



**BOARD OF DIRECTORS
REGULAR BOARD MEETING 8:15 a.m.
Lopez Fire Station
2228 Fisherman Bay Road, Lopez Island
Thursday, January 16, 2014**

TRAVEL



Via Island Air

378-2376 / 378-8129 (cell)

To:

Leave FH 7:45 a.m.

Arrive Lopez 8:00 a.m.

From:

Leave Lopez 12:15 p.m.

Arrive FH 12:30 p.m.



Via Ferry:

To:

Leave FH 5:55 a.m.

Leave Eastsound 7:00 a.m.

Arrive Lopez 6:40 a.m.

Arrive Lopez 7:45 a.m.

From:

Leave Lopez 1:05 p.m. *

* Leave FH 2:05 p.m.

Arrive FH 1:45 p.m.

Arrive Orcas 2:55 p.m.

*Orcas residents ferry to FH, then to Orcas

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting**
Lopez Fire Hall, 2228 Fisherman Bay Road, Lopez Island
January 16, 2014 8:15 a.m. – 11:30 a.m.

(NOTE: Must vacate room by 11:30)

PAGES

WELCOME GUESTS/MEMBERS

CONSENT AGENDA

- 3-5** ○ Approval of December Minutes
- 6** ○ Admission of New Members

ACTION ITEMS

- 7-12** ○ Policy 28 *Collaboration with Nonprofits*
- 13** ○ Capital Credits
- 14** ○ RUS Form 219s
- 15** ○ Member-Initiated Bylaw Revisions
- 16-25** ○ Resolutions 1-3 Substations Use for Solar Array
- 26** ○ 2014 Committee on Nominations

DISCUSSION ITEMS

- 27-38** ○ Tariffs
- 39** ○ Video Conferencing of Board Meetings

REPORTS

- 40** ○ Cash Recap
- 41** ○ Total Fund Balances Chart
- 42** ○ Outages
- 43** ○ Safety
- 44-45** ○ General Manager

INFORMATION ITEMS

- 46** ○ New Services
- 47** ○ Historical MORE Revenue
- 48** ○ Member Billing Revenue History

ADJOURNMENT

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, December 19, 2013

President Chris Thomerson called the meeting to order at 8:35 a.m. at the Eastsound OPALCO office. Directors Winnie Adams, Glenna Hall and Jim Lett were present. Vince Dauciunas and Bob Myhr were absent. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth, Manager of Engineering and Operations Russell Guerry and Executive Assistant Bev Madan, serving as recording secretary.

Member/Guests

Deer Harbor members Kevan Rayne, Jerry Noesen, Bonnie Ward, Sheldon Gregory, and Bern Shanks appealed to the Board to move forward with the Broadband Initiative.

Howard Barbour attended as acting spokesperson for an ad-hoc group assembled to address the broadband and cell phone situation in Deer Harbor.

Mariah Armenia represented Four Winds Camp, relaying the problems they have had with Broadband.

Anne Marie Shank, president of the Deer Harbor Community Club, reiterated their support as they had outlined in a letter sent to the Board at the beginning of the Broadband Initiative. They are interested in forming a three-way partnership with OPALCO and an ISP and stated they are "organized and ready".

Dave Dilling represented the Spring Point Home Owners Association and stated they are eager to see the Broadband Initiative go forward.

Lopez member Steve Ludwig presented two petitions for bylaw revisions.

Other members in attendance were Dwight Lewis, Gray Cope and Sandy Bishop who individually requested more transparency from the Board.

November Minutes

After discussion, the Board determined that statements made by individual directors should not be included in the minutes unless discussed at the time the statement(s) is made.

Motion made by Lett and seconded to approve the November minutes as amended. Motion carried.

New Members

Motion made by Adams and seconded to approve the new members as listed. Motion carried.

Center

Dugas, Sean & Brian

Lopez

Ellings, Tyson
Fleming, Barbara J
Fromm, Mollie
Hendrix, Levanne R
Lewis, Paul R
Manning, Ann & Lishner, Daniel
Mariotti, Nancy T
Mc Callum, Gale
Sausman, Jake & Keri
Sheridan, Ed & Diana Brown

Orcas

Aley, Adam
Augenstein, Shandra & Rick
Bell, Courtney
Clark-Mahoney, Kelty

Eberle, Charles James & Asia Soloian
Ferraris, Theodora & Hayworth, Sidney
Hausauer, Daniel & Danyel
Leyba, Martin & Susan
McTavish, Doug & Thelma
Miller, Steven W & Mary A
Morby, Zachary Monroe
Rorabaugh, James

San Juan

Altena, Bridgette
Borahan, Shelley
Cardinale, Frank & Mareille
Cook, Jeff
Dahl, Kurt
DeLorenzi, Michele
DiGiovanni, Anne
Earnhart, Laura
Evans, William L
Griffin, Deborah A

Grove, Lara
Guard, Coral
Gustafson, Jennifer
Hutchison, Dustin
Kunz, James F & Jean M
Mathiesen, J Craig & Caryol
Minich, Arthur P & Patricia A
Nunez, Mario
Radcliffe, William & Donna
Reese, Zachary S

ReMax Whatcom County, Inc
Roberts, Peter & Pamela
San Juan Transit
Sicilia, Frank & Awada, Leila
Stanford Sr, Dave A
The Studio
Thomas, Troy H
Westcott Bay Shellfish LLC
Wisen, Laura
Wuthnow Family LLC

Capital Credits

Motion made by Hall and seconded to approve \$1,869.09 in payment of capital credits to the estates of deceased members listed below; the motion carried.

| | |
|----------------------------|------------|
| Joyce Ellen Graff | \$1,060.19 |
| Richard B. Halvorson | \$ 123.80 |
| Egil P. Haukeberg | \$ 685.10 |

Committee on Nominations

The Board will appoint a Committee on Nominations no later than January 3, 2014 which is 120 days prior to the annual meeting, as required by the bylaws.

NRECA Voting Delegate

NRECA's 2014 annual business meeting will be held March 3-5 in Nashville.

Motion made by Hall and seconded to name Foster Hildreth the voting delegate and Chris Thomerson the alternate for the NRECA 2014 annual business meeting. Motion carried.

RUS 219

Motion made by Adams and seconded to approve submittal of RUS 219s representing work completed during October in the amount of \$180,815.77. Motion carried.

Lopez Sound Easement Relinquishment

Easement AFJN64795 was granted in 1966 to cover any power lines within the easement description. In 1974 the overhead section extending throughout the properties was replaced with underground; easements AFN 85271 and 84945 were granted to OPALCO for the installation of these underground lines. Due to repeated outages, OPALCO replaced the cable in a new location with new easements. The older easements have no value nor any ascertainable future value to OPALCO.

Motion made by Lett and seconded to relinquish all rights to easements AFN 64795, 85271 and 84945. Motion carried.

Policy 7 Employee Expense Reimbursements

Policy 16 Directors' Stipend, Reimbursements and Benefits

Policies 7 and 16 were reviewed at the November Board meeting with no suggested edits.

Motion made by Hall and seconded to approve the amendments to Policy 7 and Policy 16. Motion carried.

Conservation Potential Assessment (CPA)

Jay Kimball presented preliminary findings of the Conservation Potential Assessment by EES Consulting.

Energy Efficiency & Conservation Nonprofits Roundtable Discussion

Jay Kimball reported on the roundtable discussion held at the Orcas Hotel December 17 with nonprofits from throughout the county. The goal was to get the nonprofits to collaborate on conservation measures throughout the county. The meeting resulted in the attendees self-organizing and scheduling another meeting for early January.

Reports

Cash Recap – Hildreth reported a projected total fund ending balance of \$3,559,082 for December 31, 2013.

Total Fund Balances – Hildreth reported that the graph of the cash recap showed the RUS loan draws taken in 2013 (June \$1.5M, August \$1M and November \$700k) were in line with the 2013 budget.

Outages – The standard report showed a total of 14 outages for November with 133 in 2013. Most were due to underground cable failure.

Safety – Lett shared excerpts from the Federated Newsletter *Open Lines*. Safety as a culture was discussed, with the Board reiterating that they support whatever it takes to instill a “culture of safety” at OPALCO. Cornelius reported that WRECA is looking into having a RESAP (Rural Electric Safety Achievement Program) statewide.

Manager’s Report – Cornelius reviewed some of the topics that will be before the legislature during the 2014 session, including Cap and Trade legislation on carbon emissions, I-937, feed-in tariffs, stronger net metering laws and others.

Adjournment

The meeting adjourned at 11:15 p.m.

Chris Thomerson, President

Jim Lett, Secretary-Treasurer

New Members December 2013

Center

1. Morgan, Valorie & Coulson, Cesilee

Crane

2. Crowell, Kimberly

Lopez

3. Bostick, John H
4. Czaja, Elayne
5. Green, Filicity A
6. Hamlin, Jackie & Bill
7. Sather, David & Mary

Orcas

8. Brueckner, Phoebe & Douglas, John
9. Budnick, M George
10. Cichy, Stephanie
11. Graminski, John
12. Grato, Erin
13. HUD c/o Sentinel Field Services
14. Lanham, Russell
15. Lotioncrafters LLC
16. McGerty, Emily
17. Myers, Robyn M
18. Nicol, James D
19. Orcas Food Coop
20. Rose, Jennifer
21. Williamson, Dan & Chapp, Colleen

San Juan

22. Alsdurf, David
23. Arevalo, Julie
24. Brown, Jeffrey C
25. Cole, Michelle
26. Dell Veneri, Patricia K
27. Frost, D. Whitney
28. Hinkle, Kenneth
29. Hoglund, Dan & Sue
30. Jensen, Leslie
31. Johnson, Thomas H
32. Mc Govern, Nancy & Robert
33. Off Island Girl LLC
34. Reynolds, Jennifer K
35. Roberts, Mary
36. Scarff, Mike
37. Schubert, Elizabeth
38. Simons, Karma
39. Sowers, Kimberlee M & Paul A
40. Stewart, Sandra
41. Streeter, Tristian
42. Thomaswerks
43. Wittkopp, P
44. Woods, Brenna L

Shaw

45. Anderson, Carl & Debbie

MEMORANDUM

January 9, 2014

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Policy 28 *Collaborating with Nonprofits to Accelerate Energy Efficiency*

Policy 28 is being revised to allow the San Juan Islands Conservation District (SJICD) to act as the umbrella group for nonprofits working collaboratively with OPALCO on conservation.

Staff requests a motion to waive the first reading and to approve the draft changes to Policy 28 as presented.

ORCAS POWER AND LIGHT COOPERATIVE

POLICY 28

COLLABORATING WITH NONPROFITS TO ACCELERATE ENERGY EFFICIENCY & CONSERVATION, & RENEWABLE ENERGY PRODUCTION

28.1 PURPOSE

The Board of Directors of OPALCO wants to encourage and increase *Energy Efficiency* and *Conservation* (EE&C), and *Renewable Energy Production* in OPALCO's service area. OPALCO may collaborate with qualified 501(c)(3) organizations and community nonprofits, to accelerate advancement of this goal.

The purpose of this Policy is to establish guidelines for collaboration between the nonprofits and OPALCO's Board of Directors, general manager and staff.

28.2 POLICY

OPALCO has been and will continue to operate a traditional electric utility conservation program aimed at reducing consumption of *electricity*. It will operate the BPA portion of this program under the terms and conditions of the *Energy Conservation Agreement* OPALCO has executed with Bonneville Power Administration (BPA).

In addition, to accelerate *Energy Efficiency* and *Conservation* beyond those who use electricity for their primary source of heat, OPALCO will encourage nonprofits to seek other sources of funding to perform retrofits outside the scope of BPA's energy conservation programs.

28.2.1 Under the *Energy Conservation Agreement* OPALCO may use BPA funds to incentivize any residential and commercial measures as outlined in the BPA *Energy Efficiency Implementation Manual* (Manual). This Manual is currently published twice a year; April 1 and October 1.

28.2.2 The BPA portion of Energy Efficiency and Conservation programs will be run by OPALCO's Energy Services Department. The Manual, together with the BPA Energy Conservation Agreement (ECA) and specifications in BPA's energy efficiency reporting system provide the implementation requirements for projects reported to BPA. BPA will audit all measures reported for which incentive dollars are received. If the measures pass BPA's audit, BPA will reduce three-fourths of the initial kWh savings from our load forecast in order to reduce any Tier 2 purchases.

28.2.3 Collaboration with the nonprofits will be managed primarily by OPALCO's Energy Services Department or specific staff appointed by the GM.

28.2.4 The Energy Services Department will continue to promote the OPALCO Energy Efficiency and Conservation, and Renewable Energy programs to the co-op membership by engaging with school programs and community organizations. In addition, they and the nonprofits will engage with community organizations

and the general public to further the awareness, support, and implementation of *Energy Efficiency and Conservation, and Renewable Energy*.

28.3 Collaboration with Nonprofits

The San Juan Islands Conservation District (SJICD) will serve as the umbrella Policy 28 nonprofit, acting as a hub connecting other affiliated community nonprofits and organizations with OPALCO. Per the 2013 Policy 28 standards, SJICD is a nonprofit entity under Washington State.

SJICD is self-funding, with a demonstrated ability to operate a nonprofit business effectively and professionally. They are governed by a board and advisors composed of people from throughout OPALCO's service area.

Nonprofits and other organizations wishing to participate in Policy 28 initiatives must do so through SJICD. SJICD will act as a central coordinating organization, facilitating collaboration between OPALCO and SJICD and its affiliates. Any work undertaken in collaboration with SJICD and OPALCO must include a plan that clearly identifies needs, goals, objectives, action plan, and budget, as well as metrics to measure effectiveness of the plan as it is implemented.

The intent of such collaboration is to maximize the reach and implementation of OPALCO's *Energy Efficiency and Conservation, and Renewable Energy Production* programs throughout the service area.

OPALCO will develop rules and guidelines for how SJICD and its affiliates and OPALCO's Energy Services Department will collaborate with one another.

- 28.3.1 SJICD and its affiliates must collectively serve the general community covered within OPALCO's service area, not just their home island. At a minimum, they will serve all of the ferry-served islands. In addition, the SJICD Board of Directors and Advisors must continue to include members from all ferry-served islands. Each year, SJICD will provide OPALCO with the names of their personnel and their Board of Directors and Advisors as well as their qualifications to implement the proposed measures.
- 28.3.2 OPALCO and SJICD have established a Memorandum of Understanding (MOU) that describes the rules and standards under which OPALCO and SJICD and its affiliates will operate. OPALCO's intent is to fund projects through grants or contractual agreements for specific projects and sustainable programs that are consistent with the long-term goals set forth by OPALCO for *Energy Efficiency and Conservation, and Renewable Energy Production*.
- 28.3.3 SJICD may engage in additional projects in which OPALCO is not involved. If SJICD or its affiliates move into areas in conflict with OPALCO's policies, goals, and objectives, OPALCO may withdraw all support from the project.

- 28.3.4 If involved in retrofitting for energy efficiency and conservation of *electricity* within homes or businesses, the SJICD and its affiliates must follow the most recent BPA *Implementation Manual* and work with the Energy Services Department to assure that the energy savings are reported and accepted by BPA and thus used to reduce OPALCO's load forecast.
- 28.3.5 SJICD and its affiliates represent themselves as independent organizations. Any use of OPALCO's name or reputation in communications, advertising, marketing, branding, logos, etc. must be specifically approved, in writing, by senior OPALCO management.

Randy J. Cornelius, General Manager

Effective Date

Randy Cornelius

From: Perry, Marcus I (BPA) - PSW-SEATTLE <miperry@bpa.gov>
Sent: Tuesday, January 07, 2014 3:39 PM
To: Randy Cornelius
Subject: Tier 2 Exposure_Per Our Phone Call
Attachments: OPALCO_Tier 2 Estimate_20140107.pdf

Hi Randy,

Attached is a little visual I put together for you to see potential Tier 2 implications given the latest published forecast. After looking through the CPA report Sarah incorporated a level of conservation achievement that would bring OPALCO down to a zero growth rate moving into the next rate period. As a result, It looks like OPALCO will not have tier 2 obligations for the next rate period (FY16-17).

Now, I have to caveat that claim noting that I assumed that the FY16-17 Rate Period High Water Mark (RHWM) is the same as FY14-15 (a big assumption as it will likely change, but I don't anticipate it deviating too much from its current value). If, for some reason the RHWM does change drastically it could alter that picture by lowering the blue line and therefore the green line which in turn could expose OPALCO to Tier 2.

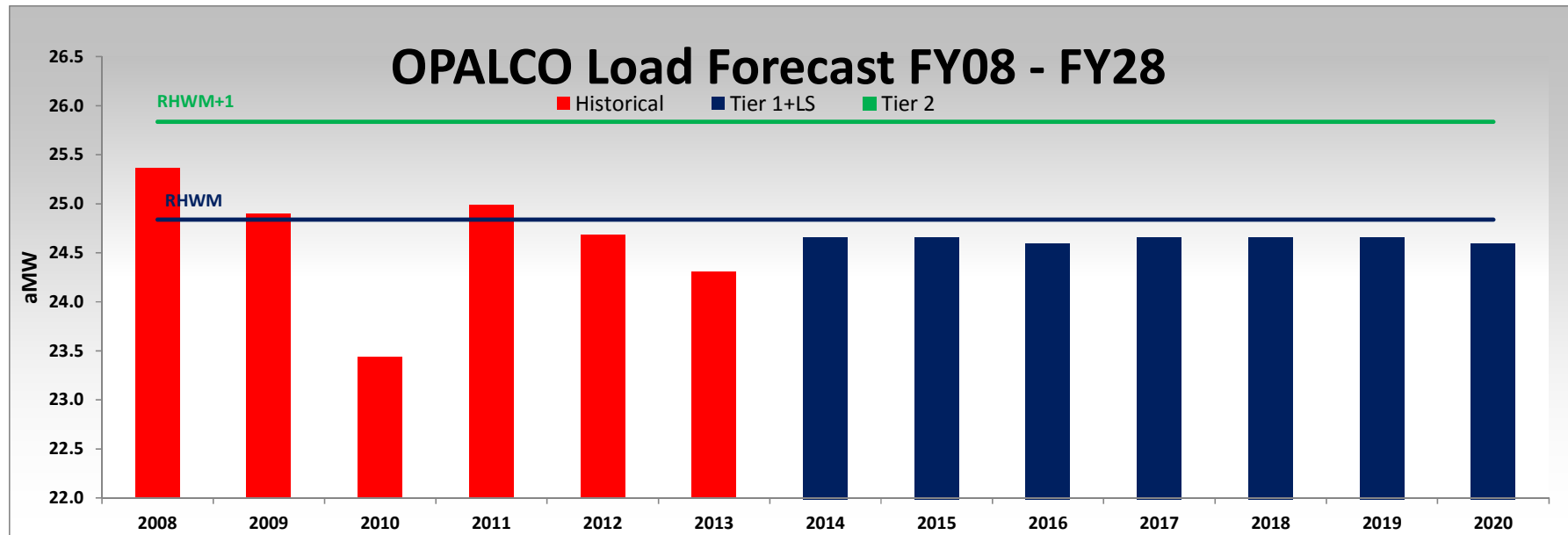
We will begin setting RHWM's and Tier 2 amounts in late summer/fall of this year and I will keep you updated as that process moves along.

I hope this helps and let me know if you have any questions.

As an aside, I spoke with Stuart Clarke this afternoon and he asked me to send a warm "hello" your way. Stu is doing great and thoroughly enjoying retirement. He also asked me to inquire if you have set a date for your retirement yet.

Marcus Perry

Marcus Perry
Bonneville Power Administration
Account Executive
206.220.6779 (Office)
206.769.5244 (Cell)
miperry@bpa.gov



| Cust OR OPALCO Load Forecast FY08 - FY28 | | | | | | | |
|--|----------------|--------------|-----------|------------|------------|---------------|-------|
| RHWM | 24.837 | | | | | | |
| FY | aMW Historical | aMW Forecast | aMW *RHWM | aMW RHWM+1 | aMW Tier 2 | aMW Tier 1+LS | Hours |
| 2008 | 25.360 | 0.000 | 24.837 | 25.837 | 0.000 | 0.000 | 8784 |
| 2009 | 24.895 | 0.000 | 24.837 | 25.837 | 0.000 | 0.000 | 8760 |
| 2010 | 23.437 | 0.000 | 24.837 | 25.837 | 0.000 | 0.000 | 8760 |
| 2011 | 24.988 | 0.000 | 24.837 | 25.837 | 0.000 | 0.000 | 8760 |
| 2012 | 24.684 | 0.000 | 24.837 | 25.837 | 0.000 | 0.000 | 8784 |
| 2013 | 24.310 | 0.000 | 24.837 | 25.837 | 0.000 | 0.000 | 8760 |
| 2014 | | 24.656 | 24.837 | 25.837 | | 24.656 | 8760 |
| 2015 | | 24.656 | 24.837 | 25.837 | | 24.656 | 8760 |
| 2016 | | 24.590 | 24.837 | 25.837 | | 24.590 | 8784 |
| 2017 | | 24.655 | 24.837 | 25.837 | | 24.655 | 8760 |
| 2018 | | 24.655 | 24.837 | 25.837 | | 24.655 | 8760 |
| 2019 | | 24.655 | 24.837 | 25.837 | | 24.655 | 8760 |
| 2020 | | 24.590 | 24.837 | 25.837 | | 24.590 | 8784 |
| 2021 | | 24.655 | 24.837 | 25.837 | | 24.655 | 8760 |
| 2022 | | 24.655 | 24.837 | 25.837 | | 24.655 | 8760 |
| 2023 | | 24.656 | 24.837 | 25.837 | | 24.656 | 8760 |
| 2024 | | 24.592 | 24.837 | 25.837 | | 24.592 | 8784 |
| 2025 | | 24.655 | 24.837 | 25.837 | | 24.655 | 8760 |
| 2026 | | 24.656 | 24.837 | 25.837 | | 24.656 | 8760 |
| 2027 | | 24.657 | 24.837 | 25.837 | | 24.657 | 8760 |
| 2028 | | 24.593 | 24.837 | 25.837 | | 24.593 | 8784 |

*RHWM used is from FY14-15. Subject to change in future rate periods

NOTE: Chart and table are estimates and are for illustrative purposes only. Actual Tier 1/Tier 2 results will be determined in the rate setting process.

Capital Credits January 2014

Application has been received for payment of capital credits to the estates of the following deceased members:

| | |
|--|--------------------|
| Eileen Brady | \$2,201.07 |
| Belinda Kay Landon | \$13,730.60 |
| Robert and Mary Lee Langan | \$595.35 |
| M.E. Nicol | \$1,236.19 |
| Helen Elizabeth Stone | \$1,377.91 |
| Dominick J. and Rose J. Tarabochia | \$808.35 |
| Rose J. Tarabochia | \$91.21 |
| Joan M. Twitchell..... | \$1,736.88 |
| Louis B. Wachter | \$224.64 |
| Total | \$22,002.20 |

MEMORANDUM

December 30, 2013

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

Projects were completed during November from the Construction Work Plan:

| | |
|-------------------------|--------------|
| Inventory #201311 | \$76,026.49 |
| Inventory #1311M..... | \$141,147.75 |

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$217,174.24.

MEMORANDUM

January 10, 2014

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Member-Initiated Bylaw Revisions

Two petitions were received from members requesting bylaw revisions to Article XIV, Section 1 and Article X. Both petitions meet the 90-day advance submission and have adequate member signatures.

*Article XIV Amendments Section 1 Board Initiated Amendments currently reads:
“The power to make, alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the Board of Directors. Notice of the board’s action in making, altering, amending or repealing the bylaws or adopting new bylaws shall be given to the voting members within thirty (30) days of such action.”*

The requested revision strikes “Board of Directors” and inserts “voting members”.

The opinion of our attorneys is that this revision is not properly offered and should not be submitted to the membership for a vote at the annual meeting. Washington law does not allow the bylaw amendment process proposed by the petitioners and as such, the Board of Directors should not consider this as a proper petition to amend.

The requested revision to Article X *Disposition of Property* seeks to add Section 4 that reads
“Limits to Indebtedness. The maximum total of long-term debt plus current liabilities of the cooperative, including all subsidiary corporations controlled by the cooperative, shall not exceed \$30,000,000.00 (thirty million U.S. Dollars).

(a) To exceed the above maximum total of indebtedness the Board of Directors shall present a proposed U.S. Dollar amount to be approved by the energy members. Each energy member shall be entitled to one (1) vote. Voting shall be by absentee ballot only. Absentee ballots shall be delivered to each energy member not less than ten (10) days before the date of the vote in accordance with Article II, Section 6 of the Bylaws. Any proposed amount receiving a simple majority of “yes” votes from the energy members shall be approved.”

The opinion of our attorneys is that further review of OPALCO’s existing loan commitments, lines of credit and other financing arrangements be completed. The underlying financial agreements of the cooperative may impact how and whether this proposed amendment is proper.

MEMORANDUM

January 9, 2014

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Community Solar Array

This is one of the first steps in meeting the Board's new directives by working with our members on community solar projects. The resolutions are RUS requirements-- any time real property is used by others, the Board must approve it. Staff requests a motion to approve all three of the attached Resolutions. The Shaw site is not ready at this time; we will return with the Shaw resolution when the property is ready.

My intention with these is that this property will be used by a nonprofit to have a solar array as long as they abide with and follow the attached covenants/restrictions.

As far as progress goes, I envision:

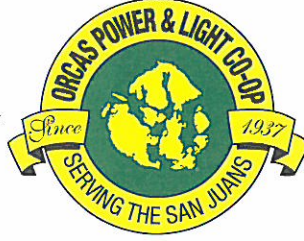
1. We will follow the US Department of Energy's *A Guide to Community Shared Solar* to operate the array. The intent is that the nonprofit will own the array, which will allow it to be metered with one meter. Since the array can be up to 200kW, these projects would be too large for the MORE program's rebates.
2. The intention is to have a power sales agreement with the nonprofit for the power produced and in return, they will pay for the power they use. There will also be a facility charge.
3. We plan to use the Columbia Mid-C pricing as a guide for purchasing the power. Along with payment for power the array produces, we will work with the nonprofit to give us the names and addresses of members invested to allow each member to net meter their portion of the array.

This is a general summary of how we see the operation for now.

Staff requests a motion to approve Resolutions 1-, 2-, and 3-2014 for use of community solar through perpetuity contingent on the parties signing proper covenants that will protect the property from misuse.

ORCAS POWER & LIGHT COOPERATIVE

A Touchstone Energy Co-op



Eastsound Office
183 Mount Baker Road
Eastsound, WA 98245-9413
p:(360) 376-3500 f:(360) 376-3505
www.opalco.com

BOARD OF DIRECTORS RESOLUTION 1-2014 APPROVING USE OF EASTSOUND SUBSTATION FOR SOLAR ARRAY

WHEREAS, RUS requires all property use to be approved by the Board of Directors;

WHEREAS, The Board of Directors directives include OPALCO being an incubator of developing community solar projects;

WHEREAS, the value of the property will not decrease due to this usage and there will be no restriction to OPALCO's usage of the property.

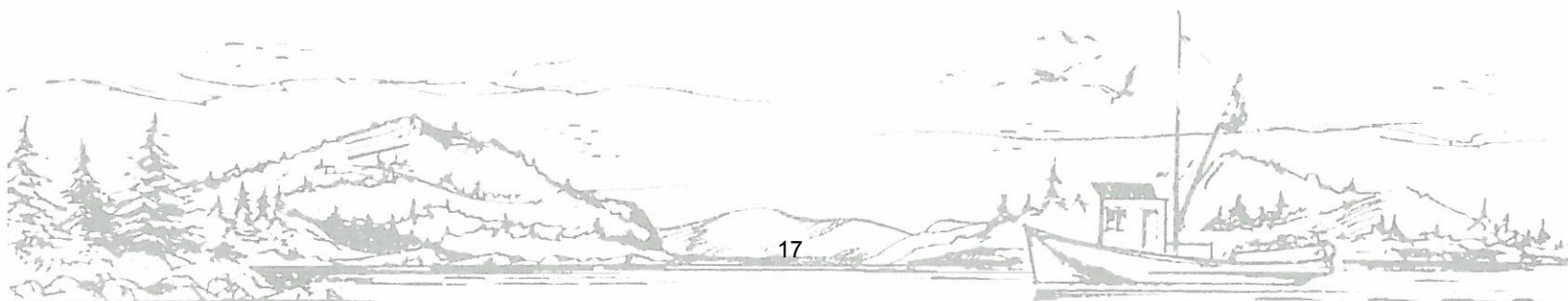
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors grants permission to use the property known as Eastsound Substation located at 490 Lover's Lane, Eastsound, WA with restrictions as to usage provided on the covenants/conditions.

CERTIFICATE OF SECRETARY

I, Jim Lett, certify that I am the Secretary of Orcas Power and Light Cooperative and that the above and foregoing is a true excerpt from the minutes of a meeting of the Board of Directors on the 16th day of January, 2014, at which a quorum was present, and that the above portion of the minutes have not been modified or rescinded.

Jim Lett, Secretary

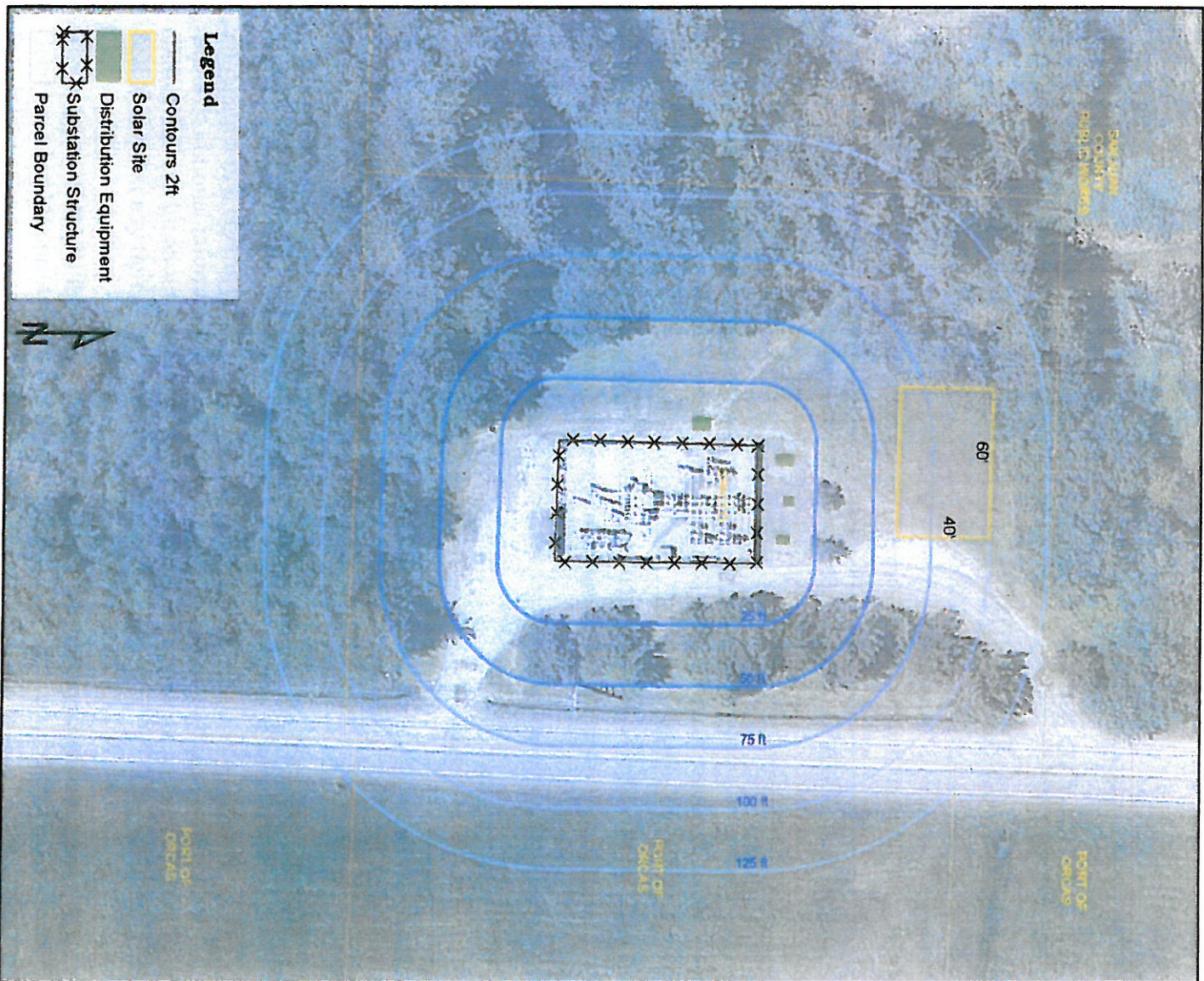
January 16, 2014
Date





Orcas - 490 Lovers Ln

Eastsound Substation Solar Installation Site Plan



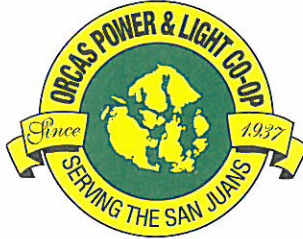


Orcas – 490 Lovers Ln



ORCAS POWER & LIGHT COOPERATIVE

A Touchstone Energy Co-op



Eastsound Office
183 Mount Baker Road
Eastsound, WA 98245-9413
p:(360) 376-3500 f:(360) 376-3505
www.opalco.com

BOARD OF DIRECTORS RESOLUTION 2-2014 APPROVING USE OF FRIDAY HARBOR SUBSTATION FOR SOLAR ARRAY

WHEREAS, RUS requires all property use to be approved by the Board of Directors;

WHEREAS, The Board of Directors directives include OPALCO being an incubator of developing community solar projects;

WHEREAS, the value of the property will not decrease due to this usage and there will be no restrictions to OPALCO's usage of the property.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors grants permission to use the property known as Friday Harbor Substation, located at 425 C Street, Friday Harbor, WA with restrictions as to usage provided on the covenants/conditions.

CERTIFICATE OF SECRETARY

I, Jim Lett, certify that I am the Secretary of Orcas Power and Light Cooperative and that the above and foregoing is a true excerpt from the minutes of a meeting of the Board of Directors on the 16th day of January, 2014, at which a quorum was present, and that the above portion of the minutes have not been modified or rescinded.

Jim Lett, Secretary

January 16, 2014
Date

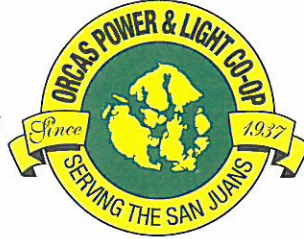


San Juan – 425 C Street



ORCAS POWER & LIGHT COOPERATIVE

A Touchstone Energy Co-op



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183 Mount Baker Road
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www.opalco.com

BOARD OF DIRECTORS RESOLUTION 3-2014 APPROVING USE OF LOPEZ SUBSTATION FOR SOLAR ARRAY

WHEREAS, RUS requires all property use to be approved by the Board of Directors;

WHEREAS, The Board of Directors directives include OPALCO being an incubator of developing community solar projects;

WHEREAS, the value of the property will not decrease due to this usage and there will be no restriction to OPALCO's usage of the property.

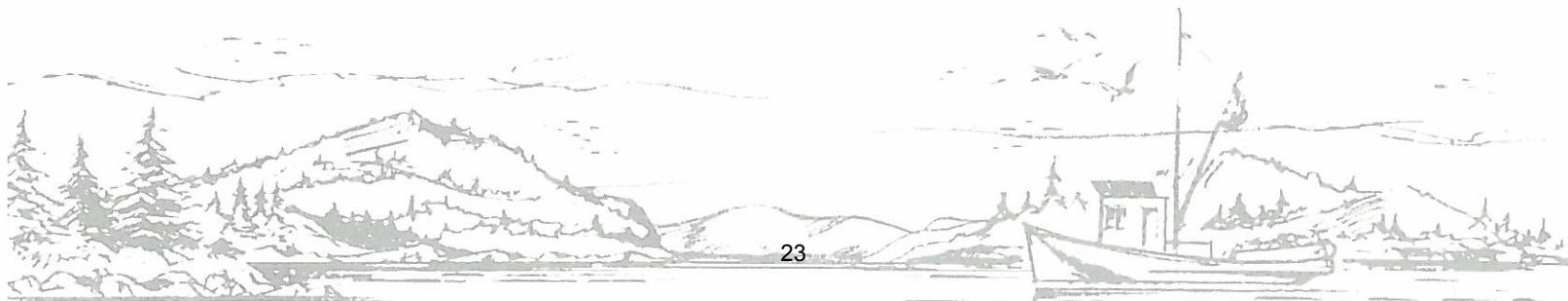
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors grants permission to use the property known as Lopez Substation located at 4232 Center Road, Lopez Island, WA with restrictions as to usage provided on the covenants/conditions.

CERTIFICATE OF SECRETARY

I, Jim Lett, certify that I am the Secretary of Orcas Power and Light Cooperative and that the above and foregoing 16th day of January, 2014, at which a quorum was present, and that the above portion of the minutes have not been modified or rescinded.

Jim Lett, Secretary

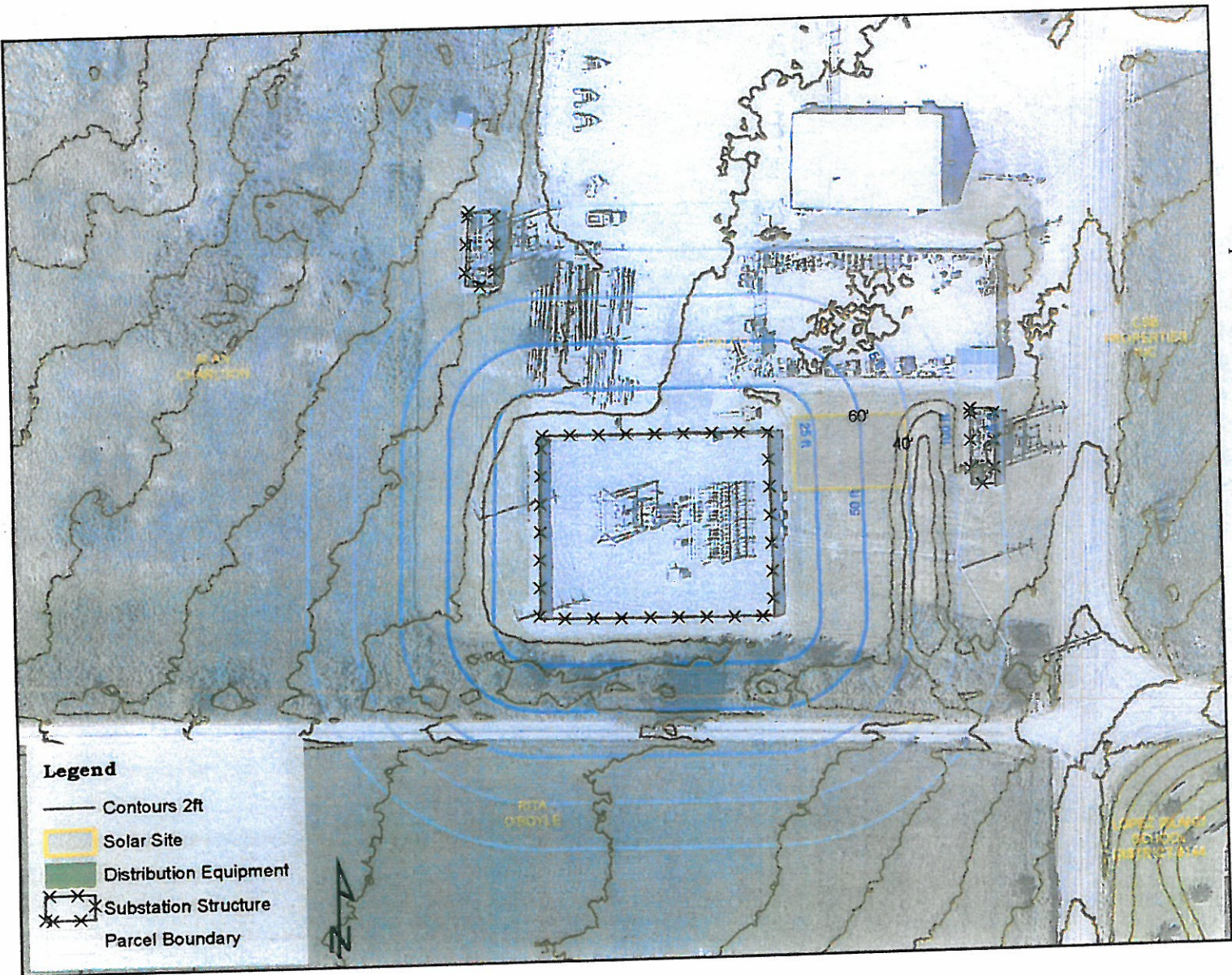
January 16, 2014
Date





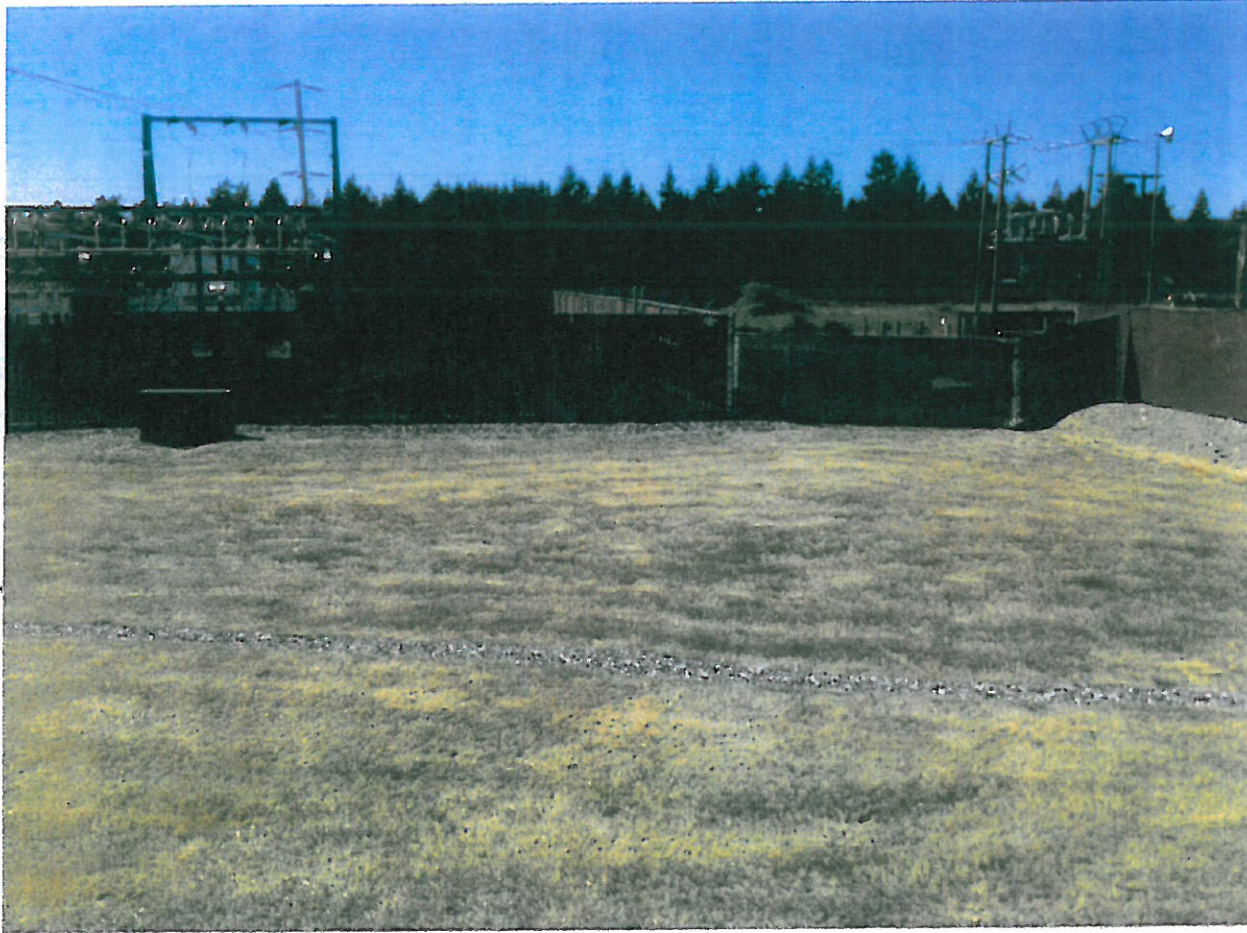
Lopez - 4232 Center Rd

Lopez Substation Solar Installation Site Plan





Lopez - 4232 Center Rd



MEMORANDUM

January 8, 2014

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Committee on Nominations

The Board of Directors has named the following members of District 1 to serve as the Committee on Nominations for 2014:

Mark Madsen, Pete Kilpatrick and Victoria Compton

The next step in the process is to have an orientation with these members to inform them of their duties. The deadline for posting candidates in the Eastsound office is March 4.

This information is included so that the minutes of the January Board meeting include the names of the committee members. No action is required.

MEMORANDUM

January 8, 2014

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Tariff Increases

During the budget process, a rate adjustment of 6% was approved for the existing tariffs. The basic charge was changed to a facility charge to accommodate the way the industry has redefined facility use of distributed generation.

A Cost of Service study will be commissioned later this year, and our existing tariffs will be tested to see where they are with the updated cost of service study. In addition, our BPA AE Marcus Perry will come up to review our BPA billings with the Board. After that, the Board and staff will review ways to redesign our tariffs.

**ORCAS POWER AND LIGHT COOPERATIVE
TARIFF CS –13 14
COMMERCIAL SERVICE**

~~SIXTEENTH~~ **SEVENTEENTH** REVISION – REPLACING ~~FIFTEENTH~~ **SIXTEENTH** REVISION

AVAILABILITY

Available to all non-residential members, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase or three phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

General Service for heating, lighting, etc., **for marinas for commercial use**, and non-residential members.

BASIC FACILITY CHARGE ~~\$38.10~~ **\$40.40**

ENERGY CHARGE First 5,000 kWh @ ~~\$0.0817~~ **0.0866** per kWh
Over 5,000 kWh @ ~~\$0.0737~~ **0.0781** per kWh

DEMAND CHARGE First 20 kW @ \$0.00 per kW
Over 20 kW @ ~~\$2.97~~ **\$3.15** per kW

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be ~~\$38.10~~ **\$40.40** per month or prorated if service is provided for less than a full month.

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the member for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as indicated or recorded by a demand meter and adjusted for power factor as provided below.

POWER FACTOR ADJUSTMENT

Demand charges may be adjusted to correct for average power factors lower than 95%. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 95% lagging.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.

2. Except for bed and breakfast establishments, service under this rate shall not be provided to locations with occupied residential facilities unless such facilities are insignificant with respect to the business operations at the location.
3. Bed and breakfast establishments will be served under this rate tariff if the owner or manager does not live in a building served by this meter.
4. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP (single phase) are subject to requirements in Member Service Policy 3-Technical Provisions.
5. No single resistive 3-phase loads (examples: ovens, heaters, kilns) of over 45kW shall come on line simultaneously.
6. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
7. See Member Service Policy 3-*Technical Provisions* for additional requirements.

Randy J. Cornelius, General Manager

Effective Date March 2013 2014 Billing Period

ORCAS POWER AND LIGHT COOPERATIVE
TARIFF ICM-42 14
INTERIM COMMERCIAL MARINA SERVICE
~~THIRTEENTH~~ **FOURTEENTH** REVISION – REPLACING ~~TWELFTH~~ **THIRTEENTH**
REVISION

NOTE: This is a temporary rate used for members who will eventually move to the Commercial Tariff.

AVAILABILITY

Available to all boats taking service in a marina, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage.

APPLICATION

Service for all uses on boats, regardless of whether anyone is living aboard.

BASIC FACILITY CHARGE ~~\$15.75~~ **\$16.70**

ENERGY CHARGE First 200 kWh @ ~~\$0.1682~~ **\$0.1783** per kWh
 Next 2,800 kWh @ ~~\$0.0678~~ **\$0.0719** per kWh
 Over 3,000 kWh @ ~~\$0.1002~~ **\$0.1062** per kWh

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be ~~\$15.75~~ **\$16.70** per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Service under this tariff is available only to members taking service in a marina where the secondary conductors from the OPALCO transformer are maintained by the marina.

Effective Date: March 2012 2014 Billing Period

Randy J. Cornelius, General Manager

ORCAS POWER AND LIGHT COOPERATIVE

TARIFF LR- 13 14

LINE RETENTION

FOURTEENTH FIFTEENTH REVISION – REPLACING **THIRTEENTH FOURTEENTH**
REVISION

AVAILABILITY

Available for individual residential, marina, and general service accounts where the primary and transformer only serve one member and the removal of the equipment will not affect the service to other members, and/or no service has been taken for a period of twelve (12) months.

TYPE OF SERVICE

Single-phase, 7200 GrdY primary or 120/240 secondary voltage.

APPLICATION

Payment of the line retention rate will ensure that the facilities remain in place for future use.

BASIC FACILITY CHARGE: \$14.70 **\$15.60**

ENERGY CHARGE

No energy may be used under this rate.

MINIMUM MONTHLY CHARGE

The monthly charge, under the above rate, shall be \$14.70 **\$15.60** per month or prorated if service is provided for less than a full month.

GENERAL PROVISIONS FOR MEMBERS ON LINE RETENTION

1. The above rate is not available where energy is being used or where a meter is installed.
2. OPALCO normally retires and/or removes facilities that have not been used for twelve (12) months. Payment of the line retention rate will ensure that the facilities remain in place for future use. If OPALCO removes any equipment and the member wants it reinstalled, the member shall be required to apply for a new service or line extension in accordance with the current member service policy.
3. Members who have discontinued service for a period of twelve (12) months or have made a formal request for service and have not connected to the system after a period of twelve (12) months are subject to the line retention rate, provided that OPALCO has determined that the facilities are causing ongoing expenses, such as line losses or line maintenance to the system.

Randy J. Cornelius, General Manager

Effective Date: March 2013 **2014** Billing Period

ORCAS POWER AND LIGHT COOPERATIVE

TARIFF NM-13 14

UNMETERED SERVICE

EIGHTH NINTH REVISION – REPLACING **SEVENTH EIGHTH** REVISION

AVAILABILITY

Available to small fixed loads such as cable television amplifiers.

TYPE OF SERVICE

Single-phase, 60 cycles, 120 volts, 20 amps or less.

APPLICATION

For electrical loads that are unchanging during the day and operate at 120 volts with 20 amps or less.

BASIC FACILITY CHARGE: ~~\$31.40~~ **\$33.30**

ENERGY CHARGE: All kWh @ ~~\$0.0726~~ **\$0.0769**

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be ~~\$31.40~~ **\$33.30** per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power or transmission charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. The member must install a disconnect switch that can be locked by OPALCO.
2. The member must provide suitable fusing to protect their equipment.
3. Kilowatt hour usage shall be calculated based on the device drawing rated current (as determined by the manufacturer's recommended fuse size) at 120 volts at unity power factor for 720 hours per month.

Randy J. Cornelius, General Manager

Effective Date: March 2013 2014 Billing Period

ORCAS POWER AND LIGHT COOPERATIVE
TARIFF P-13 14
PUMP SERVICE

SIXTEENTH SEVENTEENTH REVISION – REPLACING **FIFTEENTH SIXTEENTH** REVISION

AVAILABILITY

Available to all members, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

Service for pumping water for domestic use and/or irrigation.

BASIC FACILITY CHARGE ~~25.50~~ **27.03**

ENERGY CHARGE First 370 kWh @ ~~\$0.0923~~ **0.0978** per kWh
Next 4,630 kWh @ ~~\$0.0709~~ **0.0752** per kWh
Over 5,000 kWh @ ~~\$0.0849~~ **0.0900** per kWh

DEMAND CHARGE First 20 kW @ \$0.00 per kW
Over 20 kW @ ~~\$2.97~~ **3.15** per kW

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be ~~25.50~~ **27.03** per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. All pumps served under this tariff shall be metered separately.
2. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP shall operate at 230 volts and are subject to requirements in Member Service Policy 3-Technical Provisions.
3. See Member Service Policy 3-Technical Provisions for additional requirements.

| | |
|--|--|
| Effective Date: <u>March 2013</u> 2014 Billing Period | |
| Randy J. Cornelius, General Manager | |

ORCAS POWER AND LIGHT COOPERATIVE

TARIFF POL- 13 14

PRIVATE OUTDOOR LIGHTING

~~SIXTEENTH~~ **SEVENTEENTH** REVISION – REPLACING ~~FIFTEENTH~~ **SIXTEENTH** REVISION

AVAILABILITY

New service under this tariff is not available after March 1, 1998. Those members receiving service under this tariff prior to March 1, 1998 may continue to do so.

TYPE OF SERVICE

OPALCO will own, maintain and operate suitable fixtures on brackets, with refractors and controls, and supply energy for sodium vapor lamps at locations agreed upon with the member, the service distance not to exceed 150 feet/2 wire, or 300 feet/3 wire.

APPLICATION

Non-metered or metered street, yard or security lighting service.

BILLING CHARGE * \$4.60 **\$1.70** per month

FIXTURE CHARGE \$6.85 **\$7.26** per month

ENERGY CHARGE ** 100 Watts \$2.75 **\$2.92** per month
200 Watts \$5.59 **\$5.93** per month

* Applies only when not included on a bill for other energy usage.

** Applies only when energy is not metered.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by Bonneville Power Administration.

GENERAL PROVISIONS

1. All lamp replacements and other maintenance will be provided by OPALCO, except that lamps and fixtures broken by vandalism will be charged to the member.
2. The member shall notify OPALCO if a lamp does not operate. OPALCO agrees to repair lamps as soon as possible, but, in any event, within five (5) working days.
3. A timing device and/or photo electric cell may be installed by OPALCO in order to limit the time interval that the lamp is turned on each night.
4. During the periods of energy shortage, lamps may be disconnected by request of either the cooperative or member, with no charge to member. The member will not be charged for the period the light has been disconnected.

Randy J. Cornelius, General Manager

Effective Date: March 2013 **2014** Billing Period

ORCAS POWER AND LIGHT COOPERATIVE

TARIFF R- 13 14

RESIDENTIAL SERVICE

FIFTEENTH SIXTEENTH REVISION – REPLACING **FOURTEENTH FIFTEENTH** REVISION

AVAILABILITY

Available to all small farm and home members, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

Service for home and farm uses, such as cooking, lighting, heating, private docks not used for commercial purposes, etc. Residences qualifying as “cottage industries” by San Juan County shall be served under this tariff.

BASIC FACILITY CHARGE ~~27.00~~ **28.60**

ENERGY CHARGE First 5,000 kWh @ ~~\$0.0804~~ **0.0852** per kWh
Over 5,000 kWh @ ~~\$0.0949~~ **0.1006** per kWh

DEMAND CHARGE None

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be ~~\$27.00~~ **28.60** per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
2. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP shall operate at 230 volts and are subject to requirements in Member Service Policy 3-Technical Provisions.
3. No single resistive loads (examples: ovens, heaters, kilns) over 15 kW shall come on line simultaneously.
4. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
5. See Member Service Policy 3 *Technical Provisions* for additional requirements.

6. Bed and breakfast establishments will be served under this rate if the owner or manager lives in a building served by this meter.

Randy J. Cornelius, General Manager

Effective Date: March 2013 2014 Billing Period

ORCAS POWER AND LIGHT COOPERATIVE

TARIFF TOU-13 14

TIME OF USE RATE

(Formerly known as "ESR-08 Energy Saving Rate")

FOURTEENTH FIFTEENTH REVISION – REPLACING **THIRTEENTH FOURTEENTH** REVISION

AVAILABILITY

Effective September 17, 2009 Tariffs ESR-08 and CI-08 shall be frozen to members. All members who have received service under these tariffs before September 17, 2009, are grandfathered under TOU. This tariff ~~will be increased by 20% over the next 4 years to bring it up to cost of service. In addition,~~ it will also be adjusted along with all other tariffs for increases in cost of service.

Effective November 19, 2009 this tariff shall be known as Time of Use Tariff.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage. Equipment subject to automatic load management controls.

APPLICATION

Service for small farms, homes, pools, greenhouses and other non-essential loads. Limited to single phase loads.

BASIC FACILITY CHARGE: ~~\$30.40~~ **\$32.20**

ENERGY CHARGE:

On Peak (6 a.m. - noon) – ~~\$0.1221~~ **\$0.1294** per kWh

Mid Peak (noon - 6 p.m.) – ~~\$0.0557~~ **\$0.0590** per kWh

Off Peak (6 p.m. - 6 a.m.) – ~~\$0.0478~~ **\$0.0507** per kWh

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be ~~\$30.40~~ **\$32.20** per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
2. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.

- Motors larger than 2 HP shall operate at 230 volts and are subject to requirements in Member Service Policy 3-Technical Provisions.
- 3. No single resistive loads (examples: ovens, heaters, kilns) over 15 kW shall come on line simultaneously.
- 4. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
- 5. Loads served under this tariff shall not be capable of being switched to another meter served under a different tariff.
- 6. See Member Services Policy 3 *Technical Provisions* for additional requirements.

Randy J. Cornelius, General Manager

Effective Date: March 2013 **2014** Billing Period

MEMORANDUM

January 8, 2014

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Video Conferencing Board Meetings

A member submitted two suggested bylaw amendments (without the required signatures) at the December meeting, suggesting an addition to Article IV *Meetings of Directors*. The amendments are meant to be mutually exclusive. They are as follows:

Article IV – Meetings of Directors

Section 7 “The Cooperative shall allow member-owners access to open board meetings (non-executive sessions) through videoconferencing. It is left to the Board’s discretion how much time they will allow member-owners to make comments and provide feedback to the Board. All videoconferences shall be recorded unedited (except to exclude breaks and executive sessions) and made available through a web server to energy members within 7 days of the meeting. Such video shall remain available for at least 24 months from the date of first posting.”

OR

Article IV – Meetings of Directors

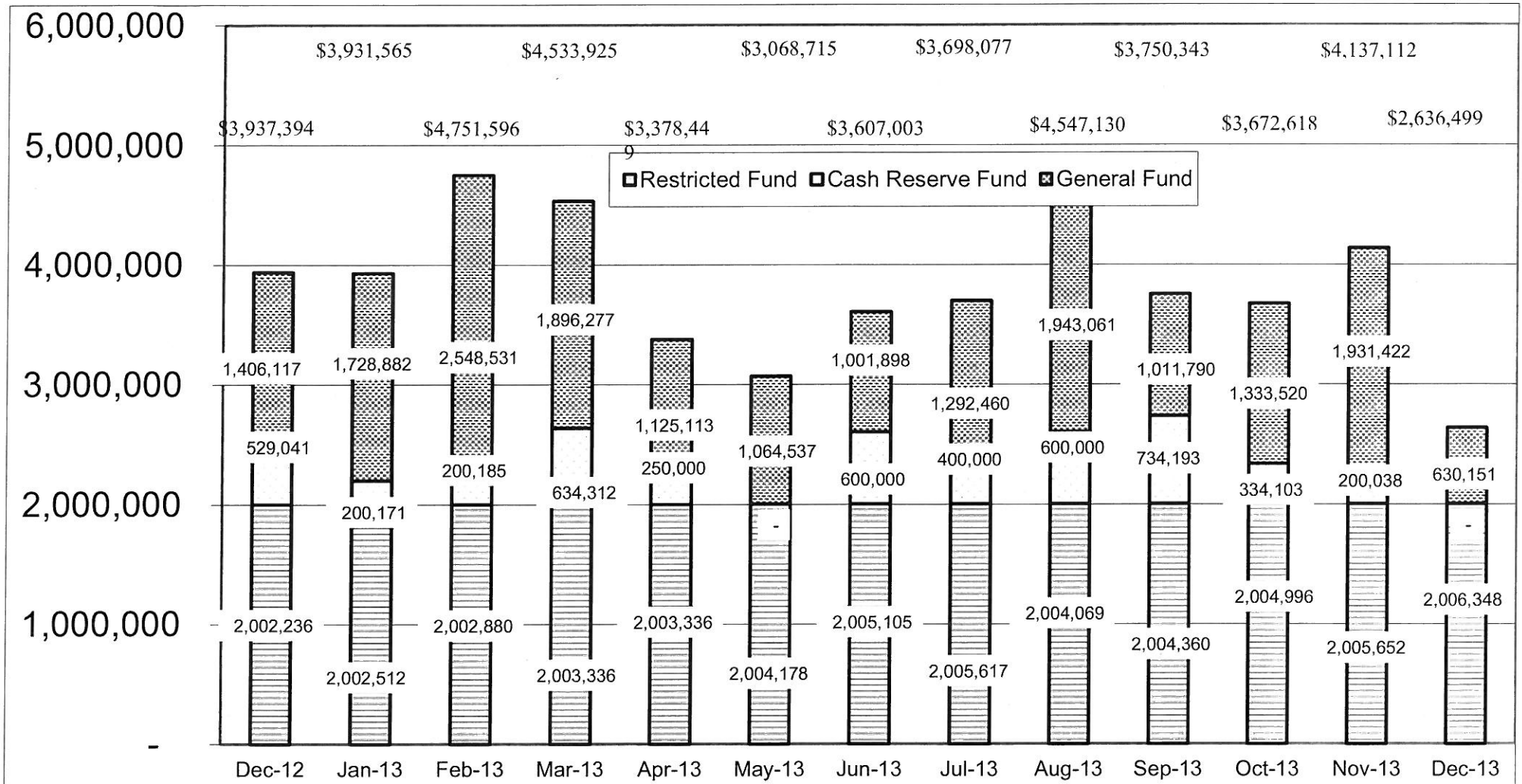
Section 7 “The Cooperative shall video record all open meetings (non-executive sessions) of the Board and post this on the World Wide Web for viewing by our energy members within 7 days of the meeting. All videos of open board meetings shall be unedited (except to exclude breaks and executive sessions) and made available to members through a web server for viewing for at least 24 months from the date of first posting.”

Orcas Power and Light Cooperative
Cash Recap
December 31, 2013

| | Rate | Term | Due Date | Amount | Total Balance |
|---|---------|------|----------|-------------|------------------|
| GENERAL FUNDS: | | | | | |
| Cash on Hand | | | | 600 | |
| Cash in Checking - Key Bank | | | | (166,100) | |
| Cash in Checking/MMDA/Construction - Islanders Bank | | | | 518,829 | |
| Cash in Checking/Savings/Payroll - Wells Fargo | | | | 276,822 | |
| SUBTOTAL GENERAL FUNDS | | | | | 630,151 |
| SUBTOTAL CASH RESERVE FUND | | | | | 0 |
| RESTRICTED FUND: | | | | | |
| CFC Select Notes | 0.3700% | 160 | 2/4/14 | 350,000 | |
| CFC Select Notes | 0.3700% | 160 | 2/5/14 | 200,000 | |
| CFC Select Notes | 0.4600% | 160 | 3/24/14 | 351,382 | |
| CFC Select Notes | 0.3700% | 160 | 4/21/14 | 352,646 | |
| CFC Select Notes | | 162 | 5/27/14 | 279,084 | |
| CoBank - AIM | | | | 151,628 | |
| Home Street Bank | 0.3490% | 547 | 4/29/15 | 104,959 | |
| Washington Federal Savings | 0.4000% | 365 | 5/19/14 | 108,866 | |
| Washington Federal Savings | 0.4000% | 395 | 12/29/14 | 107,784 | |
| SUBTOTAL RESTRICTED FUNDS | | | | | 2,006,348 |
| GRAND TOTAL FUND ENDING BALANCE 12/31/13 | | | | | <u>2,636,499</u> |
| Project PAL: Islanders Bank | | | | 24,099 | |
| MORE Program: Islanders Bank | | | | 143,623 | |
| RUS Cushion of Credit * | 5.000% | | | 1,062,570 | |
| CASH PROJECTION: | | | | | |
| January 31, 2014 | | | | | |
| GENERAL FUNDS: | | | | | |
| Beginning Cash 12/31/13 | | | | 630,151 | |
| Estimated Revenue (based on 95% of billing) | | | | 2,356,058 | |
| Estimated Other Revenue | | | | 20,000 | |
| RUS Loan Draw | | | | 2,000,000 | |
| Beginning Cash 12/31/13 | | | | 19,129 | |
| Subtotal Cash/Revenue | | | | 5,025,338 | |
| Estimated Accounts Payable | | | | (768,000) | |
| Estimated Payroll and Benefits | | | | (723,000) | |
| Estimated RUS Principal and Interest Payment | | | | (19,129) | |
| Transfer to Reserve Fund | | | | (750,000) | |
| Power and Transmission Bill (December bill) | | | | (1,125,500) | |
| Subtotal Expenses | | | | (3,385,629) | |
| Projected Ending Balance 1/31/14 | | | | | 1,639,709 |
| CASH RESERVE FUND: | | | | | |
| Beginning Cash 12/31/13 | | | | 0 | |
| Estimated Transfer From General Fund | | | | 750,000 | |
| Projected Ending Balance 1/31/14 | | | | | 750,000 |
| RESTRICTED FUND: | | | | | |
| Beginning Cash 12/31/13 | | | | 2,006,348 | |
| Transfer To General Fund | | | | 0 | |
| Projected Ending Balance 1/31/14 | | | | | 2,006,348 |
| PROJECTED GRAND TOTAL FUND ENDING BALANCE 1/31/14 | | | | | <u>4,396,057</u> |
| PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 1/31/14 | | | | | <u>1,759,558</u> |
| RUS CUSHION OF CREDIT*: | | | | | |
| Beginning Balance 12/31/13 | | | | 1,062,570 | |
| Estimated Transfer To General Fund | | | | (19,129) | |
| Projected Ending Balance 1/31/14 | | | | | <u>1,043,441</u> |

* represents advance payments unapplied for RUS long term debt

TOTAL FUND BALANCE



Notes:

1. Add'l liquidity: CFC \$10M LOC, \$5M PV line, and CoBank \$5M LOC
2. 2013 - RUS loan draw \$1.5M @ 2.945% (June 2013)
3. 2013 - RUS loan draw \$1M @ 3.288% (August 2013)
4. 2013 - RUS loan draw \$700k @ 3.524% (November 2013)

ORCAS POWER & LIGHT COOPERATIVE

UNSCHEDULED OUTAGE REPORT: DECEMBER 2013

| OUTAGE CODE | CAUSE OF OUTAGE | DISTRICT | | | 2013 TOTALS | | |
|---------------------------------------|--------------------------------------|----------|-----------|----------|-------------|------------|------------|
| | | ORCAS | SJ | LOPEZ | DEC PTD | NOV YTD | YTD TOTAL |
| 001 | Power Supplier-Bonneville | - | - | - | 0 | 0 | 0 |
| 002 | Power Supplier-Puget Power | - | - | - | 0 | 0 | 0 |
| 100 | OPALCO Construction | - | - | - | 0 | 0 | 0 |
| 200 | Severe Storm | - | - | - | 0 | 0 | 0 |
| 300-303 | Faulty Equipment/Installation | - | - | 1 | 1 | 8 | 9 |
| 350 | Sectionalizing | - | - | - | 0 | 0 | 0 |
| 351 | Fuses/Fusing | 1 | - | - | 1 | 3 | 4 |
| 352/353 | Electrical/CAL/Transformer Overload | - | 9 | - | 9 | 6 | 15 |
| 400 | Underground Cable Failure | - | 1 | 1 | 2 | 55 | 57 |
| 401 | Contamination/Leakage (Equip. Fail.) | - | - | - | 0 | 0 | 0 |
| 402/403 | Aging Material/Equipment | - | - | - | 0 | 2 | 2 |
| 450 | Trees/Right of Way | 1 | - | 1 | 2 | 7 | 9 |
| 500/509 | Weather (Other than Severe Storm) | 5 | - | 1 | 6 | 17 | 23 |
| 600 | Small Animals/Rodents | - | - | - | 0 | 3 | 3 |
| 601 | Birds | - | - | - | 0 | 1 | 1 |
| 602 | Birds-Endangered (Swans; Eagles) | - | - | - | 0 | 1 | 1 |
| 603 | Large Animals | - | - | - | 0 | 0 | 0 |
| 700/701 | Cable Dig-In | - | - | - | 0 | 4 | 4 |
| 702 | Traffic Accident | - | 1 | - | 1 | 4 | 5 |
| 703 | Fire | - | - | - | 0 | 6 | 6 |
| 704 | Substation Vandalism | - | - | - | 0 | 1 | 1 |
| 705 | Construction | - | - | - | 0 | 2 | 2 |
| 709 | Public Caused Outage | - | - | - | 0 | 2 | 2 |
| 800 | Member Secondary Outage | 1 | 2 | - | 3 | 7 | 10 |
| 900 | Cause Unknown | - | - | - | 0 | 4 | 4 |
| PTD/YTD OUTAGES: DECEMBER 2013 | | 8 | 13 | 4 | 25 | 133 | 158 |
| PTD OUTAGES: DECEMBER 2012 | | | | | 16 | 120 | 159 |

Date: January 8, 2013
To: Randy Cornelius, General Manager
From: Russell Guerry, Manager of Engineering & Operations
Subject: Operations Safety Program – December 2013

Jeff Meyers reviewed arc flash hazards and requirements for protection. This review included work practices and apparel that will prevent or lessen burns from energies expelled from arc flashes.

Accidents/Incidents/Near Miss

Date: NA
Type: NA
Description: NA
Action Taken: NA

| | November 2013 | YTD (2013) |
|--------------------|----------------------|-------------------|
| Near Misses | 0 | 1 |
| Incidents | 0 | 1 |
| Accidents | 0 | 8 |
| Loss Time | 0 | 0 |

Total Hours Worked without Loss Time Accident: 22,896

General Manager's Report January 2014

Finance

REDL Loan for Lopez Fire

Staff is awaiting the final RUS and OPALCO promissory note and loan agreement. Once the documents are executed and delivered to RUS, funding will be provided.

2013 Year-End Processes

Staff is currently working on 2013 year-end processes in order to finalize the accrual books as a beginning to the year-end reporting and audit process.

Member and Energy Services

Ebill Upgrade to SmartHub

SmartHub launched successfully to members in December. As of 12/31/13, registered Ebill members totaled 3,711 (33% of members). This is an overall increase of 12% in 2013 as a result of Member Services efforts.

Nonprofit Partnership

Energy Services has attended roundtable discussions with local nonprofits and is in the process of executing a final Memorandum of Understanding. The San Juan Island Conservation District will serve as the umbrella organization to assist OPALCO and our member community in reaching the energy efficiency and conservation goal of zero load growth over the next 2 years.

Energy Education Grant - GM Discretion Fund

OPALCO granted \$15,000 to the Funhouse Commons on Orcas to support a planned solar education program. This includes a solar array installation and other educational materials to be utilized in the existing after school program curriculum, the annual Science Fair, and countywide teacher training opportunities, among other programs. In addition to OPALCO's grant, The Funhouse received a \$50,000 grant from the Bonneville Environmental Foundation.

Staffing

First round interviews are completed for the open Member Services Supervisor position, with second round selections anticipated for early February.

Engineering & Operations

WIP

As of 12/10/2013, there are 258 work orders open totaling \$3,545,216. Of those, Operations has completed construction on 64, totaling \$1,319,732.

Submarine Cables

Lopez to San Juan Crossing: Environmental efforts are 80% complete. Bids will return by April 2014.

San Juan to Henry Crossing: Environment and Bid package are in progress. Construction is scheduled to start in April.

Technical Services/Island Network

The end of each year, the Technical Services and Member Services Departments coordinate data back-up processes for the National Information Solutions Cooperative (NISC) enterprise solution software and the corporate network. 2013 data Information was successfully backed up and securely stored.

The Technical Services Department is responsible for assuring that the TWACS power line carrier system obtains daily readings from every OPALCO meter. Software Specialist, Sébastien Ghizzo designed a system to display daily missed meter readings on a map. This visual is extremely useful in addressing meter-reading issues. As of today, there were zero missed meter readings throughout the system.

Technical Services staff has been working on installing an emergency communication system at the island's ferry terminals. Final configuration and testing is currently in process.

NEW SERVICES

December 2013

| | Orcas | San Juan | Lopez | Center/ Decatur | Blakely/Obstruction /Crane/Shaw | Total |
|----------------|-------|----------|-------|--------------------|------------------------------------|-------|
| Residential | | 5 | 1 | | 1 | 7 |
| Commercial | | | | | | 0 |
| Line Retention | | | | | | 0 |
| Other - OPALCO | | | | | | 0 |
| Total* | 0 | 5 | 1 | 0 | 1 | 7 |
| 2013 YTD | 34 | 59 | 21 | 5 | 7 | 126 |
| 2012 YTD | 26 | 50 | 31 | 3 | 2 | 112 |
| 2011 YTD | 37 | 68 | 12 | 2 | 8 | 127 |
| 2010 YTD | 63 | 89 | 21 | 4 | 3 | 180 |
| 2009 YTD | 76 | 95 | 26 | 5 | 4 | 206 |

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

*119 Idle services were retired as of 12/13/13.

OPALCO
Historical MORE Revenue
(All Green kWh and MORE Blocks)
For Years 2011 - 2013 YTD

| Month | 2011 YTD | | | | | | | | 2012 YTD | | | | | | | | 2013 YTD | | | | | | | |
|-------|-----------|---------|-----------|--|-------------|--------|-----------|---------------|-----------|---------|-----------|--|-------------|--------|----------|---------------|-----------|---------|----------|--|-------------|--------|----------|---------------|
| | All Green | | | | MORE Blocks | | | | All Green | | | | MORE Blocks | | | | All Green | | | | MORE Blocks | | | |
| | # | kWh | | | # | # | Block | | # | kWh | | | # | # | Block | | # | kWh | | | # | # | Block | |
| | Members | kWh | Revenue | | Members | Blocks | Revenue | Total Revenue | Members | kWh | Revenue | | Members | Blocks | Revenue | Total Revenue | Members | kWh | Revenue | | Members | Blocks | Revenue | Total Revenue |
| | | | \$ 0.04 | | | | \$ 4 | | | | \$ 0.04 | | | | \$ 4 | | | \$ 0.04 | | | | \$ 4 | | |
| Jan | 46 | 50,160 | 2,006 | | 478 | 948 | 3,792 | 5,798 | 44 | 47,428 | 1,897 | | 454 | 970 | 3,880 | 5,777 | 43 | 54,479 | 2,179 | | 433 | 921 | 3,684 | 5,863 |
| Feb | 44 | 41,550 | 1,662 | | 448 | 947 | 3,788 | 5,450 | 43 | 37,664 | 1,507 | | 452 | 962 | 3,848 | 5,355 | 43 | 50,927 | 2,037 | | 432 | 918 | 3,672 | 5,709 |
| Mar | 41 | 41,906 | 1,676 | | 446 | 949 | 3,796 | 5,473 | 42 | 37,682 | 1,507 | | 449 | 953 | 3,812 | 5,319 | 42 | 42,787 | 1,711 | | 429 | 915 | 3,660 | 5,371 |
| Apr | 41 | 33,629 | 1,345 | | 446 | 950 | 3,800 | 5,146 | 42 | 27,636 | 1,105 | | 449 | 953 | 3,812 | 4,917 | 42 | 31,063 | 1,243 | | 427 | 904 | 3,616 | 4,859 |
| May | 42 | 31,336 | 1,253 | | 450 | 956 | 3,824 | 5,077 | 42 | 21,993 | 880 | | 448 | 952 | 3,808 | 4,688 | 41 | 21,699 | 868 | | 426 | 897 | 3,588 | 4,456 |
| Jun | 42 | 21,813 | 873 | | 455 | 971 | 3,885 | 4,758 | 43 | 20,335 | 813 | | 448 | 952 | 3,808 | 4,621 | 41 | 20,336 | 813 | | 426 | 897 | 3,588 | 4,401 |
| Jul | 43 | 21,335 | 853 | | 464 | 987 | 3,948 | 4,801 | 43 | 19,649 | 786 | | 449 | 953 | 3,812 | 4,598 | 43 | 17,756 | 710 | | 425 | 895 | 3,580 | 4,290 |
| Aug | 43 | 20,004 | 800 | | 466 | 990 | 3,960 | 4,760 | 43 | 22,457 | 898 | | 446 | 948 | 3,792 | 4,690 | 42 | 18,716 | 749 | | 421 | 893 | 3,572 | 4,321 |
| Sep | 45 | 25,959 | 1,038 | | 465 | 985 | 3,940 | 4,978 | 42 | 13,136 | 525 | | 443 | 947 | 2,530 | 3,055 | 42 | 18,786 | 751 | | 418 | 890 | 3,560 | 4,311 |
| Oct | 44 | 25,321 | 1,013 | | 464 | 984 | 3,936 | 4,949 | 42 | 21,162 | 846 | | 443 | 947 | 3,788 | 4,634 | 43 | 23,882 | 955 | | 415 | 887 | 3,548 | 4,503 |
| Nov | 46 | 40,308 | 1,612 | | 458 | 972 | 3,888 | 5,500 | 44 | 30,335 | 1,213 | | 438 | 943 | 3,772 | 4,985 | 44 | 31,535 | 1,261 | | 414 | 881 | 3,524 | 4,785 |
| Dec | 45 | 49,303 | 1,972 | | 458 | 972 | 3,888 | 5,860 | 43 | 43,849 | 1,754 | | 437 | 929 | 3,716 | 5,470 | 44 | 47,347 | 1,894 | | 412 | 879 | 3,516 | 5,410 |
| Total | 44 | 402,624 | \$ 16,105 | | 458 | 11,611 | \$ 46,446 | \$ 62,551 | 43 | 343,326 | \$ 13,733 | | 446 | 11,409 | \$44,378 | \$ 58,111 | 43 | 379,313 | \$15,173 | | 423 | 10,777 | \$43,108 | \$ 58,281 |

Notes: 2 members participate in both All Green and Green Blocks. Average blocks per member is 2.1.
Beginning June 2011, 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

| Month | 2009 | 2010 | 2011 | 2012 | 2013 | Average |
|------------|---------------|---------------|---------------|---------------|---------------|---------------|
| January | \$ 2,542,345 | \$ 2,091,129 | \$ 2,266,724 | \$ 2,203,319 | \$ 2,354,732 | \$ 2,291,650 |
| February | 2,109,273 | 1,684,100 | 2,018,866 | 1,980,380 | 2,190,659 | 1,996,656 |
| March | 1,868,966 | 1,693,238 | 2,100,947 | 2,080,586 | 2,031,007 | 1,954,949 |
| April | 1,825,774 | 1,659,771 | 1,803,095 | 1,733,543 | 1,803,826 | 1,765,202 |
| May | 1,582,738 | 1,453,989 | 1,634,542 | 1,536,601 | 1,580,671 | 1,557,708 |
| June | 1,243,754 | 1,409,557 | 1,383,932 | 1,419,883 | 1,450,461 | 1,381,517 |
| July | 1,217,676 | 1,300,950 | 1,302,528 | 1,380,472 | 1,423,753 | 1,325,076 |
| August | 1,300,901 | 1,342,739 | 1,360,611 | 1,450,397 | 1,448,015 | 1,380,533 |
| September* | 1,297,670 | 1,297,936 | 1,421,174 | 1,005,902 | 1,458,553 | 1,368,833 |
| October | 1,335,166 | 1,389,529 | 1,483,658 | 1,499,863 | 1,636,955 | 1,469,034 |
| November | 1,590,102 | 1,584,909 | 1,977,782 | 1,779,353 | 1,923,857 | 1,771,201 |
| December | 1,975,064 | 2,123,602 | 2,375,284 | 2,085,584 | 2,480,061 | 2,207,919 |
| Total** | \$ 19,889,429 | \$ 19,031,449 | \$ 21,129,143 | \$ 20,155,885 | \$ 21,782,552 | \$ 20,470,277 |

Notes:

* September 2012 excluded - 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.

**Totals include Island Network billing