

Laura Stern - Response to OPALCO Q&A 👍

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?

I strongly believe in safety first, reliability second, and then the addition of renewable resources, which should be cost-competitive with other fuel sources. My thirty-year career in the power industry has given me broad experience financing, building and operating new electrical generation facilities, including gas-fired plants, hydro, wind, solar and battery storage. The safety of OPALCO employees, customers and the physical environment cannot be compromised. Reliability is critical, which puts a great responsibility on OPALCO to prepare for both peak loads and to financially withstand periods of low demand. We need more distributed power on the San Juan Islands and renewables are both the fastest source of new generation and should be the most cost-effective.

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? My career has been focused on sourcing the lowest cost of capital for power infrastructure. While lowering the cost of capital can significantly improve the economics of infrastructure investments, the members, who are the ultimate beneficiaries of OPALCO's services, have to bear the costs of the "equity" portion of the capital stack of any investment. As a Board member, I will work hard to find the lowest cost of capital to minimize the cost impact of necessary system upgrades to OPALCO's members.
 - b. How should OPALCO maintain affordability for all members while complying with legislation for decarbonization? Renewable generation

throughout the US, particularly solar, is the most cost-effective source of new installed capacity. The San Juan Islands are extraordinary in that on-site, distributed generation, as with everything else, is more expensive than other places due to high property values and labor costs. However, these factors are not specific to renewable energy. A gas-fired plant would also be extraordinarily expensive to build and operate on the Islands. Therefore, this question is more about distributed generation vs. procuring more renewable power through a virtual power purchase agreement from a generator not located within the OPALCO service territory. As a Board member, I will evaluate both options for increasing the renewable energy mix for OPALCO.

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? How can OPALCO work with San Juan County to ensure permitting certainty for these projects? It's a matter of perspective. When I look at a field of solar arrays, my heart is filled with joy. Solar is complementary with grazing animals and other activities. Solar systems present educational opportunities for young students. Permitting codes often follow public sentiment. As environmental stewardship is in the fabric of the character of the San Juan Islands, I view solar as the natural choice.
4. How do you engage stakeholders who show up frustrated with the cooperative? What do you do when their claims conflict with engineering/economic reality? As former CEO of a community solar developer and owner/operator, I have had a lot of experience with the stakeholder issues that OPALCO faces. While a member-owned co-op utility cannot be everything to everyone, success lies in listening to all of the members' concerns and balancing the needs of the overall community.

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? Distributed generation places less burden on the aging transmission infrastructure.
 - b. Where should new renewable projects be located? Interconnection availability, labor (both construction and operations & maintenance), and fuel source should drive these decisions. Ultimately, new generation should be located as close to load as possible, but cost and capacity factors have to drive these decisions.
 - c. Will local resistance limit siting and permitting? Local residents are free to object; Federal, State and local government permitting agencies have various levels of jurisdiction over permitting and to ensure proposed projects are within code and meet all regulatory requirements.
 - d. Who pays for it? Cost is a concern. If distributed generation is not competitive with power purchase agreements from the mainland, we will need to evaluate the costs and benefits of both options. In general, consumers have to bear the cost of using electricity. Hourly peak pricing would send price signals to reduce consumption during the most expensive periods.
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? Theoretically, the rate structure should be designed such that fixed charges cover fixed expenses. OPALCO has to not only operate smoothly as an organization if there is minimal consumption, but also is required to be prepared to deliver power reliably on the highest peak day of the year. Every member has to

be responsible for the right to have reliable electricity, which means having OPALCO available 365 days a year. While a higher fixed rate tariff structure may not be practical for OPALCO to implement at this time, there is probably a path to migrate towards this as an equitable goal.

7. What are three things you don't know about running a utility that you plan to learn first? I have had much experience with regulated utilities, but not with self-regulated co-op utilities. I am looking forward to learning more about the self-regulation aspect, which puts more pressure on the Board than with an investor-owned utility. I want to learn about the budgeting process, long-term planning and how OPALCO works with the region's other co-op utilities to leverage purchasing power.
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? As CEO of a solar independent power producer (IPP) and Board Director of a company that employs field technicians, electricians, heavy equipment operators and engineers, I have seen that the biggest factor in attracting and retaining employees is fostering a mission-based culture that supports each employee's sense of agency over their professional trajectory. This entails transparent HR practices as well as "top down" inspiration that delivering reliable power and internet service to the residents and businesses of the San Juan Islands allows us all to live and function here.
9. A severe winter event causes regional scarcity and wholesale price spikes which will be showing up on member bills. What questions do you ask management as the problem unfolds? What do you communicate to members? I believe the key to smoothing out inevitable price spikes is planning and preparation—both on the part of management and the members. I would ask management how to avoid short-term price shocks and communicate actively to members the strategies they can to pursue to protect themselves from any surprises, particularly in demand response management.
10. Member engagement is key to a successful cooperative. How would you encourage greater participation from members? Being a member of an electrical co-op is an exciting opportunity to drive the most essential infrastructure service we enjoy here on the islands. The addition of renewable energy into the generation mix

lets our members embrace the environmental stewardship that is part of the San Juan Island culture. I am passionate about all aspects of the power sector and am hoping that increased community activities that involve site demonstrations and education will help increase member appreciation for and input into OPALCO's important work.

ROCK ISLAND:

11. How important is access to communication technology throughout San Juan County? *In this day and age, access to communication technology is critical to supporting daily life.*
12. Rock Island provides internet connections to nearly 60% of the OPALCO membership. How should Rock Island and OPALCO prioritize reaching the balance of the membership with access to broadband? *Rock Island needs to be competitive with other available alternatives.*
13. Who should pay for the cost of internet connections? *Consumers should pay for their own connections and connection costs are site-specific.*
14. What would you bring to the Co-op to help Rock Island realize its full vision? *Rock Island presents many opportunities as it is not a non-profit entity. I would see what we can do to leverage Rock Island's status and other synergies to support the larger OPALCO organization.*