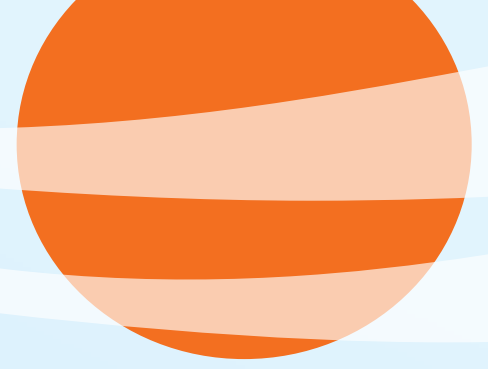


2021 ANNUAL REPORT



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 Mancarti. “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.

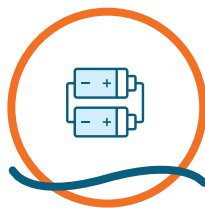


SWITCH IT UP: OPALCO’S ON-BILL FINANCING PROGRAM SAVE NOW - PAY LATER!



HEATING SYSTEMS

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



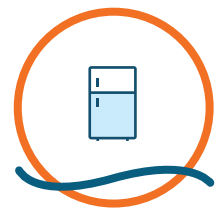
SOLAR & BATTERY PROJECTS

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

SAFE, RELIABLE, COST EFFECTIVE, ENVIRONMENTALLY SENSITIVE

CO-OP FINANCIAL REPORT UNAUDITED

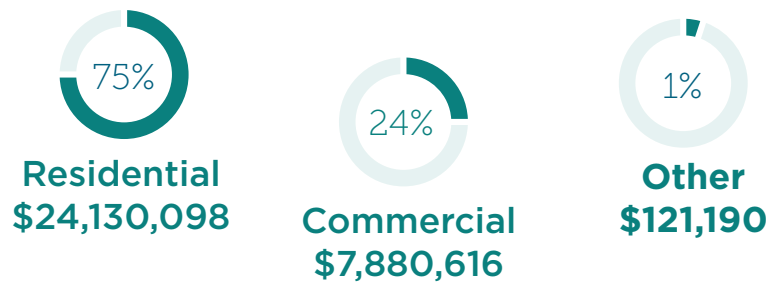
The OPALCO and Rock Island teams met the challenge of the continued pandemic conditions in 2021 continuing to provide COVID assistance and coming into year end with a healthy margin.

	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	36.0%	38.5%
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)

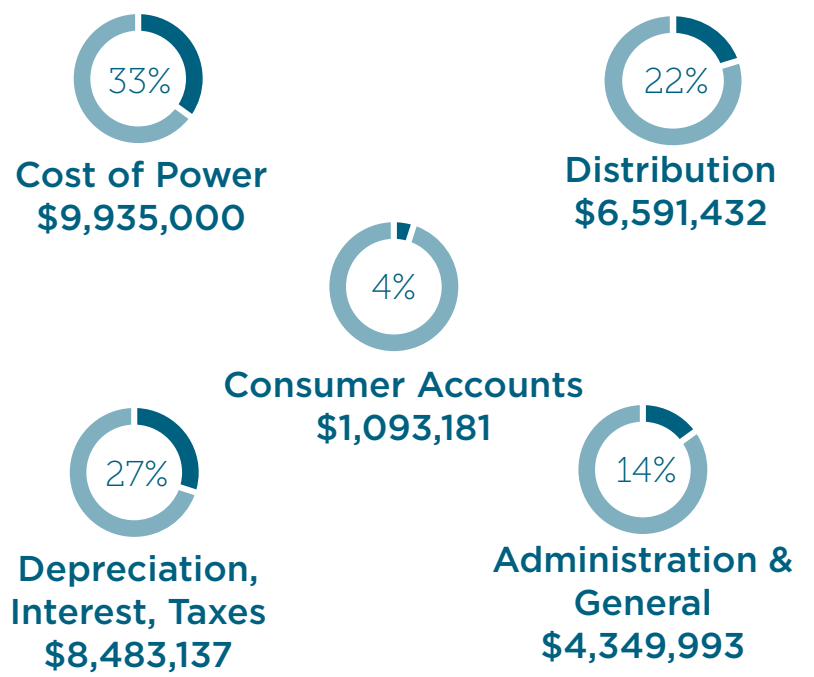
NOTE: Numbers are in thousands.

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

2021 Revenue

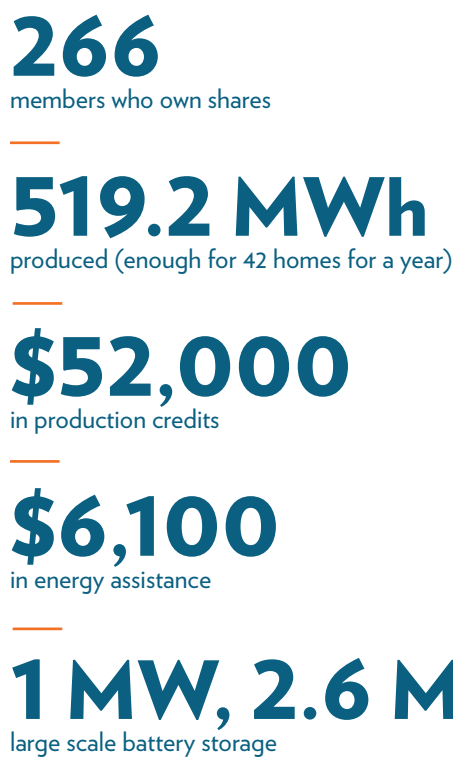


2021 Expenses



**THANK YOU
OPALCO MEMBERS!**

DECATUR ISLAND COMMUNITY SOLAR

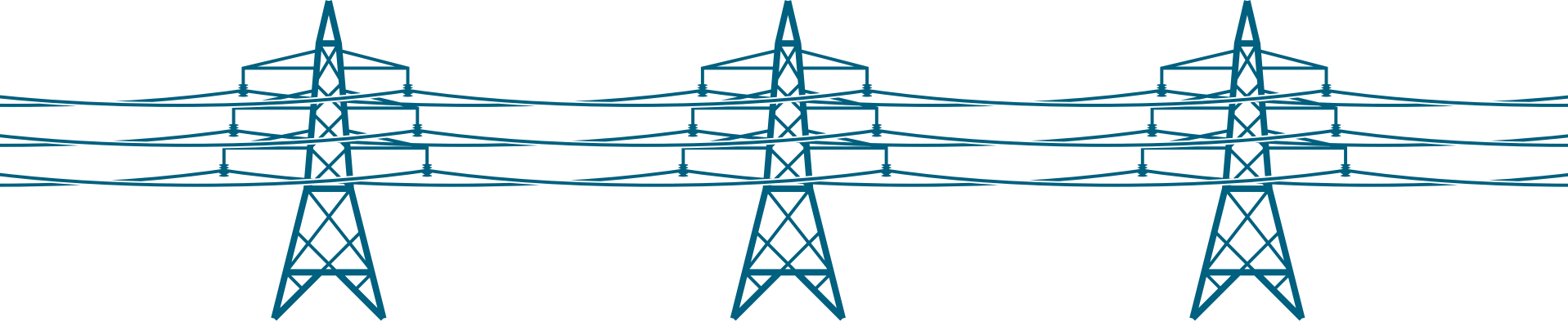


*conceptual rendering

BAILER HILL MICROGRID PROPOSED SITE



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 big accomplishments toward our goal of building a sustainable energy future. While we had to be nimble and pivot operations during the COVID-19 disruption, 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, I'm very proud of our OPALCO and Rock Island teams 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 connections and a solid emergency communications network.

Reliable: OPALCO's power reliability was 99.87% for 2021; Rock Island maintained internet connection reliability of 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 80 new local renewable generators were interconnected to our local grid. OPALCO supported 69 Switch it Up beneficial electrification projects with on-bill financing and launched a public awareness campaign, the Island Way, engaging >500 members in workshops and activities to help prepare for decarbonization. OPALCO leadership continued to work with PNGC to establish a regional transmission authority to provide a cooperative 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 centers, **-\$100.4k of PAL assistance was awarded to 473 low-income households**, plus an additional \$11.6k in COVID PAL 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 ~\$159k.

OPALCO resells mainland power to its membership at cost including the expense to distribute energy to 20 islands. In late 2021, the Board approved an adjustment to solar rates, a first step in correcting 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 (propane, wood and gas/diesel) to wise 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.

Please get engaged with the Island Way workshops and activities and figure out what you can DO today to position yourselves with efficiency and electrification to weather the coming change. OPALCO is actively working to prepare our system to meet the challenges and take advantage of opportunities to fund local projects that will increase our energy resilience and provide a small safety net of local generation through co-op microgrids to keep essential services up and running during emergencies.

OPALCO has \$46M in USDA Rural Energy Saving Program funds to pass on to members for projects that increase the efficiency in their homes and buildings. Members can finance up to \$100k per membership on their OPALCO bill (over 10 years @ 2%) to prepare for the sea change in our energy world. Power costs are on the rise - now is the right time to make any efficiency upgrades you can. What will you do?

Let us know - we can help.



WHAT WE SHARE IS STRONGER THAN WHAT WE FACE



2021 BY THE NUMBERS

238,641,000

kilowatt hours (kWh) purchased

\$32,132,000

annual electric sales

\$1,100,000

capital credits returned to members

15,573

meters connected

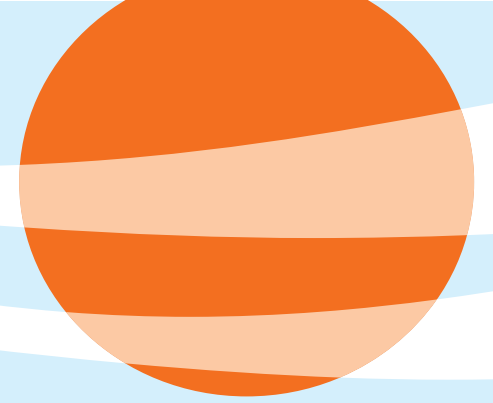
11,645

members



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 99.87%
- 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

