



OPALCO

Board of Directors

Regular Meeting

Thursday, October 17, 2024
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



WELCOME GUESTS/MEMBERS

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

Agenda

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

NEW MEMBERS – September 2024

District 1

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

ANDERSON, RICHARD
BRITTON, RAVEN
BUNCH, CYNTHIA & BUNCH, JAMES
CLARK, NICHOLAS
DYER, ROBIN
ECKLEIN, BRYCE, ECKLEIN, NICOLE
FRIDAY HARBOR VILLAGE LP
FROELICH, REGAN & CRISS, MIKE
GRAY, JO
HALLOWELL, BENJAMIN & HORWEDEL, OLIVIA
HILL, JENNIFER
KENNEDY, DENNIS
KUBIC, JOSHUA
LESMEZ, GERALDINE
LITTLE, JOHN
MARY WUTZL ESTATE
NAPIER, JERRY
OSHURKO, EDUARD
RIDER-LECK, SAMUEL
RINAURO, NICOLE
ROBERTS, LAURA & ROBERTS, PAUL
ROTHKUGEL, MICHAEL & ROTHKUGEL, KELLY
SALAZAR, JOHN & SALAZAR, KATE
SAN JUAN SAIL AND, CANVAS CO
SOMMERS, F
TAYLOR, JENNIFER & TAYLOR, CHRISTOPHER
WILBER, MARK & WILBER, MICHELLE
WILLIS, CAMEREN

District 2

(Orcas, Armitage, Blakely, Obstruction, Alegria)

ABBAY, CHRIS
AMUNDSEN, ANN
AUST, CRAIG & AUST, KAREN
BILLINGS, DAVID
BONETTI, ERIC
CENNAME, MICHAEL & BROCKENBROUGH, ANN

DATE, RYLAN
DUNN, MARK & ZIEGLERDUNN, RETTA
GAIBLE, KATIE
GILL, CHARLES
GORDON, MARK & GORDON, LORI
HAMILTON, ROBERT
HAYEK, BENJAMIN
LARTER, MARK
LOCKETT, ALEXANDRA & HAUSER, PAUL
LORIMER, ELI
MCILVAINE, COLE
MENESES PAZ, JOSE
MOORE, CHRIS
NASTANSKI, JENNIFER & NASTANSKI, FRANK
OROPEZA, JUAN PABLO
PASSING SHOW LLC
PEARSON, RICHARD
PERRINE, HEATHER
RODRIGUEZ RUIZ, ANA
ROLFZEN, JEFFERY & STEEN-ROLFZEN, RAQUELLE
SNELL, BRIANNA
WHETTEN MARSHALL, MICHELLE & MARSHALL, DWIGHT
ZIPPERER, JUSTIN & ZIPPERER, STEPHANIE

District 3

(Lopez, Center, Decatur, Charles)

BIGBY, ADAM & BIGBY, RACHEL
DEGIULIO, DYLAN
EVANS, WILLIAM & EVANS, LAURA
FUJIMOTO, KIMIE
MIDDLETON, NATHANIEL & MIDDLETON, MADELEINE

District 4

(Shaw, Crane, Canoe, Bell)

HINES, JASON
SWENGEL, VALERIE
THYER, ANGELA & SANDERS, BENJAMIN ROGERS, F & ROGHES, JANE

Capital Credits

Staff requests payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business by way of approval of the consent agenda:

October	
Customer #	Amount
36742	821.69
13440	600.99
64561	797.03
21830	599.70
Total	\$ 2,819.41

Staff requests a motion to approve the Consent Agenda.



**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, September 19, 2024**

Streaming through Zoom attendees were Board members Vince Dauciunas, Brian Silverstein, Mark Madsen, Tom Osterman, Jerry Whitfield, Chuks Onwuneme and Wendy Hiester. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis; Communications Manager Krista Bouchey; and Special Projects & Office Coordinator Beth Stanford (serving as recording secretary). Also present were Legal Counsel Joel Paisner, and consultant Jay Kimball.

Members in attendance: Bruce Nyden, Chris Wolfe & Heather Nicholson.

Meeting commenced at 8:30 a.m.

Member Comment Period: No member comments.

ACTION ITEMS
CONSENT AGENDA

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

BOARD AND ANNUAL MEETING DATES 2025 – Staff presented the proposed dates and format for the 2025 Board and Annual Meeting dates. Discussion ensued on timing of event, ferry dependability and staffing.

MOTION was made to approve the dates and locations of the 2025 Meetings and Annual Member Festival dates by Madsen and seconded by Osterman and passed unanimously by voice vote.

Board Resolution 1-2024 – Staff reviewed Board Resolution 1-2024 which shifts the Board position of Secretary/Treasurer from Silverstein to Osterman.

MOTION was made to approve the Board Resolution 1-2024 by Madsen and seconded by Silverstein and passed unanimously by voice vote.

IRS FORM 990 – Staff reviewed the annual Form 990 in executive session.

MOTION was made to accept the IRS Form 990 as presented by Whitfield and seconded by Madsen and passed unanimously by voice vote.

DISCUSSION ITEMS
Bailer Hill Update

Staff provided an update on the status of the Bailer Hill Solar Project. It was noted that Staff has requested extensions to ensure continued compliance with funding requirements. Discussion ensued.

2025 Rate Study

Staff reviewed a slide deck in preparation for the 2025 Budget that outlined OPALCO's fixed costs, components of rates, how residents use our grid including alternatives and the next steps to take. They



discussed how to design a rate structure that will both cover the costs of reliably meeting our members' power needs and ensure the financial stability of our cooperative.

REPORTS

Staff reviewed reports, dashboards, grant and budget tracking, and project updates.

Regular Session paused for breakout executive session: 9:49 am- 9:51 am

End of Regular Session 9:51 am

Break: 9:51 am – 10:10 am

Executive Session: 9:49 am – 9:51 am and 10:10 am – 11:30 am

Meeting Closed: 11:30 am

Vince Dauciunas, President

Tom Osterman, Secretary-Treasurer



2024 Audit and Tax Engagement Letters (after Executive Session discussion)

Staff is proposing for the Board to have a discussion in Executive Session to review the 2024 audit and tax engagement letters and afterwards to authorize the General Manager to execute the letters.

Pursuant to OPALCO Policy 1 – *Functions of the Board of Directors*, Section 9, “Board Interaction with Auditors” and the OPALCO Bylaws, Article III – *Directors*, Section 8, “Accounting Systems and Reports”, the OPALCO Board is responsible for the selection of a certified public accounting firm that is acceptable to the Rural Utilities Service.

Every five years or so, OPALCO completes a comprehensive review of the bids for audit services. In 2022, OPALCO completed a full review of competitive audit firms who were qualified to satisfy RUS requirements. Of the firms reviewed, Moss Adams LLP was selected with the provision that field auditors are to be rotated. The next comprehensive review should take place in 2027. As part of the October Executive session, the confidential 2024 Engagement Letters from Moss Adams LLP will be discussed.

Upon conclusion of the Executive Session discussion, the Board will proceed into regular session and provide staff with guidance indicating whether Staff are to execute the Moss Adams 2024 audit and tax engagement letters.

DISCUSSION ITEMS

Reminder: December 2024 Meeting

Please be advised that the date for the December 2024 Board Meeting has been changed. The meeting will now take place on **December 12, 2024, at 8:30 AM**, via Zoom. We appreciate your understanding and flexibility. Please update your calendars accordingly.

Communications Outline

The OPALCO communication strategy will engage with our members from a high-level perspective to explain why we are taking steps towards locally produced renewable energy and driving members to be prepared for our energy future. The amount of new infrastructure to accommodate for climate change legislative mandates, climate change effects on the environment, high energy usage data centers, electric vehicles, and energy growth is staggering. Electricity costs are going up and power reliability is going down. We are entering a period where many people do not understand the complex reliability issues facing our energy industry, legislative mandates are phasing out carbon-based resources without enough consideration for firm power supply, and “not in my backyarders” (NIMBY) need to understand the cost and reliability ramifications of saying “no” to locating renewable energy and transmission projects within their communities.

The strategy is built on budgeted priority programs and projects. For 2025, the main initiatives are: 1) Island Way Campaign (inc. Switch it Up); 2) In-Person Annual Meeting; 3) Community Solar – Bailer Hill Project; and 4) Tidal Power Generation Pilot Project. Other communication efforts that are ongoing include advertising, bill inserts, website development and maintenance, Ruralite Magazine, monthly e-mail newsletters, media relations and social media management. The Communications team is also responsible for board coordination and minute taking, annual elections, meeting internal department communication needs, building company culture, coordination of hiring outreach and candidate correspondence, public affairs, member correspondence, grant coordination and writing.

2025 Workshops and Events (Q1-2)

- **Tidal Power Generation Pilot Project Town Hall Series** – In Person
- **Community Solar Information Session** - Zoom
- **Board Candidate Forum** – Zoom
- **Our Energy Future** – In Person, Zoom
- **Annual Member Meeting** – Zoom
- **Annual Member Festival** – In Person

Board members play an active role in communication events and member discussions. Staff will be looking to the board to get more connected to various groups on each island.

1) Island Way Campaign

In its fifth year, the Island Way Campaign continues to engage members in the transformation of the energy world away from fossil fuels and toward the wise use of electricity in their homes and businesses.



Education Series & Member Feedback: We will start the year with an educational series in Ruralite and local blogs on the energy transition and our energy future. Each educational piece will be accompanied by a short survey to get member feedback and an understanding of member engagement. The team will implement a more robust social media presence to accompany the educational campaign.

Community Events: Staff is committed to more in person conversational communications with members through event tabling, civic club/HOA meetings, and more town hall style events. Board members and a variety of the team will help attend and connect OPALCO to a wider variety of events to broaden our reach.

Beneficial Electrification: A strong focus on Switch it Up measures will drive new projects to put as many USDA-RESP dollars as possible to work in San Juan County. Support for transportation electrification will continue with an EV Jamboree event which will be incorporated into the in-person annual festival at the San Juan County Fairgrounds.

AI Strategies: The Communications Team will utilize innovative technologies from a variety of AI platforms which will help broaden their reach, incorporate more accessible communications, and creatively translate the more data heavy information into easily palatable stories.

Grassroots Organizing: There will be grassroots organizing and clear calls to action for OPALCO members in order to influence San Juan County government related to the Comprehensive Plan and changes to the land use code to ensure essential energy requirements are allowed. Campaigns will include changes to the San Juan County Comprehensive Plan, San Juan County code changes, and support for renewable energy projects. There will be a section of the website called the Action Hub that will make it easy to sign petitions, contact council members/legislators, and find educational materials. Staff will encourage these calls to action through all communications channels. Staff will have regular briefings with the San Juan County Council to keep critical energy matters at the forefront.

2) Annual Meeting

The business portion of the annual meeting will be held as a low-key virtual event and will include the bylaw requirements for reading of the minutes, election results, and any other annual business. It will be open to members as all board meetings are. The Annual Member Festival will be the following Friday. The OPALCO offices will be closed, and all staff will be “on deck” to welcome our members from all islands. The Communications team will plan and coordinate the big event which will take place at the San Juan County Fairgrounds. The site will be filled with OPALCO and community booths, activities, a BBQ, a smaller scale EV Jamboree, touch-a-truck fun, tours, and safety demonstrations.

3) Community Solar – Bailer Hill Project

The project is delayed in permitting, but staff hope to begin selling shares in 2025. When this project is ready, it will be a top priority effort by the Communications team to sell the more than 28,000 shares. If the project is ready before the Annual Member Festival, staff will take member commitments at the Energy Savings booth. Staff are prepared to give Community Solar a big splash, as soon as it’s ready.

4) Tidal Generation Pilot Project

The first part of the year, the team will be completing the DOE grant requirements which result in the Draft License Application to FERC. There will be continued member engagement in this project in the form

of town hall style meetings with co-op members and continued engagement with tribal nations, and key stakeholders.

2025 Budget Drivers

In preparation for the 2025 budget season; which we will be reviewing in November, staff wishes to discuss the key drivers.

Load Forecast

NOAA and other weather experts are forecasting a cooler, wetter winter in our region (La Niña). This can drive load slightly above historical averages. However, NOAA is showing the following winter may shift to a more neutral condition.

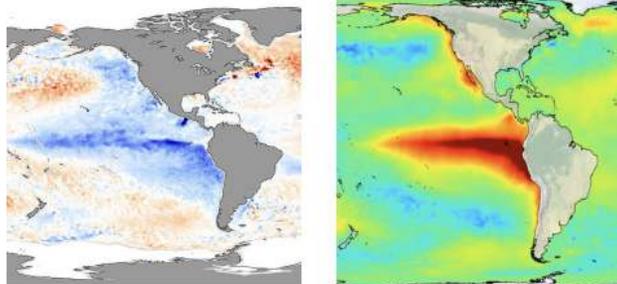
The cornerstone of OPALCO's budget is load forecasting. Predicting the weather is uncertain, OPALCO uses all the tools and resources available to make informed estimates. The current projected cooling trend may help increase snowpack, aiding summer hydro capacity.

OPALCO's forecasting process starts with an assessment of the Oceanic Niño Index (ONI), which NOAA tracks.

Global Weather Perspective: **Oceanic Niño Index (ONI)**

*Our winds prevail from the south, and the air temperature is influenced by **southern hemisphere** El Niño and La Niña cycles*

Southern Hemisphere Pacific



La Niña
(cooler winters)

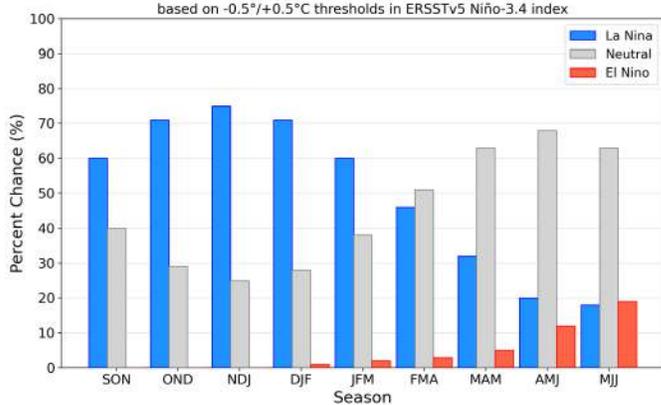
El Niño
(warmer winters)

Source: NOAA

NOAA is forecasting that we are now in a cooler La Niña cycle. The chart below shows this forecast through June. El Niño cycles typically last two or three years, so we expect that heating will increase into the 2024/2025 following winter.

Global Weather Perspective: Oceanic Niño Index (ONI) Forecast

Official NOAA CPC ENSO Probabilities (issued October 2024)



Notes

- ▶ El Niño/Southern Oscillation (ENSO)
- ▶ Global perspective - influences NW, but other factors pertain too - e.g. Pacific Decadal Oscillation (PDO), local wind, sun, rain, overcast, etc.

La Niña is favored to emerge in September-November (60% chance) and is expected to persist through January-March 2025

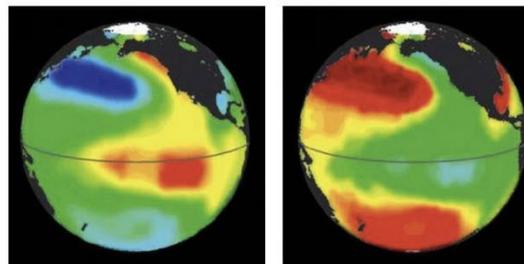
Source: NOAA

The next step in the load forecast is to look at ocean temperatures here in the Northwest. This is referred to as the Pacific Decadal Oscillation (PDO).

NW Weather Perspective: Pacific Decadal Oscillation (PDO)

Our air temperature is also influenced by northern hemisphere PDO which effects nearby ocean temperatures

Northern Hemisphere Pacific



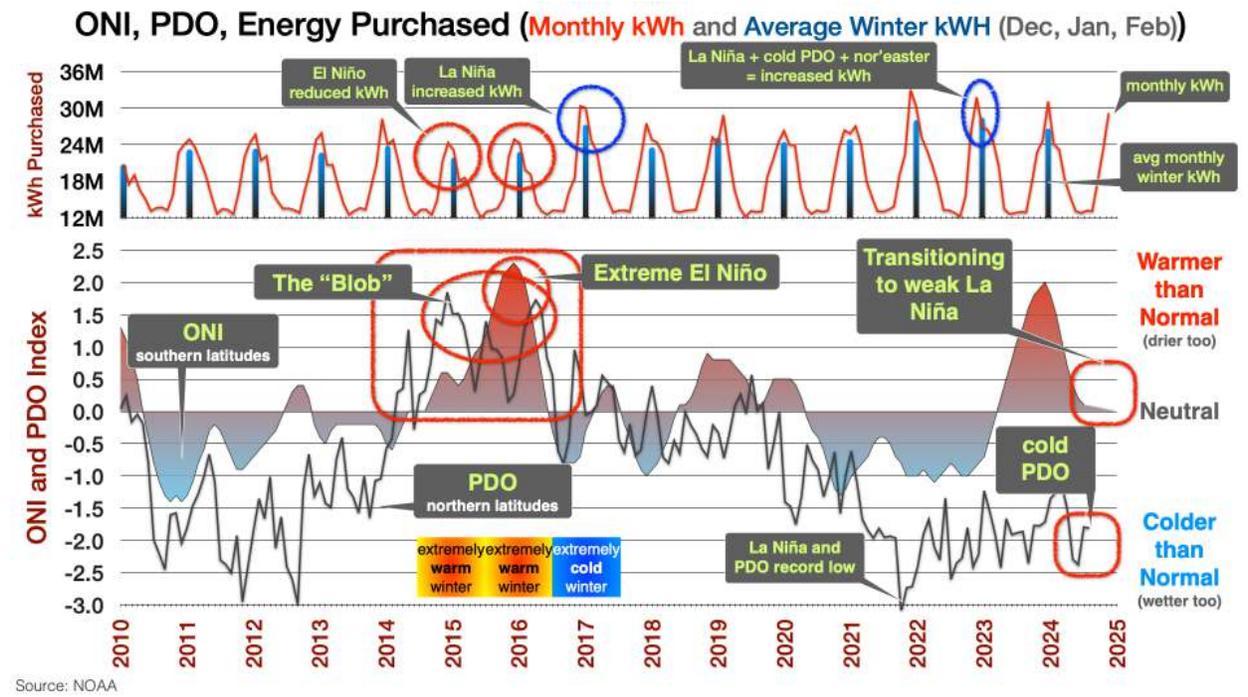
Cold PDO

Warm PDO
(The "Blob" 2016)

Source: NOAA

Referring to the chart below, the PDO seems to amplify the ONI. A cold ONI and a cold PDO can lead to very cold winters. Conversely, a warm ONI and a warm PDO can lead to a very warm winter and much

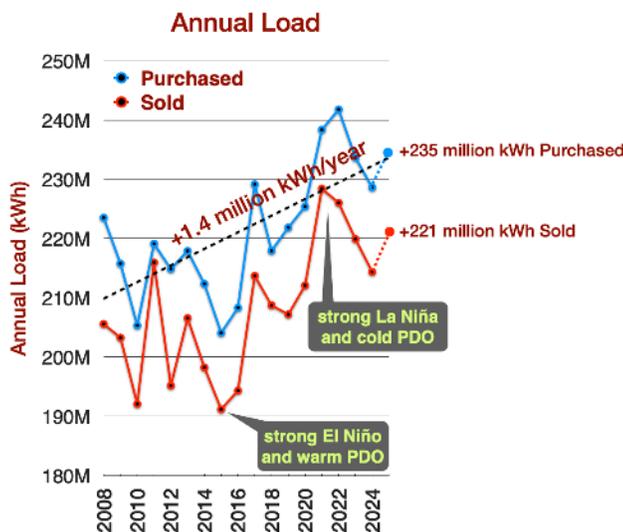
lower winter kWh load, leading to revenues well below average. The PDO is currently cold and may amplify the cool La Niña conditions.



We anticipate that November and December 2024 and January and February of 2025 will range from slightly cooler to normal.

The chart below shows OPALCO kWh Purchased from BPA and sold to members from 2008 to the present. Load has been growing at about 1.4 million kWh per year. For a weak La Niña condition, our forecasting model projects 235 million kWh Purchased and 221 million kWh sold.

OPALCO Annual Load Trends and Projection for 2025



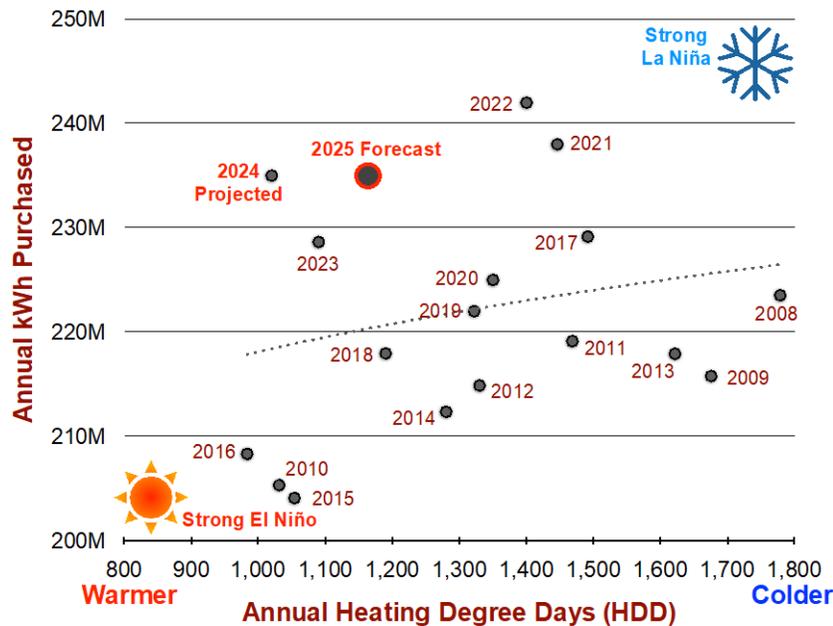
Notes

- Annual Load has been growing at 1.4 million kWh per year, driven by population growth and fuel switching to electric heat and EVs.
- 2016 was a strong El Niño, on top of a very warm PDO (the "Blob").
- NOAA forecasts 2025 will be a very weak La Niña. The PDO is currently cool, which may reinforce cooler conditions.
- Recent years have had nor'easter winter load spike wild cards that can create unpredictable kWh upside.

Though winter winds prevail from the south, bringing up warm air, nor'easters can throw a wildcard into the mix, with extreme cold spells lasting a week or more. This can increase kWh load from heating, but it can also increase demand charges, costing the co-op \$300 thousand or more per nor'easter event.

OPALCO power purchases range from 200-240 million kWh. Historically we've purchased ~200 million kWh during strong El Niño cycles versus over ~240 million kWh during strong La Niña cycles. The chart below shows our historical and current load forecast. OPALCO is projecting purchases of 235 million kWh in 2025. We will be using 235 million kWh purchased from BPA in our 2025 Budget.

2025 Load Forecast: Transitioning to Weak La Niña Cycle



Budgetary Assumption – General Annual Inflation Rate

The OPALCO budget is broken out into three major components: one-third power, one-third labor, and one-third other. Staff breaks out power costs, labor costs, and debt payments in greater detail and separate from the general inflation rate. For ancillary budget items, staff uses the general inflation rate.

To determine the general annual inflation rate, trends provided by the US Department of Labor, Bureau of Statistics, Seattle-Tacoma-Bellevue consumer price index (CPI) are used for the budget process. The Seattle-Tacoma-Bellevue index is the best information available because it is the closest regional index to the San Juan Islands and is more reflective of the area than the national average. The CPI is trending downward.

The OPALCO approach to budget factors is generally conservative and is taking two factors into consideration for our inflation estimations. The first is the 2024 election cycle which appears to make the inflation estimates artificially low. The second is the practice of accelerating national debt that is expected to continue and will produce higher inflation in future years.

OPALCO 2025 budgetary assumptions for inflation are:

- 2025 – 5% (budget)
- 2026 – 5% (forecast only)

- 2027 – 5% (forecast only)
- 2028 – 5% (forecast only)
- 2029 – 5% (forecast only)

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	Member Services	Outage
<ul style="list-style-type: none"> • Budget Variance • TIER/Margin • Expense • Cash • Power Cost • Purchased Power • Annual Power Metrics • Capital • Debt/Equity • WIP • Income Statement Trends • Margin per kWh Trend 	<ul style="list-style-type: none"> • Disconnects • Uncollectable Revenue • PAL • EAP • History Assistance • ECA History • Energy Efficiency Programs • Switch-It-Up • Service Additions • Annual Service Additions • Revenue Dist. By Rate • Revenue vs Cost • Member Inquiries 	<ul style="list-style-type: none"> • 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/>.

<ul style="list-style-type: none"> • OPALCO’s Plan for our Energy Future • Decarbonization – 4 Part Series • Switch It Up! • WA 2021 Energy Strategy • 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 	<ul style="list-style-type: none"> • 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 • OPALCO Needs a New Submarine Cable • Bailer Hill Microgrid • Preparing for Mainland Power Outages
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ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of October 7, 2024, there are 334 work orders open, totaling \$17.9M. Operations has completed construction on 137 work orders, totaling \$1.7M.

Safety

Northwest Safety Service conducted Substation Grounding Training. The total current hours worked without a loss time accident 359,003 hours.

Bailer Hill Microgrid

OPALCO is still waiting on San Juan County to proceed with the Conditional Use Permit Hearing. OPALCO has submitted all project information previously requested by San Juan County's Department of Community Development as of July 2, 2024. For background information on the Bailer Hill Project check out this Quick Fact: <https://www.opalco.com/quick-fact-bailer-hill-microgrid/2024/01/>.

Rosario Strait Tidal Generation Pilot Project

Through the Department of Energy Waterpower Technology Office, OPALCO is participating in a 12-month feasibility grant for a tidal generation project in Rosario Strait that will result in a Draft License Application to the Federal Energy Regulatory Commission. University of Washington has successfully put site characterization equipment in that area. The equipment will be monitoring for the next 3-months and the team will include this data in the Draft License Application on April 1st.

Grants

Grant Seeking

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline
Grid Resilience and Innovative Partnerships Program (GRIP) - Topic 1 (grid resilience) Concept Paper / BPA partner	DOE	Energy Resilience Transmission Project: Submarine Cable (\$100M)	\$66.6M	\$33.3M	Submitted in April 2024
Waterpower Technology Office	DOE	Pilot Tidal Project – Phase 2	\$29M	\$7.25M Minimum	Dependent on Project Awarded Below

Grant Awards

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline / Notes
Zero Energy Vehicle Infrastructure (ZEVI) / partner with OPAL CLT	Bonneville Environmental Foundation	EV Chargers for OPAL Neighborhoods (\$45k)	\$25k	\$20k	Working with OPAL Install in 2024
Remote Communities Broadband ARPA	WA State Broadband Office	Last Mile Broadband	\$15M		In contracting
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Bailer Hill Microgrid	\$2.4M	\$2.4M	Land Use Permitting



Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline / Notes
Clean Energy Fund 4 Grid Modernization	WA Dept of Commerce	Rosario Strait Tidal Generation Study	\$150k	\$150k	Q1 2024
Clean Energy Fund 4 Grid Modernization	WA Dept of Commerce	Friday Harbor Ferry Electrification Prelim Design	\$150k	\$150k	Q4 2024
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Low Income Solar – Bailer Hill Microgrid	\$1M	\$1M	2024
Waterpower Technology Office	DOE	Pilot Tidal Project – Phase 1	\$3M	\$750k	Awarded – In Negotiations
Advanced Cybersecurity Technology (ACT) 1 Prize	DOE	OPALCO Cybersecurity Initiative-	\$50k	\$50k	Determination in Q1 2024

FINANCE

2024 Budget Tracking

Energy (kWh) sales were higher than budgeted levels through September 2024. The table presents the full year 2024 projection with actuals for prior months where available.

Income Statement Summary (in thousands)	2024 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 37,407	\$ 39,496	\$ 2,089
ECA Surcharge / (Credit)*	\$ -	\$ 6	\$ 6
Revenue	\$ 37,407	\$ 39,502	\$ 2,095
Expenses:			
Cost of Purchased Power	\$ 9,159	\$ 9,242	\$ 83
Transmission & Distribution Expense	9,710	9,329	(381)
General & Administrative Expense	7,073	6,486	(587)
Depreciation, Tax, Interest & Other	9,313	9,442	129
Total Expenses	35,255	34,499	(756)
Operating Margin	2,152	5,003	2,851
Non-op margin	673	780	107
Net Margin*	2,825	\$ 5,783	2,958
OTIER	2.01	3.44	1.43
TIER	2.32	3.82	1.50
Equity %	40.3%	41.6%	1.3%
HDD	1,029	952	(77)
kWh Purchases	219,000	228,841	9,841
kWh Sales	208,000	217,740	9,740

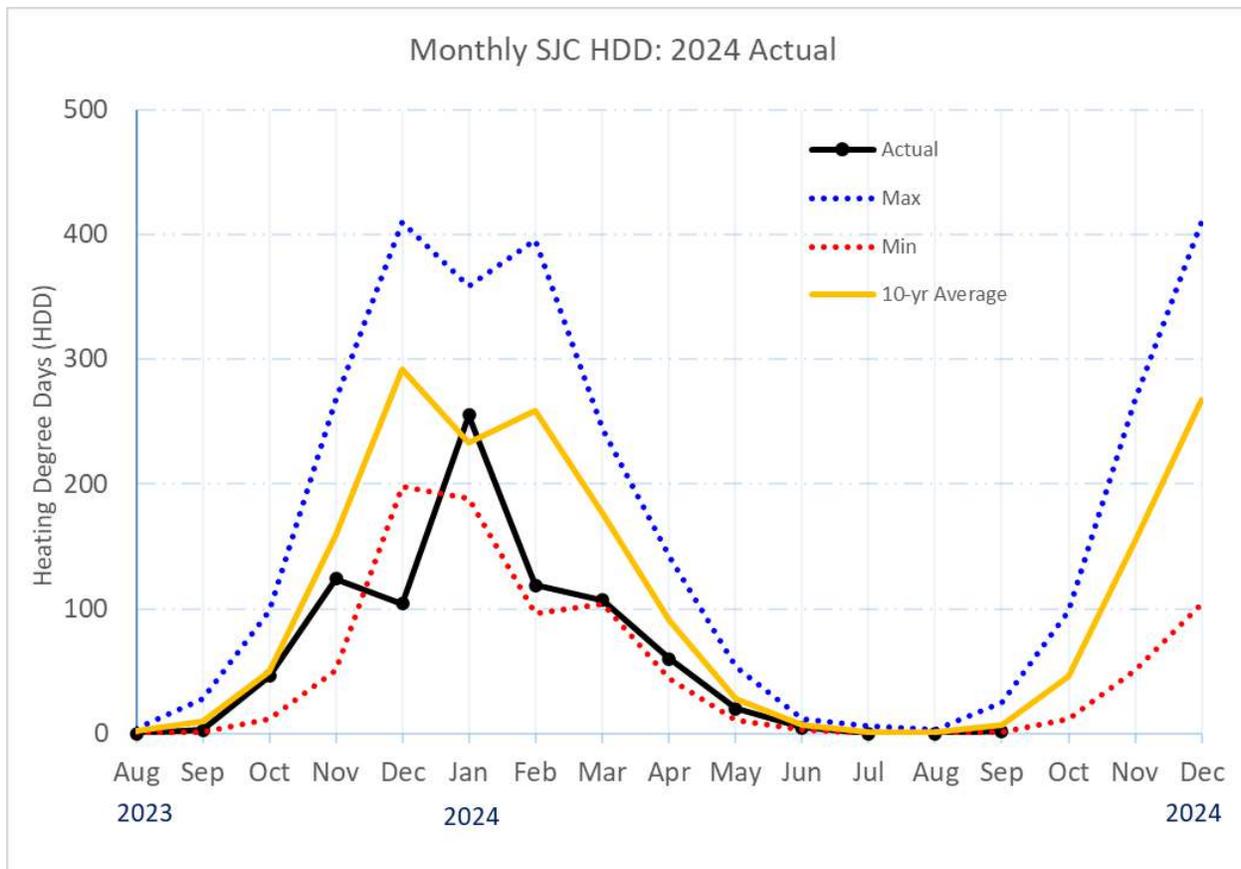
* The ECA collected a net \$6k from members through September 2024.

Monthly Energy Charge Adjustment (ECA)

The September 2024 ECA returned \$51,757 to members, or \$4.33 per 1,000 kWh. The October billing period ECA is projected to be a bill surcharge of \$.004813 per kWh on member bills, or \$4.81 per 1,000 kWh. The exact amount of the ECA is an estimation based on known kWh sold and a recalculation of our contractual power bill, which may occasionally include other one-time factors or adjustments.

Heating Degree Days (HDD)

In January 2024, we transitioned back to an average (yellow line) HDD trajectory, though slipped back toward a minimum level February through September 2024. We experienced a slightly warmer trend for the remainder of summer & cooling to a slight La Niña to neutral as we come into the winter months. We continue to monitor weather trends monthly.

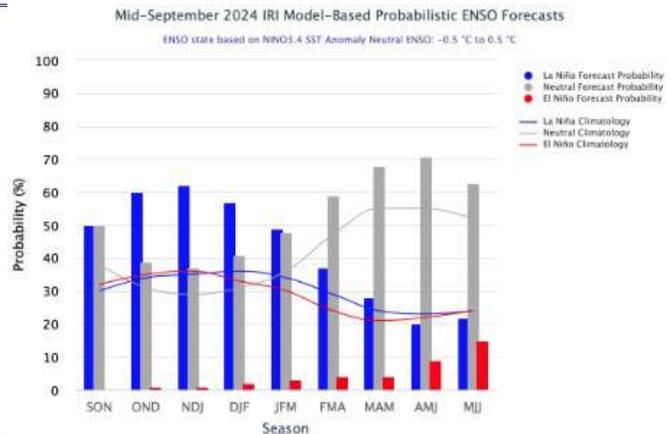
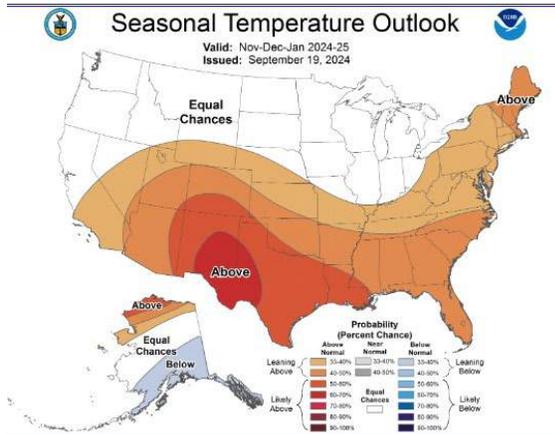


*max, min, avg is based on 10 year average

Weather Forecast

Looking ahead to the NOAA ‘three-month outlook temperature probability’ for Nov-Dec-Jan ‘24-’25, the outlook is currently showing a neutral to slightly La Niña temperature condition in our region in the upcoming winter season. The models in the International Research Institutes’ (IRI) ENSO (weather) prediction forecast a shift to a slight La Niña to neutral conditions into the fall and upcoming winter. We continue to monitor these predictors monthly.

2024 Nov-Dec-Jan Outlook



Source: NOAA National Weather Service

MEMBER SERVICES

Annual History of Energy Assistance Funding

All values are as of first of the month reported.

Assistance History

		2018	2019	2020	2021	2022	2023	2024	Grand Total
Energy Assist Credit	# of Accounts	444	460	574	577	546	519	483	1,170
	Total Assistance	111,996	135,595	158,434	158,740	156,761	141,748	122,124	985,399
PAL	# of Accounts	212	205	329	363	297	268	150	857
	Total Assistance	45,155	53,137	80,975	104,880	82,912	80,500	37,750	485,310
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	584	510	1,502
	Total Assistance	157,151	188,732	349,283	390,659	270,018	222,248	159,874	1,737,967

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. The “# of Accounts” are the distinct accounts assistance was provided to over the year or as a total. The “Total Assistance” varies based on single account adjustments.

EAP: During September 2024, 287 members received ~ \$12.3k from the low-income Energy Assist program, compared to 258 members who received ~ \$10.2k in assistance in September 2023.

Project Pal: Project PAL award season will resume in November 2024.



LIHEAP: Notifications and Awards for LIHEAP and T-RAP have slowed considerably from the Opportunity Council.

WA Department of Commerce (DOC) Clean Energy Credits for Washington Families Grant Program: During September 2024, 290 members received ~ \$58k from the Washington Families Clean Energy Credit. The program to date has distributed \$377.5k to 1,888 members. The program ended on September 15th.

Switch it Up!

OPALCO can utilize \$46.8M in Rural Energy Savings Program (RESP) funds to provide on-bill financing for co-op members for energy efficiency measures. OPALCO is reimbursed for the funds once member measures are installed. There are now 819 projects completed and billing for a total of \$14.8M net outstanding (total projects less member pay-offs). There are another 40+ projects in various stages of the process. Current project details are as follows:

Measure	Project Origination Year						Grand Total
	2019	2020	2021	2022	2023	2024	
Appliance					36,112	38,080	\$ 74,192
Energy Storage				39,510	8,204	47,766	\$ 95,479
Ductless Heat Pump	648,252	620,060	641,765	1,571,737	1,781,049	1,528,112	\$ 6,790,975
EV Charger						31,445	\$ 31,445
Fiber		30,725	48,681	29,301	41,929	54,054	\$ 204,690
Ducted Heat Pump	8,119	30,000	15,000	18,127	956,159	379,186	\$ 1,406,592
Heat Pump Water Heater	13,985	9,805		5,012	15,701	6,022	\$ 50,525
Insulation				256,935	42,634	188,865	\$ 488,434
Other	14,543			92,649	188,075	1,500	\$ 296,768
Solar + Storage				480,057	425,011	232,593	\$ 1,137,660
Solar				1,897,659	2,764,758	1,305,648	\$ 5,968,064
Windows				563,557	437,569	318,819	\$ 1,319,946
Grand Total	\$ 684,900	\$ 690,589	\$ 705,446	\$ 4,954,544	\$ 6,697,200	\$ 4,132,090	\$ 17,864,769

Energy Savings

During September there were a total of five rebates paid out to members totaling ~\$5.5k. This includes two fuel switching ductless heat pump rebates and one 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.

		2019	2020	2021	2022	2023	2024	Totals
EE Rebates*	# of Accounts	442	303	147	210	261	147	1,510
	Total Awards	\$228,418	\$167,432	\$149,886	\$227,622	\$313,945	\$170,609	\$1,257,912
	Total Energy Savings (annual kWh)	733,432	783,431	359,269	346,900	440,382	160,046	2,823,460

*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.



Solar Programs

Interconnects

There were four new interconnect applications submitted during September, with six members interconnected with solar for a total of 806. There are an additional 36 members pending connections. (<https://energysavings.opalco.com/member-generated-power/>).

Community Solar

- 1) During the month of September 2024 billing cycles, the [Decatur Community Solar](#) array produced 52,400 kWh. A total of ~\$5,409 was distributed to 263 accounts during September.
- 2) Bailer Hill Solar is contingent on a successful San Juan County Conditional Use Permit, in progress.

Solar Benefits Paid to Members

All values are as of first of the month reported.

		2019	2020	2021	2022	2023	2024	Totals
Decatur Comm Solar	# of Accounts		265	268	262	264	263	
	Total Payments		\$93,734	\$95,497	\$84,658	\$86,983	\$43,277	\$404,149
WA State Incentives*	# of Accounts	256	259	58	57	59	53	742
	Total Payments	\$224,766	\$218,222	\$91,461	\$84,828	\$82,717	\$74,844	\$776,838
MORE**	# of Accounts	144	144	140	135	0	0	563
	Total Payments	\$53,109	\$51,897	\$50,896	\$123,477	\$0	\$0	\$279,379

*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

Social Media Insights (YTD)

Social media plays a key role in the Communication Strategy throughout the year and demands a consistent and innovative approach to keep up with trends and find messages that speak to the OPALCO audience. Here are some key insights for the two biggest platforms Facebook and Instagram:

- Facebook page has seen an increase in 122 followers, had 2,100 interactions (likes, comments, shares), and reached 24,000 users (posts that have been on user's feeds)
- Instagram page has gained 114 followers, had 359 interactions, and 2,100 reached.
- Two out of the top five performing posts on OPALCO's social media involved this year's big community projects—Bailer Hill Community Solar and Tidal Generation Pilot Project.
- Top performing post was a lineworker appreciation post (Lopez Island crew working in the snow).

From these insights, we understand that Facebook continues to be an essential platform for reaching and interacting with our membership.

Website Analytics

Every year OPALCO reviews the website analytics to see what is working and where to make improvements. We have seen an uptick in overall interaction as a result of the website redesign.

- All of the top twenty pages saw an increase in engagement and most of them saw an increase in traffic
- Most popular pages continue to be the Home page, the Outage Center, the Careers page, and the Contact page
- The Spanish language translation pages are getting a fair amount of traffic (4000 views) on the website since the inception in April 2024
- Through organic search users are most interested in bill pay, energy assistance, EVs, and renewable energy pages
- SmartHub is the top outbound click on the website
- Member applications and job descriptions are the most downloaded PDFs on the website, although the tariff summary was in the top five downloaded
- Member Services pages saw a 30% increase in traffic and 82% increase in engagement (includes pay your bill, energy assistance, join, project pal, new service)
- Energy Savings pages including rebates and Switch it Up saw a high share of direct traffic and repeat visitors

National Cooperative Month

OPALCO is hosting giveaways of branded swag and outage essentials all month long as member appreciation during Co-op Month. The goal is to encourage interaction with our social media platforms and to promote the cooperative values through these giveaways. We are getting lots of interactions with the posts that are asking the members questions to get entered into the giveaway contest – 40 comments on the first post about when you joined the co-op. Follow us on Instagram or Facebook @orcaspower to win.



The Future is Electric – Rotary Club Event

The OPALCO team spoke at an event on San Juan Island with Tesla co-founder, Martin Eberhard about the future of electricity and transportation in San Juan County. There were around 120 people who attended the event. There were lots of good questions from the audience about the Bailer Hill project, rooftop solar, battery storage, and tidal generation.



A packed house for the presentation at the San Juan Island Yacht club

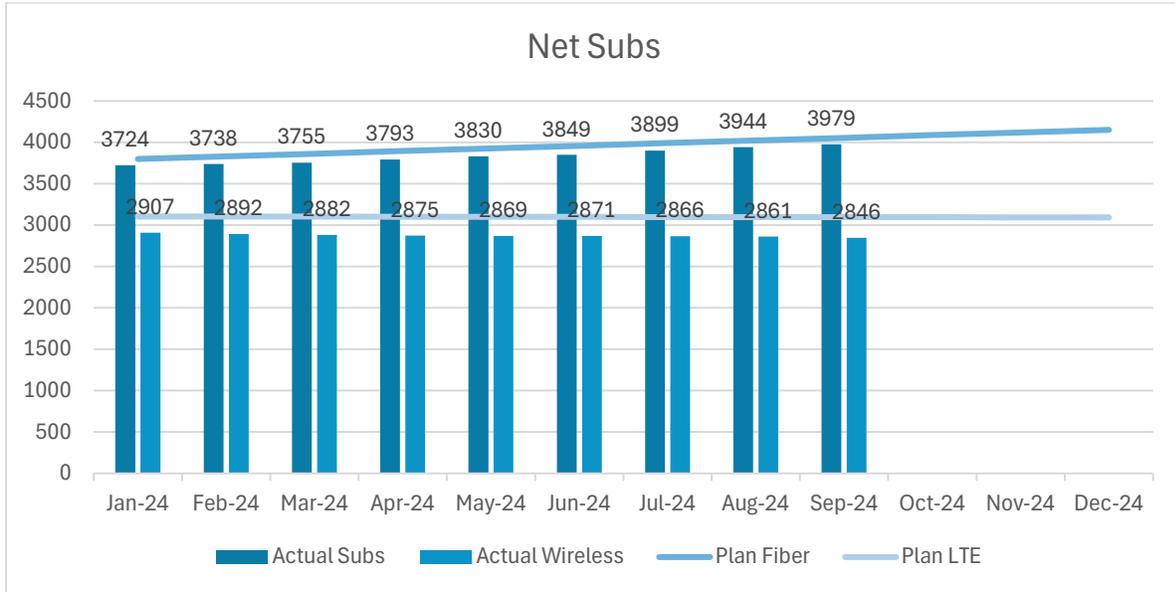


The young door prize winner, Thales Liebman, pictured with his grandfather, Randy Keller

RIC Snapshot

6,786 Rock Island Service Customers

Net Subscribers



410 Fiber Adds to Date

Revenues



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