BOARD OF DIRECTORS
REGULAR BOARD MEETING
OPALCO Board Room
1034 Guard Street, Friday Harbor
Thursday, January 17, 2013          8:30 a.m.

TRAVEL

Via Island Air
378-2376 / 378-8129 (cell)

To:
Leave Lopez 8:00 a.m.        Arrive FH 8:15 a.m.

From:
Leave FH 1:30 p.m.          Arrive Lopez 1:45 p.m.

Via Ferry:

To:
Leave Lopez 7:10 a.m.        Arrive FH 7:40 a.m.
Leave Shaw 7:00    a.m.        Arrive FH 8:10 a.m.
Leave Orcas 7:20 a.m.        Arrive FH 8:10 a.m.

From:
Leave FH 2:05 p.m.          Arrive Orcas 2:55 p.m.
                          Arrive Shaw 3:10 p.m.
                          Arrive Lopez 3:30 p.m.
PAGES

WELCOME GUESTS/MEMBERS

CONSENT AGENDA

3-5  o  Approval of December Minutes
6  o  Admission of New Members

ACTION ITEMS

7  added  o  Capital Credits
  o  RUS Form 219s

DISCUSSION ITEMS

8  o  2013 Committee on Nominations
9-15  o  MS Policy 16 Public Information Requests
16-17  o  Strategic Directives Revisions
        o  Overview of the EE Committee—John Bogert

REPORTS

18  o  Cash Recap
19  o  Total Fund Balances Chart
20  o  Outages
21  o  Safety
22-23  o  General Manager

INFORMATION ITEMS

24  o  New Services
25  o  Historical MORE Revenue
26  o  Member Billing Revenue History
27  o  BPA Consumption Summary
28  o  Graphs: Peak Load, Total Meter Points, Equity as a % of Total Capitalization, kWh Sold
29-30  o  Northwest RiverPartners Director’s Report A 2013 Look Ahead

ADJOURNMENT
President Chris Thomerson called the meeting to order at 8:35 a.m. at the Eastsound OPALCO office. Present were directors Winnie Adams, John Bogert, Jim Lett, George Mulligan and Bob Myhr. Vince Dauciunas was absent. Also present were General Manager Randy Cornelius; Assistant General Manager Foster Hildreth; Manager of Engineering & Operations Russell Guerry and Executive Assistant Bev Madan, serving as recording secretary.

Members/Guests Gray Cope, San Juan Island; Tony Ghazel, Orcas Island, and Chris Sutton Orcas Island. Tony Ghazel encouraged the Board to provide an update to the Broadband Initiative and stated he is in support of the project and that many businesses depend on it. Chris Sutton echoed his sentiment, stating that there was great communication the first six months but nothing in the past few months. He encouraged the Board to bring the county up to speed on its progress and he feels that a large percentage of the county supports the Broadband Initiative. Thomerson iterated that the Board was not able to share information at the present but noted their concerns.

Consent Agenda
Myhr moved to accept the Consent Agenda, which included minutes from the November 15 Board meeting and new members listed below. The motion was seconded and carried by voice vote.

CRANE
  1. 8 CIRCLE ROAD CRANE ISLAND TRUST

DECATUR
  2. O’HARA, PAT & CHRISTINE

LOPEZ
  3. HONEYWELL, JACOB & MARIAH
  4. LINDBOE, ERIC C & LYNDA
  5. LOWRY, KAYE
  6. NEECE, JAMES
  7. PERALTA, MASAKO
  8. SAGE BUILDING SOLUTIONS, INC
  9. SUNNY AND 80 INC.

ORCAS
  10. BAUBLITS, DAVID G
  11. COASTAL NORTHWEST PARTNERS LLC
  12. DAVIS, CORINNE
  13. ECKLUND, CANDACE
  14. FAMILY TIDES FARM LLC
  15. HARTSHORN, MELISSA
  16. JOHNS, STEVE EDWARD & MARLA
  17. LEWIS, MICHAEL
  18. LINDBERG, ROSALIE
  19. MILLER, SANDRA
  20. MORROW, JESSIE & BLEVINS, JUSTIN
  21. RENNER, CHRISTINE
  22. ROWSE, MELINDA L
  23. SPEARS, CLAYTON
  24. TAYLOR, JUSTIN & KEARY
  25. TAYLOR, SHAWN
  26. THEODORE-STORMAN, LEAH
  27. WITT, WALTER D
  28. BISON, SHANE
  29. COLEY, JEFF & ADRIANA
  30. COWAN, LARENE C
  31. DANLEY, SHANN & TIFFANY
  32. DOUGLAS-SEITZ, JESSE
  33. EYTCHESON, HEATHER
  34. FALLS, VALERIE
  35. FINHOLM, DAVID
  36. FORD-JOHNSON, LAUREN
  37. GOSNEY, KEITH & KIMIKO
  38. GRANDLE, STEVEN D
  39. GRAYSON, JOEL
  40. GRIFO, CHRISTINA
  41. HARRISON, SHARON M
  42. HEWITT, WILLIAM & SHELLEY
  43. HOLZER, DAVEN
  44. JENKS, DAVID & BARBARA
  45. KELSEY, S LYN
  46. KING, LISA
  47. MORANG, GREG & SHRIVER, TANYA
  48. RIESER, BONNIE
  49. RUNAAS, CANDICE K
  50. SHAFER, ELISA & MERLE
  51. SMITH, STACEY
  52. SODERBERG, MATT & CARLENE
  53. STEVENS, VERON
  54. WALKER, AARIKA
  55. WELLS FARGO BANK NA
  56. WELLS, OLIVIA & BLOOMER, MEGAN

Capital Credits
Myhr moved to approve payment of capital credits to the estates of the following deceased members in the amount of $11,072.40; motion was seconded and carried by voice vote.

Baker, Robert A............................... $1,428.26
Borman, John O............................... $44.56
Christensen, Fern G........................ $1,005.71
Crane, Benjamin R........................... $462.42
Crosby, Audra W................................ $1,383.24
Flaherty, Michael W......................... $111.28
Milne, Joyce.................................. $777.87
Otten, Byron D................................ $1,111.22
Roberts, Theodore............................ $1,931.53
Shaw, Kenneth L.............................. $2,816.31
The Board discussed the purpose of the Board having to vote on capital credit payouts to the estates of deceased members. The current Bylaws require that the Board vote on the payout. It was the consensus of the Board that it should remain that way and no changes to the Bylaws will be made.

Resolution 14-2012 Amendment to the 125 Plan
Myhr moved to approve Resolution 14-2012 to allow two amendments to the 125 Plan. The first amendment excludes the costs of special foods and/or beverages unless such foods qualify as medical care under IRS Revenue Ruling 55-261; and precludes the costs of doulas and other childbirth service providers. The second amendment limits the contribution amount under the plan to $5,000 (employer) or $2,500 (participant). Motion was seconded and carried by voice vote.

Resolution 15-2012 RUS Loan AM-8
The documents for RUS loan AM-8 for $15,156,000 require authorization of the Board by resolution before executing the documents. This loan will fund projects approved in the 2013-16 Construction Work Plan.

Resolution 16-2012 RUS Loan AN-8
The documents for RUS loan AN-8 for $23,246,000 require authorization of the Board by resolution before executing the documents. This loan will fund costs related to the Broadband Initiative if the project is launched.

2013 Committees on Nominations
The bylaws require that a Committee on Nominations be named for District 3 and for District 4 no later than 120 days prior to the Annual Meeting, which in 2013 would be January 4. Ads are in all papers soliciting interested members for each committee and/or director candidates.

Energy Efficiency/Conservation
Bogert reported on the third meeting of the Energy Efficiency (EE) Committee. The Committee consists of Adams, Myhr and Bogert. At the most recent meeting, which also included interested members, the Committee prepared a list of goals recommended for the Board to consider and a mission statement for EE. Bogert handed out the list to the Board. It is as follows:

“General Mission: Incorporate a commitment to Energy Efficiency / Conservation / Renewables in the OPALCO Mission Statement

Goals: Set a specific, achievable target for holding or reducing current level of energy usage (Target 2% reduction?) / Fund an enhanced EE/Conservation/Renewables program in the OPALCO annual budget / Encourage the creation of a 501(c)(3) nonprofit organization to support the goals.

Possible Programs to achieve the goals: Facilitate a loan program for home energy improvement with Islanders Bank (IB) where OPALCO includes IB loan repayment on member’s electric bill (OPALCO pass-through: absorb additional administrative costs in the EE budget) – in combination with Bellingham Energy Challenge / Establish a progressive rate structure to effect energy saving and waste elimination, including rate incentives, demand charge, base rate adjustment / Encourage aggressive “community” net metering projects (e.g. solar panel farms) for larger renewable energy contribution to power supply by seeking the creation of a private LLC based for benefit distribution and risk / Support a broad-based community energy challenge similar to Bainbridge Island’s program. Involves a grant-funded mass marketing and education program…“the power of one each day”

Possible resources: Hire rate consultants who have demonstrated a commitment to EE and Conservation models to assist in rate design (under confidentiality agreement if deemed necessary) / Hire grant writing expertise to apply for federal, state or private grants as “seed” money for developing programs that will eventually become self-sustaining”

Launching such a program will be costly. The Board needs to determine the level of support they want OPALCO to have financially and otherwise. It is to be discussed thoroughly at the January 7, 2013 Board retreat. It was asked that the EE Committee define as specifically as possible for the Board retreat on January 7 which functions would happen through OPALCO and which would be accomplished through a 501(c)(3).

A review of the proposal raised some questions; the target reduction of energy usage should be determined after thoroughly reviewing the data available; the purpose would be to keep our usage below TIER 2.

Cornelius cautioned that rate designs/structures must meet the approval of the Public Utilities Commission as well.

Member Sutton noted that having the capability to see one’s own usage would help members see where they can make changes in their homes.
Member Cope encouraged “cooperation” rather than “competition” when encouraging members to reduce their usage, suggesting the term “power saver” and possibly more members will participate if they have a sense of collaboration/cooperation and to be as specific as possible. Thomerson iterated that EE/Conservation would be discussed thoroughly at the Board retreat.

**Broadband Initiative**
Hildreth reported that there are two confidential issues the committee is dealing with that are keeping the project from moving along. The committee is hoping to inform members of more progress after the holidays.

*Ghazel and Sutton left the meeting.*

**Reports**
Guerry noted that the *Outage Report* format changed to ease in reading. The line crew is using SCADA for the larger outages, which allows one lineman to handle an outage, as it can be managed from the office. Guerry stated that SCADA is a tremendous forensics tool to use after an outage and to help train the crew.

The *Safety Report* showed no accidents, incidents, or near misses for November. Total hours worked without loss time is 276,575.

The *General Manager’s Report* included news that Bellingham’s Opportunity Council has federal funding to be spent in San Juan County. There are no associated income restrictions and the money is to be used for weatherization and heating equipment. The Opportunity Council will match up to 30% of the job costs. Homeowners will spend $195 for a complete, technical energy audit of which $100 will be reimbursed if they have the work performed. Cornelius stated that it is difficult to find contractors able to do the work. They need to be trained through the Opportunity Council and currently there is only one contractor in San Juan County working with the Opportunity Council. The Board discussed providing scholarships to interested contractors for the 3-day training in Bellingham. Cornelius will inform the Board of the costs for the training. Another problem that has developed is members are not able to receive the rebates for the water heaters due to contractors not completing the required paperwork.

Cornelius reported that WRECA is losing members due to a change in the dues structure. This reduction in members will increase the dues for OPALCO for 2013, even though WRECA is reducing its budget where it can.

Representative Jeff Morris visited with Cornelius this week and discussed the problems with OPALCO having to sign off on interconnects so the member can receive an incentive through the State. Morris will work to try to change the meters to bi-directional and put the responsibility for the meter reads back to the owner.

*Cope left the meeting.***

The Board went into Executive Session at 10:40 a.m.

**Adjournment**
The meeting adjourned at 11:50 a.m.

__________________________                 __________________________
Chris Thomerson, President                                John Bogert, Secretary-Treasurer
### Lopez
1. CUMMINGS, PATRICIA  
2. HIETBRINK, ANNE & SHIRK, BETH  
3. JORGENSEN, RENA  

### Orcas
4. ARGUELLO, ARMANDO  
5. COW HILL PROPERTY OWNERS ASSOCIATION  
6. KOONS, TRUSTEE CHRISTINA  
7. LIND, ANNE  
8. MCGREGOR, MICHAEL  
9. PERSON, MICHAEL  
10. RAUN, SCOTT  
11. RHODES, BRUCE  
12. ROSE, BRIANNA  
13. SCHOLL, WENDY & WARREN S  
14. TINNER, GERALD  
15. WILKES, LINDA  

### San Juan
16. AVERY, JENNA  
17. BLACKTHORN INSURANCE UNDERWRITERS LLC  
18. BOYD, STACEY L  
19. BRITAIN, LISA M  
20. BUTLER, LINDA  
21. CLARKE, REBECCA  
22. COYNE, CHRIS  
23. CRUZ AGUAYO, ISREAL  
24. CUNNINGHAM, ANDREW  
25. FIELDS, ZACK  
26. FINNEY, JUDAH  
27. FLEMING, ROBIN & RUSSELL  
28. FRICKE, ELIZABETH D  
29. HALL, AUBREY & JASON  
30. ISLAND PETROLEUM SERVICES  
31. JACKSON, ROBERT & CYNTHIA  
32. JOHNSON, KAITLYN  
33. JOHNSTON, KELLE & ROBERT P  
34. JUNE HOLLINGER FAMILY LP  
35. MAYCOCK, COLIN  
36. MCFARLAND, JEAN  
37. MCIVER, MATTHEW  
38. MEYER, TAMMY  
39. OAK KNOLL FARM LLC  
40. OVENELL, MATTHEW  
41. SHUFF, DON  
42. STOCK, AMANDA  
43. URI, MARY  
44. VERNON D HANNAH TRUST  
45. ZITO TEXAS-WA, LLC  

### Shaw
46. JONES, COLIN & JONES, NICK
Application has been received for payment of capital credits to the estates of the following deceased members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Capital Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dolphin Bay School</td>
<td>$892.26</td>
</tr>
<tr>
<td>Donnelly, Edward P</td>
<td>$277.61</td>
</tr>
<tr>
<td>Hannah, Vernon D</td>
<td>$4,039.78</td>
</tr>
<tr>
<td>Klein, Harold T</td>
<td>$989.34</td>
</tr>
<tr>
<td>Meyer, Barbara M</td>
<td>$883.88</td>
</tr>
<tr>
<td>Rankin, Robert L</td>
<td>$231.82</td>
</tr>
<tr>
<td>Reardon, Donald E</td>
<td>$855.54</td>
</tr>
<tr>
<td>Sinn, Walter O</td>
<td>$755.74</td>
</tr>
</tbody>
</table>

Total .......................................................... $8,925.97
MEMORANDUM

January 14, 2013

TO: Board of Directors
FROM: Randy Cornelius, General Manager
RE: RUS Form 219s Inventory of Work Orders

The following Construction Work Plan projects were completed as indicated:

July 2012 .................................. $144.47
.................................. $128.49
August 2012 ......................... $57,540.70
.......................... $4,026.39
September 2012 ................  $695,994.56
..................... $7,412.03
October 2012  ..................... $695,366.21
..................... $205,078.09

Staff requests a motion from the Board to approve the RUS Form 219s totaling
$1,665,690.94.
MEMORANDUM

January 4, 2013

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Committee on Nominations

The Board of Directors has named the following members to the Committee on Nominations for District 3:

   Ron Mayo, Jerry Hancock and Rebecca Smith

The Board of Directors has named the following members to the Committee on Nominations for District 4:

   Jon Shannon, Ron Woodard and Jan Chamberlin

Each committee will have an orientation with the General Manager, and then will solicit candidates to run for director in each district.
MEMORANDUM

January 3, 2013

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Draft MS Policy 16 Public Information Requests

The draft policy is submitted for Board discussion only this month. The policy has been reviewed and edited by Attorney Brad Cattle. His edits are incorporated in the draft policy presented.
ORCAS POWER AND LIGHT COOPERATIVE

MEMBER SERVICE POLICY 16

PUBLIC INFORMATION REQUESTS

DRAFT

1. Purpose

To establish procedures for identifying and responding to requests for routine, non-routine, member related, or emergency response information so as not to compromise the Cooperative’s position in sensitive situations or interest in working cooperatively with the media and the membership.

A cooperative corporation has the same rights of confidentiality of information and obligations to furnish information as a private business corporation. These obligations are covered by the statutes and common law of the state and govern the access which members and others may have to request cooperative data and records.

2. Release of Routine Information

Requests for routine documents or publications of the Cooperative including Tariffs, member policies, Articles of Incorporation, bylaws, operating statistics (RUS Form 7), newsletters and other public documents published by the Cooperative will be provided upon request.

3. Release of Non-Routine Information and Documents

3.1 A request by a member for a document or publication which cannot be classified as routine shall be accompanied by the Cooperative’s “Member Information Request Form”, attached hereto and a part of this policy. The Member Information Request Form should be completed and signed by the member.

3.1.1 The completed form shall be submitted to the General Manager. If the Non-Routine Information and/or Documents are reasonably available, the General Manager may make them available to the requesting member. “Reasonably available” shall mean:

3.1.1.1 That the request is being made in good faith;

3.1.1.2 That the information requested and the purpose for which it is requested are materially germane to the requesting person’s needs and interests as a member of the Cooperative;

3.1.1.3 That furnishing the requested information will not be adverse to the Cooperative’s best interests; and

3.1.1.4 That compiling the requested Non-Routine Information and/or Documents will not require an inordinate amount of OPALCO Staff resources in the judgment of the General Manager.
3.2 A non-member who requests information which is not available under Section 2 shall submit a properly completed Member Information Request Form to the General Manager. The General Manager may release the information to the non-member only if it is determined to be in the best interest of the Cooperative, or if the information should be otherwise released under this policy.

3.3 Sufficient time shall be allowed to prepare the requested materials while ensuring the normal work activities of the Cooperative are being accomplished. Reimbursement for research and reproduction costs, including labor and materials, may be charged. Upon request, in writing, the requestor may receive an estimate of costs before they are incurred. If the information requested is not confidential or otherwise not reasonably available (as defined in subsection 3.1.1) and can be readily extracted from documents on file on the Cooperative’s office, access to the information will be permitted upon appointment during regular office hours and by assignment of the General Manager.

3.4 A request determined not to be for a proper purpose shall be denied and shall be accompanied by a clear and prompt explanation.

4. Limitations on Release of Records

Any request for information which the General Manager determines should be denied in whole or in part may be referred to the Board for review and final determination. Information and documents not subject to Public Information Requests include, but are not limited to the following:

4.1 Documents containing matters the knowledge of which would clearly have an adverse effect on the Cooperative’s finances.

4.2 Documents containing personnel matters, including but not limited to:

4.2.1 The hourly wages or salaries and fringe benefits of any employee;

4.2.2 Any employee’s personnel file or records;

4.2.3 Any other person’s file or record to the extent that such disclosure would violate or would otherwise be an invasion of such person’s privacy.

4.3 Documents containing matters that tend to prejudice the reputation and character of a person.

4.4 Documents relating to matters discussed with an attorney for the Cooperative, the knowledge of which could have an adverse effect on the Cooperative’s legal position. The release of information related to litigation shall be done with the guidance of the attorney representing OPALCO.

4.5 Documents relating to matters protected by attorney-client privilege and matters subject to the attorney Work Product Doctrine.
4.6 Documents containing matters considered confidential under copyright or patent laws.

4.7 Documents referred to, prepared for or discussed during an executive session and not subsequently made public by the Cooperative.

4.8 Any information which constitutes a trade secret, process, program, trademark, or other legally protected confidential information or thing owned, or protected in confidentiality by contract by the Cooperative.

4.9 Documents which have been classified by management as confidential.

5. Release of Member Information

Information contained within a member’s file will not be provided to anyone except under the following circumstances:

5.1 To a member requesting information in that member’s file, upon receipt of proper identification;

5.2 To a legally authorized agent of the member, upon presentation of the Cooperative’s Member Information Request Form;

5.3 To law enforcement personnel or other individuals or agencies pursuant to an apparent *bona fide* subpoena or search warrant. Information from a file relating to suspected crimes committed against the Cooperative by a particular member, however, may be disclosed to law enforcement personnel without benefit of a subpoena or search warrant.

5.4 As otherwise provided by legal statute or regulation.

6. Appeal

Any public information request that is denied may be appealed to the Board of Directors for resolution. Any decision by the Board of Directors will be final.

7. Responsibility

7.1 The General Manager will be responsible for determining the content and amount of information released based on who is asking and for what purpose the information is being sought.

7.2 The release of information by the General Manager shall be routed through counsel where specific issues related to the request could have an adverse effect on the Cooperative’s legal and/or financial position.
7.3 The department managers are responsible for the security of confidential information which is available to them and their departments. The department managers will determine and implement methods and procedures of security within their respective departments.

7.4 Each employee will accept responsibility for understanding the content and following the guidelines of this policy.

7.5 It is the responsibility of each employee to notify his/her supervisor of knowledge of violations of this policy.

__________________________     Effective Date: ________________
Randy J. Cornelius, General Manager
**Member Information Request Form**

**Member Name**

**Address**

**Telephone Number**

**Member Number**

**Requesting on behalf of myself and the following other members:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Telephone #</th>
<th>Member #</th>
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<tbody>
<tr>
<td></td>
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</table>

**The specific information I am requesting is:**

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<th>line 1</th>
<th>line 2</th>
<th>line 3</th>
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</table>

**The specific purpose for the request is:**

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<th>line 2</th>
<th>line 3</th>
</tr>
</thead>
</table>

**The specific use to which I intend to put the requested information is:**

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<tr>
<th>line 1</th>
<th>line 2</th>
<th>line 3</th>
</tr>
</thead>
</table>

[ ] I request a cost estimate for the copying charges before any costs are incurred. I understand that I am responsible for the costs of copying any documents that are provided and the cost of copying documents will include appropriate staff time for locating and copying the documents.
I hereby state that the foregoing information is complete and correct and I covenant that I shall not give the requested information to anyone other than the members’ names herein or allow the requested information to be used in any way or for any purpose other than as set forth above.

I further state and acknowledge that, if the conditions for release of this information are violated, monetary damages will be inadequate, extraordinary relief is required, the Cooperative shall be entitled to, and I hereby consent to, the entry against me of a temporary and permanent injunction, without bond, to restrain me or any agents acting on my behalf from disclosing in whole or in part such information or from providing services to any party to whom such information has been disclosed or may be disclosed. In addition to the foregoing remedy, the Cooperative shall be free to pursue any and all further remedies available against me and any third party, including, but not limited to claims and for losses and damages.

Print name__________________________________________________________

Signature___________________________________________________________

Date: ______________________________

………………………………………………………………………………..

For office use only:

______Approved  ______ Not approved

Comments_________________________________________________________________

________________________________________________________________________

_________________________________________   ____________________
    Randy J. Cornelius, General Manager    Date
MEMORANDUM

January 9, 2013

TO: Board of Directors
FROM: Chris Thomerson
RE: Strategic Directives Revisions

I am suggesting the following revisions to Directives Nos. 5, 7, and 13. I am also suggesting two new Directives, Nos. 15 New Activities and 16 Community Generation.

No. 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. The Board acknowledges that the General Manager is making the proper adjustments to our tariffs, moving us in the right direction toward a cost of service review in September 2012. The Board will seek a long-term creative solutions to reconcile the mutually exclusive objectives of decoupling power sales from infrastructure costs while providing motivation for energy efficiency and satisfying our members.

This change brings Directive No. 5 up to our current status.

No. 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.
6) OPALCO facilities are to be upgraded and maintained to a cost effective high standard of energy efficiency.

This change brings Directive No. 7 up to our current thinking.

No. 13 Power Supply and Related Opportunities
A complete Resource Assessment will be completed by the end of 2015. The Board wants the General Manager to bring knowledge-based presentations of a complete spectrum of opportunities to educate the Board in a timely fashion given the possibility that TIER 2 power may eventually come from a source other than BPA.

This change brings Directive No. 13 up to our current thinking.

No. 15 New Activities
New OPALCO activities may reasonably be considered if they meet the following criteria:
a) Match existing or probably achievable core competencies  
b) Are economically viable and make financial sense  
c) Our community demonstrates a will or need to a satisfactory level

Activities to be avoided are those that require forms of policing or enforcement and proselytizing promotion.

As a particular example that seems to meet these criteria, we agreed the possibility of an independently funded nonprofit set up by and within the community to enhance all forms of essential asset stewardship. Where there is overlap with use of electricity, OPALCO could consider sponsorship and other support based on application for specific programs to achieve common measurable goals, such as overall improvement and advances in wise use of electricity.

No. 16 Community Generation  
Small-scale cost effective OPALCO sponsored community generation projects are encouraged where they make environmental and economic sense.

Directives Nos. 15 and 16 codify our consensus at our recent retreat.
Orcas Power and Light Cooperative
Cash Recap
December 31, 2012

GENERAL FUNDS:
- Cash on Hand
- Cash in Checking - Key Bank
- Cash in Checking/MMDA/Construction - Islanders Bank
- Cash in Checking/Savings/Payroll - Wells Fargo
  SUBTOTAL GENERAL FUNDS 1,406,117

CASH RESERVE FUND:
- CFC Coml Paper
- CFC Coml Paper
  SUBTOTAL CASH RESERVE FUND 529,041

RESTRICTED FUND:
- CFC Select Notes
- CFC Select Notes
- CFC Coml Paper
- CFC Coml Paper
- CoBank - AIM
- Home Street Bank
- US Treasury Bill (26 weeks)
- Washington Federal Savings
- Washington Federal Savings
  SUBTOTAL RESTRICTED FUNDS 2,002,236

GRAND TOTAL FUND ENDING BALANCE 12/31/12 3,937,394

More Program: Islanders Bank 130,959

RUS Cushion of Credit* 5,000% 555,527

CASH PROJECTION:
January 31, 2013

GENERAL FUNDS:
- Beginning Cash 12/31/12 1,406,117
- Estimated Revenue (based on 95% of billing) 1,984,389
- Estimated Other Revenue 20,000
- Transfer From Cash Reserve Fund 0
- Transfer From RUS Cushion of Credit
  Subtotal Cash/Revenue 3,446,619

- Estimated Accounts Payable (450,000)
- Estimated Payroll and Benefits (675,000)
- RUS Loan and Interest Payment (35,114)
- Capital Credit General Retirement Checks (total amount issued of $623k)
- Power and Transmission Bill (Dec bill) (825,528)
  Subtotal Expenses (2,081,042)
  Projected Ending Balance 1/31/13 1,384,576

CASH RESERVE FUND:
- Beginning Cash 12/31/12 529,041
- Transfer To General Fund 0
  Projected Ending Balance 1/31/13 529,041

RESTRICTED FUND:
- Beginning Cash 12/31/12 2,002,236
- Transfer To General Fund 0
  Projected Ending Balance 1/31/13 2,002,236

PROJECTED GRAND TOTAL FUND ENDING BALANCE 1/31/13 3,915,855

PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 1/31/13 (21,539)

RUS CUSHION OF CREDIT*:
- Beginning Balance 12/31/12 555,527
- Estimated Loan Principal and Interest Payment (35,114)
- Fund Increase From General Fund 0
  Projected Ending Balance 1/31/13 520,414

* represents advance payments unapplied for RUS long term debt.
## OUTAGE REPORT: DECEMBER 2012

<table>
<thead>
<tr>
<th>OUTAGE CODE</th>
<th>CAUSE OF OUTAGE</th>
<th>DISTRICT</th>
<th>2012 TOTALS</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>ORCAS</td>
<td>SJ</td>
</tr>
<tr>
<td>100</td>
<td>OPALCO Construction</td>
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<tr>
<td>200</td>
<td>Severe Storm</td>
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<td>2</td>
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<tr>
<td>300/301</td>
<td>Faulty Equipment/Installation</td>
<td>0</td>
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</tr>
<tr>
<td>350</td>
<td>Sectionalizing</td>
<td>0</td>
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</tr>
<tr>
<td>351</td>
<td>Fuses/Fusing</td>
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<td>4</td>
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<tr>
<td>352/353</td>
<td>Electrical/CAL/Transformer Overload</td>
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<td>1</td>
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<tr>
<td>400</td>
<td>Underground Cable Failure</td>
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<td>2</td>
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<tr>
<td>401</td>
<td>Contamination/Leakage (Equip. Fail.)</td>
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<tr>
<td>403</td>
<td>Aging Material/Equipment</td>
<td>0</td>
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<tr>
<td>450</td>
<td>Trees/Right of Way</td>
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<td>10</td>
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<tr>
<td>500/509</td>
<td>Weather (Excluding Severe Storm)</td>
<td>2</td>
<td>2</td>
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<tr>
<td>600</td>
<td>Small Animals/Rodents</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>601/602</td>
<td>Birds</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>700/701</td>
<td>Cable Dig-In</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>702</td>
<td>Traffic Accident</td>
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<td>1</td>
</tr>
<tr>
<td>703</td>
<td>Fire</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>704</td>
<td>Substation Vandalism</td>
<td>0</td>
<td>2</td>
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<tr>
<td>705</td>
<td>Other Contractor/Member Caused</td>
<td>0</td>
<td>4</td>
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<tr>
<td>800</td>
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<tr>
<td>900</td>
<td>Cause Unknown</td>
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<tr>
<td>NA</td>
<td>Submarine Failure</td>
<td>0</td>
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<td>NA</td>
<td>Planned</td>
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<td>0</td>
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<tr>
<td>NA</td>
<td>Supplier-Bonneville/Puget</td>
<td>0</td>
<td>1</td>
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**PTD/YTD OUTAGES: OCTOBER 2012**

<table>
<thead>
<tr>
<th>PTD</th>
<th>YTD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>15</td>
<td>171</td>
<td>186</td>
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**PTD OUTAGES: OCTOBER 2011**

<table>
<thead>
<tr>
<th>PTD</th>
<th>YTD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>16</td>
<td>120</td>
<td>159</td>
</tr>
</tbody>
</table>
Date: January 7, 2013
To: Randy Cornelius, General Manager
From: Russell Guerry, Manager of Engineering & Operations
Subject: Operations Safety Program – December 2012

Jeff Myers reviewed personal protective equipment (PPE) requirements. During his review he discussed the OSHA general duty clause reminding everyone that PPE is provided for their use and it is the employee’s responsibility to use PPE and use it properly. He covered hardhat and head hazards, to include limitations and inspections of hardhats, eye hazards, hand hazards, and safety vests use.

Accidents/Incidents/Near Miss

No accidents, incidents, or near misses.

<table>
<thead>
<tr>
<th></th>
<th>December 2012</th>
<th>YTD (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Near Misses</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Incidents</td>
<td>0</td>
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<tr>
<td>Accidents</td>
<td>0</td>
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<tr>
<td>Loss Time</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Total Hours Worked without Loss Time Accident: 283,431
MANAGER’S REPORT
January 2013

Finance
RUS Loan Submittal ($38.4M)
Staff is in the process of loan document execution and will be requesting Board officers to be available to sign documents at the January meeting. Our RUS loan submittal is comprised of two separate loans, $15.2M for typical CWP work efforts and $23.2M for smart grid, EMS and wireless communications infrastructure. Our RUS loans are progressing through the Federal approval process as follows:
1. 2013-16 Construction Work Plan approval (complete)
2. Environmental Review (complete)
3. RUS Loan Committee (complete)
4. Federal Appropriations (complete)
5. Loan document preparation and execution (January 2013)
6. Loan funds available (expected 2nd Quarter 2013)

Year-end 2012 Processes
Staff is currently performing year-end processes including closing and analysis of the books for December 2012 and 2012 W-2 and Form 1099 preparation.

Member Services
Inactive Member Fee Reconciliation/Refund
Membership reconciliation is complete and refund checks have been processed for inactive members.

MDMS (Meter Data Management System) Training
Configuration and administrative training for MDMS tool is complete; Member Services staff will be trained in January 2013.

Engineering & Operations
As of January 7, there are 207 work orders open totaling $1,484,069. Operations has completed construction on 48 of those work orders, totaling $517,416.

Island Network/Technical Services
Technical Services staff has subscribed to a new service that allows external users to join an OPALCO video conference session. This service can be accessed via the Cisco Jabber app from mobile devices.

In December, the Automatic Meter Reading (AMR) database, called TWACS, was taken out of service for three days for planned upgrades. The TWACS system was reinstalled on the new virtual servers that Technical Services staff configured. The system is working at peak performance. Technical Services staff also collaborated with other departments to complete year-end processes including final year data back-ups, fiber inventory reconciliation, and NISC procedures.

Energy Services
Energy Services staff presented rebate checks to new homeowners for their certified Energy Star Homes at the San Juan Island Home for Islanders “Key Presentment” ceremony on December 18, 2012. Eleven homeowners received a total of $18,810 with total projected energy savings of 34,584 kWh.
In the month of December 2012, Energy Services staff processed $11,350 in commercial lighting rebates with projected energy savings of 44,863 kWh for five businesses including one church.

On December 12, Energy Services Staff and the Communications Specialist met with Negawatt Media representatives, Joe Symons and Anita Orne, to discuss their designs for a bill insert introducing the concept of Reducing Energy Waste. This bill insert will go out with the January 30 and February 15 OPALCO billing statements.

On January 3, 2013, Energy Services Staff along with Doug Poole, an Energy Snapshot contractor, made a lunchtime presentation to the Lopez Lions Club. The presentation was broad, covering all the Energy Services programs, the Snapshot Energy Assessment program and a short discussion of Tier 1/Tier 2.

Also on January 3, 2013, Energy Services Staff attended the MORE Committee meeting at the Orcas ferry landing. Staff provided the Committee updated reports on the 17 interconnected systems that are new since July 2012. They discussed new Committee members joining, a Future of Energy forum in the spring, and generating a welcome packet for new member generators.
## NEW SERVICES
### December 2012

<table>
<thead>
<tr>
<th></th>
<th>Orcas</th>
<th>San Juan</th>
<th>Lopez</th>
<th>Center/Decatur</th>
<th>Blakely/Obstruction/Canoe/Shaw</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Line Retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Other - OPALCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td><strong>6</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2012 YTD**</th>
<th>2011 YTD**</th>
<th>2010 YTD</th>
<th>2009 YTD</th>
<th>2008 YTD</th>
</tr>
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<tr>
<td>Residential</td>
<td>26</td>
<td>37</td>
<td>63</td>
<td>76</td>
<td>90</td>
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<tr>
<td>Commercial</td>
<td>50</td>
<td>68</td>
<td>89</td>
<td>95</td>
<td>121</td>
</tr>
<tr>
<td>Line Retention</td>
<td>31</td>
<td>12</td>
<td>21</td>
<td>26</td>
<td>51</td>
</tr>
<tr>
<td>Other - OPALCO</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>112</td>
<td>127</td>
<td>180</td>
<td>206</td>
<td>272</td>
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</table>

*Figures have been queried from the Service Order billing module and reconciled to the RUS Form 7 New Service numbers.

**7 services for Lopez and 2 services for Shaw/Blakely were closed in February 2012, but meters were set in 2011. These 9 new service points will be reconciling items in 2011/2012.
OPALCO
Historical MORE Revenue
(All Green kWh and MORE Blocks)
For Years 2010 - 2012 YTD

<table>
<thead>
<tr>
<th>Month</th>
<th># Members</th>
<th>Green kWh</th>
<th>Green Blocks</th>
<th>Total Revenue</th>
<th># Members</th>
<th>kWh</th>
<th>Blocks</th>
<th>Total Revenue</th>
<th># Members</th>
<th>kWh</th>
<th>Blocks</th>
<th>Total Revenue</th>
<th>2010</th>
<th>2011 YTD</th>
<th>2012 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Jan</td>
<td>52</td>
<td>54,130</td>
<td>2,165</td>
<td>4</td>
<td>477</td>
<td>989</td>
<td>3,956</td>
<td>6,122</td>
<td>478</td>
<td>948</td>
<td>3,792</td>
<td>5,798</td>
<td>46</td>
<td>50,160</td>
<td>2,006</td>
</tr>
<tr>
<td>Feb</td>
<td>49</td>
<td>34,656</td>
<td>1,386</td>
<td>4</td>
<td>478</td>
<td>985</td>
<td>3,939</td>
<td>5,325</td>
<td>448</td>
<td>947</td>
<td>3,788</td>
<td>5,450</td>
<td>43</td>
<td>41,550</td>
<td>1,662</td>
</tr>
<tr>
<td>Mar</td>
<td>49</td>
<td>38,513</td>
<td>1,541</td>
<td>4</td>
<td>477</td>
<td>987</td>
<td>3,949</td>
<td>5,490</td>
<td>446</td>
<td>949</td>
<td>3,796</td>
<td>5,473</td>
<td>42</td>
<td>41,906</td>
<td>1,676</td>
</tr>
<tr>
<td>Apr</td>
<td>49</td>
<td>32,042</td>
<td>1,282</td>
<td>4</td>
<td>477</td>
<td>980</td>
<td>3,922</td>
<td>5,203</td>
<td>446</td>
<td>950</td>
<td>3,800</td>
<td>5,146</td>
<td>42</td>
<td>33,629</td>
<td>1,345</td>
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<tr>
<td>May</td>
<td>48</td>
<td>27,308</td>
<td>1,092</td>
<td>4</td>
<td>478</td>
<td>979</td>
<td>3,917</td>
<td>5,009</td>
<td>450</td>
<td>956</td>
<td>3,824</td>
<td>5,077</td>
<td>42</td>
<td>31,336</td>
<td>1,253</td>
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<td>Jun</td>
<td>46</td>
<td>22,609</td>
<td>904</td>
<td>4</td>
<td>478</td>
<td>984</td>
<td>3,935</td>
<td>4,840</td>
<td>455</td>
<td>971</td>
<td>3,885</td>
<td>4,758</td>
<td>43</td>
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<td>873</td>
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<td>870</td>
<td>4</td>
<td>478</td>
<td>967</td>
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<td>4,737</td>
<td>464</td>
<td>987</td>
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<td>4,801</td>
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<td>853</td>
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<td>908</td>
<td>4</td>
<td>478</td>
<td>961</td>
<td>3,845</td>
<td>4,753</td>
<td>466</td>
<td>990</td>
<td>3,960</td>
<td>4,760</td>
<td>43</td>
<td>20,004</td>
<td>800</td>
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<tr>
<td>Sep</td>
<td>46</td>
<td>21,358</td>
<td>854</td>
<td>4</td>
<td>478</td>
<td>960</td>
<td>3,841</td>
<td>4,695</td>
<td>465</td>
<td>985</td>
<td>3,940</td>
<td>4,978</td>
<td>43</td>
<td>25,959</td>
<td>1,038</td>
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<td>4</td>
<td>478</td>
<td>955</td>
<td>3,820</td>
<td>4,799</td>
<td>446</td>
<td>984</td>
<td>3,936</td>
<td>4,949</td>
<td>42</td>
<td>25,321</td>
<td>1,013</td>
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<td>Nov</td>
<td>46</td>
<td>29,641</td>
<td>1,186</td>
<td>4</td>
<td>478</td>
<td>955</td>
<td>3,821</td>
<td>5,007</td>
<td>458</td>
<td>972</td>
<td>3,888</td>
<td>5,500</td>
<td>44</td>
<td>30,335</td>
<td>1,213</td>
</tr>
<tr>
<td>Dec</td>
<td>46</td>
<td>47,281</td>
<td>1,891</td>
<td>4</td>
<td>478</td>
<td>951</td>
<td>3,803</td>
<td>5,694</td>
<td>458</td>
<td>972</td>
<td>3,888</td>
<td>5,860</td>
<td>43</td>
<td>49,303</td>
<td>1,972</td>
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<tr>
<td>Total</td>
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<td>376,468</td>
<td>$15,059</td>
<td>478</td>
<td>11,654</td>
<td>$46,616</td>
<td>61,674</td>
<td>44</td>
<td>402,624</td>
<td>$16,105</td>
<td>458</td>
<td>11,611</td>
<td>$46,446</td>
<td>62,551</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- 2 members participate in both All Green and Green Blocks. Average blocks per member is 2.1.
- Beginning June 2011, this report reflects combined data for the former Green Power program and MORE.
- Beginning September 2012, half of the members were transitioned to a mid-month billing cycle; these members were billed for 15 days of consumption, a prorated basic charge, and prorated MORE blocks on 9/14/12.
### OPALCO Member Billing Revenue History

<table>
<thead>
<tr>
<th>Month</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$1,954,318</td>
<td>$2,063,458</td>
<td>$2,542,345</td>
<td>$2,091,129</td>
<td>$2,266,724</td>
<td>$2,203,319</td>
<td>$2,186,882</td>
</tr>
<tr>
<td>February</td>
<td>1,813,259</td>
<td>1,991,984</td>
<td>2,109,273</td>
<td>1,684,100</td>
<td>2,018,866</td>
<td>1,980,380</td>
<td>1,932,977</td>
</tr>
<tr>
<td>March</td>
<td>1,654,170</td>
<td>1,914,185</td>
<td>1,868,966</td>
<td>1,693,238</td>
<td>2,100,947</td>
<td>2,080,586</td>
<td>1,885,349</td>
</tr>
<tr>
<td>April</td>
<td>1,607,190</td>
<td>1,780,321</td>
<td>1,825,774</td>
<td>1,659,771</td>
<td>1,803,095</td>
<td>1,733,543</td>
<td>1,734,949</td>
</tr>
<tr>
<td>May</td>
<td>1,388,971</td>
<td>1,591,617</td>
<td>1,582,738</td>
<td>1,453,989</td>
<td>1,634,542</td>
<td>1,536,601</td>
<td>1,531,410</td>
</tr>
<tr>
<td>June</td>
<td>1,200,623</td>
<td>1,402,013</td>
<td>1,243,754</td>
<td>1,409,557</td>
<td>1,383,932</td>
<td>1,419,883</td>
<td>1,343,294</td>
</tr>
<tr>
<td>July</td>
<td>1,199,095</td>
<td>1,364,492</td>
<td>1,217,676</td>
<td>1,300,950</td>
<td>1,302,528</td>
<td>1,380,472</td>
<td>1,294,202</td>
</tr>
<tr>
<td>August</td>
<td>1,194,304</td>
<td>1,391,811</td>
<td>1,300,901</td>
<td>1,342,739</td>
<td>1,360,611</td>
<td>1,450,397</td>
<td>1,340,127</td>
</tr>
<tr>
<td>September</td>
<td>1,209,128</td>
<td>1,317,766</td>
<td>1,297,670</td>
<td>1,297,936</td>
<td>1,421,174</td>
<td>1,005,902</td>
<td>1,258,263</td>
</tr>
<tr>
<td>October</td>
<td>1,273,453</td>
<td>355,663</td>
<td>1,335,166</td>
<td>1,389,529</td>
<td>1,483,658</td>
<td>1,499,863</td>
<td>1,396,334</td>
</tr>
<tr>
<td>November</td>
<td>1,527,211</td>
<td>1,558,342</td>
<td>1,590,102</td>
<td>1,584,909</td>
<td>1,977,782</td>
<td>1,779,353</td>
<td>1,669,616</td>
</tr>
<tr>
<td>December</td>
<td>1,835,458</td>
<td>1,829,686</td>
<td>1,975,064</td>
<td>2,123,602</td>
<td>2,375,284</td>
<td>2,085,584</td>
<td>2,037,446</td>
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<tr>
<td>Total</td>
<td>$17,857,180</td>
<td>$18,561,338</td>
<td>$19,889,429</td>
<td>$19,031,449</td>
<td>$21,129,143</td>
<td>$20,155,885</td>
<td>$19,610,849</td>
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</tbody>
</table>

**Notes:**
* Beginning in September 2012, half of the membership transitioned to a mid-month billing cycle. These members were billed for 15 days of consumption and a prorated basic charge on 9/14/12.
** October 2008 reflects reduced billing due to BPA refund to members and is not included in Average.
BPA Consumption Summary
Through
November 2012

kWh Purchased (rolling 12 months)

<table>
<thead>
<tr>
<th>Prior 12 Months</th>
<th>Prior 12 Months</th>
<th>Current 12 Months</th>
<th>Current 12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-10</td>
<td>24,026,806</td>
<td>Dec-11</td>
<td>24,370,157</td>
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<td>Jan-11</td>
<td>24,916,062</td>
<td>Jan-12</td>
<td>25,708,234</td>
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<td>Feb-11</td>
<td>23,606,282</td>
<td>Feb-12</td>
<td>21,473,551</td>
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<td>Mar-11</td>
<td>21,350,811</td>
<td>Mar-12</td>
<td>22,176,902</td>
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<td>Apr-11</td>
<td>18,903,108</td>
<td>Apr-12</td>
<td>16,187,863</td>
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<td>May-11</td>
<td>15,582,996</td>
<td>May-12</td>
<td>14,746,002</td>
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<tr>
<td>Jun-11</td>
<td>12,662,848</td>
<td>Jun-12</td>
<td>13,511,408</td>
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<td>Jul-11</td>
<td>13,495,604</td>
<td>Jul-12</td>
<td>13,550,906</td>
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<td>Aug-11</td>
<td>13,316,374</td>
<td>Aug-12</td>
<td>13,288,850</td>
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<td>Sep-11</td>
<td>12,564,342</td>
<td>Sep-12</td>
<td>12,824,903</td>
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<td>Oct-11</td>
<td>16,510,220</td>
<td>Oct-12</td>
<td>16,596,508</td>
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<td>Nov-11</td>
<td>21,935,736</td>
<td>Nov-12</td>
<td>19,995,037</td>
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</table>
**Peak Load**

- Winter Peaks - Record Highs
- Summer Peaks (low)

**Total Meter Points**

Footnote #1: Change in # of Meter Points due to NISC computer conversion

**Equity as a % of Total Capitalization**

Margins & Equity/Margin & Equity + Total Long Term Debt

**kWh Sold**

- Residential
- Commercial
**Director’s Report – “A 2013 Look Ahead”**

**A Full Plate in 2013** – This year will be an exceptionally busy one for RiverPartners:

- NWRP will continue working closely with the regional coalition of states and tribes in the federal hydrosystem Biological Opinion (BiOp) implementation and there will be a lot of activity as a new BiOp is submitted to the court and a new Judge;
- Agencies and tribes will submit a panoply of recommendations to the NW Power and Conservation Council (Council) as it amends its regional Fish and Wildlife Program;
- The Fish Passage Center (FPC) will continue to work with plaintiffs in the BiOp litigation providing analysis/studies promoting more flow/spill to the Council, press and others;
- As a result of elections, we have new Governors in Montana and Washington which means we may have new Council members, and we also have new NW delegation members to meet;
- Maintaining and building on our relationships with the federal agencies (BPA, Corps, Bureau, NOAA) is critical to containing fish and wildlife costs;
- NOAA Fisheries is proceeding with a salmon recovery “assessment” process involving myriad stakeholders including RiverPartners and many of its members;
- Studies and decisions on fish passage at the Willamette hydro projects (which BPA cost shares with the Army Corps) will be made and require our attention;
- Hatchery and harvest issues will be in play in regional policy forums and in the news;
- And, we’ll be full steam ahead implementing the CleanHydro campaign and maintaining our other communications efforts!

These are just some major initiatives that could dramatically affect fish and wildlife costs and salmon protection in 2013, so we have a full plate indeed! A bit more about what lies ahead:

On the BiOp, it will be up to Judge Michael Simon as to whether he wants to be briefed on the issues or instead waits for the new BiOp in late 2013. RiverPartners will continue to coordinate with the regional coalition including comments on a draft BiOp this summer. The opposition will certainly seize on any and all opportunities to attack the BiOp, through the media and working the delegation. How the BiOp might be affected by NOAA Fisheries recent call for a salmon recovery “assessment” process remains to be seen. This process, announced in late 2012, involves interviewing 150+ stakeholders and is ostensibly focused on identifying ways the region can address long-term salmon recovery. However, expect the plaintiffs to attempt to confound and confuse this process with BiOp process.
In other litigation, the **Ninth Circuit** is now in receipt of several briefs, including ours and PPC, defending against the NW Resource Information Center’s claims that the Council needs to re-do its Sixth Power Plan to include more fish measures, including considering removal of the Snake River dams. We’re very hopeful we will prevail. We should see a decision by the Ninth in 2013.

The **NW Power Council’s Fish and Wildlife Program amendment process** provides much opportunity for mischief as some states and tribes will submit proposals for more flow/spill at the federal projects (supported by Fish Passage Center analysis) and seek more funds for habitat and other projects. More, more, more! And, it’s possible that new Council members will need to be educated on our issues and leadership will certainly change.

On the **federal front**, while the election is over, the retirements of Jane Lubchenco, NOAA Fisheries Administrator, and Steve Wright, BPA Administrator, creates some uncertainty on all of our hydro, river and salmon issues. So far, the Administration has stood behind the Biological Opinion, but we can’t let our guard down. Those attacking the system won’t!

This could be one of the most **pro-hydro congressional sessions** we’ve seen in a long time: Senator Wyden, Chair of the Senate Energy and Natural Resources Committee has been a strong supporter of wave and wind energy – now we just need to get him excited about the hydro in his own back yard. And, Senator Lisa Murkowski, ranking Minority member on the Committee may just do that as she is set to release a bill with pro-hydro provisions. Rep. Doc Hastings remains chair of the House Energy and Natural Resource Committee, a position he has used to promote hydro and raise concerns with the **Endangered Species Act**, among many other issues we care about. Representative Cathy McMorris is in a key Republican leadership position and has been an outstanding champion of hydro and remains interested in hydro proposals. New delegation members will need educating on our views, but the delegation seems well-positioned to be supportive of hydro, if it so chooses.

RiverPartners **communications** cup will be filled to the brim in 2013 addressing the above initiatives and more. However, most importantly, and most proudly, 2013 will mark the first time that we will go on the offense, launching the “**CleanHydro**” educational campaign. We’ll be running ads, and providing articles and other materials to our members aimed at improving the public’s understanding of the value of hydro and the multiple-use river system. Our communications efforts also will include **public opinion polling** on salmon, hydro and dam issues which I routinely share with members of the Northwest delegation, media and members. And, getting out other timely and good information and messages to **members**, including Director’s Reports, Current Reflections, emails, and keeping the website up to speed, is always a top priority!