from the previous test, he must pay the charges as stated in Schedule of Deposits and Charges in the OPALCO Tariff book. In either case, should the meter, upon testing by OPALCO prove inaccurate, the charges will be refunded and billing adjusted per Member Service Policy 7.9. (The member will be furnished a test report stating the accuracy of the tested meter.) The member may request that the meter be sent to an independent third party (approved by OPALCO) for calibration. The member will be responsible for all costs associated with independent calibration of his meter. Should the meter prove inaccurate upon testing, the testing charges will be refunded and billing adjusted per Member Service Policy 7.9.

3.1.4 OPALCO requires commercial meterbases with manual bypass and electric meters with demand registers for all non-residential and all three phase accounts. OPALCO requires electric meters with demand registers for all accounts where the 15-minute demand at any time during the year is anticipated to exceed 15 kW. OPALCO will require demand meters on other services if required by the applicable rate schedule. OPALCO may install demand meters on any account for data collection purposes. Where demand meters are installed for data collection, the member will continue to be billed under the existing rate schedule unless the data gathered shows that a different rate schedule is required.

3.1.5 Commercial facilities containing electronic equipment, or where the fifteen-minute demand at any time during the year does not exceed 15 KW, and having no other loads other than for heating and air conditioning, are required to have commercial meterbases with manual bypass, but are not required to have demand meters.

3.2 PROTECTIVE EQUIPMENT

It is the member's sole responsibility to provide suitable protective equipment for the devices and appliances in their premises. If three phase equipment is used, it is the member's responsibility to protect such equipment against single phase operation, reverse phasing, and under-and-over voltage conditions. OPALCO will monitor and troubleshoot member related problems from the member's serving substation to the secondary lugs of the member's meterbase. All other investigation into electrical problems beyond the secondary lugs of the member's meterbase shall be at the member's expense.

3.2.1 Non-Standard Tolerances

OPALCO regulates power characteristics to the point of member interconnection, which is generally the serving transformer. Where the member requires a degree of protection or regulation of the characteristics of the electrical service greater than that normally furnished by OPALCO, the member shall be responsible for obtaining, installing and maintaining the required regulating equipment.

3.2.2 Protection

The member is responsible for protection of the member's own equipment due to loss of power, voltage surges and sags, or loss of phase/phases of a three-phase line. Certain protective devices normally considered necessary are recommended below:

3.2.2.1 Line Starting Protection

Any motor which, in starting, might be damaged by the full line voltage requires some type of protective device to disconnect it from the line during interruptions in service, thus protecting the motor when service is restored. OPALCO further recommends that such a device be equipped with a time delay mechanism so that the motor will not be disconnected by momentary fluctuations in voltage.

3.2.2.2 Overload Protection

Since the intense heat caused by overload might seriously damage the motor, the member should install a device that will disconnect the motor if overload occurs. Fuses, thermal relays or circuit breakers, which are specifically designed to operate when excessive current occurs, are the devices used for this purpose. Where the member receives three phase service, OPALCO recommends that such protective devices be connected to all phases.

3.2.2.3 Protection from Loss of Phase/Phases

Where the member receives three phase service, phase protecting relays should be installed which will disconnect the motor from the lines in the event that one phase of the line becomes open.

3.2.2.4 Reverse Phasing Protection

For three phase installations of electric cranes, hoists, elevators, pumps and similar equipment which may be damaged by reverse phasing, the member should install relays that will disconnect the motor from the line in the event of accidental phase reversal.

3.2.2.5 Surge Suppressors

The member should install surge suppression devices to protect sensitive electronic equipment such as computers, and other home electronic appliances from transient voltage spikes caused by lightning, system failures, normal utility load switching, etc.

3.3 ADDITIONAL LOAD

OPALCO will attempt to meet the additional load requirements of our members. OPALCO will work with the responsible party to accurately size the transformer to meet the needs of the responsible party's prospective load and to incorporate said load onto OPALCO's power distribution network.

3.3.1 Notice

~~Responsible parties shall give 60 days' written notice to the OPALCO Engineering Department of any proposed increase in required service capacity and/or meterbase upgrade. Increased service capacity, additional facilities or feeders added to an existing meterbase, or meterbase upgrades, are to be treated as a new service request and require an application. OPALCO's Engineering Department requires time to assess the impact of the increased load on the power distribution network. OPALCO will issue a preliminary design estimate based on the information supplied by the responsible party. Responsible party is responsible for all costs to accommodate increased service capacity on the primary distribution network.~~

3.3.1.1 Addition to Single Phase Loads

Responsible Party Member(s) shall give at least sixty (60) days' written notice to OPALCO's Engineering Department of any additional load requirements exceeding 4800 watts on single-phase transformers. ~~or additional facilities added to an existing meterbase. Specialized equipment such as transformers may have lengthy delivery schedules, and the Engineering Department requires time to assess the impact of the increased load on the power distribution network. OPALCO will issue a preliminary design estimate based on the information supplied by the responsible party. Responsible party is responsible for all costs to accommodate increased service capacity on the primary distribution network.~~

3.3.1.2 Addition to Three Phase Loads

Responsible Party Member(s) shall give at least sixty (60) days' written notice to OPALCO's Engineering Department of any additional load requirements exceeding 4800 watts, ~~or of the addition of facilities or service runs to an existing meterbase, on any three-phase transformer or bank of transformers forming a three-phase system. Specialized equipment such as three-phase transformers may have lengthy delivery schedules, and the Engineering Department requires time to assess the impact of the increased load on the power distribution network. OPALCO will issue a preliminary design estimate based on the information supplied by the responsible party. Responsible party is responsible for all costs to accommodate increased service capacity on the primary distribution network.~~

3.3.1.3 Conversion from Single Phase to Three Phase

Three phase service is made available only in specific portions of OPALCO's service area. Responsible parties planning to convert from single phase to three phase should check with OPALCO to determine the availability and cost of providing three phase service. All costs associated with conversion from single phase to three phase shall be paid for by the requesting responsible party. OPALCO's power distribution network has no single phase protection of three phase lines. It is the responsible party's responsibility to protect their three phase equipment from single phase or reverse direction conditions.

3.3.2 OPALCO/Responsible Party Member Obligations

~~3.3.2.1 If the load of an existing facility increases, requiring a change in transformer size or meter class and the responsible party has been paying for power at this facility for more than five (5) years, OPALCO shall change out the transformer and/or meter at OPALCO's expense as long as the responsible party has not added additional facilities on to the power distribution network.~~

~~3.3.2.2 If the load of an existing facility increases, requiring a change in transformer size or meter class and the responsible party has been paying for power at this facility for less than five (5) years, the responsible party shall change out the transformer and/or meter at their expense, as outlined in Member Service Policy 5.2~~

~~3.3.2.3 If the load of a transformer or meter increases past the nameplate rating due to the addition of new facilities loads being served by the transformer, the Responsible Party Member(s) of the added loads facilities shall pay all costs to change out the transformer and/or meter as outlined in Member Service Policy 5.2. OPALCO will issue a preliminary design estimate based on the information supplied by the member(s).~~

DISCUSSION ITEMS

Pacific Northwest Electrical Grid (compiled by Board President)

OPALCO's mission to deliver safe, reliable, cost-effective power is increasingly at odds with the realities of the electrical grid in the Pacific Northwest.

Across the 2022 Low-Carbon Energy Project Siting Improvement Report, the 2022 Transmission Corridors Work Group report, the 2024 Beveridge & Diamond independent review, and the 2024–2025 Clean Energy Siting Council reports, the recurring conclusion is:

“that Washington’s processes are too slow, too fragmented, too unpredictable, too under-resourced, and too poorly coordinated to support the amount of generation, transmission, and related infrastructure that the state’s decarbonization laws assume will be built.”

- The **2022 Low-Carbon Energy Project Siting Improvement Report** is the broadest foundation document. Its basic conclusion is that Washington needs a much more coordinated and inclusive siting system because the expected wave of clean-energy projects is colliding with weak engagement, poor transparency, long permitting timelines, and uncertainty over impacts and benefits. Its response was not “gut environmental law,” but rather a package of roughly 73 recommendations centered on eight themes: better community engagement, much better Tribal engagement and consultation, stronger local-government support, more equitable economic development, more upfront planning, better guidance and tools, tighter state/federal/local coordination, and improved statewide support structures. In plain English, that report concluded that the state was not institutionally prepared for the energy transition it had legally committed itself to.
- The **2022 Transmission Corridors Work Group** reached a parallel conclusion for wires: Washington cannot decarbonize without major transmission expansion, and transmission development needs to start far earlier and move far more coherently than it does now. The group explicitly found that electrification will sharply increase electricity demand, that this will require significant increases in both in-state and interstate transmission capacity, and that interregional transmission is essential to a diverse and reliable clean-energy portfolio. Its recommended response was to treat transmission as a long-range state priority: designate a state coordinator, fund Tribal and agency participation, use EFSEC for cross-jurisdictional long-range lines, identify corridor areas in advance, align NEPA/SEPA and other reviews, expand programmatic permitting, and use best-practice templates, GIS tools, screening tools, and dedicated senior staff. In short, the TCWG concluded that transmission needs proactive planning and corridor development, not project-by-project improvisation.
- The **2024 Beveridge & Diamond report** is the bluntest of the lot. Its headline conclusion is that Washington’s permitting system requires “significant reform” because it is too slow and too unpredictable, especially for large renewable projects and electric transmission. The report identifies the biggest procedural defects as lack of timelines, lack of clarity about mitigation and study requirements, and late-stage surprises. Its recommendations are heavily process-oriented rather than ideological: adequately staff agencies; impose timelines for lead-agency designation, SEPA completeness, significance determinations, and final EIS completion; expand non-project environmental reviews for technologies expected to be widely deployed; force earlier issue identification; and generally reduce uncertainty so developers know



what studies, mitigation, and sequencing will be required. This report’s basic conclusion is that delay and uncertainty themselves are major barriers, even without changing substantive environmental standards.

- **The 2024 Clean Energy Siting Council report** took those earlier findings and translated them into a state policy agenda. Its central conclusion is that permitting reform is not just about agencies; it is also about land-use compatibility, data visibility, and local planning. The recommendations included continued funding for agencies and Tribes, a statewide dashboard for clean-energy development, and—most importantly for our concerns—integrating clean-energy needs into local government planning and zoning. The report explicitly recognized that Growth Management Act land designations and local development rules can limit siting, especially on agricultural lands where transmission routes and feasible project areas often exist. So the Council’s own conclusion was that state climate policy and local land-use systems are not yet aligned.
- **The 2025 Clean Energy Siting Council report** sharpened that point further. Its focus shifted more directly toward transmission capacity limitations, local impacts, and community benefits. The strongest conclusion is that Washington now needs institutions and tools specifically aimed at transmission, not just more general permitting coordination. It recommended establishing a state entity to develop and finance transmission projects, developing transmission siting/permitting tools, and continuing support for local planning, early engagement, and Tribal consultation. It also acknowledged that many earlier recommendations were only “implemented, in progress, or funded,” which is a polite way of saying that much of the state’s response is still preparatory rather than transformational.

The studies conclude that Washington’s clean-energy problem is now as much a governance and infrastructure-siting problem as it is a climate-policy problem. They do not say the state lacks goals. They say the state lacks a permitting architecture, transmission-development model, local-zoning alignment, staffing depth, Tribal-consultation capacity, and process discipline equal to those goals. The official tone is diplomatic, but the underlying message is unmistakable:

“Washington has passed laws that assume a buildout regime it does not yet possess.”

Washington cannot decarbonize at the pace it promises if it keeps permitting like this.

Decatur Solar Expansion – Project Update

Decatur Island Solar Expansion Board Decision Schedule

The April Board meeting will serve as the Go/No-Go decision provided we have the decision from the Conditional Use Hearing. There will be dedicated time to review all the of the materials and process related to the proposed Decatur Island solar expansion. OPALCO staff and consultants will be in attendance to answer questions and OPALCO will be prepared to take public comment on the project.

Conditional Use Hearing

The Conditional Use Hearing commenced on February 25 with follow up on March 6 and closing written comments on March 13. The hearing examiner will review all the materials, project information, and determine the conditions for the permit. The team expects a decision for the Conditional Use Permit by March 30. The Hearing Examiner reviewed detailed criteria and rationale for the project plan. Issues brought forward include concerns such as stormwater management, wetland protections, fire mitigation, cultural resources and other details. Staff encourages the Board to review the hearing materials:

- CUP Hearing and SEPA Appeal Opening Remarks:
<https://sanjuancowa.portal.civicclerk.com/event/3775/media>



- Continued SEPA Appeal Hearing Part 1:
<https://sanjuancowa.portal.civicclerk.com/event/4130/media>
- Continued SEPA Appeal Hearing Part 2:
<https://sanjuancowa.portal.civicclerk.com/event/4161/media>

Decatur Load Growth Rationale

The Decatur Solar project will help address the approximately 30% projected load growth on Decatur Island, reducing reliance on mainland power imports. Developing local renewable generation improves energy resilience, reduces dependence on transmission from the mainland, and positions OPALCO to better manage future load growth across the island system.

As regional energy supply challenges continue to grow, projects like Decatur Solar represent an important step toward responsibly developing local energy resources while maintaining the cooperative's commitment to thoughtful planning and community engagement.

Project Evolution

As the Decatur Solar project has moved forward, OPALCO has worked closely with San Juan County and the Decatur community to reduce impacts and incorporate local feedback. The project has evolved significantly from the original concept as outlined below.

Project Footprint

The original concept considered maximized the ~23 acres (plus 3 acres on San Juan County parcel) for solar development to account for environmental constraints. The current proposal has been significantly scaled back to approximately 8.5 acres, with the County parcel removed from the project entirely. This redesign represents a meaningful effort to respond to community concerns while maintaining the project's core purpose of providing local renewable energy.

Environmental Protections

The project has undergone comprehensive environmental review through the San Juan County Conditional Use Permit process, as well as SEPA and NEPA environmental review. Studies and plans include a Critical Areas and Wetland Delineation Report, a Stormwater Management Plan addressing site drainage and runoff, a Cultural Resources Assessment, a Landscaping Plan to buffer the project and improve visual integration and fire mitigation planning in coordination with local fire response needs. These studies ensure the project is designed to meet applicable environmental protections and regulatory requirements.

Community Benefits for Decatur Island

OPALCO is dedicated to protecting the local environment, responding to community concerns, and coverage of future load growth. OPALCO held several community meetings with the Decatur Island community and incorporated feedback into the project planning. In response to feedback from the Decatur community, OPALCO has incorporated several improvements that directly benefit the island. Including:

- ✓ Proving why utility-scale solar is needed in San Juan County. See the following documents:
 - [Reliable Energy in San Juan County](#)
 - [Why Local Renewable Energy](#)
 - [Local Energy Forecast](#)
- ✓ New power generation required to meet expected Decatur Island load growth (depending on final project size)



- ✓ Abandon plans for developing the San Juan County Public Works Parcel
- ✓ Opt-out of future battery storage
- ✓ Alternate Site Feasibility Study
- ✓ Let the community use the available water for fire mitigation
- ✓ Avoiding wetlands and wetland buffers
- ✓ Decommissioning Plan will be made public as available
- ✓ Stormwater Management Plan that meets County Code
- ✓ Archeological and Cultural Resources Report
- ✓ Removal of derelict vehicles
- ✓ Fire Mitigation Plan
- ✓ Construction sequencing plan
- ✓ Landscape buffers
- ✓ Dedicated area for this information on the OPALCO website

Within OPALCO’s 23.47 acres parcel, the following existing site areas exist:

- Wetland and wetland buffers: 1.48 acres
- Storage Buildings: 0.13 acres
- Substation and existing solar: 2.12 acres
- Solar development: ~8.5 acres

The legal measures partially overlay on the above-mentioned wetlands.

Legal Measures	Existing	OPALCO Proposal
Native Growth Area	3.82 acres	4.06 acres
Simple Land Division (Open Space)	6.003 acres	7.36 acres

Complete information will be provided at April Board Meeting.

2026-2031 Construction Work Plan

As part of the normal planning process, staff compiles a Construction Work Plan to ensure the infrastructure meets the five-year growth needs and provides a basis for the USDA RUS Loan Funding. The CWP maps out OPALCO’s construction projects in five-year increments. For your information, amendments are typically made to the CWP as individual capital projects evolve during the five-year work window.

The CWP details both distribution, transmission, and generation projects required to meet the power needs of OPALCO’s ~11,700 members to include the load growth as identified in the IRP. To maximize cost efficiency and system reliability, the CWP identifies prioritized areas where system deficiencies due to phase imbalance, line losses and voltage characteristics. This CWP also institutes the construction of generation in the form of cooperative owned solar facilities and grid modernization projects, like large storage, system automation, etc.

The projects and figures contained in this CWP were used as the basis for the capital project budgeting as presented at the November 2025 Board meeting. Improvements recommended in this CWP represent actions required to maintain standards for safety, adequate voltage, thermal loading and service reliability levels.

RUS does not require formal Board approval for CWP.



A.	B.	C.	D.	E.	F.	G.	H.	I.
Code	Description	Substation Area	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Distribution								
200 - New Tie-Lines								
215	Mullis Road Tie	Friday Harbor	-	-	-	\$200,000	-	0
216	Tarte Road Tie	Roche Harbor	-	-	\$300,000	-	-	0
Subtotal			\$0	\$0	\$300,000	\$200,000	\$0	\$500,000
300 - Conversions and Line Changes								
300	Warbass Intersection Improvements	Friday Harbor	-	\$150,000	-	-	-	0
319	Beaverton Valley Road OH Conversion	Gravel Pit	-	-	\$300,000	-	-	0
337	Agate Beach Overhead Conversion	Lopez	-	-	\$80,000	-	-	0
338	Friday Harbor Sidewalk Replacements	Friday Harbor	-	-	-	-	\$150,000	0
341	C101/C104	Eastsound	-	-	-	\$200,000	-	0
343	Blanchard UG Rephase	Eastsound	-	-	\$50,000	-	-	0
347	Terrill Beach Road Reconductor	Eastsound	-	-	-	\$75,000	-	0
350	Fisherman Bay Rd OH Conversion	Lopez	-	-	\$500,000	-	-	0
351	Friday Harbor Road Replacement	Friday Harbor	-	-	-	-	\$600,000	0
Subtotal			\$0	\$150,000	\$930,000	\$275,000	\$750,000	\$2,105,000
500 - Substation, Switching Station, Metering Point Changes								
502	Lopez 2nd Substation	Lopez	\$1,400,000	-	-	-	-	0
512	Olga Substation Rebuild	Olga	-	-	-	\$2,300,000	-	0
520	Gravel Pit Station Upgrades	Gravel Pit	-	-	-	\$400,000	-	0
521	Lopez Substation Control and Battery	Lopez	-	-	\$500,000	-	-	0
522	San Juan Battery Storage	Friday Harbor	\$5,500,000	-	-	-	-	0
523	Eastsound Substation Rebuild	Eastsound	-	\$6,500,000	-	-	-	0
524	Orcas Substation Upgrade	Orcas	-	\$1,400,000	-	-	-	0
Subtotal			\$6,900,000	\$7,900,000	\$500,000	\$2,700,000	\$0	\$18,000,000
600 - Miscellaneous Distribution Equipment								
601	Transformers and Meters	All Substations	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	0
601-1	Meter Upgrade	All Substations	\$0	\$0	\$0	\$0	\$0	0
601	Transclosure Upgrades	All Substations	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	0
603-1	Fairgrounds VFI	Gravel Pit	\$150,000	-	-	-	-	0
603-6	Recloser Control Replacement	-	-	-	-	-	\$100,000	0
603-7	Fuse pad replacements Rosario	Olga	-	-	\$300,000	-	-	0
604-7	Bailer Hill Voltage Regulator	Gravel Pit	\$100,000	-	-	-	-	0
606	Distribution Pole Replacements	All Substations	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	0
608	URD Replacements	All Substations	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	0
Subtotal			\$5,250,000	\$5,000,000	\$5,300,000	\$5,000,000	\$5,100,000	\$25,650,000
700 - Other Distribution Items								
708	Jud Cove Fiber	Orcas	-	-	\$30,000	-	-	0
709	Mt Baker Rd to Tank Corner Fiber Backbone	Eastsound	-	-	\$160,000	-	-	0
710	Guard Tucker Corner Fiber	Friday Harbor	-	-	\$50,000	-	-	0
711	Guard Tucker Larson Fiber	Friday Harbor	-	-	-	\$100,000	-	0
Subtotal			\$0	\$0	\$240,000	\$100,000	\$0	\$340,000
Distribution Subtotal			\$12,150,000	\$13,050,000	\$7,270,000	\$8,275,000	\$5,850,000	\$46,595,000
Transmission								
1000 - Line and Station Changes								
1000	Transmission Pole Replacements	Transmission	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	0
1006	LZ to SH Cathodic Protection	Transmission	-	-	-	\$350,000	-	0
1007	Blakely to Olga Sectionalizing	Transmission	-	-	-	\$400,000	-	0
1009	SH to OR Cathodic Protection	Transmission	-	-	-	\$350,000	-	0
1011	San Juan Differential Upgrade (parallel lines)	Transmission	-	-	\$400,000	-	-	0
1012	DE to BL Cathodic Protection	Transmission	-	-	\$350,000	-	-	0
1013	BL to OR Cathodic Protection	Transmission	-	-	\$350,000	-	-	0
1020	Lopez Terminal Upgrade	Transmission	-	-	\$400,000	-	-	0
1021	Shaw Terminal Upgrade	Transmission	-	-	\$400,000	-	-	0
1022	Orcas Terminal Upgrade	Transmission	-	-	\$400,000	-	-	0
1023	San Juan Terminal Upgrade	Transmission	-	-	\$400,000	-	-	0
Transmission Subtotal			\$0	\$0	\$2,700,000	\$1,100,000	\$0	\$3,800,000
Generation								
1200 - Generation								
1200	San Juan Solar	San Juan	-	-	-	-	\$5,200,000	0
Generation Subtotal			\$0	\$0	\$0	\$0	\$5,200,000	\$5,200,000
Grand Total			\$12,150,000	\$13,050,000	\$9,970,000	\$9,375,000	\$11,050,000	\$55,595,000



2025 Year-End Unaudited Financials

Please see attached the full 2025 Year End Unaudited financial report. The fourth 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.

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 ~\$934K to members through December. The ECA credit was driven by a decrease in power costs (\$1.2M).

The table below provides a summary of the financial results of 2025.

Income Statement Summary (in thousands)	2025 Year-End Unaudited		
	Budget	Actual (draft)	Variance
Operating Revenue	\$ 42,821	\$ 41,327	\$ (1,494)
ECA Surcharge / (Credit)*	-	(934)	\$ (934)
Revenue	\$ 42,821	\$ 40,393	\$ (2,428)
Expenses:			
Cost of Purchased Power	10,985	9,785	\$ (1,200)
Transmission & Distribution Expense	9,385	9,476	91
General & Administrative Expense	7,387	6,779	(608)
Depreciation, Tax, Interest & Other	10,270	10,165	(105)
Total Expenses	\$ 38,027	\$ 36,205	(1,822)
Operating Margin	4,893	4,293	(600)
Non-op margin**	793	(390)	(1,183)
Net Margin*	\$ 5,686	\$ 3,904	(1,782)
OTIER	2.99	2.85	(0.14)
TIER	3.31	2.68	(0.63)
Equity %	39.7%	39.2%	-0.5%
HDD	1,446	1,043	(403)
kWh Purchases	235,000	225,146	(9,854)
kWh Sales	223,000	216,273	(6,727)

* The ECA returned a net \$934K to members in 2025.

**Grant funded research projects & sunk costs associated with Bailer Hill permitting write offs - no impact on member margin allocations

For more details, please note the following key points:

- Heating Degree Days (HDD) were ~27.9% below budgeted levels (actual of 1,043 vs. budget of 1,446). Overall kWh sales were ~6.7M kWh below budget (216.3M vs. budget of 223M).
- 2025 power purchases were \$1.2M lower than budgeted, driven by a lower average cost per kWh than budgeted from our power supplier, while actual kWh purchases were 9.9M below budget at 225.1M.
- Excluding purchased power, 2025 operating expenses were approximately \$531k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.
- The ECA through Q4 2025 was a net credit to members (and decrease to operating revenue) of \$934K, or \$53.59 for a member using 1000 kWh/month.
- Rock Island Communications 2025 Financials included in separate packet.

OPALCO 2025 Financial Package under separate cover.

REPORTS

General Manager

Dashboards

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

Finance	Member Services	Outage
<ul style="list-style-type: none"> • Budget Variance • TIER/Margin • Expense • Cash • Power Cost • Purchased Power • Annual Power Metrics • Capital • Debt/Equity • WIP • Income Statement Trends 	<ul style="list-style-type: none"> • Disconnects • Uncollectable Revenue • Members per District • PAL • EAP • Members per District • Service Additions • Annual Service Additions • Revenue Dist. By Rate 	<ul style="list-style-type: none"> • Historical SAIDI - Graph • Historical SAIDI - Figures • Outage Stats – Rolling 12 Mo • Outage Stats – Monthly • SAIDI by Category • Outage Summary
		<p>Member Generation</p> <p>(https://www.opalco.com/save/solar-interconnect/)</p> <ul style="list-style-type: none"> • Member Generation (to Grid) by Month • Member Generation Map

Quick facts

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

- | | |
|--|---|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 March 2, 2026, there are 297 work orders open totaling \$13.8M. Operations has completed construction on 103 work orders, totaling \$1.2M.

Safety

Northwest Safety Service conducted cold stress/work environments training in February. The total current hours worked without a loss time accident is 116,641 hours.

Finance

2026 Budget Tracking

Energy (kWh) purchases and sales were lower than budgeted levels in February 2026, resulting in lower revenues and power costs than budgeted as well. The table presents the full year 2026 projection with actuals for prior months where available.

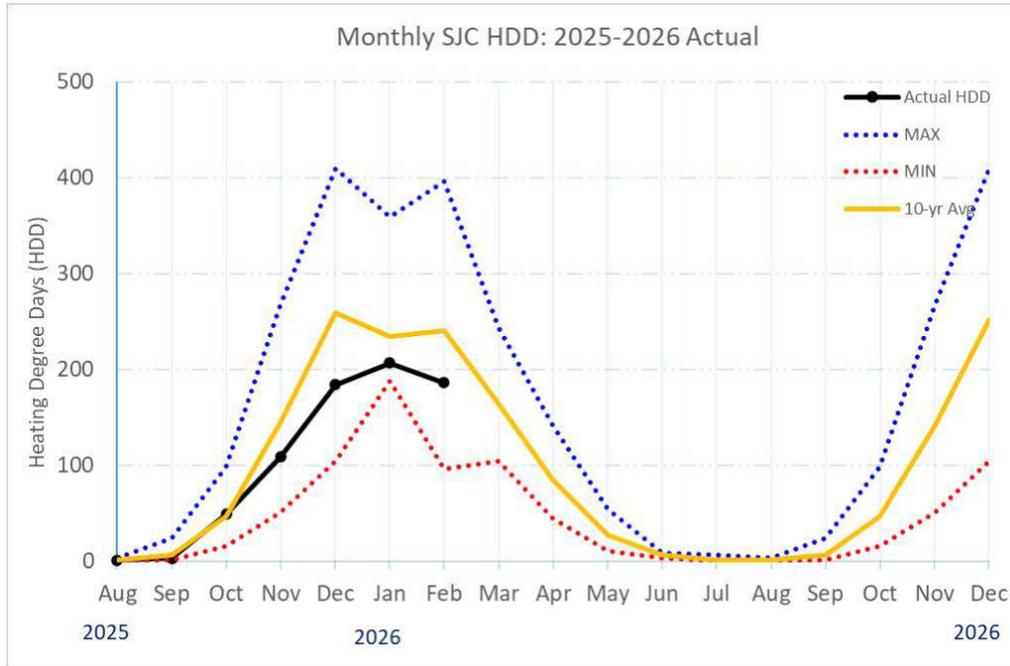
Income Statement Summary (in thousands)	2026 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 43,176	\$ 42,217	\$ (959)
ECA Surcharge / (Credit)	-	-	\$ -
Revenue	\$ 43,176	\$ 42,217	\$ (959)
Expenses:			
Cost of Purchased Power	10,848	10,661	\$ (187)
Transmission & Distribution Expense	9,308	8,932	(376)
General & Administrative Expense	7,390	7,248	(142)
Depreciation, Tax, Interest & Other	10,971	10,617	(354)
Total Expenses	\$ 38,517	\$ 37,458	(1,059)
Operating Margin	4,659	4,759	100
Non-op margin**	1,060	981	(79)
Net Margin*	\$ 5,719	\$ 5,740	21
OTIER	2.68	2.92	0.24
TIER	3.02	3.31	0.29
Equity %	38.2%	38.2%	0.0%
HDD	1,081	1,050	(31)
kWh Purchases	230,000	227,012	(2,988)
kWh Sales	218,500	216,658	(1,842)

Monthly Energy Charge Adjustment (ECA)

With the shift to a revised ECA calculation tied to operating margin, the ECA will be implemented starting in April (using March figures). This will help OPALCO achieve our year-end budget operating margin.

Heating Degree Days (HDD)

This year followed average HDD trends, and we expect the first quarter 2026 to be trending slightly warmer based on National Weather Service forecasts below. We continue to monitor weather trends monthly.

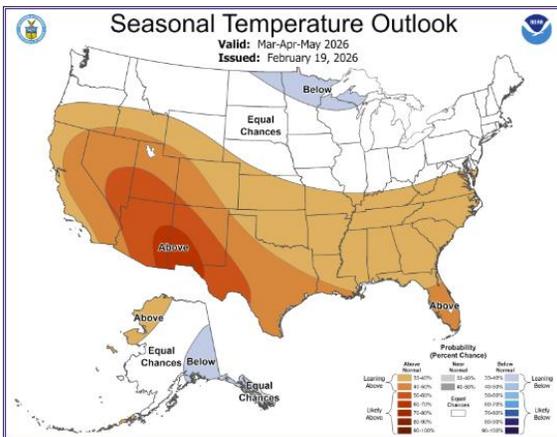


*max, min, avg is based on 10 year average

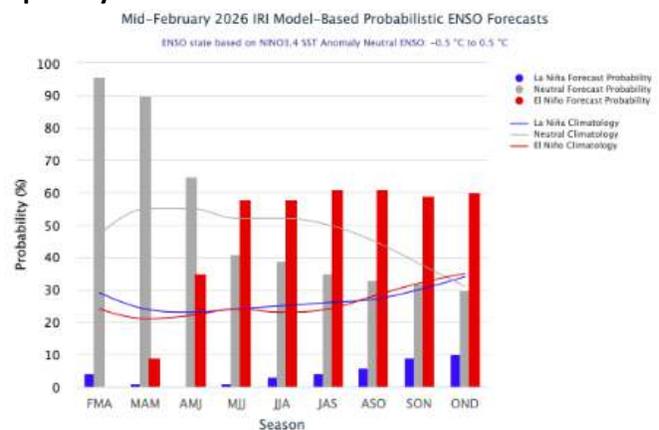
Weather Forecast

As presented in February, warming weather conditions are starting to appear. Looking ahead to the NOAA ‘three-month outlook temperature probability’ for Mar-Apr-May ‘26, the outlook is currently showing a the highest probability of a neutral temperature condition in our region moving through the remainder of the winter season and into spring. The models in the International Research Institutes’ (IRI) ENSO (weather) prediction also forecasts a neutral to slight El Nino condition into the summer months. We continue to monitor these predictors monthly.

2026 Mar-Apr-May Outlook



Source: NOAA National Weather Service





Member Services

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2023	2024	2025	Grand Total
Energy Assist Credit	# of Accounts	519	524	528	780
	Total Assistance	141,748	164,175	171,442	477,366
PAL	# of Accounts	268	264	157	511
	Total Assistance	80,500	74,750	39,289	194,539
Grand Total	# of Accounts	584	566	558	856
	Total Assistance	222,248	238,925	210,731	671,904

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

During February 2026, 38 members received ~\$11.4k in Project PAL Awards, compared to 27 members who received ~\$6.8k in Project PAL awards in February 2025.

Energy Assistance Program (EAP)

During February 2026, 511 members received ~ \$26.1k from the low-income Energy Assist program, compared to 401 members who received ~ \$18.38K in assistance in February 2025.

LIHEAP (Low Income Home Energy Assistance Program)

During February 2026 there was activity for LIHEAP pledges and payments to members.

Energy Savings

During February there were a total of 19 rebates paid out to members totaling ~\$21.4k. This includes 2 Fuel Switching ductless heat pumps and 4 EV charging stations.

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.

		2023	2024	2025	2026	Totals
EE Rebates*	# of Accounts	261	210	137	29	637
	Total Awards	\$313,945	\$259,445	\$191,931	\$33,890	799,211
	Total Energy Savings (annual kWh)	440,382	253,675	258,738	30,236	983,031

**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 February, with 8 members interconnected with solar for a total of 998. (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 20 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 1,151 projects completed and billing for a total of \$23.7M 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:

Measure	Project Origination Year								Grand Total	Project Count
	2019	2020	2021	2022	2023	2024	2025	2026		
Appliance					36,112	54,463	43,939	10,081	\$ 144,595	19
Energy Storage				39,510	27,159	47,766	120,071	-	\$ 234,506	12
Ductless Heat Pump	729,431	610,352	646,476	1,581,317	1,830,308	2,433,936	2,041,067	264,605	\$ 10,137,492	658
EV Charger						34,031	2,948	-	\$ 36,979	7
Fiber		30,725	48,681	29,301	41,929	85,080	18,883	-	\$ 254,598	29
Ducted Heat Pump	7,874	30,000	15,000	18,127	956,659	520,872	412,433	59,778	\$ 2,020,743	73
Heat Pump Water Heater	9,315	12,752		5,012	67,612	13,700	373,344	-	\$ 481,734	17
Insulation			-	256,935	58,228	244,969	704,402	18,529	\$ 1,283,062	42
Other		24,996		92,649	188,075	31,981		-	\$ 337,701	8
Solar + Storage				480,057	474,806	766,179	1,434,712	81,693	\$ 3,237,445	61
Solar				1,930,830	3,253,373	2,719,795	1,939,452	5,059	\$ 9,848,508	263
Windows				563,557	459,573	551,874	1,313,914	54,476	\$ 2,943,393	68
Grand Total	\$ 746,620	\$ 708,825	\$ 710,157	\$ 4,997,295	\$ 7,393,833	\$ 7,504,644	\$ 8,405,163	\$ 494,219	\$ 30,960,756	1,257

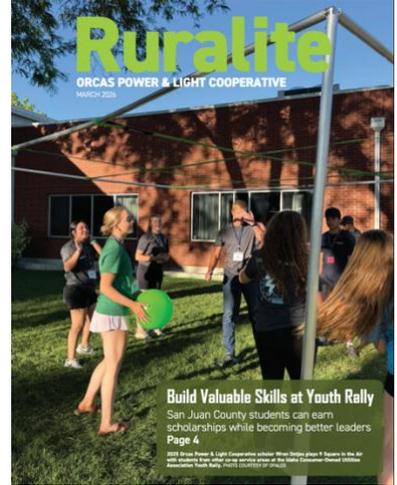
The following table shows the utilization of the RUS Rural Energy Savings Program (RESP) loan funds, used to fund the Switch It Up program. The amount of funds listed below will be prioritized for projects that will be built and completed within the year of 2026. We are unable to committ funds to projects for future years.

	Total (in millions)	Project Committed	Remaining Available
RESP 1.0	5.80		-
RESP 2.0	15.00		-
RESP 3.0	26.00	3.00	12.84
	<u>\$ 46.80</u>	<u>\$ 3.00</u>	<u>\$ 12.84</u>

Member Communications

Youth Rally

OPALCO is currently taking applications for the Nouridine Jensen Youth Scholarship program. Students get \$1000 for a post-secondary scholarship and represent OPALCO at the ICUA Youth Rally. Staff has been giving presentations at the local high schools. The application deadline is March 27. Find the info here: <https://www.opalco.com/about-community/youth-rally-scholarships/>.



Ruralite Articles

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

- Youth Rally
- OPALCO Election
- Survey Results
- Women of OPALCO
- Candidate Forum

View the digital edition here:

https://issuu.com/utilitypioneers/docs/ruralite_orcas_power_light_cooperat_6980ce2e845fcf

OPALCO Board Election:

OPALCO has the official slate of candidates for District 1 & District 2. Due to the large number of applicants, there are two Candidate Forums scheduled – one for each district. Both meetings are held virtually on March 18 & 19 at 5 pm. Find the details on the candidates or watch the forum at www.opalco.com/election-hub.

Event	Date
Legal Notice for Election (RUS requires minimum 30 days prior to nominating process)	1/2/26
Director Applications due to EGC	02/02/26
Nominations posted - (80 days prior to meeting)	02/16/26
Nominations by petition due to office	03/02/26
Nominations by petition posted - (55 days prior to meeting)	03/13/26
Candidate Forum (virtual)	03/18/26 & 3/19/26
Notice to members/Ballots mailed - (21-50 days prior to meeting)	03/18/26-05/04/26
Election closes - (3 days prior to meeting)	05/04/26
Annual Meeting	05/07/26

It should be noted we have two board positions from two different districts as outlined below:

Election Year	District 1 San Juan	District 2 Orcas	District 3 Lopez/Decatur	District 4 Shaw
2026	1A - Daucianas	2B - Onwuneme		
2027		2A - Hiester	3B - Osterman	
2028	1B-Madsen		3A-Silverstein	4-Whitfield

* All terms are 3-year term



Save the Date: Annual Meeting & Annual Member Festival

The 2026 OPALCO Annual Meeting and Annual Member Festival are coming up soon! Mark your calendars and save the date. The Annual Meeting will be held virtually on Thursday, May 7 at 8:30 am on Zoom. Then, join the OPALCO team on Lopez Island for the Annual Member Festival on Friday, May 8 from 3-6 pm at the Lopez Center for Community and the Arts.

This event is for all members and will have information booths, give aways, an electric vehicle showcase, kids activities, a BBQ, bucket trucks, and safety demonstrations. We hope to see you there!



SAVE THE DATE: OPALCO ANNUAL MEMBER FESTIVAL!



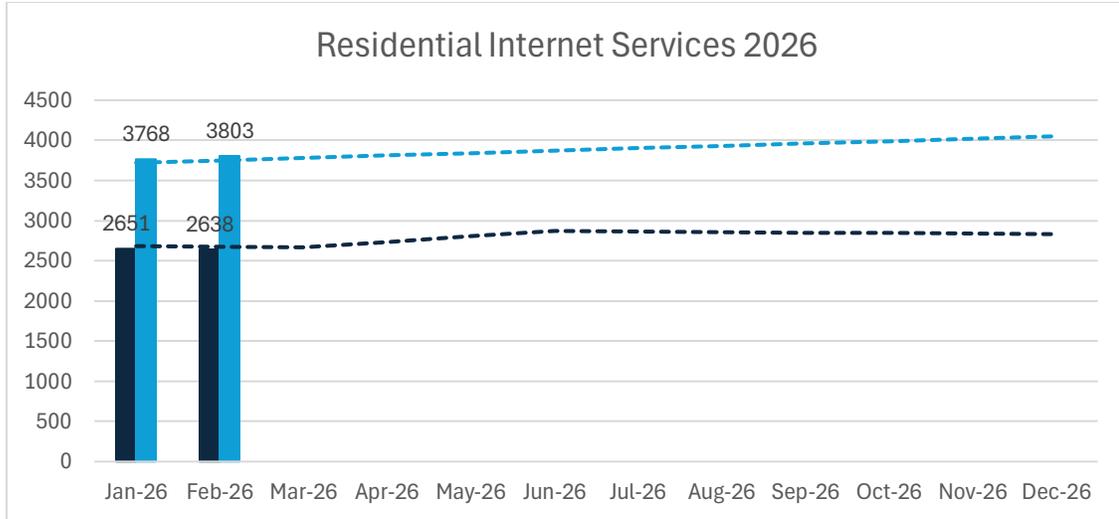
FRIDAY, MAY 8, 2026

LOPEZ CENTER FOR
COMMUNITY AND THE ARTS

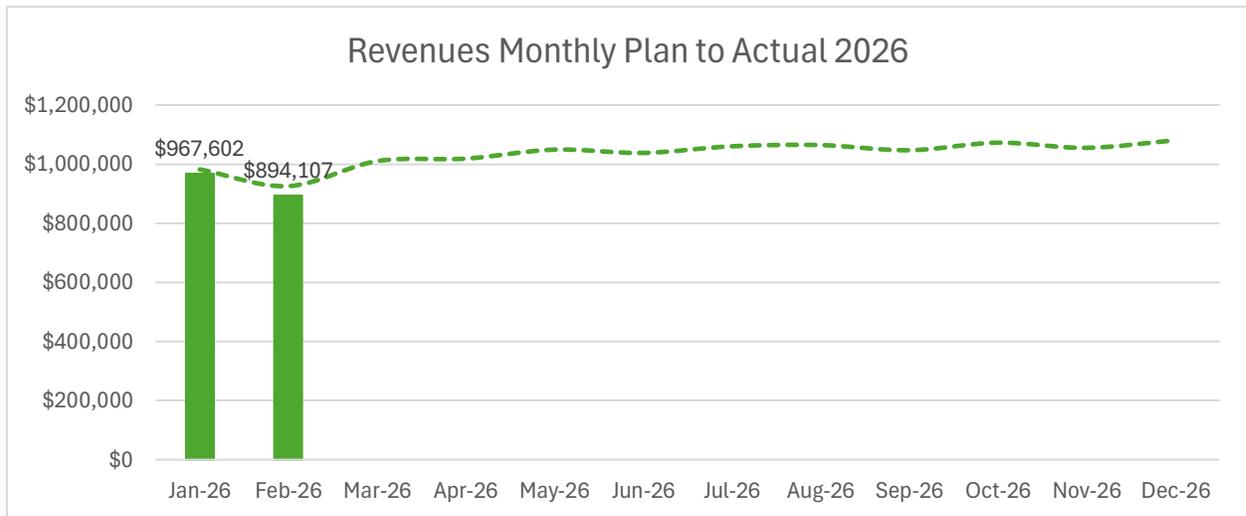
Rock Island Communications

6,998 Residential Internet Services

Net Subscribers



Revenues



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



Appendix

Rock Island Article

FOR IMMEDIATE RELEASE

Orcas Power & Light Cooperative

Contact: Krista Bouchey

360-317-8225

communications@opalco.com

Rock Island Communications Reaches Nearly 7,000 Subscribers and Secures \$16.5 Million Grant for Broadband Expansion

Rock Island Communications (RIC), OPALCO's locally owned internet subsidiary, is celebrating a decade of remarkable growth. Rock Island now has almost 7,000 subscribers across San Juan County. Now the company is gearing up for its next major expansion with a \$16.5 million Broadband Equity, Access, and Deployment (BEAD) grant (now renamed the Benefit of the Bargain).

The funding, awarded through Washington State's broadband expansion program, will allow Rock Island Communications to further expand high-speed internet infrastructure across the islands and bring reliable connectivity to thousands more homes and businesses.

What began in 2014 as a start-up effort to bring reliable broadband to island communities has grown into a thriving locally owned network delivering both fiber and wireless internet services. Today, Rock Island Communications supports island residents who depend on reliable connectivity for work, education, healthcare, local businesses, and everyday life.

Over the past decade, Rock Island has also achieved several important financial milestones that demonstrate the success of OPALCO's long-term vision. The company became cash-flow positive in 2020, and in 2023 and 2024 achieved positive net income, marking a major turning point after years of investing in infrastructure and growing its subscriber base.

Annual revenue has grown dramatically—from approximately \$1.8 million in 2015 to more than \$12.3 million in 2025—reflecting the rapid expansion of broadband service throughout the islands.

The new BEAD investment will expand the Rock Island network by delivering approximately 875 new fiber connections and increased service to about 3,136 additional wireless subscribers. Together, these projects will allow Rock Island Communications to connect nearly 4,000 additional subscribers, bringing fast, reliable internet to even more island homes and businesses.

This new phase of growth builds on the \$15 million American Rescue Plan Act (ARPA) broadband grant that is currently nearing completion and extended fiber service to approximately 1,000 locations across five of the islands in the County.



Reliable broadband has become essential infrastructure for modern island life. Rock Island’s network proved especially important during the COVID-19 pandemic, when island residents suddenly relied on internet connectivity for remote work, online schooling, tele-health appointments, and staying connected with friends and family.

Because the network was locally owned and operated, Rock Island Communications was able to respond quickly to increased demand and ensure reliable connectivity when the community needed it most. Rock Island Communications and OPALCO General Manager Foster Hildreth credited the success of the broadband network to the dedicated team that built and operates it. “I want to thank the incredible staff at Rock Island Communications for their hard work, intelligence, dedication, and unwavering commitment to serving our island communities. Building a broadband network across remote islands is no small task, and their professionalism and perseverance have made this success possible.”

Hildreth also recognized the OPALCO Board of Directors, whose long-term vision and support helped make the project possible. “We are also deeply grateful to the OPALCO Board for their wisdom, leadership, and continued support. Their willingness to invest in locally owned broadband more than a decade ago is now paying huge dividends for our members and our entire community.”

As Rock Island Communications continues to grow, it is also helping OPALCO build a stronger future for cooperative members. Reliable broadband supports smarter electric grid operations, improved outage communication, and emerging technologies that will help the cooperative manage the transition to cleaner and more resilient energy systems.

After a decade of hard work and investment, Rock Island Communications stands as a powerful example of what a community-owned cooperative can accomplish—building essential infrastructure, strengthening local resilience, and keeping island communities connected for the future.

Stay tuned for the maps and details related to this project expansion. If you aren’t a current Rock Island subscriber, consider joining your local broadband company at www.rockisland.com.

Orcas Power & Light Cooperative (OPALCO) is our member-owned cooperative electric utility, serving more than 11,400 members on 20 islands in San Juan County. OPALCO provides electricity that is 97% greenhouse-gas free and is generated predominantly by hydroelectric plants. OPALCO was founded in 1937. Follow OPALCO @OrcasPower on Facebook and Twitter.

Response to misinformation

OPALCO welcomes open dialogue about the co-op — even when we disagree. Nothing is more encouraging than members who take an interest in our work and want to understand more. We invest significant effort in making the business transparent through our website and ongoing member communications.



It's disheartening when that spirit of engagement perpetuates misinformation. OPALCO genuinely welcomes meetings, questions, and active participation — but social media sound bites rarely capture the nuance this business requires, and inaccurate claims can create confusion where there is none.

If you have questions or want to see change, we encourage you to engage directly. Co-ops are democratically run — your Board is elected by you, accountable to you, and willing to discuss concerns about the co-op's direction openly. Do your homework, seek out the facts, and make your voice heard where it counts most: our Board election opens tomorrow.

Here are a few of the spots to correct in this article:

- OPALCO retail rates are NOT impacted by Rock Island efforts in any way whatsoever. Debt carried on Rock Island's (RIC) financial books is covered 100% by Rock Island and is not considered an OPALCO obligation. As planned, Rock Island debt service is paid for solely by revenue collected from RIC services.
- Power and Internet are crucial to island living. Electricity is required to run our emergency services, cell services, airports, septic and water systems, refrigerators, laundry, grocery stores, businesses, restaurants, etc. The complexity of proving critical power and internet services to these remote islands requires extremely talented staff that have the skills, background, experience and education to navigate this rapidly changing environment. While you may have a different opinion and disagree with the GM current compensation, the OPALCO Board does their due diligence in reviewing a host of comparable resources and information to determine GM compensation.
- OPALCO has one community solar project on Decatur and are considering expanding the project with additional solar panels. Only the Community members who purchase community solar shares fund the project. Given this, OPALCO doesn't have excess "Community solar funds" to allocate elsewhere. We are not sure what the point is here; if you don't support the concept, then don't buy any solar panels?
- Given the lower cost of hydropower generated on the mainland, our retail rates have historically been some of the lowest electrify rates in the nation. From a regional perspective and the inefficiencies of running an electric utility in a 20-island service territory are extreme. OPALCO maintains 25 electric submarine cables, three office/crew facilities, 12 substations and requires more lineman and personnel to safely provide power to SJC. OPALCO's retail rates may be higher than a mainland utility like PSE because we don't have the luxury of spreading our fixed costs over 1.2 million meters. The expectation that PSE and OPALCO retail rates should be the same are like apples and oranges. PSE has 1.2M meters to spread their fixed costs over. OPALCO has 16k meters.
- OPALCO solar acreage figures were stated in SJC comprehensive plan as mandated by the growth management act. OPALCO expects to only build out local renewable generation as required to serve our membership. The ultimate solution(s) must include every option available, including BPA hydropower, new off-island generation, energy efficiency, conservation, and new local generation.



2025 Year in Review

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.



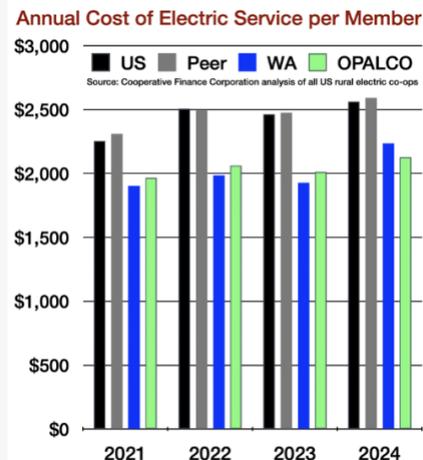
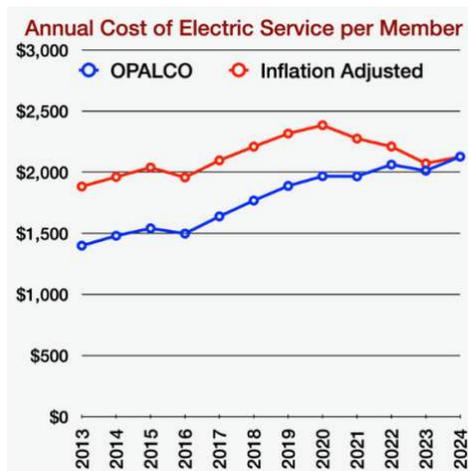
- During the first part of 2025 (the 2024-2025 PAL season) the Member Services Team awarded ~35.5k of PAL assistance to 199 low-income households.
- During November and December of 2025 (2025 – 2026 PAL season), Member Services Team awarded 176 low-income households with ~ 51.3k of PAL assistance funds.
- 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.

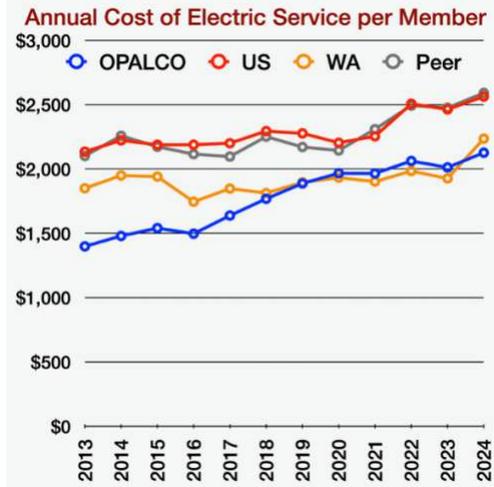
Communications:

- 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 in 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.

See financials below:

Rock Island Communicaiton (Island Network LLC)

	2018	2019	2020	2021	2022	2023	2024
Income Statement							
<i>Revenues</i>	4,920,825	5,990,624	6,977,567	8,036,459	9,402,727	10,917,772	10,963,462
<i>Expenses</i>	7,421,877	7,832,300	8,362,478	8,467,890	9,485,326	9,072,821	10,888,494
<i>Net Income (Loss)*</i>	(2,501,052)	(1,841,676)	(1,384,911)	(431,431)	(82,599)	1,844,951	74,968
Balance Sheet							
<i>Total Assets</i>	16,516,691	17,950,343	19,825,866	21,130,244	22,048,659	24,571,489	22,939,958
<i>Total Borrowings</i>	24,778,748	28,461,816	31,214,649	33,107,978	34,215,852	34,570,821	32,500,655
<i>Other Liabilities</i>	1,308,947	901,207	1,408,808	1,251,288	1,144,428	1,467,338	1,831,005
<i>Total Equity*</i>	(9,571,004)	(11,412,680)	(12,797,591)	(13,229,022)	(13,311,621)	(11,466,670)	(11,391,702)
	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

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