

Board of Directors Regular Meeting

Friday, September 18th, 2020

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, followed by the Annual Member Business Meeting. Members do not need a Facebook account to view the live portion of the meeting (just say no when asked to create an account). Follow our Facebook page at and sign up for notifications <https://www.facebook.com/orcaspower/>. 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



Board of Directors

Regular Board Meeting

September 18, 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. The Board President has the authority to modify the sequence of the agenda.*

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.

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other

ADJOURNMENT



ACTION ITEMS

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 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 – August 2020

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

1. Baker, Joan P
2. Blanton, Ben & Elizabeth
3. Caroline, John & Joan
4. Collins, Vienna
5. Dixon, Lacey
6. Dogey, Lindsay
7. Dwyer, Timothy & Cook, Megan
8. Enquist, Alexander
9. Gluck, Geo L
10. Goldberg, Sagi & Tamira
11. Haas, Andrew
12. Haight, Justin
13. House, Catherine & Cordelia
14. Jong, Katherine & Ledochowitsch, Peter
15. Kenney, Scott & Evans, Paige R
16. Leiweke, William T & Tara
17. Maasen, Stan
18. Moreno, Elisabeth
19. Rock, Evan & Meagan
20. Rothmeyer, Jennifer
21. Santos, Mark & Madosky, Jessa
22. Simon, Frank & Katherine
23. Tabbutt, Samuel D

24. Turnbow, Patricia & Albert

25. Vanwert, David & Amber

26. Watt, Joseph

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

27. Beale, Blake & Kreuzer, Blair
28. Blue Wave Properties, LLC
29. Cabonero, Jenifer & Christian
30. Coler, Clark S & Rhea
31. Cook, Ian & Amanda
32. Crescent Repair Center LLC
33. Dickmann, Yvonne & Kurt
34. Hall, William & Dorothy
35. Hance, David
36. Hofmann, Kyle & Mykaelynn
37. Kretzmann, Stephen M
38. Liberty Davina & Lu
39. Malcom, Mari
40. McRoberts, Shane & London, Shanda
41. Patton, Rick
42. Robertson, Thomas
43. Smith, Jason
44. Spencer, Douglas
45. Stayskal, Danne



- 46. Wagner, Emily W & Matthew J
- 47. Ward, Tracy C & Jefferson P
- 48. Whole Person Evolution LLC

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

- 49. Amstutz, Bruce
- 50. Chisholm, Eila S & Craig M
- 51. Coffman, Hannah & Jason

- 52. Hall, Steven
- 53. Kellogg, Matthew & Sara
- 54. Lavelle, Brenten
- 55. May, Sara
- 56. Williams, Quaniqua

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:

September	
Customer #	Amount
9940	540.08
60726	851.92
33454	1,778.31
69098	158.20
Total	\$ 3,328.51

Staff requests a motion to approve the Consent Agenda.



Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, August 13, 2020

Streaming through Zoom attendees were: President Vince Dauciunas, Board members Rick Christmas, Jerry Whitfield, Brian Silverstein, Mark Madsen, Peter Garlock and Jeff Struthers. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis; Head Accountant Travis Neal; Public Relations Administrator Suzanne Olson; Communications Specialist Krista Bouchey; Assistant Manager of Member Services Jon Orr; and Executive Assistant Kelly Koral (servicing as recording secretary). Also present were Legal Counsel Joel Paisner and consultant Jay Kimball.

Facebook Live session commenced at 8:30 a.m.

Suzanne Olson greeted the Facebook Live attendees and invited anyone with questions to please post online.

Facebook Live session ended at 8:45 a.m., entered regular session at 8:50 a.m.

Consent Agenda

- **MOTION** was made to accept the consent agenda, seconded. Passed by voice vote.

Request for Donation to Lopez Taxi

Discussion was held about approving a request for a donation of \$3K to help with the purchase of an EV for the newly formed Lopez Taxi service. Currently 3 other donations have been made in the amount of \$3K each. Options discussed were whether to approve the donation as a grant or create a small donations fund for OPALCO.

OPALCO Policy 13 – Second Read

Policy 13 was reviewed. Motion was made to accept as written. Seconded. Passed by voice vote.

Covid-19 Relief Measure Update

Staff requested approval to utilize the previously approved funds as long as the funds were available. Discussion was held. Motion to approve, seconded. Passed by voice vote.

Covid-19 Update

General Manager reviewed the updated information, pointing out the EAP and EAC measures being extended in duration. Weekly updates are routed to the Directors every Friday. WA State Governor has mandated no disconnect or late fees.

PNGC Board Representation

- **Motion** was made to present the same slate of Directors for PNGC – currently Foster Hildreth and Russell Guerry. Seconded and passed by voice vote.

2020 Q2 Financial Report

The second quarter financial report was reviewed with the Board.

GENERAL MANAGER REPORT

Hildreth reviewed the General Manager's report. Topics of discussion were safety training and timing of the next Community Solar project and the Member Satisfaction survey.

Break 11:00

Executive Session 11:10

Regular Session 12:35 p.m.

- **MOTION** was made to approve the purchase of a tax parcel as outlined in the executive session and authorizes the General Manager to execute all closing documents as required. Seconded. Passed by voice vote.

Board meeting adjourned 12:38 p.m.

Vince Dauciunas, President

Brian Silverstein, Secretary/Treasurer

Member Information Request Appeal

On August 4, 2020 Staff received a member-initiated information request for the OPALCO and Rock Island Communication's Payroll Protection Program (PPP) applications and resulting approval information from the Small Business Association (SBA). After reviewing Policy 16, the General Manager made a determination that the information requested is confidential in nature. On August 10, 2020, a letter from the General Manager was mailed to the member denying his request. On August 14, 2020, the member emailed members of the Board requesting an appeal of the denial as allowed under Policy 16.

Staff requests the Board determine whether to approve or deny the Member's appeal to release the requested information.

RESP Loan – Resolution 5-2020 (On-Bill Financing Program)

OPALCO has developed the Switch It Up! On-bill financing program for the membership with the intention of funding energy savings projects, financed using the United States Department of Agriculture's Rural Energy Savings Program (RESP). RESP funds are solely dedicated to help members finance energy savings projects. Member financing carries a 2% interest rate to cover administrative costs; the program is self-sustaining.

The first RESP loan in the amount of \$5.8M originated in September of 2018. In 2019, a second opportunity arose to apply for additional RESP funds. In July of 2019, with Board approval, OPALCO filed a Letter of Intent (LOI) outlining the expansion of the current available program. Based on RUS's consideration of the programs described in the LOI, RUS invited OPALCO submit the full application for the RESP funds. The full detailed Board approved final application was submitted on September 10, 2019 and on September 26, 2019, OPALCO's application was approved for the second round RESP loan in the amount of \$15M.

Since late September 2019, OPALCO staff and legal counsel have been working with RUS staff and their attorney on the preparation of the final loan documents. The final RUS RESP loan documents have been reviewed by staff and legal counsel and are ready for execution.

Staff will have a digital version of the proposed loan documents at the September board meeting available for Board review. Attached please find the final Resolution 05-2020 Rural Energy Savings Program (RESP), which grants the General Manager and Board Officers the authorization to execute the RESP loan documents as required.

Staff requests a motion for the Board approval of Resolution 5-2020.



**BOARD OF DIRECTORS
RESOLUTION 5-2020
RESP 2.0 RUS LOAN**

SECRETARY'S CERTIFICATE

I, Brian Silverstein, do hereby certify that: I am the secretary of Orcas Power & Light Cooperative (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the special meeting held August 13, 2020, and entered in the minute book of the Corporation, the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation, the attached forms of RESP Loan Contract and RESP Note are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

RESOLVED that the Corporation borrow from the United States of America an amount not to exceed Fifteen Million Dollars (\$15,000,000.00), to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and

RESOLVED that the Corporation accept the terms and conditions which the Administrator of RUS has established for the RESP loan, as such terms and conditions are set forth; and

RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RESP Loan Contract submitted to this meeting; and

a note payable to the United States of America in the principal amount of \$15,000,000.00, substantially in the form of the RESP Note submitted to this meeting; and

RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is August 13, 2020.



I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
President	Vincent Dauciunas	_____
Vice President	Jerry Whitfield	_____
Secretary/Treasurer	Brian Silverstein	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 13th day of August, 2020.

Secretary

(Corporate Seal)

October Board Meeting Date Change (Proposed)

Staff is proposing to change the October Board Meeting from October 15th to October 22nd. Please check your calendars to determine if the 22nd is available for everyone.

Staff recommends the Board make a motion to change the October Board Meeting to October 22nd.

Director Election for Industry Organizations

The purpose of this memo is to request the Board set the primary and alternate voting delegates for the various industry Boards including but not limited to NRECA, CFC, NISC, Federated and CRC. Due to Covid-19, these various regional meetings and conferences will be held virtually for the foreseeable future. In many cases, a separate remote meeting will be scheduled for delegate voting.

During this interim period of disruption and low conference/networking value, staff requests the Board make a motion to nominate the General Manager, Foster Hildreth, as the voting delegate and the Manager of Engineering and Operations, Russell Guerry, as the alternate for our affiliated member associations and leaving the voting delegates for WRECA with Director, Dr. Jerry Whitfield, as the voting delegate and Foster Hildreth as alternate.

Annual Meeting 2021

The purpose of this is for the Board to set the date for OPALCO's 2021 Annual Meeting. Given current projections with the COVID-19 pandemic OPALCO's annual meeting will likely be a virtual event. Pursuant to our bylaws (Article II), this will trigger the following notable sequence of events:

Event	Date
Legal Notice for Election (RUS requires minimum 30 days prior to nominating process)	12/09/20
Director Applications due to EGC	01/27/21
Nominations posted - (80 days prior to meeting)	02/03/21
Nominations by petition due to office	02/19/21
Nominations by petition posted - (55 days prior to meeting)	02/26/21 (02/28 – 55 day – Sun)
Notice to members/Ballots mailed - (21-50 days prior to meeting)	03/05/21 - 04/03/21
Election closes - (3 days prior to meeting)	04/21/21
Annual Meeting (Virtual)	04/24/21

It should be noted this will be the first year of the staggered election process and this election will be for two positions in District 2 (Orcas, Armitage, Big Double, Blakely, Fawn, Little Double and Obstruction islands) and one position (3B) in District 3 (Lopez, Decatur, Center and Charles islands) as outlined below:

Election Year	District			
	1 - San Juan	2 - Orcas	3 - Lopez	4 - Shaw
2019			3A (3 year) Silverstein 3B (2 Year) Garlock	4 (3 year) Whitfield
2020	1A (3 Year) Dauciunas 1B (2 Year) Madsen			
2021		2A (3 Year) 2B (2 Year)	3B (3 Year)	
2022	1B (3 Year)		3A (3 Year)	4 (3 Year)
2023	1A (3 Year)	2B (3 Year)		
2024		2A (3 Year)	3B (3 Year)	
2025	1B (3 Year)		3A (3 Year)	4 (3 Year)

Staff recommends a motion as follows:

- Set the date for the 2021 annual meeting as April 24th, 2021 (Bylaw Article II Section 1);
- Set the place for the 2020 annual meeting; staff recommends a virtual event unless pandemic conditions drastically change (Bylaw Article II Section 1);
- Appoint Joel Paisner as Parliamentarian.

Elections and Governance Committee (EGC) Applicant

The Board will be reviewing an EGC candidate application for District 1 (San Juan) in Executive Session. If the candidate is approved, the Board will return to regular session to formalize the selection.

DISCUSSION ITEMS

Pacific Northwest Power Industry Update (Roger Gray, PNGC)

Roger Gray from PNGC will be at the Board Meeting to discuss macro level issues facing the Northwest power grid in the coming years. In preparation for the discussion and this presentation, staff requests the Board familiarize themselves with the following resource materials:

Climate Impact and Western Regional Energy Disruption

Power has been so reliable, that the average person rarely considers where it comes from. A complex web of transmission lines move power around our western region ensuring that excess power in one area is available to another area that may have temporary shortages.

Climate impact is rapidly disrupting this neighborly sharing. Energy is so fundamental to our daily lives and economic wellbeing, that this disruption has the potential to fracture the regional energy cooperation that we take for granted.

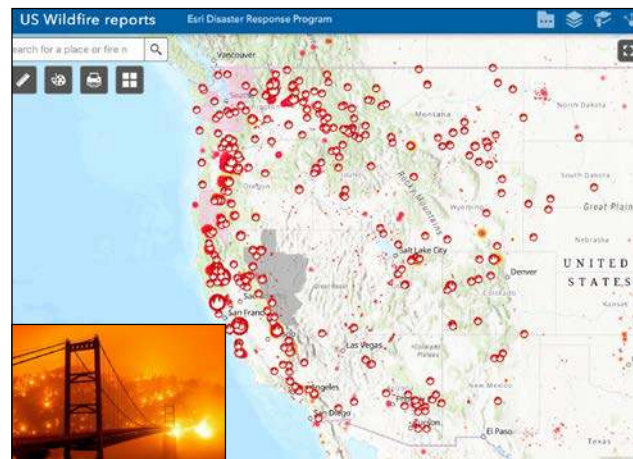
Climate Disruption

Climate driven extreme wind and fire are devastating the west at this very moment. PG&E is using tactical blackouts to avoid sparking fires in bone-dry landscapes and begging customers to turn off their air conditioning.

With nearly a million acres torched across the west, the pace of these fires is hard to grasp. Taking the California Creek Fire as one example, over the past several days, it's burning an area roughly the size of Central Park every 30 minutes.

But more than that, the unprecedented climate wildfires and rolling blackouts that California is experiencing today should be seen as the proverbial "canary in the coal mine," **alerting us to the very real potential for major fires and energy shortages here in the Pacific Northwest** as climate extremes move inexorably northward.

Western Wildfires - 10 September 2020

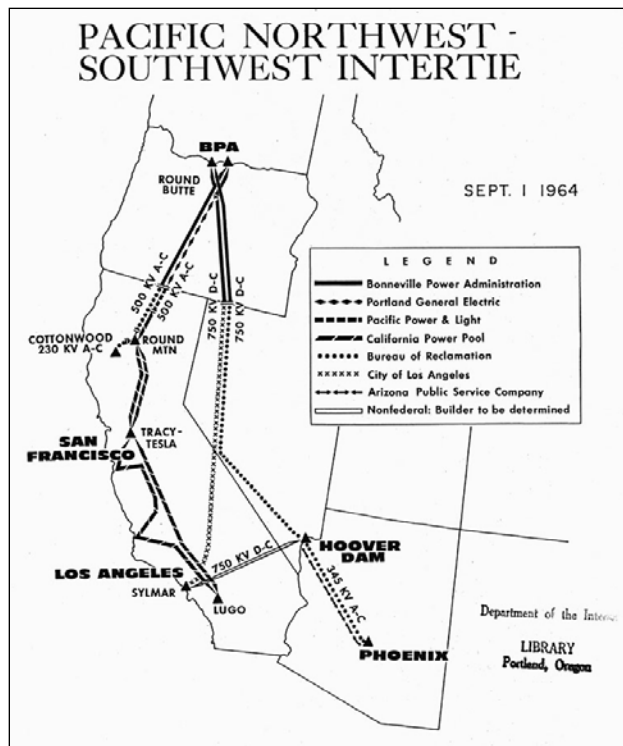


The Pacific Intertie

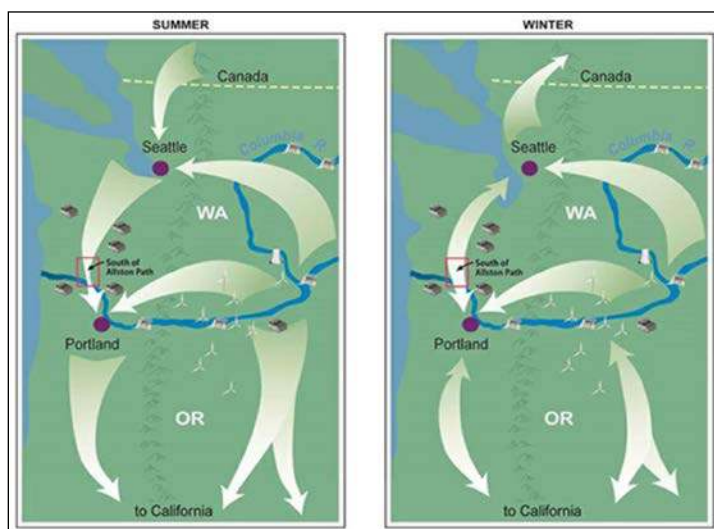
Just as California imports massive amounts of water from outside the state, it also imports massive amounts of energy from the Pacific Northwest, through a facility known as the **Pacific Intertie** (see chart at right).

The Intertie includes three AC lines and one high voltage DC line. Together, they comprise the **largest single electricity transmission program in the US**. The Intertie is capable of transmitting over 4,800 MW on AC and 3,100 MW on DC.

The Intertie helps the region take advantage of seasonal weather differences. California uses Northwest power to firm their enormous intermittent renewable solar and wind energy resource, especially in the summer during heat waves. This helps California reduce their dependence on fossil-fuel generation, reducing their carbon emissions. That is a good thing for everyone.



Conversely, because the Northwest is able to import power from California, particularly overnight when demand is low, water can be reserved in reservoirs that otherwise would be used to make electricity. Typically (and less often, see below), power is shipped north in winter, when Northwest hydropower is less available, and south in the summer, when southern California needs more energy due to heat waves. **This sharing of energy helps keep rates low by reducing capital expenditures for new generating capacity. And it increases the availability, dependability, and stability of our collective energy supply.**



California Water Wars and Enron - A Cautionary Tale

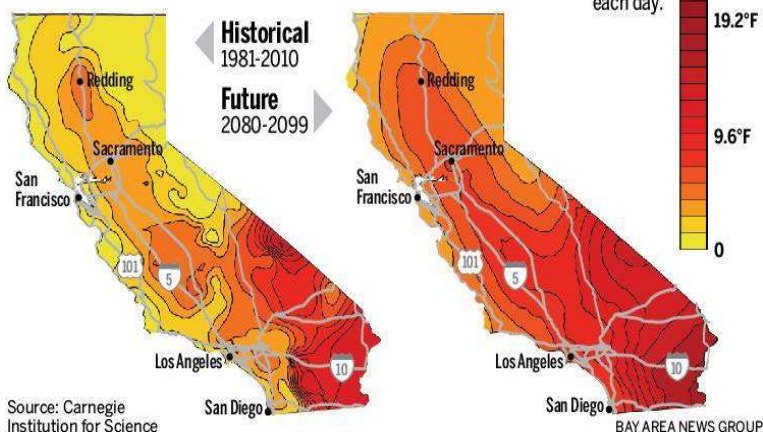
Climate disruption is accelerating the transition from fossil-fueled energy to cleaner renewable energy. As a leader in that transition, California depends on Pacific Northwest hydro to firm their ever-expanding portfolio of intermittent solar and wind resources.

As the seminal book on California water politics, *Cadillac Desert*, points out, “Water flows uphill towards money.” The same can be said of California's notorious energy politics, as climate extremes may foster predatory pricing, reminiscent of the water war and Enron scandals. If it were its own nation, California would have the fifth largest economy in the world. **California’s \$3.2 trillion economy depends on reliable energy, at almost any price.**

While OPALCO benefits from BPA’s “preferred” wholesale electric rates, the BPA contract is up for renewal in 2028. We should expect California to offer BPA top dollar for firm hydro to support their growing dependence on solar and wind power. This is especially true in summer months where climate heat waves drive homes and businesses to turn up the air conditioning. But as the sun sets, California rapidly loses its solar output, turning to the Northwest to fill the gap overnight (see **Duck Curve** discussion below).

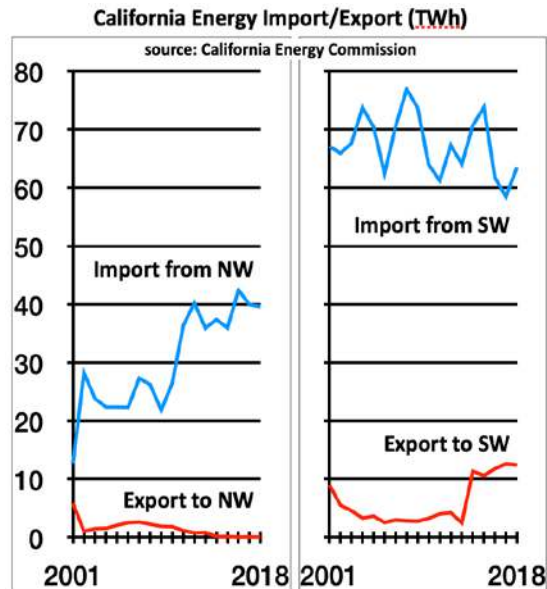
California's hotter future

Climate change caused by carbon emissions is projected to increase the amount of air conditioning needed in California.



As California has shut down natural gas and other firm generation, they are less able to support the Northwest like they once did - e.g. providing the Northwest firm energy during dry years or extreme winter conditions. The relationship is becoming parasitic. The chart at right shows California’s hunger for NW energy, with dwindling returns.

While California absolutely needs Northwest hydro to keep their lights on, they effectively have "banned" long-term contracts with the Northwest for capacity and forced everything in to short-term markets where the price clears at low prices most of the time and occasionally very high spot prices. This "ban" is created by a series of policies and actions driven by solar and wind lobbies that only see solar and wind as renewable, coupled with extreme net-metering subsidies, and in-state only manufacturing. The past spirit of mutually equitable cooperation and neighborliness is becoming a thing of the past.



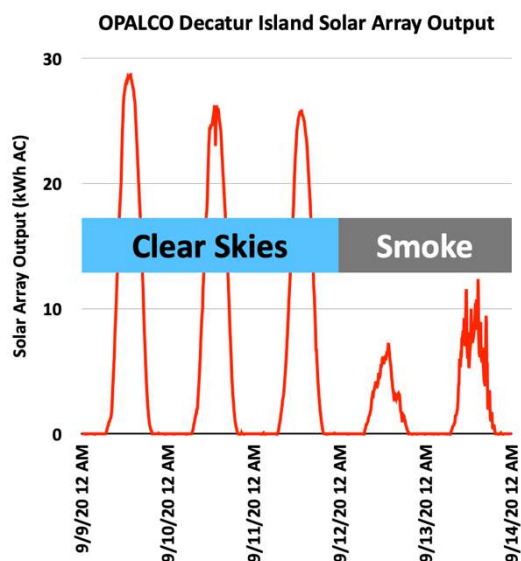
Fire, Smoke, and Solar

As the California fires rage, the smoke causes a remarkable reduction in solar energy output. That reduced energy production, coupled with the increased use of air conditioning load driven by the heat wave requires California backfill with an increase draw on energy from the Northwest region, where wildfires are also raging.



Though OPALCO is not near the epicenter of Washington state fires, the smoke we are experiencing has reduced air quality and visibility significantly. Air quality in the Northwest region is currently the worst in the world. In San Juan County, our normally pristine air is measuring 30 times above normal, in the “hazardous” range.

The chart at right shows how our community solar array output plunged as smoke entered the area. Here is a snapshot of the Decatur array from 9 September to 14 September 2020. Output fell to about 25% of normal as smoke reduced the amount of sun making it through to the array. As we develop new local resources, we must make sure we understand the unintended side effects climate change will have on our diverse systems, to ensure continued safe reliable operation.



Pulling on the rope together!

For our small co-op, we may get caught up in a regional battle of titans. As one board member observed, OPALCO may become “*more subject to the control of market aggregators, including regional quasi-public entities like CAISO and the California PUC, but also entities in the model of Koch/Enron.*”

With emerging Resource Adequacy issues rapidly unfolding right here in the Northwest, driven by the Clean Energy Transformation Act (CETA), the California hunger for clean affordable Northwest hydro will exponentially accelerate the problem.

In the literature review below, California seems to have little interest in an equitable give and take with their Northwest hydro and Southwest solar neighbors. Though we are all in this together, can we foster and depend on a deepening regional cooperation?

While we hope the western states will commit to building a new era of cooperation on energy and climate action, hope is not a plan. We can hope and work for the best, but we must also plan for the worst. Safe reliable energy is fundamental to a resilient vibrant local economy.

OPALCO's IRP provides an aspirational vision and roadmap to ensure we stay ahead of the problem. We do not want to fiddle while Rome burns. We need to make sure our members understand the complex interdependent issues discussed above so we can all pull on the rope together, sooner rather than later.

Learn more

[Wildfires Bring New Devastation Across the West](#)

A record 2.5 million acres have burned in California, while entire communities in Oregon and Washington were largely wiped out.

[California's Shift From Natural Gas to Solar Is Playing a Role in Rolling Blackouts](#)

California's grid operator warns that the state has become overly reliant on power imports: "*The rest of the West is hot too.*"

[Blackout-Prone California Is Exporting Its Energy Policies To Western States, Electricity Will Become More Costly And Unreliable](#)

How did the land of Silicon Valley and Hollywood come to have "developing world" electricity?

[California's huge energy decision: link its grid to its neighbors, or stay autonomous?](#)

Joining a regional market would bring numerous benefits, principally in lower prices. But a coalition of labor, consumer, and environmental groups warns that it also comes with risks, most notably the loss of California's ability to control its own energy fate

[Pacific Northwest looks to avoid California-style blackouts through more regional coordination](#)

Climate change, load growth and the replacement of fossil fuels with renewables are pushing the region to take big steps toward a new model.

[Western Grid Regionalization Podcast](#)

Chris Nelder does a deep-dive interview on the subject with Laura Wisland, a senior energy analyst at the Union of Concerned Scientists. Explores complex questions with no easy answers.

[A Regional Power Market for the West: Risks and Benefits](#)

This report lays out arguments for and against expanding the western electricity market through the formation of a regional independent system operator (ISO). ISOs act as air traffic controllers for electricity, independently coordinating the planning and distribution of energy in a given area. Regional ISOs are common in most of the U.S., but in the West, the region is divided into a patchwork of individual operators, including the California Independent System Operator (CAISO). Pending legislation would set the rules for how California utilities could join a regional market.

[Increased Capabilities for Transfers of Low Carbon Electricity between the PNW and California](#)

California ISO informational study evaluating options to increase transfer of low carbon electricity between the Pacific Northwest and California. It includes an assessment of the role the AC and DC Interties can play in displacing generation to improve reliability.

[E3 2019 Resource Adequacy in the Pacific Northwest](#)

How to maintain Resource Adequacy in the 2020-2030-time frame under growing loads and increasing coal retirements. How to maintain Resource Adequacy in the 2040-2050-time frame under stringent carbon abatement goals.

[Achieving Western States Greenhouse Gas \(GHG\) Reduction Objectives](#)

This paper focuses on details of designing effective and least-cost compliance mechanisms within the electricity sector, and identifying the complications and trade-offs that can emerge in designing these mechanisms given the physical nature of electricity as an energy source and the structure of interstate electricity markets.

[Reliability Implications of Expanding the EIM to Include Day-Ahead Market Services](#)

This WECC assessment describes reliability considerations, including some potential benefits and potential challenges or risks associated with extending CAISO's day-ahead market to EIM participants.

[Exploring a Resource Adequacy Program for the Pacific Northwest](#)

The Northwest Power Pool's comprehensive new study exploring of resource adequacy challenges and potential solutions.

[How can you have solar when the sun is blotted out by smoke?](#)

Day becomes night as plumes of smoke blot out the sun.

[The Duck Curve, Hydro and Storage](#)

When the sun sets, hydro is the go-to nighttime substitute for solar. It is much lower cost than storage batteries. In time, batteries will become more affordable, but for now, hydro is the ultimate backup battery.

[OPALCO's Integrated Resource Plan](#)

Benjamin Franklin said, "*When the well's dry, we know the worth of water.*" Like water, energy is a fundamental part of our daily life and economy. OPALCO's plan provides a vision for increased local energy production, reduced dependence on the mainland, and increased local energy resilience.

[OPALCO Quick Facts: Climate Impact and Our Energy Future](#)

A four-part series on climate impact on energy in the Northwest. Includes background on Decarbonization, Decarbonizing Energy Generation, Decarbonizing Energy Consumption, and potential Energy Shortages.

[5 technologies propelling the energy transition](#)

Utility Dive spoke with a wide array of experts to identify five key technologies that will propel the power sector's transformation: green hydrogen, distributed energy aggregation, transmission development, fine-tuning wind and solar power, and power sector digitization.

[Adding it all up: Counting the capacity contribution of variable and duration-limited resources](#)

The failure to properly count the quantity of capacity available to meet load during extreme weather events, like wildfires, can lead to inadequate power supplies and rotating blackouts.

[Following rolling blackouts, California utilities highlight reliability concerns in integrated resource plans](#)

California utilities highlighted concerns about the state's system reliability in integrated resource plans (IRP), in the wake of rolling blackouts that affected hundreds of thousands of Californians for the first time in two decades.

COVID-19 Update

Attached please find our revised COVID-19 package. Staff is continually improving the tracking methods and reporting systems to ensure timely indicators.

Staff continues to monitor how the effects of COVID-19 impact OPALCO and Rock Island's businesses. Governor Inslee has extended the utility disconnection moratorium until October 15, 2020. This includes both electric and telecommunication utilities. Proclamation No. 20-23.7. OPALCO and Rock Island have suspended any collection and disconnect activity since the beginning of March 2020 consistent with state and federal mandates. We are seeing ~300 members who we have not disconnected or charged penalties and are in the 90 days past due period of billing. The current A/R 90-day unpaid balance is ~\$66k and forecasted to more than double by year end. As we transition to the heating season in October, we expect to see higher unpaid balances.

As seen in the following charts and figures, we are seeing ~400 community members taking advantage of our assistance measures through EAP, EAP-C, and PAL (heating season October through April). Of this number, ~180 members are continuing to receive the EAP/EAP-C monthly assistance until the board approved funding has been exhausted.

All indicators lead staff to prepare for a worsening of our members' situations as unemployment and stimulus payments shrink or disappear. Local restaurants have announced extended closures this fall/winter, some businesses will close permanently, parents are facing a remote school year (at least the fall) and many will not be able to work.

Watching the different data points will enable to the OPALCO and Rock Island to make sound decisions as we continue to move through this pandemic and understand the different ways the co-op needs to operate to meet the needs of the membership while remaining a viable business.



OPALCO COVID-19 Update (Figures are reported from March 20th, 2020 to the date of transmittal, unless otherwise stated)

COVID Assistance

	# of Accounts	Amount (\$)	Board Approved Funding (\$)	Remaining Budget (\$)
Energy Assist (EAP-C) Commercial COVID	103	37,275	100,000	62,725
Energy Assist (EAP) Residential COVID	76	9,748	50,000	40,252
Extend Project PAL Benefits - COVID	131	15,000	15,000	0
Grand Total	286	62,024	165,000	102,976

Fee Assistance (Lost Revenue)

(Based on variance from collections comparing 2019 to 2020 for the period April 1st to Date)

Penalties	95,493
Reconnection Fess	22,192

Measures

Energy Assist (EAP-C) Commercial COVID
 Energy Assist (EAP) Residential COVID
 Extend Project PAL Benefits COVID
 Penalties
 Reconnection Fees

Benefit

\$67.57 per mo., based on number of number of meters on a commercial rate
 Assistance ranges from \$31.41 to \$61.41, based on number of permanent household occupants
 \$100
 Waiving of late penalties (Normal penalties are 5% of the total balance post-due date)
 Waiving of reconnect fees (Normal reconnect fee is \$50 per instance of reconnecting after a disconnect for non-payment)

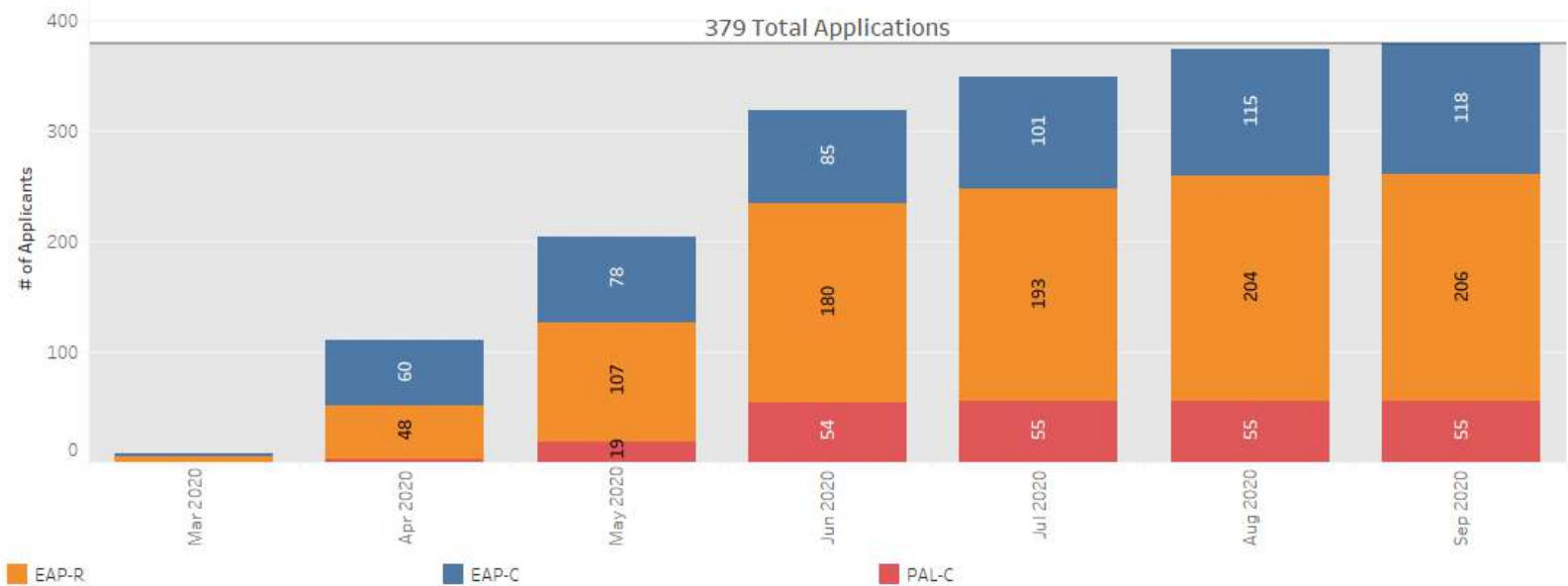
Member Donations to COVID-19 Relief Efforts

Staff will continue to communicate with members regarding the COVID-19 relief measures, including a request for donations. Staff continues to encourage members to donate to our PAL program.

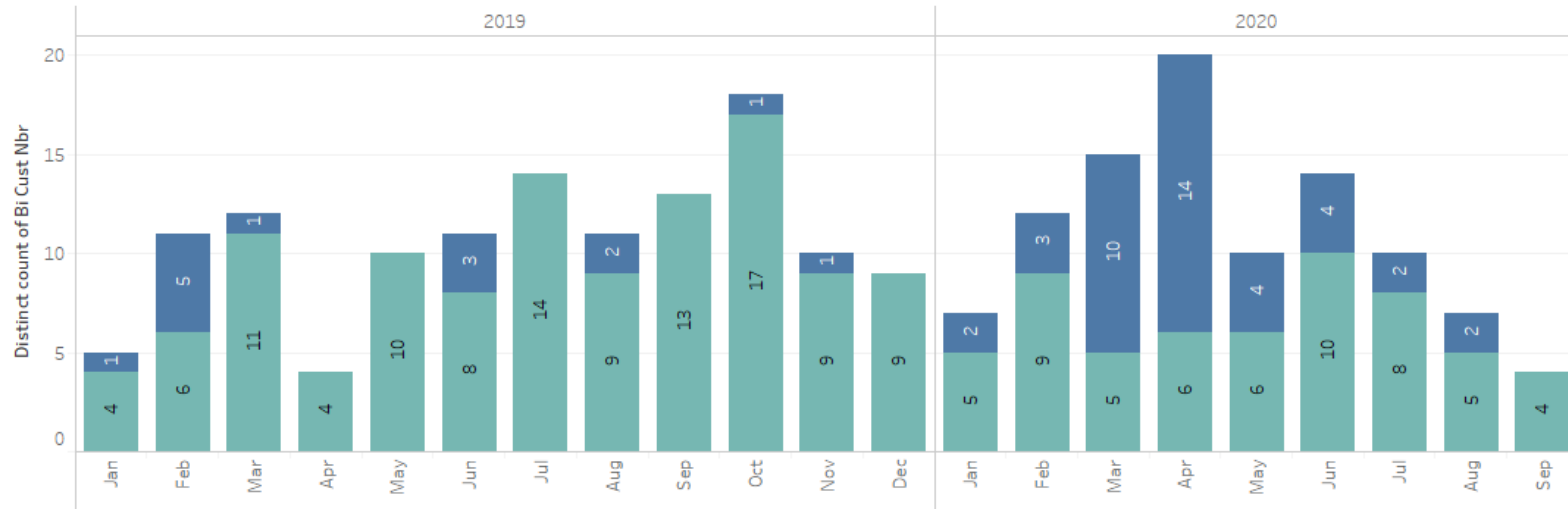
COVID-19 Assistance Applications



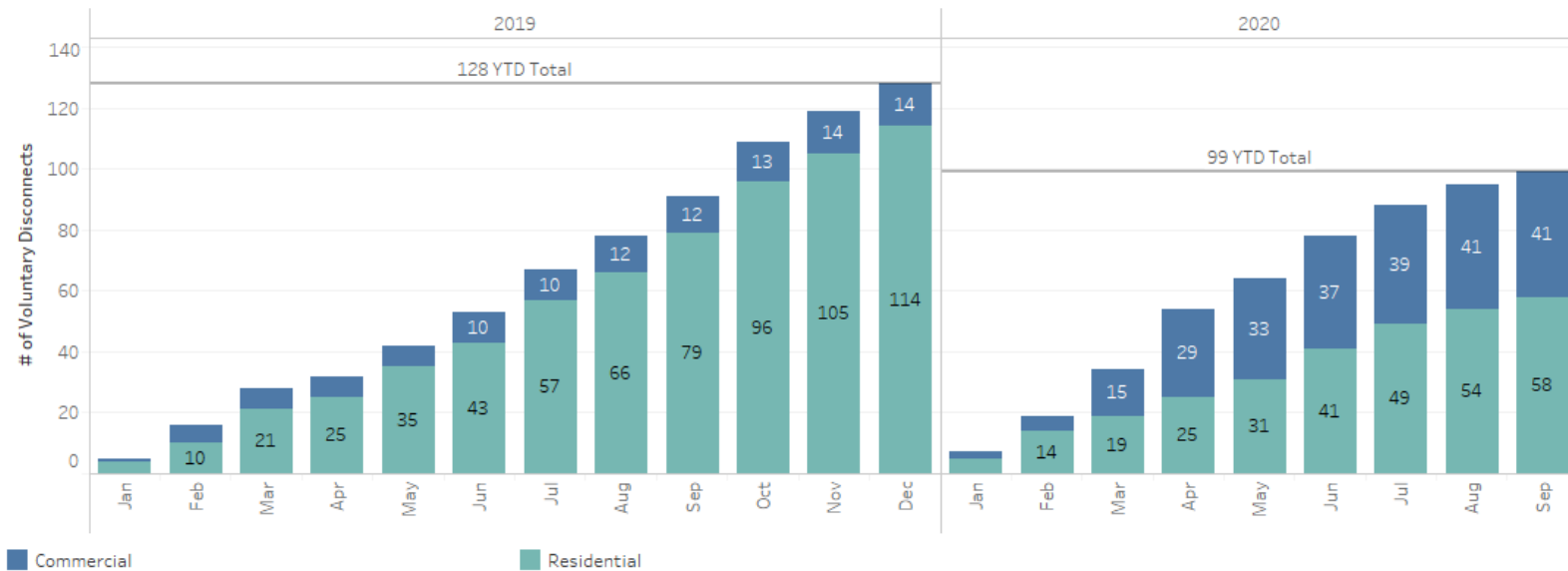
COVID-19 Assistance Applications Cumulative



Voluntary Disconnects (Meters)



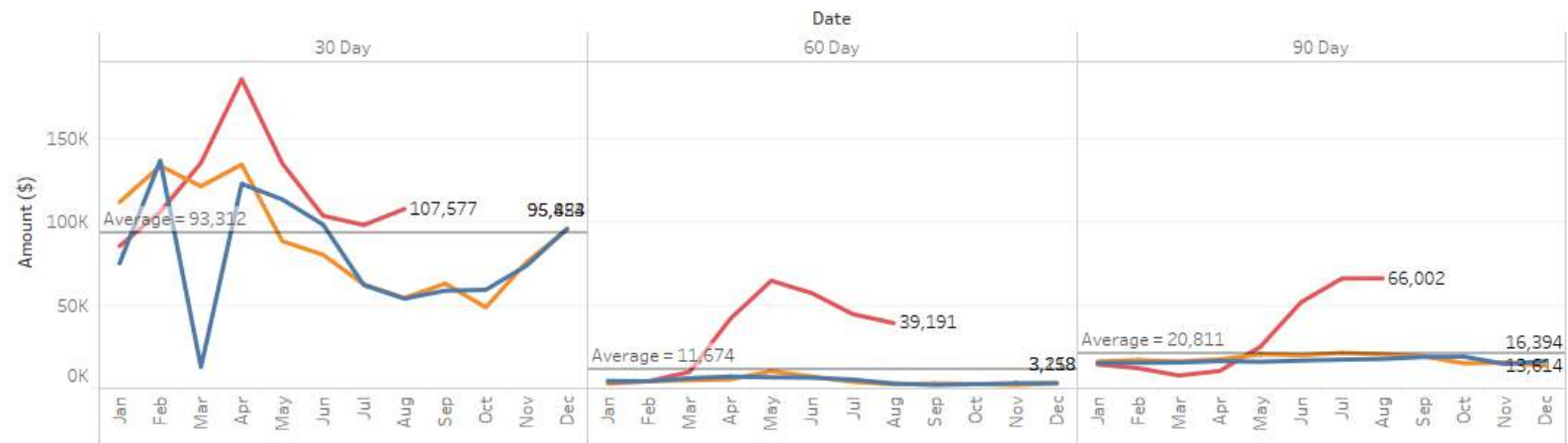
Voluntary Disconnects Cummulative (Meters)



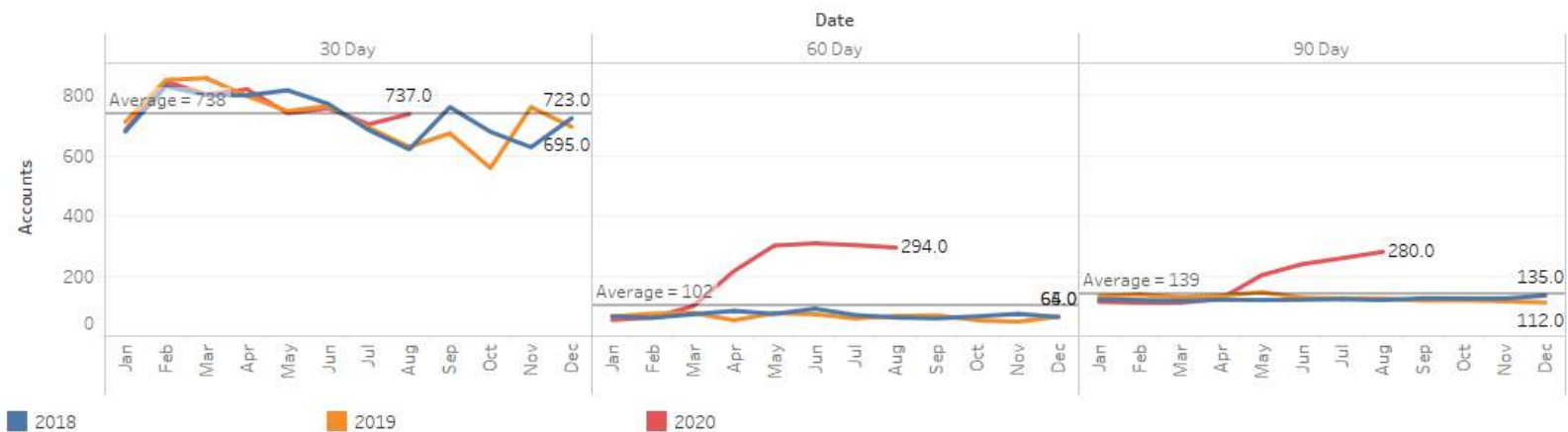
A/R 30-60-90

- 30-day A/R is trending slightly higher.
- 60-day A/R is notably higher and stabilizing.
- 90-day A/R notably higher and stabilizing.
- We are seeing a flow through into the 90-day with a notable uptick on the 90-day accounts receivable. The lower usage profiles of the summer will aid in moderating this yet will become dramatic in the late fall. At this stage staff feels this is manageable through the summer and will revisit at the Q3.

Long Term AR (\$)

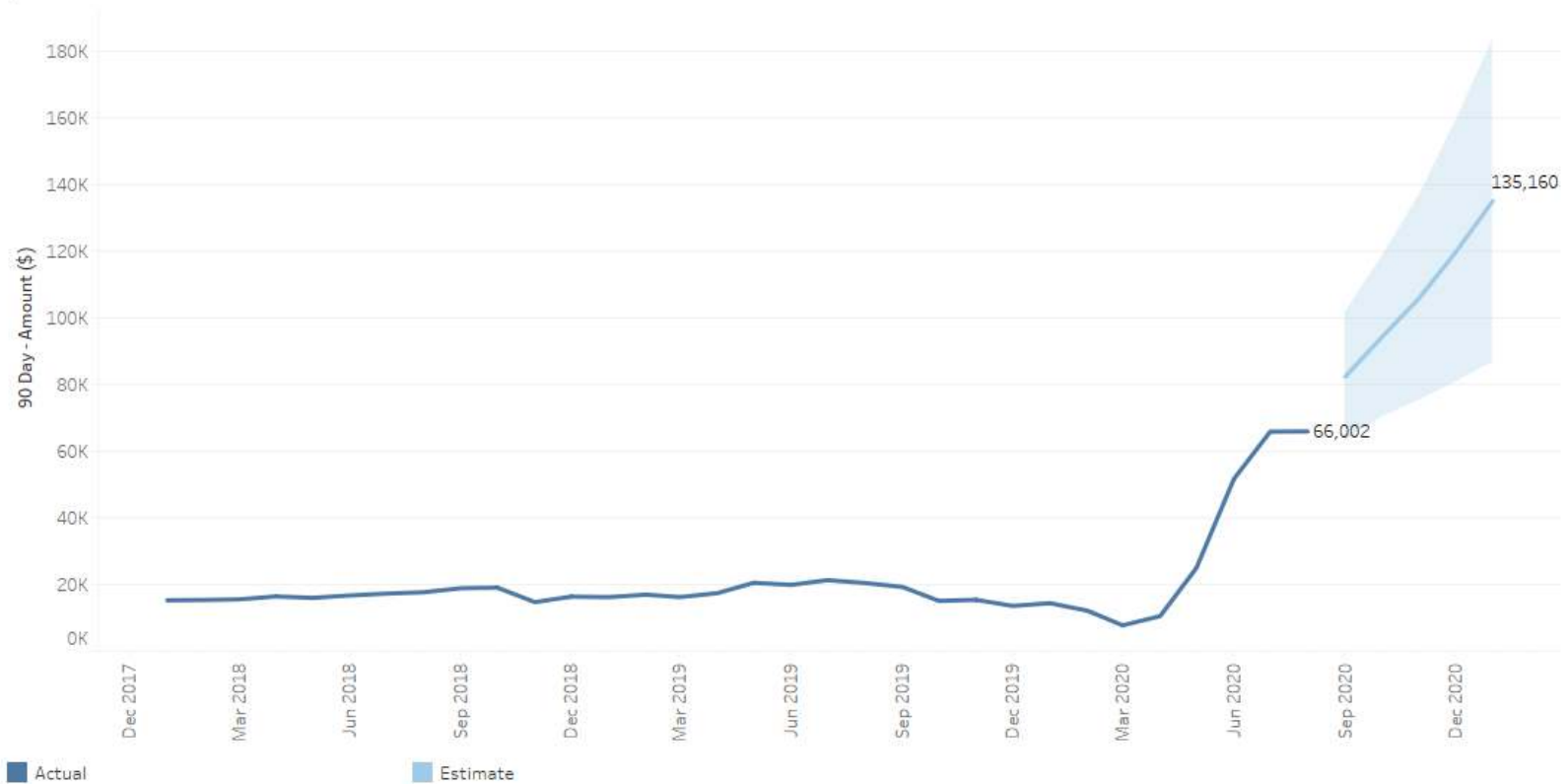


Long Term AR (Count)



AR - 90 Day with 5 month Forecast (\$)

As seen below, the August 90 day A/R plateaued from July to August. The forecast (seen in the light blue with a shaded prediction confidence bands) ratched down due to the plateau.



Forecast Details (All forecasts were computed using exponential smoothing.)

Forecast forward: 5 months (Sep 2020 - Jan 2021)

Forecast based on: Jan 2018 - Aug 2020

Initial Forecast Value: 82,407 ± 19,167

Change From Initial: 52,753

Quality: Poor

Model Details

Level: Additive

Trend: Additive

Quality Metrics

RMSE: 7,441

MAE: 3,342

MASE: 1.12

MAPE: 12.7%

AIC: 605

Smoothing Coefficients

Alpha: 0.500

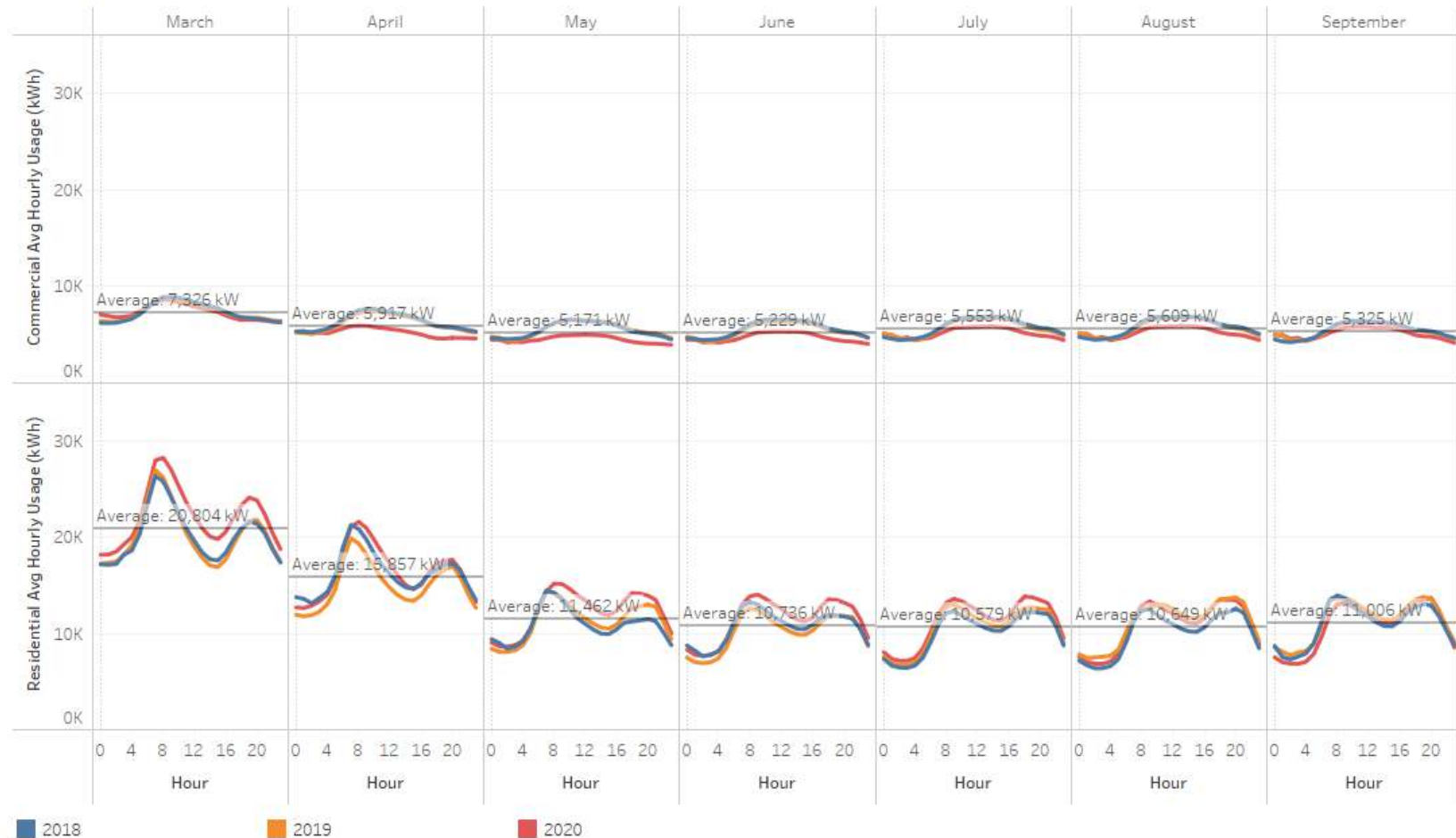
Beta: 0.500

Gamma: 0.032

Load Shape - Residential and Commercial

General:

- We are seeing decreased usage in commercial and small increased usage in residential. The difference of overall kWh usage is within the normal margin of error.
- Overall estimated decrease of 12% in commercial usage since April 1st.
- Overall estimated increase of 1% in residential usage since April 1st.
- Current reporting month is a partial data set.

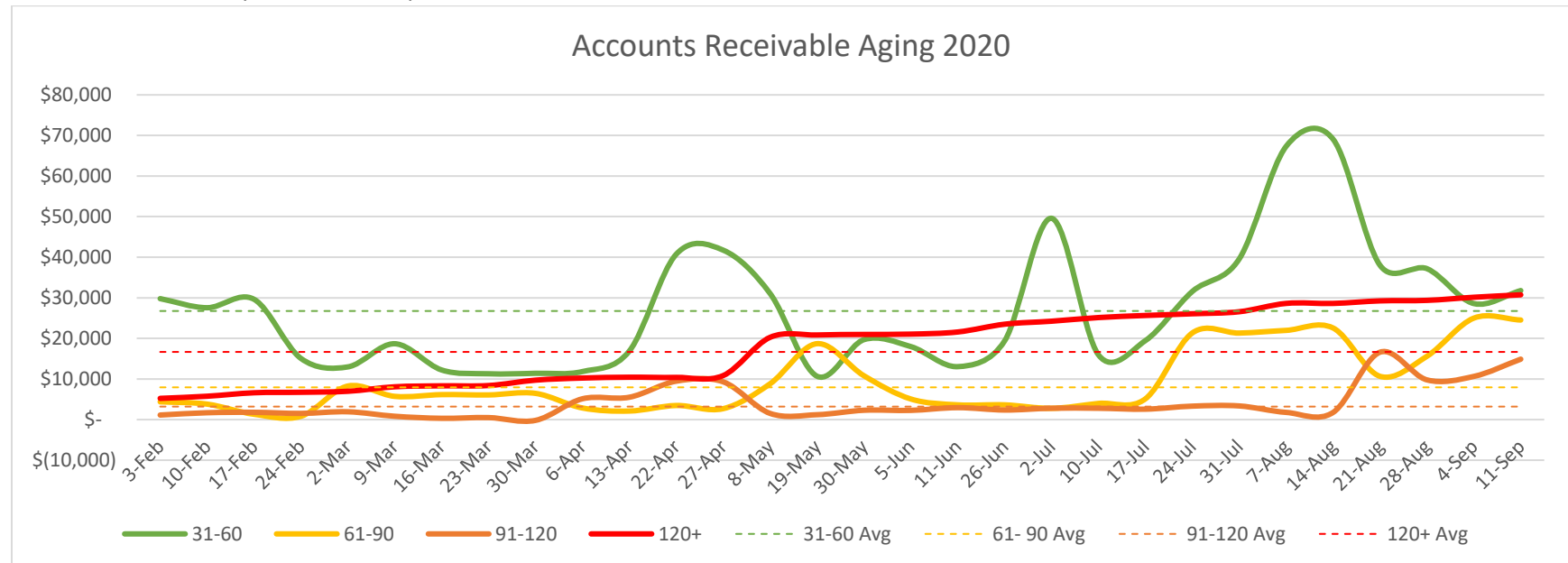


Next steps: Staff will continue to track closely the above data points as well as several more we are developing as the pandemic continues to show any impacts on the cooperative. We need to be patient as we continue to monitor this data to ensure we are making the best decisions for the co-op throughout this year of pandemic and, likely, going forward into 2021.

Rock Island COVID-19 Update

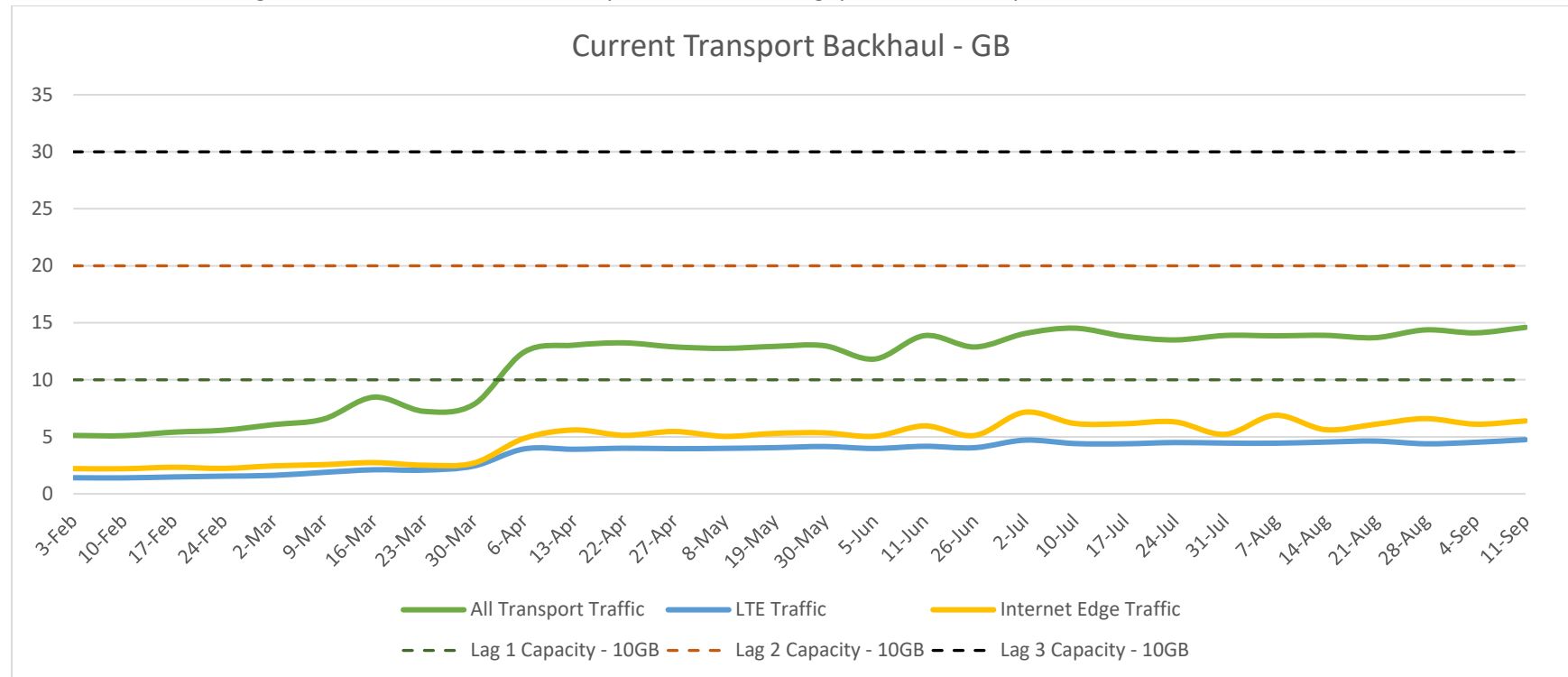
30-60-90 Accounts Receivable Trends

Since COVID began to directly impact operations for our region steady, slow increases in the long-term accounts past have been noticed. Staff is beginning to devote special attention to the delinquencies and begin the project of settling these accounts, starting with businesses who are not current but have re-opened for full operation.



Transport Network

We have seen no change to the sustained trend since April in overall throughput on the transport network.



REPORTS

General Manager

DASHBOARDS

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

Finance	Member Services	Outage
Budget Variance	Disconnects	Historical SAIDI - Graph
Cash	PAL	Historical SAIDI - Figures
Power Cost	Energy Assist	Outage Stats – Monthly
TIER/Margin	Community Solar	Outage Stats – Rolling 12 Mth
Debt/Equity	Service Additions	SAIDI by Category
Capital	Member Generation	Outage Summary
WIP	Revenue Dist. By Rate	Outage Summary – Monthly
Expense		
Capital Projects		
Purchased Power		

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of September 11, 2020, there are 412 work orders open totaling \$6.7M. Decatur Energy Storage System is \$1.63M of the balance. Operations has completed construction on 129 work orders, totaling \$1.6M.

Safety

John Spain of Northwest Safety Service conducted Vault Rescue Training and Certification for Operations staff via Zoom and in person in multiple districts. The total current hours worked without a loss time accident: 32,313 hours.

Grid Modernization Projects

- Decatur Battery Energy Storage System (ESS) – WA DOC CEF2 Grid Modernization (~\$1M Grant) – Commissioning is in progress and the contractor is in progress of updates to the control system for “Black Start” mode. Pacific Northwest National Laboratory (PNNL) is scheduled to begin testing and analysis once the contractor commissioning is complete.
- Microgrid – WA DOC CEF3 Grid Modernization (Grant \$ Amount TBD) – WA DOC has awarded the grant funds and staff is in progress with WA DOC on the scope of work for the contract. Staff is expecting to complete contracting in Q3.

FINANCE

2020 Budget Tracking

Energy (kWh) purchases & sales were slightly higher than budgeted through Q2 2020. July & August kWh sales came in under budget by 2.8% & 7.2%, respectively. August kWh purchases were ~9.9% below budget and the resulting power bill correlated at ~11% below budget for the month.

Income Statement Summary (in thousands)	August YTD 2020		
	Budget	Actual	Variance
Gross Revenue	\$ 21,505	\$ 21,647	\$ 142
ECA Surcharge / (Credit)**	-	(447)	(447)
Revenue	21,505	21,200	(305)
Expenses			
Cost of Power	6,386	6,326	(60)
Revenue (net of Power Cost)	15,119	14,874	(245)
HDD	847	869	22
kWh Purchases	142,040	143,778	1,738
kWh Sales	133,282	136,500	3,218

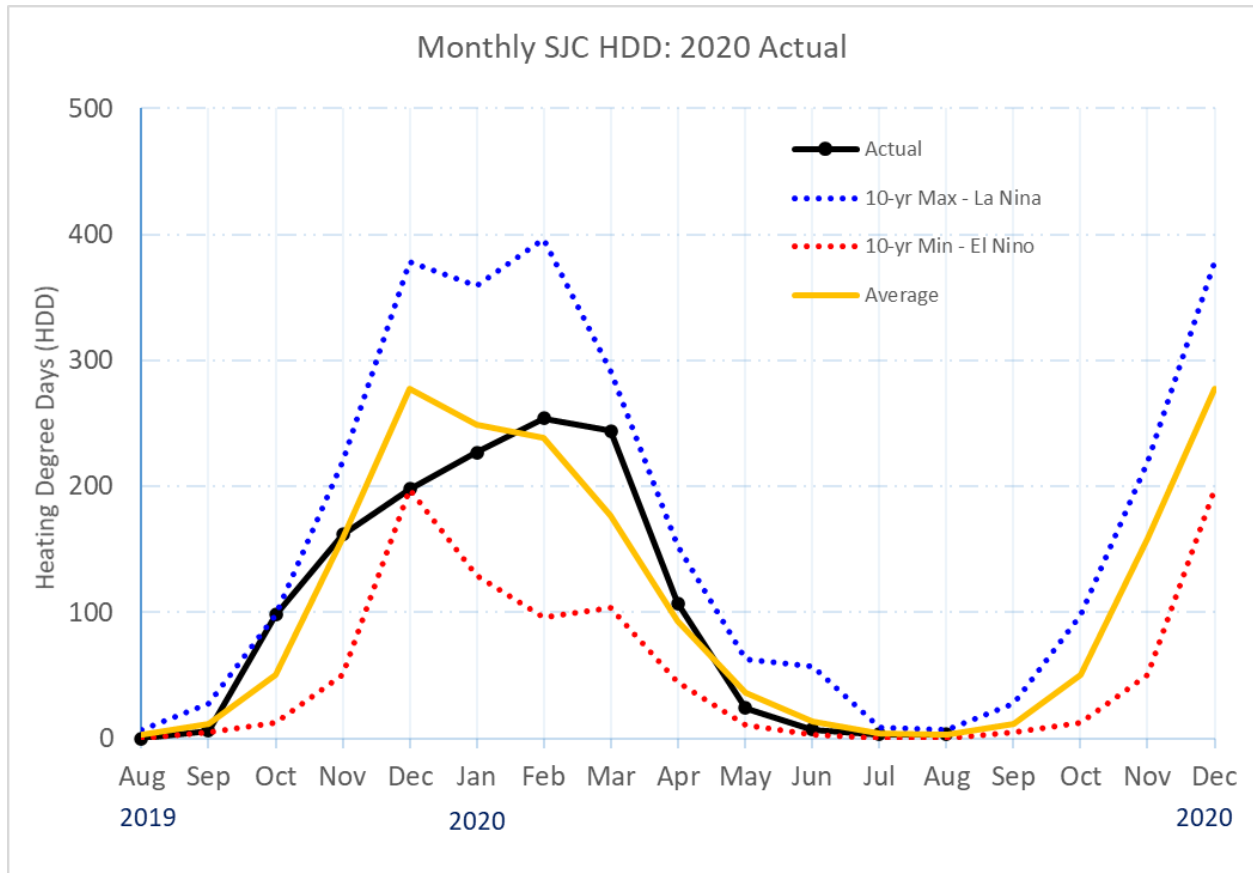
** The ECA returned \$447k to members in the form of bill credits in 2020

Monthly ECA

The calculated amount for the August ECA was a bill surcharge of \$.000652 per kWh which charged an additional \$7,749, or \$0.65 per 1,000 kWh. Through August 2020, the ECA has returned \$447k to members. The September billing period ECA will be calculated after receipt of our August power bill from PNGC.

Heating Degree Days (HDD)

Last winter's HDD's were volatile as compared to historical averages. For 2020, Q1 HDD settled just around the 10-year average except for March which was much colder than its historical average. Q2 and the beginning of Q3 have settled back around the historic average.

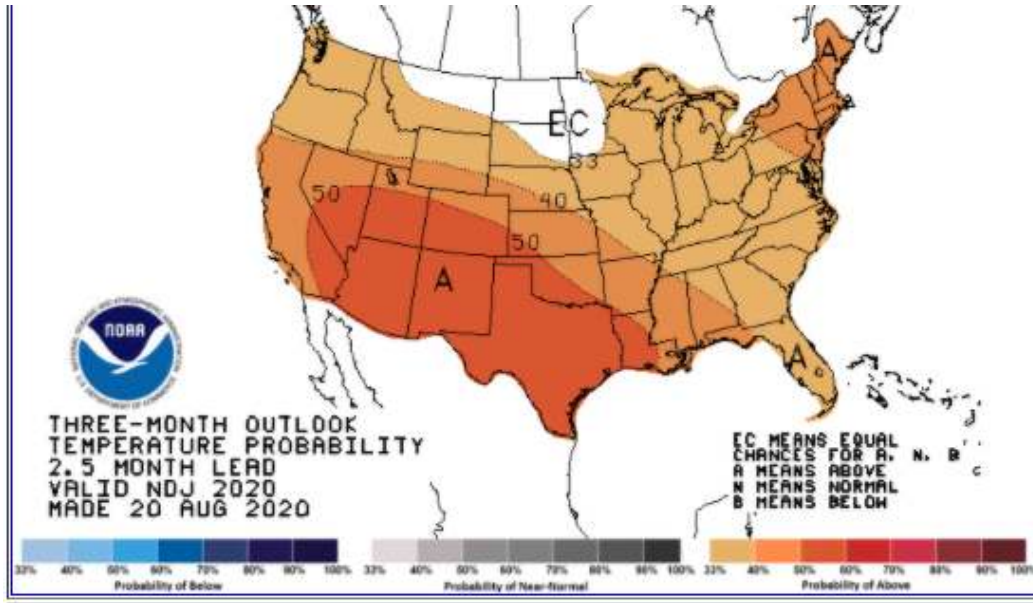


*10-year max, min, avg is 2009-2019

Weather Forecast

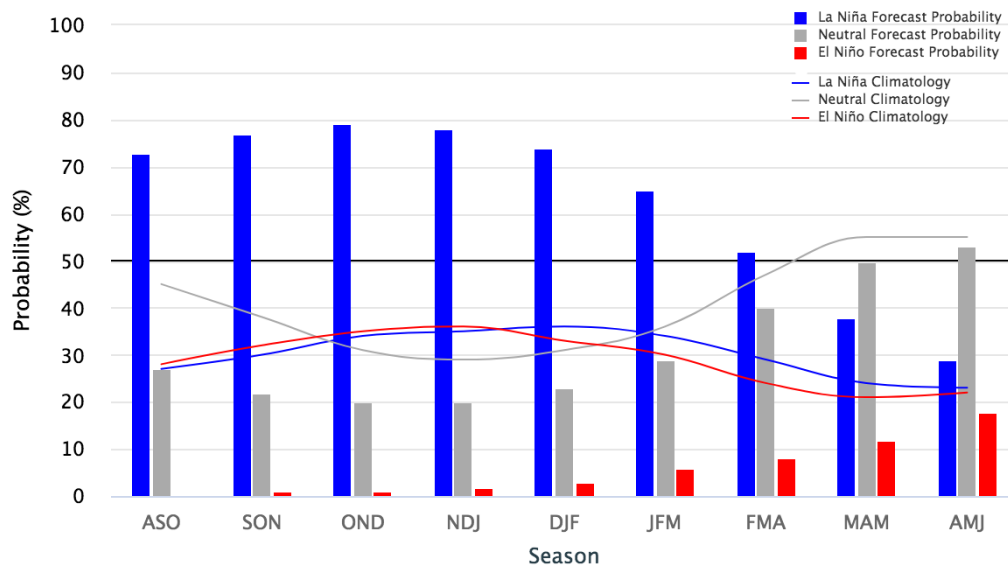
We budgeted year end 2020 to have above average temperatures for the region, with a Q4 2020 with a temperature probability of above average. The latest NOAA predictions are indicating a probability of higher temperatures in the region. Yet, La Niña conditions are present and are likely to continue through the Northern Hemisphere winter (~75% chance). Given OPALCO's sales influence by oceanic conditions, we may tilt toward a slightly cooler condition which may yield increased energy

2020-2021 Nov-Dec-Jan Outlook



Early-September 2020 CPC/IRI Official Probabilistic ENSO Forecasts

ENSO state based on NINO3.4 SST Anomaly
Neutral ENSO: -0.5 °C to 0.5 °C



Source: NOAA National Weather Service

BPA Cost Recovery - Oversupply Credits

BPA has notified us that Oversupply credits were issued to generators that were displaced in June Oversupply events on their July Transmission invoice. This resulted in an oversupply protocol surcharge of \$4,552.21 in July. Now in August, Transmission calculated the charges to recover those credits.

Bonneville Environmental Foundation (BEF) Zero Emission Vehicle Innovation Fund (ZEV) Grant

OPALCO has been awarded a \$50,000 grant from the BEF through their ZEV fund to support OPALCO in a dealership engagement partnership program with Island E-cars. The partnership program will be a collaboration between OPALCO and Island E-Cars, the first dedicated ZEV dealership in the County. Over the coming months OPALCO will work with Island E-cars to finish development of the program operations. At a high level, the program will offer incentives to members purchasing a used EV from the dealership with the goals of (1) reducing low to moderate income (LMI) member barriers to obtaining a ZEV, (2) promoting education and adoption of ZEV's in the County, (3) broadening residential smart-device integration & grid interconnection through EV supply equipment (EVSE) and (4) helping to reduce greenhouse gas emissions.

MEMBER SERVICES

Energy Assistance

EAP: During August 2020, 332 members received ~\$12.4k from the low-income Energy Assist program, compared to 317 members receiving ~\$10.8k in August 2019.

Switch it Up!

There are now 127 projects complete and billing for a total of \$1.051M outstanding. There are another 50 projects in various stages of the process. Some projects have been delayed as residential contractors have been limited by COVID-19.

Energy Savings

In June 2020, there were 18 rebates paid to members totaling ~\$12.4k. This includes four self-funded fuel switching DHP and EV charging station rebates totaling \$2.8k. Rebate and Switch it Up! applications are continuing to be submitted.

Also note that the fuel-switching ductless heat pump rebates have all been allocated for 2020.

Solar Interconnects

There have been 4 new solar interconnect applications submitted, and 5 members interconnected in August.

Community Solar

During the August 2020 billing cycles, the [Decatur Community Solar](#) array produced 77,440 kWh, and 11 kWh per solar unit was credited to member participants. A total of ~\$7,432 was distributed to 257 accounts, including an additional ~\$1,002 for the PAL and Energy Assist programs.

COMMUNICATIONS

Member Outreach

This Electric Life, our energy savings blog continued with member profiles related to energy conservation and efficiency – this month the profile included a video about Bruce Nyden's (San Juan Island member)

heat pump water heater and details on his various other initiatives at his residence. Our news releases this month included a story about Rock Island and how members have benefitted from high speed internet throughout the pandemic and the continued COVID-19 member relief measures OPALCO offers.

A wildfire safety campaign is currently being run on social media to encourage extra precautions during this dry season. In addition to messaging on social media, we will be doing a press release highlighting the way our system is equipped with safety precautions during wildfire season and our Right-of-Way (ROW) program. OPALCO's aggressive ROW program addresses vegetation growing directly into the proximity of power lines and prevents trees and limbs falling into the lines.

Recent wildfires associated with electric utility facilities make it clear that tree contact with energized electrical conductors can be a risk to the safety of people, property, forest health and our essential infrastructure. OPALCO is exploring key partnerships in the county that take into account forest health and fire resiliency. One key partnership that is being explored is with the newly formed Island Conservation Corp (ICC) and involves work crews, research, education and outreach efforts. This program is funded and insured through the AmeriCorps Program and has additional funding opportunities with local and national organizations. With the help of these crews, OPALCO could expand the focus of its ongoing vegetation management for forest fuel reduction, biomass processing, forest thinning, restoration planting, invasive weed removal, biochar production and conservation burns. We will need the continued cooperation of the membership as we continue and expand this critical program.





Website Updates

On the main OPALCO website a member support center launched addressing our most Frequently Asked Questions organized by various topics.

Welcome to the OPALCO Member Help

E.g. "bill pay" or "rebates" or "board materials"

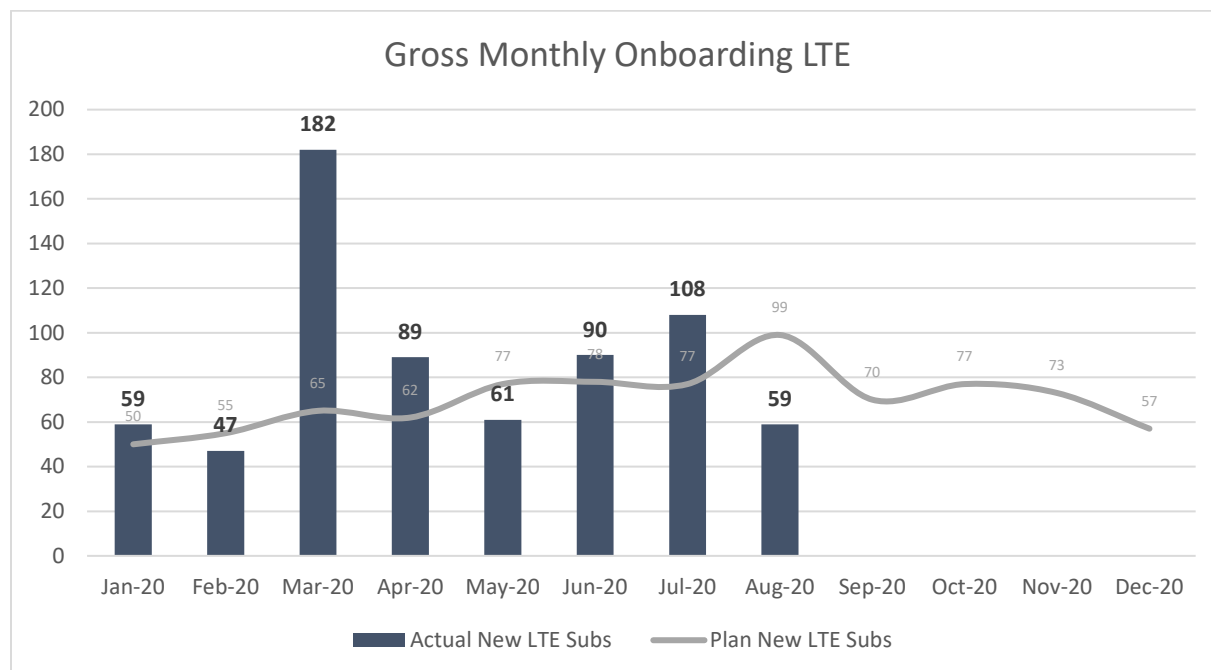
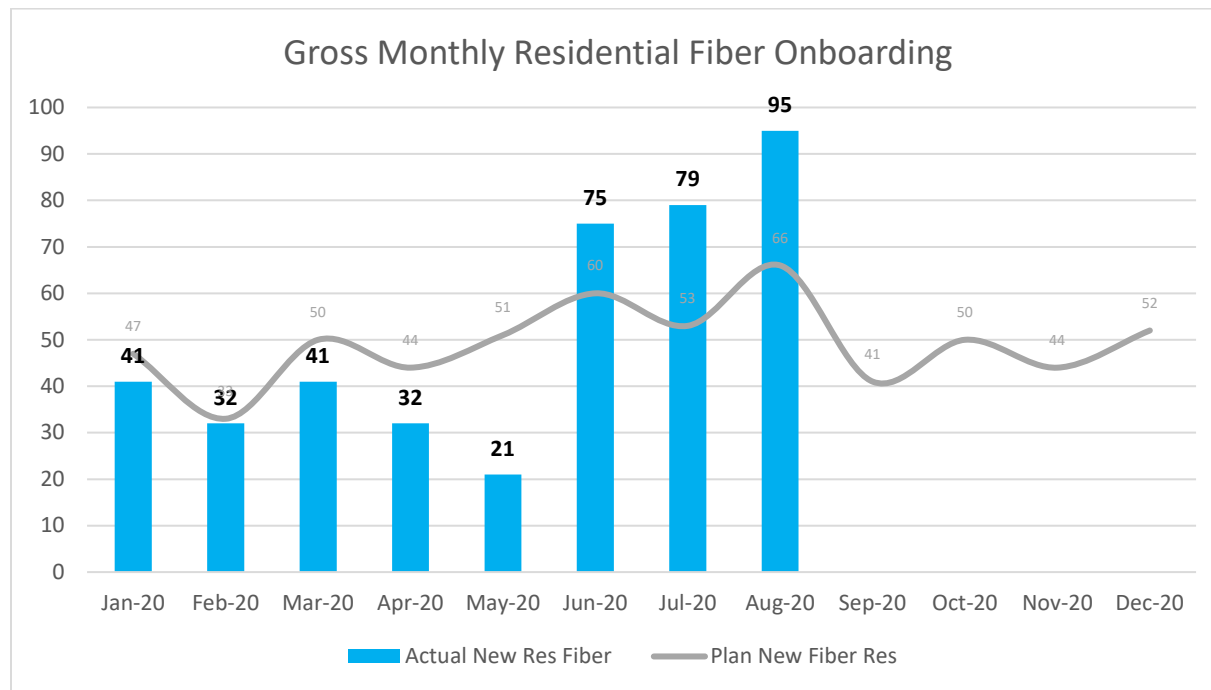
Bill Pay Assistance Am I Eligible for Project PAL? Who Decides? How is Project PAL Funded? How is Energy Assist (EAP) Funded? See All Bill Pay Assistance FAQs	Community Solar How do I sign up for Community Solar? How are OPALCO's Community Solar projects funded? Are there tax credits, or other incentives? See All Community Solar FAQs	Document Library Are OPALCO Board Meetings Open? Who is on the OPALCO Board of Directors? Where can I access OPALCO Board reports and materials? See All Document Library FAQs
My Account	Rebates	Rock Island Communications

Co-op Month

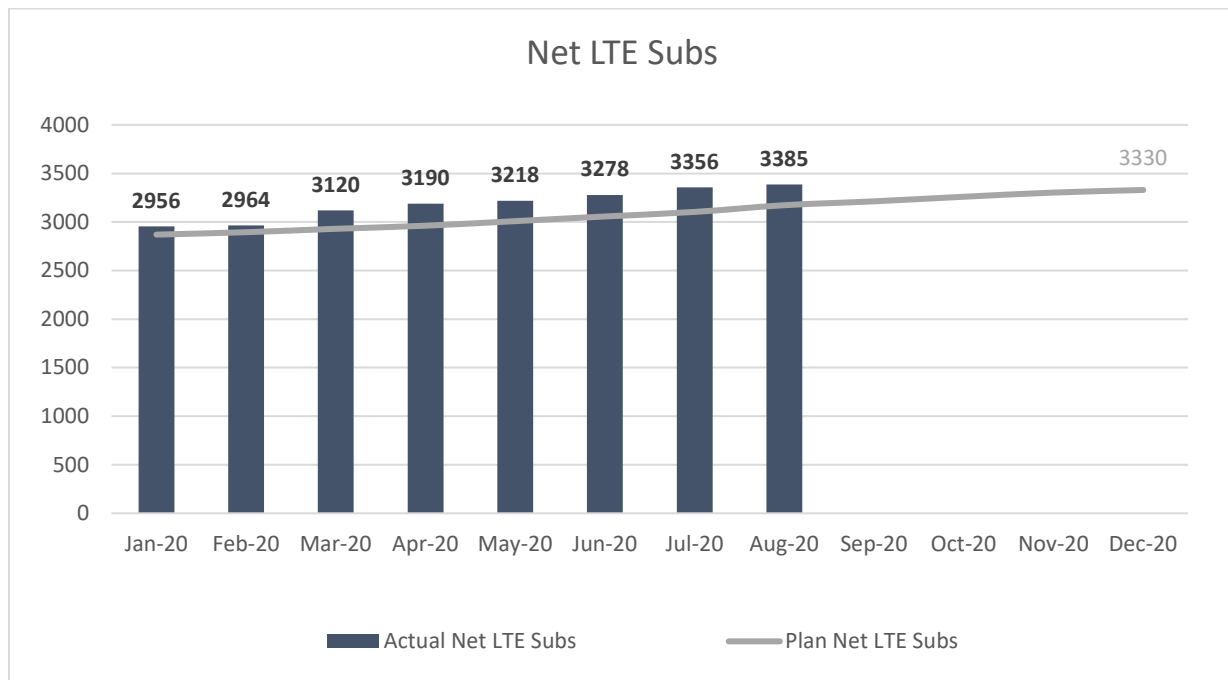
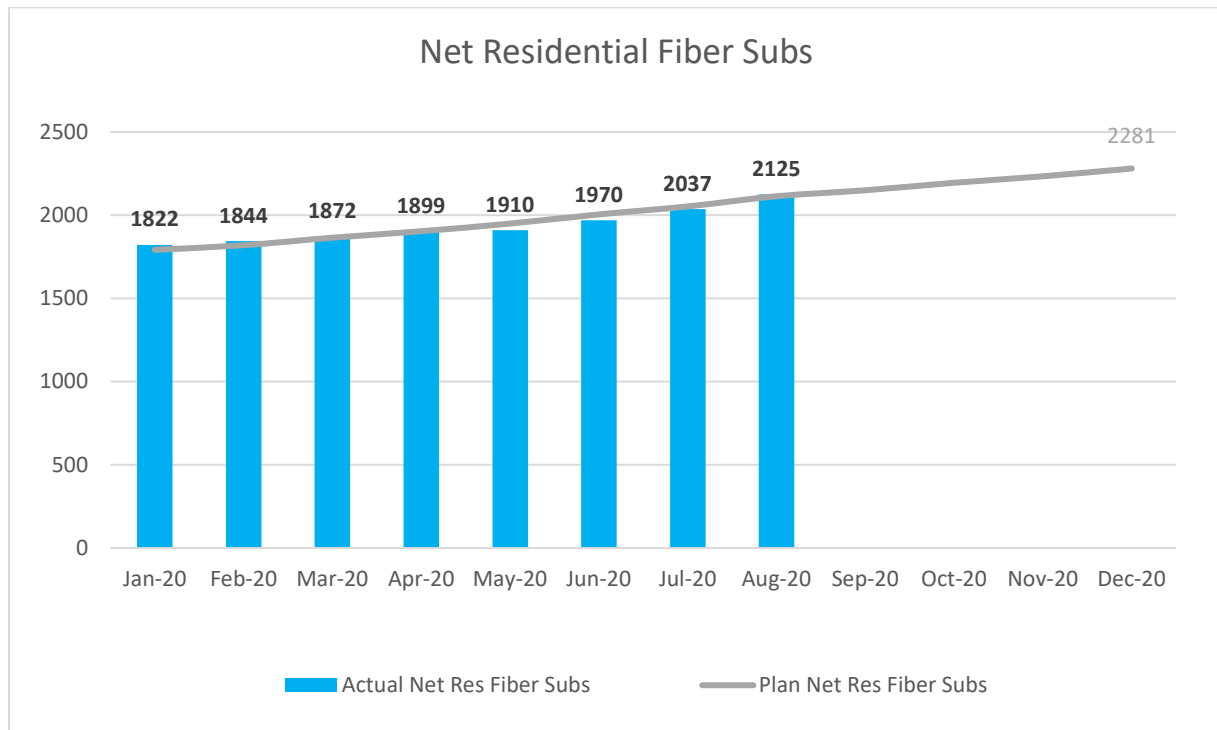
October is National Co-op Month and we will celebrate with more frequent member profiles - one each week throughout the month. Each profile will highlight a newer OPALCO member and their family who is excited to be living the island life and incorporating some of the latest technologies as it pertains to living an efficient and modern lifestyle. In addition to member profiles, there will be a Co-ops Vote and Why Run for the Board campaigns incorporated.

Rock Island Snapshot

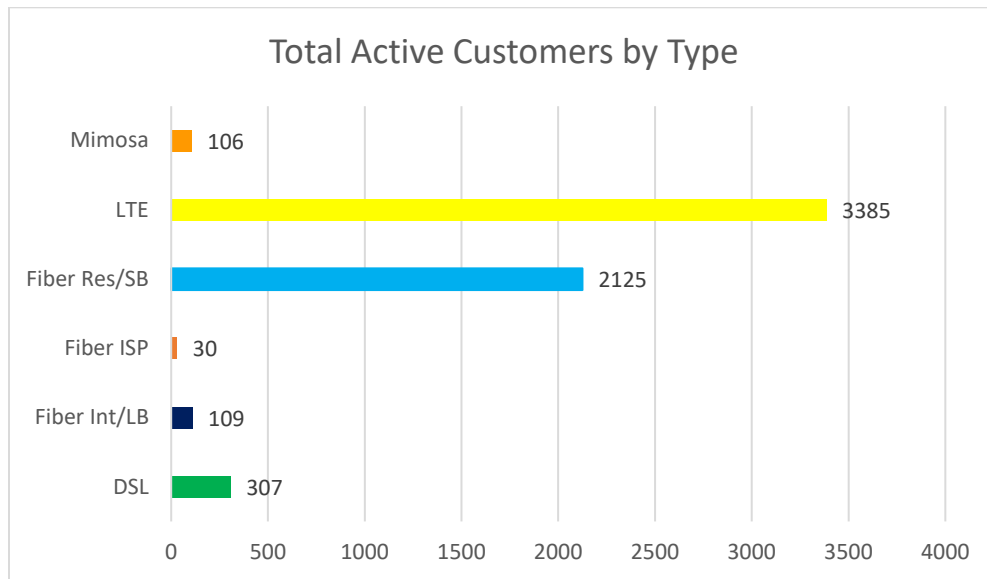
Gross Subscriber Onboarding 2020



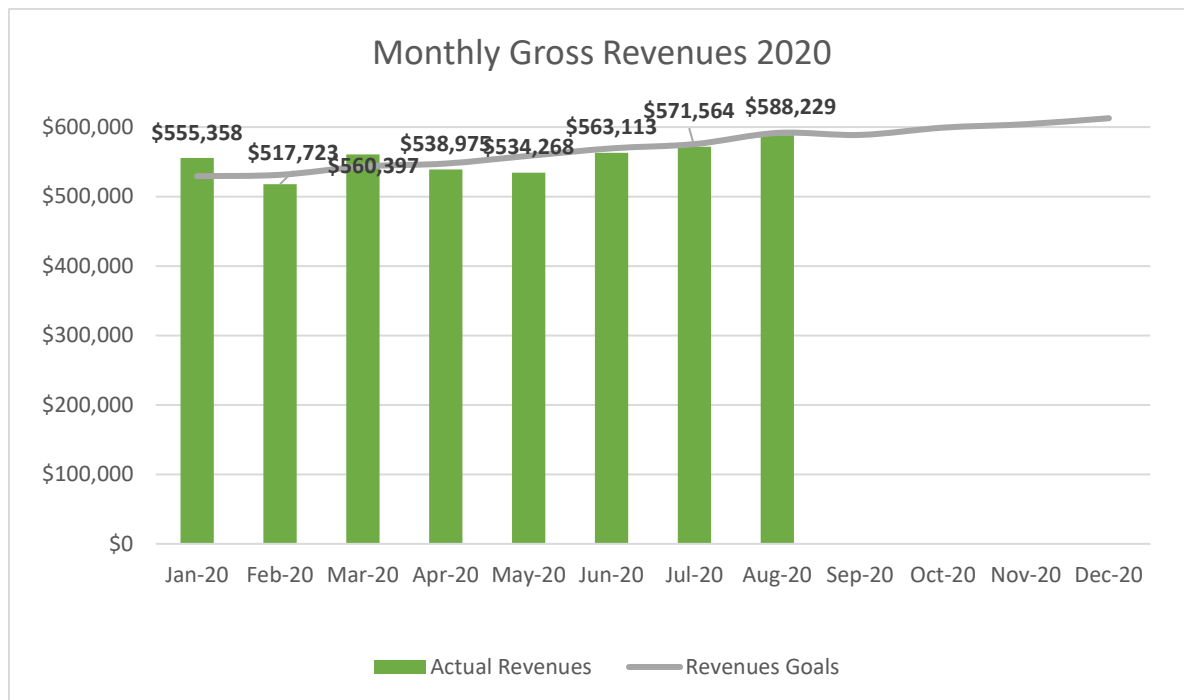
Net Subscribers 2020



Active Customers as of July 31st, 2020 (Total: 6,062)



Revenues



- Aug revenues are not closed and are subject to change.

Special Report

The San Juan County emergency radio communication project has begun, and staff is beginning to prepare for initial groundwork and testing for the system. The first site to be constructed is on the calendar for mid-November with a completion of all 20 sites by March 2021. In preparation of the deployment and construction, we are completing an early proof-of-concept and interference test on one site on Orcas Island the last week of September. This testing will reveal what, if any, impacts are realized on both the low band and cellular systems.

A repeater, antennas and testing equipment are being shipped from Victoria to Rock Island the week of 9/14. Once we are scheduled with all the agencies, we will do a series of turn down tests that will isolate each technology and then monitor the interference at the subscriber sensor unit (user radio) as well as the through-line (tower cable coax to the radio) as they are individually turned up. We are already designing the build with additional interference protection such as specifying for all sites that heliax cable and additional shrouding shields in LTE space are used. The most likely technology for introducing interference will be the 800Mhz public works frequency. If needed, this antenna can be extended to increase the vertical separation from the LTE gear. Completing this test is critical to the successful deployment of the radio system.

APPENDICES

Letter of Support – Lopez Rides

**ORCAS POWER & LIGHT
COOPERATIVE**

A Touchstone Energy Co-op



Eastsound Office
183 Mount Baker Road
Eastsound, WA 98245-9413
p: (360) 376-3500 f: (360) 376-3503
www.opalco.com

August 17, 2020

Curt VanHying
PO Box 519
Friday Harbor, WA 98250

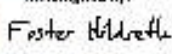
Dear Curt:

The OPALCO leadership team heartily supports the mission and work of Lopez Rides in their efforts to provide energy efficient, carbon-free transportation for islanders in need.

OPALCO is moving forward with a vision for a sustainable energy future in San Juan County that relies on the electrification of transportation, among other conservation, energy efficiency and local renewable power initiatives. To realize this vision, we will depend on individuals, organizations and government to do all they can to facilitate electrification, decarbonization and development of locally generated renewable power. In support of Electric Vehicle infrastructure, OPALCO provides two incentives: a \$500 rebate on an EV Charger installed at a member address, or the option to finance the purchase and installation of an EV Charger on a members' bill, up to \$2,500.

While OPALCO does not have a mechanism for directly funding private initiatives with our membership's dollars, we applaud the Lopez Island Transportation Project and wish them every success. The organization is a model for how we hope our island communities will achieve and maintain a sustainable energy future.

Sincerely,

DocuSigned by:

Foster Hildreth, General Manager