

Board of Directors

Regular Meeting

Thursday, May 20, 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 May 20, 2021 is:

Meeting URL: <https://opalco.zoom.us/j/98514770888>

Meeting ID: 985 1477 0888

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
May 20, 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

ACTION ITEMS.....	3
Consent Agenda	3
Board Officer Elections	8
2020 Audit Presentation	8
DISCUSSION ITEMS.....	10
2021 Q1 Financial Report.....	10
Solar Rate Setting Process	11
COVID-19 Update	12
REPORTS.....	22
General Manager	22
Rock Island Snapshot	29
ISLAND WAY	31
Hot Topic.....	31
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 – April 2021

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

BANASHEK, JON & BANASHEK, LINDA
BORNSTEIN, ALAN
BRADBURN, MICHAEL
BUCHANAN, ALAN
BUNDY, SETH
CHILD, CONNER
CHRISTIANSEN, LANCE
DUKES, LILLY & DUKES, JON
EVANS, MICHAEL
FILIP, JULIE
FRIDAY HARBOR GETAWAY
GADBOIS, ELIZABETH
GOODMAN, CHARLES
GRAHAM, ERIN
GTB FARMS, LLC
JACOBSON, KATHRYN & JACOBSON, RICHARD
KLINE, BRIAN
KREBS, HANNAH
KURNIADI, ADE
LEDGERWOOD, ANA
MAHONEY, BRITTANY & MAHONEY, STEPHEN
MCGRUFF, JEFF
MCKAY, PATRICK & MCKAY, NINA
MINOUX, MERCEDES & BLAIN, JOSH
MULLIGAN, JESSICA & MULLIGAN, GEORGE
NELSON, JUDY & NELSON, PETER
ROBERTSON, ARTHUR
SAN JUAN COUNSELING
SHAYLER, SAM & MOORE, REBECCA
SIMS, SHANNON & RICHARDSON, JACOB
STEIN, GREG & STEIN, KIMBERLY
STETZ, KIM & HAYES, MARQUIS
STOCKER, CHESTER & STOCKER, TRACY
WREN GULL COVE LLC

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

ADLER, PAMELA
BAKER, STEPHEN

CARLSON, JOSH & CARLSON, AMY
CARTER, NATHAN
DAMERON, RIAN
DOWLING, STEVEN
EYRE, AJA
FRESH SOURCE INC
HERLIHY, GLENN
KOLTUN, JAN
LEARY, PATRICK
LEVITT, BRIAN & LEE, B STEPHEN
NOZAKI, ANNA
ORCAS 80 FARM LLC
PASORI, CEDAR & PASORI, SAZAN
PEARLMAN, RAPHEL
PEREZ, YURI & PEREZ, JORGE
RACIK, JEANNE
RADIANT LIFE MINISTRIES INC
REHDER, MATTHEW & SARAH, REHDER
SPAULDING, BENJAMIN
STOREY, ANNA
STREETS, DINA
WEAVER, JAMES & WEAVER, MARLENE

District 3 (Lopez, Center, Decatur, Charles)

ALEXANDRA, MEHGAN
CISNEROS, LUIS
CLEMENS, KIRSTEN
FRANKEL, RUTH
GREGOIRE FAMILY LLC
LAWRENCE, JOSEPH
LEAF, DAVID & PULTZ, MARY
MANGAS, JAN
MILLER, MASON
RODRIGUEZ VALDEZ, HILARIO
ROGERS, JULIA

District 4 (Shaw, Crane, Canoe, Bell)

ALEXANDRA, MEHGAN



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

May	
Customer #	Amount
68432	1,086.05
71888	791.38
Total	\$ 1,877.43

- 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	RUS Description
202102	\$80,994.30	Transclosure Replacements
202103	\$214,018.28	Pole and URD Replacements
Total	\$295,012.58	

Staff requests a motion to approve the Consent Agenda.



Orcas Power & Light Cooperative

Minutes of the Board of Directors Meeting

Thursday, April 15, 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; and Executive Assistant Kelly Koral (serving as recording secretary). Also present were Legal Counsel Joel Paisner and consultant Jay Kimball.

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

Members in attendance:

Rick Fant

Krista Bouchey greeted everyone and invited member questions and comments. Reviewed today's agenda, the upcoming election, annual meeting, future workshops. Also reported on OPALCO's work with the CCC (Civilian Conservation Corp) and right-of-way clearing, OPALCO's updated Quick Facts and that fact that April is Line Worker appreciation month.

There were no member comments.

Regular Session – 8:35 a.m.

President Vince Dauciunas opened the meeting, reviewed the agenda and also made note of the large influx of new members.

Consent Agenda

- **MOTION** was made to accept the consent agenda as amended adding Rick Fant was present during the March Board meeting. Seconded. Passed by voice vote.

EXTENSION OF PAL Program

GM reviewed the need to extend the PAL program from April 30, 2021 to June 30, 2021 with an additional \$100 payout.

- **MOTION** was made to extend the PAL program as discussed. Motion seconded and passed by voice vote.

BOARD MEETING PROCEDURES – Policy 1 (Second Read)

Discussion was held concerning the pros and cons of the changes to the current Policy.

- **MOTION** was made to approve the revisions to Policy 1. Seconded and passed by voice vote.

COVID-19 UPDATE

GM reviewed the OPALCO and Rock Island Communications COVID information.

GENERAL MANAGERS REPORT

General Manager presented the General Manager report.

Break 10:30 a.m.

Back 10:45 a.m.

OPALCO Regular Session adjourned 10:45

Into Executive Session.

Vince Dauciunas, President

Brian Silverstein, Secretary/Treasurer



Orcas Power & Light Cooperative

Revision: 108664

04/22/2021 10:37:06 am	RUS Form 219 Inventory Of Work Orders	Page: 1
Period: MAR 2021		System Designation: WA O9
Preliminary		202103

Inventory: 202103

Project	Year	Loan	Work Order Construction (1)	Retirement (2)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
						Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
606	2018	3437			1	91,991.91	0.00	0.00	0.00	0.00	90,246.47
						91,991.91	0.00	0.00	AFUDC: 1,745.44	0.00	90,246.47
608 - 58	2018	3423		3423	1	172,016.67	0.00	0.00	0.00	46,420.33	123,771.81
						172,016.67	0.00	0.00	AFUDC: 1,824.53	46,420.33	123,771.81
Grand Totals:						\$ 264,008.58	\$ 0.00	\$ 0.00	\$ 0.00	\$ 46,420.33	\$ 214,018.28

55009

/pro/rpttemplate/acct/2.49.1/wo/WO_CLOSING_219.xml.rpt

tnaal

Orcas Power & Light Cooperative

Revision: 108664

04/22/2021 10:37:06 am	RUS Form 219 Inventory Of Work Orders	Page: 3
Period: MAR 2021		System Designation: WA O9
Preliminary		202103

Inventory : 202103

Budget		
Loan	Project	Amount
1	606	90,246.47
1	608 - 58	123,771.81
Total:		214,018.28

BORROWER CERTIFICATION

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

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

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

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

55009

/pro/rpttemplate/acct/2.49.1/wo/WO_CLOSING_219.xml.rpt

tnaal



Orcas Power & Light Cooperative

Revision: 108664

03/16/2021 11:54:49 am	RUS Form 219 Inventory Of Work Orders	Page: 3
	Period: FEB 2021	System Designation: WA O9

Inventory : 202102

Budget		Amount
Loan	Project	
1	601	80,994.30
Total:		80,994.30

BORROWER CERTIFICATION

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

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

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

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

55009

/pro/rpttemplate/acct/2.49.1/wo/WO_CLOSING_219.xml.rpt

tnca1

Orcas Power & Light Cooperative

Revision: 108664

03/16/2021 11:54:49 am	RUS Form 219 Inventory Of Work Orders	Page: 1
	Period: FEB 2021	System Designation: WA O9

Inventory: 202102

Loan		Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Construction (1)	Retirement (2)		Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
601	2018 3328		3328	1	44,806.95	0.00	0.00	0.00	0.00	44,592.49
							AFUDC: 214.46	0.00	0.00	
601	2018 3339		3339	1	3,130.63	0.00	0.00	0.00	0.00	3,081.46
							AFUDC: 49.17	0.00	0.00	
601	2018 3499		3499	1	29,269.07	0.00	0.00	0.00	0.00	28,934.75
							AFUDC: 334.32	0.00	0.00	
601	2018 3584			1	4,413.00	0.00	0.00	0.00	0.00	4,385.60
							AFUDC: 27.40	0.00	0.00	
					81,619.65	0.00	0.00	0.00	0.00	80,994.30
Grand Totals:					\$ 81,619.65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 80,994.30

55009

/pro/rpttemplate/acct/2.49.1/wo/WO_CLOSING_219.xml.rpt

tnca1

Board Officer Elections

The Board needs to elect officers to the OPALCO Board in keeping with our Bylaws and regulatory requirements.

Article V Section 2 of the Bylaws states “The officers shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members.”

The Board is encouraged to discuss potential officers and those who are interested in serving. After discussion staff will distribute voting forms. Board members will be asked to vote electronically submitting their votes to the Recording Secretary during this meeting. The 2021-2022 Directors are as follows:

Name	Island
Vince Dauciunas	San Juan
Mark Madsen	San Juan
Jeffery Struthers	Orcas
Rick Christmas	Orcas
Brian Silverstein	Lopez
Tom Osterman	Lopez
Jerry Whitfield	Shaw

The following board positions to be elected are:

President

Vice President

Secretary-Treasurer

Position	2020-2021	2021-2022
President	Vince Dauciunas	
Vice-President	Jerry Whitfield	
Secretary/Treasurer	Brian Silverstein	

2020 Audit Presentation

Moss Adams LLP will present their annual audit report for Board discussion at the May 20thth Board meeting. The audit report includes the consolidated financial statements of both OPALCO and Rock Island Communications. A draft of the findings will be sent separately from the regular Board packet, with the final report presented at the regular Board meeting in May. Please note the 2020 year-end financial information for OPALCO was previously reviewed at the March 18, 2021 Board meeting and no material changes have occurred since the March financial presentation. Once approved by the Board, the audit report and Form 990 will be posted in OPALCO’s online resource library after the Form 990 is published by the IRS.

Representatives of Moss Adams worked virtually with the staff during the week of March 29th - April 2nd. Olga Darlington, Business Assurance Partner, will be attending (via Zoom) the May 20th Board meeting to review the firm’s audit findings and answer questions posed by the Board.



Understanding the Consolidated Financial Statements of both OPALCO and its subsidiary, Rock Island Communications:

Separate company financial statements were presented at the March meeting and the final consolidated audited financial statements are being presented to the Board at the May Board meeting.

Key takeaways:

- OPALCO and Rock Island received an “unmodified” opinion, which is the highest level of opinion.

Consolidation methodology:

- At the March Board meeting, OPALCO presented their separate company year-end financials and Rock Island presented their separate company year-end financials.
- As OPALCO owns 100% of Rock Island, accounting standards require that our audited financial statements be on a consolidated basis.
 - The first statements presented in the audit report (Income Statement, Balance Sheet and Cash Flows) and the associated notes to the financial statements combine both OPALCO and Rock Island.
 - The ‘Supplementary Information’ section of the statements is the consolidation where you can see the companies broken out individually and the related consolidating entries.
 - Note that for 2020 and each year, the margin to be allocated to OPALCO members via capital credits is equal to the OPALCO-only margin, not the consolidated amount that includes Rock Island.

Upon the conclusion of the audit review and Board discussion in executive session, staff requests that the Board return to regular session and make a motion to approve OPALCO’s Independent Auditors’ Report and Financial Statements for December 31, 2020 and 2019, as audited by Moss Adams LLP.

DISCUSSION ITEMS

2021 Q1 Financial Report

The 2021 first quarter financial report is posted online under separate cover. 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), and capital projects budget tracking.

The energy charge adjustment (ECA) returned \$349k (\$211k in January based on December 2020 calculation) to the membership in 2021, which was driven by higher kWh sales than budgeted. The continued impact of COVID-19 on our commercial members is notable as commercial revenue was below budget by ~\$165k. While much commercial consumption shifted to residential, sales were also bolstered by higher overall kWh sales than budgeted. Coupled with overall expenses coming in under budget by ~\$171k, all factors combined resulted in an increase in the margin of \$710k as compared to budget.

The table below is a high-level projection of full-year 2021 financial results using actuals from Q1 and budget projections for future months.

Income Statement Summary (in thousands)	2021 Projection w/ Q1 actuals		
	Budget	Projected	Variance
Operating Revenue	\$ 31,454	\$ 32,343	\$ 889
ECA Surcharge / (Credit)*	\$ -	\$ (349)	\$ (349)
Revenue	\$ 31,454	\$ 31,994	\$ 540
Expenses:			
Cost of Purchased Power	\$ 9,727	\$ 9,666	\$ (61)
Transmission & Distribution Expense	6,798	6,480	(318)
General & Administrative Expense	5,421	5,344	(77)
Depreciation, Tax, Interest & Other	8,826	8,544	(282)
Total Expenses	30,772	30,034	(738)
Non-op rev (Int, Patronage, other)	373	371	(2)
Net Margin	1,055	2,680	1,625
TIER	1.52	2.15	0.63
HDD	1,398	1,375	(23)
kWh Purchases	216,000	224,558	8,558
kWh Sales	203,260	214,558	11,298

* The ECA returned \$349k to members in the form of bill credits through March 2021

For more detail, please note the following key points:

- Heating Degree Days (HDD) were ~3.2% below budgeted levels (actual of 702 vs. budget of 725). Overall kWh sales were 11.3M kWh above budget (75.8M vs. budget of 64.5M) primarily resulting from residential revenue which is ~8.7% above budget.
- 2021 power purchases were \$90k higher than budgeted, due to a combination of higher peak charges and residential kWh sales. Actual kWh purchases were 8.5M kWh above budget (77M vs. budget of 68.5M).
- Excluding purchased power, Q1 YTD operating expenses were approximately \$300k under budgeted amounts.
- The ECA for 2021 was a net credit to members (and reduction to operating revenue) of \$349k, or \$14.10 for a member using 1000 kWh/month. Due to the one-month lag in billing the calculated ECA, ~\$211k of the 2021 ECA was derived from December 2020 results.
- Rock Island Communications 2021 Financials included in separate packet.

Solar Rate Setting Process

Staff has prepared an overview and analysis of OPALCO member generation (solar, wind, micro-hydro) to review member generation from 2008 to present, focusing on capacity, energy production, impact on load, and trends. The next step is to model a hypothetical future where 50% of members have net-zero rooftop solar. This model will be used to explore implications for energy resource mix, load, demand, export, over-generation, and grid modernization. These tools will be used to further the discussion about the opportunities and challenges the Co-op is facing as intermittent renewables become a larger share of the energy mix. This is the first in a series of strategic discussions, through end of year, as part of a periodic review of long-range plan, cost of service, budget and rates.

Timeline:

May 2021	Member Generation Trends and Modeling
June	Staff Analysis
August	Guernsey Cost of Service Analysis (COSA) Review
September	Discussion of Rate Models; Solar Town Hall (Sept 20)
October	Rate Options Review
November	Budget and 2022 Rate Proposal (first read)
December	2022 Rate Structure (second read)
January 2022	Rate Implementation



COVID-19 Update

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. There are ~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, ~400 community members are 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

Board Approved Funding includes all funding allocated for 2020 and 2021.

	# of Accounts	Amount (\$)	Board Approved Funding (\$)	Remaining Budget (\$)
Energy Assist (EAP-C) Commercial COVID	116	104,827	200,000	95,173
Energy Assist (EAP) Residential COVID	92	31,941	100,000	68,059
Extend Project PAL Benefits - COVID	131	15,000	70,000	55,000
Grand Total	314	151,768	370,000	218,232

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

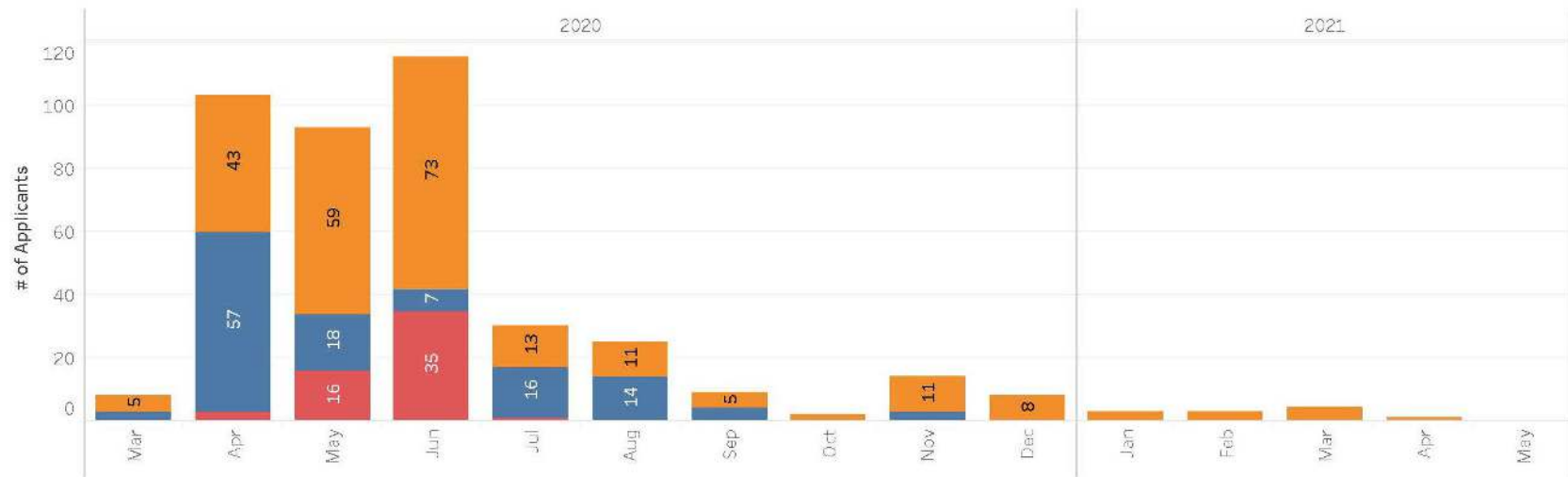
Benefit

\$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 balance post-due date)
Waiving of reconnect fees (Normal reconnect fee is \$50 per instance of reconnecting after a disconnect for non-payment)

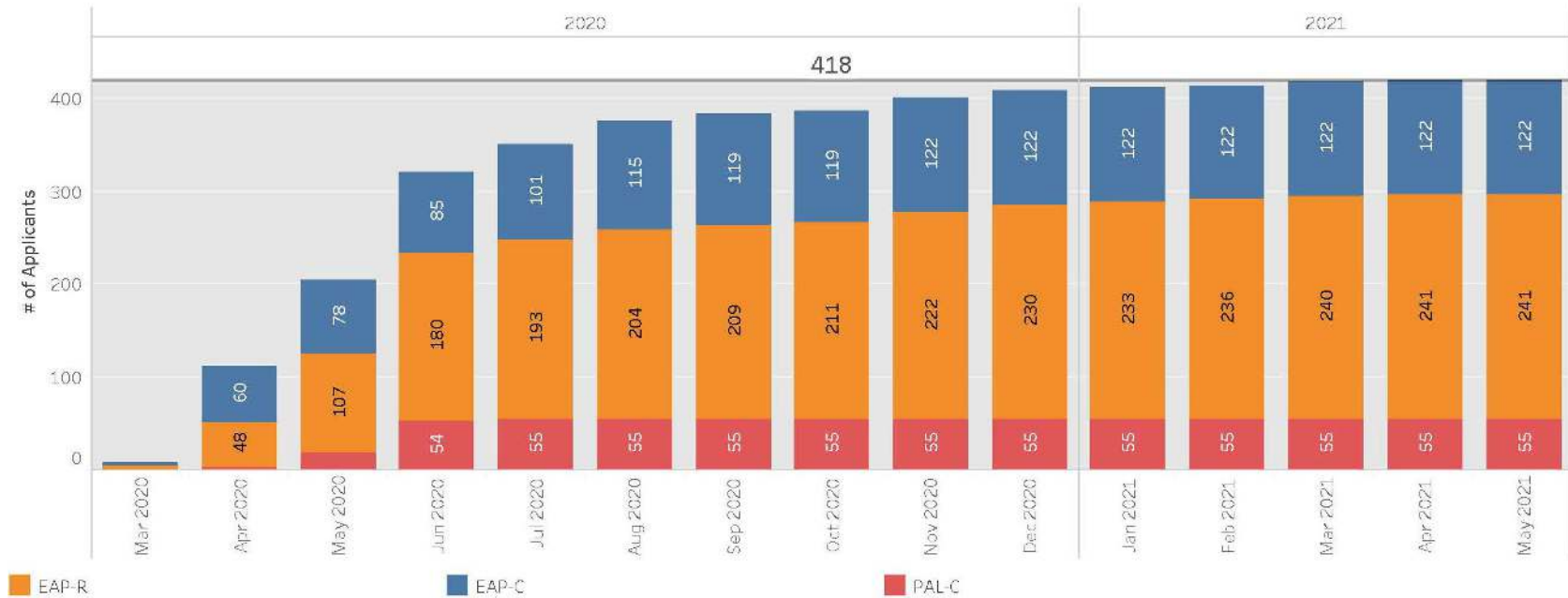
Member Donations to COVID-19 Relief Efforts

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

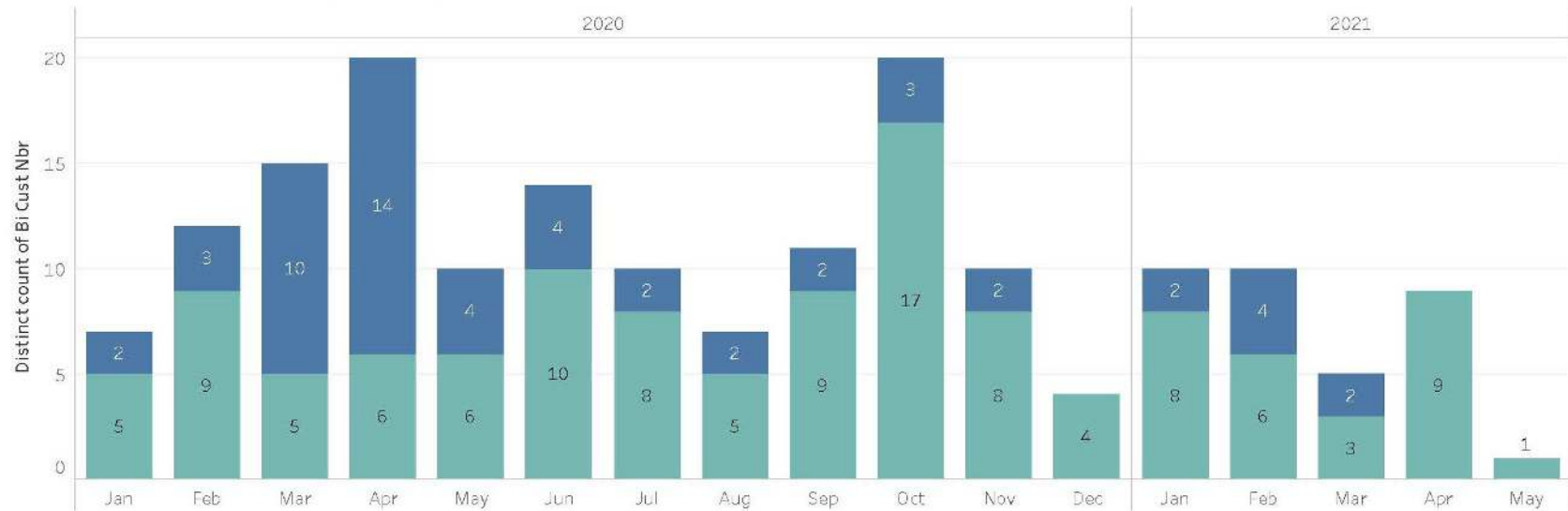
COVID-19 Assistance Applications



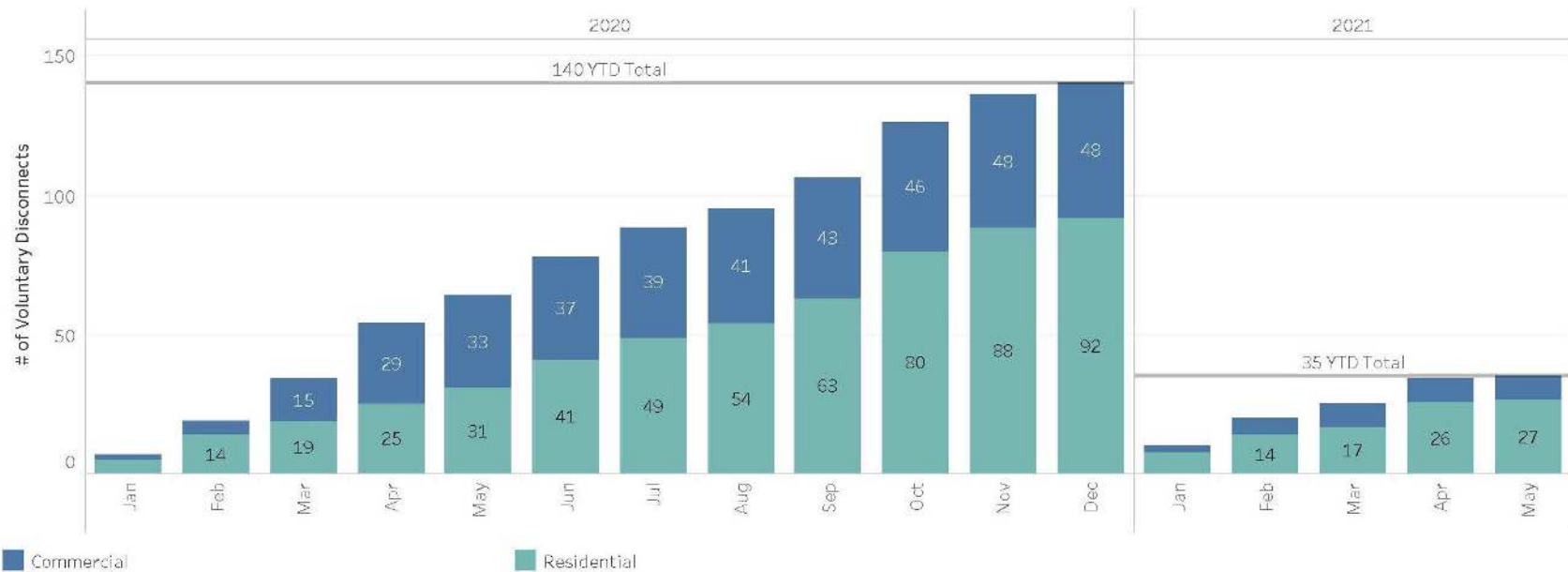
COVID-19 Assistance Applications Cumulative



Voluntary Disconnects (Meters)



Voluntary Disconnects Cumulative (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.

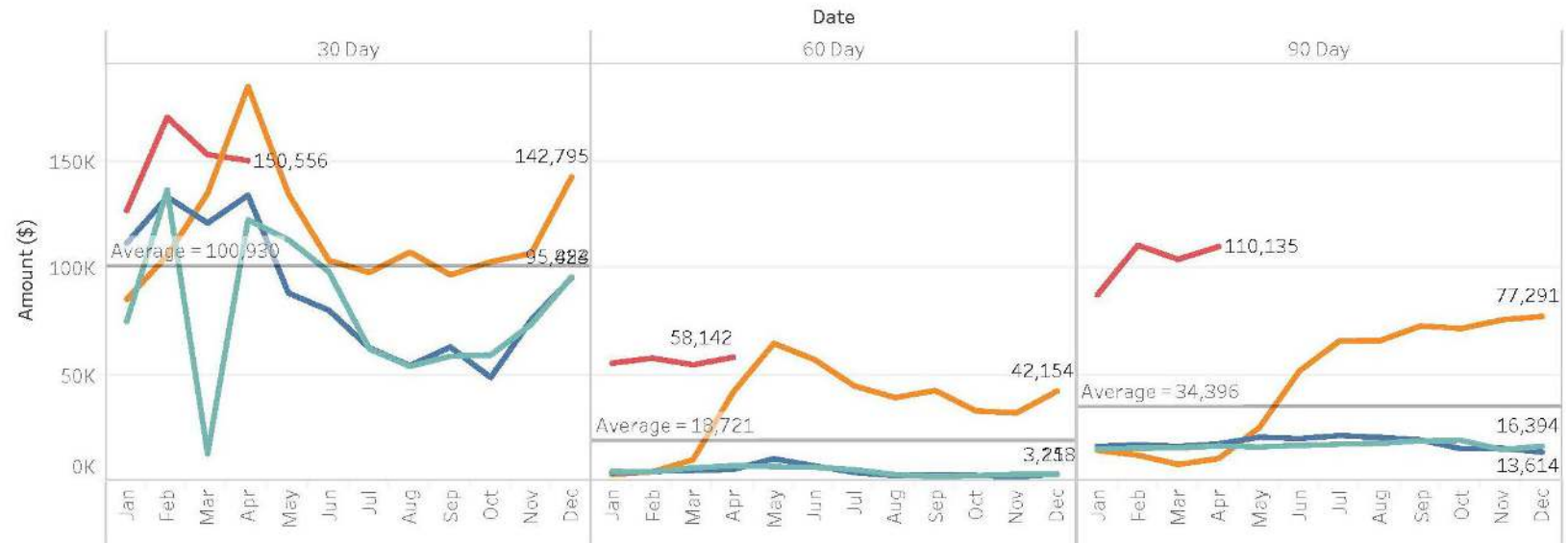
Long Term AR Comparisons - 30/60 Day

	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	153,276		11.59%	13.35%	4,962	9,976	54,542		101.04%	446.76%
Apr	134,240	185,370	150,556		38.09%	-18.78%	5,479	41,845	58,142		663.72%	38.95%
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			1,312.28%	
Oct	48,634	102,980			111.75%		2,725	32,868			1,106.30%	
Nov	75,636	106,860			41.28%		2,078	31,986			1,439.43%	
Dec	95,454	142,795			49.60%		3,218	42,154			1,209.94%	

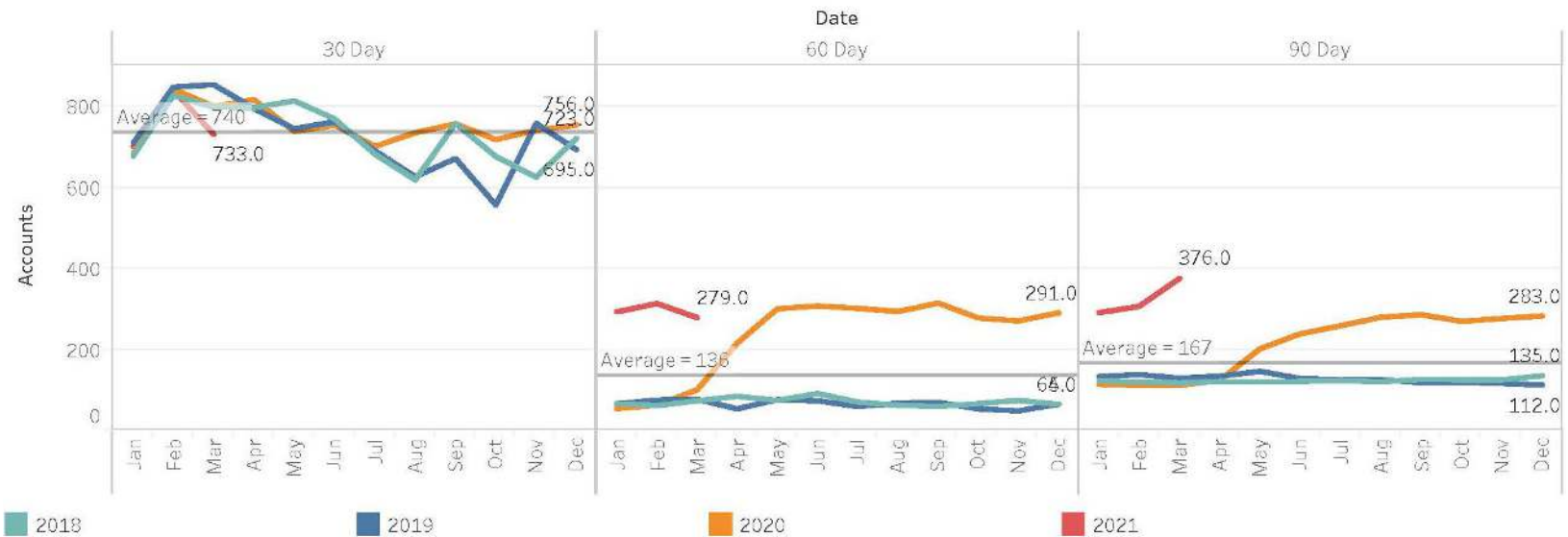
Long Term AR Comparisons - 90 Day

	90 Day			90 Day % Difference		
	2019	2020	2021	2019	2020	2021
Jan	16,248	14,427	87,419		-11.21%	505.95%
Feb	16,995	12,166	110,764		-28.42%	810.45%
Mar	16,257	7,762	104,089		-52.25%	1,241.04%
Apr	17,451	10,546	110,135		-39.57%	944.38%
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 (\$)

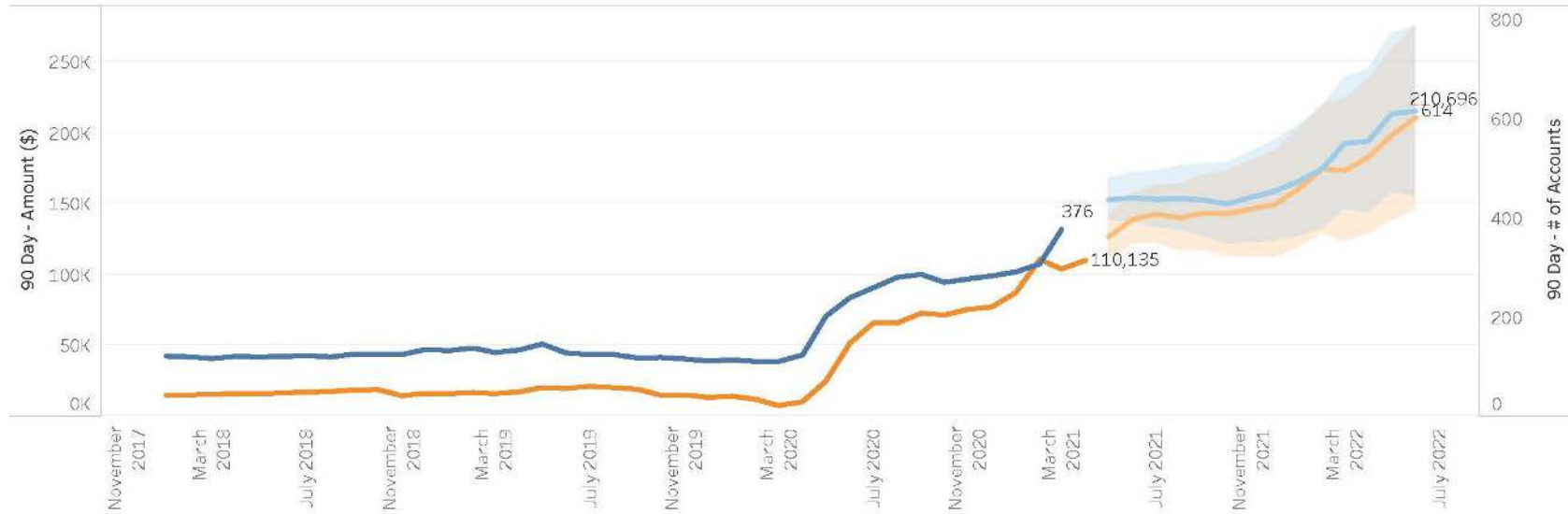


Long Term AR (Count)

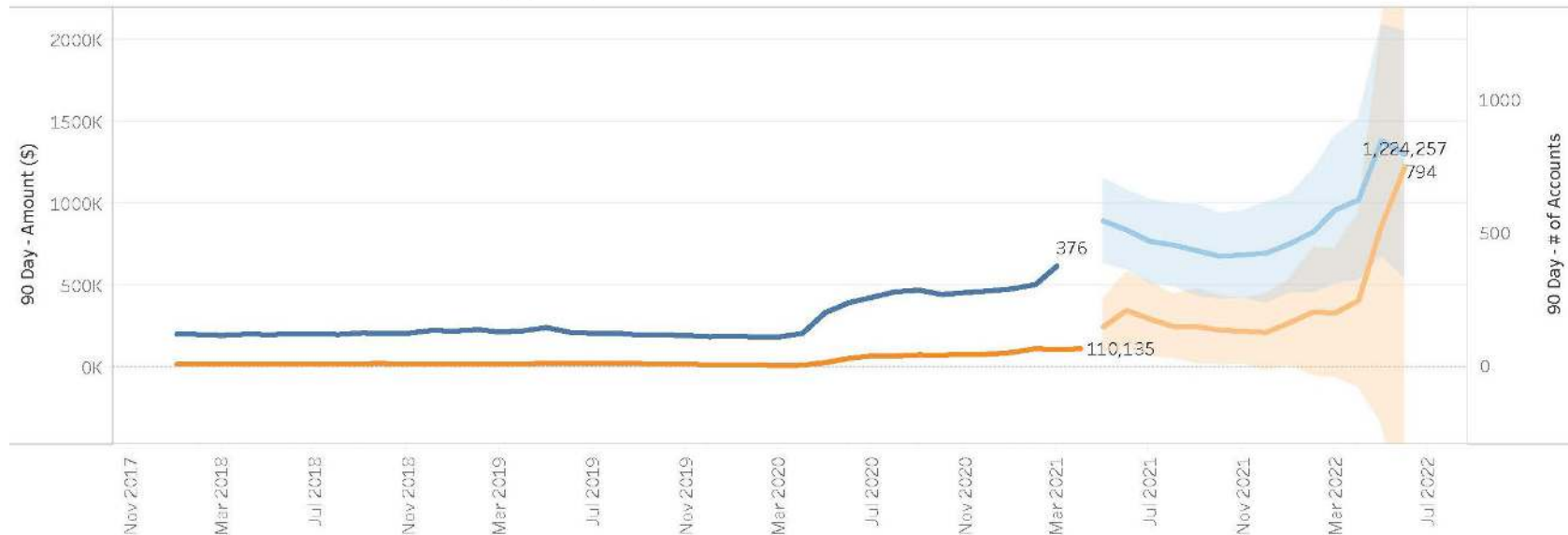


AR - 90+ Day with YE2021 Forecast (\$) - Assumed

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

507

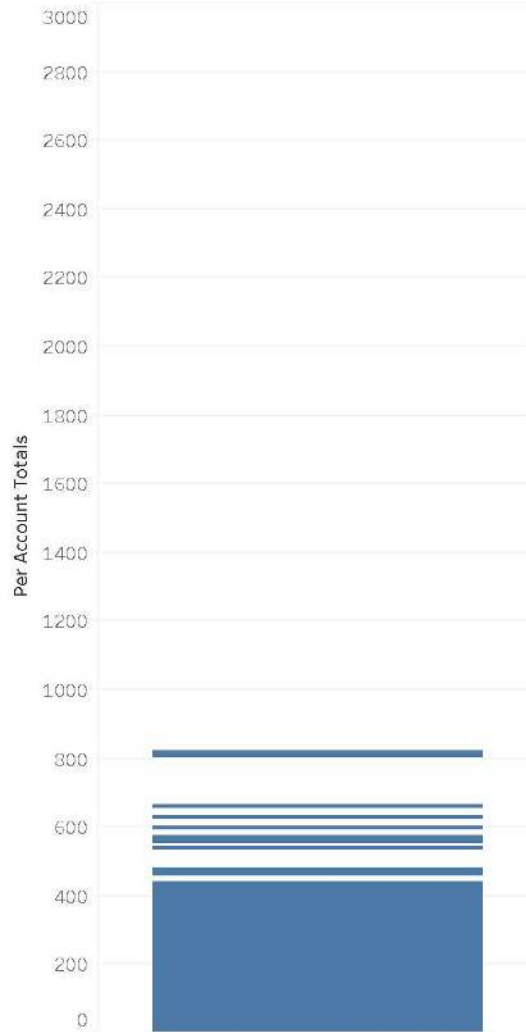
60 Day - # of Accounts

223

90 Day - # of Accounts

246

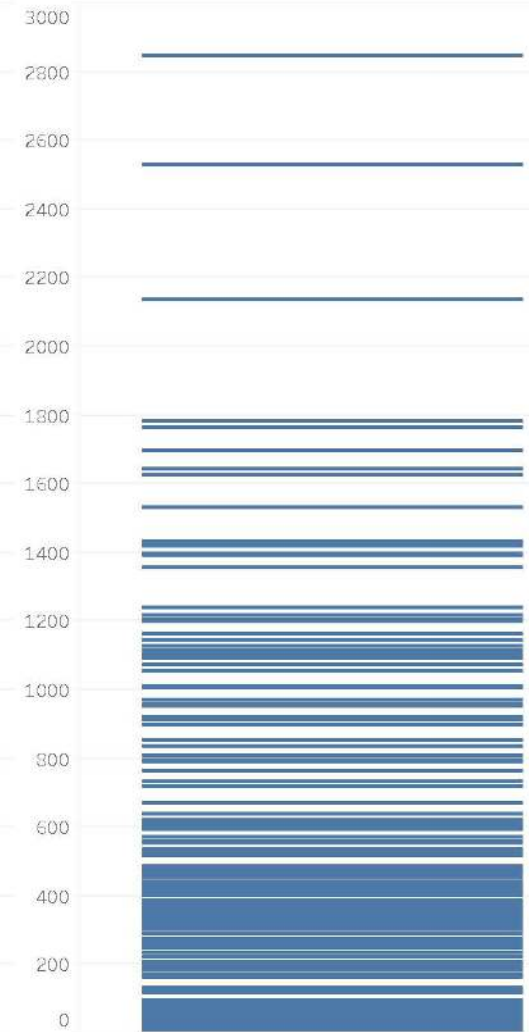
30 Day - per Account Totals



60 Day - per Account Totals



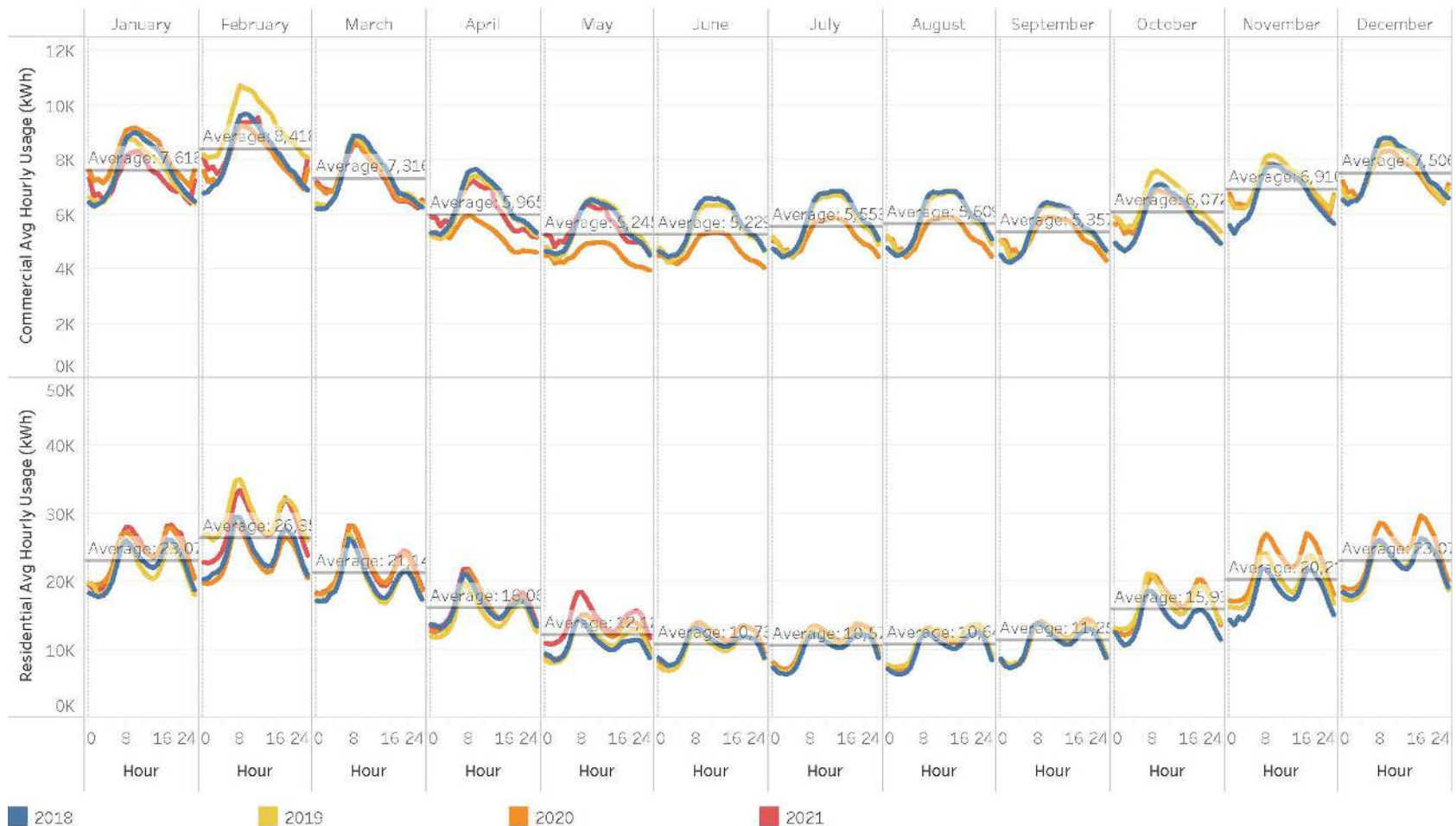
90 Day - per Account Totals



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.

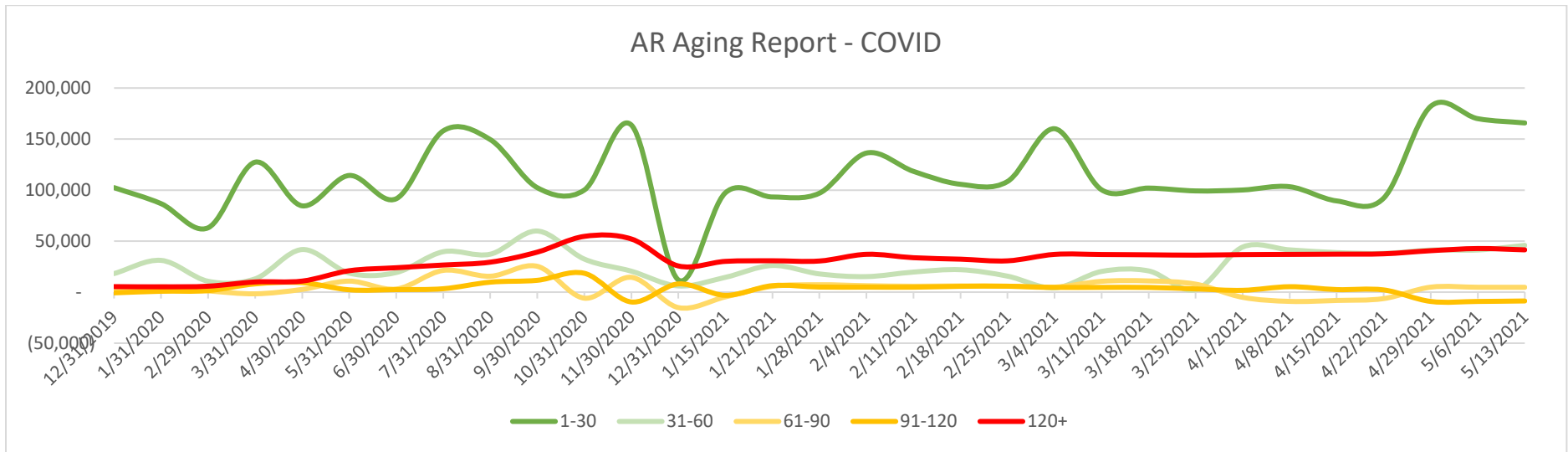


Next steps: Staff will continue to track closely the above data points as well as several more we are developing as the pandemic continues to show any impacts on the cooperative. We need to be patient as we continue to monitor this data to ensure we are making the best decisions for the co-op throughout 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 at the average peak rate of 16GB on a daily pattern, with a peak at 15.87GB last week.

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 May 11, 2021, there are 435 work orders open totaling \$7.0M. Decatur Energy Storage System is \$1.5M of the balance. Operations has completed construction on 140 work orders, totaling \$1.6M.

Safety

John Spain of Northwest Safety Service conducted Excavator/Backhoe training for all staff via Zoom and in person in multiple districts. The total current hours worked without a loss time accident 87,609 hours.

Tidal

As a part of staff's ongoing conversations on tidal power, Orbital Marine, Pacific Northwest National Laboratory (PNNL), and OPALCO met to kick off the process for regulator investigations, placement, and grant submittals.

Grants

Washington Department of Commerce - Grid Modernization

- Decatur Battery Energy Storage System (ESS) (Grant \$1M) (partnered with PNNL) – System handoff to PNNL for analysis has begun with an anticipated completion by end of Q3.
- San Juan Microgrid (Grant \$2.4M) (partnered with PNNL) – Staff has received preliminary site layout and permit strategy.

- Staff is preparing for a WA DOC CEF4 Grid Modernization grant submittal due in late June of 2021. Potential grant submittals (design only) may include investigation of Tidal, Biomass, and Electric Ferry Integration.

Washington Department of Commerce – Clean Energy Fund 3 Solar (partnered with PNNL)

- Low-Income Community Solar Deployment (Grant \$1M) – Construction of ~1MW of community solar with ~45% of the array output to be applied to the OPALCO Energy Assistance Program

US Forest Service (partnered with Wisewood Energy)

- Biomass Generation with Biochar (60% Design Grant \$72,835) – Funds for preliminary design of a ~1MW Biomass CHP generation. These funds will be paired with in-kind engineering from staff to interconnect.

US Department of Energy (partnered with NRECA and Lawrence Berkeley National Laboratory)

- For microgrid projects with solar + storage, cooperatives and small utilities need help designing fair and sustaining community solar rates that allocate benefits rationally to each customer class. OPALCO also seeks to maximize community solar program value and service delivery for our low-income members and develop a decision-tree tool for our Board that enables rate design with full valuation to the microgrid AND solar components, while passing benefits from the solar generation to members. Modeling that recognizes our net metering cap, enables transmission deferral, and identifies clear solar rate differentials is needed.

FINANCE

2021 Budget Tracking

Energy (kWh) purchases and sales were higher than budgeted through April 2021. Overall, gross revenue surpassed budget by ~\$762k, largely driven by increased kWh sales. This amount was curtailed by the ECA in the amount of \$627k (\$210k related to December 2020, one month billing lag) resulting in a net sales revenue variance of +\$135k through April. Power cost is \$70k over budget, related to higher kWh purchases. Final Q1 results will be presented at this May regular meeting.

Income Statement Summary (in thousands)	2021 - Q1 Actual + April (projection)		
	Budget	Actual	Variance
Gross Revenue	\$ 12,773	\$ 13,535	\$ 762
ECA Surcharge / (Credit)*	-	(627)	(627)
Revenue	12,773	12,908	135
Expenses			
Cost of Power	3,875	3,945	70
Transmission & Distribution Expense	2,569	2,341	(228)
General & Administrative Expense	2,060	1,992	(68)
Depreciation, Tax, Interest & Other	3,041	2,919	(122)
Total Expenses	11,545	11,197	(348)
Margin	\$ 1,228	\$ 1,711	\$ 483
TIER	2.81	3.54	0.73
HDD	832	806	(26)
kWh Purchases	86,832	95,062	8,230
kWh Sales	81,711	93,342	11,631

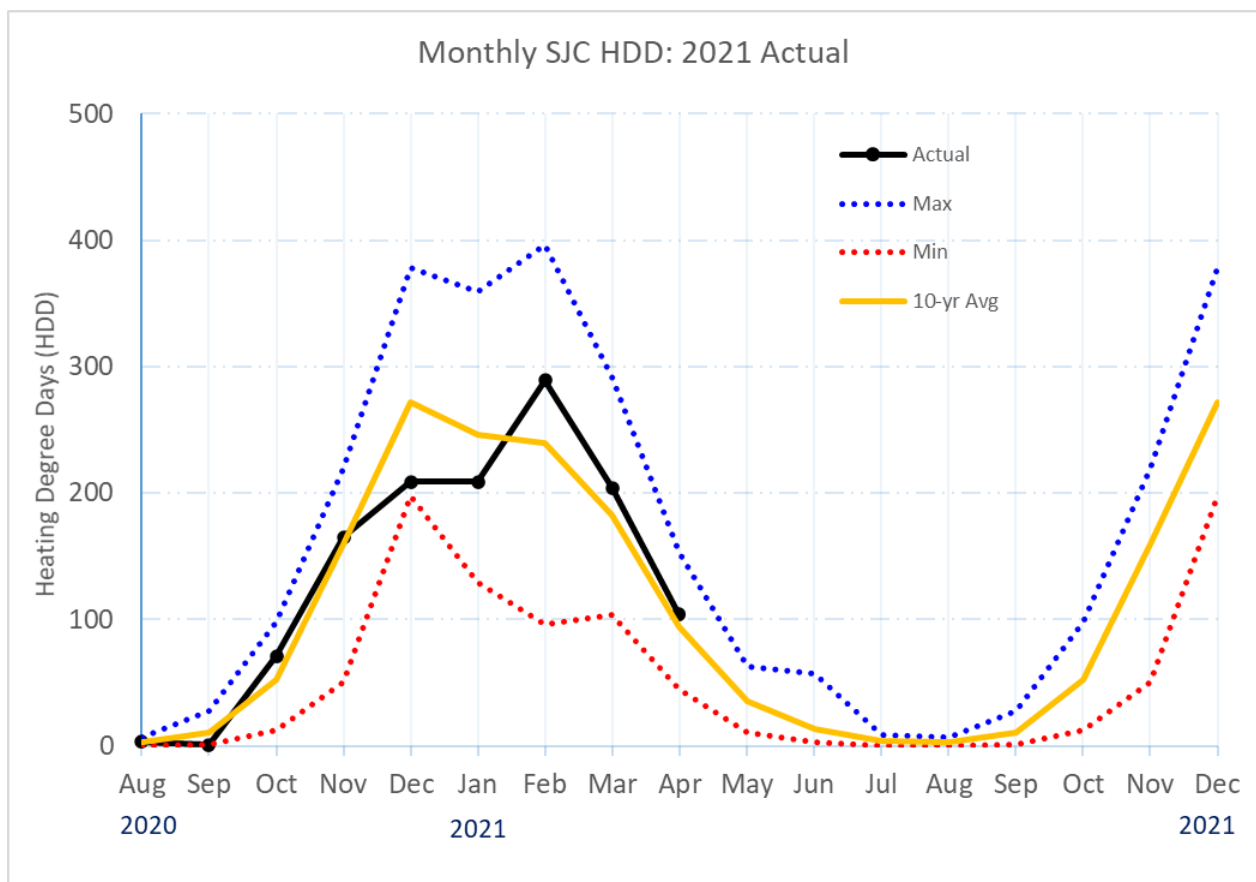
* The ECA returned \$627k to members in the form of bill credits through April 2021

Monthly ECA

The calculated amount for the April ECA was a bill credit of \$.013731 per kWh which returned \$277,805 from members, or \$13.73 per 1,000 kWh. The May billing period ECA will be a bill credit of \$.001758 per kWh.

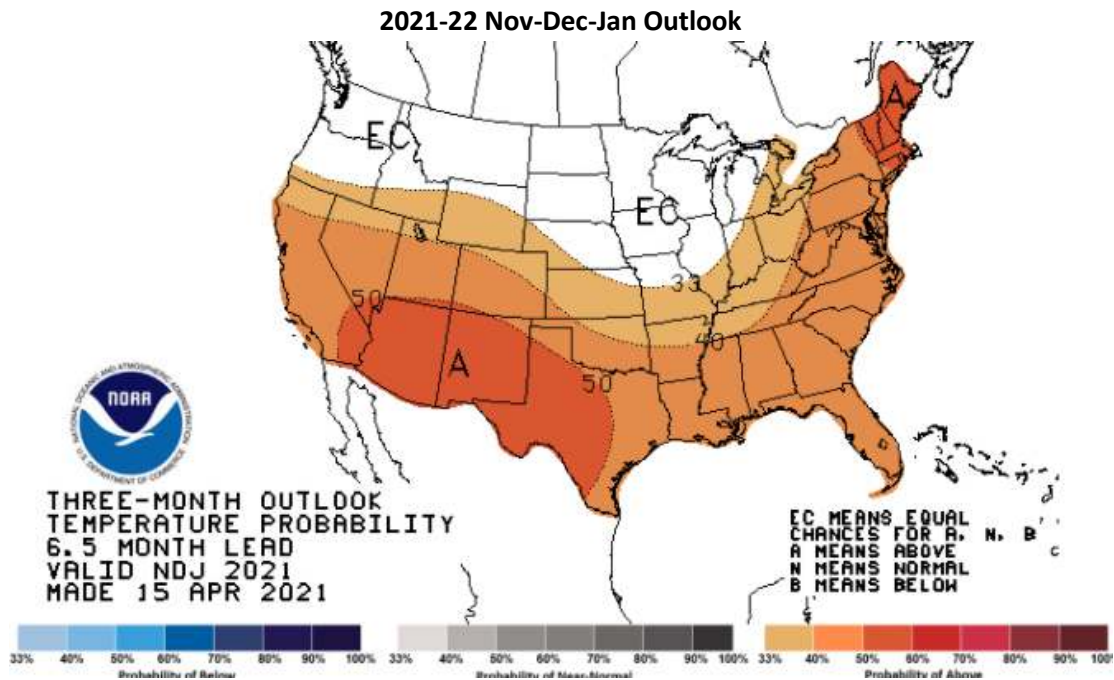
Heating Degree Days (HDD)

The fall of 2020 began to settle back to near historic averages. Then December and January began trending more towards an El Niño pattern. This pattern flipped in February and March 2021 as HDDs came in above historical averages for the months. April has settled near the historic average and the spring and summer months are expected to follow this trend.



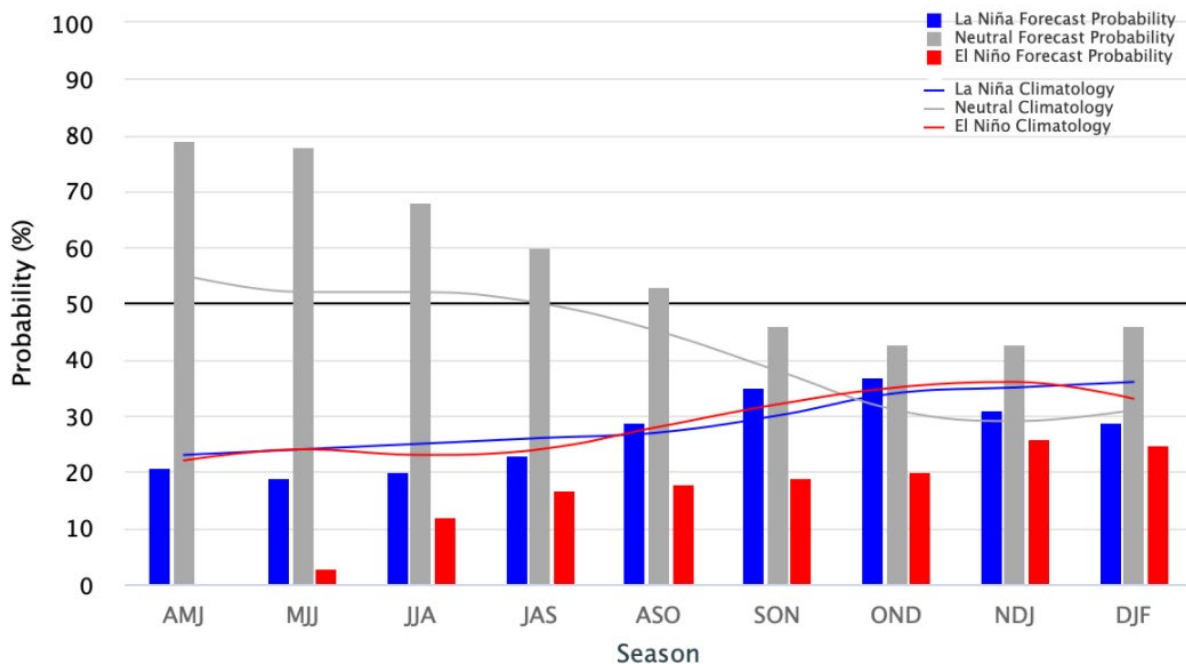
Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Nov-Dec-Jan 2020 - 2021 there is uncertainty in next winters weather outlook showing 'equal chances (EC)' of above/normal/below temperatures in our region for the winter. We continue to monitor these predictors on a monthly basis.



Mid-April 2021 IRI/CPC Model-Based 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



2020 Audited Financial Statements

Moss Adams (Olga Darlington) will present the results of the audit at the May 20th regular meeting via Zoom. Note the audit is on a consolidated basis (OPALCO and Island Network LLC dba Rock Island Communications).

2021 Q1 Financial Statement Review

Staff will be presenting the 2021 Q1 financial results and analysis for discussion with the board at the May board meeting.

MEMBER SERVICES

Energy Assistance

EAP: During April 2021, 440 members received ~ \$16.7K from the low-income Energy Assist program, compared to 441 members who received ~ \$16.4k in assistance in April 2020.

Project PAL: During April 2021 38 Members received ~ \$8.8K in Community/Family Resource Center Awards.

LIHEAP: Notifications continue to arrive and Member accounts are being credited.

SmartHub E-Signature Membership Applications

The month of April OPALCO and Member Services started offering our new members the opportunity to sign up for service, pay fees, establish SmartHub account and choose to sign up for Autopay all in one online session. The process has more opportunities for user error and has been a slow start, all fixes have been communicated to our software administrator and we are still hopeful this will ultimately streamline the new membership process.

Switch it Up!

There are now 173 projects complete and billing for a total of \$1.4M 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 April, there were 17 rebates paid out to members totaling ~\$34.2k. This includes three fuel switching ductless heat pump rebates and three EV charging station rebates.

Solar Interconnects

There were five new interconnect applications submitted in April, 11 members were interconnected with solar for a total of 437 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 17 pending connections.

Community Solar

During the April 2021 billing cycles, the [Decatur Community Solar](#) array produced 50,400 kWh. A total of ~\$5,393 was distributed to 264 accounts.

COMMUNICATIONS

Election 2021

Results were announced at the Annual Meeting, through local news sources, in our newsletter and on our website. In District 2 (Orcas et al), Jeff Struthers led with 871 votes, landing a three-year term; Rick Christmas was close with 664 votes to serve a two-year term. The balance of the votes for District 2 were Rick Fant with 534 votes and Joseph Cohen with 490 votes. In District 3 (Lopez, Decatur et al), Tom Osterman won the position with 535 votes and will serve a three-year term. The balance of the votes for District 3 were Eric Beckman with 485 votes and Peter Garlock with 325 votes. A total of 1,425 ballots were cast, which equates to 12.6% of the membership. The majority of the membership voted online. The full article is available in OPALCO's online newsroom: <https://www.opalco.com/opalco-2021-board-election-results-announced-struthers-christmas-and-osterman-elected/2021/04/>.

Elections and Governance Committee

Staff met with Doug Marshall of the EGC to debrief the election and discuss recruitment of additional EGC members. Staff will support targeted outreach activities to fill vacant EGC positions and broaden the reach for board candidate cultivation. Staff will work with the EGC to better define the job description and set clear expectations for the committee's roles and responsibilities.

Virtual Annual Meeting

The first virtual annual meeting was a successful experiment with more than 135 in attendance using the Zoom platform. The meeting followed a traditional agenda with State of the Co-op addresses from Vince Dauciunas and Foster Hildreth, election results, a robust member Q&A session and the announcement of bill credit and door prize winners. Prize distribution was quickly – and safely – accomplished in the following week. The main topic of discussion was the Island Way campaign and the future of OPALCO's energy supply.

Island Way Workshops

A Solar Town Hall kicked off the Island Way workshop series on May 5th on Zoom. About 75 members attended the hour-long session with staff and guest presenters from Puget Sound Solar, Rainshadow Solar and the Community Energy Challenge. Topics included community solar, residential and commercial solar, and an introduction to the solar rates discussion that the Board will begin this month. Read the full article: <https://www.opalco.com/up-your-energy-game-island-way-workshop-on-may-27th-win-an-electric-lawnmower/2021/05/>. Upcoming dates:

- May 27th @ 5 pm: The Island Way – Virtual
- June 1st @ 5 pm: Get the most out your Ductless Heat Pump – Virtual
- June 14th @ 12 pm: Switch It Up! – Virtual
- August 5th @ 4:30 pm: Electric Vehicle Fair – OPALCO Eastsound Parking Lot
- August 26th @ 12 pm: How to use SmartHub – Virtual
- September 20th @ 5pm: Solar Town Hall #2 – Virtual

To attend a session, contact communications@opalco.com for the link. Members will be credited with a raffle entry for each session attended. Raffle drawing for 10 shares of the next community solar project and a Greenworks lawn mower will be on October 1st.



Island Way Podcast Series

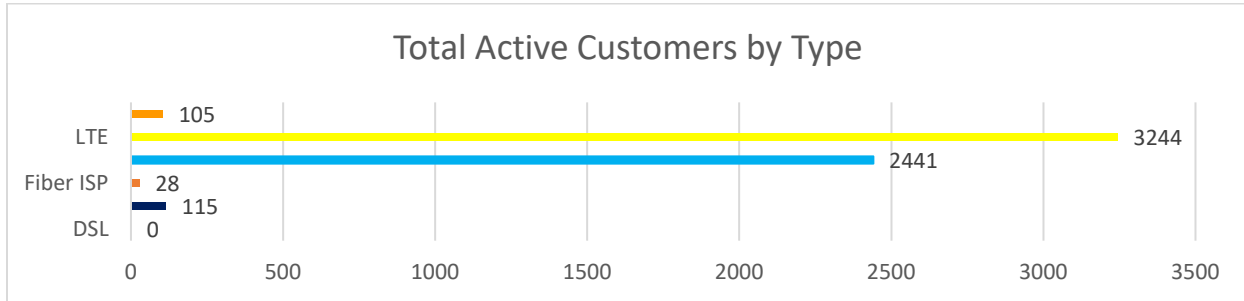
OPALCO launched a podcast series to help members prepare for the major energy transition that we are facing. The first podcast on Community Solar is published on OPALCO's Island Way page (<https://energysavings.opalco.com/the-island-way/>); future podcast episodes will come out each month. The series will host guest speakers and address a wide range of hot topics to further the conversation and support the transition to renewable power and local resiliency.

EV Happy Deal

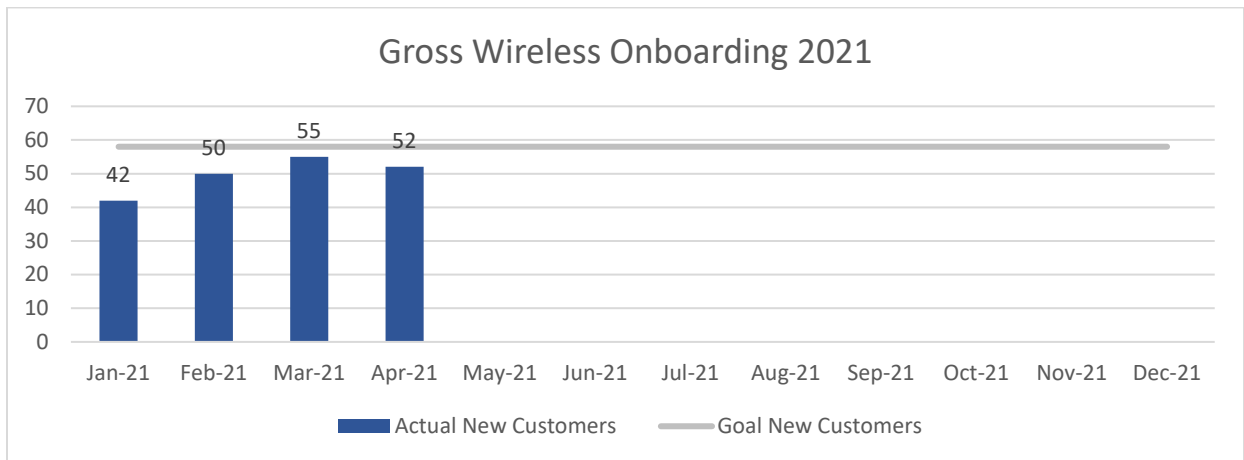
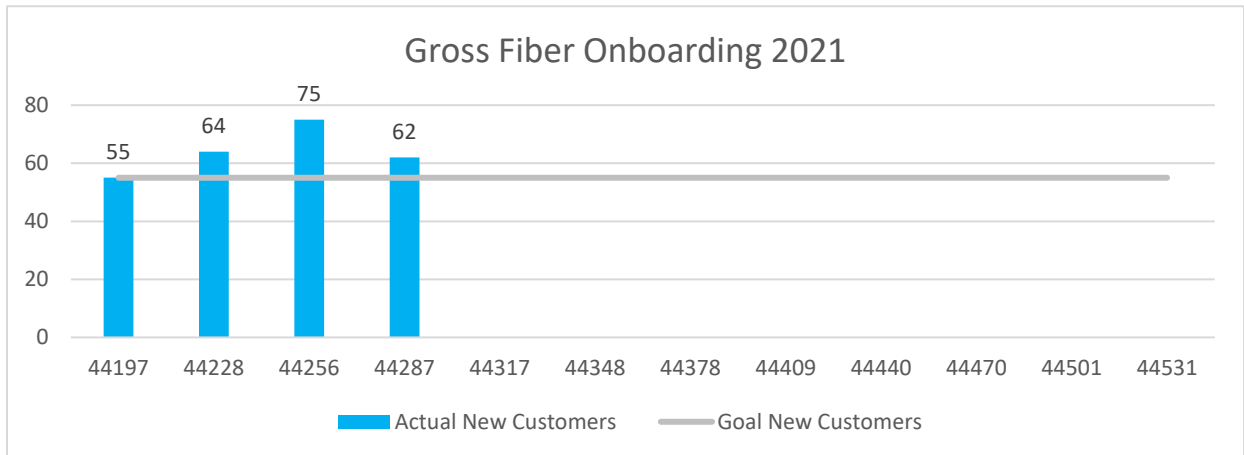
To date, 11 members have purchased a used EV from Island eCars (9-Orcas, 1-Shaw, 1-San Juan). Staff will conduct a new round of outreach to encourage participation – and Island eCars will participate in our Island Way workshop on 5/27. The grant from the Bonneville Environmental Foundation provides members 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."

ROCKISLAND

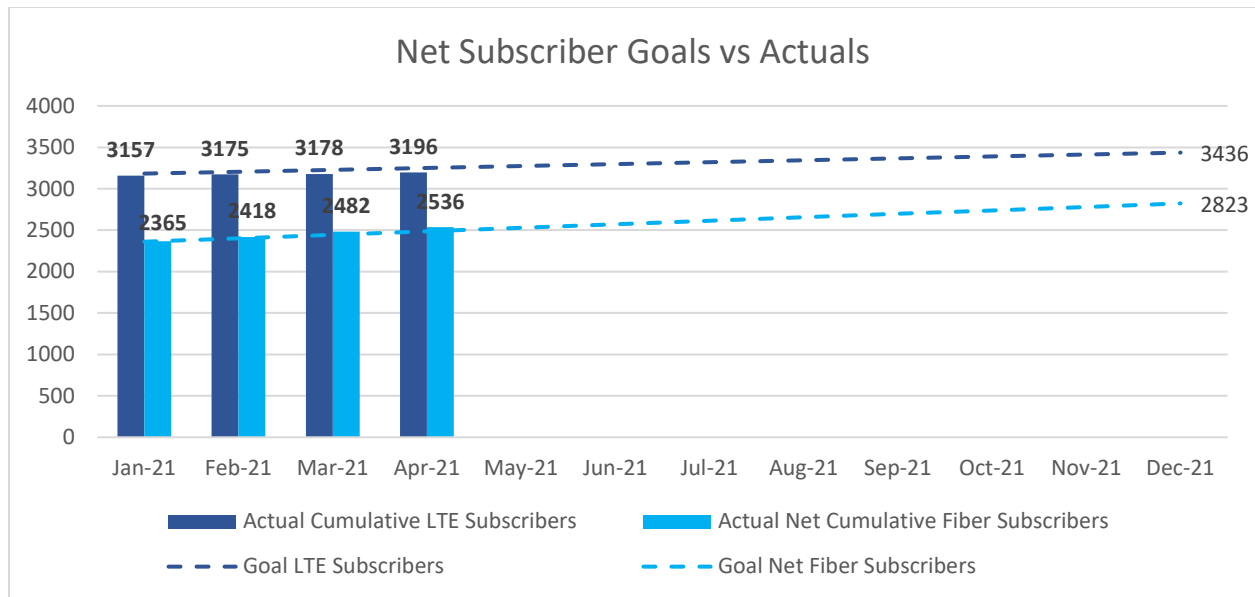
Rock Island Snapshot



5,933 Internet Service Customers



ROCKISLAND



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.



*April revenues are projected and not closed; final numbers are subject to change.

ISLAND WAY

Introducing Hot Topics: a new digest of current news items of interest to our decarbonization efforts – with some editorial comments to draw relevance to OPALCO's work.

Hot Topic

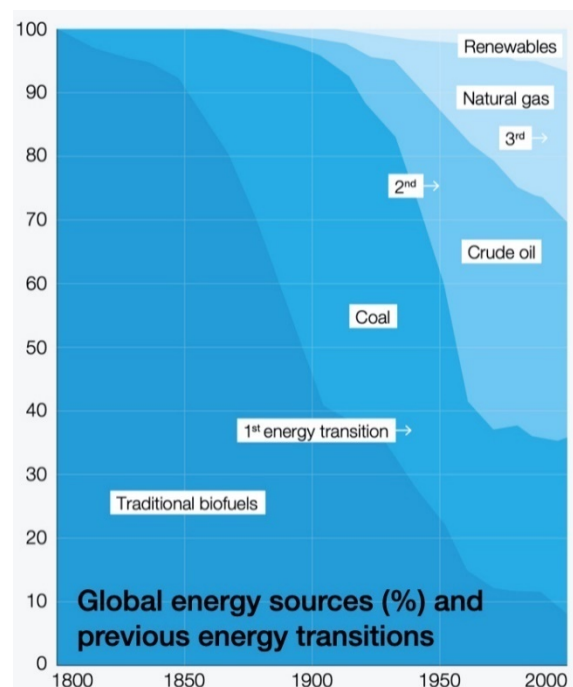
2021 Annual Energy Paper MICHAEL CEMBALEST | JP MORGAN ASSET AND WEALTH MANAGEMENT

As the climate emergency accelerates, OPALCO continues to advocate with its membership and its peers in the region to emphasize the importance of decarbonization. OPALCO was an early adopter of electric vehicles (starting in 1992 with the GM Solertia Force and G-Van), recognizing that transportation is the biggest source of CO2 emissions in Washington state.

Since the beginning of the industrial age, our economy has depended on a carbon-based, fossil-fueled infrastructure. The world is now acting to accomplish a dramatic transition to clean renewables in a matter of a few decades. This transition to renewables has been referred to as “the fourth transition” (see chart at right).

Each year, JP Morgan publishes their Annual Energy Paper, tracking progress on the transition to renewables. Their 2021 issue just came out, entitled “Future Shock.” It’s packed with sober information and analysis on the challenges the world faces as we race to decarbonize the planet.

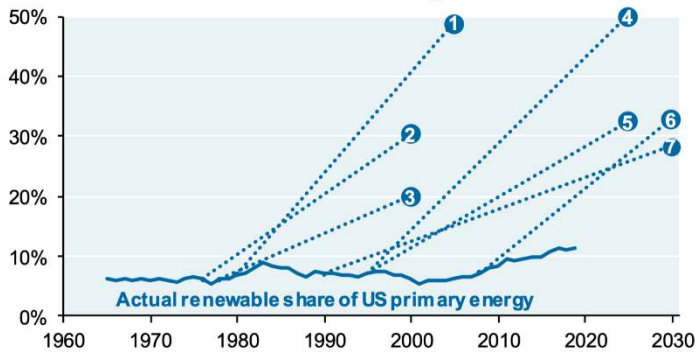
Future Shock examines what’s happening on the ground as the fourth great energy transition unfolds and asks the question: why is the transition taking so long? Deep decarbonization plans assume massive changes in electric vehicles, electricity transmission grids, industrial energy use and carbon sequestration, but each faces major challenges which are hard to predict. As shown below, many prior forecasts of the renewable transition were too ambitious since they ignored energy density, intermittency and the complex realities of incumbent energy systems. The solid blue line is actual share of renewables. The numbered blue dots are forecasts made over the years by energy thought-leaders and organizations tasked with planning the transition.



Overly ambitious forecasts of the 4th great energy transition

Renewable share of US primary energy consumption

Lines start when forecasts were made and end in year of forecast



- 1 Physicist Bent Sorensen
- 2 Amory Lovins, Rocky Mountain Institute
- 3 Carter Administration (solar only)
- 4 Clinton Presidential Advisory Panel
- 5 Intergovernmental Panel on Climate Change
- 6 Google 2030 Clean Energy Plan
- 7 National Renewable Energy Laboratory

In 2020, Mark Jacobson (Stanford) forecast 80% by 2030

Source: EIA, listed authors, Vaclav Smil, JPMAM. 2019. Renewables include wind, solar, hydropower, geothermal, biomass, wood and waste.

While we want to hope for the best, we need to plan for the worst. “The overarching message of this paper is not climate nihilism; it’s that the behavioral, political and structural changes required for deep decarbonization are still grossly underestimated.”

The article is a worthy and deep read; the following sections are particularly relevant to OPALCO:

EVs (page 10)

While EV growth in San Juan County is some of the fastest in the nation, for much of the world, there are some significant challenges.

Transmission and land for new wind and solar (page 13)

OPALCO has been particularly concerned with Northwest regional government planners underappreciating the need for millions of acres of land to accommodate new solar, wind and transmission corridors. This section is a reality check. “Grid expansion can be a hornet’s nest of cost, complexity and NIMBYism, particularly in the US.”

US Solar Power (page 36)

Brief overview of US states solar production and rate trends.

Texas Power Outage (page 37)

Myth-busting the Texas winter outage.

The full document is here:

<https://am.ipmorgans.com/content/dam/jpm-am-aem/global/en/insights/eye-on-the-market/future-shock-amv.pdf>

And an accompanying podcast by the author, providing a brief overview, is here:

<https://podcasts.apple.com/us/podcast/future-shock/id1367963156?i=1000520318055>