



**BOARD OF DIRECTORS
REGULAR BOARD MEETING 8:30 am
OPALCO Office
1034 Guard Street, Friday Harbor
Thursday August 15, 2013**



TRAVEL



Via Island Air
378-2376 / 378-8129 (cell)

To:

Leave Lopez 8:00 a.m.

Arrive FH 8:15 a.m.

From:

Leave FH 2:00 p.m.

Arrive Lopez 2:15 p.m.



Via Ferry:

To:

Leave Lopez 6:50 a.m.

Leave Shaw 7:15 a.m.

Leave Orcas 7:35 a.m.

Arrive FH 8:15 a.m.

From:

Leave FH 2:15 pm

Arrive Orcas 3:05 pm

Arrive Shaw 3:20 pm

Arrive Lopez 3:40 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Monthly Meeting
1034 Guard Street, Friday Harbor
August 15, 2013 8:30 a.m.**

PAGES

WELCOME GUESTS/MEMBERS

CONSENT AGENDA

- 3-5** ○ July Minutes
- 6** ○ Admission of New Members

ACTION ITEMS

- 7** ○ Capital Credits
- 8-15** ○ Policy 1 *Functions of the Board of Directors*
- 16-24** ○ Spectrum Acquisition
- 25** ○ 2012 Forms 990 and 990-T* (*after Executive Session discussion*)

DISCUSSION ITEMS

- 26** Review of Standing Board Committees
- 27-31** Energy Efficiency & Conservation Memorandum of Understanding
- 32** Member Service Policies Revisions
- 33-34** • MS Policy 1 *Nature of Services Offered*
- 35** • MS Policy 2 *Types of Service*
- 36-37** • MS Policy 8 *Special Service*

REPORTS

- 38** ○ EE Committee
- 39** ○ 2nd Quarter Financial Report
- 40** ○ Cash Recap
- 41** ○ Total Fund Balances Chart
- 42** ○ Outages
- 43** ○ Safety
- 44-46** ○ General Manager
 - 47-62** ➤ EE&C Education Grant
 - 63-66** ➤ CoBank's "Sharing Success"
 - 67** ➤ BPA EE Incentive Fund Report: 3rd Quarter

INFORMATION ITEMS

- 68** ○ New Services
- 69** ○ Historical MORE Revenue
- 70** ○ Member Billing Revenue History
- 71** ○ BPA Consumption Summary
- 72** ○ Graphs: Peak Load, Total Meter Points, Equity as a % of Total Capitalization, kWh Sold
- 73-74** ○ Member Letters

ADJOURNMENT

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, July 18, 2013

President Chris Thomerson called the meeting to order at 8:40 a.m. at the Eastsound OPALCO office. Directors Winnie Adams, John Bogert, Vince Dauciunas, Glenna Hall and Bob Myhr were present. Jim Lett was absent. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth; Manager of Engineering & Operations Russell Guerri and Executive Assistant Bev Madan, serving as recording secretary.

Glenna Hall was welcomed as a new board member representing District 1. Hall was appointed by the Board during the July 8th interview work-session and will serve out the remainder of George Mulligan's term (May 2014).

Members/Guests

Attorneys Joel Paisner and Art Butler of AterWynne LLC were introduced as OPALCO's new corporate attorneys.

Wally Gudge, Orcas member, encouraged the Board to purchase the wireless spectrum, stated that he had formulated the costs of slow internet speeds to the real estate market, and warned that in his opinion CenturyLink would not be of any help to our county.

Chris Sutton, Orcas member, encouraged the board to review the Island Network (IN) tariffs and have an external audit on IN before the moratorium is lifted. Cornelius stated that the Board had directed management to review and restructure the IN tariffs once engineering designs were complete.

Tony Ghazel, Orcas member, encouraged the Board to move forward with the Broadband Initiative.

Dwight Lewis, Lopez member, warned that the Board is "over their heads" with Broadband, the members don't want it and to turn it over to CenturyLink.

John Fleischer, Orcas member, warned that the Board be cautious with CenturyLink as they may not live up to their promises. Broadband is involved and expensive and it is difficult to keep up with technology. He also questioned why OPALCO was pursuing a wireless spectrum.

Rick Boucher, Orcas Online owner, suggested that an investment group may want to purchase the spectrum if OPALCO does not.

Donna Riordan, Orcas member, wanted to learn about the Broadband Initiative and to support it as her business relies on the internet.

Joy Hughes, Solar Gardens owner, encouraged the Board to consider community solar.

Other member/guests included Chris Doremus, Carmen and Walt Hauschildt and Adrienne Reed of Island Stewards.

June Minutes

The June minutes were amended to add Bogert's reason for his dissenting vote on the Broadband Directives.

Motion: Myhr moved to accept the June minutes as amended; the motion was seconded and carried by voice vote.

New Members

Motion: Adams moved to accept the new members listed below; the motion was seconded and carried by voice vote.

LOPEZ

1. AVRETT, PAMELA & DON
2. BARNETT, MARA ELIZABETH
3. BATES, PAUL A
4. BERG, NANCY A
5. HETH, SALY J & MOLNER, DENISE A
6. KELLOGG, LESLIE & CHARLES

7. MANDERBACH, KIM & RICHARD

8. MCCORNACK, JULE A & GAYLE GRAVES
9. PREWITT, LARRY
10. THORNTON, BRET

ORCAS

11. ANDERSON, CHANDELLE

12. BLACK, CONOR & LIZ
13. BROWN BEAR BAKING LLC
14. HANNON, CAROL P
15. HARRIS, LILLIAN E
16. HENRIQUES, KEN
17. HORSWILL, LEE & ELLERTSEN, DAVID
18. MYERS, MINDY & PETER
19. PAGE, MICHAEL & KATHERYNE
20. SHURTE, MICHAEL JR
21. THACKER, KEVIN
22. WHITE, MATTHEW

PEARL

23. SHOWMAN, SUSAN M

SAN JUAN

24. ANDERSON, LINNEA
25. ANDERSON, MADELINE & HARMON, DOUGLAS
26. BASTA, MATT J
27. BLAIR, BRENT R
28. CARLSON, MADELINE
29. DEBRAY, ZOE
30. DEITZ, HEATHER
31. DOUGLAS, ANDREA H
32. GB6K, LLC

33. HINKLE, CHRISTINE L
34. JIMENEZ, CIARA & KNOWLES, CHELSEY
35. KING IV, JOHN & SARAH
36. KYTE, ROBERT JAMES
37. LINEBACK, JAMES MICHAEL & CROWE, CYNTHIA A
38. MAURO, MARGARET
39. MEIER, KATHY L
40. MORRISON, JACOB T
41. PANTOJA, ISMAEL
42. PARSONS, TODD & ERIN
43. PEIHL, NICHOLAS & JEANNE
44. ROOP, MERRIE
45. SEGALL, CINDY
46. SOLOVEY, GENNADY
47. TOTTEN, RYAN
48. WOODBURY, MARY
49. ZHELEZKO, SERGEY

SHAW

50. GIEBEL, CHRIS
51. WILDING-HERNDON, TARA

Capital Credits

Motion: Myhr moved to approve \$5,023.71 payment of capital credits to the estates of deceased members listed below; the motion was seconded and carried by voice vote.

| | |
|----------------------|------------|
| Alan R. Lichter..... | \$ 440.64 |
| Jeanne Marks..... | \$1,876.51 |
| Carol Merrill..... | \$1,268.94 |
| Susan Oesdean | \$ 352.81 |
| Mildred Talbott..... | \$1,084.81 |

RUS 219s

Construction Work Plan projects were completed in May for a total of \$244,512.50.

Motion: Myhr moved that the 219s be approved and processed with RUS; the motion was seconded and carried by voice vote.

Resolution 6-2013 Construction Work Plan Amendment #3

Three projects were added to the Construction Work Plan (CWP) that were not on the original work plan; it was originally expected that OPALCO would not borrow funds to complete them. Substation improvements of an Eastsound Substation feeder breaker replacement @ \$90,000; Lopez Substation station battery replacement @ \$20,000 and San Juan Gravel Pit Substation battery replacement @ \$10,000 were added to the CWP.

Motion: Adams moved to approve the amendment to the 2013-16 Construction Work Plan as presented; the motion was seconded and carried by voice vote.

Motion: Myhr moved to approve Resolution 6-2013 *Approving Amendment #3 to the 2013-2016 Construction Work Plan*. The motion was seconded and carried by voice vote.

NRECA Voting Delegate

Myhr, Bogert, Lett and Hildreth will be attending the NRECA Regional Meeting in Portland, OR October 15-17.

Motion: Myhr moved to appoint Myhr as NRECA voting delegate at the October meeting with Bogert as the alternate. Motion was seconded and carried by voice vote.

Broadband Update

Hildreth provided a status update on the directives given by the Board at the June meeting.

- A. CenturyLink meetings to discuss lease terms have begun and are expected to continue through early September.
- B. Wireless Spectrum: a financial analysis will be provided at the August board meeting when all directors are expected to attend.

- C. System Design: Waiting on the determination of the wireless procurement before initiating project designs.
- D. Island Network: A revised rate structure and backbone designs will be developed prior to the moratorium being lifted.
- E. Broadband Manager: A job description for a Manager of Information Services was developed and the job opening is now being advertised.

EE Committee Report

Bogert reported that draft Policy 28 *Energy Services Collaboration with Nonprofits* is nearly complete. Outreach will be the next step in the process.

Cornelius introduced Shawn Collins of the Opportunity Council. Collins reported on their work with the community energy challenge and other energy savings opportunities through his nonprofit. They are looking to partner with OPALCO to provide specific services.

Policy 28 Collaborating with Nonprofits to Accelerate Energy Efficiency & Conservation, & Renewable Energy Production

The Board thoroughly reviewed the newly drafted policy.

Motion: Dauciunas moved to accept Policy 28 and to waive the second reading. The motion was seconded and passed by voice vote. Myhr was the one dissenting vote and the record will show that his objection was to the lack of specifically including 501(c)(3) in Section 28.3.

The next steps will be to create a Memorandum of Understanding.

Policy 1 Functions of the Board of Directors

Draft revisions were proposed. The policy will be presented at the August meeting for a final read and approval.

Cash Recap

Hildreth reviewed the cash recap, which shows cash balance of \$3.6 million as of June 30. The cushion of credit of \$1.5 million earns 5% interest as the RUS loan is paid down.

Safety

Guerry reported on an accident that occurred when a piece of a transformer arced and irritated a lineman's eyes.

Manager's Report

Cornelius reported on new software tools in Member Services—Enhanced Payment Remittance Tool and “Document Vault”, an imaging solution to reduce paper workflow.

Technical Services installed a new licensed Gigabit Radio between San Juan and Lopez islands to support increased capacity.

Federated Insurance

Cornelius and Lett met with the insurance representative in June. The Loss Analysis Report was reviewed.

Adjournment

The meeting adjourned at 12:25 p.m.

Chris Thomerson, President

Bob Myhr, Vice-President

NEW MEMBERS JULY 2013

DECATUR

1. O'CONNOR, ROBERT & PEGGY

LOPEZ

2. HUFF, MARC D
3. KENNER, JEFFREY & CYNTHIA
4. RAMOS, JEREMY
5. TAYLOR, ELIZABETH

OBSTRUCTION

6. KRUMM, ANTON

ORCAS

7. AGAPE-LICHTER, KATE
8. BOE, ALISON
9. CAMPBELL, TREVOR
10. CHOMSKY, GENELLE
11. CLARK, JON & ELLEN, GRACE
12. FOUGHT, JOHN & DENA
13. GRIFFITH, MEREDITH & BRYAN
14. HARVEY, RAYMOND
15. IRWIN, ALEX
16. KAZAS, JANIE & HUGHES, LAWRENCE
17. KEMP, BRIAN & HOLLY
18. KRAMPITZ, EILEEN
19. LUHRS, BOBETTE & PETER
20. LUNDQUIST, CINDY L
21. MACONDRAY, DIANNE
22. MCLEOD, BEN & DEBBIE
23. PEREZ, REYNOLDO
24. ROEHL, THOMAS H
25. THOMAS, HEATHER
26. TYLER, CRYSTA
27. WHEELER, ADRIANA

28. BENTZ, PAUL
29. BOLGER, THANE
30. BROWNSTEIN, CHERYL & HARRELL, WALTER
31. CAPRON, JULIE
32. COBOS, MILES
33. COOPER, IAN
34. CRAWLEY, JOSEPH R & CYNTHIA
35. EASTERBROOK, NOAH C
36. FIGELSKI, GARY
37. FUQUA, ANGELA
38. GIDMARK, STEPHANIE & NICHOLAS
39. HEMKER, MARC & JENNIFER
40. HONEYWELL, DAVID & NANCY
41. JACKSON, ALEX J
42. KATZIN, SHARON
43. KRAMER, MIKE
44. LACKEY, RAQUEL & RICHARD
45. LAMPARD, DAN
46. LEVASHEFF, STEPHANIE & JOSH
47. LOVIK, CRAIG J
48. REITAN, ROWAN AVERY
49. ROAD SCHOLARS
50. SAN JUAN ISLANDS CONSERVATION DISTRICT
51. SCOTT, LORNE
52. UNIVERSITY OF WASHINGTON
53. WAITE, MATTHEW
54. WIELAND, MONICA & CONSTABLE, KEITH
55. WOODEN LLC

SAN JUAN

**Capital Credits
August 2013**

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

| | |
|------------------------------------|------------|
| Barbara J. Figelski | \$446.04 |
| Lois Mullet..... | \$971.30 |
| Robert H. Sanders | \$1,029.67 |
| Smugglers Cove Cable TV Assoc..... | \$438.28 |

Total..... \$2,885.29

MEMORANDUM

July 25, 2013

TO: Board of Directors

FROM: Chris Thomerson

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

Draft revisions were reviewed at the June and July board meetings; edits have been incorporated into the final version that is now ready for Board approval.

Changes to the policy were the newly added Section 14 *Board Subcommittees* and the addition of Appendix 1 that was formerly Section 14.

The chair will entertain a motion to approve OPALCO Policy 1 *Functions of the Board of Directors* as presented.

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

Preamble

This policy is the responsibility of the Board 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.

1. 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.

2. 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.

3. DIRECTOR CONDUCT

Regardless of any personal differences, directors are required to:

- 3.1 Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.
- 3.2 Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.
- 3.3 Publicly support decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision or action will bring harm to the cooperative or threaten the cooperative's survival.
- 3.4 Refrain from revealing to persons other than directors, the General Manager, or the cooperative's attorney any differences of opinion among directors on matters considered and acted upon by the Board. (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.)
- 3.5 Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.

4. CONFLICT OF INTEREST DISCLOSURE

Board members are required to disclose any potential conflict of interest with regard to ongoing or specific transactions on any matters before the Board and shall attest that they have no material undisclosed conflict of interest situations in writing annually.

5. BOARD MEMBER QUALIFICATIONS

- 5.1 Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.
- 5.2 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.
- 5.3 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.
- 5.4 Board members are required to complete one or more relevant ongoing one day educational sessions during each additional three years of tenure.
- 5.5 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.

6. BOARD POLICIES AND STRATEGIC DIRECTIVES

- 6.1 The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.
- 6.2 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.
- 6.3 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.
- 6.4 Any Board member may propose a new policy or amendment to a current policy.
- 6.5 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.

7. 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.

8. 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.

9. BOARD INTERACTION WITH AUDITORS

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

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

10. BOARD INTERACTION WITH LEGAL COUNSEL

The Board shall:

- 10.1. Make all decisions regarding retaining, employing, and discharging attorneys for the cooperative.
- 10.2. Reaffirm 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.
- 10.3. Require the attorney to keep the Board and the General Manager informed of matters for which the attorney is providing legal services.
- 10.4. 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.

11. 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 competent, willing and able to commit to serve on the OPALCO board if elected.

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

11.2 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.

11.3 Committee on Nominations Preparation

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

11.4 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.

12. GENERAL MANAGER

The Board selects the General Manager, and regularly evaluates performance, and sets his compensation.

12.1 Board Interaction with General Manager

12.1.1 The Board will direct the General Manager to achieve specific results within the restraint of specific limitations. He is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that do not transgress the limitations imposed.

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

12.1.3 All Board authority is delegated through the General Manager. The General Manager is to be considered the only employee of the Board.

12.1.4 Only decisions of the Board acting as a body are binding upon the General Manager.

12.1.5 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.

12.1.6 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.

12.2 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.

13. 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.

14. BOARD SUBCOMMITTEES

14.1 Board subcommittees will be formed, defined, controlled, and dissolved by action of the Board;

14.2 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;

- 14.3 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;
- 14.4 Employee involvement with a subcommittee will only be with the agreement of the General Manager;
- 14.5 The General Manager shall be kept informed of the work of the subcommittee;
- 14.6 Communications with employees will be copied to the General Manager.
- 14.7 Purpose may include a review of methods, plans, or results, propose solutions, strategic directives;
- 14.8 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

August 8, 2013

TO: Board of Directors

FROM: Randy Cornelius

RE: FCC License Spectrum Purchase

At the January 2013 Meeting, the Board authorized staff to execute a term sheet and negotiate the purchase of the FCC licensed spectrum based on the terms outlined in the term sheet (confidential document). Staff has since completed radio frequency field testing and essentially confirmed our original frequency propagation assumptions will be achievable. Our spectrum vendor proposed language that will allow for possible interference at the edges of the geographic area, and staff has confirmed with our RF consultant, 4G Unwired, that this will not impact our planned use and is acceptable to us.

At the June 2013 meeting, staff recommended the purchase of the 700 MHz licensed spectrum as a backbone infrastructure component and to allow exploration of potential leasing options with ISPs. At that time, the Board requested staff to provide additional information related to our potential internal and external use of such frequency and the corresponding financial implications to OPALCO. Attached please find our analysis which describes the planned use of the spectrum to serve the electric system, as well as longer term opportunities for First Responders and ISPs. This analysis includes costs for each of the major components of the electrical system plan, and a detailed financial model for the potential ISP relationship.

Although certain individual system improvements might be accomplished with a patchwork of less expensive technologies, the 700 MHz spectrum is a single powerful technology that can provide a comprehensive set of solutions to a variety of needs. The addition of this spectrum to OPALCO's backbone infrastructure will be a valuable asset to OPALCO in many ways over the long term.

Staff recommends that the Board make a motion to allow Staff to purchase the FCC licensed spectrum as a backbone infrastructure component based on the terms and conditions outlined in the initial term sheet, with language modified regarding maximum interference thresholds.

Spectrum Purchase Analysis

8/8/2013

Recent adjustments to contract terms *{this section deemed confidential}*

Estimated Costs *{this section deemed confidential}*

Internal use opportunities

1. Mobile data for outage management and SCADA
 - a. Use of mobile data to allow field personnel to view live outage data throughout OPALCO system.
 - b. Use of mobile data to allow field personnel to view SCADA information and control the necessary equipment for more timely operations due switching and outage events.
 - c. Incremental Cost (est.): \$50k
2. Device Monitoring and Control where fiber is not available
 - a. Use of more economical data connection to extend our SCADA system to the remote “smart” equipment to allow for control and monitoring of the OPALCO electric grid.
 - b. Use of more economical data connection to all switching devices to allow for automated switching schemes to improve reliability and minimize affected outage areas.
 - c. Incremental Cost (est.): \$100K
3. Crew/Vehicle Location (Safety)
 - a. Communications to field personnel and monitoring of vehicle statistics and location to improve safety.
 - b. Incremental Cost (est.): \$100k (primarily vehicle equipment)
4. Full System Power Quality Monitoring
 - a. Use of more economical data connection to all voltage regulators, capacitor controls, reactor controls, and real-time consumer meters to allow for real-time power quality management.
 - b. Incremental Cost (est.): \$200k
5. Real-time AMI (Consumer Monitoring/Power Flow/Voltage Monitoring)
 - a. Use of more economical data connection to all meters for real-time power flow, consumption monitoring, and voltage monitoring for use of system optimization.
 - b. Incremental Cost: \$TBD
6. Real-time Renewable Generation Monitor/Control and Demand-Side Management
 - a. Use of more economical data connection to all interconnected distributed generation sources on the OPALCO system to actively monitor and control for system optimization and reduction of imported power cost through on-demand energy local energy sources.
 - b. Incremental Cost: \$TBD

Spectrum Purchase Analysis

8/8/2013

External use opportunities

1. First Responder Communication
 - a. Improved Communication Coverage
 - b. Medical Data Transmission
 - c. Incremental Cost: \$TBD
2. Broadband
 - a. Serve members limited by DSL constraints (long copper loop lengths)
 - b. Potential retail business to protect members long-term if/when needs are not met by others
 - c. Enable Local ISPs by providing access to backbone system connections (wholesale)
 - d. In our analysis, the spectrum cost is considered a backbone component and not allocated to individual projects
 - e. Incremental cost:
 - i. OPALCO cost to build wholesale infrastructure: approx. \$3M
 - ii. 10 sites, 880 subscribers, \$32 per subscriber to OPALCO = Break even in year 7
 - iii. Detailed financial plan is included in Appendix 1 (Wholesale) and Appendix 2 (Retail)

Purchase rationale

- Excellent performance of 700 MHz in our challenging environment. Highly unlikely that a similar 700 MHz opportunity will be available for purchase in the future
- Enables numerous internal system improvements, also provides options for external use
- 700 MHz spectrum as a component of OPALCO's backbone provides a comprehensive technology solution. It is a single, efficient way to address many different needs – internal and external, now and in the future
- Having this asset in our “tool box” will be extremely valuable over time.

| | | | | | | | | | | | |
|--|---------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Wholesale Model | 10 Sites - 880 Subs | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Spectrum Allocated to Backbone | \$32 per sub | | | | | | | | | | |
| Income Statement | | | | | | | | | | | |
| Revenue | | | | | | | | | | | |
| LTE Bronze 10/3Mbps Revenue | | \$13,440 | \$139,200 | \$311,424 | \$340,992 | \$340,992 | \$340,992 | \$340,992 | \$340,992 | \$340,992 | \$340,992 |
| Total Package Sales | | 13,440 | 139,200 | 311,424 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 |
| TotalRevenue | | 13,440 | 139,200 | 311,424 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 |
| Cost of Sales | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Profit | | 13,440 | 139,200 | 311,424 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 | 340,992 |
| Gross Profit % | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Operating Expenses | | | | | | | | | | | |
| Employee | | | | | | | | | | | |
| General Manager Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NOC Tech Mgr Expense | | 19,440 | 20,028 | 20,628 | 21,240 | 21,876 | 22,536 | 23,220 | 23,916 | 24,624 | 25,368 |
| Admin Staff Expense | | 5,600 | 9,888 | 10,188 | 10,488 | 10,800 | 11,124 | 11,460 | 11,808 | 12,168 | 12,528 |
| Field Crew Mgr Expense | | 23,625 | 41,712 | 42,960 | 44,256 | 45,588 | 46,944 | 48,360 | 49,812 | 51,300 | 52,848 |
| Sales Staff Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cust Sup Outsource Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Employee | | 48,665 | 71,628 | 73,776 | 75,984 | 78,264 | 80,604 | 83,040 | 85,536 | 88,092 | 90,744 |
| Internet Backhaul Expense | | 3,252 | 2,319 | 4,740 | 7,159 | 9,580 | 12,000 | 14,420 | 16,841 | 19,260 | 21,681 |
| Maintenance Costs - Fixed Infrastructure Expense | | 0 | 24,504 | 24,504 | 24,504 | 24,504 | 24,504 | 24,504 | 24,504 | 24,504 | 24,504 |
| Office Monthly Rents/Expenses Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Marketing Expense Expense | | 67 | 698 | 1,557 | 1,704 | 1,020 | 1,020 | 1,020 | 1,020 | 1,020 | 1,020 |
| Insurance Expense | | 1,200 | 1,236 | 1,272 | 1,308 | 1,344 | 1,380 | 1,416 | 1,464 | 1,512 | 1,560 |
| Tax on Revenue Expense | | 305 | 3,159 | 7,068 | 7,740 | 7,740 | 7,740 | 7,740 | 7,740 | 7,740 | 7,740 |
| Legal Services Expense | | 2,400 | 1,920 | 1,536 | 1,224 | 984 | 792 | 636 | 504 | 408 | 324 |
| Outside NOC Management Expense | | 1,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| VoIP Expense Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | | | | | | | | | | | |
| Core Depreciation | | 10,716 | 21,432 | 21,432 | 21,432 | 21,432 | 21,432 | 21,432 | 10,692 | 0 | 0 |
| Design Contractor Services Depreciation | | 5,420 | 6,504 | 6,504 | 6,504 | 6,504 | 6,504 | 6,504 | 6,504 | 6,504 | 6,504 |
| Misc Parts - Spares Depreciation | | 747 | 996 | 996 | 996 | 996 | 996 | 996 | 996 | 996 | 996 |
| FTTH Air Blown Fiber - Calix Depreciation | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services Depreciation | | 4,824 | 6,432 | 6,432 | 6,432 | 6,432 | 6,432 | 6,432 | 1,584 | 0 | 0 |
| Node Hardware Depreciation | | 15,169 | 26,004 | 26,004 | 26,004 | 26,004 | 26,004 | 26,004 | 26,004 | 26,004 | 26,004 |
| Ethernet Transport Systems Depreciation | | 8,928 | 17,856 | 17,856 | 17,856 | 17,856 | 17,856 | 17,856 | 8,936 | 0 | 0 |
| Trucks and Equipment Depreciation | | 20,955 | 22,860 | 22,860 | 22,860 | 22,860 | 22,860 | 22,860 | 1,885 | 0 | 0 |
| OPALCO Fiber, Poles and Infrast Depreciation | | 32,499 | 43,332 | 43,332 | 43,332 | 43,332 | 43,332 | 43,332 | 43,332 | 43,332 | 43,332 |
| 700MHz Spectrum Depreciation | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Depreciation | | 99,258 | 145,416 | 145,416 | 145,416 | 145,416 | 145,416 | 145,416 | 99,933 | 76,836 | 76,836 |
| Amortization | | | | | | | | | | | |
| Network Operations Center Amortization | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Amortization | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalOperating Expenses | | 156,147 | 256,880 | 265,869 | 271,039 | 274,852 | 279,456 | 284,192 | 243,542 | 225,372 | 230,409 |
| Operating Profit | | (142,707) | (117,680) | 45,555 | 69,953 | 66,140 | 61,536 | 56,800 | 97,450 | 115,620 | 110,583 |
| Operating Profit % | | (1061.81%) | (84.54%) | 14.63% | 20.51% | 19.40% | 18.05% | 16.66% | 28.58% | 33.91% | 32.43% |
| Other Deductions | | | | | | | | | | | |
| Startup Costs Amount | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Marketing Startup Costs Amount | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Deductions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalOther Income/Deductions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Expense | | | | | | | | | | | |
| Equipment Loan Interest | | 50,931 | 70,089 | 67,149 | 64,209 | 61,269 | 58,328 | 55,388 | 52,448 | 49,508 | 46,568 |
| LOC Interest | | 2,188 | 10,798 | 14,718 | 13,371 | 11,571 | 9,745 | 7,914 | 6,084 | 4,259 | 2,443 |
| TotalInterest Expense | | 53,119 | 80,887 | 81,867 | 77,580 | 72,840 | 68,073 | 63,302 | 58,532 | 53,767 | 49,011 |
| Interest Income | | | | | | | | | | | |
| Other/Misc Cash Interest Income | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalInterest Income | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income Before Taxes | | (195,826) | (198,567) | (36,312) | (7,627) | (6,700) | (6,537) | (6,502) | 38,918 | 61,853 | 61,572 |
| Taxes | | | | | | | | | | | |
| Taxes Tax | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalTaxes | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income | | (195,826) | (198,567) | (36,312) | (7,627) | (6,700) | (6,537) | (6,502) | 38,918 | 61,853 | 61,572 |
| Net Income % | | (1457.04%) | (142.65%) | (11.66%) | (2.24%) | (1.96%) | (1.92%) | (1.91%) | 11.41% | 18.14% | 18.06% |
| EBITDA | | (\$43,449) | \$27,736 | \$190,971 | \$215,369 | \$211,556 | \$206,952 | \$202,216 | \$197,383 | \$192,456 | \$187,419 |

Wholesale Model
Spectrum Allocated to Backbone

10 Sites - 880 Subs
\$32 per sub

Balance Sheet

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Assets</i> | | | | | | | | | | |
| Cash | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Marketable Securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts Receivable | 4,800 | 18,560 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepays | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Assets | 4,800 | 18,560 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 | 28,416 |
| <i>Long Term Investments</i> | | | | | | | | | | |
| Other Long-term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Long Term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Plant and Equipment</i> | | | | | | | | | | |
| Core Net Value | 139,284 | 117,852 | 96,420 | 74,988 | 53,556 | 32,124 | 10,692 | 0 | 0 | 0 |
| Design Contractor Services Net Value | 124,580 | 118,076 | 111,572 | 105,068 | 98,564 | 92,060 | 85,556 | 79,052 | 72,548 | 66,044 |
| Misc Parts - Spares Net Value | 19,253 | 18,257 | 17,261 | 16,265 | 15,269 | 14,273 | 13,277 | 12,281 | 11,285 | 10,289 |
| FTTH Air Blown Fiber - Calix Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services Net Value | 40,176 | 33,744 | 27,312 | 20,880 | 14,448 | 8,016 | 1,584 | 0 | 0 | 0 |
| Node Hardware Net Value | 504,831 | 478,827 | 452,823 | 426,819 | 400,815 | 374,811 | 348,807 | 322,803 | 296,799 | 270,795 |
| Ethernet Transport Systems Net Value | 116,072 | 98,216 | 80,360 | 62,504 | 44,648 | 26,792 | 8,936 | 0 | 0 | 0 |
| Trucks and Equipment Net Value | 139,045 | 116,185 | 93,325 | 70,465 | 47,605 | 24,745 | 1,885 | 0 | 0 | 0 |
| OPALCO Fiber, Poles and Infracore Net Value | 1,267,501 | 1,224,169 | 1,180,837 | 1,137,505 | 1,094,173 | 1,050,841 | 1,007,509 | 964,177 | 920,845 | 877,513 |
| 700MHz Spectrum Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Plant and Equipment | 2,350,742 | 2,205,326 | 2,059,910 | 1,914,494 | 1,769,078 | 1,623,662 | 1,478,246 | 1,378,313 | 1,301,477 | 1,224,641 |
| Net Natural Resources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Property, Plant and Equipment | 2,350,742 | 2,205,326 | 2,059,910 | 1,914,494 | 1,769,078 | 1,623,662 | 1,478,246 | 1,378,313 | 1,301,477 | 1,224,641 |
| <i>Intangible Assets</i> | | | | | | | | | | |
| Intangible Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Other Assets</i> | | | | | | | | | | |
| Network Operations Center Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalAssets | \$2,355,542 | \$2,223,886 | \$2,088,326 | \$1,942,910 | \$1,797,494 | \$1,652,078 | \$1,506,662 | \$1,406,729 | \$1,329,893 | \$1,253,057 |
| <i>Liabilities and Equity</i> | | | | | | | | | | |
| <i>Liabilities</i> | | | | | | | | | | |
| <i>Short Term Debt</i> | | | | | | | | | | |
| LOC Short Term Debt | \$154,507 | \$316,503 | \$315,073 | \$275,502 | \$235,002 | \$194,336 | \$153,632 | \$112,987 | \$72,502 | \$32,295 |
| Total Short Term Debt | 154,507 | 316,503 | 315,073 | 275,502 | 235,002 | 194,336 | 153,632 | 112,987 | 72,502 | 32,295 |
| <i>Current Portion of Long Term Liabilities</i> | | | | | | | | | | |
| Equipment Loan Current Portion | 92,276 | 92,521 | 92,766 | 93,011 | 93,256 | 93,501 | 93,746 | 93,991 | 94,236 | (3,768) |
| Total Current Portion of Long Term Liabilities | 92,276 | 92,521 | 92,766 | 93,011 | 93,256 | 93,501 | 93,746 | 93,991 | 94,236 | (3,768) |
| <i>Accounts Payable</i> | | | | | | | | | | |
| Trade Payables | 993 | 3,512 | 3,908 | 4,087 | 4,272 | 4,460 | 4,652 | 4,847 | 5,044 | 5,243 |
| Other Operating Payables | 514 | 1,159 | 1,194 | 1,046 | 894 | 742 | 589 | 437 | 285 | 134 |
| Other Non-Operating Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Accounts Payable | 1,507 | 4,671 | 5,102 | 5,133 | 5,166 | 5,202 | 5,241 | 5,284 | 5,329 | 5,377 |
| Accrued Liabilities | 5,973 | 5,728 | 5,483 | 5,238 | 4,993 | 4,748 | 4,503 | 4,258 | 4,013 | 3,768 |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 254,263 | 419,423 | 418,424 | 378,884 | 338,417 | 297,787 | 257,122 | 216,520 | 176,080 | 37,672 |
| <i>Long Term Debt</i> | | | | | | | | | | |
| Equipment Loan Long Term Portion | 2,297,105 | 2,198,856 | 2,100,607 | 2,002,358 | 1,904,109 | 1,805,860 | 1,707,611 | 1,609,362 | 1,511,113 | 1,511,113 |
| Total Long Term Debt | 2,297,105 | 2,198,856 | 2,100,607 | 2,002,358 | 1,904,109 | 1,805,860 | 1,707,611 | 1,609,362 | 1,511,113 | 1,511,113 |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 2,551,368 | 2,618,279 | 2,519,031 | 2,381,242 | 2,242,526 | 2,103,647 | 1,964,733 | 1,825,882 | 1,687,193 | 1,548,785 |
| <i>Stockholders Equity</i> | | | | | | | | | | |
| Equity Injection Equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Common Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Retained Earnings | (195,826) | (394,393) | (430,705) | (438,332) | (445,032) | (451,569) | (458,071) | (419,153) | (357,300) | (295,728) |
| Total Stockholders Equity | (195,826) | (394,393) | (430,705) | (438,332) | (445,032) | (451,569) | (458,071) | (419,153) | (357,300) | (295,728) |
| TotalLiabilities and Equity | \$2,355,542 | \$2,223,886 | \$2,088,326 | \$1,942,910 | \$1,797,494 | \$1,652,078 | \$1,506,662 | \$1,406,729 | \$1,329,893 | \$1,253,057 |

| | | | | | | | | | | | |
|---|---------------------|-------------|-------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Wholesale Model | 10 Sites - 880 Subs | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Spectrum Allocated to Backbone | \$32 per sub | | | | | | | | | | |
| Cash Flow Statement | | | | | | | | | | | |
| Cash Flows from Operating Activities | | | | | | | | | | | |
| Net Income | | (\$195,826) | (\$198,567) | (\$36,312) | (\$7,627) | (\$6,700) | (\$6,537) | (\$6,502) | \$38,918 | \$61,853 | \$61,572 |
| Depreciation | | 99,258 | 145,416 | 145,416 | 145,416 | 145,416 | 145,416 | 145,416 | 99,933 | 76,836 | 76,836 |
| Amortization | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Gain) Loss on the sale of assets | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase) decrease in: | | | | | | | | | | | |
| Trade Receivables | | (4,800) | (13,760) | (9,856) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operating Receivables | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepays | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Assets | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (decrease) in: | | | | | | | | | | | |
| Trade Payables | | 993 | 2,519 | 396 | 179 | 185 | 188 | 192 | 195 | 197 | 199 |
| Other Operating Payables | | 514 | 645 | 35 | (148) | (152) | (152) | (153) | (152) | (152) | (151) |
| Accrued Liabilities | | 5,973 | (245) | (245) | (245) | (245) | (245) | (245) | (245) | (245) | (245) |
| Other Current Liabilities | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalCash Flows from Operating Activities | | (93,888) | (63,992) | 99,434 | 137,575 | 138,504 | 138,670 | 138,708 | 138,649 | 138,489 | 138,211 |
| Cash Flows from Investing Activities | | | | | | | | | | | |
| Land | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and Equipment | | | | | | | | | | | |
| Core | | (150,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Design Contractor Services | | (130,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc Parts - Spares | | (20,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FTTH Air Blown Fiber - Calix | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services | | (45,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Node Hardware | | (520,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ethernet Transport Systems | | (125,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trucks and Equipment | | (160,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPALCO Fiber, Poles and Infrast | | (1,300,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 700MHz Spectrum | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Plant and Equipment | | (2,450,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Natural Resources | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Assets | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intangibles | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disaggregated Adjustments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Non-operating Receivables | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less Other Non-operating Payables | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalCash Flows from Investing Activities | | (2,450,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Flows from Financing Activities | | | | | | | | | | | |
| Debt and Other Liabilities | | | | | | | | | | | |
| Equipment Loan Balance | | 2,435,733 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOC Balance | | 154,507 | 161,996 | 17,661 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Debt and Other Liabilities | | 2,590,240 | 161,996 | 17,661 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reduction of Debt and Other Liabilities | | (46,352) | (98,004) | (117,095) | (137,575) | (138,504) | (138,670) | (138,708) | (138,649) | (138,489) | (138,211) |
| Dividends Paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Adjustments | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Common Stock | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Preferred Stock | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalCash Flows from Financing Activities | | 2,543,888 | 63,992 | (99,434) | (137,575) | (138,504) | (138,670) | (138,708) | (138,649) | (138,489) | (138,211) |
| Net Increase (Decrease) in Cash | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash at Beginning of Period | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash at End of Period | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Income Statement

| | | | | | | | | | | |
|--|-------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Revenue</i> | | | | | | | | | | |
| LTE Bronze 10/3Mbps Revenue | \$14,700 | \$152,250 | \$340,620 | \$372,960 | \$372,960 | \$372,960 | \$372,960 | \$372,960 | \$372,960 | \$372,960 |
| FTTH Bronze 10/3Mbps Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FTTH Silver 25Mbps Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FTTH Gold 100Mbps Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colocation Rents Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Package Sales | 14,700 | 152,250 | 340,620 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 |
| TotalRevenue | 14,700 | 152,250 | 340,620 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 |
| Cost of Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Profit | 14,700 | 152,250 | 340,620 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 | 372,960 |
| Gross Profit % | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| <i>Operating Expenses</i> | | | | | | | | | | |
| Employee | 103,900 | 160,068 | 164,868 | 169,800 | 174,900 | 180,132 | 185,532 | 191,088 | 196,824 | 202,740 |
| Internet Backhaul Expense | 30,189 | 25,739 | 27,555 | 29,370 | 31,184 | 33,000 | 34,816 | 36,630 | 38,445 | 40,261 |
| Office Monthly Rents/Expenses Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Marketing Expense Expense | 294 | 3,045 | 6,815 | 7,464 | 1,116 | 1,116 | 1,116 | 1,116 | 1,116 | 1,116 |
| Insurance Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax on Revenue Expense | 1,190 | 12,332 | 27,588 | 30,204 | 30,204 | 30,204 | 30,204 | 30,204 | 30,204 | 30,204 |
| Legal Services Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Outside NOC Management Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VoIP Expense Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Depreciation</i> | | | | | | | | | | |
| Core Depreciation | 10,716 | 21,432 | 21,432 | 21,432 | 21,432 | 21,432 | 21,432 | 10,692 | 0 | 0 |
| Design Contractor Services Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc Parts - Spares Depreciation | 936 | 1,248 | 1,248 | 1,248 | 1,248 | 1,248 | 1,248 | 1,248 | 1,248 | 1,248 |
| FTTH Air Blown Fiber - Calix Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Node Hardware Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ethernet Transport Systems Depreciation | 1,788 | 3,576 | 3,576 | 3,576 | 3,576 | 3,576 | 3,576 | 1,756 | 0 | 0 |
| Trucks and Equipment Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPALCO Fiber, Poles and Infrast Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 700MHz Spectrum Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AWS Spectrum Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wifi Build Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer LTE Modem Depreciation | 2,679 | 25,893 | 57,930 | 63,432 | 63,432 | 63,432 | 63,432 | 60,538 | 37,274 | 5,958 |
| Customer FTTH Modem Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Depreciation | 16,119 | 52,149 | 84,186 | 89,688 | 89,688 | 89,688 | 89,688 | 74,234 | 38,522 | 7,206 |
| <i>Amortization</i> | | | | | | | | | | |
| Network Operations Center Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalOperating Expenses | 151,692 | 253,333 | 311,012 | 326,526 | 327,092 | 334,140 | 341,356 | 333,272 | 305,111 | 281,527 |
| Operating Profit | (136,992) | (101,083) | 29,608 | 46,434 | 45,868 | 38,820 | 31,604 | 39,688 | 67,849 | 91,433 |
| Operating Profit % | (931.92%) | (66.39%) | 8.69% | 12.45% | 12.30% | 10.41% | 8.47% | 10.64% | 18.19% | 24.52% |
| <i>Other Income/Deductions</i> | | | | | | | | | | |
| Other Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gain (Loss) on Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Other Deductions</i> | | | | | | | | | | |
| Startup Costs Amount | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan Rate Hedging Amount | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Marketing Startup Costs Amount | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Deductions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalOther Income/Deductions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Interest Expense</i> | | | | | | | | | | |
| Equipment Loan Interest | 3,716 | 11,099 | 17,239 | 17,632 | 16,858 | 16,086 | 15,313 | 14,539 | 13,767 | 12,994 |
| LOC Interest | 2,190 | 8,440 | 9,634 | 6,087 | 2,115 | 0 | 0 | 0 | 0 | 0 |
| TotalInterest Expense | 5,906 | 19,539 | 26,873 | 23,719 | 18,973 | 16,086 | 15,313 | 14,539 | 13,767 | 12,994 |
| <i>Interest Income</i> | | | | | | | | | | |
| Other/Misc Cash Interest Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalInterest Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income Before Taxes | (142,898) | (120,622) | 2,735 | 22,715 | 26,895 | 22,734 | 16,291 | 25,149 | 54,082 | 78,439 |
| <i>Taxes</i> | | | | | | | | | | |
| Taxes Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalTaxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income | (142,898) | (120,622) | 2,735 | 22,715 | 26,895 | 22,734 | 16,291 | 25,149 | 54,082 | 78,439 |
| Net Income % | (972.10%) | (79.23%) | 0.80% | 6.09% | 7.21% | 6.10% | 4.37% | 6.74% | 14.50% | 21.03% |
| EBITDA | (\$120,873) | (\$48,934) | \$113,794 | \$136,122 | \$135,556 | \$128,508 | \$121,292 | \$113,922 | \$106,371 | \$98,639 |

Balance Sheet

Assets

| | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Current Assets</i> | | | | | | | | | | |
| Cash | \$0 | \$0 | \$0 | \$0 | \$2,299 | \$89,024 | \$169,327 | \$243,032 | \$309,959 | \$369,926 |
| Marketable Securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts Receivable | 5,250 | 20,300 | 31,080 | 31,080 | 31,080 | 31,080 | 31,080 | 31,080 | 31,080 | 31,080 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepays | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Assets | 5,250 | 20,300 | 31,080 | 31,080 | 33,379 | 120,104 | 200,407 | 274,112 | 341,039 | 401,006 |
| <i>Long Term Investments</i> | | | | | | | | | | |
| Non-Marketable Equity Securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long-term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Long Term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Property, Plant and Equipment</i> | | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Plant and Equipment</i> | | | | | | | | | | |
| Core Net Value | 139,284 | 117,852 | 96,420 | 74,988 | 53,556 | 32,124 | 10,692 | 0 | 0 | 0 |
| Design Contractor Services Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc Parts - Spares Net Value | 24,064 | 22,816 | 21,568 | 20,320 | 19,072 | 17,824 | 16,576 | 15,328 | 14,080 | 12,832 |
| FTTH Air Blown Fiber - Calix Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Node Hardware Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ethernet Transport Systems Net Value | 23,212 | 19,636 | 16,060 | 12,484 | 8,908 | 5,332 | 1,756 | 0 | 0 | 0 |
| Trucks and Equipment Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPALCO Fiber, Poles and Infracst Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 700MHz Spectrum Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AWS Spectrum Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wifi Build Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer LTE Modem Net Value | 72,321 | 261,428 | 357,498 | 294,066 | 230,634 | 167,202 | 103,770 | 43,232 | 5,958 | 0 |
| Customer FTTH Modem Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Plant and Equipment | 258,881 | 421,732 | 491,546 | 401,858 | 312,170 | 222,482 | 132,794 | 58,560 | 20,038 | 12,832 |
| Net Natural Resources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Property, Plant and Equipment | 258,881 | 421,732 | 491,546 | 401,858 | 312,170 | 222,482 | 132,794 | 58,560 | 20,038 | 12,832 |
| Intangible Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Other Assets</i> | | | | | | | | | | |
| Network Operations Center Net Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalAssets | \$264,131 | \$442,032 | \$522,626 | \$432,938 | \$345,549 | \$342,586 | \$333,201 | \$332,672 | \$361,077 | \$413,838 |

Liabilities and Equity

| | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Liabilities</i> | | | | | | | | | | |
| <i>Current Liabilities</i> | | | | | | | | | | |
| <i>Short Term Debt</i> | | | | | | | | | | |
| LOC Short Term Debt | \$132,500 | \$228,288 | \$174,669 | \$88,268 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Short Term Debt | 132,500 | 228,288 | 174,669 | 88,268 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Current Portion of Long Term Liabilities</i> | | | | | | | | | | |
| Equipment Loan Current Portion | 13,358 | 22,204 | 24,324 | 24,389 | 24,453 | 24,517 | 24,582 | 24,646 | 24,711 | (1,053) |
| Total Current Portion of Long Term Liabilities | 13,358 | 22,204 | 24,324 | 24,389 | 24,453 | 24,517 | 24,582 | 24,646 | 24,711 | (1,053) |
| <i>Accounts Payable</i> | | | | | | | | | | |
| Trade Payables | 2,488 | 3,858 | 4,883 | 5,034 | 5,185 | 5,336 | 5,488 | 5,639 | 5,790 | 5,941 |
| Other Operating Payables | 448 | 848 | 683 | 358 | 20 | 0 | 0 | 0 | 0 | 0 |
| Other Non-Operating Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Accounts Payable | 2,936 | 4,706 | 5,566 | 5,392 | 5,205 | 5,336 | 5,488 | 5,639 | 5,790 | 5,941 |
| Accrued Liabilities | 677 | 1,178 | 1,504 | 1,440 | 1,375 | 1,311 | 1,247 | 1,182 | 1,118 | 1,053 |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 149,471 | 256,376 | 206,063 | 119,489 | 31,033 | 31,164 | 31,317 | 31,467 | 31,619 | 5,941 |
| <i>Long Term Debt</i> | | | | | | | | | | |
| Equipment Loan Long Term Portion | 257,558 | 449,176 | 577,348 | 551,519 | 525,691 | 499,863 | 474,034 | 448,206 | 422,377 | 422,377 |
| Total Long Term Debt | 257,558 | 449,176 | 577,348 | 551,519 | 525,691 | 499,863 | 474,034 | 448,206 | 422,377 | 422,377 |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 407,029 | 705,552 | 783,411 | 671,008 | 556,724 | 531,027 | 505,351 | 479,673 | 453,996 | 428,318 |
| <i>Stockholders Equity</i> | | | | | | | | | | |
| Equity Injection Equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Common Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Retained Earnings | (142,898) | (263,520) | (260,785) | (238,070) | (211,175) | (188,441) | (172,150) | (147,001) | (92,919) | (14,480) |
| Total Stockholders Equity | (142,898) | (263,520) | (260,785) | (238,070) | (211,175) | (188,441) | (172,150) | (147,001) | (92,919) | (14,480) |
| TotalLiabilities and Equity | \$264,131 | \$442,032 | \$522,626 | \$432,938 | \$345,549 | \$342,586 | \$333,201 | \$332,672 | \$361,077 | \$413,838 |

Retail Model
Retail \$67 Net \$35.00 (+\$32 to OPALCO)

10 Sites 888 Subs
Total Cost to End User \$67.00

2013201420152016201720182019202020212022

APPENDIX 2

Cash Flow Statement

Cash Flows from Operating Activities

| | | | | | | | | | | |
|---|-------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Income | (\$142,898) | (\$120,622) | \$2,735 | \$22,715 | \$26,895 | \$22,734 | \$16,291 | \$25,149 | \$54,082 | \$78,439 |
| Depreciation | 16,119 | 52,149 | 84,186 | 89,688 | 89,688 | 89,688 | 89,688 | 74,234 | 38,522 | 7,206 |
| Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Gain) Loss on the sale of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase) decrease in: | | | | | | | | | | |
| Trade Receivables | (5,250) | (15,050) | (10,780) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operating Receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepays | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (decrease) in: | | | | | | | | | | |
| Trade Payables | 2,488 | 1,370 | 1,025 | 151 | 151 | 151 | 152 | 151 | 151 | 151 |
| Other Operating Payables | 448 | 400 | (165) | (325) | (338) | (20) | 0 | 0 | 0 | 0 |
| Accrued Liabilities | 677 | 501 | 326 | (64) | (65) | (64) | (64) | (65) | (64) | (65) |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalCash Flows from Operating Activities | (128,416) | (81,252) | 77,327 | 112,165 | 116,331 | 112,489 | 106,067 | 99,469 | 92,691 | 85,731 |

Cash Flows from Investing Activities

| | | | | | | | | | | |
|---|-----------|-----------|-----------|---|---|---|---|---|---|---|
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and Equipment | | | | | | | | | | |
| Core | (150,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Design Contractor Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc Parts - Spares | (25,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FTTH Air Blown Fiber - Calix | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Node Hardware | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ethernet Transport Systems | (25,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trucks and Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPALCO Fiber, Poles and Infrast | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 700MHz Spectrum | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AWS Spectrum | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wifi Build | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer LTE Modem | (75,000) | (215,000) | (154,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer FTTH Modem | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Plant and Equipment | (275,000) | (215,000) | (154,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Natural Resources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intangibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disaggregated Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Non-operating Receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less Other Non-operating Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalCash Flows from Investing Activities | (275,000) | (215,000) | (154,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Cash Flows from Financing Activities

Debt and Other Liabilities

| | | | | | | | | | | |
|---|---------|---------|----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|
| Equipment Loan Balance | 271,082 | 200,464 | 141,027 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOC Balance | 132,500 | 95,788 | 1,548 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Debt and Other Liabilities | 403,582 | 296,252 | 142,575 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reduction of Debt and Other Liabilities | (166) | 0 | (65,902) | (112,165) | (114,032) | (25,764) | (25,764) | (25,764) | (25,764) | (25,764) |
| Dividends Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Common Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TotalCash Flows from Financing Activities | 403,416 | 296,252 | 76,673 | (112,165) | (114,032) | (25,764) | (25,764) | (25,764) | (25,764) | (25,764) |
| Net Increase (Decrease) in Cash | 0 | 0 | 0 | 0 | 2,299 | 86,725 | 80,303 | 73,705 | 66,927 | 59,967 |
| Cash at Beginning of Period | 0 | 0 | 0 | 0 | 0 | 2,299 | 89,024 | 169,327 | 243,032 | 309,959 |
| Cash at End of Period | \$0 | \$0 | \$0 | \$0 | \$2,299 | \$89,024 | \$169,327 | \$243,032 | \$309,959 | \$369,926 |

MEMORANDUM

August 8, 2013

TO: Board of Directors
FROM: Randy Cornelius
RE: 2012 Form 990 and Form 990T

The draft 2012 Form 990 *Return of Organization Exempt From Income Tax* and the 2012 Form 990-T *Exempt Organization Business Tax Return* will be reviewed during Executive Session.

Upon review and concurrence, staff requests the Board make a motion to approve and allow staff to submit the 2012 Forms 990 and 990-T.

MEMORANDUM

August 8, 2013

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Standing Board Committees

The current committees and their members are:

1. Capital Projects Committee
 - a. Winnie Adams
 - b. John Bogert
2. Insurance Committee
 - a. Jim Lett
3. Energy Efficiency
 - a. Winnie Adams
 - b. John Bogert
 - c. Bob Myhr

MEMORANDUM

August 9, 2013

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Energy Efficiency & Conservation Memorandum of Understanding

At the July Board meeting, Policy 28 *Collaborating with Nonprofits to Accelerate Energy Efficiency & Conservation & Renewable Energy Production* was approved. The next step in the process of collaboration will be to agree on coordination language in the form of a Memorandum of Understanding between OPALCO and participating nonprofit entities.

While the attached preliminary draft of a Memorandum of Understanding (MOU) is still a work in progress, staff wishes to initiate collaborative discussions with involvement of staff, members of the Energy Efficiency Committee and the balance of the Board.

ORCAS POWER AND LIGHT COOPERATIVE
ENERGY EFFICIENCY & CONSERVATION & RENEWABLE ENERGY PRODUCTION
Memorandum of Understanding

PRELIMINARY DRAFT – 9 August 2013

THIS Memorandum of Understanding ("MOU") is made xxDate 2013 by and between OPALCO ("OPALCO") and Island Stewards ("Island Stewards"), a Washington State nonprofit.

WHEREAS OPALCO and [nonprofit name] desire to set out the essential or material general and basic terms, conditions, services, rights, duties, and obligations that relate to the Project as is generally described within this MOU.

1. PROJECT

OPALCO and Island Stewards are collaboratively engaging in the Project of promoting Energy Efficiency and Conservation (EE&C), and Renewable Energy Production in OPALCO's service area. The project has three core elements:

- 1.1 Community outreach to increase Energy Efficiency and Conservation.
- 1.2 Increasing community solar projects in the islands, hosted on OPALCO properties.
- 1.3 Collecting data for preparation of a Conservation Potential Assessment (CPA).

2. PURPOSE

The purpose of this MOU is to provide a framework for collaboration between OPALCO and Island Stewards.

3. COLLABORATION

The activities and services for the proposed Project include the following responsibilities or obligations to be performed by the respective parties as identified below:

3.1 OPALCO will:

- 3.1.1 Provide a staff Point of Contact (POC) for providing timely interactions and support as it relates to the Project.
- 3.1.2 Provide funding to support portions of this project. See Funding section below for details.
- 3.1.3 Explore providing property for hosting community solar arrays, installed, managed and maintained by Island Stewards and others.
- 3.1.4 Explore modifying its billing system software to support on-bill financing.
- 3.1.5 Provide logo materials as needed for inclusion in promotional materials initiated by Island Stewards.
- 3.1.6 Continue to operate a traditional electric utility conservation program aimed at reducing consumption of electricity. OPALCO will operate the Bonneville Power Administration (BPA) portion of this program under the terms and conditions of the Energy Conservation Agreement OPALCO has executed with BPA.

3.2 Island Stewards will:

- 3.2.1 In general:

- 3.2.1.1 Provide a staff Point of Contact (POC) for providing timely interactions and support as it relates to the Project.
- 3.2.1.2 Represent itself as an independent organization. Any use of OPALCO's name or reputation in communications, advertising, marketing, branding, logos, etc. must be specifically approved, in writing, by senior OPALCO management. In communication with third parties, Island Stewards will in no way assert or imply that it speaks for or is representing OPALCO.
- 3.2.1.3 Serve the general community covered within OPALCO's service area. At a minimum, it will serve all of the ferry-served islands.
- 3.2.1.4 Maintain a Board of Directors and Advisors with members from all ferry-served islands. The Nonprofit will provide OPALCO with the names of their personnel and their Board of Directors and Advisors as well as their qualifications to implement the Project.
- 3.2.1.5 Engage at times in additional projects in which OPALCO is not involved. If the Island Stewards moves into areas in conflict with OPALCO's policies, goals, and objectives, OPALCO may withdraw all support from the Island Stewards.
- 3.2.1.6 Follow the most recent BPA Implementation Manual and work with the OPALCO Energy Services Department to assure that any energy savings from retrofitting within homes or businesses are reported and accepted by BPA and thus used to reduce OPALCO's load forecast.
- 3.2.1.7 Provide information related to BPA initiatives in a manner consistent with OPALCO's documentation and reporting standards (See Resources/OPALCO below).
- 3.2.1.8 Provide monthly Project status reports to the OPALCO POC (see section 4.2.1 below for related information).
- 3.2.2 With regard to increasing Energy Efficiency and Conservation:
 - 3.2.2.1 Investigate and deliver a written report with conclusions and recommendations, and if applicable, a high level implementation plan for on-bill financing options, including subsidizing interest payments on financing through local banks.
 - 3.2.2.2 Establish community outreach and education programs, working in coordination with OPALCO's own outreach and education efforts, to promote energy efficiency, conservation, and renewable energy. Each program will consist of the minimum following deliverables: Detailed Program description, detailed work plan, schedule of implementation, budget, goals, and goal metrics to establish success rates, post program evaluation report.
 - 3.2.2.3 Prepare a plan to get 75% of the OPALCO membership signed up for the eBill program within 12 months of initiation of the project.
 - 3.2.2.4 Seek other sources of funding to perform retrofits beyond the scope of BPA's energy conservation programs, to accelerate Energy Efficiency and Conservation for those who use other means for their primary source of heat.
- 3.2.3 With regard to increasing Community Solar:
 - 3.2.3.1 Investigate and deliver a written report with conclusions and recommendations, and if applicable, a high level implementation plan for installing, managing and maintaining community solar arrays on properties hosted by OPALCO.
- 3.2.4 With regard to preparing a Conservation Potential Assessment (CPA):

- 3.2.4.1 Work with OPALCO and its designated subcontractors to plan for and produce a Conservation Potential Assessment (CPA) for the OPALCO service area.
- 3.2.4.2 Data mine the San Juan County Assessor's office Real Estate Parcel Information and other county resources, for data that would serve as the foundation of the CPS.

4. RESOURCES

- 4.1 OPALCO will provide the following resources in respect to the proposed Project:
 - 4.1.1 Collaboration with the Nonprofits will be managed primarily by OPALCO's Energy Services Department or specific staff appointed by OPALCO's General Manager.
 - 4.1.2 The Bonneville Power Administration (BPA) portion of Energy Efficiency and Conservation programs will be managed by OPALCO's Energy Services Department. The BPA Energy Efficiency Implementation Manual (Manual), together with the BPA Energy Conservation Agreement (ECA) and specifications in BPA's energy efficiency reporting system provide the implementation requirements for projects reported to BPA. BPA will audit all measures reported for which potential incentive dollars are available. If the measures pass BPA's audit, BPA will reduce three-fourths of the initial kWh savings from our load forecast in order to reduce any Tier 2 purchases.
- 4.2 Island Stewards will provide the following resources in respect to the proposed Project:
 - 4.2.1 Any work undertaken in collaboration with OPALCO must include a plan that clearly identifies goals, objectives, needs, action plan, and budget, as well as metrics to measure effectiveness of the plan as it is implemented, and at time of completion. Objectives will conform to SMART Objectives guidelines, e.g. Specific, Measurable, Attainable, Relevant and Time-bound. Metrics associated with each SMART Objective will be presented in the monthly Project status report to OPALCO.

5. FUNDING

- 5.1 OPALCO will advance or provide the sum of **X Dollars (\$X,000)** towards or for the Project. Funds will be allocated as follows
 - 5.1.1 **X Dollars (\$X,000)** Energy Efficiency and Conservation.
 - 5.1.2 **Y Dollars (\$X,000)** for Increasing community solar projects in the islands, hosted on OPALCO properties.
 - 5.1.3 **Z Dollars (\$X,000)** Collecting data for preparation of a Conservation Potential Assessment (CPA).
- 5.2 Island Stewards will advance or provide the sum of **X Dollars (\$X,000)** towards or for the Project. Of this amount, **X Dollars (\$X,000)** will be allocated for
 - 5.2.1 **X Dollars (\$X,000)** Energy Efficiency and Conservation.
 - 5.2.2 **Y Dollars (\$X,000)** for Increasing community solar projects in the islands, hosted on OPALCO properties.
 - 5.2.3 **Z Dollars (\$X,000)** Collecting data for preparation of a Conservation Potential Assessment (CPA).
- 5.3 OPALCO and Island Stewards agree that each shall not be liable for more than the amount of funds each contributes, advances, or provides to the Project.
- 5.4 OPALCO and Island Stewards agree that any funds identified herein as to be contributed by one or more of the Parties shall be advanced or provided by the designated party as follows: **<Define a schedule, based upon milestones related to securing additional funding, deliver of project plans, etc.>**

6. LIMITATIONS

Neither OPALCO nor Island Stewards shall be responsible for the actions of any third parties or associates who may be involved in any activities outlined in this MOU.

7. CONFIDENTIALITY

The Parties to this agreement agree that all OPALCO member information and data are confidential, and shall not be divulged to any third parties without the Parties executing a written consent to the disclosure that is signed by both Parties.

8. TERMINATION

Any party may terminate its part in this agreement with or without cause by giving the other parties sixty (60) days prior written notice.

9. ADDITIONAL PROVISIONS

9.1 Any amendments to this MOU must be agreed to by both OPALCO and Island Stewards. Any amendment(s) must be in writing and signed by both Parties.

9.2 Island Stewards certifies that it is a nonprofit entity under Washington State law.

10. INDEMNIFICATION

To the fullest extent permitted by law, Island Stewards shall indemnify and hold harmless OPALCO, its agents and employees, from and against all claims, damages, losses and expenses to the extent caused by any negligent or intentional act or omission of Island Stewards, its agents or employees. Island Stewards shall also maintain comprehensive general liability insurance or similar insurance with errors and omissions coverage, with a policy limit in an amount sufficient to OPALCO.

11. DISPUTE RESOLUTION

The parties to this agreement agree to resolve any disputes arising out of the agreement using the mandatory arbitration procedures of the San Juan County Superior Court or designated Superior Court thereof. The prevailing party shall be entitled to its reasonable attorneys' fees and costs.

By signing below, all parties to this agreement indicate that they have reviewed its contents and agree to abide by the commitments articulated herein:

OPALCO:

Island Stewards:

(Signature)

(Signature)

Randy J. Cornelius, General Manager
Print Name and Title

Adrienne Reed, Executive Director
Print Name and Title

Date

Date

MEMORANDUM

July 22, 2013

To: Board of Directors
From: Randy J. Cornelius, General Manager
Re: Member Services Policies 1, 2 and 8 Draft Revisions

Draft revisions were made to Member Service (MS) Policy 1 *Nature of Services Offered*, MS Policy 2 *Types of Service* and MS Policy 8 *Special Service*. These revisions are a result of the periodical update of policies to ensure the policies continue to serve the members and the mission of the Cooperative.

This is the first reading of the draft changes; the final draft will be presented at the September Board meeting for approval. No action is necessary at this time.

ORCAS POWER AND LIGHT COOPERATIVE

MEMBER SERVICE POLICY 1

NATURE OF SERVICES OFFERED

DRAFT REVISIONS

1.1 ELECTRIC SERVICES

- 1.1.1 OPALCO provides 60 cycle (Hertz) alternating current ~~service at the following voltages: either single or three phase, at available standard voltages. Voltage, frequency and waveform are regulated to conform to the standard practices of the industry.~~

| | |
|----------------------|---------------|
| Single Phase, 2 Wire | 120 Volts |
| Single Phase, 3 Wire | 120/240 Volts |
| Three Phase, 4 Wire | 120/208 Volts |
| Three Phase, 4 Wire | 277/480 Volts |

Service voltage ranges are maintained at +/- 5% of these voltage levels. It will not be considered a violation of this voltage standard when voltages outside of the prescribed limits are caused by any of the following:

- Action of the elements
- Service Interruptions
- Temporary separation of parts of the system from the main system
- Infrequent fluctuation of a short duration
- Voltage control for load management purposes
- Addition of member equipment without proper notification to the Cooperative
- Emergency operation
- Operation of member's equipment
- Other causes beyond the control of the Cooperative

The Cooperative will not be responsible for the installation and maintenance of any equipment needed to accommodate nonstandard voltage, voltage regulation of less than +/- 5% of the standard voltages, or protection for motors and electronic equipment. This equipment will be operated and maintained at the member's expense.

- 1.1.2 OPALCO shall, unless otherwise provided in this policy, construct, operate and maintain the facilities necessary to deliver electrical energy to the point of service connection to the service equipment owned by the member or prospective member (hereinafter "member"). Responsibility for design, construction, operation, maintenance and removal of OPALCO's lines and other facilities shall rest with OPALCO. See Member Service Policy 5 *Line Extension* and 6 for a detailed description of OPALCO's responsibility for construction of new facilities.
- 1.1.3 OPALCO shall only provide service to its members.

1.2 BUSINESS OFFICE

1.2.1 OPALCO shall maintain business offices in Eastsound and Friday Harbor. These offices shall be open from 8 a.m. until 4:30 p.m., Monday through Friday except holidays. ~~During business hours, OPALCO may be reached at the following telephone numbers:~~

- ~~• Orcas District (360) 376-3500~~
- ~~• San Juan District (360) 376-3550~~
- ~~• Lopez District (360) 376-3500.~~

~~Outside of working hours our emergency dispatcher will answer these same numbers.~~

1.2.2 OPALCO will accept Collect telephone calls from members concerning billing or other service related issues **will be accepted**.

| |
|--|
| <div>Effective Date: <u>9/28/95 9/19/13</u></div> <div><u>W. D. Bechtel</u> Randy J. Cornelius, General Manager</div> |
|--|

ORCAS POWER & LIGHT COMPANY COOPERATIVE

MEMBER SERVICE POLICY 2 TYPES OF SERVICE

DRAFT REVISIONS

2.1 ~~PERMANENT OR TEMPORARY (CONSTRUCTION)~~

~~Where the member's facilities are such that OPALCO has reasonable assurance that the premises will take electric service permanently and continuously. Subject to the receipt of a contribution-in-aid of construction (CIAC), OPALCO will provide the facilities necessary to serve the member. See Member Service Policies 5~~ *Line Extension* ~~and 6~~ *Service Requirements*.

2.2 ~~TEMPORARY (TRANSIENT)~~

~~Where service is to be used for temporary purposes, the member will be required to pay the cost of the connection and removal of equipment necessary to serve them as defined in Member Service Policy 8~~ *Special Service*. In such cases, an advance payment sufficient to cover all such costs and energy to be used may be required. *Installation of meter base must comply with Member Service Policy 6 Service Requirements.*

2.3 ~~MARINE MOORAGE~~

~~OPALCO will provide an electric meter to individual slips that are located in the various marinas, as provided in the applicable rate schedules. Maintenance of all facilities at secondary voltage shall be the responsibility of the marina. See Member Service Policy 4.9.5 concerning billing of marina accounts.~~

2.4 ~~STANDBY~~

~~OPALCO will furnish electric service to member's premises for standby service only as provided in the applicable rate schedules.~~

W. D. Bechtel *Randy J. Cornelius*, General Manager

Effective Date: 9/28/95 *9/19/13*

ORCAS POWER & LIGHT COOPERATIVE

MEMBER SERVICE POLICY 8

SPECIAL SERVICE

DRAFT REVISIONS

8.1 NATURE OF SERVICE

All work done by OPALCO for members, ~~in addition to normal work during normal working hours~~ not associated with normal maintenance and repair yet associated with supplying electric service, will be charged for as defined herein. ~~For example, The following special services will be handled in this manner~~ will include but are not limited to the following:

- 8.1.1 Installation of temporary meter for a special event.
- 8.1.2 Connecting or disconnecting service outside regular business hours at the request of the member.
- 8.1.3 Relocation or removal of OPALCO -owned or jointly owned poles, wire or other facilities.
- 8.1.4 Making temporary changes to accommodate member.
- 8.1.5 Making emergency repairs to member's electrical equipment or repairing OPALCO equipment or damaged by member or his member's contractor or agent.
- 8.1.6 The cost of providing multiple designs for new services or subdivisions.
- 8.1.7 Collecting bills from delinquent members.
- 8.1.8 Testing accuracy of OPALCO's meters at member's request (see Member Service Policy 3 *Technical Provisions* Section 3.1.3 *Determination of Use and Metering*).
- 8.1.9 Upgrading OPALCO's facilities to accommodate additions or changes in member's load (see Member Service Policies 3 *Technical Provisions* and Policy 5 *Line Extension*).
- 8.1.10 Rental of OPALCO special equipment required to install and maintain OPALCO owned facilities on member owned property due to landscaping or inadequate access given by owner to OPALCO. ~~when other privately owned equipment is not available for rent. The timing of rental and other conditions will be determined on a case-by-case basis.~~
- 8.1.11 Member initiated calls resulting in OPALCO dispatching a crew to a location for a non-OPALCO issue (i.e. on member side of metering).
- 8.1.12 Assistance in relocation of a building where OPALCO is needed to protect equipment and conductors during the move.

8.2 CHARGES

- 8.2.1 For services of this nature, the member will be charged OPALCO's actual cost including labor, transportation, materials, indirect costs and overhead ~~as listed in the current "Standard Assembly Unit Costs"~~.

- 8.2.2 For specific **special** services, OPALCO may establish fixed charges representative of the average costs of such services (see *Schedule of Deposits and Charges* in OPALCO's Tariffs).

W. D. Bechtel **Randy J. Cornelius**, General Manager

Effective Date: ~~6/1/95~~ 9/19/13

Energy Efficiency & Conservation Committee Report

MEMORANDUM

August 8, 2013

TO: Board of Directors

FROM: Randy Cornelius, General Manager

RE: 2013 Second Quarter Financials

The 2013 Second-quarter financial results are being sent as a separate file for review prior to the Board meeting. Included in the report are the Balance Sheet, Statement of Operations (along with a Notable Drivers analysis), Statement of Cash Flow (abbreviated), Island Network Financial Tracking Tool, Capital Projects Budget, Broadband expenses through June 2013 and the June 2013 RUS Form 7.

Staff will be available to discuss the information in detail during the August 15 Board meeting.

Orcas Power and Light Cooperative
Cash Recap
July 31, 2013

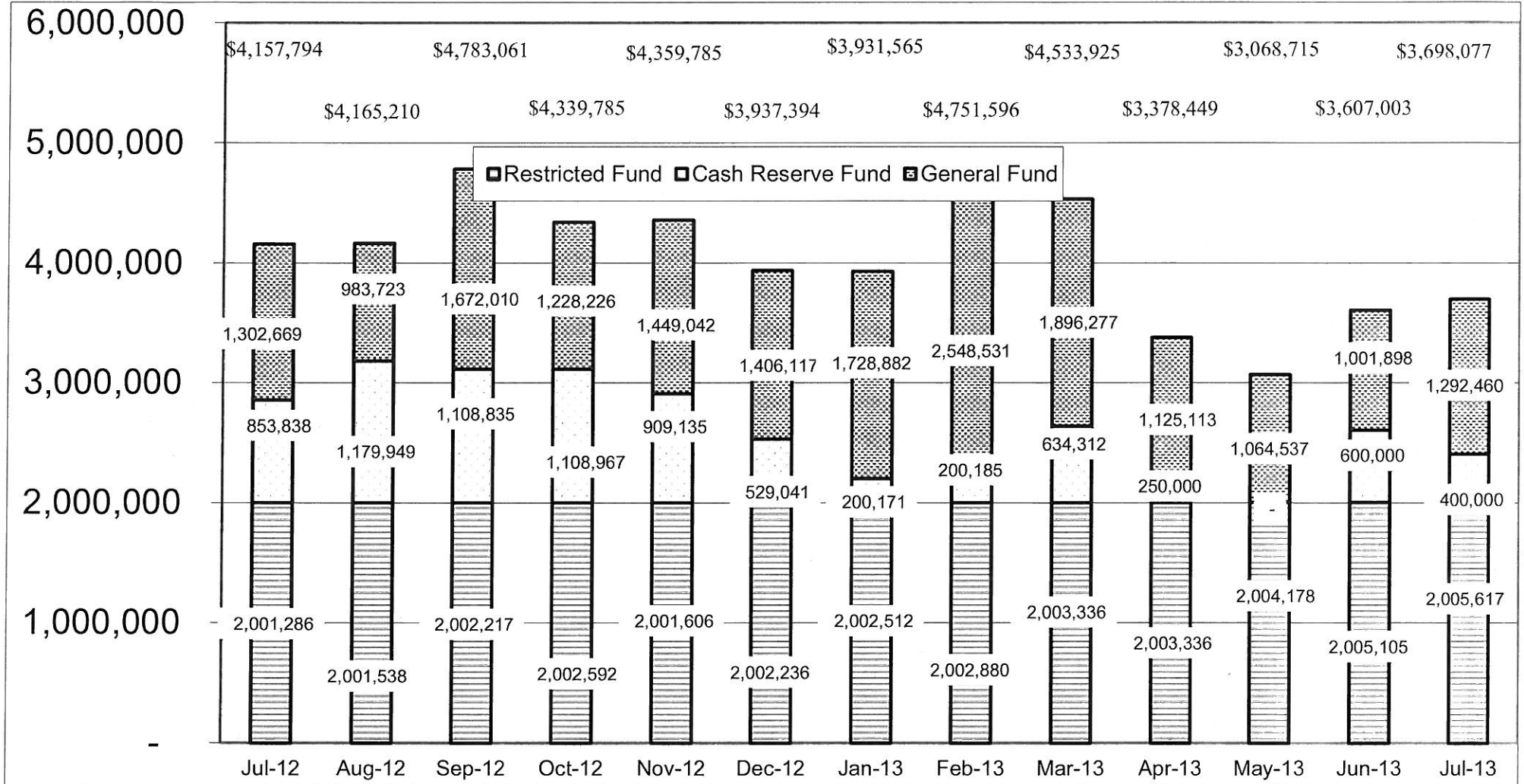
| | Rate | Term | Due Date | Amount | Total Balance |
|---|---------|------|----------|------------------|------------------|
| GENERAL FUNDS: | | | | | |
| Cash on Hand | | | | 600 | |
| Cash in Checking - Key Bank | | | | (27,954) | |
| Cash in Checking/MMDA/Construction - Islanders Bank | | | | 820,269 | |
| Cash in Checking/Savings/Payroll - Wells Fargo | | | | 499,545 | |
| SUBTOTAL GENERAL FUNDS | | | | | 1,292,460 |
| CASH RESERVE FUND: | | | | | |
| CFC Commercial Paper | 0.15% | 57 | 8/9/13 | 200,000 | |
| CFC Commercial Paper | 0.18% | 92 | 9/13/13 | 200,000 | |
| SUBTOTAL CASH RESERVE FUND | | | | | 400,000 |
| RESTRICTED FUND: | | | | | |
| CFC Select Notes | 0.4100% | 160 | 8/7/13 | 351,548 | |
| CFC Select Notes | 0.4200% | 160 | 8/29/13 | 200,000 | |
| CFC Select Notes | 0.4000% | 160 | 10/15/13 | 350,767 | |
| CFC Select Notes | 0.3800% | 160 | 11/12/13 | 352,060 | |
| CFC Select Notes | 0.3900% | 160 | 12/16/13 | 278,607 | |
| CoBank - AIM | | | | 151,613 | |
| Home Street Bank | 0.2500% | 365 | 10/29/13 | 104,809 | |
| Washington Federal Savings | 0.4000% | 365 | 11/29/13 | 107,567 | |
| Washington Federal Savings | 0.4000% | 365 | 5/19/14 | 108,646 | |
| SUBTOTAL RESTRICTED FUNDS | | | | | 2,005,617 |
| GRAND TOTAL FUND ENDING BALANCE 7/31/13 | | | | | <u>3,698,077</u> |
| Project PAL: Islanders Bank | | | | <u>24,696</u> | |
| MORE Program: Islanders Bank | | | | <u>165,972</u> | |
| RUS Cushion of Credit * | | | | <u>1,437,043</u> | |

CASH PROJECTION:
August 31, 2013

| | | | | | |
|---|--|--|-----------|-------------|------------------|
| GENERAL FUNDS: | | | | | |
| Beginning Cash 7/31/13 | | | 1,292,460 | | |
| Estimated Revenue (based on 95% of billing) | | | 1,352,566 | | |
| Estimated Other Revenue | | | 20,000 | | |
| RUS Loan Draw (8/1) | | | 1,000,000 | | |
| Transfer From RUS Cushion of Credit | | | 19,129 | | |
| Subtotal Cash/Revenue | | | | 3,684,155 | |
| Estimated Accounts Payable | | | (900,000) | | |
| Estimated Payroll and Benefits | | | (676,000) | | |
| Estimated RUS Principal and Interest Payment | | | (19,129) | | |
| Transfer To Reserve Fund | | | (400,000) | | |
| Transfer To RUS Cushion of Credit | | | (600,000) | | |
| Power and Transmission Bill (July bill) | | | (285,822) | | |
| Subtotal Expenses | | | | (2,880,951) | |
| Projected Ending Balance 8/31/13 | | | | | 803,204 |
| CASH RESERVE FUND: | | | | | |
| Beginning Cash 7/31/13 | | | 400,000 | | |
| Transfer From General Fund | | | 400,000 | | |
| Projected Ending Balance 8/31/13 | | | | | 800,000 |
| RESTRICTED FUND: | | | | | |
| Beginning Cash 7/31/13 | | | 2,005,617 | | |
| Transfer To General Fund | | | 0 | | |
| Projected Ending Balance 8/31/13 | | | | | <u>2,005,617</u> |
| PROJECTED GRAND TOTAL FUND ENDING BALANCE 8/31/13 | | | | | <u>3,608,820</u> |
| PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 8/31/13 | | | | | <u>(89,256)</u> |
| RUS CUSHION OF CREDIT*: | | | | | |
| Beginning Balance 7/31/13 | | | 1,437,043 | | |
| Transfer from General Fund | | | 600,000 | | |
| Transfer To General Fund | | | (19,129) | | |
| Projected Ending Balance 8/31/13 | | | | | <u>2,017,914</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. RUS Cushion of Credit reclassified as prepmnt in 4/2009
3. 2013 - RUS loan draw \$1.5M @ 2.945% (June 2013)
4. 2013 - RUS loan draw \$1M @ 3.288% (August 2013)

ORCAS POWER & LIGHT COOPERATIVE

| UNSCHEDULED OUTAGE REPORT: JULY 2013 | | | | | | | |
|--------------------------------------|--------------------------------------|----------|----------|----------|-------------|-----------|-----------|
| OUTAGE CODE | CAUSE OF OUTAGE | DISTRICT | | | 2013 TOTALS | | |
| | | ORCAS | SJ | LOPEZ | JUL PTD | JUN 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 | 1 | 1 |
| 300-303 | Faulty Equipment/Installation | - | 1 | 1 | 2 | 4 | 6 |
| 350 | Sectionalizing | - | - | - | 0 | 0 | 0 |
| 351 | Fuses/Fusing | - | - | - | 0 | 1 | 1 |
| 352/353 | Electrical/CAL/Transformer Overload | - | - | - | 0 | 5 | 5 |
| 400 | Underground Cable Failure | 4 | 3 | - | 7 | 12 | 19 |
| 401 | Contamination/Leakage (Equip. Fail.) | - | - | - | 0 | 1 | 1 |
| 402/403 | Aging Material/Equipment | - | - | 1 | 1 | 0 | 1 |
| 450 | Trees/Right of Way | - | - | - | 0 | 1 | 1 |
| 500/509 | Weather (Other than Severe Storm) | - | - | - | 0 | 3 | 3 |
| 600 | Small Animals/Rodents | - | - | 1 | 1 | 1 | 2 |
| 601 | Birds | 1 | - | - | 1 | 0 | 1 |
| 602 | Birds-Endangered (Swans; Eagles) | - | - | - | 0 | 1 | 1 |
| 603 | Large Animals | - | - | - | 0 | 0 | 0 |
| 700/701 | Cable Dig-In | - | - | - | 0 | 1 | 1 |
| 702 | Traffic Accident | - | - | - | 0 | 2 | 2 |
| 703 | Fire | 1 | - | - | 1 | 2 | 3 |
| 704 | Substation Vandalism | - | - | 1 | 1 | 0 | 1 |
| 705 | Construction | - | - | - | 0 | 0 | 0 |
| 709 | Public Caused Outage | - | - | - | 0 | 2 | 2 |
| 800 | Member Secondary Outage | - | - | - | 0 | 2 | 2 |
| 900 | Cause Unknown | - | - | - | 0 | 0 | 0 |
| PTD/YTD OUTAGES: JULY 2013 | | 6 | 4 | 4 | 14 | 39 | 53 |
| PTD/YTD OUTAGES: JULY 2012 | | 4 | 8 | 5 | 17 | 67 | 84 |

Date: August 5, 2013
To: Randy Cornelius, General Manager
From: Russell Guerry, Manager of Engineering & Operations
Subject: Operations Safety Program – July 2013

Jeff Myers conducted spill response training and reviewed hazardous substances in the workplace.

Accidents/Incidents/Near Miss

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

| | July 2013 | YTD (2013) |
|--------------------|------------------|-------------------|
| Near Misses | 0 | 0 |
| Incidents | 0 | 0 |
| Accidents | 0 | 3 |
| Loss Time | 0 | 0 |

Total Time Worked without Loss Time Accident: 335,317 hours

General Manager's Report August 2013

The following is a recap of the email sent on August 5 giving an update on what transpired at the meeting held with Shawn Collins and Wade Gardner of the Opportunity Council; Adrienne Reed and Pat Hunt of Island Stewards; and OPALCO staff on July 26. Wade works for the Opportunity Council with low income applicants. For many years OPALCO has allocated \$10-15,000 of its conservation allotment from BPA to low income members; Wade is requesting that we do so again for BPA's fiscal year 2014.

As you know, the Opportunity Council completed about 25 conservation measures installing ductless heat pumps. Sixteen of the 25 had not received paperwork that our Bonneville program requires to pay OPALCO's portion of the incentives. However, between July 18 and 26 staff paid out fifteen of those incentives to members; one remains but the paperwork is in process. The issue primarily was that the Opportunity Council typically works with utilities attempting to meet I-937 requirements for conservation. Once it was clear to them that we are running a BPA program, they filled out the required paperwork. They now have a better understanding of why we need the paperwork and we can collaborate with them to get members the incentives.

In addition:

The Opportunity Council is requesting:

- We work together to define the workflow and paperwork process
- OPALCO provide work space on the ferry-served islands so they have a place to sit with members and work on conservation projects
- A financial commitment but did not give a dollar amount at this time.
- Help with identifying and outreach to our low income members

Island Stewards is requesting:

- @ \$20,000 in support funds
- OPALCO property for hosting community solar arrays that IS manages and maintains
- A trailer for community outreach that would travel to islands
- IS would encourage members to sign up for eBill; OPALCO would give incentive for IS to get member on eBill
- Energy storage

The last piece of discussion was the Memorandum of Understanding (MOU). I believe the MOU should be going to the EE Committee this week for their input before a final draft is prepared.

As a result of the email sent to the Board on August 5, I am attaching a copy of the Energy Efficiency & Conservation Education Grant spreadsheet with backup information. In addition I think there needs to be clarity about the fund and its intended use. Looking back in our records, the \$50,000 was an ad hoc discretionary fund to be used to promote energy efficiency and conservation. There are no permanent policies for this fund nor is there a recurring budget scheduled to date. However, the Board can add a directive or a motion to make this a recurring fund.

Also attached is the CoBank "Sharing Success" Matching Grant Program information. This grant is for cooperatives to grant up to \$5,000 to any 501(c)(3). It is my suggestion that this may be a way to help incentivize nonprofits or just give them the money for support.

Finance

Second Quarter 2013 Financial Statement and Capital Projects Review

Staff will provide the unaudited 2013 2nd quarter financial statements and capital projects for review and discussion at this Board meeting.

2012 Form 990 Return of Organization Exempt from Income Tax

Staff will provide a draft copy of the Exempt Organizations 2012 tax returns for Board executive session review and discussion at this Board meeting. Information is based upon the 2012 audited financial statements.

RUS Loan Draws

The 2013 Board approved budget allows for borrowing \$3.2M from RUS for capital projects. To date, we have borrowed \$2.5M. OPALCO requested and received a \$1M loan draw of funds on August 1, 2013, which carries an interest rate of 3.288%, compared to the interest rate on funds advanced on June 10, 2013 of 2.945% (\$1.5M).

REDL Application for Lopez Fire

The grant application was approved for Lopez Fire District #4 to receive the \$100k loan as requested. Staff is currently awaiting a response to schedule a locational verification by Rodney Peach, State Business and Cooperative Program Specialist, with the USDA. Staff is currently working with Anderson Hunter on the development of the loan agreements that will be executed once the federal funds are received from the USDA.

Member Services

County Fair Booth

The San Juan County Fair is August 14-17. Member Services will be focused on increasing Ebill enrollment and Energy Conservation awareness by showcasing the benefits of the new "My Usage" tool. A preview of SmartHub (a mobile app) will also be shared.

Ebill Members

Thirty percent of our members (3,310) have enrolled in Electronic Billing as of July 31. This represents an increase of 166 members since May. Staff will continue to explore other methods for expanding our Ebill enrollment (e.g. bill credit incentives, contests, showcasing member experiences, etc.).

Auto-pay Dates Changing

In response to member feedback, Member Services is shifting Autopay processing dates to the 16th of the month for Cycle 1 and the 1st of the month for Cycle 2, effective September billing cycles. This represents a shift of 4 days later to better align with payroll dates and payment due dates. Members will be notified via phone and billing inserts. A message will also be placed on the OPALCO website.

Technical Services/Island Network

Technical Services and Engineering staff attended a weeklong training session in Colorado on the new *Fiber Manager* mapping software. The team acquired knowledge that will allow Engineering to accurately map the current OPALCO/IN fiber system from the completed work orders and help design future expansion.

Island Network's largest subscriber, NoaNet ordered two new Island Network services for Friday and Roche Harbor. Fiber installation is complete into Roche Harbor proper. Technical Services staff is in the process of finishing the splicing to activate service.

Engineering & Operations

As of August 5, there are 244 work orders open totaling \$2,774,030. Of those, Operations has completed construction on 72, totaling \$924,653.

Energy Services

The current BPA rate period will end September 30, 2013. Energy Services is in the process of closing out a very successful period as shown in the attached BPA Energy Efficiency Incentive Fund spreadsheet for 3rd quarter of Fiscal Year 2013.

Energy Services is also in the process of finishing the successful pilot project with the Opportunity Council's Community Energy Challenge. Approximately 25 OPALCO members took advantage of the double rebates for weatherization and heat pumps.

Energy Services is busy processing the renewable energy production incentives for Washington State and for the MORE programs. Checks will be mailed to the member generators by the end of August. Energy Services will provide a detailed accounting of the renewable energy production programs in the September board report.

| ORCAS POWER & LIGHT COOPERATIVE | | | | |
|--|--|--|-------------------|--|
| 8/6//2013 | | | | |
| | | | | |
| Energy Efficiency and Conservation Education Grant | | | | |
| | | | | |
| | | | ACTUAL PERIOD END | GRANT PROJECT TITLE |
| | | Revenue | | |
| | | General Manager's Discretionary Fund Account | \$50,000 | Board decision to fund \$50,000 discretionary fund to be managed by Cornelius result of consensus at work session October 2010 |
| | | | (\$10,000) | *see below from February 2013 minutes |
| | | | | [\$4,700 paid to NEGAWATT MEDIA ; balance \$3,000] |
| | | Subtotal | \$40,000 | |
| | | | | |
| | | Grants Awarded | | |
| | | Lopez Community Land Trust | \$140 | BICYCLE GENERATOR for ENERGY EDUCATION |
| | | Orcas Middle School | \$1,524 | LEGO EDUCATION RENEWABLE ENERGY PACK |
| | | Orcas Montessori School | \$10,000 | RENEWABLE SCHOOLS - SOLAR EDUCATION PROGRAM |
| | | Subtotal Expense | \$11,665 | |
| | | | | |
| | | Balance | \$28,335 | |
| | | | | |
| | | | | |
| | | | | |



Orcas Power and Light Cooperative Conservation, Energy Efficiency, Educational Grant

This grant application is available to organizations that are providing education in conservation and energy efficiency.

1. Submit application
2. Outline the materials and curriculum for your project that will educate participants on conservation and energy efficiency.

Requirements:

1. Involve students in hands on experiences.
2. Volunteer program; grant money not used to pay labor.
3. Upon review, if your grant application is accepted, OPALCO will require a mid and ending summary as well as the number of attendees for your project.

Grant Application

Date of Application: _____

Legal Name of Organization: _____

Executive Director: _____

Contact Person/Title
(if different from Executive Director): _____

Email: _____

Organization Website: _____ EIN: _____

Address: _____

City, State, Zip: _____

Phone Number: _____ Fax Number: _____

Project Name: _____

Purpose of Grant: _____

**Orcas Power & Light Cooperative
Energy Efficiency and Conservation Educational Grant
Reporting Requirements**

Organization: _____
Project Name: _____
Starting Date: _____
Completion Date: _____

Mid- Project Reporting:

Location of activities: _____
How many volunteers: _____
How many attendees: _____

- ☐ Copies of receipts for materials
- ☐ Copy of flyer or advertisement for event

Ending Project Summary

- ☐ Provide a paragraph reflecting the outcome of the program.
- ☐ Photos
- ☐ Final budget report

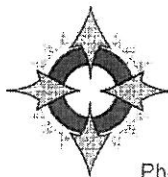
Beginning and Ending Project Dates: _____

Amount Requested: \$ _____ Total Project Cost: \$ _____

Is your organization an IRS 501(c)3 not-for-profit? _____ Yes _____ No

Vendor Account # 17276

Invoice



Solar Nexus International

PO Box 894
Eastsound, WA 98245

Phone # (360) 376-6842

ericyoungren@gmail.com

www.solarnexusinternational.com

| Date | Invoice # |
|----------|-----------|
| 1/4/2011 | 49 |

| Ship To |
|---|
| OPALCO Beth Anderson or Anne Bertino Eastsound, WA 98245 |

| Ship To |
|---------|
| |

| Terms |
|----------------|
| Due on receipt |

| Description | Qty | Rate | Amount |
|--|-----|--------|-----------------|
| XANTREX X POWER DIGITAL MICRO 400 W | 1 | 130.10 | 130.10T |
| Sales Tax - San Juan County | | 7.70% | 10.02 |
| <div style="border: 1px solid black; border-radius: 50%; padding: 20px; text-align: center; margin: 20px;"> OK to Pay PSC 5/5/11 </div> <div style="margin-top: 20px;"> GL : 908.25 AC : 798 Anne Bertino </div> | | | |
| Total | | | \$140.12 |



Orcas Power and Light Cooperative Energy Efficiency and Conservation Educational Grant

This grant application is available to legal organizations that are providing education about energy efficiency and conservation in San Juan County.

Application Process:

1. Submit this completed application.
2. Submit a one page outline that includes a description of the proposed curriculum and the goal(s) of the project. A list of materials and a detailed budget will need to be attached to the proposal.
3. We will notify you of applicant status via email.

Requirements:

1. Involve students in hands on experiences to teach energy efficiency and conservation.
2. This is a volunteer program; grant money will not be used to pay for administrative time.
3. Upon review, if your grant application is accepted, OPALCO will require a mid-project update and an ending project summary. An outline of the reporting requirements will be provided.

Grant Application

Date of Application: April 6, 2011 _____

Legal Name of Organization: Lopez Community Land Trust

Executive Director: Sandy Bishop (Rhea Miller serving as Acting Executive Director)

Contact Person/Title (if different from Executive Director): Chuenchom S. Greacen

Email: chomsgreacen@gmail.com

Organization Website: www.lopezclt.org EIN: 911469975

Address: P.O. Box 25

City, State, Zip: Lopez Island, WA 98261

Phone Number: 360.468.3723 Fax Number: 360.468.3724

Project Name: Bicycle generator for energy education on Lopez Island

Purpose of Grant: To defray the cost of an inverter for a bicycle generator used for energy education purposes at the Lopez Island School District and energy awareness campaigns on Lopez Island. The bicycle generator, put together with scavenged and donated parts and labor from volunteer parents of Lopez students and members of Islands Energy Coalition (under LCLT). The bicycle is attached to a DC motor and needs an inverter to convert the electricity to AC for use with household appliances. A panel of lights of different technologies and efficiency levels (incandescent, CFL and LED) has also been made to demonstrate the efficiency of these lights to students and interested public. The bicycle along with the inverter will be the property of the Lopez Island School District.

The bicycle generator was presented at the Lopez Elementary School in classrooms of 1st-5th graders, as well as in the multipurpose room during middle- and high-school have snacks and meals. Approximately 100 students and school teachers have tried generating electricity on the bicycle and around 40 students have made smoothies using their own power. Some 30 students also used the bicycle to power a fan for winnowing wheat berries in the garden class. All in all, the bicycle generator was a great educational tool to

raise awareness about the value of electricity, power consumption of different appliances, relative efficiency of different types of lights,
the significance of energy conservation. Please see the photos below.

During the celebration of the Lopez Energy Challenge results at the library in December 2011, the bicycle generator was
showcased to the Lopez Community. There were around 20 people in attendance, including OPAJCO board member Jim Lett.
Participants enjoyed human-powered smoothies and had good discussions about energy conservation.

Beginning and Ending Project Dates: October 1, 2010- April 30, 2011

Amount Requested: \$ 140.12

Total Project Cost: \$ 140.12

Is your organization an IRS 501(c)3 not-for-profit? ☒ Yes ☐ No

Chandran Sangrami Green

Signature





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

PLEASE DETACH AND RETAIN

No. 97633

Date: 10/25/2011

| DATE | INVOICE | DESCRIPTION | GL ACCOUNT | ACTV | AMOUNT |
|------------|----------------|-------------|------------|------|----------|
| 10/18/2011 | EEAC EDU GRANT | 787 | 0 0908.1 | 787 | 1,524.44 |



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

GENERAL FUND

No. 97633

98-782/1251

Islanders Bank
Eastsound, WA 98245

PAY ORCAS MIDDLE SCHOOL
TO 557 SCHOOL RD
THE EASTSOUND WA 98245
ORDER
OF

| DATE | CHECK NO. | AMOUNT |
|------------|-----------|-----------------|
| 10/25/2011 | 97633 | \$*****1,524.44 |

NON-NEGOTIABLE



OK to Pay
RJC 10/18/11

Energy Efficiency and Conservation Educational Grant

This grant application is available to legal organizations that are providing education about energy efficiency and conservation in San Juan County.

Application Process:

1. Submit this completed application.
2. Submit a one page outline that includes a description of the proposed curriculum and the goal(s) of the project. A list of materials and a detailed budget will need to be attached to the proposal.
3. We will notify you of applicant status via email.

Requirements:

1. Involve students in hands on experiences to teach energy efficiency and conservation.
2. This is a volunteer program; grant money will not be used to pay for administrative time.
3. Upon review, if your grant application is accepted, OPALCO will require a mid-project update and an ending project summary. An outline of the reporting requirements will be provided.

Date of Application: Oct. 10, 2011

Legal Name of Organization: Orcas M.S.

Executive Director: Barbara Klein

Contact Person/Title (if not ED): Laura Tidwell

Email: laura @ orcas hotel. com

Organization Website: WWW.orcasislandschools.org EIN: 91-1041037

Address: 557 School Road

City, State, Zip: Eastsound, WA 98245

Phone Number: (360) 376-2284 Fax Number: (360) 376-2283

Project Name: Renewable Energy Pack

Purpose of Grant (attach separate sheet, if necessary): See attached

Beginning and Ending Project Dates: TBD - This School year

Amount Requested: \$ 1,524.44 Total Project Cost: \$ 1,524.44

Is your organization an IRS 501(c)3 not-for-profit? ☒ Yes ☐ No

Signature: Laura Tidwell



Thank You

A big thank you to OPALCO from the 8th grade science class! OPALCO has awarded a grant allowing the 8th grade to purchase Lego kits that focus on alternative energy options, problem solving, scientific method and group collaboration. This project will kick off the investigation by students looking into ways energy can be saved at home and at school and energy transfer which is one of the learning objectives for this grade level.



Library News

November is Family Stories Month, kicking off with National Family Literacy Day (11/1). The more you read stories together as a family, the more your child will be interested in books and be an enthusiastic student reader. The library is open to families any time to come in and see what we offer.

Students may check out:

Kindergartners: 1 book at a time

1st – 3rd: up to 3 books at a time

4th – 6th: up to 5 books at a time

7th and up: up to 10 books at a time

Books may be checked out for two weeks, but can be renewed. If books are checked out for longer than one month, we will contact you to remind you to send books back to school. Lost or damaged books need to be paid for so they may be replaced.

Be a Library Partner! We need volunteers in the library, especially on Monday, to help with library duties. If you are interested, call Maria Doss at 376-1565 or email mdoss@orcas.k12.wa.us.



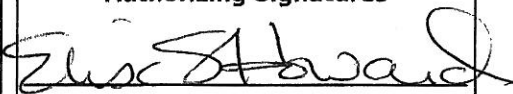
REQUISITION

Description: Orcas Montessori School
 Location: 1 - Eastsound
 Work Order:
 GL Division: 0 - OPALCO
 GL Department: 7 - Energy Management
 Requestor: ehoward - Elisa Scott-Howard
 Source: Requisition

| Requisition | Status |
|-------------|--------|
| 15723 | New |
| Print Date | Page |
| 05/28/2013 | 1 |

| LN | ITEM | DESCRIPTION | QUANTITY | UOM | LOC | UNIT COST | DISCOUNT | TOTAL |
|----|------|---|----------|-----|-----|-----------------|--------------|-----------|
| 1 | 99 | EEAC EDU GRANT Renewable Schools- Solar Education Program Vendor # 17627 | 1.000 | EA | 1 | 10,000.00 | 0.00 | 10,000.00 |
| | | | | | | Extended | Cost: | 10,000.00 |

| | | | | | | | |
|------------------|------|----------------------------------|------|-------------------|------|--------------------|-----------|
| Discount: | 0.00 | Additional Charge Amount: | 0.00 | Sales Tax: | 0.00 | Total Cost: | 10,000.00 |
| | | | | Use Tax: | 0.00 | | |

| | |
|--|--|
| | Authorizing Signatures  |
|--|--|



Energy Efficiency and Conservation Educational Grant

This grant application is available to legal organizations that are providing education about energy efficiency and conservation in San Juan County.

Application Process:

1. Submit this completed application.
2. Submit a one page outline that includes a description of the proposed curriculum and the goal(s) of the project. A list of materials and a detailed budget will need to be attached to the proposal.
3. We will notify you of applicant status via email.

Requirements:

1. Involve students in hands on experiences to teach energy efficiency and conservation.
2. This is a volunteer program; grant money will not be used to pay for administrative time.
3. Upon review, if your grant application is accepted, OPALCO will require a mid-project update and an ending project summary. An outline of the reporting requirements will be provided.

Date of Application: JANUARY 2013

Legal Name of Organization: ORCAS MONTESSORI SCHOOL

Executive Director: TERESA CHOCANO

Contact Person/Title (if not ED): BOARD SECRETARY TINA WHITMAN

Email: tina@sanjuans.org

Organization Website: www.orcasmontessorischool.org EIN: 91-1490036

Address: 1147 North Beach Rd

City, State, Zip: EASTBAY WA 98245

Phone Number: 360 376 5350 Fax Number: _____

Project Name: RENEWABLE SCHOOLS - SOLAR EDUCATION PROGRAM

Purpose of Grant (attach separate sheet, if necessary): _____

See attached

Beginning and Ending Project Dates: SPRING 2013 - FALL 2014

Amount Requested: \$ 10,000 Total Project Cost: \$ 50,000

Is your organization an IRS 501(c)3 not-for-profit? ☒ Yes ☐ No two ID 91 149 0036

Signature: Teresa Chocano

Renewable Schools-Solar Education Program Request- Orcas Montessori School

The Orcas Montessori School respectfully requests educational grant funding support from OPALCO in the amount of \$10,000 towards our Bonneville Environmental Foundation (BEF) Renewable Schools Program required match of \$15,000. OPALCO funds will help the Orcas Montessori School achieve design and installation of a 5-6 kilowatt hour PV system at an established local school. In addition to the demonstration project value of this visible and residential scale project, Orcas Montessori's staff, parents and students, as well as the broader community of San Juan County educators, students and residents will benefit from the substantial teacher training, curriculum, and school and community educational materials the BEF provides to participating schools through the **Solar 4R Schools** program.

Specifically, Orcas Montessori will invite educators from other county schools to participate in the BEF provided teacher trainings and develop a loan system for provided curriculum materials. In addition, the school will host at least one community open house to allow a broader audience to view the system and its associated in-school educational systems. Educational signage will be placed on school property, along the North Beach road public trail, educating the community of the functions and values of the highly visible solar installation. The project is consistent with the Orcas Montessori's commitment to high quality education, community and sustainability and provides excellent demonstration value to the broader community. Energy rebates will help the school maximize limited resources and continue to keep tuition rates low and offer significant tuition scholarships so that all interested Orcas Island students can continue to attend both our school year and summer programs.

A brief overview of the roles of each of the current project partners, Bonneville Environmental Foundation and Orcas Montessori is provided below. We look forward to working with you to enhance solar educational opportunities in our community. For questions, please contact project lead and Orcas Montessori parent and board member Tina Whitman at tina@sanjuans.org or 376-3398.

Bonneville Environmental Foundation provides:

- Design and installation (using WA produced systems and implemented using local contractors) of a 5-6 kilowatt PV system for schools located within the Bonneville Power Administration's service area.
- Extensive and ongoing curriculum, teacher training, and community educational materials such as informational signage outside the school.
- BEF requires cash match of \$15,000 to complete the project, which is valued at \$50,000-\$60,000 (PV system design and install, teacher training, educational materials). Over 75 schools in Washington State have participated; virtually all have partnered to some extent with local utilities to meet match funding needs.

Orcas Montessori provides:

- An experienced and stable registered non-profit school environment in a publicly visible location along North Beach road (and the public trail) in Eastsound: Orcas Montessori School turned 25 this year, own our building and have consistently full programs and engaged families.

- Strong connections to the public school: The Orcas Montessori is the reason the public school has a thriving 1-3 grade Montessori classroom and we partner with public high school students and educators to staff our bilingual summer program.
- Committed staff, board and parents: our school community includes significant expertise in solar system design and installation, building construction and contracting and project management, as well as grant development and administration.
- A shared commitment to education, children, the community, and sustainability.
- \$5,000 towards the project (through private donations and/or Islander's Bank Community Partners Program loan) as well as associated facility upgrades.

Background Information:

Bonneville Environmental Foundation's Solar 4R Schools Program www.solar4rschools.org

Developed by Bonneville Environmental Foundation, Solar 4R Schools educates students, teachers and community members about the science and benefits of renewable energy technology. The program provides hands-on activity guides, science kits and demonstration solar electric systems to schools, by working with local funding partners who want to show their commitment to renewable energy education. To receive a solar-electric system, schools must agree to own and maintain the system after installation and provide match support. In turn, the school receives an exciting learning tool and all of the clean, renewable electricity it produces. Through Solar 4R Schools, BEF hopes to increase the visibility and public understanding of renewable energy. Just as many adults now recycle because they learned to do it in school, we hope that today's students will learn about solar technology and develop a commitment to renewable energy that will sustain their future leadership. Solar 4R Schools provides faculty and facility personnel, parents, community members, installers, and city permitting officials with direct experience implementing solar electricity, including consideration for such factors as safety, roof penetrations, grid-connection, reliability and maintenance.

Orcas Montessori School www.orcasmontessori.org

Founded in 1988, Orcas Montessori School on Orcas Island offers a dynamic learning environment for preschoolers and kindergartners based on the educational philosophy and methods of Dr. Montessori, Italy's first female physician and a pioneer in childhood education. The Orcas Montessori School provides an environment that stimulates learning within a consistent, highly regarded and proven educational system, treats children with respect as individuals and offers a place where children discover the responsibilities and joys of community they help create. Orcas Montessori is a non-profit 501C3: Tax ID #91-149 0036. Our school is economically, culturally and ethnically diverse, and in addition to our standard three year academic school year program, we offer an innovative bilingual summer program open to Montessori students and youth from the broader community. Orcas Montessori School's dedicated and engaged staff, parents and students are active members of the Orcas Island and San Juan County community.

Energy Challenge staff. The Committee is in the process of researching funding sources and is working with nonprofits in order to bring detailed recommendations to the Board at the February Board meeting.

Cornelius shared that island contractors are reluctant to complete BPA's rebate paperwork for members upon completion of heat pump installations. Staff has conversed with BPA about the issue.

Reports

Cash Recap

Hildreth reported that 2012 ended almost identical to 2011 financially, with a total ending balance of \$3,937,394.

Outages

Most of the outages for underground occur from older cable. Cable is flagged when a second outage occurs and is then put on a replacement list.

Safety

There were no accidents, incidents or near misses in December. The total hours worked without a loss time accident is now 283,431 hours.

The General Manager's Report

Cornelius reviewed the Manager's Report. The RUS loan submittal process is nearing completion with the expectation that funds would be available during the second quarter of 2013.

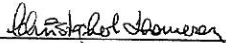
Member Services is cleaning up older accounts and refunding the \$5 membership fee to inactive accounts.

Cornelius has agreed to fund \$10,000 to the Orcas Montessori School for a solar array project they are receiving through the BPA Foundation. The total cost of the project is \$15,000.

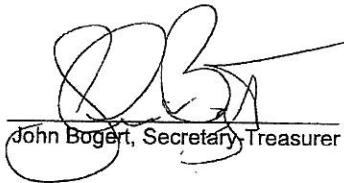
Cornelius reported that Bill Drummond was named the new BPA Administrator, replacing Steve Wright.

Adjournment

The meeting adjourned at 12:20 p.m.



Chris Thomerson, President



John Bogert, Secretary-Treasurer

Vendor #17627

| | | |
|--|---|---|
| Form W-9 (Rev. January 2011) Department of the Treasury Internal Revenue Service | Request for Taxpayer Identification Number and Certification | Give Form to the requester. Do not send to the IRS. |
|--|---|---|

| | | |
|---|--|---|
| Print or type See Specific Instructions on page 2. | Name (as shown on your income tax return) Orcas Montessori School, Inc | |
| | Business name/disregarded entity name, if different from above | |
| | Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ | |
| | <input checked="" type="checkbox"/> Other (see instructions) ▶ 501(c)3 | |
| | Address (number, street, and apt. or suite no.) 1147 North Beach Rd City, state, and ZIP code Eastbound, WA 98245 | Requester's name and address (optional) |
| List account number(s) here (optional) | | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

| | | | | | | | | | |
|--------------------------------|---|---|---|---|---|---|---|--|--|
| Social security number | | | | | | | | | |
| | | | | | | | | | |
| Employer identification number | | | | | | | | | |
| 9 | 1 | 4 | 9 | 0 | 0 | 3 | 6 | | |

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

| | | |
|-----------|--|-----------------------|
| Sign Here | Signature of U.S. person ▶ <i>Shawn Grodau</i> | Date ▶ 5/13/13 |
|-----------|--|-----------------------|

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

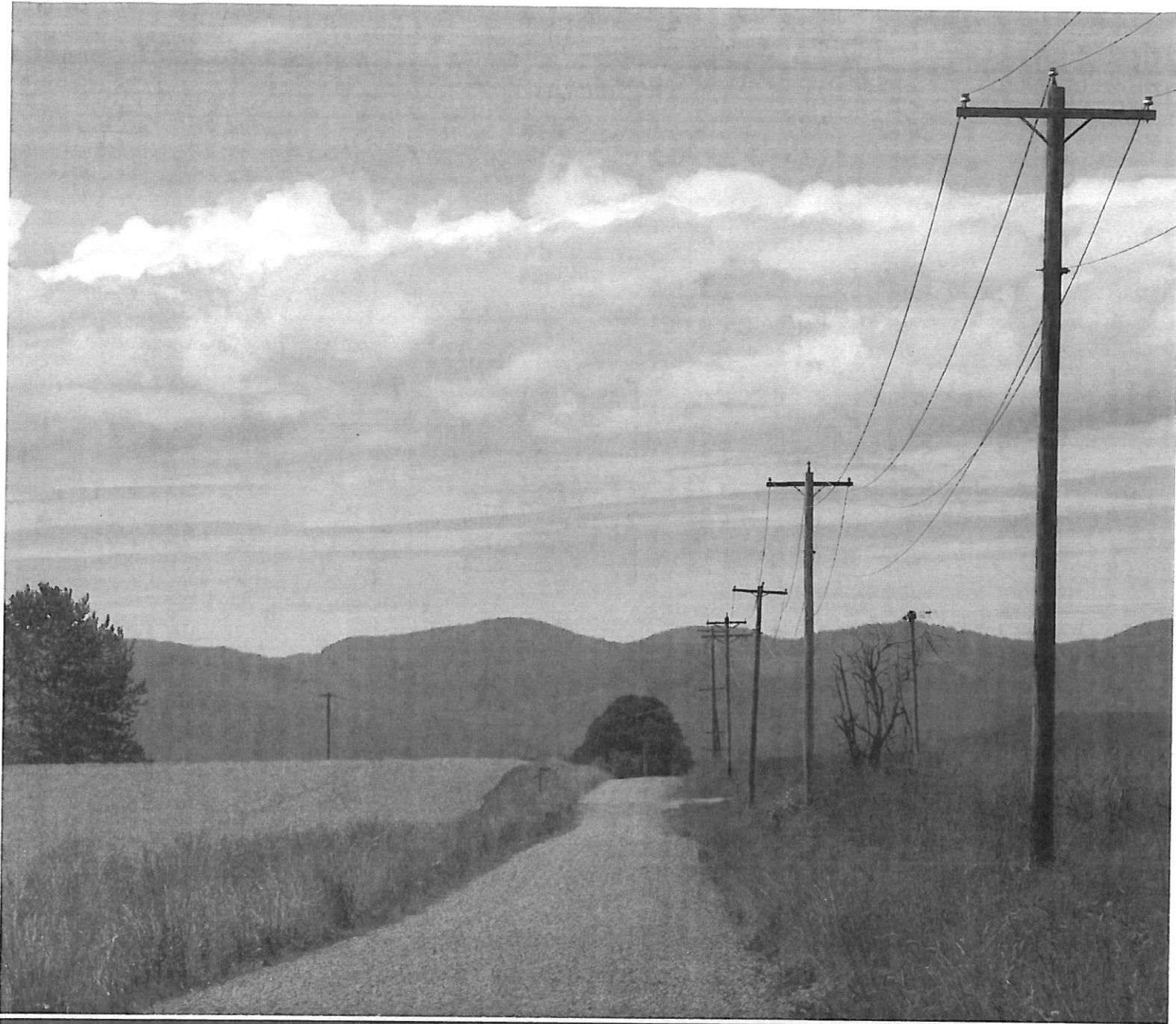
- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



COBANK'S "SHARING SUCCESS" MATCHING GRANT PROGRAM

Partnering with Our Cooperative Customers to Build Vibrant Rural Communities





Dear Valued Customer:

For the second year in a row, CoBank is inviting cooperative customers to take advantage of its Sharing Success charitable contribution program.

Our board of directors has committed \$3 million in 2013 to match donations by cooperatives to nonprofit organizations in their local communities. Contributions will be matched on a dollar-for-dollar basis, from a minimum of \$1,000 up to a maximum of \$5,000 per customer.

Details about the program and an application form are contained on the pages that follow. We hope your cooperative will participate in the program, and help us give back to people and communities in need across rural America.

With warmest regards,

A handwritten signature in dark ink, reading 'Everett Dobrinski'.

Everett Dobrinski
Chairman

A handwritten signature in dark ink, reading 'Robert B. Engel'.

Robert B. Engel
President & Chief Executive Officer

COBANK'S "SHARING SUCCESS" MATCHING GRANT PROGRAM

Partnering with Our Cooperative Customers to Build Vibrant Rural Communities

Purpose of the Program

CoBank's "Sharing Success" matching grant program is designed to celebrate the vital role that cooperatives play in individual communities across the country. Partnering with our customers to support worthy causes they care about is a great way for CoBank to make a positive difference and fulfill its mission of service to rural America.

Program Participant Eligibility

All active cooperative customers are eligible to participate. Each customer is eligible for a single grant.

Gift Match Eligibility and Amount of Contribution

CoBank will match cash contributions by customers to certified 501(c) (3) non-profit organizations on a dollar-for-dollar basis, with a minimum contribution of \$1,000 and a maximum contribution of \$5,000. Matched contributions should come from the customer itself, rather than donations from members made through "round up" programs. A limit of one contribution per cooperative will be imposed.

Application Timeline

Applications will be accepted beginning **August 1, 2013** and will be considered on a first-come-first-serve basis. All applications must be received by **November 30, 2013** in order to qualify. Payments will be made within 60 days following application approval.

Application Instructions

Interested customers must complete the attached application form in its entirety and then submit the form to CoBank through their Relationship Manager. A copy of the designated charity's IRS 501 (c) (3) tax exemption notification must be included with the application.

Once an application has been reviewed and approved, a check payable to the charity will be sent to the customer for delivery to the recipient charitable organization. If you have any questions, please call Kriss Porco in CoBank Corporate Communications at 303-740-4059.

COBANK'S "SHARING SUCCESS" MATCHING GRANT PROGRAM

Partnering with Our Cooperative Customers to Build Vibrant Rural Communities

APPLICATION FORM

Customer Name _____

Address _____

City _____ State _____ Zip _____

Contact Name _____ Title _____

Contact Phone _____ Email _____

Recipient Nonprofit Organization _____

Nonprofit's Area of Focus _____

Amount of Gift Requested _____

Intended Use of Gift (Please describe the program or intended use of the contribution.) _____

☐ *Proof of the designated recipient nonprofit organization's 501 (c) (3) status has been obtained and is being provided with this application. In addition, I certify that this request meets all the conditions of the program listed in this booklet and that a matching contribution will be made to the recipient organization.*

Authorized Customer Signature _____

SELECT ONE:

☐ *Please mail the contribution directly to the organization.*

☐ *Please return check for delivery to the organization.*

FOR COBANK USE ONLY

Customer Number _____ Banking Group _____

Banking Division or Region _____

Relationship Manager Name _____

Relationship Manager Signature _____

Division Manager Name (Non-active Borrowers only) _____

Division Manager Signature _____

| ORCAS POWER & LIGHT COOPERATIVE | | | | | | | |
|---|--|----------------------|----|-----------------------|-------------|----------------------------------|--|
| | | | | | | | |
| BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI) | | | | | | | |
| DETAIL: 3rd QUARTER FY 2013 | | | A. | B. | C. | D. | |
| | (April, May, June) | FY 2013 | | | | | |
| | | ACTUAL PERIOD END | | Number of Measures | kWh Savings | Reimbursement per kWh (A / C) | |
| Revenue | | | | | | | |
| | BPA Funding (EEI) | (1,669) | | | 1,172,685 | | |
| | BPA allotment of Unassigned Account I | \$5,264 | | | | | |
| | BPA IS1.0 -IS2.0 reimbursement | \$915 | | | | | |
| | Bi-Lateral Transfer from Emhurst | \$100,000 | | | | | |
| | BPA allotment of Unassigned Account - II | \$66,848 | | | | | |
| | Subtotal Revenue | \$171,358 | | | 1,172,685 | | |
| Expenses | | | | | | | |
| | Ductless Heat Pumps | \$10,500 | | 7 | 27,896 | 0.38 | |
| | Heat Pump Water Heaters | \$1,700 | | 5 | 5,899 | 0.29 | |
| | Efficient Clothes Washers | \$1,220 | | 19 | 4,212 | 0.29 | |
| | Efficient Windows | \$11,938 | | 12 | 44,677 | 0.27 | |
| | Energy Star -Direct Install Bulbs | \$125 | | 26 | 586 | 0.21 | |
| | Energy Star Refrigerators/Freezers | \$240 | | 16 | 749 | 0.32 | |
| | Efficient Insulation | \$13,029 | | 10 | 43,106 | 0.30 | |
| | PTCS Air Sealing | \$1,131 | | 1 | 3,757 | 0.30 | |
| | PTCS Duct Sealing | \$500 | | 1 | 1,144 | 0.44 | |
| | PTCS Heat Pumps | \$4,800 | | 5 | 17,033 | 0.28 | |
| | Energy Smart Grocer | \$23,225 | | 12 | 145,534 | 0.16 | |
| | Commercial Projects (windows) | \$404 | | 1 | 3,768 | 0.11 | |
| | Commercial Projects Self-Funded (lighting) | \$0 | | 4 | 58,483 | - | |
| | Commercial Projects(lighting) | \$12,389 | | 6 | 51,132 | 0.24 | |
| | | \$81,201 | | | 407,976 | 0.26 | |
| | | | | | | | |
| | EEI Balance | \$90,157 | | | 1,580,661 | | |
| | | | | | | | |

NEW SERVICES

July 2013

| | Orcas | San Juan | Lopez | Center/ Decatur | Blakely/Obstruction /Crane/Shaw | Total |
|----------------|-------|----------|-------|--------------------|------------------------------------|-------|
| Residential | 2 | 4 | 7 | | | 13 |
| Commercial | | | | | | 0 |
| Line Retention | | | | | | 0 |
| Other - OPALCO | | | | | | 0 |
| Total* | 2 | 4 | 7 | | 0 | 13 |
| 2013 YTD | 20 | 32 | 13 | | 1 | 66 |
| 2012 YTD | 16 | 35 | 12 | 2 | 2 | 67 |
| 2011 YTD | 19 | 34 | 9 | | 4 | 66 |
| 2010 YTD | 38 | 46 | 17 | | 3 | 104 |
| 2009 YTD | 48 | 77 | 9 | 2 | 2 | 138 |

*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 2011 - 2013 YTD

| Month | 2011 YTD | | | | | | | | 2012 YTD | | | | | | | | 2013 YTD | | | | | | | |
|-------|-----------|---------|-----------|-----------|--------------------|--------|-----------|-----------|-----------|---------|-----------|-----------|--------------------|--------|----------|-----------|-----------|---------|----------|-----------|--------------------|--------|----------|-----------|
| | All Green | | | | Green Power Blocks | | | | All Green | | | | Green Power Blocks | | | | All Green | | | | Green Power Blocks | | | |
| | # | kWh | | Total | # | # | Block | Total | # | kWh | | Total | # | # | Block | Total | # | kWh | | Total | # | # | Block | Total |
| | 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 | 46 | 50,160 | 2,006 | 5,798 | 478 | 948 | 3,792 | 5,798 | 44 | 47,428 | 1,897 | 5,777 | 454 | 970 | 3,880 | 5,777 | 43 | 54,479 | 2,179 | 5,863 | 433 | 921 | 3,684 | 5,863 |
| Feb | 44 | 41,550 | 1,662 | 5,450 | 448 | 947 | 3,788 | 5,450 | 43 | 37,664 | 1,507 | 5,355 | 452 | 962 | 3,848 | 5,355 | 43 | 50,927 | 2,037 | 5,709 | 432 | 918 | 3,672 | 5,709 |
| Mar | 41 | 41,906 | 1,676 | 5,473 | 446 | 949 | 3,796 | 5,473 | 42 | 37,682 | 1,507 | 5,319 | 449 | 953 | 3,812 | 5,319 | 42 | 42,787 | 1,711 | 5,371 | 429 | 915 | 3,660 | 5,371 |
| Apr | 41 | 33,629 | 1,345 | 5,146 | 446 | 950 | 3,800 | 5,146 | 42 | 27,636 | 1,105 | 4,917 | 449 | 953 | 3,812 | 4,917 | 42 | 31,063 | 1,243 | 4,859 | 427 | 904 | 3,616 | 4,859 |
| May | 42 | 31,336 | 1,253 | 5,077 | 450 | 956 | 3,824 | 5,077 | 42 | 21,993 | 880 | 4,688 | 448 | 952 | 3,808 | 4,688 | 41 | 21,699 | 868 | 4,456 | 426 | 897 | 3,588 | 4,456 |
| Jun | 42 | 21,813 | 873 | 4,758 | 455 | 971 | 3,885 | 4,758 | 43 | 20,335 | 813 | 4,621 | 448 | 952 | 3,808 | 4,621 | 41 | 20,336 | 813 | 4,401 | 426 | 897 | 3,588 | 4,401 |
| Jul | 43 | 21,335 | 853 | 4,801 | 464 | 987 | 3,948 | 4,801 | 43 | 19,649 | 786 | 4,598 | 449 | 953 | 3,812 | 4,598 | 43 | 17,756 | 710 | 4,290 | 425 | 895 | 3,580 | 4,290 |
| Aug | 43 | 20,004 | 800 | 4,760 | 466 | 990 | 3,960 | 4,760 | 43 | 22,457 | 898 | 4,690 | 446 | 948 | 3,792 | 4,690 | - | - | - | - | - | - | - | - |
| Sep | 45 | 25,959 | 1,038 | 4,978 | 465 | 985 | 3,940 | 4,978 | 42 | 13,136 | 525 | 3,055 | 443 | 947 | 2,530 | 3,055 | - | - | - | - | - | - | - | - |
| Oct | 44 | 25,321 | 1,013 | 4,949 | 464 | 984 | 3,936 | 4,949 | 42 | 21,162 | 846 | 4,634 | 443 | 947 | 3,788 | 4,634 | - | - | - | - | - | - | - | - |
| Nov | 46 | 40,308 | 1,612 | 5,500 | 458 | 972 | 3,888 | 5,500 | 44 | 30,335 | 1,213 | 4,985 | 438 | 943 | 3,772 | 4,985 | - | - | - | - | - | - | - | - |
| Dec | 45 | 49,303 | 1,972 | 5,860 | 458 | 972 | 3,888 | 5,860 | 43 | 43,849 | 1,754 | 5,470 | 437 | 929 | 3,716 | 5,470 | - | - | - | - | - | - | - | - |
| Total | 44 | 402,624 | \$ 16,105 | \$ 62,551 | 458 | 11,611 | \$ 46,446 | \$ 62,551 | 43 | 343,326 | \$ 13,733 | \$ 58,111 | 446 | 11,409 | \$44,378 | \$ 58,111 | 42 | 239,047 | \$ 9,562 | \$ 34,950 | 428 | 6,347 | \$25,388 | \$ 34,950 |

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

OPALCO Member Billing Revenue History

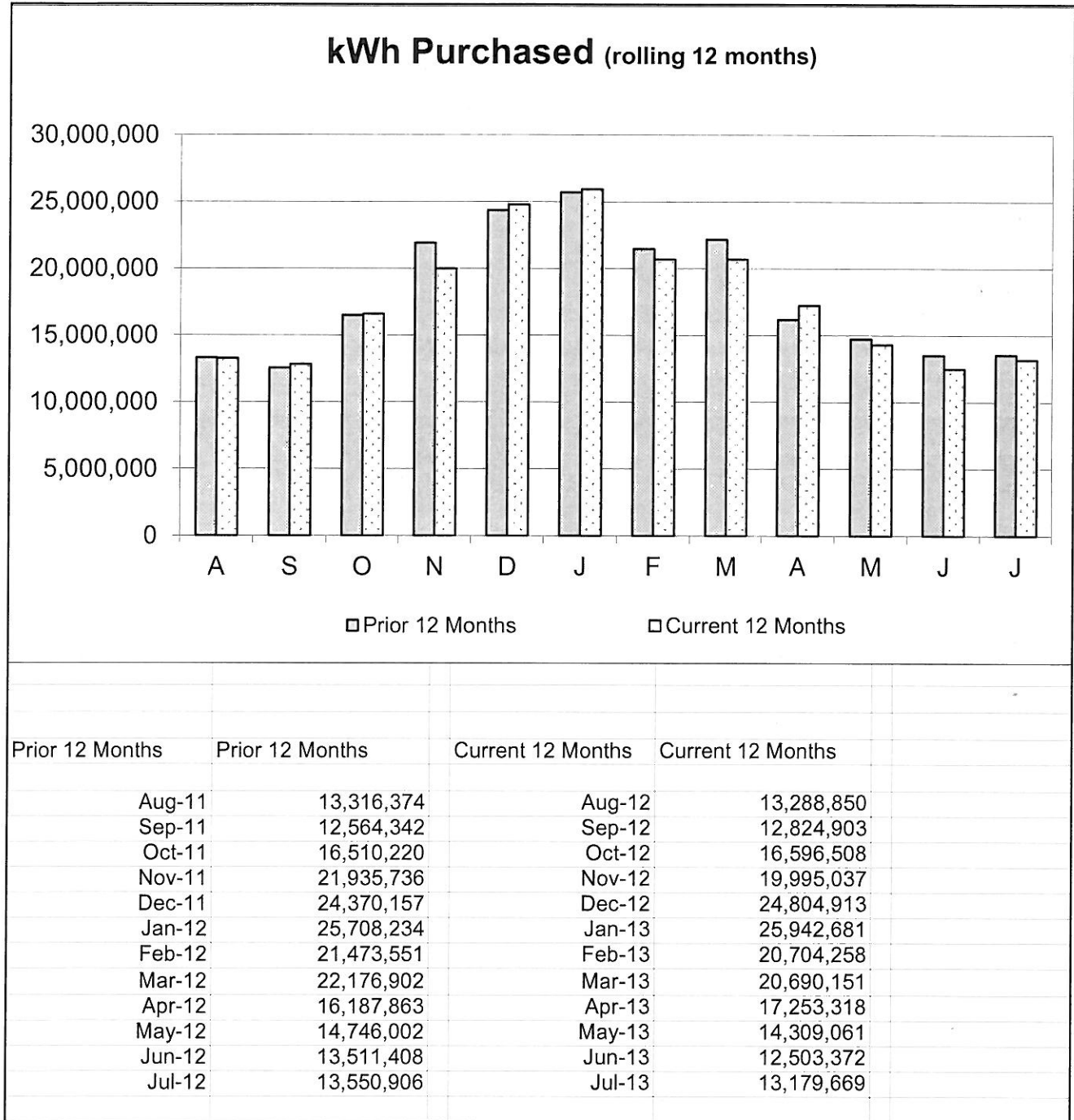
| Month | 2009 | 2010 | 2011 | 2012 | 2013 | Average |
|------------|---------------|---------------|---------------|---------------|---------------|---------------|
| January | \$ 2,542,345 | \$ 2,091,129 | \$ 2,266,724 | \$ 2,203,319 | \$ 2,354,732 | \$ 2,291,650 |
| February | 2,109,273 | 1,684,100 | 2,018,866 | 1,980,380 | 2,190,659 | 1,996,656 |
| March | 1,868,966 | 1,693,238 | 2,100,947 | 2,080,586 | 2,031,007 | 1,954,949 |
| April | 1,825,774 | 1,659,771 | 1,803,095 | 1,733,543 | 1,803,826 | 1,765,202 |
| May | 1,582,738 | 1,453,989 | 1,634,542 | 1,536,601 | 1,580,671 | 1,557,708 |
| June | 1,243,754 | 1,409,557 | 1,383,932 | 1,419,883 | 1,450,461 | 1,381,517 |
| July | 1,217,676 | 1,300,950 | 1,302,528 | 1,380,472 | 1,423,753 | 1,325,076 |
| August | 1,300,901 | 1,342,739 | 1,360,611 | 1,450,397 | | 1,363,662 |
| September* | 1,297,670 | 1,297,936 | 1,421,174 | 1,005,902 | | 1,255,671 |
| October | 1,335,166 | 1,389,529 | 1,483,658 | 1,499,863 | | 1,427,054 |
| November | 1,590,102 | 1,584,909 | 1,977,782 | 1,779,353 | | 1,733,036 |
| December | 1,975,064 | 2,123,602 | 2,375,284 | 2,085,584 | | 2,139,884 |
| Total | \$ 19,889,429 | \$ 19,031,449 | \$ 21,129,143 | \$ 20,155,885 | \$ 12,835,110 | \$ 20,192,064 |

Notes:

* Beginning in September 2012, 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.

BPA Consumption Summary

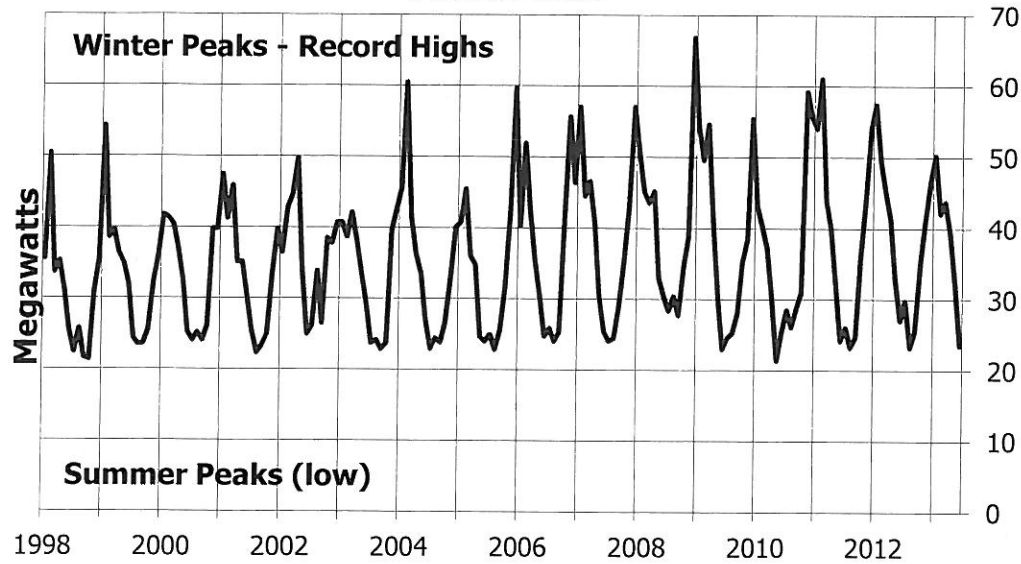
Through
July 2013



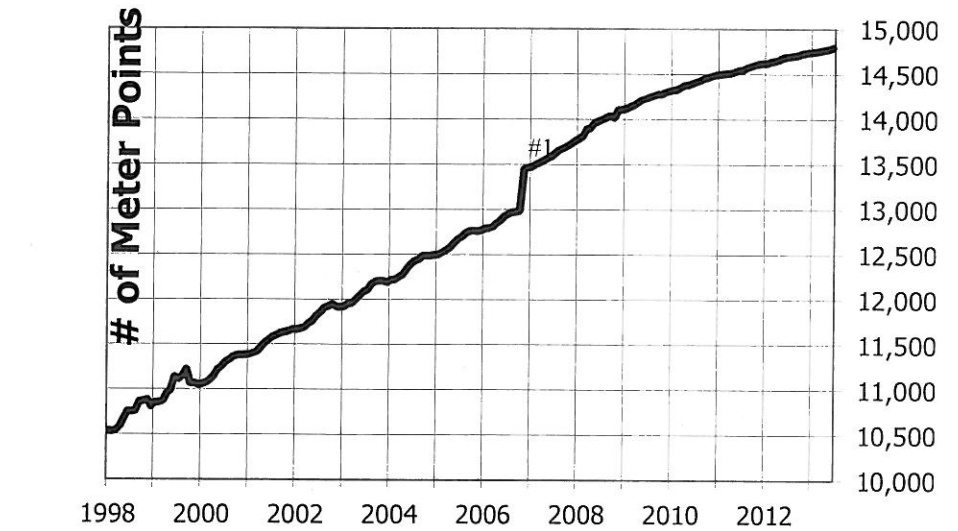
RUS Form 7 Data

Through June 2013

Peak Load

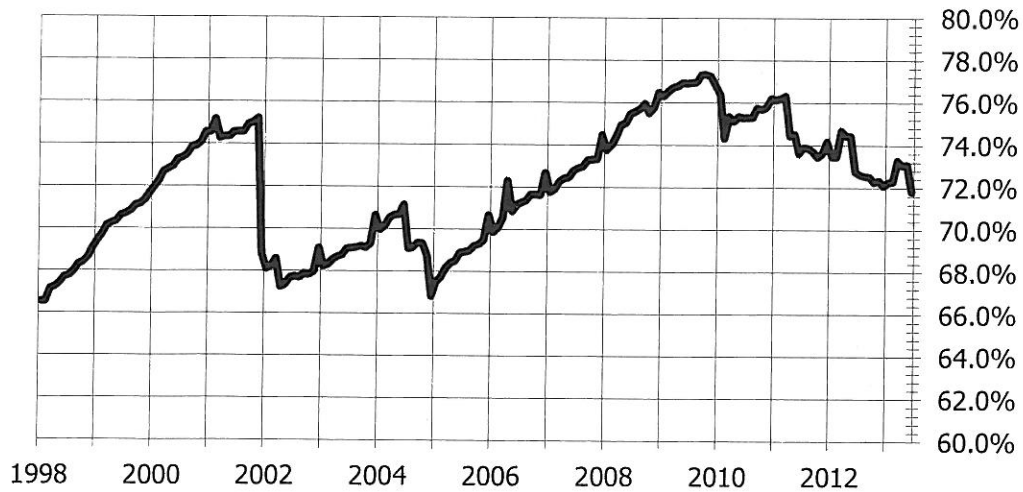


Total Meter Points

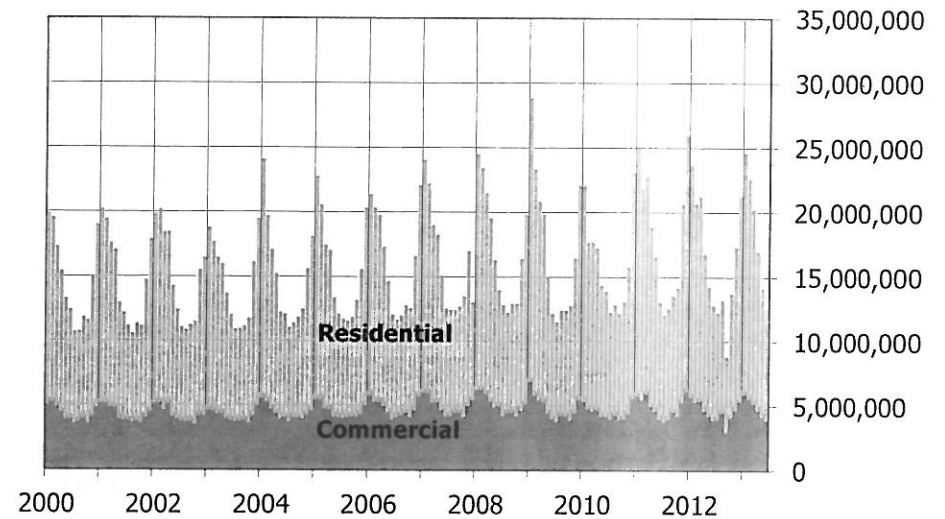


Equity as a % of Total Capitalization

Margins & Equity/Margin & Equity +
Total Long Term Debt



kWh Sold



Dear OPALCO Board,

Thank you so much for this wonderful opportunity, going to Idaho was very different than our humble Island. Never the less I met amazing people and got to hear touching life stories. I can't wait to go back as a Youth Director and know I'll make you proud. Thanks again.

Love,

Maya Burt-Kidwell

RETIRED
LAW OFFICES

ROBERT R. MALLICOAT

321 SOUTH BEVERLY DRIVE
BEVERLY HILLS, CALIFORNIA 90212

DENNIS D. SMITH

(310) 553-0106
FAX (310) 553-5311

July 25, 2013

Opalco Power
1034 Guard St.
Friday Harbor ,WA 98250

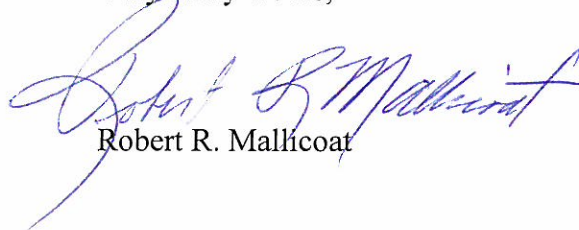
Re: Broadband proposal

Gentlemen,

As a resident of 5333 Roche Harbor Road on San Juan Island, I wish to send along my opinion on the proposed broadband plan.

If in any way, either directly or indirectly, the adoption of this proposal would increase our power rates, then I would vehemently oppose the broadband proposal.

Very Truly Yours,



Robert R. Mallicoat

RRM/sh