



BOARD OF DIRECTORS REGULAR MEETING

**Thursday, March 19, 2020 8:30 a.m.
Virtual Meeting via Zoom/Facebook Live**

As detailed in the March 3, 2020 OPALCO Press Release – The OPALCO Board of Directors announced that in order to follow CDC guidelines for social distancing, all the upcoming OPALCO public gatherings are cancelled until further notice in order to err on the side of caution in face of tremendous uncertainty with the current outbreak of COVID-19 in the state of Washington. Board meetings will be conducted as scheduled via remote video conferencing until further notice.

The first 15 minutes of the Board meeting will be streamed via Facebook Live for member comments and questions. Members do not need a Facebook account to view this portion of the meeting. Follow our Facebook page at and sign up for notifications <https://www.facebook.com/orcaspower/>. This is our first attempt conducting this meeting in this manner. Please be patient; this process will evolve as we move forward.

Members may also 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

Orcas Power & Light Cooperative

Board of Directors

Regular Board Meeting

March 19, 2020 8:30 A.M.*

Virtual Meeting via Zoom (Facebook Live for Viewing Only)

**Time is approximate; if all Board members are present, the meeting may begin earlier or later than advertised.*

WELCOME GUESTS/MEMBERS

Member 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 fill out Q&A card for post-meeting follow-up.*

MEMBER ENGAGEMENT TIME (via Facebook Live)

- *Members will be able to participate via Facebook Live for the first 15 minutes of the Board meeting.*
- *Follow OPALCO's Facebook page (<https://www.facebook.com/orcaspower/>) and sign up for notifications for easy access.*
- *After this member engagement time, the business portion Board meeting will continue without member participation and live streaming. The intent is to record all Board meetings and post them on our website (barring technical difficulties).*

ACTION ITEMS

- Consent Agenda
- Annual Meeting – Elections and Cancellation
- PAL Funding Increase (\$15k)
- Restricted Funds Increase

DISCUSSION ITEMS

- COVID-19 Update

REPORTS

- 2019 Year-End Draft Financials
- General Manager
- Rock Island Snapshot

APPENDICES

- None

EXECUTIVE SESSION

Legal, Personnel, and Competitive

ADJOURNMENT

MEMORANDUM

March 13, 2020

TO: Board of Directors

FROM: Foster Hildreth

RE: Consent Agenda

All matters listed with 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 by request of a Board member.

The minutes will reflect the approved consent agenda.

The Consent Agenda includes:

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

NEW MEMBERS – February 2020

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

1. Bagby, Collette & Yancey
2. Barsan, Adriana
3. Bowels, Nick
4. Bryan, Steve & Carla
5. Diaz, Jessica A
6. Greenan, Laura
7. Greene, Michael A
8. Hoke, Timothy
9. Johnson, Leah & Larsen, Taylor
10. KFHR J3 LLC
11. Kocher, Tyler & Olegario, Joseph
12. Kunch, Tony
13. Reynolds, Emily
14. Sakstrup, Kody
15. Sanders, Ryan & Jonna
16. Schroeder, Sandra M
17. Sievert, Stefan
18. SJI Transport
19. Stamp, James
20. Stookey, Stepane
21. The Oaks MHP LLC
22. Whale Tail Farms LLC

District 2 (Orcas, Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn)

23. Baerman, Vincent P & Kerry H
24. Barnard, Kathryn
25. Blakely Island Hangars L.L.C.
26. Byam, Tyler
27. Doyle, Maria E
28. Grid Insight Corporation
29. Heller, Bruno
30. Hoffman, Robert & Diana
31. Leddusire, Ronald
32. Martin, Christopher
33. Smith, Colleen

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

34. Cook, L Howard
35. Gorton, Carol
36. Houser, Paul Jr.
37. Mud Bay Lopez Island LLC
38. Parker, Julie K & Rebecca A
39. Raab, William
40. Smith, Brady P

District 4 (Shaw, Crane, Canoe, Bell) *None*

- **Capital Credit** payments to estates of deceased members and/or organizations no longer in business as shown below:

March	
<u>Customer #</u>	<u>Amount</u>
37030	789.85
66634	380.15
66611	615.42
32060	1,346.06
Total	\$ 3,131.48

- **RUS 219s** *Inventory of Work Orders* of projects completed from the Construction Work Plan totaling \$547,963.84. These forms are submitted to RUS for approval of loan funds.
 - Inventory 202001 - \$521,264.44 for transclosure replacement, sectionalizing and conversion projects.
 - Inventory AS2001 - \$26,699.40 for projects associated with system improvements.

Staff requests a motion to approve the Consent Agenda.

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, February 20, 2020

President Vince Dauciunas called the meeting to order at 8:35 a.m. in the Friday Harbor OPALCO Conference Room. Board members present were Brian Silverstein, Mark Madsen, Peter Garlock, Jeff Struthers and Jerry Whitfield. Board member Rick Christmas attended via Zoom. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Manager of Information Services, Megan Heinz, Public Relations Administrator Suzanne Olson and Executive Assistant Kelly Koral (serving as recording secretary). Consultant Jay Kimball and Legal Counsel Joel Paiser were also in attendance.

Members in attendance were Bill Severson, Heather Nicholson, Brad Buchanan, Valerie Yates, Kurt Fuller and Bruce Nyden.

MEMBER COMMENT PERIOD

Bill Severson spoke about Transition San Juan and encouraged as much citizen participation as possible.

Brad Buchanan and Kurt Fuller gave an update on the Lopez School electric school bus project. First bus set for delivery January 2021.

CONSENT AGENDA

- **Motion** was made and seconded to approve the Consent Agenda, including January 23, 2020 minutes, new members as listed with the Board materials, capital credit payments totaling \$24,370.15 and RUS 219s totaling \$727,779.52. Motion carried by voice vote.

ELECTRIC SCHOOL BUS UPDATE

Hildreth gave an update of the electrification of school busses in San Juan County. Currently both Lopez and Orcas schools have received grants.

- **Motion** was made and seconded to approve up to \$100,000 for assisting the schools with the electric school bus projects. Passed by voice vote.

RURAL ENERGY SAVINGS PROGRAM (RESP)

Hildreth gave an update to the RESP approval for funding Fiber to the Premises (FTTP) combined with an energy efficiency measure. Discussion included the updates to program documentation (including tariff), Rock Island as the sole installer and the continuation of use of OPALCO's existing On-Bill financing system. This applies to RESP 1.0 (\$5.8M) and RESP 2.0 (\$15M).

- **Motion** was made and seconded to approve the on-billing financing program for the addition of FTTP to the list of approved measures as discussed. Approved by voice vote.

RESOURCE INADEQUACY

Discussion was held and a slide show presented representing the upcoming resource inadequacies in our region.

REPORTS

General Manager

Hildreth presented the General Manager's report.

RIC Snapshot

The Board reviewed the monthly snapshot.

ADJOURNMENT

Meeting adjourned at 11:55 am.

Vince Dauciunas, President

Brian Silverstein, Secretary-Treasurer

02/27/2020 3:13:55 pm

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RUS Form 219 Inventory Of Work Orders

Period: JAN 2020

System Designation: WA O9

Inventory: 202001

Loan		Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
					Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
Project	Year	Construction (1)	Retirement (2)							
320	2018	3162	3162	1	365,451.86	24,611.36	1,034.91	0.00	0.00	382,938.92
								AFUDC: 6,089.39		
					365,451.86	24,611.36	1,034.91	0.00	0.00	382,938.92
601	2018	3338	3338	1	27,786.41	0.00	0.00	0.00	0.00	27,608.44
								AFUDC: 177.97		
					27,786.41	0.00	0.00	0.00	0.00	27,608.44
603 - 15	2018	3112	3112	1	110,212.38	1,068.15	0.00	0.00	0.00	110,717.08
								AFUDC: 563.45		
					110,212.38	1,068.15	0.00	0.00	0.00	110,717.08
Grand Totals:					\$ 503,450.65	\$ 25,679.51	\$ 1,034.91	\$ 0.00	\$ 0.00	\$ 521,264.44

02/27/2020 3:13:55 pm

Page: 6

RUS Form 219 Inventory Of Work Orders

Period: JAN 2020

System Designation: WA O9

Inventory : 202001

Budget

Loan	Project	Amount
1	320	382,938.92
1	601	27,608.44
1	603 - 15	110,717.08
Total:		521,264.44

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

02/27/2020 3:13:55 pm

Page: 4

RUS Form 219 Inventory Of Work Orders

Period: JAN 2020

System Designation: WA O9

Inventory: AS2001

Loan		Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
					Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
Project	Year	Construction (1)	Retirement (2)							
1600	2018 3064	3064		1	27,214.76	0.00	0.00	0.00	0.00	26,699.40
								AFUDC: 515.36		
					27,214.76	0.00	0.00	0.00	0.00	26,699.40
Grand Totals:					\$ 27,214.76	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 26,699.40

Minor Construction Work Orders

Work Order: 3064 - INSTALL SECONDARY SERVICE IN NEW WATER SERVIE SHARED TRENCH

02/27/2020 3:13:55 pm

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RUS Form 219 Inventory Of Work Orders

Period: JAN 2020

System Designation: WA O9

Inventory : AS2001

Budget

Loan	Project	Amount
1	1600	26,699.40
Total:		26,699.40

ENVIRONMENTAL CERTIFICATION

- 1 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1970 WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL REPORT.
- 2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS _____, IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER)

DATE

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

MEMORANDUM

March 13, 2020

TO; Board of Directors

FROM: Foster Hildreth

RE: Special Meeting of the Board - Annual Meeting Cancellation

Due to recent outbreak of the Coronavirus (COVID-19), the CDC and Public Health organizations are encouraging cancelling public gatherings and recommending social distancing. For this reason, on March 2, 2020 staff sent the attached email along with the opinion of counsel requesting a Special Meeting via email to consider the cancellation of OPALCO's Annual Member Meeting. Also requested was a vote to hold the Annual Member Business meeting via video conference on April 23, 2020.

We realize that canceling our annual member meeting was a tough decision. We all love the tradition of our annual meeting on the ferry, and it's a great opportunity to visit with 350 or so members. At the same time, a lot of those members are elderly and the most vulnerable to the spread of the virus.

All seven members responded via email:

Item 1. Cancelling 2020 Annual Member Meeting previously scheduled for April 18, 2020
Passed by unanimous decision.

Item 2. Holding an Annual Member Business Meeting via Teleconference on April 23, 2020
Passed by unanimous decision.

Attached please find the Annual Member Meeting cancelation correspondence that was sent to the Board via email.

From: Foster Hildreth

Sent: Monday, March 2, 2020 11:37 AM

To: Vincent Dauciuinas; BrianLSilverstein; Jeffrey Struthers; Jerry Whitfield; Mark Madsen; Peter Garlock; Rick Christmas

Cc: Joel Paisner; Kelly Koral

Subject: Opalco Board Action - Cancelling Annual Member Meeting

Dear Board,

Due to recent outbreak of the Coronavirus (Covid-19), the CDC and Public Health organizations are encouraging people avoid crowds and close contact with other people and cancelling public gatherings. CNN reported this that the Seattle area is the latest hot spot and Governor Inslee has declared a state of emergency.

Consider this email a special meeting of the Opalco Board which is held for the purpose of conducting Opalco business remotely. Staff will formalize the results of this meeting within the March 2020 Board meeting materials.

The purpose of this Board action has two components:

1. Request the Board to vote on cancelling Opalco's Annual Member Meetings: the Annual Meeting on the ferry (Scheduled for April 18th) and the Candidate Forums (Scheduled for March 12, 16, and 17).
2. Recategorize Opalco's Regular April meeting (scheduled for April 23rd) as an Annual Member Business Meeting to elect Board Officers. Note this special meeting, to elect Board Officers, will be conducted via a video conference (Zoom meeting).

Staff has been working with legal counsel (Joel Paisner) to solidify the specifics of this Board action. Rest assured Member notification(s) will be handled sensitively and appropriately.

Please respond to this email by "replying all" and voting on:

Item 1. Cancelling Annual Member Meeting (and candidate forums) - "YEA" or "NAY"

Item 2. Holding an Annual Member Business Meeting on April 23rd via Teleconference - "YEA" or "NAY"

Fill out:

NAME:

VOTE:

- 1.
- 2.

Thank you and stay well out there.

Foster Hildreth
General Manager
OPALCO

MEMORANDUM

March 13, 2020

To: Board of Directors

From: Foster Hildreth, General Manager

Re: PAL Funding Increase

Due to the current COVID-19 pandemic, staff will be presenting to the Board for consideration of additional PAL funding (\$15,000) for assisting members via the Family Resource Centers. This funding will be drawn from the PAL account via Orcas Island Community Foundation. Additionally, staff is recommending providing the General Manager with the ability to waive late fees for participants (if required) of our low-income programs.

Given expected economic challenges that a portion of our membership will likely face, staff considers it prudent to give the Family Resources Centers additional funds to help these members. This is a dynamic process and providing further assistance to our member may be necessary dependent on the severity of the pandemic.

Staff recommends the Board make a motion to increase PAL funding by \$15,000 and give the General Manager authority to waive of late fees to participates of our low-income programs (PAL and Energy Assistance Program (EAP)).

MEMORANDUM

March 13, 2020

TO: Board of Directors
FROM: Foster Hildreth
RE: Restricted Fund Increase

Due to the threat of the COVID-19 pandemic to our county, staff recommends allocation of additional contingency funding that may be used for unforeseen circumstances and/or to assist members in need.

We find ourselves in uncharted territory with the State and County both issuing state of emergency proclamations and don't yet know the extent that our community may be impacted. As the pandemic escalates, we anticipate OPALCO and our community will be challenged both physically and monetarily, including members and businesses falling behind in their payments due to illness, business closures or loss of wages.

Given OPALCO ended 2019 in a strong financial position, staff requests that the Board approve transferring \$500,000 to the Restricted Fund to make contingency funding available during this period of uncertainty for the membership and to ensure that OPALCO has the resources to keep the power on. Please note, the use of these funds will require Board approval prior to any disbursement.

Staff recommends the Board make a motion to utilize cash generated in 2019 to increase the Restricted Fund by \$500,000, resulting in a balance of ~\$630,000.

MEMORANDUM

March 13, 2020

TO: Board of Directors

FROM: Foster Hildreth

RE: COVID-19 Update

There are currently no known cases of COVID-19 in San Juan County. Gov. Inslee estimates there could be as many as 64,000 cases by May 2020 and the World Health Organization has declared COVID-19 a pandemic. We are prepared to implement escalating safety measures as the virus spreads in the region. Our actions will evolve in response to the information that is available.

At this stage, business continues as usual, with the exception of person-to-person contact (social distancing). We are open for business, online and by phone. Our offices will be closed to member traffic beginning Monday, March 16th. Some staff would continue working in the office, shielded from member contact, and many would work remotely, reporting in daily to their supervisors.

Our social-distancing efforts include:

1. Cancel in-person gatherings
 - a. Annual Member Meeting (April 18) - cancelled
 - b. In-Person Candidate Forums - cancelled
 - c. Holding one Candidate Forum on March 12 via video conferencing
 - d. Future Board meetings will be conducted remotely via Zoom until further notice
 - e. Cancelled in-house staff field day
 - f. Cancelled company travel to mainland
2. Distancing staff from one another (starting week of March 16)
 - a. Outside Operations
 - i. All crew members have all been provided iPads with remote Zoom capability
 - ii. Line crew members can take line trucks home at night (only need to come into facility for materials and equipment)
 - iii. Crew allowed to work from home-to-jobsites provided work coordination meetings (Zoom) occur in the mornings, evenings and as needed.
 - iv. Safety training will be conducted via Zoom, whereby outside crew remote into meetings either in small groups or individually if/when virus spreads locally.
 - b. Inside Staff: Member Services, Engineering, Accounting, Administration and Communications

- i. Set-up each existing office building (Friday Harbor, Eastsound, Gen Plant) to be staffed with minimal people; just enough to manage basic operations.
- ii. Allow balance of staff to telecommute
- iii. Set-up digital phone system to allow phone calls to be routed to remote staff
- iv. Procuring additional equipment as needed to allow staff to work from home

In addition, all communications channels are carrying a message to encouraging members to sign-up for Autopay to minimize person-to-person contact and keep bill payments flowing on time.

In our offices, we have upgraded our cleaning protocols and provided supplies (hand sanitizer, disinfectant wipes) for staff to use in their daily routines.

Rock Island is mirroring OPALCO's best practices for safety in the workplace. Daily disinfecting of the facilities and stricter limitations on Island to Island travel are currently in place. Rock Island Staff maintain the functionality of fully remote work capabilities outside of onboarding new customers. They are prepared to keep all systems up and running from remote locations. Some of the measures in place include:

- Propane generators on every LTE/T-Mobile active site
- All staff meetings are being hosted virtually until further notice
- Staff are limiting commutes to essential travel for system work only
- Suspended projects in the greater Seattle area until the CDC threat levels in those areas return to normal.
- Reduced walk-in support and limitations on use of facilities
- Screening of onsite conditions are performed before any staff role to customer premises

Disruption of business and services is one of the major threats that our community is facing as COVID-19 spreads. OPALCO and Rock Island are prepared to keep essential infrastructure services up and running throughout this challenging chapter to support our members, businesses and essential community services.

We encourage the following practices:

- Wash your hands well and often; and always cover your cough
- Stay at home when sick and contact your medical provider immediately
- Use the phone to check on elderly and otherwise vulnerable neighbors, family and friends
- Social distancing: keep six feet between yourself and others; stay away from those who are sick
- Allow employees to telecommute and support them with equipment and IT services

- Cross-train employees and develop back-up plans for critical business functions
- Redirect customers: develop and offer alternatives to walk-in business
- Keep in communication with employees and stakeholders
- Keep common spaces clean: wash dishes and disinfect surfaces daily
- Dispose of waste daily: wear hand protection and wash your hands after emptying waste cans
- Heed advice from local, state and federal health agencies

OPALCO takes the safety of our co-op family seriously and is doing whatever necessary to stop the spread of the COVID-19 virus in our workplace and among our team and their families. We are sharing information from our partners at the County Health Department, Dept of Emergency Management and the CDC.

Recommended Reading

San Juan County Department of Health | [COVID-19 Information](#)
Centers for Disease Control | [Interim Guidance for Businesses and Employers](#)
World Health Organization | [Workplace Guidance](#)
Occupational Safety & Health Administration | [COVID-19 Resources](#)

MEMORANDUM

March 13, 2020

To: Board of Directors

From: Foster Hildreth, General Manager

Re: OPALCO 2019 Year End Unaudited Financial Report

OPALCO ended 2019 in a strong financial position as evidenced in the attached 2019 Year End Unaudited Financial Report. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), capital projects budget tracking and the Draft 2019 RUS Financial and Operating Report Electric Distribution.

Overall, 2019 was a very volatile year in weather, in the last quarter we experienced the coldest October in 20 years, followed by the warmest December in the last 17 years. Despite the volatility of our largest financial variable (nature), our finances for the year tracked favorably compared to budget. A cold and windy Q1 started the years' kWh sales and revenue off above budget amounts while the mild December brought things back closer in line with budget for the year. For the year, total operating revenue was \$978k or 3.3% higher than budgeted. This was complemented by purchased power being slightly below budget by \$95k or 1.0%. All combined resulted in an increased margin of \$912k.

For more detail, please note the following key points:

- Heating Degree Days (HDD) were up 30% above budgeted levels (Actual of 1,323 vs. budget of 1,016). Although actual kWh sales were 14.6M kWh above budgeted (207.2M vs. budget of 192.6M) driven primarily to cold snaps in February, March and October.
- 2019 power purchases were above budget by 15.9M kWh (221.9M vs. budget of 206M), or 7.7%, while the cost of purchases was below budget by \$96k. This is mostly due to less pass-through oversupply charges from BPA than anticipated.
- 2019 operating expenses, excluding Power Purchases, were approximately \$200k over budgeted amounts. The primary driver here was increased right of way maintenance on our transmission lines and is partially offset by a decrease in distribution expenses of \$88k, as well as the decrease in power cost noted above.
- TIER ended the year slightly higher at 2.40 vs. the budget of 1.93. OPALCO is well above the RUS covenant requirement of 1.25 measured as the average best two out of the three most recent years. As calculated per RUS loan covenant, OPALCO's current average for TIER is 2.89 (average of highest 2 of the last 3 years).
- Borrowings were made as budgeted in 2019.

GENERAL MANAGER'S REPORT

March 2020

DASHBOARDS

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

Finance

Budget Variance
Cash
Power Cost
TIER/Margin
Debt/Equity
Capital
WIP
Expense
Capital Projects
Purchased Power

Member Services

Disconnects
ECA
PAL
Energy Assist
Community Solar
Service Additions
Member Generation
Revenue Dist. – Prior Year
Revenue Dist. – Current Year

Outage

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

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of March 11, 2020, there are 351 work orders open totaling \$5.5M. Decatur Energy Storage System is \$1.2M of the balance. Operations has completed construction on 113 work orders, totaling \$1.18M.

Safety

John Spain of Northwest Safety Service and Robert Smallwood, System Engineer, conducted voltage regulator training. The total hours worked without a loss time accident: 226,196 hours.

Grid Modernization Projects

- **Decatur Battery Energy Storage System (ESS) – WA DOC CEF2 Grid Modernization (~\$1M Grant)** – Foundations and battery container are installed. OPALCO crews completed switchgear and transformer installations. Once contractor energizes the HVAC system, batteries and inverter will be delivered to the site. Current schedule anticipates commissioning to commence in June.



- **Microgrid – WA DOC CEF3 Grid Modernization (Grant \$ Amount TBD) – WA DOC** has awarded the grant funds and staff is negotiating with WA DOC on the contract.

FINANCE

2020 Budget Tracking

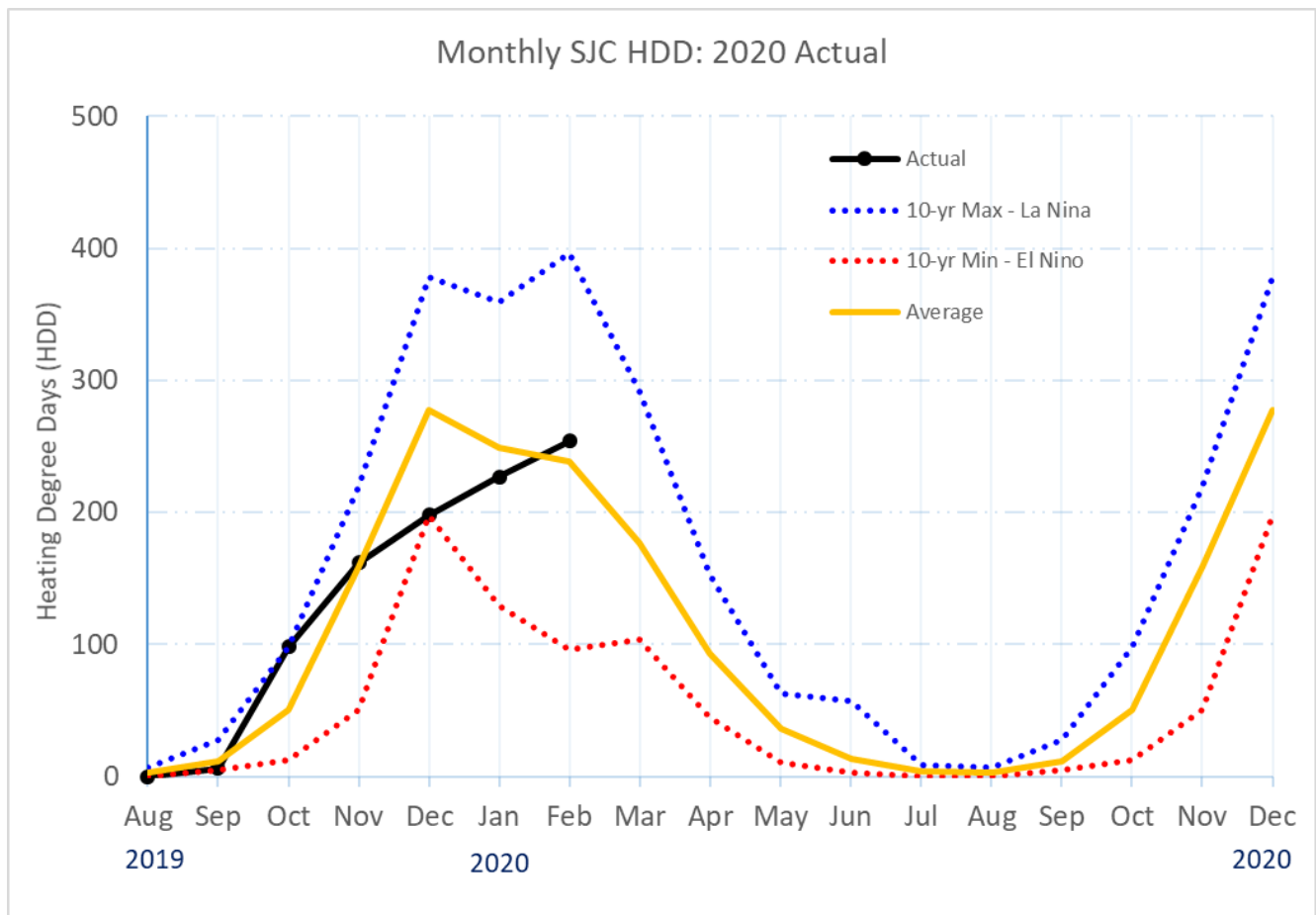
Energy (kWh) purchases, sales were slightly higher than budgeted in January & February 2020. Note, staff will incorporate with budget tracking snapshot once 2019 year-end and 2020 budget spreads are finalized.

2019 Year-End Audit

Staff is currently preparing information to be provided to Moss Adams, who will be conducting the fieldwork portion of the consolidated year-end 2019 audit the week of March 30th – April 3rd remotely via video conferencing. Note the audit is on a consolidated basis (OPALCO and Rock Island).

Heating Degree Days (HDD)

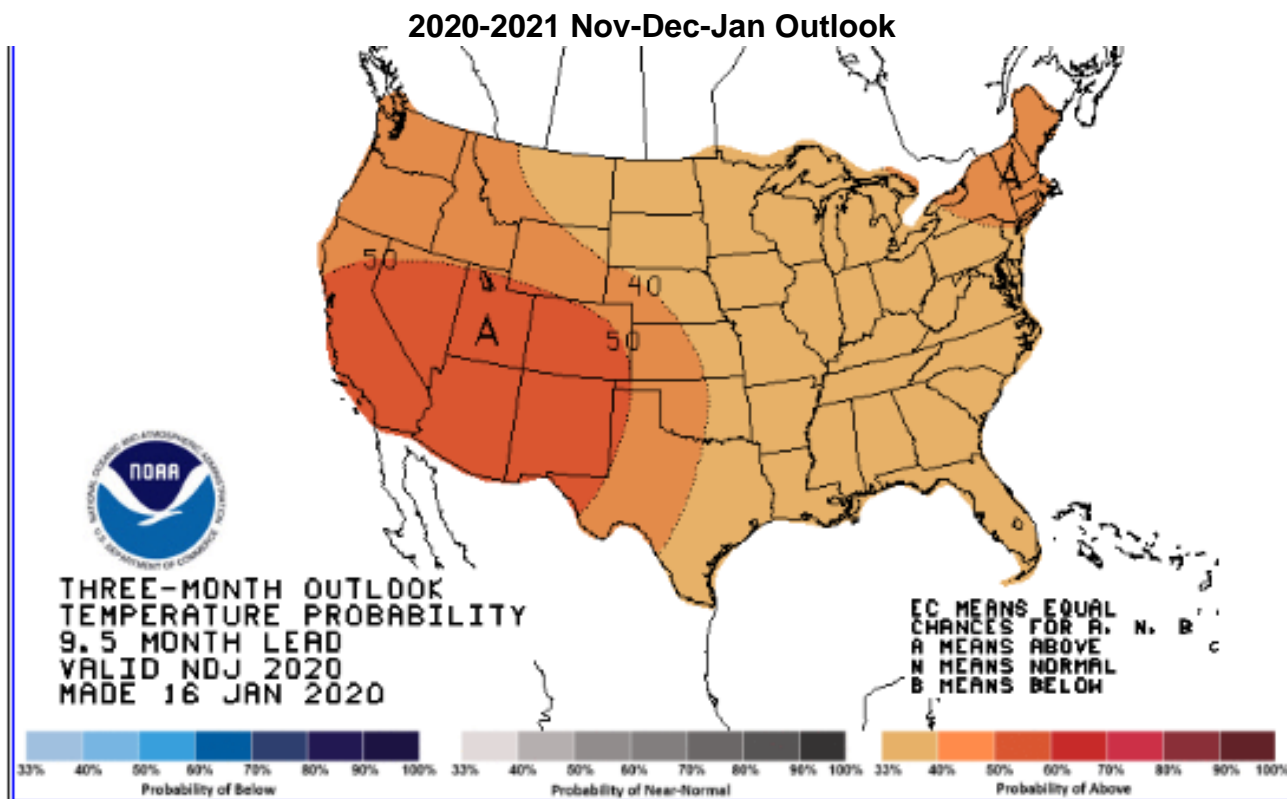
This winter HDD trended towards a neutral weather cycle (in between El Niño and La Niña), driven by prevailing winds. HDDs have been very volatile this winter as compared to historically averages as October surprised us as the coldest October in the last 20 years, while December was the warmest in the last 17 years. January & February HDD settled just around the 11-year average, yet we expect this winter to develop into more of a warming trend.



*11-year max, min, avg is 2009-2019

Weather Forecast

Looking ahead to the NOAA '3-month outlook temperature probability' for Nov-Dec-Jan 2020-2021 shows a probability of 'above average' temperatures in our region (as stated above). We continue to monitor these predictors on a monthly basis.



Source: NOAA National Weather Service

Monthly ECA

The calculated amount for the February ECA was a bill credit of (\$.001185) per kWh which returned \$28,719, or \$1.19 per 1,000 kWh, 2020 YTD the ECA has returned \$325k to members. The March billing period ECA will be a bill credit of (\$.007086) per kWh.

MEMBER SERVICES

PAL

Due to the current COVID-19 pandemic, staff will be presenting to the Board for consideration of additional funding (~\$15,000) for assisting members via the Family Resource Centers for payment assistance that may be needed due to a member's inability to work due to repercussions of the pandemic.

Energy Assistance

During February 2020, 379 members received \$~13.3k from the Energy Assist program, compared to 332 members receiving \$~11.4k in February 2019. There were 40 members awarded \$9,000 in assistance through the PAL program by the local Family and Community Resource Centers. In February 2019 the volunteer PAL Council awarded \$11,725 to 39 members.

Switch it Up!

There are now 96 projects complete and billing for a total of \$837k outstanding. There are another 38 in various stages of participation for a total of ~\$1.2M in play.

Energy Savings

In February 2020 there were 22 rebates paid to members totaling ~\$19k. This includes 6 self-funded fuel switching DHP and EV charging station rebates totaling ~\$5k.

Community Solar

During the February 2020 billing cycle the Decatur Community Solar array produced 8,960 kWh, and 1 kWh per solar unit was credited to member participants. A total of ~\$707 was distributed to 275 accounts, including an additional ~\$70 for the PAL and Energy Assist programs.

[\(https://energysavings.opalco.com/energy-savings/renewable-generation/community-solar/decatour-community-solar-project/\)](https://energysavings.opalco.com/energy-savings/renewable-generation/community-solar/decatour-community-solar-project/)

County Schools

We are very proud of our team's response to the pandemic and the ways in which we are reaching out to provide support and relief. For the immediate future, Rock Island has created a plan to provide any student in need (throughout the County) with a device to allow them to be connected. There will be no charge to the families during this period. At this time, there are an estimated 75-90 students who will be able to benefit.

For the longer term, staff is working with Rock Island to procure a USDA Distance Learning grant to provide equipment in classrooms for tele-education to allow students to continue their education from home in the face of natural disasters, loss of ferry/transportation service and/or quarantine requirements in case of illness that excludes students from attending school. The grant application submittal deadline is April 10, 2020 and we expect to hear back by year end.

COMMUNICATIONS

Annual Meeting and Election

The Annual Meeting was canceled due to concerns about spread of the COVID-19 virus in Washington. Members were notified through social media, ads, bill inserts, newsletter, newspaper and website. The Voter's Guide was also updated to reflect the cancelation of the annual meeting. Additional outreach encourages members to vote and a remote candidate forum was streamed via Facebook Live on March 12th. That event can be accessed on OPALCO's Facebook page anytime. Ballots and Voter's Guides will be sent to members by email (unless a member has opted for a paper ballot) on March 13th. The election is open until April 15th at 10:00 am PST. Please help spread the word that co-op members must vote; a quorum of the membership is measured by the number of ballots cast.

COVID-19 Preparation and Safety

Staff have attended regional (remote) briefings on organizational preparation to contain the spread of COVID-19. See memo in this packet for a full update on practices and preparations. Communications with members are focused on shifting to Autopay to reduce the need for person-to-person contact in our offices and reassurance that OPALCO is open for normal business during this containment phase.

Construction Update

The renovation of the main building remains on schedule. Flooring is underway this week and a deep post-construction cleaning is scheduled for the last week of March. Some areas may be available for staff to move back into as soon as the first week of April. In light of the social distancing practices to protect the team from COVID-19, staff office assignments may include a continued presence at the Annex for the interim.

Nourdine Jensen Cooperative Youth Scholarship Program

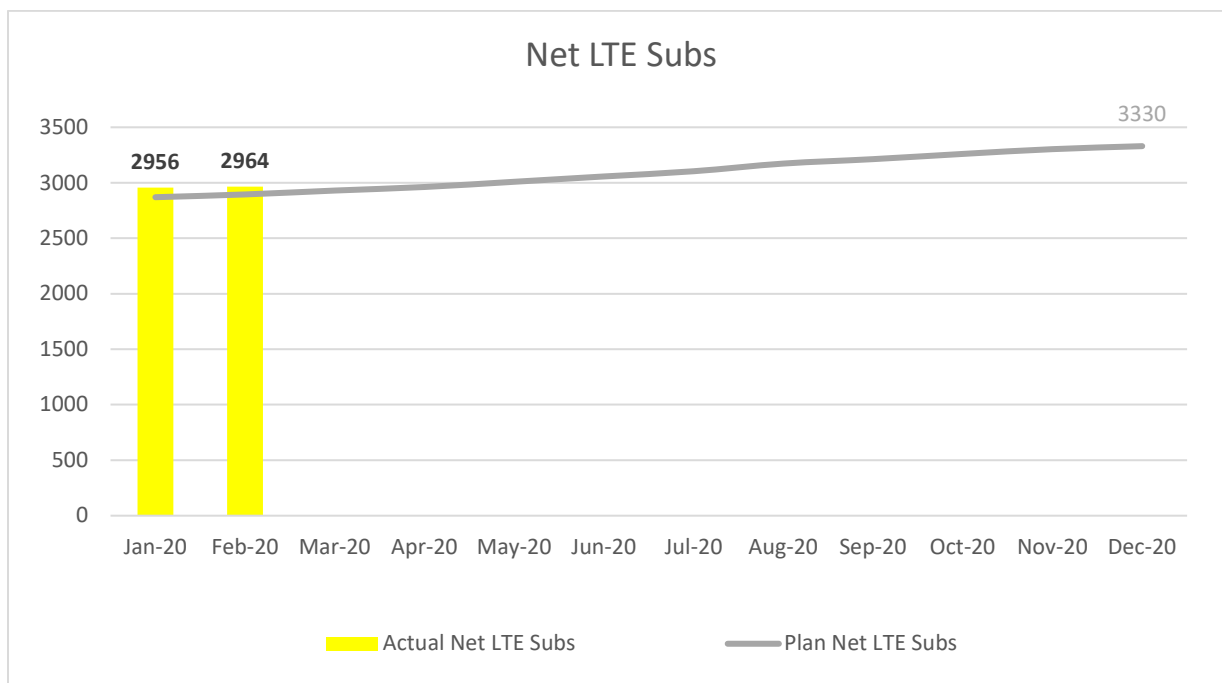
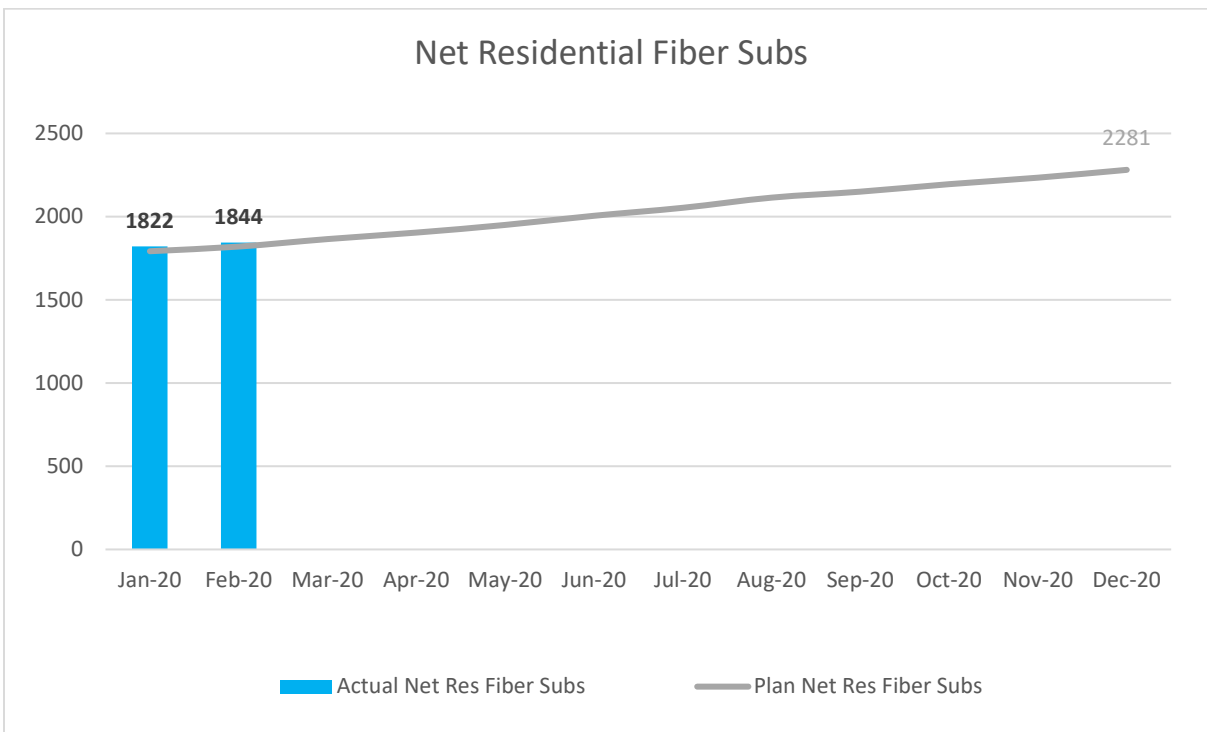
Staff visited high schools on three islands, along with the youth director, to recruit applications to the program. We will continue cultivating the program in the hopes that travel and social gatherings will be possible this summer, while acknowledging that we may have to miss a year if COVID-19 is still a threat. The selection committee will interview student applicants remotely in April.

OPALCO Vision Campaign

Staff continue to work on the discovery phase of our renewable energy branding project, which has been reshaped to give a strong presence to our communication efforts as we share OPALCO's vision for the future of power with the membership. The new scope includes a name for our vision campaign and a logo to help get members' attention.

RIC Snapshot Mar 2020 Board Meeting

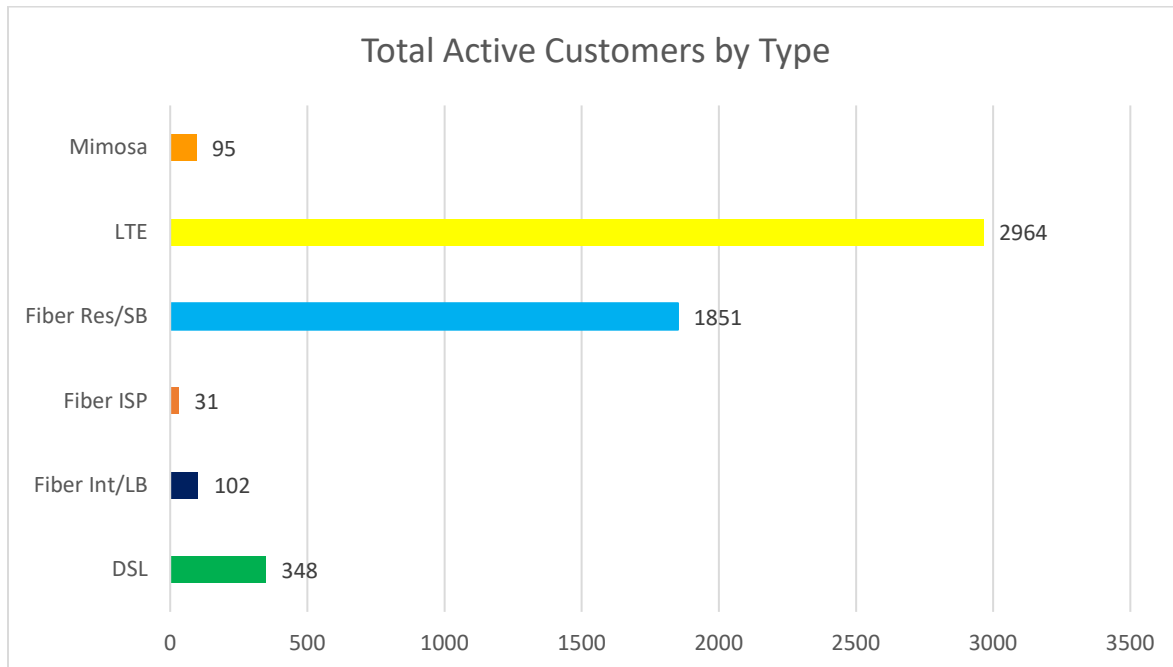
Net Subscribers 2020



**Please note that a reporting error was corrected for this LTE graph in Jan for a positive gain of 85 subscribers*

ROCKISLAND

Active Customers as of Mar 12, 2020



Total: 5,391

Revenues



❖ Due to the way we recognize revenues in our accounting system, a short month like February results in roughly a \$4-5 reduction per Fiber and LTE connection, or roughly \$15-20k for the month. This puts the recognized gross revenue right on track with plan.