



*We get
our power
from
you!*

ANNUAL REPORT 2009

Don't Miss the Boat: Saturday, May 16th

TRAVEL INFORMATION

SAN JUAN



Sailing on the Mystic Sea is by **RESERVATION ONLY** this year. Call 376-3549 to reserve the limited space. The Mystic Sea is *not* wheelchair accessible and riders must be able to walk from the dock to the Orcas Ferry Landing. Please ride the ferry if accessibility is a concern.

FERRY RIDERS

Board Ferry: **8:25 am**

Arrive Orcas: **9:15 am**

Muffins and coffee at Orcas Landing for ferry riders

Register for Annual Meeting

Board Orcas Ferry: **10:20 am**

Disembark at Lopez: **12:50 pm**

Board FH Bound Ferry: **1:10 pm**

Return to Friday Harbor: **1:50 pm**

MYSTIC SEA RIDERS

Board Mystic Sea at Spring St. Landing: **9:00 am**

Register for Annual Meeting onboard

Disembark at Orcas County Dock: **9:40 am**

Board Orcas Ferry: **10:20 am**

Disembark at Orcas Landing: **1:20 pm**

Board Mystic Sea at Orcas County Dock: **1:40 pm**

Return to Friday Harbor by **2:45 pm**

ORCAS

Register at Landing: **9:45 am**

Board Ferry: **10:20 am**

Return to Orcas: **1:20 pm**

SHAW

Register at Landing: **10:00 am**

Board Ferry: **10:35 am**

Return to Shaw: **1:10 pm**

LOPEZ

Register at Landing: **10:30 am**

Board Ferry: **11:00 am**

Return to Lopez: **12:50 pm**

If you are disabled or need special accommodations to participate in this meeting, please call Bev at 376-3549



HOW TO VOTE:

1. Come to the annual meeting and cast your ballot in person; or
2. Mail the absentee ballot included with this report—

6 absentee ballots will be drawn for a \$50 OPALCO credit!

ON THE COVER: Journeymen Linemen Tim Savage and Kevin Zoerb decommission a pole on Fisherman Bay Road on Lopez Island. OPALCO crews moved more than 4000' of overhead lines underground.

OFFICIAL NOTICE OF ANNUAL MEETING

The 72nd Annual Meeting of the Members of Orcas Power & Light Cooperative will be held aboard a Washington State Ferry on Saturday, May 16th, 2009.

The business meeting will take place from approximately 11:10 a.m. until 12:45 p.m. Please note the agenda below. All Members are invited and encouraged to attend.

Orcas Power & Light Cooperative
Roger Crosby, Board Secretary

BUSINESS MEETING AGENDA

- Welcome Address
- Report of Quorum
- Introduction of Directors
- Introduction of Visitors
- Notice of Meeting
- Reading of the Minutes
- Introduction of Candidates
- Election of Directors
- President's Report
- Other Reports
- Manager's Report
- Election Report
- Questions & Answers
- Other Business
- Adjournment



LUNCHEON & PRIZES

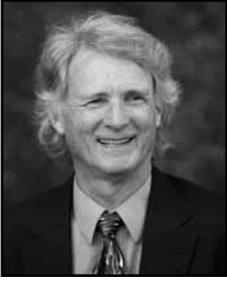
Make sure you come to this meeting hungry, because you can be sure that a very delicious and healthy bag lunch will be waiting for you. All members attending the annual meeting are eligible to win a door prize. Last year there were more than 50 prizes, including power and garden tools, kitchen tools and appliances, camping and sporting goods, exercise equipment, generous gift certificates, gift baskets, Mariners tickets, OPALCO bill credits and art from local businesses. It's all about the good stuff!

EVERY OPALCO MEMBER
WHO ATTENDS WILL SEE A

\$5 CREDIT

ON THEIR NEXT POWER BILL
(ONE PER MEMBERSHIP).

MESSAGE FROM CHRIS THOMERSON: BOARD PRESIDENT



OPALCO, your *non-profit* power cooperative, continues to balance reliable service and exemplary resource stewardship with low cost.

We know the peace of mind that comes with having the lights stay on in a storm. To increase reliability and reduce costs even more, we are installing state of the art smart grid technologies (see page 19). Our geo-mapping, data acquisition and control programs, and automatic metering infrastructure will soon be tracking what is happening throughout our electric grid. This will provide almost instantaneous detection and isolation of problems. Knowing what is going on makes finding faults simpler and quicker and helps our intrepid crews get to the scene and fix the problem.

We care about our unique and special environment here in the Islands. Our Green Power program was one of the first and is still ranked in the top ten nationally among more than 900 utilities. Our fuel mix is better than 97% greenhouse gas free. About 80% of our cable is underground for aesthetics as well as storm hardening of our system to increase reliability.

To keep costs low we are increasing our own energy efficiency and encouraging members to do the same. We have re-engineered our system with efficiency in mind and have rebuilt substations that were not up to our energy efficiency standards. Island Market on Orcas is now a model of energy efficiency in our area, an example of collaborative local leadership demonstrating that energy efficiency is for everyone. We recently shipped each local resident member a money-saving energy efficiency kit containing light bulbs and water fittings to reduce water and energy use and make an immediate reduction in your energy bill. Together we can be more efficient and that means money wisely saved.

BOARD OF DIRECTOR RETIREES

OPALCO recognized retiring directors Nourdine Jensen (pictured at left of near photo with Bob Myhr) for his 37 years of service; and Ed Marble (far right, pictured with Chris Thomerson) for his 22 years of service to the Board.



MESSAGE FROM RANDY CORNELIUS, GENERAL MANAGER



I want to thank the members, the Board of Directors, and our employees for helping Orcas Power & Light Cooperative (OPALCO) fulfill its commitment to deliver electrical service to you at a cost-based rate. OPALCO is a member-owned cooperative that operates in the present and prepares for the future. We had another solid year of performance in 2008. The following is a brief summary.

Operationally, we had a good year.

- Upgrades to the Friday Harbor substation were completed. The old open bus work was removed and replaced with new underground switchgear. Not only will these upgrades improve reliability and decrease our system losses, they will help us to protect our fine feathered friends as well;
- A total of 3.5 miles of overhead lines were converted to underground in some of the areas that are most vulnerable to storms;
- 259 new accounts were added;
- We recorded 150 power outages as opposed to 175 for 2007 and 291 for 2006;
-

- Our automatic metering infrastructure (AMI) is being phased in (see page 19); to date there have been approximately 5,000 new meters installed. Our goal is to have the entire system in place over the next two to three years. The AMI system will increase system reliability, safety for our line crews and time and money - which ultimately saves *you* money;
- The OPALCO staff is committed to continue to work to improve reliability through building and maintaining a robust electric system, through improved work practices, and through the wise and cost-effective use of new technologies.

We had another solid financial year. Our independent auditors gave us an unqualified audit for 2007 (completed in 2008) and commended OPALCO as a top cooperative for fiscal health. The board approved the payout of \$496,752 in the form of capital credits distributions for 1983. We restructured some debt to reduce our interest expense, and improved our financial indicators.

Our budgeting and financial planning objectives include:

- Building up our reserve accounts to stabilize our financial position and to help with risk management;
- Implementing a construction work plan to address system reliability;
- Funding new technology to reduce future operating expenses.

MESSAGE FROM RANDY CORNELIUS CONTINUED

While the above-mentioned items are encouraging, I also have to report some news that is not so good, and that is a projected increase in our wholesale power costs. I want our members to know that OPALCO is expecting a 10-20% increase in these costs effective October 2009. Our wholesale power costs represent approximately 33% of our total operating budget.

Management and the board will be examining the need to increase our retail rates (tariffs) over the next few months. We could see retail rates increase by 4% to 8% to cover the increase in our power bill from BPA.

I now want to acknowledge the outstanding performance of our employees and directors. Their efforts range from answering members' phone calls, to restoring service on stormy nights to the board's work on policy and fiscal

stability. Their efforts reflect a high level of dedication to our members. As member-owners, you can take pride in knowing you are served by a progressive staff and officers committed to meeting your needs.

We have many challenges that lay before us. While we face and try to resolve these challenges, we promise to continue to provide open and factual communication about what's going on at OPALCO, and we promise to uphold our core values of integrity, accountability, innovation and commitment to our community.

I would like to close by saying thank you to our members for your patronage and support this past year. We get our power from you!

CONGRATULATIONS TO OUR 2008 RETIREES: KATHY BUSCHER AND KATE PRUETT



Ginny Reagles, Kathy Buscher and Shawni Wooding



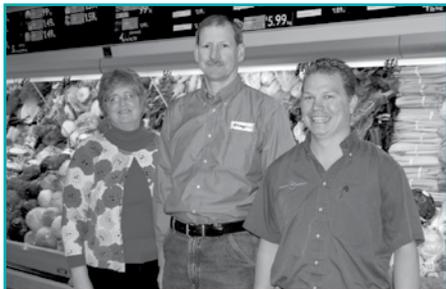
Leota Shaner and Kate Pruett



ENERGY EFFICIENCY: SAVING \$\$ AND KWH

Buying Energy Star appliances can help members save money and electricity on their power bills. OPALCO gives out rebates to make purchasing these extra efficient appliances more affordable. In 2008, OPALCO gave out rebates that put \$23,675 back in members' pockets and set up 80,933 kilowatt hours (kWh) of conservation savings for each year these appliances are in use. Rebates included:

- 159 clothes washers: \$11,925.00 and 50,880 kWh savings;
- 59 Marathon water heaters: \$5200.00 and 10,540 kWh savings;
- 45 refrigerators: \$1,475.00 and 4725 kWh savings;
- 44 dishwashers: \$1,450.00 and 1,250 kWh savings;
- 6 steel water heaters: \$225.00 and 606 kWh savings;
- 4 Northwest Energy Star Manufactured Homes: \$3,400.00 and 12,932 kWh savings.



Martha Warachowski, Mark Larson of Portland Energy Conservation, Inc. and Jason Linnes of Island Market mark the completion of the market's energy upgrades.

In 2008, OPALCO coordinated with 14 island businesses—from the Island Convalescent Center to Island Marine on Lopez to the Blue Heron B&B on Orcas—to change out their old inefficient lighting to new low wattage lighting. The fourteen businesses received a total of \$22,285.00 in incentives and will collectively save 170,412 kWh per year.

The Energy Smart Grocer Program

was OPALCO's new conservation offering in 2008 and it has been a favorite with our island grocery stores. In just one year OPALCO, BPA and Portland Energy Conservation, Inc. have helped these island businesses reduce their consumption by a total of 643,560 kWh per year.

Look around your favorite grocery store and see if you can spot the new refrigeration cases, night covers and case lighting that make your store green.

Go to **WWW.OPALCO.COM**
for more energy efficiency
tools and information.

- *Online Energy Audit*
- *Simple Tips & Practices*
- *Rebates*
- *Products*
- *Vampire Energy*
- *Green Power*

MEET A NET-METERING FAMILY: THE SUTTONS



Chris Sutton grew up on Orcas Island, graduating from Orcas High School before going off-island to college, a career in the dot com world, mar-

riage and family. In 2007, he brought his wife, Kate Long, and two children, Arla (6) and Sam (3) back to the island. Working with OPALCO's "Go Green" net-metering program, builder Ben Trogdon and solar specialist Eric Youngren, the Suttons built a super energy efficient home near Olga featuring photo-voltaics (PV), solar water heating and an orientation that makes the most of their south-facing exposure.

Their system includes six PV panels (1000 watts) for generating electricity and 30 solar thermal tubes to heat water. "Working with OPALCO was the easy part," Sutton said. "Martha was very instrumental in helping us jump through all the hoops that are required by the County and State – and connected us with the incentives and rebates available."

So, is the system paying off? Chris reported that his PV system has produced 760 kWh since it was installed in the summer of 2008 – in comparison to their average monthly usage of 3000 kWh. "If you do PV, you do it because you want to – you believe in it – not because of any immediate savings," said

Sutton. "The only time our meter has run backwards, so far, was last summer when the sun was shining and we weren't using much electricity in the house. On the other hand," Sutton added, "the solar water tubes are paying off quickly – and that's where we'll add to the system, when we can."

The Suttons also employ a number of energy-efficiency practices to keep costs down. "We build a fire in the woodstove to take the edge off of our radiant floor heating costs, turn thermostats down, keep doors closed, turn lights off when not needed" and they monitor their usage with "TED" The Energy Detective. This small power-monitoring device sits on the countertop and gives them real time data on their current usage and actual costs.

Is net-metering for everyone? Based on their experience Chris reported, "If you are building a new house there's no reason not to budget some renewable generation into your plans. It works and it just makes sense." And that's not all – next time you see Chris, ask him about the electric car he built himself by retrofitting a 1975 Toyota Celica!



CHECK OUT OPALCO'S NEW WEBSITE

www.opalco.com

AND ENTER TO WIN A 50-GALLON
MARATHON WATER HEATER!

EXPLORE ENERGY EFFICIENCY (E³) CONTEST

CAN YOU INCREASE YOUR ENERGY EFFICIENCY FACTOR X 3?

HOW TO PLAY

You must be an OPALCO member to play

1. Go to **www.opalco.com**
2. Explore the new site!
3. Download the **EXPLORE ENERGY EFFICIENCY (E³)** contest form.
4. Complete an online home energy audit
5. Commit to at least three energy efficiency measures to improve your household's energy usage and footprint
6. Complete the new website treasure hunt
7. Send in your complete contest form by July 1st

Winner will be drawn from all complete entries received and will be announced at www.opalco.com on July 10th 2009.



WHY CFLS MAKE SENSE

According to the federal government, if every American home replaced just one light bulb with an Energy Star approved compact fluorescent bulb (CFL), the United States would save enough energy to light more than 2.5 million homes for a year and prevent greenhouse gases equivalent to the emissions of nearly 800,000 cars.

The life of a compact fluorescent lightbulb (CFL) is 10,000 hours – 13 times longer than an incandescent bulb. Over the life of one 23-watt compact fluorescent lightbulb (CFL) there is a savings of 770 kilowatt hours (kWh) – which equates to \$58.00 in the members' pockets for each bulb installed. Want to learn more about CFLs? Go to: **www.opalco.com/products**.



COMBINED BALANCE SHEETS

FOR YEARS ENDING DECEMBER 31, 2008 AND 2007

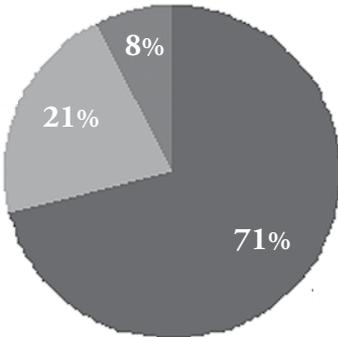
	2008 <i>unaudited</i>	2007 <i>audited</i>
ASSETS		
Utility Plant	69,978,218	65,668,303
Less Accumulated Depreciation & Amortization	<u>26,998,434</u>	<u>25,330,710</u>
Net Electric Plant	42,979,784	40,337,593
OTHER PROPERTY AND INVESTMENTS - AT COST		
Non-utility Property (net)	155,515	129,056
Investments in Associated Organizations	<u>845,860</u>	<u>844,692</u>
Net Non-Utility Property	1,001,375	973,748
CURRENT ASSETS		
Cash and Cash Equivalents	2,449,889	5,271,858
Accounts Receivable	1,967,441	1,919,213
Materials and Supplies	1,077,896	1,553,769
Other Current & Accrued Assets	<u>70,786</u>	<u>94,303</u>
Total Current Assets	5,566,012	8,839,143
DEFERRED CHARGES	<u>130,762</u>	<u>201,920</u>
TOTAL ASSETS	<u><u>\$49,930,943</u></u>	<u><u>\$50,352,404</u></u>
EQUITIES AND MARGINS		
Memberships	56,385	54,870
Other Equities	1,589,669	1,403,600
Patronage Capital	<u>34,964,528</u>	<u>32,728,154</u>
Equity and Margins	36,610,582	34,186,624
LONG-TERM DEBT		
RUS Mortgage Notes	9,229,431	9,895,070
CFC Mortgage Notes	<u>1,699,749</u>	<u>4,599,754</u>
Long-term Debt	10,929,180	14,494,824
CURRENT LIABILITIES		
Accounts Payable	760,258	247,948
Customer Deposits	63,734	66,739
Accrued Liabilities	757,082	693,182
Current Maturities of Long-Term Debt	<u>532,493</u>	<u>629,957</u>
Total Current Liabilities	2,113,567	1,637,826
DEFERRED CREDITS	<u>24,604</u>	<u>33,130</u>
EQUITIES, MARGINS AND LIABILITIES	<u><u>\$49,930,943</u></u>	<u><u>\$50,352,404</u></u>

STATEMENTS OF REVENUE AND MARGINS

FOR YEARS ENDING DECEMBER 31, 2008 AND 2007

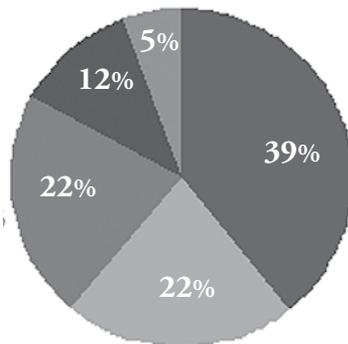
	2008 <i>unaudited</i>	2007 <i>audited</i>
OPERATING REVENUES	\$19,175,354	\$17,999,325
OPERATING EXPENSES		
Cost of Purchased Power	6,550,525	6,529,867
Distribution Expense	3,651,832	3,807,087
Consumer Accounts	918,476	901,470
Administrative and General	1,925,040	1,508,315
Depreciation and Amortization	2,212,497	2,108,355
Taxes	814,222	791,588
Interest on Long-term Debt	<u>657,776</u>	<u>776,275</u>
Total Operating Expenses	<u>16,730,368</u>	<u>16,422,957</u>
OPERATING MARGINS	2,444,986	1,576,368
NON-OPERATING MARGINS	235,474	216,949
PATRONAGE CAPITAL CREDITS	<u>34,862</u>	<u>55,419</u>
NET MARGINS	<u>\$2,715,322</u>	<u>\$1,848,736</u>

2008 REVENUE



- Residential (71%)
- Commercial (21%)
- Other Revenue (8%)

2008 EXPENSE



- Cost of Purchased Power (39%)
- Depreciation, Debt and Taxes (22%)
- Distribution Expense (22%)
- Administrative and General (12%)
- Consumer Accounts (5%)

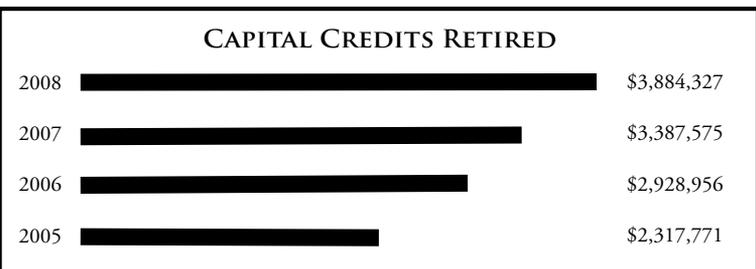
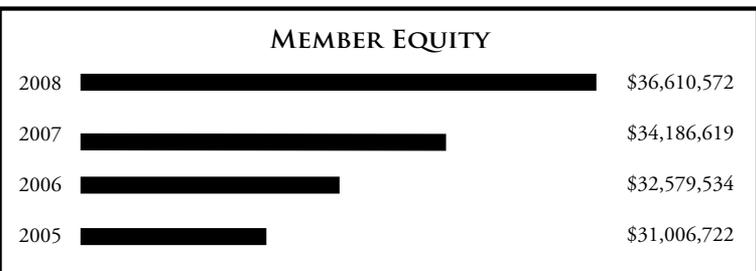
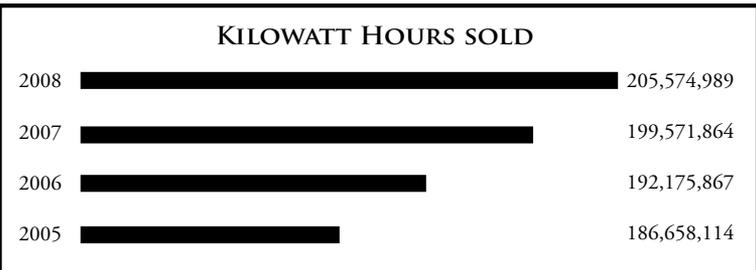
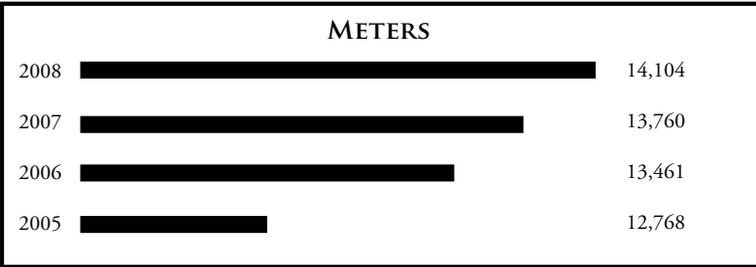
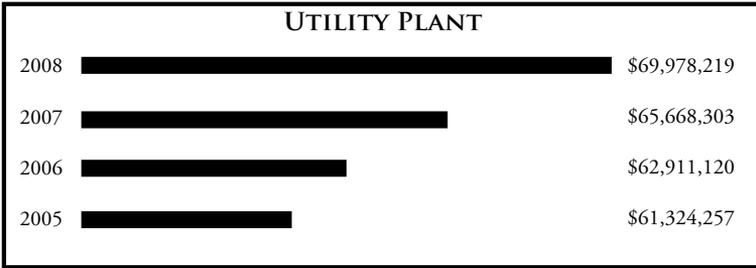
2008 ANNUAL MEETING



OPALCO AT WORK



OPALCO BY THE NUMBERS



2009 BOARD ELECTION: DISTRICT 2

OPALCO's governing board consists of seven directors who are elected for three-year terms, with the elections staggered. Each director is elected by a vote of OPALCO members and all members may vote in every election, regardless of their home district.

Present directors are David Hylton and George Mulligan—**District 1** (San Juan, Brown, Henry, Pearl and Spieden Islands); Roger Crosby and Chris Thomerson—**District 2** (Orcas, Armitage, Big Double, Blakely, Fawn, Little Double, and Obstruction Islands); Jim Lett and Bob Myhr—**District 3** (Lopez, Decatur, Center and Charles Islands); John Bogert—**District 4** (Shaw, Bell, Canoe and Crane Islands). District 2 Directors are up for election in 2009.

Absentee Ballots are enclosed with this report and must be received at OPALCO no later than Friday, May 15th at noon. Ballots can also be cast at the annual meeting on the ferry, Saturday, May 16th. The election results will be announced at the annual meeting and subsequently published at www.opalco.com and in local papers.

Please vote for any two candidates. Each member household gets one ballot regardless of how many meters or accounts a member may have.

In this year's election, there are two incumbents: Roger Crosby and Chris Thomerson; three candidates nominated by committee: Winnie Adams, Joan Pedrick and Jeff Struthers; and one candidate nominated by petition: Moriah Armstrong.

WINNIE ADAMS



Winnie Adams graduated from Stanford School of Education with a Masters degree. After several years of classroom teaching, and two summers working as a white water raft guide, she joined the environmental education staff of the Yosemite Institute.

In 1977, she moved to Waldron where she built a small house powered by solar energy. Initially she could power only lights. As technology developed she has been able to add to the system. For example, Winnie and her husband Bob Gamble now pump their well, do their washing, and recharge power tools by alternative energy.

In 1990 Winnie and Bob moved to Orcas and began living part time on the grid. She has now lived on two islands and worked on three. Winnie has kayaked and

sailed the area and knows this county: the topography, the micro-climates and the disparate human community and the need for community process.

“I have a sense of OPALCO's history, a deep commitment to the co-op model, a unique experience informed by the dual perspective of living on and off a power grid, and decades of informing myself about power generation and conservation,” said Adams. “OPALCO is a shining star among the small rural electrical cooperatives providing us a long history of excellent management, service and low rates. Because we are small we are more agile than many co-ops are in these times of change. As a board member I intend to build on the legacy of strong financial footing and excellent service while considering a wide horizon of conservation and power sources.”

MORIAH ARMSTRONG



A property owner and Orcas Power & Light Cooperative member since 1980, Moriah Armstrong has lived on Orcas Island with her husband Daniel since 1977 and raised four children here. Moriah graduated Magna Cum Laude with a BA from Whitman College and earned a Masters in Education in School Counseling from Western Washington University. She has been committed to serving children, families and the community of Orcas Island as a volunteer and professionally for the past 30 years.

Her work experience includes: founder and director of Orcas Montessori Preschool, Director of the Children's House Family Resource Center, Executive Director of Orcas Island Prevention Partnership and the Program Coordinator for the Orcas Island Readiness to Learn Program. Retiring in June 2009, Moriah will have the time and energy necessary for the responsibilities of a director.

With a strong background in collaboration and teamwork, Moriah would bring an important community perspective to the current OPALCO Board of Directors. She understands budgets, sound fiscal management and the needs of our community for affordable and reliable electricity. As a life-long organic gardener, she strongly believes in protecting the environment and supports OPALCO's commitment to conservation and energy efficiency. She is committed to OPALCO's mission to provide efficient and economical electrical service to its members and appreciates the coop's proactive leadership to ensure our community's current and future energy needs.

ROGER CROSBY (INCUMBENT)



Roger Crosby has been a member of the board of OPALCO since 1988. In his working life he was a board member of nine companies, including a telephone company and two banks. He has been an Arbitrator for courts and a member of the American Arbitration Association. Crosby was a member of an advisory board to the Seattle school district, a church deacon and a ship fitter.

His last position before retiring was Vice-President and General Counsel of the holding company of Burlington Northern. “Thirty years in the transportation and utility fields have provided me with knowledge and expertise

which has proven to be beneficial to OPALCO. When I came on the board of OPALCO there were frequent power outages. One remedy I worked hard for was a massive five-year undergrounding program. I also made the motion and argued for the present BPA power rate contract which extends through 2011.”

“I believe that cooperatives should be guided by their members for the benefit of the membership as a whole. My continuing goal for OPALCO is to provide reliable service at a reasonable cost. I see the two most challenging issues presently facing directors as (1) maintaining Bonneville Power Administration as the controller of power transmission to OPALCO and (2) holding down rates in these turbulent times.”

JOAN PEDRICK



Joan Pedrick has enjoyed island life for over a decade. She brings a personal dedication to working cooperatively to promote a better life for islanders and a commitment to alternative energy and green power solutions.

She is an attorney and mediator, a university instructor and director of a local non-profit agency. Her education includes degrees in Philosophy and Rhetoric from Bates College, a JurisDoctorate from Northwestern School of Law at Lewis and Clark; and an LL.M. postgraduate degree from the University of Edinburgh. Joan also has significant life experiences with exposure to experts, research, conferences, forums and legislation relating to power production. While on OPAL Community Land Trust’s board

of trustees, she lobbied for “green” products and alternative energy solutions.

“I believe in collaborative and responsive government. Our infrastructure is vital to the well being of all our citizens and in these challenging times, it is essential that we explore and employ affordable and environmentally sustainable methods to generate energy. There are diverse forms of sustainable energy production that are exciting and viable alternatives to fossil fuel consumption, on scales both small and large. Having lived off the grid for many years, I recognize the importance and the hurdles of power generation and have a deep appreciation for the need for energy conservation. I have also been privileged to work with people from all walks of life. In short, I would be honored to represent the voice of the islands and members of our unique form of a cooperative utility.”

JEFFREY STRUTHERS



Jeff and his late wife Judith joined the Orcas community full-time in 1998. Since then, Jeff has founded a home-based software business, served on the Finance Committee of the Orcas Center, and been the President of the local chapter of an association for aviation enthusiasts. Currently, Jeff is personally constructing a highly efficient house of his own design using numerous novel technologies.

Before Orcas, Jeff was an executive in a private equity company, evaluating and structuring investments, crafting and negotiating contracts, securing intellectual property, and managing the founder’s family trusts. Earlier, Jeff was a career executive with U.S. Office of Management & Budget (OMB), leading a team of technical and fiscal experts to advise three administrations concerning proposals totaling some \$9.5 billion annually. Jeff also represented OMB on various inter-agency panels and taught seminars on the budget process.

Jeff was OMB’s expert for renewable energy and conservation technology during the last energy crisis, helping to define a Presidential Solar Energy initiative and to negotiate renewable energy legislation. Jeff also served as an Air Force Engineering Officer, managing a portfolio of engineering projects for a network of satellite tracking stations. Jeff holds a degree in Electrical Engineering and an MBA from Harvard. He is a registered Professional Electrical Engineer (PE).

“I will work closely with Management and other Board members to:

- ensure OPALCO remains a safe, healthy and efficient organization;
- seek paths for cooperative action with other organizations that best serve and protect our member’s interests;

- encourage affordable and convenient measures for further enhancing energy efficiency; and,
- secure the cheapest, greenest, long-term supply of energy that will well cover our members' future needs while protecting our unique culture and environment.”

CHRIS THOMERSON (INCUMBENT)



Chris Thomerson, currently serving as Board president, sees OPALCO as a crucial part of island livability and is committed to combining reliable service with exemplary resource stewardship at low cost.

Also president of the Washington Rural Electric Cooperative Association, Chris actively encourages collaboration between non-profit Rural Electric Cooperatives in Washington State and throughout the Pacific Northwest.

He brings technical experience and perspective to ensure we meet the challenges ahead, including technologies to efficiently manage our power distribution network; and encourage members to adopt sensible money-saving energy efficiency measures.

Chris' degree in Electrical Engineering from the University of Manchester in England was sponsored by a scholarship from the Eastern Electricity Board. He trained as a field engineer in the distribution system in north London, including training in field operations and generation technology.

After sailing in this area for many years, Chris and his wife Lynn moved here from Eugene, Oregon, where Lynn worked as an Elementary School Librarian.

His business provided management training for major northwest companies. He spent the best part of a year training BPA groups ranging from the top executives to field groups on the outskirts of their operations.

Chris wants OPALCO to be a leader in deploying appropriate cost-effective technologies to increase reliability, safety and energy efficiency while protecting our uniquely beautiful and sensitive environment.

His priorities for OPALCO to achieve this continue to be:

- Harness appropriate technologies
- Work safely and efficiently
- Collaborate in crafting effective legislation
- Promote energy efficiency



BE A PAL

TO A FELLOW CO-OP MEMBER IN NEED: ROUND UP YOUR BILL!

The PAL program was developed to help low income OPALCO members pay their winter heating bills.

Project PAL is funded through voluntary member contributions. These contributions consist of rounding up electric billings to the next whole dollar and other member donations.

An independent volunteer council made up of OPALCO members meets to evaluate each application and awards grants by unanimous vote.

Half of PAL funds are designated for seniors and disabled persons of low income; the remainder is made available to any member who meets the guidelines (www.opalco.com) and whose application is approved by the volunteer council.

2007-2008

HEATING SEASON:

- *More than **2700 members** rounded up their bills each month for a total of **\$16,920***
- *An additional **\$9,390** was received from members in monthly and one-time gifts*
- ***127 members received grants** for a total of **\$33,927 PAL funds disbursed****
- *59 were senior or disabled members*

* Includes additional funds rolled over from 06-07

PROJECT PAL NEEDS YOUR HELP!

Demand for Project PAL funds is UP and donations are down. In 07-08, more funds were distributed than received. In 08-09, available funds were depleted in March, two months shy of the end of the heating season and the Project PAL committee received more applications for PAL assistance than ever before.

HOW CAN YOU HELP?

Simply check the Project PAL box on your next bill. Your bill will be automatically rounded up each month for an average donation of \$6 *per year*—or sign up for a fixed one-time or monthly donation by calling 376-3500.

AUTOMATED METERING INFRASTRUCTURE (AMI): THE SMART GRID

OPALCO is in the process of switching over to a smart grid system of automated meters that will give us increased system reliability, remote monitoring of power quality and better cost control for the Cooperative. To date, 5,000 of OPALCO's 14,000 meters have been replaced on Lopez, Shaw, Obstruction, Charles, Canoe, Crane, Center, Blakely, Decatur Islands and the Olga area of Orcas Island. In 2009, another 5,000 meters are scheduled for replacement, mostly on Orcas Island and including Bell, Fawn and Big Double.

Why AMI? The new automated meters are far more accurate than the old mechanical meters. Some of the mechanical meters still in service are twenty to thirty years old and tend to slow down with normal wear and tear. The new automated meters are accurate to plus or minus 0.5% (OPALCO's policy standard is plus or minus 2%). Each meter is extensively tested, calibrated and certified by the manufacturer – like the gas pump at your local station that is regulated by state laws, you know you're getting ten gallons when the pump rolls over to ten. Some members may notice an increase in their kWh usage because their old meter/s had slowed down and were less accurate. The whole Cooperative has been covering the gap (additional cost of delivering power) between inaccurately metered kWh usage and the actual power bill with rate increases. With the new meters, those costs are accurately captured which can help keep rates down for everyone. The new meters are also easy to maintain. OPALCO's engineers can "ping" a meter and know in a moment if the voltage is in the correct range, assess and often fix problems on the line. The new meters are pinged every 24 hours to monitor power quality, and will be calibrated remotely every 5-7 years to maintain accuracy and certification.

Given the geography of our service area and the difficulty in reaching many of our members' meters in remote locations, AMI is the right tool for the job. With AMI, we will know about – and solve – many power quality issues even before members realize they have a problem. With remote access to the system, response times to outages will be dramatically quicker with fewer costly line crew and equipment hours required. AMI gives our engineers the ability to constantly analyze the system, effectively manage the load and make engineering-valued choices about where to put the Cooperative's resources. In the near future, members will be able to monitor their own meter and usage in near real time from anywhere in the world via an internet connection. Stay tuned – and thanks for your patience during this transition.



Old meter above; new automated meter below



SIGN UP FOR EBILL+AUTOPAY TODAY!

- SAVE TIME—NO MORE TRIPS TO THE OPALCO OFFICE
- SAVE MONEY—NO MORE STAMPS
- SAVE WORRY—HAVE YOUR BILL PAID AUTOMATICALLY
- SAVE THE ENVIRONMENT—USE LESS PAPER
- SAVE YOUR CO-OP 44¢ PER MONTH

With E-bill, you can view information about your account—including your current bill, graphs, payment history and power usage—from any place where you have access to the Internet! You can choose to pay electronically through your checking account or with your credit card—or you can sign up for Auto-Pay and your bill will be automatically deducted from your checking or credit card account each month. It's easy!

To get started, simply log onto our site at **www.opalco.com** or call the office at (360) 376-3500 and we'll walk you through the process.

For more information, please contact OPALCO at (360) 376-3500

WELCOME NEW OPALCO EMPLOYEES IN 2008



Ed Lago
Work Order Clerk



Jeremy Price
Apprentice Lineman

Photo (opposite): Apprentice Lineman Sean Parsons climbing a pole at Crescent Beach on Orcas Island during a project to install Nova reclosures on the line. The Novas are part of OPALCO's Smart Grid Network - giving our engineers instant, remote access to troubleshooting and repairs on the line.



The mission of the Orcas Power & Light Cooperative (OPALCO) is to serve its Members in San Juan County with reliable electric utility services that are efficient and cost-effective in accordance with sound business and environmental practices.

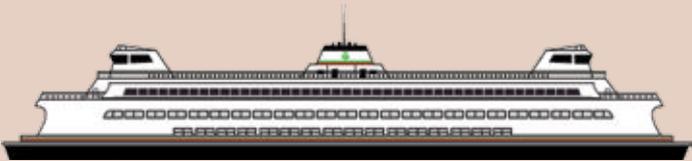
WANTED: OPALCO CO-OP MEMBERS



GET ON THE FERRY AND RIDE SATURDAY, MAY 16TH

travel schedule inside front cover or www.opalco.com

- ★ Free grub for all members and their families
- ★ Learn how to save \$\$ on your power bill
- ★ Elect your Board of Directors
- ★ Get a \$5 credit on your bill
- ★ Durn good door prizes
- ★ It's a root'n - toot'n good time!



Orcas Power & Light Cooperative's 72nd Annual Meeting