



**BOARD OF DIRECTORS
REGULAR BOARD MEETING 8:15 am
OPALCO Office
183 Mt Baker Road, Eastsound
Thursday October 24, 2013**

TRAVEL



Via Island Air

378-2376 / 378-8129 (cell)

To:

Leave FH 7:40
Lopez 7:55

Arrive Eastsound 8:15 a.m.

From:

Leave Eastsound 2:00 p.m.

Arrive Lopez 2:10 p.m.
Arrive FH 2:20 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 Monthly Meeting
183 Mt Baker Road, Eastsound, WA 8:30 a .m.
October 24, 2013**

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Nourdine Jensen Youth Scholarship Winners
Joel Paisner and Art Butler, Attorneys

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ADJOURNMENT

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, September 19, 2013

President Chris Thomerson called the meeting to order at 8:20 a.m. at Woodmen Hall on Lopez Island. Directors Winnie Adams, John Bogert, Vince Dauciunas, Jim Lett and Bob Myhr were present. Glenna Hall was absent. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry and Executive Assistant Bev Madan, serving as recording secretary.

Guest

Kent Lopez, General Manager of Washington Rural Electric Cooperative Association (WRECA) reported on legislative items important to the electric utilities.

Member/Guests

Jay Kimball, Dwight Lewis, Joe Thornton, Gray Cope, Mike Collier, Steve Ludwig, Chom Greacen, Chris Greacen.

Consent Agenda

Motion: Adams moved to accept the Consent Agenda, which included the August 15, 2013 Board meeting minutes, and admission of new members listed below. The motion was seconded and carried by voice vote.

Blakely

1. Dutton, C Peter & Shelley H
2. Flynn, James D
3. Ledfors Family Trust

Center

4. Strahm, Stephen & Karen

Lopez

5. Bent, John
6. Brumfield, Colin
7. Crawford, Crystal
8. DiGiorgio, Thomas Jr & Lisa
9. Goff, Brian/Carroll, Colleen
10. Kerlin, Christine
11. Lehtinen, Dennis
12. Messerli, Anthony Brian/
Mackie, Debbie
13. Miniken, Michael J
14. Morris, Charles & Leanne
15. Patrick, Samatha
16. Plattner, John
17. Powell, Jean
18. Skyriver, Raven
19. Wessner, Ryan

Orcas

20. Agapoff, Jean Marie/
Everett, Hugh
21. Alvarez, Josue
22. Aviation Holdings LLC
23. Barjoud, Staci
24. Brock, Jeffery/ Artmann,
Roberta
25. Cook, Melody
26. Cunningham, Lynn
27. Davis, Ryan & Briana
28. Erikson, Gordon

29. Eversole, Tom/ Terndrup,
Anthony
30. Ford, Kathryn/ Finkelstein,
Peter
31. Genkinger-Dacek, Thomas
32. Hughes, Sorrel
33. Jung, Laura
34. Kay, Tiffany & Michael
35. Koenig, Nancy
36. Ladd, Karen Fox
37. Manu Forti, LLC
38. Moran, Martin
39. Olson, JoAnne
40. Raya, Adel
41. Sanford, Monte
42. Schultz, Peter & Joyce
43. Simple Shelters LLC
44. Spears, Clayton
45. Stabbert, Dan & Cheryl
46. Starr, Jessie
47. Chapman, Mark
48. Gustafson, Kirsten

San Juan

49. Barstow, Cynthia K &
Kenneth A
50. BGSR Management, LLC
51. Buckels, Louise L &
Frederick F
52. Cascorbi, Hella
53. Christensen, Laura E
54. Cochran, Zac
55. Colasuonno, Luis/ Hatch,
Harriett
56. Cuffman, Ruth
57. Deere, R David & Cindy
58. Dolph, Greg

59. English, Katherine/ Gosselin,
Ashely
60. Forgie, Dee L
61. Forlenza, Peter M
62. Franck, James
63. French, Barbara
64. Hackerott, Douglas & Meredyth
65. Harley, Thomas & Caroline
66. Kindelberger, Danielle & Kevin
67. Kline, Kristan
68. Losee, Sherm & Chris
69. Mathena, Nancy
70. Moore, Cory Vincent & Colleen
Erin
71. Morck, Richard H
72. Nash, Kay A
73. Padilla, Felimon/Sandwith, Colin
J
74. Scott, Lorne/Scripps, Edward W
75. Sheehan, John J
76. Smith, Mikah
77. Stauffer, James Michael
78. Stratton, Sierra Cain
79. Tadeo Zamudio, Cecilio
80. Taylor, Rebecca
81. Tonkov, Dimitar T
82. Turanciolo, Cheryl
83. Uth, Friday
84. Whitfeldt, Coral
85. Wolfe, Kirke
86. Woodman, Peter & Martha
87. Zizz, Joy

Shaw

88. Bahrych, Lynn
89. Jones, Nicholas
90. Laursen, Heidi

Committees

It was agreed there should be no single-person committees.

Motion: Adams moved to add Thomerson to the Policy Review Committee and Hall to the Insurance Review Committee. The motion was seconded and carried by voice vote.

Insurance Policy Review Committee: Jim Lett and Glenna Hall
Policy Review Committee: Glenna Hall and Chris Thomerson

Capital Credits

Motion: Myhr moved to approve \$8,088.61 in payment of capital credits to the estates of deceased members listed below; the motion was seconded and carried by voice vote.

Charles N. Huggins	\$1,717.88
Cheryl E. McIntosh	\$55.09
Judith A. Nash	\$1,739.77
Dwight Peabody	\$905.93
Christina Princess.....	\$195.80
Mildred L. Sandwith	\$1,070.19
Charles Settles	\$1,243.74
Arthur H. Whiteley	\$707.75
William A. Wolfe	\$452.46

RUS 219s

Projects completed from the Construction Work Plan (CWP) for June totaled \$66,419.51 and for July \$383,821.28.

The Board inquired as to what percentage of the CWP was included and whether or not the work is on schedule with the CWP. Staff communicated that detailed capital project budget-to-actual information will be reviewed with the Board during the Third Quarter Financial Review at the November meeting.

Motion: Adams moved to approve the RUS 219s as submitted for June and July; the motion was seconded and carried by voice vote.

Voting Delegates

The NRECA Director Election will be held during the October 8 WRECA Board meeting in Spokane October 8.

Motion: Dauciunas moved to appoint Cornelius the voting delegate and Thomerson the alternate for the NRECA Director election; the motion was seconded and carried by voice vote.

The Cooperative Finance Corporation (CFC) will meet at the NRECA Region 9 meeting in Portland, Oregon October 16.

Motion: Dauciunas moved to appoint Hildreth the voting delegate and Lett the alternate at the CFC meeting October 16. The motion was seconded and carried by voice vote.

OPALCO Policy 27 *USDA Rural Economic Development Loan/Grant (RED-LG) Program*

For the record, Hildreth reviewed the RED-LG policy revision request sent via an email to the Board August 30. All Board members responded with a “yay” vote. The policy was revised to allow application to either the loan or the grant portion of the federal program and specifically to allow execution of the loan documents for Lopez Fire District #4.

Member Service Policies 1, 2 and 8

Revisions to MS Policy 1 *Nature of Services Offered*, MS Policy 2 *Types of Service* and MS Policy 8 *Special Service* are a result of periodical updates to ensure the policies serve the members and the mission of OPALCO.

Motion: Bogert moved to approve revisions to MS Policy 1, 2 and 8 as presented; the motion was seconded and carried by voice vote.

Strategic Directives

The Strategic Directives will be reviewed at the upcoming Board retreat in October. Guest Chom Greacen requested an opportunity to provide input and provided a handout that addressed several of the directives.

Safety

Lett noted that nationally the focus on safety has increased. Federated insurance has their focus on safety. Washington State has few fatalities, which helps our insurance rating. OPALCO currently has 342,866 hours without loss time.

Manager’s Report

Cornelius reviewed the Manager’s Report. The 2014 budget will have additional money budgeted for Energy Efficiency and Conservation.

There has been an increase to members signing up for eBill in the past 6 months.

It was noted that donations to the Member Owned Renewable Energy (MORE) program have decreased. Adams reported that there will be a meeting in October where plans to be more proactive will be discussed.

Adjournment

The meeting adjourned to Executive Session at 11:05 a.m.
The meeting resumed at 12:55 p.m. and immediately adjourned.

Chris Thomerson, President

Jim Lett, Secretary-Treasurer

New Members September 2013

Blakely

1. Howlett, Jeffery

Decatur

2. Kastner, Laura & Mease, Philip
3. Kennelly, Willam

Lopez

4. Chalker, Carla
5. Dobmeier, Tracy & Eric
6. Flynn, Brendan
7. Kester, Kathryn S & David
8. Maciel, Ramiro Rosas
9. Nansen, David & Sheri
10. Peabody, Eve & Tim
11. Rovente, Crystal & Anthony

Orcas

12. Ahrens, John
13. Ashby, Laurel & Pongo, Bill
14. Butler, David A
15. Clark, Mary S
16. Clarke, Melsa & Tamayo-Wolf, Alex
17. Cooper, Toby
18. Garcia, Carlos
19. Golden Tree Farm LLC
20. Hamilton, Bryce & Jennifer
21. Hirani, Moyez & Ford, Dee
22. Hoffart, James Richard
23. McIntosh, Bruce A
24. Morris, Jeanne
25. Nigretto, Ronald
26. Ripley, Greg & Mc Cune, Grace
27. Vader, Joan

San Juan

28. Bizloan America LLC
29. Bryan, Donald & Kim
30. Buechner, Nancy C
31. Burkett, Jacob
32. Carelton, Steven
33. Carter, Thomas R
34. Coleman, Louis A & Julia
35. Falls, Nick
36. Gatley, Bruce
37. Harshberger, Gary
38. Jenne, Tony
39. Massey, James
40. Moon Kuster, Vanessa & Jones, Christopher
41. Olson, Jennifer
42. Paneris, Chris
43. Patsis, Jean M & C. Paul
44. Pedersen, Janine
45. Reveles, Alicia
46. Shubert, Stephen
47. Staudt, Jennifer Lynn
48. Stroh, Jill
49. Zamudio Martinez, Amalia & Santiago, Miguel

Shaw

50. Messenger, Marcia & David
51. Picnic Cove LLC

MEMORANDUM

Date: October 21, 2013

To: Board of Directors

From: Randy Cornelius, General Manager

Re: Moss Adams 2013 Auditor Engagement Letter for Audit/Non-Attest Services and Tax Services

Attached please find Moss Adams' Engagement Letter for Audit and Non-Attest Services for fiscal year 2013.

In terms of schedule, Moss Adams is planning to issue the audit report no later than May 16, 2014, and present the audit opinion/report to the Board at the April 2014 meeting.

The chart below lists the Moss Adams original proposal(s) and corresponding actual expenses:

<u>Firm/Year of Service</u>	<u>2011</u>	<u>2012</u>	<u>2013 Proposal²</u>
Moss Adams (audit and tax)	\$27,500	\$29,000	\$29,400 ³
Estimated out of pocket expenses	<u>\$5,300</u>	<u>\$5,300</u>	<u>\$5,300</u>
Total	\$32,800	\$34,300	\$34,700
Moss Adams Actual Expense ¹	\$33,181	\$33,456	TBD

Note:

1. The above figures exclude additional services
2. Engagement letter for tax services to be formalized in writing
3. Audit services fee equates to \$25,600 and tax services approximately \$3,800

Staff recommends that the Board make a motion to approve execution of Moss Adams' engagement letter(s) as well as identify any additional scope of work that the Board recommends be performed by Moss Adams as part of the 2013 year-end audit process.

October 17, 2013

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

Re: Audit and Non-Attest Services

Dear Foster:

Thank you for the opportunity to provide services to Orcas Power & Light Cooperative. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams" and "we") will provide to Orcas Power & Light Cooperative ("you," "your," and "Cooperative").

Scope of Services - Audit

In this engagement, we will audit the Cooperative's balance sheet as of December 31, 2013, and the related statements of revenue and margin, changes in patronage capital and other equities, and cash flows for the year then ending.

Scope of Services and Limitations - Non-Attest

We will provide the Cooperative with the following non-attest services:

1. Assist you in drafting the financial statements and related footnotes as of and for the year ending December 31, 2013.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide non-attest services such as those identified in the preceding paragraphs. As a result, you must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service, by designating an individual, preferably within senior management who possesses skill, knowledge, and/or experience to oversee our non-attest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the non-attest services performed.
- Accept responsibility for the results of the non-attest services performed.



Mr. Foster Hildreth
Orcas Power & Light Cooperative
October 17, 2013
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It is our understanding that you have been designated by the Cooperative to oversee the non-attest services and that in the opinion of the Cooperative you are qualified to oversee our non-attest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Olga A. Darlington is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin our audit on approximately March 31, 2014, and issue our report no later than May 16, 2014. We anticipate that fieldwork will end on approximately April 4, 2014. As we reach the conclusion of the audit, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand that our fees are subject to adjustment if we experience these delays in completing our services. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended December 31, 2013.

We estimate that our fees for the audit services will be approximately \$25,600. You will also be billed for expenses at our cost as they are incurred.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the Cooperative's records, and the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase in our fees.

Additional Services

You may request that we perform additional services not contemplated by this Engagement Letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. It is our practice to issue a separate agreement covering additional services. However, absent such a separate agreement, all services we provide you shall be subject to the terms and conditions in the Professional Services Agreement.

MOSS-ADAMS LLP

Mr. Foster Hildreth
Orcas Power & Light Cooperative
October 17, 2013
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We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,



Olga A. Darlington, for
Moss Adams LLP

Enclosures

ACCEPTED AND AGREED:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Orcas Power & Light Cooperative with respect to the services to be provided by Moss Adams LLP:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Client: #616319
v. 12/20/2012

PROFESSIONAL SERVICES AGREEMENT

Audit and Non-Attest Services

This Professional Services Agreement (the “PSA”) together with the Engagement Letter, which is hereby incorporated by reference, represent the entire agreement (the “Agreement”) relating to services that Moss Adams will provide to the Cooperative. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objective of the Audit

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters. Management’s failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. Such material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. A risk exists that we may not detect material misstatements because (a) an audit is designed to provide reasonable, rather than absolute, assurance the financial statements are free of material misstatement, (b) we will not perform a detailed examination of all transactions as such is cost prohibitive, and (c) an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting or misappropriation of assets, and violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Cooperative and its environment, including its internal control sufficient to assess the risks of material misstatements of the financial statements whether due to error or fraud and to design the nature, timing, and extent of further audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control. However, if, during the audit, we become aware of any matters involving internal control or its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, we will communicate them in writing to management and those charged with governance. We will also identify if we consider any significant deficiency, or combination of significant deficiencies, to be a material weakness.

We may assist management in the preparation of the Cooperative’s financial statements. Regardless of any assistance we may render, all information included in the financial statements remains the representation of management. We may issue a preliminary draft of the financial statements to you for your review. Any preliminary draft financial statements should not be relied upon, reproduced or otherwise distributed without the written consent of Moss Adams.

Professional Services Agreement

Audit and Non-Attest Services

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Your Responsibility for Financial Statements

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but you are responsible for the financial statements. This responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Cooperative involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Cooperative received in communications from employees, former employees, regulators or others. You are responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. You are also responsible for identifying and ensuring that the Cooperative complies with applicable laws and regulations.

You agree that as a condition of our engagement you will provide us, in a timely and orderly way, with information in your possession that we request or that has a material impact on the nature or characterization of any material transaction to complete our engagement and that information will be, to the best of your knowledge and belief, truthful and accurate.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

You may choose to publish your financial statements electronically on the Cooperative's Internet website. You agree we are not required under professional standards or this Agreement to read or monitor the information contained on your website or to consider the consistency of other information in the electronic site with the original document. However, we reserve the right to review the information as presented on your Internet website and to withdraw our report should we disagree with the form, context or manner of presentation of the financial statements upon which we reported. You agree that upon written notification of our objections you will immediately remove our report and any reference thereto or to Moss Adams from your Internet website.

Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to re-issue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments or for any other circumstance. We will determine, at our sole discretion, whether we will re-issue our report or provide written permission for the use of our report only after we have conducted any due diligence we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where our report is; (a) requested to be reissued, (b) referred to, or (c) reference to our firm as "Experts" is expected to be made. If we decide to re-issue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its

Professional Services Agreement

Audit and Non-Attest Services

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services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Cooperative's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the Cooperative's financial statements that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the Cooperative's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the Cooperative further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the Cooperative's financial statements resulting in whole or in part from knowingly false or misleading representations made to us by any member of the Cooperative's management.

Fees and Expenses

The Cooperative acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement;
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. Expenses are billed as incurred and include charges for such items as transportation, meals, lodging, long distance phone, postage, computer charges, photocopying, graphics preparation, invoicing and report processing. Direct expenses are passed

Professional Services Agreement

Audit and Non-Attest Services

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through to you without markup. Indirect costs incurred specifically for your work, such as computer processing and copying, are passed through at our estimated clerical and equipment cost of providing the particular service or material. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses made through the date of termination. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Cooperative records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our workpapers whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent work papers after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to the Cooperative. Our firm employs measures in the use of facsimile machines and computer technology designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific

Professional Services Agreement

Audit and Non-Attest Services

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instructions to do otherwise, we will assume that you consent to our use of facsimile transmissions to your representatives and other use of these electronic devices during this engagement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Cooperative. The Cooperative agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the Cooperative, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The Cooperative may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Dispute Resolution Procedure and Venue

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing Services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for Services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our

Professional Services Agreement

Audit and Non-Attest Services

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ceasing to render Services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

Income Tax Provision

With respect to the preparation of the tax provision regarding the presentation and disclosure of income taxes in the Cooperative's financial statements, we will not provide tax advice related to all tax positions due to the risk-based approach used in the income tax provision preparation process.

Further, to protect you from IRS and other taxing authorities' penalty assessments, the conclusion(s) regarding a tax position must meet the applicable taxing authority's requirements. Under federal tax regulations, a taxpayer cannot rely on professional advice to avoid federal tax penalties unless that advice is reflected in a comprehensive tax opinion which provides a conclusion at a confidence level of "more likely than not" (greater than 50% likelihood) that the federal tax issues would be resolved in the taxpayer's favor. Unless otherwise provided in a separate agreement covering a tax advice opinion, conclusions derived in our tax advice under this engagement will not meet applicable requirements and thus will not provide protection from potential penalty assessments.

You may not distribute, discuss or otherwise disclose any tax provision report or templates to any other party ("Third Party") without our prior written consent. This does not apply to any tax provision information that may be contained in our audit report regarding the Cooperative's financial statements. You further agree that the tax provision reports or templates are instruments of service and Moss Adams shall retain the copyright, trademark, patent, and all other intellectual property rights, whether or not the reports or templates are completed. Moss Adams grants the Cooperative an irrevocable, non-exclusive, royalty-free license to use the completed reports and templates only for its use as set forth herein. You further agree not to modify the tax provision reports or templates, or attempt to apply the tax provision reports or templates to generate calculations outside of those produced by Moss Adams.

Regulatory Access to Documentation

The documents created or incorporated into our documentation for this engagement are the property of Moss Adams and constitute confidential information. However, we may be requested to make certain engagement related documents available to regulatory agencies pursuant to authority given to them by law or regulation. If requested and in our opinion a response is required by law, access to such engagement related documents will be provided under the supervision of Moss Adams personnel. Furthermore, upon request, we may provide photocopies of selected engagement related documents to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

Hiring of Employees

We have a significant investment in the training and development of our accountants, and they are valued employees of Moss Adams. If you should hire one of our accountants either during the audit or within one year after the completion of this engagement, you agree to pay a personnel placement fee of 30% of their annual salary to compensate Moss Adams. Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and may result in our inability to complete the engagement and issue a report.

Capital Credits October 2013

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

DeVries, Carson J.....	\$757.60
Greenway, Robert	\$5,611.32
MacBryer, Barbara.....	\$371.01

Total	\$6,739.93
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MEMORANDUM

October 14, 2013

TO: Board of Directors
FROM: Chris Thomerson, President
RE: Strategic Directives Revisions

The attached updated Strategic Directives embody the changes we agreed to at our recent retreat.

I suggest a motion to adopt these updated directives.

Orcas Power & Light Cooperative

Board of Directors

Strategic Directives

Board Strategic Directives provide guidance in achieving the goals and objectives of OPALCO by addressing matters that may be impermanent in nature, cover specific circumstances, or terminate when complete or rendered obsolete by changing circumstance.

1. Safety

Safety is job #1.

2. Sustainable Power Supply Strategy

OPALCO will maintain a long term evolving strategic power supply resource plan to provide safe, adequate, reliable, advantageously priced power including appropriate mitigation of source risk, economic, climate and energy policy uncertainty.

To that end, we will:

- Maintain BPA as our primary long-term power supplier.
- Investigate and form relationships with alternate suppliers of power.
- Implement energy efficiency and conservation programs as a cost effective power resource. These include member projects, BPA programs, and OPALCO infrastructure improvements.
- Encourage local generation installations consistent with our OPALCO grid operations.

3. Cash Position and Reserves

Ensure that cash and liquid assets are available in a timely manner to adequately provide reasonable preparedness for foreseeable cash demands and to mitigate potential significant damaging events including but not limited to storm damage, loss of electric supply, equipment or cable failure.

Build financial reserves with a goal of \$1 million in the cash reserve fund (working cash) and \$2 million in a restricted fund that is under the Board's control.

4. Equity as a Percent of Capitalization

With consideration for our risk management liabilities and all other relevant factors, a prudent equity-to-capital ratio shall be maintained which shall not fall below 60% on an annualized basis.

5. Times Interest Earned Ratio

The Times Interest Earned Ratio (TIER) must be maintained at a level that facilitates future debt structuring and satisfies major lending agencies with whom we do or might reasonably want to do business.

6. Reliability of Electric Service

Reliability of electric service is desired to generate justified satisfaction within our membership.

7. Tariffs Aligned with Cost of Service

Tariffs are to be based generally on cost of service. The Board seeks a long-term creative solution to reconcile the mutually exclusive objectives of decoupling power sales from infrastructure costs while providing motivation for energy efficiency and satisfying our members.

8. Communications with Members

Strengthen the cooperative's member communications by ensuring that the concepts of competent, caring, aware and good stewards are conveyed. Communications should both proactively and reactively address our policies, our programs and how members benefit from them, and how we operate.

9. Fiber Optic Backbone Non Operational Use

OPALCO shall complete the operational fiber optic backbone in accordance with our long-term plan. When opportunities arise that have a cost benefit, OPALCO is to extend the local fiber. OPALCO may be a conduit for state and local fiber optics programs in which members can participate and benefit.

10. Individual Charitable Donations

Cash donations to organizations are not allowed. Contributions in kind or physical items may be donated to further OPALCO Strategic Directives at GM's discretion.

11. Personnel Transition Plan – Apprentice and Training Programs for Key Positions

Succession planning needed for all appropriate staff positions. The following are considered some key positions: General Manager, System Engineer, Head Accountant, Linemen, Communications Technician, and Meter Technician.

12. Deployment of Technology to Support Operations

Identify, assess, implement, and fully utilize cost effective, financially feasible, proven technologies which support energy management, distribution delivery and member service programs on a cooperative-wide basis. Additionally, assess other technologies on a pilot basis to determine future applicability, opportunity, and potential benefit.

13. New Activities

New OPALCO activities may reasonably be considered if they meet the following criteria:

- Match existing or probably achievable core competencies
- Are economically viable and make financial sense
- Our community demonstrates a will or need to a satisfactory level

Chris Thomerson, President

Date

2014 Annual Meeting

I. Set date

Suggested date: May 3

Tour de Lopez April 26

Mother's Day May 11

Victoria Day May 19

II. Establish deadline for absentee ballots

III. Appoint Parliamentarian

IV. Appoint Tally Chair

MEMORANDUM

October 18, 2013

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

Projects were completed from the Construction Work Plan:

Inventory #201308 August, 2013..... \$188,774.29

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$188,774.29.

MEMORANDUM

October 21, 2013

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Policy Revisions

Policies 1 *Functions of the Board of Directors* and 23 *Conflict of Interest* have been reviewed by our attorneys. They have recommended the revisions as indicated. Policy 23 was re-written to the extent that highlighting the changes would have been too cumbersome; the revised version is included as well as the previous version for comparison.

This is the first reading of Policies 1 and 23. The final versions will be presented at the November meeting. No action is required at this time.

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 **only** by the Board.

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

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

All of the powers of the cooperative are conferred upon and may be exercised by the Board of Directors, except as reserved to or conferred upon its members by law, the Articles of Incorporation, or the Bylaws. It is the purpose of this policy to identify and establish standards where such power may be exercised in the best interests of the Cooperative.

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

1. FIDUCIARY RELATIONSHIP

1.1 Legal Duties

Directors are subject to legal standards of fiduciary responsibility. These include the duties of care and loyalty.

Under the duty of care, directors are required to:

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

Under duty of loyalty, directors are required to:

- i. Act only in the best long-term interest of the Cooperative and its members.
- ii. Place the interests of the Cooperative over any personal interests
- iii. Avoid the appearance of any conflict of interest, as further defined in these policies.

- iv. Avoid any future conflict of interest by refusing to receive any remuneration from any entity proposing to purchase all or substantially all of the assets of the Cooperative.
- v. Represent and support the interests of the Cooperative to elected and public officials.
- vi. Publicly support decisions of the Board except in extraordinary circumstances where the director believes that there is a clear and present threat to the survival of the Cooperative.

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

2. ~~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. Board members should conduct themselves, personally and professional as well as in their representative capacity for the Cooperative, in accordance with the highest of moral and ethical standards and avoid the appearance of any conduct inconsistent with such standards. This policy shall be consistent with the general ethics policy adopted by the Board of Directors.

3. ~~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. This confidentiality obligation shall continue after the director completes the term of service.

4. ~~3.~~ DIRECTOR CONDUCT

Regardless of any personal differences, directors are required to:

- ~~3.1~~ 4.1 Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.
- ~~3.2~~ 4.2 Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.
- ~~3.3~~ 4.3 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~~ 4.4 Refrain from revealing to persons other than directors, the General Manager, or the cooperative's attorney any differences of opinion among directors on matters both considered by 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~~ 4.5 Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.

4.6 Recognize that the Board acts as a collective body at regularly scheduled and special Board meetings and that the development of policy and direction to the General Manager is best done at those regularly scheduled and special meetings when all Board members can be present.

4.7 Each Board member has an obligation to help members of the Cooperative, the media and the general public to view the Cooperative in the best possible light. Public comment, whether to a group or an individual, must be supportive of the Cooperative's initiatives, activities and personnel. Disagreements are to be aired in confidence, in the boardroom.

5. ~~4.~~ CONFLICT OF INTEREST DISCLOSURE

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

6. BOARD MEMBER ACCESS TO INFORMATION

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

6.1 All requests for such information or data shall be made to and through the General Manager. In no case whatever (unless after consultation with and being advised otherwise by the Cooperative's counsel because an actual or potential criminal activity of the General Manager is involved) shall such information or data be sought by a Board member through other employees, agents or independent contractors.

6.2 In any instance in which a Board member has sought access to information or data not generally or ordinarily made available or reported to the Board, the General Manager shall so report in detail to the next succeeding meeting of the Board.

6.3. Information or data received by a Board member pursuant to this policy shall not be revealed by him to any other persons (the remaining Board members and General Manager excepted) unless he is sincerely convinced that to do so is compelled by law, the overriding best interests of the Cooperative, or to fulfill his/her fiduciary duty.

7. ~~5.~~ BOARD MEMBER QUALIFICATIONS

~~5.1~~ 7.1 Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.

~~5.2~~ 7.2 Board members are required to attend Board meetings as specified in other governing documents and to travel and perform other reasonably required duties in a safe and competent manner.

~~5.3~~ 7.3 Board members are required to complete an initial orientation conducted by the Board President and General Manager within 45 days and are encouraged to achieve NRECA

Credentialed Cooperative Director status or equivalent within 24 months of first election to the Board.

~~5.4~~ 7.4 Board members are required to complete one or more relevant ongoing one day educational sessions during each additional three years of tenure.

~~5.5~~ 7.5 Board members are encouraged to attend conferences and other activities designed to improve their skills and knowledge. The expenses of enrollment and attendance at Board training programs are paid by the cooperative. Board training programs shall be conducted within the confines of an annual budget established by the Board of Directors for this purpose.

8. ~~6.~~ BOARD POLICIES AND STRATEGIC DIRECTIVES

~~6.1~~ 8.1 The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.

~~6.2~~ 8.2 Board Policies shall address matters that are expected to be permanent and pervasive in nature and define the limitations imposed on the General Manager and the Cooperative.

~~6.3~~ 8.3 Board Strategic Directives shall address matters that may be impermanent in nature, address specific circumstances, may terminate when complete or rendered obsolete by changing circumstance and provide guidance in addressing the goals and objectives of the Cooperative.

~~6.4~~ 8.4 Any Board member may propose a new policy or amendment to a current policy.

~~6.5~~ 8.5 All Board Policies and Strategic Directives shall be maintained up-to-date in a format that is available to every Board member,

~~6.6~~ 8.6 The Board shall review its own Policies and Strategic Directives for relevance, appropriateness and benefit to OPALCO at least annually.

9. ~~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.

10. ~~8.~~ OVERSIGHT

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

11. ~~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~~ 11.1 Requires pre-approval by the Board for all services to be provided by the audit firm.

~~9.2~~ 11.2 Sets out the scope of the audit, its objective and purposes, and deadlines for work to be performed.

- 9.3 11.3 Specifies all fees to be paid for all audit, audit-related and tax work provided by the audit firm.
- 9.4 11.4 If a multi-year agreement, provides for regular rotation of the lead audit partner.
- 9.5 11.5 Complies with all RUS Policies and/or other applicable regulatory standards on Audits.

12.10. BOARD INTERACTION WITH LEGAL COUNSEL

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

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

13.11. 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 and willing and able to commit to serve on the OPALCO board if elected.

~~11.1~~ 13.1 The Board will act to minimize conflict of interest exposure of staff in the Board election process.

~~11.2~~ 13.2 Committee on Nominations Appointment

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

~~11.3~~ 13.3 Committee on Nominations Preparation

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

~~11.4~~ 13.4 Election Notifications

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

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

14. ~~12.~~ GENERAL MANAGER

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

~~12.1~~ 14.1 Board Interaction with General Manager

~~12.1.1~~ 14.1.1 The Board develops the policy of OPALCO, consistent with the Articles of Incorporation, Bylaws, general law and these policies. The Board ~~will~~ directs the General Manager to achieve specific results within these laws and policies ~~restraint of specific limitations. He~~ The General Manager is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that ~~do not transgress~~ are consistent with Board policies. ~~The limitations imposed.~~

~~12.1.2~~ 14.1.2 The Board may change its policies and thus the expectations or limitations imposed on the General Manager. The Board shall communicate any changes clearly to the General Manager. So long as any particular delegation is in place, the Board members will respect and support the General Manager's choices.

~~12.1.3~~ 14.1.3 All Board authority is delegated ~~through~~ to the General Manager. The General Manager is to be considered the only employee of the Board. It is understood that the "flow" of authority for the management of the Cooperative shall pass through the General Manager, and the General Manager shall be the connecting link between the Board of Directors and the employees. The Board of Directors shall require full and complete information from the General Manager concerning all matters in connection with the management of the Cooperative as set forth in these Board policies. The General Manager shall establish an organizational structure, a budgetary framework, and schedule to implement Board approved policies that effectively and efficiently achieve the Cooperative's aims, purposes and objectives.

~~12.1.4~~ 14.1.4 Only decisions of the Board acting as a body are binding upon the General Manager. The Board understands that it acts as a collective body and that each director understands that he or she must not individually exert pressure upon the General Manager.

~~12.1.5~~ 14.1.5 Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in circumstances where the Board has specifically authorized such exercise of authority.

~~12.1.6~~ 14.1.6 In the case of Board members requesting information or assistance without Board authorization, the General Manager can refuse such requests that require in his judgment a material amount of staff time or funds or are disruptive, and any such requests are to be consistent with the director's role as established in this Policy.

~~12.2~~ 14.2 General Manager Relationship Review

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

15. ~~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.

16. BOARD SUBCOMMITTEES

- ~~14.1~~ 16.1 Board subcommittees will be formed, defined, controlled, and dissolved by action of the Board;
- ~~14.2~~ 16.2 Authority of any subcommittee will be limited to reporting findings to the Board, unless specifically authorized by the Board. No action may be taken by a subcommittee unless authorized specifically or in general by the Board;
- ~~14.3~~ 16.3 Board member participation in any subcommittee will be determined and controlled by the Board. There will be no more than three Board members on any subcommittee;
- ~~14.4~~ 16.4 Employee involvement with a subcommittee will only be with the agreement of the General Manager;
- ~~14.5~~ 16.5 The General Manager shall be kept informed of the work of the subcommittee;
- ~~14.6~~ 16.6 Communications with employees will be copied to the General Manager.
- ~~14.7~~ 16.7 Purpose may include a review of methods, plans, or results, propose solutions, strategic directives;
- ~~14.8~~ 16.8 Duration of the subcommittee shall be at the pleasure of the Board.

APPENDIX 1

BYLAWS MANDATED BOARD WORK

Annual Meeting

Date Selection

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

Report

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

Audit

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

Board of Directors

Committee on Nominations

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

Compensation

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

Vacancy Replacements

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

Bylaws

Amendments

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

Contracts

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

Capital Credits

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

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

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

Disposition of Assets

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

Members

Expulsion

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

Membership fee

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

New Members

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

Other Organizations

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

Effective Date December 19, 2013

Christopher Thomerson, Board President

ORCAS POWER & LIGHT COOPERATIVE
POLICY 23
CONFLICT OF INTEREST

23.1 GOALS AND OBJECTIVES

The Board of Directors of Orcas Power & Light Cooperative (“OPALCO” or “Cooperative”) has adopted the following Policy designed to avoid any possible conflict between the personal interests of Board members (“Directors”) or staff and the interests of the Cooperative.

The purpose of this Policy is to ensure that decisions about Cooperative operations and the use or disposition of Cooperative assets are made solely in terms of the benefits to the Cooperative and are not influenced by any private profit, interest, or other personal benefit to the individuals affiliated with the organization who take part in the decision. In addition to actual conflicts of interest, Directors and staff are also obliged to avoid actions that could be perceived or interpreted to be in conflict with OPALCO’s interest.

Conflicts of interest may occur when the Cooperative or one of its subsidiaries enters into transactions with not-for-profit organizations as well as those that are undertaken with profit-making entities. The best way to deal with this problem is to make known one’s connection with organizations doing business with the Cooperative or one of its subsidiaries and to refrain from participation in decisions affecting transactions between OPALCO or its subsidiary and the other organization. Such relationships do not necessarily restrict transactions so long as the relationship is clearly divulged and non-involved individuals affiliated with the Cooperative make any necessary decisions.

23.2 DEFINITIONS

For purposes of this policy, the following definitions apply:

- 23.2.1 “Involved in a Cooperative Business Transaction” means initiating, making the principal recommendation for, or approving a purchase, sale, or contract; recommending or selecting a vendor or contractor; drafting or negotiating the terms of such a transaction; or authorizing or making payments from Cooperative accounts. That language is intended to include not only transactions for the Cooperative’s procurement of goods and services, but also for the disposition of the Cooperative’s property, and the provision of services, facilities, or space by the Cooperative.
- 23.2.2 A “Conflict of Interest” means an interest that might affect, or might reasonably appear likely to affect, the judgment or conduct of an individual associated with the Cooperative or a subsidiary. For example, a Conflict of Interest is deemed to exist

- 23.2.2.1 Where a Director, or staff member, or a relative, or a member of that person's household is an officer, director, employee, holder of a proprietary interest, partner, or trustee of, or, with relatives and members of that person's household, holds issued stock in the organization seeking to do business with the Cooperative or one of its subsidiaries. A Conflict is also considered to exist where such a person is (or expects to be) retained as a paid consultant or contractor by an organization which seeks to do business with the Cooperative, and whenever a transaction will entail a payment of money or anything else of value to the Director, the staff member, a relative, or a member of that person's household.
- 23.2.2.2 When an individual affiliated with OPALCO has an interest in an organization which is in competition with a firm seeking to do business with the Cooperative or one of its subsidiaries, if the individual's position gives him or her access to proprietary or other privileged information which could benefit the firm in which he or she has an interest.
- 23.2.2.3 When an individual affiliated with OPALCO is a trustee, director, officer, or employee of a not-for-profit organization which is seeking to do business with or have a significant connection with the Cooperative or is engaged in activities which could be said in a business context to be "in competition with" the programs of OPALCO.
- 23.3.2.4 When an individual affiliated with OPALCO receives gifts, hospitality, or other favors from any third party on the basis of his or her position with the Cooperative other than occasional gifts of nominal value (\$100), or, in the case of gifts valued at more than \$100, the gift is made available in a team space or common areas for others to share—e.g., fruit baskets, boxes of candy. Gifts of money should never be accepted and will always be considered a Conflict of Interest, no matter what the value. Modest hospitality is an accepted courtesy in a business relationship. Coffee, pastry, soft drinks and similar refreshments of nominal value provided other than as part of a meal are not considered to be gifts under this Policy. However, with regard to any gift, hospitality, or favor, the recipient should never allow himself or herself to be in a position where his or her decision-making might appear to have been influenced by accepting such gift, hospitality, or favor.

- 23.3.2.5 When an individual affiliated with OPALCO derives remuneration or other financial gain from a transaction involving the Cooperative (other than salary reported on a W-2 or W-9 or salary and benefits expressly authorized by the Board). To avoid the possibility and perception of a Conflict of Interest, a Director may not be employed as a staff member by the Cooperative or a subsidiary while that person serves on the Board and for a period of one year after leaving the Board.
- 23.3.2.6 When an individual affiliated with OPALCO gives or releases, without proper authority, to anyone not authorized to receive such information, any data or other information of a confidential nature secured through his or her relationship to the Cooperative.

23.3 PROCEDURES FOR DEALING WITH CONFLICTS OF INTEREST

- 23.3.1 Directors. Any member of the Board of Directors who may be Involved in a Cooperative Business Transaction in which there is a possible Conflict of Interest shall promptly notify the President of the Board and disclose in writing all material facts relating to the possible Conflict. Furthermore, the disclosing Director, or the Board President in the Director's absence, shall disclose the possible Conflict of Interest to the other members of the Board before any discussion or vote on the Cooperative Business Transaction, and such disclosure shall be recorded in the Board minutes of the meeting at which it is made. After discussion with the disclosing Director, the remaining disinterested Directors shall determine whether a Conflict of Interest exists. The disclosing Director then shall refrain from voting on any transaction in which a majority of the disinterested Directors determines there is a Conflict of Interest, participating in deliberations concerning it, or using personal influence in any way in the matter. It shall be within the discretion of the Board to decide whether the Director shall be permitted to be present during the discussion or decision on the matter. In any case the Director's presence may not be counted in determining the quorum for any vote with respect to a Cooperative Business Transaction in which he or she has a Conflict of Interest. Any Cooperative Business Transaction which involves a Conflict of Interest with a member of the Board shall have terms which are at least as fair and reasonable to OPALCO as those which would otherwise be available to the Cooperative if it were dealing with an unrelated party.
- 23.3.2 Staff. Any staff member who may be Involved in a Cooperative Business Transaction in which there is a possible Conflict of Interest shall promptly report the possible Conflict of Interest to the General

Manager and disclose in writing all material facts relating to the Conflict. If the possible Conflict of Interest involves the General Manager, the possible Conflict shall then be reported to the Assistant General Manager, and then to the Board President.

- 23.3.3 The General Manager, or, where applicable, Assistant General Manager or Board President, after receiving information about a possible Conflict of Interest, shall determine whether a Conflict of Interest exists and, if he or she determines that one does exist, take such action as is necessary to assure that the transaction is completed in the best interest of the Cooperative without the substantive involvement of the person who has the Conflict of Interest. This does not mean that the purchase, sale, or other transaction must necessarily be diverted, but simply that persons other than the one with the Conflict of Interest shall make the judgments involved and shall control the transaction.
- 23.3.4 If a Director or member of the staff discovers any information about a possible Conflict of Interest or other violation of this Policy on the part of another Director or staff member, then that person must promptly report the information to the Board President or General Manager.
- 23.3.5 If the General Manager or Board President receives or discovers any information indicating that a Director or staff member has failed to disclose a possible Conflict of Interest as required by this Policy or has otherwise violated this Policy, then, respectively, the General Manager must disclose this information to the Board President, and the Board President must disclose this information to the Board.
- 23.3.6 If the Board has reasonable cause to believe that a Director has failed to disclose a possible Conflict of Interest or has otherwise violated this Policy, it shall inform the Director of the basis for such belief and afford the Director an opportunity to explain the alleged failure to disclose or other violation. If, after hearing the Director's response and after making further investigation as warranted by the circumstances, the Board determines by a majority vote of the disinterested Directors that a Conflict of Interest exists and the Director has failed to disclose the Conflict of Interest or has otherwise violated the Policy, it shall take appropriate disciplinary and corrective action. Such action may include, but is not limited to, imposition of sanctions, termination of a contract, disqualification from voting, or dismissal from the Board.
- 23.5.4 If the General Manager has reasonable cause to believe that a staff member has failed to disclose a possible Conflict of Interest or has otherwise violated this Policy, the General Manager shall inform the staff

member of the basis for such belief and afford the staff member an opportunity to explain the alleged failure to disclose or other violation. If, after hearing the staff member's response and after making further investigation as warranted by the circumstances, the General Manager determines that a Conflict of Interest exists and that the staff member has failed to disclose the Conflict of Interest or has otherwise violated the Policy, the General Manager shall take appropriate disciplinary and corrective action. Such action may include, but is not limited to, imposition of sanctions, termination of a contract, removal from any involvement in any Cooperative business transaction to which the Conflict or other violation is relevant, or termination of employment.

- 23.5.5 In dealing with any violation of this Policy by a staff member other than a Director, the Board shall act as appropriate through the General Manager.
- 23.3.6 Each staff member who is regularly involved in the initiation, negotiation, review, or approval of significant Cooperative contracts or other commitments and each Board Member shall complete and sign the attached Conflict of Interest Certification and Disclosure Form on an annual basis. That Form includes an acknowledgment that the signee has read and understood OPALCO's Conflicts of Interest Policy and agrees to report promptly any possible Conflicts of Interest which arise in the conduct of Cooperative business and, in other respects, to comply with the Policy and its procedures. The signed Forms shall be delivered to the General Manager or the President.
- 23.3.7 A written record of any report of Conflicts of Interest and of any adjustments made or other actions taken to avoid Conflicts of Interest shall be kept by the General Manager or, where applicable, the Board President.

Conflict of Interest Certification and Disclosure Form

As defined in the Orcas Power & Light Cooperative Conflict of Interest Policy 23 (Policy), the undersigned person:

- Affirms that he or she has received or has access to, has read, and understands the most current version of the Policy;
- Agrees to comply with the Policy;
- Based upon his or her good faith belief, to the best of his or her knowledge, and except as disclosed below, certifies that he or she currently complies with the Policy;
- Discloses, on behalf of himself or herself and any relative or member of his or her household, the following information or facts regarding any possible Conflict of Interest that relates to any Cooperative Business Transaction:

- Upon discovering any information or fact regarding any possible conflict between the personal interests of the undersigned person and the interests of OPALCO that could impact the undersigned person's compliance, or another person's compliance, with the Policy, agrees to disclose this information or fact in writing to the Cooperative's Board President or General Manager; and
- Upon not complying with the Policy, agrees to any sanction, disqualification, removal, or other action taken under the Policy.

Printed Name

Signature

Position

Date

OPALCO POLICY 23

CONFLICT OF INTEREST

23.1 GOALS AND OBJECTIVES

This policy addresses conflict of interest issues relevant to the Board of Directors, Management, and staff of OPALCO.

23.2 DEFINITIONS FOR PURPOSES OF THIS POLICY

As used in this Policy, and unless the context requires otherwise:

23.2.1 Board means the Orcas Power & Light Cooperative Board of Directors.

23.2.2 Business Opportunity means an opportunity to engage in a business activity, other than an opportunity offered to all similarly situated Cooperative members, of which:

- An Official becomes aware in connection with performing Official functions; under circumstances reasonably indicating that the opportunity was expected to be offered to Cooperative or a Subsidiary; or through using Cooperative or Subsidiary information or property if the Official should reasonably expect the opportunity to interest Cooperative or the Subsidiary; or
- An Official becomes aware and knows or is closely related to a business in which Cooperative or a Subsidiary is engaged or expects to engage.

23.2.3 Conflicting Interest Transaction means a transaction or proposed transaction by Cooperative or a Subsidiary, other than the payment of Official compensation or provision of Official benefits, and other than a transaction offered to all similarly situated Cooperative members:

- To which an Official is a party; or
- For which, at the time the Board considers the transaction, or at the time Cooperative or the Subsidiary becomes legally obligated regarding the transaction, an Official had knowledge and a Material Financial Interest known to the Official; or an Official knew that a Related Person was a party or had a Material Financial Interest.

23.2.4 Cooperative means Orcas Power & Light Cooperative

23.2.5 Director means a member of the Board.

23.2.6 Disinterested Director means a Director who, at the time the Board acts regarding income, employment, competition, a Conflicting Interest Transaction, or a Business Opportunity:

- Is not associated with the income, employment, or compensation; is not engaged in the Transaction; and is not taking advantage of the Opportunity; and
- Does not have a relationship with an Official associated with the income, employment, or compensation; engaged in the Transaction; or taking advantage of the Opportunity, which relationship would reasonably be expected to impair the objectivity of the Director's judgment regarding the income, employment, competition, Transaction, or Opportunity.

23.2.7 Key Employee means a Cooperative employee, other than a Director or Officer, who:

- Receives more than \$150,000 in compensation reported to the Internal Revenue Service on Form W-2;
- Has responsibilities, powers, or influence over Cooperative similar to a Director or Officer; manages a segment or activity of Cooperative representing ten percent or more of Cooperative's activities, assets, income, or expenses; or has or shares authority to control or determine ten percent or more of Cooperative's capital expenditures, operating budget, or employee compensation; and
- Is one of the twenty employees with the highest compensation reported to the Internal Revenue Service on Form W-2.

23.2.8 Manager means the individual with ultimate responsibility for implementing the Board's decisions or supervising Cooperative's management, administration, or operation, regardless of job title.

23.2.9 Material Financial Interest means a financial interest in a transaction reasonably expected to impair the objectivity of an Official's judgment regarding the transaction.

23.2.10 Officer means an individual:

- Appointed by the Board, or by another Officer authorized by the Board or by Cooperative's articles of incorporation or bylaws; and

- Serving as a chief executive, operating, financial, legal, or accounting officer; being in charge of a principal business unit; or performing a major policymaking function.

An Officer includes the Manager and the individual with ultimate responsibility for managing Cooperative's finances.

23.2.11 Official means a Director, Officer, or Key Employee.

23.2.12 President means a Director who is Chair of the Board.

23.2.13 Policy means Orcas Power & Light Cooperative's Conflict of Interest Policy.

23.2.14 Related Entity means an entity, other than Cooperative, a Subsidiary, or an entity of which Cooperative is a member:

- Controlled by an Official or an Official's Related Individual;
- In which an Official owns more than ten percent of the entity's shares or interests;
- For which an Official is a member of the governing body;
- For which an Official is a trustee, guardian, personal representative, or similar fiduciary;
- Employing an Official; or
- Controlled by an entity employing an Official.

23.2.15 Related Individual or person means an individual or person:

- Who is the spouse of an Official;
- Who is, or is the spouse of, a child, stepchild, grandchild, parent, step parent, grandparent, sibling, step sibling, half sibling, aunt, uncle, niece, or nephew of an Official or the Official's spouse;
- Residing with an Official;
- For whom an Official is a trustee, guardian, personal representative, or similar fiduciary; or
- Employing an Official.

23.2.16 Subsidiary means an entity Controlled by Cooperative.

23.3 EMPLOYMENT AND INCOME

A Director may not be employed by the Cooperative or subsidiary. Unless an Official discloses income or employment to the Board and a majority of Disinterested Directors authorizes or ratifies the income or employment, the Official:

- 23.3.1 Other than retirement or insurance income from Cooperative, and other than Director or employment compensation from Cooperative, may not directly or indirectly receive more than ten percent of the Official's annual gross income from Cooperative, a Subsidiary, or a Cooperative or Subsidiary employee;
- 23.3.2 May not directly or indirectly receive more than twenty-five percent of the Official's annual gross income from another Official; and
- 23.3.3 May not have a Related Individual employed by Cooperative or a Subsidiary.

23.4 COMPETITION

An Official may not advance the Official's pecuniary interests, or have a Related Person that advances the Related Person's pecuniary interests, by competing with Cooperative or a Subsidiary, unless:

- 23.4.1 There is no reasonably foreseeable harm to Cooperative or the Subsidiary from the competition;
- 23.4.2 Any benefit that Cooperative or the Subsidiary may reasonably expect to derive from the competition outweighs any reasonably foreseeable harm to Cooperative or the Subsidiary from the competition; or
- 23.4.3 The Official discloses the competition to the Board and a majority of Disinterested Directors authorizes or ratifies the competition.

23.5 CONFLICTING INTEREST TRANSACTION

An Official may not engage in a Conflicting Interest Transaction unless:

- 23.5.1 To the extent unknown by Disinterested Directors, the Official discloses the existence and nature of the Official's conflicting interest and all facts known to the Official regarding the Transaction that a Disinterested Director would

reasonably believe to be material in acting regarding the Transaction; Disinterested Directors deliberate and vote regarding the Transaction outside the presence of, and without participation by, the Official; and a majority of Disinterested Directors, but not less than two, authorizes the Transaction; or

- 23.5.2 According to the circumstances at the time the Board considers the Transaction, or at the time Cooperative or the Subsidiary becomes legally obligated regarding the Transaction, the Transaction, as a whole, benefits Cooperative or the Subsidiary, considering, as appropriate, whether the Transaction was fair in terms of the Official's dealings with Cooperative or the Subsidiary and whether the Transaction was comparable to what might have been obtained in an arm's length transaction, given the consideration paid or received by Cooperative or Subsidiary.

23.6 BUSINESS OPPORTUNITY

An Official may not directly or indirectly take advantage of a Business Opportunity unless, before the Official becomes legally obligated regarding the Opportunity:

- 23.6.1 The Official informs the Cooperative or Subsidiary of the Opportunity; and
- 23.6.2 To the extent unknown by Disinterested Directors, the Official discloses the existence and nature of the Opportunity and all facts known to the Official regarding the Opportunity that a Disinterested Director would reasonably believe to be material in acting regarding the Opportunity; Disinterested Directors deliberate and vote regarding the Opportunity outside the presence of, and without participation by, the Official; and a majority of Disinterested Directors, but not less than two, disclaims interest in the Opportunity.

23.7 INSIDER PECUNIARY BENEFIT

An Official may not use Cooperative or Subsidiary property, material private information, or position to secure pecuniary benefit unless:

- 23.7.1 Value is given for the use and assuming the use is a Conflicting Interest Transaction, the Official could engage in the Transaction under this Policy;
- 23.7.2 The use is payment of compensation or provision of benefits;

- 23.7.3 The use is of information only and the use is not connected with trading securities, is not a use of proprietary information, and does not harm Cooperative or Subsidiary;
- 23.7.4 Assuming the use is a Conflicting Interest Transaction, a majority of Disinterested Directors authorizes the Transaction under this Policy; or
- 23.7.5 The benefit is received as a Cooperative member; made available to all other similarly situated Cooperative members; and lawful.

23.8 COMPLIANCE AND ENFORCEMENT

The Board interprets and enforces this Policy. Cooperative's legal counsel must annually review this Policy with all Officials. The minutes of all Board meetings should record all disclosures, votes, authorizations, and other actions taken under this Policy. Each Official must annually complete and sign the Conflict of Interest Certification and Disclosure Form attached to this Policy and deliver the completed and signed Form to President or Manager. If an Official discovers any information or fact that could impact another Official's compliance with this Policy, then the Official must disclose the information or fact to President or Manager immediately.

If Manager or President receives a Form disclosing any information or fact that could impact an Official's compliance with this Policy, then, respectively, Manager must deliver the Form to President and President must distribute the Form to the Board. If Manager or President receives or discovers any other information or fact that could impact any Official's compliance with this Policy, then, respectively, Manager must disclose this information or fact to President and President must disclose this information or fact to the Board.

Upon receiving or discovering any information or fact that could impact a Director's compliance with this Policy, the Board must:

- Provide the Director an opportunity to comment orally and in writing regarding the information or fact, and an opportunity to be represented by legal counsel; and
- Determine whether the Director complies with this Policy.

If the Board determines that a Director does not comply with this Policy, then:

- The Board must provide the Director an opportunity to comply with this Policy within thirty days; and

- If the Director does not comply with this Policy within thirty days, then, as allowed by law, the Board must sanction, disqualify, and/or remove the Director.

Upon receiving or discovering any information or fact that could impact any other Official's compliance with this Policy, the Board must act as appropriate or authorize the Manager to act as appropriate.

RESPONSIBILITY

It shall be the responsibility of the general manager and his staff to implement this policy. Deviations there from shall be reported to the Board of Directors.



Randy Cornelius, General Manager

Effective Date: December 18, 2008

Discussion Item:

As we are going into the 2014-15 budgetary process, Board should have an annual review of their stipend.

Orcas Power and Light Cooperative
Cash Recap
September 30, 2013

	Rate	Term	Due Date	Amount	Total Balance
GENERAL FUNDS:					
Cash on Hand				600	
Cash in Checking - Key Bank				(11,632)	
Cash in Checking/MMDA/Construction - Islanders Bank				744,848	
Cash in Checking/Savings/Payroll - Wells Fargo				277,974	
SUBTOTAL GENERAL FUNDS					1,011,790
CASH RESERVE FUND:					
CFC Commercial Paper	0.12%	35	10/18/13	200,090	
CFC Commercial Paper	0.16%	70	10/25/13	200,000	
CFC Commercial Paper	0.14%	50	11/8/13	200,000	
CFC Commercial Paper	0.14%	49	11/15/13	134,103	
SUBTOTAL CASH RESERVE FUND					734,193
RESTRICTED FUND:					
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	
CFC Select Notes	0.3700%	160	2/4/14	350,000	
CFC Select Notes	0.3700%	160	2/5/14	200,000	
CoBank - AIM				151,620	
Home Street Bank	0.2500%	365	10/29/13	104,875	
Washington Federal Savings	0.4000%	365	11/29/13	107,675	
Washington Federal Savings	0.4000%	365	5/19/14	108,756	
SUBTOTAL RESTRICTED FUNDS					2,004,360
GRAND TOTAL FUND ENDING BALANCE 8/31/13					<u>3,750,343</u>

Project PAL: Islanders Bank 29,076

MORE Program: Islanders Bank 128,905

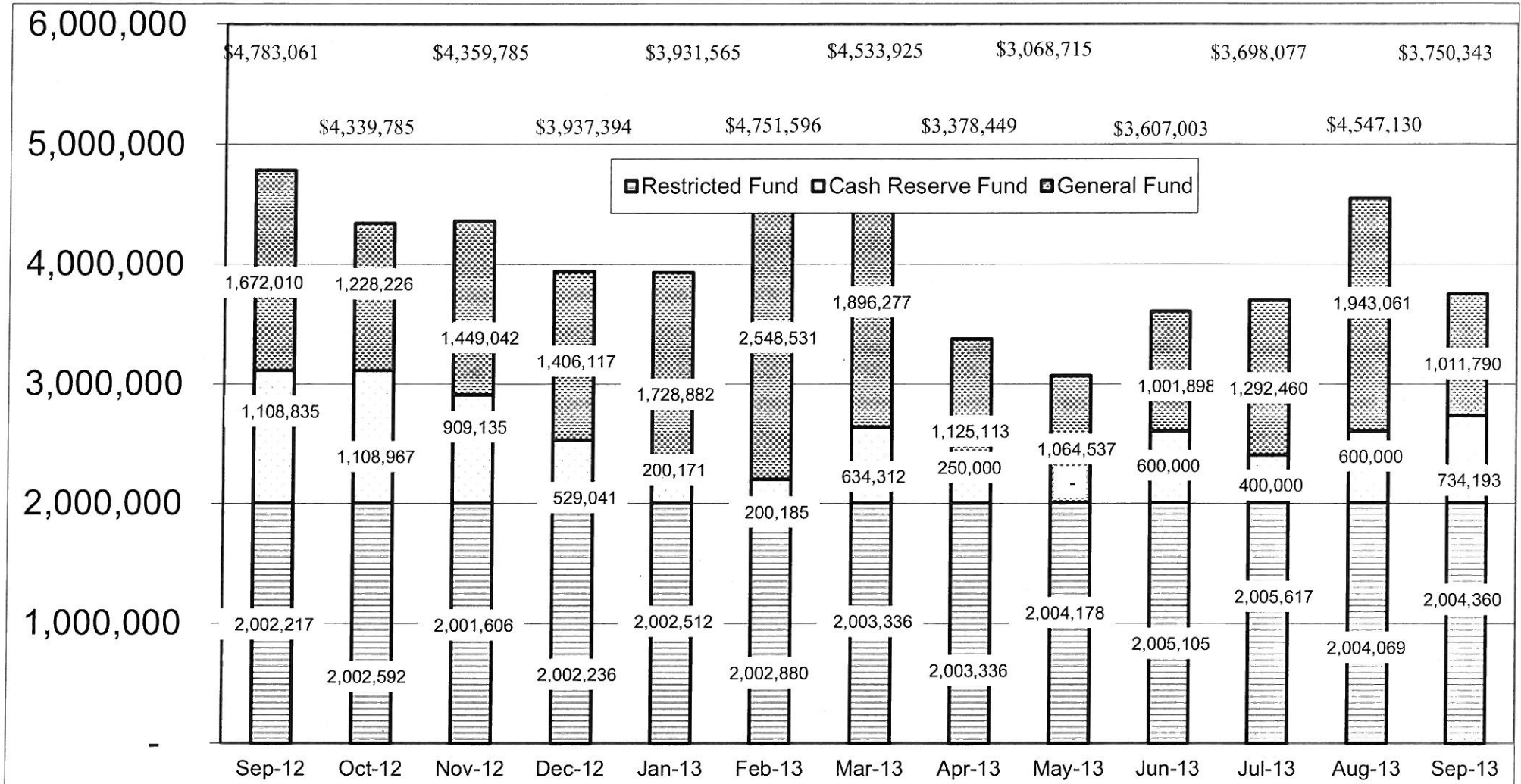
RUS Cushion of Credit * 5.000% 1,333,076

CASH PROJECTION:
October 31, 2013

GENERAL FUNDS:					
Beginning Cash 9/30/13			1,011,790		
Estimated Revenue (based on 95% of billing)			1,385,266		
Estimated Other Revenue			20,000		
Transfer From RUS Cushion of Credit			19,129		
Subtotal Cash/Revenue				2,436,185	
Estimated Accounts Payable			(731,000)		
Estimated Payroll and Benefits			(521,000)		
Estimated RUS Principal and Interest Payment			(19,129)		
Transfer To Reserve Fund			0		
Transfer To RUS Cushion of Credit			0		
Power and Transmission Bill (September bill)			(438,518)		
Subtotal Expenses				(1,709,647)	
Projected Ending Balance 10/31/13					726,538
CASH RESERVE FUND:					
Beginning Cash 9/30/13				734,193	
Transfer To General Fund				0	
Transfer From General Fund				0	
Projected Ending Balance 10/31/13					734,193
RESTRICTED FUND:					
Beginning Cash 9/30/13				2,004,360	
Transfer To General Fund				0	
Projected Ending Balance 10/31/13					2,004,360
PROJECTED GRAND TOTAL FUND ENDING BALANCE 10/31/13					<u>3,465,091</u>
PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 10/31/13					<u>(285,252)</u>
RUS CUSHION OF CREDIT*:					
Beginning Balance 9/30/13				1,333,076	
Transfer from General Fund				0	
Transfer To General Fund				(19,129)	
Projected Ending Balance 10/31/13					<u>1,313,947</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: SEPTEMBER 2013

OUTAGE CODE	CAUSE OF OUTAGE	DISTRICT			2013 TOTALS		
		ORCAS	SJ	LOPEZ	SEP PTD	AUG YTD	YTD TOTAL
001	Power Supplier-Bonneville	-	-	-	0	0	0
002	Power Supplier-Puget Power	-	-	-	0	0	0
100	OPALCO Construction	-	-	-	0	0	0
200	Severe Storm	-	-	-	0	0	0
300-303	Faulty Equipment/Installation	-	-	-	0	0	0
350	Sectionalizing	-	-	-	0	0	0
351	Fuses/Fusing	-	-	-	0	1	1
352/353	Electrical/CAL/Transformer Overload	-	-	-	0	2	2
400	Underground Cable Failure	5	2	-	7	4	11
401	Contamination/Leakage (Equip. Fail.)	-	-	-	0	0	0
402/403	Aging Material/Equipment	-	-	-	0	0	0
450	Trees/Right of Way	1	-	-	1	0	1
500/509	Weather (Other than Severe Storm)	1	1	-	2	2	4
600	Small Animals/Rodents	-	-	-	0	0	0
601	Birds	-	-	-	0	0	0
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	-	-	1	1	0	1
703	Fire	-	-	-	0	1	1
704	Substation Vandalism	-	-	-	0	0	0
705	Construction	-	-	-	0	0	0
709	Public Caused Outage	-	-	-	0	1	1
800	Member Secondary Outage	-	4	-	4	2	6
900	Cause Unknown	-	1	-	1	0	1
PTD/YTD OUTAGES: SEPTEMBER 2013		7	8	1	16	15	31
PTD/YTD OUTAGES: SEPTEMBER 2012					14		136

Date: October 11, 2013
To: Randy Cornelius, General Manager
From: Russell Guerry, Manager of Engineering & Operations
Subject: Operations Safety Program – September 2013

QLC, Inc. conducted drug awareness training to review state laws and company policy for drug testing. Jeff Meyers conducted hearing safety training.

Accidents/Incidents/Near Miss:

Date: 9/1/2013

Type: Accident

Description: While repairing a damaged pole, the auger snagged an underground conductor creating another outage.

Action Taken: Informed crews to take needed time to do an accurate locate.

Date: 9/3/2013

Type: Accident

Description: While crew was on location and away from vehicle, a member ran into the OPALCO vehicle.

Action Taken: All the proper precautions were in place for visibility. No action was taken.

Date: 9/10/2013

Type: Accident

Description: While setting a new pole, the pole came free and contacted the de-energized conductors causing an adjacent pole to break.

Action Taken: Proper operation of the pole claw and slack line were reviewed.

Date: 9/16/2013

Type: Near Miss

Description: Crews closed a lane of traffic to complete task. While backing into traffic, the lineman backed into another OPALCO vehicle.

Action Taken: Crews were instructed to complete a walk around inspection and to be sure to pay attention to all hazards.

Date: 9/20/2013

Type: Accident

Description: Lineman cut an energized underground conductor and received medical attention.

Action Taken: Investigation is in progress.

	September 2013	YTD (2013)
Near Misses	1	1
Incidents	0	1
Accidents	4	8
Loss Time	0	0

Total Hours Worked without Loss Time Accident: 2,088

General Manager's Report October 2013

Finance

REDLG Application for Lopez Fire

The federal government shutdown has stalled RUS processing of our REDLG loan for Lopez fire. Staff will continue to work with Anderson Hunter on the development of the loan agreements that will be executed once the federal funds are received from the USDA, most likely after business resumes with RUS.

2014 Budget

The 2014 budget process will begin with the closing of the September accrual books by mid-October. At the November board meeting, staff will present the recommended 2014 budget, including a 2014 capital projects recommendation.

Member Services

Ebill Upgrade

Member Services is launching SmartHub – a mobile and desktop application that will replace the current Ebill tool in December. SmartHub is a substantial upgrade to Ebill, for both ease of use and mobile capability. Billing inserts and notification emails will be sent to members in October. The application can already be downloaded from the App Store and Android Market, with full payment and alert functionality available December 16. Staff expects to experience, and work through, a few meter data collection bugs during the rollout.

Staff Transition

Amy Saxe will be moving into the Energy Services role after Anne Bertino's departure in mid-November. Amy has already begun transition training. The Member Services Supervisor position has been posted in-house, and will be advertised externally October 21 if there are no internal candidates.

Technical Services/Island Network

In September 2013, Technical Services staff completed the fiber splice termination, configuration, and testing on four (4) new Island Network fiber services for its largest subscriber. The subscriber was pleased that Island Network exceeded the subscriber's required timeframe for initializing these new sites.

Technical Services-- in concert with Member Services-- is in the process of implementing NISC *Document Vault*. This software solution provides the ability to capture documents electronically, archive files, and reduce paper throughout the cooperative.

Engineering & Operations

As of October 9, there are 256 work orders open totaling \$3,004,231. Operations has completed construction on 70 of those work orders, totaling \$704,813.

Energy Services

The FY 2012-2013 BPA rate period ended September 30.

Attached is the FY 2013 4th quarter report. Energy Services will provide a FY 2012-2013 rate period report with the November board packet. Energy Services was able to take advantage of bilateral transfers from other utilities unable to spend their EEI dollars and from the BPA unassigned account to increase the budget for the rate period by \$221,523. The 4th quarter report shows an additional \$19,363 was captured and may be allocated as we choose.

Communications

Attached is a report on how our website is performing – measuring results from 2013 Q1-3 and comparable data from 2012. In summary, our overall website health is good and traffic continues to grow in a steady upward trend (up 36% in 2013; up 63% since 2011).

- We added a mobile-optimized site in 2012 and now have 15% of our total traffic coming from mobile devices (compared to an across-the-board standard of 10%). Top content views from mobile devices are outages, online bill paying, contact information – in that order.
- Referral sources continue to grow with Orcas Issues and Facebook showing significant increases and positive impact on our traffic. Sage Building (Doug Poole's business) is a significant referral source to energy services content.
- Most heavily trafficked pages are online bill pay, broadband, energy services and employment – in that order. Separate analytics show our employees are using the site more than ever and especially for information on rebates, outages and billing. Our rebate pages and forms generate the highest engagement levels.
- We launched an email newsletter in July 2013 and it has already gained good traction: 273 subscribers with high open and click rates (proof members are really opening and reading it) and rating #8 in top mobile content.
- We began tracking how members interact with the site (May 2013) and found good results in members clicking into our homepage slideshow and opening/downloading the various forms/pdfs on the site – primarily the membership application, annual report and employment application.

We have also added interactive forms for Project PAL (grant application and round-up) and MORE contributions; updated and enhanced our Twitter feed; created a news archive; and created an email newsletter and distribution network. Managers attended a Trends & Opportunities training session with Pixels poke in July 2013 to explore new tools and strategies. In Q4, work is in progress to integrate SmartHub tools into our online bill paying pages.

Recommendations for improvements in 2014 include refreshing content on the Energy Services pages; continuing to increase social media efforts; developing more interactive PDFs (forms, annual report, etc.); considering optimization of the entire site for mobile devices and developing data visualization tools to better engage members – especially in the areas of energy efficiency, conservation and member services.

ORCAS POWER & LIGHT COOPERATIVE

BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

DETAIL: 4th QUARTER FY 2013

(July, August, September)

	A.	B.	C.	D.
	FY 2013 ACTUAL PERIOD END	Number of Measures	kWh Savings	Reimbursement per kWh (A / C)
Revenue				
BPA Funding (EEI)	\$82,352			
Bi-Lateral Transfer from Tanner	\$50,000			
Subtotal	\$132,352			
Expenses				
Ductless Heat Pumps	\$25,500	18	71,312	0.36
Heat Pump Water Heaters	\$600	2	1,920	0.31
Efficient Clothes Washers	\$1,090	18	3,644	0.30
Efficient Windows	\$11,137	10	40,772	0.27
Energy Star -Direct Install Bulbs	\$1,335	386	7,960	0.17
Efficient Shower Heads	\$40	2	656	0.06
Energy Star Refrigerators/Freezers	\$195	13	608	0.32
Efficient Insulation	\$10,598	11	35,435	0.30
PTCS Air Sealing	\$4,884	8	16,218	0.30
PTCS Duct Sealing	\$1,900	4	5,319	0.36
PTCS Heat Pumps	\$4,700	5	14,790	0.32
Energy Smart Grocer	\$8,288	1	61,816	0.13
Commercial Projects (lighting)	\$13,043	8	46,396	0.28
Commercial Custom Projects	\$10,539	1	30,113	0.35
OPALCO Re-Conditioning Custom Project	\$19,140	1	76,561	0.25
Performance Payment net capture *	\$19,363			
	\$132,352	488	413,520	0.27
EEI Balance	(\$0)		1,849,121	

* \$19,363 to be allocated

OPALCO
Analytics Report
Q1 - Q3 2013

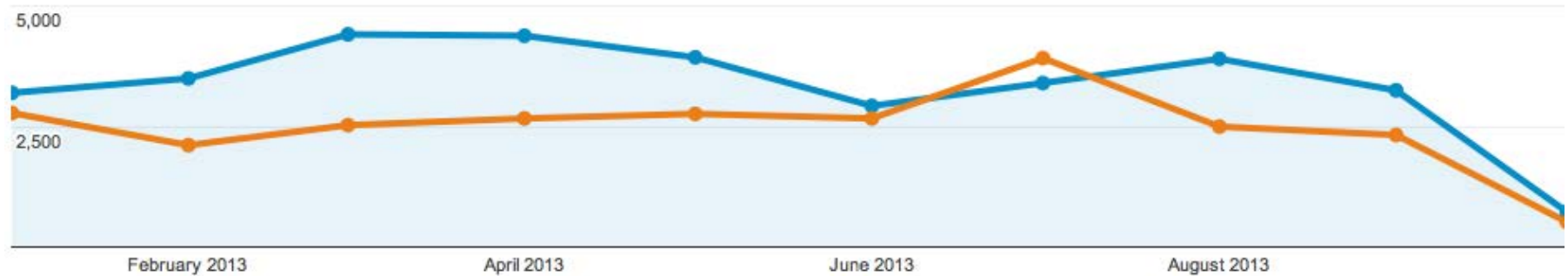
PixelSpoke 

Analytics Analysis: Historical view of
2013 vs 2012 data

Traffic Overview: Growth continues

Jan 1, 2013 - Oct 7, 2013: ● Visits

Jan 1, 2012 - Oct 7, 2012: ● Visits



Visits

35.77%

33,640 vs 24,778



Unique Visitors

31.83%

19,719 vs 14,958



Pageviews

32.61%

83,526 vs 62,985



Pages / Visit

-2.32%

2.48 vs 2.54



Avg. Visit Duration

3.60%

00:02:10 vs 00:02:05



Bounce Rate

6.80%

45.39% vs 42.50%

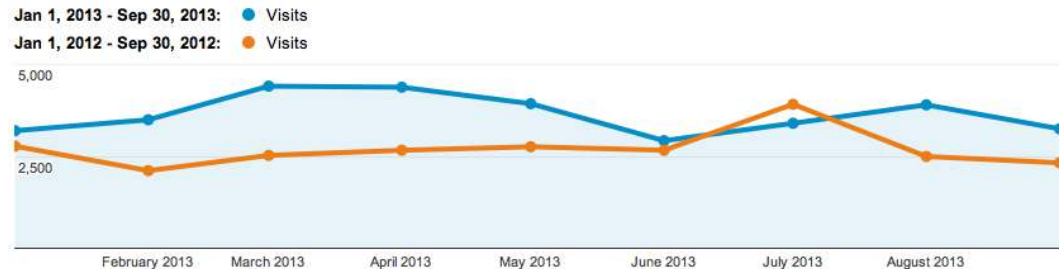


- Overall website health is good
- 36% increase in unique visitors compared to 2012
- 2011 vs 2012 showed a 27% increase
- Page views and average visit duration have increased since last year
- Pages/visit and bounce rate have gone down-revisiting content and information flow may help increase these figures

Mobile: Growth continues

[2013 vs 2012 data]

desktop	
Jan 1, 2013 - Sep 30, 2013	27,725
Jan 1, 2012 - Sep 30, 2012	20,919
% Change	32.54%
mobile	
Jan 1, 2013 - Sep 30, 2013	2,706
Jan 1, 2012 - Sep 30, 2012	2,121
% Change	27.58%
tablet	
Jan 1, 2013 - Sep 30, 2013	2,480
Jan 1, 2012 - Sep 30, 2012	1,220
% Change	103.28%






- Mobile traffic continues to increase
- Tablet traffic has doubled compared to last year
- 15% of total traffic to site is coming from a mobile/tablet device. Note: website benchmark data from 2011 (across all sites with analytics installed) saw 10% mobile usage

Referral Sources: Growth continues

[2013 vs 2012 data]

[Percentage of improvement]




Source	Visits ? ↓	Pages / Visit ?	Avg. Visit Duration ?
	44.50%  4,205 vs 2,910	0.74%  2.52 vs 2.51	30.98%  00:02:22 vs 00:01:49
1. ibew77.com			
Jan 1, 2013 - Sep 30, 2013	420	1.46	00:00:23
Jan 1, 2012 - Sep 30, 2012	379	1.70	00:00:28
% Change	10.82%	-14.11%	-17.58%
2. sage-building.com			
Jan 1, 2013 - Sep 30, 2013	360	1.13	00:00:28
Jan 1, 2012 - Sep 30, 2012	2	1.00	00:00:00
% Change	17,900.00%	12.78%	∞%
3. orcasissues.com			
Jan 1, 2013 - Sep 30, 2013	285	2.87	00:03:00
Jan 1, 2012 - Sep 30, 2012	97	3.12	00:02:40
% Change	193.81%	-8.23%	12.81%
4. facebook.com			
Jan 1, 2013 - Sep 30, 2013	251	2.31	00:01:19
Jan 1, 2012 - Sep 30, 2012	28	2.04	00:01:25
% Change	796.43%	13.51%	-7.17%
5. lni.wa.gov			
Jan 1, 2013 - Sep 30, 2013	203	2.76	00:01:08
Jan 1, 2012 - Sep 30, 2012	196	2.42	00:01:48
% Change	3.57%	13.83%	-37.47%

- Referral sources traffic levels are up across the board
- Engagement levels are up (pages/visit and avg visit duration)
- Orcasissues.com in particular is bringing in quality traffic (visitors are spending a lot of time on site)
- Facebook referrals have seen a big increase

Top Content: Page Views 2013 vs 2012

[2013 vs 2012 data]

[Percentage of improvement]




Page	Pageviews 	Unique Pageviews 
	32.20%  81,725 vs 61,819	35.60%  65,195 vs 48,078
1. /		
Jan 1, 2013 - Sep 30, 2013	21,751	17,718
Jan 1, 2012 - Sep 30, 2012	18,627	15,055
% Change	16.77%	17.69%
2. /members/bill-information/online-bill-pay/		
Jan 1, 2013 - Sep 30, 2013	9,135	7,824
Jan 1, 2012 - Sep 30, 2012	7,882	6,459
% Change	15.90%	21.13%
3. /programs/broadband-initiative/		
Jan 1, 2013 - Sep 30, 2013	4,293	3,150
Jan 1, 2012 - Sep 30, 2012	1,495	1,012
% Change	187.16%	211.26%
4. /energy-services/		
Jan 1, 2013 - Sep 30, 2013	3,343	2,323
Jan 1, 2012 - Sep 30, 2012	738	571
% Change	352.98%	306.83%
5. /contact/employment/		
Jan 1, 2013 - Sep 30, 2013	2,731	2,299
Jan 1, 2012 - Sep 30, 2012	2,319	1,902
% Change	17.77%	20.87%

- Steady increase in page views

Analytics Analysis: Year-to-Date
Data

Top Content




[Jan 1, 2013 - Sept 30, 2013]

Page	Pageviews  ↓	Unique Pageviews 	Avg. Time on Page 
	81,725 % of Total: 100.00% (81,725)	65,195 % of Total: 100.00% (65,195)	00:01:28 Site Avg: 00:01:28 (0.00%)
1. /	21,751	17,718	00:00:59
2. /members/bill-information/online-bill-pay/	9,135	7,824	00:03:05
3. /programs/broadband-initiative/	4,293	3,150	00:02:26
4. /energy-services/	3,343	2,323	00:00:25
5. /contact/employment/	2,731	2,299	00:02:09
6. /programs/broadband-initiative/broadband-sign-up/	2,066	1,453	00:01:58
7. /contact/	1,639	1,339	00:01:48
8. /mobile/index.php	1,499	1,245	00:00:25
9. /energy-services/rebates/	1,492	1,184	00:01:52
10. /members/	1,436	1,067	00:01:15

- Highlighted areas are pages where visitors are spending the most time
- Energy Services top level page has low engagement levels
- Consider revisiting the content and call to actions in the Energy Services section

Top Content: Employee Traffic




[Jan 1, 2013 - Sept 30, 2013]

Page	Pageviews  ↓	Unique Pageviews 	Avg. Time on Page 
	14,103 % of Total: 100.00% (14,103)	7,951 % of Total: 100.00% (7,951)	00:04:41 Site Avg: 00:04:41 (0.00%)
1. /	9,441	4,499	00:05:38
2. /energy-services/rebates/	388	311	00:02:27
3. /power-information/outages/	326	247	00:05:37
4. /members/bill-information/online-bill-pay/	300	234	00:05:57
5. /members/	288	226	00:04:16
6. /programs/broadband-initiative/	229	148	00:02:48
7. /members/new-service/	220	172	00:00:22
8. /contact/employment/	149	126	00:04:16
9. /energy-services/	144	112	00:01:15
10. /energy-services/renewable-generation/	133	105	00:02:53

- Similar to last report- rebates, outages, and broadband are most highly viewed pages among employees
- Up from last report- billing info and members new service

Top Content: Energy Services















[Jan 1, 2013 - Sept 30, 2013]

Page	Pageviews  ↓	Unique Pageviews 	Avg. Time on Page 
	9,398 % of Total: 11.50% (81,725)	7,159 % of Total: 10.98% (65,195)	00:01:31 Site Avg: 00:01:28 (4.05%)
1. /energy-services/	3,343	2,323	00:00:25
2. /energy-services/rebates/	1,492	1,184	00:01:52
3. /energy-services/renewable-generation/	807	586	00:02:23
4. /energy-services/renewable-generation/m-o-r-e/	547	410	00:01:30
5. /energy-services/rebates/heat-pump-rebates/	482	405	00:04:18
6. /energy-services/rebates/appliance-rebates/	481	421	00:03:18
7. /energy-services/rebates/weatherization-rebates/	362	287	00:03:18
8. /energy-services/energy-assessments/	350	290	00:01:26
9. /energy-services/commercial/	274	231	00:02:00
10. /energy-services/projects/	268	228	00:00:31

- Rebates are generating high engagement levels

Mobile Top Content

[Jan 1, 2013 - Sept 30, 2013]

Page	Pageviews  	Unique Pageviews 	Avg. Time on Page 
Mobile and Tablet Traffic	1,639 % of Total: 17.12% (9,574)	1,311 % of Total: 17.75% (7,386)	00:01:44 Site Avg: 00:01:22 (27.32%)
1. /mobile/index.php 	221	181	00:00:26
2. / 	173	124	00:00:49
3. /mobile/outages.php 	148	107	00:05:37
4. /members/bill-information/online-bill-pay/ 	141	122	00:03:56
5. /mobile/contact.php 	69	55	00:04:26
6. /power-information/outages/ 	67	39	00:03:54
7. /mobile/employment.php 	62	54	00:02:40
8. /about/email-signup/ 	59	25	00:04:00
9. /?usedt=y 	47	44	00:00:27
10. /mobile/member_services.php 	47	40	00:00:56

- Similar trend to previous report: Mobile visitors typically view outages, employment or online payment pages and then leave the website
- Visitors are spending a lot of time on highlighted pages
- Email signup opened in July 2013

PDF's Opened

[May 1, 2013 - Sept 30, 2013]

PDF Download Breakdown

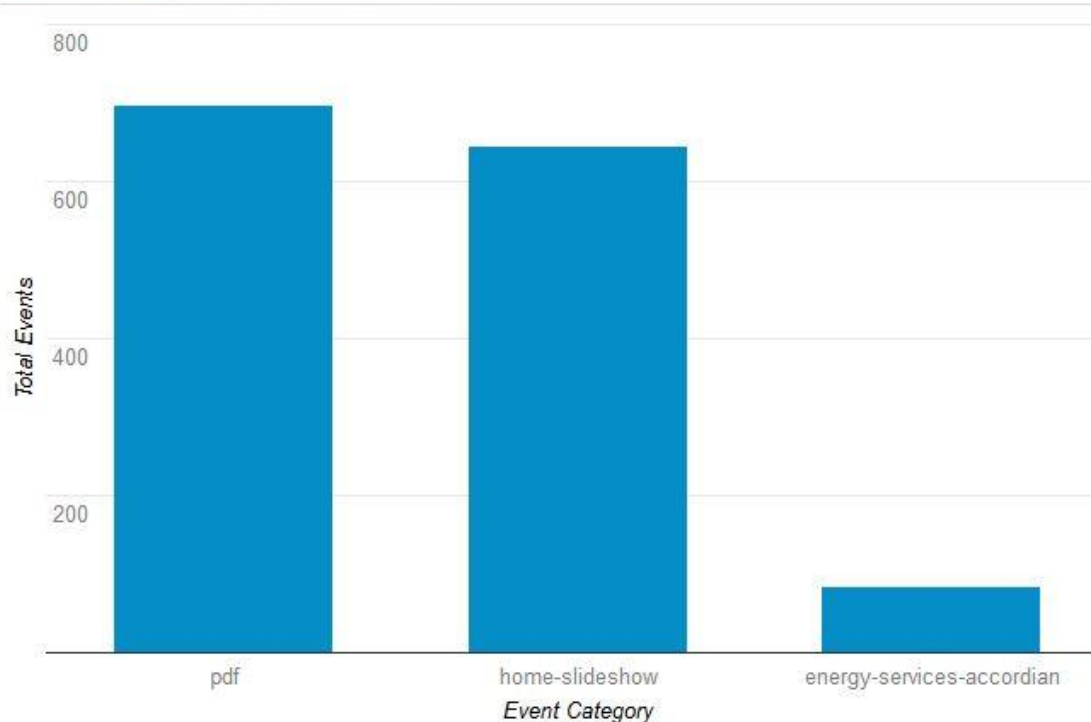
Event Label	Unique Visitors
http://www.opalco.com/wp-content/uploads/2009/02/2010-Residential-Membership-Application.pdf	93
http://www.opalco.com/wp-content/uploads/2009/02/2013-OPALCO-Annual-Report-WEB.pdf	48
http://www.opalco.com/wp-content/uploads/2009/02/Manager-of-Information-Services1.pdf	42
http://www.opalco.com/wp-content/uploads/2009/02/12-OPALCO-Rate-Increase.pdf	38
http://www.opalco.com/wp-content/uploads/2009/02/TARIFF-R2.pdf	35
http://www.opalco.com/wp-content/uploads/2009/02/10-employment-application.pdf	32
http://www.opalco.com/wp-content/uploads/2009/02/IN-Partner-ISPs.pdf	18
http://www.opalco.com/wp-content/uploads/2009/02/bylaws-11-15-12.pdf	15
http://www.opalco.com/wp-content/uploads/2009/02/2013-Ballot-Booklet.pdf	14
http://style.landisgyr.com/apps/products/data/pdf1/FOCUS_AL_ProductSheet.pdf	12

- Residential membership application is the most frequently downloaded PDF
- Consider alternate methods of displaying PDF's digitally to enhance interactivity
- Note event tracking was installed on the site in May 2013

Visitors clicking on events

[May 1, 2013 - Sept 30, 2013]

Visitors Clicking on Events: Visitor Interaction



- Clicking on the homepage slideshow is yielding the highest results
- Note: Event tracking was installed on the site in May 2013

Email Newsletter Growth

[May 1, 2013 - Sept 30, 2013]

September Newsletter 2013

Regular · The OPALCO Co-op Connector

Sent on 09/13/2013

273

Subscribers

44.1%

Open Rate

10.7%

Click Rate

August Newsletter 2013

Regular · The OPALCO Co-op Connector

Sent on 08/15/2013

130

Subscribers

44.2%

Open Rate

7.8%

Click Rate

- Subscriber list is growing with each newsletter submission.
- Open rate is high at 44%. Note: Industry average is 20% open rate.
- Click rate is high at 7-10%. Note: Industry average is 2.6% click rate.

Key Takeaways

In Summary:

- The OPALCO website is showing strong growth in traffic levels, time spent on site, and page views.
- Dramatic increases have been made in referral sources
- Mobile usage continues to rise at a rapid rate
- Email newsletter has strong open and click rates and the subscriber list continues to grow

Actionable Items:

- Energy Services- revisit the content flow including call to actions
- Continue social media efforts
- Consider more interactive PDF's
- Consider optimizing entire site for mobile devices

NEW SERVICES
September 2013

	Orcas	San Juan	Lopez	Center/ Decatur	Blakely/Obstruction /Crane/Shaw	Total
Residential		2	2		1	5
Commercial						0
Line Retention						0
Other - OPALCO						0
Total*	0	2	2	0	1	5
2013 YTD	27	43	20	3	4	97
2012 YTD	20	41	14	3	2	80
2011 YTD	28	57	11	2	6	104
2010 YTD	45	75	17	1	3	141
2009 YTD	59	86	16	4	3	168

*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	42	18,716	749	4,321	421	893	3,572	4,321
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	42	18,786	751	4,311	418	890	3,560	4,311
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	276,549	\$11,062	\$ 43,582	426	8,130	\$32,520	\$ 43,582

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

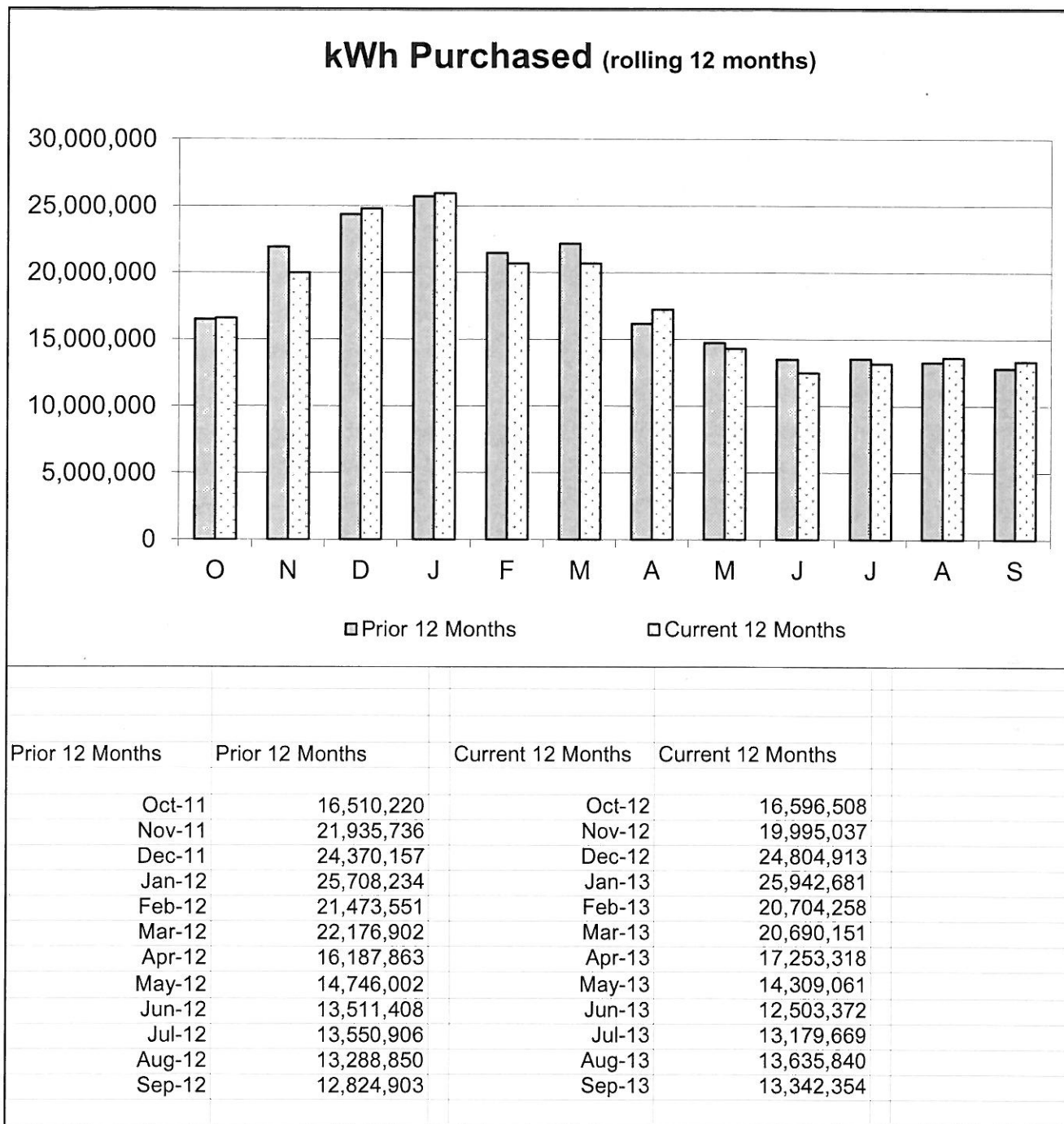
Month	2009	2010	2011	2012	2013	Average
January	\$ 2,542,345	\$ 2,091,129	\$ 2,266,724	\$ 2,203,319	\$ 2,354,732	\$ 2,291,650
February	2,109,273	1,684,100	2,018,866	1,980,380	2,190,659	1,996,656
March	1,868,966	1,693,238	2,100,947	2,080,586	2,031,007	1,954,949
April	1,825,774	1,659,771	1,803,095	1,733,543	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		1,427,054
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	\$ 15,741,678	\$ 20,322,097

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.

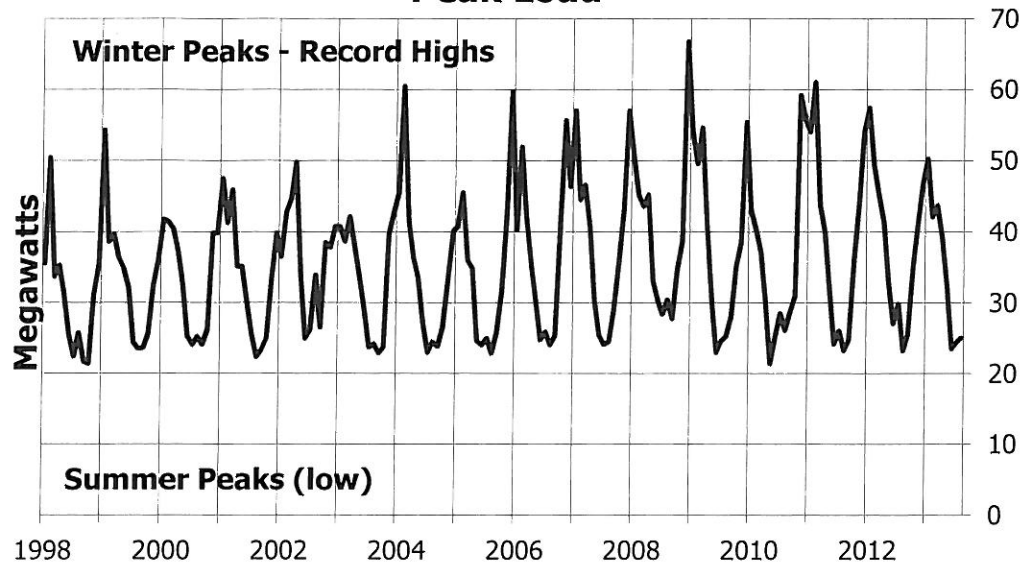
BPA Consumption Summary

Through
September 2013

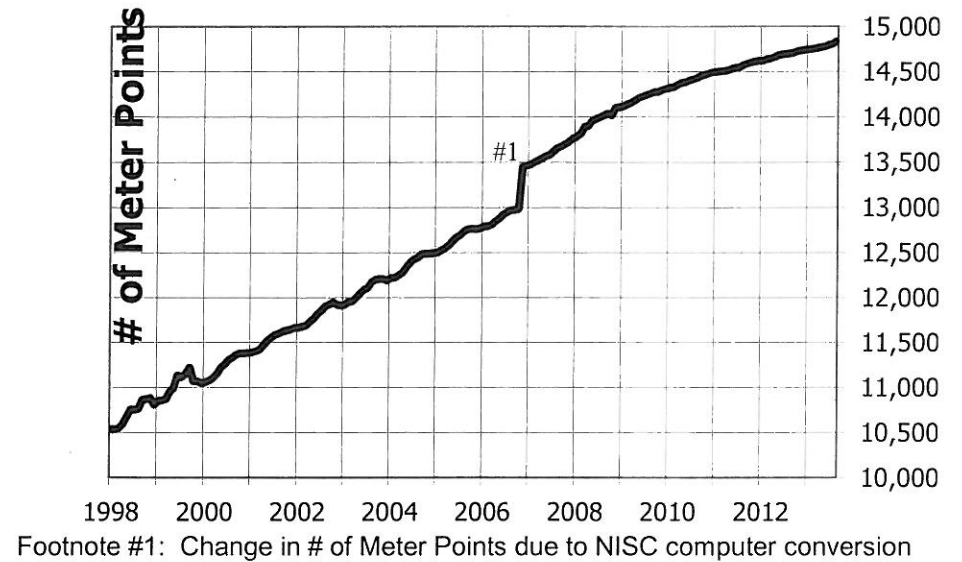


RUS Form 7 Data
Through August 2013

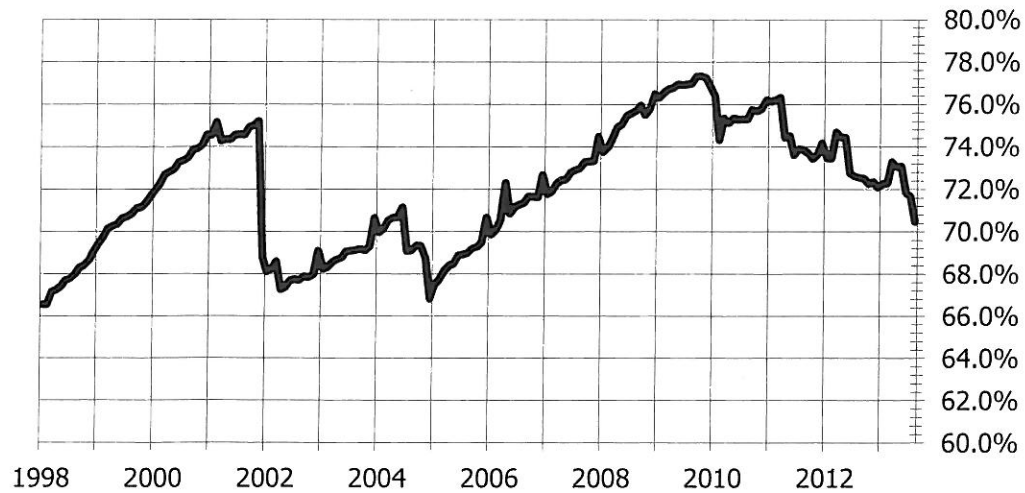
Peak Load



Total Meter Points



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



kWh Sold

