Board of Directors
Regular Meeting

Thursday, December 15, 2022
Virtual Meeting via Zoom

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
December 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.

Agenda

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 – November 2022

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

13 RAVENS COFFEE, HOUSE LLC
ATLAS, ANTHONY & LACEY, KATE
AYALA, ANGEL
BENDER, KERI
CAZARES, LIZETH & GONZALEZ, DOMINGO
CLARK, JESSICA
DAVIS, TAYLOR
DAYTON, BETSY
DOLESHEK, RICHARD & DOLESHEK, VIRGINIA
FELIZ, THOMAS
FOSS, DEVEN
HARBOR PROPANE LLC
HOLMGREN, TERRA
HOWARD, ABIGAIL & HOWARD, ELLIOT
JACK, TODD & JACK, KERRY
JOHNSON, DAVID & JOHNSON, MARY
LARSON, NADIA & LARSON, CRAIG
LEE, SUSAN
MATTY, CHRIS
MCCOMBS, BRITTNEY
MCCORMICK, BRIAN
MILLER, LIBERTY
MUSTAIN, SHAWNA
ODEN, LISBETH
PASTORELLI, BARBARA
PETER, RYAN
REMINGTON, RITA & REMINGTON, JOHN
ROCKY BAY DELICAT, ESSEN LLC
SANTIAGO, EMMANUEL
SILVA MARTINEZ, LINDA ROSA
SIMMONS, CLAY & SIMMONS, JULIE
SMITH, STUART
SPEER, JACKIE
SREERAMA, SRUTI
STANLEY, DEBERA
WAMBSGANSS, STEPHEN
WISSEL-TYSON, CHRIS & GERMAN, KENDELL

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

7809 TIMBERHILL LLC
BACON, BRENDA & BACON, ALLEN
BLAKELY AGATE LLC
CARMEN LITTLE, STACY
CHORD, CHRISTOPHER
CURREY, BREA & CURREY, MATT
GUSS, DWIGHT & BAXTER, MARIE
HABETZ, LOGAN & MUNZING, MORGAN
HALL, DANIEL & HAIM, EYAL
IOLAIR HOLDINGS L, LC
ISLAND HORSE LLC
LOWERY, LAURA
MURPHY, JASE & ORSER, CLAIRE
RORABAUGH, JUSTIN
RUTTER, CAROLYN & SHARP, DOUGLAS
SUMRALL, JOHN & SUMRALL, CHARLOTTE

District 3 (Lopez, Center, Decatur, Charles)

CODER, LISA

FREIST, AMBER

GLEESON, TIMOTHY & GLEESON, LINDA

LEDFORD, SYDNEY & LEDFORD, CHRISTOPHER

MAGNUSON, RILEY

RODRIGUEZ, NATHANIEL

District 4 (Shaw, Crane, Canoe, Bell)

No new members

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

December		
Customer #	Amount	
18290		725.96
93911		59.18
Total	**$**	**785.14**

- 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
202210	$73,245.07	System Improvements
AS2210	$33,033.14	Meter base and New Transformer
Total	**$106,278.21**	

Staff requests a motion to approve the Consent Agenda.

Orcas Power & Light Cooperative — Revision: 108578

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RUS Form 219 Inventory Of Work Orders

Period: OCT 2022 — System Designation: WA O9

Preliminary 202210

Inventory: 202210

Loan Project	Year	Work Order Construction (1)	Work Order Retirement (2)	Bdgt (3)	Gross Funds Required: Cost Of Construction: New Constr Or Replacements (4)	Gross Funds Required: Cost Of Removal: New Constr Or Replacements (5)	Deductions: Salvage Relating To New Construction Or Replacements (6)	Deductions: Salvage Relating To Retirements Without Replacements (7)	Deductions: Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
501 - 1	2018	3666		1	2,559.41	0.00	0.00	0.00	0.00	2,452.07
								AFUDC: 107.34		
					2,559.41	0.00	0.00	0.00	0.00	2,452.07
601	2018	3785	3785	1	2,857.35	0.00	0.00	0.00	2,188.27	657.22
								AFUDC: 11.86		
601	2018	3901	3901	1	58,576.12	0.00	0.00	0.00	0.00	58,308.85
								AFUDC: 267.27		
601	2018	3912	3912	1	2,120.49	0.00	0.00	0.00	0.00	2,091.06
								AFUDC: 29.43		
601	2018	3939	3939	1	7,077.14	0.00	0.00	0.00	0.00	6,986.45
								AFUDC: 90.69		
601	2018	3970	3970	1	2,772.01	0.00	0.00	0.00	0.00	2,749.42
								AFUDC: 22.59		
					73,403.11	0.00	0.00	0.00	2,188.27	70,793.00
Grand Totals:					$ 75,962.52	$ 0.00	$ 0.00	$ 0.00	$ 2,188.27	$ 73,245.07

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Orcas Power & Light Cooperative — Revision: 108578

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RUS Form 219 Inventory Of Work Orders

Period: OCT 2022 — System Designation: WA O9

Preliminary 202210

Inventory : 202210

Budget Loan	Project	Amount
1	501 - 1	2,452.07
1	601	70,793.00
	Total:	73,245.07

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

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RUS Form 219 Inventory Of Work Orders

Period: OCT 2022 — System Designation: WA O9

Preliminary 202210

Inventory: AS2210

Loan Project	Year	Work Order Construction (1)	Work Order Retirement (2)	Bdgt (3)	Gross Funds Required: Cost Of Construction: New Constr Or Replacements (4)	Gross Funds Required: Cost Of Removal: New Constr Or Replacements (5)	Deductions: Salvage Relating To New Construction Or Replacements (6)	Deductions: Salvage Relating To Retirements Without Replacements (7)	Deductions: Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
1600	2018	3104	3104	1	33,767.33	0.00	0.00	0.00 AFUDC: 734.19	0.00	33,033.14
					33,767.33	0.00	0.00	0.00	0.00	33,033.14
Grand Totals:					$ 33,767.33	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 33,033.14

Minor Construction Work Orders

Work Order: 3104 - REPLACE OH WITH NEW URD SET NEW TRANSFORMER AND METER BASE

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Orcas Power & Light Cooperative — Revision: 108578

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RUS Form 219 Inventory Of Work Orders

Period: OCT 2022 — System Designation: WA O9

Preliminary 202210

Inventory : AS2210

Budget Loan	Project	Amount
1	1600	33,033.14
	Total:	33,033.14

ENVIRONMENTAL CERTIFICATION

1 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1970 WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL REPORT.

2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS_____, IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER) — DATE

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

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Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, November 17, 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; Head Accountant Travis Neal; Member Services Supervisor Joey Wykoff and Communications Manager Suzanne Olson (serving as recording secretary). Also present were Legal Counsel Joel Paisner and consultant Jay Kimball.

Members in attendance included Robert Dashiell, Marie Troxel, Necia Quast, Patty Cook, Chuks Onweuneme.

Meeting commenced at 8:30 a.m.

Member Comment Period: Member Marie Troxel asked a question about the commercial tariff structure and staff responded.

CONSENT AGENDA

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

ACTION ITEMS

2023 BUDGET

Staff reviewed the 2023 budget presentation, load forecast and rate scenarios. Discussion ensued.

- **MOTION** was made by Silverstein to accept rate scenario option number one (6%) and approve the 2023 budget as presented. Seconded by Christmas and passed unanimously by voice vote.

SPECIAL RETIREMENT OF CAPITAL CREDITS: Uncollectable Accounts

Staff reviewed the amount of capital credits allocated to inactive delinquent accounts.

- **MOTION** was made by Struthers to approve the transfer of these capital credit allocations toward uncollectable account balances. Seconded by Christmas and passed unanimously by voice vote.

GENERAL RETIREMENT OF CAPITAL CREDITS

Staff reviewed the general capital credits allocation.

- **MOTION** was made by Madsen to approve the general capital credit allocation. Seconded by Struthers and passed unanimously by voice vote.

DISCUSSION ITEMS

MEMBER SERVICES POLICY 4

First read of Member Services Policy 4: Service Conditions. Discussion ensued. Staff to come back for approval with changes next month.

2023 TARIFFS

First read of 2023 tariffs as outlined in 2023 Budget (6% increase on tariffs). Second read with no changes in December.

REPORTS

GM presented the monthly General Manager's Report, 3rd Quarter Financials and Rock Island Snapshot. Discussion ensued.

Board paused the Regular Meeting and went into Executive Session. Board returned to Regular Session and passed an employee retention program. Meeting ended at 3:28 pm.

_____ _____

Vince Dauciunas, President Brian Silverstein, Secretary-Treasurer

Member Services Policy 4: Service Conditions – Second Read

In light of the OPALCO tariff revisions proposed for the new year 2023, Staff would like the Board to consider a few minor changes to Member Service Policy 4 – Service Conditions. The proposed changes are more of a clean-up of old language since the current policy has been in place since January 2007. The changes are highlighted yellow in the Policy.

Staff recommends the Board make a motion to approve the changes to Member Services Policy 4: Service Conditions as highlighted below.

ORCAS POWER AND LIGHT COOPERATIVE
MEMBER SERVICE POLICY 4
SERVICE CONDITIONS

4.1 APPLICATION FOR SERVICE

Each member requesting service shall sign OPALCO's standard Membership and Member Information form and may be required to fill out an Application for Electrical Service for new service installation. In the absence of an application for service, the delivery or termination of service by OPALCO and its acceptance by the member shall be deemed to constitute an agreement to and acceptance of OPALCO's Member Service Policies as interpreted and administered by OPALCO's Engineering Department. Responsible parties of the property desiring new service or the alteration of existing service are required to pay 100% of the actual costs associated with the work involved. Prior to OPALCO granting the property owner new or altered service, OPALCO shall determine what property easements are required to accommodate the property owners request and ensure that existing facilities have adequate easements. Failure to provide OPALCO with adequate easements to maintain new or existing facilities will result in denial of membership.

All contribution in aid of construction (CIAC) estimates are given in good faith and are made with information available to OPALCO at the time, and with information supplied to OPALCO by the responsible party. OPALCO has the right to re-issue a contribution in aid of construction estimate if and when more accurate information becomes available. The responsible party is always legally responsible for the actual cost(s) of providing new electrical service(s). When the work is complete, any difference in the paid CIAC to actual projects costs resulting in $250 or more will be adjusted in an as-built re-bill or refund (see Member Service Policy 5.2).

The Contribution In Aid of Construction (CIAC) includes the *estimated* costs for OPALCO to provide and install the primary facilities. Full payment of the estimated CIAC initiates a work order or service order to formalize design and begin

construction. Responsible party should expect a *minimum* of two weeks, from OPALCO's receipt of payment, for any material delivery or construction activity to begin.

4.1.1 Required information includes the following:

4.1.1.1 Name or names of the applicants

4.1.1.2 Tax parcel number

4.1.1.3 Local contact and/or work and home telephone number

4.1.1.4 Billing address

4.1.1.5 Previous service address, if applicable

4.1.1.6 Date service is desired

4.1.1.7 Information as to whether service location previously had electric service

4.1.1.8 Statement as to whether applicant is the owner, tenant, or agent; if tenant, the name of the owner or property manager

4.1.1.9 If new service, information as to anticipated use of service and anticipated energy and demand requirements of member

4.1.1.10 Life support equipment, if any, to be used within the premises

4.1.1.11 Name and address of any third party the member wishes to be informed of any termination notice

4.1.1.12 If applying for service in any name other than the property owner(s), the property owner(s) shall certify the authority of the responsible party in writing to OPALCO. If this authorized responsible party is allowed to agree to placement of facilities on behalf of the property owner(s), this must also be certified in writing.

4.1.2 Proof of Identity

Each applicant for service will be required to present sufficient proof of identity to allow OPALCO to determine the identity of the person.

4.1.3 Right to Refuse Service

OPALCO may refuse to provide service to any responsible party not providing the information required by this section. The right to refuse service under this section does not limit OPALCO's right or authority to refuse service or terminate service on any other basis set forth in this member service policy. The member may be required to certify the accuracy and correctness of

information provided.

4.1.4 New Member Information

OPALCO shall furnish all new responsible parties with the following information:

4.1.4.1 Copy of signed membership application

4.1.4.2 OPALCO bylaws

4.1.4.3 Copy of rate schedules under which member is to be served

4.1.4.4 Member packet

4.1.4.5 Form Utility Easement

4.2 CONTRACTS OR WRITTEN AGREEMENTS

OPALCO may require a member, as a condition of service, to sign a contract or agreement acknowledging additional conditions of service. OPALCO may also require a contract as a condition of providing specific services. These contracts or agreements will normally remain with the property served and will be recorded with the San Juan County Auditor's office. As such they shall transfer to any successor property owner. By obtaining service from OPALCO, each member consents to the recording of all necessary contracts, agreements and easements.

4.3 MINIMUM TERM OF SERVICE

Unless otherwise provided in a specific contract for service, the minimum term for which service will be rendered is one month of thirty (30) days.

4.4 FEES

4.4.1 Membership Fee

All applicants for service will be required to become a member of Orcas Power and Light Cooperative (see Schedule of Deposits and Charges in the OPALCO tariff book).

4.4.2 ~~Service Charge~~ Service Transfer Fee

Each member, upon application for service, shall pay a fee to cover the initial expense of incorporating the new account data into OPALCO's billing and member records system (see Schedule of Deposits and Charges in the OPALCO tariff book).

4.4.3 Disconnect/Reconnect Service Fee

~~Each member applying for electric service at an existing metered location~~

~~shall be charged a connect fee if OPALCO is required to set a meter. This fee will not be levied if the electricity is already on and both members agree to a meter reading resulting in no lapse in service~~ Each member (or members service agent) who has requested a disconnect /reconnect of meter service over same day or multiple days, to facilitate repair or update of equipment past the point of distribution (meter) shall be charged a fee. In the event of transfer of a service request, and no receiving party has been identified, the member may choose to disconnect the service. (see Schedule of Deposits and Charges in the OPALCO tariff book).

4.5 EASEMENTS

The responsible party shall execute an easement in a form as determined by OPALCO, providing a suitable legally binding right for OPALCO's and/or its subsidiaries' distribution, transmission and communications lines and other facilities, equipment and other appurtenances to be located on, under or above the member's property to furnish the member with electric energy and/or communications service, to serve other members and customers of OPALCO and its subsidiaries (see Member Service Policy 3.5.5), to provide improved safety and data communications in the field for the Cooperative's operations staff, and to provide more efficient energy usage, and more reliable electric service to its members.

4.6 ACCESS

4.6.1 Access to Premises

Any properly identified employee or agent of OPALCO shall have access to the premises of the member at all reasonable times for the purpose of reading meters, utility right-of-way maintenance, testing and/or inspecting load and service entrance equipment, repairing, removing or exchanging any or all equipment belonging to OPALCO. Service and meter locations shall be kept free of brush or other obstructions by the member at all times. Locked gates and barricades shall have an OPALCO lock in addition to the member's lock so that the gate or barricade can be opened by OPALCO.

4.6.2 Accessibility of Electric Meter

OPALCO determines the location of all facilities owned by OPALCO including the electric meter location. OPALCO shall locate electric meters in an area accessible to OPALCO employees. Access must not require opening a door, lock, etc. unless OPALCO gives written permission allowing it. The area containing the meter must have at least one open wall. Except for transformer rated meter installations, no energy shall enter a dwelling or other closed room before it is metered. OPALCO employees shall have access to member's electric meters at all times. The member is responsible for

providing a clear pathway from the driveway, street or alley to the meter for monthly meter reading purposes. If the member fails to provide a clear pathway to the electric meter, OPALCO may clear the area with the cost of such clearing to be paid by the member.

4.7 ESTABLISHMENT OF CREDIT

Each member will be required to establish and maintain credit satisfactory to OPALCO as a condition of receiving service. OPALCO reserves the right to check the member's credit with an established credit reporting agency.

4.7.1 Deposits

OPALCO may require a separate deposit for each meter installed. The amount of the deposit required by OPALCO will normally be the amount specified in the Schedule of Deposits and Charges in the OPALCO tariff book. OPALCO may require a larger deposit for a new account to be set up as a business entity.

4.7.1.1 OPALCO will ~~refund or~~ waive the requirement for a deposit for electric service ~~within 90 days~~ if the applicant is able to meet any of the following requirements:

4.7.1.1.1 The applicant has previously established a good payment record with OPALCO; or

4.7.1.1.2 The applicant provides a letter or other written verification from a utility (electric, gas or telephone) which last provided service to the applicant stating that the applicant had credit history equal to OPALCO's "B" rating at the prior location, or

4.7.1.1.3 The applicant signs up for one of the automatic payment methods, either monthly payments drawn directly from their bank account or authorization to charge the monthly payments to the applicant's credit card, or

~~4.7.1.1.4 With the applicant's permission, OPALCO is able to obtain a favorable reporting for one of the credit reporting agencies, or~~

~~4.7.1.1.5 The applicant is the owner or purchaser of the property.~~

4.7.1.1.6 The applicant provides a third party guarantee. Since a third-party guarantee is a transfer of liability from one party to another, the acceptability of the third-party guarantor is at the sole discretion of OPALCO. The third-party

guarantor shall be an active OPALCO member and must have established credit under similar usage and amounts. The third-party guarantor must acknowledge their responsibilities in writing. The third-party guarantor may revoke the guarantee by giving OPALCO thirty (30) days' notice in writing and OPALCO may then collect a deposit regardless of the payment record of the account. The third-party guarantor will remain liable for all amounts until the effective date of the revocation.

4.7.1.1.7 In the case of a business, please refer to the Schedule of Deposits and Charges in the OPALCO tariff book.

4.7.1.2 OPALCO will issue to the applicant a written receipt for the amount of the deposit. OPALCO will not require a member to produce a deposit receipt in order to receive a refund of the deposit.

4.7.1.3 Unless otherwise requested by the member, OPALCO will apply the deposit to the residential account within 30 days after the earlier of:

4.7.1.3.1 Twelve (12) months continuous service if the member has not received more than one disconnect notice, has not had more than one ~~NSF check~~ Automated Clearing House (ACH) return or credit card decline and has not been disconnected for non-payment during the previous twelve (12) month period; or

4.7.1.3.2 Termination of service, to the extent the deposit amount exceeds any balance due the utility for electric service and late fee for that account.

4.7.1.3.3 If the billing is current at the time of review, the member may be issued a check for payment of the deposit refund.

4.7.1.4 OPALCO may institute or adjust a deposit for an established member consistent with Section 4.7.1 if the member becomes delinquent in payment. See Member Service Policy 7.5.8.

4.7.1.5 OPALCO will provide deferred deposit payment arrangements in cases of residential economic hardship. OPALCO may disconnect a member in accordance with Member Service Policy 7.5 if the member does not maintain the agreed upon deposit payment arrangements.

4.7.2 Interest on Deposits

OPALCO will not pay interest on deposits.

4.7.3 Deposits To Be Applied

Upon disconnection of service, OPALCO will apply all held deposits towards payment of the member's outstanding balance. The member will continue to be liable to OPALCO for the balance.

4.7.4 Former Indebtedness Paid

If a former member, or person responsible for debt, who is indebted to OPALCO attempts by some agency, relationship, or otherwise, to obtain service, OPALCO reserves the right to refuse service until payment is made of all money due. Any monies due from the member need to be collected before any payments are made to the member, including applying any capital credit general retirement payments.

4.7.5 Not to Receive Benefit

A person who has been disconnected for non-payment of a bill may not receive benefit of service by having the account transferred into another name if there has been no change in occupancy in the location.

4.7.6 Disconnect Requested By Others

At the request of a landlord who has the account in his name, OPALCO may refuse to initially connect a tenant's electric service. OPALCO will not disconnect a tenant who holds the account in his name at the request of a landlord. OPALCO will reconnect a tenant who has been disconnected for non-pay if the tenant makes acceptable payment arrangements.

4.8 APPLICABLE RATE

Where more than one rate schedule is applicable, the applicant shall be advised of the lowest applicable rate.

4.8.1 Alternate Rate Schedule

When a member desires service on an applicable rate schedule other than that on which he is being billed, he shall so notify OPALCO in writing and, after review, the change in schedule will become effective after the next regular meter reading. Unless there has been a change in use, rate class changes shall remain in effect for twelve (12) months.

4.9 RESALE OF ELECTRICITY

The member shall not sell to others any of the electric service furnished by OPALCO.

4.9.1 Master Meters/Sub-Meters

No service will be supplied through a master meter for sub-metering for resale. This rule does not prohibit a landlord or manager from including a fixed amount as part of the rental charge to cover the cost of electric service to marinas or rental units.

4.9.2 Combined Billing

The rates set forth in the individual rate schedules are based upon the supply of service to one member through one meter on one premise and service measured through two or more meters on the same premise will not be combined for billing purposes. Upon request of an applicant, OPALCO may install more than one meter, but in such instances the bill for service through each meter will be computed separately and billed in accordance with the applicable rate schedule.

4.9.3 Multiple Occupant Commercial Buildings

Primary service will be supplied only to one location for each building. All metering and service entrance equipment will be located at this point. Each separate commercial unit separated by permanent load-bearing walls must be metered separately. No master metering will be permitted. Laundry, furnaces, and other common use areas will be metered and charged according to the appropriate rate schedules.

4.9.4 Marina Service

Marinas, boat floats or moorings are metered at the point of delivery. The serving transformer's secondary lugs shall not be extended beyond the shoreline and be located no closer than five (5) feet horizontally above the electrical datum plane. These services shall be billed under the appropriate commercial schedule.

The moorage owner may either install an OPALCO approved master meter base or meter the individual slips with an approved OPALCO meter. In both of these cases, the point of delivery shall remain the secondary lugs of the serving transformer, but OPALCO will read the meters and bill the individual slips under the appropriate tariff.

Slips which are occupied for residential purposes shall be billed under the residential schedule only if an OPALCO approved and installed meter is metering the slip. The moorage owner is responsible for all maintenance from the shoreline transformer secondary lugs.

NOTE: Electrolysis may be a major problem for those receiving electric service in the marine environment. Isolation transformers or other means to prevent or reduce electrolysis are the sole responsibility of

those taking service. OPALCO assumes no responsibility for electrolysis or similar problems.

4.10 PROTECTION OF OPALCO PROPERTY

The member shall be responsible for the safekeeping of OPALCO's property on his premises and shall take all reasonable precaution against unlawful interference with OPALCO's property.

4.11 TAMPERING WITH OPALCO'S PROPERTY

In order to protect its equipment and service, OPALCO may seal the service switch and/or other devices or enclosures on the member's premises to prevent access by unauthorized persons. The member shall not in any way interfere with or alter the meters, seals, or other property used in connection with rendering electric service, or permit same to be done by others, other than the authorized agents or employees of OPALCO. Damage to or loss of this OPALCO property shall be paid for by the member. Damage to or removal of OPALCO's meters, seals or other property may be considered sufficient reason for discontinuance of service to a member until OPALCO has received satisfactory assurance that its equipment will be free from future interference and until all damages, fines and bills for metered or unmetered electricity have been paid.

Tariffs 2023 – Second Read

The first read was presented at the November Board Meeting. Staff made a few small changes highlighted in the tariffs to clarify some of the language. The tariffs (under separate cover) include the recommended revenue increases to meet the revenue requirements as proposed in the 2022 budget.

Staff recommends the Board make a motion approve the 2023 Tariffs.

Residential			Charge (Credit)
Service Access Charge ($/Service/Month)			$53.38
Energy Assistance Program ($/kWh)			$0.00084
Energy Rates ($/kWh)			
	Summer	Winter	
Block 1	< 2,000 kWh	< 4,000 kWh	$0.1201
Block 2	2,000 kWh to 3000 kWh	4,000 kWh to 5,000 kWh	$0.1362
Block 3	> 3,000 kWh	> 5,000 kWh	$0.1567

Residential TOU	Charge (Credit)
Service Access Charge ($/Service/Month)	$64.17
Energy Assistance Program ($/kWh)	$0.00084
Energy Rates ($/kWh)	
TOU Period 1 (6 AM - Noon)	$0.1991
TOU Period 2 (Noon - 6 PM)	$0.1195
TOU Period 3 (6 PM - 8 PM)	$0.1991
TOU Period 3 (8 PM - 6 AM)	$0.0541

Small Commercial (<20 kW)	Charge (Credit)
Service Access Charge ($/Service/Month)	$74.50
Energy Assistance Program ($/kWh)	$0.00084
Energy Rates ($/kWh)	
Block 1 (< 5,000 kWh)	$0.1185
Block 2 (> 5,000 kWh)	$0.1313
Demand Rates ($/kW)	
First 20 kW (Flat Rate)	$7.08

Large Commercial (> 20kW)	Charge (Credit)
Service Access Charge ($/Service/Month)	$74.50
Energy Assistance Program ($/kWh)	$0.00084
Energy Rates ($/kWh)	
Block 1 (< 5,000 kWh)	$0.1075
Block 2 (5,000-150,000 kWh)	$0.1193
Block 3 (>150,000 kWh)	$0.1589
Demand Rates ($/kW)	
Block 1 (< 300 kW)	$4.35
Block 2 (> 300 kW)	$6.53

Pumps	Charge (Credit)
Service Access Charge ($/Service/Month)	$47.94
Energy Assistance Program ($/kWh)	$0.00084
Energy Rates ($/kWh)	
0 - 370 kWh	$0.1277
370-5,000 kwh	$0.1023
Over 5,000 kWh	$0.1243
Demand Rates ($/kW)	
First 20 kW (Flat Rate)	$1.34
Over 20 kW	$4.40

Residential Renewables			Charge (Credit)
Service Access Charge ($/Service/Month)			$53.38
Energy Assistance Program ($/kWh)			$0.00084
Consumed Energy Rates ($/kWh)			
	Summer	Winter	
Block 1	< 2,000 kWh	< 4,000 kWh	$0.1201
Block 2	2,000 kWh to 3000 kWh	4,000 kWh to 5,000 kWh	$0.1362
Block 3	> 3,000 kWh	> 5,000 kWh	$0.1567
Produced Energy Rates ($/kWh)			
Renewable Generation Credit			($0.0990)
Grid Usage Charge			$0.0115

Energy Assist	Charge (Credit)
Energy Assistance Program ($/kWh)	$0.00084
Household Size ($ Credit/Month)	
1	($34.64)
2	($41.25)
3	($47.86)
4	($54.48)
5	($61.09)
6+	($67.71)

Private Outdoor Lighting	Charge (Credit)
Billing Charge ($/Service/Month)	$3.09
Fixture Charge ($/Service/Month)	$13.91
Energy Rates ($/kWh)	
100 Watt Light (and LED Equivalent)	$5.12
200 Watt Light (and LED Equivalent)	$10.39

Line Retention	Charge (Credit)
Service Access Charge ($/Service/Month)	$47.94

Deposits and Charges	Charge (Credit)
New Members	
Membership Fee	$5.00
Deposits (Refundable):	
Residential/Residential TOU	$250.00
Commercial (Small/Large)	TBD*
*Amount determined by OPALCO. Surety bond required in amount of deposit	
Service Transfer Fee	$25.00
Returned Payment Charge	$30.00
Late Payment Charge (applied to current charges)	5%
Disconnect/Reconnect Fees	
Disconnect Notice	$10.00
Door Tag Fee	$50.00
Reconnect (After Disconnt for Non-payment)	
During OPALCO business hours	$75.00
Outside of OPALCO business hours	$150.00
Seasonal Reconnect (after disconnected for two (2) or more consecutive billing periods)	
During OPALCO business hours	$250.00
Outside of OPALCO business hours	$400.00
Member Caused Outage	Actual Cost
Meter Seal Breakage	$100.00
Meter Test Fee (at member's request)	
Performed by OPALCO	$100.00
Performed by other qualified person	$2.00
**OPALCO will refund cost of meter testing if proven in error by more than two percent (2%)	

Commercial Renewables	Charge (Credit)
Service Access Charge ($/Service/Month)	$74.50
Energy Assistance Program ($/kWh)	$0.00084
Consumed Energy Rates ($/kWh)	
Block 1 (< 5,000 kWh)	$0.1075
Block 2 (5,000-150,000 kWh)	$0.1193
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Produced Energy Rates ($/kWh)	
Renewable Generation Credit	($0.0990)
Grid Usage Charge	$0.0115
Demand Rates ($/kW)	
Block 1 (< 300 kW)	$4.35
Block 2 (> 300 kW)	$6.53

DISCUSSION ITEMS

Youth Rally Presentation (9 am)

The 2022 OPALCO Youth Scholars will be doing a short presentation on their experience at the ICUA Youth Rally.

San Juan County Docket Process

Staff requests a Board discussion on OPALCO's long range plans for a reliable and cost-effective, environmentally sensitive energy future and how to implement renewable projects within the county codes. There is a window of opportunity each year (January – February) during which constituents can request changes to county codes, land use and comprehensive plan language. The Growth Management Act at RCW 36.70A.470(2) allows any interested person to request amendments development regulations, such as the San Juan County Comprehensive Plan (Comp Plan). Although the Comp Plan is a 20-year document, these changes on an annual basis can help to shape it as a living document.

In order to achieve our renewable energy and carbon reduction goals, all stakeholders need to advocate that San Juan County develop detailed actionable plans and funding in the county budget.

OPALCO
Co-op Run. Community Powered.

SAN JUAN COUNTY DEPARTMENT OF COMMUNITY DEVELOPMENT
135 Rhone Street, PO Box 947, Friday Harbor, WA 98250
(360) 378-2354 | (360) 378-2116
dcd@sanjuanco.com | www.sanjuanco.com

San Juan County Docket Process

The Growth Management Act at RCW 36.70A.470(2) allows any interested person, including applicants, citizens, hearing examiners, and staff of other agencies, to request amendments to the San Juan County Comprehensive Plan or suggest Comprehensive Plan policy amendments or development regulation amendments. This process is known as the annual "Docket" process. Development Regulations are those contained in Titles 16 and 18 of San Juan County Code.

How do I suggest a change to the Comprehensive Plan or Development Regulations?

Complete one of the following application forms for each proposed amendment and submit it to the Community Development Department. There is a fee for a Comprehensive Plan Map Amendment, but no fee for a Comprehensive Plan Policy or Development Regulation amendment. Each request must be submitted on its own form.

- Comprehensive Plan Map Amendment Form
- Comprehensive Plan Policy or Development Regulation Amendment Form

What happens after I submit a proposed amendment?

Community Development staff will review the application and determine if the application is complete. If the application does not include the information requested in the application form, staff will contact the applicant to request the additional information.

Since the County's docket schedule is very short, applications that are not complete as of March 1 may be deferred to a subsequent year's docket. All applications are placed on the Initial Docket, but Council might not place all the proposals onto the Final Docket.

Initial Docket Review

The Initial Docket will be created and Community Development staff will categorize each proposal as follows:

A - Required by law for GMA Compliance or otherwise
B - Necessary to achieve a vital public policy or a budgeted work program item
C - Provides clarity and certainty to the UDC and Comprehensive Plan or removes ambiguity and/or inconsistencies
D - Lessor priority to be considered as staff time permits.
E- Obsolete, previously resolved, inconsistent with state law, or not recommended for further consideration.

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Final Docket Review

The Planning Commission and Council will consider the Initial docket and determine which items will be placed on the Final docket for review and consideration. Possible outcomes as a result of Council review of the initial docket include:

- Review and adoption in the same year
- Deferral to a subsequent year
- Considered as part of a larger planning project (such as the 2018 Comprehensive Plan Update)
- Not considered or adopted

How long does a proposed amendment take?

The length of time for review will vary depending upon the size and complexity of the amendment, Council priorities, and other work in progress. All applications submitted before March 1 will be considered in the same year.

Annual Comprehensive Plan Docket Calendar

January - Publish notice of docket application due date

March 1 - Docket application submittal deadline

April - DCD staff assembles initial docket

May - Staff Briefs County Council and Planning Commission on initial docket

June - Council public hearing to set final docket (by resolution)

October - Planning Commission public hearing. Makes recommendation on final docket ordinances

November - Council public hearing on final docket ordinances

December - Council adopts final docket ordinances

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
- Climate Change News Review - September 2022
- OPALCO Tidal Energy Pilot Project
- Solar Rate for Residential Members

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of December 9, 2022, there are 459 work orders open totaling $10.17M Operations has completed construction on 160 work orders, totaling $3.88M.

Safety

Northwest Safety Service conducted live line tool maintenance and care for operations staff. The total current hours worked without a loss time accident 214,034 hours.

Awarded Grants

Washington Department of Commerce - Grid Modernization

- San Juan Microgrid (Grant $2.4M) (partnered with PNNL) – Staff anticipates issuing an RFP for battery system balance of plant in December 2022 since battery vendors RFPs have been received. Staff is in process of executing purchase agreements on the battery systems in January 2023.
- 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 and regulatory agencies. $150K
  - Friday Harbor Ferry Electrification Preliminary Design (Phase 1 Only) – On hold until WA DOC releases the next stage in contracting. $150K

Washington Department of Commerce – Clean Energy Fund 3 Solar

- Low-Income Community Solar Deployment (Grant $1M) – Staff has executed construction contract and anticipates the engineering design to be at 90% in January. Conditional Use Permit is anticipated to be submitted to the County by the end of Q1 2023.

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 have been higher than budgeted levels through November 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 ~$591K & purchased power was above budget by ~$176k. This was curtailed by the ECA which has collected a net ~98k through November. 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	$ 34,254	$ 34,845	$ 591
ECA Surcharge / (Credit)*	$ -	$ 98	$ 98
Revenue	$ 34,254	$ 34,943	$ 689
Expenses:			
Cost of Purchased Power	$ 9,496	$ 9,672	$ 176
Transmission & Distribution Expense	7,137	6,989	(148)
General & Administrative Expense	6,022	5,652	(370)
Depreciation, Tax, Interest & Other	8,566	8,869	303
Total Expenses	31,221	31,182	(39)
Operating Margin	3,033	3,761	728
Non-op margin	282	377	95
Net Margin*	3,315	$ 4,138	823
OTIER**	2.48	2.86	0.38
TIER**	2.64	3.05	0.41
Equity %	39.9%	40.3%	0.4%
HDD	1,375	1,474	99
kWh Purchases	220,000	235,001	15,001
kWh Sales	206,800	215,649	8,849

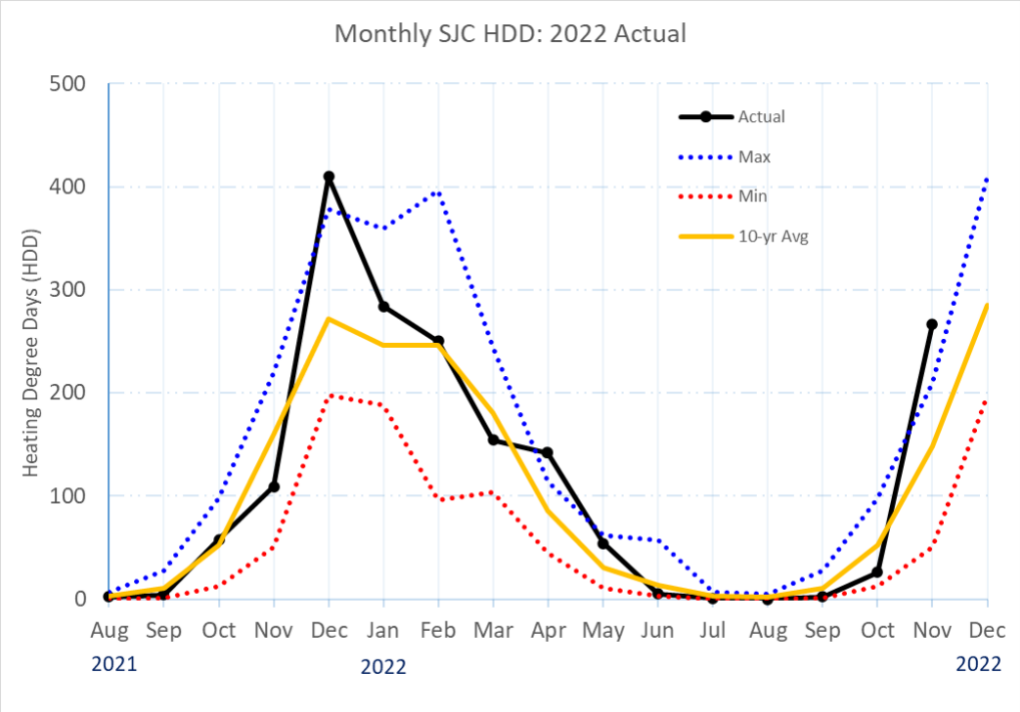
* The ECA collected $98k from members through November 2022

Monthly Energy Charge Adjustment (ECA)

The calculated amount for the November ECA was a bill surcharge of $.005403 per kWh which collected $108,499 from members, or $5.40 per 1,000 kWh. The December billing period ECA is projected to be a bill credit of ($.003432) per kWh on member bills, or $3.43 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 2021 saw a very cold weather snap and HDDs came in above the 10-yr maximum. The rest of 2022 began trending more towards historical averages, with a more La Nina spring pattern & another cold spike in November. We continue to monitor weather trends monthly.

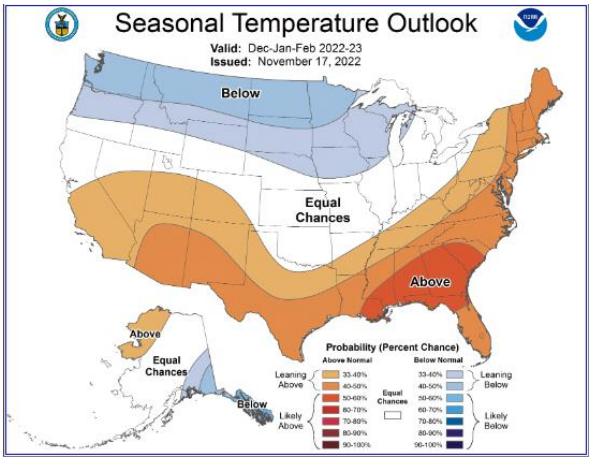


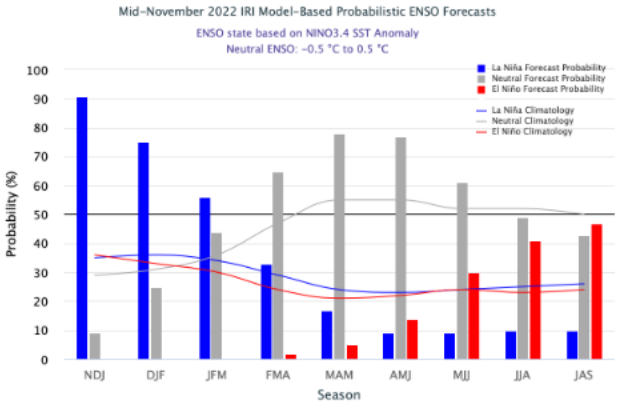
*10-year max, min, avg is 2012-2021

Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Dec-Jan-Feb '22-'23, the outlook is currently showing 'likely below' normal temperatures in our region in the coming winter months. We continue to monitor these predictors monthly.

2022-'23 Dec-Jan-Feb 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	531	1,079
	Total Assitance			29,151	81,957	111,996	135,595	158,434	158,740	143,258	819,131
PAL	# of Accounts	180	226	228	217	212	205	329	363	249	1,018
	Total Assitance	31,560	46,345	46,885	48,833	45,155	53,137	80,975	104,880	64,887	522,658
EAP Residential - COVID	# of Accounts							88	74	63	98
	Total Assitance							21,535	27,606	8,348	57,489
EAP Commercial - COVID	# of Accounts							107	97	79	119
	Total Assitance							73,340	87,233	21,998	182,570
PAL - COVID	# of Accounts							131	122		222
	Total Assitance							15,000	12,200		27,200
Grand Total	# of Accounts	180	226	325	447	460	488	835	825	731	1,574
	Total Assitance	31,560	46,345	76,036	130,790	157,151	188,732	349,283	390,659	238,490	1,609,048

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 November 2022, 328 members received ~$12.5k from the low-income Energy Assist program, compared to 349 members who received ~$15.7k in assistance in November 2021.

Project PAL: During November 2022, 79 Members received ~14.9K from Project PAL, compared to 72 Members who received ~15.7K in November 2021.

LIHEAP: Extended Award Season Notifications have slowed down.

Switch it Up!

There are now 370 projects complete and billing for a total of $4.5M outstanding. There are another 38 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. Through November, project details are as follows:

Project	2019	2020	2021	2022	Grand Total
Energy Storage				39,510	**$ 39,510**
Ductless Heat Pump	648,252	617,060	641,765	1,295,717	**$ 3,202,794**
Fiber		30,725	48,681	29,301	**$ 108,707**
Ducted Heat Pump	8,119	30,000	15,000	18,127	**$ 71,246**
HP Water Heater	13,985	9,805		5,012	**$ 28,802**
Insulation				214,987	**$ 214,987**
Other	14,543			90,649	**$ 105,193**
Solar				1,131,579	**$ 1,131,579**
Windows				362,052	**$ 362,052**
Grand Total	**$ 684,900**	**$ 687,589**	**$ 705,446**	**$ 3,186,934**	**$ 5,264,870**

Energy Savings

During November there were a total of 25 rebates paid out to members totaling $24.5k. This includes eight 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	196
	Total Awards	$367,552	$359,835	$146,601	$84,809	$161,262	$228,418	$167,432	$149,886	$214,456
	Total Energy Savings (annual kWh)	1,423,477	1,696,662	731,392	896,425	479,323	733,432	783,431	359,269	324,253
Switch It Up**	# of Accounts						72	87	69	167
	Total Financed						$684,900	$687,589	$705,446	$3,186,934

2014-2022		Totals
EE Rebates*	# of Accounts	2,787
	Total Awards	$1,874,237
Switch It Up**	# of Accounts	395
	Total Financed	$5,264,870
Total		**$7,139,107**

**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 2-3% interest to cover administrative costs for members financing projects with these funds; there is no impact to member rates.*

Solar Programs

Interconnects

There were ten new interconnect applications submitted in November and ten members were interconnected with solar for a total of 596 (https://energysavings.opalco.com/member-generated-power/). There are an additional 30 pending connection.

Community Solar

During the November 2022 billing cycle, the Decatur Community Solar array produced 19,520 kWh. A total of ~$2,012 was distributed to 263 accounts in November.

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	$81,960
WA State Incentives*	# of Accounts	136	162	171	197	268	256	259	58	57
	Total Payments	$100,425	$100,000	$114,037	$125,635	$167,971	$224,766	$218,222	$91,461	$84,828
MORE**	# of Accounts	104	132	147	149	145	144	144	140	135
	Total Payments	$58,451	$50,674	$52,587	$53,259	$54,173	$53,109	$51,897	$50,896	$123,477

2014-2022		Totals
Comm Solar	Total Payments	$184,576
WA State Incentives*	Total Payments	$1,227,345
MORE**	Total Payments	$548,523
Total		**$1,960,444**

**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. The program ended September 30, 2022, with a final payout of all program dollars that remained.*

COMMUNICATIONS

High Bill Complaints

There has been a smattering of commentary on social media about high bills this month and the upcoming rate increase. Staff continues to encourage members to reach out and discuss their bills and clarify any misunderstandings on their bill calculations or ways to lower their bill. Members can also look at the Lower My Bill Toolkit on the OPALCO website.

In-Person Outreach

Staff have been doing in-person outreach to members including attending civic clubs and outreach to key accounts. Staff is looking for active clubs or HOAs to attend to talk with groups about OPALCO programs, like Switch It Up and/or Energize San Juans.

Ruralite Magazine

Beginning in January, members will start to receive Ruralite magazine which will have lots of great information about OPALCO programs, outage safety & reporting and energy tips & tricks. OPALCO has partnered with Pioneer Utility Resources (a fellow cooperative) who works with electric cooperatives across the region to produce this magazine in an affordable and cost-effective way. The magazine will be distributed monthly.

2023 Election Timeline

Event	Date
Legal Notice for Election (RUS requires minimum 30 days prior to nominating process)	12/16/22 (extra time to avoid holidays)
Director Applications due to EGC	01/25/23
Nominations posted - (80 days prior to meeting)	02/08/23
Nominations by petition due to office	02/17/23
Nominations by petition posted - (55 days prior to meeting)	03/03/23 (03/05/22 – 55 day – Sun)
Candidate Forum	03/09/23
Notice to members/Ballots mailed - (21-50 days prior to meeting)	03/10/23-04/08/23
Election closes - (3 days prior to meeting)	04/26/23
Annual Meeting	04/29/23

The 2023 election will include two board positions from two different districts as outlined below:

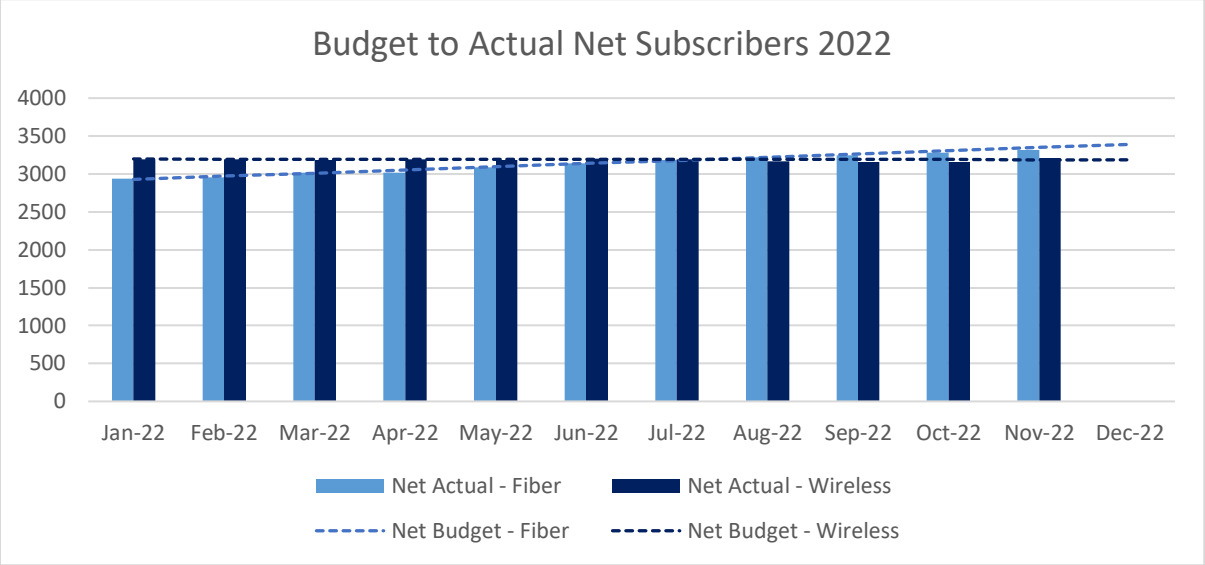
Election Year	District			
	D1 - San Juan	D2 - Orcas	D3 - Lopez	D4 - Shaw
2022*	1B - Madsen		3A - Silverstein	4 - Whitfield
2023	**1A - Dauciunas**	**2B - Christmas**		
2024		2A - Struthers	3B - Osterman	
2025	1B		3A	4

* All terms are 3-year terms starting in 2022

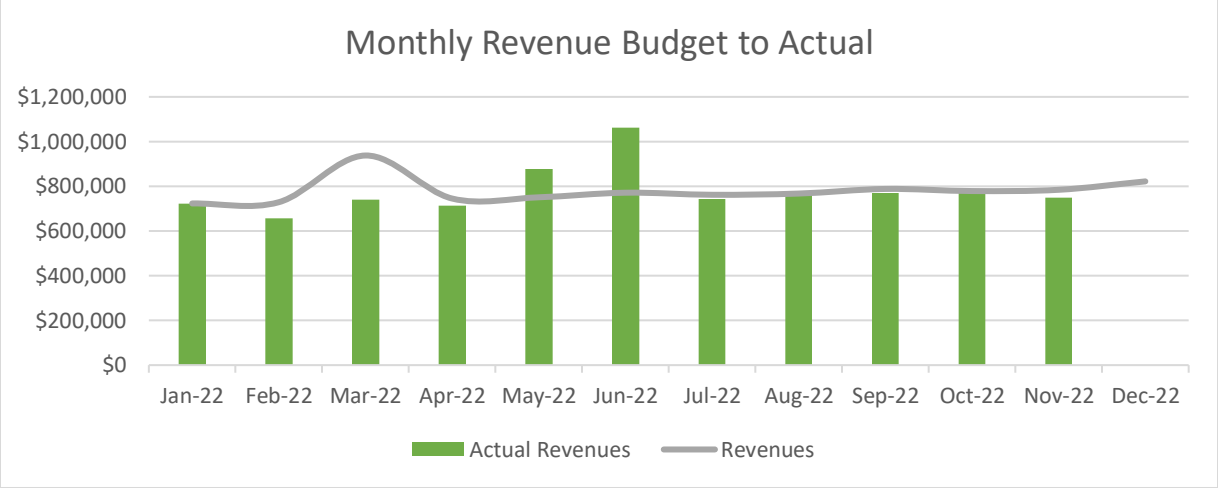
Rock Island Snapshot

6,510 Internet Service Customers

Net Subscribers



Revenues



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

APPENDIX

Member Communications

Rainshadow Solar sent the Board the letter below that references our renewable energy rate. The whole industry is struggling with similar rate parity issues - see attached article from Utility Dive that provides background on these industry wide issues.

OPALCO's response to issues raised in the letter is also included below. Additionally, OPALCO staff prepared a Quick Fact to clarify how the tariff works. OPALCO understands that the changes to rates and the energy world due to decarbonization are disruptive.

Staff does not recommend changing the way the tariff works as suggested by the Rainshadow Solar. However, staff has proposed minor adjustments to the tariff language to make the rate mechanics more clear.

OPALCO's response (in blue) to issues raised in the letter:

RAINSHADOW SOLAR LETTER DATED: December 7, 2022

OPALCO Board Members (Jeff Struthers, Rick Christmas, Tim Osterman, Vince Dauciunas, Dr. Jerry Whitfield, Brian Silverstein, and Mark Madsen)

Re: Comments on 2023 proposed tariff changes & 2022 solar tariff implementation

Friends and fellow community members,

As a member of the community, I would like to thank the OPALCO Board and staff for the work that has been done to try to help increase energy resiliency in San Juan County. There are, however, two important issues that I wanted to bring to the attention of the OPALCO Board related to policy changes that were implemented earlier this year:

First, in reviewing the 2023 OPALCO budget from the November 17th Board Materials, it appears that all tariffs are being proposed to increase 6%, except for the renewable energy credit. Was this an oversight? During the solar tariff change discussions, it was communicated that this credit would be expected to also increase proportionately with future tariff increases. The proposed budget table does say "Recommended even 6% increase to all components". Presumably this was just an oversight that will be corrected for the December Board meeting?

That said, even a 6% increase to the renewable energy credit widens the gap between the renewable energy credit and the retail rate each year the rates increase. If this method of increase continues, the payback time for a new solar installation will increase each year that the gap increases.

OPALCO Response: This was not an oversight. During board discussions about renewables rates it was always made clear that the renewable generation credit would be reviewed annually as a routine part of OPALCO's budget process, with the understanding that this rate should target avoided costs. The cost of renewables rates is distinct and independent from the costs of consumption rates, as reaffirmed during board discussion at the November 2022 board meeting.

Second, we have also recently learned that OPALCO is implementing the new solar tariff in a very different manner than was communicated during 2021 when the solar tariff changes were under discussion.

OPALCO Response: The tariff was implemented as discussed and approved in 2021. OPALCO's meters track the usage and production on separate registers at the time the energy is used or produced. Power from the grid is charged at the retail rate and power produced is credited to the member at the renewable rate. Each of these billing components are itemized on the member's monthly bill and do not offset each other.

The key issue is that:

- OPALCO communicated that the difference between the legacy rate and the new rate was that instead of a kWh credit for excess generation at the end of each month, a member generator would receive a bill credit for those excess kWh, valued at the solar rate. This meant that OPALCO would "true up" the account each month, rather than once a year.

OPALCO Response: Board discussion and tariff material are consistent and correct.

There was no indication that the calculation of excess generation would fundamentally change, only that the credit for excess generation would change from kWh to a dollar credit based on the solar rate.

OPALCO Response: See General Provision #7 and #8 of the renewable rate:

7. Consumed Energy (from grid) shall be charges applied to all energy (kWh) consumed at the time where consumption exceeds production. This energy shall be measured at the interconnection meter.
8. Produced Energy (to grid) shall be credits and charges applied to all energy (kWh) produced at the time where production exceeds consumption. This energy shall be measured at the interconnection meter. The sum of all credits and charges totals to a credit.

In actuality:

- OPALCO has implemented an instantaneous calculation using the bidirectional meter for solar members.

OPALCO Response: Correct.

  - This means that every kWh sent to OPALCO is valued at the solar rate and every kWh consumed from OPALCO is valued at the retail rate.

OPALCO Response: Correct.

  - This is very different than what was communicated above and results in far more kWh valued at the solar rate, significantly reducing the average value of solar electricity generation, which further increases the payback time for a solar installation.

OPALCO Response: It is what was discussed and communicated in the 2021 board meetings. See the renewable rate, and the discussion above.

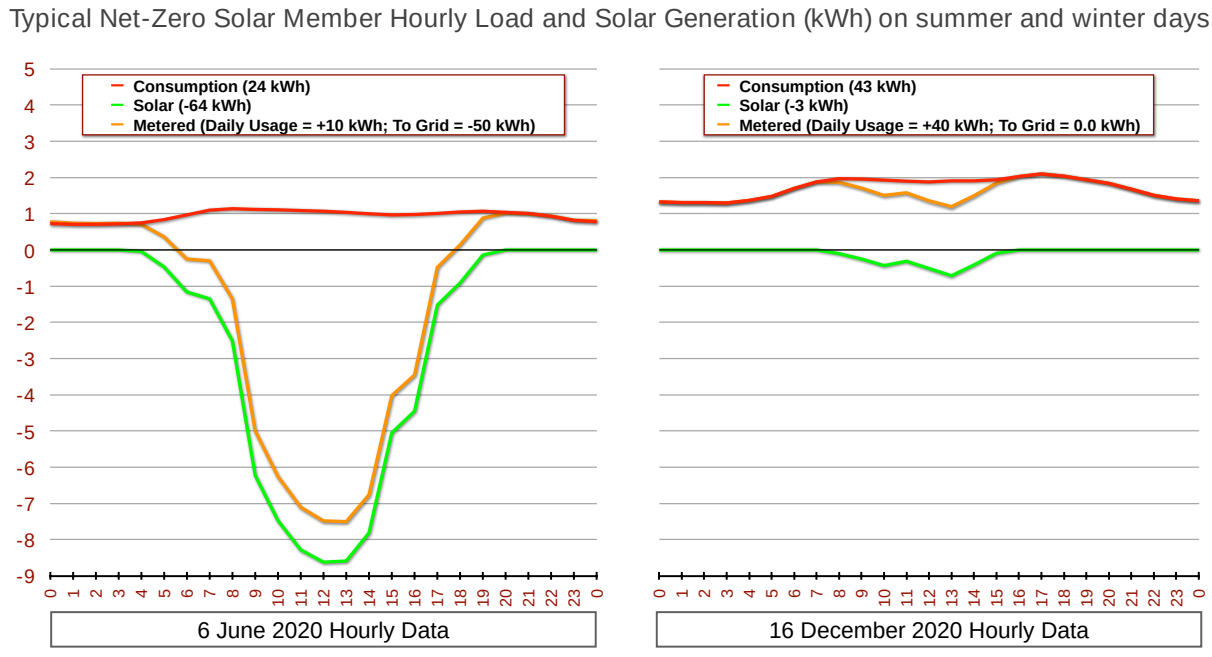
  - To highlight the communication that took place regarding the new solar rate, consider the way the solar rate is being implemented. The new rate now encourages member generators to shift their loads to daylight hours and/or use a battery to minimize the import and export of electricity. I was front and center during 2021 for numerous Board Meetings and the Solar Rate Town Hall, and neither of these actions was ever

mentioned as a recommended action to minimize the impact of the solar rate. Not once was this mentioned. In fact, the OPALCO General Manager specifically stated during the Solar Rate Town Hall that there was no incentive for OPALCO to use time of use rates because there is no price signal to do so. But, this implementation of the solar rate is effectively a time of use rate (day time versus night time).

OPALCO Response: Member load shifting to daylight hours is a natural way to optimize the rate but was not the purpose of the rate. The purpose of the renewable rate is to more fairly apportion costs for all members. The incentive renewable members (3.5% of members) receive in the credit portion of their rate is paid for by the rest of the members in their rates.

- In addition to the negative financial impact of this change, there is no good and reasonable way to model the financial impact for OPALCO members considering renewable energy investments. Previously, only monthly consumption and monthly generation were required. Both are readily available and can easily be entered into industry standard software for the calculation. Now, in order to accurately model the financial impact we would need to know the instantaneous consumption and production, in order to determine if there has been instantaneous excess generation. Those data are not available. SmartHub only has hourly data available and can only be downloaded for 30-day periods. Industry standard modelling software for solar production does not provide hourly resolution, or even daily, but only monthly production.

OPALCO Response: Hourly load data is available from OPALCO's SmartHub for an entire year. Hourly solar data is available from PVwatts for an entire year too. (https://pvwatts.nrel.gov/pvwatts.php). Taken together, it's straightforward to create an hourly model to calculate the renewables economics of a given design. Here's an example OPALCO created from hourly load and solar data:



The metered kWh can be multiplied by the appropriate to-grid and from-grid rate components to calculate the economics.

Based on the above, I would like to ask the OPALCO Board to:

1. Modify the proposed tariff to include a 6% increase for the renewable energy credit, and

2. Instruct the OPALCO Staff to implement the solar rate in the way it was communicated where the monthly excess generation would be credited at the solar rate in that month, rather than banked.

Thank you for your time and consideration.

Justin Wolfe, President

Rainshadow Solar & Energy Solutions, Inc.

December 7, 2022

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- There was **no indication that the calculation of excess generation** would fundamentally change, only that the credit for excess generation would change from kWh to a dollar credit based on the solar rate.

In actuality:

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  - This means that every kWh sent to OPALCO is valued at the solar rate and every kWh consumed from OPALCO is valued at the retail rate.
  - This is very different than what was communicated above and results in far more kWh valued at the solar rate, significantly reducing the average value of solar electricity generation, which further increases the payback time for a solar installation.
  - To highlight the communication that took place regarding the new solar rate, consider the way the solar rate is being implemented. The new rate now encourages member generators to shift their loads to daylight hours and/or use a battery to minimize the import and export of electricity. I was front and center during 2021 for numerous Board Meetings and the Solar Rate Town Hall, and neither of these actions was ever mentioned as a recommended action to minimize the impact of the solar rate. Not once was this mentioned. In fact, the OPALCO General Manager specifically stated during the Solar Rate Town Hall that there was no incentive for OPALCO to use time of use rates because there is no price signal to do so. But, **this implementation of the solar rate is effectively a time of use rate (day time versus night time)**.
- In addition to the negative financial impact of this change, there is no good and reasonable way to model the financial impact for OPALCO members considering renewable energy investments. Previously, only monthly consumption and monthly generation were required. Both are readily available and can easily be entered into industry standard software for the calculation. Now, in order to accurately model the financial impact we would need to know the instantaneous consumption and production, in order to determine if there has been instantaneous excess generation. Those data are not available. SmartHub only has hourly data available and can only be downloaded for 30-day periods. Industry standard modelling software for solar production does not provide hourly resolution, or even daily, but only monthly production.

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Justin Wolfe, President

Rainshadow Solar & Energy Solutions, Inc.

Quick Fact: OPALCO Solar Rate for residential members

OPALCO's solar rate is designed to encourage local renewable generation while also collecting revenue to cover the cost of service. Solar producers use the grid to buy and sell power. The OPALCO system acts like a storage battery for surplus energy produced by members. OPALCO is in a course correction period to shift all rates to cover the cost of delivering power to 20 islands and, specifically for solar producers, collect the value of using the co-op grid to buy and sell power on their own systems. The following explains the details about this rate and the figures included are based on 2023 rates.

- About 4% of OPALCO members (more than 500) generate their own power – mostly via solar panels on their roof.

- These members have a specially programmed meter that tracks the power to and from the grid – this meter records the usage and excess production as it is happening.

- The residential renewable tariff includes a renewable energy credit -$0.0990, a grid usage charge $0.0115, both applied per kWh. In addition to the usual charges, including service access charge, energy charge adjustment and energy assistance charge.

- Throughout the month the member generator is producing power that they either use immediately or put back on the grid.

- These members power their usage from either their own solar system or, when the sun isn't shining, from the OPALCO grid. When members use their solar power at the time it is produced – it is not run through the OPALCO meter and doesn't show up on the bill.

- Anytime a member's production exceeds their consumption, that excess power, is put back on the grid. At the time power is put back on the grid, OPALCO buys that power at $0.0875. The OPALCO meter tracks that amount throughout the month, and this will show up as a credit on the member's bill.

- When a member uses power from the OPALCO grid, they are charged $0.1201 at the time that the power is used. This shows up as a charge on the member's bill.

- Each bill, the member will likely see credits for production and charges for usage regardless of the season (this all varies widely depending on size of solar array and energy usage in the household). In the summer, the excess production could exceed the usage, but the member could still have charges for energy usage (likely happening at night). In the winter, the member could still see production credits even if they have a lot more usage for those colder, darker months.

- This tariff – just like all tariffs – is reviewed each year and adjusted by the OPALCO Board of Directors.

2023 rate for the Tarif RDR – Residential Distributed Energy Resource Service also referred to as solar rate:

Charge (Credit) Type	**Charge (Credit) Amount**			
Service Access			$53.38	$/billing period
Net Consumed Energy				
	Summer Thresholds	**Winter Thresholds**		
Block 1	≤ 2,000 kWh	≤ 4,000 kWh	$0.1201	$/kWh
Block 2	2,001 - 3,000 kWh	4,001 – 5,000 kWh	$0.1362	$/kWh
Block 3	> 3,000 kWh	> 5,000 kWh	$0.1567	$/kWh
Net Produced Energy				
Renewable Generation Credit			($0.0990)	$/kWh
Grid Usage Charge			$0.0115	$/kWh
Demand	$0.00			$/kW
Energy Assistance	Charges as found in EAP Tariff. See General Provision #6.			$/kWh
Energy Charge Adjustment	Charges as found in ECA Tariff. See General Provision #6.			$/kWh

For further review on this topic:

November 2021 OPALCO Board Materials: Solar Rates Review

Utility Dive: "Today's rate designs are defective. How can utilities better recover their fixed costs, and from whom?"

OPALCO
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UTILITY DIVE

OPINION

Today's rate designs are defective. How can utilities better recover their fixed costs, and from whom?

Volumetric rates, which place much of a utility's fixed costs in the usage (KWh) charge of a tariff, have created a number of social problems as they relate to economic efficiency and equity.

Published Nov. 22, 2022

By Kenneth W. Costello

The following is a contributed article by Kenneth W. Costello, a regulatory economist and independent consultant who has worked for the National Regulatory Research Institute, the Illinois Commerce Commission, Argonne National Laboratory and Commonwealth Edison.

The heightened interest in fixed and demand charges for residential electricity customers has sprung largely from the flaws in the prevailing rate design for residential electric service; namely, volumetric rates, especially as those failings have been magnified with recent developments in electricity markets and public policy.

Major reasons for this longstanding perverted rate structure seem to be the following: (1) the perception that alternative rate designs

like fixed charges are unfavorable to vulnerable customers, like low-income households; and (2) less-than-definitive rules for allocating fixed or common costs to different customers and services.

Volumetric rates, which place much of a utility's fixed costs in the usage (KWh) charge of a tariff, have created a number of social problems as they relate to economic efficiency and equity. These problems have become more serious with the latest developments in the electric power industry. They include the following:

1. *A significant incongruity exists between a utility's costs and its rate structure*, with excessive fixed or network costs recovered in the volumetric charge; the damage of that has amplified with the advance of self-generation like distributed generation. A more rational rate design that features the cost-causation principle of rate setting can prevent cost-shifting and uneconomic switching of customers to self-generation.

2. *Time- and location-invariant volumetric rates* assume that each kWh consumed — irrespective of the time or the location — imposes the same cost on a utility; one obvious reality is that both energy and capacity costs in the real world are higher during system-peak periods.

3. *Self-generating customers avoid their fair share of fixed costs*; when they self-generate, the utility recovers less fixed costs even though they were beforehand approved as prudent by the regulator and the self-generating customer still relies on the grid for both importing power from the grid and exporting power to the grid, and for other grid services; connection to the power grid, whether the customer self-generates or not, is akin to purchasing a 24/7 call option. The upshot is that the utility

usually continues to recover its fixed costs but from non-self-generating customers who, on average, are less well off than self-generators.

4. *Cross-subsidies occur as customers whose demand is relatively constant across hours are subsidizing customers whose demand is "peakier."* For those customers with relatively high kWh consumption but a relatively small contribution to system peak demand, their bills will likely decrease with a fixed or demand charge. For those customers with low consumption but a relatively high contribution to system peak demand, their bills will likely increase.

5. *When a customer cuts back on kWh consumption they can avoid paying their fair share of grid service*; that is, they are not paying for what they use or is available for them to use.

6. *Customers receive wrong price signals from an excessive volumetric charge that causes customers to under-consume electricity*. Setting volumetric rates greater than short-run marginal cost creates what economists call a deadweight loss by impeding welfare-enhancing electricity consumption.

7. *There is an added incentive for uneconomic bypass aggravated by opportunities for self-generation*. Uneconomic bypass not only reduces economic efficiency, it also causes cost shifting, likely from wealthier customers to low-income customers.

Why a new rate design?

One pertinent question is: how would fixed or demand charges in residential tariffs advance regulatory objectives and achieve "just and reasonable" rates? Specifically, how can utilities recover their

fixed costs and from whom?

Utility pricing has typically reflected cross-subsidies benefitting certain residential customers at the expense of other residential customers (i.e., intra-class cross-subsidies). This pricing was sustainable — although highly inefficient and unfair — as long as utility customers depended on their utility for virtually all of their electricity.

With growing competition at the retail level from self-generation and other sources, it has become more critical to align prices with costs. This is analogous to the demands placed on the U.S. railroad and telecommunications industries when they started to face increased competition.

Volumetric rates have become less justified by the increased diversity of residential customers in terms of their load profile. When full-requirements customers convert to solar customers, their load factor drastically declines. Somewhat because of rooftop solar PV, the correlation between domestic consumers' use of electricity and their maximum demand, which has underlain rate design in the past, has increasingly broken down.

For example, with the intermittency of the solar generation, these consumers may still be drawing on the network to the same maximum extent at peak times, so the utility's costs in relation to those consumers are therefore likely to have gone down less than their revenue.

One could make a good argument for grouping solar customers, as well as other self-generating customers, in a separate rate class because of their much different load profile than the average residential customer and the additional costs that a utility has to

incur in serving them. Otherwise, non-solar customers are subsidizing them under the current, defective rate design.

A fixed or demand charge would certainly lower the volumetric (sometimes referred to as the energy or usage) charge and could also lower the customer charge. The prime objectives of modifying rate design should be to have customers face proper price signals that enhance economic efficiency, bear their fair share of the utility's fixed costs, in addition to assuring that a prudent utility remains financially healthy.

Fixed/demand charges face regulatory hurdles

Regulators look more kindly upon a new rate design when the public accepts it and no single group of customers is severely harmed. Regulators like to avoid negative public reaction to their decisions, as this places them in a negative light that could trigger legislative intervention.

History has shown that perceived distributional effects trump economic efficiency in terms of public acceptability. This implies that even if fixed or demand charges are shown to increase economic efficiency and redress some of the other problems with volumetric rates, that may fall short of gaining public support or deflecting opposition from interest groups.

One obstacle has been the widespread perception that rate reform in the form of moving a utility's fixed costs to a fixed or demand charge would disproportionally hurt low-income households. The best studies have shown that this is not necessarily the case: the distributional effects of adding a fixed or demand charge in tariffs are devoid of generalization but, instead, depend on system

characteristics, customer demographics, and energy-usage patterns.

Regulators should not discard a rate design outright because it would hurt low-income households. Affordability is a legitimate concern but regulators should support the most efficient, rational rate design where all customers receive the right price signals and treat the affordability concern separately.

For example, utilities could offer low-income households a rebate or some lump-sum assistance, or even a lower fixed charge. This would have a lesser effect on economic efficiency than persisting with volumetric rates that are economically irrational and antithetical to society's welfare.

The past has illustrated that regulatory approval of a new rate design is no guarantee even if evidence and logic show that it is the right thing to do from an economic and "fairness" perspective. Decisions by regulators over the past several years clearly reveal that they frown upon large, one-time increases in fixed charges.

Utilities would therefore have more success with a gradualist approach that reflects incremental changes in these charges over a specified time frame; inevitably, there are winners and losers. The burden should fall on those who want to maintain the status quo in rate design, especially in view of the availability of changing market conditions and new public policies.

One impediment to a new rate structure is the "right to the status quo" or the right to current entitlements, even when the present pricing structure violates sound economic principles. Opposition to new ideas often utter the expression "if it ain't broke, don't fix it." But the present rate structure needs serious repair.

No need to wait for rate-design reform

One political benefit from a fixed or demand charge comes from the realization that as more customers switch to rooftop solar PV — induced by volumetric rates — the burden of recovering a utility's capital costs would disproportionally fall on low-income households. Evidence shows that customers investing in solar PV have, on average, higher incomes than other customers and that relatively few low-income customers invest in solar PV systems.

That creates the opportunity for making the strong case that maintaining volumetric rates not only jeopardizes economic efficiency but also fairness; namely, that higher-income customers investing in rooftop solar PV are benefitting at the expense of lower-income customers left behind. In effect, lower-income customers are subsidizing other customers who have the resources to invest in self-generation options.

Shouldn't that be enough evidence to persuade regulators and stakeholders like consumer advocates that it is time to cast-off volumetric rates and accept a more rational rate design that can advance both economic efficiency and fairness? We should hope so but don't hold your breath.

One Nobel laureate economist remarked about 60 years ago that the application of the correct concept in the pricing of electric service "is not merely a minor adjustment to rates, but a major change in ratemaking philosophy." It is high time for that to happen in today's electric power industry - the sooner, the better.