

BOARD STRATEGIC DIRECTIVES

Board Strategic Directives provide guidance in achieving the goals and objectives of OPALCO by addressing matters that may be impermanent in nature, cover specific circumstances, or terminate when complete or rendered obsolete by changing circumstance.

1. **Cash Position and Reserves**

Ensure that cash and liquid assets are available in a timely manner to adequately provide reasonable preparedness for foreseeable cash demands and to mitigate potential significant damaging events including but not limited to storm damage, loss of electric supply, equipment or cable failure.

Build financial reserves with a goal of \$1 million in the cash reserve fund (working cash) and \$2 million in a restricted fund that is under the Board's control.

2. **Equity as a Percent of Capitalization**

With consideration for our risk management liabilities and all other relevant factors, a prudent equity-to-capital ratio shall be maintained which shall not fall below 60% on an annualized basis.

3. **Times Interest Earned Ratio**

The Times Interest Earned Ratio must be maintained at a level that facilitates future debt structuring and satisfies major lending agencies with whom we do or might reasonably want to do business.

4. **Reliability of Electric Service**

Reliability of electric service is desired to generate justified satisfaction within our membership.

5. **Tariffs Aligned with Cost of Service**

Tariffs are to be based generally on cost of service. Commercial rates and other tariff discrepancies will be brought into line over a four year period to be reviewed in August 2012.

6. **Communications with Members**

Strengthen the cooperative's member communications by ensuring that the concepts of competent, caring, aware and good stewards are conveyed. Communications should both proactively and reactively address our policies, our programs and how members benefit from them, and how we operate.

7. **Energy Efficiency**

1. Aggressively pursue programs and price signals to maximize member's ability to reduce their electric bill through Energy Efficiency.

2. Influence BPA to add more innovative programs to the list of acceptable measures it will fund.

3. Be a catalyst and conduit of support for local member owned renewable generation and local energy efficiency programs.

4. Provide information, including demonstrations of new energy related applications, such as plug-in vehicles and smart metering, and minimize barriers to member utilization.

5. Ensure OPALCO continues as a trusted and knowledgeable resource for electrical energy solutions.

8. Fiber Optic Backbone Non Operational Use

OPALCO shall complete the operational fiber optic backbone in accordance with our long-term plan. When opportunities arise that have a cost benefit, OPALCO is to extend the local fiber. OPALCO may be a conduit for state and local fiber optics programs in which members can participate and benefit.

9. Individual Charitable Donations

Cash donations to organizations are not allowed. Contributions in kind or physical items may be donated to further OPALCO strategic directives at GM's discretion.

10. Personnel Transition Plan – Apprentice and Training Programs for Key Positions

Succession planning needed for all appropriate staff positions. The following are considered some key positions: General Manager, System Engineer, Head Accountant, Linemen, Communications Technician, Meter Technician.

11. Power Supply and Transmission

BPA contract to provide stability and protect us from adverse legislative Portfolio requirements while being alert to future generation collaboration and purchase possibilities with timely resource assessment. Other power resources will be examined; however, the Board favors staying with BPA. Work with BPA to keep transmission capacity at adequate levels, and work to keep our general transfer agreement (GTA) strong for the long-term.

12. Deployment of Technology to Support Operations

Identify, assess, implement, and fully utilize cost effective, financially feasible, proven technologies which support energy management, distribution delivery and member service programs on a cooperative-wide basis. Additionally, assess other technologies on a pilot basis to determine future applicability, opportunity, and potential benefit.

13. Power Supply and Related Opportunities

Provide the Board an ongoing knowledge base and reporting of long term power supply and related opportunities.

14. Potential Threats to our Supply/Demand Balance

Maintain information gathering and a knowledge base relating to significant potential threats to our supply/demand balance, such as:

- Potential member uses that would significantly increase our demand or;
- Circumstances or actions that could significantly reduce our supply.

Chris Thomerson, President

Date