MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, June 19, 2014

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

Member/Guests

Steve Ludwig, Dwight Lewis, Gabriel Jacobs, Chom Greacen, Jack Cory of the *Island Guardian*, Gray Cope and Jay Kimball were welcomed.

Consent Agenda

- **Motion** made by Thomerson and seconded to approve the Consent Agenda, which included the April minutes and new members listed below. Motion carried by voice vote.

Center
Mead, Jeromie

Decatur
Drake, Tammy & Robert

Henry
Johnson, Jeff

Lopez
Blanchard-Smith, Beth & Smith, Felix Moser
Brower, Tyler
Butterfly Boutique
Danforth, Laura
Despain, Naomi & Phelps, Lisa
Dragseth, John A
Mitchell, Heather
Natapow, Kevin & Jennifer
Obleman, Karen
Obleman, Karin
Smith, Skyler
Wedaa, Mercedes R
Williams, John & Anne
Wilson, Deborah & Clay
Zapalac, Diana

Orcas
Aloha Spirits LLC
Burton, William
Carl, John
Cookston, Keegan
Crouzier, Wellesley
Dhaliwal, Karter & Harjeet
Dowling, Ciaran & Duke, Rachel
Doyle, Todd & Lori
Ferguson, Sherwin & Robert
Feuer, Carrie
Fugere, Jeremy & Autumn
Gentry, Marian M
Graber, James
Heidecke, Adam
Heitman, Grant
Hendrich, Susan M
Island Time Holdings,LLC
Kelly, Megan
Leimback, Vicki A
Limbach, Learner
Miller, Laura & Michael
Palmer, Gail & Richard
Pearl Summer Austin Mudd Settlement
Pechacek, Laine & Craig
Ramenofsky, Brent & Cisneros, Roxana
Rodriguez Valdez, Mauro & Ignacio Cruz Gonzalez
Rose, Kelly
Rosenkilde, Gavin
Santonocito, Robert
Shaffer-Bauck, James
Smith, Glenda
Smith, Micheal
Smith, Steve & Jennifer
Spain, Sam
Thibault, Alan & Shauna
Tucker, Melanie & Thomas
Vincent, Christine & Becker, William
Whitehead, Charles
Williams, Scott

San Juan
Albert, Peter
Atwell, Angela
Aubert, Dante & Massarat, Deborah
Bankruptcy Estate of Douglas & Susan Hayes
Boardman, Tyler
Boland, Joshua
Bowman, Blake
Buckwalter, Jesse & Maynard, Jill
Carpentier, Brandy
Columna, Derek & Knowles, Chelsey
Cuomo, Robert
Cuomo, Wendy
Davis, Birsen
Farr, Elizabeth
Felton, Dave
Fihn, Nathan & Hooper, Quinn
Finley, Doug & Pamela
Friday Harbor House Of Jerky
Gallaty, Blaine & De'An
Galli, Attilio
Garcia, Maria
Hand to Shoulder Therapy PLLC
Harada, Jenifer
Harbortyme LLC
Hemingway, Hyrum
Hennen, John & Nancy
Henrie, James Scott
Herdy, Amy & Claussen, Matt
Higgins, Ricky D
Hindle, Robert
Hoyne, Kathleen & Stringer, Roberta M
James, Tara
Kentner, Adrienne E
Kiser, Daniel
Kruse, Kimberly J
Kuller, Linda
Kyser, Brian
Lopez, Romulo
Lueders, John D & Larson, Elizabeth A
Masessa, Millissa L
Mayer, Paul C & Kimberly A
Meenan, Richard & Karen S

Milinsky, Mary Griggs
Miller, Kim
Neugebauer, Whitney
Newport, Sam
Owens, Brent
Pacheco, Antonio
Patrick, Danielle
Perren, Beverly
Potter, John M
Roark, Dennis
Roberts, Roy Leith
Ross, Nathan
San Juan Lots LLC
Sawyer, Katherine
Schmidt, Ethan
Serenbetz, Clay
Seubert, Michael O
Stehle, Carla
Thurling, Toni
Ulrey, Judi
Walsh, Kate
Ware, Gary
Wayner, Zachary Kyle
Weaver, Julie
Wehner, Holly
Whitis, Jessica
Whybren, Heather
Williams, Myron C & Penny
Yarborough, Glenn C & Victorio Austin
Yergenson, Pamela J

Shaw
Swanson, Chad
Wysocki, Anne Frances & Lynch, Dennis

Capital Credits

- **Motion** made by Thomerson to approve payment of capital credits to the estates of deceased members as listed below for a total of $7,155.92; motion was seconded and carried by voice vote.

Robert A. Anderson	$1,198.93
Jane Barfoot-Hodde	$786.43
George Bartell, Jr.	$415.19
Barbara E. Dann	$2,438.26
James M. Drake	$1,148.56
Avis A. Honaker	$59.90
Susan M. Ross	$301.67
Dion B. C. Sutton	$806.98

RUS 219s

- **Motion** made by Thomerson and seconded to approve submission of RUS Form 219s that include projects completed in March and April from the Construction Work Plan totaling $603,039. Motion carried by voice vote.

Resolution 5-2014 *Rural Electric Safety Achievement Program (RESAP)*
Staff is applying for membership in the RESAP program through NRECA. This resolution is one step in that process, which could take up to one year to complete.

- **Motion** made by Hall and seconded to approve Board of Directors Resolution 5-2014 *Rural Electric Safety Achievement Program (RESAP) Participation.* Motion carried by voice vote.

Project PAL
Cornelius reported that the PAL program is underfunded. The anonymous, volunteer committee has done their best to make the dollars stretch by reducing the maximum grant award from $250 to $150 per member per season. Putting $20,000 into the PAL account would help fill the gap between award requests and available funds. A needs assessment will be completed during the fall of 2014 to determine the amount needed in the account and to assist staff in developing a permanent solution to the PAL funding. In addition, a policy would be written that would inform how the funds were to be used. It was suggested also that other organizations could make grants to the program.

- **Motion** made by Thomerson and seconded to allow staff to put $20,000 into the PAL account for the 2014-15 heating season and to add $20,000 to the 2015 budget for PAL. Motion carried by voice vote.

WECPAC Contribution
Each member cooperative was asked to donate to the Washington Electric Cooperatives Political Action Committee (WECPAC).

- **Motion** made by Whitfield and seconded to contribute $1,000 to the WECPAC fund. Motion carried by voice vote.

NRECA Voting Delegate
The NRECA 2014 Regional Meeting will be held in Omaha, Nebraska October 15-16, 2014.

- **Motion** made by Hall and seconded to appoint Foster Hildreth the voting delegate to the NRECA Regional Meeting, with Chris Thomerson as the alternate. Motion carried by voice vote.

Cost of Service / EES Presentation
Anne Falcon, Managing Director of Economics and Rates for EES Consulting, presented a "Cost of Service and Rate Design" PowerPoint. This is the second step in the ongoing Cost of Service discussion.
The goal of the Cost of Service Analysis is that every member pays their fair share and cost allocations are driven by usage patterns (within the rate classes).
The next step in the process will be a proposed rate design presented to the Board by staff at the July meeting.

Community Solar for the Public Schools
San Juan Islands Conservation District (SJICD) is the umbrella organization working via Policy 28 *Collaborating with Nonprofits to Accelerate Energy Efficiency & Conservation.* They have been working with the Bonneville Environmental Foundation (BEF), the community and the public schools to have solar panels installed on each of the four main public schools in San Juan County. The total solar capacity for the project would be 40 kW with approximately 10kW being installed on each school. With installation costing $4 per watt (approximately), the project cost would be about $160,000. Funding will come from subscribers providing micro-loans. Subscribers will be paid back over a 10-year period using funds provided from BEF ($47,000) and the Washington State renewable energy production incentives (approximately $81,000 over a six-year period). These incentives should cover most of the cost. In the event grid-tied solar installations continue at the current growth rate, the maximum state incentive funds could be reached by June 30, 2015. If that happens, the state requires the incentive payments be reduced to each member. The SJICD is requesting OPALCO to guarantee a $0.30/kWh incentive for six years, at a potential cost of $30,000.

- **Motion** made by Thomerson and seconded to authorize the General Manager to guarantee an incentive of $0.30 per kWh for a six-year period for the community solar system to be mounted at the four public schools. Motion carried by voice vote.

Annual Meeting Review
A general review of the annual meeting was discussed. The miscommunication of members being given the message they would be allowed to speak and then only collecting written questions was discussed. This mixed message will be avoided in the future.

Policy Committee
A committee was appointed to continue work on Policies 1 *Functions of the Board of Directors* and Policy 23 *Conflict of Interest*, the Bylaws and any other policies including development of a new policy on rate design.

- **Motion** made by Adams to appoint Glenna Hall, Bob Myhr and Jerry Whitfield to the Policy Committee, with authority to contact the attorneys as needed. The motion was seconded and carried by voice vote.

REPORTS
First Quarter Financial Review
Hildreth reviewed the Statement of Operations, the Balance Sheet, the Statement of Cash Flow, the Capital Projects Budget, Island Network Statement of Operations and Balance Sheet and the draft Form 7 through March 2014. Notable was evidence of the new BPA billing determinants. Environmental permitting is becoming increasingly difficult as well.

Cash Recap
Hildreth reported General Funds of $1,371,393, Cash Reserve of $1,334,381 and Restricted Funds of $2,009,415 for a total fund ending balance on May 31 of $4,715,189.

Outages
A newly formatted report was reviewed by Hildreth. There were 6 unscheduled outages in May; most were caused by age or deterioration.

Safety
Total hours worked without time loss is 58,066.

General Manager
Cornelius reviewed the manager's report.
Jay Kimball is working with the MORE Committee to determine what has worked since their inception and what has not. The Committee may need to be restructured.

Myhr left the meeting; Dauciunas facilitated the remainder of the meeting.

The NRU Segmentation Update was briefly discussed, with Cornelius noting that the segmentation requested by Snohomish PUD likely will not happen.

The report also included an update on OPALCO's communication infrastructure.

Adjournment
The meeting adjourned to Executive Session at 1:25 p.m. to discuss personnel issues.

Bob Myhr, Vice-President

Jerry Whitfield, Secretary-Treasurer

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BOARD OF DIRECTORS

RESOLUTION 5-2014

Rural Electric Safety Achievement Program (RESAP) Participation

WHEREAS the Board of Directors and Management of Orcas Power & Light Cooperative recognize that the safety of all cooperative employees is of paramount importance to the success and sustainability of the cooperative; and

WHEREAS we hold safety as an essential organizational value; and

WHEREAS the need to complete a job efficiently should never take priority over the need to perform it safely; and

WHEREAS Managers and Supervisors are responsible for maintaining safe working conditions and implementing effective safety programs; and

WHEREAS all employees of Orcas Power & Light Cooperative must take an active role in protecting themselves, fellow employees, cooperative members and the general public from unsafe conditions; and

WHEREAS employees are expected to follow safe work practices and procedures and adhere to all Orcas Power & Light Cooperative rules.

NOW THEREFORE BE IT RESOLVED that the Board of Directors supports establishing an enterprise-wide safety culture at Orcas Power & Light Cooperative, including, but not limited to, participation in the Rural Electric Safety Achievement program (RESAP).

CERTIFICATION OF SECRETARY

I, Jerry Whitfield, Secretary of Orcas Power and Light Cooperative, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Orcas Power and Light Cooperative, held on the 19th day of June, 2014 at which meeting a quorum was present.

Jerry Whitfield

Jerry Whitfield, Secretary