



**BOARD OF DIRECTORS  
REGULAR BOARD MEETING 8:30 a.m.  
OPALCO Conference Room  
183 Mt Baker Road, Eastsound  
Thursday, December 19, 2013**

**TRAVEL**



***Via Island Air***

378-2376 / 378-8129 (cell)

**To:**

Leave FH 7:45 a.m.

Leave Lopez 8:00 a.m.

Arrive Eastsound 8:15 a.m.

**From:**

Leave Eastsound 2:00 p.m.

Arrive Lopez 2:15 p.m.

Arrive Friday Harbor 2:30 p.m.



***Via Ferry:***

**To:**

Leave FH 6:10 a.m.

Leave Lopez 6:55 a.m.

Arrive Orcas 7:35 a.m.

**From:**

Leave Orcas 3:10 p.m.

Leave Orcas 4:30 p.m.

Arrive Lopez 3:45 p.m.

Arrive FH 5:10 p.m.

**Orcas Power & Light Cooperative**  
**Board of Directors**  
**Regular Board Meeting**  
183 Mt Baker Road, Eastsound  
**December 19, 2013      8:30 a.m.**

**PAGES**

**WELCOME GUESTS/MEMBERS**

**CONSENT AGENDA**

- 3-6      ○ Approval of November Minutes
- 7      ○ Admission of New Members

**ACTION ITEMS**

- 8      ○ Capital Credits
- 9      ○ Committee on Nominations
- 10-12      ○ NRECA 2014 Voting Delegate
- 13      ○ RUS 219s
- 14      ○ Lopez Sound Easement Relinquishment
- 15      ○ Policies 7 and 16
- 16           • Policy 7 *Employee Expense Reimbursements*
- 17-18           • Policy 16 *Directors' Stipend, Reimbursements and Benefits*

**DISCUSSION ITEMS**

- 19      ○ Conservation Potential Assessment – Jay Kimball
- 20      ○ Nonprofit Roundtable re Policy 28 – Jay Kimball

**REPORTS**

- 21      ○ Cash Recap
- 22      ○ Total Fund Balances Chart
- 23      ○ Outages
- 24      ○ Safety
- 25-26      ○ General Manager

**INFORMATION ITEMS**

- 27      ○ New Services
- 28      ○ Historical MORE Revenue
- 29      ○ Member Billing Revenue History
- 30      ○ BPA Consumption Summary
- 31      ○ Graphs: Peak Load, Total Meter Points, Equity as a % of Total Capitalization, kWh Sold

**ADJOURNMENT**

# MINUTES OF THE BOARD OF DIRECTORS MEETING

## ORCAS POWER & LIGHT COOPERATIVE

Thursday, November 21, 2013

President Chris Thomerson called the meeting to order at 8:40 a.m. at the Friday Harbor OPALCO office. Directors Winnie Adams, Vince Dauciunas, Glenna Hall, Jim Lett and Bob Myhr were present. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth, Manager of Engineering and Operations Russell Guerry, Assistant Manager of Finance and Member Services Nancy Loomis and Executive Assistant Bev Madan, serving as recording secretary.

### Member/Guests

Gayle Rollins (San Juan); Victoria Compton (San Juan); L. Dwight Lewis Jr. (Lopez); Mike Greene (San Juan); Mark Henderson (San Juan); Richard Ceville (San Juan); Morgan Meadows (Orcas); Steve Ludwig (Lopez); Jim Hooper (San Juan); Jack W. Cory (San Juan); Wally Gudgell (Orcas); Gray Cope (San Juan); Don Jarrell (San Juan); Stephen Brandli (San Juan); Brad Williamson (San Juan); Marc Forlenza (San Juan); Ellen Roberts (San Juan); Judy Lingerfelt (San Juan); Milene Henley (San Juan); Mark Madsen (San Juan); Sharon Kivisto (San Juan); Lovel Pratt (San Juan); and Steve Wehrly (San Juan).

Due to CenturyLink's fiber optic cable failure that occurred from November 5<sup>th</sup> through 10<sup>th</sup>, there was increased member attendance at the Board meeting. The majority of members present expressed their desire for OPALCO to play an expanded role in providing broadband services in San Juan County. Organizations (EDC, County Council, and Realtors Association) were represented as well, thanking OPALCO for their assistance in restoring communications services during the CenturyLink outage and urging the OPALCO Board to "deploy its broadband services throughout the county" and "find ways to work with other providers to provide reliable and up-to-date service to all our residents". Milene Henley presented a letter from the San Juan County Council urging OPALCO to "take a fresh look at deploying your broadband services throughout the County...and find ways to work with other providers to provide reliable and up-to-date service to all our residents."

Only two members, Ludwig and Lewis, expressed their opposition.

The Board discussed the topic at length, which led to the following motion:

**Motion made by Hall, seconded by Lett:** "Our Island communities are suffering economic damage and safety issues caused directly by inadequate phone and internet infrastructure. Therefore, OPALCO shall accelerate expansion of our local member-owned robust, reliable high-speed data infrastructure to provide internet, phone, and emergency communications services to our members. Deployment will be supported and funded by OPALCO assets, including equity and rates." After a lengthy and thorough discussion, the motion carried unanimously.

Myhr requested that the record state his understanding of the motion, that OPALCO will help provide the communications services but will seek additional funding beyond equity and rates. Other directors concurred.

### Consent Agenda

**Motion made by Myhr, seconded by Hall:** Accept the Consent Agenda, which includes the October minutes and new members as listed. Motion carried.

#### Decatur

Razwick, Jeff & Nicholle

#### Lopez

Bautista, David & Hernandez,  
Alejandro

#### FJM LLC

Fox, Rosa B  
Garcia, Jean & Hanenburg, Cheryl  
Greer, Marilyn A  
Lombard, James  
O'Bryant, Nicole

Phillips, Theodore J  
Santiago, Celine & Vincent  
Taylor, John H & Karen F  
Wooldridge, James  
Zunser, Bruce

**Orcas**

342 Deer Harbor Road Trust  
 Ahrens, John  
 Aslett, Jennifer  
 Barrientos, Marcela & Andrews, Edward  
 Bartmasser, Brett  
 Bechtel, Michelle  
 Buck, Mariah  
 Café Olga  
 Conlan, Edward & Vivien L  
 Davis, Obye  
 Duffield, James E & Linda J  
 Frizzell, Janine & Chandler, Chad  
 Hookstratten, Jon & Marion  
 Johnson, Daryl  
 Lucey, Kevin Crossen, Colleen  
 Lyons Properties LLC  
 McTavish, Doug  
 Michnich, Marie Luce, Bryan  
 Moore, Emelia  
 Pearson, Brian  
 Plemmons, Troy & Curran, Melanie  
 Pollock, Bill  
 Rook, Jayme N & Glenn  
 Smith, Cody  
 Spitalli, Jodi & Marty, Daniel  
 Tarkington, Amanda

Wiley, David & Henriksen, Nicholas  
 Ellis-Smith, Stephanie & Smith, Douglas  
 Landsman, Barton  
 Marl, Brett

**San Juan**

Boysza, Paul  
 Brown, Todd & Mac Clean, James  
 Bush, Christine Marion  
 Clise, Robert & Susan  
 Cook, Nadine Marie  
 Corrin, Nicholas  
 Cristanto, Catherine  
 Davis, Joseph S.  
 Dean, Priscilla  
 Dodge, George R  
 Dunbar, Cynthia & White, Randy  
 Evantage Direct Corp  
 FedEx Ground Package System Inc  
 Feinson, Diana  
 Friday Harbor Athletic Association  
 Frymire, Daniel & Graham, Erin C  
 Fuller, Daniel  
 Garcia, Miguel A  
 Gillogley, Nolan H  
 Godby, Jennifer  
 Gray, Janet

Greenway, John  
 Hall, Fred D  
 Harrell, Norris Foster  
 Hill, Bonney  
 Holtman, Frances  
 Jackson, Ray  
 KIAMOVICH, Howard R & Bergner, Hannah Martha  
 Love, Stanley G  
 Ludwig, Theresa  
 M & M Rentals, LLC  
 McDowell, Kathy & John  
 McGarry, Janelle  
 Montana, Laurie  
 Nelson, Henry & Margaret  
 Padilla, Dennie  
 Property 1st  
 Radden, Khaili Jolene  
 Reyner, Leonard  
 Riley, Dean & King, Brynlee  
 Smith, Stacey Lee  
 Sound Maintenance  
 Spaulding, Laurie  
 Thomas, Steven  
 Walker, Bret A  
 Woffinden, Dallas & Marie  
 Yacht Haven Water  
 Cooperative

**Capital Credits**

- **Payment to Estates of Deceased Members**

**Motion made by Myhr, seconded by Dauciunas:** Approve \$4,569.74 in payment of capital credits to the estates of deceased members listed below; the motion carried.

Thomas E. Branch .....	\$644.96
Nova B. Brown .....	\$1,586.64
Ernest R. Pugh .....	\$1,241.20
Helen C. Rogers .....	\$1,096.94

- **Uncollectable Accounts**

**Motion made by Adams, seconded by Myhr:** “Approve the use of member allocated capital credits to reduce and/or offset individual member delinquent uncollectable account (UA) balances in the amount of \$42,206 (\$6,487 capital credits applied to UA balance and \$35,719 discounted capital credits transferred to OPALCO equity account).” Motion carried.

- **General Retirement**

**Motion made by Myhr, seconded by Adams:** “Approve payment and retirement of capital credits representing the year 1988 in the amount of \$893,487”. Motion carried.

**RUS 219**

**Motion made by Lett, seconded by Adams:** “Approve submittal of RUS Form 219 representing projects completed through September 2013 in the amount of \$25,840.81.” Motion carried.

**Policy 7 Employee Expense Reimbursements**

This was a “first-read” of changes to Policy 7, made necessary by revised language in the new collective bargaining unit contract effective January 1, 2014. The policy will be presented at the December Board meeting for approval.

**Policy 16 Directors' Stipend, Reimbursements and Benefits**

This was a "first-read" of changes to Policy 16. Meal reimbursements must either be per diem or by receipts. The policy will be presented at the December Board meeting for approval.

**Ratification of Email Vote**

In response to the CenturyLink cable failure, Hildreth sent an email on November 7 to the Board of Directors requesting the Board to authorize staff to expend an unbudgeted amount not to exceed \$10,000 in order to deliver temporary internet solutions to our membership.

Board members responded with five "yea" votes (note, Hall was unable to access email during this time).

**Motion made by Myhr, seconded by Dauciunas:** "Ratify the email vote of November 7". The motion carried.

**CenturyLink Cable Break**

Hildreth reported that CenturyLink requested OPALCO's assistance when their submarine cable failed between Lopez and San Juan Island early on November 5. The first priority was to get the 9-1-1 system back up and was accomplished within 2 days through a bypass created by splicing CenturyLink's central office connection into OPALCO's fiber and microwave repeaters. By November 15, the repair was complete and CenturyLink was rerouted away from our system.

**Motion made by Dauciunas, seconded by Hall:** "To recognize the hard work, efforts and contributions of OPALCO staff, the Board officially thanks and commends staff and management of OPALCO for their herculean efforts in stepping up to the plate cheerfully and energetically during the CenturyLink outage." The motion carried.

**Mission Statement Revision**

The Board will hold a retreat in February 2014 to discuss revisions to the Mission Statement.

**Third Quarter Financials**

Hildreth presented the 3<sup>rd</sup> quarter financial report.

**2014 Budget**

Hildreth presented the 2014 budget:

Revenues	
Operating	23,472,326
Island Network	397,106
Other Non-Operating	<u>126,633</u>
Total Revenues	\$23,996,065
Expenses	
Operating	
Cost of purchased power	7,920,131
Depreciation	2,889,271
Distribution expense	
Maintenance	1,896,364
Permitting/Environmental	160,442
Communication Design	284,128
Operations	2,801,681
Transmission	77,111
Administrative and general	3,676,924
Taxes	948,050
Other	<u>899,085</u>
Total Operating Expenses	21,553,187
Fixed Charges – Interest	915,599
Island Network Expense	392,354
Other Non-Operating Expenses	<u>12,926</u>

Total Expenses	22,874,067
Net Margins	<u>\$1,121,998</u>
Capital Projects	
Distribution	
Conversions and line changes	1,661,750
Underground Distribution Cable Replacement	1,775,000
Fiber/Microwave Infrastructure	1,775,000
Other	1,823,000
Transmission	240,000
Other	1,459,000
Contribution in Aid of Construction	<u>(721,868)</u>
Capital Projects Total	<u>\$7,790,882</u>
Total Expenses	22,874,067
Total Capital Project Expenses	<u>7,790,882</u>
<b>TOTAL 2014 BUDGET</b>	<b><u>\$30,664,949</u></b>

Across-the-board rate increases are included at 6% retail (basic, energy and demand charges) for 2014 to maintain our TIER and plan for future capital expenditures. The increases will take effect with the March 2014 billing period.

**Motion by Myhr, seconded by Lett:** “Approve the 2014 Budget as presented.” Motion carried.

After further discussion,

**Motion made by Adams, seconded by Dauciunas:** “Rescind the Island Network new connections moratorium and allow staff to commence prudent connections at their discretion.” Motion carried.

### **Manager’s Report**

Cornelius reported that the Department of Energy is now running BPA due to recent problems with hiring practices within BPA.

Another issue of concern is the proposed segmentation of the BPA transmission system. If larger utilities are successful with their proposals, OPALCO’s rate increase could be as high as 619% in one year. Hearings will begin in January 2014.

### **Adjournment**

The meeting adjourned at 1:40 p.m.

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Chris Thomerson, President

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Jim Lett, Secretary-Treasurer

## **New Members November 2013**

### **Center**

1. Dugas, Sean & Brian

### **Lopez**

2. Ellings, Tyson
3. Fleming, Barbara J
4. Fromm, Mollie
5. Hendrix, Levanne R
6. Lewis, Paul R
7. Manning, Ann & Lishner, Daniel
8. Mariotti, Nancy T
9. Mc Callum, Gale
10. Sausman, Jake & Keri
11. Sheridan, Ed & Diana Brown

### **Orcas**

12. Aley, Adam
13. Augenstein, Shandra & Rick
14. Bell, Courtney
15. Clark-Mahoney, Kelty
16. Eberle, Charles James & Asia Soloian
17. Ferraris, Theodora & Hayworth, Sidney
18. Hausauer, Daniel & Danyel
19. Leyba, Martin & Susan
20. McTavish, Doug & Thelma
21. Miller, Steven W & Mary A
22. Morby, Zachary Monroe
23. Rorabaugh, James

### **San Juan**

24. Altena, Bridgette
25. Borahan, Shelley
26. Cardinale, Frank & Mareille
27. Cook, Jeff
28. Dahl, Kurt
29. DeLorenzi, Michele
30. DiGiovanni, Anne
31. Earnhart, Laura
32. Evans, William L
33. Griffin, Deborah A
34. Grove, Lara
35. Guard, Coral
36. Gustafson, Jennifer
37. Hutchison, Dustin
38. Kunz, James F & Jean M

39. Mathiesen, J Craig & Caryol
40. Minich, Arthur P & Patricia A
41. Nunez, Mario
42. Radcliffe, William &
43. Reese, Zachary S
44. ReMax Whatcom County, Inc
45. Roberts, Peter &
46. San Juan Transit
47. Sicilia, Frank &
48. Stanford Sr, Dave A
49. The Studio
50. Thomas, Troy H
51. Westcott Bay Shellfish LLC
52. Wisen, Laura
53. Wuthnow Family LLC

## Capital Credits December 2013

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

Joyce Ellen Graff .....	\$1,060.19
Richard B. Halvorson.....	\$ 123.80
Egil P. Haukeberg.....	\$ 685.10
 <b>Total .....</b>	 <b>\$1,869.09</b>



# MEMORANDUM

December 10, 2013

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

A Committee on Nominations must be appointed by the Board of Directors no later than January 3, 2014 (120 days prior to the election on May 3). The Committee must be comprised of OPALCO members residing in District 1, which includes San Juan, Pearl, Henry, Brown and Spieden islands. The Committee must submit a list of 3-5 candidates no later than March 4.

MEMORANDUM

November 26, 2013

TO: Board of Directors

FROM: Randy J. Cornelius

RE: Voting Delegate for 2014 NRECA Annual and Regional Meeting

Staff requests that the Board designate, in the form of a motion, an official voting delegate and an alternate for the NRECA 2014 Annual Business Meeting to be held March 3-5, 2014 in Nashville.



## National Rural Electric Cooperative Association

A Touchstone Energy\* Cooperative

### 2014 Voting Delegate and Alternate Delegate Certification

November 20, 2013

To: CEOs/General Managers, NRECA Voting Member Systems

From: Member Counsel Unit, NRECA Office of General Counsel

Subject: NRECA 2014 Annual and Regional Meeting Voting Delegate Certification and Credentialing Process

Last year, only 64 percent of NRECA's member cooperatives were represented by a voting delegate at the NRECA Annual Business Meeting. Participation in the Business Meeting ensures that your system has a voice in the future direction of NRECA's advocacy efforts by voting on proposed resolutions. In some years, delegates also consider NRECA Bylaw amendments. We hope you plan to certify a delegate for the upcoming Annual Meeting in Nashville and that your delegate will participate by attending the Business Meeting!

Please review the enclosed voting delegate certification form and following reminders:

- Per the NRECA Bylaws, the cooperative's board of directors or the cooperative's membership may vote to select one of its members, directors, or employees to serve as the cooperative's voting delegate and one to serve as the alternate delegate.
- Don't want to make a change? Simply check the "No Change" box for that delegate and/or alternate. If you do have changes, note them on the lines provided.
- **Your cooperative's board president/chair and board secretary must sign and return the certification form annually**, regardless of whether or not changes have been made. This is an NRECA Bylaw requirement.
- **Be sure that you are certifying individuals who will be attending the NRECA Annual Meeting in Nashville from March 3-5, 2014.** The delegate must also be registered for the Annual Meeting. You can designate a new delegate and alternate prior to the 2014 Regional Meetings.
- **Return the form to NRECA by January 10, 2014** to [votingdelegates@nreca.coop](mailto:votingdelegates@nreca.coop) or by fax at 703-907-5951, Attention: Membership Dept. – Voting Delegates.
- Instructions and proposed resolutions will be emailed to the certified voting delegate and alternate delegate in late January.

This year, delegates will be voting on a set of proposed resolutions that are currently being considered by the NRECA Member Standing Committees. The proposed resolutions will be completed and emailed to each voting member CEO/manager, voting delegate and alternate delegate in late January. Please email [resolutions@nreca.coop](mailto:resolutions@nreca.coop) with questions.

Thank you in advance for your participation in the 2014 NRECA Annual Business Meeting!



**National Rural Electric  
Cooperative Association**

A Touchstone Energy® Cooperative

**NRECA 2014 Annual and  
Regional Meeting  
Voting Delegate Certification  
and Credentialing Process**



Printed below in the **NRECA VOTING DELEGATE CERTIFICATION** box are the Voting Delegate and Alternate Delegate who are presently on file at NRECA for your member system. Please review, correct and certify this information in order to vote at the Business Session for the 2014 Annual and Regional Meetings. **Please return this form to NRECA by email: [VotingDelegates@nreca.coop](mailto:VotingDelegates@nreca.coop) or by fax: (703) 907-5951**

To: Randy J. Cornelius  
Orcas Power & Light Co-op  
183 Mount Baker Rd  
Eastsound, WA 98245-9413

State: WA

**NRECA VOTING DELEGATE CERTIFICATION**

NRECA Bylaws Article V, Section 2(B) and 2(C) provide that "Each voting member shall be entitled to select, either by vote of its membership or its board of directors, one of its members, directors or employees to act as the voting delegate, and one such person to act as the alternate delegate, at meetings of the Association. All voting delegates must submit certification signed by the president and secretary of the member that such delegate is duly authorized to cast the vote of the member."

Please review the information below and make any necessary corrections or changes. **Only those delegates who have been properly documented as authorized by their cooperatives shall be credentialed to act during the NRECA Annual and Regional Meeting Business Session.** If there are no changes, check the "No Change" box for the delegate and/or alternate delegate. If new delegates have been selected, please provide the new information requested. **This form must be dated, signed by the president and secretary of the member system, and returned to the NRECA office by January 10, 2014**

The following are hereby certified as official voting delegate and alternate and are duly authorized to cast the vote of this member.

**Current Voting Delegate**

J. Foster Hildreth

☐ No Change

**Current Alternate Delegate**

John M. Bogert, CCD

☐ No Change

**New Voting Delegate**

**Title**

**New Alternate Delegate**

**Title**

(The Alternate is certified to act only in the absence of the Delegate)

Signed

\_\_\_\_\_  
President (of Member System)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Secretary (of Member System)

\_\_\_\_\_  
DATE

**Meeting and Delegate Registration Procedures**

**1** Please return signed, dated and completed form to [VotingDelegates@nreca.coop](mailto:VotingDelegates@nreca.coop) by **January 10<sup>th</sup>, 2014**

**2** Delegates must be registered for the meeting (either in advance or onsite) and receive a badge before they can obtain their voting credentials.

**3** At the meeting, the delegate must then proceed to the NRECA Voting Registration Delegate Desk that will be located near the NRECA general registration area.

**4** At the NRECA Voting Delegate Registration Desk, the delegate's Certification information will be reviewed and the delegate will receive the official delegate ribbon (that should be attached to the name badge) and the assigned voting credential for the meeting.

**5** The delegate must bring his/her voting credential to the NRECA Business Session and present it in order to vote. Each voting member is permitted one vote on each of the resolutions and other business properly brought before the Annual and Regional Meeting Business Session. **No individual may represent more than one voting member system and proxy voting is prohibited at all meetings.**

*If you have any questions concerning the above procedure, please contact the Membership Department at (703) 907-5868.*

MEMORANDUM

December 3, 2013

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

Projects were completed in October from the Construction Work Plan:

Inventory #1310M.....	\$ 5,016.36
Inventory #201310.....	\$175,799.41

Staff requests a motion from the Board to approve submittal of RUS Form 219 totaling \$180,815.77.

# MEMORANDUM

December 9, 2013

TO: Randy J. Cornelius, General Manager

FROM: Russell Guerry, Manager of Engineering & Operations

RE: Lopez Sound Replacement Project Easement Relinquishment

Rena Jorgensen, Bruce and Marcia Williams, Arthur and Dorothy Van Ausdal, Kristine Arney and Gary and Jill Blair have requested that OPALCO relinquish old underground easements across their Lopez Sound area properties on tax parcels 2512009000, 252512008000, 252512004000, 252512003000, 252512002000 respectively.

The subject easement AFJN64795 is a blanket easement granted in 1966 by Sarah Weeks, which covered any power lines within the easement description. At the time, OPALCO was maintaining an overhead system.

In 1974, the overhead section extending throughout the properties listed above was replaced with underground. The subject easements AFN 85271 and AFN 84945 were granted to OPALCO for the installation of these underground power lines.

Due to repeated outages on this 1974 cable, OPALCO has recently replaced the cable in a completely new location. The current property owners have signed new easements, so these older easements have no value nor any ascertainable future value to OPALCO. During routing and easement negotiation, all property owners listed above specifically requested these old easements be relinquished.

I am recommending that we relinquish all rights to easements AFN 64795, 85271 and AFN 84945. Staff requests that the Board make a motion to approve these relinquishments.

# MEMORANDUM

December 11, 2013

TO: Board of Directors  
FROM: Randy J. Cornelius  
RE: Policies 7 and 16 Revisions

Revisions to Policy 7 *Employee Expense Reimbursements* are due to language in the new collective bargaining unit contract that goes into effect January 1, 2014.

Policy 16 *Directors' Stipend, Reimbursements and Benefits* has revisions to change the meal reimbursement to either reimbursement with submitted receipts OR the prevailing IRS per diem rates. Directors will no longer be able to "mix and match" their reimbursement for meals.

These revisions were presented at the November board meeting with no suggested revisions or edits. Staff requests a motion to approve the policies as presented.

**ORCAS POWER AND LIGHT COOPERATIVE**  
**POLICY 7**  
**EMPLOYEE EXPENSE REIMBURSEMENTS**

**7.1 GOALS AND OBJECTIVES**

To establish a basis upon which the employees may be reimbursed for expenses incurred while travelling on cooperative business.

**7.2 POLICY**

- 7.2.1 All travel expenses shall be approved by the General Manager or his/her designee before the travel can commence.
- 7.2.2 The General Manager or his/her designee shall pre-approve the mode of transportation. Air travel shall not exceed the cost of coach class airfare. The use of a rental car shall be reimbursed at cost plus insurances. For the use of private vehicles mileage shall be reimbursed at the prevailing IRS rate.
- 7.2.3 Housing shall be reimbursed at cost, based upon presentation of receipts. In general, the cooperative will make hotel reservations for all employees traveling on cooperative business and the General Manager or his/her designee shall approve the reimbursement.
- 7.2.4 General Manager's meal expense can be reimbursed at cost with submitted receipts for each meal. Or he/she may choose to receive a per diem for meals in lieu of receipts, which shall be based on the prevailing IRS rates
- 7.2.5 Employees' meal expenses will be reimbursed based on the prevailing IRS per diem rates.
- 7.2.6 Other "out of pocket" expenses, such as parking, registration fees, taxis, etc. shall be reimbursed after an itemized list and receipts are submitted. However, any expenses deemed unreasonable will not be reimbursed or, alternatively, will be reduced to a reasonable level.
- 7.2.7 If applicable, the Collective Bargaining Agreement for reimbursements shall apply.

**7.3 RESPONSIBILITY**

The General Manager shall be responsible for the implementation of this policy.

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Randy J. Cornelius, General Manager

Effective Date: December 19, 2013



# **ORCAS POWER AND LIGHT COOPERATIVE**

## **POLICY 16**

### **DIRECTORS' STIPEND, REIMBURSEMENTS and BENEFITS**

#### **16.1 GOALS AND OBJECTIVES**

This policy establishes the amounts that directors will receive for their stipend, reimbursements, and benefits while serving on the Board of Directors of Orcas Power and Light Cooperative.

#### **16.2 MEETING STIPEND**

16.2.1 Directors shall receive a stipend of \$250 per OPALCO board meeting attended.

16.2.2 Directors shall receive \$200 per day for conferences, trainings, or meetings attended on behalf of the cooperative, including travels days.

#### **16.3 TRAVEL REIMBURSEMENT**

16.3.1 Board members have the option of choosing the mode of transportation. Air travel shall not exceed the cost of coach class airfare. The use of a rental car shall be reimbursed at cost plus insurances. For the use of private vehicles, mileage shall be reimbursed at the prevailing IRS rate.

16.3.2 Housing shall be reimbursed at cost, based upon submitted receipts. In general, the cooperative will make hotel reservations for all board members traveling on cooperative business.

16.3.3 Meals can be reimbursed at cost with submitted receipts; or, in lieu of receipts, the Board members may choose to receive the prevailing IRS per diem rate for meals.

16.3.4 Other "out of pocket" expenses, such as parking, registration fees, taxis, etc. shall be itemized and receipts submitted. If the receipt is not available, an explanation of the expense shall be included when filing for reimbursement.

#### **16.4 BENEFITS**

16.4.1 Participation in OPALCO's health care plan is optional.

16.4.2 Directors may continue to receive health care coverage after serving on the board, with 100% of the cost of such coverage paid by the former director wanting coverage.

16.4.3 OPALCO shall provide, at its expense, 24 hour business/travel life insurance coverage for directors.

**16.5 RESPONSIBILITY**

The General Manager is responsible for ensuring that directors receive the proper stipend, reimbursements, and benefits. Each director shall be issued an IRS Form 1099 each calendar year stating the amounts received from OPALCO which are subject to federal income tax.

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Randy J. Cornelius, General Manager

Effective Date: December 19, 2013

# Discussion Topic: Conservation Potential Assessment ~ Jay Kimball

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# Discussion Topic: Nonprofit Roundtable re Policy 28 ~ Jay Kimball

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**Orcas Power and Light Cooperative**  
**Cash Recap**  
**November 30, 2013**

	Rate	Term	Due Date	Amount	Total Balance
<b>GENERAL FUNDS:</b>					
Cash on Hand				600	
Cash in Checking - Key Bank				148,472	
Cash in Checking/MMDA/Construction - Islanders Bank				1,425,746	
Cash in Checking/Savings/Payroll - Wells Fargo				356,604	
SUBTOTAL GENERAL FUNDS					1,931,422
<b>CASH RESERVE FUND:</b>					
CFC Commercial Paper	0.13%	28	12/6/13	200,038	
SUBTOTAL CASH RESERVE FUND					200,038
<b>RESTRICTED FUND:</b>					
CFC Select Notes	0.3900%	160	12/16/13	278,607	
CFC Select Notes	0.3700%	160	2/4/14	350,000	
CFC Select Notes	0.3700%	160	2/5/14	200,000	
CFC Select Notes	0.4600%	160	3/24/14	351,382	
CFC Select Notes	0.3700%	160	4/21/14	352,646	
CoBank - AIM				151,620	
Home Street Bank	0.3490%	547	4/29/15	104,895	
Washington Federal Savings	0.4000%	365	5/19/14	108,756	
Washington Federal Savings	0.4000%	395	12/29/14	107,745	
SUBTOTAL RESTRICTED FUNDS					2,005,652
GRAND TOTAL FUND ENDING BALANCE 11/30/13					<u>4,137,112</u>

Project PAL: Islanders Bank 26,438

MORE Program: Islanders Bank 138,207

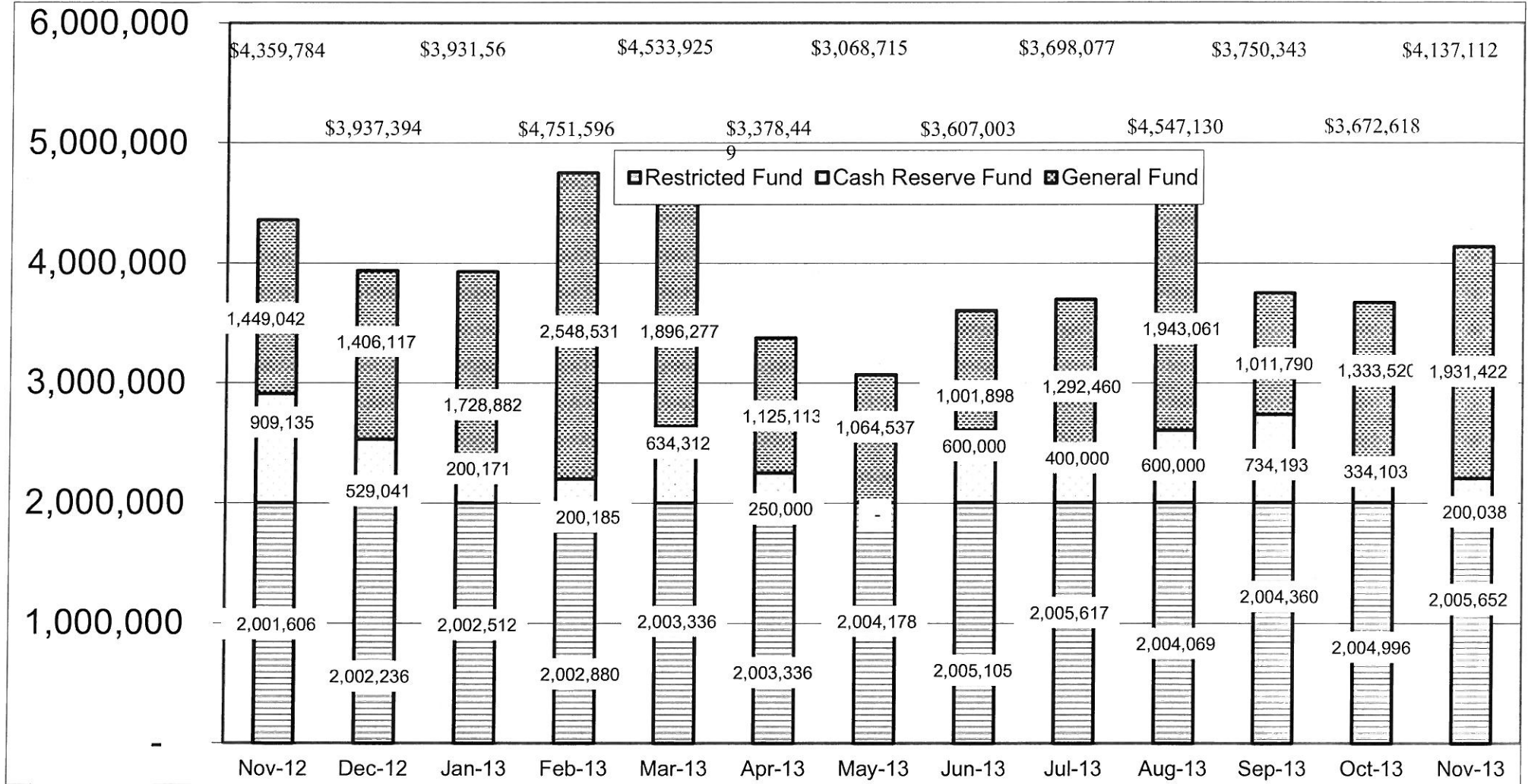
RUS Cushion of Credit \* 5.000% 1,295,229

**CASH PROJECTION:**  
**December 31, 2013**

<b>GENERAL FUNDS:</b>					
Beginning Cash 11/30/13				1,931,422	
Estimated Revenue (based on 95% of billing)				1,827,665	
Estimated Other Revenue				20,000	
Transfer From Reserve Fund				66,800	
Transfer From RUS Cushion of Credit				275,000	
Subtotal Cash/Revenue					4,120,887
Estimated Accounts Payable				(810,000)	
Estimated Payroll and Benefits				(545,500)	
Estimated CFC and RUS Principal and Interest Payment				(341,800)	
Estimated Capital Credit Checks Cash (40% of \$707,381)				(282,952)	
Power and Transmission Bill (November bill)				(720,443)	
Subtotal Expenses					(2,700,695)
Projected Ending Balance 12/31/13					1,420,192
<b>CASH RESERVE FUND:</b>					
Beginning Cash 11/30/13				200,038	
Estimated Transfer To General Fund				(66,800)	
Projected Ending Balance 12/31/13					133,238
<b>RESTRICTED FUND:</b>					
Beginning Cash 11/30/13				2,005,652	
Transfer To General Fund				0	
Projected Ending Balance 12/31/13					2,005,652
PROJECTED GRAND TOTAL FUND ENDING BALANCE 12/31/13					<u>3,559,082</u>
PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 12/31/13					<u>(578,030)</u>
<b>RUS CUSHION OF CREDIT*:</b>					
Beginning Balance 11/30/13				1,295,229	
Estimated Transfer To General Fund				(275,000)	
Projected Ending Balance 12/31/13					<u>1,020,229</u>

\* represents advance payments unapplied for RUS long term debt

# TOTAL FUND BALANCE



## Notes:

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

# ORCAS POWER & LIGHT COOPERATIVE

## UNSCHEDULED OUTAGE REPORT: NOVEMBER 2013

OUTAGE CODE	CAUSE OF OUTAGE	DISTRICT			2013 TOTALS	
		ORCAS	SJ	LOPEZ	PTD	YTD
001	Power Supplier-Bonneville	-	-	-	0	0
002	Power Supplier-Puget Power	-	-	-	0	0
100	OPALCO Construction	-	-	-	0	0
200	Severe Storm	-	-	-	0	0
300-303	Faulty Equipment/Installation	-	-	-	0	8
350	Sectionalizing	-	-	-	0	0
351	Fuses/Fusing	-	-	1	1	3
352/353	Electrical/CAL/Transformer Overload	1	-	2	3	6
400	Underground Cable Failure	1	3	1	5	55
401	Contamination/Leakage (Equip. Fail.)	-	-	-	0	0
402/403	Aging Material/Equipment	-	-	-	0	2
450	Trees/Right of Way	1	-	-	1	7
500/509	Weather (Other than Severe Storm)	2	-	-	2	17
600	Small Animals/Rodents	-	-	1	1	3
601	Birds	-	-	-	0	1
602	Birds-Endangered (Swans; Eagles)	-	-	-	0	1
603	Large Animals	-	-	-	0	0
700/701	Cable Dig-In	-	-	-	0	4
702	Traffic Accident	-	-	-	0	4
703	Fire	-	-	-	0	6
704	Substation Vandalism	-	-	-	0	1
705	Construction	-	-	-	0	2
709	Public Caused Outage	-	-	-	0	2
800	Member Secondary Outage	-	1	-	1	7
900	Cause Unknown	-	-	-	0	4
<b>PTD/YTD OUTAGES: NOVEMBER 2013</b>		<b>5</b>	<b>4</b>	<b>5</b>	<b>14</b>	<b>133</b>
<b>PTD OUTAGES: NOVEMBER 2012</b>					<b>18</b>	<b>154</b>

Date: December 10, 2013  
To: Randy Cornelius, General Manager  
From: Russell Guerry, Manager of Engineering & Operations  
Subject: Operations Safety Program – November 2013

Jeff Meyers conducted Lockout/Tag-out training to review procedures on working around or down-line of protective devices. Crews continued to express concern with the status of the two-way radio system and the “dead” spots. Future projects involving the expansion of the two-way radio system were discussed.

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

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

	<b>November 2013</b>	<b>YTD (2013)</b>
<b>Near Misses</b>	0	1
<b>Incidents</b>	0	1
<b>Accidents</b>	0	8
<b>Loss Time</b>	0	0

Total Hours Worked without Loss Time Accident: 16,106



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## **General Manager's Report December 2013**

I attended two WRECA (Washington Rural Electric Cooperative Association) meetings earlier this month. The first was a manager's meeting on December 4. We discussed legislative issues that may possibly show up in the form of bills or mandates as the state moves into the new legislative session. Topics discussed were:

- The governor is looking for a cap and trade on carbon emissions. There have been public hearings but no deep roots have developed so far.
- This ties into climate change and the use of coal in our state. An emissions performance standard could come out of it—we would be allotted so many carbon credits annually.
- I-937 in our state; Energy Independence Act would mandate that every utility come under I-937. There may be legislation that puts us under I-937.
- Feed-in Tariffs for renewables;
- Stronger net metering laws; and
- On-bill financing;
- Lastly, what to do with the State's renewable incentives for Co-ops (water primarily) falling under the UTC (Utilities and Transportation Commission)

There will be a position paper from WRECA on these topics; we will be watching as mandates are passed in 2014.

I also attended WRECA's regular board meeting December 10. We approved the operating budget with no increase of dues. There was a short follow-up discussion on legislative objectives but no final directives yet. We also discussed the embezzlement criminal case. Legislative visits will occur in February covering trips, board meetings and a statewide RESAP (Rural Electric Safety Achievement Program).

I can discuss in further detail at the Board meeting.

### **Finance**

#### **REDL Loan for Lopez Fire**

Lopez Fire District #4 signed the promissory note and security agreement for the REDL funds. Staff forwarded to RUS the signed documents and is currently waiting the funding. Once the funds are received, OPALCO will issue a check for \$100k and Lopez Fire District will be able to purchase the equipment. Once the equipment is purchased, the details will be added to the signed security agreement and the document will be filed with the State of Washington, which is the final step to secure the loan.

#### **Capital Credit General Retirement**

Staff performed the Board-approved 2013 Special Retirement to UA process and the General Retirement process for the 1988 margins. Checks (4,192 of them) amounting to \$707,380.89, will be sent out on December 19, 2013 by NISC.

### **Member and Energy Services**

#### **Ebill Upgrade to SmartHub**

SmartHub is scheduled to be launched to members on Thursday, December 12. Interface, payment, usage, and alert functionalities are substantially improved with the new tool. Staff expects to test and resolve a few meter data items in Q1 2014, including usage displays for TOU and Net Metering members.

## **Personnel Transition**

Amy Saxe continues her transition into the combined Member and Energy Services role. She is developing a strategy for new projects, improved messaging and education to set and meet energy efficiency goals in the coming years. This includes a comprehensive content review of the website, refreshing the Home Snapshot Assessment program and partnering with nonprofits for education and potential renewable programs.

The results of the CPA (Conservation Potential Assessment) are anticipated to help further refine efficiency program goals and initiatives.

Interviews for the Member Services Supervisor are expected to begin in early January.

## **Engineering & Operations**

### **WIP (Work in Progress)**

As of December 10, there are 260 work orders open totaling \$3,535,551. Operations has completed construction on 79 of those work orders, totaling \$1,385,777.

### **Personnel**

Interviews for the Field Design Engineer will begin in December in hopes for this engineer to begin in January.

### **System Loading**

A three-year system peak of 62.6 MW was reached on Friday December 6, when temperatures were in the low 20s. Overall, the crews and system handled the load extremely well with only minor equipment failures associated with load and age of equipment. Of the 8400 distribution transformers, 12 of them tripped due to overloading from the 6<sup>th</sup> to the 8<sup>th</sup>. These transformers were either re-fused and put back into service or replaced by our crews.

### **Technical Services/Island Network**

Beth Anderson, Manager of Technical Services/Island Network, met with Washington State Department of Transportation (WSDOT) staff regarding 2014 construction at the Orcas and Lopez ferry terminals. This will involve relocating fiber facilities at Orcas and installing new fiber at Lopez.

Technical Services contracted with an independent security firm, Info@Risk, to conduct a Security Penetration test of the corporate network. Info@Risk conducted internal and external tests to assess vulnerabilities within OPALCO's logical and physical facilities. The Penetration test was a thorough discussion and survey of information technology security risks and vulnerabilities from an onsite (internal) and remote (external) information security perspective, and similar to those activities that might be discovered by a real-world attacker attempting to penetrate OPALCO's network. Info@Risk discovered a few issues that need to be remedied and provided Technical Services with suggestions on Risk Management and remediation. Technical Services staff immediately began work on addressing the vulnerabilities outlined in the audit. They are also taking the opportunity to educate employees on the importance of network security, provide guidelines to developing strong passwords/passphrases and schedule employee awareness training for phone and email-based social engineering.

## NEW SERVICES

November 2013

	Orcas	San Juan	Lopez	Center/ Decatur	Blakely/Obstruction /Crane/Shaw	Total
Residential	3	7			2	12
Commercial						0
Line Retention						0
Other - OPALCO						0
<b>Total*</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>12</b>
2013 YTD	34	54	20	5	6	119
2012 YTD	24	49	28	3	2	106
2011 YTD	37	70	12	2	8	129
2010 YTD	58	83	21	3	3	168
2009 YTD	67	93	22	4	4	190

\*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			Total Revenue	All Green			Green Power Blocks			Total Revenue	All Green			Green Power Blocks			Total Revenue
	#	kWh	Revenue	#	#	Block		#	kWh	Revenue	#	#	Block		#	kWh	Revenue	#	#	Block	
	Members	kWh		Members	Blocks	Revenue		Members	kWh		Members	Blocks	Revenue		Members	kWh		Members	Blocks	Revenue	
			\$ 0.04			\$ 4				\$ 0.04			\$ 4				\$ 0.04			\$ 4	
Jan	46	50,160	2,006	478	948	3,792	5,798	44	47,428	1,897	454	970	3,880	5,777	43	54,479	2,179	433	921	3,684	5,863
Feb	44	41,550	1,662	448	947	3,788	5,450	43	37,664	1,507	452	962	3,848	5,355	43	50,927	2,037	432	918	3,672	5,709
Mar	41	41,906	1,676	446	949	3,796	5,473	42	37,682	1,507	449	953	3,812	5,319	42	42,787	1,711	429	915	3,660	5,371
Apr	41	33,629	1,345	446	950	3,800	5,146	42	27,636	1,105	449	953	3,812	4,917	42	31,063	1,243	427	904	3,616	4,859
May	42	31,336	1,253	450	956	3,824	5,077	42	21,993	880	448	952	3,808	4,688	41	21,699	868	426	897	3,588	4,456
Jun	42	21,813	873	455	971	3,885	4,758	43	20,335	813	448	952	3,808	4,621	41	20,336	813	426	897	3,588	4,401
Jul	43	21,335	853	464	987	3,948	4,801	43	19,649	786	449	953	3,812	4,598	43	17,756	710	425	895	3,580	4,290
Aug	43	20,004	800	466	990	3,960	4,760	43	22,457	898	446	948	3,792	4,690	42	18,716	749	421	893	3,572	4,321
Sep	45	25,959	1,038	465	985	3,940	4,978	42	13,136	525	443	947	2,530	3,055	42	18,786	751	418	890	3,560	4,311
Oct	44	25,321	1,013	464	984	3,936	4,949	42	21,162	846	443	947	3,788	4,634	43	23,882	955	415	887	3,548	4,503
Nov	46	40,308	1,612	458	972	3,888	5,500	44	30,335	1,213	438	943	3,772	4,985	44	31,535	1,261	414	881	3,524	4,785
Dec	45	49,303	1,972	458	972	3,888	5,860	43	43,849	1,754	437	929	3,716	5,470	-	-	-	-	-	-	-
Total	44	402,624	\$ 16,105	458	11,611	\$ 46,446	\$ 62,551	43	343,326	\$ 13,733	446	11,409	\$44,378	\$ 58,111	42	331,966	\$13,279	424	9,898	\$39,592	\$ 52,871

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

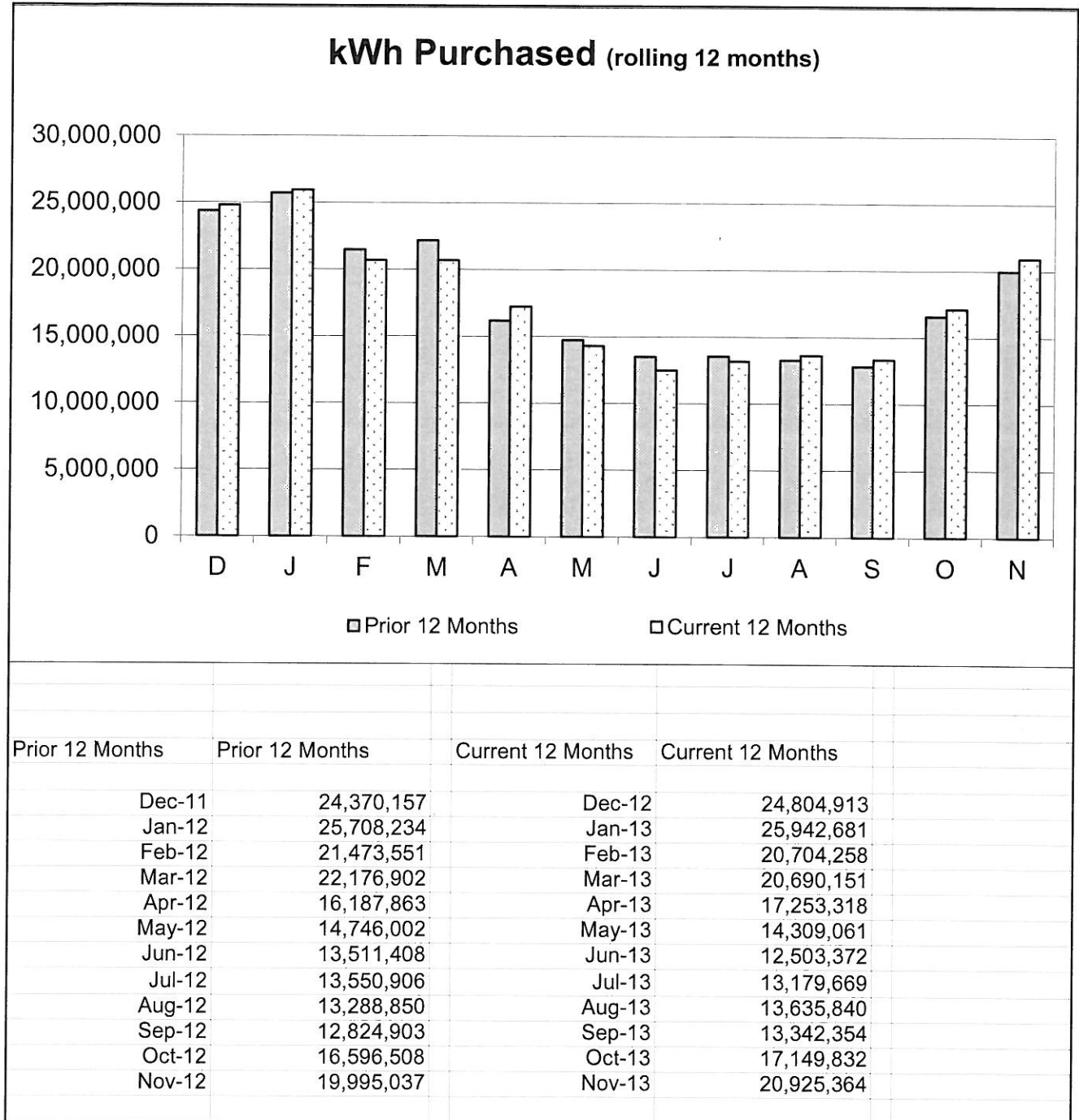
Month	2009	2010	2011	2012	2013	Average
January	\$ 2,542,345	\$ 2,091,129	\$ 2,266,724	\$ 2,203,319	\$ 2,354,732	\$ 2,291,650
February	2,109,273	1,684,100	2,018,866	1,980,380	2,190,659	1,996,656
March	1,868,966	1,693,238	2,100,947	2,080,586	2,031,007	1,954,949
April	1,825,774	1,659,771	1,803,095	1,733,543	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	1,448,015	1,380,533
September*	1,297,670	1,297,936	1,421,174	1,005,902	1,458,553	1,368,833
October	1,335,166	1,389,529	1,483,658	1,499,863	1,636,955	1,469,034
November	1,590,102	1,584,909	1,977,782	1,779,353	1,923,857	1,771,201
December	1,975,064	2,123,602	2,375,284	2,085,584		2,139,884
Total	\$ 19,889,429	\$ 19,031,449	\$ 21,129,143	\$ 20,155,885	\$ 19,302,491	\$ 20,402,242

Notes:

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

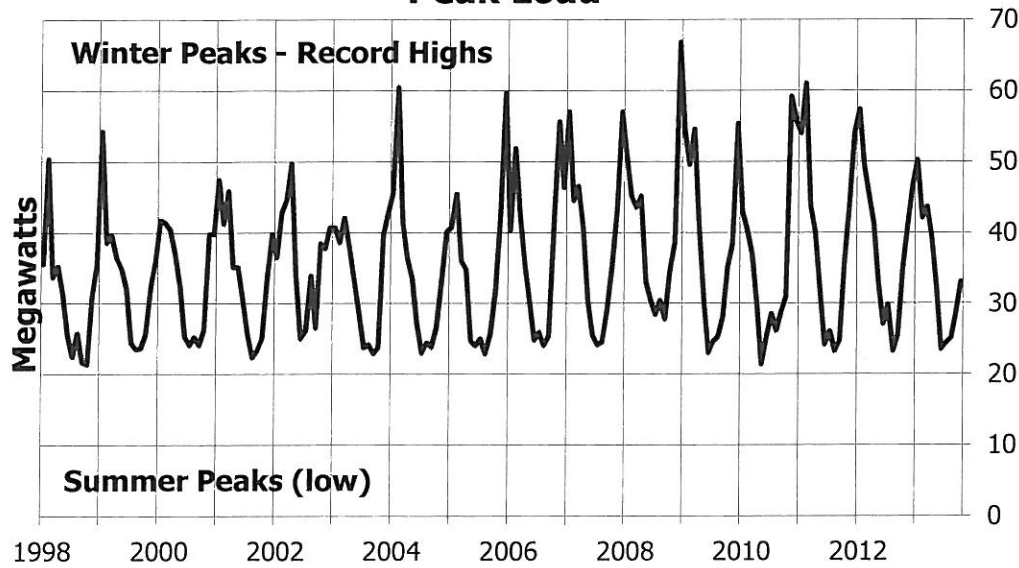
# BPA Consumption Summary

Through  
November 2013

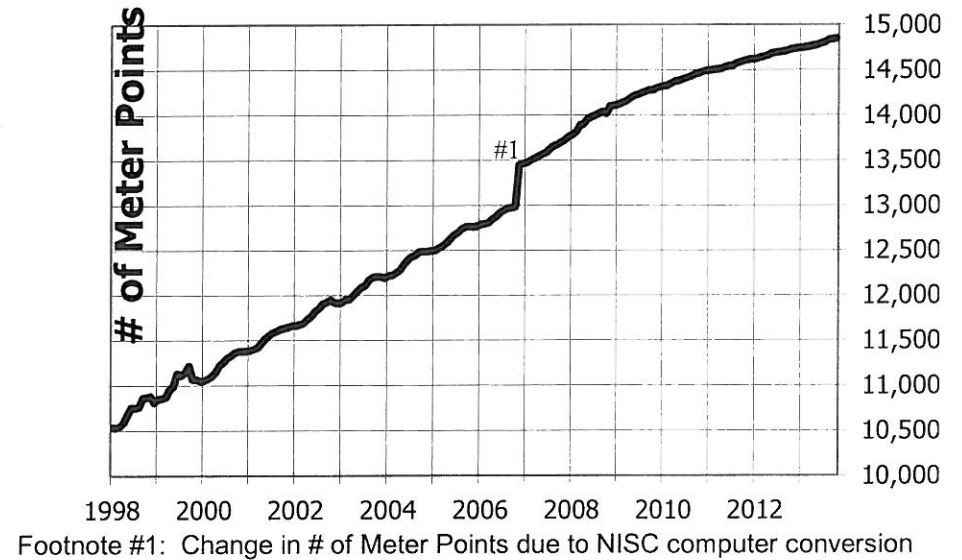


**RUS Form 7 Data**  
Through October 2013

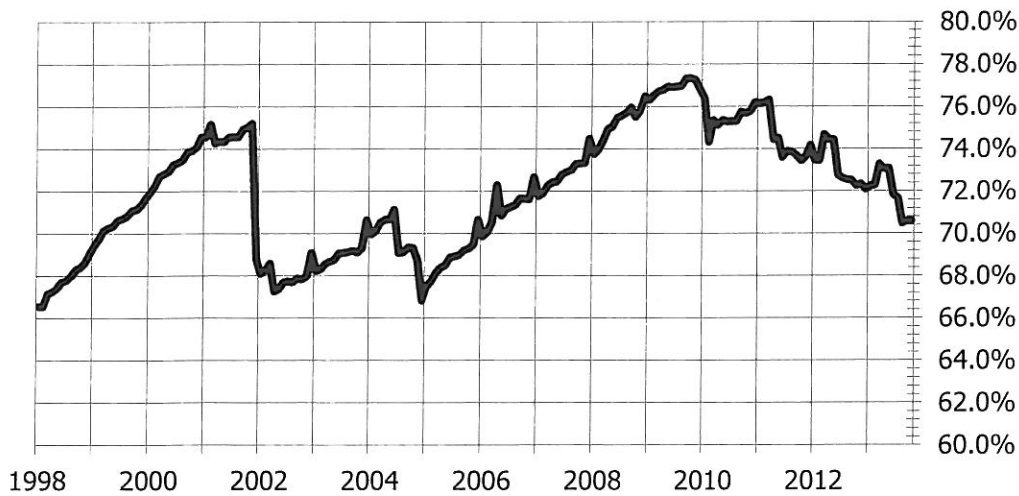
**Peak Load**



**Total Meter Points**



**Equity as a % of Total Capitalization**  
Margins & Equity/Margin & Equity +  
Total Long Term Debt



**kWh Sold**

