

Board of Directors

Regular Meeting

Thursday, September 15, 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
September 15, 2022 8:30 A.M.*
Virtual Meeting via Zoom

**Time is approximate; if all Board members are present, the meeting may begin earlier or later than advertised. The Board President has the authority to modify the sequence of the agenda.*

WELCOME GUESTS/MEMBERS

Members attending the board meeting acknowledge that they may be recorded, and the recording posted to OPALCO's website. Members are expected to conduct themselves with civility and decorum, consistent with Member Service Policy 17. If you would like answers to specific questions, please email communications@opalco.com for post-meeting follow-up.

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other

ADJOURNMENT

ACTION ITEMS

Consent Agenda

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

The Consent Agenda includes:

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

NEW MEMBERS – August 2022

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

ANDERSON, TODD & BRED, VALERIE
COLES, EDWARD & BURRY, HELGA
CONNOLLY, KEVIN & BROOKS, RACHEL
DAY, DAVID
EFFENBERGER, NANCY
FRIENDS OF THE SA, N JUANS
GAYE, SILVER
GREEN BEAT KITCHEN, N
HALL, VIRGINIA & ROOKE-BURDON,
MALCOLM
HAMSTRA JR, JOHN
HENDRICKS, JAMES
JANGARD, ERIC & JANGARD, DIANE
JOHNSON, KATIE & JOHNSON, REID
KINDELBERGER, KEVIN
LINEHAN 401K, MICHAEL
MANSON, BRUCE & MANSON, SONYA
MCCLAIN, JULIET
MCGEE, CHAD
MCGLOTHORN, CINDY
MORSE, ROGER & UTTER, KEVIN
OWENS, CHRIS
RICHARDS, KEITH
ROE, KAYLA
SCHNEIDER, KEVIN & MCDEVITT, TRAVIS
SHARADIN, JON
SIMPSON, EVAN
SMITH, DUANE
UNDER THE NEEDLE, TATTOO 206
URELL, DENISE
YOUNGER, SHARON

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

BELLO VENTO LLC
BERENGER, LAURA & CHERKASKY,
TODD
BRADY, ROBB

BURKE, ELIZABETH & FISHER, ANDREW
CARTER, ALEXIS
CONROY, DEIRDRE
DUKE, CLYDE
EISEN, BEVERLY
EISEN, ANTONIA
FOSS, JERREMY
HAMMONS, LINDA
HARVEY, RON & HARVEY, SHARON
HASSEBROCK, MICHELLE
KAY L IRWIN LLC
KUSTER, BRENDA & KUSTER, PATRICK
MATTSON, INGRID & MATTSON, KIP
MELTON, CRYSTAL & LINDHOLM,
AARON
MULLINS, RUSS
PINEDA, PAUL & PINEDA, JODY
PRZYGODA, GREGORY
SCHROEDER, JOEL & SCHROEDER,
MARY
SESENOGLU, OVUNC
SIGSTAD, SALVADOR
VAN DER LEER, MONICA

District 3 (Lopez, Center, Decatur, Charles)

DECATUR ISLAND CABIN LLC
GARGIULO, JOSEPH & LAMOREAUX, LISA
JENNINGS, MINDY & JENNINGS, KEN
JONES, ALWYN
JONES, PAMELA & JONES, STEVE
KLEIN, ANGEL
LOCKE, GARY
PATRICIA D. FRASER REVOC. LIV T
PETERSON, JOSH
RJM PROPERTIES, LLC.
YACKLEY, ALYSSA & KUZEMCHAK,
ANTHONY

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:

September	
Customer #	Amount
65675	696.40
61527	1,252.88
5060	1,606.23
Total	\$ 3,555.51

Staff requests a motion to approve the Consent Agenda.



**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, August 18, 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); and Head Accountant Travis Neal. Also present were Legal Counsel Joel Paisner and consultant Jay Kimball and guest Brent Lyles of the Friends of San Juans.

No members were present for the member comment session.

Meeting commenced at 8:30 a.m.

Member in attendance (after 8:45): John Fleisher

CONSENT AGENDA

- **MOTION** was made to accept the consent agenda, seconded and passed unanimously by voice vote.

RESTATEMENT OF RETIREMENT SECURITY AND 401(K) PLANS

Staff reviewed the need for an amendment and restatement of retirement security and 401(k) plans to maintain compliance with IRS requirements. Changes are clerical and not substantive.

- **MOTION** was made by Madsen to accept Resolution 5-2022. Seconded by Struthers. Passed unanimously by voice vote.

SAN JUAN COUNTY COMPREHENSIVE PLAN – CLIMATE CHANGE PILLAR

GM reviewed OPALCO's participation in the County Comprehensive Plan and expressed support for a proposal by the Friends of the San Juans to add a climate pillar to the plan currently up for approval (2016). Brent Lyles of the Friends of San Juans presented some background and answered questions. Discussion ensued. OPALCO will add language suggestions to the pillar at a later date and not risk holding up the County's approval timeline.

- **MOTION** was made by Madsen to approve a letter to be sent to the County Council in support of the climate change pillar as proposed by the Friends of the San Juans. Seconded by Christmas. Passed unanimously by voice vote.

SECOND QUARTER 2022 FINANCIAL REPORT

GM presented the Q2 Financial report, reviewed notable drivers and answered questions. Discussion ensued.

POLICY 11: DIRECTORS' STIPEND, REIMBURSEMENT AND BENEFITS (FIRST READ)

GM reviewed a recent NRECA survey on board compensation and presented a proposed change to director benefits for future board members. Discussion ensued. Staff will provide more information for a second read in September.

BPA PROVIDER OF CHOICE CONCEPT PAPER

GM reviewed a draft concept paper issued by BPA, related to contract negotiations for 2028, and presented comments from PNGC and OPALCO. Discussion ensued.

GM REPORT

GM presented the monthly General Manager's Report. Discussion ensued on the format of future board meetings and the group agreed to continue meeting via Zoom.

Regular session concluded at 10:08 a.m.

Executive Session commenced at 10:27 a.m. to discuss auditor selection

Regular Session reconvened at 11:35 a.m.

- **MOTION** was made by Struthers: “Having reviewed presentations from two audit firms and after having the opportunity to ask questions of the auditors and discussion of the proposals amongst the board, I move to continue to be served by the firm of Moss Adams.” Seconded by Christmas. Passed unanimously by voice vote.

Executive Session reconvened at 11:37 a.m. to discuss regional power issues and Rock Island financials

Board Meeting ended at 2:14 p.m.

Vince Dauciunas, President

Brian Silverstein, Secretary-Treasurer

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

Following board discussion in August, staff reviewed total board compensation policies and practices of other electric cooperatives through the NRECA 2022 National Directors Survey and sought answers to questions raised by the Board. To recap the purpose of this proposed change, staff are looking for opportunities to reduce budget expenses in 2023 and manage the rising cost of medical insurance benefits for the whole Co-op group.

Staff recommends eliminating the medical insurance benefits for future Board Members and raising the stipend per meeting from \$300 (\$350 President) to \$500 (\$575 President).

INSURANCE

The insurance benefit for Board Members results in a dramatic disparity between board members with the difference between the highest and lowest paid board member around ~\$25,000. According to the 2019 990 Form, the compensation for Board Members varies from the low of \$3,436 to the high of \$28,758, with over half of the board members not utilizing the insurance benefit offered creating a significant inequality in compensation among board members. The proposal is that current Board Members will continue to have medical insurance benefits through their date of separation from OPALCO. New Board Members will not have an option to purchase their own policy through OPALCO. The staff recommendation is in line with the findings from the NRECA 2022 National Directors Survey showed that 81% of the systems do not provide paid medical insurance as part of Director compensation.

STIPEND

The survey also shows OPALCO behind the national average (\$440) in the board compensation per meeting, with 33% of co-ops paying \$500 or more. Following the national norm (~70%), the same stipend amount will be paid for any eligible meeting that a board member attends on behalf of the Co-op; there will be no longer be a reduced stipend for outside meetings. OPALCO will continue to pay the President (or acting President) a slightly higher stipend due to their additional responsibilities. Increasing the per diem amount is a more equitable approach to compensating board members than offering an insurance benefit that isn't utilized by all the directors.

Per OPALCO Bylaws Article III, Section 5, staff requested that the Elections & Governance Committee (EGC) review the staff recommendation to increase board stipends. All EGC members agreed to the increased stipend recommendation and the responses were divided on offering the insurance benefit (details under separate cover). During the next Board compensation review, a deeper dive into the issues brought up by the EGC may be in order.

Staff requests a motion to end medical insurance for future board members and increase the stipend amount to \$500 (\$575 President or acting President).

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~~ \$500 per OPALCO board meeting attended and eligible conferences, trainings or meetings attended on behalf of the cooperative, including travel days.

~~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~~ \$75 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. Those Directors currently receiving OPALCO’s health care plan benefits shall be entitled to continue these benefits until separation from the Board.

11.4.2 ~~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.~~

With the exception of 11.4.1.1, Directors newly elected to the Board of Directors from January 1st, 2023 on, shall no longer be entitled to coverage under any of OPALCO’s health care plans.

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.

DISCUSSION ITEMS

Climate Change News Review

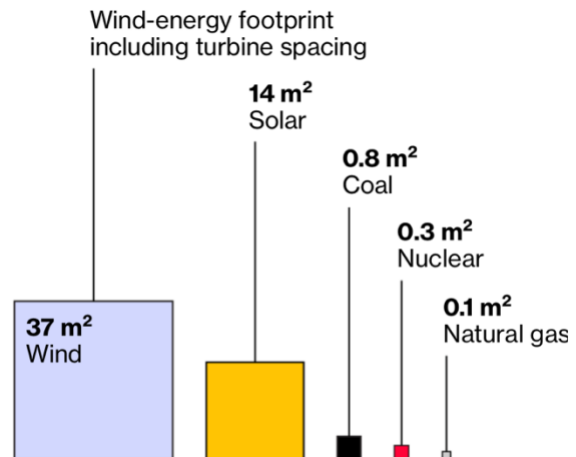
At the August board meeting, we discussed OPALCO's support and goals to address climate change. The purpose of this section is a continuing discussion on this topic.

As the climate emergency accelerates, energy and decarbonization are becoming regular topics in mainstream news, social media and research. Below, we review several notable items from the past month that provide nuanced insight on some of the vexing challenges OPALCO sees as central to maintaining reliable energy service as the world shifts to net-zero energy systems.

Bloomberg: The U.S. Will Need a Lot of Land for a Zero-Carbon Economy

In this article Bloomberg provides a visually rich analysis of how much land will be needed for new solar, wind, transmission infrastructure. The figure at right illustrates how much land would be needed to power a 100-watt lightbulb. As can be seen, solar and wind power use 140 to 370 times more land than natural gas systems, for example. This topic is showing up more and more as the world shifts from planning to implementation. See more in this in articles below.

[Article Link](#)



The Washington Post: To fight climate change, environmentalists may have to give up a core belief

It gets into the complex realities of building land intensive solar, wind and transmission projects. *“To cut U.S. greenhouse gas emissions to zero, experts say, the country is going to have to do something environmentalists have traditionally opposed: It’s going to have to build **a lot** of energy infrastructure. And fast.”*

[Article Link](#)

Science Direct: Sources of opposition to renewable energy projects in the United States

The research paper looks at what’s behind opposition to siting of land intensive energy projects. From the introduction: *“**Many policy analysts believe** that once electricity from renewable energy becomes less expensive than electricity from fossil fuel, **new renewable energy facilities will be built quickly across the United States.** Cost-effective renewable energy has largely been achieved, but **there appear to be substantial barriers to building new renewable energy facilities.** We identified 53 utility-scale wind, solar, and geothermal energy projects that **were delayed or blocked between 2008 and 2021 in 28 U.S. states.** Using multi-level qualitative analysis, **we have identified seven key sources of opposition.** Of the projects we studied, 34% faced significant delays and difficulties securing permits, 49% were cancelled permanently, and 26% resumed after being stopped for several months or years. **Project delays and***

cancellations account for potential lost generating capacity of almost 4600 MW. State and local governments and renewable energy developers need to pay closer attention to the full range of socially-oriented sources of opposition to new facilities.”

“While analyzing our prototypical case studies, we identified several recurring themes and commonalities. These led to seven distinct hypotheses regarding sources of opposition and barriers to renewable energy development:

- 1. Concerns over possible environmental impacts, including impacts on wildlife*
- 2. Challenges to project financing and revenue generation*
- 3. Public perceptions of unfair participation processes or inadequate inclusion in light of regulatory requirements*
- 4. Failure to respect Tribal rights, including the right to consultation*
- 5. Health and safety concerns*
- 6. Intergovernmental disputes*
- 7. Potential impacts on land and property value”*

“Our analysis raises a fundamental question about whether the regulatory systems in place in the US are suited to reviewing the rapidly growing number of new utility-scale renewable energy projects.

We found several instances in which project proponents and opponents were struggling with conflicting federal and state regulations or laws (regarding environmental assessment, facility siting and permitting, along with required public inclusion and Tribal consultation).”

[Article Link](#)

NPR: Why even environmentalists are supporting nuclear power today

With the Ukraine war, Germany and other countries are rethinking nuclear energy. As Russia holds natural gas hostage with winter looming, there are some hard choices Europe is grappling with – burn coal and accelerate the climate emergency, or restart low-carbon nuclear power plants that had been turned off after the Fukushima tsunami. California has similarly vexing energy calculus – keep the Diablo Canyon nuclear power plant running to avoid burning natural gas-powered electric generation plants. See **California ISO Energy Dashboard** below for related story.

[Article Link](#)

Politico: California hits the gas on electric cars

California regulators approved a rule today banning the sale of new gas-powered cars by 2035. More EVs also mean more charging infrastructure and more electricity use, straining the state’s already-challenged



power grid as it undergoes its own transition to cleaner energy (see article above about California rethinking nuclear power.) The state's new EV rule is a big deal. California is the only state that can regulate vehicle emissions, thanks to a provision of the federal Clean Air Act that offers it a special waiver. Other states can follow California's rules, and some, including **Washington state**, New York and Massachusetts, are already poised to do so.

[Article Link](#)

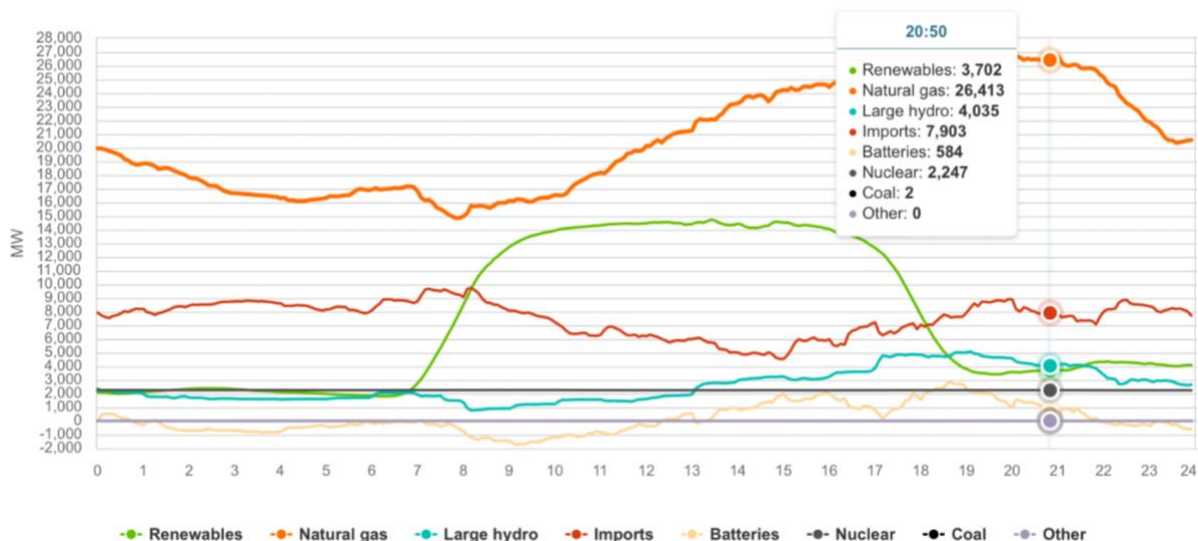
Consumer Reports: More Americans Would “Definitely” Get Electric Vehicles, Survey Shows

The survey finds 71% of Americans express some level of interest in buying or leasing an electric-only vehicle: 14% would “definitely” buy or lease one if they were to get a vehicle today, 22% would “seriously consider” one, and 35% “might” consider one. The 14% of American drivers who say they would “definitely” buy or lease an electric-only vehicle is up markedly from the 4% who said the same in a 2020.

[Article Link](#)

California ISO: Energy Dashboard

California is a leader in transitioning to a net-zero energy system. But with the recent heat waves, they have really had to burn a lot of fossil fuels to stay cool. Their system is dangerously close to red lining. If that happens, they start rolling blackouts. The chart below shows how natural gas (orange line) is their number one energy source, needed especially at night, after the sun has set and solar output falls to zero (green line). Some other things to note: Battery storage charges as the sun rises and solar power ramps up, and discharges in the evening as the sun sets (yellow line). Nuclear is steady, 24/7 (black line).



CivForge: Why Local Climate Planning Has Failed, And What We Can Do To Fix It

San Juan County is in the heart of the Salish Sea, and ground zero for a pristine marine ecosystem that is experiencing enormous stress from climate-driven ocean warming and acidification. All stakeholders (San Juan County, OPALCO, and other key entities) need to be implementing a goal orientated action plan.

CivForge, which helps local governments tackle climate change, studied why climate plans fail and how to do better.

Key findings:

- Less than 2 in 5 cities are on track to meet their emissions targets.
- Cities with a climate action plan outperform their peers with no plan, but by far less than you'd expect (they do 31% better but are still underperforming by 318% if they want to reach a 2050 target).
- The average city spends less than 0.5% of its operating budget on climate action. However, the top performing cities spend significantly more on climate action than the average.
- Almost every city's climate action team is understaffed, but those communities with the most overburdened staff are the least on track to meet their targets.

Many cities start out with good intentions and fail to deliver.

[Article Link](#)

Conclusion

Given all of the articles above, we need to make sure the collective vision of energy resilience and independence, lower carbon emissions, lots of EV chargers, etc. are followed by a strong set of goals, policies and actions that are in alignment with the vision, and consistently pursued at all levels of the county bureaucracy.

OPALCO is committed to supporting County vision and objectives on climate action, energy and decarbonization. OPALCO is looking for a definitive action plan that will accomplish the climate change goals. Which include the following key questions:

- What new energy resources will be needed and supported in the County?
- What's the plan and timetable?
- How much land will be needed, where, and how long to acquire, NIMBY (not in my backyard), and permit?
- What will it cost, what is source of funds?
- How long will it take to develop?

And as we collaborate with the County, here are some key best practices that have proven effective for other local governments committed to effective climate action:

- Active top-down leadership
- Permitting certainty (short duration)
- Supportive policy and definitive land use allowing renewable generation and efficiency projects
- Funding availability
- Setting Measurable goals
- Regular review of budget goals to actuals

As the climate emergency accelerates, collectively all the stakeholders and community partners need to work together to streamline effective policy and implement a detailed action plan with measurable metrics.

Jane Fuller, San Juan County Council Candidate

Staff has invited Jane Fuller to introduce herself to the Board and to discuss the ways that OPALCO can collaborate with the County to achieve our goals for a healthy and sustainable energy future.

Jane Fuller lives on Lopez with her husband and daughter (since 2017) and holds dual American/Canadian citizenship. Her family has had a place on Lopez since the mid-1970s. Fuller's professional experience is in international development with a focus on governance and human rights. She was elected to the County Charter Review Commission in 2020 and is involved in local issues with the Lopez public schools and the effort to build a public swimming pool on Lopez. Her website (<https://electjanefuller.com/about-jane/>) states she is running to be of service to the County, because she cares deeply about our shared future and the actions needed to sustain and support it, and because she believes there is a role for county government to work collaboratively with non-profits, business and residents to forge a future that represents our shared interests.

Staff sent a set of questions in advance of the meeting to give Jane a sense of our direction, begin the process of bringing her up to speed on energy issues and provide focus for our conversation.

1. What is your vision for the future of energy for San Juan County as a whole?
2. What are you doing to educate yourself on the complexities and impacts of energy policies on the citizens of San Juan County?
3. The Comprehensive Plan Update (Section B, Element 2, Land Use) speaks to land use for alternative energy resources and identifies essential public facilities. Two questions: a) what makes an energy source "compatible with the natural environment" in your opinion; and b) how do you see energy generation and storage as part of essential public facilities?
4. What is your position on siting of utility-scale solar installations for local renewable power in SJC? How about tidal generators?
5. Do you plan to encourage electrification of transportation as outlined in San Juan County Resolution 20-2020 which states, "provide recharge stations at key destinations throughout the County;" and if so, how?
6. How important is broadband connectivity to economic development and quality of life in SJC?
7. How will you address disparities in access to broadband – especially for seniors in need of remote telemedicine and households with kids in school?
8. Given our need to firm up local renewables (when the sun doesn't shine, wind doesn't blow), how important is hydropower in your vision of the County's future energy supply?
9. Where do you find synergy in developing local energy resilience and maintaining the character of our islands?
10. What do you see as San Juan County Council's role in working with OPALCO and Rock Island?

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?
- Future Power Purchase Strategy
- Industry Association Memberships and Co-op Benefits



ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of September 7, 2022, there are 453 work orders open totaling \$6.50M. Operations has completed construction on 142 work orders, totaling \$2.34M.

Safety

John Spain of Northwest Safety Service conducted first aid/CPR training and certification for all OPALCO staff. The total current hours worked without a loss time accident 195,208 hours.

Recent Outages

Roche Harbor Substation/Transmission 9/3/2022 ~8:56AM-12:30PM

The Roche Harbor Transmission Line sustained an outage on September 3rd, 2022, at ~8:56AM. The protective relay indicated a B phase to ground fault. A polymer suspension insulator on the Roche Harbor Transmission Line failed. Crews replaced the crossarm and insulators. The transmission was reenergized most of the affected area by 12:04PM, with all power restored by 12:30PM.

Orcas Island Shaw Transmission 9/8/2022 ~1:30PM-2:06PM

The Lopez Island North Transmission Line sustained an outage on September 8th, 2022, at ~1:30PM due to a failed porcelain pole top insulator. The protective relay indicated a C phase to ground fault on the transmission line starts on Lopez and serves the west side of Orcas and Shaw. The time of restoration was 2:06PM.

Awarded 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.



Upcoming Grants

Redundant Fiber Sub Cable Grant Partnership

A fellow Puget Sound utility has reached out to Rock Island and its parent company, OPALCO to join in on a grant opportunity to install a fiber submarine cable which would run from Seattle to Pt Roberts, Washington. The project partnership agreement involves a partial self-funding percentage requirement from the applicant and OPALCO is being asked to contribute a portion of the percentage required, estimated to be between \$1.2M-\$1.5M which includes a new point of presence (POP) stopover on Orcas Island. Rock Island would need to facilitate the establishment of a new POP location at Deer Point to land the cable and connect active equipment to the backbone network. This location would also fully establish a ring redundant path from the Orcas to the Westin without traversing any other islands. It is Rock Island's recommendation that we participate in this project to ensure an additional, long-term option for transport on the network.

FINANCE

2022 Budget Tracking

Energy (kWh) purchases and sales have been higher than budgeted levels through August 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 ~\$874K & purchased power was above budget by ~\$294k. This was curtailed by the ECA which has collected a net ~68k through August. 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	\$ 34,259	\$ 35,133	\$ 874
ECA Surcharge / (Credit)*	\$ -	\$ 68	\$ 68
Revenue	\$ 34,259	\$ 35,201	\$ 942
Expenses:			
Cost of Purchased Power	\$ 9,496	\$ 9,790	\$ 294
Transmission & Distribution Expense	7,128	6,846	(282)
General & Administrative Expense	5,979	5,675	(304)
Depreciation, Tax, Interest & Other	8,572	8,805	233
Total Expenses	31,175	31,116	(59)
Operating Margin	3,084	4,085	1,001
Non-op margin	284	296	12
Net Margin*	3,368	\$ 4,381	1,013
OTIER**	2.51	3.03	0.52
TIER**	2.64	3.17	0.53
Equity %	39.9%	40.4%	0.5%
HDD	1,375	1,403	28
kWh Purchases	220,000	233,433	13,433
kWh Sales	206,800	217,465	10,665

* The ECA collected \$68k from members through August 2022

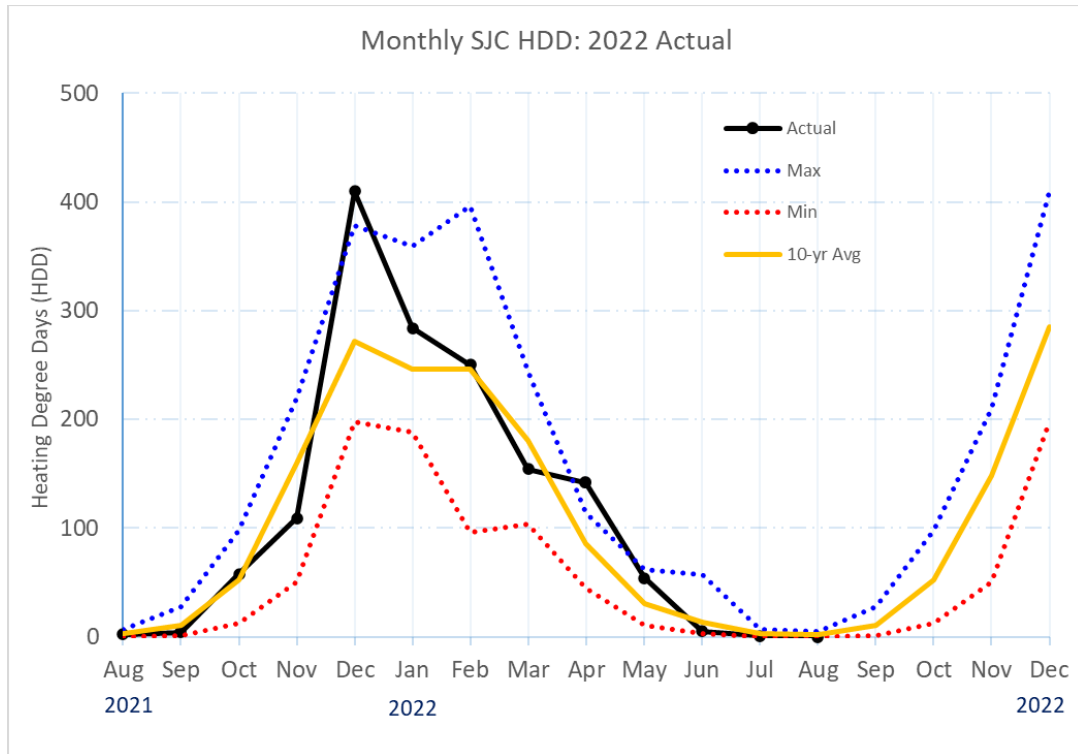
** TIER is a 'full-year' metric, thus not representative in early months as there has not been an accumulation of interest expense

Monthly Energy Charge Adjustment (ECA)

The calculated amount for the Aug ECA was a bill credit of \$.001424 per kWh which returned \$17,443 to members, or \$1.42 per 1,000 kWh. The September billing period ECA is projected to be a bill credit of \$.005541 per kWh on member bills, or \$5.54 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-Aug coming in with a more La Nina pattern. We continue to monitor weather trends monthly.

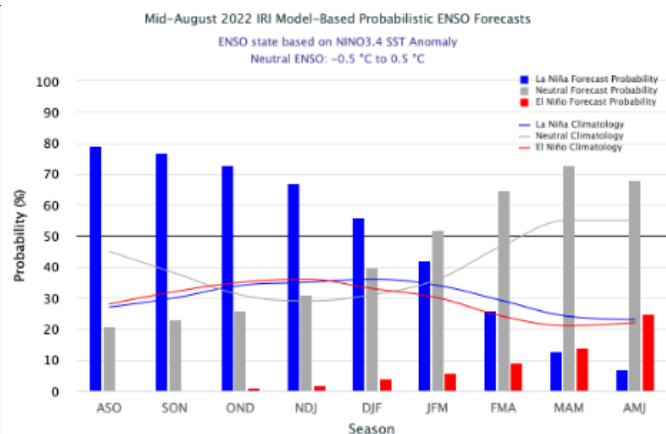
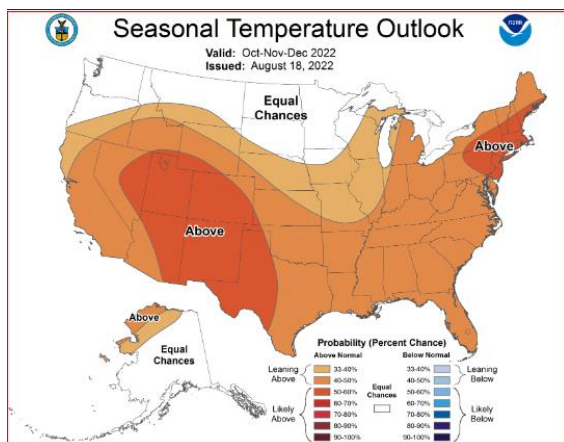


*10-year max, min, avg is 2012-2021

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	509	1,061
	Total Assistance			29,151	81,957	111,996	135,595	158,434	158,740	107,085	782,958
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	701	1,553
	Total Assistance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	189,642	1,560,200

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 August 2022, 302 members received ~ \$11.5K from the low-income Energy Assist program, compared to 302 members who received ~ \$11.2k in assistance in August 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 317 projects complete and billing for a total of \$3.6M outstanding. There are another 31 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 August there were a total of 27 rebates paid out to members totaling \$33.2k. This includes 11 fuel switching ductless heat pump rebates and four 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	123
	Total Awards	\$367,552	\$359,835	\$146,601	\$84,809	\$161,262	\$228,418	\$167,432	\$149,886	\$146,592
	Total Energy Savings (annual kWh)	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269	243,505
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	2,714
	Total Awards	\$1,806,373
Switch It Up**	# of Accounts	323
	Total Financed	\$3,916,178
Total		\$5,722,551

*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 six new interconnect applications submitted in August and six members were interconnected with solar for a total of 569 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 31 pending connection.

Community Solar

During the August 2022 billing cycle, the [Decatur Community Solar](#) array produced 73.680 kWh. A total of ~\$7,265 was distributed to 263 accounts in August.

Winding Down of the Member Owned Renewable Energy (MORE) Program

As described in the 2022 budget narrative and discussed at the November 2021 Board meeting, the focus for OPALCO over the current and future years is to increase support for local renewable projects. One way that was identified was to provide low-income members access to solar benefits by establishing a new program for members to donate in support of local solar production through community solar projects.

OPALCO's current program in support of member renewable generation is the MORE program whereby members contribute by either buying a monthly block or by donating based on their monthly kWh charge on their monthly bills. The donations were then paid out to participating member systems (established in 2010 to 2016) based on the year their system joined and total annual production with limitation caps (4k kWh for residential and 10k for commercial). After 2016, no new renewable energy systems were allowed to join the MORE program.

Since the program's inception prior to 2022, ~\$425k in incentives have been paid out to ~140 member owned renewable systems. In 2021, the average payout was ~\$364 per system, with the range of ~\$4 to \$1,231.

Staff intends to wind down the MORE program while at the same time ramping up a new low-income solar program. The MORE program participants will receive a final payout this year which will consist of the remaining balance collected from the contributing members through the September billing period and establish a new more inclusive low-income solar program. Over the next couple of months staff will encourage the contributing members to continue their support for the new low-income solar program.

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	\$34,163
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	\$136,779
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

OPALCO will open the office doors to members on September 12 as we return to normal business after the COVID-19 pandemic. This will be the last update specific to COVID.

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 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?

County-wide power outage overnight on September 15

Starting Thursday, September 15 @ 11:30 pm until 5 am on September 16th. All of San Juan County will be affected by a planned power outage necessary for Bonneville Power Administration (BPA) to make scheduled repairs to the transmission lines that deliver power to the islands. This maintenance outages will happen during the night minimize impact to OPALCO consumers. While the power is off, the OPALCO crew will utilize the opportunity to do maintenance work on our local system.

Updated Website

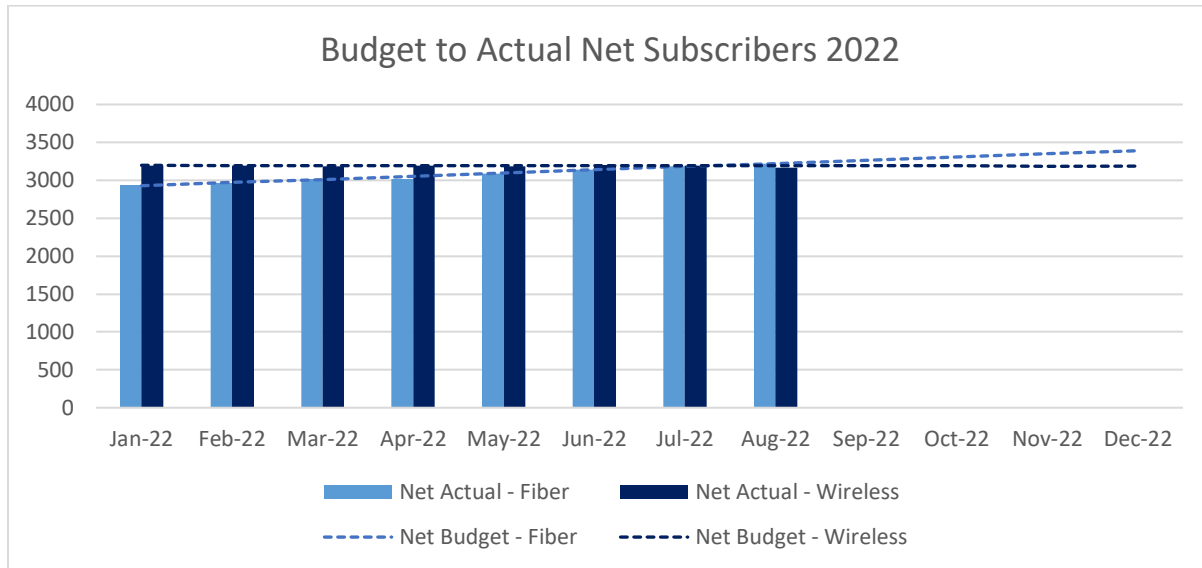
OPALCO's updated website that includes important technological upgrades will be launching October 4. The site will look a little different, but members will be able to find all the same content including outage updates, rebate applications, timely news and more. The improved navigation and streamlining of the content should be easier for users to find the information they need. The team is tracking usage before and after the upgrade to understand how the improvements have helped users and make goals for improvements as needed.

ROCK ISLAND

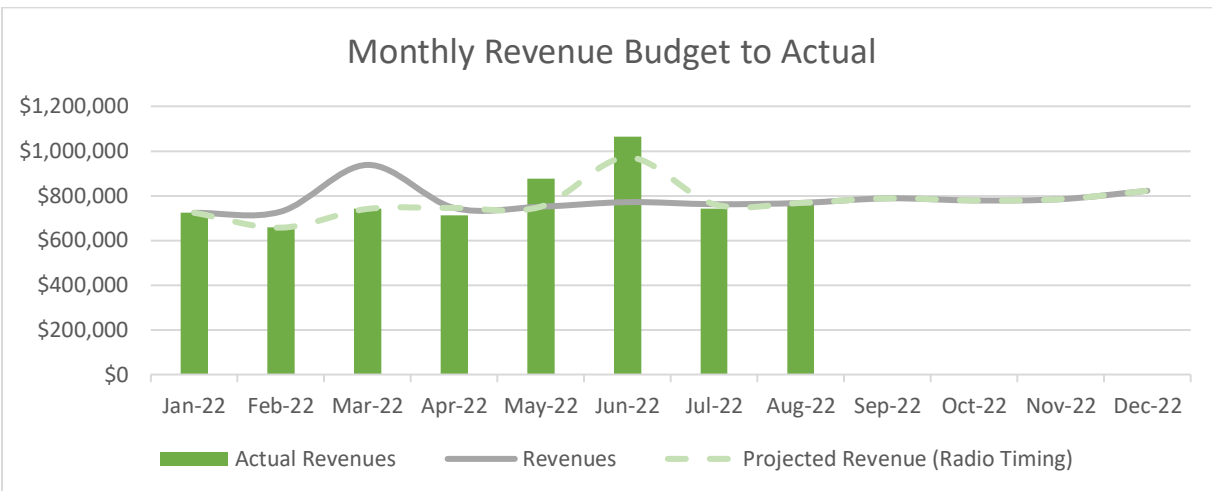
Rock Island Snapshot

- 6,576 Internet Service Customers

Net Subscribers



Revenues



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

Radio Communication Project

The fully built and deployed radio system continues to be monitored by the radio vendor CODAN for technical compliance and baseline testing. Rock Island has at this point responded to multiple requests from CODAN to support replacement of underperforming equipment as well as worked with county staff to better understand the system. The data collected indicates the radio system is now currently operating at designed levels. Additional upgrades may be needed to increase power for lower wattage devices (i.e., pagers). Please note, increased wattage upgrades may require additional FCC licensing and coordination with Canada. Rock Island has a support contract in place to solve technical, deployment and operational needs. The County and CODAN may need to contract with Rock Island for additional support.