

Board of Directors

Regular Meeting

Thursday, January 20, 2022
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. For security purposes, staff will be checking Zoom identities so please use your first and last name or you may not be let into 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. Members can get the link to the meeting, 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
January 20, 2022 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 – December 2021

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

589 CESSNA AVENUE, LLC
BITZ, ANTHONY & TRYTHALL, ALYSHA
COLGLAZIER, DERIANE
COX, TOY & COX, ROY
DEHUFF, CARRIE & DEHUFF, MICHAEL
DICKY, ERIKA
FELTZ, JOHN & FELTZ, KATHRYN
FLOATING BARN VER, DE LLC & SNYDER, SARAH
FOUSSARD, CHELSEA
GEARY, SUZANNE
GELDERMANN, CASEY
GIBSON, PENNY
HULSE, MARTIN
KELLEY, ALANA
LEBLOND, KEN & LEBLOND, KELLIE
LLOYD, PHILIP
MALKI, MARIANA
MASON, KRISTOPHER
NILOSEK, DAVID
OBRIEN, THOMAS
OLIPHANT, MARYANNE
ROBERTS, ERIC
ROBERTS, J A
ROSICKY, PATRICIA
SPRING STREET SQU, ARE LLC
STRONGIN, JEN & SHARP, CHRIS
THE TOY BOX
VALMARK
WAINWRIGHT, NICOLAS
WARMINGTON-NORTH, CRYSTAL & CARTER
YATES, JOSHUA

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

ARENSBERG, TRACY
BAUDER, GARY
BRIGGS, DREW & BRIGGS, NICKI
BROWNFIELD, DAVID & HUMPHREY, SAMATHA
BUCK BAY MEADOWS, LLC
CAWLEY, CLAIRE
CERVANTES NUNEZ, RAFAEL
CLEGHORN, RACHAEL
COLA PROPERTIES L, LC
DUNLAP, JOEL
EHLEN, JACK & EHLEN, JACQUELINE
KWAPIS, KEN & SILVER, MARISA
MILHOLEN, THOMAS
O'FLYNN, BRIAN
ORANTES, EMMA & ORANTES, JAVIER
ORCAS ONLINE INC
OSTRANDER, CASEY
PECK, LARRY & WILSON, PAULA
SHEPPARD, NAT
TUBBS, KELSEY & TUBBS, ADAM
WHITE, PEGEEN

District 3 (Lopez, Center, Decatur, Charles)

BUDDE, DAVID & BUDDE, MARY
CARTER, GAYLE
CISNEROS, JOSE
JAM FAMILY LOPEZ LLC
SCHROEDER, DENISE

District 4 (Shaw, Crane, Canoe, Bell)

PETROVA, VILISLAVA & THOM, LACHLAN

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

January	
Customer #	Amount
23162	1,895.66
17950	2,588.36
Total	\$ 4,484.02



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

Inventory	Amount	RUS Description
202108	\$40,310.34	Transclosure, URD and Pole Replacements
Total	\$40,310.34	

Staff requests a motion to approve the Consent Agenda.



**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, December 16, 2021**

Streaming through Zoom attendees were: President Vince Dauciunas, Board members Rick Christmas, Jerry Whitfield, Brian Silverstein, Mark Madsen, Tom Osterman 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, Member Services Supervisor Joey Wyckoff 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:

Chris Thomerson

Tom Starr

Ray Glaze

Bill Severson

John Fleischer

Sue Bauer

Ronald Zee

Guests:

Michael Jung, PNGC

Hill Thomas, NRECA

Ashely Slater, NRECA

Staff opened and explained rules of the meeting. Reviewed today's agenda. Volunteers needed for EGC, employees who are retiring, looking at opening the 2022 election season. Three Director positions 1 in District 1, 1 in District 3 and 1 in District 4. OPALCO will be hosting an open house January 6, 2022 to answer questions for anyone interested in running for a Director position. Capital credits to be distributed. Currently hiring for 3 positions, 2 linemen and 1 in Member Services.

MEMBER COMMENTS:

Mr. Thomerson stated he is very pleased with the work the Board does. Encourages socially beneficial things like conservation and long-term storage.

8:37 am

President Vince Dauciunas opened the meeting and thank everyone for their comments.

CONSENT AGENDA

- **MOTION** was made to accept the consent agenda by Silverstein. Seconded by Madsen. Passed unanimously by voice vote.

CREDIT CARD PROCESSING FEES

Due to new information received confirming OPALCO would lose its processing discount as a utility, GM proposes not going forward with adding a credit card processing fee. Staff recommends approving the proposed 2022 Tariff. Discussion held clarifying fees.

- **MOTION** made by Struthers to pass the Tariff after fine tuning language to remove credit card fees. Second by Osterman. Passed unanimously by voice vote.

MEMBER SERVICES POLICY 17 REVISIONS

Policy 17 updates were reviewed.

COVID-19 UPDATE

Reviewed current OPALCO rules re: wearing masks when not at workstations, training sessions to be held outdoors, social distancing etc. are still in place.

GENERAL MANAGERS REPORT

GM reviewed the report. Staff updated the Board regarding tidal studies status.

Break 9:30 a.m.

Back 9:43 a.m.

GM introduced guests Michael Jung with PNGC, Hill Thomas and Ashley Slater, both with NRECA. Discussion was held regarding legislative updates and infrastructure funds. It is expected 2/3 of the funds will run through the States. Also available through federal channels such as USDA. Reconciliation Bill is



still a work in progress. Not yet law. \$10B earmarked for co-ops. Also \$200B for RESP funding for 10 year terms. Granting of awards probably will not be until 2022-2023.

Member comments re-commenced at 10:43 a.m.

End regular session 10:50 a.m.

Executive Session

Regular Session 11:44 a.m.

- **MOTION** to approve EGC candidate as discussed made by Silverstein, second by Whitfield.
Approved by unanimous voice vote.

Break 11:45 a.m.

Back 12:15 p.m.

Executive Session

End of Session 1:30 p.m.

Meeting adjourned.

Vince Dauciunas, President

Brian Silverstein, Secretary/Treasure



Orcas Power & Light Cooperative

Revision: 108578

12/17/2021 3:15:03 pm	RUS Form 219 Inventory Of Work Orders	Page: 1
Period: NOV 2021 System Designation: WA 09		
Preliminary 202111		

Inventory: 202111

Project	Loan	Year	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)
			Construction (1)	Retirement (2)		Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	New Construction Or Replacements (6)	Salvage Relating To Retirements Without Replacements (7)		
601		2018 3686		3686	1	6,608.36	0.00	0.00	0.00	0.00	6,577.41
						6,608.36	0.00	0.00	AFUDC: 30.95	0.00	6,577.41
606		2018 3738		3738	1	7,973.06	990.83	0.00	0.00	0.00	8,916.02
						7,973.06	990.83	0.00	AFUDC: 47.87	0.00	8,916.02
Grand Totals:						\$ 14,581.42	\$ 990.83	\$ 0.00	\$ 0.00	\$ 0.00	\$ 15,493.43

55009

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treal

Orcas Power & Light Cooperative

Revision: 108578

12/17/2021 3:15:03 pm	RUS Form 219 Inventory Of Work Orders	Page: 3
Period: NOV 2021 System Designation: WA 09		
Preliminary 202111		

Inventory : 202111

Budget Loan	Project	Amount
1	601	6,577.41
1	606	8,916.02
Total:		15,493.43

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 OF 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

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Member Services Policy 17 Revisions (Second Read)

Upon review of Member Services Policy 17 a couple of items were deemed to need updates and/or clarification as outlined below. The Board had a first read at the December Board Meeting and had no further updates.

Staff recommends a motion to pass the updates to Policy 17 as follows.

ORCAS POWER AND LIGHT COOPERATIVE
MEMBER SERVICE POLICY 17
MEMBER PARTICIPATION AT
OPALCO MEETINGS

17.1 GOALS AND OBJECTIVES

As a member-owned electric cooperative, member participation in the affairs of OPALCO is both expected and encouraged. The purpose of this policy is to establish guidelines, help foster attendance at OPALCO meetings, and establish respectful communication among members and invited guests, including the Board of Directors. OPALCO encourages member interest in the governance of its cooperative and welcomes member attendance at all OPALCO meetings.

17.2 OPALCO BOARD MEETINGS

Meetings of the OPALCO Board of Directors are conducted in accordance with the current edition of Robert's Rules of Order Newly Revised. Meetings of the Board of Directors are held by video conferencing and/or in person. The Board of Directors intent is to maximize member ability to participate.

- 17.2.1 All meeting materials are posted on the OPALCO website in advance of the monthly meeting. The minutes are posted once approved.
- 17.2.2 At each regular monthly meeting of the Board of Directors, members will be offered an opportunity to address the Board at the beginning of each meeting with the following criteria:
 - 17.2.2.1 Members will state their name and island of residence;
 - 17.2.2.2 Members will identify the topic they wish to address;
 - 17.2.2.3 Members will have 5 minutes to voice their comments.
- 17.2.3 Members are expected to act with civility and maintain decorum:
 - 17.2.3.1 Any comments must be respectful and not be personal in nature, including those made to other members, cooperative staff and directors;
 - 17.2.3.2 If a member is representing a group of members, one representative is encouraged to speak on behalf of the group or organization, in the interest of time;
 - 17.2.3.3 Meeting participants shall refrain from disruptive or distracting behavior. Unruly behavior, (including but not limited to applause, booing or hissing,

interruption or harassing remarks) is prohibited. Participants shall respect individual physical and personal space and refrain from any form of physical or verbal intimidation or abuse.

17.2.3.4 The Board may allow member participation during discussion of an item at the Board President's (or presiding director's) discretion, providing that such participation does not unnecessarily slow board deliberations and ensuring that member participation does not interfere with the conduct of Cooperative business.

17.2.4 Subject to the approval of the Board President or presiding director, any member may request permission to address the Board of Directors outside the initial opening of each meeting. If the request is approved by the Board President or presiding director and is received at least ten business days prior to a board meeting, that person's name and topic will normally appear on the agenda.

17.2.5 Communication in writing may be distributed to the Board of Directors prior to any meeting or may be included with the board materials, subject to approval by the General Manager.

17.3 OTHER MEETINGS

Other meetings held on behalf of OPALCO (committee or special) shall be noticed pursuant to Bylaws Articles II & IV.

17.4 VIDEO RECORDING AT MEETINGS

The intent is to video record regular board meetings (and other meetings as determined by the Board), for those members who are not in attendance, making it more accessible for the entire membership to review the governance of OPALCO. OPALCO will include video recordings when practical and cost effective, as follows:

17.4.1 Video recording will utilize existing video equipment that OPALCO already uses for operational purpose.

17.4.2 Recordings will be a static (not live) feed and made available through the OPALCO website. To minimize staff time, recordings are only edited when necessary to protect proprietary information such as legal, personnel and competitive. Recordings will be available on OPALCO's website for a rolling period of 12 months.

17.4.3 Recording equipment may not be available in all meeting locations.

17.4.4 The recordings' intended use is for the sole purpose of the OPALCO membership and shall not be used for non-member or commercial purposes.

17.4.5 Members and guests attending the board meeting acknowledge that they may be recorded.

17.5 RESPONSIBILITY

17.5.1 The General Manager shall ensure that all OPALCO meetings that are open to the membership receive proper notice on the OPALCO website so that members are aware of when and where meetings are scheduled.

17.5.2 The Board President, presiding director, or any designee shall ensure that conduct is respectful and orderly and shall preserve decorum at any meeting of the Cooperative. Each director shall cooperate with the President in ensuring that meetings are conducted in a respectful and orderly fashion. Interrupting or disturbing any person while speaking is contrary to this policy.

17.5.3 Any behavior that is deemed to be disruptive, distracting or threatens the physical safety of a meeting participant or property of the Cooperative may lead to such participant being required to leave the premises where the meeting is occurring or will be removed from a virtual meeting. The President, presiding Director or designee shall make such determination.

17.5.4 Upon repeated violations of this policy, the President, presiding director or any designee may prohibit that individual from attending future meetings of the Cooperative, whether a formal meeting or other Co-op function. The duration of this prohibition shall be a maximum of three (3) months at the discretion of the President, presiding director or any designee based upon the severity and nature of the violation. The barred member may send written comments to the General Manager which may be presented during the subsequent Board meeting.

RESP Fund Measures

OPALCO is in the process of finalizing a third Rural Energy Savings Program (RESP) guarantee in the amount of \$26M for a total of \$46.8M available to members for energy efficiency projects through the Switch it Up! program. These funds are held by RUS until OPALCO can submit for reimbursement with proof of completed member projects, similar to how OPALCO manages capital projects.

There are now 228 projects complete and billing for a total of \$2M outstanding. The contract with RESP/RUS gives OPALCO 10 years from the date of each loan guarantee to utilize these funds for member projects, after which time, unused funds will no longer be available. To encourage members to take advantage of this low interest (2% in 2022) opportunity for efficiency upgrades. There will no longer be a cost ceiling per measure but instead a ceiling of \$100k per membership without additional approval of the General Manager.

Staff has consulted with legal counsel about the risk for uncollectable tariff payments associated with this program and has determined the risk is manageable. OPALCO is allowed to disconnect members for non-payment. Each measure is recorded against the property with the County, positioning the Co-op to pursue repayment upon sale of property. Nationally, RESP program funds have a very low default rate.

The specifications for each measure will follow BPA guidelines and all terms and conditions will be clearly stated in program materials including the website, application, and conservation agreement. All RESP funded measures must be permanent fixtures tied to the home physically or by metering (Community

Solar) and meet federal and state requirements. All current and new measures have been approved by RUS.

The Board approved a comprehensive list of measures including the measures proposed for 2022 in Resolution 3-2021 at the time that the Co-op applied for the RESP funds. The current measures are Ductless Heat Pumps, Heat Pump Water Heaters, EV Chargers, and Fiber to the Premise with an efficiency measure.

Staff proposes to expand the list of energy efficiency measures for 2022. These measures will be significant in helping our members prepare for a sustainable and affordable energy future and the program is integral to meeting OPALCO's goals for efficiency, load, and demand management. The full list of measures is:

1) Heating Systems

- Ductless Heat Pumps
- Ducted Heat Pumps
- Ducts and Air Sealing
- Thermostats / Automated Controls

2) Solar and Energy Storage (grid-tied)

- Combined Solar/Battery (2022 Solar Tariff required)
- Energy Storage (batteries)
- Community Solar Shares

3) Appliances

- Heat Pump Water Heater
- Induction Cook Stove
- Energy Star Appliance Upgrades
- Fuel Switching Appliances

4) Weatherization (energy savings related)

- Insulation
- Window Upgrades
- Moisture Barrier Improvements
- Caulking and Weather Stripping
- Door Upgrades

5) Electric Vehicles

- EV Chargers and Installation

6) Fiber to the Premise

- Fiber to the home with an energy efficiency device

7) Commercial Projects



- Treated as special projects on a case-by-case basis (similar to BPA rebates)

Staff requests that the Board acknowledge the expanded list of measures. Next steps are for staff to build out the new program materials. Program launch is scheduled for April to coincide with our annual meeting.

RESP Loan – Resolution 01-2022 (On-Bill Financing Program)

The final RUS Rural Energy Savings Program (RESP) loan documents have been reviewed by staff and legal counsel and are ready for execution. This loan will support the On-Bill Financing Program. Attached please find the final Resolution 01-2022 RESP Loan AU50, which grants the General Manager the authorization to execute the RESP loan documents.

Staff requests a motion for the Board approval of Resolution 01-2022, as required to execute RUS RESP loan documentation.



RESOLUTION 01-2022

SECRETARY'S CERTIFICATE

I, Brian Silverstein, do hereby certify that: I am the Secretary of ORCAS POWER & LIGHT COOPERATIVE (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the Regular meeting held January 20, 2022, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the attached forms of Loan Contract (the "RESP Loan Contract") and Note (the "RESP Note") are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that the Corporation borrow from the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$26,000,000.00 (the "RESP Loan");

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

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

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RESP Loan Contract submitted to this meeting; and
- (b) a note payable to the Government in the principal amount of \$26,000,000.00 substantially in the form of the RESP Note submitted to this meeting; and

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

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

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is January __, 2022.

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



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

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation
this _____ day of _____, 2022.

Brian Silverstein, Secretary/Treasurer

(Corporate Seal)

DISCUSSION ITEMS

2021 Year in Review

2021 was year two of the pandemic. While there continued to be major challenges in the workplace, supply chain and labor pool, our OPALCO and Rock Island teams are very proud of the fact that we have safely kept the power on and internet functioning during this ongoing situation.

Our Island Way Campaign, which launched in 2021, is built on this co-op promise: “What we share is stronger than what we face.” We banded together for our community and membership under our mission of serving our 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 2021 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 no safety accidents in 2021. OPALCO’s subsidiary, Rock Island Communications, continued to make significant contributions to member safety during the pandemic with internet connections and a solid emergency communications network.

Reliability: OPALCO’s power reliability was 99.87% for 2021; Rock Island maintained internet connection reliability of 99.99%.

Sustainability: Members saved 369,431 kilowatt hours through rebate and incentive programs. Added 80 new local renewable generators to our system and supported 69 Switch it Up beneficial electrification projects. Launched public awareness campaign, the Island Way, and engaged >500 members in workshops and activities to help prepare for decarbonization. Continued to work with PNGC to establish a regional transmission authority to provide a cooperative and dedicated regional network to provide reliability and affordability to our new energy landscape.

- The local family/community resource centers awarded ~\$100.4k of PAL assistance to 473 low-income households. Additionally, \$11.6k in COVID PAL awards went to 121 households.
- Energy Assist participation increased with an average of ~440 households receiving monthly bill credits which totaled ~\$158.9k.

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 ~\$271k in relief to members in 2020. Made it through the year without a rate increase in order to minimize financial impacts of COVID on our membership.



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 2021

Safety:

- Exceeded 135,000 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 COVID Action Plan materials; updating Board and staff to assess any changes to the condition of the pandemic and OPALCO.
- \$11.6k in COVID PAL awards went to 121 households.
- Maintained workplace safety and successfully pivoted annual and board meetings to virtual protocols.
- Maintained working status for the line crew and office staff while implementing our Covid-19 Plan and social distancing protocols.
- Maintained quarantine workplace alternatives for staffing, if/when separate facilities are required.
- Maintained virus health safety and PPE measures company wide.

Engineering, Operations & Information Technology:

- Average service availability rate of 99.87% for the year.
- Reached a new system extreme of ~82 MW
- Replaced ~68,000 feet of aging and failing underground cable (mixture of three phase and single phase).
- ROW Trimming: 252 trees removed; 416 trees trimmed; and 3,680 linear feet (4.2 ac.) of distribution line brush mowed.
- Replaced 29 aging and deteriorated poles.
- Installed SCADA controlled transmission switching on Shaw Island.
- Completed Submarine Cables pressured system repairs.
- Closed out 101 new service construction work orders.
- Install Voltage Regulation in Orcas Substation.
- Expanded SCADA control to 9 more devices.
- Completed new SCADA system migration on Lopez District.

Finance & Accounting:

- Unqualified opinion of Financial Audit for 2020. 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 69 energy efficiency projects for over \$670k in additional financing provided by OPALCO to our members.
- Finalized RUS contract for an additional \$26 million with 0% interest RUS RESP funds to finance energy efficiency projects throughout the County through OPALCO's Switch-It-Up Program.
- Implemented & completed the EV Happy Deal program which provided 35 EV purchase incentives in collaboration with a local used EV dealership, Island E Cars. The program was primarily funded via a grant with Bonneville Environmental Foundation (BEF) for a \$50K through their Zero Emission Vehicle Innovation (ZEV) fund.
- 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.
- Awarded \$1M WA Department of Commerce low-income solar deployment grant.
- Awarded total of \$465k in WA DOC Grid Modernization Grants for design projects.
- Applied for and received full forgiveness of the emergency PPP loan for small business.
- Began transition to paperless invoice authorization processing. The transition helps reduce staff processing time, reduce paper waste, reduce paper storage requirements, and increase authorization visibility built into the NISC.
- Continued capital credit smoothing methodology, retiring \$1.3M in capital credits back to the membership in 2021.

Management and Human Resources:

- Hired a Journeyman Lineman and a Staking Technician.
- Retired a Journeyman Lineman.
- 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.

Energy Savings: Rebates, Electric Vehicles & Renewables:

- Rebate dollars awarded to members through December: ~\$124.7k.
- Energy saved by members through BPA/PNGC rebates: 369,431 kilowatt hours.
- Total interconnected members generating renewable power: 502 with 80 new in 2021.
- 1,115 MWh of member solar/wind production incentivized by WA State.
- Supported 40 members in beneficial electrification measures, totaling \$60,000.
- Incentivized the installation of 38 EV charging stations for homes and businesses.
- Decatur Community Solar project:
 - 266 members participated.



- Produced 519.2 MWh – enough to power 500+ typical SJ County homes for a month, or 42 homes for a year.
- distributed \$52k through production credits on participants' bills (\$102.6k since energization), including an additional \$6,063 to the PAL and Energy Assist programs.

Member Services:

- Five Member Services Representatives (one recently retired in December 2021) handled more than 17,800 inbound calls from members.
- Billed members ~\$32.3M for energy usage of ~220.5M kWh.
- The local family/community resource centers awarded ~100.4k of PAL assistance to 473 low-income households. Additionally, \$11.6k in COVID PAL awards went to 121 households.
- Energy Assist participation increased with an average of ~440 households receiving monthly bill credits which totaled ~\$158.9k.
- ~7.9k accounts are on autopay.
- ~19k Accounts are paperless.
- Maintained service while the team continued to perform remote work assignments along with office duties.

Communications:

- The Island Way campaign launch: Stewards kick off meeting (40 attended), annual meeting theme, seven Island Way workshops (500 attended), car wrap, podcast series, swag, web page, updated newsletter template and various advertisement campaigns in print and on social media.
- Decatur Microgrid Celebration (Feb 24) drew dignitaries including Governor Inslee, Dr. Irme Gyuk of Department of Energy and Washington State Department of Commerce leadership. 80 people attended and the project/event was covered in several industry publications.
- Launched new online "Why Run" election information page; attracted a full ballot of candidates. 1,425 members voted in the election (12.6% of the membership).
- Staff developed the Island Way Podcast Series; the first season of four podcasts related to building a healthy and sustainable energy future. Topics were Community Solar, Ductless Heat Pumps, Electric Vehicles and the Island Way campaign.
- Annual Meeting via Zoom on April 24 drew 135 members; main topic was OPALCO's Island Way campaign.
- Produced a six-minute film, "Taking Care" telling the story of OPALCO's ROW and fire prevention programs and collaboration with SJICD and CCC:
<https://www.youtube.com/watch?v=8h5hi3ywkv&t=2s>.
- An in-person EV Jamboree event on Orcas drew more than 200 members, EV dealers from Orcas and the mainland, vendors of electric lawn tools and bicycles. Lots of members drove their own EVs to the event for show and tell.
- Staff completed an EV Road Trip to demonstrate how EVs work and how it feels to drive carbon free, while touring renewable generators and meeting public power peers along the way. Promotion and documentation on social media received a strong following.

- Staff facilitated a public process to discuss solar rates as the board reviewed research and proposals. There were two well-attended Solar Town Halls, several board meetings and an Energy Roundtable devoted to the topic.
- Staff provided two classes for the EDC's Youth in Trades program: GIS Mapping and Line worker Apprentice. Staff did a presentation at the Future's Lounge at Orcas High School about working in the trades: 14 seniors attended and asked questions about careers at the Co-op.
- Website Updates: Safety Center, Island Way page, FAQs, Outage Center, Quick Facts, Elections.
- 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.
- We now have over 600 followers on Instagram, ~1900 followers on Facebook and ~1450 followers on Twitter. Engagement has been high on Facebook and Instagram throughout 2021 with members regularly commenting and getting info from these sites. News outlets continue to pick up stories from our Twitter account.
- Regular posts on our This Electric Life blog including DIY efficiency videos, member profiles stories and other helpful tips for members.
- Two articles published about OPALCO in the NWPPA Bulletin during 2021. Public Power Profile of Krista Bouchey and Island Way Campaign story.
- Updated the Quick Facts library online: <https://www.opalco.com/newsroom/quick-facts/> Promoted safety and the Island Way campaign with a virtual booth at the San Juan County Fair.
- Staff presented at the NWPPA NW Innovations conference on OPALCO's EV programs and OPALCO won an Excellence in Communications award for the Island Way Campaign.
- Presented the first Clean Energy Implementation Plan for WA Department of Commerce's Clean Energy Transformation Act (CETA) to the Board and membership and filed with DOC.
- In partnership with Sustainable Connections, completed 15 commercial efficiencies, HVAC and/or solar projects in 2021; a total of 59 projects since we last offered commercial workshops in 2018.
- Produced and distributed 24 bill inserts, 52 weekly newspaper ads, 16 email newsletters, updated, and created new forms, documents and content for the Member Services and Engineering departments.



Rock Island Team Accomplishments 2021

Safety:

- Kept all staff safe through 2021 from the dangers of the pandemic.
- Managed to maintain supplies of all necessary PPE for employee protection despite huge shortfalls in availability.
- Constantly adapted in a timely manner with changing mandates for COVID protocols and mandates from local, state, and federal governments.
- 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.
- Had zero COVID cases among staff since the start of pandemic.
- Rearranged work protocols to enable social distancing and protective measures while keeping the primary functions of the company operating while government mandates and protocols continued to shift.
- Supported staff with additional resources on the pandemic including PPE and cleaning supplies for their home use while working remotely.
- 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.

Finance and Operations:

- Secured the PPP forgiveness of funds for critical labor needs.
- Successful completed a highly graded 2020 Audit.
- Surpassed Net loss goals for 2021 by \$250k.
- Acquired additional Financing with CoBank for future incentive investment strategy and business demands.
- Loan tranches were fixed to low interest rates during all-time lows.
- 401(k) compliance resolution was made with the NRECA and OPALCO groups to meet IRS requirements.
- Successfully transitioned the T-Mobile store to a more sustainable long-term kiosk model, removing the middleman from the T-Mobile retail relationship.

Plant and Construction:

- Completed full transport redundancy and capacity projects to increase the backhaul to 140GB on completely separate terrestrial routes.
- Developed a new inventory dashboard that assisted us with material handling and higher accuracy on inventory accounting.
- Integrated the T-Mobile site repair work into our day-to-day business, including in depth training with TMO operators and NOC's to facilitate our partners equipment health in SJC.
- Added sprint spectrum and the first Anchor site in SJC with high capacity 5G.

- Installed over 65 miles of new fiber to the plant.
- Fiber has been made economically available to nearly 6,000 residences in SJC.
- Delivered a 99.99% reliability rate to our fiber and wireless customers.
- Handled major logistical issues with supply chains to continue to meet business goals.
- Handled local ferry scheduling catastrophes while keeping onboarding ahead of plan.

Sales and Marketing:

- Connected a record 734 homes and businesses to our fiber network, surpassing plan by 83 fiber connections made.
- Signed up 604 wireless customers.
- Captured 49% and growing of the total internet subscriber market in the county.
- Enhanced our automation of eligibility and streamlined the inquiry process for customers to get connected via the website.
- Grew fiber ARPU to over \$95, a \$9 increase over last years plan.
- Beat our business goals for total revenues overall.
- Launched our new website with improved features for onboarding inquiries, marketing features for Business Services, outage notifications and support via chat agent.
- Added and deployed our fully integrated VoIP phone system this year, which is a big success. We are at 480 seats with 30 customers.
- Added 20 new SLA business customers, maintaining the same employee count while keeping a high level of customer support and engagement.

Technology:

- Rolled out new 5G devices including devices for band 41 cell technology, resulting in increased bandwidth potential
- Added POP in Anacortes, allowing for a new 200GB transport regen location and future cross connect facility for other business with off island agencies and businesses.
- Upgraded the Core network using state of the art Juniper switches, further reinforcing our redundancy plan for reliability.
- Established a POP in Southhill Exchange, adding redundancy to our Westin reliant connection.
- Integrated CGNAT and IPv6 for future addressing needs to customers on fiber, lowering the need for costly IPv4 address block purchasing.

Cyber Security:

- Deployed internal intrusion detection system for added cyber security protection.
- Updated or MVNO API security with T-Mobile.
- Implemented higher NIST Cybersecurity Framework.

Special Projects

Access EDU:

- Continued support of the Access Edu program with students and teachers through the 2020 and 2021 school years.
- Developed a rollover strategy for Access EDU to EBB
- Assisted schools to obtain grant funding to fill the gaps in EBB assistance

Emergency Broadband Benefit Program:

- Worked for more than eight months to acquire Federal recognition as an ISP partner for the subsidized assistance program.
- Developed outreach materials to alert community members of the program
- Advertised the program with Access Education for help with household service availability.

Radio Communications Project:

- Delivered on a large-scale radio deployment project ahead of schedule despite delays from radio vendors for specialized equipment.
- Successfully adjusted our scheduling of the project so as not to impact critical onboarding of fiber customers.
- Created strong connections with first responder agencies and key players in first response in SJC.
- Advertised Rock Island's workmanship which solicited out of state interest in deployment contracts.
- Secured a critical second party for joint use on our wireless structures.

DSL Migration and Cancellation:

- Due to a high-risk situation with DSL transport and CenturyLink's inability to support the system, we successfully enacted an emergent program to discontinue DSL via Rock Island.
- Successfully transferred 50% of DSL services to other RIC services.
- Discontinued an overpriced circuit cost to Clink
- Protected customers from a potentially unfixable failure of services.

Seasonal Enforcement:

- Using the data captured by our monitoring systems, we enforced the seasonal rate use of service to over 500 customers.
- This enforcement created a monthly revenue increase of over \$15k
- With proactive communication and well written policy, escalations were kept to a minimum during the process.
- This change allowed RIC to adapt to the next chapter of phasing out seasonal service.

Future Power Purchase Strategy

Background:

- ▶ **Northwest regional load is [projected](#) to double by 2050** due to the electrification of transportation and heating.
- ▶ This doubling of load will likely present **significant problems** early on, due to the combination of NIMBYism and very long lead times to develop new generation resources (public support, financing, solar, wind, land, permits, transmission).
- ▶ Until new capacity is brought online, **the region will likely not be able to keep up with demand**, extreme weather events, leading to rolling blackouts.
- ▶ To prepare for that, **OPALCO is evolving its near-term strategy** to ensure reliable affordable service for its members. This strategy requires front-loading investment to rapidly prepare for potential rolling blackouts. That investment will eventually be rewarded as load rapidly increases in the coming decades.

OPALCO's strategy incorporates three key initiatives:

1. Develop local solar and storage capacity to mitigate outages and market price extremes.
2. Increase grant funding and RUS capital investment, to bridge the increased load/revenue gap.
3. Work within PNGC to bulk up our collective resources in advance of energy market disruption.

Stakeholder Engagement:

- ▶ Here are **key resource development initiatives we are working with PNGC to solidify**, in support of its membership:
 1. In preparation for 2028 BPA Contract, as one of BPA's largest preferred customers, PNGC will work to secure the most favorable Tier 1 pricing, a bulk contract, locking up as much BPA hydro power as possible, while trying to avoid as much market risk as possible.
 2. Forecast power requirements in excess of PNGC's bulk contract with BPA that would require additional contract purchases and potentially new resources for generation.
 3. To mitigate potential extreme market pricing volatility, PNGC and its member electric co-ops will go to market with an RFP to discover what options are present outside of BPA. This provides great market insight and potential ability to contract for or build new generation and storage resources prior to 2028 and beyond.
 4. Advocate the formation of a RTO that includes and serves the PNW region, influencing stakeholders on local, State and Federal permitting regulations and guidelines to accelerate development of transmission and renewable resources.
 5. To mitigate market price extremes during supply/demand discontinuities, focus on leveraging PNGC's Joint Operating Entity (JOE) transmission routing of power among its member utilities, to optimize the load/generation geo-diversity of member service territories.
 6. Pursue state and Federal grants as possible to build new generation, battery storage (to offset peak charges), grid reliability, transmission, etc., and help support grant submittals for local projects.
 7. PNGC develops a comprehensive IRP that incorporates all PNGC member IRPs with a very clear picture of loads on an hourly basis (individually and collectively), and model scenarios for high,

normal, low weather years, for load growth expectations discussed above. Individual member models can be aggregated to clearly understand potential daily and seasonal collective energy shortfalls, to plan for wheeling, BPA, and market purchases.

8. Build IT systems that provide instantaneous power demand statistics to PNGC so they manage member needs on an instantaneous basis. (Encourage all PNGC member utilities to do the same).
9. Complete long-range capital and financial plans as needed for matching funds required in grant submittals.

Annual Meeting Update

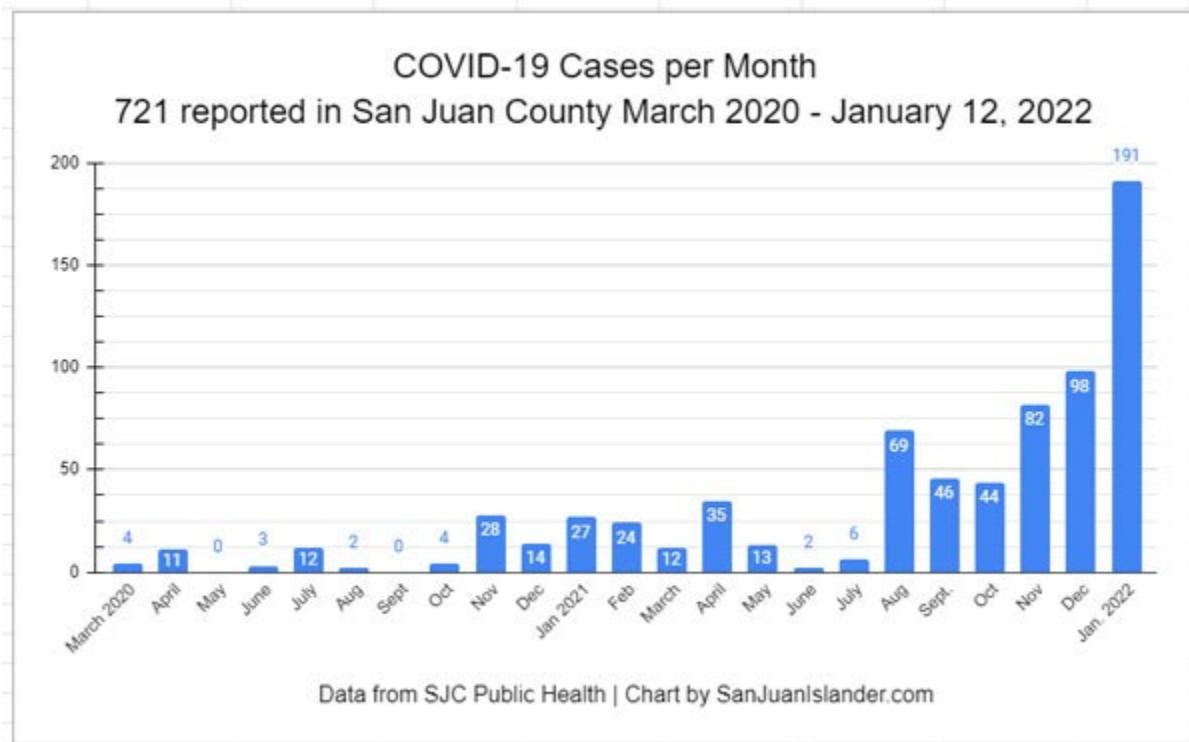
Due to the upswing of COVID activity this winter, the annual meeting will be held via Zoom on Saturday, April 30th. We had hoped to host an in-person event in 2022, but pandemic conditions require continued caution for the health and safety of our team and the membership. Staff are working on a plan to engage members and provide valuable content

COVID-19 Update

San Juan County has experienced a resurgence of cases due to the delta and omicron variants and recommends masking in public indoor places. OPALCO offices remain closed to the public and its members. Staff continue to work remotely or social distance. Masking up indoors in San Juan County businesses remains a requirement, vaccinated or not. The Omicron variant is more infectious: we must all return to greater precautions.

The latest COVID case count:

https://sanjuanislander.com/news-articles/33806/jan-12-191-covid-19-cases-reported-this-month-in-the-san-juan-islands#google_vignette





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	97	87,233	200,000	112,767
Energy Assist (EAP) Residential COVID	74	27,606	100,000	72,394
Extend Project PAL Benefits - COVID	122	12,200	70,000	57,800
Grand Total	286	127,039	370,000	242,961

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

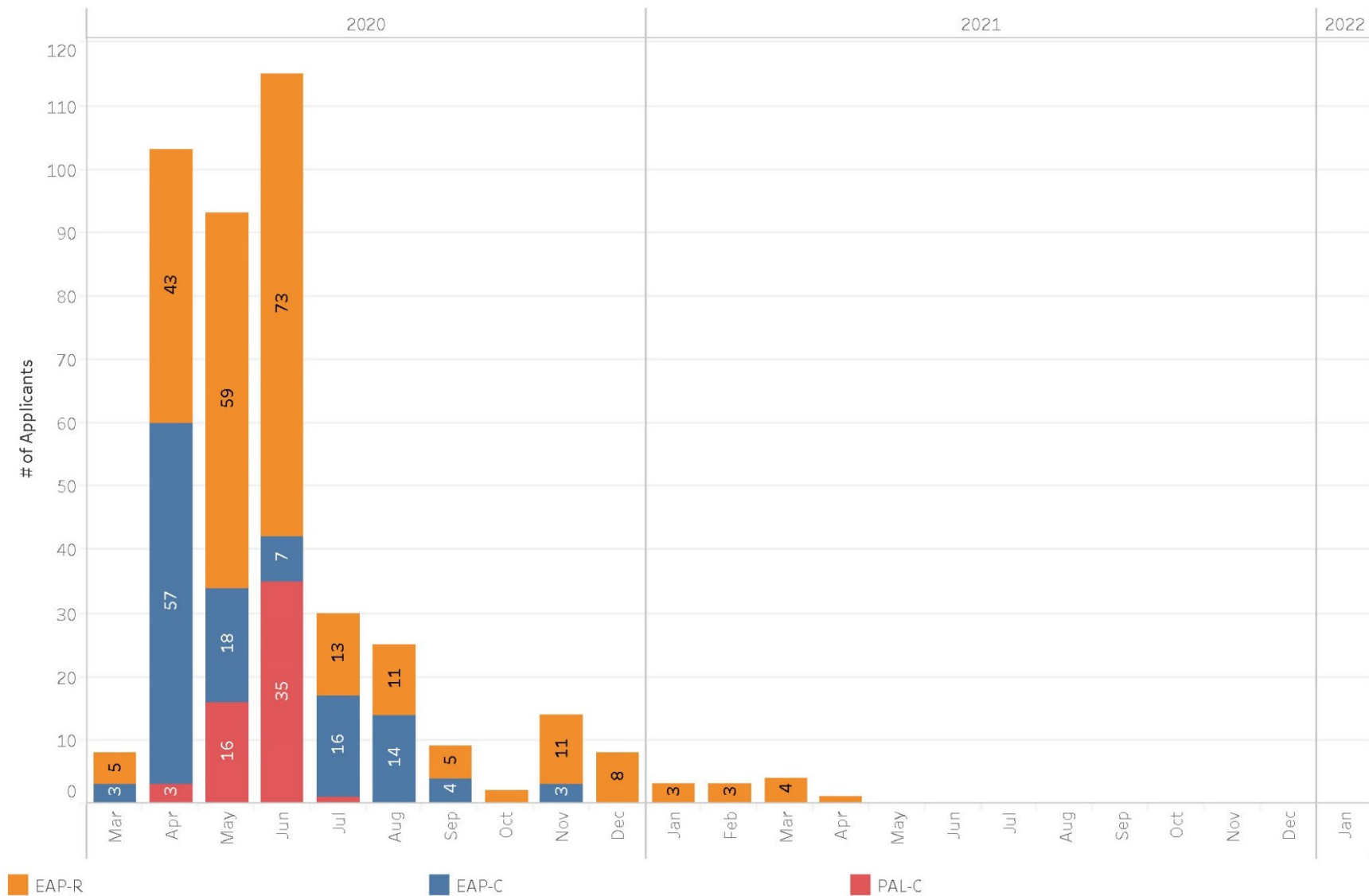
Waiving of late penalties (Normal penalties are 5% of the total balance post-due date)

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



A/R 30-60-90

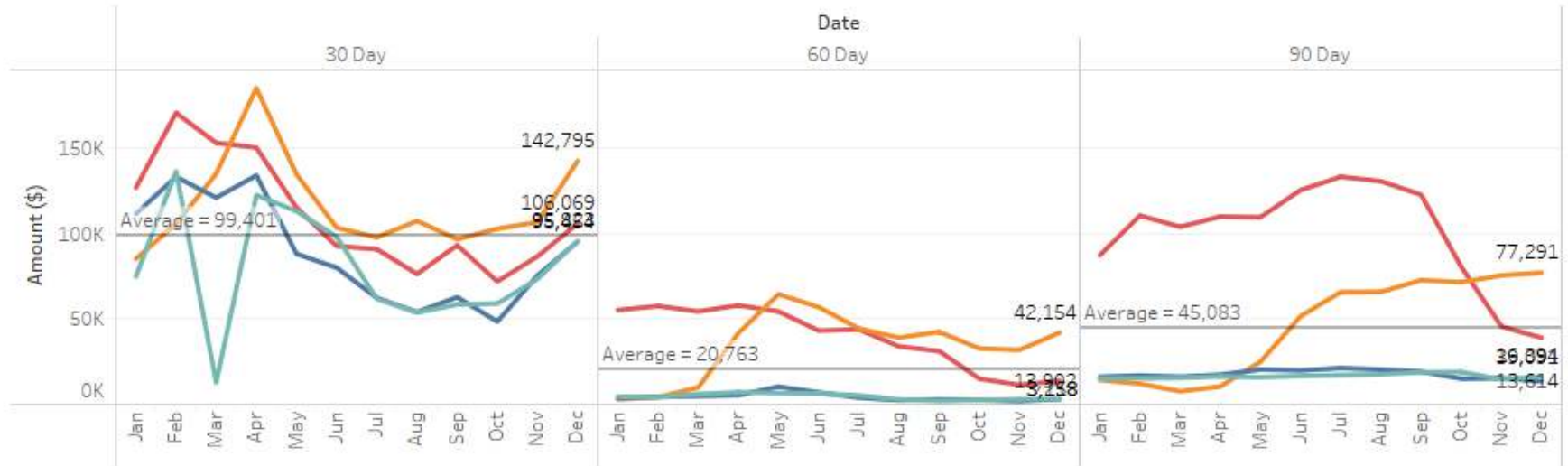
Long Term AR Comparisons - 30/60 Day

	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	115,334	52.71%	-14.44%		10,457	64,616	54,541	517.89%	-15.59%	
Jun	80,172	103,575	92,861	29.19%	-10.34%		7,126	57,091	43,314	701.17%	-24.13%	
Jul	62,481	97,956	91,044	56.78%	-7.06%		4,004	44,576	44,053	1,013.19%	-1.17%	
Aug	54,195	107,577	76,503	98.50%	-28.89%		2,543	39,191	34,029	1,441.27%	-13.17%	
Sep	62,931	96,832	93,309	53.87%	-3.64%		3,010	42,513	31,302	1,312.28%	-26.37%	
Oct	48,634	102,980	72,120	111.75%	-29.97%		2,725	32,868	15,118	1,106.30%	-54.00%	
Nov	75,636	106,860	86,810	41.28%	-18.76%		2,078	31,986	11,493	1,439.43%	-64.07%	
Dec	95,454	142,795	106,069	49.60%	-25.72%		3,218	42,154	13,902	1,209.94%	-67.02%	

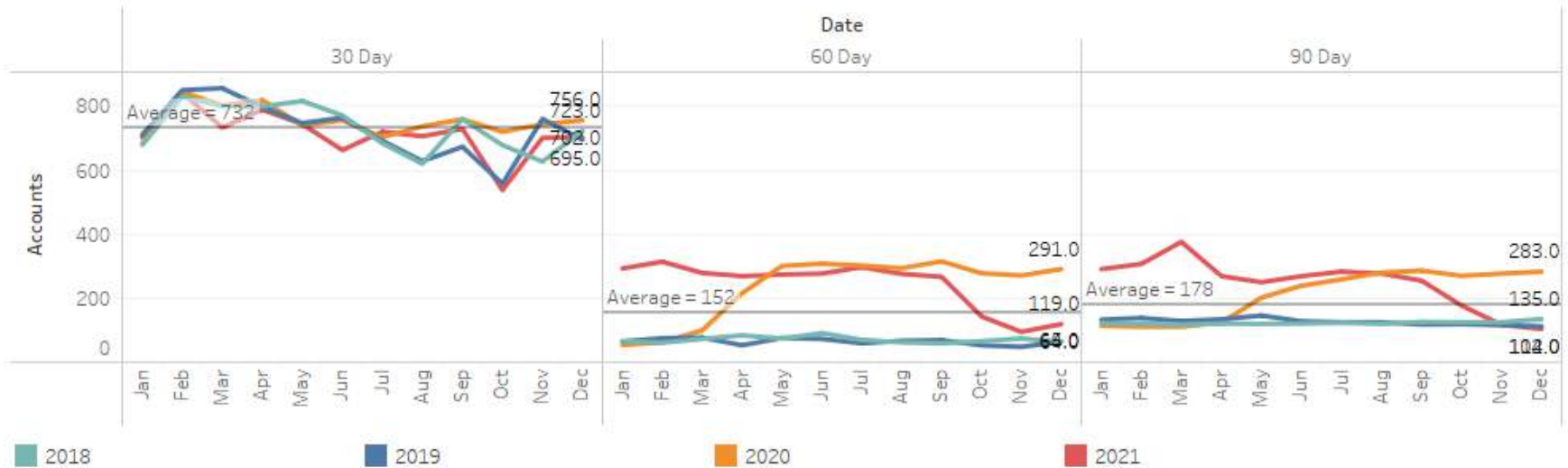
Long Term AR Comparisons - 90 Day

	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	109,719	21.72%		338.59%
Jun	19,925	51,746	125,665	159.70%		142.85%
Jul	21,349	65,931	133,418	208.82%		102.36%
Aug	20,486	66,002	130,850	222.19%		98.25%
Sep	19,305	72,854	122,901	277.39%		68.69%
Oct	15,115	71,660	80,702	374.08%		12.62%
Nov	15,429	75,673	45,785	390.47%		-39.50%
Dec	13,614	77,291	39,091	467.75%		-49.42%

Long Term AR (\$)



Long Term AR (Count)



30/60/90 Day AR Per Account Totals

30 Day - # of Accounts

361

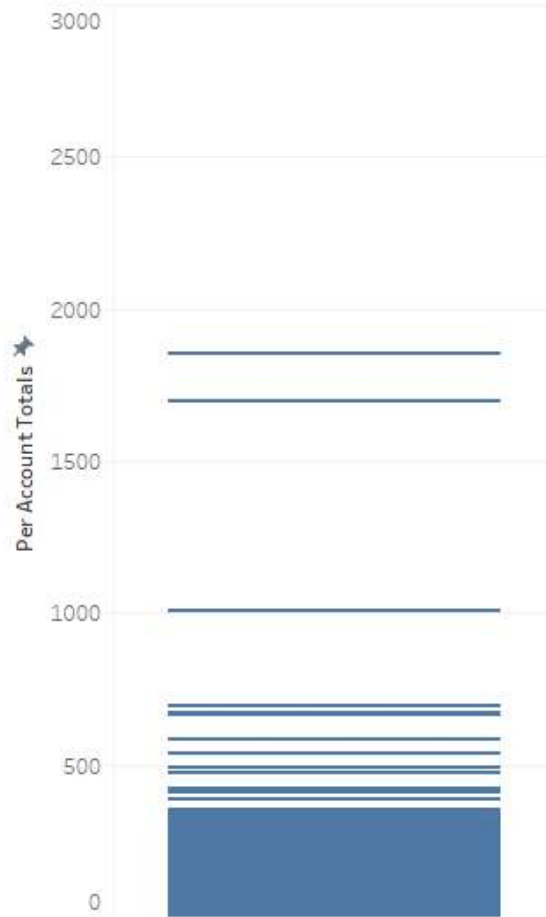
60 Day - # of Accounts

82

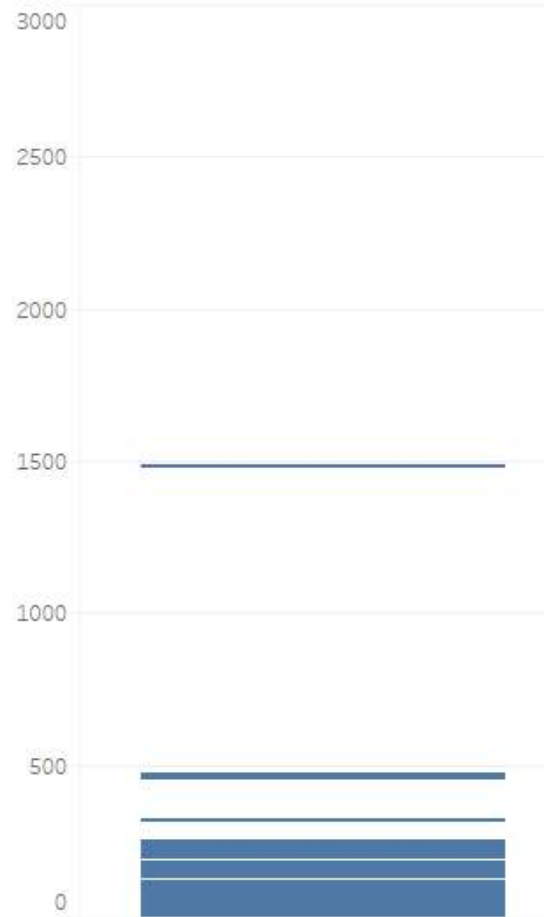
90 Day - # of Accounts

93

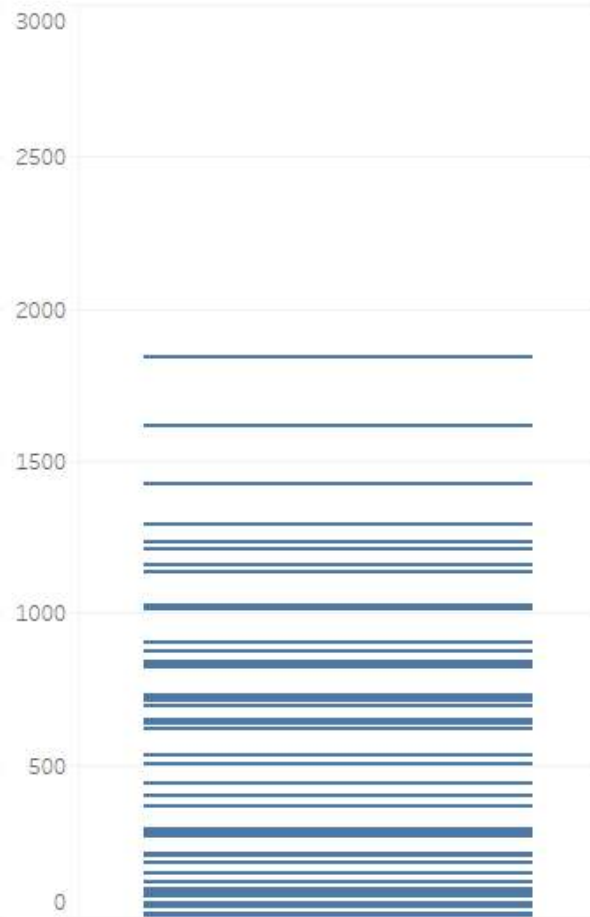
30 Day - per Account Totals



60 Day - per Account Totals

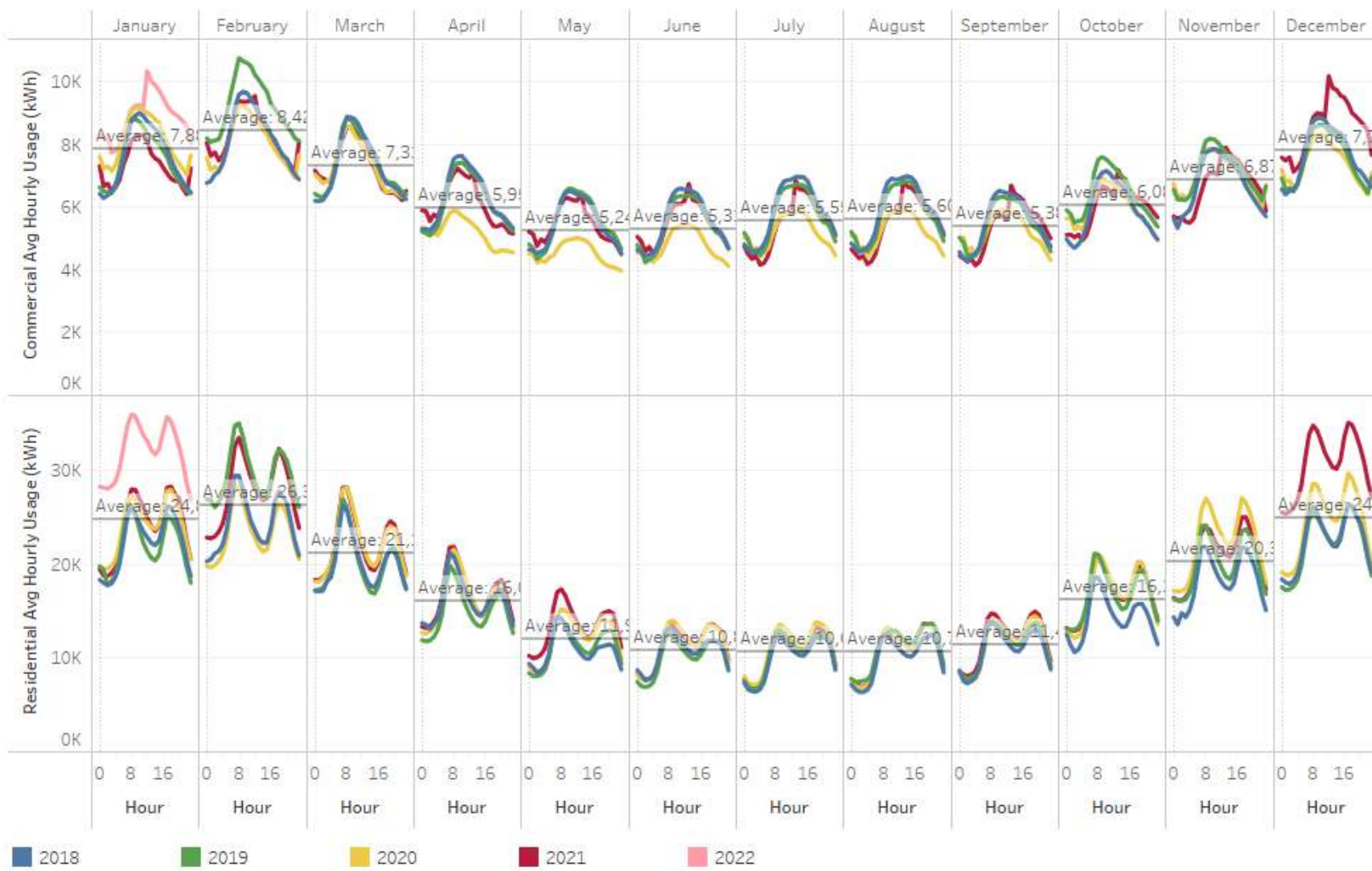


90 Day - per Account Totals



Load Shape - Residential and Commercial

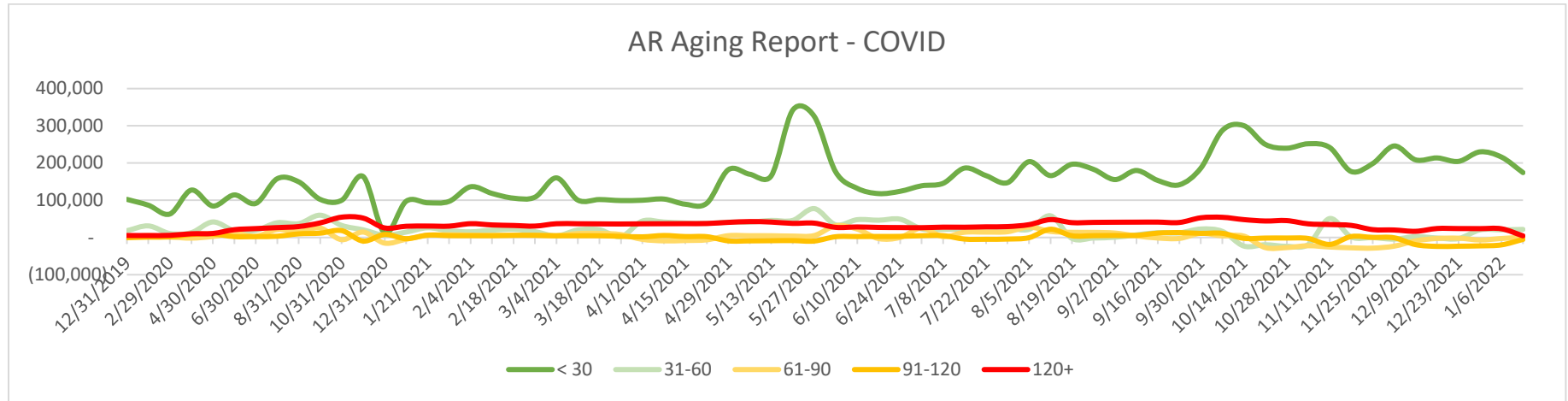
- Current reporting month is a partial data set.



Rock Island COVID-19 Update

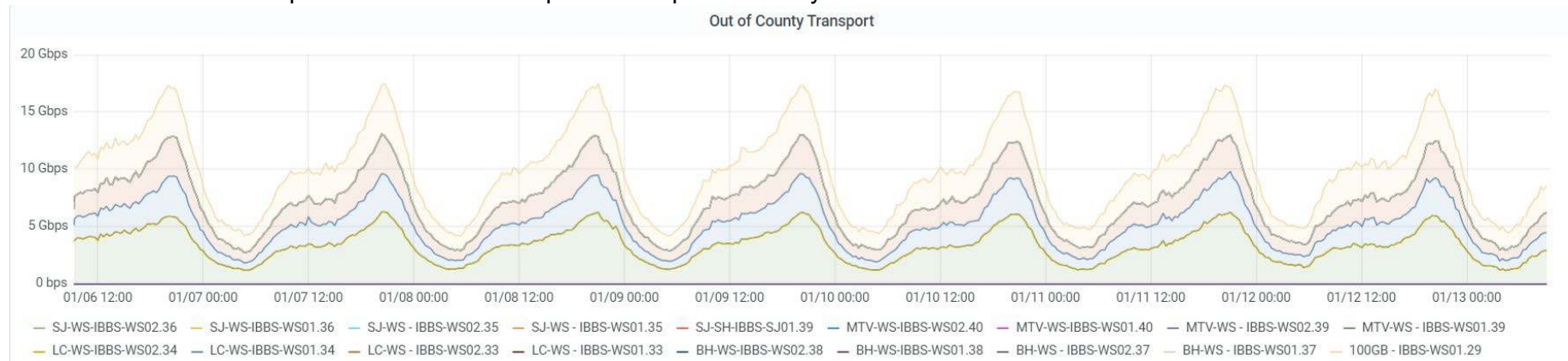
30-60-90 Accounts Receivable Trends

AR Aging continues to trend at pre-pandemic levels, with increases in the less than 30 categories due to increased revenue streams from onboarding



Transport Network

Previous week max transport was 15.46 GB. All paths are up and healthy.



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 January 13, 2022, there are 432 work orders open totaling \$8.21M. Decatur Energy Storage System is \$1.5M of the balance. Operations has completed construction on 123 work orders, totaling \$2.4M.

Safety

John Spain of Northwest Safety Service conducted lockout/tagout safety training for operations staff. The total current hours worked without a loss time accident 142,286 hours.

Tidal

As a part of staff's ongoing conversations on tidal power, Orbital Marine, Pacific Northwest National Laboratory (PNNL), and OPALCO continue meetings for coordination of effort for the US DOE TEAMER grant, to Orbital and PNNL, and in preparation for the WA DOC grant for preliminary design. Staff expects the US DOE TEAMER report to be published by year end.

Grants

Washington Department of Commerce - Grid Modernization

- Decatur Battery Energy Storage System (ESS) (Grant \$1M) (partnered with PNNL) – Staff is waiting final documentation from the vendor for close of work efforts.
- San Juan Microgrid (Grant \$2.4M) (partnered with PNNL) – PNNL has completed initial analysis for hybrid storage to complete RDF development. HDR and staff are working towards a 60% design to allow the RFPs to be published to potential vendors.

- WA DOC CEF4 Grid Modernization Grants. OPALCO has received conditional award of the following projects. This conditional award awaits the negotiation of contracts with WA DOC and final approval to proceed.
 - San Juan Islands Tidal Generation Design (Phase 1 – Preliminary Design) – Scoping for WA DOC contract is underway. \$150K
 - Friday Harbor Ferry Electrification Preliminary Design (Phase 1 Only) – Scoping for WA DOC contract is underway. \$150K
 - Orcas Biomass (Phase 2 – Detailed Design) – On hold until contracting for prior projects have been completed. \$165K

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

- Low-Income Community Solar Deployment (Grant \$1M) – RFP is 60% complete. Staff anticipates publishing to vendors in Q1 2022.

US Forest Service (minor in-kind efforts only)

- Biomass Generation with Biochar (60% Design Grant \$72,835) – Contracts negotiation in progress.

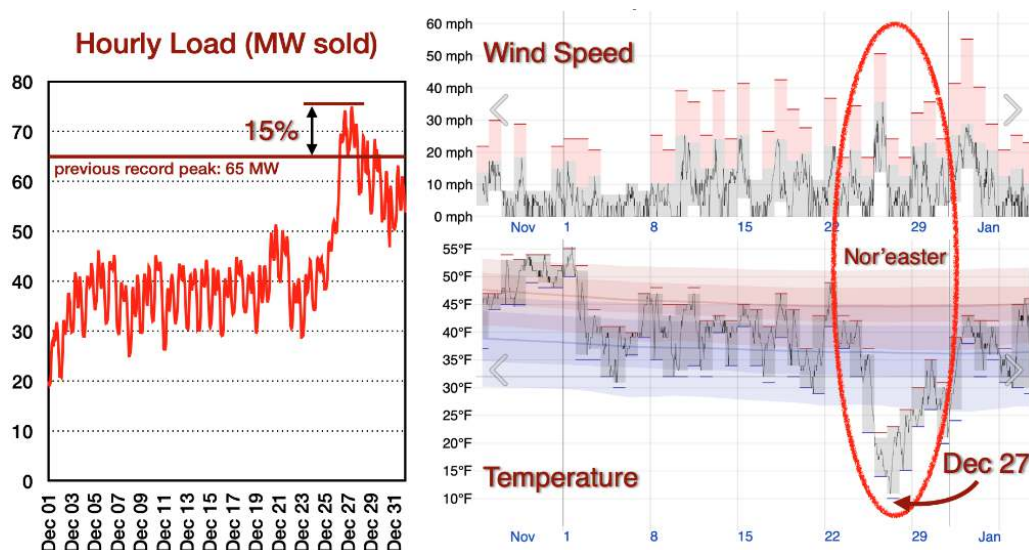
USDA REDA – Commercial Energy Audits – partnered with Sustainable Connections (in-kind only)

- Commercial Energy Audits and workshops to assist businesses with efficiency upgrades and solar projects. OPALCO to provide in-kind marketing and member coordination.

Winter Weather Event

Starting December 26th, our membership saw a Nor'easter event with temperatures ranging from ~10°F to ~35°F and winds gusting up to 51 mph. There were no system-wide outages. However, there were 19 small, isolated outages with an average outage time (SAIFI) of 36.7 minutes per service affecting anywhere from a single meter to the largest event being ~1800 meters.

Our system peak hit its highest point at 82.2 MW (billing peak from PNGC/BPA) compared to a prior historic peak of ~65MW. The BPA cost of this new peak was ~\$354k (historic peak would have cost ~\$165k). The increase above normal cost is ~\$189k. Member's usage increased by ~47% (an increase of approximately 3,275,000 kWh) over the prior week. Assuming the sales at the residential block 1 rate, the increase to sales was ~\$356k, which is partially negated by the peak charge of ~\$189k.



FINANCE

2021 Budget Tracking

Energy (kWh) purchases and sales ended the year higher than budgeted for 2021. Overall, gross operating revenue surpassed budget by ~\$1.97M, largely driven by increased kWh sales. This amount was curtailed by the ECA which returned \$1.3M to the membership in 2021, resulting in a net sales revenue variance of +\$678k. Our power costs were \$200k over budget despite kWh purchases being much higher, due to a lower overall cost/kWh than budgeted. The table presents full year 2021 projection with actuals through December where available.

Income Statement Summary (in thousands)	2021 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 31,454	\$ 33,426	\$ 1,972
ECA Surcharge / (Credit)*	\$ -	\$ (1,294)	\$ (1,294)
Revenue	\$ 31,454	\$ 32,132	\$ 678
Expenses:			
Cost of Purchased Power	\$ 9,735	\$ 9,935	\$ 200
Transmission & Distribution Expense	6,798	6,462	(336)
General & Administrative Expense	5,449	5,385	(64)
Depreciation, Tax, Interest & Other	8,698	8,356	(342)
Total Expenses	30,680	30,138	(542)
Operating Margin	774	1,994	1,220
Non-op margin	243	2,059	1,816
Net Margin**	1,017	\$ 4,053	3,036
OTIER	1.38	1.98	0.60
TIER	1.50	3.00	1.50
Equity %	35.8%	37.7%	2.0%
HDD	1,398	1,446	48
kWh Purchases	216,000	238,380	22,380
kWh Sales	203,260	219,743	16,483

* The ECA returned \$1.294M to members in the form of bill credits in 2021

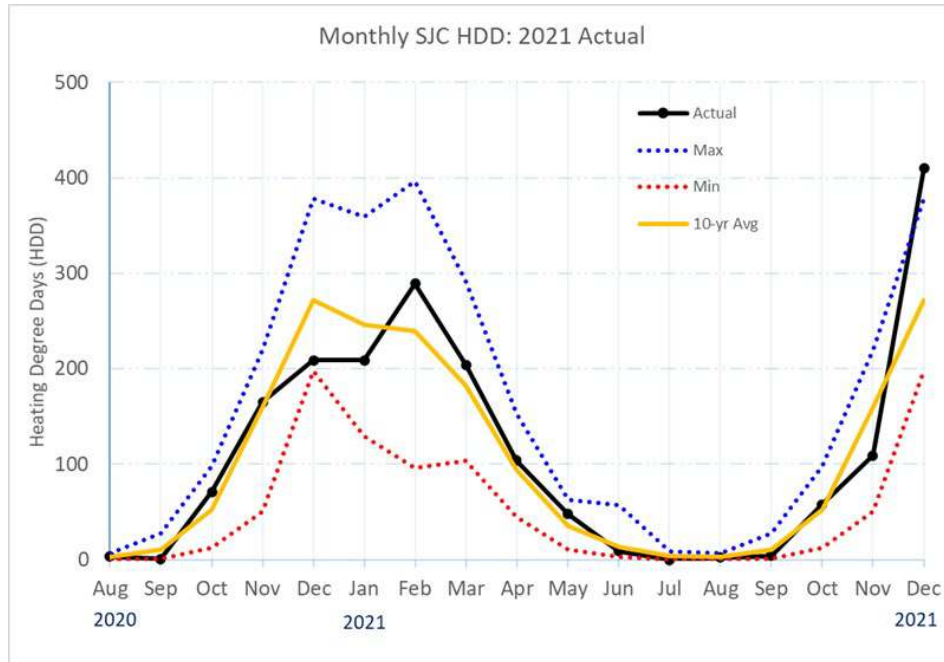
** PPP Loan forgiveness recognized as non-operating revenue in Sept '21

Monthly Energy Charge Adjustment (ECA)

The calculated amount for the December ECA was a bill credit of (\$.023160) per kWh which returned \$545,780 to members, or \$23.16 per 1,000 kWh. The January billing period ECA is projected to be a surcharge of \$.018317 per kWh on member bills, which is due to recent cold weather that resulted in a substantial surcharge from BPA.

Heating Degree Days (HDD)

January 2021 began trending more towards an El Niño pattern though this flipped in February and March 2021 as HDDs came in above historical averages for the months. December saw a very cold weather snap and HDDs came in above the 10-yr maximum.

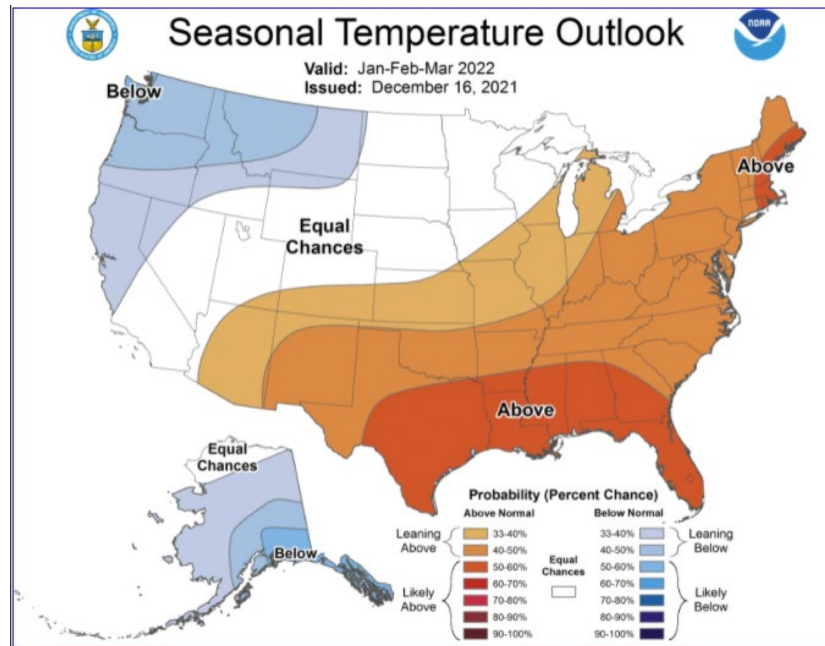


*10-year max, min, avg is 2010-2020

Weather Forecast

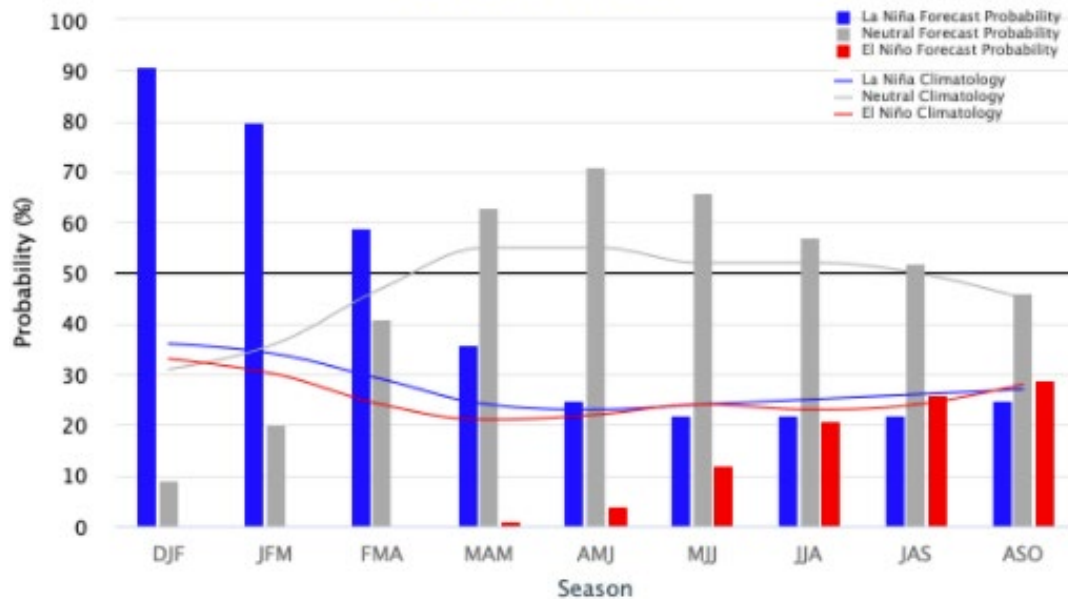
Looking ahead to the NOAA 'three-month outlook temperature probability' for Jan-Feb-Mar 2022, the outlook continues to show 'likely below' normal temperatures in our region for the winter. We continue to monitor these predictors monthly.

2022 Jan-Feb-Mar Outlook



Mid-December 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

MEMBER SERVICES

Annual History of Energy Assistance Funding

		2014	2015	2016	2017	2018	2019	2020	2021	Grand Total
Energy Assist Credit	# of Accounts			241	407	444	460	574	577	977
	Total Assistance			29,151	81,957	111,996	135,595	158,434	158,740	675,873
PAL	# of Accounts	180	226	228	217	212	205	329	363	958
	Total Assistance	31,560	46,345	46,885	48,833	45,155	53,137	80,975	104,880	457,771
EAP Residential - COVID	# of Accounts							88	74	96
	Total Assistance							21,535	27,606	49,141
EAP Commercial - COVID	# of Accounts							107	97	119
	Total Assistance							73,340	87,233	160,573
PAL - COVID	# of Accounts							131	122	222
	Total Assistance							15,000	12,200	27,200
Grand Total	# of Accounts	180	226	325	447	460	488	835	825	1,466
	Total Assistance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	1,370,558

Note: EAP funds are collected, primarily, from a program OPALCO created by including a line item on all OPALCO member bills. Additional funds are directed to the EAP from the Decatur Solar Project (10% of all production credits). In 2020/2021, additional funds (not included in this chart) were paid out to members who were impacted by COVID. When the Bailer Hill Microgrid Projects comes online, up to 45% of its production will be directed to EAP. The “# of Accounts” are the distinct accounts assistance was provided to over the year or as a total. The “Total Assistance” many vary based on single account adjustments.

EAP: During December 2021, 367 members received ~\$14.1k from the low-income Energy Assist program, compared to 420 members who received ~\$15.5k in assistance in November 2020.

Project PAL: During December 2021, 45 Members received ~ \$9.3K in Community/Family Resource Center Awards.

T-RAP: Treasury funds for Rental Assistance and Utilities continue to be available through 2022.

One member service representative retired on December 15th, 2021, and staff is actively recruiting for a candidate to fill the ES position.

Switch it Up!

There are now 228 projects complete and billing for a total of \$2M outstanding. There are another 30 projects in various stages of the process. Some projects have been delayed as residential contractors have been limited by COVID-19.

Energy Savings

There were 19 rebates paid out to members totaling \$12.4k. This includes three fuel switching ductless heat pump rebates and four EV charging station rebates.

Member Benefits from Energy Efficiency and Fuel Switching Programs:

		2014	2015	2016	2017	2018	2019	2020	2021
EE Rebates*	# of Accounts	490	524	266	155	264	442	303	147
	Total Awards	\$367,552	\$359,835	\$146,601	\$84,809	\$161,262	\$228,418	\$167,432	\$149,886
	Total Energy Savings	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269
Switch It Up**	# of Accounts						72	87	69
	Total Financed						\$684,900	\$687,589	\$705,446

		Totals
EE Rebates*	# of Accounts	2,591
	Total Awards	\$1,659,781
Switch It Up**	# of Accounts	228
	Total Financed	\$2,077,935
Total		\$3,737,716

**BPA includes the cost of the Conservation (Rebate) program in the power bills that OPALCO pays. When members utilize the rebates and OPALCO documents it, the Co-op then gets credited back that amount. In essence, we are overbilled for the rebate program and only get credited if members utilize the rebates. OPALCO is unique in the pool of BPA utilities for consistently using all or most of the available conservation dollars in this program. We have often used conservation funds allocated to other Co-ops that they were unable to use through their member rebate programs.*

***Funds for the Switch it Up! Program come from the USDA Rural Energy Savings Program for relending to members. OPALCO charges 2% interest to cover administrative costs for members financing projects with these funds; there is no impact to member rates.*

Solar Programs

Solar Interconnects

There were five new interconnect applications submitted in December, 12 members were interconnected with solar for a total of 515 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 14 pending connection. To date there are 31 members who have opted out of the new solar rate and wish to remain on the legacy tariff.

Community Solar

During the December 2021 billing cycles, the [Decatur Community Solar](#) array produced 6,400 kWh. A total of ~\$677 was distributed to 268 accounts.

Solar Benefits Paid to Members

		2014	2015	2016	2017	2018	2019	2020	2021
Comm Solar	# of Accounts							265	268
	Total Payments							\$50,688	\$51,928
WA State Incentives*	# of Accounts	136	162	171	197	268	256	259	58
	Total Payments	\$100,425	\$100,000	\$114,037	\$125,635	\$167,971	\$224,766	\$218,222	\$91,461
MORE**	# of Accounts	104	132	147	149	145	144	144	140
	Total Payments	\$58,451	\$50,674	\$52,587	\$53,259	\$54,173	\$53,109	\$51,897	\$50,896



		Totals
Comm Solar	Total Payments	\$102,616
WA State Incentives*	Total Payments	\$1,142,517
MORE**	Total Payments	\$425,046
Total		\$1,670,179

**The funds paid out to members for the Washington State Incentives are included in OPALCO's state tax bill and then credited when paid out to members.*

***The MORE (Member Owned Renewable Energy) program closed to new participants in 2016. Members purchased "green leaves" of renewable power to support local solar producers. OPALCO fully supported this voluntary member program until member interested died out.*

COMMUNICATIONS

2022 Election

Candidate nomination applications are coming for review by the Elections and Governance Committee (EGC). The deadline for nominations to the EGC is January 26th. There will be three positions open: one position in District 1 (San Juan, Brown, Henry, Pearl and Spieden islands), one position in District 3 (Lopez, Decatur, Center and Charles islands, and one position in District 4 (Shaw, Bell, Canoe and Crane islands). Interested candidates can find out how to apply at www.opalco.com/why-run. The candidate open house on January 6th attracted ~20 members and facilitated a good conversation about board and EGC position and the process to apply.

CETA Compliance

After review with the Board and membership at the December board meeting, OPALCO's Clean Energy Implementation Plan (CEIP) was filed with the Department of Commerce.

Co-op Stewards: Island Way Kick-off

This year's Island Way Campaign kick-off begins with a meeting of Co-op Stewards on January 18th at 5pm on Zoom. Staff will give an update on 2022 programs and break out into action groups to discuss key topics. Contact communications@opalco.com to register.

Rock Island Snapshot

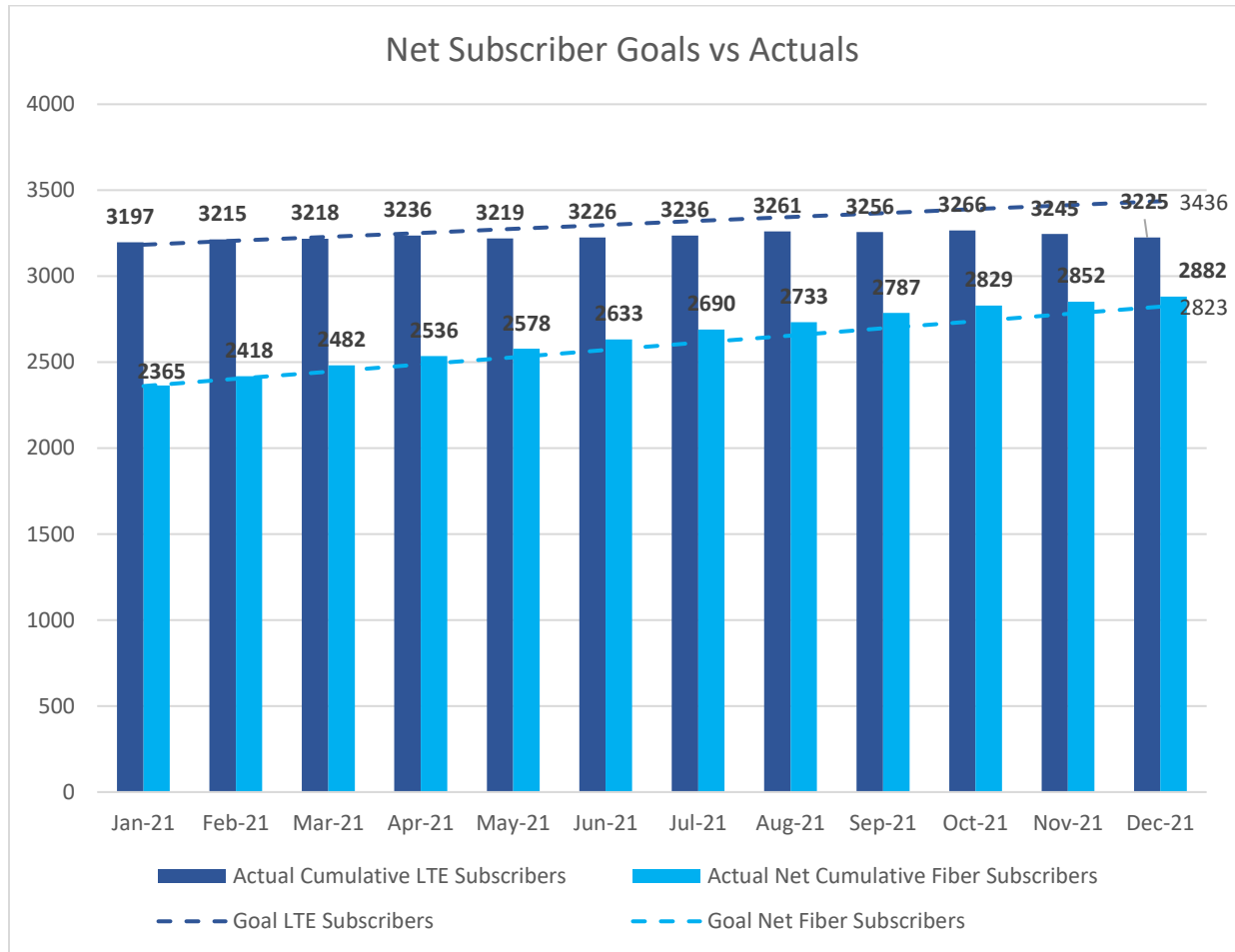
Emergency Communication System Update

Rock Island is still awaiting the arrival of FCC licensed filtering equipment to complete the installation for the project. CODAN is due to provide updates on arrivals of material this week as well as supply a firm schedule for implementation and burn in testing within Q1, 2022. The site on Lummi Island is the only un-constructed site currently due to hardware deficiencies. Remaining SLA and revenues for this project are paused until these items are handled and full operation is made by the radio vendor with the County.

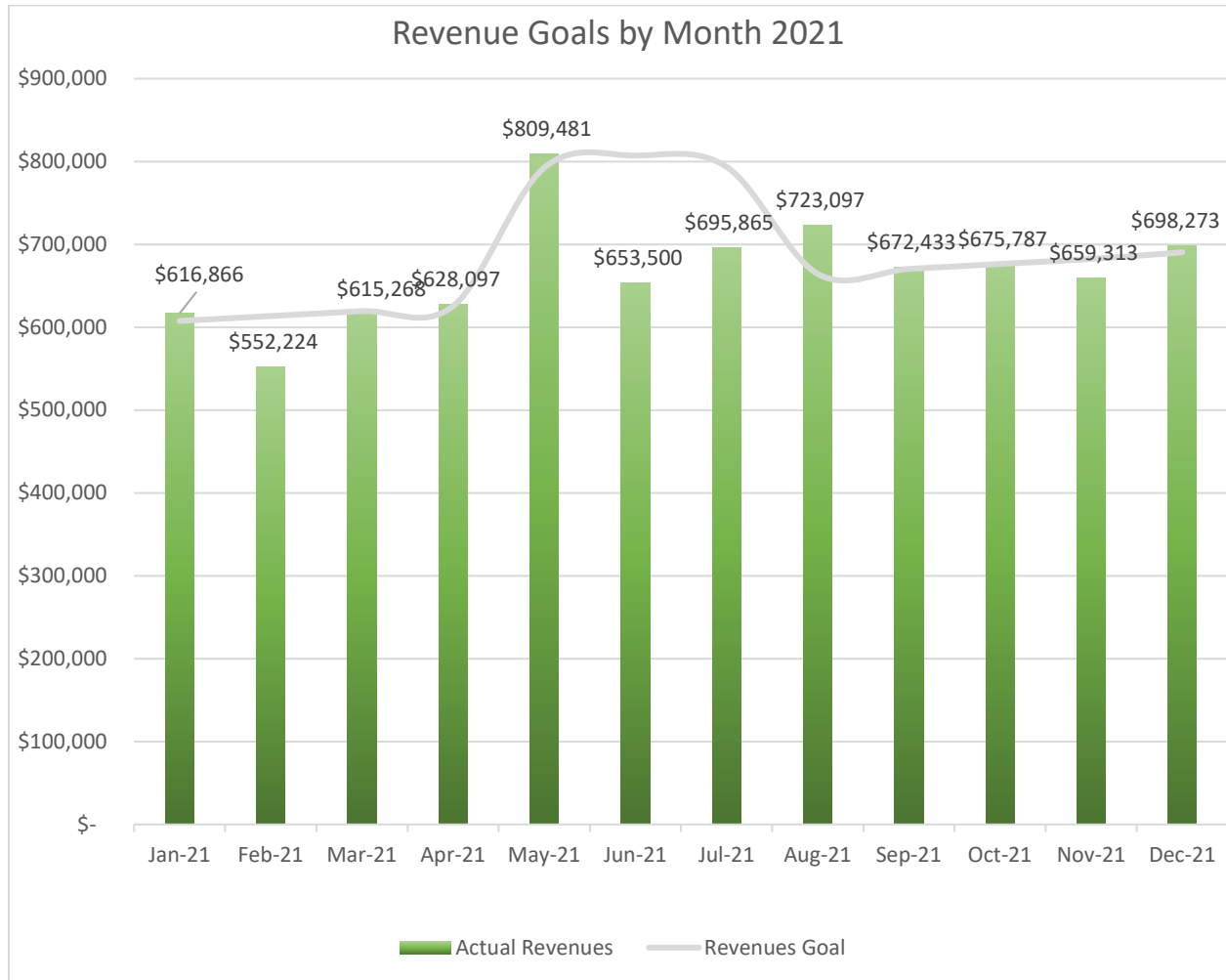
Subscriber Update

6,362 Internet Service Customers

Net Subscribers 2021



Revenues



❖ Dec revenues are not closed and subject to change.