

Board of Directors

Regular Meeting

Thursday, April 21, 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
April 21, 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

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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 – March 2022

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

589 CESSNA AVENUE, LLC
ABEL, NANCY
BERRY, BETHANY & BERRY, CHARLES
BUTLER, NATHAN & BUTLER, HEATHER
CANNAM, CYNTHIA & GAGLIARDI, CHRISTINE
CASE, KIT & KAUFFMAN, ROY
CASTELLANO, ISAAC & SOM CASTELLANO, REBECCA
CHATEAU LECHE LLC
CHEBIB, KATHY & CHEBIB, HADY
CORBETT, HEIDI & HASSIN, DAVID
DAVIS, ISOBEL
DUNN, BARBARA
DUVALL, CRIS
HARBOR PROPANE LLC
HOYLE, AURORA
KEANE, TABATHA
KING, SCOTT
KRUEGER, STEVEN
LEVINE, DONNA & ZARIE, FREID
LOWE, ALAN
MCCUBBIN, DONALD & MCCUBBIN, ELIZABETH
MINNE, BAILEY & NOBLE-WORKMAN, SHADE
MORENO, ALEX
MORRIS, DANA & MORRIS, ROBERT
MOSQUITO FLEET MERCANTILE
NESLER, AMY
NIEMAN, PATRICIA
PI FAMILY INVESTM, ENTS LLC
POND, WILLIAM
POSENJAK, JARED
SALTY AT HEART
SCHIMMEL, PAUL & SCHIMMEL, JUDITH
SPEER, JACKIE
STAHELIN, LELAND
STICKLES, CYNTHIA
TALAHYTE LLC
VIDEEN, JACOB
WEST, ZACH & BUDD, JOAN
WOOD, PAMELA
YEAGER, JESSI

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

BERNER, JOCELYN
BOYLE, SARA & BOYLE, DEVIN

BROWN, MASON & KUSSMAN, LAURA
BUCHANAN, JAMES
CHRISTEN, DOUG
CLEVER COW CREAMERY LLC
GOSSETT, TOM
HAWKINS, SUSAN
HIDDEN RIDGE LLC
KAISER, JEREMY
KOZAK, REBECCA
MANN, DEREK
MCCUTCHEON, KALLIE & MCCUTCHEON, RYAN
NAVARRO, MICHELLE & COLLINS, ZACHARY
NEWCOMBE, RACHEL
PSCCU
RAUCH, MICHAEL
ROBERSON, LACY & WRIGHT, ANTHONY
ROTH, CHRISTIAN & ROTH, KARIN
ROWLEY, ANNE & ROWLEY, MATHERS
RUSSELL, REBECCA
TURKSEL-BRANCH, MARTA & BRANCH, PHILIP
WALLACE, WILLIAM
WHITE PINES HOLDI, NGS LLC
WILSON, JONATHAN

District 3 (Lopez, Center, Decatur, Charles)

2334 BAKERVIEW RD TRUST
KAHL, JONATHAN & COPE, MARY ELISE
KUTRICH, LUKE & KUTRICH, ASHLEY
LOPEZ REMAKERY
MAXWELL CAMPBELL, JANE & CAMPBELL, THOMAS
MCBAIN, JAMES & MCBAIN, JUDY
MILLER, CONALL
NORDOFF, CHARLES & O'CONNOR, MARIBETH
PICKERING, KARLENA
REEVES, SARAH & PETTERSON, CARL
THOMAS, MAIA
WALKER, COLIN & AVERY, CHELSEA

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:

April	
<u>Customer #</u>	<u>Amount</u>
60801	3,148.11
65367	292.50
65302	94.07
29280	1,163.05
50480	933.44
3471	582.54
63011	943.91
15880	149.49
61234	1,170.77
6190	468.18
65671	2,331.93
32670	289.26
63353	1,737.61
Total	\$ 13,304.86

- 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
202202	\$299,699.85	Transclosure and URD Replacements
Total	\$299,699.85	

Staff requests a motion to approve the Consent Agenda.

**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, March 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; Member Services Supervisor Joey Wyckoff, Head Accountant Travis Neal 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:

Ray Glaze	John Fleischer	Chris Greacen
Robert Dashiell	Sandy Bishop	

Staff opened and explained rules of the meeting. Reviewed today's agenda. Reported the 2022 election is underway and reminded all members to vote by April 27, 2022, 10:00 AM (PT). Upcoming events are an Island Way Workshop and Energy Round Table. New Switch It Up measures come into effect April 1, 2022.

President Vince Dauciunas opened the meeting at 8:33 a.m.

CONSENT AGENDA

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

HIGH BILL SMOOTHING

Follow up discussion from February Board meeting regarding Energy Charge Adjustment and the effect on the members and suggested smoothing proposal.

- **MOTION** to adjust the smoothing calculation as discussed. Motion made by Struthers, second by Madsen. Passed by unanimous voice vote.

2022-2044 Load Forecast

2022-2044 Load Forecast was presented to the Directors.

- **MOTION** to approve Resolution 3-2022 to approve the Load Forecast as presented. Motion made to approve as edited by Silverstein, second by Struthers. Passed by unanimous voice vote.

Break 10:15 a.m.

Back 10:32 a.m.

2021 Year End Financial Report

GM reviewed the 2021 Year End Financial Report.

Break 11:03 a.m.

Back 11:13 a.m.

COVID UPDATE

Monthly Covid update was presented

GM REPORT

GM presented the monthly General Manager's Report.

Meeting adjourned 11:36 a.m. Directors entered closed session.

Entered open session 1:05 p.m.

Note the Directors reviewed and held discussions Rock Island Communications 2021 performance. Meeting adjourned 1:06 p.m.

EXECUTIVE SESSION
1:06 p.m.

Two topics were discussed in Executive Session, large transformer procurement and 2021 General Manager Performance Evaluation.

Back to open session 2:39 p.m.

- **MOTION** made to authorize GM to procure a new substation transformer considering increased costs as discussed in Executive Session. Motion made by Madsen, second by Struthers, passed by unanimous voice vote.
- **MOTION** made to approve the GM compensation Resolution 2-2022 by Christmas, second by Struthers. Passed by unanimous voice vote.

Vince Dauciunas, President

Brian Silverstein, Secretary/Treasurer



Orcas Power & Light Cooperative

Revision: 108578

03/25/2022 12:53:36 pm

RUS Form 219 Inventory Of Work Orders
Period: FEB 2022 System Designation: WA O9

Page: 1

Inventory: 202202

Project	Loan	Year	Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Const and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
			Construction (1)	Retirement (2)		Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	New Construction Or Replacements (6)	Salvage Relating To Retirements Without Replacements (7)		
601		2018	3053	3053	1	147,914.46	0.00	0.00	0.00	0.00	139,961.91
						147,914.46	0.00	0.00	AFUDC: 7,952.55	0.00	139,961.91
608 - 45		2018	3161	3161	1	161,800.54	0.00	0.00	0.00	0.00	159,737.94
						161,800.54	0.00	0.00	AFUDC: 2,062.60	0.00	159,737.94
Grand Totals:						\$ 309,715.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 299,699.85

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treal

Orcas Power & Light Cooperative

Revision: 108578

03/25/2022 12:53:36 pm

RUS Form 219 Inventory Of Work Orders
Period: FEB 2022 System Designation: WA O9

Page: 3

Inventory: 202202

Budget	Loan	Project	Amount
	1	601	139,961.91
	1	608 - 45	159,737.94
	Total:		299,699.85

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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treal

DISCUSSION ITEMS

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 April 8, there have been 14 active confirmed or probable cases in San Juan County. Current case count is now 1293.

- LOPEZ ISLAND: There are 4 cases on Lopez Island since the last update.
- ORCAS ISLAND: There are 6 cases on Orcas Island since the last update.
- SAN JUAN ISLAND: There are 4 cases on San Juan Island since the last update.

See the following link for further information from San Juan County:

<https://www.sanjuanco.com/1668/2019-Novel-Coronavirus>



OPALCO COVID-19 Update (Figures are reported from March 20th, 2020 to the date of transmittal, unless otherwise stated)..

COVID Assistance

Board Approved Funding includes all funding allocated for 2020 and 2021

	# of Accounts	Amount (\$)	Board Approved Funding (\$)	Remaining Budget (\$)
Energy Assist (EAP-C) Commercial COVID	97	102,273	200,000	97,727
Energy Assist (EAP) Residential COVID	76	32,910	100,000	67,090
Extend Project PAL Benefits - COVID	122	12,200	70,000	57,800
Grand Total	288	147,383	370,000	222,617

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 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.

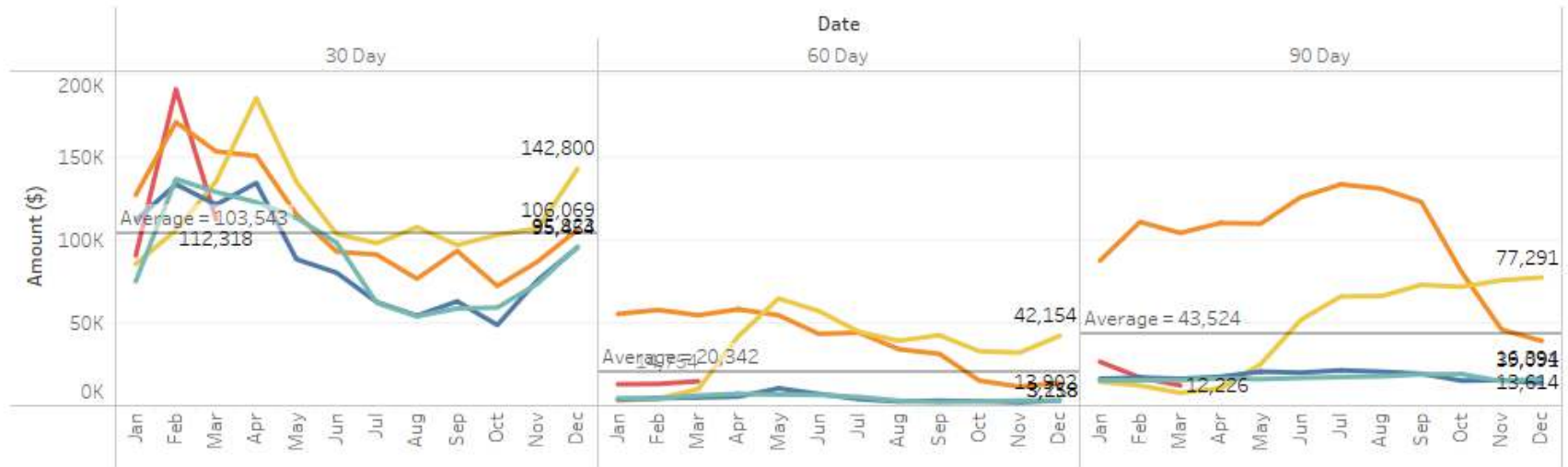
A/R 30-60-90

	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	112,318		11.59%	13.35%	-26.72%
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%	

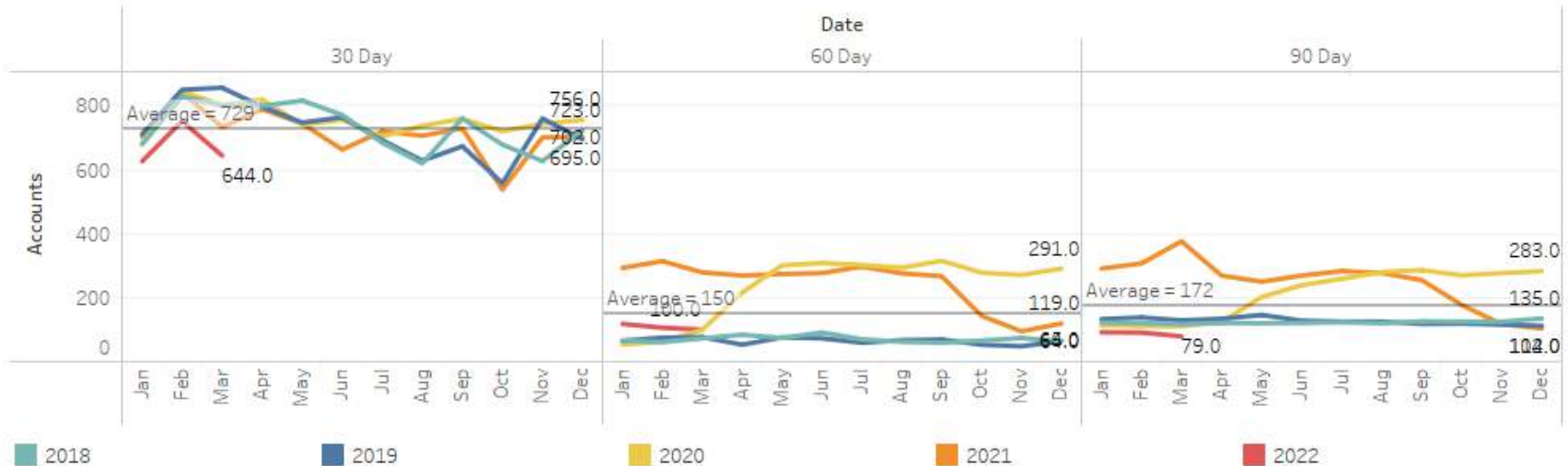
	60 Day				60 Day % Difference			
	2019	2020	2021	2022	2019	2020	2021	2022
Jan	3,837	3,101	55,338	12,956		-19.18%	1,684.60%	-76.59%
Feb	4,511	4,333	57,736	13,130		-3.93%	1,232.33%	-77.26%
Mar	4,962	9,976	54,542	14,754		101.04%	446.76%	-72.95%
Apr	5,479	41,845	58,142			663.72%	38.95%	
May	10,457	64,616	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	12,226		-52.25%	1,241.04%	-88.25%
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 (\$)

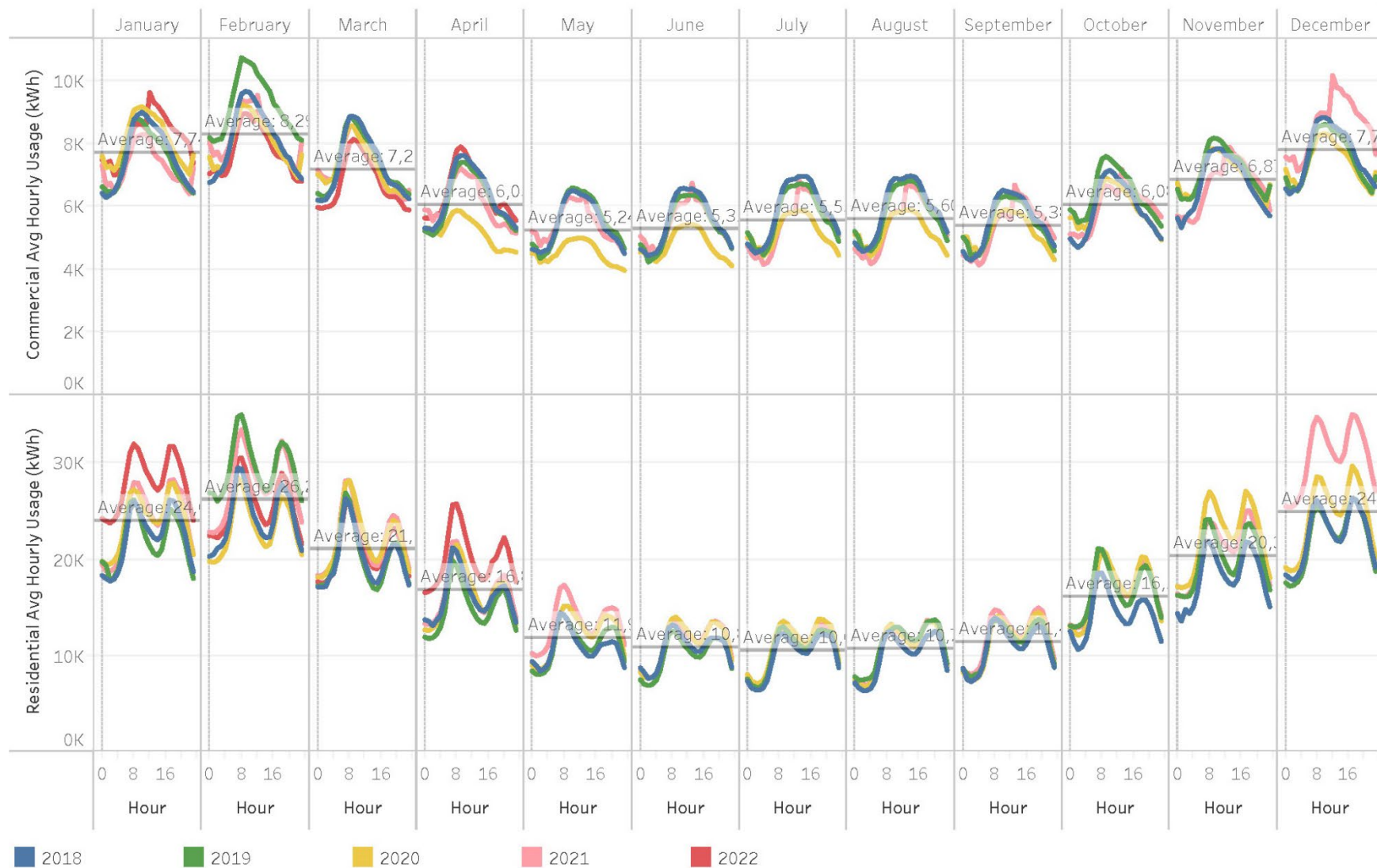


Long Term AR (Count)



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 Variance TIER/Margin Expense Cash Power Cost Purchased Power Annual Power Metrics Capital Debt/Equity WIP Income Statement Trends 	<ul style="list-style-type: none"> Disconnects Uncollectable Revenue PAL EAP Service Additions Annual Service Additions Revenue Dist. By Rate 	<ul style="list-style-type: none"> 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/>.

<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 Where does OPALCO stand on regional issues and the dams?
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ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of April 14, 2022, there are 428 work orders open totaling \$4.38M. Operations has completed construction on 131 work orders, totaling \$1.47M.

Safety

John Spain of Northwest Safety Service conducted forklift training for operations staff. The total current hours worked without a loss time accident 163,117 hours.

Grants

Staff attended Waterpower Week from April 4 – 7 in Washington D.C. The purpose in attending was to support of our future financial grant efforts by establishing Department of Energy (DOE) contacts and assist Orbital Marine solicit project specific grant funding for a pilot tidal power project in our service territory. DOE has requested a follow up meeting to discuss OPALCO's future renewable energy vision.

Given competitive grant fund requirements, matching fund stipulations, and limited OPALCO staff resources, we will be strategic in the grant applications we choose to pursue.

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.

Washington Department of Commerce - Grid Modernization

- San Juan Microgrid (Grant \$2.4M) (partnered with PNNL) – 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) – 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 – 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 higher than budgeted for Q1 2022. kWh sales included the historic 'cold-snap' for both December and January billing cycles, resulting in our highest kWh 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 below budget by ~\$293K which was curtailed by the ECA which has collected a net ~122k in 2022 through March. 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	\$ 33,974	\$ (293)
ECA Surcharge / (Credit)*	\$	-	\$ 122	\$ 122
Revenue	\$	34,267	\$ 34,096	\$ (171)
Expenses:				
Cost of Purchased Power	\$	9,496	\$ 9,805	\$ 309
Transmission & Distribution Expense		7,091	6,749	(342)
General & Administrative Expense		6,039	5,920	(119)
Depreciation, Tax, Interest & Other		8,585	8,540	(45)
Total Expenses		31,211	31,014	(197)
Operating Margin		3,056	3,082	26
Non-op margin		285	282	(3)
Net Margin*		3,341	\$ 3,364	23
OTIER**		2.50	2.63	0.13
TIER**		2.64	2.78	0.14
Equity %		39.9%	39.9%	0.0%
HDD		1,375	1,364	(11)
kWh Purchases		220,000	227,835	7,835
kWh Sales		206,800	221,920	15,120

* The ECA collected \$122k from members through March 2022

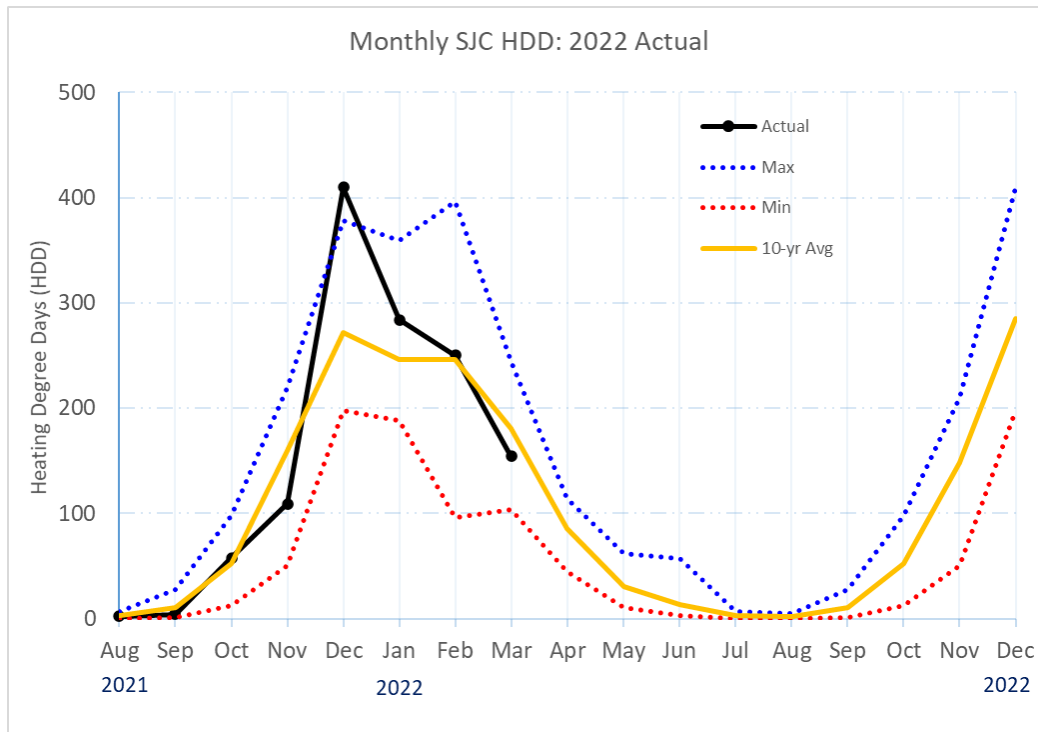
** TIER is a 'full-year' metric, thus not representative in early months as there has not been an accumulation of interest expense

Monthly Energy Charge Adjustment (ECA)

The calculated amount for the March ECA was a bill surcharge of \$.003153 per kWh which collected \$69,140 from members, or \$3.15 per 1,000 kWh. The April billing period ECA is projected to be a surcharge of \$.002757 per kWh on member bills, or \$2.76 per 1,000 kWh. Beginning in April 2022, staff is beginning using a 2-month smoothing methodology in the calculation as approved by the board in the regular March meeting. 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)

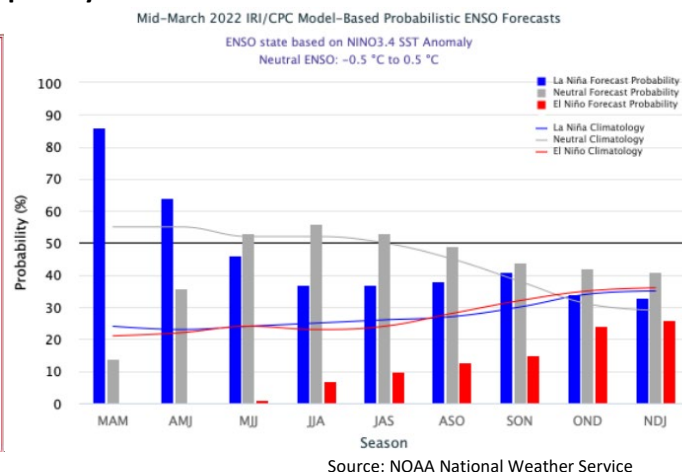
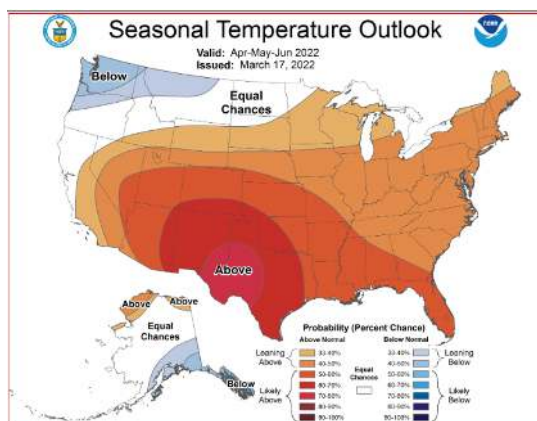
December saw a very cold weather snap and HDDs came in above the 10-yr maximum. January – March 2022 began trending more towards historical averages, though still in a slightly more La Nina pattern. The impacts of the extreme shift seen from November to December can be seen in our financial results for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



Weather Forecast

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

2022 Apr-May-Jun Outlook



MEMBER SERVICES

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2014	2015	2016	2017	2018	2019	2020	2021	2022	Grand Total
Energy Assist Credit	# of Accounts			241	407	444	460	574	577	440	1,020
	Total Assistance			29,151	81,957	111,996	135,595	158,434	158,740	47,796	723,669
PAL	# of Accounts	180	226	228	217	212	205	329	363	141	996
	Total Assistance	31,560	46,345	46,885	48,833	45,155	53,137	80,975	104,880	35,212	492,983
EAP Residential - COVID	# of Accounts							88	74	63	98
	Total Assistance							21,535	27,606	5,303	54,445
EAP Commercial - COVID	# of Accounts							107	97	79	119
	Total Assistance							73,340	87,233	15,040	175,612
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	632	1,517
	Total Assistance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	103,351	1,473,909

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 March 2022, 436 members received ~\$16.8k from the low-income Energy Assist program, compared to 433 members who received ~\$16.6k in assistance in March 2021.

Project PAL: During March 2022, 31 members received ~ \$7.2k in Community/Family Resource Center Awards.

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

LIHEAP: Low Income Home Energy Assistance Program awards continue to be applied to members accounts.

Switch it Up!

There are now 245 projects complete and billing for a total of \$2.0M 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.

Staff have made the new Switch It Up measures available and have received lots of interest from members.

Energy Savings

There were 15 rebates paid out to members totaling \$18.8k. This includes four fuel switching ductless heat pump rebates and one EV charging station rebate.



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. All values are as of first of the month reported.

		2014	2015	2016	2017	2018	2019	2020	2021	2022
EE Rebates*	# of Accounts	490	524	266	155	264	442	303	147	34
	Total Awards	\$367,552	\$359,835	\$146,601	\$84,809	\$161,262	\$228,418	\$167,432	\$149,886	\$36,380
	Total Energy Savings	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269	75,503
Switch It Up**	# of Accounts						72	87	69	33
	Total Financed						\$684,900	\$687,589	\$705,446	\$405,297

2014-2022		Totals
EE Rebates*	# of Accounts	2,625
	Total Awards	\$1,696,161
Switch It Up**	# of Accounts	261
	Total Financed	\$2,483,233
Total		\$4,179,394

*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 ten new interconnect applications submitted in March, nine members were interconnected with solar for a total of 531 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 25 pending connection. To date there are 207 members out of 531 members who have opted out of the new solar rate and wish to remain on the legacy tariff.

Community Solar

During the March 2022 billing cycles, the [Decatur Community Solar](#) array produced 26,960 kWh. A total of ~\$2,723 was distributed to 269 accounts.

Solar Benefits Paid to Members

All values are as of first of the month reported.

		2014	2015	2016	2017	2018	2019	2020	2021	2022
Comm Solar	# of Accounts							265	268	269
	Total Payments							\$50,688	\$51,928	\$4,735
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	\$107,351
WA State Incentives*	Total Payments	\$1,142,517
MORE**	Total Payments	\$425,046
Total		\$1,674,914

*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

Ballots returns are on track for the 2022 election: please encourage every co-op member you know to VOTE! The deadline is April 27th by 10am. The slate is 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)

Find full candidate bios, a video recording of the candidate forum that was held on March 15th and voting information on OPALCO's elections hub: <https://www.opalco.com/election-hub/>. This year, every member was mailed a voter's guide and ballot on March 11th - members can vote online or by mail (but mailed-in ballots must be received before the deadline). OPALCO cannot accept ballots; they must be returned online or by mail to the election vendor, Survey & Ballot Systems. If you need help voting, Email us at communications@opalco.com or contact our technical election support (available M – F 8:00 AM – 5:00 PM CT) at [952-974-2339](tel:952-974-2339) or support@directvote.net.

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 @ 10am PT
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 includes 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. The annual report is posted online in the document library (<https://www.opalco.com/wp-content/uploads/2022/04/Annual-Report-Final.pdf>) and also located in the appendix.

OPALCO in the News

A member posted a series of opinion pieces in local news blogs about the Lower Snake River Dams with a call to action to contact OPALCO. While OPALCO received only a handful of direct messages from members (some pro and some con), the social media commentary was robust. OPALCO's position on the dams and ocean health is published in a series of Quick Facts, especially:

- <https://www.opalco.com/where-does-opalco-stand-on-regional-power-and-the-dams/2022/03/>
- <https://www.opalco.com/quick-fact-ocean-health/2022/01>



OPALCO cares deeply about the health of all species in our beautiful Salish Sea and understands the emotional response. While the Co-op has little influence on regional power issues it is focusing its attention on what it can do: efficiency, conservation and local resiliency measures that will help members prepare for a new energy world and result in a significant reduction of carbon pollution in our local environment.

Friday Harbor Fire (April 7)

A major fire in the early morning of April 7th completely destroyed three buildings on Spring Street in Friday Harbor and caused damage to others around the area. OPALCO is partnered with the Economic Development Council to provide resources and support to the business owner victims of this tragedy and has offered to waive the service access fee for business accounts that are unable to occupy their buildings for up to six months. In addition, OPALCO staff will work with businesses to access on-bill financing for new construction efficiency measures and to assist with any rebates available for commercial and new construction.

USDA REDA Grant: Commercial Energy Audits

OPALCO was awarded a grant from the USDA's Rural Energy Development Assistance (REDA) to conduct comprehensive energy audits for commercial accounts. OPALCO is a partner with Sustainable Connections who will conduct the audits beginning this summer. Commercial members will have access to a very detailed audit (which can include a solar assessment) and, if they choose to go forward with a project, will benefit from extensive technical assistance from Sustainable Connections, support applying for a USDA REAP grant that could cover up to 25% of their project – and, of course, access to OPALCO's Switch it Up program for on-bill financing of efficiency measures. OPALCO and Sustainable Connections will hold a series of workshops to explain the program to businesses starting this summer.

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:

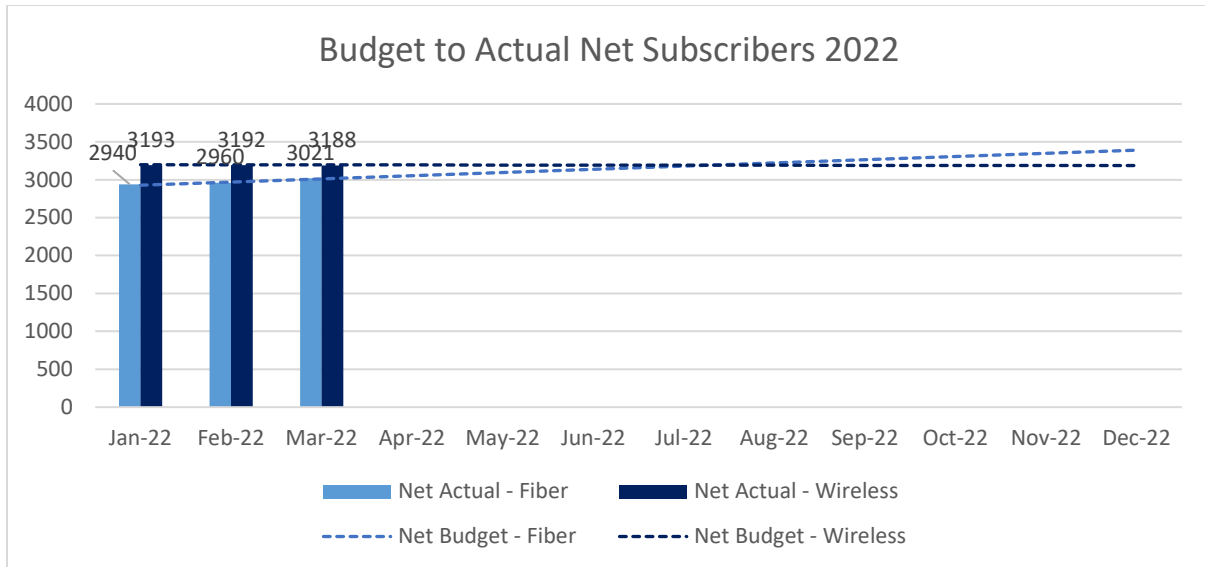
- February 7 @ 5 pm: Your Power Bill (complete)
- February 10 @ 5 pm: Take climate change action (complete)
- February 24 @ 5 pm: Energy Roundtable (complete)
- March 22 @ 5 pm: Get the most out of your Ductless Heat Pump (complete)
- March 24 @ 5 pm: Energy Roundtable (complete)
- April 6 @ 5 pm: Fast start your Switch It Up project (complete)
- 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

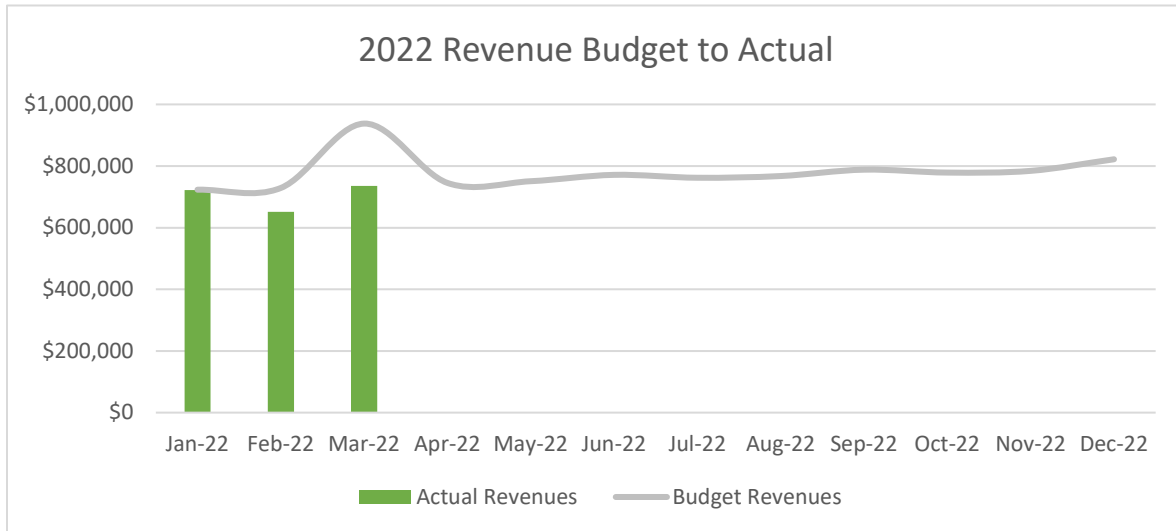
Subscriber Update

6,444 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. Variance in March is due to continued delays in recognized revenue for the radio project being shifted to Q2. Once County Emergency Communications project work order is closed out in Q2, budget to actual revenues will be on target.

APPENDIX

Annual Report

2021 ANNUAL REPORT



GET CONNECTED WITH SWITCH IT UP! THE LITTLE CONDOS THAT COULD (GET FIBER INSTALLED)

Fiber service in their unit. Each unit is now future proofed with a robust connection.

"Rock Island was great about working with each condo owner," said Bruce Clarke, HOA board member. "They were completely professional in how they managed the project including dealing with contractors and spending time with each homeowner. We each got to determine where to install the connection to best meet our needs – and it felt good to be working together on such a big improvement for the quality of our lives."

The benefits for the condo community include energy savings with smart devices (remote control of thermostats, heat pump controllers, lighting), reliable, high-speed internet connection, and increased value to their property.

"I was able to change my HVAC setting from 65 to 55 last week while off-island via a Honeywell phone app," said condo owner Gail Mancari. "I'm saving a bundle on my energy costs! Gotta love that technology!"

The HOA had to get creative in how to get

OPALCO's low interest financing since the association itself does not currently have a meter, but the OPALCO team worked with the group to find a solution. In the short-term, one of the owners will carry the financing until a new meter for the whole association can be installed.

The HOA members are happy with the finished project – even though it did take longer than expected with contractor and supply delays. The main trench was run right through the front lawn of one condo unit, but you'd never know it – it looks great, especially now that a whole slew of irises are starting to pop up (picture below).

A high-speed internet connection is a must for modern living, especially way out here in the islands. Find out how you can access financing to install a fiber connection to your home or business at www.opalco.com/switchitup.



SWITCH IT UP: OPALCO'S ON-BILL FINANCING PROGRAM SAVE NOW - PAY LATER!



HEATING SYSTEMS

Ductless heat pumps, ducted heating systems, smart thermostats and automated controls can be financed.



SOLAR & BATTERY PROJECTS

Join the renewable energy revolution with rooftop solar and home battery storage projects. Community solar shares can also be financed.



WEATHERIZATION PROJECTS

Insulation, windows, ducts and air sealing, doors, and moisture barrier improvements. Weatherization is the key to saving on your bill.



APPLIANCES

Energy Star appliances including heat pump water heaters, induction stoves, and heat pump dryers.



FIBER INTERNET

A high speed fiber connection paired with an energy efficiency device for greater control and savings in your home or business.



EV CHARGER

An electric vehicle (EV) saves at least \$1,000 per year compared to a gas-powered car that gets 30 MPG. Keep it charged and ready at home!



COMMERCIAL

Fixture upgrades to improve efficiency, lighting control technologies, daylighting systems and more. Ask us about your project ideas!

EASY TO APPLY AND QUALIFY FOR UP \$100,000 PER OPALCO MEMBERSHIP
*new construction now eligible!

1 GET A BID FROM A CONTRACTOR FOR YOUR ENERGY SAVINGS PROJECT

2 APPLY ONLINE AT WWW.OPALCO.COM/SWITCHITUP

3 INSTALL YOUR PROJECT AND START SAVING



WWW.OPALCO.COM

OPALCO 2021 ANNUAL REPORT

SAFE, RELIABLE, COST EFFECTIVE, ENVIRONMENTALLY SENSITIVE

CO-OP FINANCIAL REPORT UNAUDITED

The OPALCO and Rock Island teams met the challenge of the continued pandemic conditions in 2021 continuing to provide COVID assistance and coming into year end with a healthy margin.

	2020	2021
kWh Purchases	\$225,413	\$238,380
Total Revenue	\$32,465	\$32,132
Cost of Power	\$9,513	\$9,935
Operations & G&A	\$12,076	\$12,035
Depr, Int & Taxes	\$8,497	\$8,348
Total Expense	\$30,086	\$30,318
Net Margins	\$2,379	\$1,814
Tier	2.18	2.91
Equity % of Total Cap	16.0%	18.5%
Equity	\$38,341	\$40,663
Total Debt	\$69,876	\$67,076
Capital Spending	\$(7,050)	\$(6,243)
Capital Credit Retirement (net)	\$(1,115)	\$(1,100)

NOI: Numbers are in thousands.

All numbers throughout report are subject to change as year end numbers are finalized for financial audit.

2021 Revenue



2021 Expenses



DECATUR ISLAND COMMUNITY SOLAR

266 members who own shares

519.2 MWh produced (enough for 42 homes for a year)

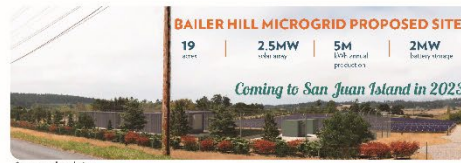
\$52,000 in production credits

\$6,100 in energy assistance

1 MW, 2.6 MWh large scale battery storage



THANK YOU
OPALCO MEMBERS!

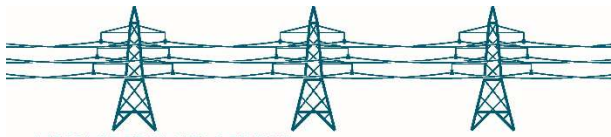


*conceptual rendering

BAILER HILL MICROGRID PROPOSED SITE

19 acres | 2.5MW solar array | 5M kWh annual production | 2MW battery storage

Coming to San Juan Island in 2023



MESSAGE FROM LEADERSHIP

Foster Hildreth, General Manager

After two years of pandemic conditions, our Co-op is emerging in good financial condition with stable staffing and some business opportunities toward our goal of building a sustainable energy future. While we have to provide and pilot operations during the COVID-19 situation, OPALCO remained productive and strong. Finding new and more efficient ways to serve the membership. Despite challenges in the workplace, supply chain and labor pool, the very people of our Co-op and Rock Island team for their heroic efforts to stay safe while maintaining nearly perfect reliability ratings.

Our Island Way Campaign is built on this co-op promise: "What we share is stronger than what we face." We banded together under our mission of serving our members with safe, reliable, sustainable, and cost-effective essential utility services. These core values drive all activities. The following is a summary of accomplishments by core value area and a more detailed list can be found in the January 2022 board materials online.

Safe: OPALCO maintains a robust safety program including peer review, training and workplace compliance. OPALCO experienced no safety accidents in 2021. OPALCO's subsidiary, Rock Island Communications, continued to make significant contributions to member safety during the pandemic with internet connectivity and a solid emergency communications network.

Reliable: OPALCO's power reliability was 99.97% for 2021. Rock Island marshaled internet connectivity to 99.99%. With so many of our members working and schooling from home and businesses operating remotely, reliable access to

power and broadband were not just critical but essential to the quality of life in San Juan County.

Sustainable: Members conserved 369,431 kilowatt-hours through rebate and incentive programs and 50 new local renewable generators were interconnected to our local grid. OPALCO is proud to launch a public awareness campaign, the Island Way, engaging >500 members in workshops and activities to help prepare for decarbonization. OPALCO leadership continues to work with FERC to establish a regional transmission authority to provide a coordinated and dedicated regional network to protect reliability and affordability in the face of the coming new energy landscape.

Cost-Effective: Through our partnership with the local family/community resource center, \$100,000 of bill assistance was awarded to 473 low-income households, plus an additional \$16.6K in COVID-19 relief awards that went to 121 households. Participation in OPALCO's monthly bill assistance program, Energy Assist, increased with an average of 440 households receiving monthly bill credits which totaled \$45K.

OPALCO results maintained power to its membership at cost including the expense to solar rates, a first step in connecting a flawed premise that most utilities share in their rate design. We depend on sales of energy (kWh) to cover our costs. As we encourage more local solar production and increased energy efficiency, sales of

kWh will continue to trend downward. This trend is partially mitigated by new electric loads as members switch from fossil fuels (space, wood and gas/oil) to who use of electricity for heating and transportation - but the gap is forecast to widen over time. Please stay tuned as the board explores new solutions for rate design to keep the Co-op's cost of service as low as possible while maintaining a viable organization and a reliable power supply.

As a co-op, we are in control of our destiny.

Let us know - we can help.

THE ISLAND WAY

DETERMINING OUR OWN ENERGY FUTURE



SAVING MONEY

SAVING THE PLANET

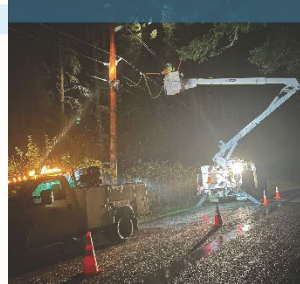
- Members saved 369,000 kilowatt hours through rebate programs.
- Added 80 new local solar generators to our system (502 total).
- Members completed 69 energy savings projects using Switch it Up funds.
- Rebate dollars awarded to members: **\$124,700**
- Through a grant, provided 35 "EV Happy Deal" purchase incentives.

MEMBERS HELPING MEMBERS

\$158,900 Energy Assistance Credits	440 Low-income Households
\$100,400 Pal Assistance Grants	473 Islander Households
\$11,600 COVID Assistance	121 Homes or Businesses



THANK A LINEWORKER!



- IN 2021**
- Power Reliability was 99.97%
 - The crew managed and maintained 1,259 miles of power lines more than 87% underground
 - Most power used on our system - 82 MW
 - Replaced -68,000 feet of aging and failing underground cable
 - Keeping our system reliable: 252 dangerous trees removed; 416 trees trimmed; and 3,680 linear feet of distribution line brush mowed

SAFETY FIRST!

WWW.OPALCO.COM/SAFETY-CENTER/

UPCOMING EVENTS

Annual Meeting
April 30th via Zoom
9:00 am
\$10 Bill Credit for all attendees
25 grand prizes raffled

How will climate change affect your power bill?
May 11 via Zoom
5 pm

Electric Vehicle Jamboree
June 8th
3 pm - 6 pm
San Juan County Fairgrounds



WHAT WE SHARE IS STRONGER THAN WHAT WE FACE



2021 BY THE NUMBERS

238,641,000
Kilowatt hours (KWh) purchased

\$32,132,000
Annual electricity bills

\$1,100,000
Capital costs returned to member

15,573
Members connected

11,645
Members



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OPALCO 2021 ANNUAL REPORT

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