

Board of Directors

Regular Meeting

Thursday, March 18, 2021

Virtual Meeting via Zoom

The OPALCO Board of Directors are following CDC and San Juan County 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 March 18, 2021 is:

Meeting URL: <https://opalco.zoom.us/j/94112988059?pwd=REdGU0E0S3cvRDVQYktaUXoyUzZMUT09>

Meeting ID: 941 1298 8059

Passcode: 151213

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

March 18, 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.

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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 – February 2021

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

ALMONT FRIDAY HARBOR LLC
AMERICAN NEIGHBORHOOD MORTGAGEA
ARNIM, KRISTEN & ARNIM, JEFF
BURNS, CARLTON
CARROLL, CAREN
COFFELT, SILVIE
DYER, KYLE
EASTMAN, ERIC & PARK, JEAN
GRIFFIN, ELIZABETH & DILLING, THOMAS
GUARD STREET OFFI, CES
HARO LEGACY LLC
HEFFLINGER PROPERTIES LLC
HOUSE, WILLIAM & HOUSE, SHERRIE
KINNAMAN, KYRA & THALACKER, TANYA
LARGENT, EVE
LIN, SUI CHING
MELBORNE, MICHELE
MURPHY, STEVEN & MURPHY, PEGGY
PATCHING, LESLIE
PERALES, IGNACIO & PERALES, LAURA
ROTH, DAISY
SAARIE, LINDSEY & SAARIE, KEVIN
SCHAEFER, STEFAN & LUNA, EVA
SICILIA, FRANK & AWADA, LEILA
SILKISS-HERO, KAYA
SMITH, DUNCAN & WANDERWALL, KAREN

SPEARS, MICHAEL & BROOKS, KATHERINE
SWALLA, BILLIE
ZALKE, JOSEPH

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

AREVALO, GLORIA
BECKER, SAMANTHA
BROWN, KRISTIN
DICKERSON, PEGGY
EVANS, CHRISTINE
GOLDINGAY, FLETCHER
HAUG, JAMES
KARMA CAFE
KIM, TARA & JACOBS, JOSHUA
KISNER, KATIE
MATISSE, NICOLE
MOONSONG STUDIO LLC
NAUMANN, RACHEL
ORCAS FERN ST. LLC
RAUCHWERGER, MISHA
SCARDAPANE, DARIO
SUNDELI LLC

District 3 (Lopez, Center, Decatur, Charles)

BAILEY, SUZANNE
BARR, MITCHELL
BIGBY, ADAM & BIGBY, RACHEL
BILLESBACH, STEVE & CASKEY, SALLY
BOYCE, CHRISTOPHER & CHINN, DEBRA



BUNDY, JOHN PAUL & BUNDY, JUDD
DUNAWAY, MICHAEL & DUNAWAY FAMILY
TRUST
FAHRENHOLTZ, SUSAN & FAHRENHOLTZ,
CRAIG
JUSTIN C JONES, LLM, PC

MILTON, THOMAS
SCHWABE, PAIGE & SCHWABE, JUSTIN
VIRGINIA FERRARI TRUST
District 4 (Shaw, Crane, Canoe, Bell)
KOPP, CHARLIE

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

March	
Customer #	Amount
65458	822.78
3510	281.14
25240	809.05
62471	78.39
28695	1,249.38
23310	2,573.01
Total	\$ 5,813.75

Staff requests a motion to approve the Consent Agenda.



Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, February 18, 2021

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, consultants Jay Kimball and Ryan Palmateer.

Member commentary session commenced at 8:30 a.m.

Members and Guests in attendance via Zoom:

Robert Dashiell	Ashley Slater	Tom Osterman	Joe Cohen
Rick Fant	Susan Fleischer	Genevieve Gormley	Mark Tompkins
Dr. Frank James	Claire Hobson	Ben Hannigan	

Suzanne Olson provided a state of the Co-op update and invited member questions and comments. The board agenda was reviewed and an invitation extended to join the Decatur Island Micro Grid Celebration on February 24, 2021, the Candidate Forum on March 17th and the Annual Meeting April 24, 2021.

Regular Session – 8:45 a.m.

Consent Agenda

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

COVID-19 UPDATE

Mark Tompkins and Dr. Frank James joined in the discussion about OPALCO's COVID-19 Plan. Reviewed the importance of a complete plan and practicing all safety protocols.

General Manager's Report

General Manager presented the General Manager report.

Break 10:17

Back 10:32

John Hairston, the new Administrator with BPA and Roger Gray with PNGC joined the meeting. Discussion was held regarding BPA's roll in the future of NW energy.

Rock Island Snapshot

General Manager reviewed Rock Island's current Snapshot

Meeting adjourned 12:00 noon

Vince Dauciunas, President

Brian Silverstein, Secretary/Treasurer

ACTION ITEMS

General Manager Review

At the Board President's request, the Board will discuss the performance review of the General Manager in Executive Session.

2021-2025 Construction Work Plan

Please find attached the 2021-2025 Construction Work Plan (CWP) and Resolution 1-2021 for Board review and action.

The CWP maps out OPALCO's construction projects in four-year increments as outlined in the Long Range Plan (funding plan) and in accordance with the Integrated Resource Plan (IRP) (vision plan). For your information, amendments are typically made to the CWP as individual capital projects evolve during the four-year work window.

The CWP details both distribution and transmission projects required to meet the power needs of OPALCO's ~11,500 members to include the load growth as identified in the IRP. To maximize cost efficiency and system reliability, the CWP includes a sectionalization study in 2021 to identify and prioritize areas where phase balance, line loss and voltage characteristics can be improved. The plan includes projects large and small from the San Juan Microgrid (2021) and the addition of a second substation transformer for the Lopez district (2023) to routine overhead-to-underground conversions, annual right-of-way clearing and reconductoring sections of line where documentation of faults indicate decline.

This CWP also institutes the construction of cooperative owned solar facilities totaling \$4M and grid modernization projects, like large storage, system automation and advanced metering, totaling \$12.5M. This CWP will be amended as future renewable generation projects develop such as utility scale solar and tidal projects and a new associated loan will be processed through RUS, as approved by the Board.

Please note the projects and figures contained in this CWP were used as the basis for the 2021 capital projects budget as presented at the November 2020 Board meeting. Improvements recommended in this CWP represent actions required to maintain standards for safety, adequate voltage, thermal loading and service reliability levels.

Following board approval, the next steps are RUS CWP approval, environmental report approval and RUS loan processing.

Please note the actual loan packaging process includes a financial analysis as required by RUS to determine the appropriate level of self-funding versus RUS loan funding. Staff will present the final RUS loan submittal to the board for approval prior to submission in mid-2021.

Staff requests a motion to approve the 2021-2025 CWP and corresponding resolution as presented.



RESOLUTION 1-2021

**A BOARD OF DIRECTORS
RESOLUTION APPROVING THE 2021-2025
CONSTRUCTION WORK PLAN**

WHEREAS, the Construction Work Plan (CWP) has been prepared and reviewed by OPALCO staff and is recommended for acceptance, and

WHEREAS, the Board considers the CWP to be a reasonable estimate of the Cooperative's five (5) year construction needs and loan fund requirements, and

WHEREAS, CWP is consistent with the requirements included in the Cooperatives 2021-2040 Long Range Plan and conforms to the system load and customer growth projections within the current Long Range Forecast and Power Requirements Study.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Orcas Power and Light Cooperative at a regular meeting on March 18, 2021 accepts and approves the 2021-2025 CWP and directs the General Manager to carry out its recommendations.

CERTIFICATE OF SECRETARY

I, Brian L. Silverstein, certify that I am Secretary of Orcas Power and Light Cooperative and that the above and foregoing is a true excerpt from the minutes of a meeting of the Board of Directors held on the 18th day of March, 2021, at which a quorum was present, and that the above portion of the minutes have not been modified or rescinded.

Brian L. Silverstein, Secretary

Date

DISCUSSION ITEMS

Board Meeting Procedures

As previously discussed, the Board wished to update the policies to ensure efficient, civil, and effective meetings. OPALCO's legal counsel reviewed the "small board meetings" (12 individuals or less) portion of "Robert's Rules of Order". We are only obligated to follow "Robert's Rules of Order" during the annual meeting, as the formality of Robert's Rules isn't necessary for our monthly meetings. With this in mind, legal counsel has prepared the changes to Policy 1 (below). No action necessary. Please consider this the first read.



**ORCAS POWER & LIGHT COOPERATIVE
POLICY 1
FUNCTIONS OF THE BOARD OF DIRECTORS**

Preamble

This policy is the responsibility of the Board and it may only be changed or amended by the Board. Board Governance policies are intended to define the Governance activities of the Board of Directors and their functioning within the Organization.

Board-authorized documents such as Mission and Values Statements and Strategic Directives will provide further guidance and instructions to the Organization.

1.1. BOARD ETHICAL STANDARDS

The Board may neither cause nor allow any Organizational practice or event that is imprudent or unethical, or that could damage the short-term or long-term viability of OPALCO.

1.2. CONFIDENTIALITY

Directors are entitled to reasonable access to Organizational data and information.

Directors are required to keep confidential all matters involving the cooperative that have not been disclosed to the public. Information received by a director shall not be disclosed to any other persons unless the director reasonably believes that he or she must do so to fulfill his fiduciary duty.

1.3. DIRECTOR CONDUCT

Regardless of any personal differences, directors are required to:

- 1.3.1. Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.
- 1.3.2. Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.
- 1.3.3. Publicly support decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision or action will bring harm to the cooperative or threaten the cooperative's survival.
- 1.3.4. Refrain from revealing to persons other than directors, the General Manager, or the cooperative's attorney any differences of opinion among directors on matters considered and acted upon by the Board. (This standard does not preclude fair and accurate publication of such differences to the cooperative's members in relation to contests for director elections or other matters to be voted upon by the members. Nor does it impinge upon a director's right to dissent and to have his dissenting vote recorded in the minutes.)
- 1.3.5. Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.
- 1.3.6. Directors shall not create a hostile environment in which to perform their duties. Directors are committed to helping management provide a workplace free from discrimination in all forms, and providing an atmosphere at board meetings that are free of harassment in any way.

1.4. CONFLICT OF INTEREST DISCLOSURE

Board members are required to disclose any potential conflict of interest with regard to ongoing or specific transactions on any matters before the Board and shall attest that they have no material undisclosed conflict of interest situations in writing annually, consistent with the Bylaws and all policies related to conflicts of interest. The Board has established conflict of interest policies in Policy 23.

1.5. BOARD MEMBER QUALIFICATIONS

Board Member Qualifications are defined in Bylaws Article III: Directors, Section 2: Qualifications. Additionally, and consistent with the Bylaws, OPALCO strives to cultivate a diverse and well-rounded board of directors and with members who bring expertise in any of the following industries: engineering, utilities, legal, insurance, technology and communications, environmental, financial, outreach and education, community development, natural resources, human resources and construction, among others.

1.6. BOARD MEMBER DUTIES AND RESPONSIBILITIES

Board service requires a significant commitment of time during and outside of monthly board meetings.

1.6.1. Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.

1.6.2. Board members are required to attend Board meetings as specified in other governing documents and to travel and perform other reasonably required duties in a safe and competent manner.

1.6.3. Board members are expected to dedicate time outside of board meetings to review board materials on a monthly basis.

1.6.4. Board members are required to complete an initial orientation conducted by the Board President and General Manager within 45 days and are encouraged to achieve NRECA Credentialed Cooperative Director status or equivalent within 24 months of first election to the Board.

1.6.5. Board members are required to complete one or more relevant educational sessions during each additional three years of tenure.

1.6.6. Board members are encouraged to attend conferences and other activities designed to improve their skills and knowledge. The expenses of enrollment and attendance at Board training programs are paid by the cooperative. Board training programs shall be conducted within the confines of an annual budget established by the Board of Directors for this purpose.

1.7. BOARD POLICIES AND STRATEGIC DIRECTIVES

1.7.1. The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.

1.7.2. Board Policies shall address matters that are expected to be permanent and pervasive in nature and define the limitations imposed on the General Manager and the Cooperative.

- 1.7.3. Board Strategic Directives shall address matters that may be impermanent in nature, address specific circumstances, may terminate when complete or rendered obsolete by changing circumstance and provide guidance in addressing the goals and objectives of the Cooperative.
- 1.7.4. Any Board member may propose a new policy or amendment to a current policy.
- 1.7.5. All Board Policies and Strategic Directives shall be maintained up to date in a format that is available to every Board member,
- 1.7.6. The Board shall review its own Policies and Strategic Directives for relevance, appropriateness and benefit to OPALCO at least annually.

1.8. STRATEGIC PLANNING

The Board shall set the Cooperative's mission and purposes, engage in strategic planning on a regular basis and produce Strategic Directives, to be reviewed and updated at least annually.

1.9. OVERSIGHT

The Board shall provide oversight including the adoption of policies and monitoring for compliance with legal and regulatory requirements as well as the adequacy of internal controls, primarily through appropriate use of Auditors and Legal Counsel. The Board shall also oversee any subsidiaries of the Cooperative. Such oversight shall include regular updates from the General Manager, financial performance review, business plan and strategy review, review and approve debt increases, and consistency with overall Strategic Directives.

1.10. BOARD INTERACTION WITH AUDITORS

The Board shall approve an engagement agreement for annual audit services to be provided to the cooperative that:

- 1.10.1. Requires pre-approval by the Board for all services to be provided by the audit firm.
- 1.10.2. Sets out the scope of the audit, its objective and purposes, and deadlines for work to be performed.
- 1.10.3. Specifies all fees to be paid for all audit, audit-related and tax work provided by the audit firm.
- 1.10.4. If a multi-year agreement, provides for regular rotation of the lead audit partner.
- 1.10.5. Complies with all RUS Policies and/or other applicable regulatory standards on Audits.

1.11. BOARD INTERACTION WITH LEGAL COUNSEL

The Board shall:

- 1.11.1. Make all decisions regarding retaining, employing, and discharging attorneys for the cooperative.
- 1.11.2. Reaffirm that the attorney represents the cooperative and does not represent individual directors, officers, employees, or members or affiliated entities of the cooperative, unless the Board consents to such representation and the attorney has complied with applicable conflict of interest requirements.
- 1.11.3. Require the attorney to keep the Board and the General Manager informed of matters for which the attorney is providing legal services.
- 1.11.4. Require the attorney to report evidence of any actual or intended material violation of law or material breach of duty that would likely cause substantial harm.
- 1.11.5. Oversee the election process on behalf of the Board of Directors consistent with the Bylaws, Policies and adopted Guidelines, and assist management, and the Election

Governance Committee as necessary to ensure a full and fair election for board positions and any proposals offered by the membership or otherwise.

1.12. BOARD NOMINATIONS AND THE ELECTIONS & GOVERNANCE COMMITTEE

Nominating the best qualified Directors is essential to OPALCO and its members. To oversee the recruitment of strong Director candidates, the Bylaws have established an independent Elections & Governance Committee (EGC). The EGC serves to independently identify, interview and recommend to the Cooperative's membership high quality candidates to run for election to the Board of Directors. The Bylaws require that the EGC is made up of a representative group of members, preferably three from each of three districts as defined by the San Juan County Council. To foster independence, no current Director or Officer of the Cooperative may serve on the EGC, nor may any current employee of the Cooperative or its subsidiary serve on the EGC. The Board of Directors shall use its best efforts to ensure that the EGC has a full membership each year. This policy does not supersede any requirement in OPALCO Bylaws or Articles of Incorporation, or other applicable state or federal requirements.

Elections & Governance Committee Purpose

To facilitate the ability of the membership to elect board members who are most qualified and appropriate to serve in the best interests of OPALCO as a member-owned non-profit cooperative. The EGC will:

- 1.11.1 Actively cultivate qualified candidates on an ongoing basis to fill upcoming board positions.
- 1.11.2 Review candidate qualifications based on the ideal collective criteria for the Board as a whole and consistent with the bylaws.
- 1.11.3. From time to time, at Board's request, make recommendations to update elections, Board compensation and governance policy.
- 1.11.4. Work with the General Counsel to determine whether Candidate Applicants satisfy the qualifications to be eligible for election as a director, as established by the Bylaws.
- 1.11.5. Recommend a slate of Qualified Candidate Applicants
- 1.11.6. Announce the election results at the Annual Meeting

1.13. GENERAL MANAGER

The Board selects the General Manager, and regularly evaluates performance, and sets his compensation.

1.13.1. Board Interaction with General Manager

- 1.13.1.1. The Board will direct the General Manager to achieve specific results within the restraint of specific limitations. He is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that do not transgress the limitations imposed.
- 1.13.1.2. The Board may change its policies and thus the expectations or limitations imposed on the General Manager. So long as any particular delegation is in place, the Board members will respect and support the General Manager's choices.

1.13.1.3. All Board authority, that is delegable, is delegated through the General Manager. The General Manager is to be considered the only employee of the Board.

1.13.1.4. Only decisions of the Board acting as a body are binding upon the General Manager.

1.13.1.5. Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in circumstances where the Board has specifically authorized such exercise of authority.

1.13.1.6. In the case of Board members requesting information or assistance without Board authorization, the General Manager can refuse such requests that require in his judgment a material amount of staff time or funds or are disruptive.

1.13.2. General Manager Relationship Review

The Board shall ensure that the General Manager knows and understands the expectations and limitations it has placed on discretionary decision making. These expectations and limitations shall be identified in approved policies or directives. Such policies and directives shall be used as the foundation for the annual appraisal of the General Manager's performance.

1.14. BOARD SELF-EVALUATION

The Board shall complete an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of OPALCO, to confirm its compliance with all relevant policies and procedures, and to review its working methods and contribution to OPALCO.

1.15. BOARD SUBCOMMITTEES

Due to the size and nature of the Board as stated in the bylaws, subcommittees are to be minimally used.

1.15.1. Board subcommittees will be formed, defined, controlled, and dissolved by action of the Board;

1.15.2. Authority of any subcommittee will be limited to reporting findings to the Board, unless specifically authorized by the Board. No action may be taken by a subcommittee unless authorized specifically or in general by the Board;

1.15.3. Board member participation in any subcommittee will be determined and controlled by the Board. There will be no more than three Board members on any subcommittee;

1.15.4. Employee involvement with a subcommittee will only be with the agreement of the General Manager;

1.15.5. The General Manager shall be kept informed of the work of the subcommittee;

1.15.6. Communications with employees will be copied to the General Manager.

1.15.7. Purpose may include a review of methods, plans, or results, propose solutions, strategic directives;

1.15.8. Duration of the subcommittee shall be at the pleasure of the Board.

1.16. REMOVAL OF DIRECTORS AND OFFICERS

1.16.1. The Bylaws provide for a process whereby a Board member may be removed in Article III, Section 6(b). The Board may adopt procedures that provide for a fair hearing and review

of any allegations brought against a director, as long as such procedures are consistent with the Bylaws.

- 1.16.2. The Board of Directors may adopt a process that will allow a full and fair discussion of any motion made to remove a sitting director based upon disorderly conduct, harassment of any kind toward other directors, Cooperative staff or members, or actions that will inhibit the orderly conduct of Cooperative business. This process may include adoption of relevant rules from Robert's Rules of Order that the Board may deem applicable, or any other similar process rules that serve to implement the Bylaws as well as provide a fair hearing on the motion to remove.

1.17. BOARD MEETING RULES AND CONDUCT

The Board recognizes the importance of utilizing its time in a manner that is conducive to carrying out the responsibilities entrusted to it by the membership. In order to provide a respectful environment, and be able to effectively conduct business, the Board adopts and incorporate the following procedures adapted from Robert's Rules of Order 11th Edition "Procedures in Small Boards." These procedures are meant to facilitate open, fair and respectful discussion of all matters coming before it.

1.17.1. The President of the Board of Directors shall preside as Board Chair at all meeting of the Board of Directors. In the President's absence, the Vice President shall preside at the meeting of the Board of Directors.

1.17.2. Before speaking on any topic coming before the Board of Directors, the Board Chair shall recognize the Board member seeking to speak or make a motion.

1.17.3. All motions must be seconded.

1.17.4. At the discretion of the Board Chair, a time limit may be set for each Board member to speak to a motion. Upon expiration of the time, the Board Chair will announce said expiration, and recognize other Board members seeking to speak. The Board Chair may declare a total amount of time for discussion of a motion. Motions to close or limit discussion and proceed to a vote will be entertained.

1.17.5. The Board may engage in informal discussion even while no motion is pending before it. The Board Chair may declare a total amount of time for the discussion of a topic. Board members may choose to make a motion to extend discussion time if so desired.

1.17.6. In order to facilitate discussion, the Board Chair shall refrain from speaking to a motion until other Board members have spoken. In addition, the Board Chair shall vote last on any motion before the Board, and shall refrain from offering any motions.

Foster Hildreth, General Manager

Revision Date: November 21, 2019

2020 Year-in-review – OPALCO and Rock Island

2020 will always be known as the year of the historic world-wide pandemic. While it's been a tough year for everyone, the OPALCO and Rock Island teams are very proud of the fact that they safely kept the power on and internet functioning during this ongoing situation. They refer to it as “holding up our end of the bargain” for the community and membership and following our mission of serving their members with safe, reliable, sustainable and cost-effective essential utility services. These core values drive all planning, budgetary and evaluation activities.

Below is a summary of accomplishments by core value area. A detailed list of accomplishments from 2020 follows, by department.

Safety: OPALCO maintains a robust safety program and participates in RESAP for peer review on safety measures, training and workplace compliance. OPALCO experienced only one minor safety accident in 2020: a twisted ankle while walking. OPALCO's subsidiary, Rock Island Communications, contributed significantly to member safety during the pandemic with internet connections and build out of an emergency communications network. OPALCO and Rock Island quickly and successfully pivoted to manage their workplaces for COVID-19 safety in 2020.

Reliability: OPALCO's power reliability was 99.96% for 2020; Rock Island maintained internet connection reliability of 99.99%. The Decatur Microgrid battery project provided a new local power supply to serve its local community (Decatur Island) for up to four hours.

Sustainability: Caused members to save 761,000 kilowatt hours through rebate and incentive programs. Added 57 new local renewable generators to our system and supported 51 Switch it Up beneficial electrification projects. Developed public awareness campaign, the Island Way, to engage members in decarbonization and preparation for the major shift in the regional power supply (<https://www.opalco.com/category/quick-fact/our-energy-future/>). Began working, through PNGC, on the potential of establishing a regional transmission organization to provide a cooperative and dedicated regional network to provide reliability and affordability in this new energy landscape.

Cost-Effective: OPALCO's bill payment assistance programs are held up as models for utilities across the nation. Project PAL, Energy Assist and COVID-19 Assistance programs provided ~\$320k in relief to members in 2020. The OPALCO Board passed the 2021 budget with no rate increase (<https://www.opalco.com/no-increase-to-opalco-rates-in-2021-community-solar-project-coming-to-san-juan-island/2020/11/>). Despite the challenging 20-island service territory, average member energy bills are on par with Washington State co-ops and well below national and similar sized co-ops.

Although the following list is organized by department, most efforts span multiple departments and staff throughout our company and subsidiary, which truly demonstrates the “cooperative” spirit of both OPALCO and Rock Island.

OPALCO Team Accomplishments 2020

Safety:

- Exceeded 53,000 hours worked without a loss-time accident.

- Actively monitor safety improvement plans as outlined in our RESAP program (Rural Electric Safety Achievement Program).
- Committed to NRECA's Zero Contacts initiative.
- Held monthly comprehensive virtual and in-person safety meetings (socially distanced) to sustain our culture of safety.
- COVID-19 Pandemic:
 - Maintained weekly COVID Action Plan materials and meetings with Board, and staff to assess any changes to the condition of the pandemic and OPALCO.
 - Instituted COVID-19 specific assistance programs for ~300 individuals and businesses amounting to greater than ~\$100k in direct benefits and ~\$100k in reduced fees and penalties.
 - Conducted a comprehensive expense reduction effort to minimize financial impacts to the company and our members.
 - Lead the community in minimizing contact with the public by closing our doors to the public, annual and board meetings and instituting virtual member interacting protocols.
 - Converted 21 employees to remote working status with no member services interruption.
 - Maintained working status for 28-line crew, engineering, metering, and fiber tech staff while implementing our Covid-19 Plan and social distancing protocols.
 - Established quarantine facility for staffing, if/when separate facilities are required.
 - Implemented sanitary and PPE measures company wide.
 - Successfully navigated through power outage restoration during a 14-day quarantine period impacting our Lopez district.
 - Revised our Covid-19 Plan with guidance from the San Juan County Health Department.

Engineering, Operations & Information Technology:

- Average service availability rate of 99.96% for the year.
- Lowest average outage durations since 2013.
- Upgraded protection and oil pressure monitor for 2 sub cable terminals.
- Installed SCADA operated transmission switch.
- Transformer testing for Orcas Island subs and FH.
- Submarine cable oil system repairs.
- Replaced 32,000 feet of aging and failing underground cable (mixture of three phase and single phase).
- ROW Trimming: 360 trees removed; 550 trees trimmed, and 20,000 linear feet of transmission line brush mowed for clearance.
- Replaced 45 aging and deteriorated poles.
- Closed out 101 new service construction work orders.
- Completed Decatur Energy Storage System. <https://energysavings.opalco.com/decatgur-island-community-solar/>.

Finance & Accounting:

- Less than 1% variance in budgets for purchased power, all other expenses and revenues.

- Unqualified opinion of Financial Audit. No audit comments in the ‘communication of internal control related matters’ letter to management and the Board.
- Switch-It-Up on-bill financing program financed 85 energy efficiency projects for over \$700k in additional financing provided by OPALCO to our members.
- Received specific approval from the USDA RUS-RD to include fiber to the premise (FTTP) as an approved measure for use of RESP funds.
- Finalized RUS contract for an additional \$15 million with 0% interest RUS RESP funds to finance energy efficiency projects throughout the County through OPALCO’s Switch-It-Up Program.
- Applied for, received approval, and contracted with Bonneville Environmental Foundation (BEF) for a \$50K Zero Emission Vehicle Innovation (ZEVI) grant to provide EV purchase incentives in collaboration with a local used EV dealership, Island E Cars.
- Continued collaboration on an NRECA-led grant through the US Department of Energy Solar Energy Technologies Office (DOE SETO). OPALCO is one of seven cooperatives nationwide to participate in the three-year collaborative project seeking to increase solar affordability in rural communities.
- Applied for a \$1M WA Department of Commerce low-income solar deployment grant (awarded \$1M grant in 2021).
- Secured the PPP loan for small business to further ensure OPALCO would be able to provide critical essential services for our community.
- Continued capital credit smoothing methodology for the fourth year, retiring \$1.3M in capital credits back to the membership in 2020.

Management and Human Resources:

- Hired a Member Services Representative and a Journeyman Lineman.
- Retired a Member Services Representative and a Journeyman Lineman.
- Contracted and permitted the Eastsound remodel. Made best use of member resources by temporarily relocating staff in 1930’s annex (Covid-19 social distancing benefits as well).
- Coordinated the completion of the septic system replacement/remodel in the Eastsound Headquarters working with contractors, furniture vendors, flooring and appliance vendors etc.
- Assisted Counsel with research and obtaining background information for easement issues.
- Successfully negotiated and closed on the purchase of TPN 35271302000 for a future solar site.
- Created Notices of Conservation Meter Charge documents for the On-Bill financing program for Switch It Up!.
- Ongoing participation with San Juan County Health regarding the Covid-19 pandemic with coordinating testing for staff and flu shots, keeping the management team up to speed with continuous changes and requirements and maintaining a good PPE supply for the company.
- File maintenance per file management policy – major project in purging old member files in the vault.

Energy Savings: Rebates, Electric Vehicles & Renewables:

- Rebate dollars awarded to members through December: ~\$219.6k.
- Energy saved by members through BPA/PNGC rebates: 760,983 kilowatt hours.
- Total interconnected members generating renewable power: 422 with 57 new in 2020.
- 2,318 MWh of member solar/wind production incentivized by WA State.



- Supported 51 members in beneficial electrification measures, totaling \$76,500.
- Incentivized the installation of 38 EV charging stations for homes and businesses.
- Decatur Community Solar project:
 - 265 members participated.
 - Produced 507 MWh – enough to power 500+ typical SJ County homes for a month, or 42 homes for a year.
 - distributed \$50.7k through production credits on participants' bills (\$114.7k since energization), including an additional \$8,390 to the PAL and Energy Assist programs.

Member Services:

- Five Member Services Representatives (down one staff member due to a retirement in March 2020) handled more than 8,200 inbound calls from members, until September when the new Member Services Representative joined the team and the amount jumped by another 2,000+ calls.
- Billed members ~\$31.9M for energy usage of ~213.7M kWh.
- The local family/community resource centers awarded ~\$81k of PAL assistance to 476 low-income households. Additionally, \$74k in COVID PAL awards went to 170 households.
- Energy Assist participation increased with an average of 356 households receiving monthly bill credits which totaled ~\$158.4k.
- More than 63% (60% in 2019) of members are now on autopay.
- More than 69% of members use (or have access to) SmartHub (up from 63% in 2019).
- 64.5% (46% in 2019) of members are paperless.
- Maintained service while transitioning the team to remote work assignments and temporary office space.

Communications:

- Switch It Up! survey - results showed that member satisfaction for the program is very high (~95%) and there is still good appetite for additional measures.
- Development of The Island Way campaign and design concepts.
- Coalition building with membership and stewards, laying groundwork for The Island Way campaign.
- Pandemic communications including pivot for annual meeting and board meetings, new COVID relief measures for members, work from home policies and communications, office closures, and retraining members in how to conduct business during the crisis.
- Youth Rally – recruited scholars (8) but rally/program cancelled.
- Created organizational pandemic response plan and promoted COVID relief measures.
- Distributed hundreds of safety education activity kits to youth through outreach to schools, community resource centers and the Funhouse Commons.
- Successful year two of Switch It Up! – adding fiber to the home to the on-bill financing options.
- NRECA member survey completed showing overall satisfaction with OPALCO is very good, with a mean rating of 8.88/10. Staff made personal follow-up calls to more than 50 members who provided narrative comments.
- Member profile stories (8) to demonstrate the Switch it Up difference and build engagement for The Island Way campaign.
- Tailgate member outreach events – COVID safe.

- Website Updates: Lower My Bill – DIY toolkit; Member Support Center; Co-ops Vote campaign; Why Run campaign; mobile updates to SmartHub, Smartsheet Forms, Complete refresh of Energy Savings site.
- Wildfire Safety campaign on social media.
- Became active on Instagram - a great tool for reaching younger members and promoting The Island Way. Achieved more than 400 followers on Instagram, ~1600 followers on Facebook and ~1200 followers on Twitter. Engagement has been high on Facebook and Instagram throughout 2020 with members regularly commenting and getting info from these sites. News outlets continue to pick up stories from our Twitter account.
- Regular posts on This Electric Life blog including DIY efficiency videos, member profiles stories and other helpful tips for members.
- Two stories published about OPALCO in the NRECA newsletter and two NWPPA Bulletin articles during 2020.
- Developed the EV Happy Deal outreach materials in preparation for 2021 program.
- Grew the Quick Facts library online: <https://www.opalco.com/newsroom/quick-facts/> .
- Collaborated with Rock Island to develop a program and complete a grant application to the USDA for their Distance Learning and Telemedicine program. The application was unsuccessful, but the team were encouraged to apply again.
- Represented OPALCO at Transition Lopez: Fossil Free by '33 event and unveiled The Island Way campaign, 2021 Community Solar project and EV Happy Deal program.
- Promoted safety and the Switch it Up campaign with a virtual booth at the San Juan County Fair.
- Co-op Month celebration of members through member stories.
- The Island Way campaign communication plan + a strategy to influence regional power planning in collaboration with PNGC.

Rock Island Team Accomplishments 2020

Safety:

- Successfully transitioned all staff to remote based operations as COVID-19 began to impact our region more directly.
- Managed to maintain supplies of all necessary PPE for employee protection despite huge shortfalls in availability.
- Instituted a new COVID Action Plan Handbook within 5 days of the Stay-At-Home Order by Gov. Inslee.
- Nurtured a strong culture in support of pandemic safety by conducting regularly scheduled meetings with staff to discuss the role RIC would play in our community to keep people safe.
- Rearranged work protocols to enable social distancing and protective measures while keeping the primary functions of the company operating.
- Maintained weekly COVID Action Plan meetings with leadership staff to assess any changes to the condition of the pandemic.
- Supported staff with additional resources on the pandemic including PPE and cleaning supplies for their home use while working remotely.
- Continued to run our existing safety plan in addition to the increased attention to COVID.

- Successfully dealt with multiple community driven close contacts and 3rd person potentials for contact while keeping staff from testing positive because of strong adherence to our COVID Action Plan.

Management and Operations:

- Successfully and seamlessly transitioned our two lead financial roles in the middle of a world-wide pandemic.
- Integrated additional team leads to the SVP team to better fit the focus of our objectives as a company.
- Successfully transitioned the medical benefits program to better ensure superb care for our employees and controlled costs for Rock Island.
- Developed maturity in the company in our operations by formalizing employee handbooks and establishing appropriate policies for staff to be guided.
- Met our business goals for Revenues, Net Profit(loss) and onboarding despite enduring a worldwide pandemic and full shutdowns for many.
- Assisted local businesses and residents with relief during COVID without removing services for any customers unable to pay their bills.
- Secured the PPP loan for small business to further ensure Rock Island could continue providing critical services for our community.
- Brought the technical support staff under the technology lead for the company, improving escalation response and customer experience.
- Established the RESP FFTP program which has now given financial access to thousands for fiber through an economical funding system.

Plant:

- Confirmed and contracted for massive increases in off-island transport capacity and full terrestrial redundancy while mitigating other transport costs to meet our budgets.
- Completed a fully operation auxiliary power back up system for LTE and critical path services county wide.
- Increased capacity of the LTE network via the Phase 2 deployment including:
 - Additional Small Cell equipment acquisition and deployment.
 - Increased mid-band expansion upgrades to 22 sites.
 - Release of 600MHz and deployment of Low band equipment to customers.
 - Addition of low band 5G (600 MHz) via Mt Constitution.
 - 5G (600 MHz) upgrade preparation for a total of 16 sites (including Mt Constitution) for activation in March 2021.
- Installed over 50 miles of new fiber to the plant.
- Fiber has been made economically available to nearly 5,000 residences in SJC.
- Secured final contracting for a county-wide emergency radio project which will operate over the robust fiber network, giving emergency responders a solid means of communicating.
- Operate and maintain a very intricate Active Ethernet fiber plant with over 60 Active Locations in county, 8 POP locations (in and out of county), and over 380 network switches.
- We still currently deliver a 99.99% reliability rate to our fiber and wireless customers.

- Successfully have handled the nearly tripled bandwidth usage in our county due to COVID demand and increased residency in SJC.

Sales and Marketing:

- Connected a record 707 homes and businesses to our fiber network, surpassing plan by 117 fiber connections made.
- Signed up 714 wireless customers.
- Beat our revenue goals for Business Services by over \$100k for the year.
- Grew new business SLA customers by 40% which brings our total to 42 businesses utilizing our advanced IT support for business.
- Beat our combined subscription goal for fiber and wireless.
- Captured 47% and growing of the total internet subscriber market in the county.
- Reduced DSL subscriptions to under 250.
- Enhanced our automation of eligibility and streamlined the inquiry process for customers to get connected.
- Beat our business goals for total revenues overall.
- Launched our new website with improved features for onboarding inquiries, outage notifications and support via chat agent.

Special Projects

Access EDU:

- Given pandemic, established an on-the-fly program for remote education, free of charge, to county students overnight.
- Deployed over 120 connections to students in less than 2 weeks.
- Continue to closely coordinate with school principals, superintendents, and technical folks to support the need for connectivity to students.
- In total, over 150 connections to students were made in the course of 2020 via the Access Education program.

DLT Grant:

- Even though we were not awarded the grant, the exercise in designing and compiling the needed materials for the application was a huge accomplishment and only assists us to better be prepared for other grant opportunities in the future.
- It allowed us to be more closely linked with our school districts in planning for the future of technology in classrooms.
- Improved our action and rollout plan for future needs under these kinds of conditions.

Remote Support for Customers:

- COVID response and team agility, completely pivoted to a remote support team.
- Established a shipping department handling swaps and sales getting out the door as quickly as possible.
- Implemented a remote platform and a secured work from home solution to keep our business customers running their businesses from anywhere all year.

- Implemented security as a service to help business customer mitigate the ever-changing cyber threads.
- We have helped our customers adapt to a world where they can't just walk in the door with their laptop/tablet/phone stack and have someone set up their email on all three; there's no choice but to do it remotely now and we've successfully walked many customers through that process who previously insisted they were completely incapable.
- We are testing out a new remote support platform currently which will make it even easier to access customer devices (including their phone camera... "show me what's plugged in!").

2020 Year-end Unaudited Financials

OPALCO and Rock Island teams are very proud of the fact that they have safely kept the power on and internet functioning during the challenges of COVID-19 in 2020. They refer to it as “holding up our end of the bargain” for the community and membership and following the mission of serving our members with safe, reliable, sustainable and cost-effective essential utility services with no service disconnections. Despite the unexpected financial impacts of the pandemic in 2020, OPALCO ended the year in a strong financial position as evidenced in the attached 2020 Year End Unaudited Financial Report. OPALCO ended the year with less than 0.5% variance in budgets for purchased power, all other expenses and revenues. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), capital projects budget tracking, and the Draft 2020 RUS Financial and Operating Report Electric Distribution.

The impacts from COVID-19 began to influence kWh sales / revenue in March and continued through the end of the year. There are ~400 co-op members participating in assistance measures through EAP, EAP-C, and PAL (heating season October through April). Members’ situations were compounded by the long duration of the pandemic disruption: restaurants and businesses were closed for most of the year and continue to struggle with less than their full business model, some businesses have closed permanently, many parents were – and are – unable to work while their kids are schooling from home. OPALCO’s COVID-19 relief measures have helped the membership to get through this challenging period to date, but the work is not nearly done. The pandemic continues and the membership has yet to face the restoration phase of getting back to work, businesses reopened and OPALCO account balances caught up.

The energy charge adjustment (ECA) returned \$651k (\$300k in January based on December 2019 calculation) to the membership in 2020, which was the result of higher kWh sales than budgeted and slightly lower wholesale cost of power per kWh purchased. The impact of COVID-19 on our commercial members is also notable as commercial revenue was below budget by ~\$697k. While much commercial consumption shifted to residential, sales were also bolstered by higher kWh sales than budgeted. All factors combined resulted in an increase in the margin of \$264k as compared to budget.

The table below provides a summary of the financial results of 2020.



Income Statement Summary (in thousands)	Year End 2020 (unaudited)		
	Budget	Actual	Variance
Gross Revenue	\$ 32,185	\$ 33,116	\$ 931
ECA Surcharge / (Credit)*	-	(651)	(651)
Revenue	32,185	32,465	280
Expenses			
Cost of Power	9,533	9,513	(20)
Transmission & Distribution Expense	6,616	6,784	168
General & Administrative Expense	5,316	5,292	(24)
Depreciation, Tax, Interest & Other	8,605	8,497	(108)
Total Expenses	30,070	30,086	16
Margin	\$ 2,115	\$ 2,379	\$ 264
TIER	2.06	2.18	0.12
HDD	1,367	1,315	(52)
kWh Purchases	212,000	225,413	13,413
kWh Sales	198,930	212,087	13,157

* The ECA returned \$651k to members in the form of bill credits in 2020

For more detail, please note the following key points:

- Heating Degree Days (HDD) were ~3.8% below budgeted levels (actual of 1,315 vs. budget of 1,367) however, kWh sales were 13.1M kWh above budget (212M vs. budget of 198.9M) primarily resulting from stay-at-home orders increasing residential revenue to ~4% above budget.
- 2020 power purchases were only \$20k less than budgeted, a slightly lower cost/kWh purchased. Actual kWh purchases were 13.4M kWh above budget (225.4M vs. budget of 212M).
- Excluding purchased power, 2020 operating expenses were approximately \$77k under budgeted amounts.
- The ECA for 2020 was a net credit to members (and reduction to operating revenue) of \$651k, or \$21.11 for a member using 1000 kWh/month. Due to the one-month lag in billing the calculated ECA, ~\$300k of the 2020 ECA was derived from December 2019.
- Borrowings were accelerated in 2020, primarily due to COVID-19 pandemic uncertainties. OPALCO borrowed the 2020 budgeted amount of \$3.1M to ensure funding in case the pandemic impacts continued throughout the year. OPALCO borrowed an additional \$6.4M in restricted funding which was approved by the Board during the May meeting in order to take advantage of lower interest rates to save member funds in the future.
- As another measure to offset the economic uncertainty of the COVID-19 pandemic, OPALCO applied for and received late April ~\$1.79M as part of the CARES Act - Paycheck Protection Program (PPP). The funds are currently included as part of other long-term debt. Applying for the PPP was an act of precaution to protect the 50 jobs OPALCO provides in an atmosphere of uncertainty.
- Dynamically lowered overall expenses to combat possibility of lower revenue.
- TIER ended the year slightly higher at 2.18 vs. the budget of 2.06. OPALCO is well above the RUS covenant requirement of 1.25 measured as the average best two out of the three most recent years. As calculated per RUS loan covenant, OPALCO's current average for TIER is 2.42 (average of highest 2 of the last 3 years).
- Rock Island Communications 2020 Financials included in separate packet.

OPALCO 2020 Financial Package under separate cover.



COVID-19 Update

There have been no active cases in San Juan County for two weeks. Staff is continually improving the tracking methods and reporting systems to ensure timely indicators.

OPALCO has 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.

OPALCO continues to watch the data points to make sound decisions as they 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.

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	87,597	100,000	12,403
Energy Assist (EAP) Residential COVID	90	25,695	50,000	24,305
Extend Project PAL Benefits - COVID	131	15,000	15,000	0
Grand Total	303	128,292	165,000	36,708

Fee Assistance (Lost Revenue)

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

Penalties	95,493
Reconnection Fees	6,932

Measures

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

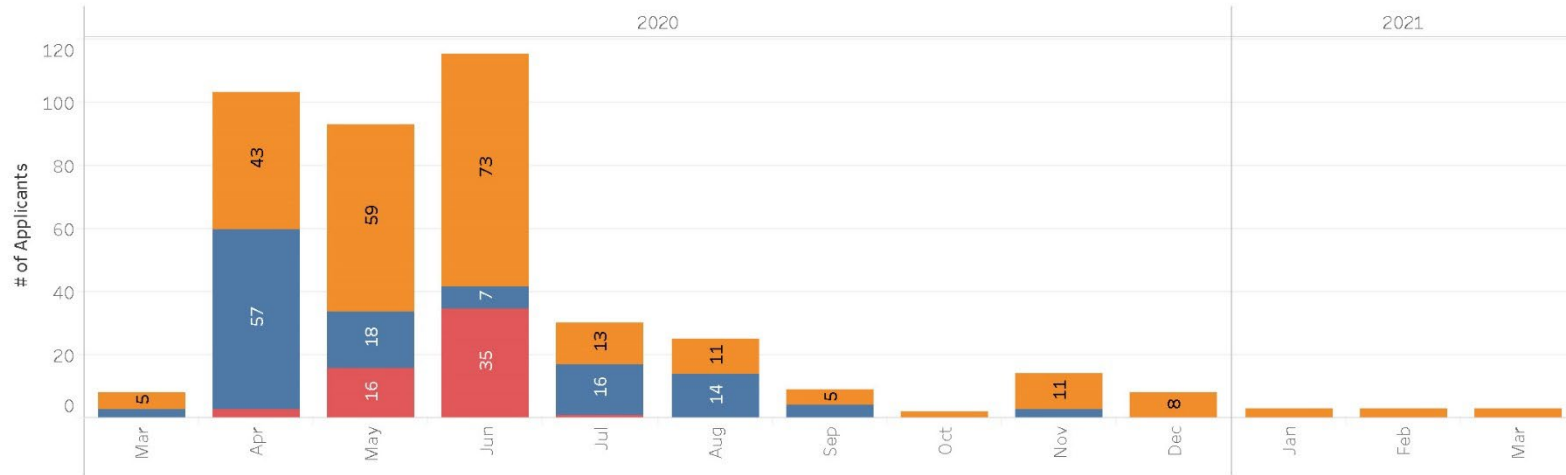
Benefit

\$67.57 per mo., based on number of 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

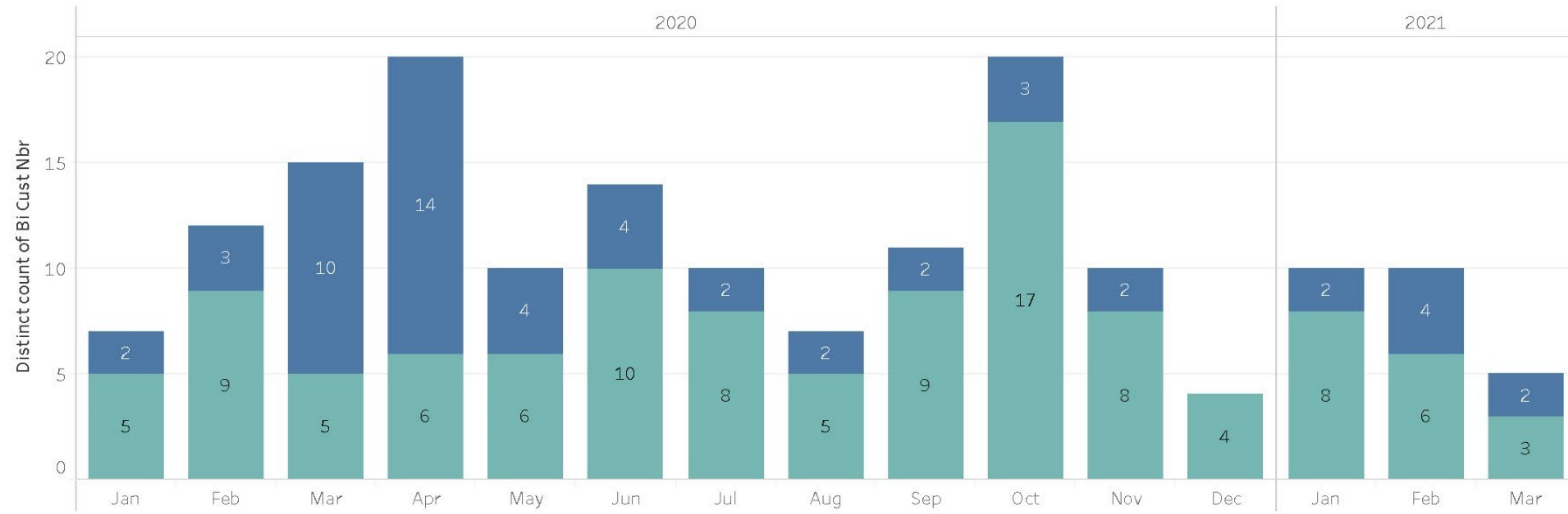


EAP-R

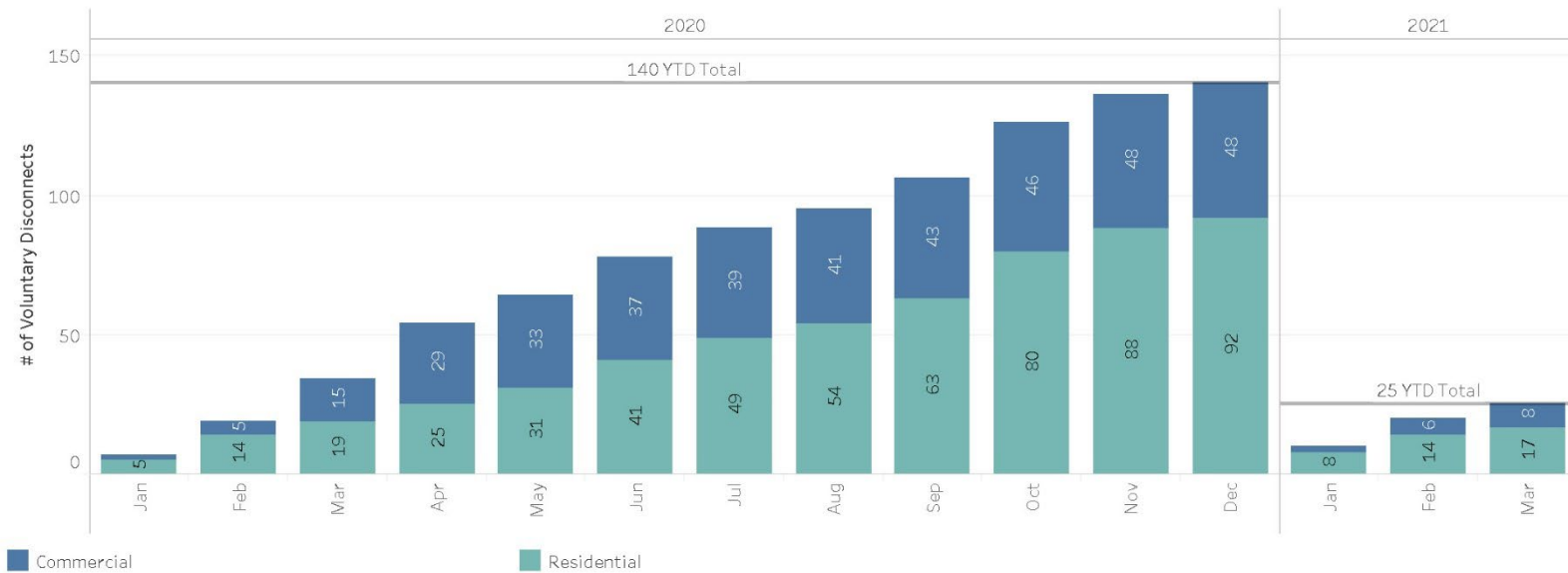
EAP-C

PAL-C

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.

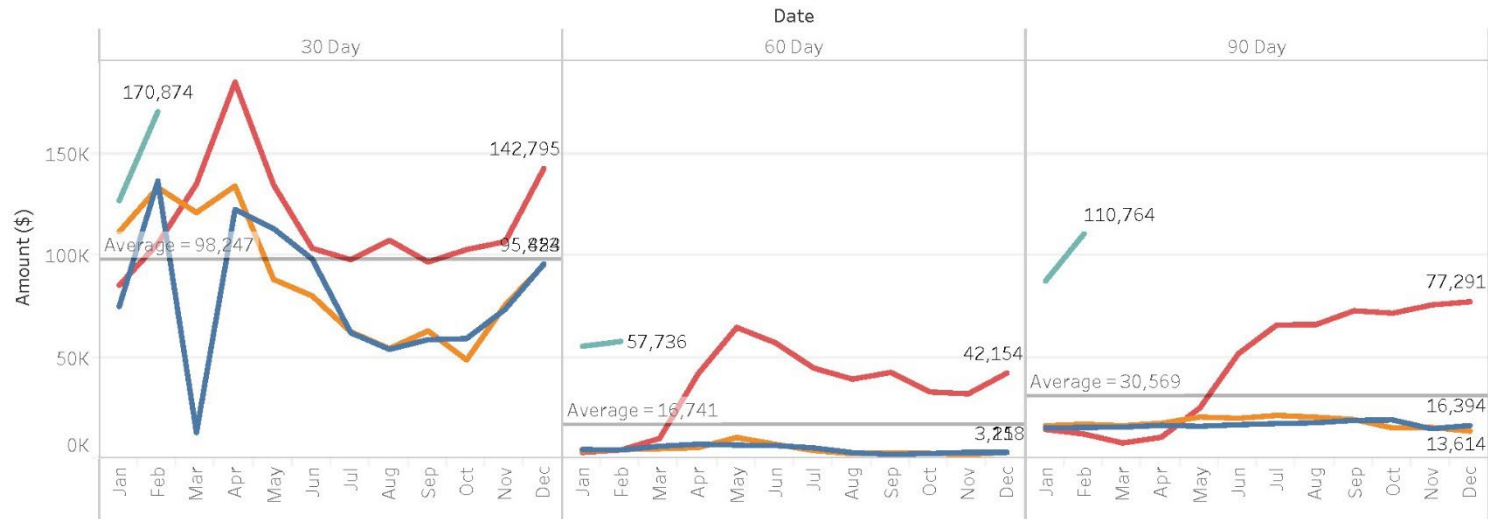
Long Term AR Comparisons - 30/60 Day

	30 Day			30 Day % Difference			60 Day			60 Day % Difference		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Jan	111,730	85,379	127,074	-23.58%	48.84%		3,837	3,101	55,338	-19.18%	1,684.60%	
Feb	133,447	105,886	170,874	-20.65%	61.37%		4,511	4,333	57,736	-3.93%	1,232.33%	
Mar	121,185	135,225		11.59%			4,962	9,976		101.04%		
Apr	134,240	185,370		38.09%			5,479	41,845		663.72%		
May	88,272	134,798		52.71%			10,457	64,616		517.89%		
Jun	80,172	103,575		29.19%			7,126	57,091		701.17%		
Jul	62,481	97,956		56.78%			4,004	44,576		1,013.19%		
Aug	54,195	107,577		98.50%			2,543	39,191		1,441.27%		
Sep	62,931	96,832		53.87%			3,010	42,513		1,312.26%		
Oct	48,634	102,980		111.75%			2,725	32,868		1,106.30%		
Nov	75,636	105,860		41.23%			2,078	31,986		1,439.43%		
Dec	95,454	142,795		49.60%			3,218	42,154		1,209.94%		

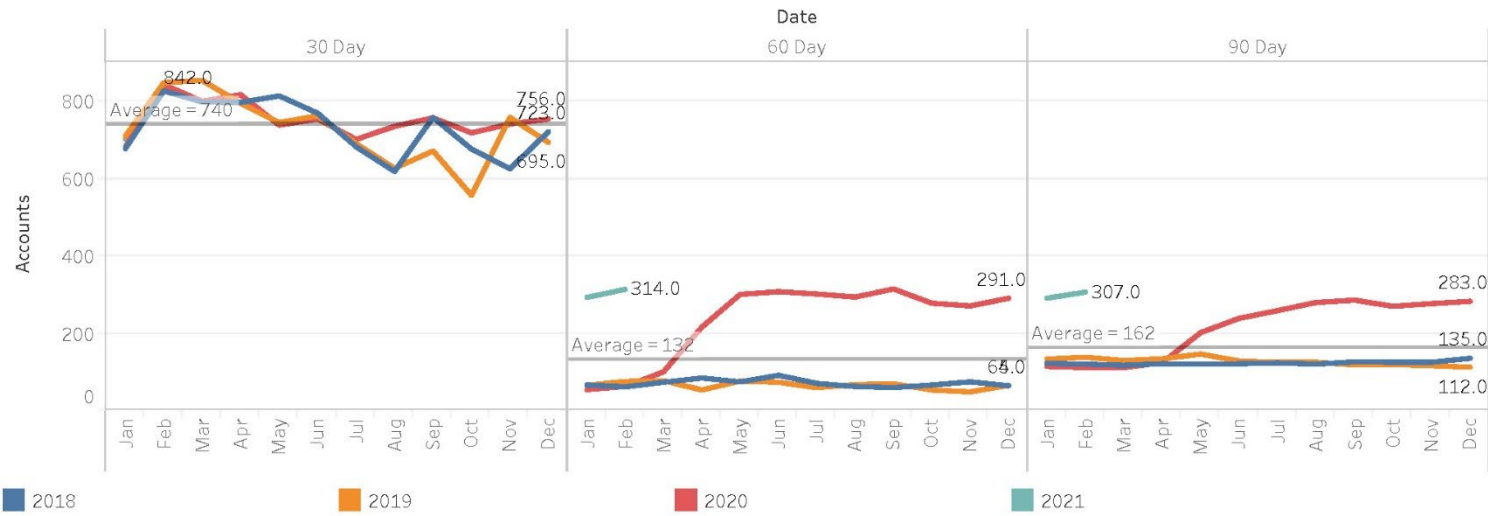
Long Term AR Comparisons - 90 Day

	90 Day			90 Day % Difference		
	2019	2020	2021	2019	2020	2021
Jan	16,243	14,427	87,419	-11.21%	505.95%	
Feb	16,995	12,166	110,764	-28.42%	810.45%	
Mar	16,257	7,752		-52.25%		
Apr	17,451	10,546		-39.57%		
May	20,553	25,016		21.72%		
Jun	19,925	51,746		159.70%		
Jul	21,349	65,931		208.82%		
Aug	20,486	66,002		222.19%		
Sep	19,305	72,854		277.39%		
Oct	15,115	71,660		374.08%		
Nov	15,429	75,673		390.47%		
Dec	13,614	77,291		467.75%		

Long Term AR (\$)

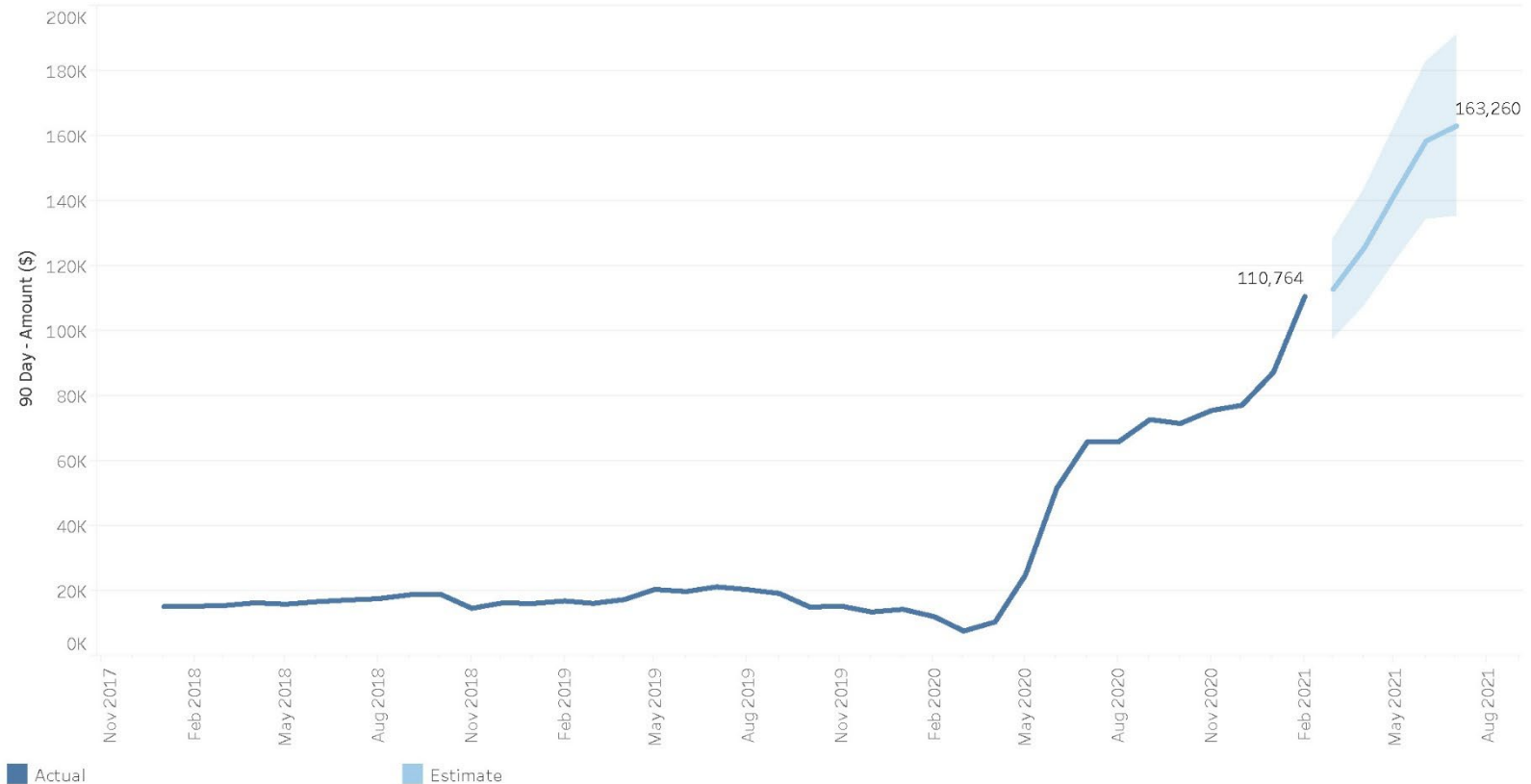


Long Term AR (Count)



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.



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

Forecast forward: 5 months (Mar 2020 – Jul 2021)

Forecast based on: Jan 2018 – Feb 2021

Initial Forecast Value: 112,965 ± 15,215

Change From Initial: 50,295

Quality: Poor

Model Details

Level: Additive

Trend: Additive

Quality Metrics

RMSE: 9,250

MAE: 5,295

MASE: 1.40

MAPE: 20.6%

AIC: 728

Smoothing Coefficients

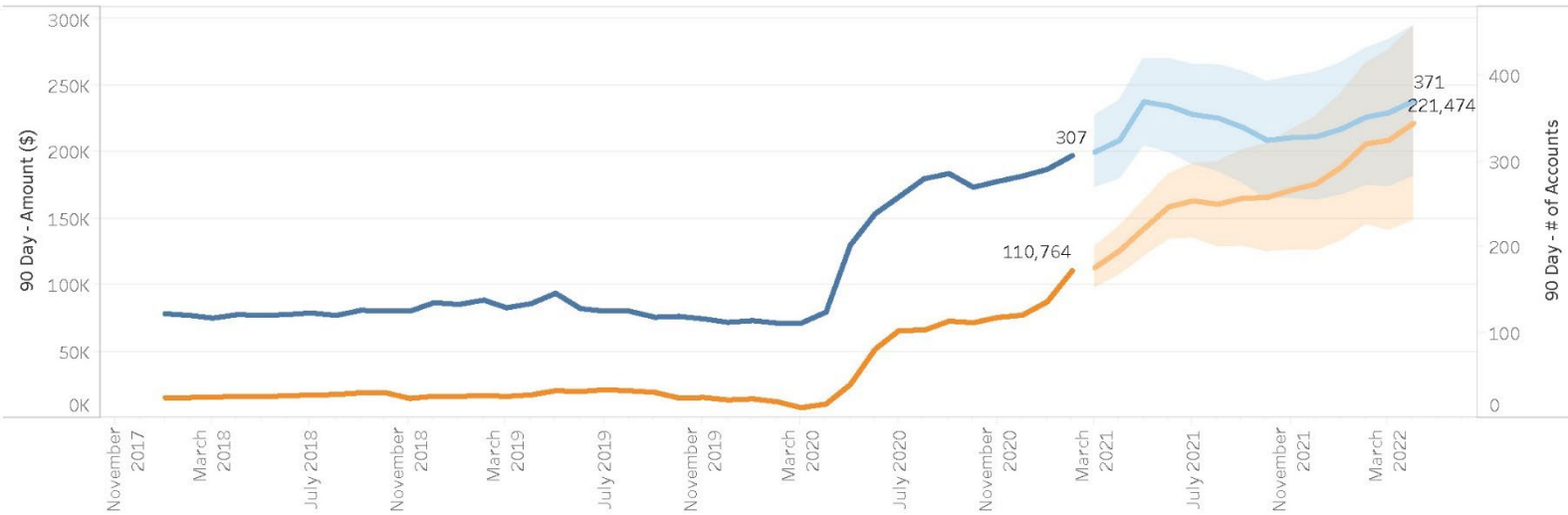
Alpha: 0.500

Beta: 0.204

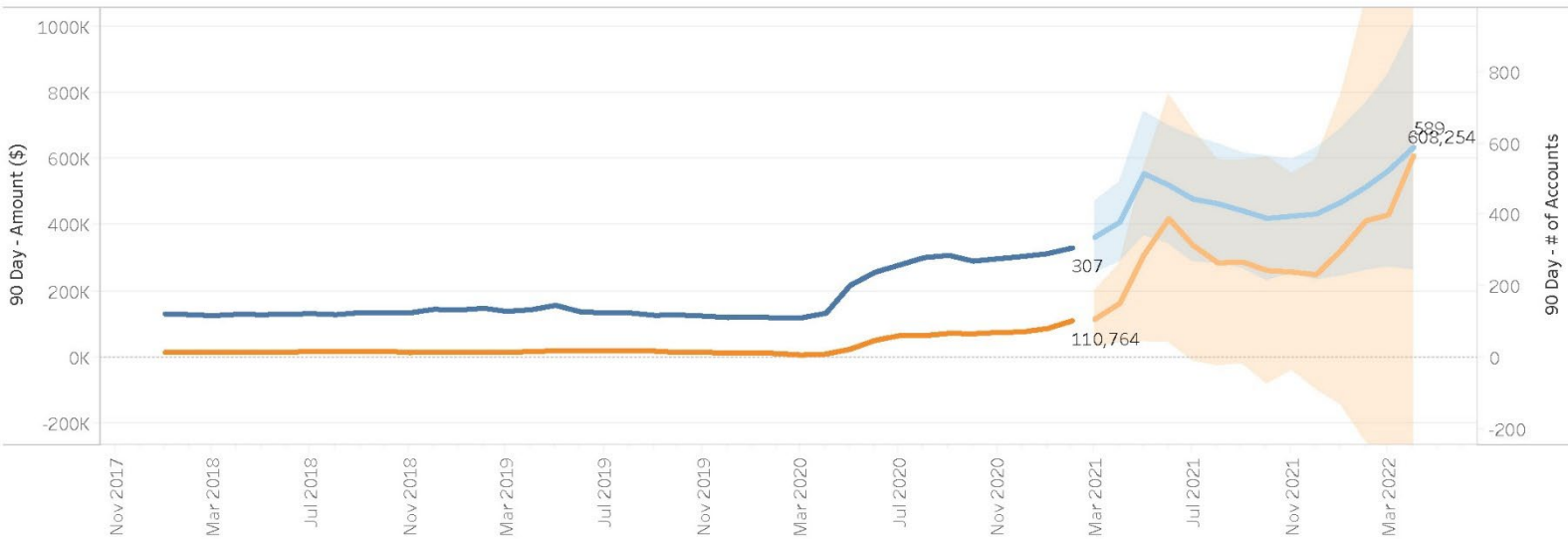
Gamma: 0.467

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

30 Day - # of Accounts

484

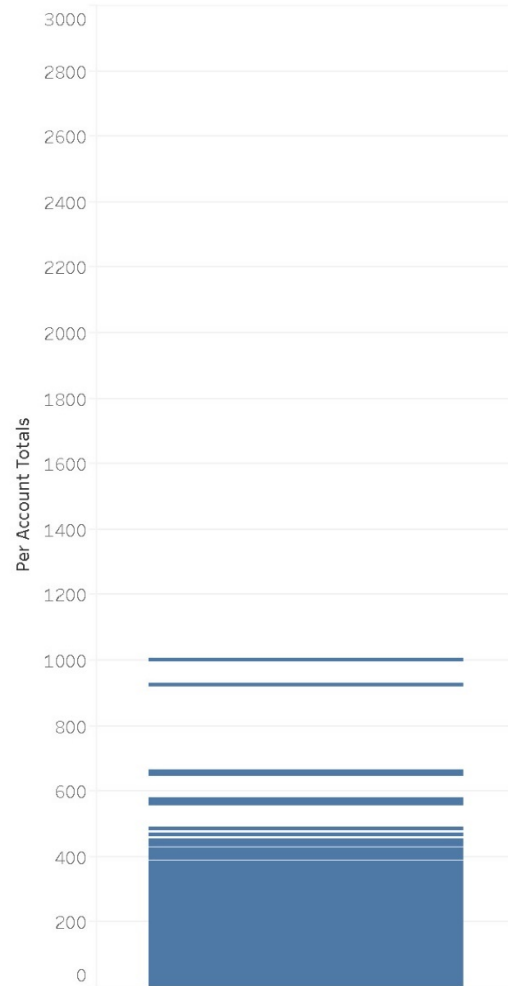
60 Day - # of Accounts

247

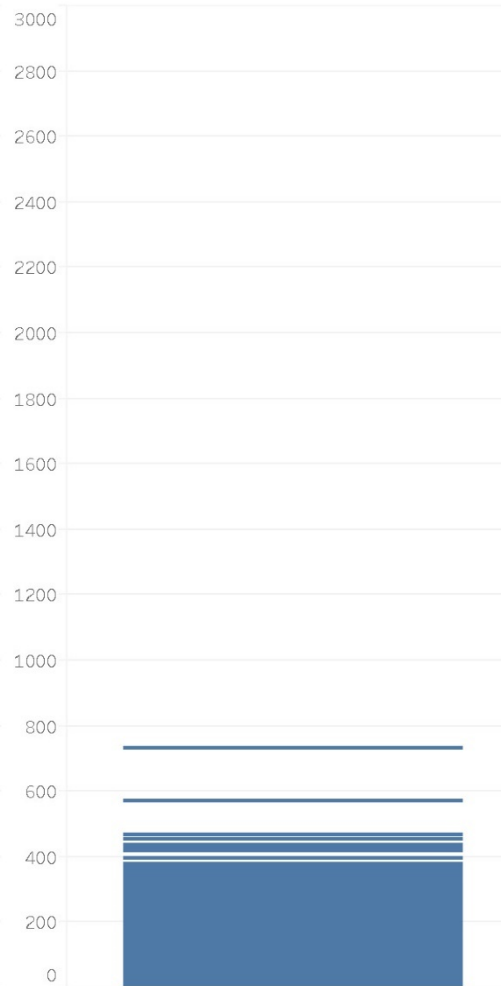
90 Day - # of Accounts

285

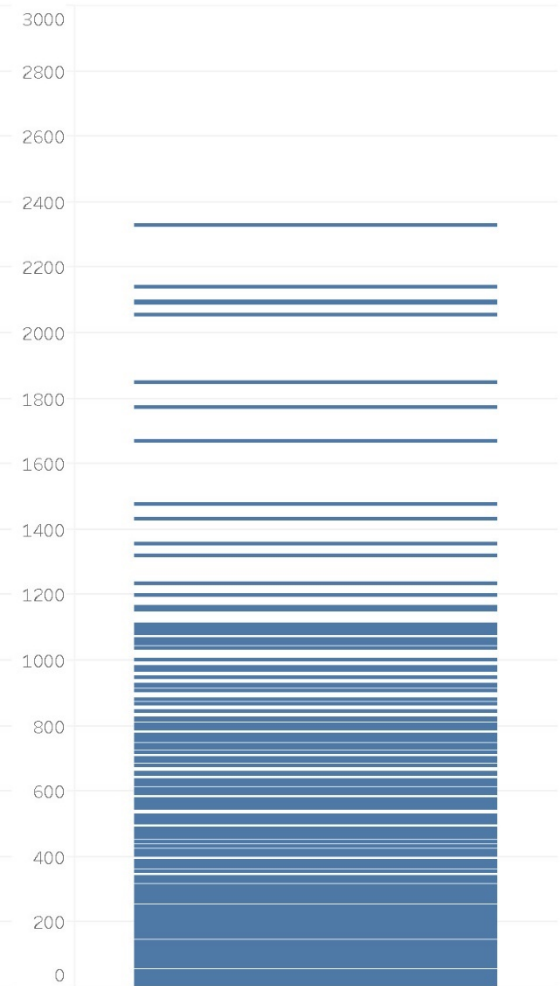
30 Day - per Account Totals



60 Day - per Account Totals



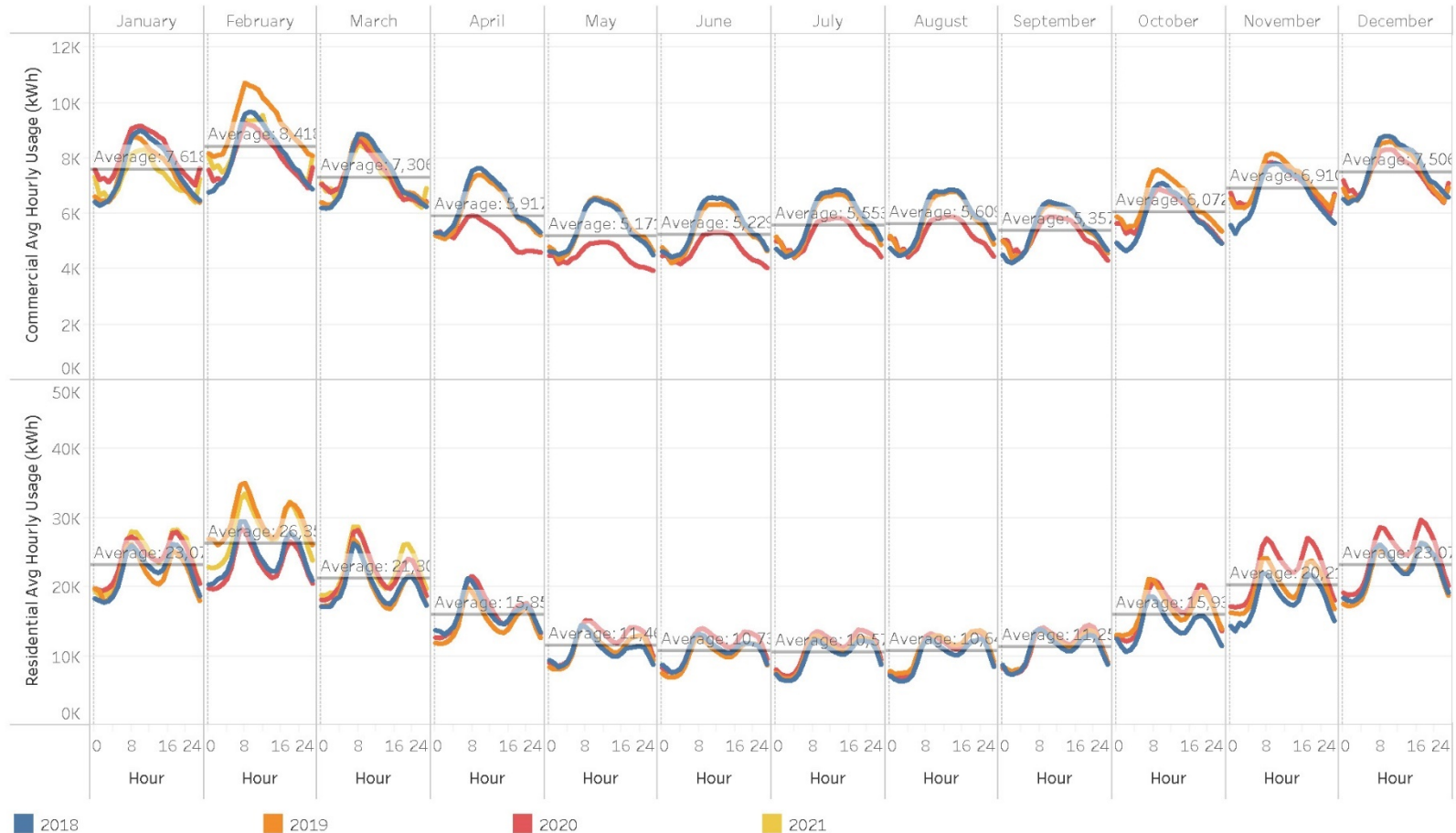
90 Day - per Account Totals



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.

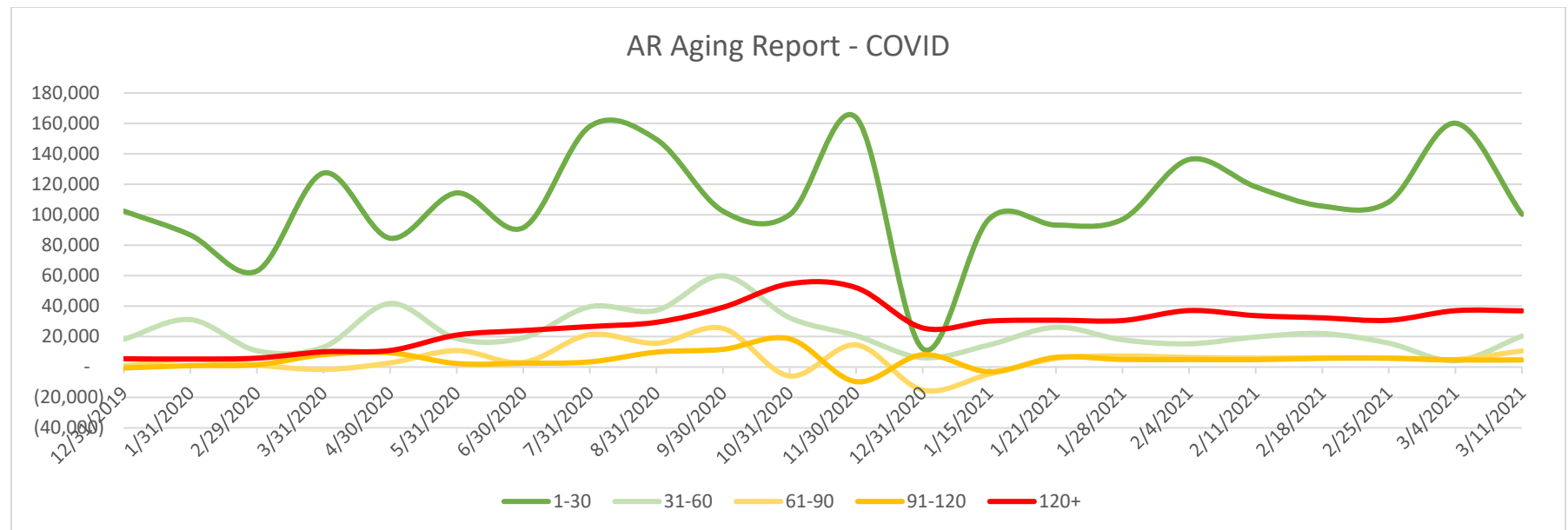


Next steps: Staff will continue to track closely the above data points as well as several more we are developing as the pandemic continues to show any impacts on the cooperative. We need to be patient as we continue to monitor this data to ensure we are making the best decisions for the co-op throughout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

Rock Island COVID-19 Update

30-60-90 Accounts Receivable Trends

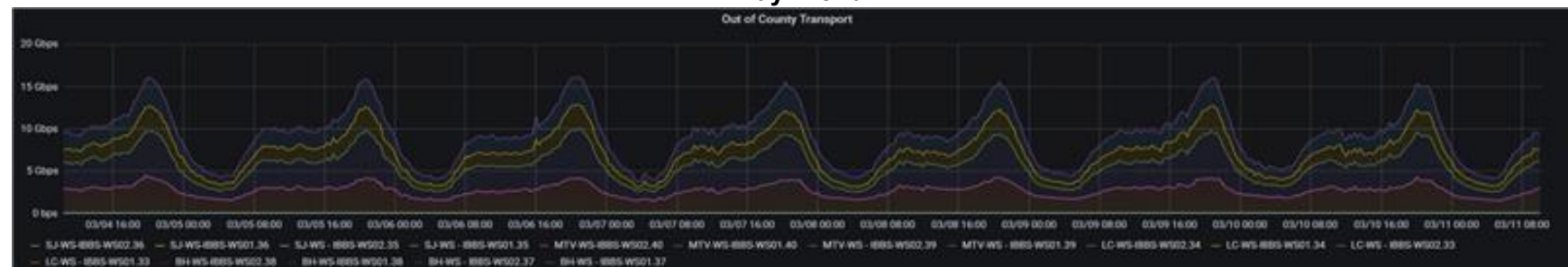
All aging reports within normal fluctuations for business.



Transport Network

Transport traffic continues current peak rates rates.

7 Day 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 Mo
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 March 12, 2021, there are 415 work orders open totaling \$7.1M. Decatur Energy Storage System is \$1.5M of the balance. Operations has completed construction on 135 work orders, totaling \$2.0M.

Safety

Robert Smallwood, System Engineer, and John Spain of Northwest Safety Service conducted electrical back feed training for all staff via Zoom and in person in multiple districts. The total current hours worked without a loss time accident 73,246 hours.

Tidal

As a part of staff's ongoing conversations on tidal power, Orbital Marine and OPALCO have executed an MOU to define the relationship and processes involved in studying and establishing a tidal resource in the San Juan Islands.

Grid Modernization Projects

- Decatur Battery Energy Storage System (ESS) – PNNL is scheduled to begin analytics on April 1st.
- San Juan Microgrid – WA DOC CEF3 Grid Modernization (Grant \$2.4M) – Site layout and design is projected for completion by end of Q1 2021.
- Staff is preparing for a WA DOC CEF4 Grid Modernization grant submittal due in May of 2021.

FINANCE

2020 Budget Tracking

Energy (kWh) purchases and sales were higher than budgeted through February 2021. Overall, gross revenue surpassed budget by ~\$191k, largely driven by increased kWh sales. This amount was curtailed by the ECA in the amount of \$366k (\$210k related to December 2020, one month billing lag) resulting in a net sales revenue variance of -\$175k for the first two months of the year. Power cost is \$142k higher than budgeted, primarily related to large demand charges totaling \$344k so far this year (compared to \$240k in Jan/Feb 2020).

Income Statement Summary (in thousands)	Jan-Feb 2021		
	Budget	Actual	Variance
Gross Revenue	\$ 6,926	\$ 7,117	\$ 191
ECA Surcharge / (Credit)*	-	(366)	(366)
Revenue	6,926	6,751	(175)
Expenses			
Cost of Power	2,096	2,238	142
Revenue (net of Power Cost)	4,830	4,513	(317)
HDD	527	498	(29)
kWh Purchases	46,872	52,906	6,034
kWh Sales	44,108	49,567	5,459

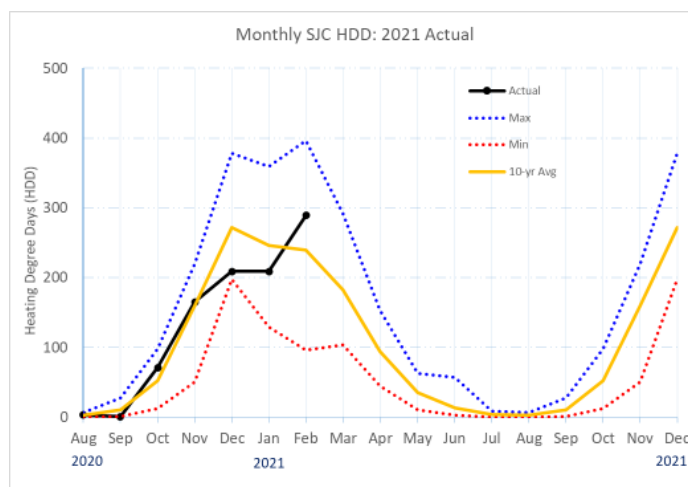
* The ECA returned \$366k to members in the form of bill credits through Feb 2021

Monthly ECA

The calculated amount for the February ECA was a bill credit of -\$0.006008 per kWh which returned \$155,606 to members, or \$6.01 per 1,000 kWh. The March billing period ECA will be a surcharge of \$.000714 per kWh.

Heating Degree Days (HDD)

The fall of 2020 began to settle back to around historic averages. Then December and January began trending more towards an El Niño pattern. This pattern flipped in February 2021 as HDDs came in above historical averages for the month.



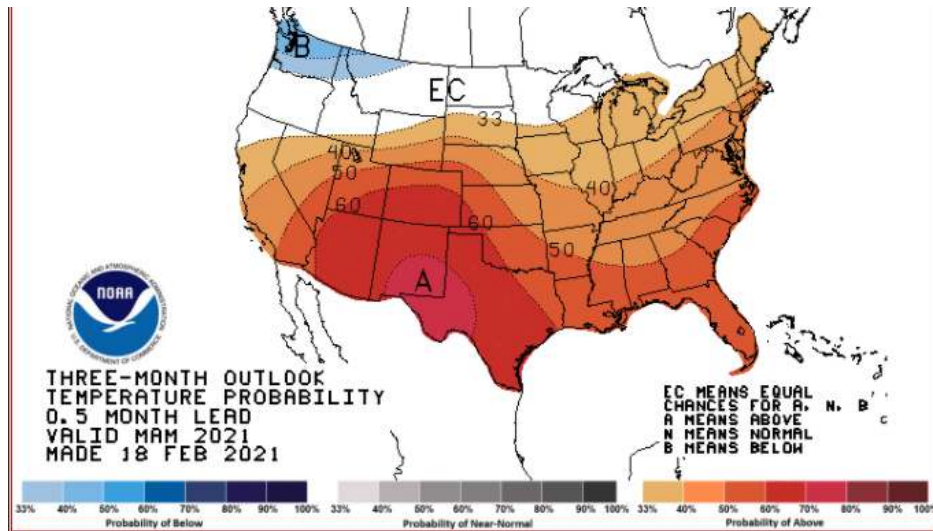
*10-year max, min, avg is 2010-2020

Weather Forecast

For the second half of the winter, NOAA is forecasting a higher probability of a global La Niña (cooler) temperature condition. The trend to a La Niña condition in February was as predicted and will likely continue through the Northern Hemisphere as we transition to Spring (~50-60% chance). Given OPALCO's energy (kWh) sales influence by oceanic conditions, we may tilt toward a slightly cooler condition which may yield increased energy consumption.

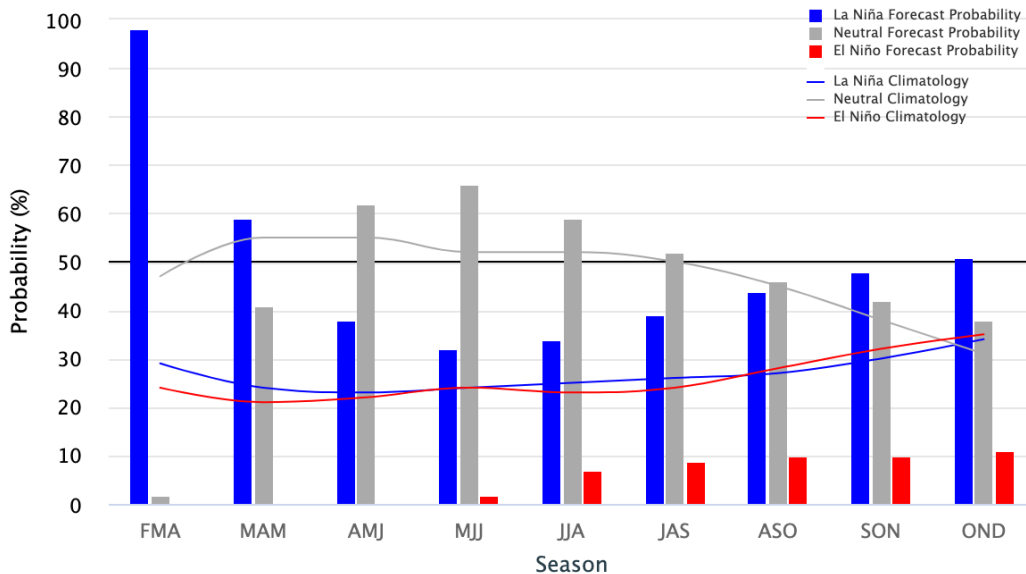
There is a ~60% chance of a transition from La Niña to ENSO-Neutral during the Northern Hemisphere spring 2021 (April-June). Then back to cooler La Niña in the fall.

2021 Mar-Apr-May Outlook



Early-March 2021 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

MEMBER SERVICES

Energy Assistance

EAP: During February 2021, 438 members received ~ \$16.4K from the low-income Energy Assist program, compared to 379 members who received ~ \$13.3k in assistance in February 2020.

Project PAL: During February 2021 40 Members received ~ \$9.8K in Community/Family Resource Center Awards.

LIHEAP: Notifications of credits continue to be processed to member accounts.

Switch it Up!

There are now 167 projects complete and billing for a total of \$1.3M outstanding. There are another 40 projects in various stages of the process. Four members have opted to pay off their financing early. Some projects have been delayed as residential contractors have been limited by COVID-19.

Energy Savings

In February, there were 29 rebates paid out to members totaling ~\$26.8k. This includes five fuel switching ductless heat pump rebate and three EV charging station rebates.

Solar Interconnects

There were 13 new interconnect applications submitted in February and four members were interconnected with solar for a total of 420 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 16 pending connections.

Community Solar

During the February 2021 billing cycles, the [Decatur Community Solar](#) array produced 11,200 kWh. A total of ~\$1,415 was distributed to 264 accounts.

COMMUNICATIONS

Election 2021

Ballots are mailed or emailed members on March 22nd. The election closes April 21st and results are announced at the Annual Meeting on April 24th. Information about the seven candidates including candidate bios, candidate positions on key issues affecting OPALCO members, and a recording of the candidate forum (after the March 17th event) at:

<https://www.opalco.com/resource-library/#rlfelectionsandgovernanceelections2021>.

Decatur Island Microgrid Celebration

The Decatur Microgrid Celebration was a very successful event attended by Governor Inslee, Dr. Irme Gyuk from the Department of Energy, Michael Furze with the Department of Commerce and OPALCO staff. There were about 80 participants in attendance and the project has been highlighted in several industry publications. Find the celebration and the complete video tour: <https://energysavings.opalco.com/decatur-island-community-solar/>.



EV Happy Deal

In February, the EV Happy Deal was made available to members. The grant from the Bonneville Environmental Foundation provides members who buy a used EV with a Smart Home EV Charger, installation cost of charger, tab fees, sales tax (WA \$16K + OPALCO), and 12 months of home charging for qualified members. Supplies are limited. Available funds will cover about 30 member “happy deals.”



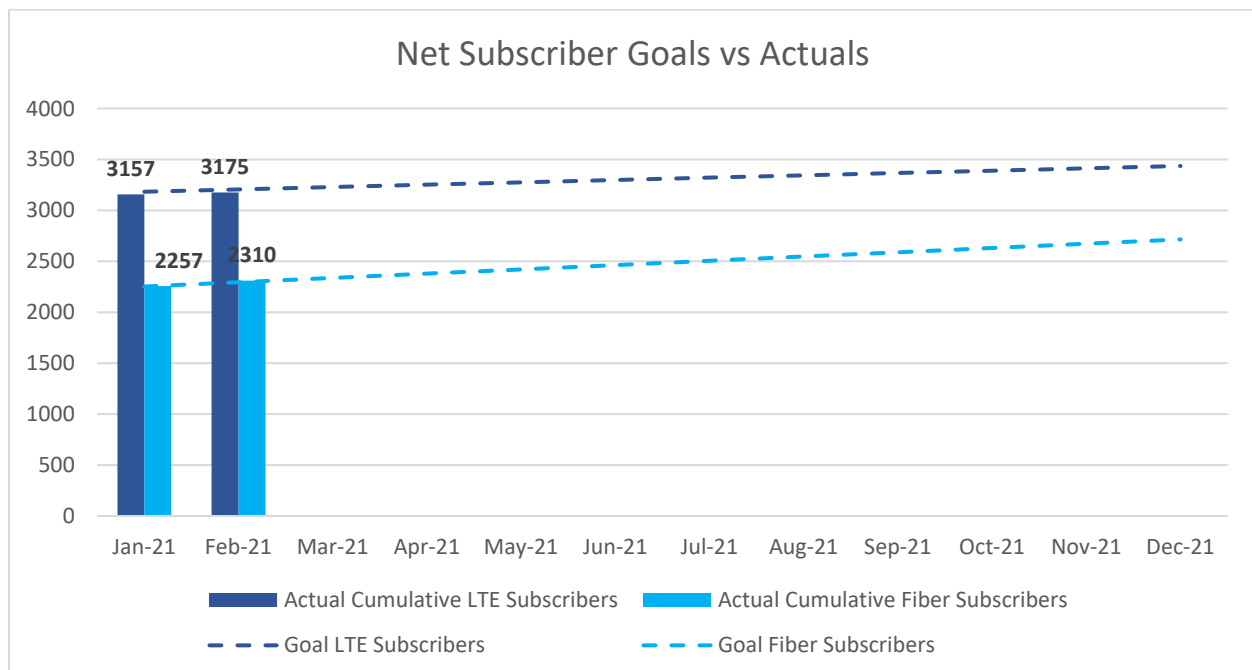
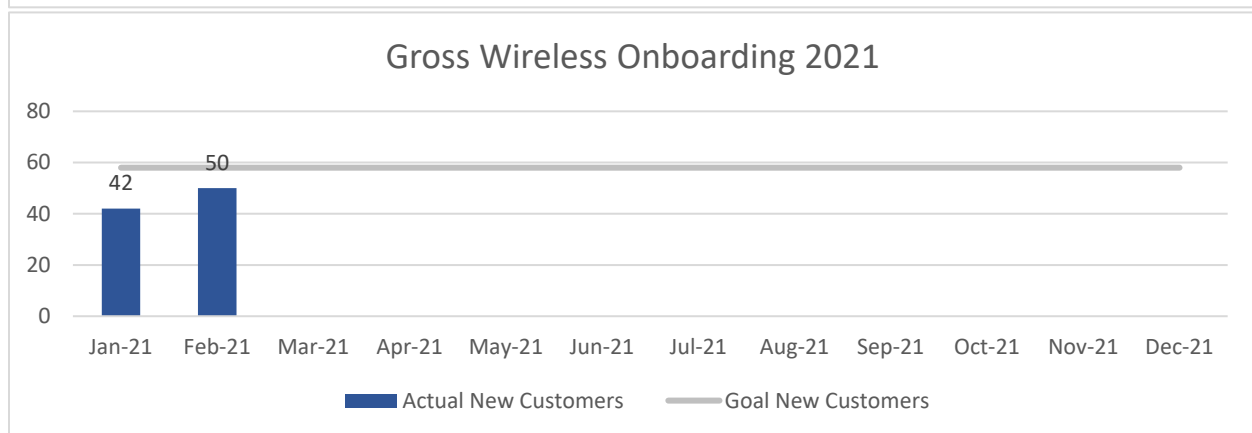
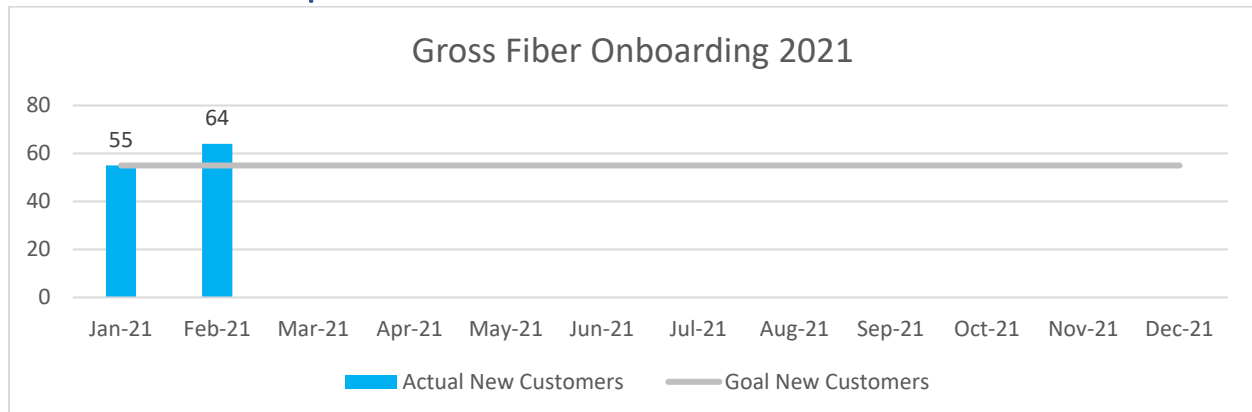
Outage Recap

During the wee hours of Sunday (3/7/21), starting at 2:59 AM, a dead tree located outside of the right-of-way fell through the lines creating a phase-to-phase fault. The Lopez crew was informed that the breaker feeding Shaw, Orcas, and Eastsound Substations was open. Eastsound Village was restored via the Olga feed using SCADA. The crew found the tree on the path to the submarine cable terminal (as seen in the picture). The crew completed the line patrol for the remainder of the line. The restoration was completed via SCADA at 4:10 AM. Once the system was restored, the Eastsound Village feed was restored to normal via SCADA.



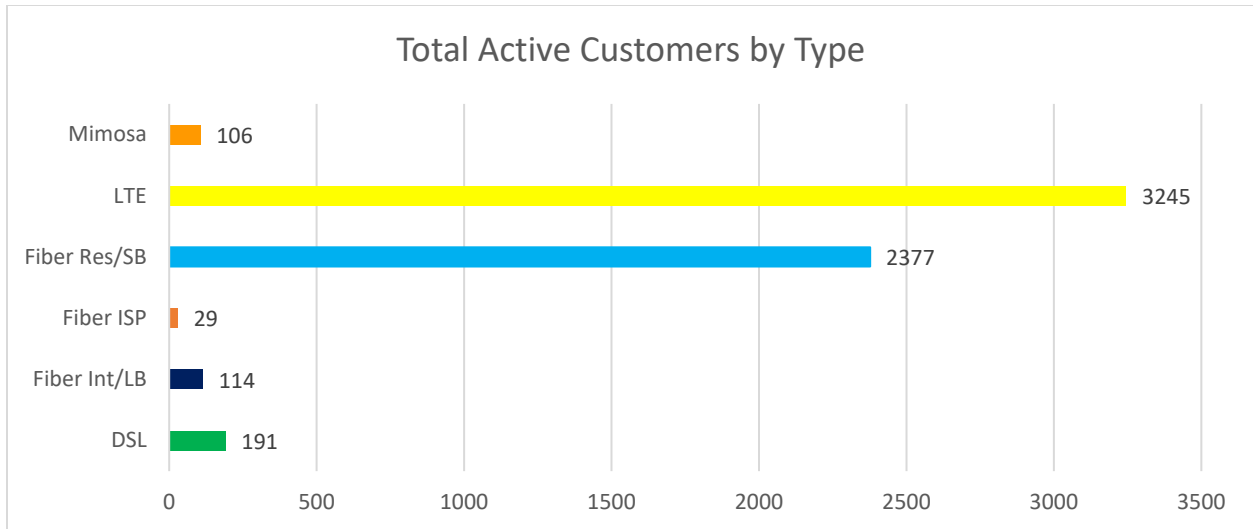
ROCKISLAND

Rock Island Snapshot



Subscriber numbers are adjusted to reflect the Access EDU services. The no cost education services are not being counted in the net total of Fiber and LTE.

ROCKISLAND



Total Internet Service Customers: 6,062

Revenues

