



**BOARD OF DIRECTORS
BOARD MEETING 8:15 a.m.
Lopez Islander Resort
2865 Fisherman Bay Road, Lopez Island
Thursday, April 17, 2014**

TRAVEL



Via Island Air

378-2376 / 378-8129 (cell)

To:

Leave FH 7:45 a.m.

Arrive Lopez 8:00 a.m.

From:

Leave Lopez 2:00 p.m.

Arrive FH 2:15 p.m.



Via Ferry:

To:

Leave FH 6:10 a.m.

Arrive Lopez 6:50 a.m.

Leave Eastsound 6:45 a.m.

Leave Shaw 7:00 a.m.

Arrive Lopez 7:30 a.m.

From:

Leave Lopez 1:05 p.m.

Arrive FH 2:00 p.m.

Leave Lopez 3:50 p.m.

Arrive Shaw 4:10 p.m.

Arrive Orcas 4:30 p.m.

Orcas Power & Light Cooperative
Regular Board of Directors Meeting
Lopez Islander Resort, 2864 Fisherman Bay Road 376-3500
April 17, 2014 8:15 a.m.

PAGES

WELCOME GUESTS/MEMBERS

- Marcus Perry, BPA Power Bill /Billing Determinants
- Jennifer Chu, Olga Darlington (via telephone), Moss Adams LLC

CONSENT AGENDA

- 4-6** ○ Approval of March Minutes
- 7** ○ Admission of New Members

ACTION ITEMS

- 9** ○ Capital Credits
- 10-18** ○ RUS 219s
- 19** ○ 2013 Audit Report – presented by Moss Adams
- 20-31** ○ Policy 1 *Functions of Board of Directors/* Governing Principles
- 32** ○ Community Relations Coordinator / Foster

DISCUSSION ITEMS

- 34-35** ○ BPA Energy Efficiency Incentive Fund FY 2013-14 Q1 and Q2 Results
- 36** ○ BPA Presentation –First Increment in Cost of Service Study

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

INFORMATION ITEMS

- 46** ○ New Services
- 47** ○ Historical MORE Revenue
- 48** ○ Member Billing Revenue History
- 49-50** ○ BPA Consumption Summary
- 51** ○ Clean Hydro
- 52** ○ WRECA Annual Meeting Information

ADJOURNMENT

CONSENT AGENDA

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, March 20, 2014

President Chris Thomerson called the meeting to order at 9:05 a.m. at the Eastsound OPALCO office. Directors Winnie Adams, Vince Dauciunas, Glenna Hall, Jim Lett, Bob Myhr and Dr. Jerry Whitfield were present. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth, Manager of Engineering and Operations Russell Guerry, Assistant Manager of Finance and Administration Nancy Loomis and Executive Assistant Bev Madan, serving as recording secretary.

Member/Guests

Gray Cope (San Juan), Jay Kimball (Orcas), Steve Ludwig (Lopez), Ed Sutton (Orcas), Tony Ghazel (Orcas), Patty Miller (Orcas) and Dwight Lewis (Lopez).

Consent Agenda

Motion made by Lett and seconded to approve the Consent Agenda, which included the February minutes and new members as listed below. Motion carried by voice vote.

Crane

1. Kimball, Kate & Davison, Bob

Lopez

2. Honeywell, Justin
3. Island's Oil Spill Association
4. Mariana Robles, Rosa & Gerardo

Obstruction

5. Frazer, Marc

Orcas

6. Boucher, Angela R
7. Durham, Daphne & Doberstein, Craig
8. Gamez, Jose C
9. Gonzalez, Stephanie A Joey D
10. Grubb, Farley
11. Nollman, Holly Claire
12. Punte, Jorge Jimenez, Pamela
13. Royal, Tyson C

San Juan

14. Aiello, Paul
15. Bair, Jeremiah & Terica
16. Chinn, Kevin
17. Feliz, Jimmie
18. Free, Jonathan & Jennifer
19. Griem, Torsten
20. Hayden, Mark
21. Hull, Dale
22. Long, Michael J & Accetturo, Courtney A
23. Magana, Elena
24. McLean, Forrest
25. Paitson, Waverly A
- Rhoades, Vicki J**
26. Smith, Sherry
27. Soper, Kevin Matthew
28. Streck, Kathryn
29. Turner, Robbin

Shaw

30. Estate of James Haviland

2013 Annual Meeting Minutes

- **Motion** made by Adams to approve the 2013 annual meeting minutes to present to the members. The motion was seconded and carried with two abstentions (Hall and Whitfield).

Discussion then centered around when the Board should hold its meeting to elect officers. Historically it has been held during the Q&A period of the annual meeting. The Board would like to hear the questions the members have so opted not to hold its regular meeting until a later date in 2014. The Board requested that Cornelius determine a solution to the conflict in the bylaws as stated in:

Article IV Meetings of Directors Section 1 Regular Meetings "A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in San Juan County."

Article V Officers Section 2 Election and Term of Office "The officers shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his

successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.”

Minutes of Special Meeting March 6, 2014

- **Motion** made by Myhr and seconded to approve the minutes of the March 6 special meeting as presented. The motion carried by voice vote.

Capital Credits

- **Motion** made by Myhr to approve \$6,382.50 in capital credit payments as indicated below. Motion was seconded and carried by voice vote.

To the estates of deceased members:

Marjorie Bevin	\$2,389.92
Elisabeth Rush.....	\$141.46
Annetha Schmitt.....	\$507.31
Albert George Steinhouse.....	\$1,240.27
Dorothy Mae Taylor	\$673.65
Thelma A. Water	\$799.96

Organizations no longer in business:

Friday Harbor Realty, Inc.	\$771.39
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NWPPA Voting Delegate

- **Motion** was made by Lett and seconded to appoint Randy Cornelius the voting delegate for the NWPPA membership meeting in Billings, Montana May 19-23. Motion carried by voice vote.

Member-Initiated Bylaw Amendments

The attorneys have reviewed the petition to amend Bylaw Article VIII *Nonprofit Operation* with a newly added Section 7 “(a) If the Cooperative, or any subsidiary corporation controlled by the Cooperative, engages in the business of furnishing goods or services, including, but not necessarily limited to: administration, advertising, equipment, maintenance, and operation, other than for the specific purpose of purchase and/or distribution of electric energy to energy members or to non-energy members, all costs of such goods and services shall be borne solely by the users of such goods and services. Energy members and non-energy members using such goods and services shall be billed separately from the costs of purchasing and/or distributing electric energy. (b) A separate budget and audit shall be prepared annually detailing the income and expenses of furnishing said goods and services. The book of account regarding said goods and services shall be available to energy members as set forth in Article VI.”

The attorneys determined that the bylaw amendment would effectively establish distinct classes of membership; i.e. energy members and non-energy members. The amended Articles of Incorporation specifically grant to the Board of Directors the ability to create different classes of members, not the bylaws, which is consistent with RCW 24.06.065 that allows creation of new membership classifications, but only as prescribed in the Articles of Incorporation. Absent such a resolution of the Board of Directors, as required by the amended articles of incorporation, the proposed bylaw amendment will be in conflict with the amended articles of incorporation. Provisions of the articles will control over provisions of the bylaws where they are inconsistent.

- **Motion** made by Adams and seconded to accept the attorney’s recommendation to reject this member-initiated petition and not include it on the ballot. The motion carried by voice vote.

Policy 1 Functions of the Board of Directors

After discussion, mainly regarding 4.3 and 4.7, it was decided to return the policy to the committee for additional review/revision. Myhr requested to be a part of the committee (joining Hall and Thomerson).

2013 Year-End Unaudited Financials

Hildreth reviewed the unaudited year-end financials. Hildreth reported that our TIER is 2.24 and the equity is 69.5%. The Board complimented the Accounting Department for their diligent work. Moss Adams (auditors) will be onsite the week of March 31-April 4 to do field work and plan to present their findings at the April board meeting.

Reports

Cash Recap

During the discussion of the Cash Recap, the balance in the Project PAL account was mentioned. The Board wants to send the message that nobody goes without electricity during the winter months for financial reasons. Cornelius mentioned the Business PALs and an upcoming fundraiser at Doe Bay Resort in April. After the voluntary committee finishes for the season, a report will show how much funding is needed to supplement the program for next year.

Outages

Guerry stated that the number of outages is normal for this time of year.

Safety

There were no incidents to report during February.

2014 Committee on Nominations

The report from the committee members – Peter Kilpatrick, Victoria Compton and Mark Madsen – included candidates nominated by the committee for District 1 board of directors’ election. Nominated were Vincent Dauciunas (incumbent), Glenna Hall (incumbent), Mike Greene, Bryan Hoyer, John Sheehan and Doug Rowan. Mike Greene has since withdrawn.

Nominated by petition were Bob Jarman (who since withdrew), Steve Hudson and Don Galt, Sr. The deadline for nominations by petition was March 19.

General Manager

Cornelius reviewed the manager’s report, reporting that the San Juan Islands Conservation District (SJICD) is working closely with other nonprofits. Hildreth reported that the Island Network page of the OPALCO website is now available. He also reported that there will be Wi-Fi hotspots at each of the four island ferry landings. Cornelius cautioned that OPALCO’s power costs could increase due to BPA’s “shaping charges” and billing determinants. The Board will need to have work sessions and then public meetings to inform the members how the billing determinants work. Hildreth plans to meet with PNGC Power.

Adjournment

The meeting adjourned at 12:40 p.m.to executive session.

<hr/>	<hr/>
Chris Thomerson, President	Jim Lett, Secretary-Treasurer

New Members March 2014

Blakely

1. Howlett, Jeffrey

Decatur

2. Halvorson, Leif

Lopez

3. Arnott, Deborah
4. Behnke, Joe
5. Dye, Aarron
6. Giedd-Clark, Marlene
7. Leaf, Linaya
8. McMurchie, Larry & Gurley, Barbara
9. Stoner, Allan W & Meyer-Stoner, Marcia A

Orcas

10. Anderson, Adaiah Jo
11. Anderson, Jo
12. Baillie, Thomas A & Kathleen M
13. Buckley, Kristin Troy
14. Daoust, Stephen J & Lovella R
15. Davis, William J Jr
16. Finch, Di
17. Griffith, Blair
18. Henderson, Sol
19. Johnson, Ashley
20. Moore, Michael Patricia
21. Oldham, Keith T & Guice, Karen
22. Pechacek, Laine Craig
23. Resource Transition Consultants
24. Skillcorn, Shannon
25. Sunset Ranch Owners' Association
26. Swanson, Andrea R

San Juan

27. Aiello, Paul
28. Anderson, Tucker
29. Barrett, Michael & Linda
30. Borgquist, Brian L
31. Christie, Robert & Erin
32. Cobb, Wendy
33. Davis, Ronald B
34. D'Errico, Aaron
35. Dragonleaf LLC
36. Duke, Julie
37. Foss, Beverly J
38. Gerber, Alexandra
39. Johnson, Jennifer & Erik
40. Joyce, Cheryl
41. Keane, Jacob
42. Kelley, Alana
43. Lawson, Hal A & Katharine H Briar
44. Leonard, Ron
45. Madrona Court Apartments LLC
46. Martin, Richard
47. Meredith, Janet I
48. Metzger, Annette
49. Parks, Ann
50. Rhodes Jr, Jerry Allan & Rebecca
51. Rose, Robby & Johnna
52. Ruyle, Justin
53. San Juan Heating
54. Sanabria, Ame
55. Schrippe, Ryan
56. Sherwood-Hill, Emmet
57. Sutton, Andrew P
58. Vague, Hollye
59. Willey, Elizabeth
60. Yatan, Samil

ACTION ITEMS

CAPITAL CREDITS
April 2014

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

Louise Edmundson	\$203.32
Robert E. Erickson	\$642.13
Total	\$845.45

MEMORANDUM

April 3, 2014

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

Projects completed during January from the Construction Work Plan:

Inventory #1401M..... \$34,218.50
(minor projects)
Inventory #201401 \$42,114.78
*Roche Harbor system improvements; Orcas transformer relocate; White
Beach Road regulators; Spring Point pole replacements*

and February from the Construction Work Plan:

Inventory #1402M..... \$84,296.02
(minor projects)
Inventory #201402 \$53,894.68
Buck Mountain new lines

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$214,523.98.

03/28/2014 9:40:34 am

RUS Form 219 Inventory Of Work Orders

Page: 5

Period: JAN 2014

System Designation: WA AH O9

Inventory : 1401M

Budget		
Loan	Project	Amount
1	1600	34,218.50
Total:		34,218.50



EXPIRES 3/14/15

ENVIRONMENTAL CERTIFICATION

- 1 ☒ WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1794.31 (b) WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL REPORT.
- 2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS _____, IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER)

DATE

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.

INSPECTION PERFORMED BY

42902

LICENSE NUMBER

3/14/15

DATE

OPALCO

FIRM

SIGNATURE OF LICENSED ENGINEER

Page: 2

System Designation: WA AH O9

03/28/2014 9:40:34 am

RUS Form 219 Inventory Of Work Orders

Page: 6

Period: JAN 2014

System Designation: WA AH 09

Inventory : 201401

Budget

Loan	Project	Amount
1	601	9,041.68
1	604	26,052.41
1	606	7,020.69
Total:		42,114.78



EXPIRES 3/16/15

BORROWER CERTIFICATION

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SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE _____

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INSPECTION PERFORMED BY

42902

LICENSE NUMBER

DATE _____

OPALCO

FIRM

SIGNATURE OF LICENSED ENGINEER

Page: 3

System Designation: WA AH 09

Loan		Work Order Construction (1)		Gross Funds Required		Debt Service		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Retirement (2)	Bdgt (3)	Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	New Construction Or Replacements (6)	Retirements Without Replacements (7)		
601	2013	1457							
		1457	1	4,050.71	1,252.02	0.00	0.00	0.00	5,302.73
601	2013	1514							
		1514	1	3,738.95	0.00	0.00	0.00	0.00	3,738.95
				7,789.66	1,252.02	0.00	0.00	0.00	9,041.68
604	2013	1216							
			1	26,052.41	0.00	0.00	0.00	0.00	26,052.41
				26,052.41	0.00	0.00	0.00	0.00	26,052.41
606	2011	1337							
			1	7,020.69	0.00	0.00	0.00	0.00	7,020.69
				7,020.69	0.00	0.00	0.00	0.00	7,020.69
Grand Totals:				\$ 40,862.76	\$ 1,252.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 42,114.78

03/31/2014 3:31:15 pm

RUS Form 219 Inventory Of Work Orders

Page: 6

Period: FEB 2014

System Designation: WA AH O9

Inventory : 1402M

Budget		
Loan	Project	Amount
1	1600	84,296.02
Total:		84,296.02



EXPIRES 3/16/15

ENVIRONMENTAL CERTIFICATION

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SIGNATURE (MANAGER)

DATE

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SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

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Joel Mietzner P.E.

INSPECTION PERFORMED BY

42902

LICENSE NUMBER

3/16/15

DATE

OPALCO
FIRM

SIGNATURE OF LICENSED ENGINEER

Page: 2

System Designation: WA AH O9

Loan		Work Order Construction (1)		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)	Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Retirement (2)	Bdgt (3)						
1600	2013	1368							
		1368	1	84,585.90	2,592.67	0.00	0.00	18,111.35	69,067.22
1600	2013	1554							
		1554	1	13,848.65	1,380.15	0.00	0.00	0.00	15,228.80
				98,434.55	3,972.82	0.00	0.00	18,111.35	84,296.02
Grand Totals:				\$ 98,434.55	\$ 3,972.82	\$ 0.00	\$ 0.00	\$ 18,111.35	\$ 84,296.02

Work Order: 1554 - REPLACE AND MOVE VAULT LOCATED ON PROPERTY FOR WHICH WE HAVE NO EASEMENT AT MAP LOC #1150322. G/L HARD CODED.

03/31/2014 3:31:15 pm

RUS Form 219 Inventory Of Work Orders

Page: 8

Period: FEB 2014

System Designation: WA AH O9

Inventory : 201402

Budget

Loan	Project	Amount
1	203	53,894.68
Total:		53,894.68



EXPIRES 3/16/15

BORROWER CERTIFICATION

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SIGNATURE (MANAGER)

DATE _____

SIGNATURE (BOARD APPROVAL)

DATE _____

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Joel Mietzner R.E

INSPECTION PERFORMED BY

42902

LICENSE NUMBER

3/16/15

DATE _____

OPALCO

FIRM

SIGNATURE OF LICENSED ENGINEER

03/31/2014 3:31:15 pm

RUS Form 219 Inventory Of Work Orders

Page: 4

Period: FEB 2014

System Designation: WA AH O9

Inventory: 201402

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)							
203	2011	1284							
			1	53,894.68	0.00	0.00	0.00	0.00	53,894.68
				53,894.68	0.00	0.00	0.00	0.00	53,894.68
Grand Totals:				\$ 53,894.68	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 53,894.68

MEMORANDUM

April 11, 2014

To: Board of Directors

From: Randy J. Cornelius, General Manager

Re: 2013 Financial Statement Audit Report

OPALCO's Report of Independent Auditors and Financial Statements for December 31, 2013 and 2012, as audited by Moss Adams LLP, will be presented and discussed at the April Board meeting. A draft of the findings will be sent separately from the regular Board packet, with the final report presented at the April meeting.

Representatives of Moss Adams were onsite in the Eastsound office the week of March 31st through April 4th. As a result of an extra effort on behalf of Moss Adams, they will be able to present their findings at the April Board meeting. Olga Darlington, Business Assurance Senior Manager, (via telephone) and Jennifer Chu, Business Assurance Manager (in person) will be attending the April 17th Board meeting to review the firm's audit findings and answer questions posed by the Board.

Upon the conclusion of the audit review and Board discussion, staff requests that the Board make a motion to approve OPALCO's Independent Auditors' Report and Financial Statements for December 31, 2013 and 2012, as audited by Moss Adams LLP.

MEMORANDUM

April 9, 2014

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Policy 1 *Functions of the Board of Directors*

Policy 1 has been revised and reviewed by the committee and our attorneys and is now presented for the Board vote.

Included with the policy is Governing Principles 101 as drafted by Glenna Hall. This was requested by Glenna to be used as a reference point relating to the Policy 1 revisions.

Staff recommends a motion to approve the revisions to Policy 1 as presented.

GOVERNING DOCUMENTS 101

Director Glenna Hall

NOTE: This is offered solely as my own opinion, to refresh our memories regarding some salient aspects of corporate governance.

OPALCO is a cooperative, a form of business organized, owned, and run by its members for the good of the members and the community. As a business, it shares many characteristics of corporations, and its governing structure is like that of a corporation. The formation and structure of a corporation are based on state law. In Washington, there are several different types of corporations, and although each has its own governing statutes, they have a number of common qualities. Microsoft is a corporation, and so is your homeowners association or the Friends of Lime Kiln State Park. Our governing statute is found at RCW Chapter 24.06, entitled Nonprofit Miscellaneous and Mutual Corporations Act.

Although the *existence* of corporations is set by statute, their governing law is also built on principles of what is known as common law, uncodified law that has evolved over the centuries through the decisions of appellate courts.

Corporations, including cooperatives, usually have a set of governing documents, some of which are required by statute and some of which are not. There are almost always Articles of Incorporation, which, for the corporation, are the equivalent of the corporation's Constitution. Bylaws are analogous to the statutes of the corporation or association. (Note that RCW 24.06.125 specifies that the coop must have, and is *managed by*, a board of directors, elected by the members.) The bylaws must be consistent with the statute, though there can be supplemental bylaws as long as they are consistent with the law. For example, the cooperative can choose to have *more* directors than the minimum required by law, or a bigger quorum for passing something at a meeting. Thus bylaws can deviate from the statutory requirements in a *fairer* direction, but not in a less fair direction. The same goes for bylaws that aren't strictly required by the statute. They must be consistent with the law, i.e., accomplish the purpose more fairly or better.

Many kinds of corporations also have written Policies, at a lower level of formality than bylaws, and it is a best practice to do so. They may be considered guiding principles. They can explain existing Bylaws, flesh out corporate purposes and responsibilities, or make clear exactly what the body means when it uses certain terms. The Policies might also spell out the uncoded but legally required responsibilities of the corporation or its board or management. Policies might, for instance, set forth a conflict of interest policy and “set up a procedure for board members and officers to disclose whether they, or people close to them, may be in a position to benefit from something the corporation is doing.”

RCW 24.06.153 sets forth the minimum duties of directors. However, duties are owed to the corporation by virtue of the common law, as well. Among the nonstatutory but legally mandated responsibilities are what are known as Fiduciary Duties. Because a corporation is usually dealing in one way or another with people's property, money, or rights, it, through its

board and management, has a near-absolute obligation to deal fairly and responsibly and disinterestedly with those things. Fiduciary duties exist whether or not they are spelled out. They are often divided into two or more categories, principally the Duty of Loyalty and the Duty of Care. Directors of a corporation owe these duties to the corporation (in OPALCO's case to the cooperative), not to the board, management, or individual members or groups of members. It is important to note that these duties exist whether or not they are written into the Coop's policies, and behavior that conflicts with them will be considered a violation whether or not they are specifically written. For that reason, a corporation can mitigate its risk of liability for directors' violations of fiduciary duties by having them clearly spelled out.

Conflict of interest is an example of a violation of the duty of loyalty, as is taking advantage of an opportunity that should have accrued to the corporation. Taking bribes or engaging in fraud are obvious examples of fiduciary violations.

The principle that a board should speak with one voice flows from the fiduciary duties, and is a best practice for most boards. Widely incorporated explicitly by nonprofit boards, it means that conflicting views on an issue or action should be fully aired in the boardroom prior to a final vote and dissenting votes recorded, but that once the board has voted to adopt an action, individual board members should support the democratically adopted action. To do otherwise undermines confidence in the organization and the process of majority rule. As the Oregon School Boards Association describes it, "Our democratic process supports the voice of the minority being heard before the vote is taken, and the will of the majority being implemented once the vote has occurred. When board members actively work against an action approved by the majority of the board it shows a lack of respect for the will of the majority and the public expectation that the majority vote will be implemented fairly. This does NOT mean that the board member on the losing side must say anything other than the truth if asked [about it] after the vote. It is OK to say, 'The vote did not go the way I would have liked. I took the opposite position to the majority of the board, and I expressed that opinion and the facts that apply at that meeting. However the board has spoken and I will not work against the decision of the board.'"

Much of the foregoing applies to all corporations and particularly to nonprofits. It is important to note, however, that inhering in all aspects of the governance of OPALCO, as a cooperative, are the Seven Principles of Cooperatives, which impose an even higher standard of behavior on the cooperative and its Board. All that we do relating to the cooperative must embody these principles and standards.

ORCAS POWER & LIGHT COOPERATIVE
POLICY 1
FUNCTIONS OF THE BOARD OF DIRECTORS

Preamble

This policy is the responsibility of the Board of Directors and it may only be changed or amended by the Board.

Board Governance policies are intended to define the Governance activities of the Board of Directors and their functioning within the Organization.

Board-authorized documents such as Mission and Values Statements and Strategic Directives will provide further guidance and instructions to the Organization.

All of the powers of Orcas Power & Light Cooperative (Cooperative) are conferred upon and may be exercised by the Board of Directors, except as reserved to or conferred upon its members by law, the Articles of Incorporation, or the Bylaws.

This policy establishes Board of Director duties, roles, and policies to enable it to effectively and efficiently fulfill its purposes on behalf of the members it serves. The Board seeks to develop policies consistent with its Articles of Incorporation, Bylaws, and the general law. It seeks to conduct business at the highest ethical level, hire appropriate consultants and counsel, and establish an operating structure that will provide its members with the highest service levels. OPALCO shall be managed by a General Manager who reports directly to the Board of Directors and who is responsible for the implementation of policies developed and approved by the Board of Directors. The Board of Directors seeks to communicate its policies clearly and directly to the General Manager, its membership and other important stakeholders involved in the cooperative. It is the purpose of this policy to identify and establish standards whereby the Board's power may be exercised in the best interests of the Cooperative.

1. FIDUCIARY RELATIONSHIP

1.1 Legal Duties

Directors hold a fiduciary duty and responsibility to the Cooperative. These responsibilities include the duties of care and loyalty.

Under the duty of care, directors are required to:

- i. Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances;
- ii. Have or acquire the minimum knowledge and skills necessary to direct the affairs of the cooperative;
- iii. Make every effort to attend all meetings of the board and to study materials sent prior to each board meeting;
- iv. Study and adhere to all obligations imposed by the Articles of Incorporation, the bylaws, contractual agreements and board policies.

Under the duty of loyalty, directors are required to:

- i. Act only in the best interest of the cooperative and its members;
- ii. Place the interests of the Cooperative over any personal and personal business interests;

- iii. Avoid conflict of interest and the appearance of any conflict of interest, as further defined in Policy 23 and consistent with Cooperative policies.
- iv. Represent and support the interests of the Cooperative to elected and public officials.
- v. Publicly support actions of the board except where the director reasonably believes that there is substantial harm to the Cooperative.

1.2. If the Board should determine that an incumbent, nominee or potential appointee lacks or has lost any of the necessary legal qualifications, it is the duty of the Board to remove such incumbent or to declare such nominee or potential appointee ineligible for election, whichever may be the case. By adopting, publishing and appropriately disseminating this Policy, it is the Board's intent that Board member incumbents, nominees or potential appointees will not only be fully apprised of these requirements, but mindful of their importance in deciding whether to continue or commence service on the Board.

2. BOARD ETHICAL STANDARDS

The Board may neither cause nor allow any organizational practice or event that is imprudent or unethical, or that could damage the short-term or long-term viability of OPALCO. Board members should conduct themselves, personally and professionally as well as in their representative capacity for the Cooperative, in accordance with the highest ethical standards. This policy shall be consistent with the general ethics policy adopted by the Board of Directors.

3. CONFIDENTIALITY

~~Directors are entitled to reasonable access to Organizational data and information.~~

Directors are required to keep confidential all matters involving the Cooperative that have not been disclosed to the public. Information received by a director shall not be disclosed to any other persons unless the director reasonably believes that he or she must do so to fulfill his fiduciary duty. This confidentiality obligation shall continue after the director completes service on the Board of Directors.

4. DIRECTOR CONDUCT

Regardless of any personal differences, directors are required to:

- 4.1 Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.
- 4.2 Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.
- 4.3 ~~Publicly support decisions of the Board such that the board speaks with one voice, except in extraordinary circumstances where the director reasonably believes can demonstrate that a decision or action will bring substantial harm to the Cooperative or threaten the Cooperative's survival.~~
- 4.4 ~~Refrain from revealing to persons other than directors, the General Manager, or the Cooperative's attorney any differences of opinion among directors on matters either considered or and acted upon by the Board in executive session. (This standard does not preclude fair and accurate publication of such differences to the Cooperative's members in relation to contests for director elections or other matters to be voted upon by the members. Nor does it impinge upon a director's right to dissent and to have his dissenting vote recorded in the minutes.)~~

- 4.3 Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.
- 4.4 Recognize that the Board acts as a collective body at regularly scheduled and special Board meetings and that the development of policy and direction to the General Manager is best done at those regularly scheduled and special meetings when all Board members can be present.
- 4.5 Each Board member has an obligation to help members of the Cooperative, the media, and the general public to view the Cooperative in the best light. Public comment, whether to a group or an individual, must be supportive of the Cooperative's initiatives, activities, and personnel. When in executive session, any disagreements are to be held in confidence, in the Boardroom. Once a decision has been reached, the Board is to speak with one voice. (This standard does not preclude fair and accurate publication of such differences to the Cooperative's members in relation to contests for director elections or other matters to be voted upon by the members. Nor does it impinge upon a director's right to dissent and to have his dissenting vote recorded in the minutes.)

5. CONFLICT OF INTEREST DISCLOSURE

Board members are required to disclose any possible potential conflicts of interest between their non-OPALCO interests and the interests of OPALCO with regard to ongoing or specific transactions on any matters before the Board and to fully comply with Policy 23 *Conflict of Interest*. Board members shall attest annually in writing that they have no material undisclosed conflicts of interest with OPALCO. ~~situations in writing annually.~~

6. BOARD MEMBER ACCESS TO INFORMATION

Any Board member is entitled to have access to any data or information of the Cooperative, at reasonable times during business hours and for a proper purpose that is germane to his or her standing as a Board member. This principle is subject to and will be honored in accordance with the following standards:

- 6.1 All requests for such information or data shall be made to and through the General Manager. In no case whatever (unless after consultation with and being advised otherwise by the Cooperative's counsel because an actual or potential criminal activity of the General Manager is involved) shall such information or data be sought by a Board member through other employees, agents, or independent contractors.
- 6.2 In any instance in which a Board member has sought access to information or data not generally or ordinarily made available or reported to the Board, the General Manager shall so report in detail to the next succeeding meeting of the Board.
- 6.3 Information or data received by a Board member pursuant to this policy shall not be revealed by him or her to any other persons (the remaining Board members and General Manager excepted) unless he or she is compelled by law, or to fulfill his or her fiduciary duty.
- 6.4 In no case should a Board member reveal to others information and data he receives because of his inside position in the Cooperative if the actual or potential effect of such revelation is to damage the Cooperative, including its image.

7. BOARD MEMBER QUALIFICATIONS

- 7.1 Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.
- 7.2 Board members are required to attend Board meetings as specified in other governing documents and to travel and perform other reasonably required duties in a safe and competent manner.
- 7.3 Board members are required to complete an initial orientation conducted by the Board President and General Manager within 45 days and are encouraged to achieve NRECA Credentialed Cooperative Director status or equivalent within 24 months of first election to the Board.
- 7.4 Board members are required to complete one or more relevant ongoing one-day educational sessions during each additional three years of tenure.
- 7.5 Board members are encouraged to attend conferences and other activities designed to improve their skills and knowledge. The expenses of enrollment and attendance at Board training programs are paid by the Cooperative. Board training programs shall be conducted within the confines of an annual budget established by the Board of Directors for this purpose.

8. BOARD POLICIES AND STRATEGIC DIRECTIVES

- 8.1 The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.
- 8.2 Board Policies shall address matters that are expected to be permanent and pervasive in nature and define the limitations imposed on the General Manager and the Cooperative.
- 8.3 Board Strategic Directives shall address matters that may be impermanent in nature, address specific circumstances, may terminate when complete or rendered obsolete by changing circumstance and provide guidance in addressing the goals and objectives of the Cooperative.
- 8.4 Any Board member may propose a new policy or strategic directive or amendment to a current policy.
- 8.5 All Board Policies and Strategic Directives shall be maintained up-to-date in a format that is available to every Board member.
- 6.6 The Board shall review its own Policies and Strategic Directives for relevance, appropriateness and benefit to OPALCO at least annually.

9. STRATEGIC PLANNING

The Board shall set the Cooperative's mission and purposes, engage in strategic planning on a regular basis and produce Strategic Directives, to be reviewed and updated at least annually.

10. OVERSIGHT

The Board shall provide oversight including the adoption of policies and monitoring for compliance with legal and regulatory requirements as well as the adequacy of internal controls, primarily through appropriate use of Auditors and Legal Counsel.

11. BOARD INTERACTION WITH AUDITORS

The Board shall approve an engagement agreement for annual audit services to be provided to the Cooperative that:

- 11.1 Requires pre-approval by the Board for all services to be provided by the audit firm.
- 11.2 Sets out the scope of the audit, its objective and purposes, and deadlines for work to be performed.
- 11.3 Specifies all fees to be paid for all audit, audit-related and tax work provided by the audit firm.
- 11.4 If a multi-year agreement, provides for regular rotation of the lead audit **personnel** partner.
- 11.5 Complies with all RUS Policies and/or other applicable regulatory standards on Audits.

12. BOARD INTERACTION WITH LEGAL COUNSEL

~~The Board shall:~~

This policy shall outline the Board and Cooperative's relationship with its legal counsel.

- 12.1. **The Board shall** make all decisions regarding retaining, employing, and discharging attorneys for the Cooperative.
- 12.2. **The Board** reaffirms that the attorney represents the Cooperative and does not represent individual directors, officers, employees, or members or affiliated entities of the Cooperative, unless the Board consents to such representation and the attorney has complied with applicable conflict of interest requirements.
- 12.3. **The Board shall** require the attorney to keep the Board and the General Manager informed of matters for which the attorney is providing legal services.
- 12.4. **The Board shall** require the attorney to report evidence of any actual or intended material violation of law or material breach of duty that would likely cause substantial harm.

13. BOARD INTERACTION WITH THE COMMITTEE ON NOMINATIONS

This policy is intended to provide guidance for the Board and the Committee on Nominations and in no way overrides nor supersedes any requirement in OPALCO Bylaws or Articles of Incorporation, or other applicable state or federal requirements.

Committee on Nominations Purpose

To facilitate the ability of the membership to elect board members most qualified and appropriate to serve in the best interests of OPALCO as a member-owned non-profit Cooperative.

To ~~both~~ recruit members who are **both** competent, **and** willing and able to commit to serve on the OPALCO board if elected.

- 13.1 The Board will act to minimize conflict of interest exposure of staff in the Board election process.

13.2 Committee on Nominations Appointment

The OPALCO Board as a whole will propose and consider suitable qualified members from the Voting District and will appoint the members of each Committee on Nominations.

13.3 Committee on Nominations Preparation

The Board will instruct members of the Committee on Nominations to meet with OPALCO staff for a Board approved orientation.

13.4 Election Notifications

The Board will direct the General Manager to have notices placed on appropriate visible public bulletin boards, newspapers, websites, and other appropriate media as soon as practicable after the Committee on Nominations appointment. These notices will serve to attract and facilitate interested candidates to contact the Committee on Nominations.

13.5 The Board will require each proposed nominee to the Board to acknowledge and agree to this policy in writing.

14. GENERAL MANAGER

The Board selects the General Manager, and regularly evaluates performance, and sets his compensation. The Board shall retain a competent General Manager to whom it delegates authority and responsibility for the operation of the Cooperative within the limits of the Bylaws, this and other approved policies, programs and budget. Policy 2 *Delegations from the Board of Directors to the General Manager* elaborates the specific delegations to the General Manager from the Board.

14.1 Board Interaction with General Manager

14.1.1 The Board develops the policies of OPALCO, consistent with the Articles of Incorporation, Bylaws, general law and these policies. The Board will direct the General Manager to achieve specific results within these laws and policies. ~~restraint of specific limitations. The General Manager He is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that are consistent with Board policies. do not transgress the limitations imposed.~~

14.1.2 The Board may change its policies and thus the expectations or limitations imposed on the General Manager. The Board shall communicate any changes clearly to the General Manager. So long as any particular delegation is in place, the Board members will respect and support the General Manager's choices.

14.1.3 All Board authority is delegated to through the General Manager. The General Manager is to be considered the only employee of the Board. It is understood that the "flow" of authority for the management of the Cooperative shall pass through the General Manager, and the General Manager shall be the connecting link between the Board of directors and the employees. The Board of Directors shall require full and complete information from the General Manager concerning all matters in connection with the management of the Cooperative as set forth in these Board policies. The General Manager shall establish an organizational structure, a budgetary framework, and schedule to implement Board approved policies that effectively and efficiently achieve Cooperative's aims, purposes and objectives.

14.1.4 Only decisions of the Board acting as a body are binding upon the General Manager. The Board understands that it acts as a collective body, and that each Director understands that he or she must not individually exert pressure upon the General Manager.

14.1.5 Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in circumstances where the Board has specifically authorized such exercise of authority.

14.1.6 In the case of Board members requesting information or assistance without Board authorization, the General Manager can refuse such requests that require in his judgment a material amount of staff time or funds or are disruptive, and any such requests are to be consistent with the director's role as established in this Policy

14.2 General Manager Relationship Review

The Board shall ensure that the General Manager knows and understands the expectations and limitations it has placed on discretionary decision-making. These expectations and limitations shall be identified in approved policies or directives. Such policies and directives shall be used as the foundation for the annual appraisal of the General Manager's performance.

15. BOARD SELF-EVALUATION

The Board shall complete an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of OPALCO, to confirm its compliance with all relevant policies and procedures, and to review its working methods and contribution to OPALCO.

16. BOARD SUBCOMMITTEES

- 16.1 Board subcommittees will be formed, defined, controlled, and dissolved by action of the Board;
- 16.2 Authority of any subcommittee will be limited to reporting findings to the Board, unless specifically authorized by the Board. No action may be taken by a subcommittee unless authorized specifically or in general by the Board;
- 16.3 Board member participation in any subcommittee will be determined and controlled by the Board. There will be no more than three Board members on any subcommittee;
- 16.4 Employee involvement with a subcommittee will only be with the agreement of the General Manager;
- 16.5 The General Manager shall be kept informed of the work of the subcommittee;
- 16.6 Communications with employees will be copied to the General Manager.
- 16.7 Purpose may include a review of methods, plans, or results, propose solutions, strategic directives;
- 16.8 Duration of the subcommittee shall be at the pleasure of the Board.

APPENDIX 1

BYLAWS MANDATED BOARD WORK

Annual Meeting

Date Selection

The Board selects the date for Annual Meeting according to Bylaws, Article II Section1.

Report

The Officers report the condition of the cooperative at the Annual Meeting according to Bylaws, Article V Section12.

Audit

The Board provides for an annual audit. ~~The Officers present an audit summary at the next annual meeting which follows after completion of each audit~~ according to Bylaws Article III Section 7.

Board of Directors

Committee on Nominations

The Board appoints a Committee on Nominations for each election according to Bylaws, Article III Section 3.

Compensation

The Board sets a fixed sum and expenses for attendance of meetings on behalf of the Coop. according to Bylaws Article III Section 5.

Vacancy Replacements

The Board fills vacancies according to Bylaws, Article III Section 4.

Bylaws

Amendments

The Board shall make necessary Bylaws amendments according to Bylaws Article XIV Section1.

Contracts

The Board may authorize any officer or agent to enter into contracts on behalf of the Coop ~~in general or in specific instances~~ according to Bylaws Article VII Section1.

Capital Credits

The Board shall be responsible for establishing policies for the retirement of capital credits ~~and shall review and approve the payout of retired capital credits.~~

~~At the Board's discretion, discounted rate retirements may be used to reduce outstanding or delinquent billing amounts. Board approval is required for retirement payments according to Bylaws Article VIII Section 2.~~

~~The Board may distribute forfeit capital credits to the "Education and Promotion Fund" or the "Retirement and Replacement Fund" according to Bylaws Article VIII Section 5.~~

Disposition of Assets

The Board may dispose of unnecessary property ~~not exceeding 10% of the value of all property of the Cooperative~~ according to Bylaws Article X Section 1.

Members

Expulsion

The Board shall expel any member according to Bylaws Article I Section 6.

Membership fee

The Board sets the initial membership fee according to Bylaws Article I Section 3.

New Members

The Board approves new memberships according to Bylaws Article I Section 2

Other Organizations

The Board shall authorize membership in other organizations according to Bylaws Article XII.

Christopher Thomerson, Board President

Effective Date August 15, 2013

MEMORANDUM

April 9, 2014

TO: Board of Directors

FROM: Randy Cornelius

RE: Community Relations Coordinator

Due to additional communication requirements for member engagement, website enhancements and outreach efforts, staff is requesting the Board to approve adding a new full time employee (Community Relations Coordinator position) to our organizational chart.

During the 2014 budget review, we were hopeful that things would slow down once the topic of Broadband was solidified. The reality is that the volume of work effort and elevated expectations has increased dramatically. Our increase in communication efforts include:

1. Online Presence: Website and social media updates, improvements
2. Member information requests
3. Email response time expectations (both internal and external)
4. Media relations
5. Annual meeting output (electronic balloting, publication writing, member inquiries)
6. Member surveys
7. Energy savings, member services communications
8. Evolving broadband clarity

In addition, this new position would add much needed redundancy.

The wage rate will follow the mid-range typical of electric utility cooperatives and be supported by electric industry wage publications. Staff does not expect any impact to the 2014 annual budget; delays for other budgeted new hires will offset the impact for 2014.

DISCUSSION ITEMS

ORCAS POWER & LIGHT COOPERATIVE

BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

Actual Q1 and Q2 FY 2014 (Oct 2013 - March 2014)

	A.	B.	C.	D.	E.	F.
	Actual FY2014	Number of Measures	kWh Savings	Reimbursement per kWh (A / C)	% of Total EEI \$ to Date	% of Total kWh to Date
Revenue						
1 BPA EEI Funding for period 10/1/13 - 9/30/14*	\$ (229,825)	-	(1,000,000)	0.23		
Expenses						
2 Ductless Heat Pumps	78,000	52	201,116	0.39	45%	33%
3 EE Water Heaters	3,050	15	10,308	0.30	2%	2%
4 Efficient Clothes Washers	2,350	37	7,912	0.30	1%	1%
5 Efficient Showerheads	180	11	3,063	0.06	0%	1%
6 Efficient Windows	26,467	34	81,227	0.33	15%	13%
7 Direct Install Energy Star CFL Bulbs	1,650	342	7,404	0.22	1%	1%
8 Over the Counter Energy Star CFL Bulbs	681	226	3,919	0.17	0%	1%
9 Energy Star Refrigerators/Freezers	345	23	1,073	0.32	0%	0%
10 Insulation	24,814	40	81,767	0.30	14%	13%
11 NEEM Energy Star Home	1,800	1	3,336	0.54	1%	1%
12 PTCS Air Sealing	2,934	5	9,747	0.30	2%	2%
13 PTCS Duct Sealing	400	1	1,333	0.30	0%	0%
14 PTCS Heat Pump	6,250	7	22,138	0.28	4%	4%
15 Energy Smart Grocer	1,330	1	9,840	0.14	1%	2%
16 Commercial Projects	22,013	16	166,173	0.13	13%	27%
17 Low Income Programs	-	-	-	-	0%	0%
Subtotal Rebate Expenses	\$ 172,265	811	610,355	0.28	100%	100%
FY 2014 EEI Remaining Balance	\$ (57,560)	811	(389,645)			
FY 2014 EEI % of Total Remaining Balance	25%					

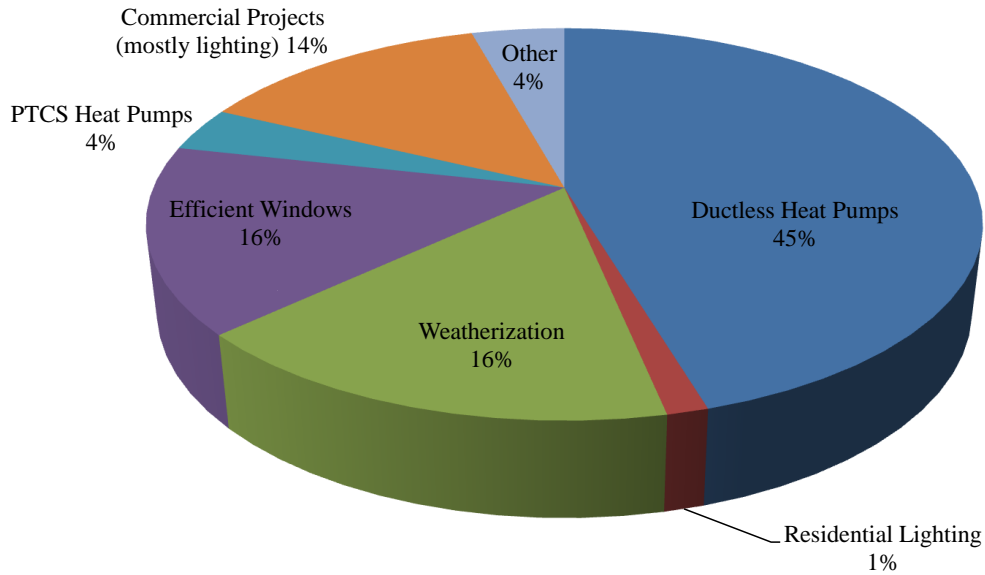
*Note: FY2014 EEI funds will be exhausted in mid-April 2014; EEI funds allocated for FY2015 (\$251,755) are available before self-funding is necessary

ORCAS POWER & LIGHT COOPERATIVE

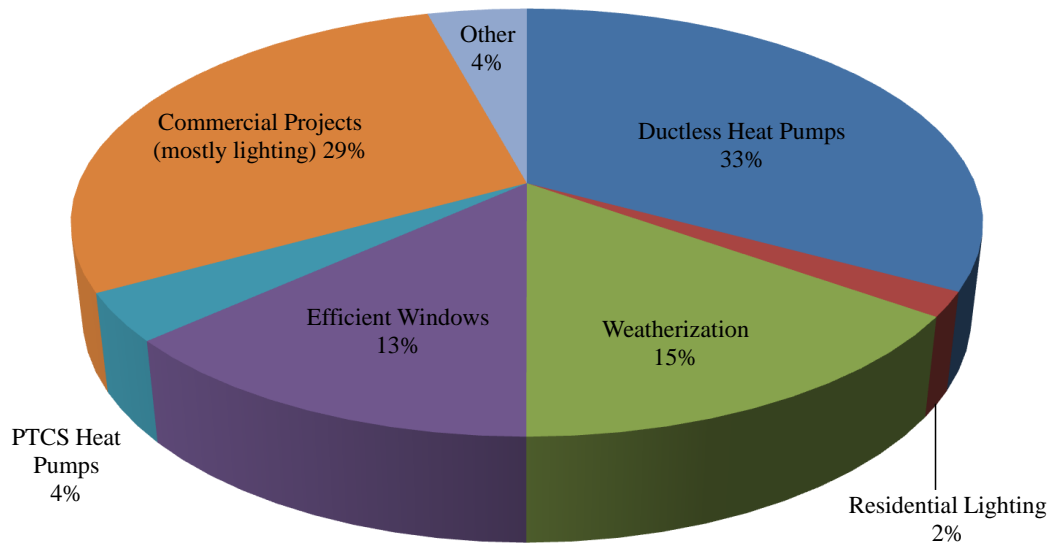
BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

Actual Q1 and Q2 FY 2014 (Oct 2013 - March 2014)

Rebates Distribution - EEI \$



Rebates Distribution - kWh Savings



MEMORANDUM

April 14, 2014

TO: Board of Directors
FROM: Randy J. Cornelius
RE: BPA Presentation by Marcus Perry

OPALCO's Senior Account Executive will be in attendance to present data on our power bill and billing determinants.

This is the first step in the Cost of Service Study, which will be implemented this year.

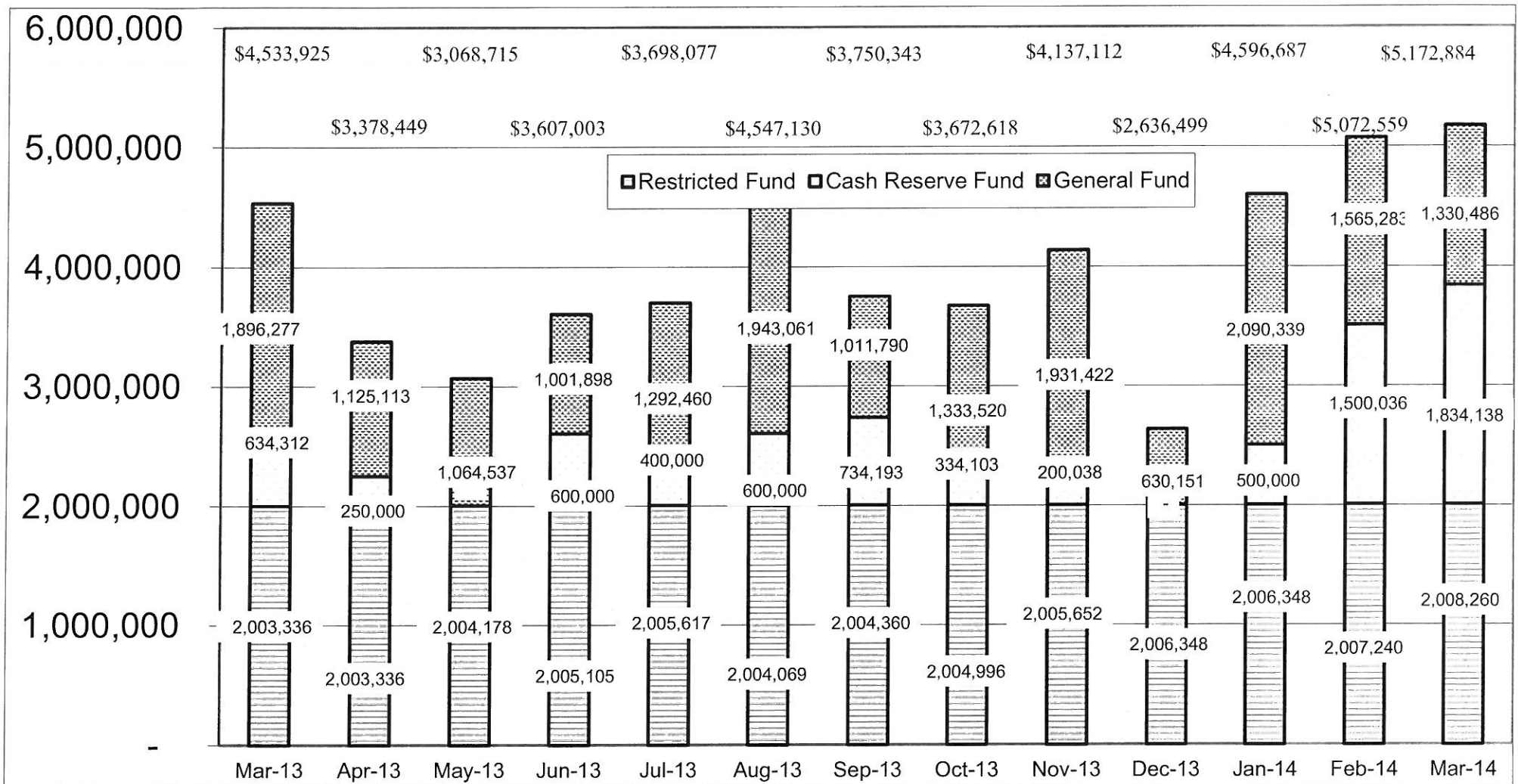
REPORTS

Orcas Power and Light Cooperative
Cash Recap
March 31, 2014

	Rate	Term	Due Date	Amount	Total Balance
GENERAL FUNDS:					
Cash on Hand				600	
Cash in Checking - Key Bank				72,003	
Cash in Checking/MMDA/Construction - Islanders Bank				973,299	
Cash in Checking/Savings/Payroll - Wells Fargo				284,584	
SUBTOTAL GENERAL FUNDS					1,330,486
CASH RESERVE FUND:					
CFC Commercial Paper	0.12%	40	4/9/14	250,025	
CFC Commercial Paper	0.12%	42	4/25/14	250,010	
CFC Commercial Paper	0.14%	62	4/30/14	250,000	
CFC Commercial Paper	0.13%	42	5/8/14	400,000	
CFC Commercial Paper	0.14%	78	5/16/14	250,000	
CFC Commercial Paper	0.16%	92	5/30/14	250,000	
CFC Commercial Paper	0.18%	91	6/30/14	184,103	
SUBTOTAL CASH RESERVE FUND					1,834,138
RESTRICTED FUND:					
CFC Select Notes	0.3700%	160	4/21/14	352,646	
CFC Select Notes	0.3700%	162	5/27/14	279,084	
CFC Select Notes	0.3600%	159	7/14/14	200,324	
CFC Select Notes	0.3500%	160	7/14/14	350,568	
CFC Select Notes	0.3700%	158	8/29/14	352,091	
CoBank - AIM				151,635	
Home Street Bank	0.3490%	547	4/29/15	105,049	
Washington Federal Savings	0.4000%	365	5/19/14	108,973	
Washington Federal Savings	0.4000%	395	12/29/14	107,890	
SUBTOTAL RESTRICTED FUNDS					2,008,260
GRAND TOTAL FUND ENDING BALANCE 3/31					<u>5,172,884</u>
Project PAL: Islanders Bank				<u>14,917</u>	
MORE Program: Islanders Bank				<u>159,132</u>	
RUS Cushion of Credit *				<u>769,002</u>	
CASH PROJECTION:					
April 30, 2014					
GENERAL FUNDS:					
Beginning Cash 3/31/14				1,330,486	
Estimated Revenue (based on 95% of billing)				2,057,602	
Estimated Other Revenue				20,000	
Estimated Transfer From Reserve Fund				0	
Estimated Transfer From RUS Cushion of Credit				19,129	
Subtotal Cash/Revenue				<u>3,427,217</u>	
Estimated Accounts Payable				(800,000)	
Estimated Payroll and Benefits				(644,000)	
Estimated RUS Principal and Interest Payment				(19,129)	
Property Tax Payment (1/2 of annual amount)				(102,000)	
Power and Transmission Bill (March bill)				<u>(778,706)</u>	
Subtotal Expenses				<u>(2,343,835)</u>	
Projected Ending Balance 4/30/14					1,083,382
CASH RESERVE FUND:					
Beginning Cash 3/31/14				1,834,138	
Estimated Transfer To General Fund				<u>0</u>	
Projected Ending Balance 4/30/14					1,834,138
RESTRICTED FUND:					
Beginning Cash 3/31/14				2,008,260	
Transfer To General Fund				<u>0</u>	
Projected Ending Balance 4/30/14					<u>2,008,260</u>
PROJECTED GRAND TOTAL FUND ENDING BALANCE 4/30/14					<u>4,925,780</u>
PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 4/30/14					<u>(247,104)</u>
RUS CUSHION OF CREDIT*:					
Beginning Balance 3/31/14				769,002	
Estimated Transfer To General Fund				<u>(19,129)</u>	
Projected Ending Balance 4/30/14					<u>749,873</u>

* represents advance payments unapplied for RUS long term debt

TOTAL FUND BALANCE



Notes:

1. Add'l liquidity: CFC \$10M LOC, \$5M PV line, and CoBank \$5M LOC
2. 2014 - RUS loan draw \$1.22M @ 3.456% (January 2014)
3. 2014 - RUS loan draw \$878k @ 3.479% (January 2014)

ORCAS POWER & LIGHT COOPERATIVE

UNSCHEDULED OUTAGE REPORT

MARCH 2014

OUTAGE CODE	CAUSE OF OUTAGE	DISTRICT			2014 TOTALS		
		ORCAS	SJ	LOPEZ	MAR	FEB YTD	YTD TOTAL
001	Power Supplier-Bonneville	-	-	-	0	0	0
002	Power Supplier-Puget Power	-	-	-	0	0	0
100	OPALCO Construction	-	-	-	0	0	0
200	Severe Storm	-	-	-	0	0	0
300-303	Faulty Equipment/Installation	2	-	1	3	2	5
350	Sectionalizing	-	-	-	0	0	0
351	Fuses/Fusing	-	-	-	0	0	0
352/353	Electrical/CAL/Transformer Overload	1	1	-	2	2	4
400	Underground Cable Failure	-	-	1	1	4	5
401	Contamination/Leakage (Equip. Fail.)	-	-	-	0	0	0
402/403	Aging Material/Equipment	-	-	-	0	2	2
450	Trees/Right of Way	-	-	-	0	0	0
500/509	Weather (Other than Severe Storm)	1	1	-	2	8	10
600	Small Animals/Rodents	-	-	-	0	0	0
601	Birds	-	-	-	0	0	0
602	Birds-Endangered (Swans; Eagles)	-	-	-	0	0	0
603	Large Animals	-	-	-	0	0	0
700/701	Cable Dig-In	-	-	1	1	0	1
702	Traffic Accident	-	-	-	0	0	0
703	Fire	-	-	-	0	0	0
704	Substation Vandalism	-	-	-	0	0	0
705	Construction	-	-	-	0	0	0
709	Public Caused Outage	2	1	-	3	1	4
800	Member Secondary Outage	1	-	-	1	1	2
900	Cause Unknown	-	-	-	0	1	1
2014 PTD/YTD OUTAGES: MARCH		7	3	3	13	21	34
2013 PTD/YTD OUTAGES: MARCH		8	0	2	10	24	34

Date: April 8, 2014
To: Board of Directors
From: Randy J. Cornelius, General Manager
Subject: Operations Safety Program – March 2014

A full review of the circumstances leading to and after the accident on September 20, 2013 was conducted to include findings of the OPALCO investigation and updates on the L&I investigation.

The field engineering group participated in Qualified Workers Training. Jeff Myers gave a presentation on the hazards and safety of working within and around substations.

Accidents/Incidents/Near Miss

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

	February 2014	YTD (2014)
Near Misses	0	0
Incidents	0	0
Accidents	0	0
Loss Time	0	0

Total Hours Worked without Loss Time Accident: 40,239

General Manager's Report April 2014

FINANCE

2013 Financial Statement Audit

Staff participated in the Moss Adams 2013 financial statement audit fieldwork during the week of March 31 to April 4. The Moss Adams auditors are scheduled to present and discuss the draft 2013 financial statement report at the April board meeting.

2013 Year End Reporting

Staff filed with the WA Department of Revenue, the WA Public Utilities Annual Report and with RUS, the Financial and Operating Report Form 7. The submission of the Annual Electric Power Industry Report Form EIA-861 has been delayed by the U.S. Department of Energy until further notice, due to the final proposed changes to the surveys by the Office of Management and Budget.

MEMBER AND ENERGY SERVICES

Rebates/EEI Funding

For the period 10/1/13 - 3/31/14, the Energy Savings team has submitted 811 rebate measures totaling \$172,265 and a reported 610,355 in kWh savings. This represents 75% of the annual EEI funding for the period ending 9/30/14. A record 33 Ductless Heat Pump rebates were issued in March as members rushed to install units before the rebate was reduced on 4/1. A detailed measures report is included in the board packet.

April is expected to be a large reporting month, including over \$65k in commercial lighting rebates. EEI FY2014 funding from BPA will be fully allocated and we will begin to distribute funds allocated for FY2015.

Science Fair

Staff created an interactive Home Energy Savings exhibit for the annual Funhouse Commons Science Fair on March 29. Kids and adults learned about energy efficiency and conservation tools for their homes and enjoyed a lighting display demonstrating energy used by different types of light bulbs. The latest LED bulbs were the hit of the day, and resulted in a lighting audit for the Outlook Inn on Orcas. Staff would like to thank Winnie Adams for her participation.

Nonprofit Partnership/Islands Energy

The nonprofit group has adopted the name Islands Energy for their collaborative outreach efforts. Details are being finalized for the upcoming Energy Fairs on three islands in May and June. An initial Community Solar proposal is being developed with OPALCO, Bonneville Environmental Foundation and the San Juan Islands Conservation District, which would include sites at public schools on the four ferry-served islands. The proposal is being finalized and vetted by interested parties, including the MORE committee.

Islands Energy and OPALCO participated in a regional Georgetown Energy Prize meeting. Islands Energy is in the beginning stages of developing a proposal and application, which is due in June.

Member Services Staffing

The new Member Services Supervisor, Patty Kelly, will begin on Monday, April 14. Temporary staff is being sourced for an upcoming member services representative's leave of absence.

Member Services Projects

Member Services staff are fully engaged on a number of simultaneous projects, including Annual Meeting planning, supporting SmartHub enrollment for the upcoming free Wi-Fi launch, and communication for the overnight system-wide outage in May.

ENGINEERING & OPERATIONS

WIP (Work In Progress)

As of 3/3/2014, there are 304 work orders open totaling \$3,162,149. Operations has completed construction on 72 of those work orders, totaling \$1,233,075. Cattle Point –Mullis Road project bidding is to commence by the end of April.

Right-of-Way

Annual right-of-way trimming is underway and is expected to continue until mid-June. San Juan district trimming is complete, Orcas district is ongoing and Lopez district will start in early May.

Accident Investigation

L&I investigation is ongoing.

Submarine Cables

Lopez to San Juan: Contract for installation and submarine cable will be sent to bidders by April 14th with an expectation of bids returning by June.

San Juan to Henry Island: Bid documents are with the prospective bidders with bids to be returned by May.

INFORMATION SERVICES

Vacant Positions

We are moving forward filling the vacant positions within Information Services.

1. The Software Specialist position is currently advertised "open until filled" and we continue to receive applications. Telephone interviews have been scheduled with the applicants and will take place April 9 and 10.
2. The Network Engineer position job description is undergoing final changes/edits and will be submitted for advertising by April 11.

Communication Backbone Design

The communication backbone design project is underway to improve safety communications and connect electric field devices. Vantage Point is currently staking the installation while OPALCO IS and Engineering resources are moving forward with permitting and environmental requirements.

Island Network Website

The new Island Network Website was launched as planned. The Website includes information about current and future Island Network services, system maps, and online forms for customer

contact and new service requests. To date, we have received 45 inquiries for new broadband service through the Web site and the frequency of requests is growing daily.

Island Network New Services

Member interest in Island Network services is growing. We connected 3 members in March and began construction to connect 4 more. In addition, there are 3 completed applications for which construction is being scheduled and 12 new applications being started. The new Island Network Web site is generating renewed interest among the membership and new inquiries are coming in every day.

Island Network Broadband Cost of Service Study

We are currently evaluating 3 qualified firms for performing the cost of service study to determine the costing model and develop the business plan for the new Island Network Broadband initiative. Final selection for the vendor is planned for mid-April and completion of the cost of service study is scheduled for the end of the second quarter of 2014.

Wi-Fi Hotspots at Interisland Ferry Terminals

In response to the CenturyLink fiber cable break last November and as a precaution for future communication failures, OPALCO has installed and tested Wi-Fi access points at the four (4) interisland ferry terminals. This system allows OPALCO staff and crew to access our internal communication systems. In addition, OPALCO is expanding this Wi-Fi system to enable member access to the Internet from the interisland ferry terminals. Beginning May 5th, members that have signed up for SmartHub (eBill) and Paperless Billing will be granted free access to the Wi-Fi system through the OPALCOcares network.

INFORMATION ITEMS

NEW SERVICES

March 2014

	Orcas	San Juan	Lopez	Center/ Decatur	Blakely/Obstruction /Crane/Shaw	Total
Residential	2					2
Commercial	8	1				9
Line Retention						0
Other - OPALCO						0
Total*	10	1	0	0	0	11
2014 YTD	13	10	2	0	1	26
2013 YTD	5	13	1		1	20
2012 YTD	4	9	4		1	18
2011 YTD	4	11	7		3	25
2010 YTD	12	23	7		2	44

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

OPALCO
Historical MORE Revenue
(All Green kWh and MORE Blocks)
For Years 2012 - 2014 YTD

Month	2012 YTD						
	All Green			MORE Blocks			Total Revenue
	#	kWh	Revenue	#	#	Block Revenue	
	Members	kWh	Revenue	Members	Blocks	Revenue	
			\$ 0.04			\$ 4	
Jan	44	47,428	1,897	454	970	3,880	5,777
Feb	43	37,664	1,507	452	962	3,848	5,355
Mar	42	37,682	1,507	449	953	3,812	5,319
Apr	42	27,636	1,105	449	953	3,812	4,917
May	42	21,993	880	448	952	3,808	4,688
Jun	43	20,335	813	448	952	3,808	4,621
Jul	43	19,649	786	449	953	3,812	4,598
Aug	43	22,457	898	446	948	3,792	4,690
Sep	42	13,136	525	443	947	2,530	3,055
Oct	42	21,162	846	443	947	3,788	4,634
Nov	44	30,335	1,213	438	943	3,772	4,985
Dec	43	43,849	1,754	437	929	3,716	5,470
Total	43	343,326	\$ 13,733	446	11,409	\$ 44,378	\$ 58,111

2013 YTD						
All Green			MORE Blocks			Total Revenue
#	kWh	Revenue	#	#	Block Revenue	
Members	kWh	Revenue	Members	Blocks	Revenue	
		\$ 0.04			\$ 4	
43	54,479	2,179	433	921	3,684	5,863
43	50,927	2,037	432	918	3,672	5,709
42	42,787	1,711	429	915	3,660	5,371
42	31,063	1,243	427	904	3,616	4,859
41	21,699	868	426	897	3,588	4,456
41	20,336	813	426	897	3,588	4,401
43	17,756	710	425	895	3,580	4,290
42	18,716	749	421	893	3,572	4,321
42	18,786	751	418	890	3,560	4,311
43	23,882	955	415	887	3,548	4,503
44	31,535	1,261	414	881	3,524	4,785
44	47,347	1,894	412	879	3,516	5,410
43	379,313	\$ 15,173	423	10,777	\$ 43,108	\$ 58,281

2014 YTD						
All Green			MORE Blocks			Total Revenue
#	kWh	Revenue	#	#	Block Revenue	
Members	kWh	Revenue	Members	Blocks	Revenue	
		\$ 0.04			\$ 4	
44	41,878	1,675	411	871	3,484	5,159
44	47,227	1,889	410	870	3,480	5,369
44	35,590	1,424	408	866	3,464	4,888
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44	124,695	\$ 4,988	410	2,607	\$ 10,428	\$ 15,416

Notes: 2 members participate in both All Green and Green Blocks. Average blocks per member is 2.1.
Beginning June 2011, report reflects combined data for the former Green Power program and MORE.
Beginning September 2012, half of the members were transitioned to a mid-month billing cycle; these members were billed for 15 days of consumption, a prorated basic charge, and prorated MORE blocks on 9/14/12.

OPALCO Member Billing Revenue History

Month	2010	2011	2012	2013	2014	Average
January	\$ 2,091,129	\$ 2,266,724	\$ 2,203,319	\$ 2,354,732	\$ 2,294,020	\$ 2,241,985
February	1,684,100	2,018,866	1,980,380	2,190,659	2,469,527	2,068,706
March	1,693,238	2,100,947	2,080,586	2,031,007	2,165,897	2,014,335
April	1,659,771	1,803,095	1,733,543	1,803,826		1,750,059
May	1,453,989	1,634,542	1,536,601	1,580,671		1,551,451
June	1,409,557	1,383,932	1,419,883	1,450,461		1,415,958
July	1,300,950	1,302,528	1,380,472	1,423,753		1,351,926
August	1,342,739	1,360,611	1,450,397	1,448,015		1,400,440
September*	1,297,936	1,421,174	1,005,902	1,458,553		1,295,891
October	1,389,529	1,483,658	1,499,863	1,636,955		1,502,501
November	1,584,909	1,977,782	1,779,353	1,923,857		1,816,475
December	2,123,602	2,375,284	2,085,584	2,480,061		2,266,133
Total**	\$ 19,031,449	\$ 21,129,143	\$ 20,155,885	\$ 21,782,552	\$ 6,929,444	\$ 20,675,861

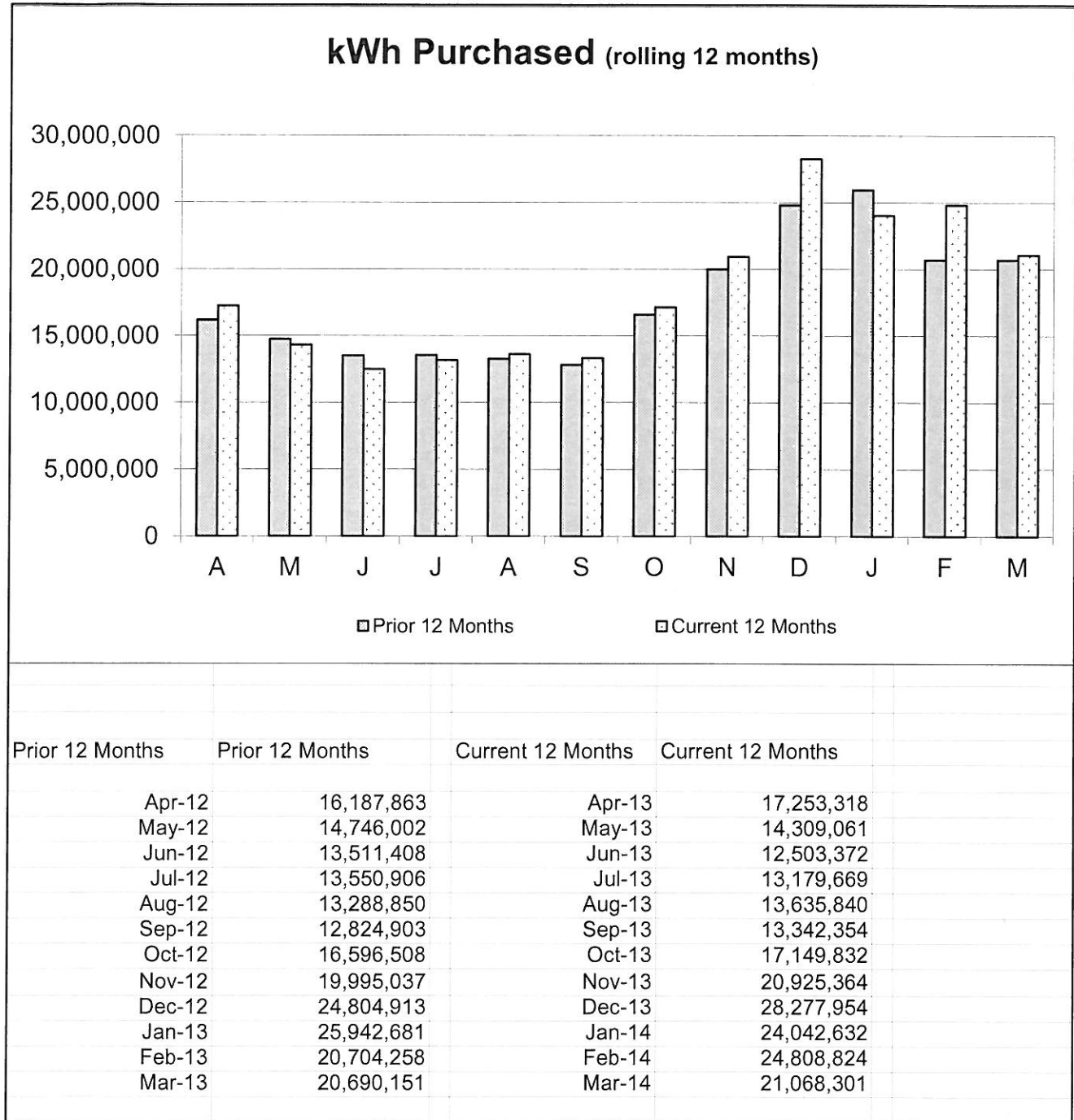
Notes:

* September 2012 excluded - half of the membership transitioned to a mid-month billing cycle. These members were billed for 15 days of consumption and a prorated basic charge on 9/14/12.

**Totals include Island Network billing

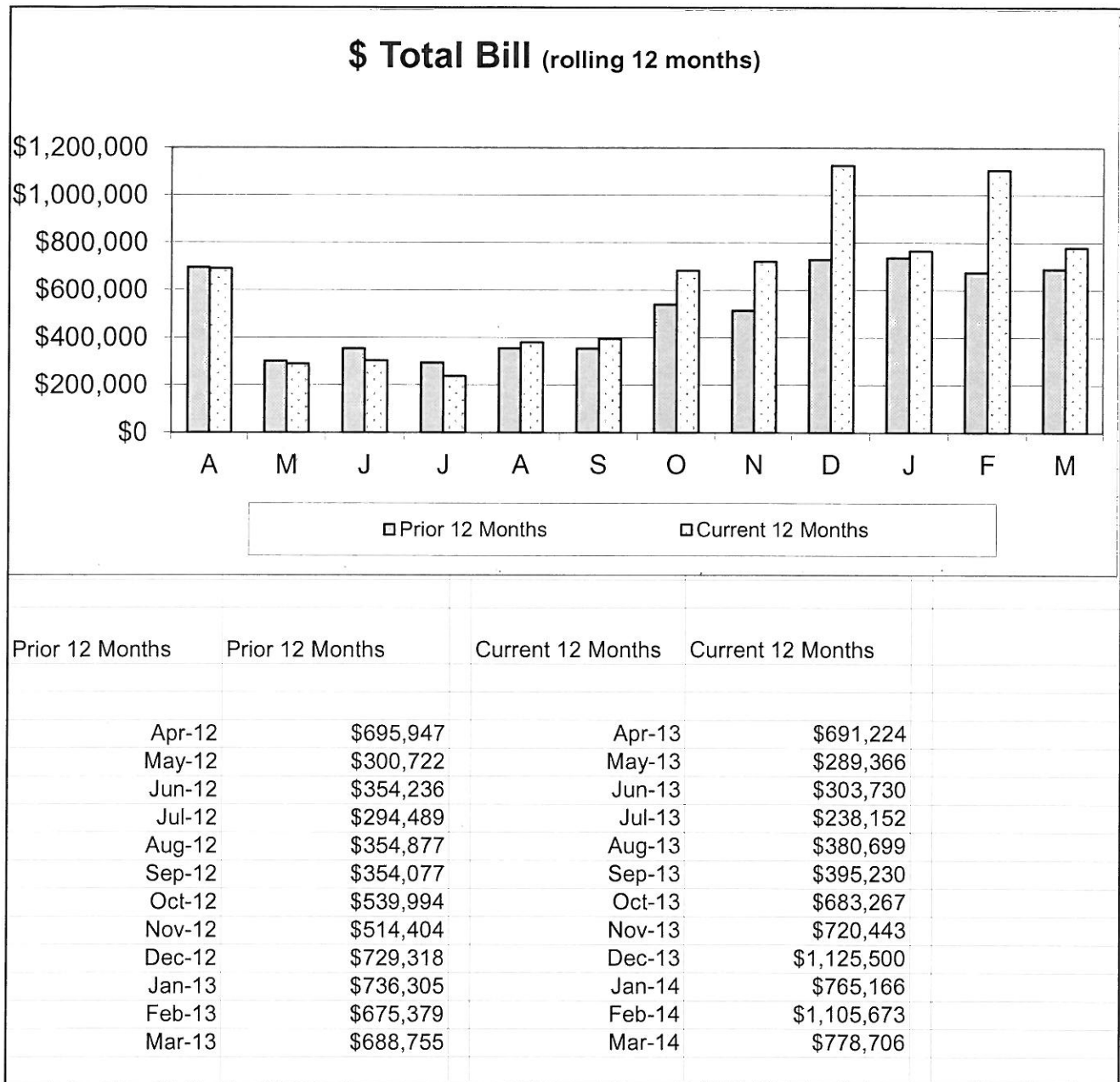
BPA Consumption Summary

Through
March 2014



BPA Consumption Summary

Through
March 2014





RECEIPT

March 27, 2014

Randy Cornelius
Orcas Power & Light Cooperative
183 Mt. Baker Road
Eastsound, WA 98245

Dear Randy,

Thank you for your additional support of \$2,000 for the 2014 CleanHydro campaign! Your organization is helping to make a difference. Your contribution will allow us to better educate the general public on the value the Columbia Basin's hydro and river system brings to Northwest families and businesses.

Thank you,

A handwritten signature in black ink that reads "Terry".

Terry Flores
Executive Director


So appreciate
your extra support!

Funds contributed to CleanHydro are not tax deductible as a charitable contribution. However, funds paid to CleanHydro may be deductible as trade or business expenses if ordinary and necessary in the conduct of the taxpayer's business.

Substitute W-9: For tax purposes, CleanHydro is EXEMPT from withholding as a not-for-profit 501(c)(6) corporation, federal tax ID# 26-0133872



Washington Rural Electric Cooperative Association

Your Touchstone Energy® Partner 

PO Box 7219
Olympia, WA 98507
360.357.6048
www.wreca.coop

Date: April 4, 2014

To: WRECA Members

From: Kent Lopez, General Manager

RE: 2014 WRECA Annual Meeting

We're well on our way to completing arrangements for the 2014 WRECA Annual Meeting, June 10 & 11 at the Marcus Whitman Hotel in Walla Walla, WA; we have a fantastic list of speakers joining us, and all the hotel arrangements have been made. However, there's one more, very important item to take care of – your company's participation.

The Annual Meeting is your opportunity to meet with fellow electric cooperative directors and managers to get the latest on the national, regional and statewide issues facing the electric utility industry – especially the electric cooperatives. Our esteemed list of speakers confirmed to date include NRECA President Curtis Nolan, NRECA V.P. for Regulatory issues Director Jay Morrison, State Senator Mike Hewitt, State Representatives Terry Nealey and Maureen Walsh, BPA Administrator Elliott Mainzer, RiverPartners Executive Director Terry Flores, and NW Requirements Utilities Executive Director John Saven.

As an added incentive, and to raise some money for our political action committees, there will be a golf tournament on Monday, June 9, and a live Auction on Tuesday, June 10, 2014. These activities are always highly enjoyed by attendees, and help us out in the process.

The meeting is at Marcus Whitman Hotel in Walla Walla. The WRECA Annual Meeting rate for the nights of June 8 through 11 is \$139 for single or double. To reserve your room, contact the Marcus Whitman Hotel 509-525-2200. Make your room reservations soon – **the cutoff date to receive the special WRECA room rates is Thursday, May 8, 2014.** So call and make your reservations today.

Then confirm your participation at the WRECA Annual Meeting by completing the enclosed registration form, listing all the individuals from your utility who will be attending the meeting – including spouses and other family members. The registration fee is \$120 per registrant, which includes the registration for a spouse. Additional family members attending the meeting are only \$80 each (to cover the cost of the meals and snacks). Complete the Annual Meeting registration form and return it with your check before May 12.

We look forward to a rewarding program with some great events planned. Watch your email for more details as we confirm the speakers and prepare the agenda. Thanks for your support, and we can't wait to see you in June.