



**BOARD OF DIRECTORS
REGULAR MEETING 8:30 a.m.
OPALCO Board Room
1034 Guard Street, Friday Harbor
Thursday, September 18, 2014**

TRAVEL



Via Island Air

378-2376 / 378-8129 (cell)

To:

Leave Lopez 8:00 a.m.

Arrive FH 8:15 a.m.

From:

Leave FH 5:00 (or 2:00) p.m.

Arrive Lopez 5:15 (or 2:15) p.m.



Via Ferry:

To:

Leave Lopez 6:50 a.m.

Leave Shaw 7:15 a.m.

Leave Orcas 7:35 a.m.

Arrive FH 8:15 a.m.

From:

Option 1: Leave FH 5:40 p.m.

Arrive Lopez 6:20 p.m.

Shaw 6:45 p.m.

Orcas 6:55 p.m.

Option 2: Leave FH 2:15 p.m.

Arrive Orcas 3:05 p.m.

Shaw 3:20 p.m.

Lopez 3:40 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Monthly Meeting
1034 Guard Street, Friday Harbor 376-3549
September 18, 2014**

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EES Consulting: Anne Falcon

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ADJOURNMENT

CONSENT AGENDA

**MINUTES OF THE BOARD OF DIRECTORS
SPECIAL MEETING / EXECUTIVE SESSION
ORCAS POWER & LIGHT COOPERATIVE**

Wednesday, August 20, 2014

Present: Board of Directors Jim Lett, President; Bob Myhr, Vice-President; Jerry Whitfield, Secretary-Treasurer; Winnie Adams; Vince Dauciunas; Glenna Hall and Chris Thomerson. Also present were Joel Paisner, Attorney; Randy Cornelius, General Manager; Foster Hildreth, Assistant General Manager and Bev Madan serving as recording secretary.

President Jim Lett called the meeting to order at 9:10 a.m. at the Eastsound OPALCO office. The Board went immediately into Executive Session to discuss legal matters.

The meeting resumed at 12:05 p.m. and the meeting adjourned.

Jim Lett, President

Jerry Whitfield, Secretary/Treasurer

MINUTES OF THE BOARD OF DIRECTORS MEETING
ORCAS POWER & LIGHT COOPERATIVE

Thursday, August 21, 2014

President Jim Lett called the meeting to order at 8:35 a.m. at the Lopez Fire Station. Directors Winnie Adams, Glenna Hall, Bob Myhr, Chris Thomerson and Jerry Whitfield were present. Vince Dauciunas was absent but gave his voting proxy to Jim Lett. 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.

Member/Guests

Anne Falcon, EES Consulting; Jay Kimball; Steve Ludwig; Dwight Lewis; Gabriel Jacobs; Lorrie Harrison; Ed Sheridan; Brian Silverstein; Sandy Bishop; Chom Greacen.
Each member was given the opportunity to speak.

Consent Agenda

- **Motion** made by Myhr and seconded to approve the Consent Agenda, which includes the July minutes and new members as listed. Motion carried by voice vote.

For the purpose of making a correction to the minutes:

- **Motion** made by Myhr to withdraw the motion to approve the Consent Agenda; motion was seconded and carried by voice vote.

July Minutes

Whitfield requested that the minutes be amended to state that the letter he had to distribute to the Board was an email provided by Alex MacLeod of Shaw Island.

- **Motion** made by Thomerson to approve the July minutes as amended. Motion was seconded and carried by voice vote.

New Members

- **Motion** made by Thomerson and seconded to accept the new members as listed. Motion carried by voice vote.

Center

1. Mangas, Jan

Crane

2. Halvorsen, Gretchen & Boyer
3. Shaiman, James

Lopez

4. Berg, Isaac
5. Dawson, Dawn
6. Fuller, Kurt & Enderle, Jan
7. Hanks, Renee & Miller, Steven
8. Lamb, Kendra
9. Leisy, Douglas & Matthews, Laura
10. Lopez Beach Cabin, LLC
11. Melzer, Sanford & Evans, Ellen
12. Pal, Caleb
13. Steinbrueck, Dave & Lisa

Orcas

14. Allred, Austin & Salt, Kya
15. Arbuckle, John
16. Bailey, Mark
17. Carter, Jerry & Linda

18. Chaney, Matt & Lewis, Sara
19. Clarke, Richard & Mueller, Nicole
20. Coleman, Gordon
21. Emerson, Suzan
22. Furr, Carol
23. Grant, Hugh & Gandara-Perea, Jose R
24. Hickey, Erin
25. Hidalgo, Micheal
26. House, Danny
27. Kennemer, Brian
28. Overlund, Jason
29. Shankman, Roy
30. Winn, Patricia

San Juan

31. Barnes, Michael
32. Bender, Barbara
33. Bergh, Jim
34. Boothney, Gregg
35. Boreen, Joshua Jayson
36. Borys, Henry J & Ewers, Keesha
37. Cicione, Joe
38. Durette, Sallie & Luc J
39. Erp, John D
40. Escherich, Susan

41. Green, Lonnie
42. Hernandez, Marrisra
43. Johnston, Rebecca M & Lemon, William C
44. Kaleidoscope Artistry
45. Kimsey, Robert Trustee, The Redoubt Trust
46. Klein, Chloe
47. Martel, Justin E
48. Martin, Bruce & Sheila
49. Morrell, Kathleen
50. Newsom, Sue
51. Pepka, Charles
52. Peterson, Lorien
53. Purdum, Elizabeth
54. Roche Starfish LLC
55. San Juan Sun Grown LLC
56. Scheer, Mark P & Amy
57. Schemmel, Michael & Tonia
58. Smith, Ryan M & Reifensstuhl, Alexis
59. Stewart, Slade
60. Swenson, Richard F & Louise V
61. Tappan, Sadie L
62. Vucich, John
63. Wilenken, Jennifer
64. Woodruff, Julie
65. Wright, Howard & Celina

Capital Credits

- **Motion** made by Myhr to approve payment of capital credits totalling \$7,115.04 to the estates of deceased members listed below; motion was seconded and carried by voice vote.

Dorothy N. Arbuckle \$2,404.47
Cela B. Coleman \$633.32

Louis M. Falb.....	\$1,460.43
Bill LaPorte	\$170.22
Benjamin G. Marcin.....	\$1,023.677
Antoinette A. Poulsen.....	\$1,422.93

RUS 219s

- **Motion** made by Myhr and seconded to approve submission of RUS Form 219s that include projects completed in June from the Construction Work Plan totaling \$23,218.66. Motion carried by voice vote.

Board Response to Member Comments

- **Motion** made by Myhr to approve the following statement drafted by the Board and read aloud by President Lett; motion was seconded and carried by voice vote.

“The OPALCO Board of Directors has been aware of controversy surrounding letters sent during the past year by OPALCO’s lawyers and would like to take this opportunity to clear up this matter.

OPALCO’s legal counsel reports to the Board, and the Board of Directors is ultimately responsible for any action taken by OPALCO, its lawyers, and its management.

Two sets of letters have been discussed (sometimes without accurate distinction) in local blogs and newspapers. One letter was sent by OPALCO’s legal counsel to Councilmember Bob Jarman in March of this year. That letter stemmed from Mr. Jarman’s allegations regarding OPALCO in the local press. OPALCO’s General Manager took issue with those allegations, and sent a response to Mr. Jarman, which also appeared in local media. This was followed up by a letter to Mr. Jarman by Art Butler, one of OPALCO’s lawyers, expressing concern regarding the accuracy of statements made by Mr. Jarman, including those that seemed to indicate that the co-op was falsifying its accounting, a most serious allegation. The General Manager consulted with counsel, and requested that a letter be sent to Mr. Jarman in that regard.

The earlier communications were with John Bogert following his resignation from the OPALCO Board last September. Complaints have been made by some co-op members regarding one of two letters sent to Mr. Bogert by counsel, but there is significantly more context than these members have discussed. (The Board does not know whether anyone other than Mr. Bogert has seen either of these two letters.) The Board considers the release of these letters to the members to be within Mr. Bogert’s prerogative, not that of the Board.

Immediately following Mr. Bogert’s resignation on September 26, 2013, Joel Paisner, an OPALCO attorney, wrote an informal letter to Mr. Bogert regarding confidentiality obligations in general and those that would remain in place even after a director left the Board. Mr. Paisner also had at least one specific telephone conversation with Mr. Bogert in this regard. Soon thereafter, Mr. Bogert published his letter of resignation, which, in Mr. Paisner’s view, discussed matters specifically covered by confidentiality agreements with other parties. Mr. Bogert also testified before the County Council regarding CenturyLink and OPALCO’s broadband projects on October 14, 2013. This prompted Mr. Paisner to send a second, more formal letter to Mr. Bogert. The Board President expressed misgivings about sending this letter, but ultimately delegated the decision to the best judgment of the Co-op’s lawyers, and it was sent on October 14, 2013.

This letter did not in any way direct a former Board Member not to discuss why he left the OPALCO board. The issues raised in the correspondence from OPALCO’s legal counsel related to specific binding Non-Disclosure Agreements and IRS disclosure requirements.

Recently, certain Co-op members have charged that purposeful misstatements were made by Board members and senior management at the Town Hall meeting on Shaw. By that time, memories of the events last fall were no longer fresh, and recollections of what was said at the Shaw meeting also differ, even among members of the Board. It is clear that both letters were being discussed more or less at the same time, however, and it is possible that questions and answers may have been misunderstood by the participants. Neither senior management nor any Board member has purposely misstated their roles in sending any of these letters.

The Board knows we can do better in communicating with our membership and are working to do so. We have learned from this experience, and we will be especially diligent in how our board manages direct communication to and from our legal counsel.

The Board and management group care deeply about OPALCO, our membership, the community, and the cooperative principles that guide our direction.

Interest has also been expressed about Board executive sessions. All governing bodies need to discuss topics that are confidential by tradition, business practice, or law. The National Rural Electric

Cooperative Association (NRECA) recognizes the necessity of board executive sessions, calling them a “key tool” in helping boards openly discuss sensitive and confidential matters.

The topics that were discussed in executive session this year fell into the following categories: personnel issues; a report subject to a confidentiality agreement; Labor & Industries (L&I) matters; information subject to privilege; and sensitive business negotiations.

OPALCO is making great strides in making information available through the OPALCO website. Few other electric co-ops in Washington have as much available public information as OPALCO. We welcome comments, suggestions, and constructive criticism in order to foster the best possible member communication.”

After the statement was read, member/guest Harrison asked if the statement meant that the Board was standing by the “threatening letters” and that the Board was not offering an apology. Hall commented that Harrison’s question contained a judgment by calling the letters “threatening”. Harrison answered that her words were “the letters that threatened action”. Lett responded “yes, that is correct” to both of Harrison’s questions; it was noted that the Board has a fiduciary duty to protect OPALCO from outside lawsuits. Whitfield requested that the record show that although he took part in the discussion and writing statement, during the period in question he was not on the Board nor was he present during any of the events mentioned.

Several audience members expressed that they still felt the Board should offer an apology.

Comments were also made regarding the Board’s executive sessions during the past few years; these did not differ from topics routinely discussed during executive sessions through the years. Myhr stated that executive sessions were the normal course of doing business to discuss, among other things, topics that were bound by confidentiality agreements. The Board is representing members in the best way possible, and not trying to keep secrets but rather trying to protect the members. It was questioned why the Board would have confidentiality agreements; the response was that they were requested by the other parties, not OPALCO and are a necessary part of doing business.

Auditor Engagement

Moss Adams presented an engagement letter for audit and non-attest services for fiscal year 2014. Their proposal includes:

Audit services fees	26,300
Tax Services	3,900
Audit and tax preparation	\$30,200
Out of pocket expenses (estimated)	<u>5,300</u>
Total	\$35,500

- **Motion** made by Myhr to approve execution of Moss Adams’ engagement letters; motion was seconded and carried by voice vote.

Rate Design

Ann Falcon of EES Consulting presented proposed rate design and impacts as the latest steps in the rate design process. During the past month, EES used actual bills to determine the impact an increase in rates would have to each category. Included were examples of residential, commercial, time of use and pump rates. The rate design process includes determining an overall rate adjustment of 6% by March 1, 2015 with demand charges and conservation price signals while at the same time simplifying the rate schedules. Members are invited to comment during September and October, with new rates introduced as part of the 2015 budget process. New rates are expected to be applied with the March 2015 billing cycle. The challenge will be to educate members on a “demand” charge.

Strategic Directives

Thomerson suggested revisions to the Strategic Directives as follows:

- 7A *OPALCO rate structure shall decouple fixed and variable costs and fairly allocate the significant separate system costs such as energy, demand, and facilities charges, to be brought substantially in line before the end of the current BPA contract in 2028.; and*
- 13 *OPALCO develop and fund relevant targeted goal driven programs, with measured deliverables and known financing requirements, to drive desired specific end results advantageous for the membership, such as Energy Efficiency, Local Renewable Generation, carbon footprint reduction, wise energy use, reduced member financial stress, etc.*

Falcon suggested that if the Board unbundles the rates that the bill show the power component and the delivery charge.
For #13 the concern is that funding may not be available for energy efficiency and PAL; a solid plan is needed for both programs.
Discussion will continue at a later meeting. All Strategic Directives are to be reviewed.

Policy 29 Energy Rate Design

This policy was offered as a template to use as one step in the process of rate design and is merely a draft on which to begin. Determination should be made where it is appropriate to include rates for funding programs and what percentage of the system is used by each rate category. Staff will present revisions at a future meeting.

Policy 14 Interconnection of Member Generators

The draft revisions are presented for discussion only at this meeting; a final draft will be presented for approval at the September meeting.
Minor edits are necessary to accommodate growing Member Generator system capacity, including clarification of incentive pools.

Policy 19 Family Medical Leave

The draft revisions are presented for discussion only at this meeting; a final draft will be presented for approval at the September meeting.
Revisions incorporate workplace breastfeeding as required by law.

2nd Quarter Financials

This report is postponed until the September meeting.

The meeting adjourned to Executive Session at 12:05 p.m.
The regular meeting resumed at 12:50 p.m.

General Manager Contract

- **Motion** made by Hall to enter into an employment contract with Foster Hildreth based on the draft submitted via email August 20 with the following caveats: 1) Severance pay will be a one-year term; 2) subject to the Board’s individual review over the next five days which will allow for questions; and 3) any annual increase to be based on performance (page 1 of Attachment A, §B paragraph 1). Motion was seconded.

It was the consensus of the Board that there was full and complete confidence that Hildreth will do a great job for OPALCO.

The vote was 5 Aye (including a vote by proxy) and 2 Nay. One dissenting director stated that the nay vote was in opposition to having a contract.

Reports

Cornelius recommended suspending the remainder of the agenda.
He reported on an accident that occurred on San Juan Island when a lineman fell from a bucket truck and will be recovering at home for the next several months.
Energy efficiency/conservation will follow the BPA program but will be self-funded, likely within the next year.
BPA reports to Cornelius that OPALCO will likely avoid TIER 2 allocation due to our conservation efforts. If our High Water Mark (HWM) is lowered for the next two years, it may put us into TIER 2.

Cornelius Retirement

This meeting was Randy Cornelius’ last board meeting, he was presented with a card and gift from the Board. Cornelius thanked everyone and said he has thoroughly enjoyed his time with OPALCO, thanking Myhr for being part of the Board that hired him. Cornelius’ tenure has improved OPALCO’s reputation within the industry; he is well respected wherever he goes and he will be missed.

Adjournment

Lett adjourned the meeting at 1:05 pm.

Jim Lett, President

Jerry Whitfield, Secretary-Treasurer

New Members August 2014

Lopez

1. Baron, Paul & Wilson, Paula
2. Eguia, David
3. Patrick, Jessie & Shane
4. Rendon, Arturo
5. Rybka, Tim & Elizabeth

Orcas

6. Donnelly, Sara
7. Evans, Ashley
8. Island Ridge Properties LLC
9. Julian, Vanessa
10. Lippmann, Sharilyn
11. Mamchur, Yuri
12. McAbee, Felicia & J Clark
13. Orcas Is Park and Rec District
14. Schumacher, Andrea & Long, David

San Juan

15. Allen, Joseph & Laura
16. Bateman, Josh
17. Becker, Wayne A
18. Bell, Robert G
19. Cameron, Kari & Rieger, Joseph
20. Carter, Brandon & Leslie
21. Casey, Timothy
22. Cole, Benny Jeffrey
23. Dixon, Courtney
24. Dodd, Kyle
25. Elsenbast, Thomas
26. Gutierrez, Cynthia & Andy
27. Hemphill, Paige
28. Hendricks, Shawn
29. Hiebert, Timothy H
30. Hobson, Keith D & Lisa M
31. Johnson, Jennifer Z
32. Keane, Merry-Ann & Liam
33. Kurnaidi, Ade
34. Lavendera Massage LLC
35. Leiker, Jacob & Kropp, Anne
36. Lowe, Sandra
37. Lundin, Karen
38. Martinez-Black, Yolanda & Kelly
39. Mc Cravey, Lee O
40. Meyer, Anna
41. Moalli, John & Allison
42. OJC Properties
43. Rainey, Gagerick John
44. Rasmussen, Robert
45. Smith, Alison J & Moss, Matthew J
46. Todd, Nicholas
47. Wojciechowski, Bambi & Michael
48. Zee, Amara

ACTION ITEMS

CAPITAL CREDITS

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

Catherine E. Murray	\$1,251.51
John C. Smith.....	\$399.50
Total	\$1,651.01

MEMORANDUM

September 12, 2014

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

July projects completed from the Construction Work Plan:

Inventory # 1407M.....	\$37,804.26
<i>SJI Black Road; convert overhead to underground</i>	
Inventory # AN1407	\$664,598.71
<i>Install cable from Olga to the South Arch at Moran State Park</i>	
<i>700 MHZ Frequency acquisition</i>	
Inventory # 201407	\$28,165.29
<i>Gull Cove; Replace cable</i>	

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$730,568.30.

09/10/2014 2:53:41 pm

RUS Form 219 Inventory Of Work Orders

Page: 7

Period: JUL 2014

System Designation: WA AH O9

Inventory : 201407

Budget

Loan	Project	Amount
1	608	28,165.29
Total:		28,165.29

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)_____
DATE_____
SIGNATURE (BOARD APPROVAL)_____
DATE**ENGINEERING CERTIFICATION**

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY_____
FIRM_____
LICENSE NUMBER_____
DATE_____
SIGNATURE OF LICENSED ENGINEER

09/10/2014 2:53:41 pm

RUS Form 219 Inventory Of Work Orders

Page: 3

Period: JUL 2014

System Designation: WA AH O9

Inventory: 201407

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions			Loan Funds Subject To Advance By RUS (9)
				Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)	Contrib In Aid Of Constr and Previous Advances (8)	
Project	Year	Retirement (2)							
608	2014	1637							
		1637	1	28,302.07	0.00	136.78	0.00	0.00	28,165.29
				28,302.07	0.00	136.78	0.00	0.00	28,165.29
Grand Totals:				\$ 28,302.07	\$ 0.00	\$ 136.78	\$ 0.00	\$ 0.00	\$ 28,165.29

09/10/2014 2:53:41 pm

RUS Form 219 Inventory Of Work Orders

Page: 8

Period: JUL 2014

System Designation: WA AH O9

Inventory : AN1407

Budget

Loan	Project	Amount
1	706 - 2	117,490.71
1	706 - 3	547,108.00
Total:		664,598.71

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)_____
DATE_____
SIGNATURE (BOARD APPROVAL)_____
DATE**ENGINEERING CERTIFICATION**

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY_____
FIRM_____
LICENSE NUMBER_____
DATE_____
SIGNATURE OF LICENSED ENGINEER

09/10/2014 2:53:41 pm

Page: 4

RUS Form 219 Inventory Of Work Orders

Period: JUL 2014

System Designation: WA AH O9

Inventory: AN1407

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions			Loan Funds Subject To Advance By RUS (9)
				Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)	Contrib In Aid Of Constr and Previous Advances (8)	
Project	Year	Retirement (2)							
706 - 2	2013	1372							
			1	117,490.71	0.00	0.00	0.00	0.00	117,490.71
				117,490.71	0.00	0.00	0.00	0.00	117,490.71
706 - 3	2014	1711							
			1	547,108.00	0.00	0.00	0.00	0.00	547,108.00
				547,108.00	0.00	0.00	0.00	0.00	547,108.00
Grand Totals:				\$ 664,598.71	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 664,598.71

09/10/2014 2:53:41 pm

RUS Form 219 Inventory Of Work Orders

Period: JUL 2014 System Designation: WA AH O9

Page: 6

Inventory : 1407M

Budget

Loan	Project	Amount
1	1600	37,804.26
Total:		37,804.26

ENVIRONMENTAL CERTIFICATION

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

2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS _____ IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER)

DATE

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

09/10/2014 2:53:41 pm

Page: 2

RUS Form 219 Inventory Of Work Orders

Period: JUL 2014

System Designation: WA AH O9

Inventory: 1407M

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions			Loan Funds Subject To Advance By RUS (9)
				Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)	Contrib In Aid Of Constr and Previous Advances (8)	
Project	Year	Retirement (2)							
1600	2013	1539							
		1539	1	35,981.57	2,254.63	431.94	0.00	0.00	37,804.26
				35,981.57	2,254.63	431.94	0.00	0.00	37,804.26
Grand Totals:				\$ 35,981.57	\$ 2,254.63	\$ 431.94	\$ 0.00	\$ 0.00	\$ 37,804.26

Minor Construction Work Orders

Work Order: 1539 - CONVERT 3 PH OVERHEAD TO UNDERGROUND FROM 1480133 TO 1513236

MEMORANDUM

September 8, 2014

TO: Board of Directors

FROM: Foster Hildreth

RE: Voting Delegate: Federated Insurance and CFC

Federated Insurance and NRUCFC will hold member meetings during the NRECA Regional meetings. During those meetings, delegates will elect two members to fill vacancies on the Federated Insurance Board of Directors and a Nominating Committee for CFC. The Board approved Foster Hildreth as voting delegate to the NRECA Regional Meeting with Chris Thomerson as the alternate.

Due to time conflicts of a Board work session planned for October 15 and the October Board meeting October 16, no representatives of OPALCO will attend; however, voting may be done via mail or by proxy.

Staff requests that the Board designate in the form of a motion, an official voting delegate and an alternate for the Regional meetings (Federated and CFC) to be held October 15, 2014.

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MEMORANDUM

September 8, 2014

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Service Policy 14 *Interconnection of Member Generators*

Minor edits are necessary to accommodate growing Member Generator (MG) system capacity, including clarification of incentive pools. Additional edits will be proposed at a later date to address Community Solar projects and the M.O.R.E. Committee moving under Policy 28 as part of the increased scope for the San Juan Islands Conservation District's MOU.

The draft revisions were presented at the August board meeting; no changes were recommended.

Staff recommends a motion to approve the edits made to Member Service Policy 14 *Interconnection of Member Generators*.

ORCAS POWER & LIGHT COOPERATIVE
MEMBER SERVICE POLICY 14
INTERCONNECTION OF MEMBER GENERATORS

This policy covers interconnection of any member owned generating facility, herein referred to as Member Generator (MG), to the OPALCO distribution grid. Any MG energized prior to December 17, 2003 will continue to be covered under Member Services Policy 13.

The member may select from the following options:

(1) Net Metering allows the MG to consume energy generated by their system which will offset the amount of energy purchased from OPALCO. MG may qualify for additional production incentives through the Member Owned Renewable Energy Program (MORE); OR

(2) Buy/Sell allows the MG the option to consume a portion of the energy produced; however, 51% of the energy produced must be sold to OPALCO.

14.1 AVAILABILITY

14.1.1 Energy must be generated from small-scale renewable resources such as solar, wind, and micro-hydro;

14.1.2 All power is considered non-firm, (this means power that is not available 24 hours per day, seven days per week);

14.1.3 Facilities with nameplate capability no greater than 200 kilowatts;

14.1.4 Requests for interconnection will be processed on a first-come, first-served basis. The maximum cumulative generating capacity of all MGs connected to OPALCO's grid is two Megawatts (MW);

14.1.5 OPALCO shall reserve the right to apply a fixed fee for administrative costs. The member shall be given reasonable notice before fixed fees are applied.

14.2 SERVICE CHARACTERISTICS

Single or three phase service, 60 Hz, at OPALCO voltages of 240/120, 480/277, 208/120 are available. In areas served by single phase lines, only single phase power will be purchased or sold unless the MG requests three phase service in accordance with OPALCO's line extension policy.

14.3 GENERAL PROVISIONS

14.3.1 Design Requirements

The MG shall be built and operated to comply with *Interconnection Standards for Member Generators with nameplate capability no greater than 200kW*.

14.3.2 Interruption or Reduction of Deliveries

14.3.2.1 OPALCO shall not be obligated to accept delivery of MGs' energy and may require MG to interrupt or reduce such delivery:

- 14.3.2.1.1 In order to construct, or maintain any of OPALCO's equipment or system;
 - 14.3.2.1.2 If curtailment is necessary because of emergencies, forced outages, or compliance with prudent electrical practices.
 - 14.3.2.2 OPALCO will, whenever possible, give the MG reasonable notice that interruption or reduction of delivery may be required.
- 14.3.3 The MGs proposed facility must be pre-approved by the OPALCO Engineering Department prior to construction.
 - 14.3.3.1 Member shall provide a detailed interconnection diagram showing protective disconnecting device(s) and over/under voltage and current devices.
 - 14.3.3.2 MG may be required to install additional protective equipment. OPALCO shall have the right to have representatives present at the initial testing of member's protective apparatus.
 - 14.3.3.3 MG shall not commence parallel operation of the facility until OPALCO has authorized the start up.
- 14.3.4 The MG shall complete, sign and submit an *Interconnection Application* and an *Agreement for Interconnection of Member Generators* prior to beginning construction.
- 14.3.5 Member shall pay for designing, installing, operating and maintaining the MG in accordance with OPALCO standards and agreements that apply at the time of installation. OPALCO's standards and agreements are detailed in OPALCO's *Agreement for Interconnection of Member Generators* and *Interconnection Standards for Installation of Member Generators*, which may be amended from time to time.
- 14.3.6 OPALCO reserves the right to designate the metering type, location, and method of interconnection. The MG shall be required to pay a contribution in aid of construction for all equipment and upgrades necessary to OPALCO's distribution system in order to accommodate the facility.
- 14.3.7 Member shall obtain any governmental authorizations and permits required for the construction and operation of the MG. Member shall reimburse OPALCO for any and all losses, damages, claims, penalties or liability it incurs as a result of member's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of MG or failure to properly maintain member's facility.
- 14.3.8 The MG shall comply with all requirements and standards of the National Electric Code (NEC), National Electrical Safety Code (NESC), American National Standards Institute (ANSI), Institute of Electrical and Electronic Engineers (IEEE), American Society of Mechanical Engineers (ASME), Western Electricity Coordinating Council (WECC), Underwriters Laboratories (UL), North American Electric Reliability Corporation (NERC) the National Electric Code General Order 95, and all local, state, and federal rules and regulations or codes which may be applicable.

- 14.3.9 All safety and operation procedures for MG must comply with the Occupational Safety Health Administration (OSHA) standards, the NEC, Washington Administrative Code (WAC) rules, Washington Industrial Safety and Health Administration (WISHA) standards, and equipment manufacturers' safety and operation manuals.
- 14.3.10 Notwithstanding any other provision of this policy, if at any time OPALCO determines that either (1) the facility may endanger OPALCO personnel or (2) the continued operation of member's facility may endanger the integrity of OPALCO's electrical system, OPALCO shall have the right to disconnect MG from OPALCO's electric system. The MG shall remain disconnected until all hazardous conditions have been corrected.
- 14.3.11 The owner of the MG shall install, at no cost to OPALCO, a disconnect device that is manually operated, accessible, visible, and lockable. OPALCO reserves the right to lock this device in the "open" position. This protective switching equipment may be operated without notice or liability by OPALCO or an OPALCO representative if, in the opinion of OPALCO or its representatives, continued operation of the MG in connection with OPALCO's system may create or contribute to a system emergency or safety hazard. OPALCO shall endeavor to minimize any adverse effects of such operation on the MG.
- 14.3.12 The MG must provide OPALCO a written notice of sale or transfer of the MG or the premises upon which the facility is located within thirty (30) calendar days. To continue interconnection service to the new MG, a new interconnection agreement, signed by the new MG, is required within thirty (30) calendar days. Production incentive payments will cease to departing member, but will transfer to new owner upon receipt of signed documents.
- 14.3.13 OPALCO may enter member's premises or property:
- 14.3.13.1 To inspect the member's protective devices during reasonable hours with prior notice;
 - 14.3.13.2 To disconnect at OPALCO's meter or transformer, without notice, the MG (or the entire service if the MG cannot be disconnected at or near the meter) if, in OPALCO's opinion, a hazardous condition exists.

14.4 NET METERING

- 14.4.1 Net Metering is the connection method in which the MG may consume the energy generated by their system in order to offset the amount of energy purchased from OPALCO. In the event the energy generated exceeds the energy consumed by the MG, the excess may be distributed to OPALCO's grid.
- 14.4.2 In no case will a credit be issued for excess energy generated. A bill for zero usage will be issued and excess kWhs will be "banked" for usage by the member in a subsequent month. Payment for any banked kWhs remaining on April 30th of each year shall be made based on OPALCO's yearly average of wholesale power purchased from BPA. The yearly average shall be determined each year on March

31st using OPALCO's year-end Rural Utilities Service (RUS) Form 7, Part K, Section (e) *Average Cost*. In addition, a green power premium shall be paid at one cent (\$.01) per kWh.

- 14.4.3 The Net Metering billing adjustment applies to charges for energy consumed only. A member participating in the Net Metering Program is subject to the OPALCO tariff under which the member receives service. Banked kWhs shall be applied only to energy usage and not the basic charge. In all cases, the basic charge will apply.
- 14.4.4 OPALCO shall provide meter aggregation for members who are participating under the Net Metering section of this policy. If a member's interconnection under Net Metering is known to produce more energy than the member's premises can consume on a yearly basis, then OPALCO shall allow the member to apply the excess energy to any other of the member's account(s) that are under exactly the same name as the member's interconnected facility. The member shall provide OPALCO with the account information for which they wish meter aggregation at the time application is made. Members can change the accounts which are being aggregated one time each year, on or before April 30th. Requests must be in writing and the change shall take effect in the next billing period.

14.5 BUY/SELL

- 14.5.1 Buy/Sell is the connection method in which no less than 51% of the generation will be sold to OPALCO.
- 14.5.2 Energy delivered into the OPALCO system will be reimbursed on a monthly basis by OPALCO. The established rate at which OPALCO will purchase all energy flowing out of the MG and delivered to OPALCO's distribution grid for non-firm power shall be based on OPALCO's yearly average of wholesale power purchased from BPA. The yearly average shall be determined each year on March 31st using OPALCO's year-end Rural Utilities Service (RUS) Form 7, Part K, Section (e) *Average Cost*. In addition, a green power premium shall be paid at one cent (\$.01) per kWh.
- 14.5.3 The Buy/Sell option applies to charges for energy consumed only. In all cases the basic charge will apply. OPALCO reserves the right to limit purchases that exceed OPALCO's ability to resell the power to its members.

14.6 MEMBER OWNED RENEWABLE ENERGY (MORE) FUND/PRODUCTION INCENTIVES

All MORE incentives will be funded through voluntary contributions; OPALCO offers no guaranteed incentive payments. New MGs will be admitted into the MORE Incentive Program on a first come, first served basis after July 1, 2010. MORE installations will follow the Net Metering Section 14.4 of this policy.

- 14.6.1 Production meter: Member will install, at their expense, a meter base which will accommodate an OPALCO meter. The production meter is a separate meter from the OPALCO billing meter and is required to record all energy produced from the MG.

- 14.6.2 Incentives will be administered through an independent committee of OPALCO members following approved MORE committee guidelines. See MORE guidelines for more details.

14.7 WASHINGTON STATE RENEWABLE ENERGY SYSTEM COST RECOVERY (WSRESCR) INCENTIVE

- 14.7.1 All MGs are eligible for the WSRESCR incentive. ~~based on MGs having their system~~ MGs must have their system certified by Washington State University to participate. OPALCO's incentive pool is subject to a state-defined cap. Once the cap is reached, incentives paid to participating MGs will be proportionally decreased.
- 14.7.2 Member will install, at their expense, a meter base which will accommodate a production meter. The production meter is a separate meter from the OPALCO billing meter and is required to record all energy produced from the MG.

14.8 INDEMNITY AND LIABILITY

Member shall hold harmless and indemnify OPALCO, its other members, employees, and its agents, from any damage, loss, claim or expense arising out of member's actions or inaction in connection with this policy. OPALCO shall hold harmless and indemnify member for any loss, claim or expense arising out of the actions or inaction of OPALCO, its employees, or its agents in implementing this policy. This section shall not relieve any insurer of its obligation to pay claims in accordance with the provisions of any valid insurance policy.

Foster Hildreth, General Manager

September 18, 2014
Effective Date

MEMORANDUM

September 8, 2014

TO: Board of Directors
FROM: Foster Hildreth
RE: Policy 19 *Family Medical Leave*

OPALCO lacked a policy covering workplace breastfeeding as required by law. Policy 19 *Family Medical Leave Act* was revised to include this addition.

This is the second reading of the revised policy. Staff recommends a motion to approve Policy 19 as presented.

ORCAS POWER AND LIGHT COOPERATIVE
OPALCO POLICY 19
FAMILY MEDICAL LEAVE ACT

Under the Family and Medical Leave Act (FMLA), eligible employees may request to take a total of twelve (12) weeks of unpaid leave in any twelve (12) month period for certain family or personal health care needs. This policy describes the provisions of OPALCO's leave policy and how this leave relates to the Cooperative's other benefits.

19.1 ELIGIBILITY

You are eligible to take leave under this policy if, at the time you request it:

- 19.1.1 You have worked at OPALCO for at least twelve (12) months.
- 19.1.2 You have worked for OPALCO at least 1,250 hours in the previous twelve (12) months.
- 19.1.3 You work at an OPALCO work site which has fifty (50) or more employees or is within seventy-five (75) miles of work sites that, together, have a total of fifty (50) or more employees.

19.2 REASONS FOR LEAVE

- 19.2.1 To care for yourself because of a serious health condition that prevents you from performing the essential functions of your job.
- 19.2.2 The birth of your child or the placement of a child with you through adoption or foster care.
- 19.2.3 To care for a parent, spouse, child, parent-in-law, or grandparent who has a serious health condition requiring either inpatient care or continuing care by a health care provider for a condition requiring more than three days' absence from work or school which otherwise prevents your family member from performing daily activities for more than three days.

19.3 AMOUNT CREDITING OF LEAVE

- 19.3.1 At the time you request leave, you may take up to a maximum of twelve (12) work weeks in any calendar year.
- 19.3.2 FMLA leave for the birth or placement of a child must be taken all in one block and must be taken within one year of the birth or placement of a child.
- 19.3.3 FMLA leaves may be taken intermittently or on a reduced-hours basis but only to the extent medically necessary. Approved intermittent FLMA leaves will be on an unpaid basis.
- 19.3.4 If, at the time you request leave, you have accrued vacation and unused personal or sick days, you will be required to use these days before you can take unpaid FMLA leave. Vacation, personal days, sickness and accident leave will count toward the twelve (12) week FMLA leave allotment.

19.4 DURING THE LEAVE

While you are on FMLA leave, the cooperative will continue health benefits under the same terms and conditions as those for active employees. The effect of FMLA leave on other benefit plans will be explained at the time FMLA leave is approved.

19.5 PROCEDURES

19.5.1 Notice

In general, you must give the company thirty (30) days advance notice before commencing FMLA leave. In emergency situations, you must give as much advance notice as practicable.

19.5.2 Intermittent/Reduced Hours Leave

If you are requesting intermittent or reduced-hours leave (as opposed to taking all your leave in one block), you must schedule the leave, insofar as possible, to minimize disruption to your work schedules and assignments. OPALCO may reassign you to another function within the same job class if it will better accommodate your recurring absences for intermittent or reduced-hours leave.

19.5.3 Medical Certification

19.5.3.1 All leaves involving a serious health condition, including the birth of a child, require medical certification from you or your family member's health care provider to substantiate the existence of a condition requiring the leave.

19.5.3.2 In the event you use FMLA leave for your own care, your health care provider must also certify either that you cannot perform any job or that you cannot perform the essential functions of your own job.

19.5.3.3 Medical certification forms are available from the human resources office.

19.5.3.4 OPALCO has the right to obtain a second opinion on the need for you to take FMLA leave.

19.6 RETURNING TO WORK

19.6.1 When you are able to return to work, the cooperative will restore you to your same job and all benefits.

19.6.2 Before you can return, the cooperative may require you to submit a medical release from your physician to verify that you are able to resume your duties with OPALCO.

19.6.3 If you fail to return to work, and there are no extenuating circumstances, OPALCO may require you to pay its share of the health care premiums it made on your behalf during the leave.

19.7 MISCELLANEOUS

- 19.7.1 OPALCO will take all steps necessary to administer this leave policy, including deciding which absences from work will be charged to FMLA leave time. To the extent consistent with applicable law, OPALCO has the responsibility to interpret this policy and decide any issue not expressly addressed by it. OPALCO may at any time change this policy, provided such changes comply with applicable law. Should any provisions of this policy conflict with the FMLA or its regulations, the FMLA and its regulations shall control.
- 19.7.2 Nothing in this policy insulates you from the application of any other company policies; e.g., while on leave you remain subject to all changes that may occur in the company's health care program and are subject to all other employment-related policies of general applicability.
- 19.7.3 Leaves of absence other than FMLA will continue as provided under the Collective Bargaining Agreement.

19.8 OPALCO FAMILY MEDICAL LEAVE GUIDE/EMPLOYEE CHECKLIST

Eligibility: Eligible employees may request family leave only after having been employed (1) for at least 12 months by OPALCO before the leave is requested; and (2) for at least 1, 250 hours of actual service for OPALCO during the previous 12 month period immediately before the leave commences.

- 19.8.1 For leave that is foreseeable, notify the human resources administrator thirty (30) days in advance of the need, the reason and expected duration of leave. For leave that is not foreseeable, give notice as soon as practicable (within one or two business days of need for leave).
- 19.8.2 Fill out the *Request for Leave* form completely and return it to human resources.
- 19.8.3 Once your *Request for Leave* form is completed correctly, you will receive notification on whether you qualify from human resources. This is the *Employer Response Form*.
- 19.8.4 For FMLA leave for a family member (which shall mean spouse, child, parent, parent-in-law, and grandparent) or the employee's own *serious health condition*, human resources requests that the *health care provider* complete the *Certification of Health Care Provider* form. (Job description must be attached for employees seeking FMLA leave). Once completed, send it to human resources within fifteen (15) days of request. (Under certain circumstances, OPALCO may request recertification of your condition. Recertification compliance is required with 15 calendar days). Failure to submit the appropriate paperwork to human resources within the 15 calendar day time frame may result in the denial of FMLA leave.
- 19.8.5 An eligible employee may take up to twelve (12) weeks of unpaid leave or use applicable leave balances (sick, compensatory, and vacation).

- 19.8.6 If an employee is found ineligible for FMLA leave, standard leave policies will apply.
- 19.8.7 Follow up medical documentation may be requested of the employee only by human resources during the time the employee is on leave.
- 19.8.8 If the employee is on unpaid approved FMLA leave, it will be his/her responsibility to pay the employee portion of the monthly health care premium to the OPALCO payroll office.
- 19.8.9 At the end of the FMLA leave, the employee will be reinstated to the original or equivalent position, provided they do not qualify as a "key" employee as defined by the Department of Labor and Industry.
- 19.8.10 Spouses, both of whom are employed by OPALCO, are jointly entitled to a combined total of twelve (12) work weeks of family leave for the birth, adoption or foster care placement of a child. If FMLA leave is for birth, adoption, or foster care placement of a child, use of intermittent leave is subject to the employers approval.
- 19.8.11 If intermittent or reduced work schedule is requested, it must be discussed and developed by the employee and human resources. Human resources will include the supervisor, only to arrange for a new work schedule that does not unduly disrupt OPALCO's operations.
- 19.8.12 Provide human resources with periodic updates in any changes in your condition, need for leave, and intent to return to work.
- 19.8.13 A two-week notification must be given to human resources of your intent to return to work.

19.9 Workplace Breastfeeding

19.9.1 Company Responsibilities

- 19.9.1.1 Milk Expression Breaks: Breastfeeding employees are allowed to breastfeed or express milk during work hours using their normal breaks and meal times. For time that may be needed beyond the usual break times, employees may use personal leave or may make up the time as negotiated with their supervisors.
- 19.9.1.2 A Place to Express Milk: A private room (not a restroom) shall be available for employees to breastfeed or express milk. The room will be private and sanitary, located near a sink with running water for washing hands and rinsing out breast pump parts, and have an electrical outlet. If employees prefer, they may also breastfeed or express milk in their own private office, or in other comfortable locations agreed upon in consultation with the employee's supervisor. Expressed milk can be stored in the company refrigerator.

- 19.9.1.3. Staff Support: Supervisors and managers are responsible for alerting pregnant and breastfeeding employees to the company's worksite lactation support program and for negotiating policies and practices that will help facilitate each employee's infant feeding goals. It is expected that all employees will assist in providing a positive atmosphere of support for breastfeeding employees.

19.9.2 Employee Responsibilities

- 19.9.2.1 Communication with Supervisors: Employees who wish to express milk during the work period shall keep supervisors and managers informed of their needs so that appropriate accommodations can be made to satisfy the needs of both the employee and the cooperative.
- 19.9.2.2 Maintenance of Milk Expression Areas: Breastfeeding employees are responsible for keeping milk expression areas clean, using anti-microbial wipes to clean the pump and area around it. Employees are also responsible for keeping the general lactation room clean for the next user. This responsibility extends to both designated milk expression areas and other areas where milk may be expressed.
- 19.9.2.3 Milk Storage: Employees should label all milk expressed with their name and date collected so it is not inadvertently confused with another employee's milk. Each employee is responsible for proper storage of her milk using OPALCO's refrigerator or her own personal storage cooler.
- 19.9.2.4 Use of Break Times to Express Milk: When more than one breastfeeding employee needs to use the designated lactation room, employees can use the sign-in log provided in the room to negotiate milk expression times that are most convenient or best meet their needs.

Foster Hildreth, General Manager

Effective Date: September 18, 2014

OPALCO FAMILY & MEDICAL LEAVE (FMLA) REQUEST FORM

Name: _____ Date: _____

Social Security Number: _____ Department: _____

Mailing Address (home): _____

Home Phone Number: _____ Work Phone Number _____

Supervisors Name: _____ Phone Number: _____

Normal Work Hours Per Week: _____ Hire Date: _____

Anticipated Begin Date of Leave: _____

Expected Return to Work: _____

Have You Taken Other *FMLA* Leave During this Calendar Year? _____

Explain Reason or Request:

Schedule for Leave Request:

_____ For entire period requested above.

_____ Intermittent (a few hours a day for a few days a week or on an as needed basis).

_____ Reduced Schedule (reduction in hours worked per work week or work day).

Request is initiated by: Employee _____ Supervisor _____ Other _____

Signature: _____ Date: _____

Note: After making the supervisor aware that the employee needs leave for a reason that might qualify for FMLA leave, it is the responsibility of the employee to obtain from the health care provider the completed *Certification of Health Provider Form* and return to human resources within fifteen (15) days.

MEMORANDUM

September 18, 2014

To: OPALCO Board Members

From: Foster Hildreth, General Manager

Re: Energy Efficiency Rebate Program Funding

Due to the popularity and efficient delivery of our residential and commercial rebate programs, staff anticipates running out of BPA Energy Efficiency Incentive (EEI) funds by the end of September. A total of \$481,580 were allocated for the program period 10/1/13 to 9/30/15.

Below is a summary of rebate activity since 10/1/13 and projections for rebates expected to be funded by year-end. A chart showing rebate detail is attached.

Total 2 Year BPA Rebate Fund (EEI)	\$481,580
Rebates issued through 8/31/14	(334,785)
Pending Rebates*	<u>(146,795)</u>
Total	(481,580)
Remaining Fund Balance 9/30/14	0
Estimated 4 th Quarter 2014	150,000
GM Conservation Education Fund	<u>(20,000)</u>
Total Self-Funding Request	<u>130,000</u>

*Includes funds allocated to Low Income and Energy Smart Grocer Programs

Staff is requesting the board approve self-funding in the amount of \$130,000 to continue the rebate program until year end.

A program analysis and funding request for 2015 will be submitted with the 2015 budget.

ORCAS POWER & LIGHT COOPERATIVE

BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

Actual (Oct 2013 - August 2014)

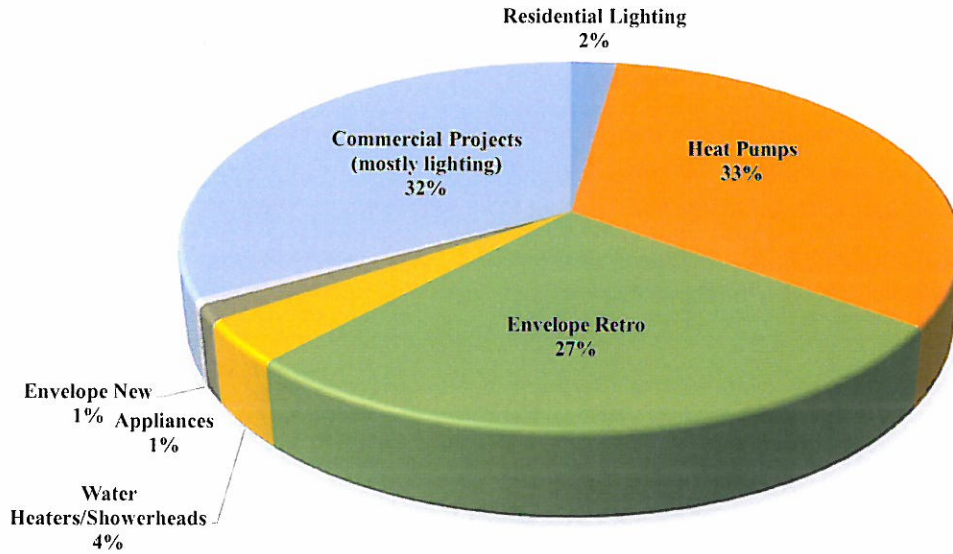
	A.	B.	C.	D.	E.	F.
	Actual	Number of	kWh Savings	Reimbursement	% of	% of
	FY2014	Measures	Goal	per kWh (A / C)	Total EEI	Total
					\$ to Date	kWh to
						Date
Revenue						
1 BPA EEI Funding for period 10/1/13 - 9/30/15	\$ (481,580)	-	(2,000,000)	0.24		
Expenses						
2 Ductless Heat Pumps	83,600	59	227,828	0.37	25%	18%
3 EE Water Heaters	10,950	34	40,094	0.27	3%	3%
4 Efficient Clothes Washers	4,540	73	15,228	0.30	1%	1%
5 Efficient Showerheads	1,416	110	36,639	0.04	0%	3%
6 Efficient Windows	35,447	49	106,162	0.33	11%	8%
7 Direct Install Energy Star CFL Bulbs	2,380	510	10,867	0.22	1%	1%
8 Over the Counter Energy Star CFL Bulbs	1,783	558	9,744	0.18	1%	1%
9 Over the Counter LED Bulbs	3,304	768	14,848	0.22	1%	1%
10 Energy Star Refrigerators/Freezers	480	43	1,733	0.28	0%	0%
11 Insulation	42,050	73	137,641	0.31	13%	11%
12 NEEM Energy Star Home	1,800	1	3,336	0.54	1%	0%
13 Air Sealing	11,214	16	37,029	0.30	3%	3%
14 Duct Sealing	900	2	2,690	0.33	0%	0%
15 Heat Pumps	25,250	21	64,294	0.39	8%	5%
16 Energy Smart Grocer Projects	11,802	4	169,011	0.07	4%	13%
17 Commercial Projects	96,909	30	415,486	0.23	29%	32%
18 Low Income Programs	960	1	4,358	0.22	0%	0%
Subtotal Rebate Expenses	\$ 334,784	2,352	1,296,989	0.26	100%	100%
Pending Rebates	(146,795)					
FY 2014 EEI Remaining Balance	\$ -					

ORCAS POWER & LIGHT COOPERATIVE

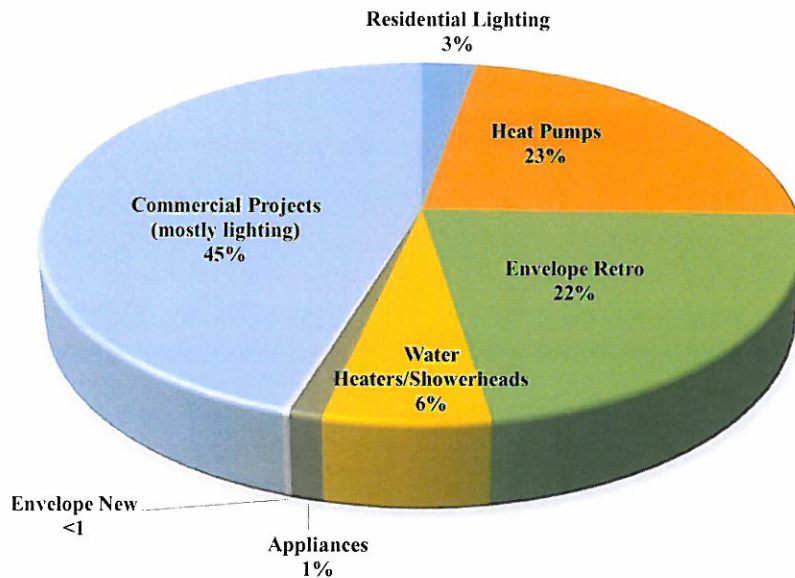
BPA ENERGY EFFICIENCY INCENTIVE FUND (EEI)

Actual (Oct 2013 - August 2014)

EEI \$ DISTRIBUTION



EEI KWH DISTRIBUTION



Note: Distribution aligns well with the Conservation Potential Assessment results conducted in late 2013 (see CPA reference graphs in Appendix). More opportunity exists to capture residential lighting and weater heating savings through retail partnerships and promotions. Commerical refrigeration potential will be captured through continued participation in the Energy Smart Grocer program.

Results by Sector

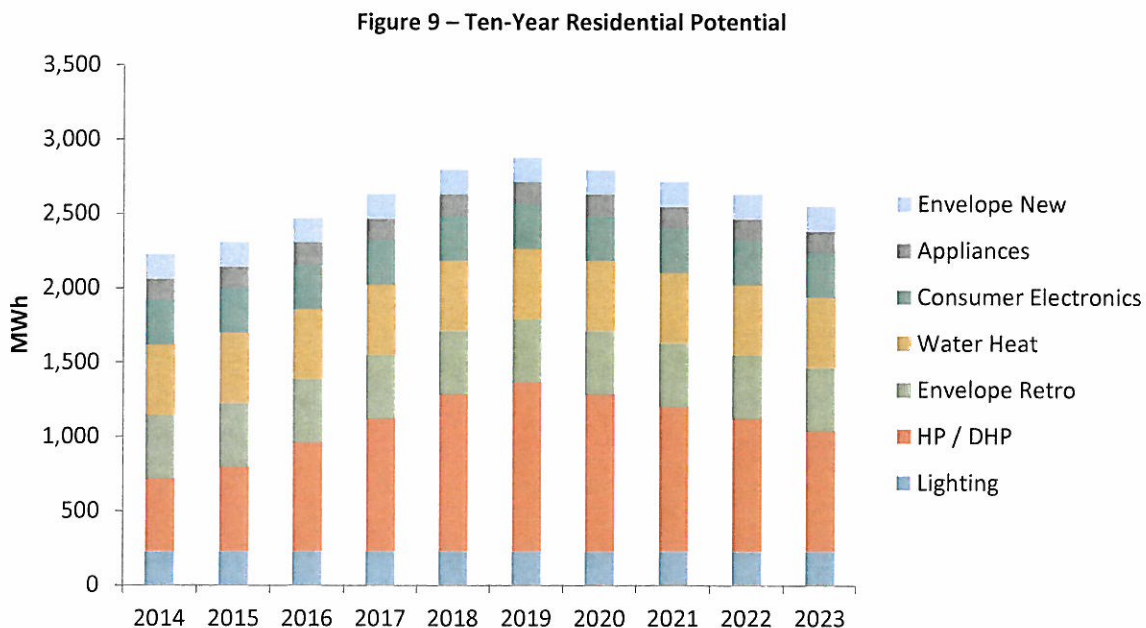
Introduction

Maximum achievable savings potential by end-use is presented in this section. These savings are annual incremental over the first 10 years of the study. Annual savings by end-use are generally not presented as a consistent amount in each year. In this study, the 20-year savings potential for each measure is assigned a “ramp rate.” A ramp rate applies a percentage of savings potential in each year of the study. Ramp rates are meant to illustrate the timing of measure adoption (retrofit or lost opportunity) or program type (emerging technologies, or well-established). Using different ramp rates allows planners to estimate the timing of available savings by measure. Various ramp rates are applied to each measure within each end-use. The resulting maximum achievable potential varies from year to year.

Maximum achievable potential by end-use is first described for the residential sector then followed by a description of the commercial sector potential.

Residential

Figure 9 illustrates the maximum achievable potential by end-use for the residential sector. Heat pump upgrades/conversions and envelope retrofits make up considerable share of the potential. Savings from water heating measures (showerheads and water heaters also provide as significant share of the overall potential.



Potential in the residential sector over the next five years is summarized in Table 5 below. Details about each measure category are described below.

Table 5 – Achievable Residential Units by End-Use (Incremental Units)

Residential	# of Units				
	2014	2015	2016	2017	2018
Lighting (Number of Homes)	692	692	692	692	692
HP / DHP	133	156	200	245	289
Envelope Retro	283	283	283	283	283
Water Heat	1,176	1,176	1,176	1,176	1,176
Consumer Electronics	2,168	2,168	2,168	2,168	2,168
Appliances	1,936	1,936	1,936	1,936	1,936
Envelope New	219	219	219	219	219
TOTAL	6,608	6,630	6,675	6,719	6,764

Lighting Measures

Table 5 shows the number of lighting units available. Note that in the case of lighting measures, the lighting “Units” in the table is number of homes rather than individual light bulbs. The number of units in Table 5 represents the number of housing units for which higher efficiency bulbs are applicable. The total number of bulbs is estimated later in this report assuming that there are approximately 25 bulbs per available housing unit that can be retrofitted.

Heat Pump Measures

Much of the savings potential available in the residential sector is from heat-pump measures. Over 130 heat pumps per year would need to be installed to achieve the estimated potential savings. A total of 4,120 heat pumps are included in the savings potential estimates over the 20-year study period. Approximately 2,400 of these are ductless heat pump units (2,000 installed on existing homes and 400 on new homes).

Envelope Retrofit Measures

Envelope retrofits also make up a large share of the potential savings. Included in this category are efficient window upgrades, insulated door upgrades, and insulation measures. Table 5 shows the corresponding number of units available for each of these measures over the next five years. For envelope measures, the number of units refers to the number insulation projects for attic, floor, or wall space. A home needing all three insulation upgrades is counted as 3 units. For the most part, retrofit envelope measures are cost-effective with the exception of some window upgrades including upgrade to CL30 from single pane in single family homes and door upgrades (multifamily doors).

To further illustrate potential programs, residential end-use categories that make up a large share of the potential savings are further broken down in Table 6.

Table 6 – Achievable Residential Units by Measure Category

Residential Sub-Categories	# of Units					
	Total	2014	2015	2016	2017	2018
Water Heat						
Showerhead	6,282	628	628	628	628	628
Heat Pump Water Heater	4,250	137	137	137	137	137
Efficient Tank	8,939	411	411	411	411	411
Subtotal	19,471	1,176	1,176	1,176	1,176	1,176
Heat Pumps	4,120	133	156	200	245	289
Appliances						
Clothes Washer	21,903	917	917	917	917	917
Freezer	5,567	198	198	198	198	198
Refrigerator	12,085	429	429	429	429	429
Dishwasher	8,537	392	392	392	392	392
Subtotal	48,093	1,936	1,936	1,936	1,936	1,936
Envelope Retro						
Window Upgrade	567	38	38	38	38	38
Attic Insulation	1,825	122	122	122	122	122
Door Upgrade	222	15	15	15	15	15
Floor Insulation	1,171	78	78	78	78	78
Wall Insulation	466	31	31	31	31	31
Subtotal	4,251	283	283	283	283	283
Lighting						
Number of Homes	9,888	692	692	692	692	692
Number of Bulbs @ 25/Home	247,204	17,304	17,304	17,304	17,304	17,304

Envelope Measures for New Buildings

Similar to retrofit envelope measures, the vast majority of envelope measures in new buildings are cost-effective.

Appliances

Clothes driers, ovens, and microwave measures were not cost effective and are excluded from Table 6.

Water Heating

Cost-effective water heating measures include low-flow showerheads, heat pump water heaters, and efficient water heater tanks. Measures that did not pass the cost-effectiveness screen include solar water heaters. Several heat pump water heater measures were evaluated; however, only some permutations are cost effective. For example a Tier 1 50-75 gallon heat pump water heater in an interior location is cost effective but the same water heater in an unheated buffer location is not cost effective.

Direct Application Renewable

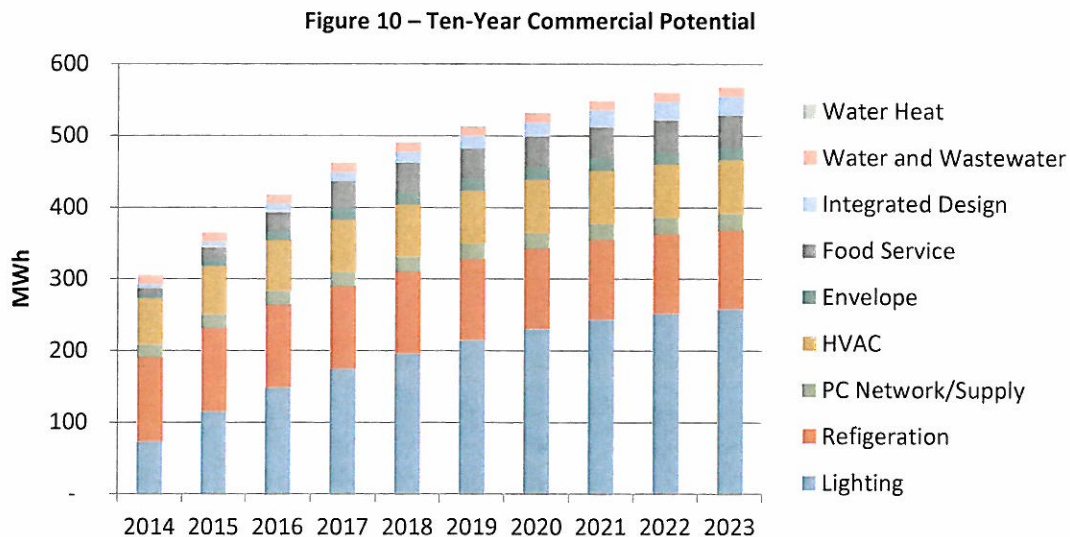
Customer-side solar PV systems (1 kW) were evaluated; however, these measures were not cost-effective. Despite these measures not passing the cost-effectiveness test, OPALCO may still wish to offer programs to customers interested in direct application renewable energy or distributed generation. Direct application renewable energy is discussed further in the Action Plan section of this report.

Consumer Electronics

Consumer electronics includes efficient televisions, computer monitors, set top boxes, and desktop computers. With the exception of desktop computers, all of the consumer electronics measures are cost-effective.

Commercial

Commercial savings by end-use are shown in Figure 10. Lighting measures account for the largest share of savings potential in the commercial sector.



Similar to the residential sector, the cumulative savings potential in the commercial sector increases steadily over the planning period starting at 300 MWh per year and increasing to around 560 MWh per year by the end of the ten-year planning period. Lighting remains the largest source of potential throughout the planning period. Each measure category is discussed below with an explanation of the differences between the technical and economic potential.

Lighting

Lighting measures include lighting controls, LPD package, streetlights, traffic lights, perimeter and parking lighting. Most lighting measures are cost-effective; however, some permutations of the measures do not pass the cost-effectiveness test. LED traffic signals do not pass the cost-effectiveness screening.

Generally, commercial lighting projects are custom projects that are evaluated individually. The individual nature of these projects will ensure that OPALCO is not excluding cost-effective investments; therefore, specific details regarding cost-effectiveness of individual measures are not evaluated further.

Refrigeration

Refrigeration measures include grocery store measures such as LED case lighting, compressors, controls, or night covers. All refrigeration measures are cost effective with the exception of overhead lighting and CFL in walk-in freezers/refrigerators.

HVAC

HVAC measures include demand control ventilation, ECM on VAV boxes, premium HVAC equipment (new and natural replacement), package roof top optimization and repair, variable speed chillers on lodging offices and university buildings, HVAC controls, and ventilation measures. Most premium HVAC measures are not cost-effective. In addition, low pressure distribution (ventilation) and some HVAC controls are not cost-effective.

Food Service

Food service measures include fume hoods, cooking, and refrigeration measures in food service or restaurant applications. The only cost-effective measures are efficient commercial refrigeration and beverage vending machines.

Envelope

Envelope measures for commercial buildings include glass and roof insulation. Most retrofit glass measures do not pass the cost-effectiveness test. However, new and natural replacement glass is cost-effective. Roof insulation for schools and restaurants are not cost effective.

Integrated Design

This measure category includes one measure for new buildings that incorporate integrated design. Integrated design can be applied to any building type. This measure is cost-effective.

PC Network/Supply

This category includes two measures: control of networked computer energy management systems and consolidation and upgrade of servers. Both measures are cost-effective.

Water Heat

Water heating includes pre-rinse spray wash heads in food service. This measure is cost-effective.

Distribution System Savings Potential

The NW region has recently developed conservation measures that apply to the distribution system. Distribution efficiency measures improve the efficiency of utility distribution systems by operating in the lower end of the acceptable voltage range (120-114 volts). The potential in OPALCO's service territory is derived directly from the Council's 6th Power Plan. Measures and savings are shown in Table 7. The savings shown here are high level estimates only. A detailed engineering assessment of OPALCO's distribution efficiency potential should be conducted before program planning.

Table 7 – Distribution Efficiency Potential, MWh

Measure	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 - Reduce System Voltage w/ LDC Voltage Control Method	179	179	179	179	179	179	179	179	179	179
2 - Minor System Improvements	55	55	55	55	55	55	55	55	55	55
3 - Major System Improvements	59	59	59	59	59	59	59	59	59	59
Annual (MWh)	293	293	293	293	293	293	293	293	293	293

- Reduce system voltage w/ LDC voltage control method – This is primarily CVR (conservation voltage regulation)
- Minor system improvements – This refers to VAR management, phase load balancing, and feeder load balancing
- Major system improvements – This measure includes voltage regulators on 1 of 4 substations and select reconductoring on 1 of every 2 substations

MEMORANDUM

September 12, 2014

TO: Board of Directors
FROM: Foster Hildreth, General Manager
SUBJECT: Grid Control Budget Advance

Due to extensive lead times required in ordering equipment, our network engineering consultant is requesting that OPALCO purchase fiber optic communications switches. Based on prior vender commitments, the vender is obligated to provide us with the upgraded switches at half price. All 50 switches need to be purchased at this time in order to lock in this discount. The Grid Control efforts will use 20 of these switches and the remainder will be used in supporting Island Network member connections.

Staff requests a motion to approve an advance of capital budget funding in the amount of \$400,000; included in the 2014 budget as projected for 2015. These funds are part of the approved existing RUS loan.

DISCUSSION ITEMS

MEMORANDUM

September 12, 2014

TO: Board of Directors
FROM: Foster Hildreth, General Manager
RE: WRECA Update

Kent Lopez will attend the September Board meeting to provide information on the 2015 legislative session and other topics related to the industry.

MEMORANDUM

September 2, 2014

TO: Board of Directors
FROM: Chris Thomerson
RE: Strategic Directive: Rate Structure

In that the utility industry is evolving and will potentially continue to change in the future, I propose the following strategic directive to ensure that we continue to meet revenue requirements in a fair and equitable way allowing flexibility for future changes in the services OPALCO will be providing to meet member's needs.

Strategic Directive: Rate Structure

OPALCO rate structure shall decouple fixed and variable costs and fairly allocate the significant separate system costs such as energy, demand, and facilities charges, to be brought substantially in line by 2028.

MEMORANDUM

September 2, 2014

TO: Board of Directors
FROM: Chris Thomerson
RE: Strategic Directive: Member Programs

In that OPALCO currently has several effective programs valued by the membership, I propose the following strategic directive to put them on a solid business-like foundation, including measured goals and known funding requirements and sources, to ensure their longevity, and provide a template for future possible programs.

Note: I have changed the wording such that OPALCO funding is represented as an option not a certainty as previously reviewed wording suggested.

Strategic Directive: Member Programs

OPALCO develop relevant targeted goal driven programs, with measured deliverables and known financing requirements and funding sources, to drive desired specific end results such as Energy Efficiency, Local Renewable Generation, carbon footprint reduction, wise energy use, mitigate member financial stress, and other programs as are advantageous for the membership.

MEMORANDUM

September 12, 2014

TO: Board of Directors

FROM: Foster Hildreth

RE: Draft Policy 29 *Energy Rate Design*

It is the policy of the Board of Directors to develop electric rates that allow the Cooperative to provide electricity that is reliable, cost-based and considerate of the environment while maintaining the Cooperative's financial strength at the Cooperative's lowest cost.

In addition to maintaining OPALCO's financial condition, another goal of this policy is to continue to support robust conservation, renewable energy and community programs independent of rate and power supply pressures. Conservation, renewable energy and community programs are to be reviewed and funded through OPALCO's budgetary process based on need and member demand.

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POLICY 29

ENERGY RATE DESIGN

Draft

29.1 PURPOSE

To set forth policy relating to the development and implementation of electric rates that follows the strategic objectives of the Cooperative.

29.2 POLICY

29.2.1 Commitment to Rate Design

It is the policy of the Board of Directors of the Cooperative to develop electric rates that allow the Cooperative to provide electricity that is reliable, cost-based and considerate of the environment while maintaining the Cooperative's financial strength at the Cooperative's lowest cost.

In addition to maintaining OPALCO's financial condition, another goal of this policy is to continue to support robust conservation, renewable energy and community programs independent of rate and power supply pressures. Conservation, renewable energy and community programs are to be reviewed and funded through OPALCO's budgetary process based on need and member demand.

29.2.2 Basic Fundamentals

29.2.2.1 The Cooperative will prepare revenue requirements and cost-of-service analyses as necessary to keep current with the information needed to develop rates.

29.2.2.2 Rates will be developed and implemented that:

29.2.2.2.1 Meet revenue and requirements and are based on cost of service;

29.2.2.2.2 Generate margins adequate to meet annual lender requirements and long-term financial objectives as per the Cooperative's strategic directives;

29.2.2.2.3 **Facility Charge:** Utilize a fixed cost methodology to ensure the facility charge is equivalent to the Cooperatives' fixed costs allowing for revenue and margin stability;

- 29.2.2.2.4 **Demand Charge:** Implement a demand billing determinant equivalent to the demand power supply costs for all member classes. This measure is dependent on specific metering equipment and will be phased in as meter replacements occur;
- 29.2.2.2.5 **Energy Charge:** Implement a billing mechanism that recovers power supply energy costs directly associated with each members' energy usage;
- 29.2.2.3 Rates will incorporate a billing mechanism to ensure that any member with service requirements and load characteristics above the established base load (based on BPA Tier 1) will be charged for those additional costs.
- 29.2.2.4 Rates shall be independent of member programs such as Energy Conservation, PAL and MORE. The funding for these programs will be determined at the time of the annual budgeting process.
- 29.2.3 Management Responsibility
 - 29.2.3.1 Management should be held accountable for implementing rates as approved by the Board of Directors and routinely report to the Board of Directors as to the need to adjust rates to account for changes in cost or strategic initiatives.

J. Foster Hildreth, General Manager

Effective Date

MEMORANDUM

August 10, 2014

TO: Board of Directors
FROM: Randy J. Cornelius
RE: Rate Design

This is the fourth step in the process of designing new rates.

The full sequence of events for the new Rate Design is as follows:

- A. ✓ Review of BPA billing determinants: April 2014 Board meeting: -
COMPLETE
- B. ✓ Cost of service review (revenue requirements/rates classes and cost allocations), with Member comment: COMPLETE
- C. ✓ Review of new rate design proposed by Staff: July 2014 Board meeting
COMPLETE
- D. Board discussion/modification of proposed rate design, with Member comment: ✓ August & September 2014 Board meetings
- E. ESS review of final rate design with member comment (first reading): October 2014 Board meeting
- F. Final Board approval (second reading) of final rate design: November 2014 Board meeting
- G. New rate design goes into effect with the March 2015 billing period

As a continuance to previous board meeting rate discussions, the attached tables are rate projections for the next three years. These rates are the first stage of a progression to the draft Policy 29 *Rate Design*.

Year one rates are the proposed rates which include an overall 6% increase in rates as projected for 2015 in the 2014 budget. This 6% will be verified during the budget process and presented to the Board for adoption during the 2015 Budget process.

Years two and three are projected rates for comparative purposes only. These projections assume an overall 6% increase to rates as projected within the 2014 Budget. Also, note that subsequent rates will be based on the revenue requirements for those budget years.

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RATE DESIGN
 RESIDENTIAL SUMMER BILL COMPARISON

PROPOSED RATE STRUCTURE

Energy Rate (\$/kWh)	0.09000	Summer Block 1 (< 1,500 kWh)
	0.10060	Summer Block 2 (> 1,500 kWh)
	0.09000	Winter Block 1 (< 3,000 kWh)
	0.10060	Winter Block 2 (> 3,000 kWh)
Facility (\$/customer/Month)	30.32	
Demand (\$/Customer/Month)	0.00	

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.
1		Present Rates		Transition Year 1 (6%)			Transition Year 2 (6%)			Transition Year 3 (6%)		
2	Energy Rate (\$/kWh)	0.0852	(< 5,000 kWh)	0.09000	Summer Block 1 (< 1,500 kWh)		0.09100	Summer Block 1 (< 1,500 kWh)		0.09200	Summer Block 1 (< 1,500 kWh)	
3		0.10060	(>5,000 kWh)	0.10060	Summer Block 2 (> 1,500 kWh)		0.11600	Summer Block 2 (> 1,500 kWh)		0.12800	Summer Block 2 (> 1,500 kWh)	
4	Facility (\$/customer/Month)	28.60		30.32			32.13			34.06		
5	Demand (\$/Customer/Month)	0.00		0.00			1.00			3.00		
6		Monthly		Monthly		Percent	Monthly		Percent	Monthly		Percent
7	kWh	Bill		Bill	Difference	Difference	Bill	Difference	Difference	Bill	Difference	Difference
8	100	\$ 37.12		\$ 39.32	\$ 2.20	5.9%	\$ 42.23	\$ 2.92	7.4%	\$ 46.26	\$ 4.03	9.5%
9	200	\$ 45.64		\$ 48.32	\$ 2.68	5.9%	\$ 51.33	\$ 3.02	6.2%	\$ 55.46	\$ 4.13	8.0%
10	300	\$ 54.16		\$ 57.32	\$ 3.16	5.8%	\$ 60.43	\$ 3.12	5.4%	\$ 64.66	\$ 4.23	7.0%
11	400	\$ 62.68		\$ 66.32	\$ 3.64	5.8%	\$ 69.53	\$ 3.22	4.9%	\$ 73.86	\$ 4.33	6.2%
12	500	\$ 71.20		\$ 75.32	\$ 4.12	5.8%	\$ 78.63	\$ 3.32	4.4%	\$ 83.06	\$ 4.43	5.6%
13	600	\$ 79.72		\$ 84.32	\$ 4.60	5.8%	\$ 87.73	\$ 3.42	4.1%	\$ 92.26	\$ 4.53	5.2%
14	700	\$ 88.24		\$ 93.32	\$ 5.08	5.8%	\$ 96.83	\$ 3.52	3.8%	\$ 101.46	\$ 4.63	4.8%
15	800	\$ 96.76		\$ 102.32	\$ 5.56	5.7%	\$ 105.93	\$ 3.62	3.5%	\$ 110.66	\$ 4.73	4.5%
16	900	\$ 105.28		\$ 111.32	\$ 6.04	5.7%	\$ 115.03	\$ 3.72	3.3%	\$ 119.86	\$ 4.83	4.2%
17	1,000	\$ 113.80		\$ 120.32	\$ 6.52	5.7%	\$ 124.13	\$ 3.82	3.2%	\$ 129.06	\$ 4.93	4.0%
18	1,100	\$ 122.32		\$ 129.32	\$ 7.00	5.7%	\$ 133.23	\$ 3.92	3.0%	\$ 138.26	\$ 5.03	3.8%
19	1,200	\$ 130.84		\$ 138.32	\$ 7.48	5.7%	\$ 142.33	\$ 4.02	2.9%	\$ 147.46	\$ 5.13	3.6%
20	1,300	\$ 139.36		\$ 147.32	\$ 7.96	5.7%	\$ 151.43	\$ 4.12	2.8%	\$ 156.66	\$ 5.23	3.5%
21	1,400	\$ 147.88		\$ 156.32	\$ 8.44	5.7%	\$ 160.53	\$ 4.22	2.7%	\$ 165.86	\$ 5.33	3.3%
22	1,500	\$ 156.40		\$ 165.32	\$ 8.92	5.7%	\$ 169.63	\$ 4.32	2.6%	\$ 175.06	\$ 5.43	3.2%
23	1,600	\$ 164.92		\$ 175.38	\$ 10.46	6.3%	\$ 181.23	\$ 5.86	3.3%	\$ 187.86	\$ 6.63	3.7%
24	1,700	\$ 173.44		\$ 185.44	\$ 12.00	6.9%	\$ 192.83	\$ 7.40	4.0%	\$ 200.66	\$ 7.83	4.1%
25	1,800	\$ 181.96		\$ 195.50	\$ 13.54	7.4%	\$ 204.43	\$ 8.94	4.6%	\$ 213.46	\$ 9.03	4.4%
26	1,900	\$ 190.48		\$ 205.56	\$ 15.08	7.9%	\$ 216.03	\$ 10.48	5.1%	\$ 226.26	\$ 10.23	4.7%
27	2,000	\$ 199.00		\$ 215.62	\$ 16.62	8.3%	\$ 227.63	\$ 12.02	5.6%	\$ 239.06	\$ 11.43	5.0%
28	2,500	\$ 241.60		\$ 265.92	\$ 24.32	10.1%	\$ 285.63	\$ 19.72	7.4%	\$ 303.06	\$ 17.43	6.1%
29	3,000	\$ 284.20		\$ 316.22	\$ 32.02	11.3%	\$ 343.63	\$ 27.42	8.7%	\$ 367.06	\$ 23.43	6.8%
30	3,500	\$ 326.80		\$ 366.52	\$ 39.72	12.2%	\$ 401.63	\$ 35.12	9.6%	\$ 431.06	\$ 29.43	7.3%
31	4,000	\$ 369.40		\$ 416.82	\$ 47.42	12.8%	\$ 459.63	\$ 42.82	10.3%	\$ 495.06	\$ 35.43	7.7%
32	4,100	\$ 377.92		\$ 426.88	\$ 48.96	13.0%	\$ 471.23	\$ 44.36	10.4%	\$ 507.86	\$ 36.63	7.8%
33	4,200	\$ 386.44		\$ 436.94	\$ 50.50	13.1%	\$ 482.83	\$ 45.90	10.5%	\$ 520.66	\$ 37.83	7.8%
34	4,300	\$ 394.96		\$ 447.00	\$ 52.04	13.2%	\$ 494.43	\$ 47.44	10.6%	\$ 533.46	\$ 39.03	7.9%
35	4,400	\$ 403.48		\$ 457.06	\$ 53.58	13.3%	\$ 506.03	\$ 48.98	10.7%	\$ 546.26	\$ 40.23	7.9%
36	4,500	\$ 412.00		\$ 467.12	\$ 55.12	13.4%	\$ 517.63	\$ 50.52	10.8%	\$ 559.06	\$ 41.43	8.0%
37	4,600	\$ 420.52		\$ 477.18	\$ 56.66	13.5%	\$ 529.23	\$ 52.06	10.9%	\$ 571.86	\$ 42.63	8.1%
38	4,700	\$ 429.04		\$ 487.24	\$ 58.20	13.6%	\$ 540.83	\$ 53.60	11.0%	\$ 584.66	\$ 43.83	8.1%
39	4,800	\$ 437.56		\$ 497.30	\$ 59.74	13.7%	\$ 552.43	\$ 55.14	11.1%	\$ 597.46	\$ 45.03	8.2%
40	4,900	\$ 446.08		\$ 507.36	\$ 61.28	13.7%	\$ 564.03	\$ 56.68	11.2%	\$ 610.26	\$ 46.23	8.2%
41	5,000	\$ 454.60		\$ 517.42	\$ 62.82	13.8%	\$ 575.63	\$ 58.22	11.3%	\$ 623.06	\$ 47.43	8.2%
42	5,100	\$ 464.66		\$ 527.48	\$ 62.82	13.5%	\$ 587.23	\$ 59.76	11.3%	\$ 635.86	\$ 48.63	8.3%
43	5,200	\$ 474.72		\$ 537.54	\$ 62.82	13.2%	\$ 598.83	\$ 61.30	11.4%	\$ 648.66	\$ 49.83	8.3%
44	5,300	\$ 484.78		\$ 547.60	\$ 62.82	13.0%	\$ 610.43	\$ 62.84	11.5%	\$ 661.46	\$ 51.03	8.4%
45	5,400	\$ 494.84		\$ 557.66	\$ 62.82	12.7%	\$ 622.03	\$ 64.38	11.5%	\$ 674.26	\$ 52.23	8.4%
46	5,500	\$ 504.90		\$ 567.72	\$ 62.82	12.4%	\$ 633.63	\$ 65.92	11.6%	\$ 687.06	\$ 53.43	8.4%
	Overall Rate Increase for Class:					6.0%			6.0%			6.0%

ORCAS POWER AND LIGHT COOPERATIVE

RATE DESIGN
 RESIDENTIAL WINTER BILL COMPARISON

PROPESED RATE STRUCTURE

Energy Rate (\$/kWh)	0.09000	Summer Block 1 (< 1,500 kWh)
	0.10060	Summer Block 2 (> 1,500 kWh)
	0.09000	Winter Block 1 (< 3,000 kWh)
	0.10060	Winter Block 2 (> 3,000 kWh)
Facility (\$/customer)	30.32	
Demand (\$/Customer/Month)	0.00	

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.
1		Present Rates		Transition Year 1 (6%)			Transition Year 2 (6%)			Transition Year 3 (6%)		
2	Energy Rate (\$/kWh)	0.08520	(< 5,000 kWh)	0.09000	Winter Block 1 (< 3,000 kWh)		0.09100	Winter Block 1 (< 3,000 kWh)		0.09200	Winter Block 1 (< 3,000 kWh)	
3		0.1006	(> 5,000 kWh)	0.10060	Winter Block 2 (> 3,000 kWh)		0.11600	Winter Block 2 (> 3,000 kWh)		0.12800	Winter Block 2 (> 3,000 kWh)	
4	(\$/customer)	28.60		30.32			32.13			34.06		
5	Demand (\$/Customer/Month)			0.00			1.00			3.00		
6		Monthly		Monthly		Percent	Monthly		Percent	Monthly		Percent
7	kWh	Bill		Bill	Difference	Difference	Bill	Difference	Difference	Bill	Difference	Difference
8	100	\$ 37.12		\$ 39.32	\$ 2.20	5.9%	\$ 42.23	\$ 2.92	7.4%	\$ 46.26	\$ 4.03	9.5%
9	200	\$ 45.64		\$ 48.32	\$ 2.68	5.9%	\$ 51.33	\$ 3.02	6.2%	\$ 55.46	\$ 4.13	8.0%
10	300	\$ 54.16		\$ 57.32	\$ 3.16	5.8%	\$ 60.43	\$ 3.12	5.4%	\$ 64.66	\$ 4.23	7.0%
11	400	\$ 62.68		\$ 66.32	\$ 3.64	5.8%	\$ 69.53	\$ 3.22	4.9%	\$ 73.86	\$ 4.33	6.2%
12	500	\$ 71.20		\$ 75.32	\$ 4.12	5.8%	\$ 78.63	\$ 3.32	4.4%	\$ 83.06	\$ 4.43	5.6%
13	600	\$ 79.72		\$ 84.32	\$ 4.60	5.8%	\$ 87.73	\$ 3.42	4.1%	\$ 92.26	\$ 4.53	5.2%
14	700	\$ 88.24		\$ 93.32	\$ 5.08	5.8%	\$ 96.83	\$ 3.52	3.8%	\$ 101.46	\$ 4.63	4.8%
15	800	\$ 96.76		\$ 102.32	\$ 5.56	5.7%	\$ 105.93	\$ 3.62	3.5%	\$ 110.66	\$ 4.73	4.5%
16	900	\$ 105.28		\$ 111.32	\$ 6.04	5.7%	\$ 115.03	\$ 3.72	3.3%	\$ 119.86	\$ 4.83	4.2%
17	1,000	\$ 113.80		\$ 120.32	\$ 6.52	5.7%	\$ 124.13	\$ 3.82	3.2%	\$ 129.06	\$ 4.93	4.0%
18	1,100	\$ 122.32		\$ 129.32	\$ 7.00	5.7%	\$ 133.23	\$ 3.92	3.0%	\$ 138.26	\$ 5.03	3.8%
19	1,200	\$ 130.84		\$ 138.32	\$ 7.48	5.7%	\$ 142.33	\$ 4.02	2.9%	\$ 147.46	\$ 5.13	3.6%
20	1,300	\$ 139.36		\$ 147.32	\$ 7.96	5.7%	\$ 151.43	\$ 4.12	2.8%	\$ 156.66	\$ 5.23	3.5%
21	1,400	\$ 147.88		\$ 156.32	\$ 8.44	5.7%	\$ 160.53	\$ 4.22	2.7%	\$ 165.86	\$ 5.33	3.3%
22	1,500	\$ 156.40		\$ 165.32	\$ 8.92	5.7%	\$ 169.63	\$ 4.32	2.6%	\$ 175.06	\$ 5.43	3.2%
23	1,600	\$ 164.92		\$ 174.32	\$ 9.40	5.7%	\$ 178.73	\$ 4.42	2.5%	\$ 184.26	\$ 5.53	3.1%
24	1,700	\$ 173.44		\$ 183.32	\$ 9.88	5.7%	\$ 187.83	\$ 4.52	2.5%	\$ 193.46	\$ 5.63	3.0%
25	1,800	\$ 181.96		\$ 192.32	\$ 10.36	5.7%	\$ 196.93	\$ 4.62	2.4%	\$ 202.66	\$ 5.73	2.9%
26	1,900	\$ 190.48		\$ 201.32	\$ 10.84	5.7%	\$ 206.03	\$ 4.72	2.3%	\$ 211.86	\$ 5.83	2.8%
27	2,000	\$ 199.00		\$ 210.32	\$ 11.32	5.7%	\$ 215.13	\$ 4.82	2.3%	\$ 221.06	\$ 5.93	2.8%
28	2,500	\$ 241.60		\$ 255.32	\$ 13.72	5.7%	\$ 260.63	\$ 5.32	2.1%	\$ 267.06	\$ 6.43	2.5%
29	3,000	\$ 284.20		\$ 300.32	\$ 16.12	5.7%	\$ 306.13	\$ 5.82	1.9%	\$ 313.06	\$ 6.93	2.3%
30	3,500	\$ 326.80		\$ 350.62	\$ 23.82	7.3%	\$ 364.13	\$ 13.52	3.9%	\$ 377.06	\$ 12.93	3.6%
31	4,000	\$ 369.40		\$ 400.92	\$ 31.52	8.5%	\$ 422.13	\$ 21.22	5.3%	\$ 441.06	\$ 18.93	4.5%
32	4,100	\$ 377.92		\$ 410.98	\$ 33.06	8.7%	\$ 433.73	\$ 22.76	5.5%	\$ 453.86	\$ 20.13	4.6%
33	4,200	\$ 386.44		\$ 421.04	\$ 34.60	9.0%	\$ 445.33	\$ 24.30	5.8%	\$ 466.66	\$ 21.33	4.8%
34	4,300	\$ 394.96		\$ 431.10	\$ 36.14	9.1%	\$ 456.93	\$ 25.84	6.0%	\$ 479.46	\$ 22.53	4.9%
35	4,400	\$ 403.48		\$ 441.16	\$ 37.68	9.3%	\$ 468.53	\$ 27.38	6.2%	\$ 492.26	\$ 23.73	5.1%
36	4,500	\$ 412.00		\$ 451.22	\$ 39.22	9.5%	\$ 480.13	\$ 28.92	6.4%	\$ 505.06	\$ 24.93	5.2%
37	4,600	\$ 420.52		\$ 461.28	\$ 40.76	9.7%	\$ 491.73	\$ 30.46	6.6%	\$ 517.86	\$ 26.13	5.3%
38	4,700	\$ 429.04		\$ 471.34	\$ 42.30	9.9%	\$ 503.33	\$ 32.00	6.8%	\$ 530.66	\$ 27.33	5.4%
39	4,800	\$ 437.56		\$ 481.40	\$ 43.84	10.0%	\$ 514.93	\$ 33.54	7.0%	\$ 543.46	\$ 28.53	5.5%
40	4,900	\$ 446.08		\$ 491.46	\$ 45.38	10.2%	\$ 526.53	\$ 35.08	7.1%	\$ 556.26	\$ 29.73	5.6%
41	5,000	\$ 454.60		\$ 501.52	\$ 46.92	10.3%	\$ 538.13	\$ 36.62	7.3%	\$ 569.06	\$ 30.93	5.7%
42	5,100	\$ 464.66		\$ 511.58	\$ 46.92	10.1%	\$ 549.73	\$ 38.16	7.5%	\$ 581.86	\$ 32.13	5.8%
43	5,200	\$ 474.72		\$ 521.64	\$ 46.92	9.9%	\$ 561.33	\$ 39.70	7.6%	\$ 594.66	\$ 33.33	5.9%
44	5,300	\$ 484.78		\$ 531.70	\$ 46.92	9.7%	\$ 572.93	\$ 41.24	7.8%	\$ 607.46	\$ 34.53	6.0%
45	5,400	\$ 494.84		\$ 541.76	\$ 46.92	9.5%	\$ 584.53	\$ 42.78	7.9%	\$ 620.26	\$ 35.73	6.1%
46	5,500	\$ 504.90		\$ 551.82	\$ 46.92	9.3%	\$ 596.13	\$ 44.32	8.0%	\$ 633.06	\$ 36.93	6.2%
	Overall Rate Increase for Class:					6.0%			6.0%			6.0%

ORCAS POWER AND LIGHT COOPERATIVE

RATE DESIGN
 SMALL COMMERCIAL BILL COMPARISON*

PROPOSED RATE STRUCTURE

Energy Rate (\$/kWh)		
0 to 5,000 kWh	0.0910	
Over 5,000 kWh	0.0910	
Demand Charge (\$/kW)		
First 20 kW		
Over 20 kW		
All KW	\$5.00	Fixed per month
Facility (\$/customer/day)		
	\$40.40	

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.
1			Present Rates	Year 1 - Small Commercial (6%)			Year 2 - Small Commercial (6%)			Year 3 - Small Commercial (6%)		
2	Energy Rate (\$/kWh)											
3	0 to 5,000 kWh		0.0866	0.0910			0.0965			0.0989		
4	Over 5,000 kWh		0.0781	0.0910			0.1057			0.1250		
5	Demand Charge (\$/kW)											
6	First 20 kW		\$0.00									
7	Over 20 kW		\$3.15									
8	All KW			\$5.00 Fixed per month			\$5.30 Fixed per month			\$6.00 Fixed per month		
9	Facility (\$/customer/day)											
10			\$40.40	\$40.40			\$42.82			\$46.00		
11	kWh	kW	Monthly Bill	Monthly Bill	Difference	Percent Difference	Monthly Bill	Difference	Percent Difference	Monthly Bill	Difference	Percent Difference
12	500	1	\$ 83.70	\$ 90.90	\$ 7.20	8.6%	\$ 96.35	\$ 5.45	6.0%	\$ 101.45	\$ 5.10	5.3%
13	600	2	\$ 92.36	\$ 100.00	\$ 7.64	8.3%	\$ 106.00	\$ 6.00	6.0%	\$ 111.34	\$ 5.34	5.0%
14	700	2	\$ 101.02	\$ 109.10	\$ 8.08	8.0%	\$ 115.65	\$ 6.55	6.0%	\$ 121.23	\$ 5.58	4.8%
15	800	2	\$ 109.68	\$ 118.20	\$ 8.52	7.8%	\$ 125.29	\$ 7.09	6.0%	\$ 131.12	\$ 5.83	4.7%
16	900	2	\$ 118.34	\$ 127.30	\$ 8.96	7.6%	\$ 134.94	\$ 7.64	6.0%	\$ 141.01	\$ 6.07	4.5%
17	1,000	3	\$ 127.00	\$ 136.40	\$ 9.40	7.4%	\$ 144.58	\$ 8.18	6.0%	\$ 150.90	\$ 6.32	4.4%
18	1,500	4	\$ 170.30	\$ 181.90	\$ 11.60	6.8%	\$ 192.81	\$ 10.91	6.0%	\$ 200.35	\$ 7.54	3.9%
19	2,000	5	\$ 213.60	\$ 227.40	\$ 13.80	6.5%	\$ 241.04	\$ 13.64	6.0%	\$ 249.80	\$ 8.76	3.6%
20	2,500	7	\$ 256.90	\$ 272.90	\$ 16.00	6.2%	\$ 289.27	\$ 16.37	6.0%	\$ 299.25	\$ 9.98	3.4%
21	3,000	8	\$ 300.20	\$ 318.40	\$ 18.20	6.1%	\$ 337.50	\$ 19.10	6.0%	\$ 348.70	\$ 11.20	3.3%
22	3,500	10	\$ 343.50	\$ 363.90	\$ 20.40	5.9%	\$ 385.73	\$ 21.83	6.0%	\$ 398.15	\$ 12.42	3.2%
23	4,000	11	\$ 386.80	\$ 409.40	\$ 22.60	5.8%	\$ 433.96	\$ 24.56	6.0%	\$ 447.60	\$ 13.64	3.1%
24	4,500	12	\$ 430.10	\$ 454.90	\$ 24.80	5.8%	\$ 482.19	\$ 27.29	6.0%	\$ 497.05	\$ 14.86	3.1%
25	5,000	14	\$ 473.40	\$ 500.40	\$ 27.00	5.7%	\$ 530.42	\$ 30.02	6.0%	\$ 546.50	\$ 16.08	3.0%
26	5,500	15	\$ 512.45	\$ 545.90	\$ 33.45	6.5%	\$ 583.27	\$ 37.36	6.8%	\$ 609.00	\$ 25.74	4.4%
27	8,000	22	\$ 713.82	\$ 773.40	\$ 59.58	8.3%	\$ 847.47	\$ 74.07	9.6%	\$ 921.50	\$ 74.03	8.7%
28	9,500	26	\$ 843.94	\$ 909.90	\$ 65.96	7.8%	\$ 1,005.99	\$ 96.09	10.6%	\$ 1,109.00	\$ 103.01	10.2%
29	11,000	30	\$ 974.05	\$ 1,046.40	\$ 72.35	7.4%	\$ 1,164.52	\$ 118.12	11.3%	\$ 1,296.50	\$ 131.98	11.3%
30	13,500	37	\$ 1,190.90	\$ 1,273.90	\$ 83.00	7.0%	\$ 1,428.72	\$ 154.82	12.2%	\$ 1,609.00	\$ 180.28	12.6%
31	16,000	44	\$ 1,407.75									
32	18,500	51	\$ 1,624.60									
33	21,000	58	\$ 1,841.45									
34	23,500	64	\$ 2,058.30									
35	26,000	71	\$ 2,275.15									
36	28,500	78	\$ 2,492.01									
37	31,000	85	\$ 2,708.86									
38	33,500	92	\$ 2,925.71									
39	36,000	99	\$ 3,142.56									
40	38,500	106	\$ 3,359.41									
41	41,000	112	\$ 3,576.26									
42	43,500	119	\$ 3,793.11									
43	46,000	126	\$ 4,009.97									
44	Overall Rate Increase for Class:											

* Assume 49% load factor
 Updated 9/12/2014

ORCAS POWER AND LIGHT COOPERATIVE

RATE DESIGN
 LARGE COMMERCIAL BILL COMPARISON*

PROPOSED RATE STRUCTURE

Energy Rate (\$/kWh)	
0 to 5,000 kWh	0.08210
Over 5,000 kWh	0.08210
Demand Charge (\$/kW)	
First 20 kW	
Over 20 kW	\$3.15
All KW	
Facility (\$/customer/day)	
	\$40.40

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.
1			Present Rates	Year 1 - Large Commercial (6%)			Year 2 - Large Commercial (6%)			Year 3 - Large Commercial (6%)		
2	Energy Rate (\$/kWh)											
3	0 to 5,000 kWh		0.0866	0.08210			0.08703			0.09225		
4	Over 5,000 kWh		0.0781	0.08210			0.08703			0.09225		
5	Demand Charge (\$/kW)											
6	First 20 kW		\$0.00									
7	Over 20 kW		\$3.15									
8	All KW			\$3.15			\$3.34			\$3.54		
9	Facility (\$/customer/day)											
10			\$40.40	\$40.40			\$42.82			\$46.00		
11				Monthly	Percent		Monthly	Percent		Monthly	Percent	
12	kWh	kW	Monthly Bill	Bill	Difference	Difference	Bill	Difference	Difference	Bill	Difference	Difference
13	500	1	\$ 83.70									
14	600	2	\$ 92.36									
15	700	2	\$ 101.02									
16	800	2	\$ 109.68									
17	900	2	\$ 118.34									
18	1,000	3	\$ 127.00									
19	1,500	4	\$ 170.30									
20	2,000	5	\$ 213.60									
21	2,500	7	\$ 256.90									
22	3,000	8	\$ 300.20									
23	3,500	10	\$ 343.50									
24	4,000	11	\$ 386.80	\$ 403.36	16.56	4.3%	\$ 427.56	24.20	6.0%	\$ 453.82	26.26	6.1%
25	4,500	12	\$ 430.10	\$ 448.73	18.63	4.3%	\$ 475.66	26.92	6.0%	\$ 504.80	29.15	6.1%
26	5,000	14	\$ 473.40	\$ 494.10	20.70	4.4%	\$ 523.75	29.65	6.0%	\$ 555.78	32.03	6.1%
27	5,500	15	\$ 512.45	\$ 539.47	27.02	5.3%	\$ 571.84	32.37	6.0%	\$ 606.76	34.92	6.1%
28	8,000	22	\$ 713.82	\$ 766.32	52.50	7.4%	\$ 812.30	45.98	6.0%	\$ 861.65	49.34	6.1%
29	9,500	26	\$ 843.94	\$ 902.44	58.50	6.9%	\$ 956.58	54.15	6.0%	\$ 1,014.58	58.00	6.1%
30	11,000	30	\$ 974.05	\$ 1,038.55	64.50	6.6%	\$ 1,100.86	62.31	6.0%	\$ 1,167.52	66.66	6.1%
31	13,500	37	\$ 1,190.90	\$ 1,265.40	74.50	6.3%	\$ 1,341.32	75.92	6.0%	\$ 1,422.41	81.09	6.0%
32	16,000	44	\$ 1,407.75	\$ 1,492.25	84.50	6.0%	\$ 1,581.78	89.53	6.0%	\$ 1,677.30	95.51	6.0%
33	18,500	51	\$ 1,624.60	\$ 1,719.10	94.50	5.8%	\$ 1,822.25	103.15	6.0%	\$ 1,932.19	109.94	6.0%
34	21,000	58	\$ 1,841.45	\$ 1,945.95	104.50	5.7%	\$ 2,062.71	116.76	6.0%	\$ 2,187.08	124.37	6.0%
35	23,500	64	\$ 2,058.30	\$ 2,172.80	114.50	5.6%	\$ 2,303.17	130.37	6.0%	\$ 2,441.97	138.80	6.0%
36	26,000	71	\$ 2,275.15	\$ 2,399.65	124.50	5.5%	\$ 2,543.63	143.98	6.0%	\$ 2,696.86	153.22	6.0%
37	28,500	78	\$ 2,492.01	\$ 2,626.51	134.50	5.4%	\$ 2,784.10	157.59	6.0%	\$ 2,951.75	167.65	6.0%
38	31,000	85	\$ 2,708.86	\$ 2,853.36	144.50	5.3%	\$ 3,024.56	171.20	6.0%	\$ 3,206.64	182.08	6.0%
39	33,500	92	\$ 2,925.71	\$ 3,080.21	154.50	5.3%	\$ 3,265.02	184.81	6.0%	\$ 3,461.53	196.51	6.0%
40	36,000	99	\$ 3,142.56	\$ 3,307.06	164.50	5.2%	\$ 3,505.48	198.42	6.0%	\$ 3,716.42	210.94	6.0%
41	38,500	106	\$ 3,359.41	\$ 3,533.91	174.50	5.2%	\$ 3,745.95	212.03	6.0%	\$ 3,971.31	225.36	6.0%
42	41,000	112	\$ 3,576.26	\$ 3,760.76	184.50	5.2%	\$ 3,986.41	225.65	6.0%	\$ 4,226.20	239.79	6.0%
43	43,500	119	\$ 3,793.11	\$ 3,987.61	194.50	5.1%	\$ 4,226.87	239.26	6.0%	\$ 4,481.09	254.22	6.0%
44	46,000	126	\$ 4,009.97	\$ 4,214.47	204.50	5.1%	\$ 4,467.33	252.87	6.0%	\$ 4,735.98	268.65	6.0%
45	Overall Rate Increase for Class:											
	* Assume 49% load factor											
	54 of 84											

ORCAS POWER AND LIGHT COOPERATIVE

RATE DESIGN
 PUMPS BILL COMPARISON

PROPOSED RATE STRUCTURE

Energy Rate (\$/kWh)		0 to 370 kWh	0.09780
		370-5,000 kwh	0.08500
		Over 5,000 kWh	0.09300
Demand Charge (\$/kW)		First 20 kW	0.00
		Over 20 kW	3.15
Demand (\$/Customer/Month)			0.00
Facility (\$/customer/day)			27.00

A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.
		Present Rates	Year 1 Pumps (6%)			Year 2 Pumps (6%)			Year 3 Pumps (6%)		
Energy Rate (\$/kWh)											
0 to 370 kWh		0.09780	0.09780			0.09100			0.09100		
370-5,000 kwh		0.07520	0.08500			0.09100			0.09100		
Over 5,000 kWh		0.09000	0.09300			0.09300			0.09100		
Demand Charge (\$/kW)											
First 20 kW		0.00	0.00			0.00			0.00		
Over 20 kW		3.15	3.15			3.15			3.15		
Demand (\$/Customer/Month)			0.00			1.00			2.50		
Facility (\$/customer/day)											
		25.30	27.00			30.00			32.00		
kWh	kW	Monthly Bill	Monthly Bill	Difference	Percent Difference	Monthly Bill	Difference	Percent Difference	Monthly Bill	Difference	Percent Difference
50	0	\$ 30.19	\$ 31.89	\$ 1.70	5.6%	\$ 35.55	\$ 3.66	11.5%	\$ 39.05	\$ 3.50	9.8%
100	1	\$ 35.08	\$ 36.78	1.70	4.8%	\$ 40.10	3.32	9.0%	\$ 43.60	3.50	8.7%
150	1	\$ 39.97	\$ 41.67	1.70	4.3%	\$ 44.65	2.98	7.2%	\$ 48.15	3.50	7.8%
200	2	\$ 44.86	\$ 46.56	1.70	3.8%	\$ 49.20	2.64	5.7%	\$ 52.70	3.50	7.1%
250	2	\$ 49.75	\$ 51.45	1.70	3.4%	\$ 53.75	2.30	4.5%	\$ 57.25	3.50	6.5%
300	3	\$ 54.64	\$ 56.34	1.70	3.1%	\$ 58.30	1.96	3.5%	\$ 61.80	3.50	6.0%
350	3	\$ 59.53	\$ 61.23	1.70	2.9%	\$ 62.85	1.62	2.6%	\$ 66.35	3.50	5.6%
400	4	\$ 63.74	\$ 65.74	1.99	3.1%	\$ 67.40	1.66	2.5%	\$ 70.90	3.50	5.2%
450	4	\$ 67.50	\$ 69.99	2.48	3.7%	\$ 71.95	1.96	2.8%	\$ 75.45	3.50	4.9%
500	4	\$ 71.26	\$ 74.24	2.97	4.2%	\$ 76.50	2.26	3.0%	\$ 80.00	3.50	4.6%
1,000	9	\$ 108.86	\$ 116.74	7.87	7.2%	\$ 122.00	5.26	4.5%	\$ 125.50	3.50	2.9%
1,500	13	\$ 146.46	\$ 159.24	12.77	8.7%	\$ 167.50	8.26	5.2%	\$ 171.00	3.50	2.1%
2,000	18	\$ 184.06	\$ 201.74	17.67	9.6%	\$ 213.00	11.26	5.6%	\$ 216.50	3.50	1.6%
2,500	22	\$ 229.23	\$ 251.80	22.57	9.8%	\$ 266.06	14.26	5.7%	\$ 269.56	3.50	1.3%
3,000	27	\$ 280.94	\$ 308.41	27.47	9.8%	\$ 325.68	17.26	5.6%	\$ 329.18	3.50	1.1%
3,500	31	\$ 332.65	\$ 365.03	32.37	9.7%	\$ 385.29	20.26	5.6%	\$ 388.79	3.50	0.9%
4,000	36	\$ 384.37	\$ 421.64	37.27	9.7%	\$ 444.90	23.26	5.5%	\$ 448.40	3.50	0.8%
4,500	40	\$ 436.08	\$ 478.25	42.17	9.7%	\$ 504.52	26.26	5.5%	\$ 508.02	3.50	0.7%
5,000	45	\$ 487.79	\$ 534.87	47.07	9.7%	\$ 564.13	29.26	5.5%	\$ 567.63	3.50	0.6%
5,500	49	\$ 546.90	\$ 595.48	48.57	8.9%	\$ 624.74	29.26	4.9%	\$ 627.24	2.50	0.4%
6,000	54	\$ 606.02	\$ 656.09	50.07	8.3%	\$ 685.35	29.26	4.5%	\$ 686.85	1.50	0.2%
6,500	58	\$ 665.13	\$ 716.70	51.57	7.8%	\$ 745.97	29.26	4.1%	\$ 746.47	0.50	0.1%
7,000	63	\$ 724.24	\$ 777.32	53.07	7.3%	\$ 806.58	29.26	3.8%	\$ 806.08	(0.50)	-0.1%
7,500	67	\$ 783.36	\$ 837.93	54.57	7.0%	\$ 867.19	29.26	3.5%	\$ 865.69	(1.50)	-0.2%
8,000	72	\$ 842.47	\$ 898.54	56.07	6.7%	\$ 927.81	29.26	3.3%	\$ 925.31	(2.50)	-0.3%
8,500	76	\$ 901.58	\$ 959.16	57.57	6.4%	\$ 988.42	29.26	3.1%	\$ 984.92	(3.50)	-0.4%
9,000	81	\$ 960.69	\$ 1,019.77	59.07	6.1%	\$ 1,049.03	29.26	2.9%	\$ 1,044.53	(4.50)	-0.4%
9,500	85	\$ 1,019.81	\$ 1,080.38	60.57	5.9%	\$ 1,109.65	29.26	2.7%	\$ 1,104.15	(5.50)	-0.5%
10,000	90	\$ 1,078.92	\$ 1,140.99	62.07	5.8%	\$ 1,170.26	29.26	2.6%	\$ 1,163.76	(6.50)	-0.6%
10,500	94	\$ 1,138.03	\$ 1,201.61	63.57	5.6%	\$ 1,230.87	29.26	2.4%	\$ 1,223.37	(7.50)	-0.6%
11,000	99	\$ 1,197.15	\$ 1,262.22	65.07	5.4%	\$ 1,291.48	29.26	2.3%	\$ 1,282.98	(8.50)	-0.7%
11,500	103	\$ 1,256.26	\$ 1,322.83	66.57	5.3%	\$ 1,352.10	29.26	2.2%	\$ 1,342.60	(9.50)	-0.7%
Overall Rate Increase for Class:			6.0%			6.0%			6.0%		

ORCAS POWER AND LIGHT COOPERATIVE

RATE DESIGN

TIME OF USE - RESIDENTIAL

PROPOSED RATE STRUCTURE

	Existing	Proposed
Energy Rate (\$/kWh)		
6 AM - Noon	0.12940	0.14500
Noon - 6 PM	0.05900	0.09000
6 PM - 6 AM	0.05070	0.04000
Facility (\$/customer/day)	\$32.20	\$34.13

MEMORANDUM

September 11, 2014

TO: Board of Directors

FROM: Foster Hildreth

RE: Board Topics

Below please find three topics raised since the August Board meeting which I would like to have further Board clarification.

- ★ Meeting protocol: For the past several months, time constraints have prevented staff from reviewing all of the agenda items with the Board.
 - Define meeting expectations for prioritizing topics and setting meeting dates/durations
- ★ Policy Committee:
 - Consensus on process and purpose.
- ★ Annual Evaluation Process:
 - Develop a process for the Board to set expectations and evaluate both the auditor and attorney.

MEMORANDUM

September 12, 2014

To: Board of Directors

From: Foster Hildreth, General Manager

RE: Grid Control and Island Network Status Update

The Island Network Business Plan will be reviewed with the Board during the upcoming Board Work Session to be held on October 15. Because of confidentiality issues, this Work Session will be closed to members. During this meeting, staff will be reviewing the status of construction on our grid control communication system. We will also be touching on the tremendous member interest that we have been receiving to connect to Island Network for internet services.

1. **Grid Control Communication: Overhead Fiber Build-Out: (see attached map)**

ORCAS: 40% of Orcas Overhead complete

- Doe Bay section to be turned live by Nov 2014
- Deer Harbor section to be turned live by Jan 2015

LOPEZ: 0% of Lopez Overhead complete

- Overhead work to commence 4th Qtr. 2014, with projected completion 1st Qtr. 2015

SAN JUAN: 0% of San Juan Overhead complete

- Overhead work to commence 4th Qtr. 2014, with projected completion 1st Qtr. 2015

Other Backbone Priorities

Qtr. 4th 2014 –Qtr. 2nd 2015

- Eagle Lake (Orcas)
- Channel Rd West (Orcas)
- Pole Pass (Orcas)

Qtr. 3rd – 4th Qtr.2015

- West Valley Rd - Mitchell Bay - West Side Rd - Mt Dallas Rd (San Juan)
- Rosario (Orcas)
- LaPorte Rd (Orcas)

700MHz Test Site Update

The following 5 locations will have 700Mhz in operation by year-end 2014

- Cattle Point - Cape Drive location
- Doe Bay - Burl Hall location
- Deer Harbor - Marinas
- Eastsound
- South Lopez

In terms of the full project scope, we are about 40% complete with these sites. Groundwork, location, easements and owner agreements have been 90% satisfied and the remainder of the work will be physically installing the locations.

2. **Member Survey Results**

Overall, 35% of respondents are dissatisfied with their current Internet service and a majority (68%) would like OPALCO to make its infrastructure available for Internet services. Member satisfaction with current Internet services varies by island with Orcas leading with the greatest dissatisfaction, followed by “other” islands (Shaw and outer islands), San Juan, and Lopez being the most satisfied. These findings confirm OPALCO’s direction to offer our grid-control network as a platform to connect members to Internet services.

3. **Customer Engagement & Development Update**

The following locations are in advanced design & estimate discussions to deploy service to end-users (Hybrid of FTTP & LTE)

- SJI - Cattle Point - 164 homes - Expected service 70
- ORC - Eagle Lake - 40 homes - Expected service 35
- SJI- Mineral Pt/Highlands - 62 homes - Expected service 40
- ORC - Spring Point/Harborview - 97 homes - Expected service 60
- SJI - Mt Dallas Kiya Way - 13 homes - Expected service 9
- SJI - Yacht Haven - 142 homes - Expected service TBD

Other Locations

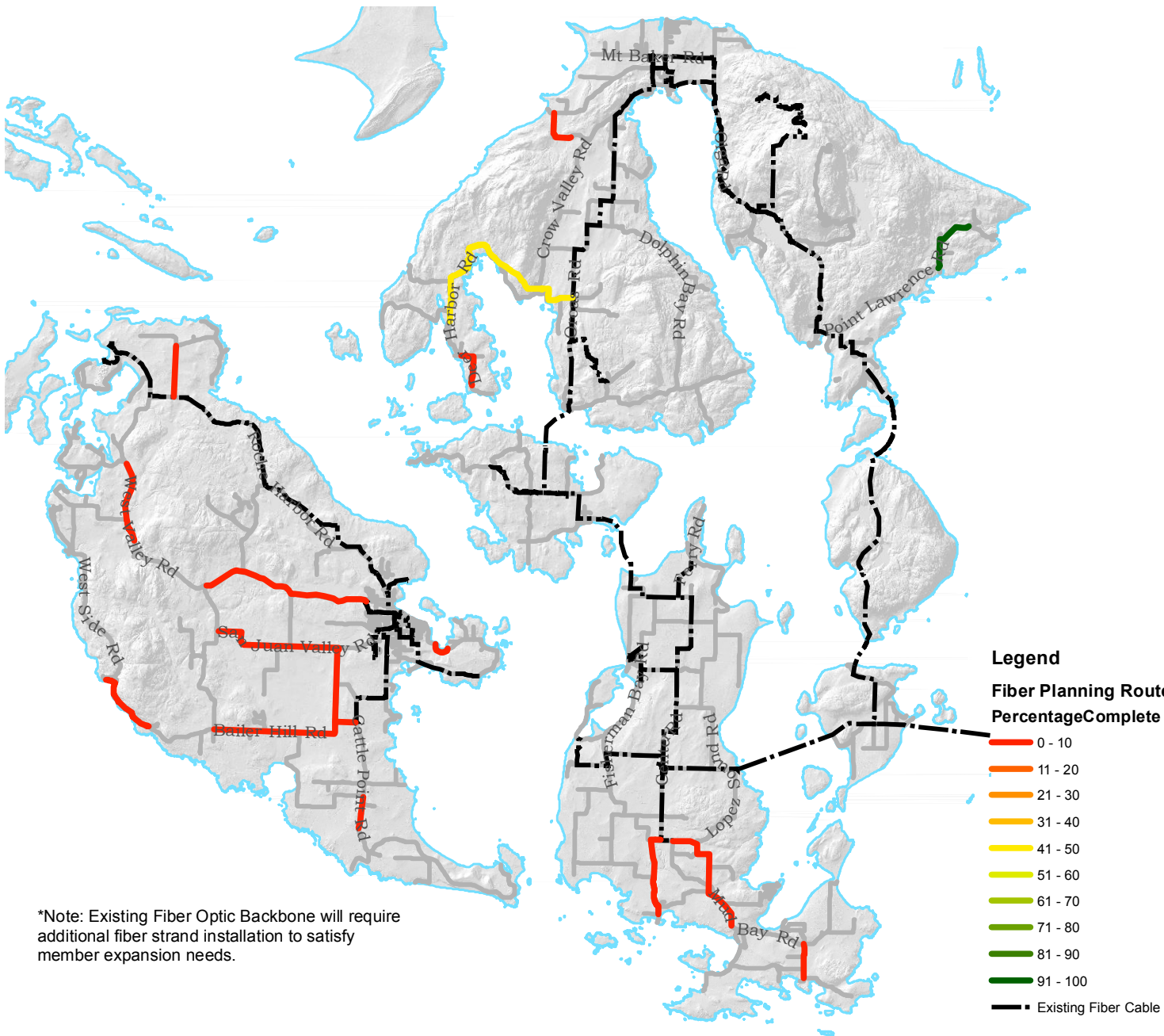
- ORC - Channel Road West - 52 homes
- ORC - Pole Pass - 58 homes - 393 homes
- ORC - Rosario/Palisades - 200+ homes
- ORC - Harney View/Foster Point - 60+ homes
- SJI - Mt. Dallas - 45 homes
- SJI – Roche Harbor – 300+ homes
- LPZ – Davis Head – 30 homes

Potential Areas

- 800+ locations within 200 feet of new fiber backbone
- Current target list of individual requests for service 1200+ (receiving 3-5 a day)

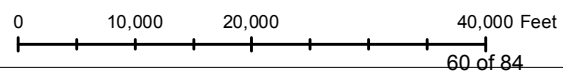
4. **ISP Collaboration**

- Roche Harbor Resort collaboration with Rock Island: success!
- 15 locations targeted within Friday Harbor for interisland circuits with Rock Island Tech
- Ongoing discussions with Orcas Online and Computer Place on target areas/clients



*Note: Existing Fiber Optic Backbone will require additional fiber strand installation to satisfy member expansion needs.

Grid Control Installation Status Overhead Fiber Optic



REPORTS

MEMORANDUM

September 8, 2014

To: Board of Directors

From: Foster Hildreth

Re: 2014 Second Quarter Financials

The 2014 second quarter financial results are attached; they are a holdover from the August Board meeting.

Included in the report are the Statement of Operations (along with a Notable Drivers analysis), Balance Sheet, Statement of Cash Flow (Non-GAAP, GAAP, and a comparison between the two formats), Capital Projects Budget, Island Network Financial Tracking Tool, and the 2014 Draft RUS Form 7.

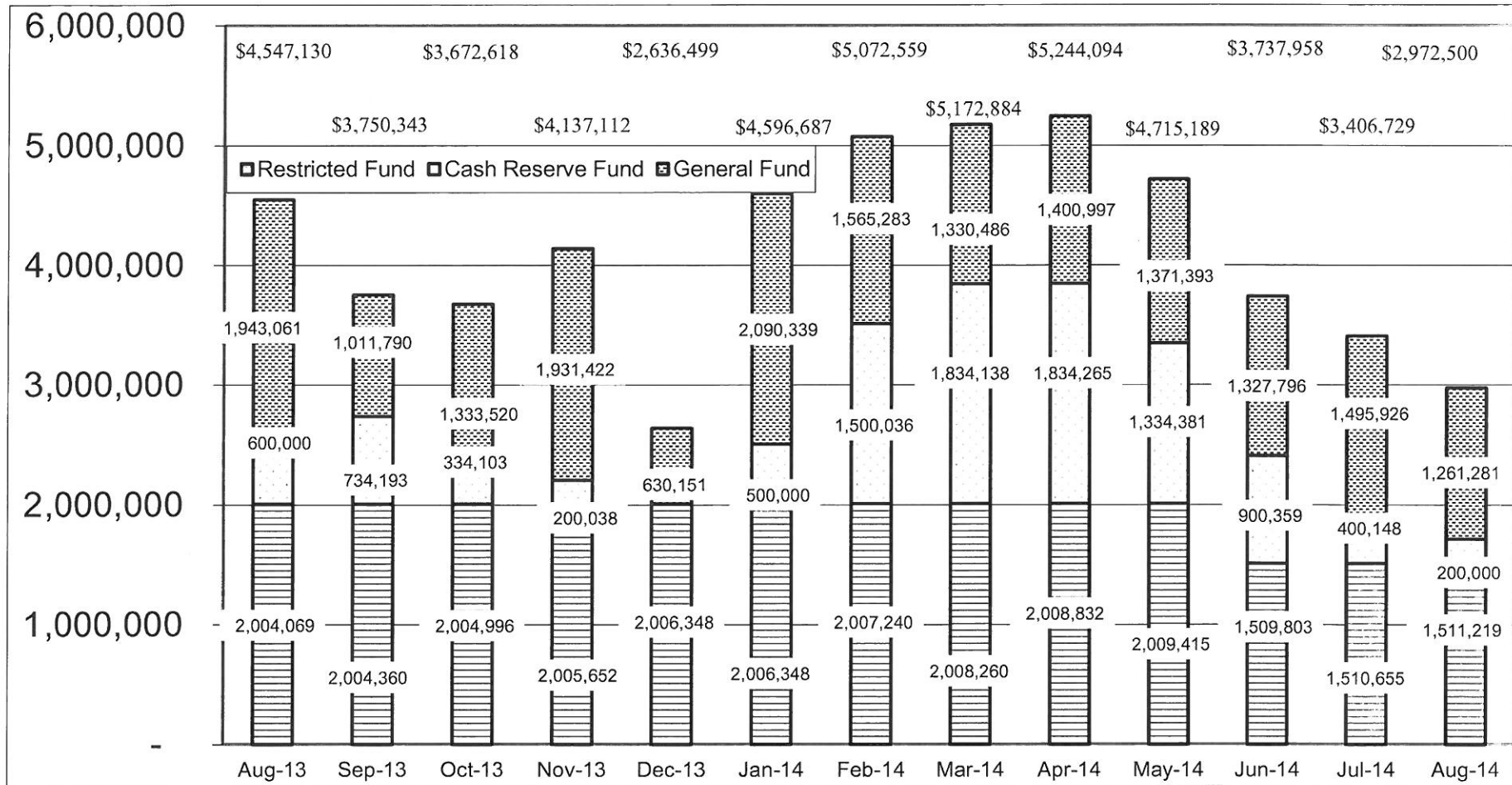
Staff will be available to discuss the information in detail during the September 18 Board meeting.

Orcas Power and Light Cooperative
Cash Recap
August 31, 2014

	Rate	Term	Due Date	Amount	Total Balance
GENERAL FUNDS:					
Cash on Hand				600	
Cash in Checking - Key Bank				90,561	
Cash in Checking/MMDA/Construction - Islanders Bank				879,746	
Cash in Checking/Savings/Payroll - Wells Fargo				290,375	
SUBTOTAL GENERAL FUNDS					1,261,281
CASH RESERVE FUND:					
CFC Commercial Paper	0.12%	15	9/12/14	200,000	
SUBTOTAL CASH RESERVE FUND					200,000
RESTRICTED FUND:					
CFC Select Notes	0.2500%	73	9/25/14	551,744	
CFC Select Notes	0.2500%	62	10/30/14	352,655	
CFC Select Notes	0.3800%	160	12/4/14	132,958	
CoBank - AIM				151,642	
Home Street Bank	0.3490%	547	4/29/15	105,141	
Washington Federal Savings	0.4000%	395	12/29/14	107,998	
Washington Federal Savings	0.4000%	395	6/19/15	109,082	
SUBTOTAL RESTRICTED FUNDS					1,511,219
GRAND TOTAL FUND ENDING BALANCE 8/31/14					<u>2,972,500</u>
Project PAL: Islanders Bank				23,810	
MORE Program: Islanders Bank				122,413	
RUS Cushion of Credit *	5.000%			903,337	
CASH PROJECTION:					
September 30, 2014					
GENERAL FUNDS:					
Beginning Cash 8/31/14				1,261,281	
Estimated Revenue (based on 95% of billing)				1,444,593	
Estimated Other Revenue				20,000	
Transfer From Restricted Fund				0	
Estimated Transfer From Reserve Fund				66,000	
Estimated Transfer From RUS Cushion of Credit				270,000	
Subtotal Cash/Revenue				3,061,874	
Estimated Accounts Payable				(1,200,000)	
Estimated Payroll and Benefits				(520,500)	
Estimated RUS and CFC Principal and Interest Payment				(402,000)	
Power and Transmission Bill (August bill)				(480,616)	
Subtotal Expenses				(2,603,116)	
Projected Ending Balance 9/30/14					458,758
CASH RESERVE FUND:					
Beginning Cash 8/31/14				200,000	
Estimated Transfer To General Fund				(66,000)	
RUS Loan Draw				2,000,000	
Projected Ending Balance 9/30/14					2,134,000
RESTRICTED FUND:					
Beginning Cash 8/31/14				1,511,219	
Transfer From General Fund				0	
Projected Ending Balance 9/30/14					1,511,219
PROJECTED GRAND TOTAL FUND ENDING BALANCE 9/30/14					<u>4,103,977</u>
PROJECTED CHANGE IN TOTAL FUND BALANCE ENDING 9/30/14					<u>1,131,477</u>
RUS CUSHION OF CREDIT*:					
Beginning Balance 8/31/14				903,337	
Transfer From General Fund				0	
Estimated Transfer To General Fund				(270,000)	
Projected Ending Balance 9/30/14					633,337

* represents advance payments unapplied for RUS long term debt

TOTAL FUND BALANCE

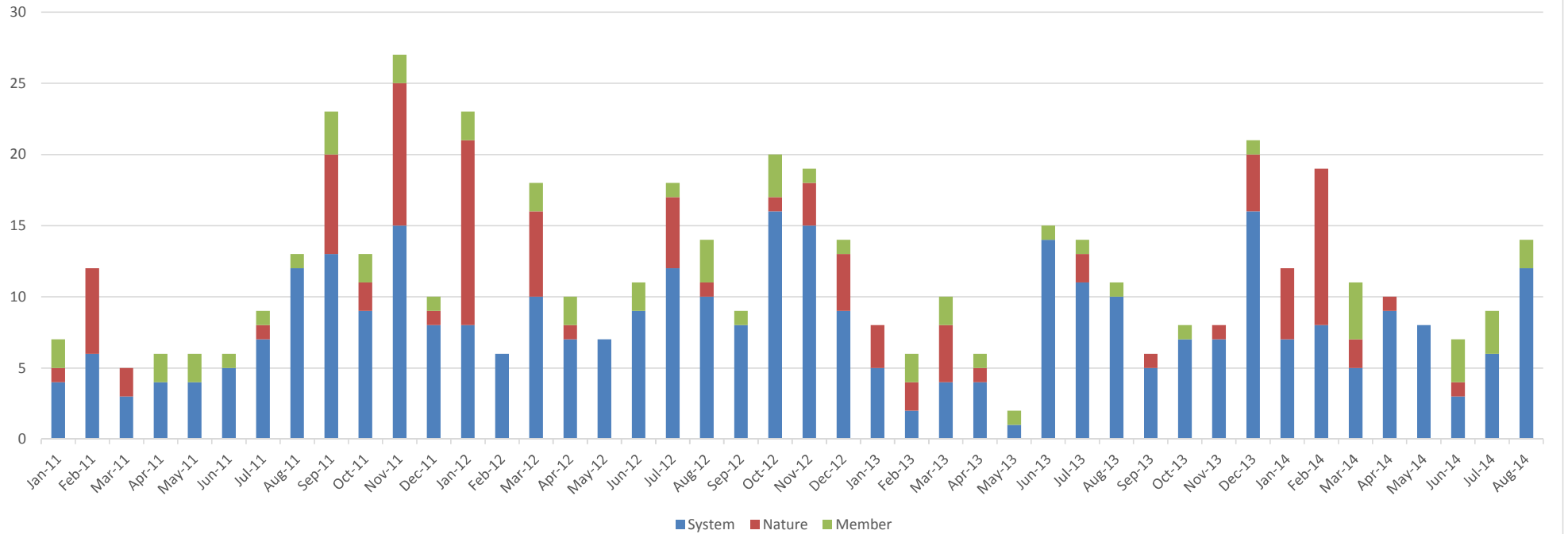


Notes:

1. Add'l liquidity: CFC \$10M LOC, \$5M PV line, and CoBank \$5M LOC
2. 2014 - RUS loan draw \$1.22M @ 3.456% (January 2014)
3. 2014 - RUS loan draw \$878k @ 3.479% (January 2014)
4. 2014 - RUS Loan Draw \$2M @ 3% (September 2014)

Outage Report: Trending + YTD Summary

Outage Occurrence Trending



YTD Summary

Category Description	Group Description	August 2014			YTD 2014			YTD 2013		
		Occurrences	Members Affected	Duration (hrs.)	Occurrences	Members Affected	Duration (hrs.)	Occurrences	Members Affected	Duration (hrs.)
System	Scheduled	0	0	0	0	0	0	0	0	0
System	Faulty Equipment or Installation	0	0	0	9	250	29.6	6	829	13.766
System	System Issue	0	0	0	5	34	23	5	1193	4
System	Age or Deterioration (Failed URD)	10	276	77.5	31	1930	215.5	32	2962	154.75
System	Right-of-way	1	409	7.5	3	415	19.5	4	49	6.75
System	Secondary	0	0	0	7	9	17.5	1	3	2.5
System	Unknown	1	1	1	3	37	4.5	3	604	8.83
Nature	Weather	0	0	0	19	1136	50.25	7	1269	10.44
Nature	Animal	0	0	0	1	10	1	5	124	8
Member	Member/Public	2	215	2	12	1827	26.5	9	105	22.5
Totals		14	901	88	90	5648	387.35	72	7138	231.536

MEMORANDUM

Date: August 14, 2014
To: Foster Hildreth, General Manager
From: Russell Guerry, Manager of Engineering & Operations
Subject: Safety Program – August 2014

Safety Training

Jeff Myers conducted hearing conservation training. DISA conducted hearing tests on all employees available.

Jeff Myers and Terry Turner conducted excavation contractor training with all contractors that are utilized by OPALCO and were willing to participate. This training included topics such as trench shoring and spoils and safety around overhead and underground power systems.

RESAP (Rural Electric Safety Accreditation Program)

RESAP is in its infancy at OPALCO. We are compiling historical records for our personnel and vehicle safety programs. Next step is defining an organizational structure for implementation and continuance of this program.

Accidents/Incidents/Near Miss

Date: 7/11/2014

Type: Near Miss

Description: Diggers winch line broke while removing a pole from the ground.

Corrective Action: Winch line to be replaced and further inspections done prior to use. Use a pole jack if needed.

Date: 8/4/2014

Type: Accident

Description: While removing a pad-mounted transformer, lineman was stabilizing the transformer and his hand was pinched between the frame and the lid of the transformer. Lineman saw a physician and it was determined that the injuries to the fingers were minor.

Corrective Action: Instructed all personnel to be aware of pinch points.

Date: 8/5/2014

Type: Accident

Description: While changing out forklift fork, the fork fell and hit person removing and landed on pallet. Bruises sustained on wrists and one knee. No medical attention needed.

Corrective Action: Use two people while removing forks from forklift.

Date: 8/13/2014

Type: Loss Time Accident

Description: While removing tools from the bucket, a lineman fell from atop of the tool bins of the bucket truck. The lineman sustained injuries to his arm and neck. He was hospitalized overnight and returned home to continue healing.

Corrective Action: Under L&I investigation.

	August 2014	YTD (2014)
Near Misses	0	3
Incidents	0	1
Accidents	2	4
Loss Time	1	1

Total Hours Worked without Loss Time Accident: 6,948

General Manager's Report September 2014

FINANCE

2014 2ndQ Financial Review

Staff will be presenting the 2014 2ndQ financial results and capital projects update originally scheduled for the August board meeting that was postponed for discussion at the September board meeting.

2013 Form 990 Exempt Organization Return

Staff will provide Moss Adams their requested information for the preparation of the draft 2013 Form 990 Exempt Organization Return, currently extended until November 17, 2014. As part of the preparation process, staff will present, during an executive session of a future board meeting (date to be determined), the draft return filing for board discussion and approval.

NRECA Participant Review

Staff provided payroll and benefit information to Moss Adams staff in order for them to perform the agreed upon Audit Procedures as part of a NRECA Participant Review requirement. Based on the executed engagement letter, the expectation is that Moss Adams will provide their final report no later than October 31, 2014.

RUS Loan Draw

Consistent with the approved 2014 budget, staff has submitted a \$2M RUS loan draw that is expected to be received via wire transfer from RUS on September 11, 2014. This brings our total borrowed-to-date to \$4m of the \$7.3m budgeted.

2015 Budget

Staff has begun preparation and update of financial information to be used for the preparation of the 2015 budget to be presented at the November board meeting.

RED-LG

Lopez Fire District has requested another loan for \$200,000 to purchase an ambulance. If approved, this will establish the Rural Economic Development – Loan/Grant (RED-LG) revolving loan fund pursuant to OPALCO Policy 27. The application is being completed; the approval process takes 3-6 months once the application is submitted to RUS.

MEMBER SERVICES and ENERGY SAVINGS

Rebates/EEI Funding Balance

It has been a very successful year for the efficiency rebate program. Between 10/1/13 and 8/31/14, the Energy Savings team has issued members 2,352 rebates totaling \$334,784 with an associated kWh savings of 1,296,989. Considering the commercial and residential projects in the queue, staff estimates a savings of approximately 2,000,000 kWh by year-end. This comes off of our HWM (high water mark) when negotiating pricing with BPA. The rebates have been so popular, we expect to run out of our allocated BPA Energy Efficiency funds (\$481,580) by the end of September. Included in the board materials is a memo requesting self-funding to continue the rebate program until year-end. Program funding proposals for 2015 will be submitted with the 2015 budget cycle.

Renewable Production Incentives

Solar installations have grown at a rapid pace this past year, and a higher rate of member generators are participating in production incentive programs. In August, 103 checks totaling \$58,451 for MORE incentives and 134 checks totaling \$100,000 in state production incentives were issued to member generators. Both incentive pools have reached their caps for current available funding. MORE incentives have been capped as outlined in the updated MORE Policy 1. State incentives were paid out at a factor of 92% after proportionally decreasing total applications (\$108,856) to adjust to the state-defined cap of \$100,000. We are working with WRECA to influence our elected officials to help raise the incentive cap.

Nonprofit Partnership/Islands Energy

Outreach and education efforts continue, including a county fair booth in August for Community Solar, the Climate Speaker Series and Farmer's Markets on Lopez, Orcas, and San Juan. The Conservation District has hired Candace Gossen to work full time as an Energy Program Coordinator. Her focus will be on developing the county energy plan, the application for the Georgetown Energy Prize due in October, as well as other outreach and education materials. Future programs include the Cool School Challenge, a climate energy program designed to engage K-12 students to assess and address their energy use and carbon footprint.

ENGINEERING & OPERATIONS

WIP

As of 9/11/2014, there are 319 work orders open totaling \$3,291,300. Operations has completed construction on 82 of those work orders, totaling \$1,973,203. Cattle Point Road Re-conductor Phase 1 construction is underway. A contractor for Phase 2 of this project has been selected. Doe Bay overhead fiber construction is complete. Deer Harbor Road overhead fiber construction is underway. We expect to begin the construction of fiber to the Sperry Road area in October.

Accident Investigation

Lopez L&I investigation is ongoing. The case is under review of the Assistant Attorney General.

San Juan L&I investigation is ongoing. We are currently working with the investigator on information collection.

Submarine Cables

Lopez to San Juan: RUS Environmental group is unresponsive. Our area GFR (general field representative) is in transition from his current position, which further complicates our efforts to continue in the loan process and complete environmental efforts. We are engaging the department heads to remedy this delay.

San Juan to Henry Island: Construction to begin in October.

Northwest Requirements Utilities (NRU)

Based on imposed biological spill requirements, BPA has an initial decision of reducing the Tier 1 system by 172 aMW for FY 2016 – FY 2017. The Tier 1 system in total was 7,135 aMW in FY 2012, then 7,059 aMW in FY 2014, and now is proposed to be 6,886 aMW. NRU and others are working with BPA senior staff to have BPA revisit this decision. Since OPALCO currently

operates below the Rate Period High Water Mark, with current expectations the total impact to Tier 1 costs would be 0.1 % increase. The current Rate Period High Water Mark is projected to be reduced from FY 2014-15 of 24.837 aMW (current) to FY 2016-17 24.360 aMW (projected). This will give OPALCO a higher likelihood of incurring Tier 2 costs; however, current load forecast projections have OPALCO not needing Tier 2 resources during this time.

BPA should not be making any changes to the transmission segmentation in the initial rate proposal for FY 2016 – FY 2017.

Northwest River Partners

Terry Flores (Executive Director of the Northwest River Partners), is working with BPA, the Corps of Engineers and Columbia River Intertribal Fish Commission to organize a “Welcome Home Salmon” celebration to be held at Bonneville Dam on September 30. According to Terry, “this is an opportunity to actually show opinion and policy leaders, agency heads, congressional staff and members, and the media that the salmon are doing really well and highlight the collaboration taking place in the region”. (Please reference the related information at the end of this Board packet.)

Future Power Supply

Pursuant to a portion of Strategic Directive #2, OPALCO is to “investigate and form relationships with alternate suppliers of power”. Staff is commencing a due diligence process with PNGC, which is a power supply cooperative serving the Pacific Northwest. At the request of PNGC, OPALCO has entered into a nondisclosure/confidentiality agreement.

Headquarters

We will be scaling back the Eastsound office expansion/warehouse renovation project and limiting construction to the relocation of the server room from “upstairs” to “downstairs” only. Construction is scheduled to commence in the 4th quarter 2014.

Line Crew

Welcome back, Kevin Zoerb: we will be having a community BBQ on Friday, October 3rd from 12 – 3:00 p.m. at the Lopez Crew Station to celebrate Kevin’s return to work.

Get well soon, Bob Belcher. Due to an accident, Bob is expected to be off work for about 3 months.

INFORMATION SERVICES

700 MHz LTE Test and Pilot Projects

The team is in the process of procuring the final equipment and working on preparations for the Eastsound test site and pilot sites at Eagle Lake/Doe Bay and Cattle Point/Cape San Juan. The LTE core and radio equipment is scheduled to arrive in early October. Once the equipment arrives, the vendor will provide system training for the team. Testing and deployment are planned for the month of November.

Island Network Website - Requests for New Service

The Island Network Website continues to receive member requests for new broadband services at a growing pace. Since launching on March 15, the Website has processed 402 member requests.

Contractor Gerry Lawlor continues to work closely with neighborhoods wanting connections and interest remains high.

Island Network New Services

There are currently 49 members and 89 connections. There are 18 additional members in the construction process, which includes a new connection for a local ISP. In addition, 33 members are in various stages of the application process.

San Juan County Fair

Island Network's booth at the County Fair was a success. Many members were engaged and interested in Internet services through OPALCO. Through the Apple iPad bar survey we obtained 377 completed surveys. Member interest in improved Internet service remains high.

PERSONNEL

Employment Opportunities

As referenced on OPALCO's website, we are conducting employment searches for the following positions:

- Engineering: GIS Technician and Staking Technician
- Operations: Lopez General Foreman and Journeyman Lineman
- Accounting: Head Accountant
- Communications: Communications Specialist
- Information Services: Software Specialist, Network Engineer

INFORMATION ITEMS

NEW SERVICES

August 2014

	Orcas	San Juan	Lopez	Center/ Decatur	Blakely/Obstruction/ Crane/Shaw	Total
Residential	2	2	3	1	1	9
Commercial		1				1
Line Retention						0
Other - OPALCO		1				1
Total*	2	4	3	1	1	11
2014 YTD	26	43	12	1	4	86
2013 YTD	20	32	13		1	66
2012 YTD	16	35	12	2	2	67
2011 YTD	19	34	9		4	66
2010 YTD	38	46	17		3	104

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

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

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

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

2014 YTD						
All Green			MORE Blocks			Total Revenue
#	kWh	kWh	#	#	Block	
Members	kWh	Revenue	Members	Blocks	Revenue	
		\$ 0.04			\$ 4	
44	41,878	1,675	411	871	3,484	5,159
44	47,227	1,889	410	870	3,480	5,369
44	35,590	1,424	408	866	3,464	4,888
44	30,702	1,228	408	865	3,460	4,688
44	26,412	1,056	408	858	3,432	4,488
45	17,020	681	418	870	3,480	4,161
44	19,421	777	416	865	3,460	4,237
44	16,540	662	415	864	3,456	4,118
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44	234,790	\$ 9,392	412	6,929	\$ 27,716	\$ 37,108

Notes: 2 members participate in both All Green and Green Blocks. Average blocks per member is 2.1.
Average kWh per month usage for All Green members is 750 kWh (below average for residential)
Beginning June 2011, report reflects combined data for the former Green Power program and MORE.
Beginning September 2012, half of the members were transitioned to a mid-month billing cycle; these members were billed for 15 days of consumption, a prorated basic charge, and prorated MORE blocks on 9/14/12.

OPALCO Member Billing Revenue History

Month	2010	2011	2012	2013	2014	Average
January	\$ 2,091,129	\$ 2,266,724	\$ 2,203,319	\$ 2,354,732	\$ 2,294,020	\$ 2,241,985
February	1,684,100	2,018,866	1,980,380	2,190,659	2,469,527	2,068,706
March	1,693,238	2,100,947	2,080,586	2,031,007	2,165,897	2,014,335
April	1,659,771	1,803,095	1,733,543	1,803,826	1,930,658	1,786,179
May	1,453,989	1,634,542	1,536,601	1,580,671	1,652,563	1,571,673
June	1,409,557	1,383,932	1,419,883	1,450,461	1,476,413	1,428,049
July	1,300,950	1,302,528	1,380,472	1,423,753	1,550,603	1,391,661
August	1,342,739	1,360,611	1,450,397	1,448,015	1,520,625	1,424,477
September*	1,297,936	1,421,174	1,005,902	1,458,553		1,295,891
October	1,389,529	1,483,658	1,499,863	1,636,955		1,502,501
November	1,584,909	1,977,782	1,779,353	1,923,857		1,816,475
December	2,123,602	2,375,284	2,085,584	2,480,061		2,266,133
Total**	\$ 19,031,449	\$ 21,129,143	\$ 20,155,885	\$ 21,782,552	\$ 15,060,305	\$ 20,808,067

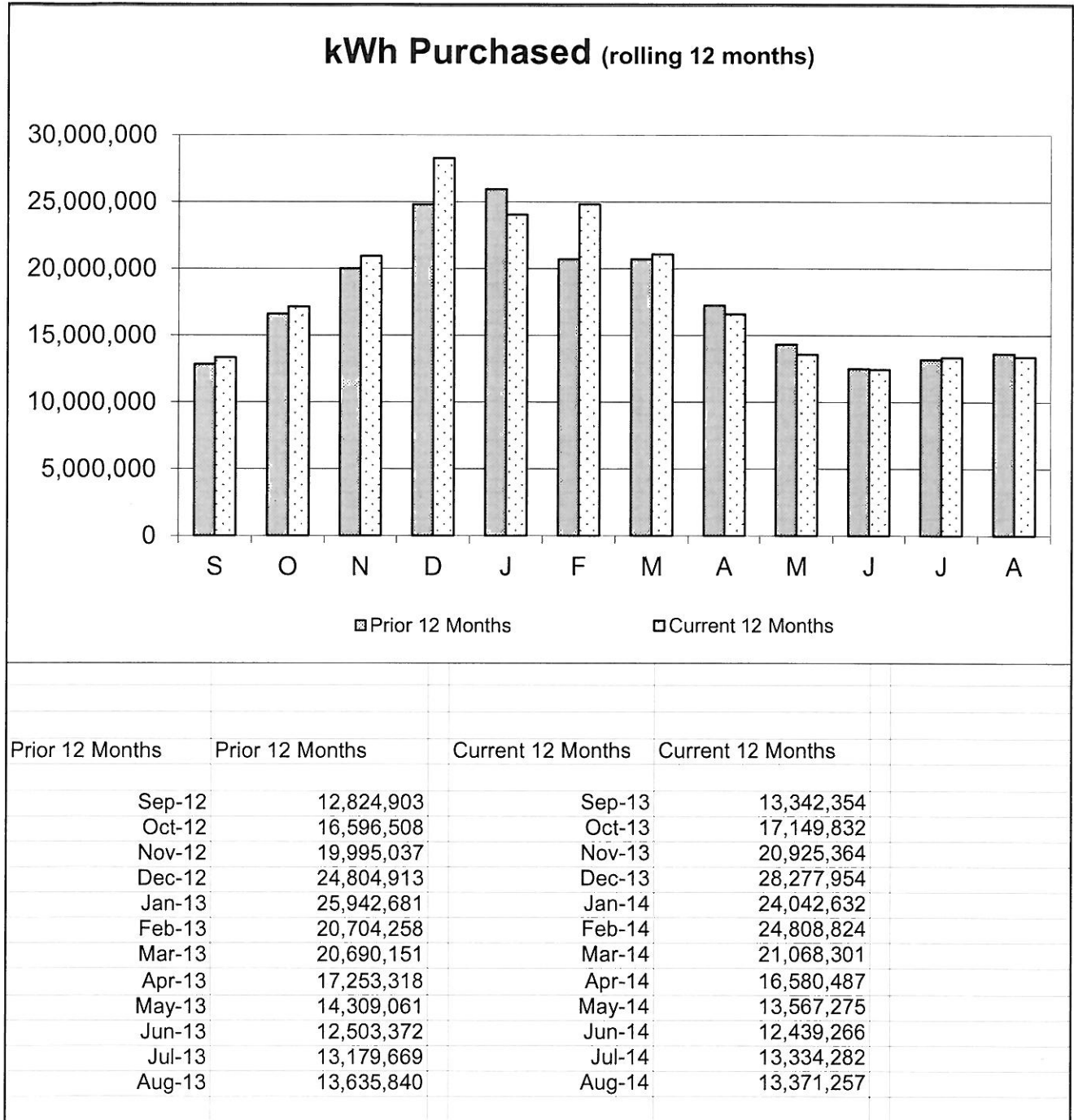
Notes:

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

**Totals include Island Network billing

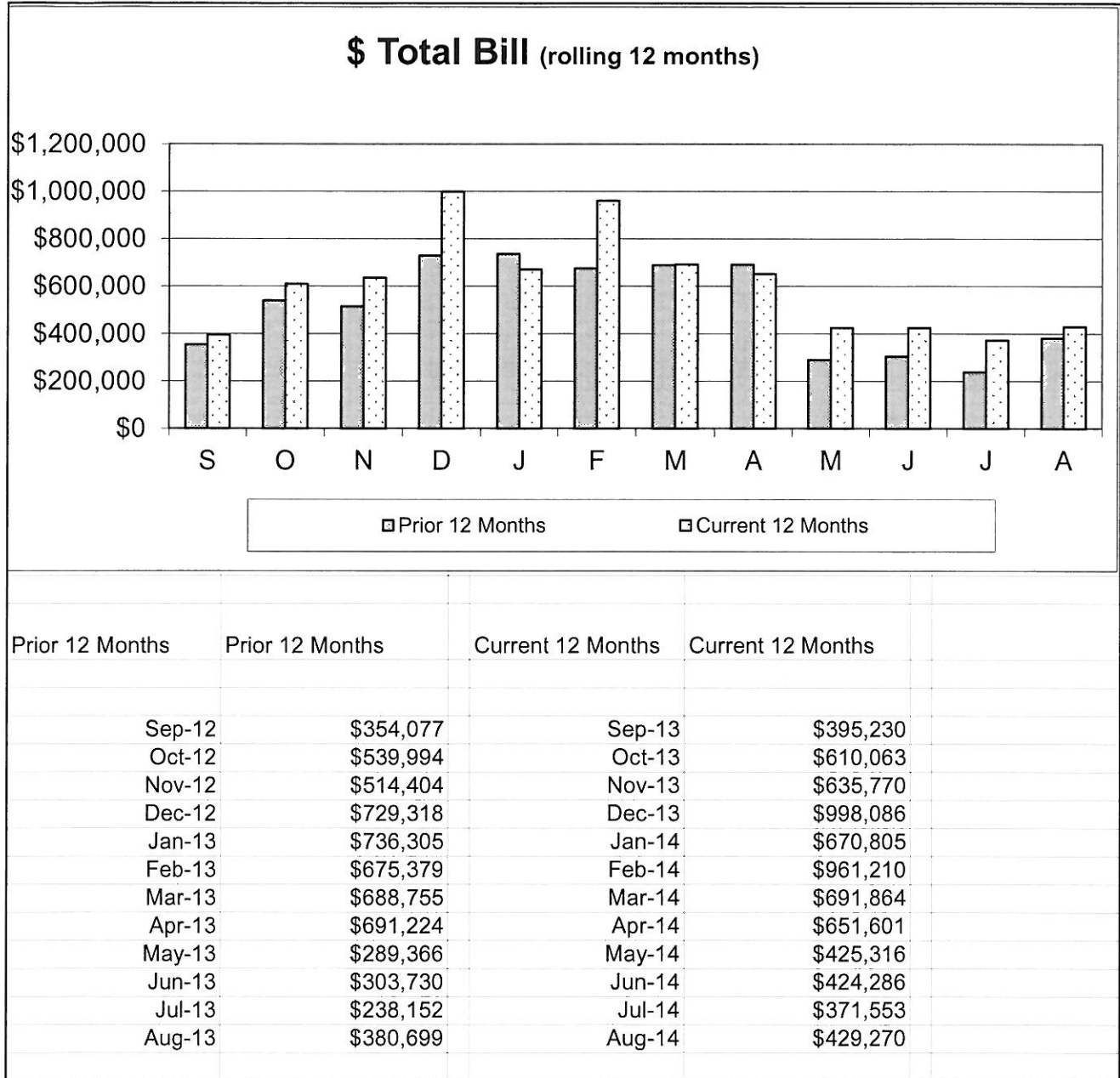
BPA Consumption Summary

Through
August 2014



BPA Consumption Summary

Through
August 2014



MEMORANDUM

September 12, 2014

TO: Board of Directors
FROM: Foster Hildreth
RE: CFC Key Ratio Trend Analysis (KRTA)

CFC provides us with an annual recap of statistical information that compares our cooperative with other co-ops across the nation. The analysis includes ratios, executive summary (p.29 of 69), and introduction (p. 3 of 69) and definitions (p. 5 of 69).

When reviewing these numbers, please note that we are an expensive utility to operate and maintain. We serve 20 individual islands, we have 26 submarine cables, 11 substations, 4 warehouse facilities, 3 crew facilities and 2 administrative offices. Please review this information and email me with any questions or comments. These forms are for you to use as references.

The following may assist you with interpreting the ratios:

System Value –OPALCO's values for each ratio

US Total

Median – median for the CFC borrowers within the United States

NBR - number of borrows ranked

Rank – OPALCO's ranking within this group

State Grouping –CFC borrowers within the State of Washington

The Executive Summary identifies 11 primary ratios that CFC monitors. The numbers for these ratios are as follows: 7, 11, 16, 23, 24, 36, 89, 103, 114, 115, and 123.

At the bottom of the Executive Summary, under the heading *Highs & Lows by Ratio Categories*, are numbers that represent how many ratios in each category fall within the top or low 10% of the U.S. Total. The numbers for these ratios are as follows:

Ratios in the top 10% of the U.S. Total:

0, 2, 1, 0, 4, 2, 2, 2, 0, 6

Ratios in the low 10% of the U.S. Total:

0, 2, 6, 2, 0, 5, 1, 0, 0, 2

Most of the ratios that fall within the top or lower 10% can be explained by understanding our service area. Remember that any ratios listed as Street & Highway Lighting are not applicable to OPALCO.



LCLT

LOPEZ COMMUNITY
LAND TRUST



Building a Sustainable Island Community

August 14, 2014

Dear Amy,

I received your recent letter explaining the MORE committee voted to change Policy 1. At a time when solar is growing exponentially why make such a drastic change to the policy? It is my firm opinion that the volunteer contributions have run their course. It is now time for the OPALCO board and MORE committee to support the efforts of renewable energy and fund incentives through the general fund. Let OPALCO be a leader in this area.

Being a leader in the area of renewables is good policy and helps pave the way to great changes that serve the greater good. If you look at Germany as an example you will find that their great strides towards energy independence came first by setting policies that helped level the playing field that made it economically feasible to invest in renewables. Let OPALCO lead the way in the northwest towards energy stability and local energy independence. We need to be out in front on this endeavor. It is through strategic policy setting that this will happen.

Do you remember the 2009 NRECA Market Research Services survey results? On page 45 the results show that 60% of OPALCO respondents said they would pay between 3% - 15% more on their monthly bill in order to support renewable energy and conservation programs. 28% responded saying they did not want to pay more and 13% said they didn't know. These are significant findings and yet OPALCO has never set policy based on the results of the survey.

I urge the MORE committee and the OPALCO board to address the issue of renewables in a systematic and strategic way. This is not the time to be passive, especially in the face of the Georgetown prize.

I look forward to hearing from you on this issue.

Sincerely,



Sandy Bishop
Executive Director

Legal pot grows add new demand to NW power grid

Associated Press 12:00 pm PDT September 10, 2014

SEATTLE (AP) - Regional power planners say indoor marijuana grow operations in Washington state could need as much electricity over the next two decades equal to what a small Northwest city consumes.

Tom Eckman with the Northwest Power and Conservation Council says demand also could grow if Oregon voters pass a ballot initiative in November to legalize recreational pot use.

The council has been studying the impacts of electricity needs for indoor pot producing operations since Washington voters legalized recreational pot use in 2012.

The council's analysis says new energy demand among marijuana growers is estimated to grow to as much as 163 megawatts by 2035. That's about 10 percent of what the city of Seattle uses on average each year.

MEMORANDUM

September 11, 2014

TO: Board of Directors

FROM: Foster Hildreth

RE: NW RiverPartners Shares News of Historic Chinook Salmon Runs

While BPA is discussing the High Water Marks (HWM) for 2016, Terry Flores of NW RiverPartners is sharing the U.S. Army Corps of Engineers press release about the record number of Chinook salmon that have climbed the fish ladders at the Bonneville Lock and Dam to the Columbia River Basin.

Attached is the email that includes the public announcement from the Army Corps of Engineers and charts showing the correlation between the spill percentage and the number of salmon going through.

From: Terry Flores <tflores@nwriverpartners.org>

Date: September 10, 2014 at 4:27:04 PM PDT

Subject: great fish returns!

I wanted to share the federal agency release (below) with you about the fall chinook returns. The run had a slow start, but is going gangbusters now and hopes are that a new record return will be set. And, while it has taken a lot of haranguing, please note the highlighted language in the release – we finally persuaded the federal agencies to include recognition that this is the largest restoration program anywhere in the country and largely paid for by regional utility customers!

The sluggish start to the run was attributed largely to warm river temperatures, however, it also appears to be strongly correlated to the cessation of court ordered summer spill which occurs August 31 (see charts attached)! Rest assured I will share the graphs with the appropriate policy and decision makers.

Also, RiverPartners is a sponsor, and is working with BPA, the Corps and Columbia River Intertribal Fish Commission, in organizing a “Welcome Home Salmon” celebration to be held at Bonneville dam on September 30. It is an opportunity to actually show opinion and policy leaders, agency heads, congressional staff and members, and the media that the salmon are doing really well and highlight the collaboration taking place in the region. Thank goodness the chinook are showing up and in large numbers!

*Terry Flores, Executive Director
Northwest RiverPartners
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(503) 367-9997, cell
tflores@nwriverpartners.org*



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Bonneville Power Administration
FOR IMMEDIATE RELEASE

Tuesday, Sept. 9, 2014

CONTACT: Michael Coffey, U.S. Army Corps of Engineers, 503-808-3722
Kevin Wingert, BPA, 503-230-4140 or 503-230-5131

Adult fall chinook returns shatter single-day record set just one year ago

Historic fish returns predicated on a combination of work to improve fish conditions at all life stages in the Columbia River Basin and favorable ocean conditions

Portland, Ore. – Since Sunday, more than 180,354 adult fall chinook have climbed the fish ladders at Bonneville Lock and Dam on their annual migration into the Columbia River Basin.

Sunday's count of 67,024 chinook was soon surpassed by Monday's return of 67,521 – marking the largest, single-day return since counting began with the construction of the dam in 1938. The previous record of 63,870 had been set less than a year ago on Sept. 9, 2013. On Tuesday, the numbers held strong with 45,809 chinook swimming past the fish counting windows at the dam.

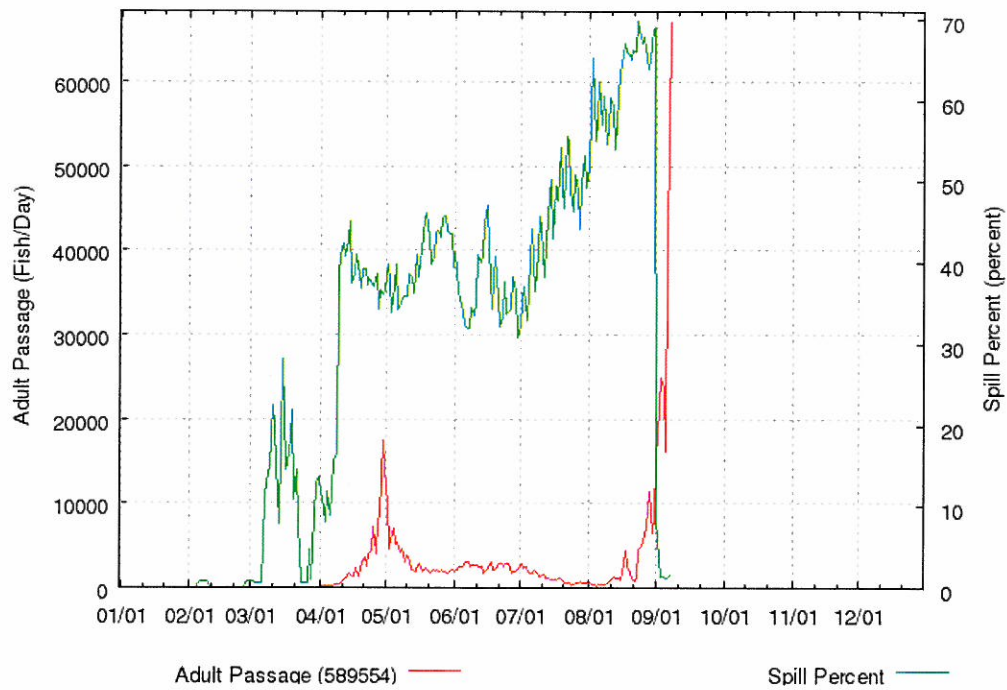
The fish are among the 359,258 fall chinook seen thus far at Bonneville Dam. These numbers are only a fraction of the predicted 1.5 million adult fall chinook returning by the end of 2014. These returns are the result of a host of federal, tribal, state and non-profit organizations in the region working together over the past decade to improve conditions in the tributaries and main stem river using an "all H" approach – harvest, habitat, hydro and hatcheries – as well as favorable ocean conditions.

"With our many partners, we work to balance the needs and interests of the region with large-scale improvements for fish," said David Ponganis, Northwestern Division Programs Director for the U.S. Army Corps of Engineers. "These record-breaking numbers show that the structural and operational improvements made at the dams have resulted in safer passage conditions for juvenile and adult fish."

These efforts represent one of the largest fish and wildlife programs in the nation, largely paid for by the region's electric ratepayers along with funding from federal taxpayers.

"The results we are seeing reflect a tremendous collaborative effort within the Columbia River Basin," said BPA Administrator Elliot Mainzer. "We look forward to working with our existing and future partners towards a common vision of continuing to bring back more fish to the rivers."

Adult Passage, Spill Percent
2014, Bonneville, Chinook



Adult Passage, Temperature (WQM)
2014, Bonneville, Chinook

