

# Board of Directors

## Regular Meeting

Thursday, August 18, 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](mailto:communications@opalco.com)

### Sequence of Events

- OPALCO Board Meeting
- Executive Session



Board of Directors  
Regular Board Meeting  
August 18, 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](mailto: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 – June and July 2022

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

530 JENSEN ALLEY LLC  
BAIRD, ANGELA  
BANE, KRISTIE & SORELLE, ADAM  
BISHOP, T J  
BITZ, DAVID  
BOUCHER, SIENNA  
BRENNAN, TIMOTHY & BRENNAN, SARA  
BRYAN, TRACY  
BUCK, TANNER  
CALDWELL, MATTHEW & FISCHER, KAREN  
CHARTIER, BRIE  
COSTAKES, CONSTANTINE  
DITTMER, CAITLIN & LEEDS, L GORDON  
ECKLEIN, BRYCE & ECKLEIN, NICOLE  
EITING, ELIZABETH & SCHUTZ, RONALD  
ERICKSON, RAY & ERICKSON, JESSICA  
FELDMILLER, SUSAN  
FRANKLIN, GARY  
GABRIEL, INGRID  
GAMBLE, KELSEY & GIBBS, ALEX  
GEARHART, ERIK & JAGUZY, LISA  
GILLINGHAM, BALARAMISHA & THOMAS  
HAUGEN, BRIAN & HAUGEN, JENNIFER  
HAYES, ANNETTE  
HAYS, ZACK  
HECKMAN, JEFFREY  
HENNING, EMMA  
HOANG, STEVEN  
HOWARD, VICTORIA & WALTERS, DENNIS  
ISLAND, VIRGINIA  
JANOSKY, AZURE  
KEMPTON, HEATHER

LAKE KENNEDY MCCU, LLOCH CPA PS  
LEMLY, THOMAS  
LOUTHAN, RONNIE & LOUTHAN, SHARRON  
MANSOLO, RON & BURNELL-MANSOLO, ELIZABETH  
MATTHEWS, JENNA  
MCCORT, WAYNE & MCCORT, DONNA  
MICHELETTI, MARCO & MICHELETTI, TANYA  
MISCHAIKOV, THEODORE  
MOORE, MAUREEN  
NINOKAWA, AARON & RESSEGUE, AMANDA  
NORDSTROM, JENNIFER  
OLMOS, ABRAHAM & MENDOZA, CHRISTINA  
OLSON, MATTHEW  
PIGLIACAMPI, ALEXANDRIA & MIYAGAWA, ZACHARY  
ROBOTHAM, DOUGLAS & ROBOTHAM, KELLY  
RUTHERFORD, CALIFORNIA & GRIMES, AUSTIN  
RUTHERFORD, FRANCIE  
SCHNEIDER, SUSAN  
SJC PROPERTY GROU, P LLC  
SMITH, RICHARD  
STEWART, WILLIAM  
STORY, CAROLYN  
VAN ATTA, CHRISTINE  
WENZEL, JAMES  
WILLIAMS, CORY  
WOLD, JUSTIN

**District 2** (Orcas, Armitage, Blakely, Obstruction, Double, Alegria, Fawn)  
119 LODGE LANE, LLC  
342 DEER HARBOR R, OAD TRUST  
ALBANESE, SETH & PETROVA, SVETLANA  
ALEKSONDROV, VALERI

ANDRADE, GLORIA & ANDRADE, ANTONIO  
ANGOTTI, LAUREN  
BARBOUR, WILLIAM  
BOLOORCHI, KAROL  
BRENTSON, JESSICA & BRENTSON, ZACKARY  
BURKHART, DANIEL & HERRINGTON, RACHEL  
CAHALAN, JOSEPH & CAHALAN, MEGAN  
CHRISTENSEN, SARA  
COEN, MARK & COEN, MONICA  
COLESTOCK, LAUREL  
COLLIER, MARK  
DNS RETREATS LLC  
FEGERT, KEVIN  
FREEMAN, ROBERT & OWEN, JUSTINE  
GRISWOLD, SHEP & GRISWOLD, JANET  
HANCE, DAVID  
HARLACHER, ELIZABETH  
HECTOR, LEE  
KASPERSKI, ANNA & KASPERSKI, KRZYSZTOF  
KILLPACK, LORRAINE & STORDAHL, SUSAN  
KLEIN, AARON  
LESKIE, JULIANNA  
LEWIS-SAXAUER, SUSAN & SAXAUER, HOWARD  
LOGTONGS LLC  
LOTAK, JUSTIN  
MARSH, RANDOLPH & TAYLOR, RACHEL  
MARTIN, ANDREW & NACK, AMY  
NAGEL, CHRISTY & NAGEL, MARK  
NAUMANN, RACHEL  
NIELSEN, MARY  
NIELSEN, PETER  
NOVINGER, JUSTIN & RENDLEN, MARIETTA  
NUZUM, CHRISTOPHER  
PADILLA RUIZ, ERICK  
PAL, BRIAN & THOMAS, SARAH  
PARKS, RACHAEL & PARKS, MASON  
PAYNE, LAUREN  
PI VENTURES STJ L, LC  
POPLAWSKI, ASHLEY  
POTTLE, TERRY & POTTLE, DANA

PRUITT, RACHAEL  
RACEY, CAITLIN  
REDBUD TRUST  
SCHILLING, MATT  
SELIGMAN, MAURICE  
SVAREN, ERIC & SHOBE, ALICE  
TOURJE, MARJORIE  
TREDE, NIKOLALUS  
ZIER, JAY & FAN, XUANTING

**District 3** (Lopez, Center, Decatur, Charles)

ALLEN, JANA  
ALLEN, SCOTT & HALL, NANCE  
BLOOM, KAREN & BLOOM, RAGNAR  
BRODELL-LAKE, DANIEL & BLACKMORE, TAYLOR  
COLLINS, SHAWN  
FORTIER, TIM & PERMAN, DEBBIE  
HELLMAN, H DAVID  
LEIES, JOSEPH & GUTOWSKI, MICHAEL  
MARINER HILL OWNE, RS ASSOC  
MILLER, WILLIAM  
PARKER, JOHN & PARKER, ERIKA  
PRENDERGAST, JAMES & PRENDERGAST, SCOTT  
RANKIN, DAVID & RANKIN, ANNE  
RIEDESEL, MARK  
SCHIBLE, GERALD & SCHIBLE, TAMMY  
SEELY, CYNTHIA & SEELY, DAN  
SEPPI, BRIAN  
VAN HYNING, CURT & VANHYNING, ROBIN  
VESTAL, RICHARD & VESTAL, CHRISTINA  
WILLIAMS, MICHAEL  
ZERKEL, PETER

**District 4** (Shaw, Crane, Canoe, Bell)

BAKER, EMMA & BAKER, JENNY  
JOHNSON, BRIAN & JOHNSON, MONICA  
TIMBERHORSE FARM  
VAR STILLA PROPER, TIES LLC

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

<b>August</b>	
<u>Customer #</u>	<u>Amount</u>
71581	1,046.95
67469	215.33
32794	234.04
63706	1,555.60
82383	642.55
69244	631.29
<b>Total</b>	<b>\$ 4,325.76</b>

- 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
202205	\$30,734.12	Transclosure Replacements
<b>Total</b>	<b>\$30,734.12</b>	

Staff requests a motion to approve the Consent Agenda.



**Orcas Power & Light Cooperative  
Minutes of the Board of Directors Meeting  
Thursday, June 16, 2022**

Streaming through Zoom attendees were Board members Vince Dauciunas, Jerry Whitfield, Brian Silverstein, Mark Madsen, Tom Osterman, Rick Christmas 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 (serving as recording secretary); Communications Assistant Manager Krista Bouchey; and Head Accountant Travis Neal. Also present were Legal Counsel Joel Paisner and consultant Jay Kimball; guests Oliver Wraggs of Orbital Marine, Cameron Fisher and Celeste Barnes of 48 North Solutions and Stacy Bumback of Environmental Science Associates.

Member comment session commenced at 8:30 a.m.

Members in attendance:

Robert Dashiell, Stephanie Buffum, Stacy Bumback, Lynn Bahrych, Ron Zee, Donna Lee, Ray Glaze, Kathleen Craig, and Heather Nichols (@10am).

Staff opened and explained rules of the meeting. Reviewed the agenda. Reported on recent co-op events: Island Way workshop on “How Climate Change Will Affect Power Bills” (5/24); and the very well attended EV Jamboree (6/8). Reminded members of the Island Way workshop on the “Energize San Juans” program for commercial energy audits (5/28) and encouraged participation in the Switch it Up on-bill financing program.

**CONSENT AGENDA**

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

**ELECTION OF BOARD OFFICERS**

The Board conducted officer elections using a private chat feature on Zoom. Madsen nominated Dauciunas for President; he accepted. Christmas nominated Whitfield for Vice President; he accepted. Christmas nominated Silverstein for Treasurer-Secretary; he accepted. Recording secretary reported unanimous voting for the slate. The 2022 officers elected were:

President – Vince Dauciunas  
Vice President – Jerry Whitfield  
Treasurer-Secretary – Brian Silverstein

**PILOT TIDAL GENERATION UPDATED**

GM reviewed slides presented to the Department of Energy team at Powerwater Week in DC and discussion ensued on grant funding, partners, timeline and outreach to members and stakeholders. Staff reported on a visit to a tidal project in the Orkney Islands; board member Whitfield and OPALCO members Stephanie Buffum and Lynn Bahrych also visited the site and commented on the project. Oliver Wraggs of Orbital Marine and Cameron Fisher of 48 North Solutions gave an update on Orbital’s O2 tidal generator project and answered questions. Stacy Bumback discussed cultural engagement strategies and stakeholder outreach to tribes.

**MURRAY-INSLEE DRAFT LOWER SNAKE RIVER DAMS (LSRD) BENEFIT REPLACEMENT REPORT**

GM reviewed a summary of the draft report and discussion ensued.

**GM REPORT**

GM presented the monthly General Manager’s Report. Christmas gave kudos to the OPALCO and Rock Island teams for the success of the CODAN public safety radio project. Discussion ensued on the format of future board meetings and the group agreed to continue meeting via Zoom. Regular session concluded at 10:30 a.m.

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Vince Dauciunas, President

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Brian Silverstein, Secretary-Treasurer



Orcas Power &amp; Light Cooperative

Revision: 108578

06/29/2022 2:08:32 pm	<b>RUS Form 219 Inventory Of Work Orders</b>	Page: 1
Period: MAY 2022      System Designation: WA O9		
Preliminary      202205		

Inventory: 202205

Project	Loan	Year	Work Order		Bdgt (3)	Gross Funds Required		Deductions		Loan Funds Subject To Advance By RUS (9)
			Construction (1)	Retirement (2)		Cost Of New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Contrib In Aid Of Constr and Previous Advances (8)	
601		2018 3753		3753	1	30,879.28	0.00	0.00	0.00	30,734.12
						30,879.28	0.00	0.00	0.00	30,734.12
<b>Grand Totals:</b>						\$ 30,879.28	\$ 0.00	\$ 0.00	\$ 0.00	\$ 30,734.12

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tnsal

Orcas Power &amp; Light Cooperative

Revision: 108578

06/29/2022 2:08:32 pm	<b>RUS Form 219 Inventory Of Work Orders</b>	Page: 3
Period: MAY 2022      System Designation: WA O9		
Preliminary      202205		

Inventory: 202205

Budget	Loan	Project	Amount
	1	601	30,734.12
<b>Total:</b>			30,734.12

**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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tnsal



## Restatement of Retirement Security and 401(k) Plans

The NRECA Retirement Plans follow a 5-year restatement schedule outlined by the IRS, which keeps the plans up to date and ensures that they remain compliant with all applicable regulations. This requires OPALCO to pass a board resolution and execute new adoption agreements. An amendment, restatement and continuance of the Retirement Security Plan will take effect July 1, 2022.

The adoption agreement changes are clerical in nature, not material, and do not impact OPALCO's existing plan features.

Staff requests a motion to approve execution of Resolution 5-2022, which authorizes the amendment and restatement of the Retirement Security and 401(k) Pension plans as stated below.





**Board of Directors  
Resolution 5-2022  
Authorizing the Amendment  
and Restatement of the Retirement Security  
and/or 401(k) Pension Plan  
REA(s) 48009-001, 48009-002**

**WHEREAS** the Board of Directors of Orcas Power and Light Cooperative is aware that the Plan(s) must periodically be amended to comply with new or changed regulations, rulings, legislation, and plan operations, and that this restatement will be effective July 1, 2022.

**THEREFORE BE IT RESOLVED** that this Board authorizes the July 1, 2022 amendment, restatement and continuance of the Plan(s) to conform in its (their) entirety with all the provisions of the governing plan document(s) of the Plan(s), through the execution of the Adoption Agreement(s), which includes all of the provisions of the Cooperative's most recently executed Adoption Agreement(s) and any compliance clarifications needed to conform with plan operations; and

**BE IT FURTHER RESOLVED**, in the event that the timing of the restatement does not correspond with regularly scheduled meetings of the Board of Directors, the Board does hereby authorize and direct Foster Hildreth, General Manager, to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2022 amendment and restatement of the Plan(s).

**CERTIFICATION**

I Brian Silverstein, certify that I am the Secretary of the Orcas Power and Light Cooperative Board of Directors. I further certify that the above is a true excerpt from the minutes of a board meeting of this Board of Directors on the 18<sup>th</sup> day of August 2022, at which a quorum was present and that the above portion of the minutes has not been modified or rescinded.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of the Orcas Power & Light Cooperative this 18<sup>th</sup> day of August 2022.

\_\_\_\_\_  
*Signature of the Secretary*

\_\_\_\_\_  
*Date*



## San Juan County Comprehensive Plan - Climate Change Pillar

**Background:** For the past six years OPALCO has worked with county planning staff and community stakeholders to develop an update to the San Juan County Comprehensive Plan. Most recently, OPALCO worked with the County Planning Commission reviewing numerous OPALCO recommended edits to the Utility, Transportation and Land Use elements and appendices.

**Current Proposal:** The “Climate Change Pillar” is a proposed Climate Change Element for the Comp Plan, offered by the Friends of the San Juans to the planning commission. While climate action has been a common thread among most of the recommended changes OPALCO has offered to the County, OPALCO supports the current proposal and will also offer additional comments specific to OPALCO’s long range plans to the San Juan County Council for consideration.

**Urgency:** Climate change has become the over-arching strategic imperative for the state, nation and world. And now San Juan County has an opportunity to move climate action front and center by adding a Climate Change Element to the Comp Plan. Such an element would provide a high-level summary, knitting together all the disparate mentions of climate change scattered throughout the comp plan elements. It would signal that the County recognizes climate change has become a true climate emergency, impacting every aspect of life in San Juan County.

While the Comp Plan update is long overdue (due in 2016, extended to 2018, extended again, with intention to release in next six+ months), and County staff are working to “ship it,” without a Climate Element, stakeholders have been urging the County to incorporate a climate element in the Comp Plan now, and not wait for the next update, due in 2024.

The Climate Change Element proposed by the Friends of the San Juans hits the mark to put the County on course. See the attached PDF to review. While we have a few minor suggested edits to items in the document related to decarbonization and electric infrastructure, we want to avoid delaying stakeholder approval of the original document. We will offer our support of the document and later submit recommended changes during Council review when they take public comment, primarily on inclusion of land designation language to “remove barriers to timely development of renewable resources on land and in water.”

The National Academy of Sciences estimates one-third of all animal and plant species will be extinct in the next 50 years due to the climate emergency. There is no time to waste.

OPALCO also encourages other stakeholders to show their support for the Climate Element proposal, including the County Climate and Sustainability Advisory Committee, San Juan Preservation Trust, the Land Bank, SeaDoc Society, sewer and water services, the Town of Friday Harbor, and the many other organizations that will be impacted by the unfolding climate emergency. Letters to the County Council would be most effective.

Staff recommends the OPALCO Board send a letter to the County Council in support of the Friends of the San Juans Comp Plan Climate Change Element.

**Friends of the San Juans**360.398.2319  
www.sanjuanfriends.orgP.O. Box 1341  
Friday Harbor, WA 98250

San Juan County Planning Commissioners  
135 Rhone Street  
Friday Harbor, WA 98250

6 June 2022

Submitted via email to: [compplancomments@sanjuanco.com](mailto:compplancomments@sanjuanco.com)

Dear San Juan County Planning Commissioners,

With the realities of climate change and its likely local impacts in mind, on behalf of the members of Friends of the San Juans, I respectfully submit to you **a new Element for San Juan County's Comprehensive Plan: The Climate Change Element**. In the spirit of Friends' long-term partnership with San Juan County's planners and planning efforts, we are pleased to bring our expertise in science, policy, and the law — particularly as they relate to local climate science — to bear in support of strong, forward-thinking, climate-friendly policies for San Juan County. To create this, we worked with community members, other organizations, and former Planning Commissioners. You'll find this Climate Change Element to be sensible, straightforward, and easy to support.

As our community plans for San Juan County's future, resiliency in the face of the coming changes must be a priority — by adopting this Climate Change Element as part of the Comp Plan Update, you will take a practical and significant step toward ensuring the long-term vitality of our human and natural communities.

***Why is a separate Climate Change Element needed for San Juan County's Comp Plan?***

In short, the climate language that's in the current draft of the Comp Plan isn't enough. When the Planning Commission debated the idea of a separate climate Element in early 2021, the hope was that interspersing climate-friendly policies throughout the Comp Plan's various elements would be sufficient — unfortunately, while the proposed policies in the current Comp Plan draft are a good start, more is needed. By adding a separate Climate Change Element to its Comp Plan, San Juan County addresses bigger-picture needs that cannot be successfully handled in piecemeal fashion throughout the Plan. For instance, the first of the nine policies in this Climate Change Element states, *It is a primary policy of San Juan County to avoid increasing climate change*. This big-picture statement, in addition to being good common sense, does not fit neatly into any of the other Elements in the Comp Plan.

***Is it legal to add a new Element to our Comp Plan?***

Yes. In fact, Whatcom and Snohomish Counties have already created new Elements for their Comp Plans that address concerns about climate and the environment. Per the Growth Management Act, the legal requirement is simply that any new Element in a Comp Plan must relate to “physical development” in the County. Development in San Juan County must prioritize reducing sprawl and conserving natural resources, so the connections between development and climate action are abundantly clear.

***Where did the language in the new Climate Change Element come from?***

Wherever possible, the Friends team and its partners adapted language from other documents that the County has already published. For instance, the County’s Home Rule Charter and the County Council’s climate resolution, 20-2020, were used as primary sources. (You’ll find the specific references in the footnotes.) Therefore, adopting this Climate Change Element is not breaking any new ground — the County is simply taking its own, already-adopted language and fully incorporating it as formal goals and policies in its long-range planning document, the Comp Plan.

***I love it! What are the next steps to make this happen?***

**At its June 17<sup>th</sup> meeting, the Planning Commission can simply approve this common-sense Climate Change Element for inclusion in the County’s Comp Plan Update.** From there, the Climate Change Element will become part of the final “hearing draft” of the full Comp Plan Update. The public will have a chance to weigh in on it (as part of the entire Comp Plan), and from there it will be considered for approval by the County Council.

Thank you! If I can answer any questions or provide the Commissioners with any additional information, please don’t hesitate to reach out to me.

Respectfully,



R. Brent Lyles, Executive Director



***Proposed  
Climate Change Element  
for the San Juan County Comprehensive Plan.***

**CLIMATE CHANGE ELEMENT**

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<b>1.1 INTRODUCTION</b>	<b>1</b>
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## 1.1 INTRODUCTION

The people of San Juan County, Washington, recognize the interdependence between a healthy community, a resilient economy and a vibrant natural world.<sup>1</sup>

The people of San Juan County, Washington, have declared our commitment to a safe and inclusive community, resilient economy, flourishing ecosystem and sustainable environment.<sup>2</sup>

The people of San Juan County, Washington, value the natural world and the beauty that surrounds us, and the climate and ecosystems of our county, including air, water, soil, and the region's remarkable biodiversity. We recognize the need for responsible stewardship of our county for the good of both our community and nature, including the protection and preservation of public lands and undeveloped lands and the strong enforcement of codes and regulations.<sup>3</sup>

In 2008, the Washington State Legislature recognized climate change poses a serious threat to the economic wellbeing, public health, natural resources and the environment. And therefore directed the Department of Ecology, in consultation with the University of Washington, to assess and make recommendations on greenhouse gas emissions reductions.<sup>4</sup>

The United Nations Intergovernmental Panel on Climate Change (IPCC), representing over 2,500 climate scientists and thirty years of research, has concluded that global warming caused by greenhouse gas emissions of human activities is the most pressing challenge facing the world today.<sup>5</sup>

The IPCC determined human activities have already caused approximately 1 °C of global warming above pre-industrial levels and is likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate of approximately 0.2°C per decade due to past and ongoing emissions (IPCC, 2018 Special Report: Global Warming of 1.5°C).<sup>6</sup>

Changing weather patterns and ocean conditions are significantly impacting the health and viability of native terrestrial, fresh water, and marine ecosystems, damaging human infrastructure, and triggering climate refugee crises across the globe.<sup>7</sup>

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<sup>1</sup> San Juan County Home Rule Charter, Preamble.

<sup>2</sup> San Juan County Home Rule Charter, Declaration of Community Values.

<sup>3</sup> San Juan County Home Rule Charter, Declaration of Community Values.

<sup>4</sup> San Juan County Council Resolution 20-2020.

<sup>5</sup> San Juan County Council Resolution 20-2020.

<sup>6</sup> San Juan County Council Resolution 20-2020.

<sup>7</sup> San Juan County Council Resolution 20-2020.

Cooperating governments throughout the world have adopted emission reduction targets and programs to keep global warming well below the 2°C increase, in an effort to reduce catastrophic impacts of climate change and ultimately sustain all life on Earth;<sup>8</sup>

San Juan County and its community has led efforts to protect its environment, educate its residents and visitors, and support a sustainable local economy in an effort to maintain a resilient Island-based community, ranking 1<sup>st</sup> in State of Washington and 50<sup>th</sup> nationwide of resilient counties according to the Climate Resilience Screening Index (EPA600/R-1 7/238, October 2017).<sup>9 10</sup>

San Juan County was the first Leave No Trace county in the United States, hosts approximately a million visitors from around the world annually, and strives to have positive impact beyond its borders.<sup>11</sup>

Physical development within San Juan County both affects, and is affected by, climate change.

This Climate Change Element of the Comprehensive Plan is a necessary and appropriate means of addressing climate change, consistent with the San Juan County Home Rule Charter, prior policies adopted by the County Council, and the Vision statement for the Comprehensive Plan.

## 1.2 GOALS

**Goal 1:** Physical development within San Juan County shall not increase climate change.

**Goal 2:** Physical development within San Juan County shall be sited, designed, and implemented to avoid negative impacts from climate change upon the development.

## 1.3 POLICIES

### Policies:

1. It is a primary policy of San Juan County to avoid increasing climate change.
2. It is a primary policy of San Juan County to avoid negative impacts of climate change upon development and infrastructure.

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<sup>8</sup> San Juan County Council Resolution 20-2020.

<sup>9</sup> San Juan County Council Resolution 20-2020.

<sup>10</sup> See also, Islands Climate Resilience, 2017, Working toward Climate Resilience in the San Juan Islands.

<sup>11</sup> San Juan County Council Resolution 20-2020.

3. All goals and policies stated in each Element of the Comprehensive Plan, and all codes and regulations adopted to implement these goals and policies, shall be interpreted and implemented in a manner to give greatest effect to avoid increasing climate change, and to best protect existing and future development and infrastructure from the impacts of climate change.
4. The County will pursue efficient use, conservation, and protection of natural resources through promotion of voluntary measures, and adoption of codes and regulations requiring conservation measures in the siting, design, and implementation of physical development.<sup>12</sup>
5. The County will pursue minimization of waste and recycling of materials through promotion of voluntary measures, and adoption of codes and regulations requiring adoption of waste minimization and recycling measures in the siting, design, and implementation of physical development.<sup>13</sup>
6. The County will pursue strong enforcement of codes and regulations relating to climate change, and will provide adequate funding for enforcement officers and prosecutors.<sup>14</sup>
7. The County will pursue reduction of the carbon footprint of development through promotion of voluntary measures, and adoption of codes and regulations requiring energy-efficient siting, designs, and materials for physical development and access/transportation to development sites.<sup>15 16</sup>
8. The County will pursue renewable/sustainable energy independence through promotion of voluntary measures, and adoption of codes and regulations requiring use of renewable energy sources wherever possible.<sup>17</sup>
9. The County will avoid adverse impacts of climate change upon development and infrastructure through promotion of voluntary measures, and adoption of codes and regulations requiring consideration and planning for the effects of climate change in determining locations for development and infrastructure.<sup>18</sup>

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<sup>12</sup> See San Juan County Home Rule Charter, Declaration of Community Values.

<sup>13</sup> See San Juan County Home Rule Charter, Declaration of Community Values.

<sup>14</sup> See San Juan County Home Rule Charter, Declaration of Community Values.

<sup>15</sup> See San Juan County Council Resolution 20-2020.

<sup>16</sup> Islands Climate Resilience, 2017, Working toward Climate Resilience in the San Juan Islands, p. 40.

<sup>17</sup> See San Juan County Council Resolution 20-2020.

<sup>18</sup> Islands Climate Resilience, 2017, Working toward Climate Resilience in the San Juan Islands, p. 29.



# DISCUSSION ITEMS

## Second Quarter 2022 Financial Report

The 2022 second quarter financial report is posted online and included under separate cover. The second quarter results are consistent with the budget. 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 energy charge adjustment (ECA) collected \$115k from the membership through Q2 2022 which was the driven primarily by higher power costs than budgeted. The continued impact of COVID-19 on our commercial members is waning as commercial revenue was above budget by ~\$340k. Overall operating revenue was higher than budget as kWh sales come in over budget.

The table below presents the projection of full-year 2022 financial results using actuals from Q2 and budget projections for future months.

Income Statement Summary (in thousands)	2022 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 34,260	\$ 34,883	\$ 623
ECA Surcharge / (Credit)*	\$ -	\$ 115	\$ 115
Revenue	\$ 34,260	\$ 34,998	\$ 738
Expenses:			
Cost of Purchased Power	\$ 9,496	\$ 10,011	\$ 515
Transmission & Distribution Expense	7,075	6,845	(230)
General & Administrative Expense	5,998	5,779	(219)
Depreciation, Tax, Interest & Other	8,576	8,781	205
Total Expenses	31,145	31,416	271
Operating Margin	3,115	3,582	467
Non-op margin	284	302	18
Net Margin*	3,399	\$ 3,884	485
OTIER**	2.53	2.78	0.25
TIER**	2.64	2.93	0.29
Equity %	39.9%	40.1%	0.2%
HDD	1,375	1,410	35
kWh Purchases	220,000	234,209	14,209
kWh Sales	206,800	218,681	11,881

\* The ECA collected \$115k from members through June 2022

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

For more detail, please note the following key points:

- Heating Degree Days (HDD) were ~4% above budgeted levels (actual of 888 vs. budget of 854). Overall kWh sales were 12M kWh above budget (121M vs. budget of 109M).
- 2022 power purchases are \$515k higher than budgeted due to a combination of higher overall kWh sales and large peak charges. Actual kWh purchases were 14.3M kWh above budget (129.8M vs. budget of 115.5M).
- Excluding purchased power, Q2 YTD operating expenses were approximately \$102k under budgeted amounts.
- The ECA for 2022 was a net charge to members (and increase to operating revenue) of \$115k, or \$.46 for a member using 1000 kWh/month.
- Rock Island Communications 2022 Financials included in separate packet.

## Changes to Policy 11 – *Directors' Stipend, Reimbursement and Benefits* (First Read)

As we get closer to the 2023 budget process, staff review potential opportunities for budget reductions to offset budget increases due to inflation and overall price increases.

For next year's budget, one area for consideration is the OPALCO provided benefit of medical insurance for the Board of Directors. The current estimated cost to the company varies person to person depending on age and type of insurance coverage. For 2022, with the current Board and current employee base (management and retirees who are also in the plan group), the cost of providing the Board their current insurance coverage is approximately \$105k, which is a combination of current premiums and the overall reduction to the premiums for the remaining staff if the Board was removed from the coverage pool.

Per the NRECA 2022 National Directors Survey, 81% of the systems do not provide paid health insurance as part of Director compensation, which is trending upward since 2017. For those who have discontinued this benefit for directors, the majority are not paying anything in place of benefits. There is also a precedence in the survey findings for limiting the reduction in benefits to impact only future directors.

Staff is recommending eliminating the medical insurance benefits for future Board Members. The current Board members will continue these benefits through their date of separation from OPALCO.

With the phasing strategy in place, the 2023 budget savings may not be substantial, but savings over time will create real cost savings to meet the growing expense of the OPALCO budget.



## Policy 11 – Directors’ Stipend, Reimbursement and Benefits (Markup)

### 11.1 GOALS AND OBJECTIVES

This policy establishes the amounts that directors will receive for their stipend, reimbursements, and benefits while serving on the Board of Directors of Orcas Power and Light Cooperative.

### 11.2 MEETING STIPEND

11.2.1 Directors shall receive a stipend of \$300 per OPALCO board meeting attended.

11.2.2 Directors shall receive \$225 per day for conferences, trainings or meetings attended on behalf of the cooperative, including travel days.

11.2.3 The Board President shall receive an additional \$50 per Board meeting.

### 11.3 TRAVEL REIMBURSEMENT

11.3.1 Board members have the option of choosing the mode of transportation. Air travel shall not exceed the cost of coach class airfare. The use of a rental car shall be reimbursed at cost plus insurances. For the use of private vehicles, mileage shall be reimbursed at the prevailing IRS rate.

11.3.2 Housing shall be reimbursed at cost, based upon submitted receipts. In general, the cooperative will make hotel reservations for all board members traveling on cooperative business.

11.3.3 Meals can be reimbursed at cost with submitted receipts; or, in lieu of receipts, the Board members may choose to receive the prevailing IRS per diem rate for meals.

11.3.4 Other “out of pocket” expenses, such as parking, registration fees, taxis, etc. shall be itemized and receipts submitted. If the receipt is not available, an explanation of the expense shall be included when filing for reimbursement.

### 11.4 BENEFITS

11.4.1 Directors serving on OPALCO’s Board before January 1st, 2023, shall have the following optional benefits.

11.4.1.1 Participation in OPALCO’s health care plan is optional.

11.4.1.2 Directors may continue to receive health care coverage after serving on the board, with 100% of the cost of such coverage paid by the former director wanting coverage.

11.4.2 Directors newly elected to the Board of Directors from January 1st, 2023 on, shall no longer be entitled to coverage under OPALCO’s health care plan.

11.4.3 OPALCO shall provide, at its expense, 24-hour business/travel life insurance coverage for directors.

### 11.5 RESPONSIBILITY

The General Manager is responsible for ensuring that directors receive the proper stipend, reimbursements and benefits. Each director shall be issued an IRS Form 1099 each calendar year stating the amounts received from OPALCO which are subject to federal income tax.



## OPALCO Review of BPA Provider of Choice Concept Paper

In July of 2022, BPA issued a draft concept paper to start a conversation with its customers about the terms and methodologies of the next power supply contract coming up in 2028.

Comments were due to BPA by August 10<sup>th</sup>. The draft Concept Paper is available online:

<https://www.bpa.gov/-/media/Aep/power/provider-of-choice/bpa-provider-of-choice-concept-paper-final-july-2022.pdf>.

While it's still early in the process, OPALCO is engaged through PNGC in analyzing the Concept Paper and also provided its own set of comments to strive toward terms that will be favorable for our cost of power and supportive of our efforts to decarbonize and provide some local energy resiliency in the form of microgrids throughout the islands. This is the first step in what will be a comprehensive and prescribed process of negotiation between now and 2028.

In a nutshell, OPALCO is asking BPA to support the efforts of Washington State's Clean Energy Transformation Act (CETA) for decarbonization of the region – to do all it can to mitigate the growing climate emergency – and to remove any barriers to utility and consumer developed renewable power.

### **OPALCO Comments (as submitted):**

The National Academy of Sciences estimates one-third of all animal and plant species could be extinct in the next 50 years due to the climate change. As the US accelerates climate action, BPA has an opportunity to show how the Federal hydro system can super-charge a rapid transition to a net-zero energy system that will serve as a model of cooperation and innovation for the rest of the nation.

OPALCO appreciates the work BPA is doing and offers a few suggestions for taking the BPA Concept Paper and BPA's business model to the highest levels of 1) service for preference customers and 2) support for the region's push for decarbonization.

### **Overview**

Washington state is leading decarbonization efforts in the region with the Clean Energy Transformation Act (CETA). We expect Oregon will soon follow Washington's example of decommissioning fossil-fueled power plants and decarbonizing transportation and heating.

Decommissioning of carbon resources (coal, natural gas) is rapidly reducing Northwest regional capacity, while decarbonization is [projected](#) to double the load in the region by 2050. Taken together, the region will require massive development of new wind, solar, storage and other clean energy capacity. But it will take decades to develop that capacity and the infrastructure to

deliver it to customers. In the near term, resource adequacy [shortfalls](#) will threaten the Northwest power system. BPA can truly be THE provider of choice by bringing a new level of thinking to these 21<sup>st</sup> century challenges.

### **BPA: A True Provider of Choice at an Unprecedented Moment in History**

There is no better place to innovate climate solutions than in the Northwest, where can-do regional leadership is building a new economy based on decarbonization. Here are six ways BPA can be the provider that regional energy companies choose:

1. **Seek out the innovative preference customers and cultivate a spirit of innovative collaboration**, beginning with deep listening for the burning needs that customers struggle with. By cultivating a synergistic partnership, the collective ability to optimize exiting capacity, while developing a new diverse regional capacity, will balance and amplify the service of both BPA and its preference customers.
2. **Work with preference customers to reshape conventional BPA legacy products and services** to unleash the power of Northwest clean energy to tackle the climate emergency in ways that will inspire the nation and get the job done. It's a big job – don't leave any available local resources or opportunities on the table.
3. **Flip the script on self-generation and consumer-owned generation**. With CETA and decarbonization ramping up, now is the time to encourage as much generation as possible, wherever it can be developed. Remove the self-generation cap. The more produced locally, the further hydro resources can be stretched to meet contract needs for preference customers.
4. **Use local resources** to offset *load growth* first; then *Tier 2 purchases*; and, finally, *Tier 1 amounts*, if any offset remains. Don't penalize preference customers with Tier 1 reductions for consumer or utility-scale generation. Contract terms that penalize local resource development are in direct conflict with what we're cooperatively trying to accomplish as a region. Support for renewable generation is consistent with and required by the 1980 Northwest Power Act.
5. **Be a model of transparency**. To meet CETA reporting requirements, provide reporting for all generation sources acquired (including Tier 2). Otherwise, utilities will be penalized under CETA for "unspecified" resources. This will help BPA meet the contract needs for preference customers. Going further, and as PNGC noted in their review:

**Carbon Free Portfolio and Renewable Energy Development in the Region** – In the BPA Concept Paper, there is an exploration of various ways BPA can enhance the carbon-free nature of its Tier 1 portfolio, including a reinterpretation of its single source requirement under the Northwest Power Act. However, the paper also indicates that BPA may not be able achieve 100% carbon-free power as Washington state's CETA regulation will require in the future. While it is encouraging to see BPA consider options to help its Washington customers meet their regulatory obligations, we think there should be a stronger commitment to finding solutions. BPA, in coordination with its preference customers, WA state regulators, and other stakeholders, can surely find a path forward that will help its customers meet the 100% carbon-free requirement laid out in CETA by 2045. Even if the date lies outside the next BPA contract, we will still need to find solutions during the contract period.

For fairness, we also think that it will be important (absent similar regulation emerging in other states) that BPA find a way to direct the marginal costs of a 100% carbon-free portfolio to the customers that either need or elect a 100% carbon-free portfolio. Lastly, we would like to point out that the policies BPA enacts to discourage the self-development of renewable energy over the next contract, such as: 1) opportunity cost pricing for integration, 2) forced designation to load of new resources (or a cap to what a customer can develop, as indicated in the 5 MW limit proposed), or 3) direct assigning the full cost of transfer service to customers with non-federal resources, will serve as disincentives for the region to meet these carbon goals.

Significant challenges to meeting the region's growing demand for power have been identified by key studies (see footnote) <sup>1</sup> and concerns about resource adequacy are exacerbated by the forecast for electric load to double by 2050 - on the same timeframe that CETA mandates for decarbonization mature. PNGC supports the recent E3 study, which shows that new generation is needed to augment current generation if our region is to avoid future power outages.

Because of these real and documented challenges for resource adequacy in the region, the lack of commitment in BPA's Concept Paper to finding solutions are serious concerns. We do not think BPA wants to be seen as creating roadblocks or forcing its preference customers to leave BPA due to conflicting regulatory directives. It is far too early to state that something cannot be done in this space.

6. **Show BPA customers you understand and are preparing for the capacity shortfalls and load growth the region is planning for.** Dedicate a portion of the concept paper to CETA and Washington State 2021 Energy Strategy implications. Reference and highlight the recent E3 [study](#), cited by the Whitehouse, on Northwest regional energy development needs.

Taken together, these six actions will show your customers you understand their world and have crafted solutions that solve their most challenging problems. In a free market economy, that is how BPA can be a true provider of customer choice.

Thank you for the opportunity to comment on BPA's Concept Paper. We look forward to working together in a spirit of collaboration. Below, we include a variety of background material on Northwest resource adequacy related to the discussion above.

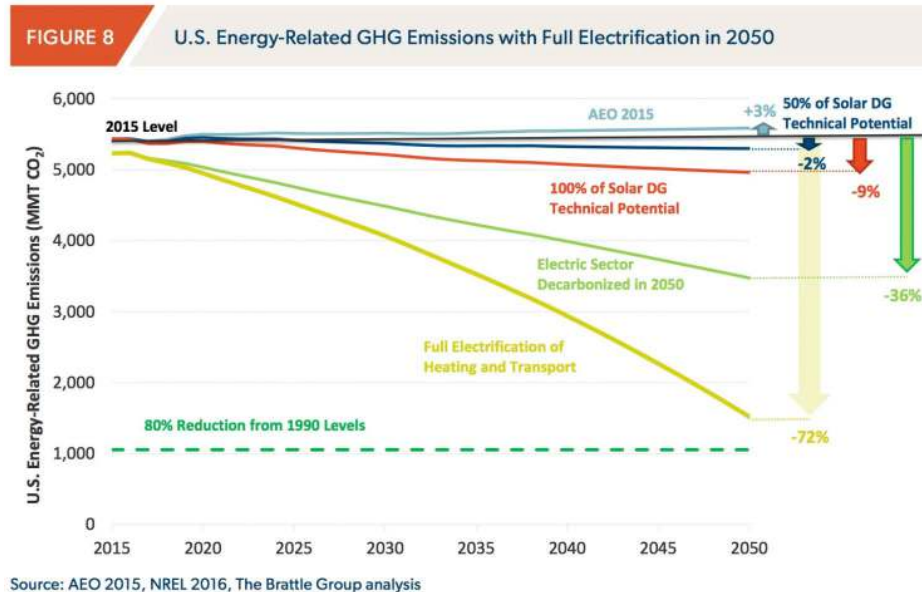
## Background

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<sup>1</sup> 1. WA Energy Strategy (2021) :<https://www.commerce.wa.gov/growing-the-economy/energy/2021-state-energy-strategy/>

2. E3 Power Replacement Study (2022): <https://www.whitehouse.gov/wp-content/uploads/2022/07/E3-BPA-LSR-Dams-Report.pdf>

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



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

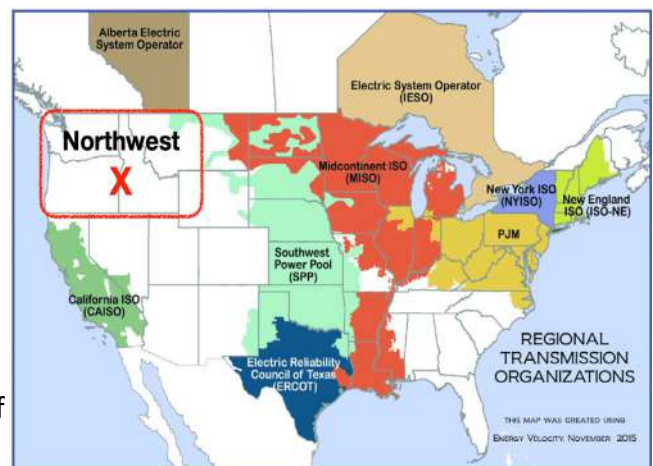


ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale electricity prices. And it can accelerate the deployment of essential transmission capacity to interconnect the network of new solar and wind resources needed to meet the regions doubling power needs. We should get this going ASAP to tap into anticipated Federal infrastructure spending aimed at development of new clean energy resources.

### Further Reading

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

- ▶ **Sierra Club: [The NIMBY Threat to Renewable Energy](#)**  
 "In Vermont, everyone loves clean energy—when it comes from someplace else"  
 Decarbonizing the Northwest will require an [estimated](#) 3 million to 14 million acres of land to host required and solar and wind projects. All over the US, planners are discovering it will take much longer to acquire and permit land due to NIMBYism.
- ▶ [Wind Power Project Rejection Database](#)  
 Numerous examples of wind power permit projects rejected by state and county governments.
- ▶ [Not In Our Backyard](#)  
 An example of public policy entities fighting the proliferation of renewables by drafting legislation, testifying before legislative committees, placing op-eds in newspapers.
- ▶ [Pacific Northwest poised to test 100% renewables as utilities weigh gas vs. storage](#)
- ▶ [Imagine the unimaginable': How the Pacific Northwest is trying to build a reliable grid in a changing climate](#)  
 "I don't think anyone is super prepared for a future where we're electrifying everything, just because it's so hard to [prepare]. You would have to invest so much money, and if you're wrong, it would look so bad to go out and spend a bunch of money on something that just doesn't materialize." – Ben Kujala, Director of Power Planning at the Northwest Power and Conservation Council





► **NWPCC:** [2021 Northwest Power Plan](#)

“As we look to the future, we anticipate that the transition to a new paradigm will be accompanied by risk and uncertainty.”

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

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

► **PNUCC:** [Northwest Regional Forecast of Power Loads and Resources, 2021 through 2031](#)

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

► **“The Northwest Power and Conservation Council indicates the region is inadequate as of the last assessment.** They conduct an annual Adequacy Assessment that estimates the odds of the region having an outage in a specific year. The Council’s benchmark for an adequate system is a 5% or lower annual loss- of-load probability (LOLP). Their 2019 analysis focused on years 2021, 2024, and 2026. **Their projection for 2021 indicates that the system is inadequate, with a LOLP of 7.5%.<sup>5</sup> The LOLP value grows to 12.8% in 2024 and reaches 26% in 2026. The growing LOLP is largely due to coal unit retirements in the Northwest.**

► **Energy + Environmental Economics:** [Capacity Needs of the Pacific Northwest—2019 to 2030](#)

Land is a sleeper issue in transforming the grid. From a national perspective, it has been estimated that we need to build three 1,000-mile-long transmission lines every year for the next 30 years to interconnect distributed solar and wind generation with the grid. In the past 10 years, we haven’t built even one. It’s going to be a big expensive job.

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

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

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

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

- ▶ **“All planned capacity additions, and significantly more, are required by 2030.”**
- ▶ **“Even in an optimistic scenario (if all planned capacity additions detailed in the reviewed utility IRPs are approved and constructed), the region remains approximately 3 GW short by 2030.”**
- ▶ **NWPP Northwest Power Pool: [Resource Adequacy Program – Detailed Design](#)**  
“The integrated regional power system is in transition. The impending retirement of several thermal generators within and outside the region (the Western US and Canada) mixed with increasing variable energy resources (VERs), has led to questions about whether the region will continue to have an adequate supply of electricity during critical hours. In the past four years, several studies have identified an urgent and immediate challenge to the regional electricity system’s ability to provide reliable electric service during high demand conditions.”

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

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

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

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

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

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

► **WA Department of Commerce:** [2021 Energy Strategy Transitioning to an Equitable Clean Energy Future](#)

“In the Electrification Scenario, total energy demand drops 28%. **Electricity demand grows 90% over 2020 levels by 2050**, displacing fossil fuels in buildings and transportation through assumptions that drive replacement of existing equipment with electrified appliances and vehicles at the end of their useful lives.”

► **Pacificorp:** [2021 Integrated Resource Plan](#)

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

# REPORTS

## General Manager

### DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards>. Note that all the dashboards are within board approved strategic parameters.

#### Finance

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

#### Member Services

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

#### Outage

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

### QUICKFACTS

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

- OPALCO's Plan for our Energy Future
- Decarbonization – 4 Part Series
- Switch It Up!
- WA 2021 Energy Strategy
- Simpson Proposal and the Northwest Energy Evolution
- Will there be enough power?
- OPALCO Rates
- Energy Independence? Not entirely
- Rock Island Communications
- OPALCO election process
- Wireless Services
- Cost of Service
- Staff Compensation
- NRECA
- OPALCO Debt and Capital Projects
- Ocean Health
- NW 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?

## ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

### WIP

As of August 11, 2022, there are 445 work orders open totaling \$5.93M Operations has completed construction on 143 work orders, totaling \$2.23M.

### Safety

John Spain of Northwest Safety Service conducted vault rescue training and certification for operations staff. The total current hours worked without a loss time accident 188,728 hours.

**Outage – San Juan Island 8/6/2022 ~9:15PM**

San Juan Island sustained an outage on August 6th, 2022, at ~9:15PM. The protective relay indicated a C phase to ground fault. The San Juan Pear Point Submarine Cable Terminal Circuit Switcher (SJ4) (with reclosing disabled) locked out. Crews started line patrols around 9:45PM from Pear Point to the Gravel Pit Substation (next protective device on transmission line). With no damage found, engineering and crew decided to reenergize the system. The transmission was reenergized with a substantial portion of the distribution system by 11:40PM, with all power restored by 12:50AM.

The restoration time was longer than normal due to the increase switching complexity. The system was in an abnormal state in that the Roche Harbor Transmission Line (from Gravel Pit Substation to Roche Harbor Substation) was out of service as well as the substation. This was due to construction crews conducting transmission pole replacement. The system is now back to normal configuration on San Juan.

Crews during the following week patrolled the line again during the daytime yet found no cause.

**Grants****Washington Department of Commerce - Grid Modernization**

- San Juan Microgrid (Grant \$2.4M) (partnered with PNNL) – Staff issued RFPs for battery systems in April 2022 and continues to solicit vendor.
- 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) – Staff and subcontractors have initiated outreach with the tribes. \$150K
  - Friday Harbor Ferry Electrification Preliminary Design (Phase 1 Only) – On hold until WA DOC releases the next stage in 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**

- Low-Income Community Solar Deployment (Grant \$1M) – Staff has executed the notice to proceed for the engineering and site design with the remainder of the contract to be executed by end of Q3.

**US Forest Service (minor in-kind efforts only)**

- Biomass Generation with Biochar (60% Design Grant \$72,835) – Project report and economics are anticipated in Q4.

## FINANCE

### 2022 Budget Tracking

Energy (kWh) purchases and sales began the year higher than budgeted through July 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 above budget by ~\$768K & purchased power was above budget by ~\$399k. This was curtailed by the ECA which has collected a net ~85k through July. 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	\$ 34,260	\$ 35,028	\$ 768
ECA Surcharge / (Credit)*	\$ -	\$ 85	\$ 85
Revenue	\$ 34,260	\$ 35,113	\$ 853
Expenses:			
Cost of Purchased Power	\$ 9,496	\$ 9,895	\$ 399
Transmission & Distribution Expense	7,093	6,906	(187)
General & Administrative Expense	5,984	5,765	(219)
Depreciation, Tax, Interest & Other	8,574	8,779	205
Total Expenses	31,147	31,345	198
Operating Margin	3,113	3,768	655
Non-op margin	284	301	17
Net Margin*	3,397	\$ 4,069	672
OTIER**	2.52	2.87	0.34
TIER**	2.64	3.02	0.38
Equity %	39.9%	40.2%	0.3%
HDD	1,375	1,406	31
kWh Purchases	220,000	234,029	14,029
kWh Sales	206,800	217,827	11,027

\* The ECA collected \$85k from members through July 2022

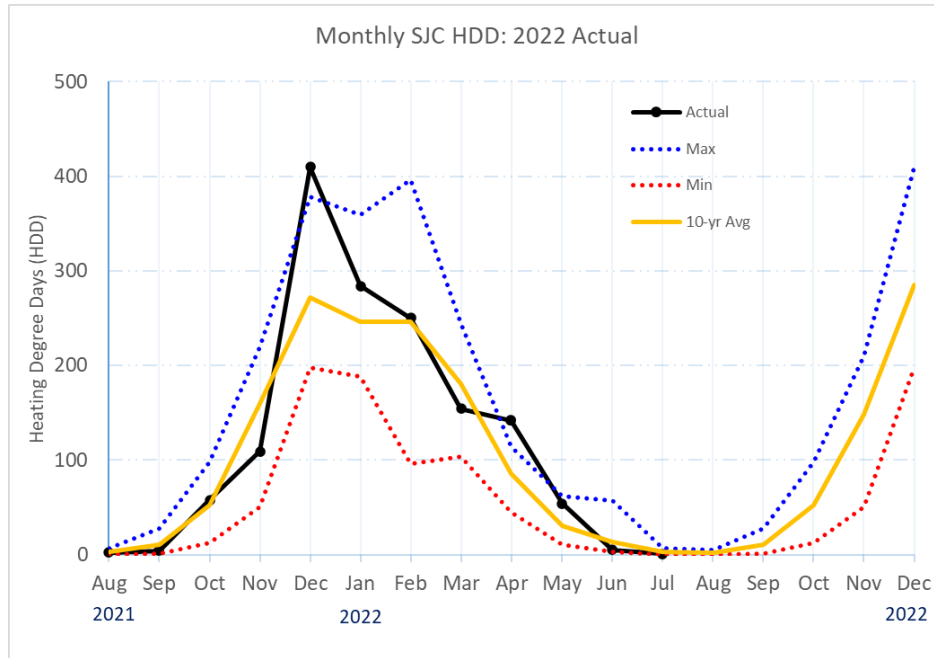
\*\* TIER is a 'full-year' metric, thus not representative in early months as there has not been an accumulation of interest expense

### Monthly Energy Charge Adjustment (ECA)

The calculated amount for the July ECA was a bill credit of \$.002462 per kWh which returned \$30,278 to members, or \$2.46 per 1,000 kWh. The August billing period ECA is projected to be a bill credit of \$.001424 per kWh on member bills, or \$1.42 per 1,000 kWh. 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, with April-May coming in with a more La Nina pattern. We continue to monitor weather trends monthly.

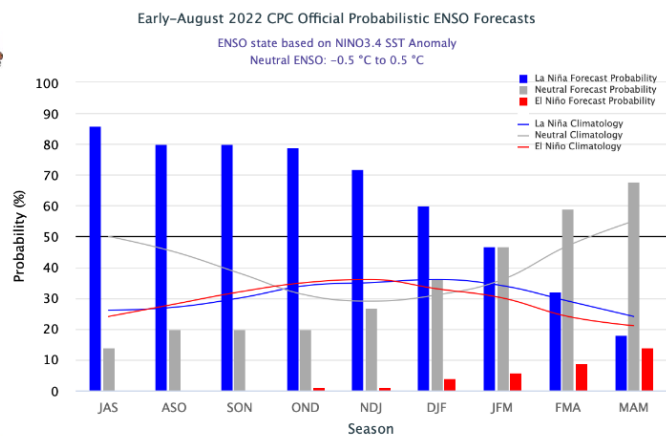
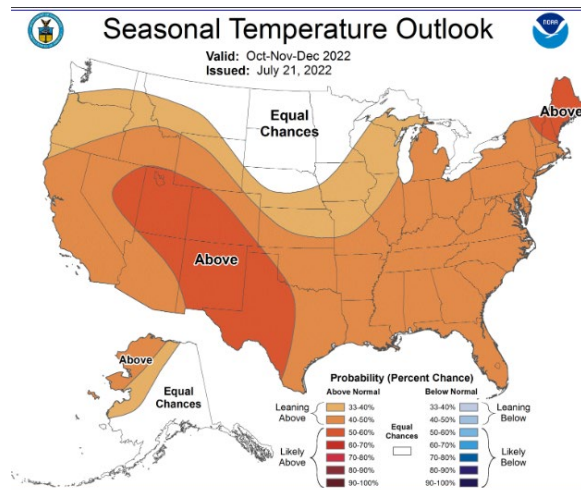


\*10-year max, min, avg is 2012-2021

## Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Oct-Nov-Dec 2022, the outlook is currently showing 'equal chances' of normal temperatures in our region in the coming early winter months. We continue to monitor these predictors monthly.

### 2022 Oct-Nov-Dec Outlook



Source: NOAA National Weather Service



## 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	501	1,055
	Total Assistance			29,151	81,957	111,996	135,595	158,434	158,740	95,594	771,467
PAL	# of Accounts	180	226	228	217	212	205	329	363	203	1,009
	Total Assistance	31,560	46,345	46,885	48,833	45,155	53,137	80,975	104,880	52,212	509,983
EAP Residential - COVID	# of Accounts							88	74	63	98
	Total Assistance							21,535	27,606	8,348	57,489
EAP Commercial - COVID	# of Accounts							107	97	79	119
	Total Assistance							73,340	87,233	21,998	182,570
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	694	1,548
	Total Assistance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	178,151	1,548,709

*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 June 2022, 290 members received ~ \$10.9K from the low-income Energy Assist program, compared to 278 members who received ~ \$10.3k in assistance in June 2021. During July 2022, 291 members received ~ \$11.0K from the low-income Energy Assist program, compared to 301 members who received ~ \$11.1k in assistance in July 2021.

**Project PAL:** The 2021/2022 PAL season was completed in April 2022

**T-RAP:** 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 303 projects complete and billing for a total of \$3.4M outstanding. There are another 29 projects in various stages of the process. Some projects have been delayed as residential contractors have been limited by COVID-19 and supply chain issues. Staff have made the new Switch It Up measures available and have received lots of interest from members.

### Energy Savings

During June and July there were a total of 30 rebates paid out to members totaling \$28.8k. This includes two fuel switching ductless heat pump rebates and six 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. 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	96
	Total Awards	\$367,552	\$359,835	\$146,601	\$84,809	\$161,262	\$228,418	\$167,432	\$149,886	\$113,426
	Total Energy Savings (annual kWh)	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269	196,574
Switch It Up**	# of Accounts						72	87	69	95
	Total Financed						\$684,900	\$687,589	\$705,446	\$1,838,243

2014-2022		Totals
EE Rebates*	# of Accounts	2,687
	Total Awards	\$1,773,207
Switch It Up**	# of Accounts	323
	Total Financed	\$3,916,178
Total		\$5,689,385

\*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 17 new interconnect applications submitted in June and July and 16 members were interconnected with solar for a total of 563 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 32 pending connection.

### Community Solar

During the June 2022 billing cycles, the [Decatur Community Solar](#) array produced 60,400 kWh and for July 64,240 kWh. A total of ~\$6,055 was distributed to 266 accounts in June and ~\$5,965 was distributed in July to 263 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	263
	Total Payments							\$50,688	\$51,928	\$26,898
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	\$129,514
WA State Incentives*	Total Payments	\$1,142,517
MORE**	Total Payments	\$425,046
Total		\$1,697,077

\*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.

### COVID-19 UPDATE

San Juan County is still experiencing a high number of COVID-19 cases. The OPALCO offices will remain closed to the public while staff continue to monitor the situation to ensure OPALCO's staff remains healthy and can keep business running seamlessly. See the following link with the latest information from San Juan County: <https://www.sanjuan.co/1668/2019-Novel-Coronavirus>

### COMMUNICATIONS

#### Fall Island Way Workshop Series

Join us for our Island Way Workshops this fall. These will all be hosted via Zoom. Email [communications@opalco.com](mailto:communications@opalco.com) to get the registration link.

- September 29 @ 5 pm: EV Road Trip Planning
- October 25 @ 5 pm: Changing Power Rates
- November 8 @ 5 pm: Are you ready for winter?

#### San Juan Island Chamber Mixer: September 12 @ 5:30 pm

OPALCO will be co-hosting the Chamber Mixer on San Juan Island for businesses on the island. We will have Sustainable Connections there to promote the Energize San Juans program that offers robust incentives to businesses.

#### Nourdine Jensen Cooperative Youth Scholarship Program

Four high school students from the islands represented OPALCO for a week-long leadership camp packed full of classes about the electric industry, governance structures, renewable and electrical generation, team building and fun. More than 65 students from electric co-ops from Alaska to Nevada attend the Youth Rally at the College of Idaho. In addition, each island student gets a \$1000 scholarship to put toward their post high school education. This program continues to be supported in part by the Nourdine Jensen family. Nourdine Jensen served on the OPALCO board for 37 years, from 1965-2008.

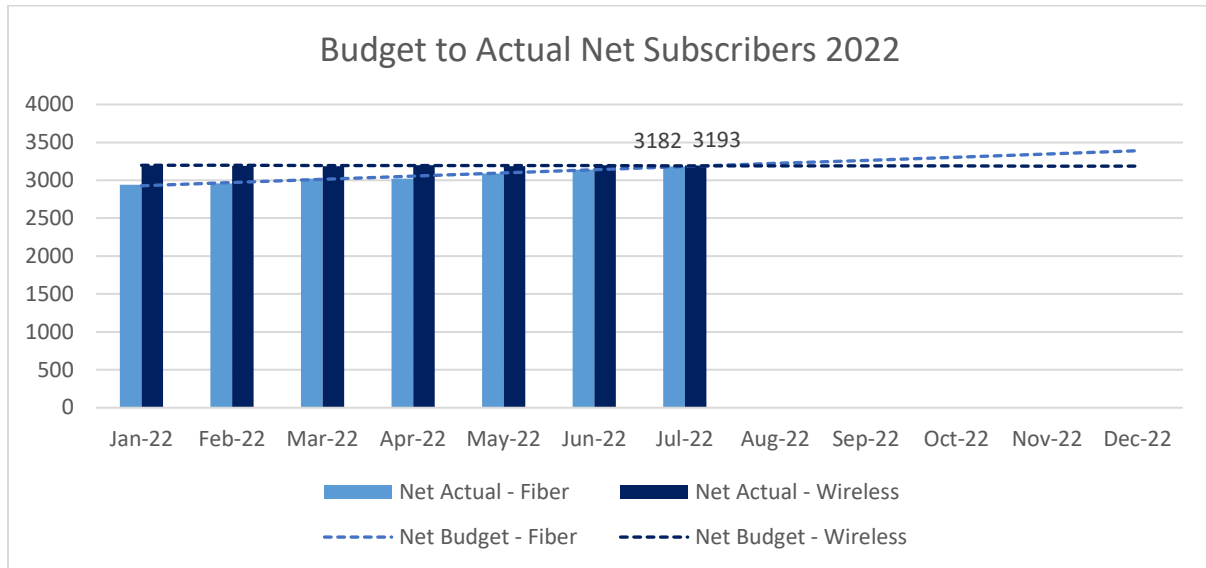


# ROCKISLAND

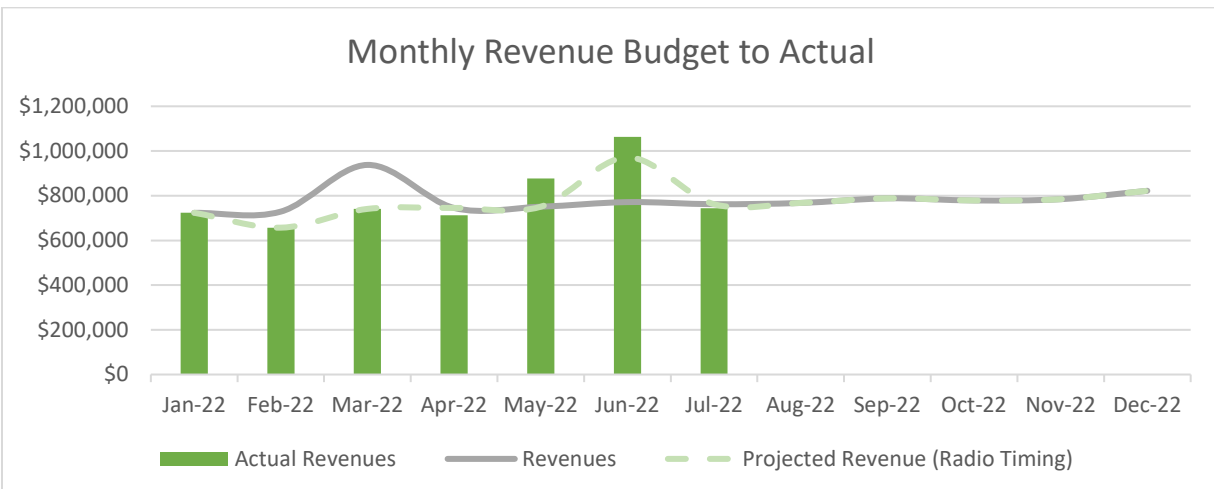
## Rock Island Snapshot

- 6,530 Internet Service Customers

### Net Subscribers



### Revenues



\*Previous months revenues are not closed out and are subject to change.