



Board of Directors

Regular Meeting

Thursday, May 18, 2023
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
May 18, 2023, 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 – April 2023

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

ADAMIS, VASILIKI
ADAMS, JIMMY & ALTHOFF, TRINITY
ANCHORS DOWN VENT, URES LLC
BALDWIN, JENNY
BORDER, LOGAN
DELAPP, TIM
EDGE, CARLA
ELLIS, JEFF
EVENSON, ERIC
FREASE, ZACHARIAH & FREASE, VALERIE
GONZALEZ LOPEZ, BENJAMIN
GREEN, VINCENT & REITZ-GREEN, KRISTEN
HALL, MEGHANN
HUDSON, JONATHAN & HUDSON, TONI
KALTENBORN, EMORY & KALTENBORN, MARY
LINDEN, CHELSEA & GIBBONS, NATALIE
MARINKOVICH, SOPHIA
MCVEY, JONATHAN & MCVEY, ALICIA
MEDINA, BALTAZAR
MIKSCHWITSCH, PETER & CARNES, MARIANNA
MONSON, SPAIN
ODEN, LISBETH
ODOWDY, LIAM & UMBLE, MICHAEL
OGDEN, JOSHUA
PEHOUSHEK-STANGEL, JAMES
POLAND, MATTHEW & POLAND, TANYA
PONDER HOLDINGS L, LC
RUSH, JESSICA

SCHWAKE, TONI
VON DASSOW, ELLERY

District 2 (Orcas, Armitage, Blakely, Obstruction,

Double, Alegria, Fawn)
ALBRECHT, ANDREW & NARBAITZ, SARA
BEECK, KELLYN
BRADBURY, BRENT & HJORT, ELIZABETH
BUTCHER, DANE
CONLEY, KAREN
ENRIQUEZ, MARIO & NIGRETTO, ISABELLA
GROATH, STEVE & GROATH, JULI
GWERDER, NOAH
KANTRUED, CHASE & RODGERS, SHELBI
KIMPLE, KIMBERLEY
MATTILA, JOHN & HOM, HOLLY
MORROW, ASHLEY
MUSTER, CARLOS & MUSTER, CHELSEA
SEGER, NADINE & SEGER, CLINT
SIMPSON-MANSKE, JENNIFER
THISTLE LANE LLC
WHITTED, LINDA
ZANGRILLO, HAYLIE & ZANGRILLO, PETER

District 3 (Lopez, Center, Decatur, Charles)

ALVA, LORI
LEYKAM, ROBERT
STULGIS, VICTORIA
THOMSON, ALEX & PARK, JASMINE

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:

May	
Customer #	Amount
23280	3,929.82
50920	944.66
3500	496.91
Total	\$ 5,371.39

Staff requests a motion to approve the Consent Agenda.

**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, April 23, 2023**

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; Travis Neal, Head Accountant, 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, David Dehlendorf, Rob Memmott, Chris Wolfe, Chris Thomerson, Sarah Barbett

Meeting commenced at 8:30 a.m.

Member Comment Period:

David D: Concern about tree cutting – very satisfied with responses from Foster.

CONSENT AGENDA

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

DISCUSSION ITEMS

MEMBER SERVICE POLICY 14: RIGHT-OF-WAY – first read

Staff reviewed current ROW program, wildfire danger, history of ROW, island logging and easements, and proposed policy additions and revisions. Discussion ensued.

NRECA LEGISLATIVE RALLY 2023

Staff reviewed the NRECA Legislative Rally. Discussion ensued.

REPORTS

Staff reviewed reports, dashboards, grant and budget tracking, legislative action and project updates. Discussion ensued.

President Vince Dauciunas presented data on resource replacement for decarbonization in the region and cost projections.

Closed Regular Session: 9:47a

Executive Session: 9:48a

Meeting Closed:

Vince Dauciunas, President

Brian Silverstein, Secretary-Treasurer

Board Meeting Chair

Staff were informed that the President will be unable to attend the May Board Meeting. After legal review, a board motion is required to have the Vice President chair the meeting with the Secretary/Treasurer act as an alternate.

Since the President is unable to attend the meeting, staff recommends the Board make a motion to allow Jerry Whitfield, Vice President, to chair the May 2023 Board.

Board Officer Elections

The current Board President will not be in attendance of the May Board Meeting. Staff is recommending that there be a delay in the officer election process until the June Board Meeting. In 2022, we had a similar circumstance where the Board Member attendance was less than 100%. Our legal counsel has concurred that the current slate of officers will remain intact until the next officer election (June meeting).

Staff recommends the Board make a motion to delay the Board Officer Elections until June 2023.

Member Service Policy 14: Right-of-Way – Second Read

OPALCO's right-of-way (ROW) program involves the removal of trees, shrubs, and other vegetation that may pose a threat to power lines, equipment, other utility assets, the safety of utility crews and the public. OPALCO operates in a unique environment. The impacts from climate change continue to accelerate the threats posed from wildfires, with extended and extreme dry summers that affect the health of our island forests where many OPALCO electric facilities are located. The Co-op must respond in kind with ROW protocols that meet the changing need to protect OPALCO's system, member property, lives, and livelihoods.

The routine clearing and maintenance program was disrupted by COVID and the lack of available contractors over the past three years. As a result, the ROW work this Spring was more extensive to catch up on the schedule, which made the work effort more visible to members. Members have voiced their concerns to staff and leadership about the loss of trees, the timing of the work and potential wildlife impacts. Members asked good questions, and leadership is listening.

The following proposed Policy 14: Right-Of-Way codifies the scope and intent of OPALCO's ROW practices and gives staff clear direction for the program. This policy was introduced in the April board meeting, was discussed at the Annual Meeting and again at this May board meeting.

Member Services Policies 3 (Technical Provisions) and 4 (Service Conditions) also include language about easements and have also been reviewed and minorly updated for consistency across policies.

Staff requests that the Board make a motion to approve the following changes as outlined as below:

- Member Services Policy 14: Right-of-Way (new)

- Updated Member Services Policy 3: Technical Provisions (Section 3.5 is revised)

- Updated Member Services Policy 4: Service Conditions (Section 4.5 is revised)

ORCAS POWER AND LIGHT COOPERATIVE

MEMBER SERVICE POLICY 14

RIGHT-OF-WAY (ROW)

This policy covers rights-of-way (ROW) clearing to allow the safe and reliable delivery of electricity to members. ROW clearing involves the removal of trees, shrubs, and other vegetation that may pose a threat to power lines, equipment, other utility assets, and the safety of utility crews and the public. OPALCO operates in a unique environment. The impacts from climate change continue to accelerate the threats posed from wildfires, with extended and extreme dry summers that affect the health of our island forests where many OPALCO electric facilities are located. The Co-op must respond in kind with ROW protocols that meet the changing need to protect OPALCO's system, member property, lives, and livelihoods.

Washington Administrative Code (WAC) 296-45-045 states: All electric utilities and entities operating transmission and distribution facilities within the state of Washington must design, construct, operate, and maintain their lines and equipment according to the requirements of the 2017 National Electrical Safety Code (NESC). The utility must ensure that climbing spaces are provided on all poles and structures. The climbing space must meet the requirements of the 2017 National Electrical Safety Code.

14.1 RESPONSIBILITIES

14.1.1 OPALCO owns and is responsible for the maintenance of its transmission, distribution, and communications facilities. The establishment and maintenance of ROW through trimming and clearing allows the cooperative to provide safe, reliable, sustainable, and cost-effective essential utility services.

14.2 GOALS

14.2.1 Provide a safe work environment for OPALCO staff, line crews, and contractors.

14.2.2 Ensure safe, reliable, and affordable electric service. A clear ROW facilitates faster outage restoration efforts, minimizing disruptions for members.

14.2.3 Take responsible action for fire mitigation around power lines.

14.2.4 Follow industry best practices, national standards and wildlife regulations.

14.2.5 Consider cost associated with clearing and the impact on the cooperative and the members.

14.2.6 Balance rights and responsibilities of property owners and OPALCO.

14.2.7 Protect cooperative assets.

14.2.8 Provide public safety around OPALCO facilities.

14.3 DEFINITIONS

14.3.1 Hazard/Danger Trees – trees inside or outside the ROW corridor, which are dead, dying, structurally defective, leaning or otherwise pose a danger of falling on the lines.

14.3.2 Distribution Lines – a distribution line is as generic term for a distribution voltage (2,400 volts to 35,000 volts) line that carries power from a substation to a residence or business. These lines may be overhead or underground.

- 14.3.3 Primary Line – a power line that carries medium voltage power to distribution transformers located near the customers premises.
- 14.3.4 Secondary Line – lower voltage lines from the distribution service transformer to the customer’s service (s). The lines may be overhead or underground and may include equipment such as pole-mount utility secondary connectors.
- 14.3.5 Transmission Line – a bare, uninsulated, high voltage 69,000 volts to 345,000 volts overhead power line, usually strung from steel towers or tall wood, or metal poles, that carries power for power generation plants to substations.
- 14.3.6 Right-of Way (ROW) – Specific and particularly described strip of land, property, or interest therein devoted to and subject to lawful use, typically for general transportation purposes of conveyance of utilities. A ROW can be public or private: it is to be assumed to pertain to both public and private unless it is specifically identified as one or the other.
- 14.3.7 Easement – A right of use over the land of another for a specific purpose providing a non-possessory interest in the property of the landowner and that prohibits the landowner from interfering with the easement holders use of the easement.
- 14.3.8 Prescriptive Easement – An easement upon another real property acquired by continued use without permission of the owner for a period provided by state law to establish the easement.
- 14.3.9 “NESC” – National Electric Safety Code.

14.4 GENERAL PROVISIONS

- 14.4.1 The right-of-way shall be prepared by removing trees, clearing underbrush, and trimming trees so that the right-of-way is cleared close to the ground and to the width specified.
- 14.4.2 Hazard/Danger Trees beyond the right-of-way, which would strike lines or cause an outage when falling, shall be removed. OPALCO is authorized by RCW 64.12.035 to trim or remove any tree or vegetation that poses an imminent hazard to the general public’s health, safety or welfare or constitute a potential threat that could damage electric facilities. OPALCO is responsible for trimming trees and vegetation around its electric facilities including energized power lines, utility poles and pad-mount transformers to obtain clearance.
- 14.4.3 Regular right-of-way maintenance shall be completed to reduce likelihood of outages and wildfires while improving reliability, operational costs, and improve employee and public safety. OPALCO prefers to schedule and complete ROW work within the brief weather window of fall and spring to avoid wet ground and before summer fire season.

14.5 EASEMENTS

- 14.5.1 Obligation to Grant. Upon becoming a member of OPALCO, each member agrees to be bound by the articles of incorporation, bylaws, tariffs, and policies of the Cooperative. This obligation includes the requirement to grant property interests to OPALCO, including easements, if necessary. Due to the unprecedented impacts from climate change throughout the unique environment in San Juan County that OPALCO operates in, it may

be necessary to expand certain easements to protect electric facilities, the forested environment they operate in, and the areas where members reside.

In the event this becomes necessary, Member Policy 4: Service Conditions provides the process OPALCO will use to obtain necessary easements. These easements will provide improved safety and data communications in the field for the Cooperative's operations staff, more efficient energy use, and safe, reliable electric service to its members.

- 14.5.2 Easements are required to maintain safety corridors around power lines to protect worker safety and utility equipment located on or near member property. Easements may need to be revised or expanded as requirements for clearance area change by national standards or due to changing conditions arising from climate change impacts and accelerated fire danger.

ORCAS POWER AND LIGHT COOPERATIVE

MEMBER SERVICE POLICY 3

TECHNICAL PROVISIONS

3.1 DETERMINATION OF USE AND METERING

The quantity of electrical energy and electrical demand shall be determined by the registration of the electric meters authorized and maintained by OPALCO.

- 3.1.1 Where the load is such that the amount of electrical energy consumed is fixed, OPALCO may elect not to meter the service and to bill the member for a fixed number of kilowatt hours. The amount charged shall be computed under the appropriate schedule including base charges.
- 3.1.2 Where service is rendered under conditions making metering impractical, OPALCO may estimate the amount of energy consumed based on the member's load.
- 3.1.3 OPALCO is required to maintain its meters within plus or minus two (2) percent accuracy. OPALCO maintains an ongoing meter calibration program. OPALCO will test a member's meter upon written request at no charge if the most recent calibration is more than ten years old. If a member requests a meter accuracy check less than ten years from the previous test, he must pay the charges as stated in Schedule of Deposits and Charges in the OPALCO Tariff book. In either case, should the meter, upon testing by OPALCO prove inaccurate, the charges will be refunded and billing adjusted per Member Service Policy 7.9. (The member will be furnished a test report stating the accuracy of the tested meter.) The member may request that the meter be sent to an independent third party for calibration. The member will be responsible for all costs associated with independent calibration of his meter. Should the meter prove inaccurate upon testing, the testing charges will be refunded and billing adjusted per Member Service Policy 7.9.
- 3.1.4 OPALCO requires commercial meterbases with manual bypass and electric meters with demand registers for all non-residential and all three phase accounts. OPALCO requires electric meters with demand registers for all accounts where the 15-minute demand at any time during the year is anticipated to exceed 15 kW. OPALCO will require demand meters on other services if required by the applicable rate schedule. OPALCO may install demand meters on any account for data collection purposes. Where demand meters are installed for data collection, the member will continue to be billed under the existing rate schedule unless the data gathered shows that a different rate schedule is required.
- 3.1.5 Commercial facilities containing electronic equipment, or where the fifteen-minute demand at any time during the year does not exceed 15 KW and having no other loads other than for heating and air conditioning, are required to have commercial meterbases with manual bypass, but are not required to have demand meters.

3.2 PROTECTIVE EQUIPMENT

It is the member's sole responsibility to provide suitable protective equipment for the devices and appliances in their premises. If three phase equipment is used, it is the member's responsibility to protect such equipment against single phase operation, reverse phasing, and under-and-over voltage conditions.

OPALCO will monitor and troubleshoot member-related problems from the member's serving substation to the secondary lugs of the member's meterbase. All other investigations into electrical problems beyond the secondary lugs of the member's meterbase shall be at the member's expense.

3.2.1 Non-Standard Tolerances

OPALCO regulates power characteristics to the point of member interconnection, which is generally the serving transformer. Where the member requires a degree of protection or regulation of the characteristics of the electrical service greater than that normally furnished by OPALCO, the member shall be responsible for obtaining, installing, and maintaining the required regulating equipment.

3.2.2 Protection

The member is responsible for protection of the member's own equipment due to loss of power, voltage surges and sags, or loss of phase/phases of a three-phase line. Certain protective devices normally considered necessary are recommended below:

3.2.2.1 Line Starting Protection

Any motor which, in starting, might be damaged by the full line voltage requires some type of protective device to disconnect it from the line during interruptions in service, thus protecting the motor when service is restored. OPALCO further recommends that such a device be equipped with a time delay mechanism so that the motor will not be disconnected by momentary fluctuations in voltage.

3.2.2.2 Overload Protection

Since the intense heat caused by overload might seriously damage the motor, the member should install a device that will disconnect the motor if overload occurs. Fuses, thermal relays or circuit breakers, which are specifically designed to operate when excessive current occurs, are the devices used for this purpose. Where the member receives three phase service, OPALCO recommends that such protective devices be connected to all phases.

3.2.2.3 Protection from Loss of Phase/Phases

Where the member receives three phase service, phase protecting relays should be installed which will disconnect the motor from the lines in the event that one phase of the line becomes open.

3.2.2.4 Reverse Phasing Protection

For three phase installations of electric cranes, hoists, elevators, pumps and similar equipment which may be damaged by reverse phasing, the member should install relays that will disconnect the motor from the line in the event of accidental phase reversal.

3.2.2.5 Surge Suppressors

The member should install surge suppression devices to protect sensitive electronic equipment such as computers, and other home electronic appliances from transient voltage spikes caused by lightning, system failures, normal utility load switching, etc.

3.3 ADDITIONAL LOAD

OPALCO will attempt to meet the additional load requirements of our members. OPALCO will work with the responsible party to accurately size the transformer to meet the needs of the responsible party's prospective load and to incorporate said load onto OPALCO's power distribution network.

3.3.1 Notice

Responsible parties shall give 60 days' written notice to the OPALCO Engineering Department of any proposed increase in required service capacity and/or meterbase upgrade. Increased service capacity, additional facilities or feeders added to an existing meterbase, or meterbase upgrades, are to be treated as a new service request and require an application. OPALCO's Engineering Department requires time to assess the impact of the increased load on the power distribution network. OPALCO will issue a preliminary design estimate based on the information supplied by the responsible party. Responsible party is responsible for all costs to accommodate increased service capacity on the primary distribution network.

3.3.1.1 Addition to Single Phase Loads

Responsible party shall give at least sixty (60) days' written notice to OPALCO's Engineering Department of any additional load requirements on single-phase transformers or additional facilities added to an existing meterbase. Specialized equipment such as transformers may have lengthy delivery schedules, and the Engineering Department requires time to assess the impact of the increased load on the power distribution network. OPALCO will issue a preliminary design estimate based on the information supplied by the responsible party. Responsible party is responsible for all costs to accommodate increased service capacity on the primary distribution network.

3.3.1.2 Addition to Three Phase Loads

Responsible party shall give at least sixty (60) days' written notice to OPALCO's Engineering Department of any additional load requirements, or of the addition of facilities or service runs to an existing meterbase, on any three-phase transformer or bank of transformers forming a three-phase system. Specialized equipment such as three phase transformers may have lengthy delivery schedules, and the Engineering Department requires time to assess the impact of the increased load on the power distribution network. OPALCO will issue a preliminary design estimate based on the information supplied by the responsible party. Responsible party is responsible for all costs to accommodate increased service capacity on the primary distribution network.

3.3.1.3 Conversion from Single Phase to Three Phase

Three phase service is made available only in specific portions of OPALCO's service area. Responsible parties planning to convert from single phase to three phase should check with OPALCO to determine the availability and cost of providing three phase service. All costs associated with conversion from single phase to three phase shall be paid for by the requesting responsible party. OPALCO's power distribution network has no single phase protection of three

phase lines. It is the responsible party's responsibility to protect their three phase equipment from single phase or reverse direction conditions.

3.3.2 OPALCO/Responsible Party Obligations

3.3.2.1 If the load of an existing facility increases, requiring a change in transformer size or meter class and the responsible party has been paying for power at this facility for more than five (5) years, OPALCO shall change out the transformer and/or meter at OPALCO's expense as long as the responsible party has not added additional facilities on to the power distribution network.

3.3.2.2 If the load of an existing facility increases, requiring a change in transformer size or meter class and the responsible party has been paying for power at this facility for less than five (5) years, the responsible party shall change out the transformer and/or meter at their expense, as outlined in Member Service Policy 5.2

3.3.2.3 If the load of a transformer or meter increases due to the addition of new facilities being served by the transformer, the responsible party of the added facilities shall pay all costs to change out the transformer and/or meter as outlined in Member Service Policy 5.2.

3.4 UNDESIRABLE SERVICE CHARACTERISTICS

Undesirable service characteristics are defined as service(s) connected to OPALCO's distribution network which affect the power quality, reliability, and cost to distribute power on the power distribution network. To limit the effects of undesirable service characteristics to the membership, OPALCO may require the following for continued service:

3.4.1 Reduced Voltage Starting

Individual single phase or three phase motor units rated seven and a half (7.5) horsepower or more shall be controlled by soft start or reduced voltage starters.

3.4.2 Three Phase Required

Individual motor units rated at seven and a half (7.5) horsepower shall be three phased when three phase service is available, unless otherwise approved in writing by OPALCO's engineering department prior to installation. Phase adders such as rotary phase converters and static phase converters up to seven and a half (7.5) horsepower and lower can be used on single phase lines as long as they are protected by a responsible party supplied voltage stabilizer, current harmonics are being filtered, and service supplying power to the motor is a commercial account (see Member Service Policy 3.4.3).

3.4.3 Highly Fluctuating Loads

OPALCO may disconnect service to a member who adds any load that causes a large fluctuation in voltage or a significant disruption to the electric system, or otherwise disturbs the service provided to other members.

3.4.4 Failed Secondary

When a member's secondary service fails and results in outages to OPALCO's primary system, OPALCO may require the member to install a circuit breaker in compliance with Member Service Policy 6.2.2.1.

3.4.5 Harmonics

Responsible parties installing equipment which can be expected, or are found, to generate harmonics will be required to install appropriate filters to remove the harmonics at the responsible party's expense. OPALCO may require that a responsible party increase the size of the neutral conductor to accommodate for increased neutral conductor load as a condition of continuing to provide power to the facility(ies) from which the harmonics are emanating.

3.4.6 Additional Protection Devices

Responsible party installing electrical service(s) or electrical equipment which OPALCO, at its sole discretion, determines could potentially cause additional risk to the distribution network will be required to pay for additional protection device(s) on the primary side of the serving transformer.

3.5 IMMEDIATE DISCONNECTION

OPALCO will immediately disconnect service to a member without advance notice under the following conditions:

3.5.1 Immediate Hazard

Service will be disconnected if an immediate hazard exists which threatens the health or safety of the responsible party, the general population, or OPALCO's personnel or facilities.

3.5.2 Meter Tampering

Service will be disconnected if OPALCO determines, at its sole discretion, that there is evidence of meter tampering, power theft, or fraud by the responsible party.

3.5.3 Curtailment

Service will be disconnected if the responsible party has failed to comply with the curtailment procedures imposed by OPALCO during an emergency.

3.5.4 Undesirable Service Characteristics

Service(s) which cause undesirable service characteristics on OPALCO's power distribution network will be immediately disconnected until the responsible party has corrected the condition to OPALCO's satisfaction. OPALCO has sole authority in determining the effect of a connected service on OPALCO's distribution network, and whether or not a connected service is causing, or is likely to cause, undesirable service characteristics, and OPALCO shall not be liable for disconnecting said service for the purpose of protecting the power distribution network.

3.5.5 Failure to Provide OPALCO with Easement on Property

All facilities and equipment owned and maintained by OPALCO on private property require an easement (see Member Service Policy Introduction – Easements). Orcas Power and Light Cooperative's Membership Application Agreement includes the requirement for a member property owner to grant to the Cooperative, its subsidiaries, and assigns, and its licensees reasonable requests for easement(s), and necessary extensions, to achieve

the Cooperative's purposes and to consent to the recording on title of all such easements. Failure to fulfill this obligation may result in the denial or revocation of membership.

In the event that the responsible party will not provide OPALCO with an adequate easement for new or existing communications and/or electrical distribution, and/or transmission facilities, equipment or other appurtenances on the responsible party's property, **or any required access or necessary extensions**, OPALCO may, at its sole discretion, disconnect the responsible party's service and relocate OPALCO owned facilities back to a point of legal private easement or public right-of-way.

In such cases, all reconnections to OPALCO facilities will be treated as new service requests. The responsible party refusing **to grant all necessary** legal easements is responsible for all costs associated with installation of their meterbase and the reconnection of secondary conductors, regardless of date of service or installation. OPALCO shall give the responsible party a thirty (30) day notice in advance of relocation of OPALCO facilities. It is the responsible party's responsibility to: apply to OPALCO for a new service; obtain any electrical permits required; secure all secondary easements required to connect to OPALCO facilities; and arrange and pay for trenching and installation of secondary conductors.

3.5.6 Failure to Provide Adequate Clearances for and around OPALCO Facilities.

It is the responsible party's responsibility to maintain adequate clearances and not hinder access in any manner around all OPALCO facilities on their property. Failure to maintain facilities in a manner requested by OPALCO may result in removal of facilities from service. Responsible party shall be responsible for the full disposal and replacement cost of any equipment found to have failed due to inadequate clearances.

3.5.7 Failure to Meet Contractual Obligations Agreed to as a Requirement of Membership.

OPALCO is a member owned, non-profit cooperative governed by a board of directors that is elected by the membership. In an effort to treat all members equally, the board has elected to require a defined, consistent level of cooperation by individuals and parties as a condition of membership. Failure to meet the spirit or intent, or otherwise not comply with, the provisions of OPALCO's articles of incorporation, bylaws, member service policies or membership application will result in loss of membership. Responsible parties who do not comply with all provisions in OPALCO's articles of incorporation, bylaws, member service policies, or membership application will be notified of violation or required action in writing. Responsible parties shall be given one hundred twenty (120) days to comply with membership obligations. After the one hundred twenty (120) day notice time period has expired, OPALCO shall deem failure to comply with the provisions of the articles of incorporation, bylaws, member service policies, or obligations agreed to on the membership application as a surrender and forfeiture of membership. OPALCO shall be allowed to remove any and all facilities and equipment, including meter(s), connected in person(s) name. OPALCO shall provide the responsible party(ies) with written notice of the surrender and forfeiture of membership. Any such notice of surrender and forfeiture of membership may be appealed to the board of directors by delivering a written request for reconsideration to OPALCO's manager within sixty (60)

days of the date of the notice of surrender and forfeiture. The board's decision shall be final and conclusive and not subject to further appeal or review.

3.5.8 Unauthorized Attachments

Written permission is required prior to the attachment of any equipment or material to any OPALCO property including poles, guys, transformers, or other equipment or structures. Any unauthorized attachment is subject to removal at any time without notice. OPALCO assumes no liability for and will not be responsible for any unauthorized attachments. OPALCO shall not be held responsible for any consequences related to the removal of any unauthorized attachment.

3.5.9 Termination of Service

Given that OPALCO's power provider Bonneville Power Administration (BPA) is a Federal agency, OPALCO reserves the right to terminate service to any member in the event there is a conflict with federal and state laws and if requested to do so by BPA or other federal agency. (E.g. Marijuana grow operations)

3.6 INSPECTION AND ACCESSIBILITY

The responsible party is responsible for installing, providing the required clearances around facilities, and maintaining the secondary wiring and equipment in accordance with current applicable electric and building codes and OPALCO facility installation specifications. Prior to OPALCO energizing any services, the State of Washington Electrical Inspector must approve the installation, and the secondary trenches must be backfilled. Landscaping around OPALCO's facilities must comply with Member Service Policy 6.1.5.

3.7 INTERCONNECTION WITH RESPONSIBLE PARTY OWNED GENERATION EQUIPMENT

3.7.1 Alternative Technology Generation

OPALCO will permit the interconnection and operation of alternative technology generation as specified in Member Service Policy 14.

3.7.2 Fossil Fuel Standby Generation

OPALCO will not permit the interconnection and operation of fossil fuel standby generation facilities, such as diesel, propane or gasoline driven standby generators on its system. Diesel, propane or gasoline driven standby generators shall be connected to the responsible party's load only through a state inspected double throw switch that will prevent parallel operation with OPALCO's system.

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 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 (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. **Members may also be required to increase the size of existing easements and rights of way consistent with Member Policy 14: Right of Way.**

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 waive the requirement for a deposit for electric service 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 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.

4.7.1.1.5 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 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.

Tariff ECA – Energy Charge Adjustment Rider

Staff is proposing to modify the Tariff ECA – Energy Charge Adjustment Rider calculation. The 2023 BPA Power invoice includes a non-weather-related BPA charge known as the Reserves Distribution Clause (RDC). The RDC is a revenue distribution mechanism that BPA uses when they over collect power sales. The overcollection that occurred in 2022 is applied to our BPA invoices from January – September 2023. We anticipate that the RDC will be approximately \$100,000 a month for January through September for a total of ~\$1M.

The ECA was designed to collect or distribute revenue and expenses from weather related anomalies. Since RDC is not weather-related item staff is proposing to exclude this component from the ECA calculation. While we are proposing to exclude the RDC from the ECA calculation, members still benefit from a lower overall power cost.

Staff recommends that the Board wave the second read and make a motion for the modification of the Tariff ECA Rider as highlighted below.

EXCERPT FROM ECA RIDER:

The automated monthly charges on member bills shall be increased or decreased on a uniform per-kWh basis computed monthly as follows:

$$ECA = \frac{PC_A}{kWh_A} - \frac{PC_B}{kWh_E} + \frac{\text{Uncollected}}{kWh_B} + \text{Adjustments}$$

The figures for the above variables can be found in Board approved budget and in the financial statements, and on the Sales and Usage Report.

Where:

ECA	Energy Cost Adjustment (\$/kWh) to be applied to energy sales for the billing period.
kWh_E	Total estimated energy annual sales.
kWh_B	Total estimated energy sales for the billing period the ECA will be applied.
PC_A	Total purchased power cost from all suppliers for the prior two months billing period. Excluding Bonneville Power Administration provision known as the Reserves Distribution Clause (RDC).
PC_B	Total annual estimated purchased electricity costs included in the Cooperative's base rates.
Uncollected	Difference in the total ECA revenue collected from the prior month and the total ECA calculated collection for the prior month. $Uncollected = (ECA_P * kWh_A (prior billing period only)) - ECA_A$
ECA_P	Energy Cost Adjustment (\$/kWh) as applied to energy sales for the prior billing period.
ECA_A	Energy Cost Adjustment (\$) as collected from energy sales for the prior billing period, as found on the monthly sales report, net of any General Manager smoothing adjustments (below).
kWh_A	Total actual energy sales for the prior two months billing periods the ECA was applied. This metric is per the RUS Form 7 energy (kWh) sales.
Adjustments	Unforeseen: A Board approved \$/kWh charge to account for unpredictable costs. Smoothing: The Board also approves the ability for the General Manager to make smoothing adjustments to the ECA to minimize the month-to-month financial impact to members. The General Manager will report any adjustments made at the next Board meeting.

2022 Audit Presentation

Moss Adams LLP will present their 2022 annual audit report for Board discussion at the May 18th Board meeting (Executive Session). The audit report includes the consolidated financial statements of both OPALCO and Rock Island Communications.

Representatives of Moss Adams worked virtually with the OPALCO staff during the week of March 27th - 31st. Olga Darlington, Business Assurance Partner, will be attending (via Zoom) the meeting to review the firm's audit findings and answer questions posed by the Board.

The 2022 year-end financial information for OPALCO was previously reviewed at the March 16, 2023 Board Meeting. Once approved by the Board, the audit report and Form 990 will be posted in OPALCO's online resource library after the Form 990 is published by the IRS.

The Consolidated Financial Statements represent both OPALCO and its subsidiary, Rock Island Communications:

Separate company financial statements were presented at the March meeting and the final consolidated audited financial statements are being presented to the Board at the May Board meeting.

Key takeaways:

- OPALCO and Rock Island received an "unmodified" opinion, which is the highest level of opinion.

Consolidation methodology:

- At the March Board meeting, OPALCO presented their separate company year-end financials and Rock Island presented their separate company year-end financials.
- As OPALCO owns 100% of Rock Island, accounting standards require that our audited financial statements be on a consolidated basis.
 - The first statements presented in the audit report (Income Statement, Balance Sheet and Cash Flows) and the associated notes to the financial statements combine both OPALCO and Rock Island.
 - The 'Supplementary Information' section of the statements is the consolidation where you can see the companies broken out individually and the related consolidating entries.
 - Note that for 2022 and each year, the margin to be allocated to OPALCO members via capital credits is equal to the OPALCO-only operating margin, not the consolidated amount that includes Rock Island.

Upon the conclusion of the audit review and Board discussion in executive session, staff requests that the Board return to regular session and make a motion to approve OPALCO's Independent Auditors' Report and Financial Statements for December 31, 2022, and 2021, as audited by Moss Adams LLP.

DISCUSSION ITEMS

Right-of-way Budget

OPALCO has prioritized Right-of-Way (ROW) clearing for the 2023 year after several years of limited contractor availability during the pandemic. We have made great progress on catching up our ROW program during Q1. The members/owners realize the risk of outages and wildfires; and they have agreed to further trimming. With the collaboration of the community and property owners, we have balanced the tree removal needed while maintaining the pristine island environments.

Considering that it's early in the budget year, staff is not requesting an increase to the 2023 budget at this time. The 2023 ROW transmission budget for 2023 is ~\$447k and has exceeded expenditures by ~\$248k through the end of Q1.

Staff is requesting a line item budget increase of \$500k to our ROW program. Staff wishes to offset the current budget shortfall (~\$250k) and continue to utilize the current momentum of this program (~\$250k). This ROW expense increase can be supplemented by the ECA adjustment (provided board approval of Tariff ECA Rider adjustment) and ongoing delay in hiring open positions. Staff will continue to monitor our revenue projections as predicted warmer weather conditions mature. Staff will revisit this topic in Q3.

2023 Q1 Financial Report

The 2023 first quarter financial report is posted online and included under separate cover. The first quarter results are consistent with the budget. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

The energy charge adjustment (ECA) returned a net \$454k to the membership through Q1 2023 which was driven partially by lower power costs than budgeted due to BPA dividend credits of approx. \$426k, and partially by an ECA credit of ~\$250k in January, related to a kWh sales spike in December of 2022. Overall operating revenue was lower than budget even though kWh sales came in slightly over budget.

The table below presents the projection of full-year 2023 financial results using actuals from Q1 and budget projections for future months.

Income Statement Summary (in thousands)	2023 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 35,842	\$ 35,870	\$ 28
ECA Surcharge / (Credit)*	\$ -	\$ (661)	\$ (661)
Revenue	\$ 35,842	\$ 35,209	\$ (633)
Expenses:			
Cost of Purchased Power	\$ 9,631	\$ 9,464	\$ (167)
Transmission & Distribution Expense	8,280	8,741	461
General & Administrative Expense	6,631	6,416	(215)
Depreciation, Tax, Interest & Other	9,066	8,942	(124)
Total Expenses	33,608	33,563	(45)
Operating Margin	2,234	1,646	(588)
Non-op margin	443	460	17
Net Margin*	2,677	\$ 2,106	(571)
OTIER**	2.08	1.72	(0.36)
TIER**	2.37	1.95	(0.42)
Equity %	39.6%	39.3%	-0.3%
HDD	1,367	1,294	(73)
kWh Purchases	222,000	228,448	6,448
kWh Sales	208,700	214,381	5,681

* The ECA returned \$661k to members through April 2023. The credit is largely driven by BPA dividend credits of \$544k included in Cost of Purchased Power.

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

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
- Right-of-Way Program

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of May 10, 2023, there are 447 work orders open totaling \$10.2M. Operations has completed construction on 148 work orders, totaling \$2.78M.

Safety

Northwest Safety Service conducted fire safety training for all staff. The total current hours worked without a loss time accident 254,578 hours.

GRANTS

Grant Seeking

- Bonneville Environmental Foundation (\$25k): Staff submitted a concept paper in partnership with OPAL Community Land to develop EV charging stations at their multi-family rental housing neighborhoods on Orcas Island. We expect to get an encouraged/discouraged notice in May.
- DOE's Energy Improvement in Rural or Remote Areas Program (ERA): Staff worked with a consultant to repackage the Submarine Cable (\$100M) concepts for this funding opportunity for communities <10,000. We expect to get an encouraged/discouraged notice in May.
- DOE's Water Power Technology Office (\$35M): Staff is working with a consultant to package the Pilot Tidal Power (\$60M).

Grant Support

The Port of Orcas is asking for OPALCO to support their grant application with the Washington State Department of Commerce (DOC), Clean Energy Fund. The application is for EV charging infrastructure on Orcas Island. DOC has approved the project concept and has invited the Port of Orcas to submit a Phase II application. The Port of Orcas is asking for a letter of support, confirmation of electrical supply and 35 rebates (\$17.5k) for EV charging stations in budget year 2024.

Awarded Grants

ARPA Broadband

Congratulations to OPALCO/Rock Island! We have been conditionally approved by the Washington State Broadband Office for our \$12M grant submittals to their ARPA Broadband program. Our matching component amounts to ~\$3M. We expect to bring on an additional 1,086 new fiber subscribers with these grant dollars.

Grant Details

The Washington state broadband office announced the release of \$120 million in broadband funding for the ARPA grant, specifically to fund broadband expansion for wireline, broadband Internet service expansion to underserved or unserved areas In Washington state. Because Washington recognizes the minimum broadband levels higher than the FCC, this opens the door on eligibility for applicants in San Juan County.

OPALCO is applicant for this program and will be partnering with Rock Island, 100% owned subsidiary company, to deliver on this grant. Staff identified specific high-cost project areas that are not only eligible for this grant as unserved areas of our community, but would also assist in scoring higher on the application. We consider these areas to be the least likely areas to move

forward without grant award assistance due to higher infrastructure costs to connect members. These areas include:

1. Outer islands of Center Island, Decatur Island, Blakely Island
2. East Orcas (Doe Bay Area)
3. West Orcas (Dolphin Bay area)
4. San Juan (Mt. Dallas area)

The flexibility and increased eligibility of this funding opportunity has given OPALCO a tremendous opportunity in extending broadband service to more of its members. The grant provides that we connect subscribers at no cost, provided that subscribers pay for monthly Rock Island internet service. There is also an “Open access” grant provision that we will discuss at the next Board meeting.

Grant Timeline

Our grant(s) have been “conditionally” approved subject to fulfilling Section 106 environmental requirements and must be completed in total by the end of the year 2026. Over the next two months, Rock Island and OPALCO staff will be prioritizing work efforts to optimize fiber connections, hiring contractors and procuring necessary equipment. Once the word gets out, please encourage members in these areas to have patience as this will be a 3-year construction effort.

For more information about this funding opportunity from the Washington state Department of Commerce, you can visit this page: <https://deptofcommerce.app.box.com/v/WSBOCapitalFY23>

Washington Department of Commerce - Grid Modernization

- San Juan Microgrid (Grant \$2.4M) (partnered with PNNL) – Staff is in process of executing purchase agreements on the battery systems with the balance of plant RFP in progress.
- 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 are conducting the feasibility study with an anticipated completion of Q3 2023. \$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) –Conditional Use Permit is anticipated to be submitted to the County by the beginning of Q2 2023 with public outreach to begin slightly prior.

FINANCE

2023 Budget Tracking

Energy (kWh) sales were higher than budgeted levels through April 2023. January was generally warm, with HDD's approaching the 10-yr low for the month, while February through April were slightly colder than average. This January El Nino condition, paired with a large ECA credit for the first two months of the year of \$492k (resulting primarily from the cold snap in December) resulted in gross operating revenues below budget by ~\$633k. The table presents the full year 2023 projection with actuals for prior months where available.

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Total Expenses	33,608	33,563	(45)
Operating Margin	2,234	1,646	(588)
Non-op margin	443	460	17
Net Margin*	2,677	\$ 2,106	(571)
OTIER**	2.08	1.72	(0.36)
TIER**	2.37	1.95	(0.42)
Equity %	39.6%	39.3%	-0.3%
HDD	1,367	1,294	(73)
kWh Purchases	222,000	228,448	6,448
kWh Sales	208,700	214,381	5,681

* The ECA returned \$661k to members through April 2023. The credit is largely driven by BPA dividend credits of \$544k included in Cost of Purchased Power.

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

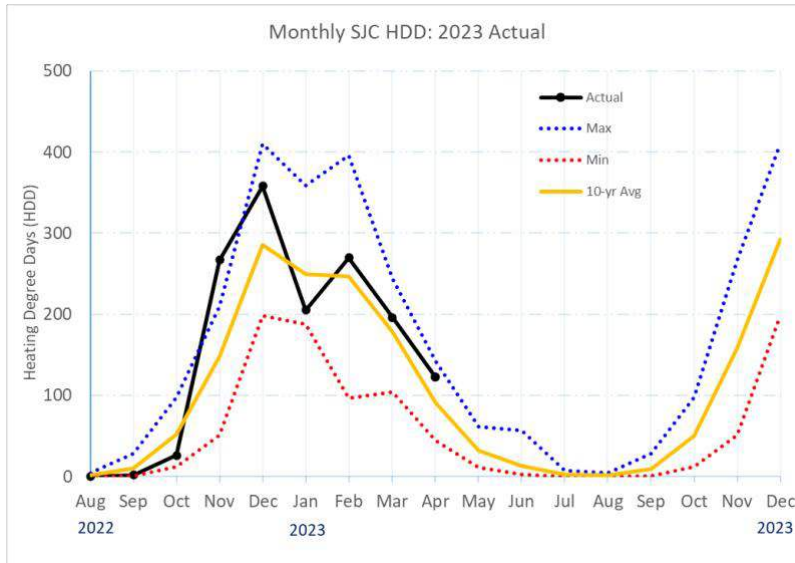
Monthly Energy Charge Adjustment (ECA)

The calculated amount for the April 2023 ECA was a bill credit of (\$.009524) per kWh which returned \$206,749 to members, or \$9.52 per 1,000 kWh. The May billing period ECA is projected to be a bill credit of (\$.012971) per kWh on member bills, or \$12.97 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.

There is a pending action item for adjustment to the ECA calculation. If the Board passes the requested action item, the ECA will be affected going forward.

Heating Degree Days (HDD)

December 2022 saw a very cold weather snap like what we saw in 2021, followed by a flip to a warmer trending January '23 and settling slightly colder than average through April. Current NOAA prediction suggest that the balance of the year will be highly impacted by an El Nino weather pattern. We continue to monitor weather trends monthly.

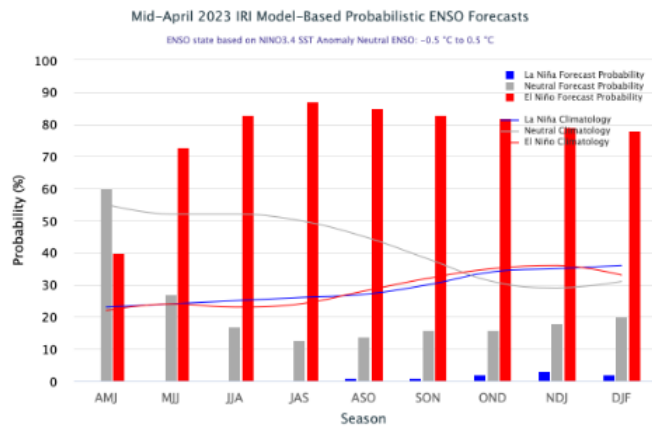
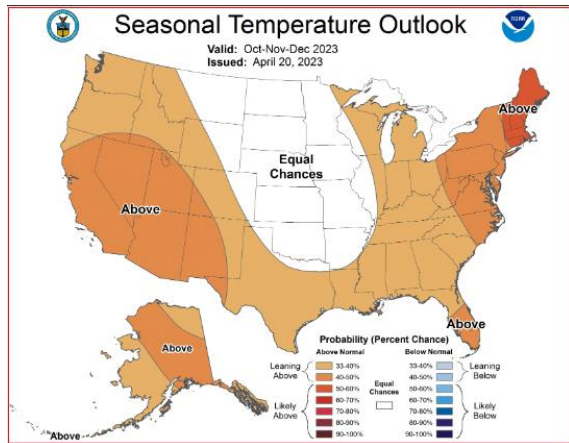


*max, min, avg is based on 2012-2022

Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Oct-Nov-Dec '23, the outlook is currently showing 'leaning above' normal temperatures in our region in the coming summer months. We continue to monitor these predictors monthly.

2023 Mar-Apr-May Outlook



Source: NOAA National Weather Service



MEMBER SERVICES

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	Grand Total
Energy Assist Credit	# of Accounts	444	460	574	577	546	424	1,021
	Total Assistance	111,996	135,595	158,434	158,740	156,761	61,854	783,380
PAL	# of Accounts	212	205	329	363	297	171	778
	Total Assistance	45,155	53,137	80,975	104,880	82,912	47,800	414,860
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	460	488	835	825	754	493	1,365
	Total Assistance	157,151	188,732	349,283	390,659	270,018	109,654	1,465,498

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 April 2023, 441 members received ~ \$28.3k from the low-income Energy Assist program, compared to 475 members who received ~ \$32.1k in assistance in April 2022.

Project PAL: During April 2023, 47 members received ~12.2k from Project PAL, compared to 63 members who received ~16.3k in April 2022.

LIHEAP: Notifications and Awards for LIHEAP and T-RAP continue to come in from Opportunity Council.

Switch it Up!

There are now 487 projects complete and billing for a total of \$6.8M net outstanding (total loan less member pay offs). There are another 42 projects in various stages of the process. Some projects have been delayed as residential contractors have been limited by supply chain issues. Staff have made the new Switch It Up measures available and have received lots of interest from members. Current project details through April are as follows:

Project	2019	2020	2021	2022	2023	Grand Total
Appliance					12,132	\$ 12,132
Energy Storage				39,510		\$ 39,510
Ductless Heat Pump	648,252	617,060	641,765	1,570,557	547,607	\$ 4,025,241
Fiber		30,725	48,681	29,301	6,581	\$ 115,288
Ducted Heat Pump	8,119	30,000	15,000	18,127	292,720	\$ 363,966
Heat Pump Water Heater	13,985	9,805		5,012		\$ 28,802
Insulation				256,935	7,799	\$ 264,735
Other	14,543			90,649	2,245	\$ 107,437
Solar + Storage				258,583	138,161	\$ 396,744
Solar				1,253,776	583,815	\$ 1,837,591
Windows				531,436	39,923	\$ 571,360
Grand Total	\$ 684,900	\$ 687,589	\$ 705,446	\$ 4,053,886	\$ 1,630,982	\$ 7,762,804

Energy Savings

During February there were a total of 21 rebates paid out to members totaling \$51.1k. This includes six fuel switching ductless heat pump rebates and two 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.

		2018	2019	2020	2021	2022	2023	Totals
EE Rebates*	# of Accounts	264	442	303	147	210	83	1,449
	Total Awards	\$161,262	\$228,418	\$167,432	\$149,886	\$227,622	\$110,513	\$1,045,133
	Total Energy Savings (annual kWh)	479,323	733,432	783,431	359,269	346,900	219,796	2,922,151
Switch It Up**	# of Accounts		72	87	69	188	99	515
	Total Financed		\$684,900	\$687,589	\$705,446	\$4,023,539	\$1,630,982	\$7,762,804

*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 12 new interconnect applications submitted in April and seven members were interconnected with solar for a total of 625 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 38 pending connection.

Community Solar

During the April 2023 billing cycle, the [Decatur Community Solar](#) array produced 45,920 kWh. A total of ~\$4,803 was distributed to 262 accounts in April.

Solar Benefits Paid to Members

All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	Totals
Comm Solar	# of Accounts			265	268	262	262	
	Total Payments			\$93,734	\$95,497	\$84,658	\$8,834	\$282,723
WA State Incentives*	# of Accounts	268	256	259	58	57	0	
	Total Payments	\$167,971	\$224,766	\$218,222	\$91,461	\$84,828	\$0	\$787,248
MORE**	# of Accounts	145	144	144	140	135	0	
	Total Payments	\$54,173	\$53,109	\$51,897	\$50,896	\$123,477	\$0	\$333,552

*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

Youth Scholar Program

Five students from San Juan County will receive scholarships of \$1000 for their post-secondary education and will attend the ICUA Youth Rally at the College of Idaho. The 2023 Youth Scholars are Isabel Guerra, Alexandria Sanders, and Molina Stone of Orcas Island High School, Aaron Orozco of Friday Harbor High School, and Jacob Sanford of Lopez Island High School. Thanks to the family of past OPALCO board member Nourdine Jensen for their continued support of this program.

Annual Meeting

On Saturday, April 29th, about 70 members logged in to participate in the annual membership meeting on Zoom. In the state of the co-op address, Board President Vince Dauciunas started off the meeting thanking all the gold star co-op members who joined the meeting and participated in their local co-op governance by voting. He then talked about the big task to get our power purchase contract with Bonneville Power Administration set. He urged co-op members to make the switch to electricity and begin the important work of getting carbon out of our energy load.

General Manager Foster Hildreth remarked on the incredible team at OPALCO – from the new line crew apprentices who are starting their long careers at OPALCO to the Member Service Representatives who answer the phones day in and day out, the whole team works tirelessly to keep the power reliable. Hildreth outlined OPALCO's core values safety, reliability, cost-effectiveness and sustainability. These values will drive the future of OPALCO's power supply and our carbon-free energy future.

Attendees participated in a Q&A session and asked thoughtful questions about electric vehicles, the future of our power supply, broadband access and the Switch It Up on-bill financing program for energy efficiency. Members also expressed gratitude for the cooperative, the dedicated line crew and the various programs that OPALCO offers.

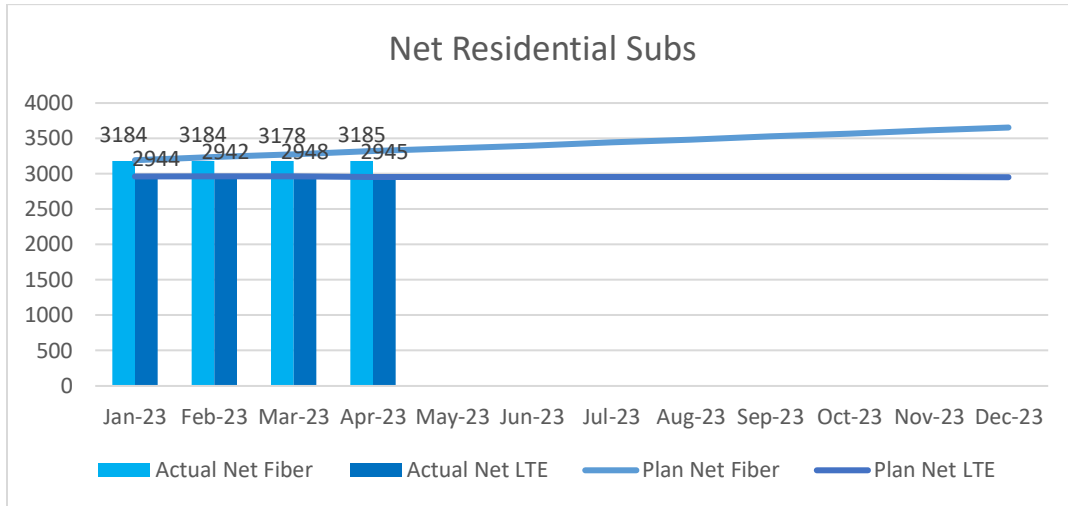
Ray Glaze of the OPALCO Election and Governance Committee announced the results of the 2023 Board Election. In District 1 (San Juan et al), Vince Dauciunas ran unopposed and was elected with 1,692 votes. In District 2 (Orcas et al), Chuks Onwuneme was voted in with 1,137 votes. A total of 2048 ballots were cast, which equates to ~18% of the membership.

OPALCO is required by the Rural Utilities Services (RUS) to hold an annual meeting each year. Members who missed the meeting can read the 2022 Annual Report online (<https://www.opalco.com/wp-content/uploads/2023/04/2022-Annual-Report.pdf>).

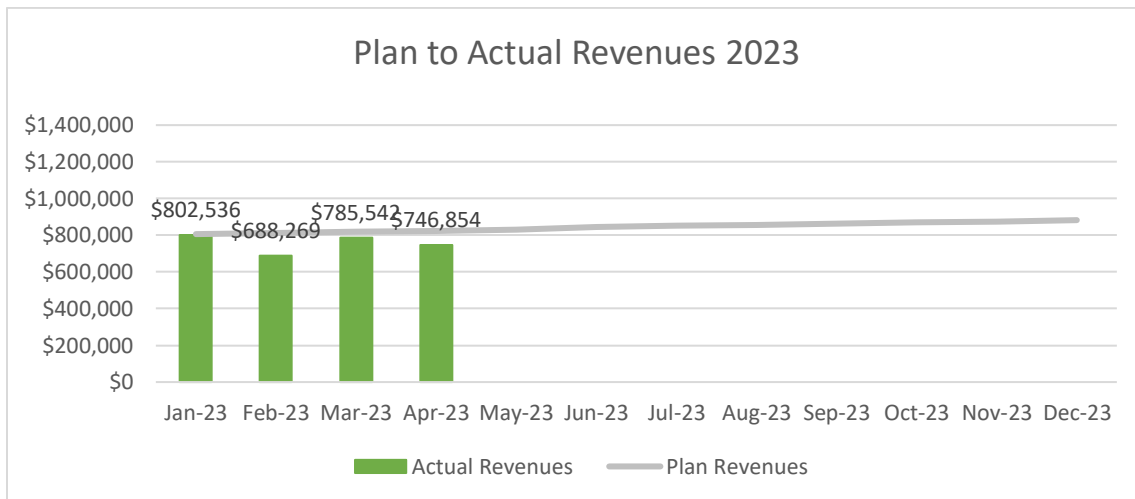
Rock Island Snapshot

6,531 Internet Service Customers

Net Subscribers



Revenues



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