Board of Directors
Regular Meeting

Monday, November 19, 2026

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
November 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.

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other

ADJOURNMENT

ACTION ITEMS

Consent Agenda

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

The Consent Agenda includes:

- **Approval of New Members** – attached {as required by Bylaws Article I Section 2 (d)}
- **Capital Credit Retirements** – attached
- **Minutes** of the previous meeting – attached.

NEW MEMBERS – October 2026

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

BORGQUIST, BLAZE & MOORE, CHLOE
BRANDT, RION
DAIGLE, JAYDE
DAVIS, TANYA
DEMURO, PAUL & DEMURO, BREE
ENRIGHT, SAGE
HANSFORD, EVYN
POLLIACK, ADRIAN & POLLIACK, KRISTIN
QUIROZ, MELANIE
TOVAR GARCIA, MARIA & ESPINOZA MEDRANO, RAUL
VANDERGON, AMY & VANDERGON, AUSTIN
ZIMLIN, MARNI & HEITKAMP, MADELIENE

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

ALLEN, AUDREY & CUNNINGHAM, EDGAR
BROWN, IRENE
GRAY, LORETTA & SCHNELLE, ROBERT
HANG, TRAN THI THU & BARNES, CHRISTOPHER
HERNANDEZ SANCHEZ, LUIS EDUARDO
KIRK BLAKELY LLC
OHANESSIAN, BETHANY
REINEMAN, SAMUEL
SHERIDAN, PAUL & SHERIDAN, LINDA

District 3 (Lopez, Center, Decatur, Charles)

BROWNE, SCOTT
ECKMAN, MOLLY
ICKES, SHARON & ICKES, MARVIN
JUST HEAVENLY FUD, GE & LECLAIR-DAMASO, DESIREE
PASQUARELLA, JILL & QALBANI, MEHDI
PETTY, JANEY & PETTY, JEFFERY
SLOMAN, ROBERT & SLOMAN, RHODA
WILLIS, JOYCE

District 4 (Shaw, Crane, Canoe, Bell)

(NONE)

RUS Form 219

No RUS Form 219s were submitted this period.

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:

November	
Customer #	Amount
64633	1,441.85
83119	143.73
78934	338.54
67500	1,541.99
Total	**$ 3,466.11**

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, October 15, 2026

Streaming through Zoom attendees were Board members, Laura Derevensky, Wendy Hiester, Mark Madsen, Tom Osterman, Brian Silverstein, Laura Stern and Dr. Jerry Whitfield. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Communications Manager Krista Bouchey; Communications Specialist Jo Lange; Manager of Finance and Member Services Travis Neal; Member Services Supervisor Katherine Santos Santana and Special Projects Beth Stanford (serving as recording secretary). Also present was consultant Jay Kimball.

Virtual Attendess: Dennis Jenkins, Rob Osterman, Michelle Harden, Dawni Cunnington, Barbara Pesola, Roslyn Solomon, Tanya Everson, Mark Wall, Naomi Katzowitz, Darrell Kirk, Jane Fantel, Brian Grant, Sara Gartner, Vince Dauciunas, Kim Ferree, Lee McCravey, Amy Loveless-Whitney, William Hurley, Kendra Lamb, Lili Clark, Jill Rullkoetter, Karen Pearrson, Bob Everson, Cindy Barrrtt, Tommy Frazen, John Pendergast, Star Weitman, Alan Mizuta, Yani Berkshire, Patrick Gastineau, Cliff Harden, Morgan Jones, Jill Bliss, Carol Caple, Shannon Welinske/Mattila, Bob Gunn, Dena Grenville, Andrew Grenville

Meeting commenced at 9:13 AM

Member Comment Period: Member comments were received during the open comment period. A full recording of this portion of the meeting is available on the OPALCO website.

ACTION ITEMS

CONSENT AGENDA

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

BOARD AND ANNUAL MEETING DATES 2027 – Staff presented the proposed dates and format for the 2027 Board and Annual Meeting dates. Discussion ensued.

MOTION was made to approve the dates and locations of the 2027 Meetings and Annual Member Festival dates by Derevensky and seconded by Madsen and passed unanimously by voice vote.

MEMBER SERVICES POLICY 4 UPDATE – Final Read – Staff reviewed changes to the policy.

MOTION was made by Stern to approve revisions to Member Services Policy 4, seconded by Silverstein and passed unanimously by voice vote.

STRATEGIC DIRECTIVE UPDATE – Final Read – Staff reviewed changes to the Strategic Directives.

MOTION was made by Whitfield to approve the updated Strategic Directives as amended, seconded by Madsen and passed unanimously by voice vote.

IRS FORM 990 – Staff reviewed The Annual Form 990 in executive session.

MOTION was made to accept the IRS Form 990 by Silverstein and seconded by Whitfield and passed unanimously by voice vote.

2026 Audit and Tax Engagement Letters

MOTION was made by Madsen, to authorize General Manager Foster Hildreth to execute the letters, seconded by Derevensky and passed unanimously by voice vote.

DISCUSSION ITEMS

2027 BUDGET POWER PURCHASE FORECAST

Staff reviewed the load forecast for 2027 as a cornerstone in the overall budget. Discussion ensued.

REPORTS

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

Regular Session: 9:31-10:37 AM; 10:04-10:58 AM
Break: 9:28 AM – 9:38 AM and 10:58-11:08 AM
Executive Session: 9:38 AM – 10:04 AM and 11:08 AM to 12:30 PM
Meeting Closed: 12:30 PM

_____ _____

Tom Osterman , President Wendy Hiester, Secretary-Treasurer

Ratification of Audit Committee

At the October meeting, the Board expressed interest in creating an audit committee made up of the Board President, Secretary/Treasurer, and an ad hoc Board member.

BOARD OF DIRECTORS
RESOLUTION 6-2026
RESOLUTION ESTABLISHING AN AUDIT COMMITTEE

I, Wendy Hiester, do hereby certify that I am the Secretary/Treasurer of Orcas Power & Light Cooperative, hereinafter called the "Cooperative," and I further certify that the following is a true and correct copy of a resolution duly adopted by the Board of Directors of the Cooperative at a meeting held on November 19, 2026, at which a quorum was present:

RESOLVED, that the Board of Directors hereby establishes an Audit Committee consisting of three directors: the Board President, the Secretary/Treasurer, and one additional director appointed by the Board; and

FURTHER RESOLVED, that the members of the Audit Committee shall select one of their members to serve as Committee Chair.

I further certify that:

1. The resolution was entered into the minute book of the Cooperative;
2. The meeting was duly called and held in accordance with the bylaws of the Cooperative; and
3. The resolution has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative this 19th day of November, 2026.

_____
Secretary

Staff requests a motion to pass the resolution and to fill the position of ad hoc committee member.

Special Retirement to Uncollectable Accounts

Annually, before the general retirement, staff performs a special retirement to delinquent member accounts to partially collect unpaid balances by offsetting with capital credit balances. Staff has transferred delinquent inactive accounts to an uncollectable account (UA) status. The next step in this process is to proportionately apply previously allocated member capital credits to UA balances.

It is important to note that our billing software 'flags' accounts and associated capital credit payment processes when member accounts are transferred to the status of uncollectable. When staff processes the year-end check run to pay allocated member capital credits, our software will first pay uncollectable account balances before issuing a capital credit check for any remaining balance.

Staff is requesting that $6,557 of member capital credits be applied to UA balances. The member capital credit allocation transfers are as follows:

Capital Credits Applied to UA Balance	$6,557
Discounted Capital Credits Remain in Equity	32,336
Total Capital Credits Retired	**$38,893**

Staff recommends the board make a motion to approve the use of member allocated capital credits to reduce and/or offset individual member delinquent UA balances as referenced in the Capital Credit /Bad Debt Payment Program report.

General Retirement of Capital Credits

This memorandum seeks Board approval to fund the general retirement of capital credits. Staff continues with the smoothing concept, whereby we fund the remaining unretired balance as follows.

Year (% of unretired)	Retirement	Projected Checks
2001 (~100%)	$554,760	~$416,070
2002 (~72%)	$945,240	~$708,930
Total	**$1,500,000**	**~$1,200,000**

Please note that the difference between the Retirement and Projected Checks above is due individual members who, in most cases, have inactive accounts, moved out of the service territory, and have not updated their contact information.

This will continue our 25-year retirement rotation and capital credit retirement smoothing methodology established by the board in December 2017. As a reminder, smoothing the annual general retirements produces a predictable schedule that will allow us to not only stay ahead of the 25-year retirement schedule and avoid fluctuations in margins, cash and equity stemming from capital credits.

Staff is requesting a motion to approve the payment and retirement of capital credits as outlined above.

2027 Budget

Budget Report under separate cover.

Budget Purpose

The purpose of the OPALCO budget is to create annual targets that the Board and management can drive to. The Board reviews the budget versus actuals each month throughout the year to determine if the roadmap set during the budgeting season is hitting the marks. The Board can then make adjustments based on weather anomalies or other factors that may be drastically affecting financials. OPALCO's rate structure is heavily weighted to collect revenue from kWh sales (70%) versus fixed charges (30%), so weather anomalies can drastically change OPALCO's financial outlook.

Weather projections

As reviewed in the October 2026 Board Meeting, 2027 is predicted be a very warm year – an extreme El Niño weather condition that will directly impact our revenue. OPALCO is a winter peaking utility that is dependent on cold weather to collect the majority of the revenue in winter months (November – February). For 2027, we

expect a continued El Niño pattern in Q1 and projected PNGC purchases of 220M kWh for the year. By comparison, our load has averaged 224.5M kWh, ranging from 204M kWh (2015) to 241M kWh (2022). In practice OPALCO reviews the first quarter kWh sales and makes adjustments for revenue collection to balance the rest of the year based on those results.

Retail Rate Increase

Staff recommends a 5.5% average rate increase for the 2027 budget year and forecasts 5% over the following four years. Staff recommends increasing our 2027 budget revenue from $41.8M (projected 2026) to $44.8M to meet our financial, operational, and capital project commitments. The projected figures for 2028 through 2031 are for reference only, as we will review future years annually during our normal budgeting process. We are entering a capital-intensive 15-year period in which major infrastructure replacements (transmission submarine cables, substations, etc.) are aging out and need to be planned for. Effective financial planning requires us to have an extended period of notable equity growth to increase borrowing capacity – which is how co-op keeps costs equitably spread over the life of capital assets.

Rate Structure

In 2025, E3 conducted a detailed cost-of-service and rates study and recommended a cost shift for OPALCO's rate structure. The OPALCO Board agreed to phase in higher facility charges to ensure revenue stability despite unpredictable weather conditions. Over the next few years, OPALCO will consider gradually moving from about 30% of revenue coming from the service charge to closer to 39%. This means a slightly higher monthly service charge but lower per-kWh rates.

The revenue required to meet our financial obligations is broken up evenly into three categories as follows:

- Power Costs: Rising by ~11% when incorporating all cost factors, including TIER 2 pricing
- Labor Costs: Continual annual increases based on the union contract
- Capital & Interest Costs: High inflation, supply-chain costs, tariffs, and rising interest rates

Most expense categories are rising. This is driving higher power bills for OPALCO members in 2027 and beyond. OPALCO will continue to encourage members to use our on-bill financing program, Switch It Up, to support beneficial electrification and conserve energy, helping members save on rising bills and reduce their carbon footprint.

The OPALCO team is positioned to meet these challenges with a strong, committed Board of Directors, leadership team, and staff.

Staff recommends the Board approve the 2027 budget as submitted, including a 5.5% rate increase applied to the rate structure presented. Individual tariffs would come before the Board for a second read in December, with the increase applied to all tariffs for review and approval.

BUDGET NARRATIVE

Mission:

The 2027 budget continues to align our operations to the mission statement of providing safe, reliable, cost-effective, and environmentally sensitive utility services. Our mission drives our budget in the following ways:
P Safety – OPALCO has a rigorous safety program for all employees and provides safety information to members through classroom visits, demonstrations, field assistance, and the website. The right-of-way (tree trimming and brush clearing) program is key to system reliability and fire safety. OPALCO depends on member cooperation to address right-of-way issues promptly. The Co-op is committed to continually improving and fortifying our safety programs. OPALCO's safety program is critical to community safety, wildfire prevention, and especially the safety of our field crew members. OPALCO's grid connects the County to real-world services for education, economic

development, and quality of life.

Reliability – OPALCO's system provides power 99.94% of the time to its members. This is a reliability rating to be proud of. We continue to budget to replace the old unjacketed underground cables (referred to as URD) system wide. This trend will continue, prioritizing replacements in areas with higher failure rates. With each URD project, where needed, we include fiber and increase the reach of our fiber network and, therefore, our monitoring and control system. Upgrading our critical substations that serve our population-dense town centers and serve the emergency services will continue to increase our resiliency for the next generation of islanders.

Cost Effective – Our capital construction plan is designed to maximize system efficiency and make the best use of member resources. The continual expansion of our grid and fiber-connected devices helps contain costs by putting system control in the hands of crew members wherever they are.

Environmentally Sensitive – OPALCO has critical infrastructure installed throughout the islands. Doing the right thing comes at a cost that is reflected in our cost of service, and OPALCO is committed to good stewardship, working within the County's Critical Areas Ordinance, complying with all permitting requirements, and keeping as low a profile as possible to maintain island character.

Load Forecast:

The Load Forecast is the heart of the budget and the most precarious aspect of our forecasting. The forecasting drives our power cost, which is one-third of our expenses, and our energy (kWh) sales, which are two-thirds of our revenue. PNGC's (Pacific Northwest Generating Cooperative) energy management team assisted us with load forecasting for this budget. They bring valuable industry expertise and resources to our Co-op, helping us navigate the rapidly evolving energy market.

Forecasting is challenging. Our team uses every available tool to gauge the weather's impact on our Cooperative; we incorporate analysis from various sources, including BPA's climatologist, the National Oceanic and Atmospheric Administration (NOAA), the Office of the Washington State Climatologist, and other Northwest climatologists. We also consider local weather and historical data, including air temperature, water temperature, wind speed and direction, and precipitation.

Weather drives heating load, and OPALCO's load peaks in winter. Because temperature, wind, and humidity are hard to predict a year out, our budget weather forecast carries real uncertainty. NOAA's Climate Prediction Center is carrying an El Niño Advisory, with a greater than 90% chance of a very strong El Niño through the first half of 2027 and higher than neutral throughout 2027. El Niño winters in the Pacific Northwest tend to run warmer and drier than normal, suppressing both mountain snowpack and heating load. A below-normal snowpack going into spring 2027 would leave the hydro system with less to work with.

What this means for load and revenue

A very strong El Niño has the potential to significantly reduce heating degree days and heating load. OPALCO is winter-peaking, a shortfall in kWh sales leaves the co-op's fixed operating costs underfunded. In 2025, the Board established a revised Energy Charge Adjustment (ECA) calculation tied to operating margins which will help stabilize revenues and align with approved budgeted margins.

Kilowatt-hour projections

For 2027, we expect a continued El Niño pattern in Q1 and projected PNGC purchases of 220M kWh for the year. By comparison, our load has averaged 224.5M kWh, ranging from 204M kWh (2015) to 241M kWh (2022).

BUDGET ASSUMPTIONS

GENERAL:

General Inflation Rate:
The general annual inflation rate is projected at 4% for 2027 & 2028 and slowly decreases through 2029-2031 to 3%. We use the US Department of Labor, Bureau of Labor Statistics, Seattle-Tacoma-Bellevue Consumer Price Index as the baseline for inflation.

2027 Budget Basis:
The 2027 budgetary figures were forecasted using actual activity from January through September 2026 and projected 4th quarter figures as a baseline and adjusted for future year activity.

Power Cost Projections:

- Over 90% of the power resources we depend on are sourced from our Federal Hydro System via Bonneville Power Administration (BPA), through our membership with PNGC.
- BPA is operating on a three-year rate cycle (BP-26) which covers fiscal years '26-'28 (beginning Oct 2025). 2027 falls within the second year of its rate case. In 2027, we are budgeting for an overall flat-rate impact on BPA kWh charges over 2026, resulting in a >11% per-kWh cost increase. The BPA rate also includes fish spill & oversupply surcharges, a potential power cost recovery adjustment clause (CRAC) increase, demand charge volatility, residential exchange charges, and TIER 2 power costs. OPALCO works closely with PNGC and BPA to identify these cost increases.
- From 2028 through 2031, we have maintained a 6% BPA cost increase for each year, with specific adjustments in years for known increases. Market indicators show that power costs will continue to escalate dramatically.
- Historically, member rooftop solar installations have been increasing steadily but have slowed slightly in 2026, primarily due to the sunsetting of the residential tax credits. The costs of residential solar kWh purchases reflect power purchases OPALCO makes from member generators and community solar participants, rather than buying energy from the wholesale market (PNGC). The rates OPALCO pays member generators for power average more than double what OPALCO would pay for that same energy from PNGC. With the proliferation of residential solar in recent years, fueled in large part by OPALCO's Switch It Up investments in solar & battery storage of ~$15.2M, we forecast these costs to continue to increase, increasing our net power costs per kWh. Understanding the financial impact on both OPALCO and member generators is important so we can continue to balance OPALCO's solar rate structure with market conditions.
- We will be closely monitoring load growth, which is expected to be about 1% for 2027-2031.

Labor:

- OPALCO's workforce pipeline is strong. Four apprentices have completed, or are about to complete, the program to become journeymen linemen, and a fifth began in 2026. OPALCO is preparing the next generation of employees as experienced employees retire.

- Staffing levels will be 48 full-time OPALCO employees from 2027 through 2031, depending on the ability to fill all funded positions (see organization chart).
- The general wage increase is in accordance with the current estimated Collective Bargaining Agreement.
- The benefit growth assumptions are in accordance with 2027 NRECA and LineCo rate projections based on the changes to the benefits package.

Operations:

- Maintenance, engineering, and management to keep the grid operational.
- The continual safety program to train staff and maintain a safety culture throughout the day-to-day

operations of the company.

- Right-of-way clearing is a critical safety measure that increases reliability and lowers fire risk. OPALCO has mapped and scheduled right-of-way clearance to ensure the power grid receives ongoing attention.
- OPALCO has committed to participating in a San Juan County renewable energy siting study. After the study is completed, San Juan County will need to update land use designations to include agreed-upon renewable energy siting locations.

Capital Projects:

- OPALCO must continue to grow the equity position to fund major capital projects on the horizon, including several costly submarine cable replacement projects.
- The 2027 capital projects are based on the 2026 – 2030 RUS Construction Work Plan (CWP). The CWP is based on outage analysis, system monitoring, and system modeling using load growth projections and current system loading. The goals are to continue to achieve our Strategic Directives, including safety, voltage stability, greater system reliability, and overall system efficiency.
- Engineering completed the 2026-2030 Construction Work Plan (CWP) with the supporting Environmental Report for the CWP and submitted to USDA RUS mid-year 2026. These plans follow growth and planning projections for renewable resources as anticipated in the IRP to ensure our system is built to handle electric vehicle integration, fuel switching, and remains stable with the integration of distributed resources (batteries, rooftop solar, etc.) and utility resources, including community solar, utility-scale solar, utility-scale battery systems, tidal generation, etc.
- Distribution System:
    - New Services are expected to trend at normal levels in 2026. Please note, contributions in aid of construction (CIAC) offset new member construction expense.
    - Underground Residential Distribution (URD) replacement will continue based on the following criteria: age, cable type, neutral degradation, and, most importantly, outage frequency and outage duration.
    - Conversions, Line Changes and Tie Lines - upgrading lines to carry greater capacity and increased ability to reroute power, in addition to the replacement of the Center Island submarine cable.
    - Sectionalizing Equipment expenses will be for automated switches on our system to improve reliability and give us greater visibility into our system.
    - Grid Control Communications Infrastructure (fiber) expansion to install conduits for future fiber jointly with other projects, expanding the original fiber backbone and maintenance of active sites.
- Transmission System – Projects include the reconstruction of the Eastsound transmission line from Judd Cove to the Eastsound Substation in 2027. Engineering will investigate the health of the Lopez to Shaw and Shaw to Orcas submarine cable installed in 1993, with projections to begin permitting the replacement from 2028 to 2030. The project also includes upgrading transmission protection equipment.
- Substation/Community Solar
    - Eastsound Substation – Redesign of this aging substation is essential as it has reached capacity. Purchasing for this project began in 2025, though actual construction will start in 2027.
    - Energy Storage System (ESS) – includes the Friday Harbor Battery with offsetting funds from a WA DOC grant (50% matching funds).
    - Community Solar Project – Project in process and $1M WA DOC grants funds (2026 - $420k and 2027 - pending $580k) for low-income energy users may still be available.
    - Bailer Hill Community Agrisolar project outreach & design in 2027, permitting in 2028, and estimated construction in 2029.
    - Major upgrade of the Roche Harbor Substation post 2027.

Energy Savings:

- OPALCO continues to offer RESP funds for the on-bill financing program. Member participation has remained high in 2026, and we anticipate similar levels in 2027. The program's continuity is at risk, driven by uncertainty at the federal level. In mid-2025 OPALCO submitted another request to RUS for an additional $75M in RESP funds to keep the program operating. We will likely hear back on this in 2027, but RUS program funding is uncertain. If OPALCO doesn't hear back from RUS by mid-year, the team should decide whether measure curtailment is needed to extend the program's life to key energy-saving measures applicable to most members.
- We continue efforts toward our new Community Solar project, which will be available for member purchase as it nears completion.
- BPA/PNGC pass-through rebates will continue for ductless heat pumps, weatherization, commercial lighting, and appliances. Members can apply for rebates online. BPA is now offering higher rebates for low-income members to incentivize beneficial electrification and conservation.
- Beneficial electrification (fuel-switching) rebates are offered again in 2027. More self-funded incentives for ductless heat pumps (60) and EV charging stations (60) will be available. These conversions bring new load (kWh usage) and revenue and help members breach the cost barrier for these appliances. Switch It Up participants will also receive beneficial electrification incentives off the principal of their projects.
- Member Home Battery Storage Program – Research and study member home battery storage program in 2027 with pilot program in 2028.

Capital Credits

- Capital credits pay out cash planning is based on an average 25-year payback cycle (remaining 2002 capital credits in 2027) plus an additional "smoothing" payout amount (~76% portion of 2003 in 2026). $1.5M in capital credits are expected to be retired in 2026, going up to $1.6M in 2027 through 2031. The goal is to smooth out the low- and high-year payouts by using an average rather than a strict year total.
- Energy Assistance Program:
- OPALCO is committed to programs that help its most vulnerable members keep up with rising power costs. OPALCO will continue to increase the Energy Assist bill credit amounts to match the increase of the fixed charge, the 2027 Budget once again offsets the rate increase and rate structure change for our most financially at-risk members. The EAP collection tariff will increase accordingly to cover
- the credits provided to members.
- OPALCO will continue to support and promote Project Pal for low-income members.

Communications

- Member Engagement – Member engagement will focus on local efforts to maintain grid reliability and member renewable generation and storage requirements. We will offer workshops and events, and encourage community solar, beneficial electrification, and efficiency projects (EVs, rebates, etc.). The team will strengthen safety outreach and education programs for local schools, youth programs, and fire departments. Marketing efforts will focus on Ruralite and social media content with consistent branding, highlighting the benefits of being a co-op.
- Stakeholder Engagement – The team will work with various key stakeholders throughout the region to garner support for OPALCO and its projects. Public relations efforts will focus on internal, external, and media audiences – with appropriate individualized strategies.
- Website – The team will be doing an audit of the usability of the website and continue to utilize analysis tools to add additional interactive components to the website and improve the content throughout the site.
- Annual Meeting – Since 2024, OPALCO has been rotating the Annual Member Festival from Orcas, San Juan, Lopez and in 2027 will once again be on Orcas. The business portion of the meeting will be the day prior and will be a virtual format designed to review the yearly co-op business and announce election results. The Annual Member Festival will include family activities, prizes, informational booths, a BBQ lunch, and an EV

Jamboree.

OVERALL SUMMARY:

1. **Revenue:**
   For 2027, staff recommends a 5.5% rate increase, equating to a total revenue increase of ~7% as we continue to monitor uncertain weather patterns, especially in Q4. The Energy Charge Adjustment (ECA) will remain in place to mitigate the impact of uncertain weather patterns on rates.
2. **Operating Margins:**
   Per Staff recommendation, projected operating margins are as follows: $4.1M in 2026 (projected), $4.4M in 2027 (budget), $4.6M in 2028 (forecast), $4.9M in 2029 (forecast), $5.1M in 2030 (forecast), and $5.4M in 2031 (forecast).
3. **TIER & OTIER:**
   Per Staff recommendation, TIER is as follows: 3.07 in 2026 (projected), 3.15 in 2027 (budget), 3.02 in 2028, 3.0 in 2029 (forecast), 3.0 in 2030 (forecast), and 2.99 in 2031 (forecast). OTIER is as follows: 2.63 in 2026 (projected), 2.73 in 2027 (budget), 2.63 in 2028, 2.64 in 2029 (forecast), 2.64 in 2030 (forecast), and 2.65 in 2031 (forecast).
4. **Equity % of Total Capitalization (includes Switch It Up financing):**
   Per Staff recommendation, Equity % of Total Capitalization is as follows: 41.0% in 2026 (projected), 39.7% in 2027 (budget), 40.7% in 2028 (forecast), 42.6% in 2029 (forecast), 44.7% in 2030 (forecast), and 47.1% in 2031 (forecast).

   It is important to note that RUS-Rural Energy Savings Program (RESP) borrowings are included in OPALCO's Equity % ratio calculation. While these borrowings do not fundamentally impact OPALCO's capitalization of assets we also review Equity % of Total Capitalization excluding RESP borrowings which are as follows: 48.6% in 2026 (projected), 48.0% in 2027 (budget), 49.1% in 2028 (forecast), 50.2% in 2029 (forecast), 50.9% in 2030 (forecast), and 52.1% in 2031 (forecast).
5. **Debt:**
   We anticipate borrowing from the RUS-Treasury and/or CFC in the amounts of $7.3M in 2027, $5.0M in 2028, $4.7M in 2029, $5.4M in 2030, and $5.4M in 2031 for capital projects. This assumes that capital project funding in 2027-31 is approximately 55% through borrowings and 45% through member rates. We have estimated interest rates at 6% for 2027 and 5.5% for 2028 through 2031. RUS RESP funds will be borrowed at 0% over a 10-year period, as member demand dictates, to provide on-bill financing to members for efficiency and fuel-switching measures. RESP borrowing has been projected at $5M for the years 2027 and 2028, with a final draw of remaining RESP funds of $1.46M in 2029, and $0 future borrowings in 2030 & 2031. Approximately $9.0M in RESP funds are projected to be available for 2027.

DISCUSSION ITEMS

Q3 Financials

The 2026 third-quarter financial report is posted online and included under separate cover. The first quarter results are consistent with the budget. The package includes the Statement of Revenues and Margins (with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

Q3'26: As shown in the financial statements, operating revenue, power costs, and operating expenses were below budget through Q3. Combined, these factors drove an overall operating margin variance of $945k below budget for Q3'26. Q3 results are largely impacted by timing shifts between maintenance and capital projects, borrowings, and overall weather fluctuations. These items tend to catch up and smooth out over the year. Management continues to closely monitor operating expenses and the overall financial position.

Annual Projection:
The table below presents the projection of full-year 2026 financial results, using Q3 actuals, budget projections, and known amounts for future months. Financial ratios remain healthy, well above RUS covenant requirements.

Income Statement Summary (in thousands)	**2026 Projection** (actuals for prior months) Budget	Projected	Variance
Operating Revenue	$ 43,176	$ 43,403	$ 227
ECA Surcharge / (Credit)*	-	(437)	$ (437)
Revenue	$ 43,176	$ 42,966	$ (210)
Expenses:			
Cost of Purchased Power	10,848	10,516	$ (332)
Transmission & Distribution Expense	9,308	9,308	-
General & Administrative Expense	7,390	7,172	(218)
Depreciation, Tax, Interest & Other	10,971	10,351	(620)
Total Expenses	$ 38,517	$ 37,347	(1,170)
Operating Margin	4,659	5,619	960
Non-op margin	1,060	1,138	78
Net Margin*	$ 5,719	$ 6,757	1,038
OTIER	2.68	3.21	0.53
TIER	3.02	3.66	0.64
Equity %	38.2%	38.6%	0.4%
HDD	1,081	1,184	103
kWh Purchases	230,000	219,675	(10,325)
kWh Sales	218,500	207,072	(11,428)

*The ECA has returned a net $437k through October 2026

For more details, please note the following key points:

Heating Degree Days (HDD) were ~17% above budgeted levels (actual of 696 vs. budget of 597). Overall kWh sales were ~477k kWh below budget (70.9M vs. budget of 70.4M).

2026 power purchases were ($332k) lower than budgeted. Actual kWh purchases were 10.3M kWh below budget (152.5M vs. budget of 162.8M).

Excluding purchased power, 2026 operating expenses were approximately $613k under budgeted amounts. See budget notable drivers within the financial packet for specific account details.

Rock Island Communications 2026 Financials are included in a separate packet.

OPALCO 2026 Financial Package is under separate cover.

2027 Tariffs – First Read

The table below incorporates the continuity of the Board approved structure changes as approved in the August 2025 Board Meeting in addition to the 5.5% increase needed to meet revenue requirements.

Residential			Charge (Credit)
Service Access Charge ($/Service/Month)			$76.14
Energy Assistance Program ($/kWh)			$0.00150
Energy Rates ($/kWh)			
	Summer	Winter	
Block 1	< 2,000 kWh	< 4,000 kWh	$0.1447
Block 2	2,000 kWh to 3000 kWh	4,000 kWh to 5,000 kWh	$0.1650
Block 3	> 3,000 kWh	> 5,000 kWh	$0.1910

Residential TOU	Charge (Credit)
Service Access Charge ($/Service/Month)	$83.90
Energy Assistance Program ($/kWh)	$0.00150
Energy Rates ($/kWh)	
TOU Period 1 (6 AM - Noon)	$0.2604
TOU Period 2 (Noon - 6 PM)	$0.1565
TOU Period 3 (6 PM - 8 PM)	$0.2604
TOU Period 4 (8 PM - 6 AM)	$0.0709

Small Commercial (<20 kW)	Charge (Credit)
Service Access Charge ($/Service/Month)	$88.14
Energy Assistance Program ($/kWh)	$0.00150
Energy Rates ($/kWh)	
Block 1 (< 5,000 kWh)	$0.1404
Block 2 (> 5,000 kWh)	$0.1554
Demand Rates ($/kW)	
First 20 kW (Flat Rate)	$8.39

Large Commercial (> 20kW)	Charge (Credit)
Service Access Charge ($/Service/Month)	$83.92
Energy Assistance Program ($/kWh)	$0.00150
Energy Rates ($/kWh)	
Block 1 (< 5,000 kWh)	$0.1212
Block 2 (5,000-150,000 kWh)	$0.1344
Block 3 (>150,000 kWh)	$0.1799
Demand Rates ($/kW)	
Block 1 (< 300 kW)	$4.90
Block 2 (> 300 kW)	$7.36

Pumps	Charge (Credit)
Service Access Charge ($/Service/Month)	$61.12
Energy Assistance Program ($/kWh)	$0.00150
Energy Rates ($/kWh)	
0 - 370 kWh	$0.1629
370-5,000 kwh	$0.1306
Over 5,000 kWh	$0.1586
Demand Rates ($/kW)	
First 20 kW (Flat Rate)	$1.73
Over 20 kW	$5.63

Residential Renewables			Charge (Credit)
Service Access Charge ($/Service/Month)			$76.14
Energy Assistance Program ($/kWh)			$0.00150
Consumed Energy (from Grid) Rates ($/kWh)			
	Summer	Winter	
Block 1	< 2,000 kWh	< 4,000 kWh	$0.1447
Block 2	2,000 kWh to 3000 kWh	4,000 kWh to 5,000 kWh	$0.1650
Block 3	> 3,000 kWh	> 5,000 kWh	$0.1910
Produced Energy (to Grid) Rates ($/kWh)			
Renewable Generation Credit			($0.0990)
Grid Usage Charge			$0.0145

Energy Charge Adjustment (ECA)	Charge (Credit)
Energy Charge Adjustment ($/kWh)	Operating Margin

Energy Assist	Charge (Credit)
Energy Assistance Program ($/kWh)	$0.00150
Household Size ($ Credit/Month)	
1	($62.43)
2	($69.86)
3	($77.29)
4	($84.72)
5	($92.15)
6+	($99.59)

Private Outdoor Lighting	Charge (Credit)
Billing Charge ($/Service/Month)	$4.07
Fixture Charge ($/Service/Month)	$18.21
Energy Rates ($/kWh)	
100 Watt Light (and LED Equivalent)	$6.71
200 Watt Light (and LED Equivalent)	$13.61

Line Retention	Charge (Credit)
Service Access Charge ($/Service/Month)	$66.44

Deposits and Charges	Charge (Credit)
New Members	
Membership Fee	$5.00
Deposits (Refundable):	
Residential/Residential TOU	$250.00
Commercial (Small/Large)	TBD*
*Amount determined by OPALCO. Surety bond required in amount of deposit	
New or Transfer Service	$25.00
Returned Payment Charge	$30.00
Late Payment Charge (applied to current charges)	5%
Disconnect/Reconnect Fees	
Disconnect Notice	$10.00
Door Tag Fee	$50.00
Reconnect (After Disconnt for Non-payment)	
During OPALCO business hours	$75.00
Outside of OPALCO business hours	$200.00
Seasonal Reconnect (after disconnected for two (2) or more consecutive billing periods)	
During OPALCO business hours	$300.00
Outside of OPALCO business hours	$400.00
Member Caused Outage	Actual Cost
Meter Seal Breakage	$100.00
Meter Test Fee (at member's request)	
Performed by OPALCO	$200.00
Performed by other qualified person	Actual Cost**
**OPALCO will refund cost of meter testing if proven in error by more than two percent (2%)	

Commercial Renewables	Charge (Credit)
Service Access Charge ($/Service/Month)	$83.92
Energy Assistance Program ($/kWh)	$0.00150
Consumed Energy (from Grid) Rates ($/kWh)	
Block 1 (< 5,000 kWh)	$0.1212
Block 2 (5,000-150,000 kWh)	$0.1344
Block 3 (>150,000 kWh)	$0.1799
Produced Energy (to Grid) Rates ($/kWh)	
Renewable Generation Credit	($0.0990)
Grid Usage Charge	$0.0145
Demand Rates ($/kW)	
Block 1 (< 300 kW)	$4.90
Block 2 (> 300 kW)	$7.36

Service Fee for Larger Services	Charge (Credit)
400 A ($/Service/Month)	$10.00
Greater than 400 A ($/Service/Month)	$20.00

REPORTS

General Manager

Dashboards

Please review the dashboards at https://www.opalco.com/dashboards. Note that all the dashboards are tracked to the board approved strategic directives.

Finance

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

Member Services

- Disconnects
- Uncollectable Revenue
- Members per District
- PAL
- EAP
- Members per District
- Service Additions
- Annual Service Additions
- Revenue Dist. By Rate

Outage

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

Member Generation

(https://www.opalco.com/save/solar-interconnect/)

- Member Generation (to Grid) by Month
- Member Generation Map

Engineering, Operations and Information Technologies

WIP

As of October 5, 2026, there are 289 work orders open totaling $15.9M. Operations has completed construction on 105 work orders, totaling $3.4M.

Safety

OPALCO's main directive it to foster a safe work culture for all employees. The program includes routine inspections of rubber goods, protective grounds, vehicles, and other safety equipment; ongoing safety training; and a formal safety program guideline that sets expectations and procedures. The required trainings are as follows:

Annual

- Harard Communication
- Vault Rescue/Confined Space/Respiratory Protection
- Fire Prevention/Safety
- Pole Top and Bucket Rescue
- First Aid/CPR/AED/Bloodborn Pathogens

Three Years

- Flagging
- Forklift

During monthly meetings, the Board reviews the program and KPI figures to support staff safety.

LEGEND

DART - The number of OSHA recordable cases resulting in days away, restricted duty or transferred work per 100 employees.

LWCR - The number of OSHA recordable cases resulting in days away from work per 100 employees.

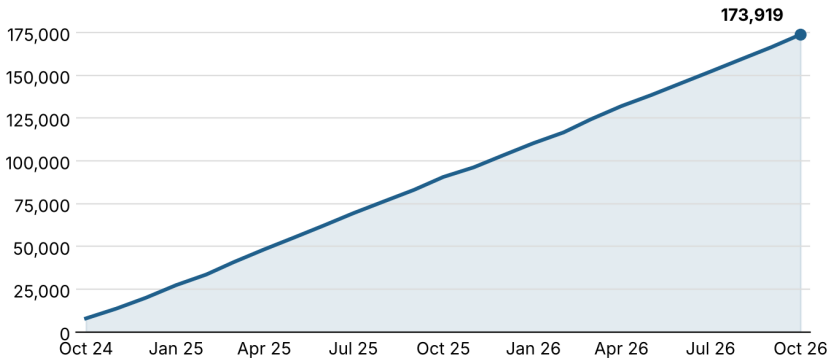
VAR - The number of vehicular accidents per million miles driven in co-op owned or leased vehicles.

Metric	Year	Value	3yr Average	State 3yr Average	Region 3yr Average	Nation 3yr Average	Comparable Size 3yr Average	Top Tier 3yr Average
Var	2025	0.00	0.00		1.78	2.48	2.39	0.00
Dart	2025	0.00	0.83		1.30	1.68	1.72	0.04
Lwcr	2025	0.00	0.83		0.75	1.01	1.08	0.00

173,919	**3**	**0**	**0**
Hours without a lost time accident	Near misses YTD (1 in October)	Accidents YTD	Lost time accidents YTD

Without Lost Time Report

As of October 31, 2026, the total current hours worked without a lost time accident is 173,919 hours.



Cumulative hours worked since the last lost time accident (October 2024), by month.

Monthly Safety Training

Northwest Safety Service conducted Substation Inspections in October.

Date	Topic	Required	Attended	Running total w/o lost time
Dec 31, 2025	Balance forward from 2025			96,233
Jan 22, 2026	CHAINSAW SAFETY	Crew, Eng/Com	18	110,358
Feb 26, 2026	COLD STRESS/WORK ENVIRONMENTS	Crew	15	116,698
Mar 26, 2026	HAZARD COMMUNICATION/FIRE EXTINGUISHERS	All	34	124,405

Date	Topic	Required	Attended	Running total w/o lost time
Apr 23, 2026	CRANE TRAINING	Crew	13	132,066
May 28, 2026	CPR/FIRST AID/BLOODBORNE PATHOGENS	All	34	138,405
Jun 24, 2026	BOATING SAFETY	Crew, Eng/Com	20	145,463
Jul 29, 2026	CONFINED SPACE/VAULT RESCUE	Crew	11	152,252
Aug 27, 2026	MAYDAY & WORKING ON OR NEAR EXPOSED ENERGIZED PARTS	All	26	159,382
Sep 24, 2026	POLE TOP/BUCKET RESCUE	Crew	12	166,466
Oct 20, 2026	SUBSTATIONS/SUBSTATION INSPECTION	Crew	8	173,919
Nov 24, 2026	GROUNDING	Crew		
Dec 17, 2026	ARC FLASH/ARCH FLASH CLOTHING	Crew, Eng/Com		

Running total is hours without a lost time accident at the end of the meeting month. Blank months have not been reported yet.

Finance

2026 Budget Tracking

Through October 2026, total revenue is approximately $103K above budget. We are projecting a warmer winter in 2026, which would reduce heating load, kWh sales and corresponding revenue. Cost of purchased power is favorable to budget by $304K, largely consistent with the lower kWh purchase volume. Operating expenses and financial ratios are monitored closely and remain at healthy levels, well above RUS covenant requirements. 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	$ 42,241	$ (935)
ECA Surcharge / (Credit)*	-	(437)	$ (437)
Revenue	$ 43,176	$ 41,804	$ (1,372)
Expenses:			
Cost of Purchased Power	10,848	10,566	$ (282)
Transmission & Distribution Expense	9,308	9,628	320
General & Administrative Expense	7,390	7,235	(155)
Depreciation, Tax, Interest & Other	10,971	10,230	(741)
Total Expenses	$ 38,517	$ 37,659	(858)
Operating Margin	4,659	4,145	(514)
Non-op margin	1,060	1,114	54
Net Margin*	$ 5,719	$ 5,259	(460)
OTIER	2.68	2.63	(0.05)
TIER	3.02	3.07	0.05
Equity %	38.2%	39.4%	1.2%
HDD	1,081	1,184	103
kWh Purchases	230,000	219,675	(10,325)
kWh Sales	218,500	207,575	(10,925)

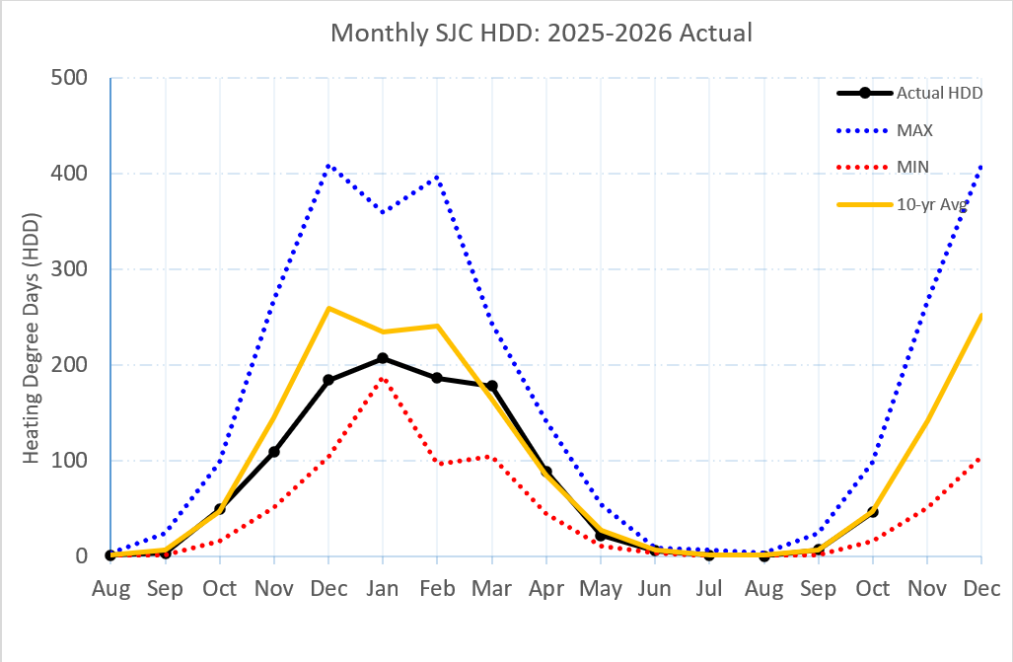
*The ECA has returned a net $437k through October 2026

Monthly Energy Charge Adjustment (ECA)

The October 2026 ECA returned ~$267K to members, or $12.93 per 1,000 kWh. The November billing period ECA is expected to be a credit of $0.00844 per kWh, or $8.44 per 1,000 kWh. The exact amount of the ECA is an estimation based on known kWh sold and a recalculation of our contractual power bill, which may occasionally include other one-time factors or adjustments.

Heating Degree Days (HDD)

The 2025-2026 heating season came in consistently below the 10 year average across nearly every month. December 2025 was the most notable departure with actual HDDs around 185 vs. a 10-year average of closer to 260, representing a significantly warmer than normal start to winter. 2026 has continued the warm to mild trend. We continue to monitor weather trends monthly.

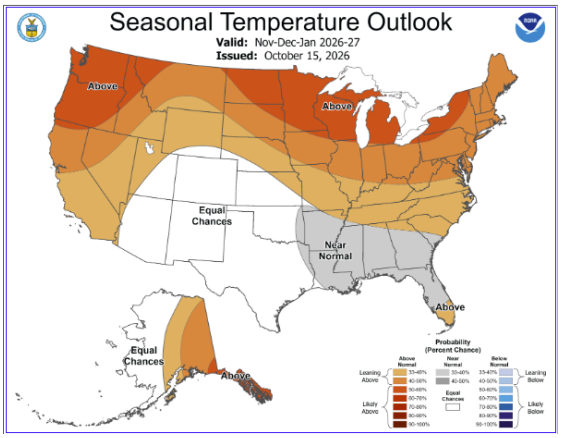


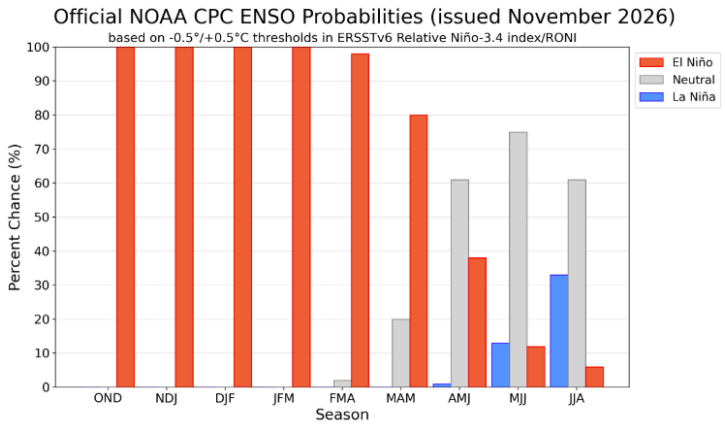
*max, min, avg is based on 10 year average

Weather Forecast

Original predictions for 2026 budgetary assumptions included a neutral weather pattern, which anticipated average kWh usage. NOAA is now predicting strong El Niño conditions. The models in the International Research Institutes' (IRI) ENSO (weather) prediction also forecasts a strong El Niño condition into the summer months. We continue to monitor these predictors monthly.

2026-27 Nov-Dec-Jan Outlook





Source: NOAA National Weather Service

Member Services

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

Assistance History

		2023	2024	2025	2026	Grand Total
Energy Assist Credit	# of Accounts	519	524	564	597	906
	Total Assistance	141,748	164,175	209,260	204,257	719,440
PAL	# of Accounts	268	264	275	180	612
	Total Assistance	80,500	74,750	87,289	54,600	297,139
Grand Total	# of Accounts	584	566	603	612	981
	Total Assistance	222,248	238,925	296,548	258,857	1,016,579

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). 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

OPALCO is appreciative of the generous donations from OPALCO members through capital credit donations. The PAL 2026-2027 will begin providing member credits this month.

Energy Assistance Program (EAP)

During October 2026, 425 members received ~ $22.2K from the Energy Assist program, compared to 386 members who received ~ $17.5k in assistance in October 2025.

Energy Savings

During October there were 14 rebates paid out to members totaling $20.9k. This includes 1 EV charging station.

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	152	760
	Total Awards	$313,945	$259,445	$191,931	$166,624	$931,945
	Total Energy Savings (annual kWh)	440,382	253,675	258,738	174,174	1,126,969

**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 10 new interconnect applications submitted in October, with 5 members interconnected with solar for a total of 1,071. (https://energysavings.opalco.com/member-generated-power/). There are an additional 22 pending connections.

Energy Audits

Since the relaunch of OPALCO's Home Energy Audit program in 2026, 109 audits have been conducted for residential and commercial members.

		2023	2024	2025	2026	Totals
EE Rebates*	# of Accounts	261	210	137	152	760
	Total Awards	$313,945	$259,445	$191,931	$166,624	$931,945
	Total Energy Savings (annual kWh)	440,382	253,675	258,738	174,174	1,126,969

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 1,198 projects completed and billing for a total of $24.8M net outstanding (total projects less member pay-offs). There are another 100+ projects in various stages of the process. Current project details are as follows:

	Project Origination Year									
Measure	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Grand Total**	**Project Count**
Appliance					36,112	54,463	43,939	23,876	**$ 158,390**	**21**
Energy Storage				39,510	27,159	47,766	120,071	51,586	**$ 286,091**	**14**
Ductless Heat Pump	729,431	610,352	646,476	1,581,317	1,830,308	2,433,936	2,042,150	1,263,769	**$ 11,137,739**	**704**
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	434,186	174,307	**$ 2,157,025**	**77**
Heat Pump Water Heater	9,315	12,752		5,012	67,612	13,700	506,695	40,662	**$ 655,747**	**19**
Insulation			-	256,935	58,228	244,969	704,402	45,145	**$ 1,309,678**	**45**
Other		24,996		92,649	188,075	31,981		-	**$ 337,701**	**8**
Solar + Storage				480,057	474,806	766,179	1,487,014	1,214,528	**$ 4,422,582**	**72**
Solar				1,930,830	3,253,980	2,738,875	2,078,663	830,365	**$ 10,832,713**	**270**
Windows				563,557	459,573	551,874	1,369,471	168,931	**$ 3,113,407**	**76**
Grand Total	**$ 746,620**	**$ 708,825**	**$ 710,157**	**$ 4,997,295**	**$ 7,394,440**	**$ 7,523,724**	**$ 8,808,422**	**$ 3,813,169**	**$ 34,702,652**	**1,342**

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 commit funds to projects for future years. Given the decreasing remaining balance of Switch It Up funds, we are keeping to the $100k limit for residential members and reviewing other curtailment measures as appropriate.

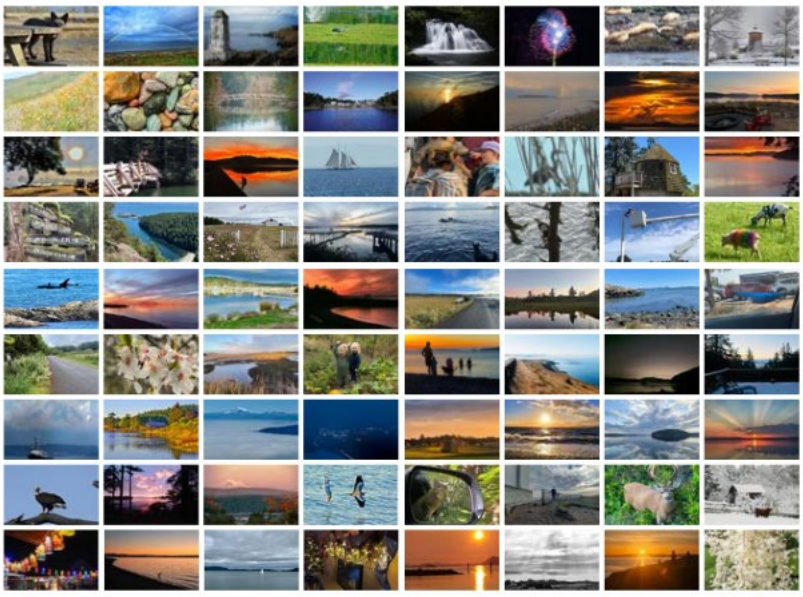
	Total (in millions)	Project Committed	Remaining Available
RESP 1.0	5.80		-
RESP 2.0	15.00		-
RESP 3.0	26.00	3.13	8.97
	$ 46.80	$ 3.13	$ 8.97

Member Communications

Photo Contest

Throughout the month of October, to celebrate co-op month, OPALCO asked members to submit their photos of people, places, creatures, and things they see around San Juan County. This was the first time we held a photo contest of this kind, and the member participation in this event was really great! More than 75 members submitted photos, with some of them submitting three different photos to choose from.

The winners of the contest have been chosen and notified, and the calendar is in production now! Members can stay tuned on our social media pages and website to learn when the calendars are available for pickup (for free) at their closest OPALCO office. Plus, throughout the rest of the month of November, we'll be showcasing the rest of the photo submissions that didn't get selected for the calendar on our social media. Thank you to all the members who participated in this year's event.



Touch a Truck

The OPALCO team joined the Island Rec (San Juan Island) community event to let kids get a closer look at a bucket truck and crew truck. Kids enjoyed learning more about what lineworkers do to keep the lights on.







Halloween
Staff on Lopez and Orcas Islands participated in Halloween community events, handing out candy and flashlights to spread the word about electrical safety and how to get through a power outage.



A trick or treater dressed up as a ghost, carrying a chicken with them while they collect candy!

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

- Project Pal
- Surge Protection
- Opt Out of Ruralite
- Rock Island grant funding

View the digital edition here: https://issuu.com/utilitypioneers/stacks/e83d7c1432cb4d9ab31defc5ee09973d

Marketing Engagement Stats
Staff now has an automated notification system listing all the digital outreach in the last month. See below:

OPALCO Social Media Highlights

Fall 2026 • Facebook Performance Summary (Oct 9 – Nov 12, 2026)

POSTS	VIEWS	REACH	ENGAGEMENT	CLICKS	AVG REACH
5	4,461	2,587	42	395	517

Date	Post Highlight	Views	Reach	Engagement	Clicks
11/6/26	Outage restored — Orcas (tree in line)	1,271	743	12	135
11/5/26	Boater alert — Orcas Landing dock closure	541	355	2	9

Date	Post Highlight	Views	Reach	Engagement	Clicks
10/21/26	Touch a Truck — Island Rec event thanks	1,201	650	12	125
10/15/26	Co-op Month grand prize giveaway — enter	370	220	0	8
10/12/26	Intro to Co-op Month — video with Jo	1,078	619	**16**	118
	TOTAL	**4,461**	**2,587**	**42**	**395**

Engagement = reactions + comments + shares. Gold figures = top-performing post per metric. Source: OPALCO Facebook page insights export.

Blog/Newsroom/Quick Fact Posts

Date	Title	Category	Focus
11/10/26	**On A Broadband Mission**	Rock Island Communications	Rock Island secures federal BEAD funding to expand county broadband.
11/10/26	**Surge Protection 101**	Safety	Simple steps to protect your home and electronics from power surges.
11/3/26	**Project Pal Provides**	Member Services	How the Project Pal fund helps members through island winters.
10/28/26	**Quick Fact: GM/CEO Compensation (Updated)**	Co-op Governance	Updated detail on 2024 GM/CEO pay, OPALCO/Rock Island allocation and benchmarking.

E-Newsletters

Date	Email Title	Sends	Open	Open Rate	Clicks
10/12/26	Co-op Month Photo Contest	13,627	2880	21.1%	279

Appendix

Decatur Solar Expansion Project

Decatur Permitting Update

Appeal to Simple Land Division Revision: There has been an appeal filed for the Simple Land Division Revision. There is a hearing examiner hearing scheduled for November 25 to address the appeal to the Simple Land Division Revision. The appellants have requested a continuance to January.

Simple Land Division Revision: San Juan County issued its staff report and decision on the Simple Land Division Revision (LANDUSE-26-0123) on October 1, 2026.

Condition 8 (Townsend's big-eared bat): On October 9, 2026, the County notified OPALCO by email that Condition 8 of the Conditional Use Permit (CUP) has been satisfied. The County's determination reads:

"ESA's July 16, 2026 memorandum and September 29, 2026 supplemental memorandum, when considered together, substantially address both the roosting and feeding components of Condition 8. ESA concludes that the identified large dead trees do not provide suitable roosting habitat and that removal of those trees would not adversely affect Townsend's big-eared bat roosting or feeding activity. While staff previously identified questions regarding feeding habitat, ESA has now directly responded to those concerns and provided a biological basis for its conclusions. Therefore, based on the information submitted and the professional opinions provided by ESA, staff concludes that the requirements of Condition 8 have been satisfied and that the identified large dead trees do not constitute suitable Townsend's big-eared bat roosting habitat and are unlikely to adversely affect Townsend's big-eared bat roosting or feeding activity on the property if removed."

Permits: If all CUP conditions and building code requirements are met, the County expects to issue the clearing and grading permit and the building permit at the same time, after the 21-day appeal period for LANDUSE-26-0123 ends. Once the County issues these permits, OPALCO can resume its Forest Practices Application (FPA) with the Washington State Department of Natural Resources (DNR).

Condition 11 (fire response plan): Staff is finalizing the Fire Response Plan and will hold the final community meeting in early December.

November Communications

See OPALCO's November 5 response to the latest Decatur community member correspondence.

OPALCO Directors and Community Leaders,
I am writing to put the fire concerns raised in Mr. Mizuta's October 29 correspondence into perspective.
The Decatur Solar Expansion project proposes installing solar panels, with no additional battery storage.
OPALCO's published assessment considers the proposed installation's fire risk low when supported by proper engineering, installation, inspection, and maintenance. Fire safety was also addressed during the County's review, as reflected in the February hearing materials. The project incorporates certified equipment, electrical protection, monitoring, and ongoing vegetation management.

The location and history of the site provide important context.

The expansion site is adjacent to OPALCO's substation, the existing Decatur Community Solar project (Phase 1), the San Juan County Public Works yard, two large storage buildings, a previous junkyard and the site has been logged multiple times. Power generated on Decatur flows first to local loads, serving the community that hosts the project.

The existing battery energy storage system, installed during Phase 1, uses lithium iron phosphate chemistry, which has a comparatively low susceptibility to thermal runaway. It also includes fire detection and suppression equipment. These features provide additional layers of protection for the existing installation.

The engineering and arborist report identifies potential fire protection benefits from the expansion. The proposed layout, together with removal of dense undergrowth and continued vegetation management, would reduce fuel continuity and improve defensible space around the existing substation. Those findings deserve consideration in any balanced assessment of the project's fire safety compared with the site's existing condition.

As standard practice, OPALCO maintains line crews on standby 24 hours a day, seven days a week for emergency callouts, including to Decatur and other outer islands. This established utility response capability supports electrical safety and coordination with emergency responders, with travel times dependent on weather and marine access.

Mr. Mizuta's correspondence portrays questions about emergency response and comments on a draft plan as evidence that the expansion presents an unacceptable danger. That portrayal overstates what the cited information establishes and creates unnecessary alarm. DNR's email raises matters that require attention; it does not conclude that the project is unsafe or recommend stopping it. Staff have already incorporated the plan changes requested by Washington DNR.

OPALCO is following San Juan County's permitting requirements, including working with the County Fire Marshal toward an approved Fire Mitigation Plan. Agency comments, vegetation management, and emergency response responsibilities are being addressed through that process. We recognize that low fire risk still requires appropriate prevention and response planning.

Supporting reports and responses to community questions are available on OPALCO's website:
Decatur Solar Expansion project page www.opalco.com/decatur-island-solar-project/
October 2026 consolidated Questions and Answers www.opalco.com/wp-content/uploads/2026/10/QAwithTOCDecatur_10-26.pdf

Background Material
OPALCO's mission has not changed: safe, reliable, affordable electricity for San Juan County. What has changed is how hard that mission is getting to deliver. OPALCO's low-cost power comes from a capped allocation of BPA Tier 1 hydropower. Once system load exceeds that allocation, additional kilowatt-hour purchases come from Tier 2 or market-rate power — at significantly higher cost, borne by every member through rates.

The County is growing, and OPALCO is obligated to serve every approved connection regardless of where or when development happens. San Juan County issues new building permits every year, and electricity usage is projected to grow approximately 30% over the next 20 years — a trend expected to continue as electrification (EVs, heat pumps, water heaters) accelerates.

OPALCO has historically managed this growth from the demand side: conservation, efficiency, rooftop solar, battery storage, and Switch It Up financing. These tools have kept OPALCO under its Tier 1 allocation but there is now a real need to add utility scale generation to keep us within our allocation.

Utility Scale Solar Projects

In recent years, OPALCO has begun to purchase the more expensive Tier 2 power from BPA to cover our needed electricity. Bringing Decatur's expansion online — and, eventually, Bailer Hill — is the direct way to stop those Tier 2 purchases from growing and keeping costs lower for the long-term benefit of the community. Additionally, Tier 2 power comes from carbon-based resources which add to the cost and move away from key sustainability goals.

The existing Decatur Island Community Solar project (2018) is OPALCO's proof of concept: 504 kW DC, a 1 MW / 2.6 MWh battery, roughly 570,000 kWh generated annually. It was financed by member subscriptions and grants. The ~270 member-investors have fully recovered their investment, and a portion of the project goes towards OPALCO's energy assistance program helping low-income members.

The Cost of Delays

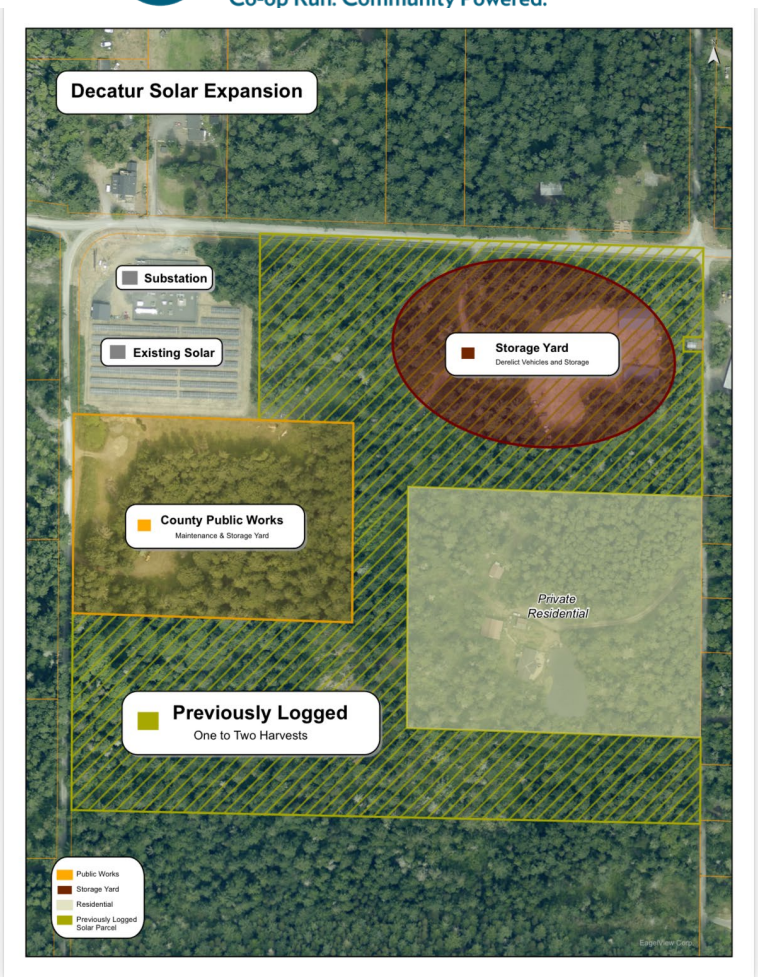
OPALCO's two recent utility-scale solar projects have both been delayed. Bailer Hill has been on hold pending further study per the Department of Ecology. Decatur's expansion only cleared its Conditional Use Permit in May 2026, after a contested review, and OPALCO is now working through the permit's remaining conditions. This local generation is what OPALCO is counting on to stay inside its Tier 1 allocation but permitting delays continue to push this timeline back.

Independent Cooperative Finance Corporation benchmarking puts OPALCO's 2025 total cost of electric service per member at $2,259 — below the Washington co-op median, the national median, and the median for co-ops OPALCO's size. OPALCO's five-year cost growth (about 15%) has also run well behind state and national co-op medians (21–29%). The reason we need utility scale projects today is that the power supply cushion behind those good numbers is thinning. With the BPA hydropower contract renewal in 2028 there is no new Tier 1 hydropower available so at that point rates will continue to go up.

Decatur Island Solar Expansion Project

Why locate solar on Decatur? The Decatur Island Expansion parcel is designated Rural General Use which allows for solar (renewable) generation. Most land in San Juan County does not allow for renewable generation projects as SJC permitting of utility scale electricity generation is still based on old, dirty, loud and noisy diesel generating facilities.

The proposed site parcel is adjacent to an OPALCO substation and OPALCO's existing solar and battery project. It is also next to a San Juan County Public Works maintenance and storage yard. The storage yard (including delineated Natural Growth Area) has historically been used for derelict vehicle storage (OPALCO removed over 14 derelict vehicles from the site since purchasing in 2025). The forest has been previously logged. The map below shows what is on and around the site today.



Decatur Solar Expansion parcel: existing substation, existing solar, county public works yard, storage yard, previously logged area, and adjoining private residential parcel.

The Decatur Island Solar Expansion is one part of a broader, necessary strategy to protect power affordability, manage growth responsibly, and strengthen the resilience the community OPALCO serves. The project reflects more than a year of community engagement, environmental studies for permitting, and project changes made in response to input from local community and data collected.

Completing the Decatur Solar Expansion project will allow OPALCO to drop below buying expensive Tier 2 power that OPALCO purchases from BPA, avoid purchasing carbon based electricity and partially offsets electricity load growth specific to Decatur Island.

Previously, the OPALCO Board approved the purchase of 6,400 solar panels for $2.4M that are staged on San Juan and awaiting installation in the islands.

Background Info on Work Done on Project To Date
Community Engagement:

- February 2025 Zoom Meeting Introducing the Project Idea
- May 2025 Town Hall Meeting on Decatur Island
- Comment Log
- Presentation Materials May 10
- Press Release May 2025
- June 8 Position Paper by Decatur Residents
- October 2025 Community Meeting on Decatur Island
- Questions and Answers with Table of Contents
- Information Boards from October Meeting
- Conditional Use Permit Legal Notice
- April 16 2026 Presentation by Decatur Residents

Conditional Use Hearing
On Tuesday, May 12, OPALCO was notified that they were granted the Conditional Use Permit for the Decatur Island Solar Expansion Project. The Decatur Island Solar Expansion project is a proposed ~1.6 MW AC Community Solar project. It's adjacent to OPALCO's substation and the current Community Solar project that was installed in 2017.

OPALCO has undergone extensive environmental review and project planning to include a site plan, critical area and wetland delineation, National Environmental Policy Act, State Environmental Policy Act, a stormwater plan, Cultural Resources Assessment, clearing and grading checklist, land use checklist, and a native landscaping plan. In February 2026, OPALCO presented the prepared material to the San Juan County Hearing Examiner in order to proceed with the permitting requirements and conditions.

There were two appeals to the State Environmental Policy Act (SEPA) determination of non-significance (DNS). OPALCO prepared a detailed and prescribed SEPA checklist and San Juan County staff gave the checklist a DNS, which means there is nominal environmental impact. Both appeals to the DNS ruling were denied by the Hearing Examiner.

Decatur residents have brought forward concerns about this project during various community engagement meetings. OPALCO has made efforts to meet community requests when possible. There are no legal reasons the project cannot move forward as all requirements were found to be met by the Hearing Examiner. OPALCO hopes to continue to work with the community as the project proceeds.

- 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 Expansion present 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.

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

Fire Mitigation Plan
Based on the selected equipment, applicable safety certifications, proposed installation standards, commissioning procedures, and long-term maintenance practices, the fire risk associated with the Decatur Solar Expansion is considered low and consistent with accepted industry experience for modern utility-scale photovoltaic facilities.

The combination of certified photovoltaic equipment, code-compliant electrical design, rigorous quality assurance, ongoing maintenance, and active vegetation management provides multiple independent layers of protection intended to minimize both electrical ignition hazards and wildfire risk throughout the operational life of the project.

Industry experience has shown that fires associated with photovoltaic facilities are uncommon. When they do occur, investigations have generally determined that they are associated with installation deficiencies or failures of balance-of-system electrical equipment—such as conductors, connectors, inverters, disconnect switches, or transformers—rather than failures of the photovoltaic modules themselves. For this reason, proper engineering, quality construction, equipment certification, commissioning, and long-term maintenance are the primary means of reducing fire risk.

The Decatur Island Community Solar Expansion Project incorporates multiple independent layers of fire prevention, including:

- Photovoltaic modules certified to nationally recognized safety standards.
- Electrical equipment listed and labeled by Nationally Recognized Testing Laboratories (NRTL).
- Electrical design compliant with the National Electrical Code and applicable Washington State requirements.
- Utility-grade protective relaying.
- Ground-fault and overcurrent protection.
- Continuous monitoring through OPALCO's Supervisory Control and Data Acquisition (SCADA) system.
- Remote shutdown capability.
- Comprehensive commissioning and acceptance testing.
- Routine inspection and preventive maintenance.
- Infrared thermographic inspection of energized electrical equipment.
- Active vegetation management.
- Maintained emergency access and defensible space around critical equipment.

The project will remain under continuous inspection and maintenance throughout its operational life. Routine vegetation management, periodic inspection of electrical equipment, preventive maintenance, and continuous monitoring substantially reduce the likelihood of equipment failures while improving emergency access for utility personnel and responding fire agencies.

APRIL 2026 – OPALCO Project Approval

The Board of Directors dedicated two meetings to the Decatur Island expansion. They reviewed the various materials and directed staff to move forward on the project with specifications.

- Watch the meeting with an information presentation and public comment: https://www.youtube.com/watch?v=SMx2RSfKCLA
- Watch the special meeting where the Board discusses and votes on the project: https://www.youtube.com/watch?v=Nq4vj7LJZnU

Board Materials for April:

- https://www.opalco.com/wp-content/uploads/2026/04/April-2026-Regular-Board-Materials-7.pdf
- https://www.opalco.com/wp-content/uploads/2026/04/April-21-2026-Special-Board-Meeting-4.pdf

Environmental and Permitting Reports:

- Critical Areas and Wetland Delineation Report
- NEPA (National Environmental Policy Act) Compliance Documentation for Area A
- NEPA (National Environmental Policy Act) Compliance Documentation for Area B
- SEPA (State Environmental Policy Act) Checklist
- SEPA Determination
- Site Plan
- Clearing and Grading Checklist
- Stormwater Plan for Area A
- Stormwater Plan for Area B
- Landscaping Plan
- Arborist Report (please note this is for Area A with a slight variation on acres that was based on earlier plans)
- Cultural Resources Assessment Letter
- Land Use Checklist
- Hearing Examiner Decision May 2026
- Townsend's Big-Eared Bat Survey

Quick Facts Library

Co-op Governance

- OPALCO General Manager / CEO Compensation
- OPALCO vs a Typical Mainland Electric Utility
- OPALCO Rates
- Cost of Service
- Industry Association Memberships and Co-op Benefits
- Staff Compensation
- National Rural Electric Cooperatives Association (NRECA)
- OPALCO Election Process
- OPALCO Debt and Capital Projects

Member Programs

- Privileges and Obligations of Electric Utility Distribution Cooperative Members
- Surge Protection
- Wildfire Mitigation
- Inflation Reduction Act
- OPALCO's Right-of-Way (ROW) Program
- Rock Island Communications
- Wireless Services

Our Energy Future

- Tidal Energy in the Salish Sea
- Where Does OPALCO Stand on Regional Power and the Dams?
- Essential Public Facilities
- Local Energy Forecast
- San Juan County Comprehensive Plan
- Our Energy Future – Why is OPALCO Concerned?
- Why Local Renewable Projects? Mainland Power Demand Will Soon Exceed Supply
- Data Centers
- 2024 OPALCO Docket Requests to San Juan County
- OPALCO Needs a New Submarine Cable to Meet Growing Demand

Climate Change News Review – September 2022
OPALCO's Plan for our Energy Future
Decarbonization – Part 1
Decarbonization – Part 2: Energy Generation
Decarbonization – Part 3: Energy Consumption
Decarbonization – Part 4: Energy Shortages
WA 2021 Energy Strategy
Simpson Proposal and the Northwest Energy Evolution
Will There Be Enough Power?
Energy Independence? Not entirely.
2025 Renewable Energy Survey

Renewables

Renewable Energy Siting Criteria
OPALCO's Rate for Members Who Have Rooftop Solar
Rooftop Solar and our Local Energy Future
Bailer Hill Microgrid (on hold)
OPALCO's 2025 Renewable Energy Survey
OPALCO Solar Rate for Residential Members
OPALCO Tidal Energy Pilot Project
Understanding the Change in Solar Rates
Decatur Island Battery Storage Project
Why Hydropower is Important to our Power Supply

Regional Issues

Northwest Resource Adequacy in a Rapidly Decarbonizing World
Preparing for Mainland Power Outages
Future Power Purchase Strategy
Ocean Health
Land for Renewable Energy Projects
Pacifica Northwest Generating Cooperative (PNGC)
Feb Town Hall Recap FAQ Comprehensive list of every question

Decatur Island Solar Project

Decatur Island Solar Project – Overview

Find out about the Decatur Island Solar Project here.

Decatur Island Solar Project – Site Plans

Visual Site Plan
Detailed Site Design
Alternate Sites Reviewed

Decatur Island Solar Project – Permit Plans & Reports

Critical Areas and Wetland Delineation Report
NEPA (National Environmental Policy Act) Compliance Documentation for Area A
NEPA (National Environmental Policy Act) Compliance Documentation for Area B
SEPA (State Environmental Policy Act) Checklist
SEPA Determination
Site Plan
Clearing and Grading Checklist

- Stormwater Plan for Area A
- Stormwater Plan for Area B
- Landscaping Plan
- Arborist Report
- Land Use Checklist

Decatur Island Solar Project – Project Timeline

- Review the project timeline here.

Decatur Island Solar Project – Public Engagement

- February 2025 Zoom Meeting Introducing the Project Idea
- May 2025 Town Hall Meeting on Decatur Island
- Comment Log
- Presentation Materials May 10
- Press Release May 2025
- October 2025 Community Meeting on Decatur Island
- Questions and Answers with Table of Contents
- Information Boards from October Meeting
- Conditional Use Permit Legal Notice

Decatur Island Solar Project – Community Commitments

- Review community commitments here.

OPALCO's Renewable Energy Survey Materials – December 2025

Quck Fact: OPALCO's 2025 Renewable Energy Survey