

2024 Candidate Forum – Q&A

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OPALCO:

1. OPALCO's mission is to provide safe, reliable, sustainable and cost-effective essential utility services with a commitment to the utilization of renewable resources and carbon reduction. How does this mission align with your vision for the cooperative and community? We find ourselves in a time of significant and accelerating change particularly driven by factors outside San Juan County but extremely important to the Co-op mission and our goals as a community. As stated in the question, we must remain focused on the OPALCO mission statement priorities and keep that focus front and center. I feel that as a board member, it is really important to continue to remember this as we address all the challenges, headwinds and opportunities that are coming our way. As a member-owned and community focused utility organization, the OPALCO management team, board structure and team culture is aligned with this. I personally and the other board members are also very aligned with the goals, mission statement and fundamental obligations. There are significant OPALCO strategy and project implementation accomplishments for integration and acceleration of use of renewables and driving carbon reduction. For a small utility, OPALCO has been very progressive and effective at building and implementing these solutions. As a board member, I have been very participative in these discussions. I am personally committed to this path and to accelerate our progress without endangering the "safe and cost effective essential utility services" part of our mission.
2. The region is in a period of major energy transformation away from carbon-emitting sources.
 - a. Where will OPALCO get the capital to invest in required system upgrades and local renewable generators to keep the islands supplied with reliable power during the transition? Excellent question and one we grapple with every board meeting. Currently we have a political environment supporting State and Federal focused funding for clean energy transition. We cannot count on this continuing forever, so time is of the essence to take advantage of these incentives and investments that help us leverage to build out our infrastructure. OPALCO staff have done an excellent job to win sizable grants that have assisted and will continue to support accomplishing more. As a small utility, we have accomplished an impressive list of wins here.. This is not to state that this is an easy path in the future. We face funding the cost-share portion of grant awards and some of the upcoming capital investments are sizable. The OPALCO team has managed our financial margin, equity and borrowing facility strength very well but forward-looking needs for funding clean energy transition projects without risking our financial stability are a concern and a

priority. Back to the mission statement that we want to remind ourselves about the “cost-effective” goal.

- b. How should OPALCO maintain affordability for all members while complying with legislation for decarbonization? This is a challenge and clearly going to take participation from all stakeholders given the magnitude of the infrastructure costs and the reality that the membership cannot fund these entirely from our utility bills alone. Leveraging grants and being prudent to not get out too far ahead of our funding stability is critical. The timelines for compliance are tight and some would be of the opinion that they are not completely realistic with available funds, permitting throughput and current land use policy. We continue to push ahead towards the goals and compliance milestones but with a careful approach that will serve us well in the future. This is a situation being experienced by many utilities so we are not alone with the challenges, limitations and reality of what we will be able to accomplish.
3. Solar power requires a lot of sunny land for solar arrays. Existing county land use codes favor preserving local rural character over solar generators on open land. How do you think about these potentially conflicting approaches to land use? I participate personally in renewable energy technology development for my business and I have seen some really impressive examples of land use evolution for sustainable and farming cooperative implementation with PV arrays. The entire approach of “Agrivoltaics” is very interesting to me in terms of implementing joint use of land with PV arrays integrated into farming, grazing, growing pollinator crops, providing Irrigation power and other innovative solutions. We are targeting such a win-win approach for the design of our next Microgrid project on San Juan Island. Lets face it, we have all probably seen some examples of how not to implement utility scale solar panel installation from a lack of aesthetic sensitivity and we need to absolutely avoid this in San Juan County. As a board, we are focused on collaboration with San Juan County to update and create land use categories codes and protocols and project siting that are consistent with rural prioritization and result in both the ability to grow our renewable sourcing but implement it in a low impact manner. We really need to update our approach to transition from the current land use characterization of utility infrastructure which dates back to carbon based generators, large substations and the appropriate siting restrictions and codes for these historical systems. Current land use definitions and permit processing pathways do not reflect the clean energy transition renewable energy systems character, configuration, and opportunity to be implemented carefully, aesthetically low impact and with joint use creative benefits. All stakeholders should participate in the ongoing dialog about what our priorities are as a county in terms of how we implement renewables and reap the significant environmental benefits without damaging the local environment in the process.
4. OPALCO depends on hydropower from the mainland for more than 84% of its total power supply. How important is hydropower in your vision for a future energy supply in the islands? Hydropower is so critical.. OPALCO and BPA set new power consumption peak records during the recent cold snap in January and at the same time, solar and wind production were not sufficient to bridge the gap for the peak load from the hydro production capability. As a region, the PNW had to import power from other states to handle the peak. This is how close we are to the margin. Renewables are a variable and

a growing percentage of generation resources but “firm” hydro power is the backbone of our reliability and resiliency. With upcoming BPA contract renegotiations ramping up now for 2028 new contract implementation, Tier 1 and Tier 2 regional hydropower allocation, pricing, availability and thus impact to OPALCO as the majority source of our member load cannot be underestimated. Likely that the future holds more changes in how kWh pricing is transitioning to time of use tariffs and peak use charges and more billing complexity. Many users are all vying for their piece of available hydropower capacity and load growth is driving the approach in-region but other regions are also desiring a piece of this (CA, AZ etc.) Wind and solar are variable sources. The only firm sources we have when wind and solar are not sufficiently producing and supporting our growing load profile are hydro and natural gas fueled peak plant generators. Coal generation is declining (which is great) with plant decommissioning in WA and other states. If we reduce hydropower capacity and don’t replace it with other sources of firm power, I don’t see the path that also supports the load growth predictions and to maintain grid stability and reliability. Very complex issue with many stakeholders and perspectives and uncertainty.

5. It’s estimated that OPALCO’s load growth will double between now and 2050 due to the electrification of heating and transportation. Questions:
 - a. Where should this new energy come from? **Local and regional renewables, continued efficiency improvements.**
 - b. Where should new renewable projects be located? **We need a smart policy pivot that allows local renewables to be sited in San Juan County with compliance with strict code requirements but also with newer and more modern land use design guides for these. We also need a collaborative regional approach to generation in other locations perhaps via our membership in PNGC with other NW co-op’s.**
 - c. Will local resistance limit siting and permitting? **Likely and this is a concern. San Juan County needs to evaluate with all stakeholders whether we really want renewables as a priority and if this is confirmed, how can we implement with an environmentally sensitive approach and one that preserves the environment an aesthetics that we all value.**
 - d. Who pays for it? **Members, perhaps regional PNGC cost-sharing, State and Federal grants. If we all want to progress to a de-carbonized future, we all need to invest.**
6. OPALCO’s current rate structure collects almost half of the revenue to cover fixed costs through the kWh (energy use) charge. As we become more energy efficient and embrace more renewable energy, OPALCO won’t collect enough kWh revenue to cover fixed costs. How would you address this rate structure dilemma? **We need a new rate structure creative design that shifts more of the fixed overhead cost to direct revenue and not tied to the volumetric side of our revenue picture. There is some momentum in this area to study alternatives and options.**
7. What role should the Co-op play in state and regional public power affairs? How do you see OPALCO influencing public policy and elected officials? **We already have a voice with credibility in these discussions due to the progressive (and impressive) performance with our projects in the past and the recent success of governmental grant funding which has validated our credibility. We need to stay engaged. We also**

have a community very invested in environmental protection both locally and at a broader level and we need to continue to push our priorities at the state and regional level.

8. The high cost of living in the islands (especially housing) and a very competitive labor pool in the industry has made it challenging to hire and retain staff. What ideas can you offer for hiring and retention of qualified employees? We need to be more creative about this. Recent trends in the county with difficulty in home permitting, limited DCD staff resources and other factors driving up housing costs and slowing down ability to build are really causing difficulty not just for OPALCO but for any entity needing housing availability for staff. So.. housing is probably top of our worry list for recruiting and onboarding qualified staff. There has been some board dialog about this for the last year and more coming. It is a priority for us. All things being equal, we can be competitive recruiting quality staff members from other areas with the amenities and advantages San Juan County and working for OPALCO offers but not if we can't provide cost effective housing to onboard employees moving into the area.

ROCK ISLAND:

1. How important is access to communication technology throughout San Juan County? Very important and can be said it is an engine of economic growth as well as public safety.
2. Rock Island provides internet connections to nearly 50% of the OPALCO membership. How should Rock Island and OPALCO prioritize reaching the balance of the membership with access to broadband? Great accomplishment with a recent grant for fiber build-out.. This is a win and we need to leverage this but also continue the reinvestment of revenue back into continued build-out. The easier routes and connections have already been built. What remains are more difficult and expensive areas to complete the network build but we need to continue the push.
3. Who should pay for the cost of internet connections? A mix of member and grant funding.
4. What would you bring to the Co-op to help Rock Island realize its full vision? Continued focus on this area and support of the business plan, reinvestment and support of policy and strategy goals we have refined over the last few years. Rock Island is doing really well and the communications infrastructure (both fiber and wireless) for our county is excellent and growing.