



Touchstone Energy[®]
Cooperatives

TOGETHERWESAVE.COM



ANNUAL REPORT 2011

Your member-owned electric cooperative

Don't Miss the Boat: Saturday, May 14th

TRAVEL INFORMATION

SAN JUAN

Because of the spring ferry schedule, people coming from San Juan Island will sail to Orcas by chartered boat and get on the ferry. **RESERVATIONS ARE REQUIRED.** Call 376-3549 to reserve the limited space. Please call 376-3549 if you will need special accommodations to participate in this meeting. Riders must be able to walk up the ramp from the Orcas county dock to the Orcas ferry landing.

Arrive at Spring St. Landing: **7:00 am**
Board Charter: **7:20 am**
Register for Annual Meeting onboard
Disembark at Orcas: **8:30 am**
Board Orcas Ferry: **8:45 am**

Disembark at Orcas: **11:40 am**
Board Charter: **11:50 am**
Return to Friday Harbor by **1:00 pm**

ORCAS

Register at Landing: **8:00 am**
Board Ferry: **8:45 am**
Return to Orcas: **11:40 am**

SHAW

Board Ferry: **9:05 am**
Register on board
Return to Shaw: **12:25 pm**

LOPEZ

Register at Landing: **8:40 am**
Board Ferry: **9:30 am**
Return to Lopez: **11:25 am**



If you 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 OR
 2. Mail in your absentee ballot (sent to each member by mail)
- Six absentee ballots will be drawn for a \$50 bill credit!**

OFFICIAL NOTICE OF ANNUAL MEETING

The 74th Annual Meeting of the Members of Orcas Power & Light Cooperative will be held aboard a Washington State Ferry on Saturday, May 14th, 2011.

The business meeting will take place from approximately 9:45 a.m. until 11:15 a.m. Please note the agenda below. All Members are invited and encouraged to attend.

Orcas Power & Light Cooperative
John Bogert, Board Secretary

FOOD & PRIZES

Come hungry—brunch is served! 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).

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
- Youth Scholarship Awards
- Other Reports
- Manager's Report
- Election Report
- Questions & Answers
- Other Business
- Adjournment

**The 2011 Annual Meeting
is EARLY due to the spring
ferry schedule**

Brunch
served
on the ferry



MESSAGE FROM THE BOARD PRESIDENT:

CHRISTHOMERSON



OPALCO continues to be the stable non-profit cooperative institution you can rely on. In this era of prolonged economic troubles we remain financially healthy and work hard to help our members

by continuing to provide low cost electricity with excellent reliability that exceeds expectations. Our accomplishments this year include:

- We have adjusted our long range work plans to take advantage of compatible projects throughout the county as opportunities have presented themselves. These projects provide ongoing employment locally here in the county and reduce costs.
- We have installed proven technology to operate our system at the highest efficiency and are collaborating with BPA in experiments with cutting edge load management and homeowner information technologies. These

technologies allow us to manage our demand for electricity and save money now and into the future

- We have taken advantage of low interest rate options to pay for maintenance and construction projects while continuing to strengthen our system against storm damage and increase overall reliability to the maximum. This has allowed us to keep electricity rates for our residential members unchanged for the last three years.
- We have partnered with other significant organizations, such as the NRECA Touchstone Energy program which provides innovative resources to ensure we continue to improve on the benefits we provide to you, our members. We are an industry leader in aggressive energy efficiency programs backed by BPA to help you save electricity and immediately reduce your energy bill.

Remember, it is still true: energy efficiency is just like the Energizer Bunny... the savings keep on going and going.

OPALCO'S 100% ELECTRIC CAR

OPALCO GOES ELECTRIC!

Our new Nissan LEAF arrived on March 24th. OPALCO staff will be driving it around the island on co-op business. The LEAF is a 100% electric battery vehicle with zero emissions. Give us a wave when you see us!



MESSAGE FROM THE GENERAL MANAGER:

RANDY CORNELIUS



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 and operated cooperative that operates in the present and prepares for the future. We had another solid year of performance in 2010, not due to the single achievement of any one individual, but because of the extra efforts of many of our employees striving as part of a team.

The new 20-year power sales agreement with the Bonneville Power Administration (BPA) begins October 1, 2011, and it will bring a tiered rate structure. OPALCO's allocation of the Federal Columbia River Power System (FCRPS) was based on an average of our 2007 and 2008 loads. Our allocation is 25.108 average mW. This is the amount of Tier I power we will receive at a cost based rate, which is the lowest and the most stable power rate we could receive. All of our load growth after October 2011 will be at market rates or Tier II rates, which is a higher rate reflecting BPA's full cost of acquiring this additional power. This will result in a long-term upward trend in your energy costs.

Fortunately, you have the power to control our energy costs. Members can manage increasing electric bills through energy efficiency and conservation. Practicing conservation and learning about energy efficiency is something you can do. You have control over what you do in your homes and what practices will have the most impact in helping you lower your energy use and, most importantly, your electric bills.

OPALCO believes that members practicing energy efficiency can assist us in meeting challenges in the years ahead due to increased energy demand, costs and regulation. Gains in energy efficiency can help offset costs associated with market power purchases. We have been working in collaboration with Touchstone Energy Cooperative to promote the Together We Save program. Through this partnership, we have added some innovative features to our website with the intent of capitalizing on the strengths of the region. Please visit www.opalco.com to learn more about Together We Save and our energy efficiency programs.

In addition, it's a great time to take advantage of the federal tax credits available for qualified energy efficiency improvements in existing homes. Energy tax credits are also available for solar panels, small wind turbines, solar water heaters, geothermal heat pumps and other "green" technologies. These credits can cover up to 30 percent of the cost for approved projects completed on

MESSAGE FROM RANDY CORNELIUS continued

homes until 2016. More information on these energy tax credits is available at www.energystar.gov/taxcredits.

On an operational note, OPALCO had a good year. Many system improvements were made to decrease our system losses and improve reliability: 3.125 miles of overhead-lines were converted to underground; 3.16 miles of old direct buried cable was replaced; and 123 new service points were added to our system. Our automatic metering infrastructure will be completely phased in by the end of 2011. This system uses our power lines and our fiber optic system to communicate the data it collects from your meter to our offices. When this project is complete, the crews will not have to travel as far to read meters or locate faults, which will keep them safe, save time and help us save 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 technology.

Financially, we started the year with an approved budget of \$18.5 million. We ended the year with total expenditures of \$17.5 million. The board approved the payout of \$845,197 in the form of capital credits. Our budgeting and financial planning objectives include: keeping our financial position stable and strong; managing our risk; implementing a construction work plan to address system reliability; and funding new technology to reduce future operating expenses.

In closing, I want to acknowledge the outstanding performance of our employees and directors. Their efforts range from restoring service on stormy nights to approving policy in the board room. Their efforts reflect a high level of dedication to our members. Our member-owners can take pride in knowing they are served by a progressive staff and directors committed to meeting your needs.

IN MEMORIAM



**RICK
VAN EECKHOUT**
SEPT. 23, 1950 -
DEC. 23, 2010

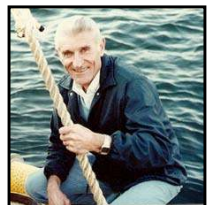
Rick was the
Communication

Technician at OPALCO from 1990-2010. He was instrumental in developing the island-wide fiber optics program, Island Network.

**ROBERT JOSEPH
SCHARNHORST**
MAY 21, 1920 -
JAN. 21, 2011

Bob managed
OPALCO from
1963-1982.

He was a conservationist and promoted green before it was a popular notion.



ENERGY SERVICES

SAVE ENERGY. SAVE MONEY. TOGETHER WE SAVE.

OPALCO reported 1,181,291 kWh of implemented energy savings for 2010 to Bonneville Power Administration, who administers and funds OPALCO's energy efficiency program. If one considers that the average residential energy usage is 1,000 kWh/month we could look at the above savings as having taken 100 homes off the grid last year!

Energy efficiency is possible in many different areas besides the usual residential EnergyStar appliances we all think about. For example, we have a program called Energy Smart Grocer which focuses mainly on grocery stores and convenience stores where upgraded refrigeration and HVAC units can mean big savings. In 2010, the new Lopez Market installed systems that will save them 40,188 kWh per year. They received a rebate from BPA of \$37,567 for their efforts.

Another way for businesses to take advantage of energy efficiency rebates is through a BPA Custom Project. Custom Projects are usually confined to commercial facilities with complex energy efficiency retrofits. BPA gets involved early and contributes hours of engineering expertise to define the achievable and measureable energy savings. For example, last year the Lopez School upgraded their heating system and is estimating a savings of 200,342 kWh per year. They received

a rebate from BPA of \$43,675 for their efforts. Coming in 2011 is an Energy Smart Industrial program that will serve the water/wastewater utilities of San Juan County.

The biggest news in the residential area for 2010 was the launch of our **Home Snapshot Energy Assessment** program. You can read all about it in this report (see page 7). This program gives OPALCO members access to a very comprehensive first step in determining how their home is performing and what they can do to improve energy efficiency, comfort and savings. If you haven't had your "snapshot" yet, please give us a call to get started on the road to energy efficiency. If you have had your "snapshot," please tell your friends and neighbors—and let us know about measures you've installed and results.

Our biggest challenge is engaging more of our members in energy efficiency and conservation—which is why we have joined forces with Touchstone Energy Cooperatives to bring you the Together We Save campaign. Please visit togetherwesave.com to see how you can save—and to learn how to install some energy efficiency measures yourselves.

If you have benefited from one of our rebate programs, residential or commercial, please tell your friends and neighbors. We are all in this together and together we will save!

TOGETHERWESAVE.COM

TOGETHER WE SAVE
SAVE ENERGY. SAVE MONEY.



Touchstone Energy®
Cooperatives

TOGETHERWESAVE.COM

OPALCO has partnered with Touchstone Energy Cooperatives to bring added value, savings and information to our membership. We have joined with more than 750 other rural electric cooperatives across the nation who, through Touchstone, share resources, information and materials to help members save energy and money.

“Energy efficiency and conservation are the best things we can all do to control our energy costs,” said General Manager Randy Cornelius. “In the next four to five years, OPALCO will be transitioning into market rates for any load growth on OPALCO’s system. The more members improve the energy efficiency of their homes now and become more aware of their energy usage, the better positioned we will be as a co-op to weather the transition to market rates and also the carbon accountability legislation that is coming.”

OPALCO will launch Touchstone’s “Together We Save” campaign at the annual meeting on May 14th. Go to www.togetherwesave.com to find out HOW you can save—and how MUCH you can save. Check out the library of DIY videos on how to install simple energy efficiency measures.



**I'M TIGHT WITH
MY MONEY.
AIRTIGHT.**

I'm saving up to \$200 a year by sealing a few cracks. What can you do? Find out how the little changes add up at TogetherWeSave.com.



TOGETHERWESAVE.COM

HOME SNAPSHOT ENERGY ASSESSMENTS

MEET OPALCO'S TEAM OF ENERGY SUPERHEROES



Tim Hance, Douglass Poole, Justin Paulsen

The best first step you can take to improve the energy performance of your home and save money on your electric bill is to schedule a **Home Snapshot Energy Assessment** with OPALCO's team of certified Building Performance Institute (BPI) analysts. More than 143 members have taken advantage of OPALCO's new Snapshot Assessments since we began offering the service last fall.

For a nominal fee of \$25, a certified contractor will inspect your home from top to bottom including insulation, windows and doors, heating system, ventilation and air quality, appliances and lighting. They will prepare a report on your home's energy efficiency status and potential and make prioritized recommendations for improvements that could save you money on your electric bill – and help you to better manage your energy load. While the contractor is in the home, they will offer to replace all of your light bulbs with more efficient compact fluorescent light bulbs (CFLs) and install low-flow showerheads as a part of the service for no extra charge.

Meet OPALCO's team of BPI certified energy superheroes:

TIM HANCE is the principal of *All Islands Home Inspections*. He is also a Board Certified Master Home Inspector, and WA State licensed Home Inspector and Structural Pest Inspector.

"The real value in the Home Snapshots," said Hance, "is homeowner education. We help homeowners learn how to best use their home, identify areas where low-cost improvements could make a real difference in their bottom line—and let them know about all of the rebates available."

Hance relayed the story of a home he inspected that had four attic access doors. Through simple weatherization (weather-stripping, closing up the gaps and insulating the attic-side of the doors), he estimates a heat efficiency savings of up to \$50/month. This household was losing 30% of their heat efficiency through those attic doors.

"I really believe in this program," said Hance. "It's a tremendous value to homeowners to have one-on-one time with a contractor in their own home."

Hance grew up on Orcas Island, is married to Liz Hance and is the proud father of daughters Evelyn and Maddy.

JUSTIN PAULSEN is a founding partner in *Terra Firma NW*, a commercial and residential contracting company since 2000. Terra Firma integrates energy efficiency into all of their projects and systems design.

“People live in their homes, but don’t often look closely at the house or the systems that operate within the home,” said Paulsen. “The Snapshot is a great way to take a close look and give homeowners a basis for understanding how their home works and how to make decisions about improvements.

“There is something in every home I’ve looked at—and it’s often the little things that can make a big difference,” Paulsen explained. “One homeowner had already contracted to have their floors insulated. The Snapshot revealed that their crawlspace was a conditioned (heated) space and the insulation would not make any difference. So, instead, they improved the insulation in their crawlspace, got a rebate and avoided spending more than \$1,000 on the unnecessary measure.”

Paulsen believes that giving homeowners a better understanding of how their homes—and home systems—work is worth the \$25 fee in itself. “Simply setting system controls correctly—based on how a person actually uses their home—can save money. Most people are not aware of how the systems in their home work, what maintenance is required or how to use them most efficiently.”

Paulsen lives on Orcas Island with his wife Amber, three daughters, one small son and another on the way.

DOUGLAS POOLE is principal of *Sage Building Solutions*, a home performance company focused on home energy remodels and solar installation. Poole has more than 25 years in the construction industry and is a LEED (Leadership in Energy and Environmental Design) Accredited Professional.

“Home performance is not just about saving money through improved efficiency; it’s also about the comfort and health of people,” explained Poole. “The Snapshot gives homeowners a deeper understanding of how their home is working and where making improvements make the most sense.”

Poole recently inspected a home with the furnace in a storage room. “The walls had building paper over the insulation, but no sheetrock. You could see the heating dollars flying through all the seams and right out the roof. In addition to sealing the walls, we sealed their heating ducts and they will receive rebates for duct sealing and air sealing.”

“We are making a difference in our community through load reduction, education about energy use and the home as a system,” said Poole. “This has as much to do with the health of individuals living in more harmonious homes as it does with saving money.”

Two years ago, Poole returned to his childhood home of Lopez with his two toddler-aged children and his wife Jennifer, a high school English teacher. They love their new island home.

M.O.R.E. - MEMBER OWNED RENEWABLE ENERGY

OPALCO'S NEW GREEN POWER PROGRAM

Since 1998, OPALCO members have opted in to the Green Power program, paying a little bit more each month on their power bills to support renewable energy.

OPALCO is proud to unveil a new generation of green power: Member Owned Renewable Energy, or MORE. The MORE Program collects member donations for green power, as before, but now 100% of all donations will go toward supporting LOCAL members who are generating their own renewable energy and are interconnected to OPALCO's system.

HOW CAN YOU PARTICIPATE? It's easy. If you are already opting into OPALCO's green power program you can simply continue as before—the difference is where your donations are put to work: right here in San Juan County. If you want to join OPALCO's green power program, check the box on your paper bill or call in to let us know at 376-3500. Members can opt-in to support MORE by the block (\$4/block), designate a higher monthly donation amount and/or make a one-time donation to the MORE Program.

MORE "SUPERHEROES" can opt into full participation by signing up for a four-cent premium per kilowatt hour for all energy consumed on their monthly bills.

Want to learn more about how MORE works? Go to www.opalco.com/MORE to familiarize yourself with the details of the program and also to explore how to become a local renewable generator yourself.

OPALCO is proud to have more than 60 local members generating their own renewable power. We truly *"get our power from you!"*

Please join us with your monthly contribution to MORE. As a co-op, we can save energy and position ourselves for a more sustainable future as we work together to bring more local renewable generation onto our own system.



2010 ANNUAL MEETING



OPALCO AT WORK



COMBINED BALANCE SHEETS

FOR YEARS ENDING DECEMBER 31, 2010 AND 2009

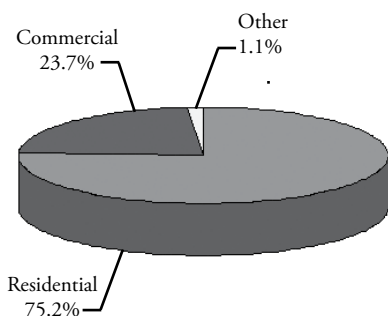
	2010 <i>unaudited</i>	2009 <i>audited</i>
ASSETS		
Utility Plant	7 7,019,821	72,912,975
Less Accumulated Depreciation & Amortization	<u>30,501,824</u>	<u>28,610,400</u>
Net Electric Plant	46,517,997	44,302,575
OTHER PROPERTY AND INVESTMENTS - AT COST		
Non-utility Property (net)	233,754	173,200
Investments in Associated Organizations	<u>883,687</u>	<u>872,074</u>
Net Non-Utility Property	1,117,441	1,045,274
CURRENT ASSETS		
Cash and Cash Equivalents	2,478,786	2,628,906
Accounts Receivable	2,065,759	2,124,542
Materials and Supplies	1,217,892	1,174,152
Other Current & Accrued Assets	<u>88,497</u>	<u>75,205</u>
Total Current Assets	5,850,934	6,002,805
DEFERRED CHARGES	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$53,486,372</u></u>	<u><u>\$51,350,654</u></u>
EQUITIES AND MARGINS		
Memberships	\$58,475	57,465
Other Equities	2,458,133	2,177,715
Patronage Capital	<u>36,046,269</u>	<u>35,425,466</u>
Equity and Margins	38,562,877	37,660,646
LONG-TERM DEBT		
RUS Mortgage Notes	9,113,935	9,547,366
CFC Mortgage Notes	<u>2,934,186</u>	<u>1,576,572</u>
Long-term Debt	12,048,121	11,123,938
CURRENT LIABILITIES		
Accounts Payable	1,347,428	1,169,237
Customer Deposits	60,866	62,962
Accrued Liabilities	909,093	730,650
Current Maturities of Long-Term Debt	<u>533,867</u>	<u>556,379</u>
Total Current Liabilities	2,851,254	2,519,228
DEFERRED CREDITS	<u>24,120</u>	<u>46,842</u>
EQUITIES, MARGINS AND LIABILITIES	<u><u>\$53,486,372</u></u>	<u><u>\$51,350,654</u></u>

STATEMENTS OF REVENUE AND MARGINS

FOR YEARS ENDING DECEMBER 31, 2010 AND 2009

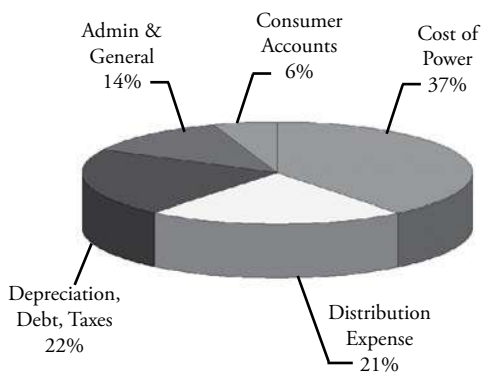
	2010 <i>unaudited</i>	2009 <i>audited</i>
	<u>\$18,667,312</u>	<u>\$19,684,019</u>
OPERATING REVENUES		
OPERATING EXPENSES		
Cost of Purchased Power	6,425,863	6,695,609
Distribution Expense	3,636,104	3,610,026
Consumer Accounts	936,561	912,793
Administrative and General	2,459,678	2,067,179
Depreciation and Amortization	2,313,197	2,231,601
Taxes	813,110	814,561
Interest on Long-term Debt	<u>685,115</u>	<u>623,702</u>
Total Operating Expenses	<u>17,269,628</u>	<u>16,955,471</u>
OPERATING MARGINS	1,397,684	2,728,548
NON-OPERATING MARGINS	82,881	78,578
PATRONAGE CAPITAL CREDITS	<u>31,419</u>	<u>39,722</u>
NET MARGINS	<u>\$1,511,984</u>	<u>\$2,846,848</u>

2010 REVENUE



- Residential (75.2%)
- Commercial (23.7%)
- Other Revenue (1.1%)

2010 EXPENSE



- Cost of Purchased Power (37%)
- Depreciation, Debt and Taxes (22%)
- Distribution Expense (21%)
- Administrative and General (14%)
- Consumer Accounts (6%)

2011 BOARD ELECTION: DISTRICT 1

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 **District 1** (San Juan, Brown, Henry, Pearl and Spieden Islands): David Hylton and George Mulligan; **District 2** (Orcas, Armitage, Big Double, Blakely, Fawn, Little Double, and Obstruction Islands): Winnie Adams and Chris Thomerson; **District 3** (Lopez, Decatur, Center and Charles Islands): Jim Lett and Bob Myhr; **District 4** (Shaw, Bell, Canoe and Crane Islands): John Bogert. District 1 Directors are up for election in 2011.

Absentee Ballots (mailed to each co-op member) must be received at OPALCO's Eastsound office no later than noon on Friday, May 13th. Ballots can also be cast at the annual meeting on the ferry, Saturday, May 14th. 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 for District 1. Each membership gets one ballot regardless of how many meters or accounts a member may have.

Board candidates are nominated by committee or by petition. This year's candidates nominated by committee are Dave Hylton, Mark Madsen, George Mulligan and Ron Zee. One candidate is nominated by petition: Vincent Dauciunas.

CANDIDATE BIOS

VINCENT DAUCIUNAS



Vince Dauciunas and his wife Vikky have been residents of San Juan Island since 2002. After 30 years in Silicon Valley, the beauty and quality of life in the San Juan Islands beckoned! Vince currently sits on the Board of Directors of the Animal Shelter, serving six years as their treasurer. He is a commercial pilot, and is currently designing a wind and solar grid-tie system for their home.

Vince holds Bachelors and Masters Degrees in Electrical Engineering from the University of Notre Dame and UC Berkeley. After working at NASA's Jet Propulsion Laboratory, he spent 26 years with Hewlett Packard and Agilent Technologies in R&D, General Management, and Business Development. His experience included development of systems for measurement, computation and control in a wide variety of industries, including

Power Generation, Environmental Science, and Water Quality. He was responsible for Strategic Planning in the Chemical and Life Sciences Group. Next, Vince was Vice President of Business Development at Symyx Technologies; a company focused on high-speed materials discovery in fields such as Fuel Cells and advanced battery technologies.

Vince believes that OPALCO can succeed in its mission by:

- Continuing to improve its infrastructure and procedures to assure availability, reliability, affordability, and sustainability of supply
- Enhancing community interaction, with the goal of slowing demand through conservation and increasing supply with locally generated renewable energy
- Establishing a comprehensive roadmap to meet future energy needs that takes advantage of emerging technologies, renewable sources, and the skills and knowledge of the community.

DAVE HYLTON (INCUMBENT)



Dave Hylton was raised on San Juan Island and graduated from Friday Harbor High School in 1957. During this time he worked the family farm and fished commercially. In the early 1950s, Hylton would visit OPALCO's Friday Harbor generating plant to marvel at its huge diesel engines. He also remembers watching as the first OPALCO cable was laid to San Juan Island. After graduating from Washington State University with a degree in Mechanical Engineering in 1961, he began a 35-year career with Chevron Corporation where he

managed operations, maintenance and construction of oil refineries and cross-country pipeline systems.

Hylton is now retired and lives at the north end of San Juan Island. In addition to serving as a Director of OPALCO, he is a Director of Limestone Point Water Company, Inc.



Your absentee ballot will arrive by mail.

Cast your votes for the OPALCO Board of Directors by mailing in your absentee ballot (due by noon on Friday, May 13th) or by attending the

**74th Annual Meeting on the ferry
Saturday, May 14th**

Hylton was first elected in May, 2005. If re-elected, he will continue to direct OPALCO toward five fundamental objectives:

- Deliver reliable electricity to all OPALCO Member-Owners.
- Purchase and distribute electricity at the lowest cost using good business practices.
- Maintain safe facilities and apply safe operating practices.
- Ensure our Cooperative remains financially healthy.
- Encourage Members to make wise choices about using electrical energy.

According to Hylton, “OPALCO is facing several issues which will require Board consideration:

- OPALCO’s member demographics have changed. A significant number of seasonal and part-time occupancy dwellings use below-average amounts of energy on an annual basis. Because of this, the board must re-evaluate how the Cooperative’s fixed costs are recovered so that all Members share this cost fairly.
- Currently the Northwest enjoys low-cost, renewable, federal hydro power—which is managed by Bonneville Power Administration (BPA). The demand on this system will soon be greater than its capacity. Choosing a long-term incremental power source will take years of study and deliberation.”

MARK MADSEN



Mark Madsen has been a resident of San Juan Island since 2006, having moved from Seattle, where he was born and lived for many years. Madsen worked for several decades in the telecommunications, networking, and software industries, having spent time in the late 1980’s working at English and American Camps as an archaeology graduate student. He currently serve on the Board of Trustees for the San Juan Island Library District, and on the board of the San Juan Islands Agricultural Guild.

Prior to moving to the islands, Madsen co-founded Allrecipes.com, and was part of the early engineering teams at RealNetworks and Internap Network Services, in addition to roles in six other technology companies. At Internap, he was responsible for leading the systems and software engineering teams responsible for buildout, network management, and performance monitoring of 30+ high-performance networking facilities worldwide.

Madsen’s interest in participating in the Board is to bring knowledge and perspective concerning broadband Internet and network engineering, given that OPALCO operates a large fiber-optic network throughout our islands. He believes that “OPALCO is more than just our power utility; OPALCO is member-owned infrastructure for island residents.”

The unique geographic position that makes our county a wonderful place to live also creates challenges for private industry to bring us state-of-the-art infrastructure. “If we do not want to be left behind as technology evolves and becomes ever more critical for business, education, and even entertainment,” said Madsen, “we will need to come together and invest in our own future. And what better way than the assets that we, as member-owners, already had the foresight to build.”

GEORGE MULLIGAN (INCUMBENT)



With his wife Pauline, George Mulligan has lived in Friday Harbor the past fifteen years. Previously, in Washington, DC, Mulligan was engaged in commercial real estate development. He received degrees from Harvard College and Harvard Business School. With Dave Hylton, for the past three years, Mulligan has represented San Juan Island members on the OPALCO Board. As a candidate for reelection, he would like to share with you the perspectives he brings to that job.

According to Mulligan, “OPALCO is in very good shape:

- Our \$75 million distribution plant recently earned an A report card from Federal regulators; a ten year maintenance and improvement plan is in place and funded, assuring members continuation of reliable service well into the future.
- Our contract with BPA assures us economical and clean hydro energy in sufficient quantity to meet most all our needs for the foreseeable future.
- Storms this past winter reminded us our line crews, the heart and muscle of our system, always get the job done.
- Our finances are bullet proof and provide a more than adequate financial base for any possible future need.
- Financial reporting, governance, accounting, and control functions have been dramatically improved over the past several years; your Board is well informed and management is firmly in control of the cooperative.

Areas of concern:

- The management team responsible for this fine enterprise for the most part will be retiring in the foreseeable future: replacing Randy Cornelius and his senior team will be the most important challenge facing future Boards.
- OPALCO’s fiber optic system to date has been made available to limited public and private institutional users. I am hopeful we might find a way, in concert with others, to extend access to this system more broadly.
- Ethical responsibility, not economics, requires improvement in our community’s use of energy. I am hopeful OPALCO can enhance its efforts in this area of concern.”

RON ZEE



“I would enjoy serving his community as an OPALCO Board member,” said Ron Zee, “and, if elected I would bring a general background in government (federal, state, and local) and specific experience in energy policy to the Board.” Zee has been an advocate for energy conservation, energy efficiency and renewable energy development for many years. “The emphasis that OPALCO has placed on these energy areas is most commendable, and I expect OPALCO to continue to provide leadership in the wise use of energy resources.”

Zee’s background in government includes serving on the San Juan County Agricultural Resources Committee for the past six years, three of those as chair, and he is a past District Manager of the San Juan Islands Conservation District. Seven years ago, Zee helped found Leadership San Juan Islands, our countywide community leadership development program that continues to build civic leadership capacity in the islands. Early in his career, Zee worked on the staff of a U.S. Senator in Washington, DC; served as an energy assistant to the Governor of New Mexico helping to organize the Western Governors Energy Policy Office; worked in intergovernmental relations for the U.S. Department of Energy, reporting to the Deputy Secretary; and was employed as deputy managing director of the Council of Energy Resource Tribes in Denver.

“Most importantly,” said Zee, “my wife Elaine and I have been blessed to live on San Juan Island for the past fourteen years, where we are co-owners of Sweet Earth Farm, along with our two daughters and granddaughter.”

GO PAPERLESS AND SAVE!

GO PAPERLESS TODAY!

No deposit required, no late fees with **AutoPay**; no paper waste, no postage costs with **E-Bill**! Call Member Services at 376-3500 to sign up today, or for more information.

It’s the Co-op way!





PROJECT PAL

ROUND UP TODAY

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 bill amounts to the next whole dollar, plus 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.

2009-2010 Project PAL Report:

- An average of 2,953 members rounded up their bills each month for a total of \$21,487. An additional \$14,957 was received from members in monthly and one-time gifts
- 243 members received grants for a total of \$37,430 PAL funds disbursed*
- 101 were senior or disabled members

* Includes additional funds rolled over from 08-09

MEET OPALCO'S NEWEST EMPLOYEES



James Toole, Special Projects Coordinator and **Amy Saxe**, Member Services Supervisor



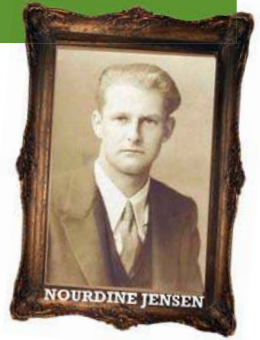
Roger Sandwith,
Journeyman Lineman
Welcome back!



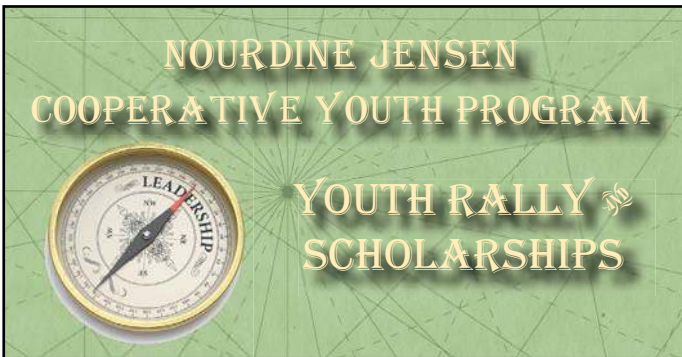
Sébastien Ghizzo,
Software Specialist

NOURDINE JENSEN COOPERATIVE YOUTH SCHOLARSHIP PROGRAM

The OPALCO Board of Directors has established a scholarship program in honor of Nourdine Jensen, a long-time board member and advocate for the Cooperative. The Nourdine Jensen Cooperative Youth Scholarship Program will award three high-school sophomores/juniors with a \$500 scholarship and all-expenses paid trip to the Youth Rally leadership camp at the College of Idaho this July. Finalists have been selected for 2011 and scholarship recipients will be announced at the May 14th Annual Meeting.



Nourdine Jensen believed in reliable, affordable electricity for the rural islanders of San Juan County and he believed in the cooperative model. In that spirit, the Nourdine Jensen Cooperative Youth Program was established to educate our youth about electric co-ops and public power, to give them the opportunity to expand their horizons and to develop leadership qualities.



The three students from San Juan County (along with an OPALCO chaperone) will join with about 150 peers from rural electric co-ops in Idaho, Alaska, Oregon and Wyoming at the

Rally. The Rally is hosted by the Idaho Consumer Utilities Association and was established in 1986. In addition to leadership building activities, students will enjoy a full range of social activities such as a visit to a water park, roller-skating, bowling, dances and a talent show. While at the Youth Rally, students can compete to earn additional scholarship and leadership awards.

Students who will be sophomores or juniors during the 2011-2012 school year may apply for the 2012 scholarship at www.opalco.com beginning January, 2012.

The mission of the Orcas Power & Light Cooperative is to serve our Members with safe, reliable, cost effective and environmentally sensitive electric utility services.



Certificate No. 2

ORCAS POWER and LIGHT COMPANY



tion shall be entitled to one vote and members of the Corporation.

This certificate and the member
ject to all the terms, conditions and
Incorporation and By-Laws of the C
ments thereto and to the application
bership in the Corporation.

IN WITNESS W

The Corporation has caused this c
President and Secretary and its cor

day of 193....

H T Clayton
PRESIDENT.

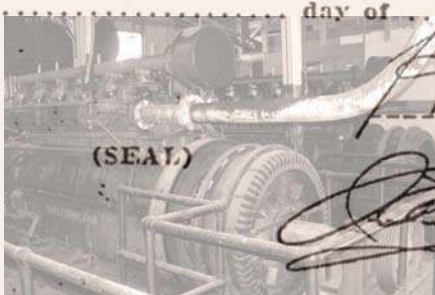
W Harrison
SECRETARY.

(SEAL)

75th Anniversary
May 2012

**CALL FOR
HISTORICAL
MEMORABILIA,
PHOTOS,
KEEPSAKES,
PAPERS, STORIES**

Please contact Suzanne
Olson at 376-3537
if you have anything to
show or share.



BE AN ENERGY SUPERHERO IN YOUR OWN HOME.

Learn how at . . .

**OPALCO's 74th
Annual Meeting on the Ferry
Saturday, May 14th 2011**



- Free meal for member families
- Learn how to save energy and money
- Elect the Board of Directors
- Receive a \$5 credit on your bill
- Win great prizes
- Take home energy efficiency tools

Meeting Time:
9:45 - 11:15 a.m.
travel schedule inside
front cover



SAVE ENERGY. SAVE MONEY. TOGETHERWESAVE.COM