Board of Directors Regular Meeting

Thursday, January 21, 2021

Virtual Meeting via Zoom

The OPALCO Board of Directors are following CDC guidelines for social distancing and all 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 pandemic. Board meetings will be conducted as scheduled via remote video conferencing until further notice.

Members may participate in the regular board meetings via Zoom. The first part of the meeting is reserved for member questions and comments. Use the chat feature on Zoom and staff will respond as soon as possible following 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 and published in the board materials the Monday before each meeting. The link for January 21, 2021 is:

Meeting URL:

https://opalco.zoom.us/j/97989732518?pwd=YTFTZUISR1I2SDVvWGk0SG9gNGhtZz09

Meeting ID: 979 8973 2518

Passcode: 045043

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 (if needed)



Board of Directors

Regular Board Meeting

January 21, 2021 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.

Agenda

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EXECUTIVE SESSION (if required)
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 – December 2020

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

AZOUS, AMANDA

BIANCO, LOUIS & BIANCO, ANH

BORTON, MICHELLE

COX, MICHAEL & COX, REBECCA

CUDDINGTON, RYDER

ESHELMAN, OSWYN & RIDL, SUSAN

FIELDER, RYHIEN

GIBBONS, JOSEPH & RUSSELL, ANGELA

GILFILLAN, TYLER GOLLEN, RYAN GREEN. BRAD

GUARD, LINDSEY & GAVIN, GUARD

HADLEY, ROBERT & NEWCOMER, LAURA

HALL, NATALIE HANEN, DAVID HAUGEN, EVAN

HOME ARTS PANTRY, & CATERING

HUYETTE, PAGE

JOHNSON, TERESA & JOHNSON, RICHARD

JONES, JOYCE

KALTINEKKER, BELA & WOODS, CHRISTINA

KOSINSKI, SCOTT & PAUL, PAIGE

LONG, KIMBERLY LUTT, RHONDA MCGRAW, LEE NELSON, KENNETH & NELSON, CHRISTINE

NOE, PHILLIP & NOE, NANCY

PATNAUDE, JOHN & PATNAUDE, ANN

PBW ARCHITECTS INC

PITTAWAY, ANDREW & PITTAWAY, MEGAN

RECH, ROBERT

RODRIGUEZ, BIANCA & GARCIA, RICARDO

ROSEMARY OWL ESTH, ETICS

SALTZMAN, XYLON SATTERLEE, TRYGVE

SEIDELMAN, MICHELLE & RAMERIZ, MIGUEL

TRICKEY, LOIS & TRICKEY, MICHAEL

VONFELDT, KIM VOYTEK, MARY WAINWRIGHT, KEN

WALL, LAUREN & WALL, LAWRENCE

WILLIAMS, MICHAEL

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

Alegria, Fawn)

BATTLES, MATTHEW & PERNASGIZ-BATTLES,

ELENA BEDA, JOE

BROWN, AERIAL

CROLL, CALVIN & ZINTHEFER, ROBIN

CUNNINGHAM, LYNN



CWAK, ROMAN DEALESSIO, MARTIN DEMAREST, ROBERT FINDLEY, ZACHARY & RICCARDI, CELINE GAMBLE, REBECCA & GAMBLE, RICHARD GOOR, ALEX & KIM, SHARON GRAHAM, LAURA & DAVIS, LARRY GRIFFITH, VICTORIA & GRIFFITH, GREGORY HARRINGTON, CORY & MIRAMONEE INCH, JOSH KING, KEVIN KRESHOCK, ANTHONY & LEIGH, JAMIE LARGIE, PETAL LLEWELLYN, MIDGE & LUNA, JOSE MEDEN, SCOTT & MEDEN, PATRICIA MINNICK, GORDON MOHADJER, PARHAM & JOHNSTON, RUTH MORGAN, KERRY NIGRETTO, TAMALYN OSTLE, HEATHER SCHNEIDER, JACOB & KIMPLE, ANGELA SHUNK, EDWARD SIMONIAN, WILEY SPICER, SALLY & TERRENCE, ARIANA

SU, RENJENG

WAGONER LYNCH, EVAN
WRIGHT, DONALD & WRIGHT, JOANNE
ANDERSON, CHAMA

District 3 (Lopez, Center, Decatur, Charles)

CARGILL, JONATHAN & WIEGMANN, FLORA
CARR, SALLY & CARR, RON
EDMONDSON, LYNN
ELLIOT-NAPIER, TRISHA
FALLON, PAT & COLEMAN, DANIEL
GARCIA, JOHN & GARCIA, MARTHA
HAVEL, PATRICK & HAVEL, RACHAEL
LALAS, FRANCES
MILLER, TOM
OSTERMAN, ROB
RICHARDS, KENNETH
ROBBINS, NINA & ROBBINS, ALICIA
SESSLE, ERICA & CASPER, CORY
WARMOUTH, WILLIAM & SANDRA
WINK, SCOTT

District 4 (Shaw, Crane, Canoe, Bell)

CARSTENSEN, BEN

JOHNSON, JERRY & JOHNSON, DINA

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



January							
Customer #	Amount						
65570	788.66						
40039	1,947.56						
1208	667.79						
36876	2,066.26						
17360	753.20						
65794	1,763.67						
11430	1,932.45						
68922	1,486.29						
27480	1,001.33						
67497	224.19						
70369	1,091.62						
Total	\$ 13,723.02						

• RUS 219s Inventory of Work Orders of projects completed from the Construction Work Plan. These forms are submitted to RUS for approval of loan funds.

Inventory	Amount	Description
202011	\$164,254.70	Transclosure, Pole and URD Replacements
Total	\$164,254.70	

Staff requests a motion to approve the Consent Agenda.



Orcas Power & Light Cooperative

Minutes of the Board of Directors Meeting

Thursday, December 17, 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; Public Relations Administrator Suzanne Olson; Communications Specialist Krista Bouchey; Head Accountant Travis Neal and Executive Assistant Kelly Koral (serving 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. Reviewed today's agenda and Covid relief programs telling members they can get help through their local Family Resource Center.

Member questions regarding the annual budget, sources for OPALCO power, EV charging stations at the ferry landings, electrifying the ferries.

Regular Session – 9:00 a.m.

Consent Agenda

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

Island Network LLC - Resolution 7-2020

The proposed resolution was reviewed and discussed amongst the GM and Directors.

 MOTION was made to approve the resolution with a few minor clerical edits, approved by voice vote.

•

OPALCO Policy 5

Discussion was held regarding amending the current policy. Staff will amend per discussion and bring to the Board in the January 2021 meeting.

Energy Charge Adjustment

Agreed that staff will work with NICS to adjust the ECA in the billing module.

Flexible Bill and Collections

Staff outlined different ideas on how to use flexible billing and collection options to benefit the membership. Staff will be possible new policies or adjustments to existing policies in the future.

Covid-19 Update

Discussion was held on the current pandemic effects on San Juan County.

Break 10:02 Back 10:16

GM Report

The GM reviewed this report and the current Dashboards located on OPALCO's website.

Rate Review – Solar

Current solar rates were discussed along with how the rates should be addressed moving forward.

Meeting adjourned 11:58 a.m.	
Vince Dauciunas. President	Brian Silverstein, Secretary/Treasurer



Orcas Power & Light Cooperative

Revision: 108664

12/15/2020 4:25:3	7 pm		RUS	Form	219 Invent	Page: 2				
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					Prelimi	nary		202011		
Inventory: 202011				ſ	Gross Funds Cost Of	Required Cost Of	Salvage Re	Deductions elating To	Contrib	Loan Funds
Loan Project	Year	Wo Construction (1)	ork Order Retirement (2)	Bdgt (3)	Construction: New Constr Or Replacements (4)	Removal: New Constr Or Replacements (5)	New Construction Or Replacements (6)	Retirements Without Replacements (7)	In Aid Of Constr and Previous Advances (8)	Subject To Advance By RUS (9)
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601	2018 3459		3459	1	20,817.01	0.00	0.00	0.00 AFUDC: 150.66	0,00	20,666.35
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606	2018 3302		3302	1	22,006.19	0.00	0.00	0.00 AFUDC: 92.66	0.00	21,913.53
				-	22,006.19	0.00	0.00	0.00	0.00	21,913.53
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				-	117,856.27	0.00	174.61	0.00	0.00	116,556.52
Grand Totals:				-	S 165,841.17	\$ 0.00	\$ 174.61	\$ 0.00	\$ 0.00	\$ 164,254.70

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		SIGNATURE (MANAGER)		DATE		
		SIGNATURE (BOARD APPROVAL)	*	DATE		
		IHEREBY CERTIFY THAT SUFFICIENT INSPECT INVENTORY TO GIVE ME REASONABLE ASSUR SPECIFICATIONS AND STANDARDS AND MEET SAFETY. THIS CERTIFICATION IS IN ACCORDA	RANCE THAT THE CONSTRUCTION COMPL S APPROPRIATE CODE REQUIREMENTS A	LIES WITH APPLICABLE AS TO STRENGTH AND		
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CETA Resource Plan Compliance

(action following the CETA Update below)

In order to comply with CETA rulemaking, OPALCO is required to submit a resource plan that demonstrates how OPALCO plans to match its resources to forecasted load requirements and acknowledges our commitment to the State's 100% clean energy standard.

Staff recommends a motion to approve the Resource Plan compliance statement below.



Orcas Power and Light Resource Plan 2020

The following Resource Plan has been updated in accordance with the Washington State Utility Resource Plans law, RCW 19.280. As required, the spreadsheet below demonstrates how Orcas Power and Light in partnership with its generation and transmission (G&T) cooperative wholesale power supplier, PNGC Power, plans to match its resources to forecasted load requirements.

CETA compliance: Additionally, as a small utility with less than twenty-five thousand customers that is a full requirements customer of the Bonneville Power Administration (BPA), Orcas Power and Light would like to acknowledge our commitment to compliance with the state's 100% clean electricity standard. As required by the Clean Energy Transformation Act (CETA) under RCW 19.405.040 and RCW 19.405.050, Orcas Power and Light is actively planning over a ten-year period to achieve a greenhouse gas-neutral electricity supply by 2030, and achieve 100% renewable and non-emitting generation by 2045. This will include relevant information regarding the pursuit of all cost-effective, reliable, and feasible conservation and energy efficiency resources, and demand response as directed under RCW 19.405.040(6).

Additionally, as required by RCW 19.405.040(8) Orcas Power and Light is engaged in an effort to ensure that all of our member-owners are benefitting from the transition to clean energy. As required by statute, we intend to demonstrate this through the equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations of highly impacted communities; long-term and short-term public health and environmental benefits and reductions of costs and risks; and energy security and resiliency.

As Commerce's 4(8) guidance document points out, "Given the novelty of this work, developing best practices for incorporating equity into utility work will be an iterative process both within and across planning cycles." Consistent with PNGC Power's public comments throughout the CETA rulemaking process, we appreciate Commerce's acknowledgement of this challenge and are committed to working with the agency as implementation of this section of the statute evolves.



Orcas Power & Light

Washington State Utility Resource Plan Year
Prepared by:

C Utility Name

2020

Greg Mendonca - PNGC Power

	Base Year	5 Yr. Est.	10 Yr Est.	
Estimate Year	2018			
Period	Annual	Annual	Annual	
Units	(MWa)	(MWa)	(MWa)	
Loads	25.25	24.55	24.55	
Resources:				
Future Conservation/Efficiency				
Demand Response				
BPA Tier 1 (include BPA PF)	24.75	24.48	24.48	
BPA Tier 2	0.28			
Non BPA:		*		
Co-generation				
Hydro (critical water)				
Wind				
Other Renewables		0.07	0.07	
Thermal-Natural Gas				
Thermal-Coal				
Market Purchase (non BPA)	0.22			
Other				
Distributed Generation				
Undecided				
Total Resources	25.25	24.55	24.55	
Load Resource Balance	0.00	0.00	0.00	



Long Range Plan 2020-2040

(see separate document in Board materials)

This is an official submittal required by the Rural Utility Service (RUS). The purpose of this Long Range Plan (LRP) is to submit a planning document to the RUS, to secure capital project funding. The specific capital projects in this LRP are for OPALCO projects only, funded through retail rates, and do not include outside funding sources such as governmental grants and member funded projects.

This update to OPALCO's Long Range Plan (LRP) provides a twenty-year planning horizon and builds a bridge between the vision of the Integrated Resource Plan (IRP) and OPALCO's very detailed Construction Work Plan (CWP), which is updated every four years. The LRP details the strategies behind the loans that will be required to fund each CWP and project. However, faced with the major transition away from carbon and the need for member engagement and participation, this LRP serves as detailed background information for the member conversations that will occur through the Island Way campaign.

To meet the goals of the IRP, the preferred strategy put forth in this LRP is to:

- 1. Local Resilience. Build as much local renewable power and storage as the membership has appetite for (both in dollars and impact to island aesthetics).
- 2. Governmental Funding. Leverage grants to fund projects wherever possible.
- 3. Member Participation. Create a path for members to donate land or easements to land for project siting.
- 4. Loans. Make best use of Co-op financing until such time as cost parity (the amount to pay back loans is less than the cost of off island generation). Protect member affordability by balancing project funding sources to minimize the impact on retail rates.

The LRP must determine the most practical and economical means of serving existing and future system loads while maintaining reliable service. In addition to exploring the expensive and impactful build-out of renewable micro-grids and exploration of future technologies (e.g., tidal), the LRP examines system capacity, grid evolution and load management tools such as sectionalization and equipment upgrades to get the most out of our existing system.

On this challenging road ahead, the LRP lays out the steps to increase local resilience while strengthening our system and meeting the mandates of the Washington State Clean Energy Transformation Act (CETA). Our task is to manage the very high project costs required for this transition while protecting the health and sustainability of our island communities.



OPALCO Policy 5 - Investment of OPALCO Funds

To achieve the goals of the Integrated Resource Plan (IRP), the Board will be reviewing an updated Long Range Plan (LRP) in January with detail on planned capital projects. OPALCO must build equity to fund these necessary capital improvements using a more diversified investment strategy. We anticipate accumulating investment assets and wish to make prudent investments until the funds are needed for construction.

Staff would like the ability to work with a Board selected financial advisor to handle OPALCO's longer term investments. The goals and objectives would remain the same: preserve principle as the primary objective, ensure adequate capital is on hand to meet expenses, and reduce cost of power through earnings or investments. Investments would continue to be evaluated for low-risk to the Cooperative. The proposed change would give the General Manager the opportunity to contract with outside third-party investment group. OPALCO would provide this advisory group with the ability to control the funds on a custodial and fiduciary relationship.

Staff recommends a motion to approve the changes to Policy 5 as presented.



ORCAS POWER AND LIGHT COOPERATIVE OPALCO POLICY 5 INVESTMENT OF OPALCO FUNDS

5.1 GOALS AND OBJECTIVES

- 5.1.1 Preserve principal as primary objective.
- 5.1.2 Ensure adequate capital is on hand to meet expenses.
- 5.1.3 Reduce cost of power through earnings or investments.
- 5.1.4 Manage investment funds per Board Strategic Directives.

5.2 POLICY

- 5.2.1 Investments may be made in:
 - 5.2.1.1 CDs when the entire principal is insured by the FDIC or FSLIC.
 - 5.2.1.2 Repurchase agreements where the principal is fully collateralized.
 - 5.2.1.3 U.S Treasury bills or notes or other debt instruments where the principal is guaranteed or backed by the full faith and credit of the U.S. Government
 - 5.2.1.4 National Rural Utilities Cooperative Finance Corporation commercial paper or medium-term notes.
 - 5.2.1.5 Working funds shall be kept in a bank or savings and loan whose deposits are insured by the FDIC or FSLIC.
 - 5.2.1.6 CoBank commercial paper or medium-term notes.
 - 5.2.1.7 Other investments as deemed appropriate by an independent investment firm.
- 5.2.2 It is realized that the cooperative's monthly cash flow will result in amounts exceeding \$100,000 in an institution.
- 5.2.3 To promote the local economy, the cooperative may invest its funds in county banks if the interest rate to be earned is within ½ percent of equivalent rates offered by mainland banks.
- 5.2.4 Deposits may be placed in banks licensed to conduct business and/or investments in the state of Washington. Out of state investments (with CFC and CoBank) will be made only with the prior approval of the board of directors.
- 5.2.5 Investments shall be limited to those with a maturity of 480 days or less.
- 5.2.5 Staff is permitted to contract with a Board approved independent investment firm, who shall have custodial and fiduciary control of funds as approved by the Board, consistent with this policy.
 - 5.2.5.1 Investment Objectives



- 5.2.5.1.1 Investments are to follow standard investment firm protocols including diversified by capitalization, style, industry and geography, and over a complete market cycle, it is expected that investments will include different capitalization investments (e.g. large, small and mid-cap stocks) and different investment styles (e.g. growth and value stocks).
- 5.2.5.1.2 Annual performance reporting will be provided to the Board. Further reporting will be as needed.
- 5.2.5.1.3 The Board acknowledges that there are inherit market risks with investment of funds.

5.3 RESPONSIBILITY

It shall be the responsibility of the general manager to ensure compliance with this policy. The general manager shall report to the board monthly on the status of the cooperative's investments.



DISCUSSION ITEMS

Clean Energy Transformation Act (CETA) Update

Greg Mendonca and Ashley Slater will present a CETA update for ongoing rule making. The following information is to inform PNGC's WA Members with a roadmap for the upcoming few years to comply with the Clean Energy Transformation Act (CETA) requirements. A link to a source document from WA Commerce is provided below giving a high-level roadmap for small utilities through 2026:

https://www.commerce.wa.gov/wp-content/uploads/2020/03/Illustrative-Schedule-of-Plans-and-Reports-for-Small-Utilities-DRAFT-2020-03-25.pdf

Major Compliance Documents

- 1) December 2020 10-Year Resource Plan (RCW 19.280.030(5))
 - a) What Is It?
 - i) "Base Year" report on total retail load, energy efficiency, and resources used
 - ii) Year 5 and year 10 forecast of loads and resources
 - 10-year plan on how to meet the requirements of the 100% clean requirements described in RCW 19.405.040 and RCW 19.405.050 (details not necessary in this iteration of the document per Department of Commerce)
 - b) What Approvals are Necessary?
 - i) Approved by local board of directors prior to submittal
 - ii) PNGC will work with Members to provide detailed information prior to meeting closest to deadline
 - c) How Will PNGC Assist?
 - i) PNGC will complete a draft resource plan, in coordination with the PNGC Member, and provide
 - d) What Does This Impact?
 - i) The Resource Plan will inform the Clean Energy Implementation Plan (covered later)
 - ii) Public document posted on Commerce website
- 2) June 2021 Fuel Mix Report and GHG Emissions Reporting (RCW 19.29A.140, 19.405.070)
 - a) What Is It?
 - i) The fuel mix report gives a high-level source of electricity for a historical year's usage, broken into generic buckets (i.e. wind, solar, hydro, unspecified market purchases)
 - ii) The GHG emissions report calculates the amount of emissions from generation sources reported in the fuel mix report for a historical year
 - b) What Approvals are Necessary?
 - i) None
 - c) How Will PNGC Assist?
 - i) PNGC will complete a draft fuel mix report and GHG emissions report and get Member approval prior to submitting to Commerce



- d) What Does This Impact?
 - i) Currently no impact to these reports outside of being public documents posted on Commerce website
 - ii) Future carbon emissions legislation (i.e. cap and trade) may set allowances for emissions based on historical information included in these reports
- 3) July 2021 Energy Assistance Compliance and Assessment Reports (RCW 19.405.120(4))
 - a) What Is It?
 - i) A report submitted to Commerce detailing the various information and activities surrounding low-income household assistance at the utility
 - ii) It is mandated that, by July 31, 2021, each utility must make programs and funding available for energy assistance to low-income households
 - iii) The assessment report will be a detailed report on the programs used, their effectiveness, appropriateness of funding levels to achieve targets, and strategies to demonstrate progress
 - b) What Approvals are Necessary?
 - i) None, though local board of directors approval is encouraged given the nature of the report
 - c) How Will PNGC Assist?
 - i) PNGC can provide an outline of requirements and assist in aggregating and submitting the reports
 - d) What Does This Impact?
 - i) Primarily local impacts on low-income assistance programs
- 4) Jan 2022 Clean Energy Implementation Plan (RCW 19.405.060(2)
 - a) What Is It?
 - i) A four-year plan to meet the 100% clean standards described in RCW 19.405.040 and 19.405.050 (100% clean standards)
 - ii) Identifies specific actions the utility will take to demonstrate progress towards meeting those standards
 - iii) Must hold a public meeting to discuss the CEIP
 - iv) Must ensure that all customers are benefiting from the transition to clean energy
 - b) What Approvals are Necessary?
 - i) Approved by local board of directors prior to submittal to Commerce
 - c) How Will PNGC Assist?
 - i) PNGC will work with Members to provide information for the planning to meet the clean energy standards
 - ii) PNGC will assist Members in drafting the other sections of the CEIP
 - d) What Does This Impact?
 - i) This plan will be a public document on the Commerce website
 - ii) This plan will be a roadmap for compliance and actual results will be judged against this planning document
- 5) June 2022 Fuel Mix Report and GHG Emissions Reporting (RCW 19.29A.140, 19.405.070)
- 6) July 2022 Data Submission on Energy Assistance Programs (RCW 19.405.120(3))
 - a) What Is It?
 - i) Members submit data to Commerce on energy assistance programs
 - b) What Approvals are Necessary?



- i) None
- c) How Will PNGC Assist?
 - i) PNGC can remind Members of the submittal deadline
- d) What Does This Impact?
 - i) Will influence Commerce's focus in this area
 - ii) May impact future energy assistance and compliance reporting
- 7) Sep 2022 10-Year Resource Plan (RCW 19.280.030(5))
- 8) June 2023 Fuel Mix Report and GHG Emissions Reporting (RCW 19.29A.140, 19.405.070)
- 9) July 2023 Energy Assistance Assessment Reports (RCW 19.405.120(4))
- 10) June 2024 Fuel Mix Report and GHG Emissions Reporting (RCW 19.29A.140, 19.405.070)
- 11) July 2024 Data Submission on Energy Assistance Programs (RCW 19.405.120(3))
- 12) Sep 2024 10-Year Resource Plan (RCW 19.280.030(5))
- 13) June 2025 Fuel Mix Report and GHG Emissions Reporting (RCW 19.29A.140, 19.405.070)
- 14) July 2025 Data Submission on Energy Assistance Programs (RCW 19.405.120(3))
- 15) Jan 2026 Clean Energy Implementation Plan (RCW 19.405.060(2)
- 16) June 2026 Fuel Mix Report and GHG Emissions Reporting (RCW 19.29A.140, 19.405.070)
- 17) July 2026 CETA Interim Compliance Report for 2022-2025 (RCW 19.405.100(4))
 - a) What Is It?
 - i) A report showing actual results for the period as to meeting the clean energy requirements, including loads and resources, energy efficiency, and demand response
 - ii) Report on equity provisions of CETA
 - iii) Any alternative compliance used
 - b) What Approvals are Necessary?
 - i) Likely local board approval
 - c) How Will PNGC Assist?
 - i) PNGC can complete draft materials working with Members for load and resource data
 - ii) PNGC will work with Members drafting narrative on other compliance components
 - d) What Does This Impact?
 - Moving forward this will be the compliance document for CETA in order to legally meet the obligations of the law

PNGC – Regional Power Priorities

The PNGC Board has made influencing the creation of a Regional Transmission Organization (RTO) a top priority in 2021. Roger Gray will give a presentation to cover what an RTO is, history and comparison to others in the nation, the benefits for the region, the pitfalls of operating without a PNW dedicated RTO and the formation process. Presentation materials will be posted online following the meeting.



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.

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.

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. Of this number, ~180 members are continuing to receive the EAP/EAP-C monthly assistance until the board approved funding has been exhausted.

We continue to watch the data points to make sound decisions as we continue to move through this pandemic and understand the different ways each organization needs to operate to meet the needs of the membership while remaining a viable business.

It is expected that nearly all Phase 1a eligible individuals in San Juan County will be vaccinated by the end of the day on January 15th. This includes healthcare workers, first responders, and long-term care facility residents and staff. There will still be opportunities for any remaining 1a islanders who have yet to be vaccinated to receive doses going forward. Currently Washington State Department of Health has not yet authorized the move to Phase 1b, but that decision is expected to be announced very shortly. The full Phase 1b from WA DOH is online here https://www.doh.wa.gov/Newsroom/Articles/ID/2554/Who-goesnext-Washington-releases-next-phase-of-vaccine-prioritizationguidance. There is currently no information on phases beyond 1b.

For current information from San Juan County Health please use the link below:

https://www.sanjuanco.com/1668/2019-Novel-Coronavirus



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	107	73,340	100,000	26,660
Energy Assist (EAP) Residential COVID	88	21,535	50,000	28,465
Extend Project PAL Benefits - COVID	131	15,000	15,000	0
Grand Total	301	109,874	165,000	55,126

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	6,932

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

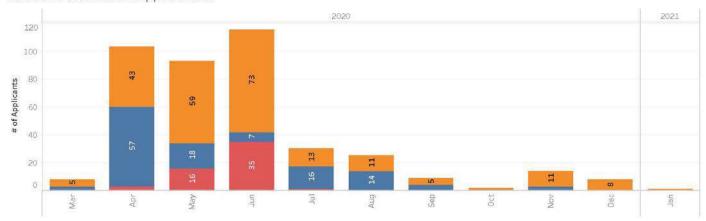
Waiving of late penalties (Normal penalties are 5% of the total balcance post-due date)
Waiving of reconnect fees (Normal reconnect fee is \$50 per instance of reconnecting after a disconnect for non-payment)

Member Donations to COVID-19 Relief Efforts

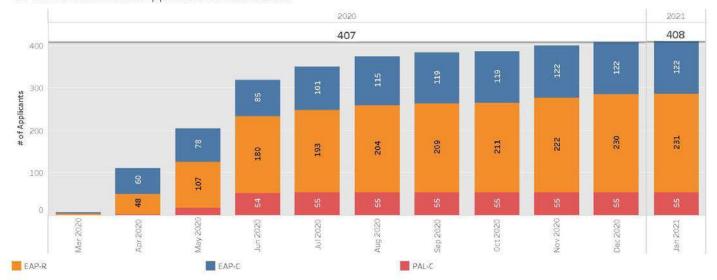
Staff will continue to communicate with members regarding the COVID-19 relief measures, including a request for donations. Staff continues to encourage members to donate to our PAL program.



COVID-19 Assistance Applications

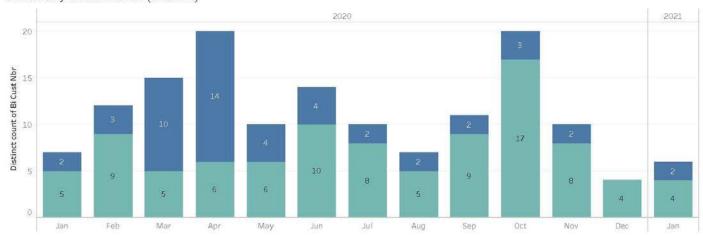


COVID-19 Assistance Applications Cumulative

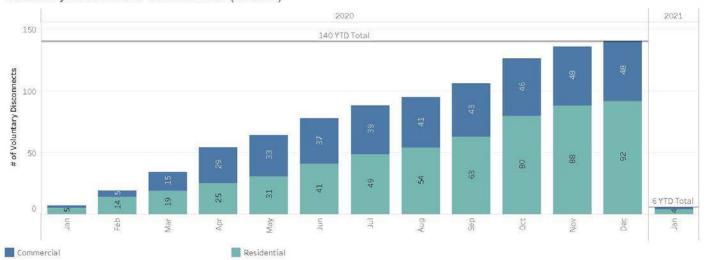




Voluntary Disconnects (Meters)



Voluntary Disconnects Cummulative (Meters)



Page **21** of **43**



A/R 30-60-90

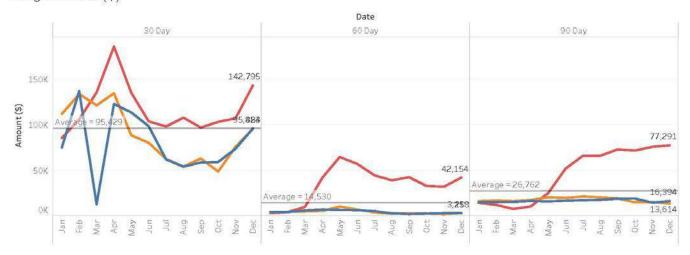
- 30-day A/R is trending slightly higher.
- 60-day A/R is notably higher and stabilizing.
- 90-day A/R notably higher and stabilizing.
- We are seeing a flow through into the 90-day with a notable uptick on the 90-day accounts receivable. The lower usage profiles of the summer will aid in moderating 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 Comparisons

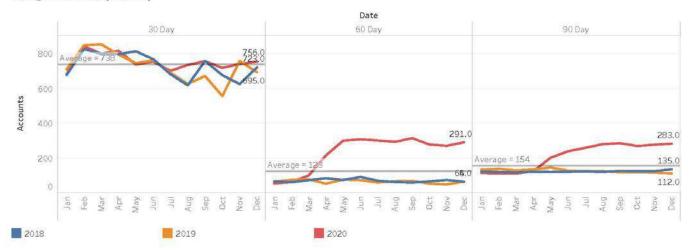
	30 Day		30 Day % Difference	60 Da	У	60 Day % Difference	90 Da	у	90 Day % Diff	erence
	2019	2020	2019 2020	2019	2020	2019 2020	2019	2020	2019	2020
Jan	111,730	85,379	-23.58%	3,837	3,101	-19.18%	16,248	14,427		-11.21%
Feb	133,447	105,886	-20.65%	4,511	4,333	-3.93%	16,995	12,166		-28.42%
Mar	121,185	135,225	11.59%	4,962	9,976	101.04%	16,257	7,762		-52.25%
Apr	134,240	185,370	38.09%	5,479	41,845	663.72%	17,451	10,546		-39.57%
May	88,272	134,798	52.71%	10,457	64,616	517.89%	20,553	25,016		21.72%
Jun	80,172	103,575	29.19%	7,126	57,091	701.17%	19,925	51,746		159.70%
Jul	62,481	97,956	56.78%	4,004	44,576	1,013.19%	21,349	65,931		208.82%
Aug	54,195	107,577	98.50%	2,543	39,191	1,441.27%	20,486	66,002		222.19%
Sep	62,931	96,832	53.87%	3,010	42,513	1,312.28%	19,305	72,854		277.39%
Oct	48,634	102,980	111.75%	2,725	32,868	1,106.30%	15,115	71,660		374.08%
Nov	75,636	106,860	41.28%	2,078	31,986	1,439.43%	15,429	75,673		390.47%
Dec	95,454	142,795	49.60%	3,218	42,154	1,209.94%	13,614	77,291		467.75%



Long Term AR (\$)



Long Term AR (Count)





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

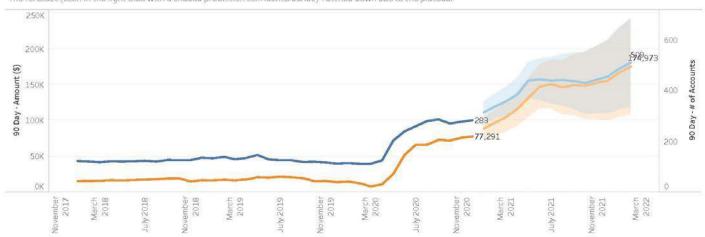
The forecast (seen in the light blue with a shaded prediction confidence bands) ratched down due to the plateau.



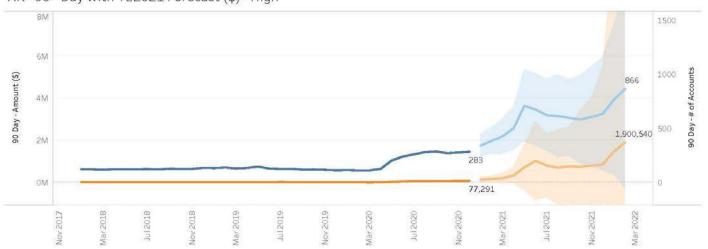


AR - 90+ Day with YE2021 Forecast (\$) - Assumed

The forecast (seen in the light blue with a shaded prediction confidence bands) ratched down due to the plateau.

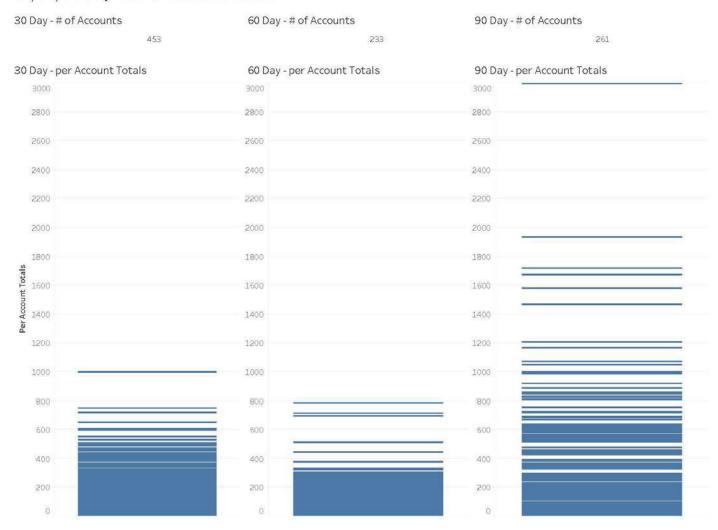


AR - 90+ Day with YE2021 Forecast (\$) - High





30/60/90 Day AR Per Account Totals

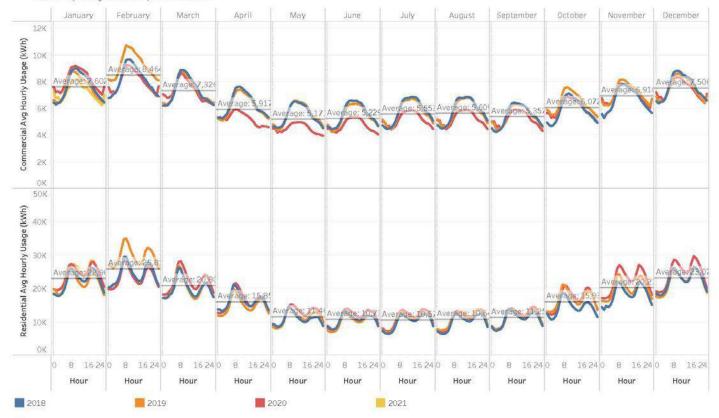




Load Shape - Residential and Commercial

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 over the summer of 2020.
- Overall estimated increase of >1% in residential usage since April 1st.
- · Current reporting month is a partial data set.



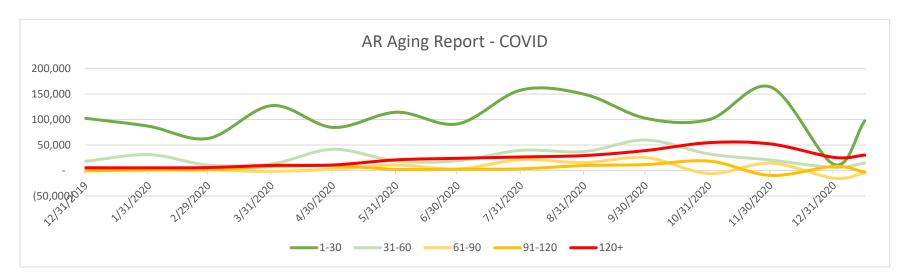
Next steps: Staff will continue to track closely the above data points as well as several more we are developing as the pandemic continues to show any impacts on the cooperative. We need to be patient as we continue to monitor this data to ensure we are making the best decisions for the co-op throughout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



Rock Island COVID-19 Update

30-60-90 Accounts Receivable Trends

As reported last week we continue to see the accounts maintain consistency as we closed out the year. The few remaining long term (120+) are businesses who are still affected due to the 2nd wave of shutdowns.

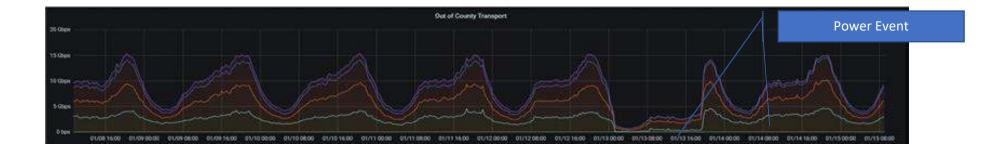




Transport Network

The previous week average peak was 15.4GB. Total network capacity remains at 30GB as we implement the additional 110GB of transport capacity this month. Interesting to note the impacts the power outage had on usage.

Daily Usage Trend





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
TIER/Margin	Uncollectable Revenue	Historical SAIDI - Figures
Expense	PAL	Outage Stats – Rolling 12 Mth
Cash	EAP	Outage Stats – Monthly
Power Cost	Service Additions	SAIDI by Category
Purchased Power	Annual Service Additions	Outage Summary
Annual Power Metrics	Revenue Dist. By Rate	
Capital		
Debt/Equity		
WIP		
Income Statement Trends		

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES WIP

As of January 13, 2021, there are 411 work orders open totaling \$6.7M. Decatur Energy Storage System is \$1.4M of the balance. Operations has completed construction on 145 work orders, totaling \$2.0M.

Safety

John Spain of Northwest Safety Service conducted fire safety for all staff via Zoom and in person in multiple districts. The total current hours worked without a loss time accident 59,969 hours.

Tidal

As a part of staff's ongoing conversations on tidal power, Orbital Marine and PNNL have been engaged to aid in environmental/regulatory investigations for deployment requirements. In addition, we are scoping a tidal flow investigation to determine current speeds in key areas in the San Juan Islands.

Biomass Combined Heat and Power (CHP) Wood Innovation Grant

San Juan Island Conservation District received a grant for feasibility of fuel sources for a Biomass CHP Generation Project. The Conservation district is encouraging OPALCO to submit for a US Dept of Forestry grant for the second design phase of this project. The grant submittal date is January 20th with an investigation period until the grant is awarded in May 2021. Staff is currently compiling the required information for the application and will provide grant specifics at the Board meeting.



Grid Modernization Projects

- Decatur Battery Energy Storage System (ESS) WA DOC CEF2 Grid Modernization (~\$1M Grant) –
 Commissioning has been completed. PNNL is scheduled to begin testing and analysis. Safety training
 will begin in Q1 2021.
- Microgrid WA DOC CEF3 Grid Modernization (Grant \$ Amount TBD) Staff had the kick off meeting with the owners engineer consultant.
- Future of Grid Modernization Funding via WA DOC Staff has attended meeting to aid in formulating the next legislative package up for vote in Q1 2021 as seen in the Governor Inslee's budget request, including potential grant funding opportunities for grid modernization, terrestrial transportation and maritime transportation. Themes that have priority include resiliency, integration, decarbonization, inclusion, collaboration and capacity. Staff will stay engaged and continue to utilize this process to innovate and acquire funding.

FINANCE

2020 Budget Tracking

Energy (kWh) purchases & sales were higher than budgeted for 2020. Overall, gross revenue surpassed budget by ~\$927k, largely driven by increased kWh sales. This amount was curtailed by the ECA in the amount of \$651k resulting in a net sales revenue variance of +\$276k for the year. While kWh purchases were ~6.4% higher than budgeted for the year, the ending cost of power and HDD tracked relatively closely to budget.

Income Statement Summary (in thousands)	YE Projection 2020					
	1	Budget		Actual	Vari	ance
Gross Revenue	\$	32,185	\$	33,112	\$	927
ECA Surcharge / (Credit)*		-		(651)		(651)
Revenue		32,185		32,461		276
Expenses						
Cost of Power		9,533		9,514		(19)
Transmission & Distribution Expense		6,616		6,726		110
General & Administrative Expense		5,316		5,335		19
Depreciation, Tax, Interest & Other		8,605		8,479		(126)
Total Expenses		30,070		30,054		(16)
Margin	\$	2,115	\$	2,407	\$	292
TIER		2.06		2.20		0.13
HDD		1,367		1,315		(52)
kWh Purchases		212,000		225,583		13,583
kWh Sales		198,930		212,087		13,157

^{*}The ECA has returned \$651k to members in the form of bill credits through December

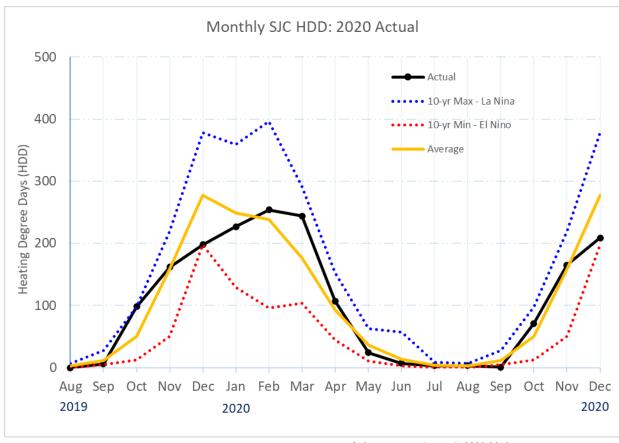
Monthly ECA

The calculated amount for the December ECA was a bill credit of -\$.015582 per kWh which returned \$376,984 to members, or \$15.58 per 1,000 kWh. Through year-end 2020, the ECA returned \$651k to members. The January billing period ECA will be a credit of \$(.008810) per kWh.



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 through Q3 settled back to around the historic average with the exception of December which trended towards an El-Nino pattern.



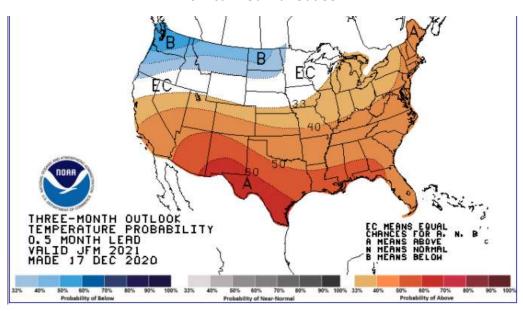
*10-year max, min, avg is 2009-2019



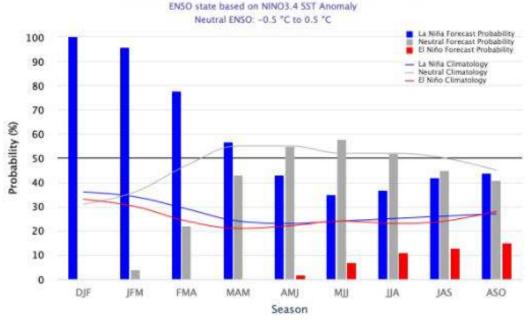
Weather Forecast

We budgeted year end 2020 to have above average temperatures for the region, with a Q4 2020 with a temperature probability of above average. This played out as anticipated as seen above with December HDDs. For the second half of the winter, the latest NOAA predictions are indicating a probability of higher La Niňa temperature condition in the region. The trend to a La Niňa condition appears to be present and will likely continue through the Northern Hemisphere this winter (~50-60% chance). Given OPALCO's sales influence by oceanic conditions, we may tilt toward a slightly cooler condition which may yield increased energy consumption.

2021 Jan-Feb-Mar Outlook



Early-January 2021 CPC/IRI Official Probabilistic ENSO Forecasts



Source: NOAA National Weather Service



RESP 3.0 Letter of Intent

In December 2020, the RUS announced a new tranche of RESP loan availability. Driven by the goals for increased member investment in renewable energy and resilience as outlined in our Integrated Resource Plan, we have submitted a Letter of Intent to apply for another round of this 0% capital. The use of these funds will be to re-lend to our members through our Switch-It-Up on-bill financing program for energy efficiency projects, specifically residential rooftop solar and in-home dispatchable battery storage measures. There will be further considerations brought to the board if we receive the Notice to Proceed from RUS and begin the official application process. Implementation of a new solar rate structure must be complete before on bill financing for solar will be made available; the cost of service must be equitable before encouraging further participation.

Grant Application

In December, we applied for a \$1M grant through the WA State Department of Commerce (DoC) Clean Energy Fund 3 (CEF 3) program. The grant falls under CEFs Low-Income Community Solar Deployment opportunity. As we are asking for the maximum grant under this opportunity, we have outlined an ambitious plan to use all \$1M of the funds to support our low-income community in a variety of ways through community solar. We anticipate receiving application feedback in February.

MEMBER SERVICES

Energy Assistance

EAP: During December 2020, 420 members received ~\$15.4k from the low-income Energy Assist program, compared to 360 members receiving ~\$12.3k in December 2019. Project PAL: During December 2020, 76 members received ~\$15.6k in Community/Family Resource Center Awards. LIHEAP application are also being taken at each Resource Center.

Switch it Up!

There are now 155 projects complete and billing for a total of \$1.2M outstanding. There are another 42 projects in various stages of the process. Some projects have been delayed as residential contractors have been limited by COVID-19.

Energy Savings

In December 2020, there were 23 rebates paid to members totaling ~\$20.5k. This includes 7 fuel switching ductless heat pumps and EV charging station rebates totaling \$6,500.

Solar Interconnects

There have been 3 new solar interconnect applications submitted, and 6 members interconnected in December. There are an additional 13 applications pending interconnection

Community Solar

During the December 2020 billing cycles, the <u>Decatur Community Solar</u> array produced 6,640 kWh. A total of \sim \$674 was distributed to 265 accounts.



COMMUNICATIONS

Election 2021

Nominations by committee are open until January 27th. To date, the three incumbents have filed applications for candidacy and no other applications have been received. The Elections & Governance Committee continues to cultivate potential candidates. The Why Run campaign and staff outreach to members continues on all channels. A single candidate forum is scheduled for March 17th via Zoom.

Annual Meeting: Saturday, April 24

Staff are planning a virtual event on the Zoom webinar platform with interactive sessions, workshop content and even prizes. The business portion of the Annual Meeting will be conducted at the April regular board meeting. DRAFT Agenda:

- Intros and Welcome + Zoom Ground Rules
- Message from Board President (State of the Co-op, COVID-19, Low Income Programs, Energy Future)
- Break-out sessions: (DRAFT) Community Solar, Talk to the Board, DHP, EVs, Rock Island, Home Energy Production, Carbon Transition Groups, OPALCO Member Tools (SmartHub, Outage Center, Forms, Support Center ...)
- Keynote Address: Our Energy Future Regional Power Supply/The Island Way (Foster)
- Election Results
- Q&A
- Prize Drawings (prizes to delivered in "drive by" events later)
- Adjourn annual meeting. Board to stay in for executive session.

Island Way Campaign Launch: January 27

Staff have invited OPALCO Stewards and participants in Community Solar to a virtual meeting on January 27th with the goal of deputizing engaged members to help spread the word about the Island Way campaign. This Zoom event will provide a big picture overview of the energy transition at hand and a look at OPALCO's plan for our energy future. Attendees will be provided with background information ahead of time and asked to help in a variety of ways. Board Members are welcome to attend. RSVP to communications@opalco.com.

Decatur Battery Project Celebration: February 24

Staff are working with the Department of Commerce to host a virtual celebration of the project completion, scheduled for February 24, 2021 at 11:30am on Zoom. The event will feature a video showcase of the project and give OPALCO an opportunity to thank our partners and grantors. Board Members are encouraged to attend, and Co-op members will also be invited. The video will be posted online following the event.





EV Happy Deal

The launch of OPALCO's EV Happy Deal has been delayed by a shift in equipment purchasing. The EV home chargers that were selected did not meet our specs and new bids are out for procurement of a replacement. We expect to launch the campaign in early March. The Bonneville Environmental Foundation grant of \$50k will cover an estimated 30 EV Happy Deals, depending on final equipment and installation costs. The EV Happy Deal comes with a member purchase of a used EV from Island eCars on Orcas and includes home charger, installed; vehicle tabs the first year; sales tax; and, for low-income households enrolled in OPALCO's Energy Assist program: we'll pay the kWh charges for the first year of home charging.



Outage Recap: January 5

Wind caused a major outage on the west side of Orcas and Shaw Island on Tuesday, January 5th affecting ~3500 meters. It began at 11:40 am and all meters were restored at 3:22 pm. Staff was able to reroute power through the Olga substation to get Eastsound back in power within the first hour. A tree fell on a transmission line on Lopez Island affecting the Shaw/Orcas circuit. There was damage done to the line and about five feet of conductor was replaced. During this time there was another tree that fell on a different part of the line. There were several other smaller outages sprinkled throughout the county during this time due to the windy conditions but were quickly restored by the crew.



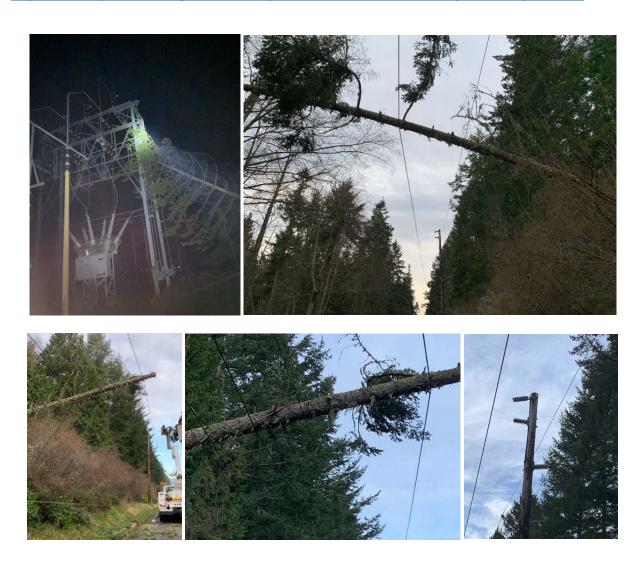
Staff held a routine outage debrief and also reviewed current outage communication processes after getting some feedback from members on social media. While there were more than 6,600 page views on OPALCO's outage center, nearly 500 members called in to report an outage or check for updates. It's clear that phone updates remain an important part of outage communications and staff will make sure phones are updated regularly. Restoration times continue to be difficult to estimate but staff will let members know if extended outages are anticipated. Social media is our most effective way to offer members information in as close to real time as possible using the outage map and photos. If members don't have access to the internet during outages, we are encouraging them to have an outage buddy and will some increase outreach with senior centers to encourage the buddy system. Outreach with members will include increased training in Smarthub and emphasis on outage preparation.



Outage Recap: January 13

San Juan County experienced a county-wide extended mainland outage due to large trees on our PSE power lines feeding the BPA substation (18+ hours). OPALCO crews quickly resolved a number of smaller local outages and surveyed the lines in anticipation for the mainland power to be restored. Winds reached 50-65 mph in the islands; shout out to OPALCO's line crews and staff, who kept the disruption to a minimum. OPALCO staff answered a record number of phone calls and the online outage center received thousands of page views. See appendix for member commentary.

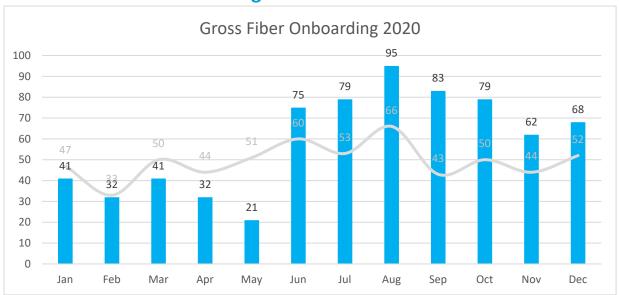
For a full recap of this major outage, please see our news release: https://www.opalco.com/big-winds-knock-power-out-for-18-hours-in-san-juan-county/2021/01/.

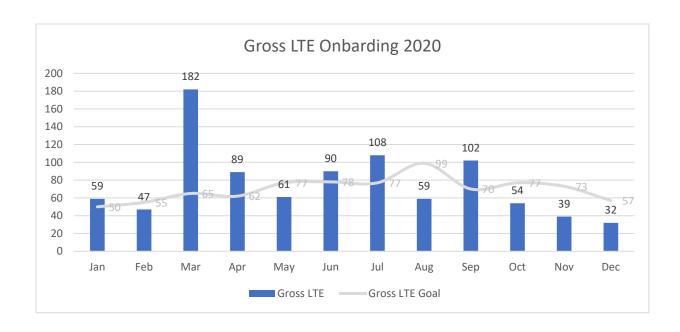


ROCKISLAND

Rock Island Snapshot

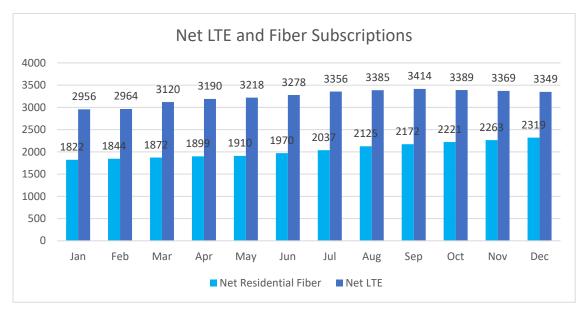
Gross Subscriber Onboarding 2020

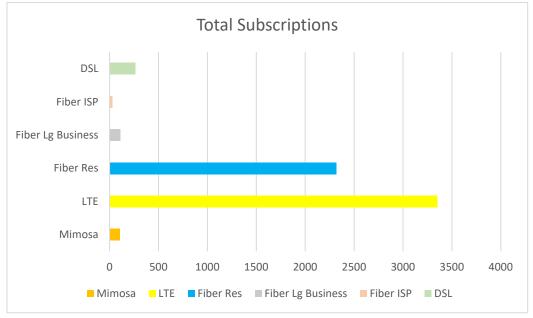




ROCKISLAND

Net Subscribers 2020



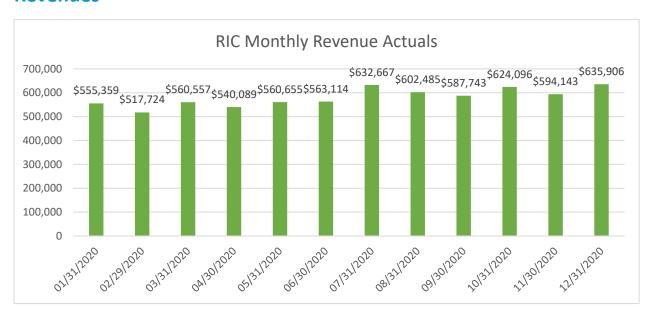


Total

6,178

ROCKISLAND

Revenues



❖ December revenues are not closed and are subject to change.



Appendix

Member Comments

Comment Thank you to you and your entire team for working so hard to get us back up

today. Myst have been a rough day. We appreciate you very much

Comment Thank you to everyone on your team for the extra effort on what must have

been a difficult 24 hours. I know I speak for everyone on Orcas, we appreciate

you very much!

Comment Thank you Opalco. Once again the lights are on! You are wonderful!!!!!!!

Eastsound

Comment We wish to thank all of the linemen who worked so long and hard to get our

power restored. They are APPRECIATED!!!

Comment Thank you thank you thank you!!!!!!

Comment You guys rock. All that effort trimming trees and limbs paid off. Too bad the

bean counters at PSE kept their crews from doing as well. They were just overwhelmed. Our guys weren't! Pass on my congrats to all and sundry

(when they sleep it off!).

Comment Thanks to all of you for keeping us informed during this long outage. And to

the linemen/women fixing the problems. Everyone did a great job and we

appreciate you! Lopez island Lopez sound rd.

Comment Opalco staff

Your customers can't thank the on-site crews and back-up staff enough for the fast response and multi-hours of work that went into restoring power

this week.

Truly, no storm escapes the power and skill of the

LOPEZ MIDKNIGHT MAURDERS



Of Opalco.

Thank you!







Rave to OPALCO and all the hard working crews on the mainland for restoring power.

