Board of Directors
Regular Meeting

Thursday, February 17, 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
February 17, 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.

Agenda

ACTION ITEMS 3
- Consent Agenda 3

DISCUSSION ITEMS 8
- High Bill Smoothing 8
  - Tariff ECA – Energy Charge Adjustment Rider (First Read) 8
- Northwest Resource Adequacy in a Rapidly Decarbonizing World 10
- COVID-19 Update 13

REPORTS 21
- General Manager 21
  - DASHBOARDS 21
  - QUICK FACTS 21
  - ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES 21
  - FINANCE 23
  - MEMBER SERVICES 25
  - COMMUNICATIONS 27
- Rock Island Snapshot 29

EXECUTIVE SESSION
- Legal, Personnel, Competitive, Other

ADJOURNMENT

OPALCO
Co-op Run. Community Powered.

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 – January 2022

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

ARREOL, ANGEL
ATKIN, BRIDGET
AZOUS, AMANDA
BATESON, CHRISTOPHER
BRONSTEIN, CHAD & BRONSTEIN, AVITANIA
CAMPBELL, JO
CONNOR, KYLE & CONNOR, JAYNE
COX, DALE
DORCEUS, MERLINE
FORD, KATLYNN & FORD, JOE
FORSTER, SELENA
FOX, KEVIN & FOX, RACHEL
FRITZ, MICHAEL & FRITZ, ERIN
GENSCO FARMS INC
HOPKINS, MARK
HOPKINS, SHARON
KENDZIOREK, AARON
LOMELI, MARICELA
MARQUETTE, MAX
MINCHER, DANIEL & SANGL, JANICE
NIEDERBERG, JOSH & MOORE, SUSANNA
NIKSON LLC
PETER, ERIC & PETER, JENNIFER
PHILPOT, MATTHEW & STAUDT, NATISHA
PHSKS INC
PIERCE, AUSTIN
ROBERTS, KATE & ROBERTS, BRENT
RODRIGUEZ, BIANCA & GARCIA, RICARDO
RUDE, ANDREW
SEUL, LIN
WANDA BROADIE ALEXANDER LIVINGT
WARD, KIANA
WARHOL, SAMANTHA
WILKINVERO INVESTMENTS

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

BREGANT, RICHARD & BREGANT, DANELLE
JB AND JM HELSELL LLLP
JOHNS, JOSHUA
KNAPP FAMILY FARM, LLC
LEONHARDI, LINDSEY & JAKE, STICK
LIFT STRENGTH AND CONDITIONING
M & G LEGACY LLC
MAYO, PAUL & MAYO, KELLIE
MCFADDEN, MONIQUE & MCFADDEN, DAVID
MIDHEAVEN LLC
NELSON, ELLA & BODENHAMER, STEVEN
PETERSEN, NORMAN
RICHTER, ANGELA
ROUSH, JOY & ROUSH, JAMES
SOLHEIM, KURTIS
VENSEL, KELLY & VENSEL, EVANGELIA
VENTURI, PETER
WRIGHT, CAROL

District 3 (Lopez, Center, Decatur, Charles)

COSGROVE, HELEN
DOAN, KEN & VAN DER LEER, MONICA
MATHENA, SABRINA
MILOS, ANNIE
MONTALVO CHAVEZ, MELISSA & GUO, BLAZE
TIJERINA, NESTICA & DOWELL, STEPHAN
WILEY, NICHOLAS & WHITSON, KATHLEEN

District 4 (Shaw, Crane, Canoe, Bell)

GRAHAM, JUSTIN

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

February

Customer #	Amount
3053	1,034.97
50151	1,205.70
71029	1,105.45
71174	668.28
17885	306.67
69849	798.73
10660	1,616.67
Total	**$ 6,736.47**

- 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
202112	$2,106,812.39	Re-conductoring, Decatur Battery, Substation Lighting, Transclosure Replacements, URD Replacements
Total	**$2,106,812.39**	

Staff requests a motion to approve the Consent Agenda.

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, January 20, 2022

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; Communications Manager Suzanne Olson; Communications Assistant Manager Krista Bouchey; Member Services Supervisor Joey Wyckoff and Executive Assistant Kelly Koral (serving as recording secretary). Also present were Legal Counsel Joel Paisner and consultants Jay Kimball and Ryan Palmateer.

Member comment session commenced at 8:33 a.m.

Members in attendance:
Bruce Nyden
John Fleischer
Sue Bauer
Robert Dashiell

Staff opened and explained rules of the meeting. Reviewed today's agenda. Three Director positions are open for this year's election: 1 in District 1, 1 in District 3 and 1 in District 4.

MEMBER COMMENTS:
Member mentioned attending today's meeting to hear the Rock Island Communications update.

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

CONSENT AGENDA

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

MEMBER SERVICES POLICY 17 REVISIONS second read

- **MOTION** made by Silverstein, second by Struthers. No further discussion. Passed by unanimous voice vote.

RESP FUND MEASURES
GM reviewed the RESP fund measures. Confirmed must be energy savings measures and Community Solar is allowed as well as new construction. The fund is a no-interest loan from RUS to OPALCO. Currently OPALCO charges 2% interest to the member for administration fees and hard costs.

- **MOTION** made by Struthers to accept the expanded list of RESP projects. Second by Christmas, passed by unanimous voice vote.

RESP LOAN – RESOLUTION 01-2022

- **MOTION** to pass Resolution 01-2022 as required by RUS. Struthers made the motion, second by Osterman. Passed by unanimous voice vote.

2021 YEAR IN REVIEW
GM reviewed the highlights from 2021 for both OPALCO and Rock Island.

FUTURE POWER PURCHASE STRATEGY
Discussion held amongst the Directors.

ANNUAL MEETING - 2022
Based on COVID status, the Board agreed to hold the annual meeting via Zoom.

COVID UPDATE

Break 10:15
Back 10:35

GENERAL MANAGERS REPORT
GM reviewed the report.

Meeting adjourned 11:03. Director's entered Executive Session.

_____ _____

Vince Dauciunas, President Brian Silverstein, Secretary/Treasure

01/28/2022 11:19:55 am

RUS Form 219 Inventory Of Work Orders

Period: DEC 2021 System Designation: WA O9

Inventory: 202112

Loan		Work Order			Gross Funds Required		Deductions			
					Cost Of Construction: New Constr Or Replacements	Cost Of Removal: New Constr Or Replacements	Salvage Relating To New Construction Or Replacements	Salvage Relating To Retirements Without Replacements	Contrib In Aid Of Constr and Previous Advances	Loan Funds Subject To Advance By RUS
Project	Year	Construction (1)	Retirement (2)	Bdgt (3)	(4)	(5)	(6)	(7)	(8)	(9)
316	2011	1293		1	3,898.79	0.00	0.00	0.00	0.00	3,342.88
								AFUDC: 555.91		
					3,898.79	0.00	0.00	0.00	0.00	3,342.88
332	2018	3340		1	384,893.63	0.00	0.00	0.00	0.00	380,364.31
								AFUDC: 4,529.32		
					384,893.63	0.00	0.00	0.00	0.00	380,364.31
501 - 2	2018	3665		1	9,719.42	0.00	0.00	0.00	0.00	9,645.96
								AFUDC: 73.46		
					9,719.42	0.00	0.00	0.00	0.00	9,645.96
504	2018	3750	3750	1	24,523.58	1,886.88	0.00	0.00	0.00	26,351.75
								AFUDC: 58.71		
					24,523.58	1,886.88	0.00	0.00	0.00	26,351.75
518	2018	2842	2842	1	2,274,348.64	0.00	78,629.42	0.00	700,000.00	1,405,349.13
								AFUDC: 90,370.09		
					2,274,348.64	0.00	78,629.42	0.00	700,000.00	1,405,349.13
601	2018	3788	3788	1	10,118.19	375.45	0.00	0.00	0.00	10,469.42
								AFUDC: 24.22		
601	2018	3796	3796	1	11,807.39	0.00	0.00	0.00	0.00	11,746.26
								AFUDC: 61.13		
					21,925.58	375.45	0.00	0.00	0.00	22,215.68
604 - 4	2018	3244		1	260,165.54	0.00	0.00	0.00	0.00	259,542.68
								AFUDC: 622.86		
					260,165.54	0.00	0.00	0.00	0.00	259,542.68
Grand Totals:					$ 2,979,475.18	$ 2,262.33	$ 78,629.42	$ 0.00	$ 700,000.00	$ 2,106,812.39

Orcas Power & Light Cooperative Revision: 108578

01/28/2022 11:19:55 am

RUS Form 219 Inventory Of Work Orders

Period: DEC 2021 System Designation: WA O9

Inventory : 202112

Budget Loan	Project	Amount
1	316	3,342.88
1	332	380,364.31
1	501 - 2	9,645.96
1	504	26,351.75
1	518	1,405,349.13
1	601	22,215.68
1	604 - 4	259,542.68
	Total:	2,106,812.39

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

DISCUSSION ITEMS

High Bill Smoothing

Following an extended period of cold temperatures during the December-January billing cycle, member bills were unusually high. The extreme weather event caused high kWh usage, which was reflected in the energy usage line of members' bills and caused a surcharge on the Energy Charge Adjustment (ECA).

OPALCO experienced an extremely warm year in 2014-15 and had to do a mid-year rate increase to ensure compliance with our loan covenants. Staff has since researched use of a variable mechanism to recuperate power cost fluctuations caused by weather variations, to ensure future compliance. In doing so, the ECA was created. The ECA line item has been a tariff on member bills since 2019 to true up revenue variances – mostly due to weather, but also unexpected charges such as the ~$350k in demand charges that BPA included in our December power bill to meet OPALCO's additional power needs.

The ECA lags one month behind: any variances from the previous month are included in the next month's ECA. For example, starting with November 2021: low power costs + high kWh sales = December credit. In December, huge power costs (highest ever) + high kWh sales = January surcharge (since the power bill was much higher in relation to the increased kWh sales). Now in February: high costs + huge kWh sales (highest ever) = February credit. The magnitude of the recent ECA's is driven by the record-breaking power costs and kWh sales experienced in December & January, respectively. This is expected to normalize in coming months and any over collection/credit is a built-in function that will ultimately true-up the ECA's impact on member bills.

These extreme weather events are an anomaly: the ECA appears as a credit on bills most months. In 2021, the ECA credited a net of $1,293,579 to members. However, with climate change, extreme weather events may occur more regularly and adjustments to the ECA would help to protect member bills from such big swings from month to month.

Staff proposes that the Board give the General Manager the ability to smooth peaks and valleys in the ECA that result from an extreme weather event. The ECA will be reviewed each billing cycle and the GM will be notified when an anomalous event occurs. Because OPALCO receives its power bill from PNGC around the 10th of each month and billing goes out on the 15th, staff requests board approval for GM adjustments to the ECA in advance due to the short window for billing. If a "smoothing" adjustment is made, the existing equation will take that into consideration when calculating the subsequent months ECA. Any smoothing adjustments for a billing period evoked by GM will be reported at the following board meeting.

Between now and the March Board meeting, staff will explore options to automate a smoothing mechanism and report back to the Board.

Tariff ECA – Energy Charge Adjustment Rider (First Read)

A variable true-up adjustment (surcharge or credit) appears as a line item on member bills to reflect increases or decreases in the power sales due to weather. The adjustment amount is solely based on power costs and calculated by comparing budgeted vs. actual power cost per kWh sold. The purpose of

the ECA is to address the lack of predictability in weather forecasting for kWh sales and revenue as power costs. The ECA includes two adjustment mechanisms:

1. An automated monthly reoccurring true-up (surcharge or credit) applied to each member billing on a kWh basis, which adjusts for increases or decreases in the cost of power purchased as compared to the budgeted vs. actual cost per kWh sold (see below for calculation); and
2. On an as-needed basis and subject to board approval, a variable mechanism that balances the fluctuation in revenues to meet strategic directives, financial requirements and emergency funding needs.

For the purposes of calculating the ECA, Total Purchase Power Cost shall mean power purchases and credits from all power suppliers; excluding credits or purchases from all suppliers that may be applied directly to particular Members; including all power supply related costs but not limited to: monthly fixed charges, electric power production costs, fuel costs, market power purchases, transmission costs, substation costs, costs for any facilities that will be billed to the Cooperative by power suppliers, power supplier surcharges for programs such as, but not limited to, energy efficiency and demand response programs, other power supply related costs.

The Budget Cost of Power shall equal the total projected future cost of power at the time the current Cooperative rates were established (power cost embedded within current rates) divided by the total projected future kWh sales at the time the current Cooperative rates were established (kWh sales used to develop current rates).

Monthly ECA Factor

The automated monthly charges on member bills shall be increased or decreased on a uniform per-kWh basis computed monthly as follows:

$$ECA = \frac{PC_A}{kWh_A} - \frac{PC_B}{kWh_E} + \frac{Uncollected}{kWh_B} + ~~Board~~\ Adjustments$$

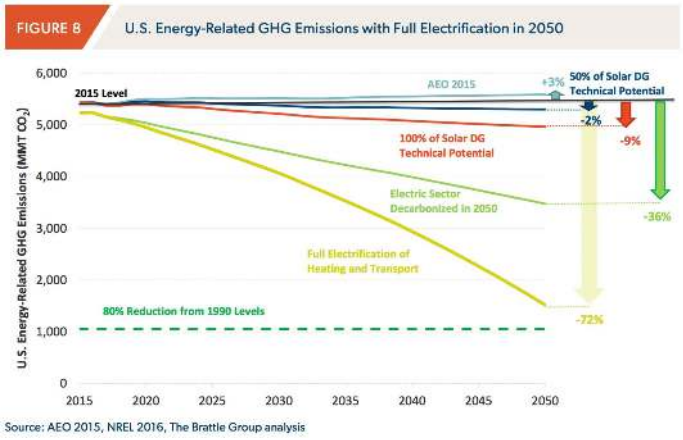
The figures for the above variables can be found in Board approved budget and in the financial statements, and on the Sales and Usage Report.

Where:

ECA	Energy Cost Adjustment ($/kWh) to be applied to energy sales for the billing period.
kWh_E	Total estimated energy annual sales.
kWh_B	Total estimated energy sales for the billing period the ECA will be applied.
PC_A	Total purchased power cost from all suppliers for the prior month billing period.
PC_B	Total annual estimated purchased electricity costs included in the Cooperative's base rates.
Uncollected	Difference in the total ECA revenue collected from the prior month and the total ECA calculated collection for the prior month. $Uncollected = (ECA_P * kWh_A) - ECA_A$
ECA_P	Energy Cost Adjustment ($/kWh) as applied to energy sales for the prior billing period.
ECA_A	Energy Cost Adjustment ($) as collected from energy sales for the prior billing period, as found on the monthly sales report, net of any General Manager smoothing adjustments (below).
kWh_A	Total actual energy sales for the prior month billing period the ECA was applied.
~~Board~~ Adjustments	**Unforeseen**: A Board approved $/kWh charge to account for ~~material but~~ unpredictable costs. **Smoothing**: The Board also approves the ability for the General Manager to make smoothing adjustments to the ECA to minimize the month-to-month financial impact to members. ~~Approved on a case-by-case basis for temporary needs~~ The General Manager will report any adjustments made at the next Board meeting.

Northwest Resource Adequacy in a Rapidly Decarbonizing World

- **Northwest regional load is** projected **to double by 2050** due to the electrification of transportation and heating, which account for most greenhouse gas (GHG) emissions in the region. This has the potential to reduce GHGs by 72%.



- This doubling of load will likely initially present **significant problems,** due to the combination of NIMByism (Sierra Club is opposing 317 wind power projects, while half the population want to streamline renewable energy projects, and the other half want to shut them down), and very long lead times to develop new generation resources (public support, financing, solar, wind, land, permits, transmission). An estimated 3 million to 14 million acres of land would be required to host required and solar and wind projects. Global investment of $131 trillion is estimated to get the job done by 2050.
- Until new capacity is brought online, we **will likely not be able to keep up with demand**, especially during extreme weather events, leading to Texas/California style rolling blackouts.
- To prepare for that, and to ensure reliable affordable electric service the region needs to front-load investment to rapidly prepare for potential rolling blackouts.
- **Hydro is a key low carbon energy source to firm solar and wind and for baseload**.
- **We strongly support the reduction of carbon intense energy such as coal and natural gas. BPA has been clear that there will be no more hydro.** We are rapidly losing our ability to firm intermittent solar and wind power, which may lead to regional power outages, until firming capabilities are implemented.

- **A key near-term strategic action should establish a Northwest Regional Transmission Organization** (RTO). The Northwest is the only region of the US with no RTO. While most of the demand will be west of the Cascades, most of the generation will be east of the Cascades. **The RTO should be mandated to solve the Pacific Northwest capacity problems first**, as we weave together the various stakeholders across WA, OR, ID, MT and WY to ensure **reliable** supplies of power, **adequate transmission infrastructure** and **competitive wholesale electricity prices**. And it can accelerate the deployment of essential transmission capacity to interconnect the network of new solar and wind resources needed to meet the regions doubling power needs. We should get this going ASAP to tap into anticipated Federal infrastructure spending aimed at development of new clean energy resources.
- As Ben Kujala, director of power planning at Northwest Power and Conservation Council (NWPCC) observed, "***I don't think anyone is super prepared for a future where we're electrifying everything,***

just because it's so hard to [prepare]. You would have to invest so much money, and if you're wrong, it would look so bad to go out and spend a bunch of money on something that just doesn't materialize."

Further Reading

As we consider how to rapidly decarbonize the northwest region, **we want to make sure we maintain reliable power under worst case conditions**, to prevent harming safety of our population and impacting the economy that depends on energy to function. The following material covers a broad range of Northwest Resource Adequacy material and asks hard questions about the future of load, how fast land can be developed for new renewables, and much more. Each reference includes title, link, and pertinent quotes/summary extracts below each link.

- **Sierra Club:** **The NIMBY Threat to Renewable Energy**
  "In Vermont, everyone loves clean energy—when it comes from someplace else"
  Decarbonizing the northwest will require an estimated 3 million to 14 million acres of land to host required and solar and wind projects. All over the US, planners are discovering it will take much longer to acquire and permit land due to NIMBYism.

- Wind Power Project Rejection Database
  Numerous examples of wind power permit projects rejected by state and county governments.

- **Not In Our Backyard**
  An example of public policy entities fighting the proliferation of renewables by drafting legislation, testifying before legislative committees, placing op-eds in newspapers.

- Pacific Northwest poised to test 100% renewables as utilities weigh gas vs. storage

- Imagine the unimaginable': How the Pacific Northwest is trying to build a reliable grid in a changing climate
  "**I don't think anyone is super prepared for a future where we're electrifying everything**, just because it's so hard to [prepare]. You would have to invest so much money, and if you're wrong, it would look so bad to go out and spend a bunch of money on something that just doesn't materialize." **Ben Kujala, Director of Power Planning at the Northwest Power and Conservation Council**

- **NWPCC:** 2021 Northwest Power Plan
  "As we look to the future, we anticipate that the transition to a new paradigm will be accompanied by risk and uncertainty."

  "While the total nameplate capacity of the region's power supply is significantly higher than the expected 2023 winter peak electrical demand of about 32,600 megawatts, the **deliverable (effective) capacity of the system is much lower**."

  "To maintain adequacy, **the region will need about 1,600 megawatts of effective capacity (or some combination of added capacity and additional balancing reserves) before 2023**. **The Council's adequacy assessment does not go beyond 2025**."

- **PNUCC:** **Northwest Regional Forecast of Power Loads and Resources, 2021 through 2031**
  "The Northwest has a growing difference between supply and demand over the next decade due to coal plant retirements and forecasted load growth. The figure below shows how utilities' peak loads and expected peaking capability of resources stack up for winter (January) and summer (August). **The winter deficit grows from around 1,600 MW to 6,500 MW**, and **the summer deficit grows from 200 MW to 5,900 MW over the 10-year study horizon**."

  "**The Northwest Power and Conservation Council indicates the region is inadequate as of the last assessment**. They conduct an annual Adequacy Assessment that estimates the odds of the region having an outage in a specific year. The Council's benchmark for an adequate system is a 5% or lower annual loss- of-load probability

(LOLP). Their 2019 analysis focused on years 2021, 2024, and 2026. **Their projection for 2021 indicates that the system is inadequate, with a LOLP of 7.5%.5 The LOLP value grows to 12.8% in 2024, and reaches 26% in 2026. The growing LOLP is largely due to coal unit retirements in the Northwest**.

- **Energy+Environmental Economics:** Capacity Needs of the Pacific Northwest—2019 to 2030
  Land is a sleeper issue in transforming the grid. From a national perspective, it has been estimated that we need to build three 1,000 mile long transmission lines every year for the next 30 years to interconnect distributed solar and wind generation with the grid. And in the past 10 years we haven't built even one. It's going to be a big expensive job.

  To maintain resource adequacy and prevent rolling blackouts similar to what we have seen in Texas and California, E3 , in their 25% load increase model, estimates 97 GW of new wind and 46 GW of new solar are needed, **requiring an estimated 3 to 14 million acres of land – or 20 to 100 times the land area of Portland and Seattle combined**. It is unclear whether there are enough sites that are suitable, purchasable and permittable for that level of renewable energy deployment. And that's just for a 25% load increase by 2050, not the 90% Washington energy strategy estimate.

  "Near-term (today-2025): the **Pacific Northwest faces a near-term capacity shortfall of 3-7 GW**."

  "Mid-term (2025-2030): **capacity need grows to as much as 10 GW as additional firm capacity retires and this need is not fully replaced by planned additions**. "

  "Long-term (2030-2050): **the region needs to grow or maintain firm dispatchable capacity to address the energy sufficiency challenges created by a deeply decarbonized grid**."

  "**All planned capacity additions, and significantly more, are required by 2030.**"

  "**Even in an optimistic scenario (if all planned capacity additions detailed in the reviewed utility IRPs are approved and constructed), the region remains approximately 3 GW short by 2030**."

- **NWPP Northwest Power Pool:** Resource Adequacy Program – Detailed Design
  "The integrated regional power system is in transition. The impending retirement of several thermal generators within and outside the region (the Western US and Canada) mixed with increasing variable energy resources (VERs), has led to questions about whether the region will continue to have an adequate supply of electricity during critical hours. In the past four years, several studies have identified an urgent and immediate challenge to the regional electricity system's ability to provide reliable electric service during high demand conditions."

  "These developments threaten to upset the balance of loads and resources within the region and, if not properly addressed, will increase the risk of supply disruptions during Winter and Summer, increase financial risk for utility customers, and hinder the ability of the system to meet environmental goals and legal requirements."

- **BPA:** 2019 Pacific Northwest Loads and Resources Study
  "Annual Energy Surplus/Deficits: Under critical water conditions; **the Federal system is projected to have annual energy deficits across the study period, ranging from as low as - 194 aMW, to as large as -354 aMW**. These annual energy deficits projections are similar to those projected in the 2018 White Book, however the first two years are forecast to have slightly greater deficits and rest of the study period has slightly smaller deficits."

  "January 120-Hour Capacity Surplus/Deficits: Under critical water conditions; **the Federal system is projected to have January 120-Hour capacity deficits over the study period, ranging from as low as -950 MW to as high as -1,226 MW**."

- **WA Department of Commerce:** State Electric Utility Resource Planning 2020 Report Pursuant to RCW 19.280.060
  "The Pacific Northwest Utilities Conference Committee 2020 Regional Forecast report **reveals a projected electricity deficit for the Northwest starting in 2024 (283 aMW) and continuing to grow through the end of**

the 10-year planning period (3,200 aMW). PNUCC identifies a large amount of planned resources in the region, but because they have less certainty from a financial or regulatory standpoint, they therefore are not included in the forecast.

"The region's premier planning body, the Northwest Power and Conservation Council, evaluated the adequacy of the Northwest electric power supply in 2020 and concluded that resources are not expected to meet its adequacy standard after 2020. Resources are considered adequate when the loss-of-load probability (LOLP) is less than 5 percent. However, with the planned retirements of Boardman and Centralia 1 at the end of 2020, the LOLP will reach of 7.5 percent in 2021 and will no longer meet the Power Council's adequacy standard. The retirement of the Hardin coal-fired power plant and the Klamath Hydro facility in 2021 were forecast to raise the LOLP to 8.2 percent by 2024. The Council noted that other power plant retirements announced for later in the decade would raise the LOLP value further if replacement resources are not brought online in a timely manner."

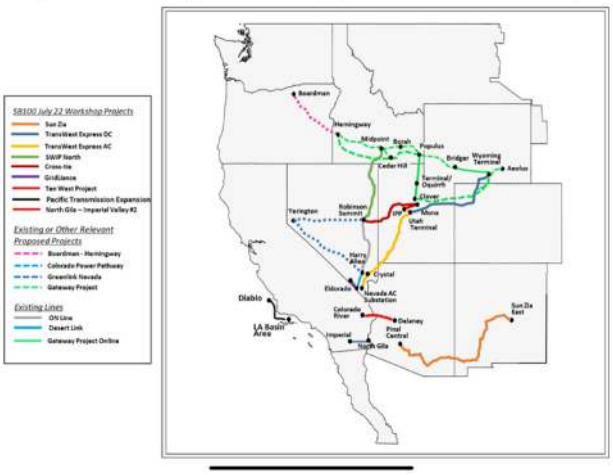
- **WA Department of Commerce:** 2021 Energy Strategy Transitioning to an Equitable Clean Energy Future
  "In the Electrification Scenario, total energy demand drops 28%. **Electricity demand grows 90% over 2020 levels by 2050**, displacing fossil fuels in buildings and transportation through assumptions that drive replacement of existing equipment with electrified appliances and vehicles at the end of their useful lives."

- **Pacificorp:** 2021 Integrated Resource Plan
  "**To unlock the full promise of these abundant resources, we must add transmission and storage capacity, unlock customer demand response resources with a modernized grid**, and replace retiring thermal resources with non-emitting resources like advanced nuclear, to connect the West to its energy future—built on a resilient, hardened, adaptable grid that safely delivers power when and where it's needed."

- **CAISO:** 20-Year Transmission Outlook (draft)
  Read how aggressively California is planning to spend ($11.65B, see map below) on new transmission outside of the state. Washington's budget and planning is lagging behind at best and conversations about a RTO dedicated to the Pacific Northwest are just beginning. PNW should be concerned with the potential for California to impact the regional power supply.

  "The interconnection solution along with the mitigation measures studied in the assessment will potentially create two strong connection points in California that enable more interconnections between California and the Pacific Northwest."

Figure 2.1-1: Illustration of potential transmission projects identified at CEC SB100 workshop

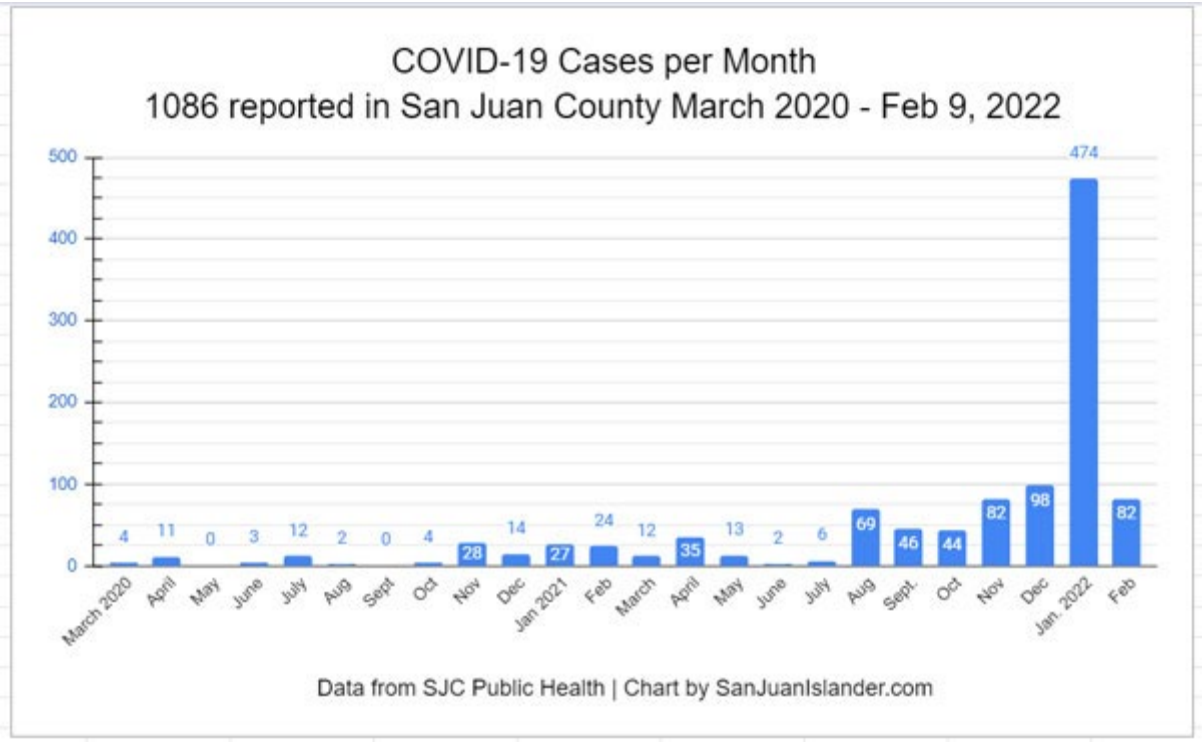


COVID-19 Update

San Juan County has experienced a reduction in cases but still 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 continue precautions.

The latest COVID case count:



Thirty-eight cases of COVID-19 were reported on February 9 since San Juan County Health and Community Services Dept's last weekly update on February 4, 2022. This brings the total since March 2020 to 1,079. The per island counts are San Juan Island 532, Orcas Island 376, Lopez Island 158, Shaw Island 8, outer islands 9. According to the state Department of Health, there have been 26 county residents hospitalized. There has been one death.

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	92,785	200,000	107,215
Energy Assist (EAP) Residential COVID	74	29,624	100,000	70,376
Extend Project PAL Benefits - COVID	122	12,200	70,000	57,800
Grand Total	286	134,609	370,000	235,391

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

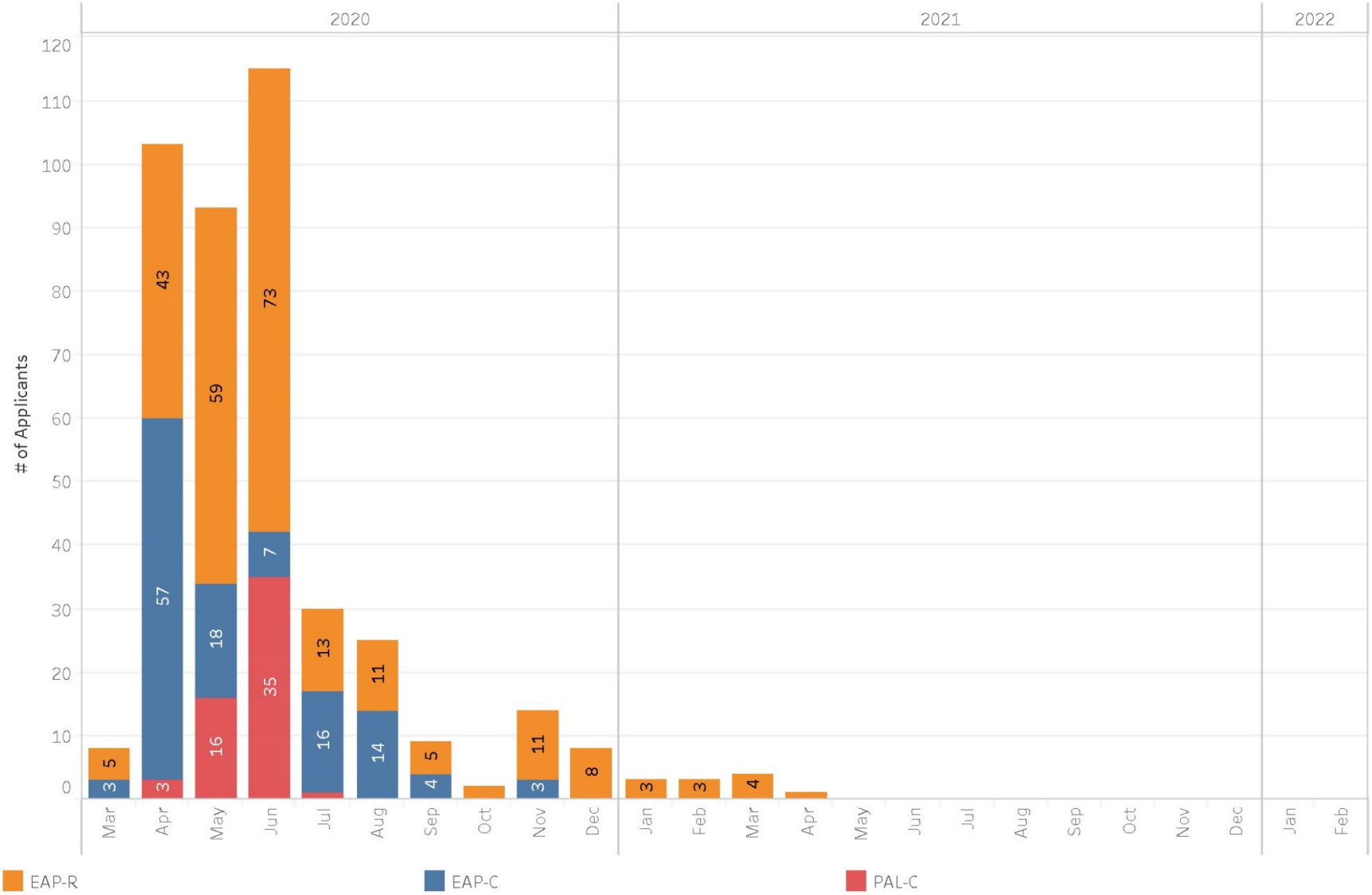
Measures	Benefit
Energy Assist (EAP-C) Commercial COVID	$67.57 per mo., based on number of number of meters on a commercial rate
Energy Assist (EAP) Residential COVID	Assistance ranges from $31.41 to $61.41, based on number of permanent household occupants
Extend Project PAL Benefits COVID	$100
Penalties	Waiving of late penalties (Normal penalties are 5% of the total balcance post-due date)
Reconnection Fees	Waiving of reconnect fees (Normal reconnect fee is $50 per instance of reconnecting after a discconnect 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.

OPALCO
Co-op Run. Community Powered.

COVID-19 Assistance Applications



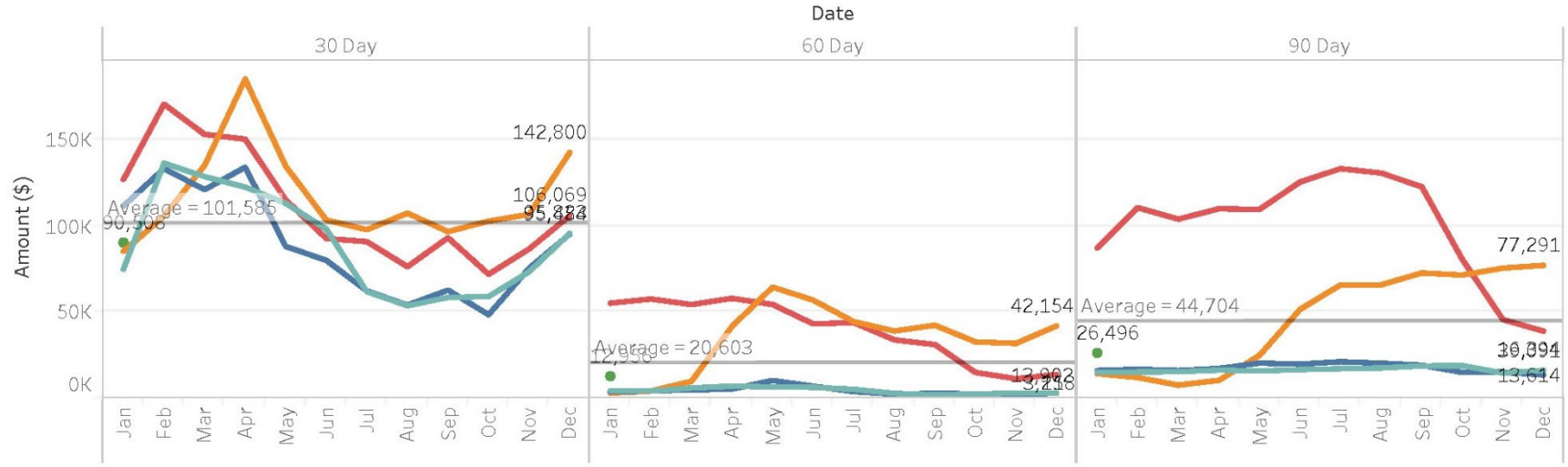
A/R 30-60-90

	30 Day				30 Day % Difference			
	2019	2020	2021	2022	2019	2020	2021	2022
Jan	111,730	85,379	127,074	90,508		-23.58%	48.84%	-28.78%
Feb	133,447	105,886	170,874			-20.65%	61.37%	
Mar	121,185	135,225	153,276			11.59%	13.35%	
Apr	134,240	185,370	150,556			38.09%	-18.78%	
May	88,272	134,798	115,334			52.71%	-14.44%	
Jun	80,172	103,575	92,861			29.19%	-10.34%	
Jul	62,481	97,956	91,044			56.78%	-7.06%	
Aug	54,195	107,577	76,503			98.50%	-28.89%	
Sep	62,931	96,832	93,309			53.87%	-3.64%	
Oct	48,634	102,980	72,120			111.75%	-29.97%	
Nov	75,636	106,860	86,810			41.28%	-18.76%	
Dec	95,454	142,800	106,069			49.60%	-25.72%	

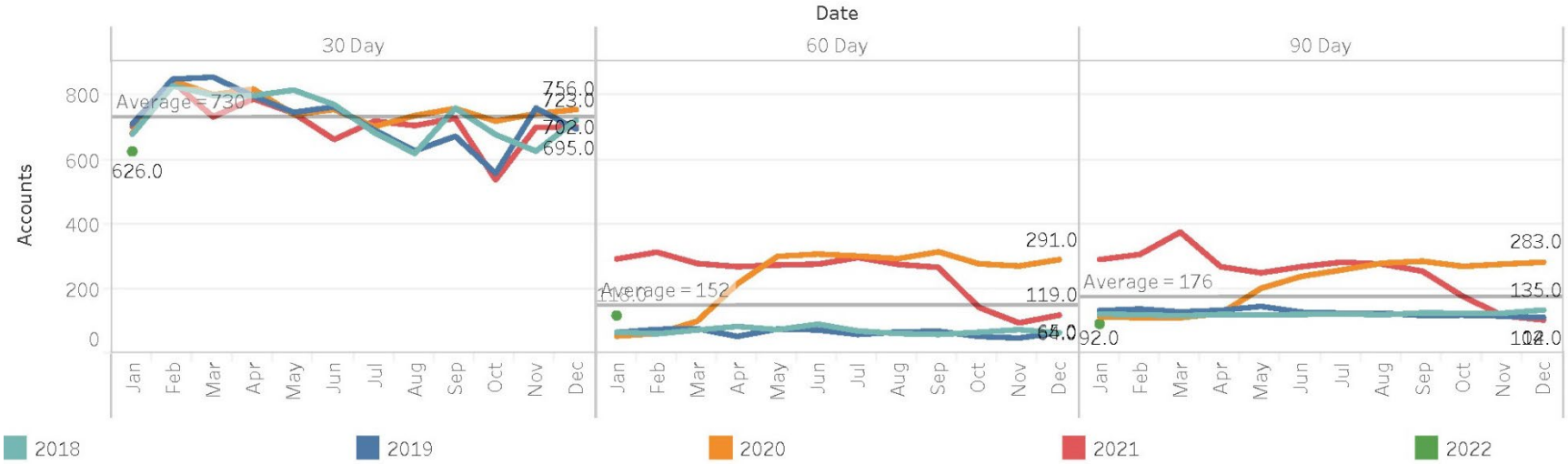
	60 Day				60 Day % Difference			
	2019	2020	2021	2022	2019	2020	2021	2022
Jan	3,837	3,101	55,338	12,956		-19.18%	1,684.60%	-76.59%
Feb	4,511	4,333	57,736			-3.93%	1,232.33%	
Mar	4,962	9,976	54,542			101.04%	446.75%	
Apr	5,479	41,845	58,142			663.72%	38.95%	
May	10,457	64,616	54,541			517.89%	-15.59%	
Jun	7,126	57,091	43,314			701.17%	-24.13%	
Jul	4,004	44,576	44,053			1,013.19%	-1.17%	
Aug	2,543	39,191	34,029			1,441.27%	-13.17%	
Sep	3,010	42,513	31,302			1,312.28%	-26.37%	
Oct	2,725	32,868	15,118			1,106.30%	-54.00%	
Nov	2,078	31,986	11,493			1,439.43%	-64.07%	
Dec	3,218	42,154	13,902			1,209.94%	-67.02%	

	90 Day				90 Day % Difference			
	2019	2020	2021	2022	2019	2020	2021	2022
Jan	16,248	14,427	87,419	26,496		-11.21%	505.95%	-69.69%
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

377

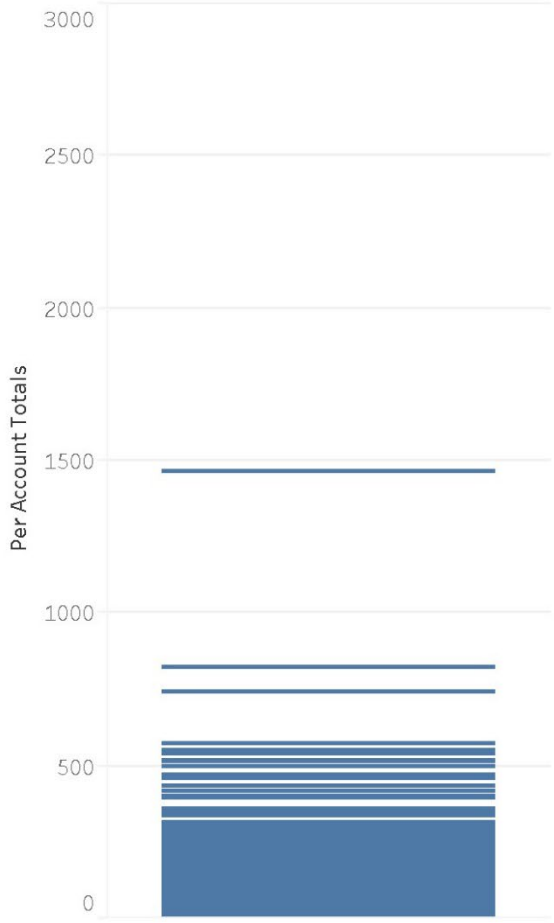
60 Day - # of Accounts

78

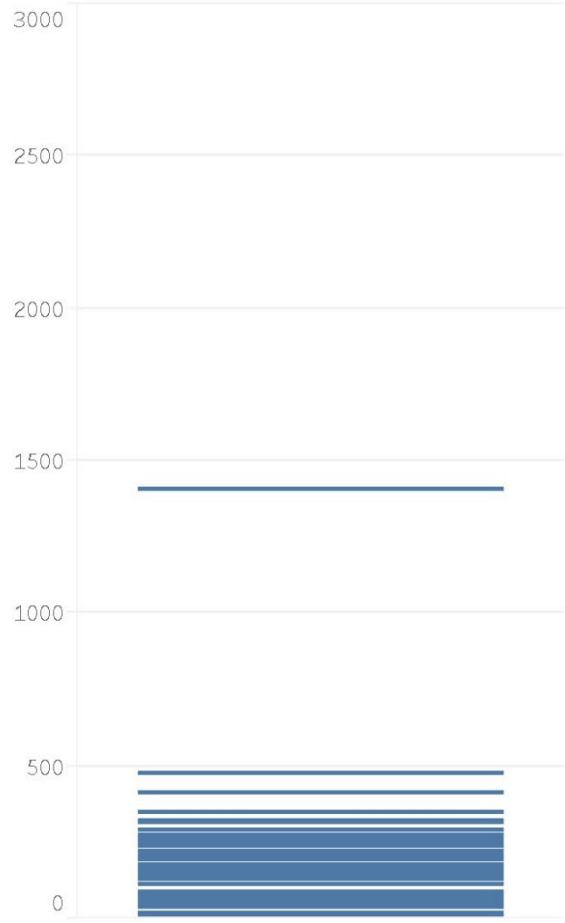
90 Day - # of Accounts

84

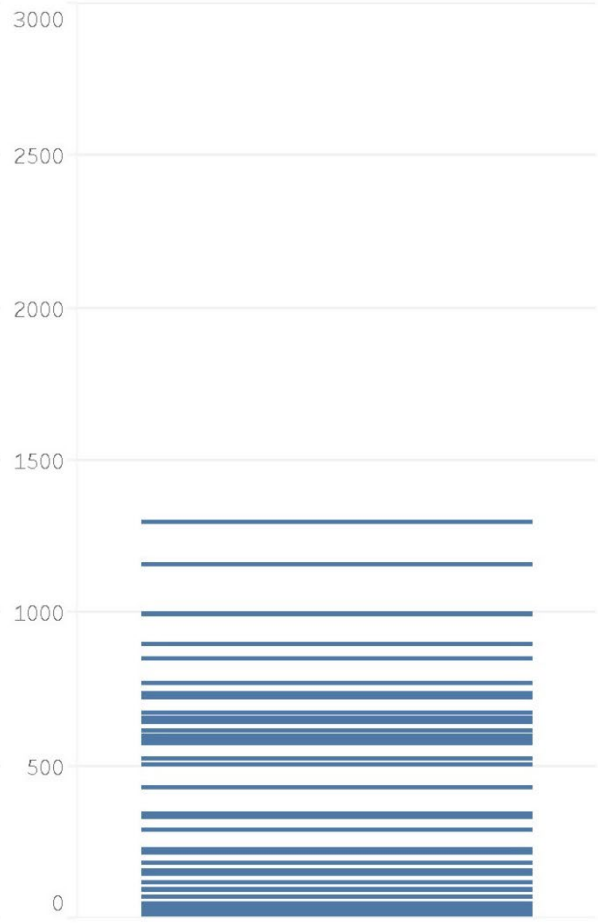
30 Day - per Account Totals



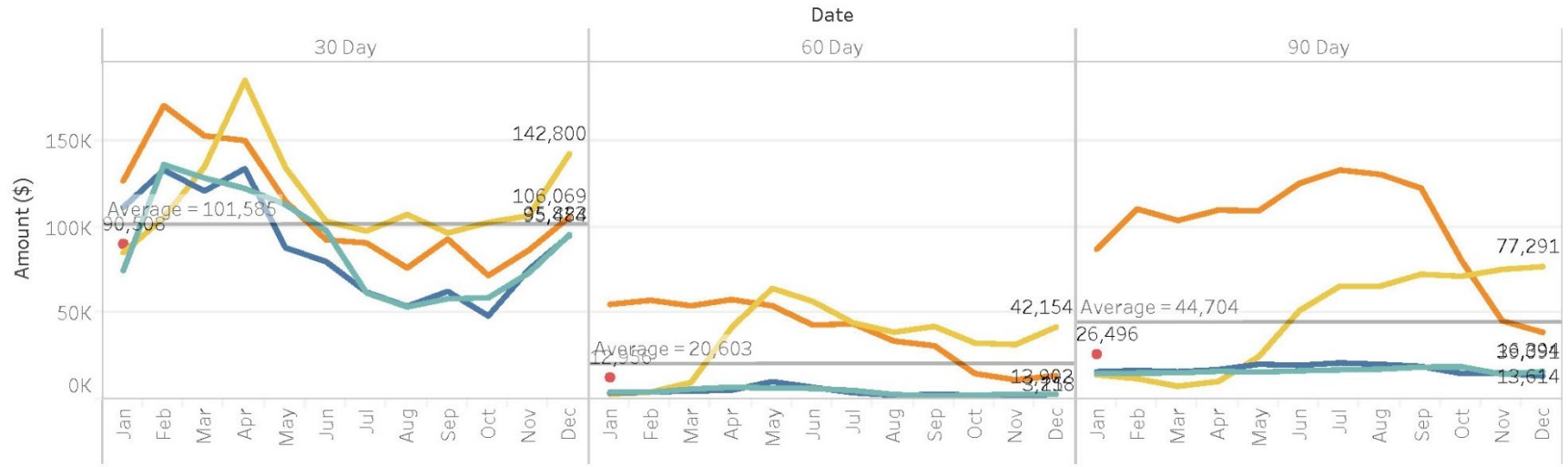
60 Day - per Account Totals



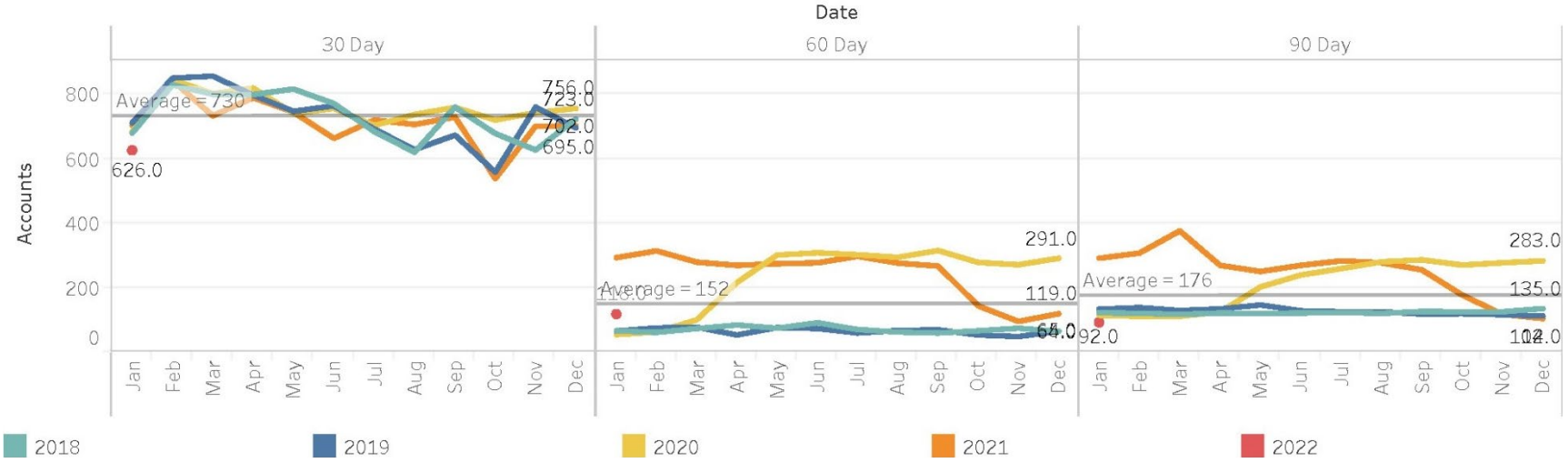
90 Day - per Account Totals



Long Term AR ($)



Long Term AR (Count)



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

- Budget Variance
- TIER/Margin
- Expense
- Cash
- Power Cost
- Purchased Power
- Annual Power Metrics
- Capital
- Debt/Equity
- WIP
- Income Statement Trends

Member Services

- Disconnects
- Uncollectable Revenue
- PAL
- EAP
- Service Additions
- Annual Service Additions
- Revenue Dist. By Rate

Outage

- Historical SAIDI - Graph
- Historical SAIDI - Figures
- Outage Stats – Rolling 12 Mo
- Outage Stats – Monthly
- SAIDI by Category
- Outage Summary

QUICK FACTS

Please review the Quick Facts at https://www.opalco.com/newsroom/quick-facts/.

- OPALCO's Plan for our Energy Future
- Decarbonization – 4 Part Series
- Switch It Up!
- WA 2021 Energy Strategy
- Simpson Proposal and the Northwest Energy Evolution
- Will there be enough power?
- OPALCO Rates
- Energy Independence? Not entirely
- Rock Island Communications
- OPALCO election process
- Wireless Services
- Cost of Service
- Staff Compensation
- NRECA
- OPALCO Debt and Capital Projects
- Ocean Health
- Northwest Resource Adequacy in a Rapidly Decarbonizing World
- Land for Renewable Energy Projects
- Understanding the Change in Solar Rates
- Decatur Island Battery Storage Project
- Why Hydropower is Important to our Power Supply

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of February 9, 2022, there are 428 work orders open totaling $4.77M. Decatur Energy Storage System is $1.5M of the balance. Operations has completed construction on 135 work orders, totaling $2.1M.

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 149,158 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 the WA DOC grant for preliminary design. Staff is finalizing the scope with WA DOC and preparing contracts for the subcontractors.

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 is finalizing the preliminary economic report with anticipated completion in beginning of Q2 2022. 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. Staff is finalizing the WA DOC contract and preparing subcontracts. $150K
    - Friday Harbor Ferry Electrification Preliminary Design (Phase 1 Only) – Scoping for WA DOC contract is underway. Staff is working with WA DOC on interfacing with WSF while negotiating the WA DOC contracting. $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. Staff publicized the Request for Proposal to prospective bidders and conducted site walkthroughs with requesting bidders. Staff anticipates bid selection by mid-March.

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.

FINANCE

2022 Budget Tracking

Energy (kWh) purchases and sales began the year much higher than budgeted for 2022. kWh sales included the 'cod-snap' for both of the January billing periods, resulting in our highest kWh sales for a month, ever. Overall, gross operating revenue surpassed budget by ~$2.09M, driven by increased kWh sales. Driven by our largest power bill ever, in December, the ECA also calculated a surcharge which applied to members January bills which further increased sales by ~$598k. January power costs were estimated to be ~$9k over budget, while kWh purchases were estimated to be higher than budget, we experienced a lower overall cost/kWh than budgeted. The table presents full year 2022 projection with actuals for January where available.

Income Statement Summary (in thousands)	**2022 Projection** (partial Jan data only)		
	Budget	**Projected**	**Variance**
Operating Revenue	$ 34,267	$ 35,767	$ 1,500
ECA Surcharge / (Credit)*	$ -	$ 598	$ 598
Revenue	$ 34,267	$ 36,365	$ 2,098
Expenses:			
Cost of Purchased Power	$ 9,496	$ 9,499	$ 3
Transmission & Distribution Expense	7,091	7,114	23
General & Administrative Expense	6,039	5,981	(58)
Depreciation, Tax, Interest & Other	8,585	8,596	11
Total Expenses	31,211	31,190	(21)
Operating Margin	3,056	5,175	2,119
Non-op margin	285	275	(10)
Net Margin*	3,341	$ 5,450	2,109
OTIER**	2.50	3.53	1.04
TIER**	2.64	3.67	1.03
Equity %	39.9%	41.0%	1.1%
HDD	1,375	1,397	22
kWh Purchases	220,000	223,061	3,061
kWh Sales	206,800	218,689	11,889
Capital Expenditures	10,320	438	(9,882)

* The ECA collected $598k from members in Jan 2022

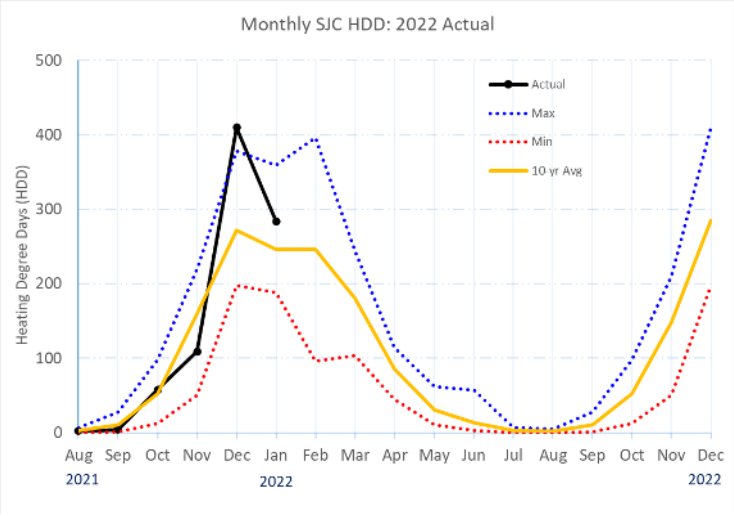
** TIER is a 'full-year' metric, thus not representative in early months as there has not been an accumulation of interest expense

Monthly Energy Charge Adjustment (ECA)

The calculated amount for the January ECA was a bill surcharge of $0.018317 per kWh which collected $598k from members, or $18.32 per 1,000 kWh. This follows the December ECA credit to members of ($546k), or ($23.16) per 1,000 kWh. The February billing period ECA is projected to be a sizable bill credit of ~ ($0.020717) per kWh on member bills. The exact amount of the per kWh credit is an estimation based on known purchased kWh and a recalculation of our contractual power bill, which may occasionally include other one-time factors or adjustments.

Heating Degree Days (HDD)

December saw a very cold weather snap and HDDs came in above the 10-yr maximum. January 2022 began trending more towards historical averages, though still in a more La Nina pattern. The impacts of the extreme shift seen from November to December can been seen in our financial results for December 2021 & January 2022. We continue to monitor weather trends monthly.

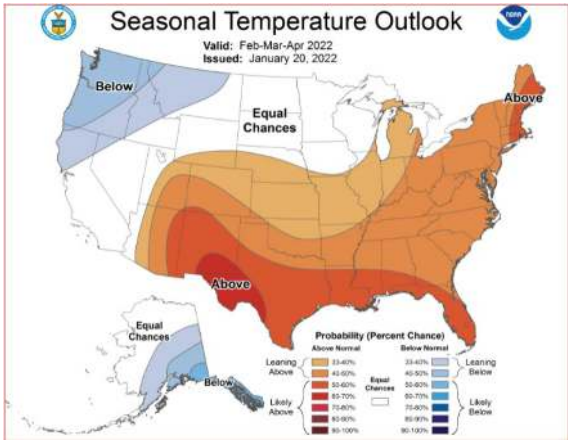


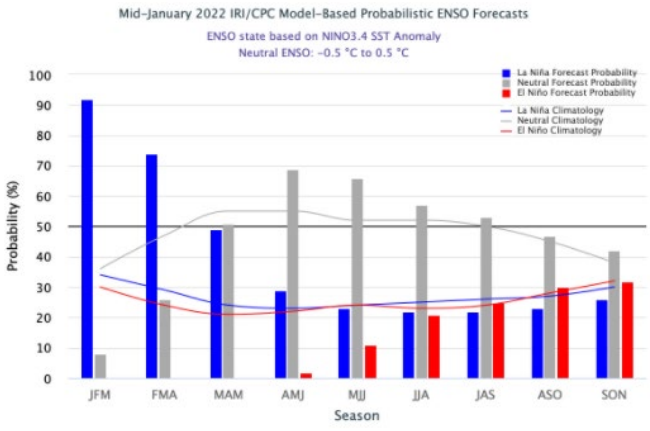
*10-year max, min, avg is 2012-2021

Weather Forecast

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

2022 Feb-Mar-Apr Outlook





Source: NOAA National Weather Service

MEMBER SERVICES

Annual History of Energy Assistance Funding

		2014	2015	2016	2017	2018	2019	2020	2021	2022	Grand Total
Energy Assist Credit	# of Accounts			241	407	444	460	574	577	372	982
	Total Assitance			29,151	81,957	111,996	135,595	158,434	158,740	13,997	689,870
PAL	# of Accounts	180	226	228	217	212	205	329	363	25	961
	Total Assitance	31,560	46,345	46,885	48,833	45,155	53,137	80,975	104,880	5,950	463,721
EAP Residential - COVID	# of Accounts							88	74	61	96
	Total Assitance							21,535	27,606	2,018	51,159
EAP Commercial - COVID	# of Accounts							107	97	79	119
	Total Assitance							73,340	87,233	5,552	166,125
PAL - COVID	# of Accounts							131	122		222
	Total Assitance							15,000	12,200		27,200
Grand Total	# of Accounts	180	226	325	447	460	488	835	825	515	1,472
	Total Assitance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	27,517	1,398,074

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 January 2022, 384 members received ~$14.3k from the low-income Energy Assist program, compared to 427 members who received ~15.9k in assistance in January 2021.

Project PAL: During January 2022, 42 members received ~ $9.4K in Community/Family Resource Center Awards.

T-RAP: Treasury funds for Rental Assistance and Utilities continue to be available through 2022. The Member Services Recruiting team continues to receive and review applications for the Eastsound based open Member Services Representative position. To date, the Member Services team has tracked 190 "High Bill Concern" member calls.

Switch it Up!

The new measures approved at the January meeting will be available in March once materials are all available. As an update to the January board materials, rooftop solar projects DO NOT need to be paired with a battery to qualify for Switch it Up funding.

There are now 222 projects complete and billing for a total of $1.8M outstanding. There are another 33 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 12 rebates paid out to members totaling $13.3k. This includes four fuel switching ductless heat pump rebates and one EV charging station rebates.

Member Benefits from Energy Efficiency and Fuel Switching Programs:

		2014	2015	2016	2017	2018	2019	2020	2021	2022
EE Rebates*	# of Accounts	490	524	266	155	264	442	303	147	7
	Total Awards	$367,552	$359,835	$146,601	$84,809	$161,262	$228,418	$167,432	$149,886	6,754
	Total Energy Savings	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269	13,467
Switch It Up**	# of Accounts						72	87	69	9
	Total Financed						$684,900	$687,589	$705,446	$97,000

		Totals
EE Rebates*	# of Accounts	2,598
	Total Awards	$1,666,535
Switch It Up**	# of Accounts	237
	Total Financed	$2,174,935
Total		**$3,841,470**

**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, three members were interconnected with solar for a total of 518 (https://energysavings.opalco.com/member-generated-power/). There are an additional 23 pending connection. To date there are 79 members out of 518 members who have opted out of the new solar rate and wish to remain on the legacy tariff.

Community Solar

During the January 2022 billing cycles, the Decatur Community Solar array produced 5,120 kWh. A total of ~$670 was distributed to 268 accounts.

Solar Benefits Paid to Members

		2014	2015	2016	2017	2018	2019	2020	2021	2022
Comm Solar	# of Accounts							265	268	268
	Total Payments							$50,688	$51,928	$670
WA State Incentives*	# of Accounts	136	162	171	197	268	256	259	58	0
	Total Payments	$100,425	$100,000	$114,037	$125,635	$167,971	$224,766	$218,222	$91,461	$0
MORE**	# of Accounts	104	132	147	149	145	144	144	140	0
	Total Payments	$58,451	$50,674	$52,587	$53,259	$54,173	$53,109	$51,897	$50,896	$0

		Totals
Comm Solar	Total Payments	$103,286
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

Election

The Elections and Governance Committee recommended a slate of five candidates for the three open board positions (one open position in each district) in the 2022 election as follows:

District 1 (San Juan, Brown, Henry, Pearl and Spieden islands):

- Mark Madsen (Incumbent)
- Steven Carleton
- Jessa Madosky

District 3 (Lopez, Decatur, Center and Charles islands):

- Brian Silverstein (Incumbent)

District 4 (Shaw, Bell, Canoe and Crane islands):

- Jerry Whitfield (Incumbent)

Full candidate bios and information is posted on OPALCO elections hub: https://www.opalco.com/election-hub/ and a detailed voter's guide will be mailed to each co-op member with their ballot on March 11th – the day the election opens. Please note: ALL members will be receiving their voter's guide and ballot by mail this year and will also receive it by email. Members can choose to vote online or by mail and ballots are due by April 27th @ 10am.

Nominations by petition are due by 12:00 noon PT on February 18th. For more information on the nominations and election process, visit: https://www.opalco.com/why-run/.

Election Timeline:

Event	Date
Legal Notice for Election	December 15, 2021
Director Applications due to EGC	January 26, 2022
Nominations posted	February 9
Nominations by petition due to office	February 18
Nominations by petition posted	March 4
Voting opens	March 11
Candidate Forum	March 15
Election closes	April 27
Annual Meeting – Election Results Announced	April 30

Annual Meeting

The annual meeting is set for Saturday, April 30th via Zoom from 9:00 – 11:00am. The agenda will include election results, the state of the Co-op address, a member question and answer period and door prizes. Members who attend will receive a $10 bill credit.

High Bill Complaints

Due to an extended period of cold temperatures in late December and early January, members energy usage was much higher than normal and bills for that cycle were also higher. The December bill from OPALCO's power supplier (PNGC/BPA) was the highest on record and now – going into February billing – we are recording the highest kWh sales in recent history for January, which will result in a bill credit for members on their Energy Charge Adjustment (ECA). The ECA tariff, which appears as a line item on member bills is the true-up mechanism for revenue variables each month, mostly due to weather. Another factor in the January bills was the timing of the 2022 rate increase (4%) which would equate to ~$4 for an average member in an average month.

The communications team posted proactive information in December and January to warn members about the high bill event and explain the reasons, including ads in papers, newsletters, social media posts and media releases (https://www.opalco.com/why-is-my-opalco-bill-so-high-this-month-cold-temps-bpa-demand-charges-and-4-rate-increase/2022/01/). Member services received about 190 calls about high bills and the communications team responded to posts on social media.

As a result of the volume of member feedback, staff created a spreadsheet to help members understand their billing components and reached out to concerned members one on one to go through their bills. On Monday, February 7th, staff hosted a virtual town hall event with about 50 members in attendance. Staff walked members through a bill in SmarthHub to explain the different components and demonstrated how to monitor usage. Members in attendance were curious and had good questions. Topics included BPA and how they bill, the Energy Charge Adjustment line item, future of power rates, Rock Island, and how to be prepared for future extreme weather events.

Island Way Workshops

A new series of Island Way workshops is scheduled to help members understand the story of the shift that is underway and prepare their homes and businesses for a sustainable energy future. This second year of Island Way workshops is focused on things you can DO to prepare yourselves and actions you can take to make a difference in the community and region. The following workshops (mostly via Zoom) are scheduled for the first half of the year:

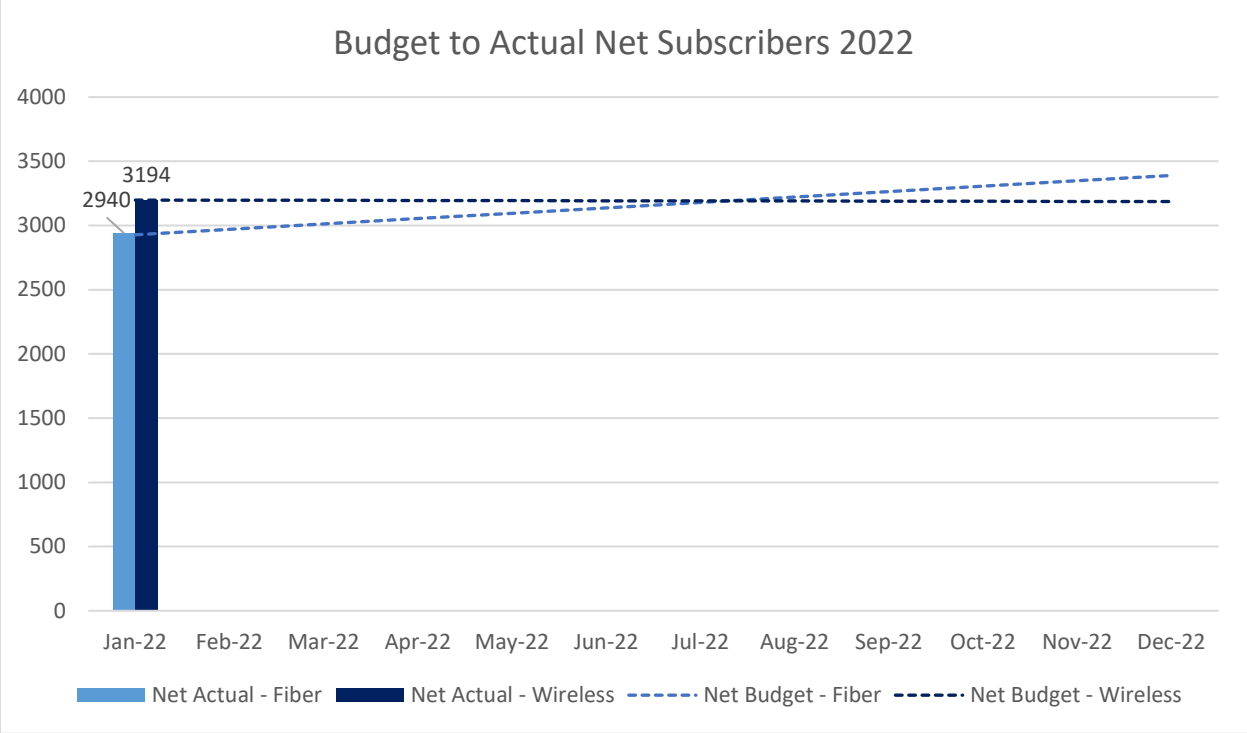
- February 7 @ 5 pm: Your Power Bill (complete)
- February 10 @ 5 pm: Take climate change action (complete)
- March 22 @ 5 pm: Get the most out of your Ductless Heat Pump
- April 6 @ 5 pm: Fast start your Switch It Up project
- May 11 @ 5 pm: How does climate change affect my bill
- June 8 @ 3pm: Electric Vehicle Jamboree LIVE at the County Fairgrounds

Rock Island Snapshot

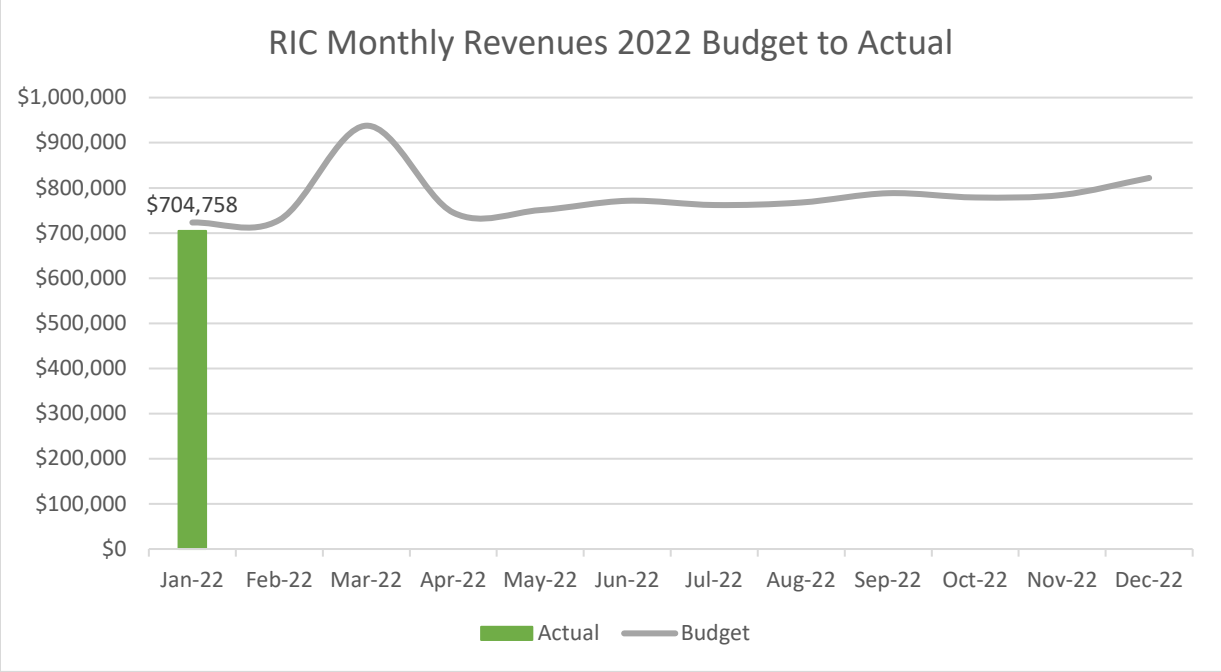
Subscriber Update

6,357 Internet Service Customers

Net Subscribers 2021



Revenues



❖ January revenues are not closed out and are subject to change.