



# Board of Directors

## Regular Meeting

Thursday, September 21, 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](mailto:communications@opalco.com)

### Sequence of Events

- OPALCO Board Meeting
- Executive Session



Board of Directors  
Regular Board Meeting  
September 21, 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](mailto:communications@opalco.com) for post-meeting follow-up.*

**Agenda**

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EXECUTIVE SESSION

Legal, Personnel, Competitive, Other

ADJOURNMENT

# ACTION ITEMS

## Consent Agenda

All matters listed on 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 at the request of a Board member.

The Consent Agenda includes:

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

### NEW MEMBERS – August 2023

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

BILLINGTON, CARL & GALUT, ERIN  
BOHN, ADAM & BOHN, GERRYANNE  
COX, CHADWICK  
DAWSON, DEBRA  
DIGRAZIA, DAMIEN & WRIGHT, SUMMER  
DJARF FAMILY LLC  
ERICKSON, KIM  
FRANZ, CLAIRE  
GIMENO, LESLEY  
GISLASON, ALEX  
GULDI, BETHANY & GULDI, CLEETON  
HALLOCK, KENNETH  
HARDING, KATHLEEN  
HART, LARA  
HENSON, ANNA  
HOMES FOR ISLANDE, RS  
LAPORTE, BECKY & LAPORTE, BRET  
MATTHEWS, DEENA & MATTHEWS, ROB  
MILLS, LUTHER  
MORRIS, ANTHONY & MORRIS, ABIGAIL  
REDMOND, DAWN & REDMOND, TYLER  
SCHMIEDL, MANFRED  
SCHULTZ, EMILY  
SEA LEVEL CONSTRU, CTIOIN  
SKELTON, DAVID  
SUTTON, ALEX & EASTERBROOK, KAREN  
VAUGHN, FREYA  
WEYAND, KATHLEEN & WEYAND, TIM  
WHITNEY, FRANK & WHITNEY, ERIN  
WILLIAMS, CRISTAFAER & OSBORNE, JESSICA  
WILLIAMSON, MARY  
WOODWARD, CRYSTAL & WOODWARD, BRENDAN

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

BALIC, BATURAY & HAINES, MARIAH  
CASEY, KEVIN  
CHRISTENSEN, CHLOE & DOWNING, DREW  
DOYLE, FREYA & MILLS, PATRICK

GARLOCK, MARY & GARLOCK, DAVE  
HANSEN, BETHANY & RANDOLPH, JORDAN  
HODGES, NICKOLAS  
HOVELMAN, EVAN & NEENAN, ANNEMIEKA  
JAMIESON, DOUGLAS  
MARQUARDT, JOEL  
MARTIN, ANDREW & NACK, AMY  
NESSET, JOHN  
NIGRETTO, THERESA  
NORTHERN HEIGHTS LLC  
RAUTENBERG, ALLEN & RAUTENBERG, LAURIE  
SCHMIDT, ERIDE  
SHOEN, SOPHIA  
SMITH, PATRICK & FARR-SMITH, CELIA  
SOTH, MICHELLE & SOTH, JOSHUA  
TOPACIO, CHAZ  
TYSON, EMILY & QUISHENBERRY, BAILEY  
WALLACE, WILLIAM  
WHITTIER, TERRY

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

ARNOTT, TRAVIS  
BEATTIE, WHITNEY  
BURMEISTER, JOE & STEINMAN, LESLEY  
CHAPPELLE, BETSY & CHAPPELLE, DAVID  
KRAMER, VINCENT  
KRAMER, VINCENT & KRAMER, ERYN  
MASSIE, RICHARD  
NIES, BRENNIA  
POLLACK, JORDAN  
REILLY, PETER & GONZALES, NANCY  
TROUTNER, CHRIS  
UTT, RANDY & METZGER-UTT, MADELEINE  
WEAVER, CHARICE  
WILSON, LINDZE & WILSON, TIMOTHY  
WILSON, ROBERT

#### 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:

<b>September</b>	
<b>Customer #</b>	<b>Amount</b>
50235	1,137.17
80998	953.62
84495	649.35
<b>Total</b>	<b>\$ 2,740.14</b>

Staff requests a motion to approve the Consent Agenda.



Orcas Power & Light Cooperative

**Minutes of the Board of Directors Meeting**

**Thursday, August 17, 2023**

Streaming through Zoom attendees were Board members Vince Dauciunas, Jerry Whitfield, Brian Silverstein, Mark Madsen, Tom Osterman, Chuks Onwuneme, 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; Assistant Communications Manager Krista Bouchey (serving as recording secretary) and Head Accountant Travis Neal. Also present were Legal Counsel Joel Paisner and consultant Jay Kimball.

Members in attendance: John Fleischer, Michael Whelan

Meeting commenced at 8:30 a.m.

Member Comment Period: No comments

**ACTION ITEMS**

**CONSENT AGENDA**

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

**BOARD RESOLUTION 3-2023 FOR THE EXECUTION OF THE RUS FEDERAL FINANCING BANK (FFB) LOAN AV45** – Staff reviewed process for capital project funding and construction work plan (CWP) loans, preferential rate treatment through RUS and line of credit reimbursement borrowing mechanism. Dauciunas pointed out CWP document is posted in Document Library online. Discussion ensued.

**MOTION** was made by Struthers to approve Resolution 3-2023, seconded by Whitfield and passed unanimously by voice vote.

**PGNC CONTRACT RENEWAL** – Staff reviewed details of contract terms in Executive Session and returned to regular session for a motion to be made.

**MOTION** was made by Silverstein, seconded by Madsen and passed unanimously by voice vote.

**MEMBER APPEAL HEARING: MATT BASTA** – Per Member Policy 9, the Board held a member appeal hearing in Executive Session. Returning to regular session, the Board upheld the Board of Adjustment decision.

**MOTION** was made to uphold the Board of Adjustment decision in the matter of Matt Basta and passed unanimously by voice vote.

**DISCUSSION ITEMS**

**UPCOMING PSE OUTAGES** – Staff reviewed logistics and rationale for upcoming county-wide outages. Discussion ensued.

**MEMBER SERVICE POLICY 13: INTERCONNECTION OF MEMBER OWNED DER FACILITIES**

Discussion ensued the expansion of devices on the system, load management opportunities and the importance to maintain remote operation and control of devices on the system.

**REPORTS**

**Q2 FINANCIALS** – Staff reviewed Q2 financials including HDD and weather patterns, revenues, ECA actuals, net margin, staffing levels, debt, cash flow and projections.

**GM REPORTS** – Staff reviewed reports, dashboards, grant and budget tracking, and project updates.

Break: 10:02-10:15am

Executive Session: 10:15 – 10:39am

Regular Session: 10:39 – 10:40am

Executive Session: 10:40am – 12:13pm

Regular Session 12:13 – 12:15pm

Executive Session 12:15 – 1 pm

Meeting Closed: 1 pm

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Vince Dauciunas, President

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Brian Silverstein, Secretary-Treasurer



## Member Service Policy 13: Interconnection of Member Owned DER Facilities—Second Read

Staff have updated the proposed revisions for a second read and board approval. To recap: the revisions are intended to accommodate new technologies – such as two-way communication devices and EV chargers – for future distributed energy resource (DER) and protect the Co-op system from DER aggregators who are positioned to disrupt utility revenue streams and profit from co-op members.

EV charging infrastructure is expanding rapidly which brings benefits and challenges to the Co-op for load management. OPALCO expects a doubling of load by 2050 as heating and transportation (including ferries) are decarbonized, and that will present some challenges during periods of high demand. When the network includes two-way communication devices, OPALCO can reduce load by limiting capacity on these devices during peak or disruptive events such as extreme temperatures or power outages, which mitigates high demand charges from OPALCO's power provider.

While this type of communication control is inherent to the developing smart home culture, there is a concern about third parties inserting themselves into the emerging network of things to disrupt the relationship between the Co-op and its members. OPALCO is accountable to its member-owners and transparent in its policies while an absentee corporation (third party aggregator) would value profit motives over member benefits. This type of disruption is emerging as a market force.

Managing devices on OPALCO's network as distributed energy resources makes sense and could help support OPALCO's grid during high load time such as during outage restoration in the winter. Decreasing the demand reduces the load on the system which could in turn reduce additional outages caused by cold load pick up.

The issue of third-party aggregators is a real threat. OPALCO wants to a) protect their relationship with their members and b) protect the Co-op from liabilities that could result from this type of disruption.

This is the second read of proposed revisions to Member Service Policy 13. Staff request that the Board make a motion to approve the updates to Member Service Policy 13.



**ORCAS POWER AND LIGHT COOPERATIVE  
MEMBER SERVICE POLICY 13**

**Interconnection of Member-owned Distributed Energy Resource Facilities**

This policy covers interconnection of any member owned generating facilities, storage facilities, or other facilities supplying energy to the distribution system of Orcas Power and Light Cooperative (“OPALCO” or “cooperative”), herein referred to as distributed energy resource (DER). This interconnection policy for DER facilities specifies the minimum requirements and conditions for non-utility-owned electric resources that will be interconnected for the purpose of parallel operation with the OPALCO electrical system. DER facilities will be permitted to interconnect to OPALCO’s distribution system only after OPALCO determines that the operation of the member’s DER facility will be safe and effective and will not interfere with normal operation of OPALCO’s electrical systems.

**13.1 AVAILABILITY**

Available to qualifying facilities subject to the limitations below:

- 13.1.1 The DER must be supplying energy to the cooperative’s distribution system with solar, wind, battery storage or other distributed energy resources.
- 13.1.2 All DER facilities on OPALCO’s system must be contracted solely between the member and the Cooperative; no third-party aggregator systems are permitted. For the purpose of this policy “aggregator” and/or “aggregation” is defined as third parties that in way disrupt the direct relationship between the cooperative and the member.
- 13.1.3 Qualifying facilities must adhere to any of OPALCO’s power purchasing contract provisions for interconnection of generation or other qualifying facilities.

**13.2 CHARACTER OF SERVICE**

Service where the member has elected to interconnect DER facilities with OPALCO’s distribution facilities. The DER facility may be used to offset the member’s own electrical requirements or to generate power to sell to OPALCO. Single phase 120/240 or three phase 277/480 or 120/208 service, at 60 Hz are available. Any service upgrades necessary must comply with MS Policy 5 – Line Extension.

**13.3 PRODUCED ENERGY**

- 13.3.1 Members interconnecting DER facilities with an inverter nameplate rating of less than 25 kW shall be under the appropriate tariff.
- 13.3.2 Members interconnecting DER facilities with an inverter nameplate rating of 25 kW or greater shall execute a Power Purchase Agreement with the cooperative prior to operation of the DER system.

**13.4 GENERAL PROVISIONS**

**13.4.1 Design Requirements**

- 13.4.1.1 All equipment used to interconnect to OPALCO’s system shall be UL listed for the intended use.

- 13.4.1.2 All systems shall comply with current state code, current national codes, and the cooperative’s interconnection guidelines.
- 13.4.1.3 DER facilities shall have the ability to be monitored by OPALCO via communications protocols defined in the cooperative’s interconnection guidelines.
- 13.4.1.4 DER facilities, including charging electric vehicles connected to commercial or public services, shall have the ability to be controlled by OPALCO via communications protocols defined in the cooperative’s interconnection guidelines.
- 13.4.2 Interruption or Reduction of Deliveries
  - 13.4.2.1 OPALCO shall not be obligated to accept deliveries of excess energy and may require member to interrupt or reduce such deliveries:
    - 13.4.2.1.1 When necessary, to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or
    - 13.4.2.1.2 If it determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, or compliance with prudent electrical utility practices.
  - 13.4.2.2 Whenever possible, OPALCO shall give the member reasonable notice of the possibility that interruption or reduction of deliveries may be required.
  - 13.4.2.3 Notwithstanding any other provision of this policy, if, at any time OPALCO determines that either (1) the facility may endanger any of the cooperative’s personnel or (2) the continued operation of member’s facility may endanger the integrity of the cooperative’s electric system, the cooperative shall have the right to disconnect member’s generation facility from the cooperative’s electric system. The member’s facility shall remain disconnected until such time as OPALCO is satisfied that the condition which necessitated the disconnection has been corrected.
- 13.4.3 Interconnection
  - 13.4.3.1 OPALCO reserves the right to require interconnection studies, additional or upgraded facilities, and the interconnection method. Technical provisions for interconnection shall be provided via the cooperative’s interconnection guidelines.
  - 13.4.3.2 Member shall pay for designing, installing, operating, maintaining and any other associated costs of the generating facility and system upgrades, per Member Service Policy 5 – Line Extensions, and shall be in accordance with all applicable laws, regulations and cooperative guidelines and policies.
  - 13.4.3.3 Member shall not commence parallel operation of the DER facility until written approval of the interconnection facilities has been given by OPALCO.
- 13.4.4 Maintenance and Permits





- 13.4.4.1 Member shall maintain the DER facility and interconnection facilities in a safe and prudent manner and in conformance with all applicable laws and regulations.
- 13.4.4.2 Member shall obtain any governmental authorizations and permits required for the construction and operation of the DER facility and interconnection facilities. Member shall reimburse the cooperative for all losses, damages, claims, penalties, or liability it incurs because of member's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of member's generating facility or failure to properly maintain member's facility.
- 13.4.4.3 Member shall obtain appropriate insurance coverage before operation and provide evidence to OPALCO of such insurance, including liability coverage.

13.4.5 Indemnity and Liability

Member shall save harmless, release and indemnify OPALCO, its officers, directors, employees, other members, and its agents, from any loss, claims or expenses, including but not limited to damages fines, and any other payments arising out of member's actions or inaction in the development and operation, or failures thereof, of its DER facilities and implementing this policy.

~~14.6 — MEMBER OWNED RENEWABLE ENERGY (MORE) FUND/PRODUCTION INCENTIVES~~

~~All MORE incentives will be funded through voluntary contributions; OPALCO offers no guaranteed incentive payments. New DERs will be admitted into the MORE Incentive Program on a first come, first served basis after July 1, 2010. MORE installations will follow the Net Metering Section 14.4 of this policy.~~

~~14.6.1 Production meter: Member will install, at their expense, a meter base which will accommodate an OPALCO meter. The production meter is a separate meter from the OPALCO billing meter and is required to record all energy produced from the DER.~~

~~14.6.2 Incentives will be administered through an independent committee of OPALCO members following approved MORE committee guidelines. See MORE guidelines for more details.~~



## PNGC Director Nominations

Every three years, PNGC policy requires member utilities to reconfirm board directors. PNGC's protocol is for member utility GMs to serve as directors and another staff member to be an alternate.

Staff requests the Board approve the resolutions which designate Foster Hildreth, General Manager as the primary board director and Russell Guerry, as the alternate member delegate.

### Certificate of Director Nomination

I, *Brian Silverstein*, do hereby certify that I am secretary of *OPALCO*, hereinafter called the "Cooperative," and I further certify that:

The Board of Directors of the Cooperative adopted a resolution nominating *Foster Hildreth*, as a Director of the Pacific Northwest Generating Cooperative, at a meeting held *September 21*;

The said resolution was entered into the minute book of the Cooperative;

The meeting was duly held in accordance with the bylaws of the Cooperative; and,

The resolution has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative this  
*(day)* day of *(month)*, *(year)*.

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Secretary



## Certificate of Designated Membership Representative or Alternate

I, **Brian Silverstein** , do hereby certify that I am secretary of *OPALCO* hereinafter called the “Cooperative,” and that *Foster Hildreth* is the designated membership representative of the Cooperative, and that *Russell Guerry* is the designated alternate of the Cooperative for voting purposes at membership meetings of the Pacific Northwest Generating Cooperative.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative this  
(day) day of (month), (year).

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Secretary

(SEAL)

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President



## IRS Form 990

The draft 2022 IRS Form 990 will be reviewed during Executive Session. The IRS requires the OPALCO Board review and approve the Form 990 filing.

Note, these 990 figures were reviewed in March 2023 during the 2022 year-end review and again in May 2023 during the 2022 Moss Adams audit. The 2022 return is consistent with last year's filings and is based on the 2022 financial statements (including quarterly reviews), which were audited by Moss Adams and approved by the Board of Directors at the May 18, 2023, board meeting. No material adjustments have been made in the compilation of this tax filing.

NRECA has published a useful infographic for how to read a co-op Form 990:

<https://www.electric.coop/990-2/>

Please note that Staff will post Form 990 on OPALCO's website once it is officially filed and is available on the IRS website.

Upon review in executive session, Staff recommends the Board make a motion to approve the submittal of the 2022 Form 990.

## Annual Meeting Dates

Due to the pandemic and continued ferry unreliability, the last three annual meetings have been virtual events. As previously discussed in prior Board Meetings, staff is proposing to break our Annual Meeting into two distinct events. Staff proposes holding the official Annual Meeting of the Energy Members as a virtual event that includes the business portion of the meeting to meet Bylaw requirements, a State of the Co-op address and announce election results. Members will be encouraged to attend this event via Zoom. The Annual Meeting will be followed with an in-person member focused event. The member appreciation event will be modeled on the successful EV Jamboree but broader to include informational booths, family friendly activities, safety demos and more. The meeting will rotate islands and themes each year. Proposed dates for 2024 are:

- Annual Meeting: April 25<sup>th</sup>: 8:30-10:30 am via Zoom
- Member Appreciation Event: April 26<sup>th</sup>: 3-5 pm In-Person Eastsound

The Annual Meeting date determines the full election timeline pursuant to the Bylaws. More details and full election timeline to follow.

Staff recommends that the Board make a motion to confirm the Annual Meeting date, virtual format and Joel Paisner, OPALCO Legal Counsel, as the Parliamentarian.

# DISCUSSION ITEMS

## Upcoming Puget Sound Energy (PSE) Outages

All of San Juan County will be affected by planned power outages necessary to make critical repairs to our transmission system on the mainland. These repairs will address the issues on PSE’s system identified during the December 2022 outages that impacted all of San Juan County. The repairs will take place overnight on:

- September 25<sup>th</sup>, 10 pm – 6 am (09/26)
- September 26<sup>th</sup>, 10 pm – 6 am (09/27)
- September 27<sup>th</sup>, 10 pm – 6 am (09/28)

Puget Sound Energy (PSE), who provides transmission power through Bonneville Power Administration (BPA) to San Juan County, notified OPALCO that they need to replace three poles, rebuild three more poles, and conduct other critical maintenance work. For the safety of the crews, they will need to have the transmission lines to San Juan County de-energized. This work is located between the PSE Burrows Bay Substation and the BPA Fidalgo Substation (Washington Park Area). PSE will have multiple crews conducting the work which will be completed over three nights. Each outage is scheduled for an eight-hour period of 10 pm – 6 am during the nights of September 25<sup>th</sup>, 26<sup>th</sup>, and 27<sup>th</sup>.

Each outage will start with thirty minutes of switching to de-energize and make the site safe to work and end with thirty minutes of switching to remove all safety measures and re-energize. While the power is off, the OPALCO crew will utilize the opportunity to do maintenance work on our local system.



# 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
- Inflation Reduction Act (IRA) Benefits
- Wildfire Mitigation
- Surge Protection

## ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

### WIP

As of September 14, 2023, there are 445 work orders open totaling \$12.5M. Operations has completed construction on 167 work orders, totaling \$3.3M.

### Safety

Northwest Safety Service conducted Life Flight Landing Zone training for operations. The total current hours worked without a loss time accident 273,304 hours.

## GRANTS

### Grant Seeking

- DOE's Energy Improvement in Rural or Remote Areas Program (\$80M): Staff worked with a consultant to submit a full application for the Submarine Cable Project (\$100M). We expect to get a determination on our full application in late September.
- DOE's Water Power Technology Office (\$35M): Staff worked with a consultant to submit a full application for the Pilot Tidal Power (\$60M). We expect to get a determination on our full application in late September.
- CEF 5 EV Charging Project on Orcas Island: Staff worked with the Port of Orcas to support their grant application to install 35 Level II chargers throughout Orcas Island and a payment enabled Level III charger at the airport.

### Awarded Grants

- **Bonneville Environmental Foundation** (\$25k): Installation of EV Chargers in partnership with OPAL Community Land Trust and their affordable housing neighborhoods.

- **Washington State Broadband Office (WSBO) - Remote Communities**

We were notified in May of this year that all four applications submitted for ARPA last mile broadband funding were awarded for ~\$15M pending contract terms. Staff are working through contract terms with WSBO. Staff is in communication with potential beneficiaries of this project as highlighted in the green areas below. Project start dates are to be determined.



### Washington Department of Commerce - Grid Modernization

- San Juan Microgrid (Grant \$2.4M) (partnered with PNNL) – Staff has completed design review with WA DOC and executed contracts for all components. Land Use permitting submittals are complete



and awaiting the review from planning staff and schedules for the County Council and public comment process.

- 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 Q4 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 2024 with public outreach to begin slightly prior.

**FINANCE**

**2023 Budget Tracking**

Energy (kWh) sales were slightly higher than budgeted levels through August 2023. A sharp January El Nino condition, paired with a large ECA credits resulted in gross operating revenues above budget by ~\$324k. The table presents the full year 2023 projection with actuals for prior months where available.

Income Statement Summary (in thousands)	2023 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 35,842	\$ 36,759	\$ 917
ECA Surcharge / (Credit)*	\$ -	\$ (593)	\$ (593)
Revenue	\$ 35,842	\$ 36,166	\$ 324
Expenses:			
Cost of Purchased Power	\$ 9,631	\$ 8,907	\$ (724)
Transmission & Distribution Expense	8,068	8,707	639
General & Administrative Expense	6,590	6,166	(424)
Depreciation, Tax, Interest & Other	9,074	8,789	(285)
Total Expenses	33,363	32,569	(794)
Operating Margin	2,479	3,597	1,118
Non-op margin	446	547	101
Net Margin*	2,925	\$ 4,144	1,219
OTIER	2.19	2.71	0.51
TIER	2.37	2.98	0.61
Equity %	39.6%	40.2%	0.6%
HDD	1,367	1,256	(111)
kWh Purchases	222,000	227,144	5,144
kWh Sales	208,700	213,163	4,463

\* The ECA returned \$593k to members through Aug 2023. The credit is partially driven by BPA dividend credits (of \$426k in Q1) included in, and artificially reducing Cost of Power.



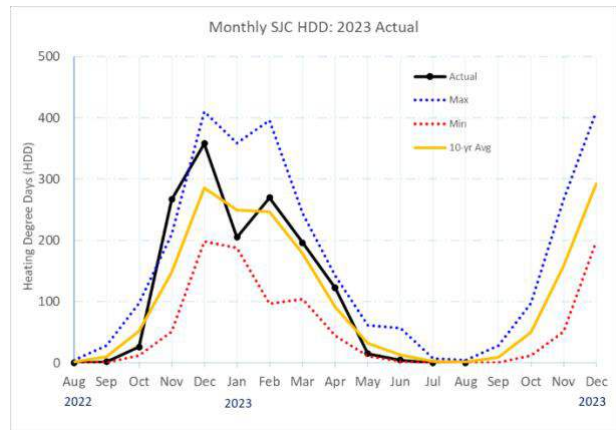
### Monthly Energy Charge Adjustment (ECA)

August 2023 ECA collected \$7,043 from members, or \$0.58 per 1,000 kWh. The September billing period ECA is projected to be a bill credit of (\$.004554) per kWh on member bills, or \$4.55 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.

The board approved, at the May 2023 regular meeting, a prospective adjustment to the Tariff ECA calculation which became effective as of the date of the board action, May 18, 2023. The calculation now excludes the Bonneville Power Administrations’ provision known as the Reserves Distribution Clause (RDC) from the total purchased cost of power.

### 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 and close to a historically warm May-Aug. Current NOAA prediction suggests that the balance of the year will be highly impacted by an El Niño weather pattern. We continue to monitor weather trends monthly.

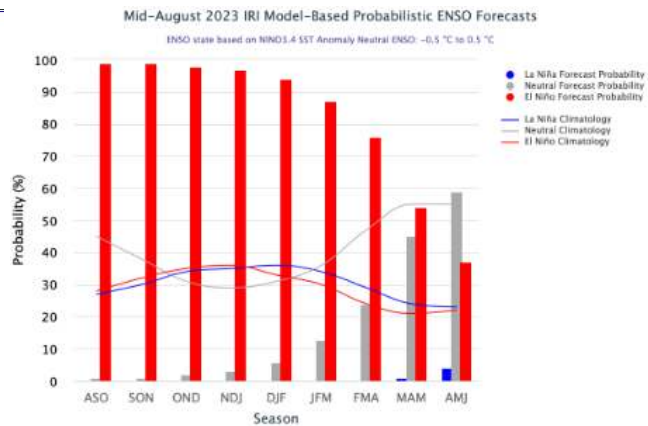
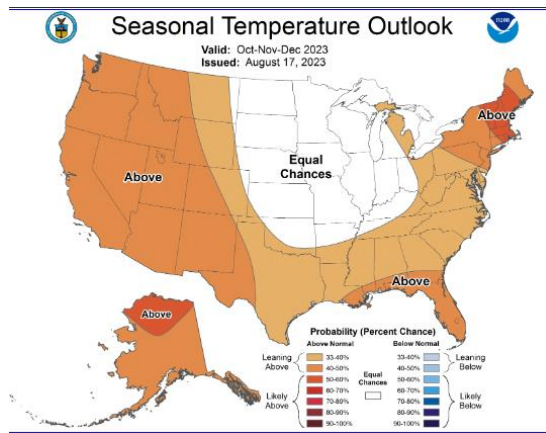


\*max, min, avg is based on 10 year average

### Weather Forecast

Looking ahead to the NOAA ‘three-month outlook temperature probability’ for Oct-Nov-Dec ‘23, the outlook is currently showing strong El Niño temperature conditions in our region in the coming fall and winter months. We continue to monitor these predictors monthly.

### 2023 Oct-Nov-Dec Outlook



Source: NOAA National Weather Service



## MEMBER SERVICES

### Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	Grand Total
Energy Assist Credit	# of Accounts	444	460	574	577	546	459	1,040
	Total Assistance	111,996	135,595	158,434	158,740	156,761	95,431	816,957
PAL	# of Accounts	212	205	329	363	297	173	779
	Total Assistance	45,155	53,137	80,975	104,880	82,912	48,500	415,560
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	524	1,382
	Total Assistance	157,151	188,732	349,283	390,659	270,018	143,931	1,499,775

Note: EAP funds are collected, primarily, from a program OPALCO created by including a line item on all OPALCO member bills. Additional funds are directed to the EAP from the Decatur Solar Project (10% of all production credits). In 2020/2021, additional funds (not included in this chart) were paid out to members who were impacted by COVID. When the Bailer Hill Microgrid Projects comes online, up to 45% of its production will be directed to EAP. The "# of Accounts" are the distinct accounts assistance was provided to over the year or as a total. The "Total Assistance" many vary based on single account adjustments.

**EAP:** During August 2023, 229 members received ~ \$9.2k from the low-income Energy Assist program, compared to 302 members who received ~ \$11.5k in assistance in August 2022.

**Project PAL:** Project PAL award season will begin again in November 2023.

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

### Switch it Up!

There are now 554 projects completed and billing for a total of \$8.3M net outstanding (total projects less member pay-offs). There are another 35 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 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	611,617	641,765	1,553,247	989,390	\$ 4,444,272
Fiber		30,725	48,681	29,301	30,038	\$ 138,745
Ducted Heat Pump	8,119	30,000	15,000	18,127	546,682	\$ 617,928
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				302,520	138,161	\$ 440,681
Solar				1,541,688	1,302,235	\$ 2,843,923
Windows				563,557	62,272	\$ 625,829
<b>Grand Total</b>	<b>\$ 684,900</b>	<b>\$ 682,146</b>	<b>\$ 705,446</b>	<b>\$ 4,400,546</b>	<b>\$ 3,090,954</b>	<b>\$ 9,563,993</b>

### Energy Savings

During August there were a total of 14 rebates paid out to members totaling \$15.5k. This includes two fuel switching ductless heat pump rebates and four EV charging station rebates.



### Member Benefits from Energy Efficiency and Fuel Switching Programs:

OPALCO is committed to helping members prepare for an efficient and sustainable energy future with programs, incentives, and rebates. All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	Totals
EE Rebates*	# of Accounts	264	442	303	147	210	164	1,530
	Total Awards	\$161,262	\$228,418	\$167,432	\$149,886	\$227,622	\$213,861	\$1,148,481
	Total Energy Savings (annual kWh)	479,323	733,432	783,431	359,269	346,900	335,743	3,038,098
Switch It Up**	# of Accounts		72	87	69	188	176	576
	Total Financed		\$684,900	\$682,146	\$705,446	\$4,400,546	\$3,090,954	\$9,563,993

\*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 comes 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 15 new interconnect applications submitted in August, with six members were interconnected with solar for a total of 657 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 47 pending connections.

#### Community Solar

During the August 2023 billing cycle, the [Decatur Community Solar](#) array produced 66,080 kWh. A total of ~\$7,437 was distributed to 263 accounts in August.

#### 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	263	
	Total Payments			\$93,734	\$95,497	\$84,658	\$34,296	\$308,185
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

### Island Way Workshop - Inflation Reduction Act (IRA) Benefits

OPALCO and Sustainable Connections presented a virtual workshop on the incentives available through the IRA. More than 80 members attended and participated in a robust Q&A.

### EV Jamboree - Lopez

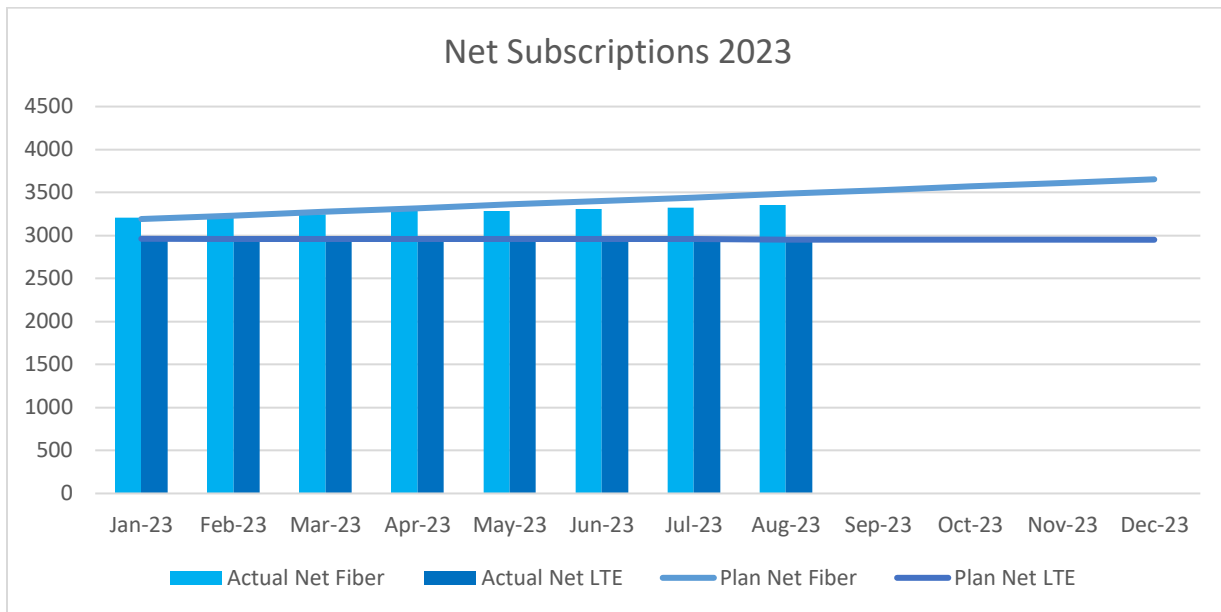
OPALCO's third EV Jamboree on Lopez Island (8/24) was fun and well attended. More than 200 members participated in the two-hour event and mainland dealers representing Mercedes, Kia, Hyundai and Pure Water electric boats made the ferry ride out to share their electric vehicles (and boat) with the crowd. Sunset Builders Supply was on hand with Stihl electric tools; Village Cycles provided electric bikes test rides; the EV Action Table was busy with Island Rides, a Lopez transit survey and EarthRise; Lopez Community Land Trust showcased their EV Car Sharing Program; and our Lopez line crew demonstrated electrical safety. A giant earth ball set the tone again while kids enjoyed coloring books, corn hole and safety workbooks. We served 200 free hot dogs – with cold drinks served out of the “frunk” of a Ford F-150 Lightning – staff gave away EV revolution t-shirts and answered a lot of member questions. Member satisfaction was high.



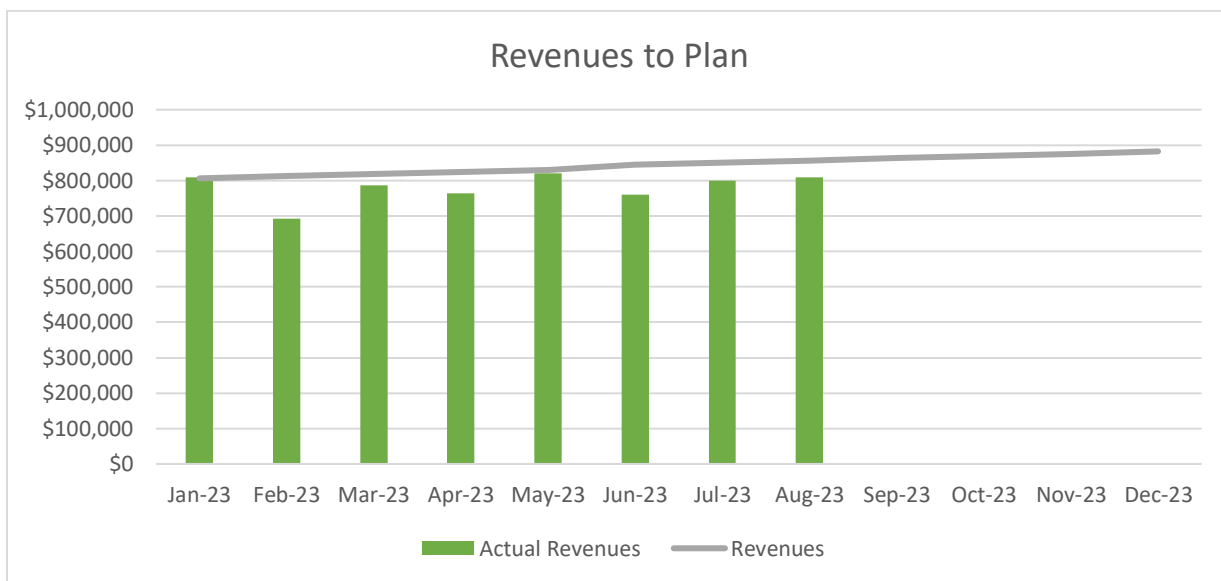
## Rock Island Snapshot

### 6,644 Internet Service Customers

#### Net Subscribers



#### Revenues



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