

Board of Directors

Regular Meeting

Thursday, March 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
March 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.

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other

ADJOURNMENT

ACTION ITEMS

Consent Agenda

All matters listed with the Consent Agenda are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item by request of a Board member.

The Consent Agenda includes:

- **Minutes** of the previous meeting – attached.
- **Approval of New Members** – attached {as required by Bylaws Article I Section 2 (d)}

NEW MEMBERS – February 2022

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

BASTACKY, SAMUEL & ROTH, LAURIE
 BISCOTTINI, ELYSE
 BUKOVEC, ELIZABETH
 CLARK, DAVID
 DAVIS, SHANNON & DAVIS, TYLER
 HARRIMAN, GRACE
 HENDERSON, SAWYER
 HESS, JANET
 HSU, EDWIN
 MAAS, CAROL
 MCCAULLEY, STEVEN
 MCQUAID, MICHAEL
 MELIC, ALEN
 MOEN, NANCY & MOEN, CAROL
 OLSON, NIKOLAS & OLSON, ANNA
 QUINLAN, KATHLEEN
 SMITH, DEVON
 STALKER, KEVIN & CANUL, SARAH
 VADEN, CORBIN
 WILLIAMS, DAVID & WILLIAMS, SARITA
 WORTHINGTON, JAMES

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

DAVIS, SARAH
 ESKRIDGE, CAREY & VALLERY, CHRISTINA
 FLETCHER, SUSAN

GRIFFIN, SARA
 HERLIHY, THOMAS & HERLIHY, JEAN
 LIMBACH, LEARNER
 MOORE, CARRIE & TEWINKEL, ROBERT
 PARESKY, JACOB
 RANDI'S FARM HOME, OWNERS ASSN
 SIREN BOUTIQUE
 STAPLIN, JENNIFER
 TIMMINS, ERIN
 VAN ZOWL, JACKIE & HARRIS, JAMES
 VENEMA, YONANDA

District 3 (Lopez, Center, Decatur, Charles)

AUGUSTUS CORPORATION
 BARR, JOHNATHON
 HERSHMAN, CAROL
 HERZOG, JOHN
 MACKY ORR, MICHELE & ORR, DOUG
 ORR, THOMAS & BLOOM, JOANNA
 OSBORN, BEVERLY
 POOL, JENNIFER & GOTTS, ERIK
 PORTSIDE FAMILY RETREAT LLC
 REGUEIRO, ANN
 ROBERTSON, ELIZABETH & BEDEKAR, SAMEER

District 4 (Shaw, Crane, Canoe, Bell)

NONE

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

March	
Customer #	Amount
63550	1,069.67
34870	254.96
50855	461.36
61230	1,005.95
70859	1,168.88
Total	\$ 3,960.82



- 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
202201	\$19,652.87	Sectionalizing Projects
Total	\$19,652.87	

Staff requests a motion to approve the Consent Agenda.



**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, February 17, 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; 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 8:30 a.m.

Members in attendance:

Bruce Nyden	Sharon Abreu
Ray Glaze	John Fleischer
Robert Dashiell	Heather Nicholson

Staff opened and explained rules of the meeting. Reviewed today's agenda. Reported the Elections and Governance Committee put forward the slate of Director candidates. The candidates can be found of OPALCO's website.

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

CONSENT AGENDA

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

HIGH BILL SMOOTHING

GM summarized the past weather events and the feedback from members regarding their higher-than-normal power bills. The GM explained the request for staff to be able to adjust the ECA going forward. The Board directed staff to review historical data and present a proposal next month.

NORTHWEST RESOURCE ADEQUACY

Discussion was held between Directors and members.

Break at 10:10 a.m.

Back 10:25 a.m.

COVID UPDATE

GM reported OPALCO has requested ~\$48K from ARPA funds from San Juan County to be applied to OPALCO's accounts in arrears. No response yet from San Juan County.

GENERAL MANAGERS REPORT

GM reviewed the report.

Meeting adjourned 10:49 a.m. Director's entered Executive Session.

Vince Dauciunas, President

Brian Silverstein, Secretary/Treasure



Orcas Power & Light Cooperative

Revision: 108578

03/02/2022 3:20:03 pm	RUS Form 219 Inventory Of Work Orders	Page: 1
<div style="display: flex; justify-content: space-between;"> Period: JAN 2022 System Designation: WA 09 </div>		

Inventory: 202201				Gross Funds Required		Deductions				
Loan		Work Order		Bdgt (3)	Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)	Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Construction (1)	Retirement (2)							
603 - 19	2018 3668		3668	1	70,182.81	0.00	50,114.83	0.00	0.00	19,652.87
					70,182.81	0.00	50,114.83	AFUDC: 415.11	0.00	19,652.87
Grand Totals:					\$ 70,182.81	\$ 0.00	\$ 50,114.83	\$ 0.00	\$ 0.00	\$ 19,652.87

55009

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Orcas Power & Light Cooperative

Revision: 108578

03/02/2022 3:20:03 pm	RUS Form 219 Inventory Of Work Orders	Page: 3
Period: JAN 2022		System Designation: WA 09

Inventory : 202201

Budget		Amount
Loan	Project	
1	603 - 19	19,652.87
Total:		19,652.87

BORROWER CERTIFICATION

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

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

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

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

55009

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tneal

High Bill Smoothing

As a follow-up to the February meeting, staff reviewed historical data for the Energy Charge Adjustment (ECA) and has come up with an additional automated smoothing solution for Board consideration that will minimize the month-to-month volatility (peaks and valleys).

The impetus for this change was an extreme anomaly in the December-January billing cycle when an extended period of cold temperatures caused high kWh usage and a surcharge on the ECA line item. 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 current 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). In February: high costs + huge kWh sales (highest ever) = February credit. The ECA is built to normalize over multiple months and any over collection/credit is a built-in function that will ultimately true-up the ECA's impact on member bills.

While extreme weather events such as we saw in December are an anomaly, climate change is breaking all the rules and we may see more regular extreme events. This adjustment to the ECA would help to protect member bills from such big swings from month to month.

Staff Proposal

Staff is proposing a two-pronged system for minimizing month-to-month volatility: a built-in smoothing methodology of looking back at two months of actual data vs. the current method of only comparing a single month's results; and giving the General Manager the ability to make a smoothing adjustment when an extreme swing becomes an issue. The proposed two-month smoothing methodology is developed on a similar principal as how we smooth fluctuations in our annual capital credit general retirement.

As we've explored with previously, the current ECA method does have the desired financial impact on an annual basis. However, it may fluctuate between credit & surcharge a monthly basis and can do so with great volatility as we've now experienced during the recent extreme weather events.

One primary shortfall that the proposed two-month smoothing method remedies is that the current, single-month calculation method, allows for volatility resulting from timing differences in: (1) weather events, (2) monthly power bill and (2) two billing cycles. Looking back at two months of actual results greatly reduces the volatility that may result from single-month weather or power anomalies.

The below table compares the maximum (surcharge) and minimum (credit) ECA rate and monthly dollar impact for the current and proposed calculation methods.

Comparison based on historical data (2014 to 2021)

	Monthly ECA Rate		Monthly ECA Dollar Impact	
	Max	Min	Max	Min
Current Calculation Method	\$ 0.018317	\$ (0.023160)	\$ 598,091	\$ (545,780)
Proposed 2-month smoothing	\$ 0.007145	\$ (0.014744)	\$ 140,971	\$ (385,399)
Volatility Reduction	\$ 0.011172	\$ (0.008416)	\$ 457,120	\$ (160,381)

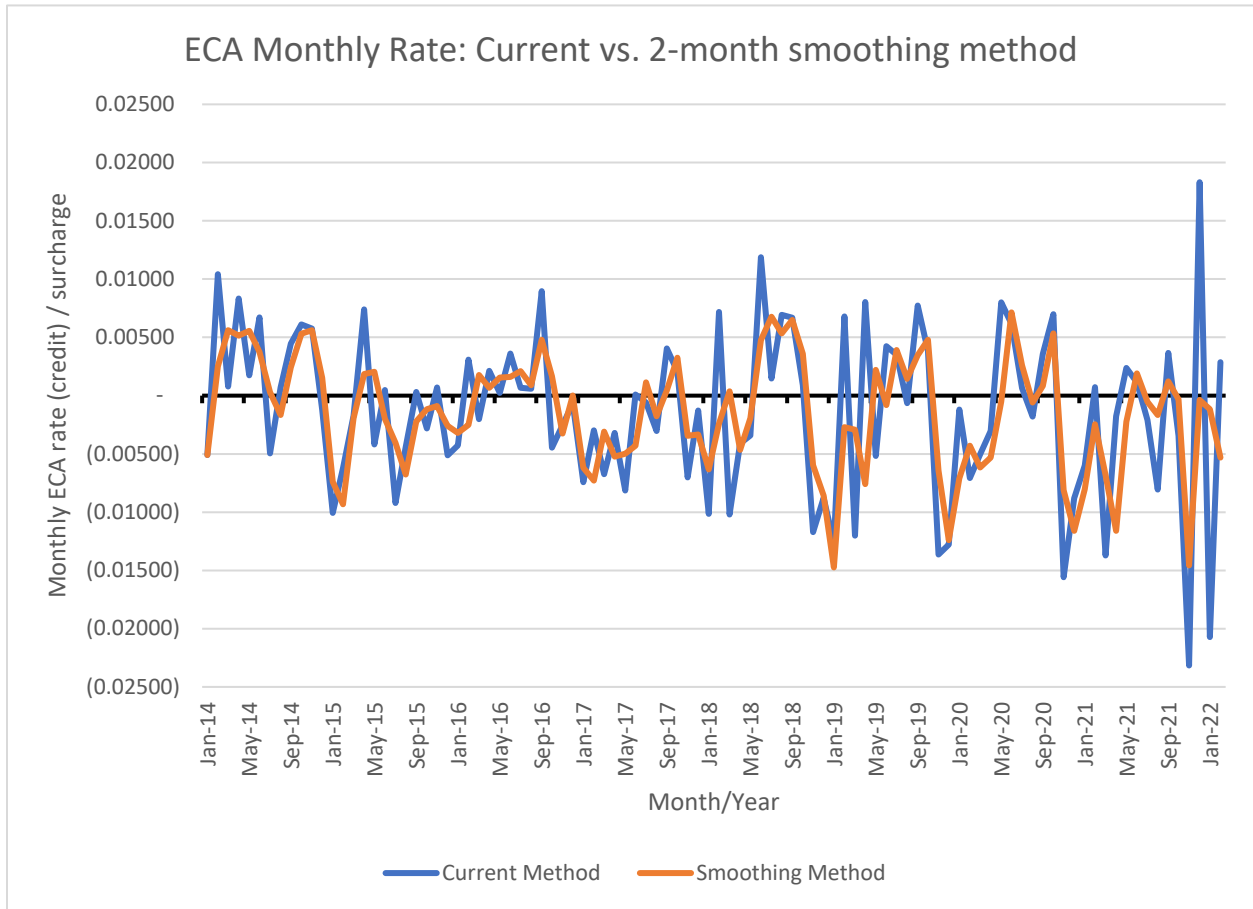
It is important to note that with the proposed changes, the overall financial impact of the annual ECA does not change dramatically, however it greatly reduces monthly volatility in cases of extreme weather or power events. The table below presents the hypothetical results of back testing the proposed 2-month smoothing ECA methodology to historical years.

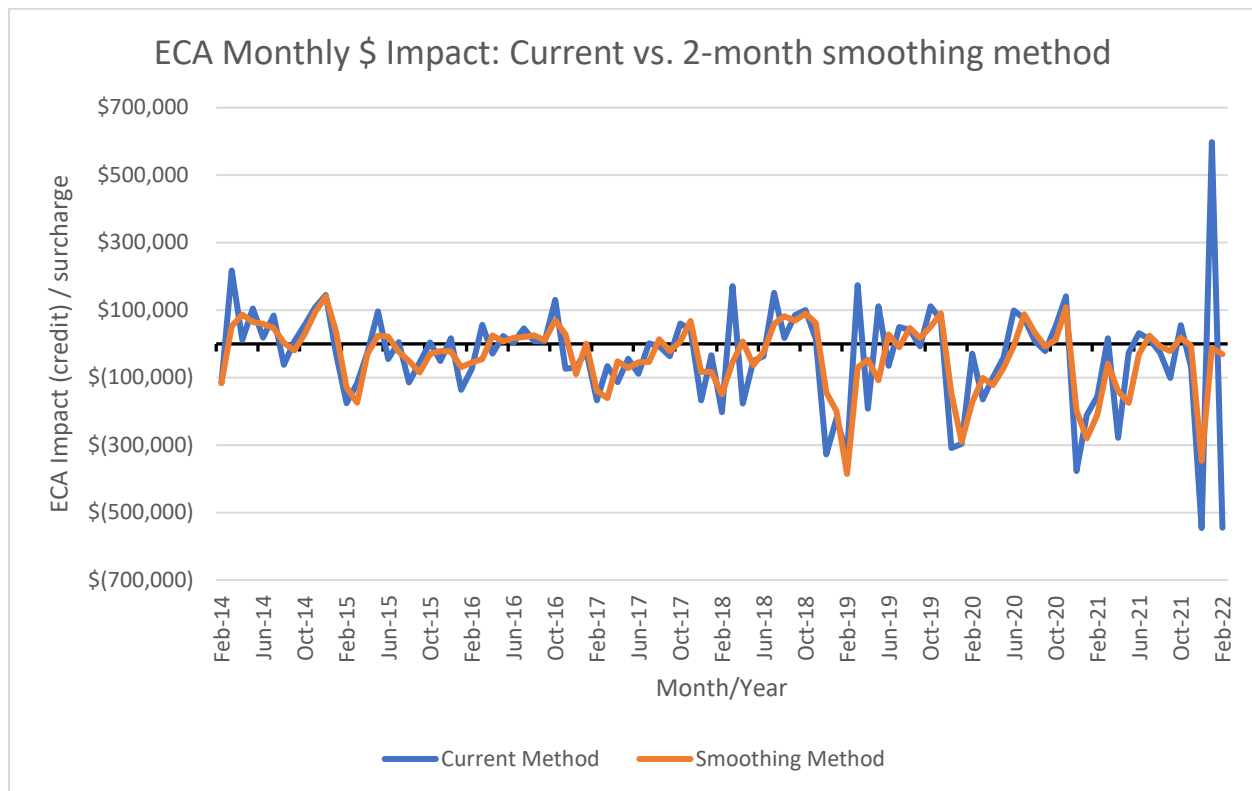
Year	Actual		Annual ECA Collection (Credit) w/ smoothing		Hypothetical: ECA 2-month smoothing method		Comment on cause for ECA
	Margin	TIER			Margin	TIER	
2014	\$ 121,950	1.13	\$ 444,856	\$ 566,806	1.61		Collection: kWh sales far below budget
2015	\$ 1,858,321	2.51	\$ (482,911)	\$ 1,375,410	2.11		Credit: actual power cost below budget by \$665k. kWh sales also slightly below budget
2016	\$ 3,062,257	3.24	\$ (55,484)	\$ 3,006,773	3.20		Credit: Both power cost & kWh sales exceeded budget
2017	\$ 3,399,288	3.10	\$ (545,396)	\$ 2,853,892	2.76		Credit: kWh sales far exceeding budget. Note board 'manually' returned \$750K in Q4
2018	\$ 3,007,369	2.67	\$ (148,174)	\$ 2,859,194	2.59		Credit: power cost below budget + kWh sales exceeding budget
2019*	\$ 2,730,925	2.40	\$ (389,334)	\$ 2,341,592	2.20		Credit: kWh sales exceeding budget + power cost approximates budget
2020*	\$ 2,378,935	2.18	\$ (74,982)	\$ 2,303,953	2.14		Credit: kWh sales exceeding budget + power cost approximates budget
2021*			\$ 60,350				

*1 - Years 2014 - 2018 ECA's are hypothetical as the ECA implemented in 2019
 *2 - 2019 - 2021 is only the incremental difference in hypothetical ECA vs. Actual
 *3 - 2019 has a large increase in ECA (Credit) largely due from 1 extra month (Jan'19)

The charts below compare the current and proposed ECA calculation methods, looking specifically at the impact to the monthly ECA 'rate' as well as the resulting dollar impact.

Comparisons of the current vs. proposed ECA methodology:





Tariff ECA – Energy Charge Adjustment Rider (Second 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:

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

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 two months 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 two months billing periods the ECA was applied. This metric is per the RUS Form 7 energy (kWh) sales.
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.

2022-2040 Load Forecast

OPALCO develops a load forecast to support the Rural Utility Services (RUS) loan process, the Integrated Resource Plan (IRP) and other internal processes.

While predicting the weather beyond a few days or weeks with any certainty is not possible, we can use trends to forecast likely scenarios. Weather drives how much energy co-op members consume, which drives how much revenue the Co-op generates to pay for expenses. Most of OPALCO's expenses are fixed costs. Due to OPALCO's current rate structure, most of OPALCO's revenue is highly variable and dependent on the weather (collecting fixed costs through variable kWh charge).

Staff will have a detailed presentation at the board meeting to foster a discussion about the 2022-2040 load forecast target. This load forecast and corresponding resolution will be used to process our next construction loan.

Staff recommends the Board approve and pass Resolution 3-2022 2022-2040 Load Forecast.



**BOARD OF DIRECTORS
RESOLUTION 3-2022
2022-2040 Load Forecast**

WHEREAS Orcas Power and Light Cooperative developed the 2022-2040 Load Forecast; and

WHEREAS, Staff has reviewed and recommends the acceptance of the 2022-2040 Electric Load Forecast for Orcas Power and Light Cooperative; and,

WHEREAS, the preparation of the Electric Load Forecast 2022-2040 conforms to RUS requirements; and,

WHEREAS, the Board of Directors has reviewed the data for the Electric Load Forecast and finds that it meets the needs of Orcas Power and Light Cooperative.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Orcas Power and Light Cooperative accepts and approves the 2022-2040 Electric Load Forecast at a regular meeting held March 17, 2022 and directs the General Manager to execute and carry out its recommendations.

CERTIFICATION OF SECRETARY

I, Brian Silverstein, Secretary of Orcas Power and Light Cooperative, do hereby certify that the above is a true excerpt of the minutes of a board meeting of this Board of Directors of the Orcas Power and Light Cooperative, held on the 17th day of March 2022 at which meeting a quorum was present.

SEAL

Brian Silverstein, Secretary

DISCUSSION ITEMS

2021 Year-End Financials

Please see attached the full 2021 Year End Unaudited financial report. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

The OPALCO and Rock Island teams met the challenge of the continued pandemic conditions in 2021 while keeping rates flat, continuing to provide COVID assistance and coming into year end with a healthy margin. Power reliability was maintained at 99.87% and Rock Island broadband reliability achieved 99.99%.

The energy charge adjustment (ECA) returned \$1,294M (\$211k in January based on December 2020 calculation) to the membership through Year End 2021, driven by higher kWh sales and a lower cost per kWh purchased than budgeted. The continued impact of COVID-19 on our commercial members is waning as commercial revenue was above budget by ~\$15k. Overall, sales were bolstered by higher kWh sales than budgeted. Coupled with overall expenses coming in under budget and the PPP Loan Forgiveness of \$1.79M, all factors combined resulted in an increase in the margin of \$2,854M as compared to budget.

The table below provides a summary of the financial results of 2021.

Income Statement Summary (in thousands)	Year End 2021 (unaudited)		
	Budget	Unaudited	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	6,591	(207)
General & Administrative Expense	5,460	5,444	(16)
Depreciation, Tax, Interest & Other	8,686	8,348	(338)
Total Expenses	30,679	30,318	(361)
Operating Margin	775	1,814	1,039
Non-op margin	243	2,058	1,815
Net Margin**	1,018	3,872	2,854
OTIER	1.38	1.89	0.51
TIER	1.50	2.91	1.41
Equity %	35.8%	38.5%	2.7%
HDD	1,398	1,446	48
kWh Purchases	216,000	238,380	22,380
kWh Sales	203,260	219,743	16,483
Capital Expenditures	7,221	6,243	(978)

* 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

For more detail, please note the following key points:

- Heating Degree Days (HDD) were slightly higher (cold weather driven) than budgeted levels (actual of 1,446 vs. budget of 1,398). Overall kWh sales were 16.5M kWh above budget (219.7M vs. budget of 203.2M) resulting in revenue coming in ~2.11% above budget.
- 2021 power purchases were \$200k higher than budgeted, due to a combination of higher overall kWh purchases (cold weather driven) and a slightly lower cost/kWh than budgeted. Actual kWh purchases were 22.4M kWh above budget (238.4.0M vs. budget of 216.0M).
- Excluding purchased power, 2021 operating expenses were approximately \$526k under budgeted amounts. Note: Some expenses and programs were temporarily cancelled due to COVID-19.
- The ECA for 2021 was a net credit to members (and reduction to operating revenue) of \$1,294k, or \$59.18 for a member using 1000 kWh/month. Due to the one-month lag in billing the calculated ECA, ~\$211k of the 2021 ECA was derived from December 2020 results.
- Rock Island Communications 2021 Financials included in separate packet.

OPALCO 2021 Financial Package under separate cover.

COVID-19 Update

Currently cases in San Juan County are waning. Governor Inslee has announced effective midnight of March 11, 2022, the mask mandate will no longer be in effect except for health care facilities and transportation systems as dictated by federal requirements. Staff will no longer be required to wear masks in the office but are free to do so should they choose. Currently the offices remain closed to the public. Staff will monitor the situation going forward and will make dynamic timeline for post pandemic conditions (related to staffing, member business, and board meetings).

Since the last update on Friday March 4th, there have been 23 new confirmed or probable cases in San Juan County. Current case count is now 1247.

- LOPEZ ISLAND: There are no new cases on Lopez Island since the last update.
- ORCAS ISLAND: There are no new cases on Orcas Island since the last update.
- SAN JUAN ISLAND: There are 23 new cases on San Juan Island since the last update.



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	98,267	200,000	101,733
Energy Assist (EAP) Residential COVID	76	31,768	100,000	68,232
Extend Project PAL Benefits - COVID	122	12,200	70,000	57,800
Grand Total	288	142,234	370,000	227,766

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

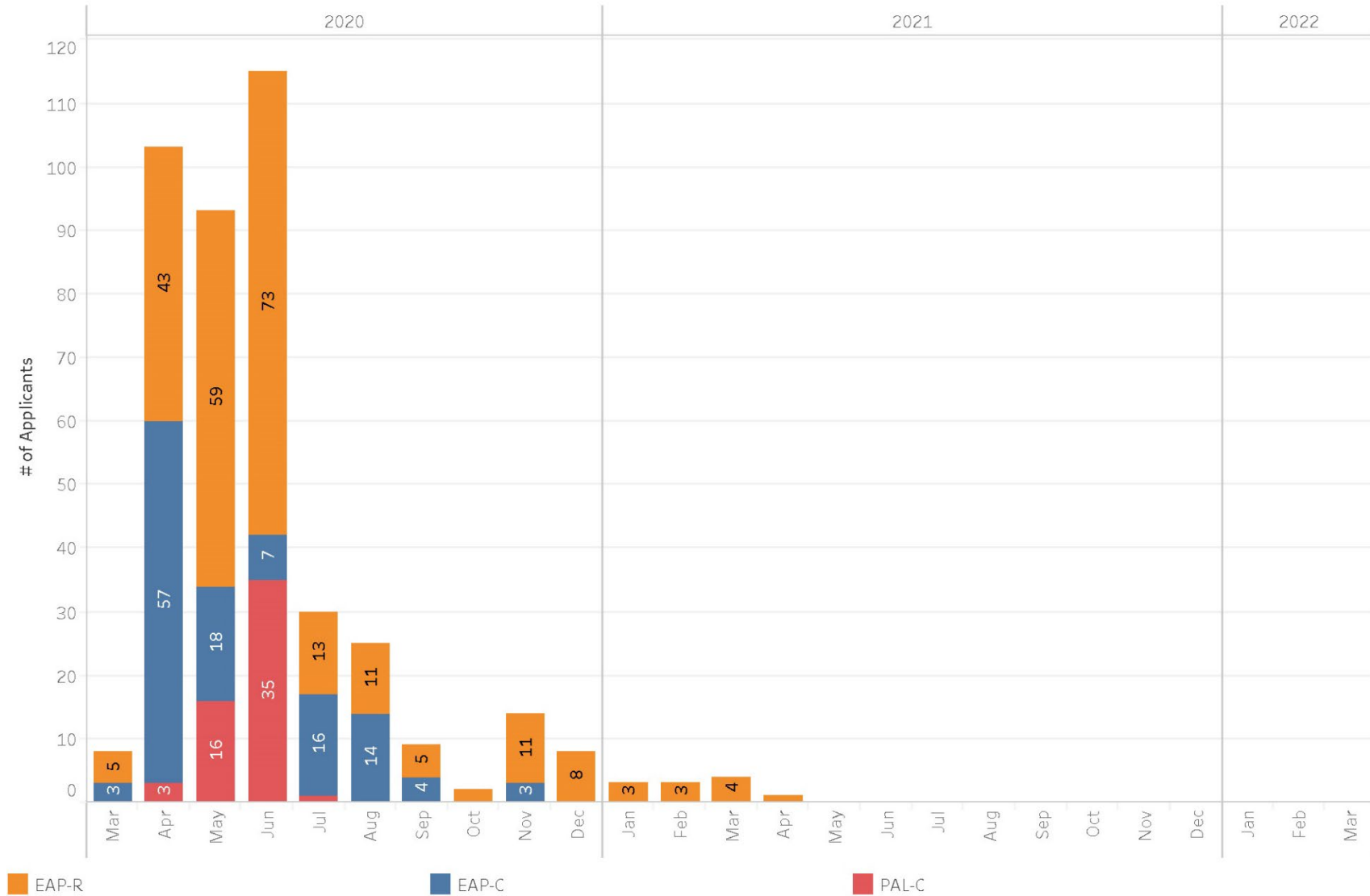
Benefit

\$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



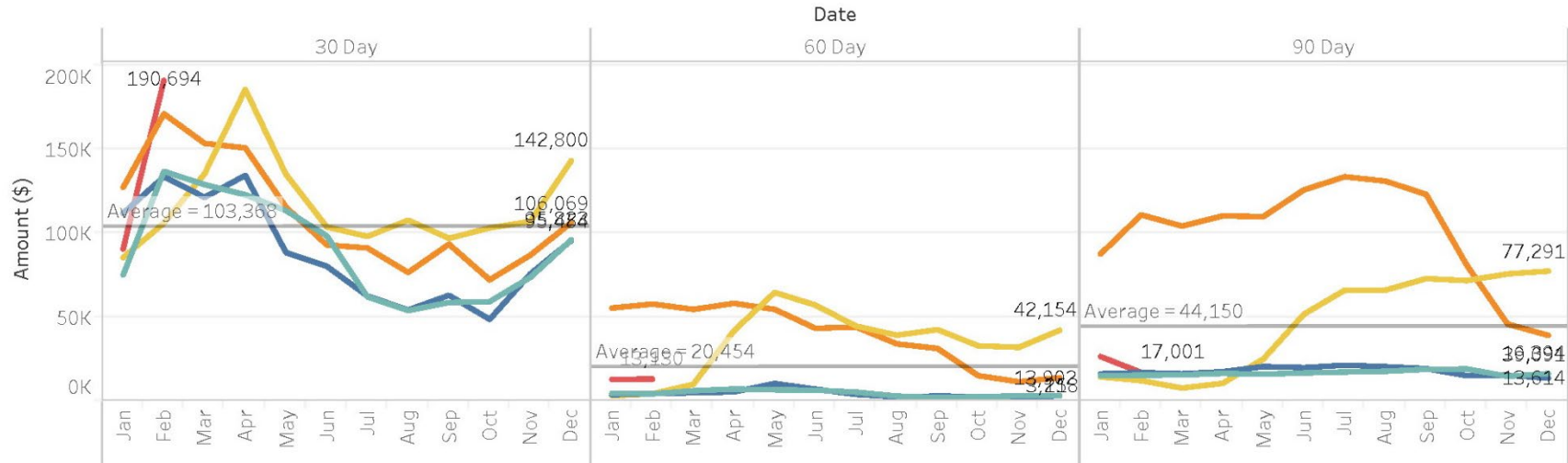
A/R 30-60-90

	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	190,694		-20.65%	61.37%	11.60%
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%	

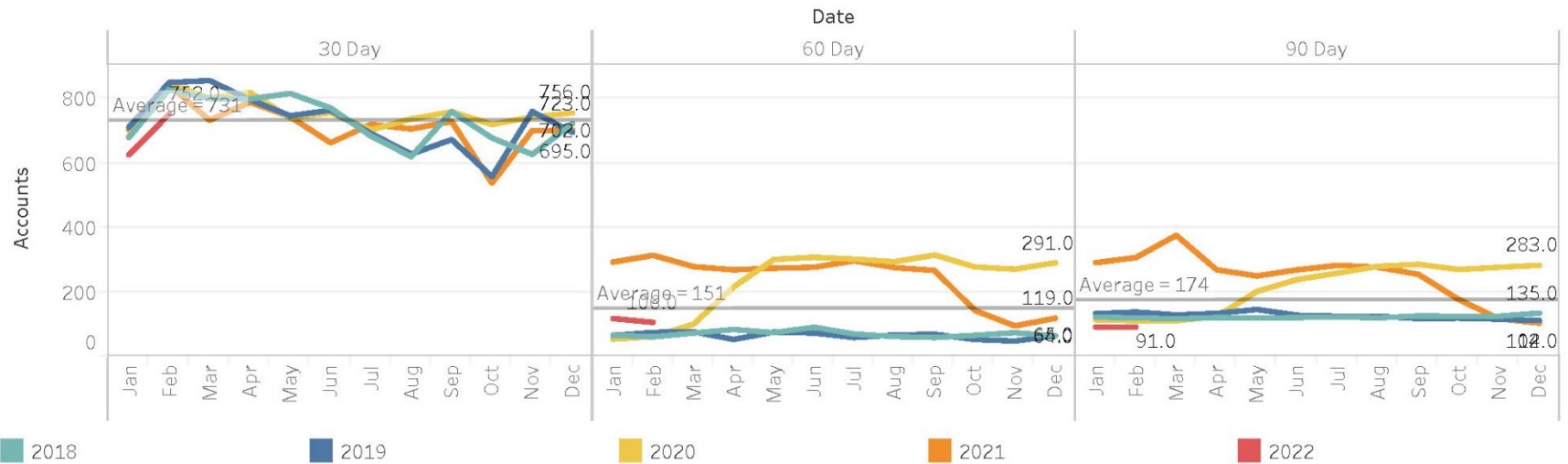
	60 Day				60 Day % Difference			
	2019	2020	2021	2022	2019	2020	2021	2022
Jan	3,837	3,101	55,338	12,956		-19.18%	1,684.60%	-76.59%
Feb	4,511	4,333	57,736	13,130		-3.93%	1,232.33%	-77.26%
Mar	4,962	9,976	54,542			101.04%	446.76%	
Apr	5,479	41,845	58,142			663.72%	38.95%	
May	10,457	64,616	54,541			517.89%	-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	17,001		-28.42%	810.45%	-84.65%
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

405

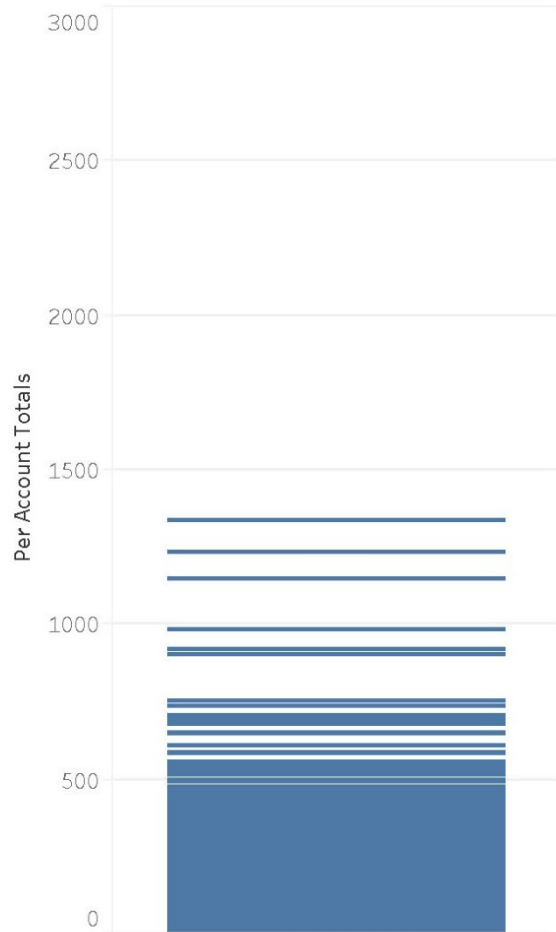
60 Day - # of Accounts

71

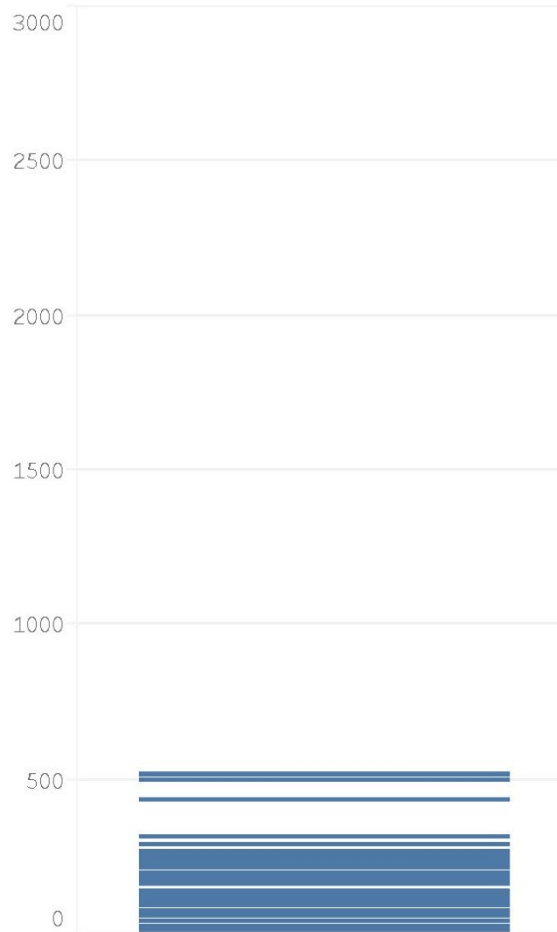
90 Day - # of Accounts

82

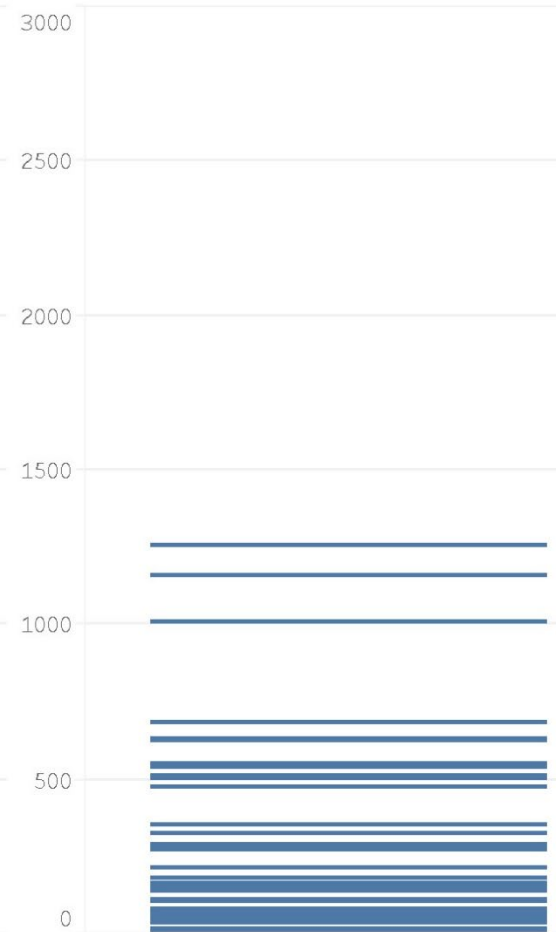
30 Day - per Account Totals



60 Day - per Account Totals

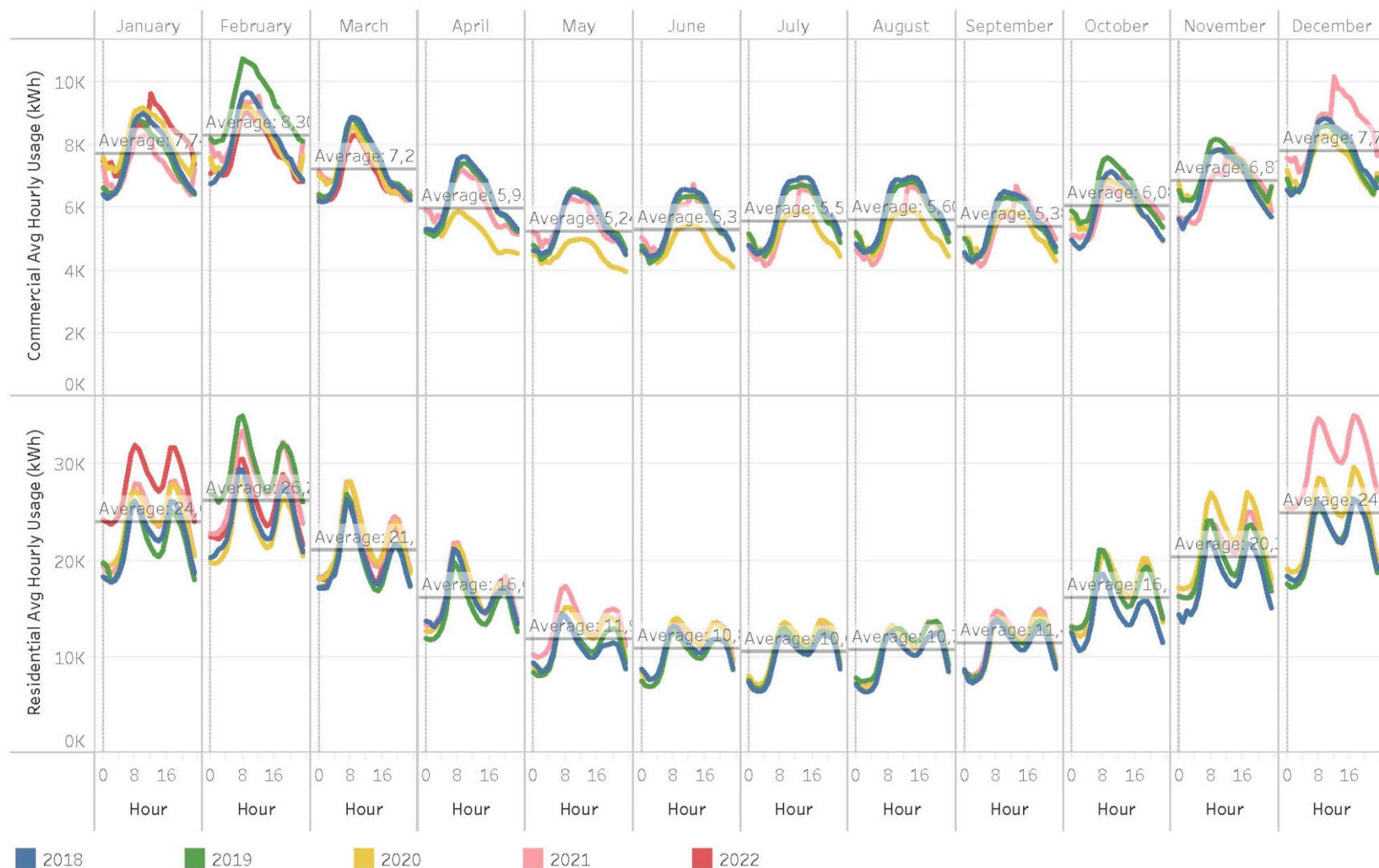


90 Day - per Account Totals



Load Shape - Residential and Commercial

- Current reporting month is a partial data set.





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
<ul style="list-style-type: none">Budget VarianceTIER/MarginExpenseCashPower CostPurchased PowerAnnual Power MetricsCapitalDebt/EquityWIPIncome Statement Trends	<ul style="list-style-type: none">DisconnectsUncollectable RevenuePALEAPService AdditionsAnnual Service AdditionsRevenue Dist. By Rate	<ul style="list-style-type: none">Historical SAIDI - GraphHistorical SAIDI - FiguresOutage Stats – Rolling 12 MoOutage Stats – MonthlySAIDI by CategoryOutage Summary

QUICK FACTS

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

<ul style="list-style-type: none">OPALCO's Plan for our Energy FutureDecarbonization – 4 Part SeriesSwitch It Up!WA 2021 Energy StrategySimpson Proposal and the Northwest Energy EvolutionWill there be enough power?OPALCO RatesEnergy Independence? Not entirelyRock Island CommunicationsOPALCO election processWireless Services	<ul style="list-style-type: none">Cost of ServiceStaff CompensationNRECAOPALCO Debt and Capital ProjectsOcean HealthNorthwest Resource Adequacy in a Rapidly Decarbonizing WorldLand for Renewable Energy ProjectsUnderstanding the Change in Solar RatesDecatur Island Battery Storage ProjectWhy Hydropower is Important to our Power SupplyWhere does OPALCO stand on regional issues and the dams?
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ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of March 10, 2022, there are 426 work orders open totaling \$4.74M. Operations has completed construction on 127 work orders, totaling \$1.9M.

Safety

John Spain of Northwest Safety Service conducted equipotential grounding training for operations staff. The total current hours worked without a loss time accident 155,340 hours.

Tidal (Preliminary Design Concept Only)

As staff begins to conceptualize tidal power, Orbital Marine, Pacific Northwest National Laboratory (PNNL), OPALCO continues to coordinate efforts with US DOE TEAMER grant, to Orbital and PNNL, and the WA DOC grant for preliminary conceptual 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. Staff anticipates RFPs for battery systems and balance of plant in Q2 2022.
- 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 Conceptual Design (Phase 1 – Preliminary Design Only) – 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 has been published with bids due in April.

US Forest Service (minor in-kind efforts only)

- Biomass Generation with Biochar (60% Design Grant \$72,835) – Design process is ongoing.

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

- Pending approval: 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 historic 'cold-snap' for both of the January billing cycles, resulting in our highest kWh sales and peak (82MW) for a month. This was curtailed by a below-average February which also included an ECA credit of ~(\$545k). Overall, gross operating revenue is above budget by ~\$634K, driven by increased kWh sales, this is curtailed by the ECA which has collected a net ~53k in 2022 through February. The table presents full year 2022 projection with actuals for prior months where available.

Income Statement Summary (in thousands)	2022 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 34,267	\$ 34,901	\$ 634
ECA Surcharge / (Credit)*	\$ -	\$ 53	\$ 53
Revenue	\$ 34,267	\$ 34,954	\$ 687
Expenses:			
Cost of Purchased Power	\$ 9,496	\$ 9,796	\$ 300
Transmission & Distribution Expense	7,091	6,897	(194)
General & Administrative Expense	6,039	5,974	(65)
Depreciation, Tax, Interest & Other	8,585	8,604	19
Total Expenses	31,211	31,271	60
Operating Margin	3,056	3,683	627
Non-op margin	285	287	2
Net Margin*	3,341	\$ 3,970	629
OTIER**	2.50	2.87	0.38
TIER**	2.64	3.02	0.38
Equity %	39.9%	40.2%	0.3%
HDD	1,375	1,402	27
kWh Purchases	220,000	226,085	6,085
kWh Sales	206,800	218,324	11,524

* The ECA collected \$53k from members through Feb 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)

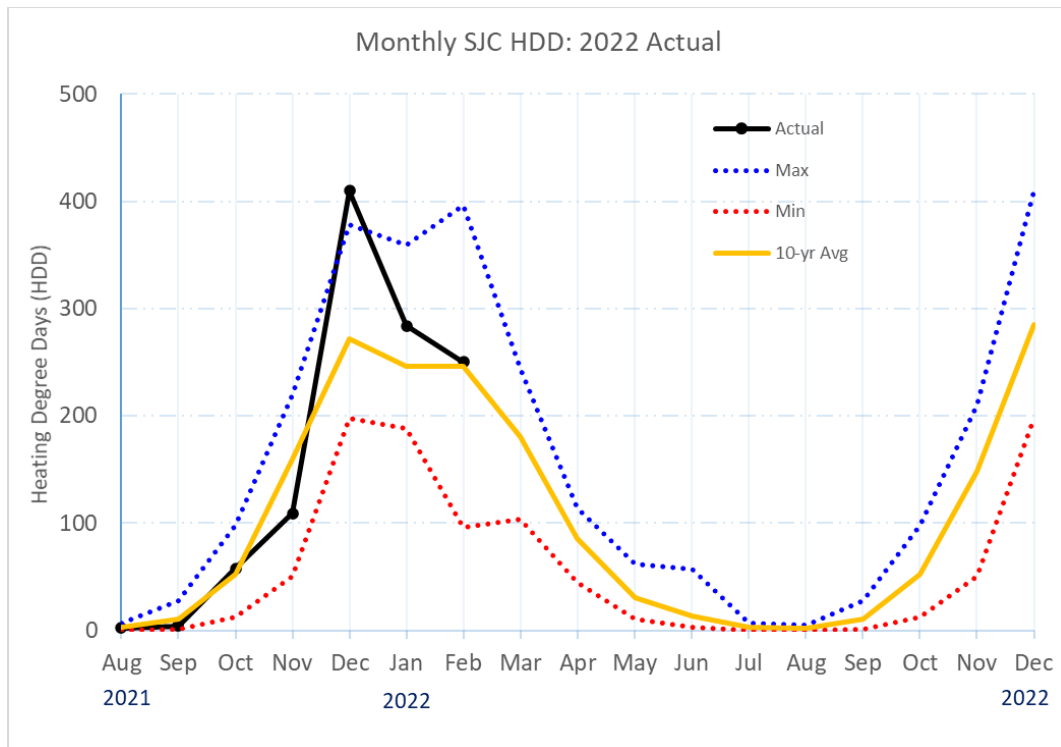
Staff is proposing an adjustment to the ECA which will smooth out potential volatile fluctuations in the monthly ECA factor arising from timing differences between OPALCO's two billing cycles and our power supplier's monthly bill. See the section on high bill smoothing for ECA details. The following is an example of the current volatility.

- December ECA **credit** of (\$546k)
- January ECA **surcharge** of \$598k
- February ECA **credit** of (\$544k)
- March ECA projected **surcharge** TBD

The exact amount of the ECA is an estimation based on known kWh sold 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 & February 2022 began trending more towards historical averages, though still in a slightly more La Nina pattern. The impacts of the extreme shift seen from November to December can be seen in our financial results for December 2021 & January 2022. We continue to monitor weather trends monthly.

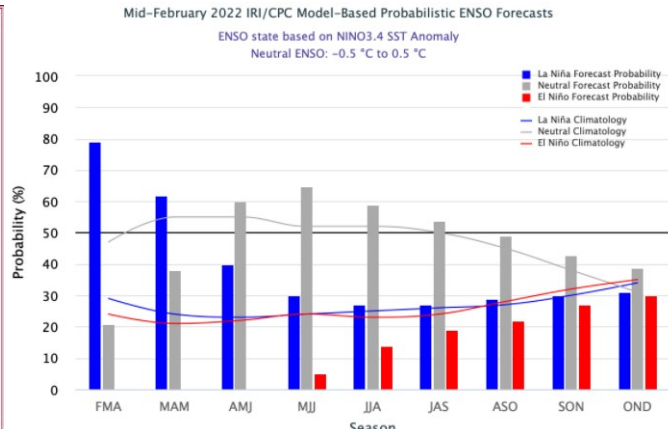
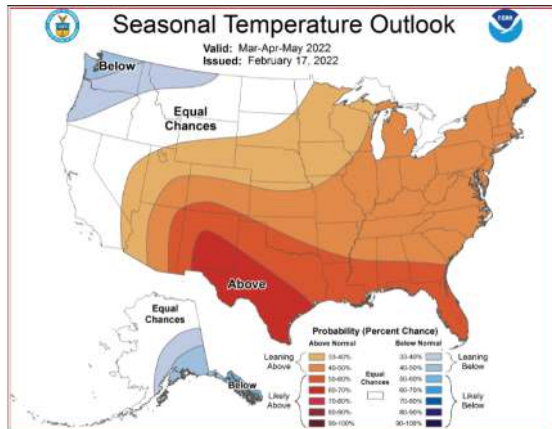


*10-year max, min, avg is 2012-2021

Weather Forecast

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

2022 Mar-Apr-May Outlook



Source: NOAA National Weather Service

MEMBER SERVICES

Annual History of Energy Assistance Funding

Assistance History

		2014	2015	2016	2017	2018	2019	2020	2021	2022	Grand Total
Energy Assist Credit	# of Accounts			241	407	444	460	574	577	417	1,009
	Total Assistance			29,151	81,957	111,996	135,595	158,434	158,740	31,014	706,887
PAL	# of Accounts	180	226	228	217	212	205	329	363	83	981
	Total Assistance	31,560	46,345	46,885	48,833	45,155	53,137	80,975	104,880	19,662	477,433
EAP Residential - COVID	# of Accounts							88	74	63	98
	Total Assistance							21,535	27,606	4,161	53,302
EAP Commercial - COVID	# of Accounts							107	97	79	119
	Total Assistance							73,340	87,233	11,034	171,607
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	591	1,506
	Total Assistance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	65,871	1,436,429

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 February 2022, 438 members received ~\$16.8k from the low-income Energy Assist program, compared to 438 members who received ~\$16.4k in assistance in February 2021.

Project PAL: During February 2022, 76 members received ~\$18.3k in Community/Family Resource Center Awards.

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

Switch it Up!

There are now 227 projects complete and billing for a total of \$1.8M 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.

Staff are beta testing the new Switch It Up measures and have received six applications to finance member solar and/or battery projects, including a \$139k commercial solar project. Note: All solar projects financed through Switch It Up are on the current renewable energy tariff. The program will officially launch in April.

Energy Savings

There were 20 rebates paid out to members totaling \$21.8k. This includes seven fuel switching ductless heat pump rebates and one EV charging station rebates.



Member Benefits from Energy Efficiency and Fuel Switching Programs:

OPALCO is committed to helping members prepare for an efficient and sustainable energy future with programs, incentives and rebates.

		2014	2015	2016	2017	2018	2019	2020	2021	2022
EE Rebates*	# of Accounts	490	524	266	155	264	442	303	147	19
	Total Awards	\$367,552	\$359,835	\$146,601	\$84,809	\$161,262	\$228,418	\$167,432	\$149,886	17,566
	Total Energy Savings	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269	47,079
Switch It Up**	# of Accounts						72	87	69	14
	Total Financed						\$684,900	\$687,589	\$705,446	\$136,053

2014-2022		Totals
EE Rebates*	# of Accounts	2,610
	Total Awards	\$1,677,347
Switch It Up**	# of Accounts	242
	Total Financed	\$2,213,989
Total		\$3,891,336

*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

Interconnects

There were nine new interconnect applications submitted in December, seven members were interconnected with solar for a total of 522 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 24 pending connection. To date there are 169 members out of 522 members who have opted out of the new solar rate and wish to remain on the legacy tariff.

Community Solar

During the February 2022 billing cycles, the [Decatur Community Solar](#) array produced 10,800 kWh. A total of ~\$1,341 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	\$2,011
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

2014-2022		Totals
Comm Solar	Total Payments	\$104,627
WA State Incentives*	Total Payments	\$1,142,517
MORE**	Total Payments	\$425,046
Total		\$1,672,190

*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

There were no candidate petitions submitted. The final slate includes 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 at 10am.

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.



County-wide Power Outage: Feb 21-22

A Nor-Easterly wind event brought scattered outages during the day on February 21st. Power was rerouted to most of Eastsound and Shaw quickly while crews traveled by boat to Decatur Island to clear the lines of branches. At around 9:00 pm, the power went out for nearly all of San Juan County when a branch came into the system near the Lopez Switching Station. The crew on Decatur traveled back to Lopez to help clear the lines and bring power back up. There were several issues to resolve, and power was restored to most members by around midnight. Additional clean-up and other scattered smaller outages kept a handful of members out of power until the next morning.

Member Events: Island Way Workshops and Energy Roundtables

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 workshops are meant to get key information out to members and then the monthly Energy Roundtables give members a forum to discuss the issues and form their own action groups or activities (like the Green Home Tours, EV parades, etc.). The following member events (mostly via Zoom) are scheduled for the first half of the year:

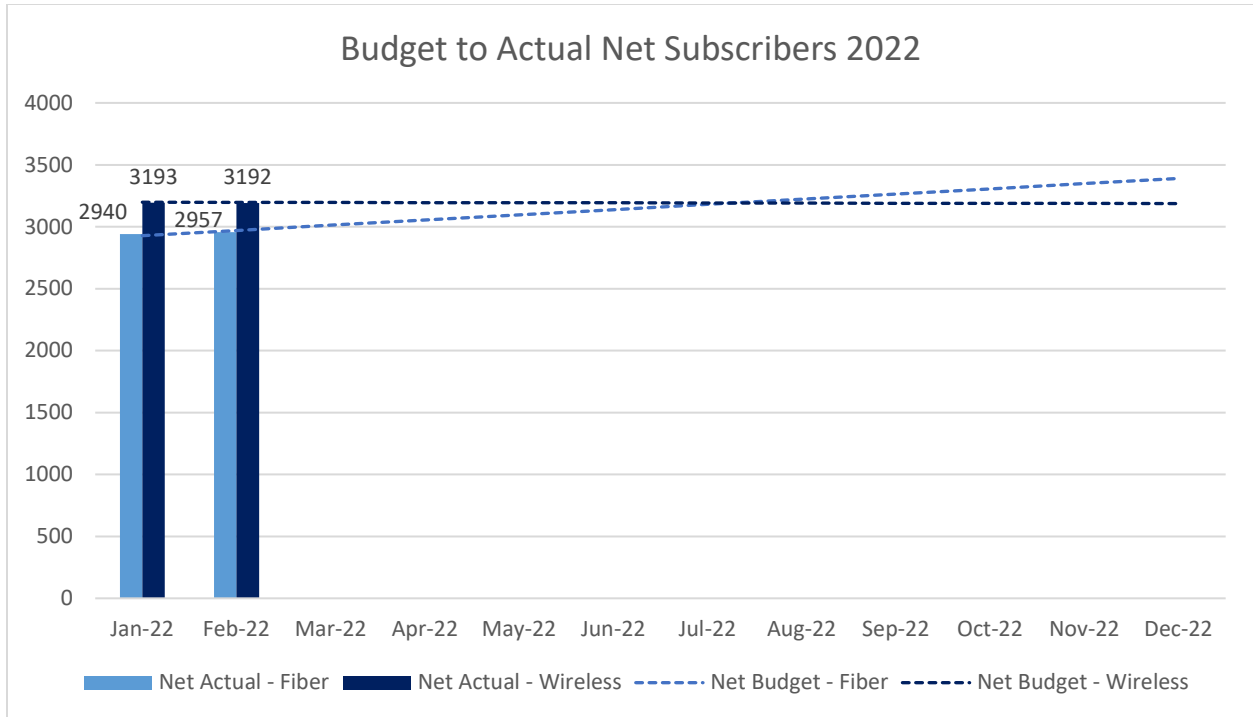
- February 7 @ 5 pm: Your Power Bill (complete)
- February 10 @ 5 pm: Take climate change action (complete)
- February 24 @ 5 pm: Energy Roundtable (complete)
- March 22 @ 5 pm: Get the most out of your Ductless Heat Pump
- March 24 @ 5 pm: Energy Roundtable
- April 6 @ 5 pm: Fast start your Switch It Up project
- April 28 @ 5 pm: Energy Roundtable
- May 11 @ 5 pm: How does climate change affect my bill
- May 26 @ 5 pm: Energy Roundtable
- June 8 @ 3 pm: Electric Vehicle Jamboree LIVE at the County Fairgrounds
- June 24 @ 5 pm: Energy Roundtable

Rock Island Snapshot

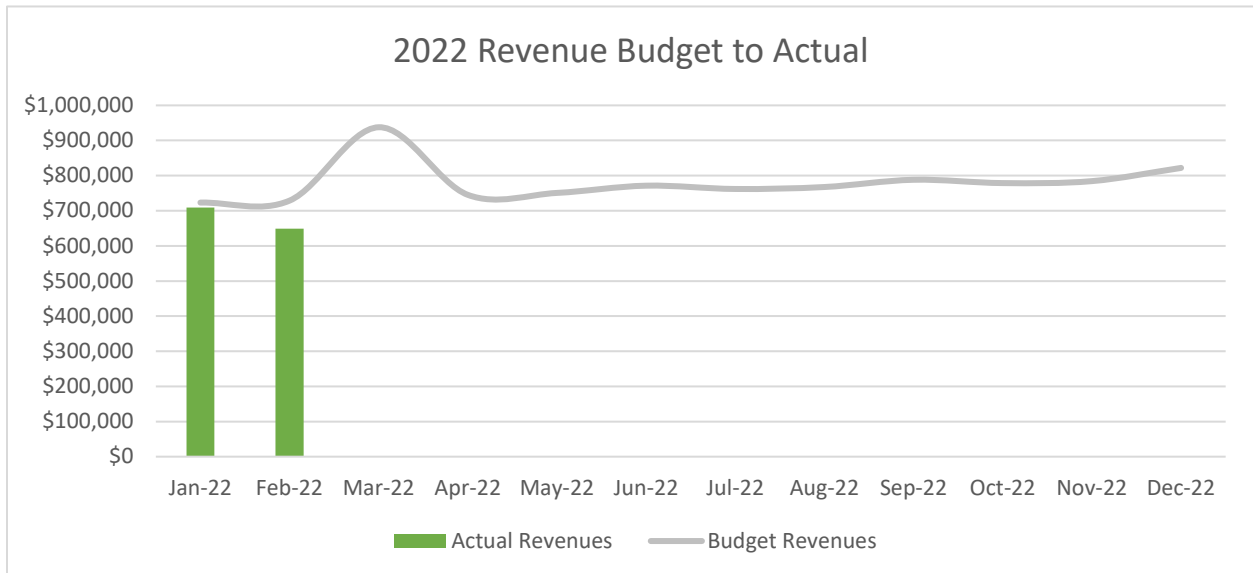
Subscriber Update

6,406 Internet Service Customers

Net Subscribers 2021



Revenues





❖ Previous months revenues are not closed out and are subject to change. Normal dip in February is due to total recognized revenue days in month.