

Orcas Power & Light Cooperative

Board of Directors

Strategic Directives

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

1. **Safety**

Safety is job #1.

2. **Sustainable Power Supply Strategy**

OPALCO will maintain a long term evolving strategic power supply resource plan to provide safe, adequate, reliable, advantageously priced power including appropriate mitigation of source risk, economic, climate and energy policy uncertainty.

Maintain BPA as our primary long-term power supplier.

Investigate and form relationships with alternate suppliers of power.

Implement energy efficiency and conservation programs as a cost effective power resource. These include member projects, BPA programs, and OPALCO infrastructure improvements.

Encourage local generation installations consistent with our OPALCO grid operations.

3. **Cash Position and Reserves**

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

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

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

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

5. **Times Interest Earned Ratio**

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

6. **Reliability of Electric Service**

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

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

Tariffs are to be based generally on cost of service. The Board seeks a long-term creative solution to reconcile the mutually exclusive objectives of decoupling power sales from

infrastructure costs while providing motivation for energy efficiency and satisfying our members.

6. Communications with Members

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

8. Fiber Optic Backbone Non Operational Use

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

9. Individual Charitable Donations

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

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

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

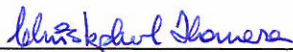
11. Deployment of Technology to Support Operations

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

12. New Activities

New OPALCO activities may reasonably be considered if they meet the following criteria:

- Match existing or probably achievable core competencies
- Are economically viable and make financial sense
- Our community demonstrates a will or need to a satisfactory level



Chris Thomerson, President



Date