



Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
1034 Guard Street, Friday Harbor
376-3549
April 16, 2015 8:45 a.m.

PAGES

WELCOME GUESTS/MEMBERS

Anne Falcon and Steve Andersen, EES
Olga Darlington, Jennifer Chu of Moss Adams

ACTION ITEMS

- | | |
|--------------|---|
| 4-6 | ○ Approval of March Minutes |
| 7 | ○ Admission of New Members |
| 8 | ○ Capital Credits |
| 9-12 | ○ NWPPA Voting Delegate |
| 13-17 | ○ RUS 219s |
| 18-25 | ○ MS Policy 11 <i>Capital Credits</i> |
| 26 | ○ 2014 Audit Report (approximately 3:30 pm) |

DISCUSSION ITEMS

- | | |
|--------------|--|
| 28-31 | ○ Annual Meeting 2014 Minutes Review (to be approved by members at the annual meeting) |
| 32-46 | ○ Resource Evaluation Presentation by EES |
| 47-54 | ○ Cost Recovery Charge (Policy 29) |

REPORTS

- | | |
|--------------|-------------------------------------|
| 56 | ○ Cash Recap |
| 57 | ○ Total Fund Balances Chart |
| 58 | ○ Outages |
| 59 | ○ Safety |
| 60-62 | ○ General Manager |
| 63-64 | ○ Rock Island Communications Update |

INFORMATION ITEMS

- | | |
|--------------|---------------------------|
| 66-80 | ○ 2014 RUS Form 7 |
| 81 | ○ New Services |
| 82 | ○ Historical MORE Revenue |
| 83-84 | ○ BPA Consumption Summary |

ADJOURNMENT

Executive Session: Legal Issues; PNGC; RIC

ACTION ITEMS

New Members March 2015

Decatur

1. Dingfield, Mark

Lopez

1. Boyce, Jon & Petito-Boyce, Catherine
2. Cyprex Services
3. Gaddis, J.B
4. Goodwool
5. Gundlach, Jens & Giedt, Cassandra
6. Mackinnon, Megan
7. Uradnik, Gazala & Michael
8. Vachon, Jennifer & Brown, Adam

Orcas

9. Alter, Susan
10. Blewett, Jim
11. Boero, Micheal
12. Boetger, Randall
13. Bowers, Amy & Hamilton, James
14. Bryant, Alan T & Kitrina M
15. De Anda, Ricardo
16. Hagen, Steven
17. Hampel, Larry & Susan
18. Hostler, James A
19. Mr & Miscellaneous
20. Mueller, Anna
21. Nute, Stephen
22. Orcas Island Storage LLC
23. Robertson, Sue & David
24. Sleeper, Amy Brown, Lynne
25. Stewart, Joel D & McIntyre, Annie
26. Stonecipher, Thomas & Brenda

San Juan

27. Arnold, Adrienne
28. Barton, Elisabeth G
29. Beliveau, Jacob
30. Bond, Tomi
31. Border, David & Jennifer
32. Buckler, Joe
33. Camassia Professional Corp
34. Campbell, Crystal
35. Dobbins, Austin T
36. Frink, J Curtis
37. Groseclose, Nicholas
38. Guthrie, Jessi
39. Halliday, Michelline & Bama, Ben
40. Halverson, Helen
41. Hartigan, Steve
42. Irwin, Brandon
43. Iverson, Steffan
44. Johnson, John
45. Kielty, Gail
46. Kilpatrick-Boe, Me'Tairie
47. Kubisty, Cheryl
48. Kyser, Brian
49. Lindenberg, Nancy R
50. Lloyd, Isaac
51. McFarland, Jean
52. McFarland, Lee Krueger & Michael E
53. Mock, Michela
54. Moore, Robert L
55. Neeley, Gail & Jeffrey
56. Rajczi, Kristee
57. Rice, Jenny
58. Roddick, Jeffrey
59. Ross, Rob & Sommer
60. Searles, James
61. Wagner, Valeria & Johanna
62. Wampler, Nancy D
63. Wells, Gloria A
64. Wilson, Ronald & Raber, Susan
65. Zall, Barnaby
66. Zygoeki, David A

Shaw

67. Johnson, Rodney

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Northwest Public Power Association

9817 N.E. 54th Street Vancouver, Washington 98662-0576
(360) 254-0109 FAX (360) 254-5731
E-mail: nwppa@nwppa.org
Web Site: www.nwppa.org

MEMORANDUM

To: NWPPA Membership

From: Ken Weiss, Clearwater Power, NWPPA Board President

Date: March, 2015

NOTICE OF THE 2015 ANNUAL CONFERENCE & MEMBERSHIP MEETING

The NWPPA 2015 Annual Conference & Membership Meeting will be held at the Egan Civic & Convention Center in Anchorage, Alaska, on May 17-20, 2015. The Business Session of the Annual Membership Meeting will be held on Tuesday, May 19, 2015 from 12:00 noon to 1:50 p.m. An Annual Meeting program is enclosed with this memo. Information about the conference may also be found on the NWPPA website at www.nwppa.org in the class schedule and online registration area or by clicking on the Annual Meeting banner on the NWPPA home page.

VOTING REPRESENTATIVE/DELEGATE FORM

Each utility is allowed one voting delegate who is permitted to vote on each of the Association resolutions and other business brought before the Annual Business Meeting. It is important that your utility is represented at the Business Meeting. Your self-assigned voting delegate will be asked to sit in a designated "Voting Delegate Area" during the Annual Business Meeting. Special registration ribbons will be used to identify each voting delegate.

If your utility has not already designated a voting delegate with NWPPA for this Annual Meeting, please use the enclosed form to indicate an individual from your utility, who will be attending the Annual Meeting, to act as your utility's the voting delegate for the Business Meeting. If you have questions about whether or not NWPPA has received an official voting delegate form from your utility, please call Debbie Kuraspediani at (360) 816-1449. **Please fax or mail completed forms back to NWPPA before May 1, 2015.**

Please make sure your voting delegate is registered to attend the conference so they may actually vote for business items on behalf of your utility. You may register your voting delegate for the meeting by using the meeting registration form enclosed or on the NWPPA Web site at <http://www.nwppa.org/External/WCPages/WCEvents/EventDetail.aspx?EventID=122275>.

OVER

NWPPA ANNUAL BUSINESS MEETING CONDUCT OF BUSINESS RULES

For your information and review, we are enclosing a copy of NWPPA's *Conduct of Business Rules* that have been adopted by NWPPA's Board of Trustees and will be observed at the 2015 Annual Business Meeting. Please take a moment to review them with your voting delegate so they are familiar with the flow of business and procedures during the membership meeting on Tuesday, May 19, 2015. If you have questions about this document, please contact NWPPA.

2015 PROPOSED RESOLUTIONS

The 2015 Proposed Resolutions are available on the NWPPA Government Relations Committee Web page and can be referenced at this address:
http://www.nwppa.org/government_relations/active_resolutions.aspx.

Please take a moment to review the Association's proposed 2015 resolutions prior to the May Annual Meeting. Also please review the attached Call for 2015 Resolutions memo, outlining the schedule for receipt of member input on resolutions for 2015. This schedule was adopted by the NWPPA Board of Trustees to provide every member an equal opportunity to review, comment and arrive at agreement on the resolutions well in advance of the May 18 Government Relations Committee meeting and the May 19 Annual Business Meeting. In past years, members attending the Annual Meeting who have not been part of this process have attempted, with some level of frustration, to make changes to the resolutions at these May meetings. Making changes at the May meeting can be accomplished by a two thirds vote of both the GRC and the General Membership to "reopen input on resolutions". However, in reopening resolutions for changes, the last member proposing the revisions gets the last word or an unfair advantage on a particular resolution as not all members may have had a chance to review the changes. The Government Relations Committee (GRC) will meet on Monday, March 18, 2015 in Alaska to discuss any comments received on the proposed 2015 Resolutions. The NWPPA Board will consider the GRC's comments on the proposed resolutions and forward their recommendations to the full membership for consideration and adoption at NWPPA's Annual Business Meeting on Tuesday, May 19, 2015.

A complete printed packet of proposed 2015 Resolutions can be requested from NWPPA by calling (360) 254-0109.

Please mark your calendars to come and enjoy beautiful Alaska and network with other public power utilities and supporting companies at the NWPPA Annual Conference & Membership Meeting May 17-20, 2015.



Northwest Public Power Association

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Northwest Public Power Association Utility Voting Delegate Designation For 2015 Meetings Outlined Below

Please complete and return by May 1, 2015

Member System: _____

City, State: _____

The following people are hereby designated as the official voting delegates from our utility and are authorized to represent our utility at the NWPPA Annual Business Meeting, May 19, 2015 in accordance with Section 2.5 of the NWPPA Bylaws; at NWPPA's 2015 Government Relations Committee Meetings; and during calls on Congress or Federal/State Regulatory Agencies.

Each utility is authorized to cast one (1) vote and is entitled to have a Primary Voting Delegate and an Alternate Voting Delegate. Additional utility personnel are encouraged to participate in these meetings as well but each utility will only be allowed one vote by the designated voting delegate below.

Authorized Voting Delegates:

Primary _____
(Name and Title)

Alternate _____
(Name and Title)

Signed: _____
(Utility Board President or Vice President)

Date: _____

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RUS Form 219 Inventory Of Work Orders

Period: JAN 2015

System Designation: WA AH O9

Inventory : 201501

Budget Loan	Project	Amount
1	505	20,025.93
1	506	22,888.86
1	606	3,447.39
1	608	1,790,379.85
Total:		1,836,742.03

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN. THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

Joel Mietzner P.E.

INSPECTION PERFORMED BY

42902

LICENSE NUMBER

3/16/2017

DATE

OPALCO

FIRM

SIGNATURE OF LICENSED ENGINEER



EXPIRES 3/16/2017

03/31/2015 11:27:56 am

RUS Form 219 Inventory Of Work Orders

Page: 2

Period: JAN 2015

System Designation: WA AH O9

Inventory: 201501

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
		Retirement (2)							
505	2013	1413	1	20,161.23	0.00	0.00	0.00	0.00	20,025.93
							AFUDC: 135.30		
				20,161.23	0.00	0.00	0.00	0.00	20,025.93
506	2013	1414	1	23,043.50	0.00	0.00	0.00	0.00	22,888.86
							AFUDC: 154.64		
				23,043.50	0.00	0.00	0.00	0.00	22,888.86
606	2014	1567	1	3,465.33	0.00	0.00	0.00	0.00	3,447.39
							AFUDC: 17.94		
				3,465.33	0.00	0.00	0.00	0.00	3,447.39
608	2013	1537	1	1,798,471.65	0.00	0.00	0.00	0.00	1,786,498.13
							AFUDC: 11,973.52		
608	2014	1738	1	3,901.39	0.00	0.00	0.00	0.00	3,881.72
							AFUDC: 19.67		
				1,802,373.04	0.00	0.00	0.00	0.00	1,790,379.85
Grand Totals:				\$ 1,849,043.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,836,742.03

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Page: 6

RUS Form 219 Inventory Of Work Orders

Period: JAN 2015

System Designation: WA AH O9

Inventory : AN1501

Budget

Loan	Project	Amount
1	706 - 3	61,099.89
Total:		61,099.89

BORROWER CERTIFICATION

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SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

Joel Mietzner P.E.

INSPECTION PERFORMED BY

OPALCO

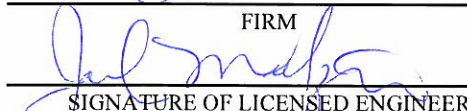
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LICENSE NUMBER

3/16/2017

DATE



SIGNATURE OF LICENSED ENGINEER



EXPIRES 3/16/2017

03/31/2015 11:27:56 am

RUS Form 219 Inventory Of Work Orders

Page: 3

Period: JAN 2015

System Designation: WA AH O9

Inventory: AN1501

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
		Retirement (2)							
706 - 3	2013	1502	1	61,512.69	0.00	0.00	0.00	0.00	61,099.89
							AFUDC: 412.80		
				61,512.69	0.00	0.00	0.00	0.00	61,099.89
Grand Totals:				\$ 61,512.69	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 61,099.89

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ORCAS POWER AND LIGHT COOPERATIVE

MEMBER SERVICE POLICY 11

CAPITAL CREDITS

11.1 GOALS AND OBJECTIVES

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11.2 EXPECTATIONS

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11.3 PROCEDURES FOR ALLOCATION OF CAPITAL CREDITSÁ

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# DISCUSSION ITEMS



**MINUTES OF THE ANNUAL MEETING  
OF  
ORCAS POWER & LIGHT COOPERATIVE  
May 3, 2014**

President Chris Thomerson called the 77th Annual Meeting of the members of Orcas Power & Light Cooperative to order at 9:45 a.m. aboard the M/V Hyak.

A quorum was met, with 210 members in attendance and 317 attendees.

Thomerson welcomed members and guests, and introduced the current Board of Directors: District 1 Vince Dauciunas and Glenna Hall; District 2 Winnie Adams and Thomerson; District 3 Bob Myhr and James Lett and District 4 Dr. Jerry Whitfield. Guests welcomed included Representative Jeff Morris; Stuart Clarke, retired BPA Senior Account Executive; Marcus Perry, current BPA Senior Account Executive; Jeff Case, Oldcastle sales representative, Walt Wilson (and daughter Riley), General Pacific sales representative; Jeff Lindgren, Cooper Power Systems; and Dick Croston (and wife Becky), HD Supply Utilities.

Thomerson then acknowledged the passing of former employees Vern Coffelt, Operations Manager and Jack Cadden, lineman.

Thomerson introduced Parliamentarians Art Butler and Joel Paisner, from the law firm of Ater Wynne; Tally Committee Chair Doug Pearson; and Sergeant at Arms, Felix Menjivar.

A motion was made and seconded to waive the reading of the Official Notice of the Meeting; motion carried. A motion was then made and seconded to waive the reading of the Minutes of the 2013 Annual Meeting; motion carried.

Board candidates from District 1 (San Juan, Pearl, Henry, Brown and Spieden Islands) were introduced: Vince Dauciunas (incumbent), Glenna Hall (incumbent), Bryan Hoyer, Doug Rowan and Steve Hudson. Candidate John Sheehan was not in attendance.

After giving members time to mark their ballots, Thomerson declared registration and balloting closed for this annual meeting.

Thomerson then emphasized OPALCO's three-step process: the Board sets strategic direction, staff make it happen and the Board checks or audits the results. The number 97 is significant in that 97% of what OPALCO does is supply electricity. Over the last decade, there have been three major shifts: supply constraints-- economic, policy and climate uncertainty. Second, BPA is allocating delivery costs, which changes our billing—BPA tariffs are changing to include the cost of transmission. Members will hear more about "demand charge"—large usage in a short period costs more and makes inefficient use of the delivery system. The Board will spend considerable time this year guiding tariff development to ensure fair distribution of the costs of delivering electricity to the members. Third, OPALCO will control its own delivery costs by grid measurement, control and automation in part due to federal oversight agencies pushing for added reliability, safety and cost savings.

OPALCO's twenty-year plan includes replacing several submarine cables at a cost of millions of dollars. These replacements are unavoidable and will impact rates over the next ten years.

Thomerson noted that Island Network, OPALCO's internet arm, has paid for itself in the past ten years, making a profit in 2013 of \$115,000. The Board directed staff to produce a plan to expand the network to allow every member the option to hook up and benefit from this service, with those members paying the costs of service.

Thomerson complimented Cornelius on working diligently to lead OPALCO into the ranks of one of the best managed, best engineered, most financially secure rural electric cooperative in the nation. Thomerson announced that Foster Hildreth, Assistant General Manager, will replace Cornelius as general manager during the next year.

Representative Jeff Morris reported on the recent legislative session and the energy policies developed, thanking Cornelius for always responding with a “can-do” attitude over the years. Morris also reported that a third ferry was approved this past session. One ferry is in sea trials now; two more are scheduled for 2015 and 2016.

The fourth annual Nourdine Jensen Scholarship Awards were presented to Willow Paige of Orcas High School, Gabi Carver-Hackett of Orcas Christian School and Peter Kamin of the Orcas Christian School. William Coe of Orcas High School also received a scholarship but was not present. Each student will receive a \$500 scholarship and a week at the Youth Rally Leadership Camp at the College of Idaho this summer with opportunities to earn more scholarships.

Taking the podium to a rousing standing ovation, General Manager Randy Cornelius thanked the staff, Galley Catering and the Board for their hard work and dedication. Cornelius announced that OPALCO’s financial indicators are solid, starting the year with an operating budget of \$20.4 million with total operational expenditures of \$19.9 million. A capital improvement budget of \$5.1 million was approved by the board with expenditures of \$5.2 million.

Rates were increased 6% in March 2014 to offset an approximate 8% wholesale power rate increase from BPA and to help levelized future rate increases needed for the installation of new submarine cable between Lopez and San Juan Islands.

Cornelius noted that the Board will be reviewing the existing tariffs and will be re-evaluating OPALCO’s future rate design. Our power bill from BPA is now based on a fixed cost of operating the federal system and demand charges are expected to increase exponentially within the next decade. A cost of service study is being performed which will help determine what the cost of service should be for each member class.

Cornelius then announced that he would be retiring at the end of 2014. During his tenure (2002 – 2014), the total utility plant increased from \$56 million to \$86 million. The debt to assets ratio remains as 28%. Equity as a percent of total capitalization was 70.6% for 2003 and was 69.5% in 2013. Cornelius forewarned members to be prepared for higher facility rate charges and new residential demand charges. The BPA billing determinants, an increase in grid-tied distribution generation and an increasing capital improvement budget will be the cause of these higher rates.

OPALCO has \$3.4 million in the Island Network account, the majority of which occurred during 2001-02. The benefits of our fiber network are: 1) the safety of our line crews; 2) efficiencies in OPALCO’s operating expenses; and 3) eliminating the recurring cost of CenturyLink services, eliminated the need for meter readers and savings in restoring power during outages. During 2013 Island Network had a profit margin of \$115,000 which was assigned back to members in the form of capital credits.

Cornelius stated that he was excited for a new beginning with his retirement yet saddened that the time with his OPALCO family is ending. He urged members to visit the OPALCO website to read about Project PAL, our energy efficiency and conservation programs, the MORE program and our newest committee, Islands Energy.

Cornelius then introduced Assistant General Manager Foster Hildreth. The focus for Hildreth as General Manager will be changes in how BPA supplies our energy and how they charge for the energy; optimizing our grid control systems; upgrading our aging infrastructure; the rising cost of energy and working to keep costs down for our membership.

While these are challenging topics, Hildreth emphasized that OPALCO exists to serve its members, noting that a leadership team’s responsibility is to look forward, anticipate the needs of our membership and put plans in place to meet those needs in the most cost-effective way possible.

Hildreth asked that members participate by attending town hall meetings, board meetings, energy fairs and the county fair. He promised to “make the members proud” as he takes over the helm of OPALCO as the next General Manager. He thanked Cornelius for his mentorship and committed to running OPALCO with the same dedication to the membership that Cornelius had over the past twelve years.

Thomerson announced the six members whose absentee ballots were drawn to win a \$50 credit on their utility bill: Kathryn Moyer, Frank Buchanan, Kenneth Hedin and Ruth Fleming of San Juan Island; Jeff Malinoff of Lopez Island and Robert Gardner of Orcas Island.

Tally Committee Chairman Doug Pearson announced the following voting results:

**Bylaw Amendment #1 (Failed)**

Initiated by member petition, Amendment #1 proposed to amend Article II *Meeting of Energy Members* Section 9 (new section):

- (a) The Board of Directors shall schedule three (3) Energy Member Informational meetings. Said meetings shall be scheduled every third month following the Annual Meeting and in the following order: Orcas, San Juan and Lopez. Said meetings shall be held on a Saturday, at a time coordinated with the ferry schedule and in a facility to be selected by the Board.
- (b) The purpose of said Informational Meeting is to provide the opportunity for dialogue between Energy Members, the Board of Directors and management staff about the Cooperative’s affairs. The meeting shall be “chaired” by one of the Board Members representing the island on which the meeting is held.
- (c) Printed notice of Informational Meetings shall be included in the monthly billing notice sent to all Energy Members preceding the date of the scheduled meeting. Notice shall also be posted on the Cooperative’s website and advertised in the newspapers serving the San Juan Islands for a period of no less than twenty (20) days preceding the scheduled meeting.”

|     | <b>Total</b> | <b>Absentee</b> | <b>Annual Meeting</b> |
|-----|--------------|-----------------|-----------------------|
| Yes | <b>904</b>   | 884             | 20                    |
| No  | <b>1,438</b> | 1,405           | 33                    |

**Bylaw Amendment #2 (Failed)**

Initiated by member petition, Amendment #2 proposed to amend Article IV *Meetings of Directors* (new section):

The Cooperative shall allow member-owners access to open board meetings (non-executive sessions) through Internet web-based streamed audiovisual (AV) and optionally videoconferencing. All AV will be presented unedited (except to exclude breaks and executive sessions) and made available on demand through a web server to energy members within 7 days of the meeting. Such AV will remain available for at least 24 months from the date of first posting. The Board may restrict access to the AV to include only member-owners and set terms of use restrictions.

|     | <b>Total</b> | <b>Absentee</b> | <b>Annual Meeting</b> |
|-----|--------------|-----------------|-----------------------|
| Yes | <b>776</b>   | 758             | 18                    |
| No  | <b>1,554</b> | 1,519           | 35                    |



And the two director positions for District 1:

|                 | <b>Total</b> | <b>Absentee</b> | <b>Annual<br/>Meeting</b> |
|-----------------|--------------|-----------------|---------------------------|
| Vince Dauciunas | <b>1,658</b> | 1,628           | 30                        |
| Glenna Hall     | <b>1,112</b> | 1,084           | 28                        |
| Bryan Hoyer     | <b>386</b>   | 366             | 20                        |
| Steve Hudson    | <b>1,062</b> | 1,043           | 19                        |
| Doug Rowan      | <b>492</b>   | 481             | 11                        |
| John Sheehan    | <b>128</b>   | 123             | 5                         |

A total of 2,524 ballots were cast. Thomerson thanked all of the candidates for running.

Cornelius answered pre-submitted questions with the assistance of Foster Hildreth.

There being no further business, Thomerson declared the meeting adjourned at 10:45 a.m. Door prizes were then awarded.

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Chris Thomerson, President

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Jim Lett, Secretary-Treasurer

## **MEMORANDUM**

Date: April 10, 2015

To: Board of Directors

From: Foster Hildreth, General Manager

Re: Integrated Resource Plan Update

Progress on the Integrated Resource Plan continues and EES will present an overview of the timeline and expectations at the April board meeting. The result of the Board's discussion should provide clear options for balancing resources that are aligned with the competing topics related to:

- Carbon Footprint Reduction
- Sustainability
- Low cost/No cost
- Environmental Impact

Once the above goals are defined, staff will continue to work with EES to deliver a thorough menu of resource options, strategy alternatives, and associated costs/benefits.

### **Resource Evaluation Summary Timeline**

- A. ✓ Complete Staff kick-off meeting: November
- B. ✓ Development of Load forecast scenarios: Q1
- C. ✓ Development of BPA Power Supply modeling: Q1
- D. Present Load-Resource Balance and scenarios to Board: Q2
- E. Research resource and efficiency options applicable to OPALCO: Q2
- F. Evaluate strategic alliances with other utilities: Q2
- G. Develop benefit/cost analysis of identified resource and efficiency options: Q3
- H. Develop risk analysis: Q3
- I. Present options and considerations to OPALCO Board: Q3
- J. Draft Report: Q3
- K. Present Evaluation results and strategic options for the future: Q3
- L. Present Analysis of strategic alliances: Q4
- M. Finalize Report: Q4



# RESOURCE EVALUATION

THE ROAD FORWARD

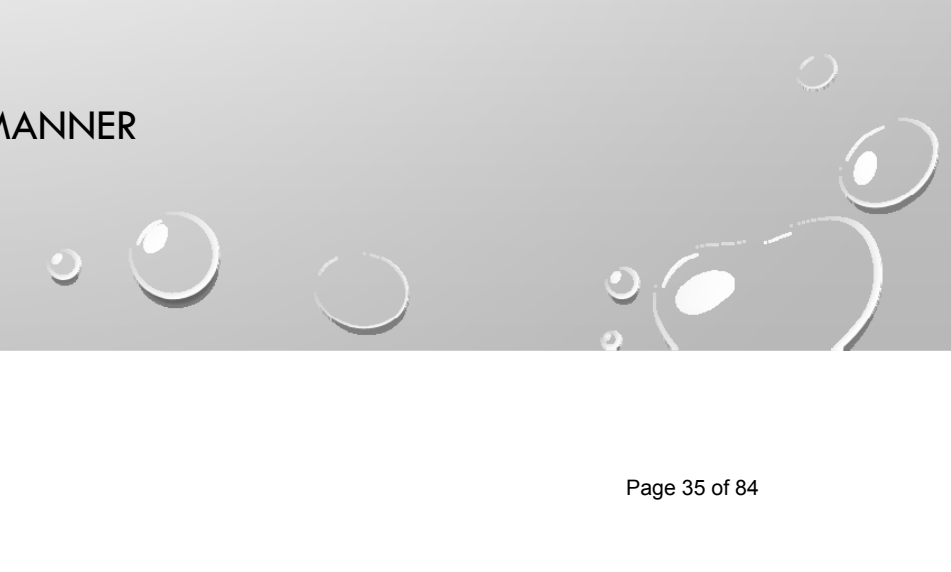




# AGENDA



# OBJECTIVE OF STUDY

- DEVELOP ROADMAP FOR FUTURE STRATEGIC DIRECTION(S)
  - PROVIDE INFORMATION TO THE BOARD RELATED TO:
    - FEASIBLE OPTIONS
    - FINANCIAL IMPACTS
    - ENVIRONMENTAL IMPACTS
    - OPPORTUNITIES
    - RISKS
  - CONSIDER TRADE-OFFS IN A CLEAR AND CONCISE MANNER
- 



# TENTATIVE SCHEDULE

- APRIL – STRATEGIC DIRECTION/OVERVIEW OF STUDY
- JUNE – PRESENT LOAD/RESOURCE BALANCE, DISCUSS RESOURCE OPTIONS
- AUGUST – PRESENT RESOURCE SCREENING ANALYSIS & DRAFT STRATEGY ALTERNATIVES
- SEPTEMBER – PRESENT FINAL STRATEGY ALTERNATIVES
- OCTOBER – FINALIZE STUDY



# EVALUATION OF OPALCO

- SWOT (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ANALYSIS
  - INTENDED TO GET INPUT FROM BOARD & STAFF
  - ADDED A FEW ITEMS TO GET STARTED



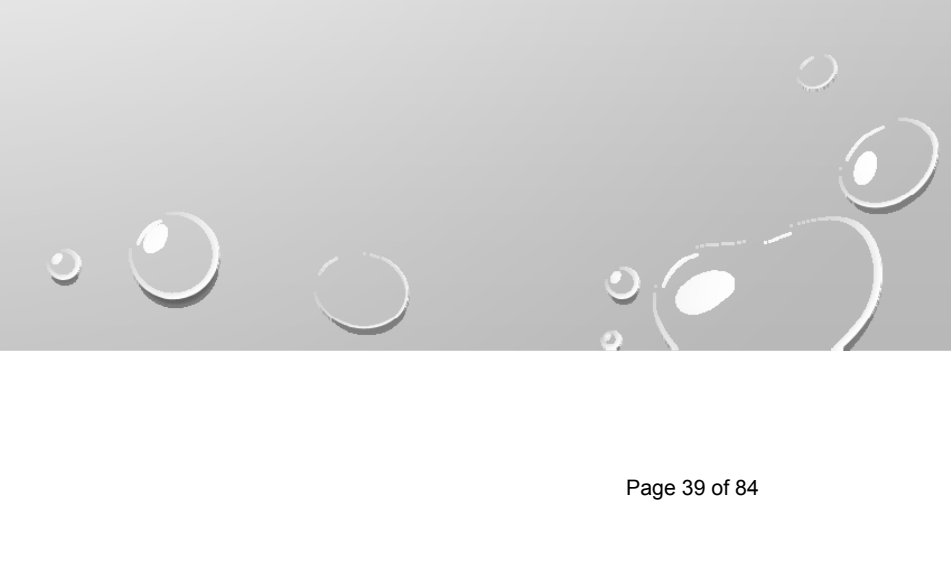


# STRENGTHS

- WHAT DO YOU DO WELL?
- WHAT UNIQUE RESOURCES CAN YOU DRAW ON?
- IDEAS:
  - BONNEVILLE POWER CONTRACT
  - CABLE TO MAINLAND
  - ENGAGED COMMUNITY

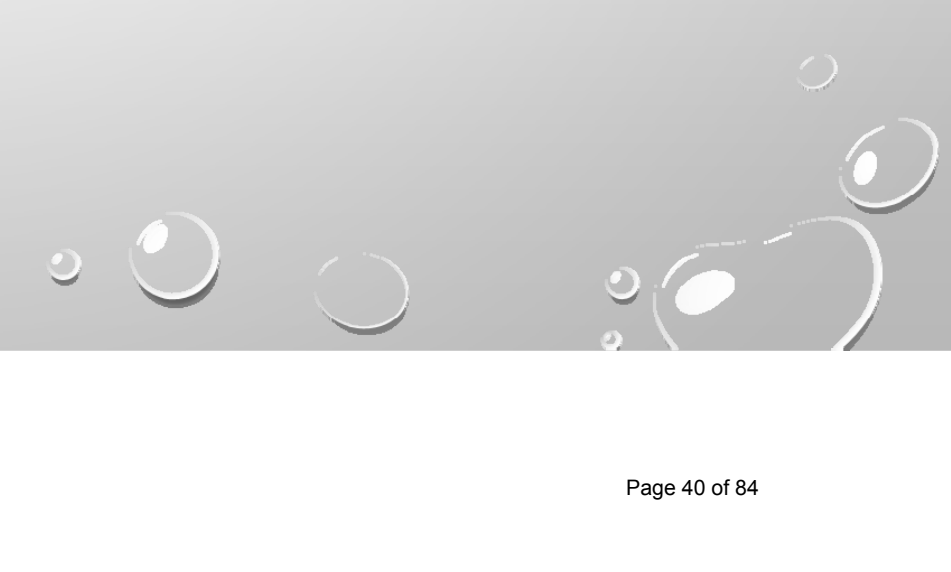


# WEAKNESSES

- WHAT COULD YOU IMPROVE?
  - WHERE DO YOU HAVE FEWER OPTIONS THAN OTHERS?
  - IDEAS:
    - ISLAND SERVICE AREA
    - GROWTH
    - ECONOMY
- 

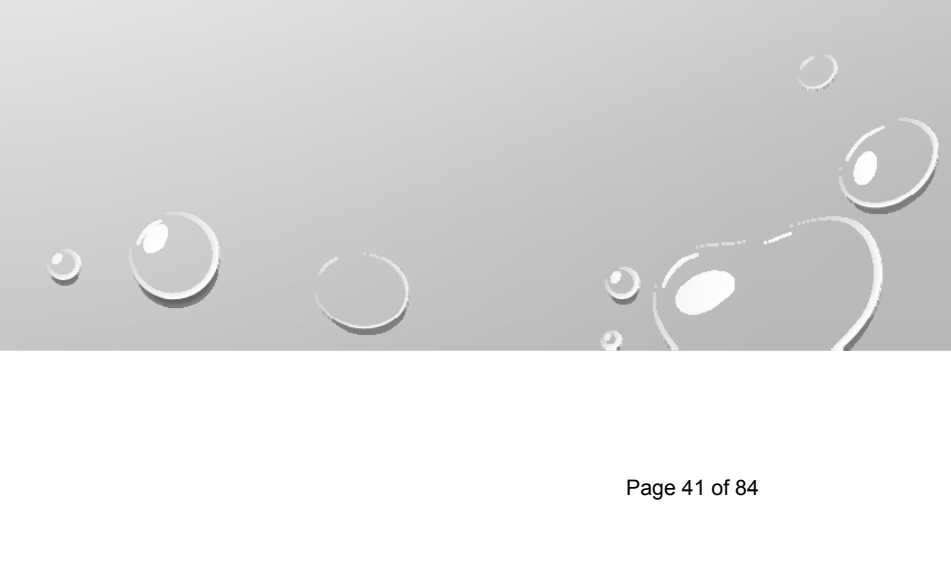


# OPPORTUNITIES

- WHAT OPPORTUNITIES ARE OPEN TO YOU?
  - WHAT TRENDS CAN YOU TAKE ADVANTAGE OF?
  - HOW CAN YOU TURN YOUR STRENGTHS INTO OPPORTUNITIES?
  - IDEAS
    - COMMUNITY INTEREST IN SOLAR
    - COMMUNITY INTEREST IN ENERGY EFFICIENCY
- 

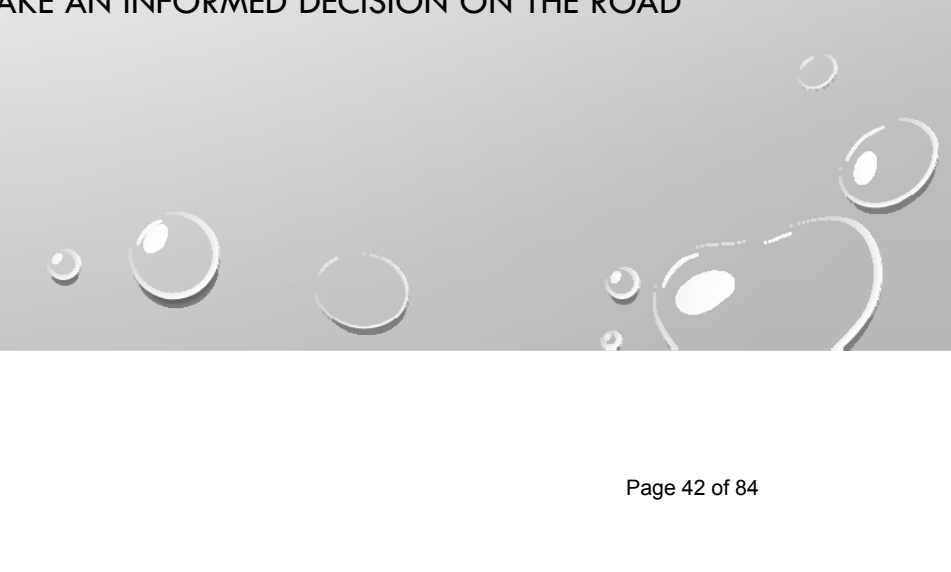


# THREATS

- WHAT THREATS COULD HARM YOU?
  - WHAT THREATS DO YOUR WEAKNESSES EXPOSE YOU TO?
  - WHAT IS YOUR COMPETITION DOING?
  - IDEAS
    - CABLE TO MAINLAND FAILING
    - DISTRIBUTED GENERATION IMPACT ON SYSTEM
    - BPA CONTRACT ENDS 2028
- 

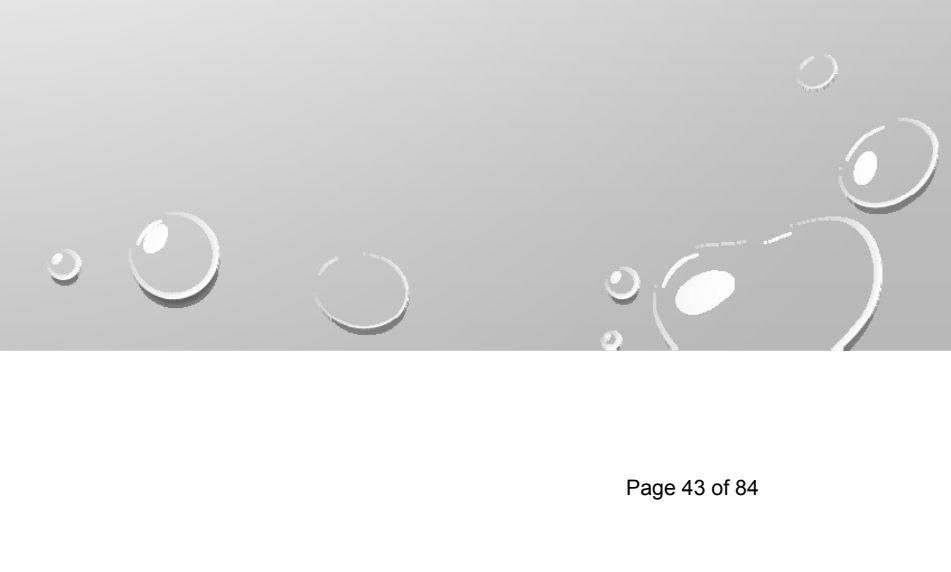


# WHAT MATTERS?

- OPTIMAL STRATEGY IS LOW COST, CARBON NEUTRAL, PROMOTES SUSTAINABILITY, ENVIRONMENTALLY BENIGN – NOT PROBABLE
  - EVALUATING VARIOUS OPTIONS OR DIRECTIONS
    - ENVIRONMENTAL BENEFIT VS COST
    - RENEWABLE RESOURCES VS GRID STABILITY
    - LOCAL RESOURCE DEVELOPMENT VS BPA CONTRACT
  - MYTHS VS. REALITY
  - PRESENTATION OF USEFUL INFORMATION SO BOARD CAN MAKE AN INFORMED DECISION ON THE ROAD AHEAD
    - WHAT WOULD HELP THE BOARD?
- 



# IDEAS TO EXPLORE

- DISTRIBUTED GENERATION OPTIONS
    - WHAT IS THE MAXIMUM THE SYSTEM CAN HANDLE
    - INDIVIDUAL VS COMMUNITY
  - OPTIMIZE LOCAL RESOURCES
  - BPA CONTRACT RENEWAL
  - LEVEL OF OPTIMUM ENERGY EFFICIENCY
  - DEMAND RESPONSE PROGRAMS/PEAK SHAVING
  - EMERGENCY GENERATION
- 





# IDEAS TO EXPLORE

- STRATEGIC ALLIANCES
  - ELECTRIC VEHICLES
  - GRID CONTROL TECHNOLOGIES
  - NON-WIRES SOLUTIONS
  - RESOURCES
    - GAS
    - ENERGY EFFICIENCY
- 

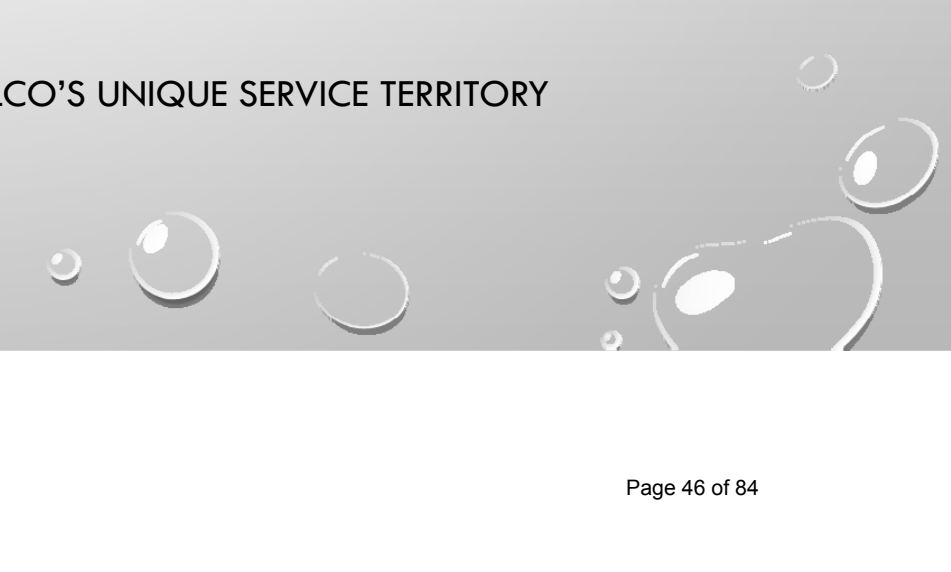


# IDEAS TO EXPLORE

- RESOURCES (CONTINUED)
    - DEMAND RESPONSE
    - PRE-PAY
    - UTILITY-OWNED SOLAR PROJECTS
    - COMMUNITY-OWNED SOLAR PROJECTS
    - ROOFTOP SOLAR
    - MICRO-HYDRO
- 



# IDEAS TO EXPLORE

- RESOURCES (CONT.)
    - TIDAL
    - WAVE
    - BIOMASS
    - MICRO GAS TURBINES
    - PUMPED STORAGE
    - BATTERY STORAGE
    - OTHER DISTRIBUTED GENERATION IDENTIFIED IN OPALCO'S UNIQUE SERVICE TERRITORY
- 

## MEMORANDUM

Date: April 6, 2015

To: Board of Directors

From: Foster Hildreth, General Manager

Subject: Cost Recovery Charge

Staff continued analysis based upon comments made during the March board meeting. As indicated in the attached data, 2015 is already a warmer year than projected. The cooperative's need for a cost recovery mechanism, as defined in Policy 29, becomes essential for the 2015 board approved budget, as well as a critical component of our RUS Corrective Action Plan (loan requirement).

Attached please find

- Cost Recovery Charge Mechanism (draft)
- Heating Degree Days chart
- 2014 Budget to Actual Revenue
- 2015 Budget to Actual Revenue (Year to date)
- Trends in the Cost of OPALCO Electricity (Jerry Whitfield)

Staff will be distributing additional information at the meeting.

## COST RECOVERY CHARGE MECHANISM

### DRAFT

Staff proposes the following options for triggers to collect and/or refund revenues:

1. Revenue and/or Power Cost
2. Margin
3. TIER

In the greater detail below, it outlines the triggering events along with the advantages and disadvantages. The events that trigger the shortfalls or overages will have to be accompanied by an instrument to allocate the charge or refund. Staff proposes the following options for this allocations:

1. Facility Charge Based
2. Per kWh
3. Percent of total bill

Based on the options above and the advantages and disadvantages below, staff proposes using Budget to Actual Revenue and Budget to Actual Power Costs as the optimal trigger for this charge or credit, allocating this charge or credit based on total bill, and applying on a 12 month rolling period, as indicated in the equation below.

$$\sum_{i=y-12}^y \left( \frac{((R_A - R_B) + (P_B - P_A))_{y-1}}{\sum_{i=y-13}^{y-1} R_{Ay}} \right)$$

$R_A = \text{Actual Revenue}$   
 $R_B = \text{Budgeted Revenue}$   
 $P_A = \text{Actual Power Cost}$   
 $P_B = \text{Budgeted Power Cost}$   
 $y = \text{Month to be applied}$

#### Optional Triggers:

##### Margin

##### a. Description

- This trigger would use the margin budget to actual differential. This differential would allow for the Cooperatives expenses and revenues to be accounted for in this process.

##### b. Advantages

- Incorporates both actual revenues and expenses
- May be considered both fair and equitable

##### c. Disadvantages

- Multi-month lag time. This would require the close of each month to take place prior to the calculation. If recovered based on when

figures are available, then the winter to spring transition may produce dramatic figures.

- If an unforeseen expense is realized (storm), then the margin will need to be greater to meet the financial statistical thresholds.
- Unmitigated factor – borrowings, may not achieve TIER

#### TIER

##### d. Description

- This trigger would use either monthly budgeted TIER to drive margins to the needed level to meet financial statistical figures.

##### e. Advantages

- This would ensure the Cooperative satisfies loan requirements.
- Incorporates revenues and expenses because the margin is a component of the equation.

##### f. Disadvantages

- Multi-month lag time. This would require the close of each month to take place prior to the calculation. If recovered based on when figures are available, then the winter to spring transition may produce dramatic figures.
- Difficult to explain to membership
- The Cooperatives TIER swings dramatically through the year since revenues will never track at the same profile as expenses. This will make the monthly factors vary quite dramatically.

#### Revenue and Power Cost

##### g. Description

- This trigger would combined the budget to actual revenue and power cost differentials.

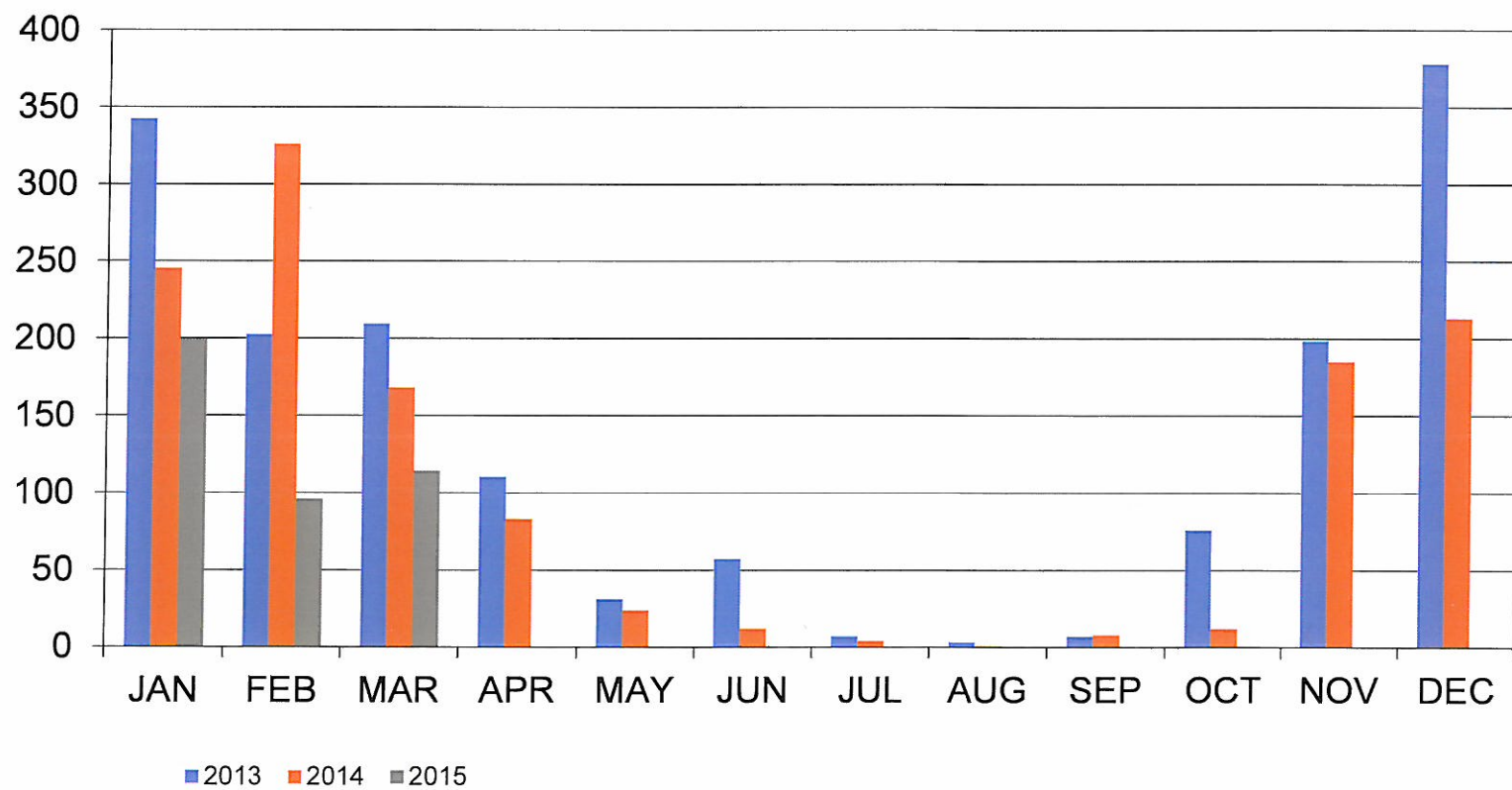
##### h. Advantages

- Revenue and power costs are the main drivers in the calculation of the margin and are readily available after month end, whereby, allowing a decrease in lag time and administrative time.
- Greater discretion on whether to have mechanism
- Fully accounts for weather abnormalities

##### i. Disadvantages

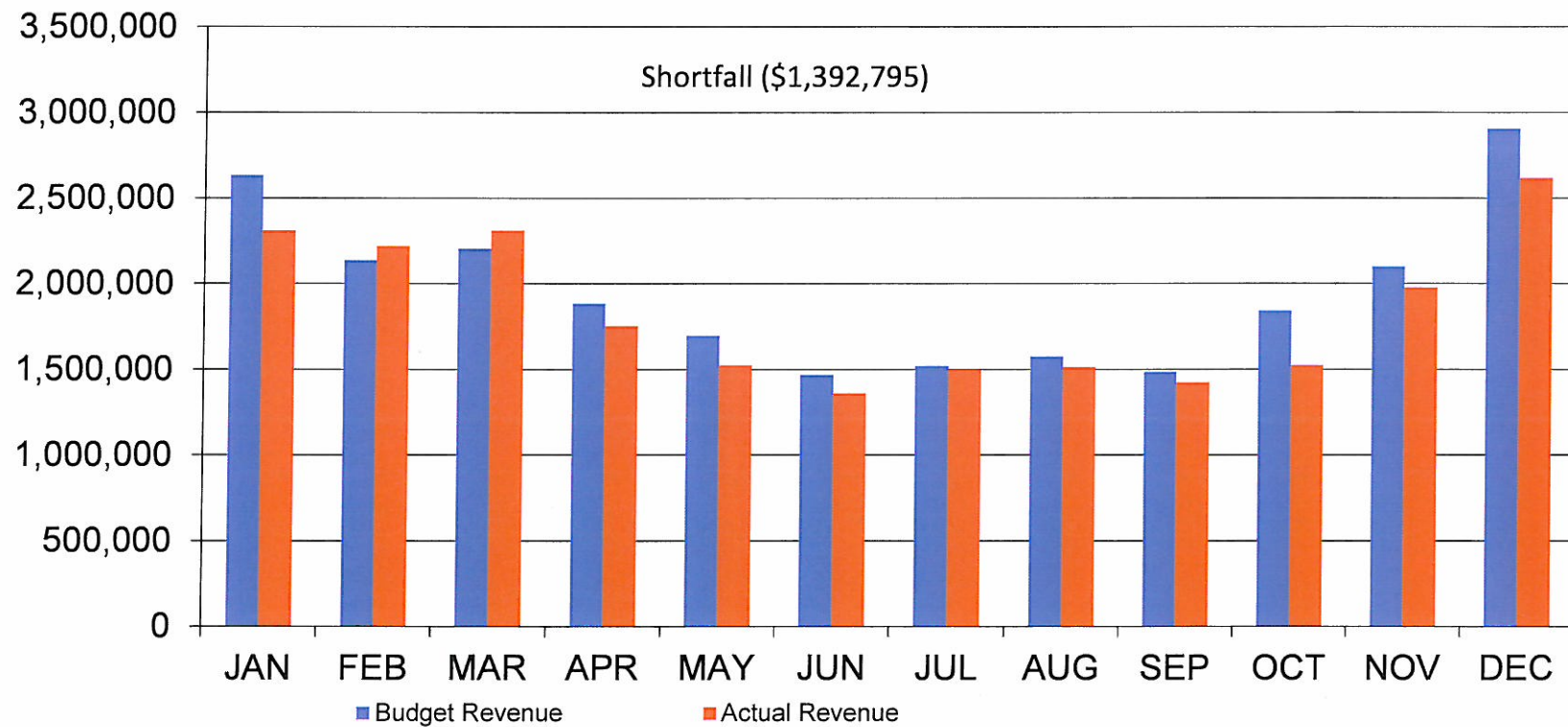
- Not tied to all expenses

## Heating Degree Days

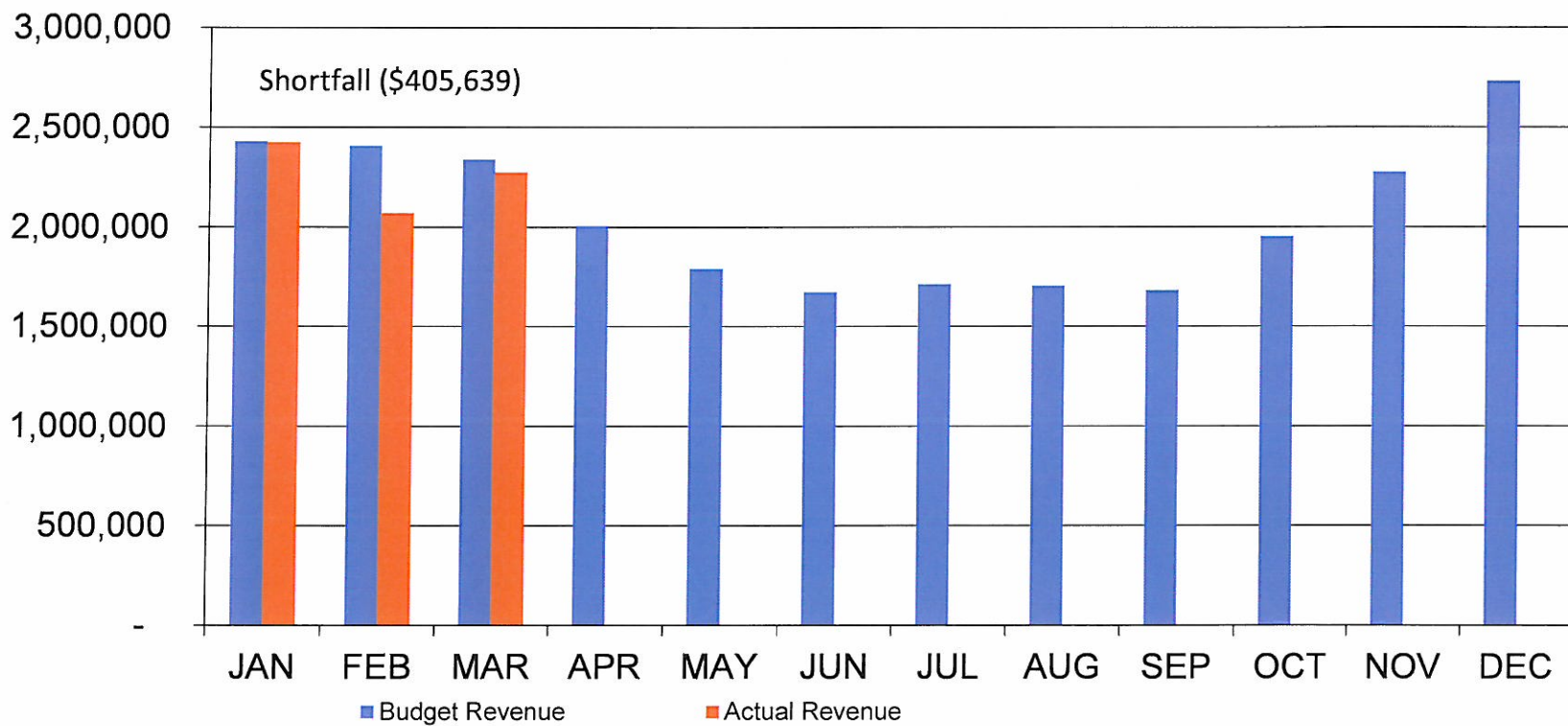




## 2014 Budget to Actual Revenue



## 2015 Budget to Actual Revenue



# *Trends in the Cost of OPALCO Electricity*

## FACTS:

- Today OPALCO Members pay on average 11c/Kwh overall for electricity.
- OPALCO pays BPA 4c/Kwh for purchased power.
- It costs OPALCO 7c/Kwh to deliver power to Members residences and businesses.
- The Fiber Optic Backbone costs Members 0.25c/Kwh.

## FIVE YEAR TREND:

- Sale of electricity (Kwh) to Members has been flat.
- Members cost of electricity has increased by 3.3% per year.
- Cost of BPA power has increased by 5.6% per year.
- OPALCO's Non-Energy costs have risen by 6.5% per year.
- Resulting Net Margin has decreased to zero in 2014.

## CONCLUSIONS:

- The cost of providing safe and reliable power has increased at about twice the rate of inflation.
- Members cost of electricity has increased more or less with inflation.
- Members have been getting a good deal at the expense of OPALCO's Net Margin which is used to pay for Members Equity in the Cooperative.
- OPALCO's ability to borrow future funds is being undermined by very low Net Margins.

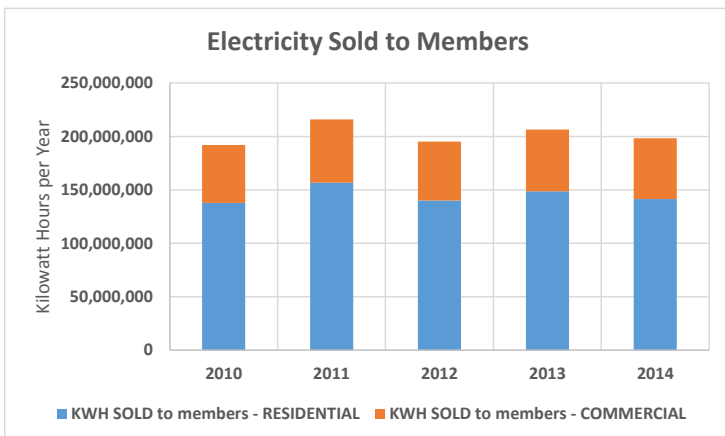
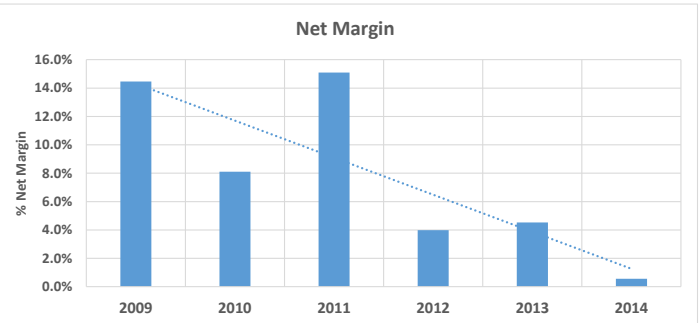
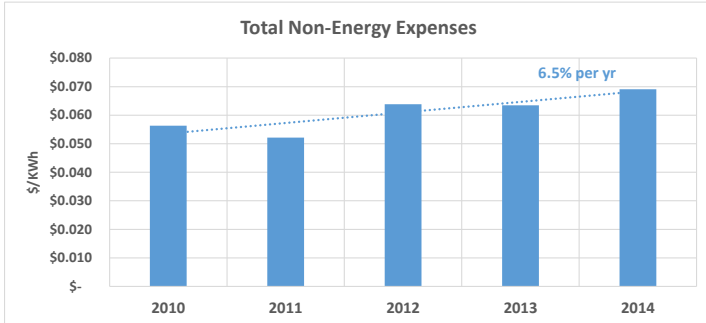
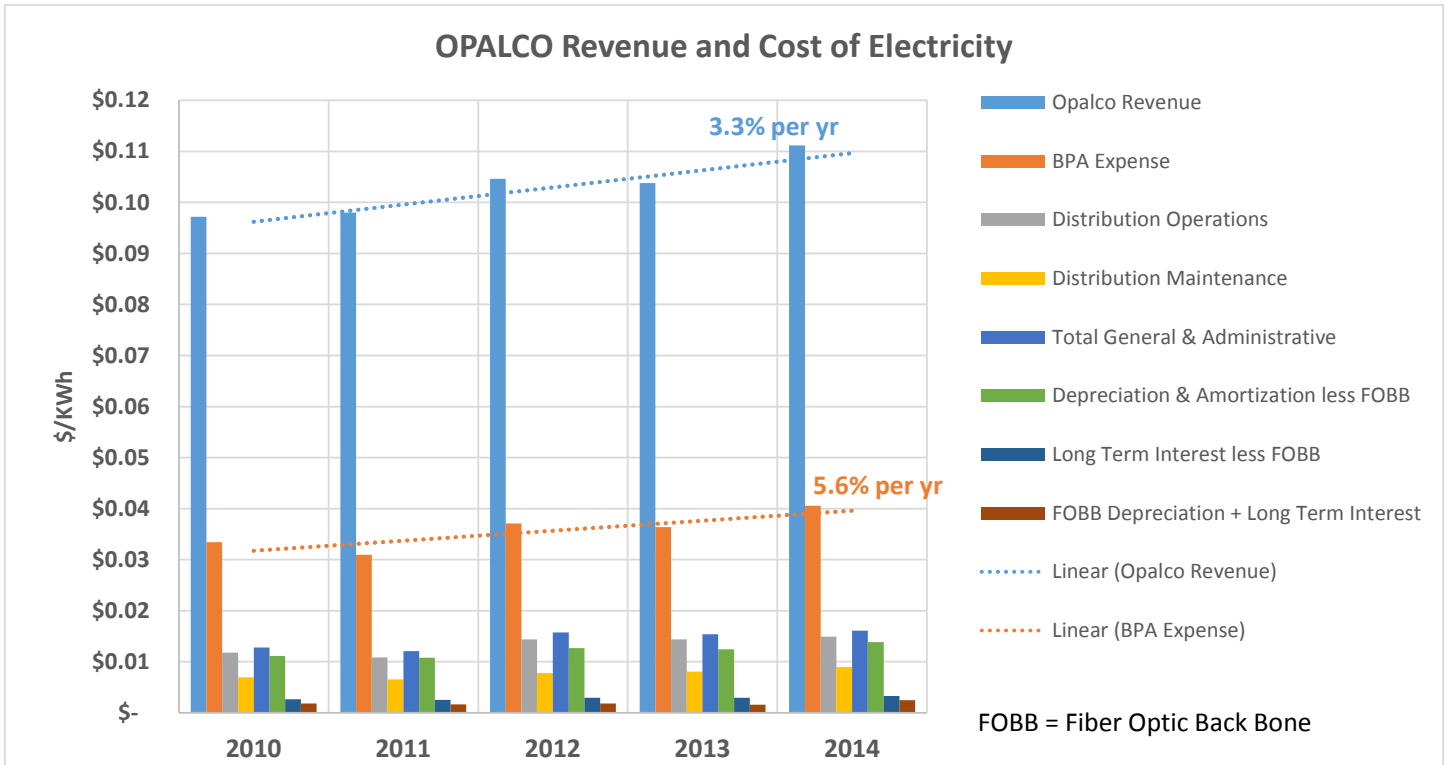
## ISSUES:

- Lower than expected electrical demand is due to a complex mix of warmer weather, member energy conservation, deployment of roof-top solar, and member lifestyle.
- Price per Kwh can increase even while individual member's bills decrease through lower usage.
- Rate structure requires pricing of 36.5% for energy and 63.5% for facility charge to reflect actual costs.
- OPALCO revenue volatility in times of flat demand becomes manageable if pricing reflects actual costs.
- Reducing energy component in price decreases incentive for energy conservation or deployment of roof-top solar.
- Estimated member investment in roof-top solar is about \$3.5M.

## CORRECTIVE ACTION REQUIRED:

- TBD.

# Trends in Cost of OPALCO Electricity





# REPORTS

**Orcas Power and Light Cooperative**  
**Cash Recap**  
**March 31, 2015**

|                                                     | Rate    | Term | Due Date | Amount    | Total<br>Balance |
|-----------------------------------------------------|---------|------|----------|-----------|------------------|
| GENERAL FUNDS:                                      |         |      |          |           |                  |
| Cash on Hand                                        |         |      |          | 600       |                  |
| Cash in Checking - Key Bank                         |         |      |          | (100,911) |                  |
| Cash in Checking/MMDA/Construction - Islanders Bank |         |      |          | 2,977,493 |                  |
| Cash in Checking/Savings/Payroll - Wells Fargo      |         |      |          | 330,368   |                  |
| Cash in Island Network LLC - Islanders Bank *       |         |      |          | 325,021   |                  |
| SUBTOTAL GENERAL FUNDS                              |         |      |          |           | 3,532,571        |
| CASH RESERVE FUND:                                  |         |      |          |           |                  |
|                                                     |         |      |          |           | 0                |
| RESTRICTED FUND:                                    |         |      |          |           |                  |
| CoBank - AIM                                        |         |      |          | 151,653   |                  |
| Home Street Bank                                    | 0.3490% | 547  | 4/29/15  | 105,416   |                  |
| Washington Federal Savings                          | 0.4000% | 395  | 6/19/15  | 109,410   |                  |
| Washington Federal Savings                          | 0.4000% | 395  | 12/29/15 | 108,323   |                  |
| SUBTOTAL RESTRICTED FUNDS                           |         |      |          |           | 474,802          |
| GRAND TOTAL FUND ENDING BALANCE 3/31/15             |         |      |          |           | <u>4,007,373</u> |

|                              |        |  |  |                |  |
|------------------------------|--------|--|--|----------------|--|
| Project PAL: Islanders Bank  |        |  |  | <u>24,081</u>  |  |
| MORE Program: Islanders Bank |        |  |  | <u>179,156</u> |  |
| RUS Cushion of Credit **     | 5.000% |  |  | <u>87,994</u>  |  |

**CASH PROJECTION:**  
**April 30, 2015**

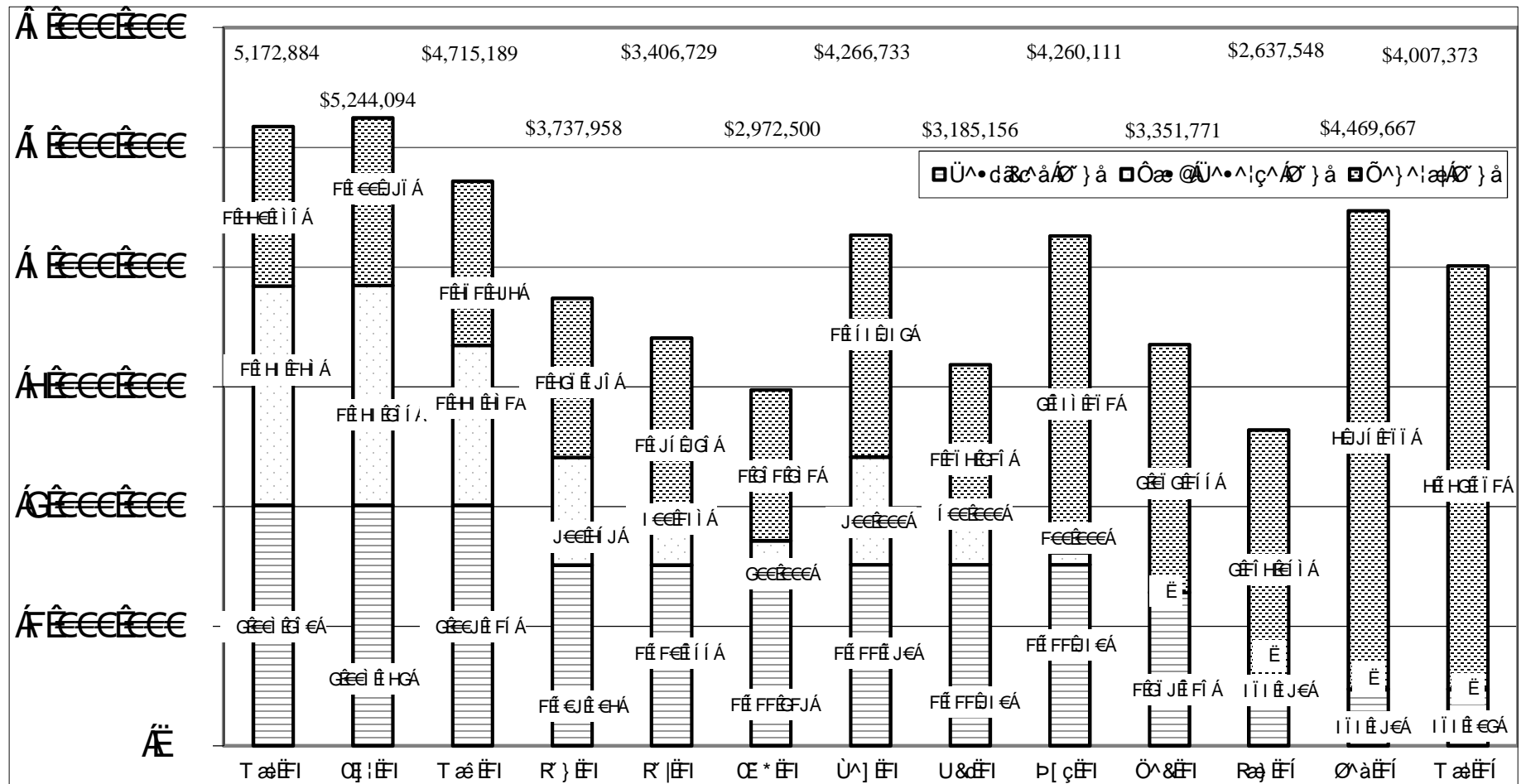
|                                                                |  |  |             |             |                  |
|----------------------------------------------------------------|--|--|-------------|-------------|------------------|
| GENERAL FUNDS:                                                 |  |  |             |             |                  |
| Beginning Cash 3/31/15                                         |  |  | 3,532,571   |             |                  |
| Estimated Revenue (based on 95% of billing)                    |  |  | 2,193,374   |             |                  |
| Estimated Other Revenue                                        |  |  | 20,000      |             |                  |
| Estimated Transfer From Restricted Fund                        |  |  | 0           |             |                  |
| Estimated Transfer From RUS Cushion of Credit                  |  |  | 19,129      |             |                  |
| Subtotal Cash/Revenue                                          |  |  |             | 5,765,074   |                  |
| Estimated Accounts Payable                                     |  |  | (1,400,000) |             |                  |
| Estimated Payroll and Benefits                                 |  |  | (661,000)   |             |                  |
| Estimated RUS Principal and Interest Payment                   |  |  | (19,129)    |             |                  |
| Property Tax Payment (1st Half)                                |  |  | (94,890)    |             |                  |
| Power and Transmission Bill (March bill)                       |  |  | (776,192)   |             |                  |
| Power and Transmission Bill (November 2014 Adjustment to Bill) |  |  | (13,605)    |             |                  |
| Subtotal Expenses                                              |  |  |             | (2,964,816) |                  |
| Projected Ending Balance 4/30/15                               |  |  |             |             | 2,800,257        |
| RESTRICTED FUND:                                               |  |  |             |             |                  |
| Beginning Cash 3/31/15                                         |  |  |             | 474,802     |                  |
| Transfer To General Fund                                       |  |  |             | 0           |                  |
| Projected Ending Balance 4/30/15                               |  |  |             |             | <u>474,802</u>   |
| PROJECTED GRAND TOTAL FUND ENDING BALANCE 4/30/15              |  |  |             |             | <u>3,275,060</u> |
| PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 4/30/15          |  |  |             |             | <u>(732,313)</u> |
| RUS CUSHION OF CREDIT**:                                       |  |  |             |             |                  |
| Beginning Balance 3/31/15                                      |  |  |             | 87,994      |                  |
| Transfer From General Fund                                     |  |  |             | 0           |                  |
| Estimated Transfer To General Fund                             |  |  |             | (19,129)    |                  |
| Projected Ending Balance 4/30/15                               |  |  |             |             | <u>68,865</u>    |

\* to be transitioned to new entity ledger

\*\* represents advance payments unapplied for RUS long term debt



## TOTAL FUND BALANCE

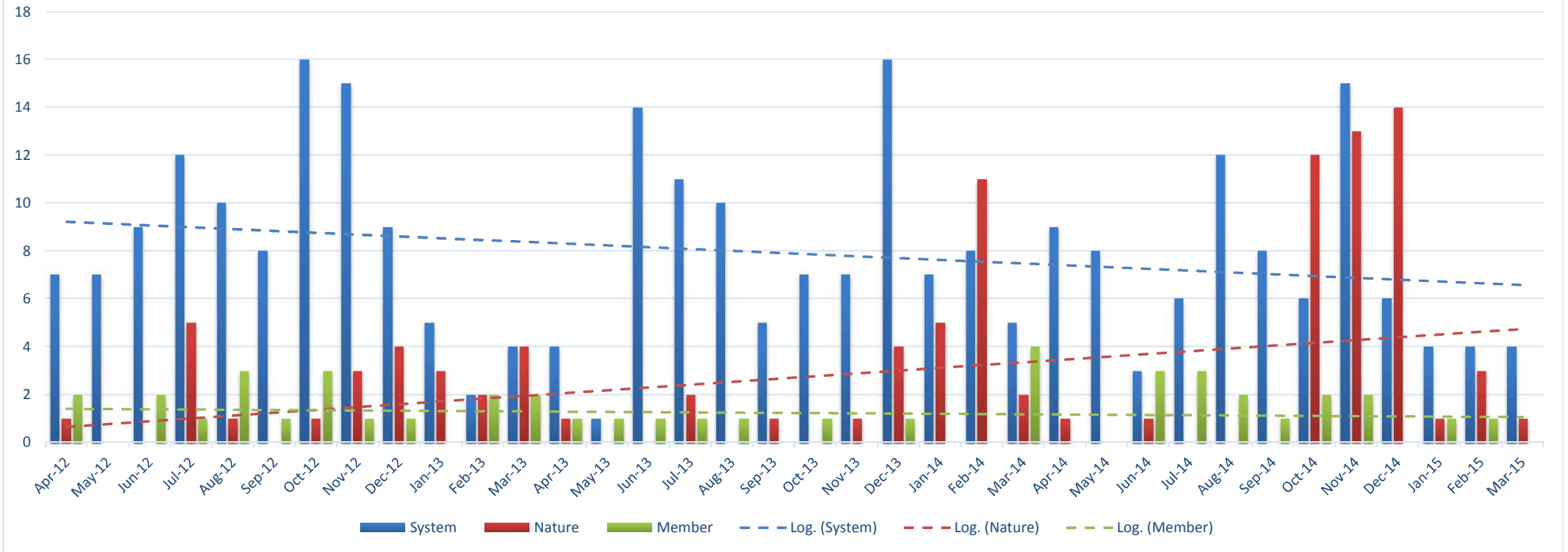


Notes:

1. Add'l liquidity: CFC \$10M LOC, \$5M PV line, and CoBank \$5M LOC
2. Loan draw #1 CFC \$3M @ 4.05% (February 2015)

## Outage Report: Trending + YTD Summary

### Outage Occurrence Trending



### YTD Summary

| Category Description | Group Description                 | March 2015  |                  |                 | YTD 2015    |                  |                 | YTD 2014    |                  |                 |
|----------------------|-----------------------------------|-------------|------------------|-----------------|-------------|------------------|-----------------|-------------|------------------|-----------------|
|                      |                                   | Occurrences | Members Affected | Duration (hrs.) | Occurrences | Members Affected | Duration (hrs.) | Occurrences | Members Affected | Duration (hrs.) |
| System               | Scheduled                         | 0           | 0                | 0               | 0           | 0                | 0               | 0           | 0                | 0               |
| System               | Faulty Equipment or Installation  | 1           | 1                | 2               | 3           | 6                | 3               | 4           | 72               | 16.5            |
| System               | System Issue                      | 1           | 2                | 2.5             | 1           | 2                | 2.5             | 4           | 33               | 8               |
| System               | Age or Deterioration (Failed URD) | 2           | 25               | 5.5             | 4           | 58               | 16.75           | 6           | 199              | 23.25           |
| System               | Right-of-way                      | 0           | 0                | 0               | 2           | 17               | 3.75            | 0           | 0                | 0               |
| System               | Secondary                         | 0           | 0                | 0               | 1           | 1                | 1.5             | 5           | 8                | 16.5            |
| System               | Unknown                           | 0           | 0                | 0               | 1           | 0                | 0               | 1           | 12               | 0.5             |
| Nature               | Weather                           | 1           | 20               | 4.5             | 3           | 32               | 12.5            | 18          | 1108             | 47.5            |
| Nature               | Animal                            | 0           | 0                | 0               | 2           | 6                | 4               | 0           | 0                | 0               |
| Member               | Member/Public                     | 0           | 0                | 0               | 2           | 2                | 1.5             | 4           | 133              | 9               |
| <b>Totals</b>        |                                   | <b>5</b>    | <b>48</b>        | <b>14.5</b>     | <b>19</b>   | <b>124</b>       | <b>45.5</b>     | <b>42</b>   | <b>1565</b>      | <b>121.25</b>   |

## MEMORANDUM

Date: April 10, 2015  
To: Board of Directors  
From: Foster Hildreth  
Subject: Safety Program – March 2015

### **Safety Training**

Jeff Myers reviewed the importance of incident reporting. By reporting accidents and near misses, all employees can be cognitive of the hazards surrounding them as they work.

### **RESAP (Rural Electric Safety Accreditation Program)**

The Safety Committee will be discussing the safety improvement plan at the next committee meeting.

### **Accidents / Incidents / Near Miss**

**Date:** March 26, 2015

**Type:** Accident

**Description:** While reconnecting a service to the transformer, a lineman strained his lower back.

**Corrective Action:** Back safety and lifting will be reviewed with the crews. Engineering designs will ensure there is ample space to train wires and have appropriate workspace.

|                    | <b>March 2015</b> | <b>YTD (2015)</b> |
|--------------------|-------------------|-------------------|
| <b>Near Misses</b> | 0                 | 0                 |
| <b>Incidents</b>   | 0                 | 0                 |
| <b>Accidents</b>   | 1                 | 1                 |
| <b>Loss Time</b>   | 0                 | 0                 |

Total Hours Worked without Loss Time Accident: 56,401

## General Manager's Report

### April 2015

## National Lineman Appreciation Day

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## FINANCE

## 2014 Year-End Processes

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## 2014 Audited Financial Statements

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## ENERGY SAVINGS

## Rebates/EEI Funding Balance

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# Residential Weatherization Rebate Changes

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## Outreach and Education/Nonprofit Partnership

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To: OPALCO Board of Directors

From: Foster Hildreth

Date: April 9, 2015

Re: Rock Island Communications April 2015 Update

Community and area designs continue moving forward. Update on the most advanced groups:

**San Juan: Cattle Point/Cape San Juan – 84 Connections**

Middle Mile construction is complete. Last Mile fiber designs are mostly complete. Our initial estimates were too high for homes along the rocky west side of cape drive so we are looking at a different rock sawing method and working on an even smaller conduit size to get these last mile connections to a better pricing point. Construction will begin soon. In order to start delivering service, we are waiting on FAA approval for placement of microwave link at FH Airport to feed that MM; we hope for approval mid-April. Initial wireless delivery of Last Mile connections will be from the northernmost pole only, to help define the optimal location for the southern Pole.

**Lopez: Lopez Village – 10+ Connections**

Just Heavenly Fudge Factory and Isabel's Café are now up and running, and Islanders Bank is well under way. Waiting for lineman work to remove the existing fiber plant from the electric infrastructure so we can deploy the required fiber and perform necessary splices without interaction with the electric system.

**Orcas: Eagle Lake – 30 connections**

Microwave shot from Blakely to Doe Bay is now functional. Work Orders and easements for last miles have been issued, and as payments come in, construction has begun on individual last miles and we are expecting a fiber deployment team to start blowing out the fiber plant within the next 10 days. We are waiting on the arrival of some of our required fiber, which should be this week. Target for delivering service to first customers is late April.

**San Juan: Mineral Point/Highlands – 40+ connections**

Middle Mile payments are in. Middle mile construction within the Mineral Heights is moving along, moving to Mineral Point next. The scope of work changed significantly as 9000 feet of the 13,000 feet involved full electric URD replacement.



**Orcas: Spring Point/Harborview**

Islanders Bank loan to the HOA has been approved and we expect the first tranche payment this week. Construction has begun. Two contractors will be working from either side of the point working our way out of the neighborhood. Over 10 miles of Middle and Last mile work to 100+ properties.

**Orcas: Alder Cottages (9 connections) and neighboring communities**

Condo associations in Eastsound core. We have overcome easement issues with Washington Federal Bank, and the Alder Cottages project is now under construction. Service will be turned on by end of April. We are implementing a design that will also scale to serve Washington Federal Bank and the neighboring communities of Alder Forest and Driftwood Condominiums.

**Lopez: Whiskey Hill 54 properties**

Planning on going to a vote as an association in mid-June on their middle mile build.

**OPAL/EWUA**

Office and residential location in Eastsound. Initial construction is completed to the office locations. Eleven service connections once completed. Office service should be complete by the time of meeting.

**Four Winds Camp, Orcas.**

Construction beginning on over 2000 feet of fiber deployment within the property to numerous building locations. We will be deploying a property wide Wi-Fi solution as well as a multi line phone system once connectivity is complete. Internal construction complete. Service is dependent on the back bone build out to Pole Pass. Awaiting county approval.

**Islanders Bank**

Each Branch location to be connected over the coming weeks. We have completed the FH build and are waiting on some internal wiring. Performed a directional drill at the Lopez branch and we are working on a design and electric cut over work for Eastsound.

**Internal Operations**

This process continues. We are in the final stages of porting all legacy IN customers into the new billing and management system.

**Financial Management**

We are moving into the second phase of finance integration plan, and we are tracking to schedule. New Chart of Accounts is done, and the new QB file is in development. We are establishing read-only access for Nth Degree to both the IN Islanders Bank account and Rock Island's legacy Key Bank account.

# INFORMATION ITEMS



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

|                                                                                                                                                 |                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br><b>FINANCIAL AND OPERATING REPORT</b><br><b>ELECTRIC DISTRIBUTION</b> | BORROWER DESIGNATION<br>WA0009                   |
|                                                                                                                                                 | PERIOD ENDED December, 2014                      |
|                                                                                                                                                 | BORROWER NAME<br>Orcas Power & Light Cooperative |
| INSTRUCTIONS - See help in the online application.                                                                                              |                                                  |

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |
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| <b>CERTIFICATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
| <p><b>We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.</b></p> <p>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <p><b>ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII</b><br/> <i>(check one of the following)</i></p> <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.                 </div> <div> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.                 </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div> <u>Foster Hildreth</u> </div> <div> <u>3/24/2015</u><br/>DATE                 </div> </div> |  |

| PART A. STATEMENT OF OPERATIONS                        |                  |                  |               |            |
|--------------------------------------------------------|------------------|------------------|---------------|------------|
| ITEM                                                   | YEAR-TO-DATE     |                  |               | THIS MONTH |
|                                                        | LAST YEAR<br>(a) | THIS YEAR<br>(b) | BUDGET<br>(c) |            |
| 1. Operating Revenue and Patronage Capital             | 21,431,278       | 22,029,025       | 23,421,818    | 2,616,978  |
| 2. Power Production Expense                            | 0                | 0                | 0             | 0          |
| 3. Cost of Purchased Power                             | 7,514,128        | 8,037,428        | 7,920,131     | 963,917    |
| 4. Transmission Expense                                | 70,117           | 92,874           | 77,110        | 5,720      |
| 5. Regional Market Expense                             | 0                | 0                | 0             | 0          |
| 6. Distribution Expense - Operation                    | 2,968,003        | 2,961,250        | 3,246,249     | 178,331    |
| 7. Distribution Expense - Maintenance                  | 1,669,524        | 1,778,516        | 1,896,363     | 39,957     |
| 8. Customer Accounts Expense                           | 853,211          | 898,198          | 899,084       | 74,305     |
| 9. Customer Service and Informational Expense          | 529,465          | 481,633          | 721,280       | 42,954     |
| 10. Sales Expense                                      | 16,641           | 53,962           | 21,217        | 5,031      |
| 11. Administrative and General Expense                 | 2,632,899        | 2,741,803        | 2,931,201     | 212,088    |
| 12. Total Operation & Maintenance Expense (2 thru 11)  | 16,253,988       | 17,045,664       | 17,712,635    | 1,522,303  |
| 13. Depreciation and Amortization Expense              | 2,719,560        | 2,975,650        | 2,889,273     | 265,294    |
| 14. Tax Expense - Property & Gross Receipts            | 183,727          | 202,375          | 189,239       | 17,006     |
| 15. Tax Expense - Other                                | 746,755          | 759,440          | 758,812       | 81,625     |
| 16. Interest on Long-Term Debt                         | 786,193          | 928,163          | 915,599       | 87,759     |
| 17. Interest Charged to Construction - Credit          | 0                | (19,229)         | 0             | (19,229)   |
| 18. Interest Expense - Other                           | 0                | 0                | 0             | 0          |
| 19. Other Deductions                                   | 2,850            | 5,930            | 3,227         | 0          |
| 20. Total Cost of Electric Service (12 thru 19)        | 20,693,073       | 21,897,993       | 22,468,785    | 1,954,758  |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 738,205          | 131,032          | 953,033       | 662,220    |
| 22. Non Operating Margins - Interest                   | 33,261           | 32,130           | 34,568        | 2,644      |
| 23. Allowance for Funds Used During Construction       |                  |                  |               |            |
| 24. Income (Loss) from Equity Investments              |                  |                  |               |            |
| 25. Non Operating Margins - Other                      | 162,005          | (109,065)        | 83,883        | (42,635)   |
| 26. Generation and Transmission Capital Credits        |                  |                  |               |            |
| 27. Other Capital Credits and Patronage Dividends      | 38,048           | 67,853           | 50,506        | 0          |
| 28. Extraordinary Items                                |                  |                  |               |            |
| 29. Patronage Capital or Margins (21 thru 28)          | 971,519          | 121,950          | 1,121,990     | 622,229    |

| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br>FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION |                  |                  | BORROWER DESIGNATION<br><br>WA0009                                       |                  |                  |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|--------------------------------------------------------------------------|------------------|------------------|
| INSTRUCTIONS - See help in the online application.                                                                                |                  |                  | PERIOD ENDED<br><br>December , 2014                                      |                  |                  |
| PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT                                                                               |                  |                  |                                                                          |                  |                  |
| ITEM                                                                                                                              | YEAR-TO-DATE     |                  | ITEM                                                                     | YEAR-TO-DATE     |                  |
|                                                                                                                                   | LAST YEAR<br>(a) | THIS YEAR<br>(b) |                                                                          | LAST YEAR<br>(a) | THIS YEAR<br>(b) |
| 1. New Services Connected                                                                                                         | 126              | 134              | 5. Miles Transmission                                                    | 42.65            | 42.65            |
| 2. Services Retired                                                                                                               | 119              | 15               | 6. Miles Distribution – Overhead                                         | 158.86           | 157.13           |
| 3. Total Services in Place                                                                                                        | 14,745           | 14,864           | 7. Miles Distribution - Underground                                      | 1,126.63         | 1,139.28         |
| 4. Idle Services<br>(Exclude Seasonals)                                                                                           | 982              | 1,139            | 8. Total Miles Energized<br>(5 + 6 + 7)                                  | 1,328.14         | 1,339.06         |
| PART C. BALANCE SHEET                                                                                                             |                  |                  |                                                                          |                  |                  |
| ASSETS AND OTHER DEBITS                                                                                                           |                  |                  | LIABILITIES AND OTHER CREDITS                                            |                  |                  |
| 1. Total Utility Plant in Service                                                                                                 | 91,153,200       |                  | 30. Memberships                                                          | 56,880           |                  |
| 2. Construction Work in Progress                                                                                                  | 5,680,395        |                  | 31. Patronage Capital                                                    | 36,005,984       |                  |
| 3. Total Utility Plant (1 + 2)                                                                                                    | 96,833,595       |                  | 32. Operating Margins - Prior Years                                      | 0                |                  |
| 4. Accum. Provision for Depreciation and Amort.                                                                                   | 38,635,060       |                  | 33. Operating Margins - Current Year                                     | 216,451          |                  |
| 5. Net Utility Plant (3 - 4)                                                                                                      | 58,198,535       |                  | 34. Non-Operating Margins                                                | (94,500)         |                  |
| 6. Non-Utility Property (Net)                                                                                                     | 74,891           |                  | 35. Other Margins and Equities                                           | 4,477,375        |                  |
| 7. Investments in Subsidiary Companies                                                                                            | 0                |                  | 36. Total Margins & Equities (30 thru 35)                                | 40,662,190       |                  |
| 8. Invest. in Assoc. Org. - Patronage Capital                                                                                     | 414,397          |                  | 37. Long-Term Debt - RUS (Net)                                           | 3,348,746        |                  |
| 9. Invest. in Assoc. Org. - Other - General Funds                                                                                 | 7,000            |                  | 38. Long-Term Debt - FFB - RUS Guaranteed                                | 19,358,271       |                  |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds                                                                             | 558,274          |                  | 39. Long-Term Debt - Other - RUS Guaranteed                              | 0                |                  |
| 11. Investments in Economic Development Projects                                                                                  | 83,333           |                  | 40. Long-Term Debt Other (Net)                                           | 2,468,531        |                  |
| 12. Other Investments                                                                                                             | 0                |                  | 41. Long-Term Debt - RUS - Econ. Devel. (Net)                            | 64,659           |                  |
| 13. Special Funds                                                                                                                 | 1,461,935        |                  | 42. Payments – Unapplied                                                 | 235,444          |                  |
| 14. Total Other Property & Investments<br>(6 thru 13)                                                                             | 2,599,830        |                  | 43. Total Long-Term Debt<br>(37 thru 41 - 42)                            | 25,004,763       |                  |
| 15. Cash - General Funds                                                                                                          | 2,041,374        |                  | 44. Obligations Under Capital Leases - Noncurrent                        | 0                |                  |
| 16. Cash - Construction Funds - Trustee                                                                                           | 30,782           |                  | 45. Accumulated Operating Provisions<br>and Asset Retirement Obligations | 0                |                  |
| 17. Special Deposits                                                                                                              | 0                |                  | 46. Total Other Noncurrent Liabilities (44 + 45)                         | 0                |                  |
| 18. Temporary Investments                                                                                                         | 0                |                  | 47. Notes Payable                                                        | 0                |                  |
| 19. Notes Receivable (Net)                                                                                                        | 0                |                  | 48. Accounts Payable                                                     | 1,931,398        |                  |
| 20. Accounts Receivable - Sales of Energy (Net)                                                                                   | 1,956,717        |                  | 49. Consumers Deposits                                                   | 91,717           |                  |
| 21. Accounts Receivable - Other (Net)                                                                                             | 127,439          |                  |                                                                          |                  |                  |
| 22. Renewable Energy Credits                                                                                                      | 0                |                  | 50. Current Maturities Long-Term Debt                                    | 638,385          |                  |
| 23. Materials and Supplies - Electric & Other                                                                                     | 2,720,342        |                  | 51. Current Maturities Long-Term Debt<br>- Economic Development          | 8,004            |                  |
| 24. Prepayments                                                                                                                   | 586,081          |                  | 52. Current Maturities Capital Leases                                    | 0                |                  |
| 25. Other Current and Accrued Assets                                                                                              | 959,159          |                  | 53. Other Current and Accrued Liabilities                                | 751,049          |                  |
| 26. Total Current and Accrued Assets<br>(15 thru 25)                                                                              | 8,421,894        |                  | 54. Total Current & Accrued Liabilities<br>(47 thru 53)                  | 3,420,553        |                  |
| 27. Regulatory Assets                                                                                                             | 0                |                  | 55. Regulatory Liabilities                                               | 0                |                  |
| 28. Other Deferred Debits                                                                                                         | 50,371           |                  | 56. Other Deferred Credits                                               | 183,124          |                  |
| 29. Total Assets and Other Debits<br>(5+14+26 thru 28)                                                                            | 69,270,630       |                  | 57. Total Liabilities and Other Credits<br>(36 + 43 + 46 + 54 thru 56)   | 69,270,630       |                  |
|                                                                                                                                   |                  |                  |                                                                          |                  |                  |
|                                                                                                                                   |                  |                  |                                                                          |                  |                  |

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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><b>FINANCIAL AND OPERATING REPORT<br/>ELECTRIC DISTRIBUTION</b> | BORROWER DESIGNATION<br><br>WA0009 |
| INSTRUCTIONS - See help in the online application.                                                                                    | PERIOD ENDED<br>December, 2014     |
| <b>PART D. NOTES TO FINANCIAL STATEMENTS</b>                                                                                          |                                    |
|                                                                                                                                       |                                    |

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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><b>FINANCIAL AND OPERATING REPORT<br/>           ELECTRIC DISTRIBUTION</b> | BORROWER DESIGNATION<br>WA0009 |
| INSTRUCTIONS - See help in the online application.                                                                                               | PERIOD ENDED<br>December, 2014 |
| <b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b>                                                                                                  |                                |
|                                                                                                                                                  |                                |

|                                                                    |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE |                                                                                                                |                               | BORROWER DESIGNATION<br>WA0009    |                                     |                               |                   |                               |
| FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION            |                                                                                                                |                               | PERIOD ENDED<br>December, 2014    |                                     |                               |                   |                               |
| INSTRUCTIONS - See help in the online application.                 |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| PART E. CHANGES IN UTILITY PLANT                                   |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| PLANT ITEM                                                         | BALANCE<br>BEGINNING OF YEAR<br>(a)                                                                            | ADDITIONS<br>(b)              | RETIREMENTS<br>(c)                | ADJUSTMENTS AND<br>TRANSFERS<br>(d) | BALANCE<br>END OF YEAR<br>(e) |                   |                               |
| 1. Distribution Plant                                              | 57,525,667                                                                                                     | 3,053,373                     | 390,954                           |                                     | 60,188,086                    |                   |                               |
| 2. General Plant                                                   | 8,733,290                                                                                                      | 1,717,907                     | 191,550                           |                                     | 10,259,647                    |                   |                               |
| 3. Headquarters Plant                                              | 2,325,195                                                                                                      | 2,231                         | 95,661                            |                                     | 2,231,765                     |                   |                               |
| 4. Intangibles                                                     | 992,454                                                                                                        | 547,108                       |                                   |                                     | 1,539,562                     |                   |                               |
| 5. Transmission Plant                                              | 16,695,564                                                                                                     | 224,603                       | 19,191                            |                                     | 16,900,976                    |                   |                               |
| 6. Regional Transmission and Market<br>Operation Plant             |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| 7. All Other Utility Plant                                         | 47,060                                                                                                         |                               | 13,897                            |                                     | 33,163                        |                   |                               |
| 8. Total Utility Plant in Service (1 thru 7)                       | 86,319,230                                                                                                     | 5,545,222                     | 711,253                           |                                     | 91,153,199                    |                   |                               |
| 9. Construction Work in Progress                                   | 2,392,836                                                                                                      | 3,287,559                     |                                   |                                     | 5,680,395                     |                   |                               |
| 10. Total Utility Plant (8 + 9)                                    | 88,712,066                                                                                                     | 8,832,781                     | 711,253                           |                                     | 96,833,594                    |                   |                               |
| PART F. MATERIALS AND SUPPLIES                                     |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| ITEM                                                               | BALANCE<br>BEGINNING OF YEAR<br>(a)                                                                            | PURCHASED<br>(b)              | SALVAGED<br>(c)                   | USED (NET)<br>(d)                   | SOLD<br>(e)                   | ADJUSTMENT<br>(f) | BALANCE<br>END OF YEAR<br>(g) |
| 1. Electric                                                        | 2,141,563                                                                                                      | 2,300,959                     | 25,197                            | 1,463,701                           | 0                             | (283,676)         | 2,720,342                     |
| 2. Other                                                           | 0                                                                                                              |                               |                                   |                                     |                               |                   | 0                             |
| PART G. SERVICE INTERRUPTIONS                                      |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| ITEM                                                               | AVERAGE MINUTES PER CONSUMER BY CAUSE                                                                          |                               |                                   |                                     |                               | TOTAL<br>(e)      |                               |
|                                                                    | POWER SUPPLIER<br>(a)                                                                                          | MAJOR EVENT<br>(b)            | PLANNED<br>(c)                    | ALL OTHER<br>(d)                    |                               |                   |                               |
| 1. Present Year                                                    | 358.000                                                                                                        | 0.000                         | 27.000                            | 179.000                             | 564.000                       |                   |                               |
| 2. Five-Year Average                                               | 155.000                                                                                                        | 0.000                         | 38.000                            | 94.000                              | 287.000                       |                   |                               |
| PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS                       |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| 1. Number of Full Time Employees                                   | 55                                                                                                             | 4. Payroll - Expensed         |                                   |                                     | 3,334,309                     |                   |                               |
| 2. Employee - Hours Worked - Regular Time                          | 111,016                                                                                                        | 5. Payroll - Capitalized      |                                   |                                     | 653,901                       |                   |                               |
| 3. Employee - Hours Worked - Overtime                              | 3,566                                                                                                          | 6. Payroll - Other            |                                   |                                     | 830,710                       |                   |                               |
| PART I. PATRONAGE CAPITAL                                          |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| ITEM                                                               | DESCRIPTION                                                                                                    |                               |                                   | THIS YEAR<br>(a)                    | CUMULATIVE<br>(b)             |                   |                               |
| 1. Capital Credits - Distributions                                 | a. General Retirements                                                                                         |                               |                                   | 941,800                             | 7,052,665                     |                   |                               |
|                                                                    | b. Special Retirements                                                                                         |                               |                                   | 302,335                             | 3,756,724                     |                   |                               |
|                                                                    | c. Total Retirements (a + b)                                                                                   |                               |                                   | 1,244,135                           | 10,809,389                    |                   |                               |
| 2. Capital Credits - Received                                      | a. Cash Received From Retirement of Patronage Capital by<br>Suppliers of Electric Power                        |                               |                                   | 0                                   |                               |                   |                               |
|                                                                    | b. Cash Received From Retirement of Patronage Capital by<br>Lenders for Credit Extended to the Electric System |                               |                                   | 67,853                              |                               |                   |                               |
|                                                                    | c. Total Cash Received (a + b)                                                                                 |                               |                                   | 67,853                              |                               |                   |                               |
| PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE                    |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| 1. Amount Due Over 60 Days                                         | \$                                                                                                             | 8,164                         | 2. Amount Written Off During Year | \$                                  | 14,071                        |                   |                               |
| ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM                    |                                                                                                                |                               |                                   |                                     |                               |                   |                               |
| 1. Anticipated Loan Delinquency %                                  |                                                                                                                | 4. Anticipated Loan Default % |                                   |                                     |                               |                   |                               |
| 2. Actual Loan Delinquency %                                       |                                                                                                                | 5. Actual Loan Default %      |                                   |                                     |                               |                   |                               |
| 3. Total Loan Delinquency Dollars YTD                              | \$                                                                                                             |                               | 6. Total Loan Default Dollars YTD | \$                                  |                               |                   |                               |

|                                                                                                                                   |                        |               |                               |                     |                                    |            |                          |                                               |                                                     |
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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br>FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION |                        |               |                               |                     | BORROWER DESIGNATION<br><br>WA0009 |            |                          |                                               |                                                     |
| INSTRUCTIONS - See help in the online application                                                                                 |                        |               |                               |                     | PERIOD ENDED<br>December, 2014     |            |                          |                                               |                                                     |
| PART K. kWh PURCHASED AND TOTAL COST                                                                                              |                        |               |                               |                     |                                    |            |                          |                                               |                                                     |
| No                                                                                                                                | ITEM                   | SUPPLIER CODE | RENEWABLE ENERGY PROGRAM NAME | RENEWABLE FUEL TYPE | kWh PURCHASED                      | TOTAL COST | AVERAGE COST (Cents/kWh) | INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT | INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES |
|                                                                                                                                   | (a)                    | (b)           | (c)                           | (d)                 | (e)                                | (f)        | (g)                      | (h)                                           | (i)                                                 |
| 1                                                                                                                                 | Bonneville Power Admin | 1738          |                               |                     | 212,349,941                        | 8,189,298  | 3.86                     |                                               |                                                     |
| 2                                                                                                                                 | *Miscellaneous         | 700000        | Net metering                  | Hydro               | 28,243                             | 1,274      | 4.51                     |                                               |                                                     |
| 3                                                                                                                                 | *Adjustments           | 600000        | BPA Settlement                | Hydro               |                                    | (153,144)  | 0.00                     |                                               |                                                     |
|                                                                                                                                   | Total                  |               |                               |                     | 212,378,184                        | 8,037,428  | 3.78                     |                                               |                                                     |



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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br><b>FINANCIAL AND OPERATING REPORT<br/>ELECTRIC DISTRIBUTION</b> |          | BORROWER DESIGNATION<br><br>WA0009 |  |
| INSTRUCTIONS - See help in the online application                                                                                         |          | PERIOD ENDED<br>December, 2014     |  |
| PART K. kWh PURCHASED AND TOTAL COST                                                                                                      |          |                                    |  |
| No                                                                                                                                        | Comments |                                    |  |
| 1                                                                                                                                         |          |                                    |  |
| 2                                                                                                                                         |          |                                    |  |
| 3                                                                                                                                         |          |                                    |  |

|                                                                                                                                       |                       |                                    |                         |
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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><b>FINANCIAL AND OPERATING REPORT<br/>ELECTRIC DISTRIBUTION</b> |                       | BORROWER DESIGNATION<br><br>WA0009 |                         |
| INSTRUCTIONS - See help in the online application.                                                                                    |                       | PERIOD ENDED<br>December, 2014     |                         |
| PART L. LONG-TERM LEASES                                                                                                              |                       |                                    |                         |
| No                                                                                                                                    | NAME OF LESSOR<br>(a) | TYPE OF PROPERTY<br>(b)            | RENTAL THIS YEAR<br>(c) |
|                                                                                                                                       | TOTAL                 |                                    |                         |

|                                                                                                                                                    |                                            |                                                                               |                                                    |
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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br><b>FINANCIAL AND OPERATING REPORT<br/>         ELECTRIC DISTRIBUTION</b> |                                            | BORROWER DESIGNATION<br>WA0009                                                |                                                    |
| INSTRUCTIONS - See help in the online application.                                                                                                 |                                            | PERIOD ENDED<br>December , 2014                                               |                                                    |
| <b>PART M. ANNUAL MEETING AND BOARD DATA</b>                                                                                                       |                                            |                                                                               |                                                    |
| 1. Date of Last Annual Meeting<br><br>5 / 3 / 2014                                                                                                 | 2. Total Number of Members<br><br>11 , 198 | 3. Number of Members Present at Meeting<br><br>210                            | 4. Was Quorum Present?<br><br>Y                    |
| 5. Number of Members Voting<br>by Proxy or Mail<br><br>2 , 475                                                                                     | 6. Total Number of Board Members<br><br>7  | 7. Total Amount of Fees and Expenses<br>for Board Members<br><br>\$ 229 , 506 | 8. Does Manager Have<br>Written Contract?<br><br>Y |

**RUS Financial and Operating Report Electric Distribution**

**Revision Date 2014**

|                                                                                                                                   |                                                                     |                               |                                       |                                        |                                    |
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| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br>FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION |                                                                     |                               | BORROWER DESIGNATION<br><br>WA0009    |                                        |                                    |
| INSTRUCTIONS - See help in the online application.                                                                                |                                                                     |                               | PERIOD ENDED<br>December, 2014        |                                        |                                    |
| PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS                                                                              |                                                                     |                               |                                       |                                        |                                    |
| No                                                                                                                                | ITEM                                                                | BALANCE END OF<br>YEAR<br>(a) | INTEREST<br>(Billed This Year)<br>(b) | PRINCIPAL<br>(Billed This Year)<br>(c) | TOTAL<br>(Billed This Year)<br>(d) |
| 1                                                                                                                                 | Rural Utilities Service (Excludes RUS - Economic Development Loans) | 3,348,746                     | 139,571                               | 184,508                                | 324,079                            |
| 2                                                                                                                                 | National Rural Utilities Cooperative Finance Corporation            | 2,468,531                     | 146,455                               | 117,378                                | 263,833                            |
| 3                                                                                                                                 | CoBank, ACB                                                         |                               |                                       |                                        |                                    |
| 4                                                                                                                                 | Federal Financing Bank                                              | 19,358,271                    | 642,137                               | 360,909                                | 1,003,046                          |
| 5                                                                                                                                 | RUS - Economic Development Loans                                    | 64,659                        | 0                                     | 7,337                                  | 7,337                              |
| 6                                                                                                                                 | Payments Unapplied                                                  | 235,444                       |                                       |                                        |                                    |
| 7                                                                                                                                 | Principal Payments Received from Ultimate Recipients of IRP Loans   |                               |                                       |                                        |                                    |
| 8                                                                                                                                 | Principal Payments Received from Ultimate Recipients of REDL Loans  |                               |                                       |                                        |                                    |
| 9                                                                                                                                 | Principal Payments Received from Ultimate Recipients of EE Loans    |                               |                                       |                                        |                                    |
|                                                                                                                                   | TOTAL                                                               | 25,004,763                    | 928,163                               | 670,132                                | 1,598,295                          |

| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE                                                              |                                  | BORROWER DESIGNATION<br>WA0009 |                                        |                              |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------------|------------------------------|
| FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION                                                                         |                                  | PERIOD ENDED<br>December, 2014 |                                        |                              |
| INSTRUCTIONS - See help in the online application.                                                                              |                                  |                                |                                        |                              |
| PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY                                                                            |                                  |                                |                                        |                              |
| CLASSIFICATION                                                                                                                  | CONSUMER SALES &<br>REVENUE DATA | DECEMBER<br>(a)                | AVERAGE NO.<br>CONSUMERS SERVED<br>(b) | TOTAL<br>YEAR TO DATE<br>(c) |
| 1. Residential Sales (excluding seasonal)                                                                                       | a. No. Consumers Served          | 12,871                         | 12,823                                 |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        | 141,467,370                  |
|                                                                                                                                 | c. Revenue                       |                                |                                        | 16,042,899                   |
| 2. Residential Sales - Seasonal                                                                                                 | a. No. Consumers Served          |                                |                                        |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        |                              |
|                                                                                                                                 | c. Revenue                       |                                |                                        |                              |
| 3. Irrigation Sales                                                                                                             | a. No. Consumers Served          |                                |                                        |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        |                              |
|                                                                                                                                 | c. Revenue                       |                                |                                        |                              |
| 4. Comm. and Ind. 1000 KVA or Less                                                                                              | a. No. Consumers Served          | 1,987                          | 1,969                                  |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        | 56,763,155                   |
|                                                                                                                                 | c. Revenue                       |                                |                                        | 5,701,049                    |
| 5. Comm. and Ind. Over 1000 KVA                                                                                                 | a. No. Consumers Served          |                                |                                        |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        |                              |
|                                                                                                                                 | c. Revenue                       |                                |                                        |                              |
| 6. Public Street & Highway Lighting                                                                                             | a. No. Consumers Served          | 6                              | 6                                      |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        | 1,224                        |
|                                                                                                                                 | c. Revenue                       |                                |                                        | 28,269                       |
| 7. Other Sales to Public Authorities                                                                                            | a. No. Consumers Served          |                                |                                        |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        |                              |
|                                                                                                                                 | c. Revenue                       |                                |                                        |                              |
| 8. Sales for Resale - RUS Borrowers                                                                                             | a. No. Consumers Served          |                                |                                        |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        |                              |
|                                                                                                                                 | c. Revenue                       |                                |                                        |                              |
| 9. Sales for Resale - Other                                                                                                     | a. No. Consumers Served          |                                |                                        |                              |
|                                                                                                                                 | b. kWh Sold                      |                                |                                        |                              |
|                                                                                                                                 | c. Revenue                       |                                |                                        |                              |
| 10. Total No. of Consumers (lines 1a thru 9a)                                                                                   |                                  | 14,864                         | 14,798                                 |                              |
| 11. Total kWh Sold (lines 1b thru 9b)                                                                                           |                                  |                                |                                        | 198,231,749                  |
| 12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)                                                     |                                  |                                |                                        | 21,772,217                   |
| 13. Transmission Revenue                                                                                                        |                                  |                                |                                        |                              |
| 14. Other Electric Revenue                                                                                                      |                                  |                                |                                        | 256,808                      |
| 15. kWh - Own Use                                                                                                               |                                  |                                |                                        | 298,307                      |
| 16. Total kWh Purchased                                                                                                         |                                  |                                |                                        | 212,378,184                  |
| 17. Total kWh Generated                                                                                                         |                                  |                                |                                        |                              |
| 18. Cost of Purchases and Generation                                                                                            |                                  |                                |                                        | 8,130,302                    |
| 19. Interchange - kWh - Net                                                                                                     |                                  |                                |                                        |                              |
| 20. Peak - Sum All kW Input (Metered)<br>Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/> |                                  |                                |                                        | 55,555                       |

|                                                                                                                                   |                         |                        |                                |                         |                        |                                |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------|--------------------------------|-------------------------|------------------------|--------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE<br><br>FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION |                         |                        | BORROWER DESIGNATION<br>WA0009 |                         |                        |                                |
| INSTRUCTIONS - See help in the online application.                                                                                |                         |                        | PERIOD ENDED<br>December, 2014 |                         |                        |                                |
| PART P. ENERGY EFFICIENCY PROGRAMS                                                                                                |                         |                        |                                |                         |                        |                                |
| CLASSIFICATION                                                                                                                    | ADDED THIS YEAR         |                        |                                | TOTAL TO DATE           |                        |                                |
|                                                                                                                                   | No. of Consumers<br>(a) | Amount Invested<br>(b) | Estimated MMBTU Savings<br>(c) | No. of Consumers<br>(d) | Amount Invested<br>(e) | Estimated MMBTU Savings<br>(f) |
| 1. Residential Sales (excluding seasonal)                                                                                         | 671                     | 523,894                | 2,406                          | 2,173                   | 1,815,761              | 7,878                          |
| 2. Residential Sales - Seasonal                                                                                                   |                         |                        |                                |                         |                        |                                |
| 3. Irrigation Sales                                                                                                               |                         |                        |                                |                         |                        |                                |
| 4. Comm. and Ind. 1000 KVA or Less                                                                                                | 29                      | 156,239                | 1,868                          | 141                     | 536,240                | 6,863                          |
| 5. Comm. and Ind. Over 1000 KVA                                                                                                   |                         |                        |                                |                         |                        |                                |
| 6. Public Street and Highway Lighting                                                                                             |                         |                        |                                |                         |                        |                                |
| 7. Other Sales to Public Authorities                                                                                              |                         |                        |                                |                         |                        |                                |
| 8. Sales for Resale – RUS Borrowers                                                                                               |                         |                        |                                |                         |                        |                                |
| 9. Sales for Resale – Other                                                                                                       |                         |                        |                                |                         |                        |                                |
| 10. Total                                                                                                                         | 700                     | 680,133                | 4,274                          | 2,314                   | 2,352,001              | 14,741                         |

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

|                                                                                                                                                                                              |                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <p>UNITED STATES DEPARTMENT OF AGRICULTURE<br/>RURAL UTILITIES SERVICE</p> <p><b>FINANCIAL AND OPERATING REPORT<br/>ELECTRIC DISTRIBUTION<br/>INVESTMENTS, LOAN GUARANTEES AND LOANS</b></p> | <p>BORROWER DESIGNATION<br/>WA0009</p> <p>PERIOD ENDED<br/>December, 2014</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

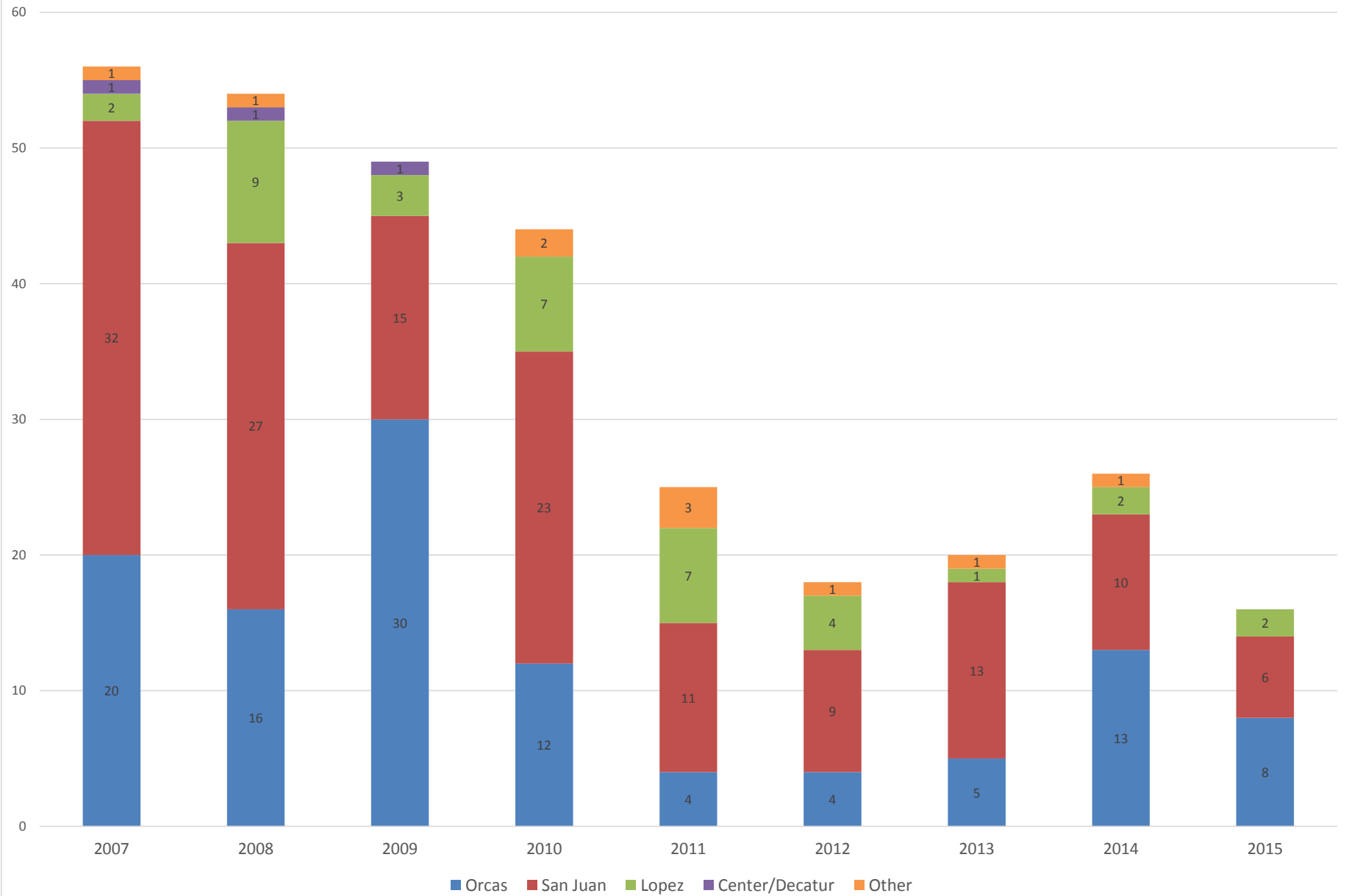
| PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss) |                                                     |                         |                         |                               |                             |
|-------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------|-------------------------|-------------------------------|-----------------------------|
| No                                                                                  | DESCRIPTION<br>(a)                                  | INCLUDED<br>(\$)<br>(b) | EXCLUDED<br>(\$)<br>(c) | INCOME OR LOSS<br>(\$)<br>(d) | RURAL<br>DEVELOPMENT<br>(e) |
| <b>1</b>                                                                            | <b>Non-Utility Property (NET)</b>                   |                         |                         |                               |                             |
|                                                                                     | Fiber Optics Division                               | 74,891                  |                         |                               |                             |
|                                                                                     | Totals                                              | 74,891                  |                         |                               |                             |
| <b>2</b>                                                                            | <b>Investments in Associated Organizations</b>      |                         |                         |                               |                             |
|                                                                                     | Misc. Memberships                                   | 6,000                   | 1,000                   |                               |                             |
|                                                                                     | Misc. Patronage Capital                             | 55,190                  | 227,262                 | 30,450                        |                             |
|                                                                                     | Federated Rural Electric Stock Certificate          | 131,945                 |                         | 37,403                        |                             |
|                                                                                     | CFC Capital Term Certificate                        |                         | 558,274                 | 24,494                        |                             |
|                                                                                     | Totals                                              | 193,135                 | 786,536                 | 92,347                        |                             |
| <b>3</b>                                                                            | <b>Investments in Economic Development Projects</b> |                         |                         |                               |                             |
|                                                                                     | Investment in Economic Development Project          | 83,333                  |                         |                               | X                           |
|                                                                                     | Totals                                              | 83,333                  |                         |                               |                             |
| <b>5</b>                                                                            | <b>Special Funds</b>                                |                         |                         |                               |                             |
|                                                                                     | CFC Select Notes                                    |                         | 805,126                 |                               |                             |
|                                                                                     | WA Federal Savings                                  |                         | 217,515                 |                               |                             |
|                                                                                     | Home Street Bank                                    |                         | 105,326                 |                               |                             |
|                                                                                     | CoBank                                              |                         | 151,650                 |                               |                             |
|                                                                                     | Islanders Bank (PAL and MORE)                       |                         | 182,320                 |                               |                             |
|                                                                                     | Totals                                              |                         | 1,461,937               |                               |                             |
| <b>6</b>                                                                            | <b>Cash - General</b>                               |                         |                         |                               |                             |
|                                                                                     | Key Bank                                            |                         | (312,760)               |                               |                             |
|                                                                                     | Islanders Bank                                      | 1,501,278               | 250,000                 |                               |                             |
|                                                                                     | Wells Fargo                                         | 352,256                 | 250,000                 |                               |                             |
|                                                                                     | Petty Cash                                          | 600                     |                         |                               |                             |
|                                                                                     | Totals                                              | 1,854,134               | 187,240                 |                               |                             |
| <b>9</b>                                                                            | <b>Accounts and Notes Receivable - NET</b>          |                         |                         |                               |                             |
|                                                                                     | Custom Orders                                       | 82,937                  |                         |                               |                             |
|                                                                                     | AR Employees                                        | (971)                   |                         |                               |                             |
|                                                                                     | AR Island Network                                   | 45,473                  |                         |                               |                             |
|                                                                                     | Totals                                              | 127,439                 |                         |                               |                             |
| <b>11</b>                                                                           | <b>TOTAL INVESTMENTS (1 thru 10)</b>                | 2,332,932               | 2,435,713               | 92,347                        |                             |

|                                                                                                                                                                                                                                                                                                                                                  |                                       |                                |                                |                             |                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE                                                                                                                                                                                                                                                                               |                                       | BORROWER DESIGNATION<br>WA0009 |                                |                             |                          |
| FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION<br>INVESTMENTS, LOAN GUARANTEES AND LOANS                                                                                                                                                                                                                                                |                                       | PERIOD ENDED<br>December, 2014 |                                |                             |                          |
| INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application. |                                       |                                |                                |                             |                          |
| PART Q. SECTION II. LOAN GUARANTEES                                                                                                                                                                                                                                                                                                              |                                       |                                |                                |                             |                          |
| No                                                                                                                                                                                                                                                                                                                                               | ORGANIZATION<br>(a)                   | MATURITY DATE<br>(b)           | ORIGINAL AMOUNT<br>(\$)<br>(c) | LOAN BALANCE<br>(\$)<br>(d) | RURAL DEVELOPMENT<br>(e) |
|                                                                                                                                                                                                                                                                                                                                                  | TOTAL                                 |                                |                                |                             |                          |
|                                                                                                                                                                                                                                                                                                                                                  | TOTAL (Included Loan Guarantees Only) |                                |                                |                             |                          |



|                                                                                                                                                                                                                                                                                                                                                  |                     |                                |                                |                             |                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE<br>RURAL UTILITIES SERVICE                                                                                                                                                                                                                                                                               |                     | BORROWER DESIGNATION<br>WA0009 |                                |                             |                          |
| FINANCIAL AND OPERATING REPORT<br>ELECTRIC DISTRIBUTION<br>INVESTMENTS, LOAN GUARANTEES AND LOANS                                                                                                                                                                                                                                                |                     | PERIOD ENDED<br>December, 2014 |                                |                             |                          |
| INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application. |                     |                                |                                |                             |                          |
| SECTION III. RATIO                                                                                                                                                                                                                                                                                                                               |                     |                                |                                |                             |                          |
| RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT<br>[Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]                                                                                                                         |                     |                                |                                |                             | 2.41 %                   |
| SECTION IV. LOANS                                                                                                                                                                                                                                                                                                                                |                     |                                |                                |                             |                          |
| No                                                                                                                                                                                                                                                                                                                                               | ORGANIZATION<br>(a) | MATURITY DATE<br>(b)           | ORIGINAL AMOUNT<br>(\$)<br>(c) | LOAN BALANCE<br>(\$)<br>(d) | RURAL DEVELOPMENT<br>(e) |
|                                                                                                                                                                                                                                                                                                                                                  | TOTAL               |                                |                                |                             |                          |

New Services History - March 2015 YTD



**OPALCO**  
Historical MORE Revenue  
(All Green kWh and MORE Blocks)  
For Years 2013 - 2015 YTD

| Month        | 2013 YTD  |                |                 |             |               |                 |                  | 2014 YTD  |                |                  |             |               |                  |                  | 2015 YTD  |               |                 |             |              |                  |                  |
|--------------|-----------|----------------|-----------------|-------------|---------------|-----------------|------------------|-----------|----------------|------------------|-------------|---------------|------------------|------------------|-----------|---------------|-----------------|-------------|--------------|------------------|------------------|
|              | All Green |                |                 | MORE Blocks |               |                 | Total Revenue    | All Green |                |                  | MORE Blocks |               |                  | Total Revenue    | All Green |               |                 | MORE Blocks |              |                  | Total Revenue    |
|              | #         | kWh            | Revenue         | #           | #             | Block Revenue   |                  | #         | kWh            | Revenue          | #           | #             | Block Revenue    |                  | #         | kWh           | Revenue         | #           | #            | Block Revenue    |                  |
|              | Members   | kWh            | Revenue         | Members     | Blocks        | Revenue         |                  | Members   | kWh            | Revenue          | Members     | Blocks        | Revenue          |                  | Members   | kWh           | Revenue         | Members     | Blocks       | Revenue          |                  |
|              |           |                | \$ 0.04         |             |               | \$ 4            |                  |           |                | \$ 0.04          |             |               | \$ 4             |                  |           |               | \$ 0.04         |             |              | \$ 4             |                  |
| Jan          | 43        | 54,479         | 2,179           | 433         | 921           | 3,684           | 5,863            | 44        | 41,878         | 1,675            | 411         | 871           | 3,484            | 5,159            | 42        | 38,625        | 1,545           | 408         | 853          | 3,412            | 4,957            |
| Feb          | 43        | 50,927         | 2,037           | 432         | 918           | 3,672           | 5,709            | 44        | 47,227         | 1,889            | 410         | 870           | 3,480            | 5,369            | 42        | 29,125        | 1,165           | 406         | 842          | 3,368            | 4,533            |
| Mar          | 42        | 42,787         | 1,711           | 429         | 915           | 3,660           | 5,371            | 44        | 35,590         | 1,424            | 408         | 866           | 3,464            | 4,888            | 42        | 28,200        | 1,128           | 406         | 842          | 3,368            | 4,496            |
| Apr          | 42        | 31,063         | 1,243           | 427         | 904           | 3,616           | 4,859            | 44        | 30,702         | 1,228            | 408         | 865           | 3,460            | 4,688            | -         | -             | -               | -           | -            | -                | -                |
| May          | 41        | 21,699         | 868             | 426         | 897           | 3,588           | 4,456            | 44        | 26,412         | 1,056            | 408         | 858           | 3,432            | 4,488            | -         | -             | -               | -           | -            | -                | -                |
| Jun          | 41        | 20,336         | 813             | 426         | 897           | 3,588           | 4,401            | 45        | 17,020         | 681              | 418         | 870           | 3,480            | 4,161            | -         | -             | -               | -           | -            | -                | -                |
| Jul          | 43        | 17,756         | 710             | 425         | 895           | 3,580           | 4,290            | 44        | 19,421         | 777              | 416         | 865           | 3,460            | 4,237            | -         | -             | -               | -           | -            | -                | -                |
| Aug          | 42        | 18,716         | 749             | 421         | 893           | 3,572           | 4,321            | 44        | 16,540         | 662              | 415         | 864           | 3,456            | 4,118            | -         | -             | -               | -           | -            | -                | -                |
| Sep          | 42        | 18,786         | 751             | 418         | 890           | 3,560           | 4,311            | 44        | 16,477         | 659              | 414         | 860           | 3,440            | 4,099            | -         | -             | -               | -           | -            | -                | -                |
| Oct          | 43        | 23,882         | 955             | 415         | 887           | 3,548           | 4,503            | 45        | 17,566         | 703              | 413         | 860           | 3,440            | 4,143            | -         | -             | -               | -           | -            | -                | -                |
| Nov          | 44        | 31,535         | 1,261           | 414         | 881           | 3,524           | 4,785            | 44        | 27,414         | 1,097            | 410         | 860           | 3,440            | 4,537            | -         | -             | -               | -           | -            | -                | -                |
| Dec          | 44        | 47,347         | 1,894           | 412         | 879           | 3,516           | 5,410            | 42        | 36,929         | 1,477            | 409         | 855           | 3,420            | 4,897            | -         | -             | -               | -           | -            | -                | -                |
| <b>Total</b> | <b>43</b> | <b>379,313</b> | <b>\$15,173</b> | <b>423</b>  | <b>10,777</b> | <b>\$43,108</b> | <b>\$ 58,281</b> | <b>44</b> | <b>333,176</b> | <b>\$ 13,327</b> | <b>412</b>  | <b>10,364</b> | <b>\$ 41,456</b> | <b>\$ 54,783</b> | <b>42</b> | <b>95,950</b> | <b>\$ 3,838</b> | <b>407</b>  | <b>2,537</b> | <b>\$ 10,148</b> | <b>\$ 13,986</b> |

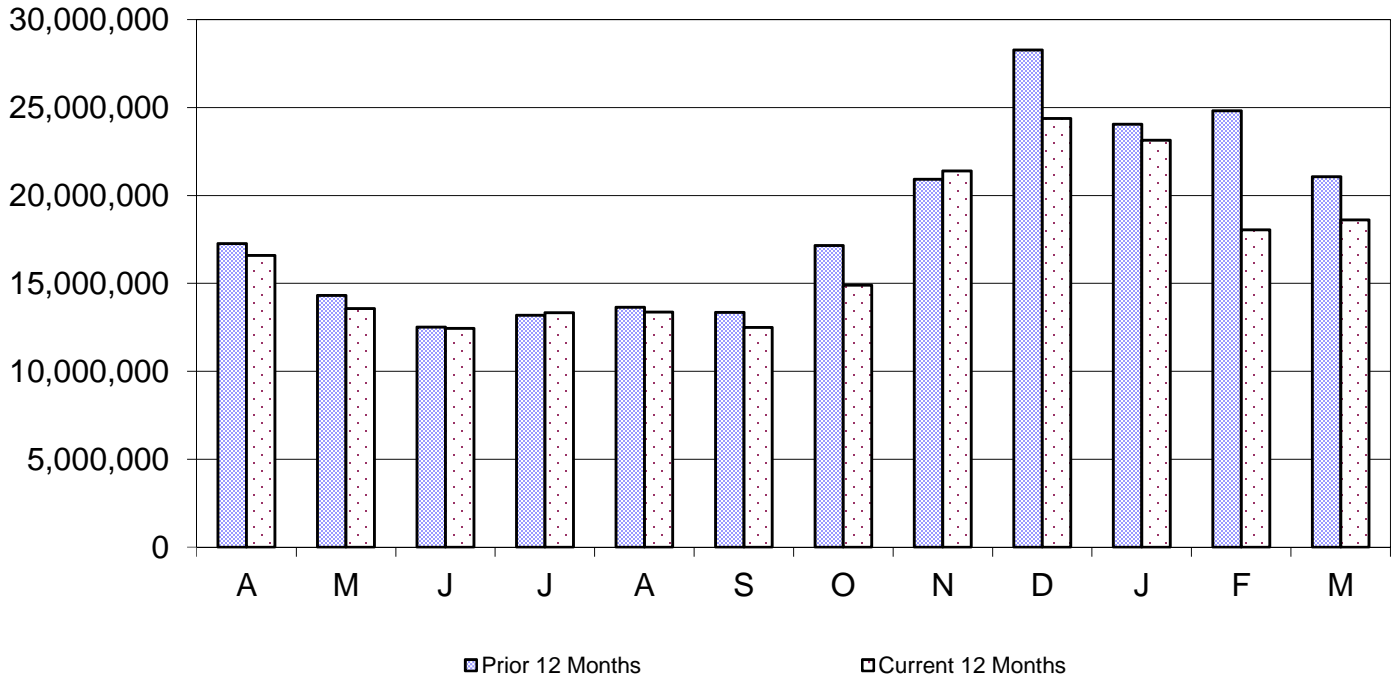
Notes:

2 members participate in both All Green and Green Blocks. Average blocks per member is 2.1.  
Average kWh per month usage for All Green members is 761 kWh (below average for residential)  
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.

# BPA Consumption Summary

Through  
March 2015

## kWh Purchased - Load Variance (rolling 12 months)

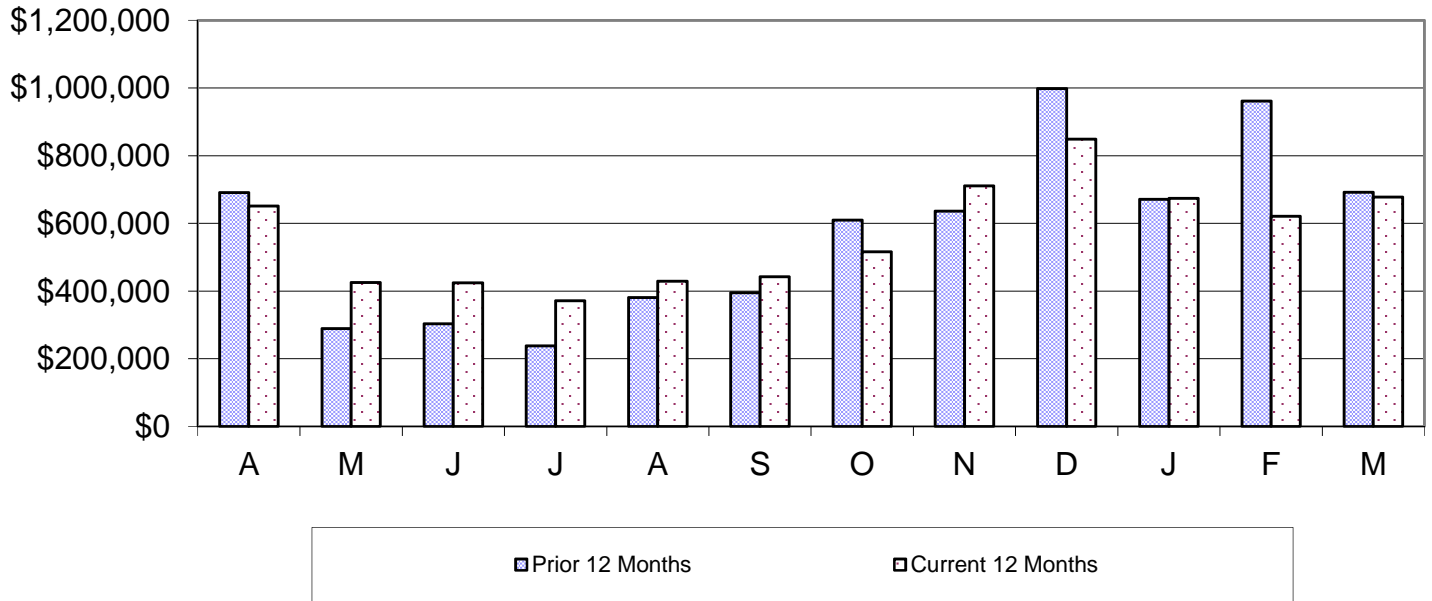


| A.              | B.              |  | C.                | D.                |  | E.               |                   |
|-----------------|-----------------|--|-------------------|-------------------|--|------------------|-------------------|
| Prior 12 Months | Prior 12 Months |  | Current 12 Months | Current 12 Months |  | Difference (D-B) | % Change (D to B) |
|                 |                 |  |                   |                   |  |                  |                   |
| Apr-13          | 17,253,318      |  | Apr-14            | 16,580,487        |  | (672,831)        | -4%               |
| May-13          | 14,309,061      |  | May-14            | 13,567,275        |  | (741,786)        | -5%               |
| Jun-13          | 12,503,372      |  | Jun-14            | 12,439,266        |  | (64,106)         | -1%               |
| Jul-13          | 13,179,669      |  | Jul-14            | 13,334,282        |  | 154,613          | 1%                |
| Aug-13          | 13,635,840      |  | Aug-14            | 13,371,257        |  | (264,583)        | -2%               |
| Sep-13          | 13,342,354      |  | Sep-14            | 12,487,726        |  | (854,628)        | -6%               |
| Oct-13          | 17,149,832      |  | Oct-14            | 14,894,686        |  | (2,255,146)      | -13%              |
| Nov-13          | 20,925,364      |  | Nov-14            | 21,386,705        |  | 461,341          | 2%                |
| Dec-13          | 28,277,954      |  | Dec-14            | 24,368,500        |  | (3,909,454)      | -14%              |
| Jan-14          | 24,042,632      |  | Jan-15            | 23,133,873        |  | (908,759)        | -4%               |
| Feb-14          | 24,808,824      |  | Feb-15            | 18,044,632        |  | (6,764,192)      | -27%              |
| Mar-14          | 21,068,301      |  | Mar-15            | 18,602,560        |  | (2,465,741)      | -12%              |
|                 | 220,496,521     |  |                   | 202,211,249       |  | (18,285,272)     | -8%               |

# BPA Consumption Summary

Through  
March 2015

## \$ Total Bill (rolling 12 months)



| A.                                      | B.              | C.         | D.                                  | E.                | F.         | G.                          | H.                |
|-----------------------------------------|-----------------|------------|-------------------------------------|-------------------|------------|-----------------------------|-------------------|
| Prior 12 Months                         | Prior 12 Months | \$ per kWh | Current 12 Months                   | Current 12 Months | \$ per kWh | Difference (E-B)            | % Change (F to C) |
|                                         |                 |            |                                     |                   |            |                             |                   |
| Apr-13                                  | \$691,224       | \$0.0401   | Apr-14                              | \$651,601         | \$0.0393   | -\$39,623                   | -2%               |
| May-13                                  | \$289,366       | \$0.0202   | May-14                              | \$425,316         | \$0.0313   | \$135,950                   | 55%               |
| Jun-13                                  | \$303,730       | \$0.0243   | Jun-14                              | \$424,286         | \$0.0341   | \$120,556                   | 40%               |
| Jul-13                                  | \$238,152       | \$0.0181   | Jul-14                              | \$371,553         | \$0.0279   | \$133,401                   | 54%               |
| Aug-13                                  | \$380,699       | \$0.0279   | Aug-14                              | \$429,270         | \$0.0321   | \$48,571                    | 15%               |
| Sep-13                                  | \$395,230       | \$0.0296   | Sep-14                              | \$441,858         | \$0.0354   | \$46,628                    | 19%               |
| Oct-13                                  | \$610,063       | \$0.0356   | Oct-14                              | \$516,082         | \$0.0346   | -\$93,981                   | -3%               |
| Nov-13                                  | \$635,770       | \$0.0304   | Nov-14                              | \$711,250         | \$0.0333   | \$75,480                    | 9%                |
| Dec-13                                  | \$998,086       | \$0.0353   | Dec-14                              | \$849,021         | \$0.0348   | -\$149,065                  | -1%               |
| Jan-14                                  | \$670,805       | \$0.0279   | Jan-15                              | \$674,029         | \$0.0291   | \$3,224                     | 4%                |
| Feb-14                                  | \$961,210       | \$0.0387   | Feb-15                              | \$621,237         | \$0.0344   | -\$339,973                  | -11%              |
| Mar-14                                  | \$691,864       | \$0.0328   | Mar-15                              | \$677,563         | \$0.0364   | -\$14,301                   | 11%               |
|                                         | \$6,866,199     |            |                                     | \$6,793,066       |            | Total Annual Percent Change | -1.1%             |
| Prior Total Rolling 12 Months (2013/14) |                 |            | Current Rolling 12 Months (2014/15) |                   |            | Total Difference            |                   |
| Annual kWh Purchase                     | 220,496,521     |            |                                     | 202,211,249       |            | -\$18,285,272               | -8.29%            |
| Annual Total Bill \$                    | 6,866,199       |            |                                     | 6,793,066         |            | -\$73,133                   | -1.07%            |
| Annual \$ per kWh                       | \$0.0311        |            |                                     | \$0.0336          |            | \$0.0025                    | 7.88%             |