



**BOARD OF DIRECTORS  
REGULAR MEETING  
Friday, February 19, 2016 8:30 a.m.  
OPALCO Conference Room (Friday Harbor)**

**TRAVEL**



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

**To:**

Leave Eastsound 7:45 a.m.  
Lopez 8:00 a.m.

Arrive FH 8:15 a.m.

**Return:**

Leave FH 2:00 p.m.

Arrive Lopez 2:15  
Eastsound 2:30 p.m.



***Via Ferry:***

**To:**

Leave Lopez 7:10  
Shaw 7:00 a.m.  
Orcas 7:20 a.m.

Arrive FH 7:40 a.m.

Arrive FH 8:10 a.m.

**Return:**

Leave FH 2:05 p.m.

Arrive Orcas 2:55 p.m.  
Shaw 3:10 p.m.  
Lopez 3:30 p.m.

**Orcas Power & Light Cooperative**  
**Board of Directors**  
**Regular Board Meeting**  
Friday Harbor OPALCO office  
317-5156  
**February 19, 2016 (Friday)      8:30 a.m.**

**PAGES**

**WELCOME GUESTS/MEMBERS**

- Member Comment Period
- Joel Paisner, Attorney

**ACTION ITEMS**

- 3-5**      ○ Approval of January Minutes
- 6**      ○ New Members
- 7**      ○ Capital Credits
- 8-16**      ○ RUS 219s
- 17-18**      ○ Tariff J – Joint Use of Poles

**DISCUSSION ITEMS**

- 19-20**      ○ Member-Initiated Bylaw Amendment
- 21-25**      ○ MORE Program Committee Policy Revisions
- 26-28**      ○ Island Network / Rock Island Communications

**REPORTS**

- 29**      ○ Safety
- 30-32**      ○ General Manager
- 33-36**      ○ Rock Island Communications

**INFORMATION ITEMS**

- 37-44**      ○ Dashboard Charts
- 45-49**      ○ Member Correspondence

**ADJOURNMENT**

Executive Session: RIC, Personnel, Legal

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

Thursday, January 21, 2016

President Jim Lett called the meeting to order at 8:15 a.m. at the Lopez Island Fire Hall. Board Members present were Winnie Adams, Randy Cornelius, Vince Dauciunas, Mark Madsen and Jerry Whitfield. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Assistant Manager of Member Services Jon Blomgren and Executive Assistant Bev Madan (serving as recording secretary). Rock Island Communications staff present were Dan Burke, Chad Bailey and Gene Nery. Also present was consultant Jay Kimball and San Juan Islands Conservation District Executive Director Linda Lyshall.

**Member/Guests**

Each member/guest was offered an opportunity to address the board.  
Lopez: Dan Post, Dwight Lewis, Steve Ludwig, Brian Silverstein, Clark Johnson, Rich Strachan, Sandy Bishop, Lauren Stephens  
Comments from members included concern over OPALCO's facility charge, rate increases, and Rock Island Communications expenditures.

**December 17, 2015 Meeting Minutes**

- **Motion** made by Adams to accept the December 17, 2015 minutes. Motion was seconded (Dauciunas) and carried by voice vote.

**Serial Email Communication**

Separate email communications were sent to the Board of Directors requesting ratification of the Committee on Nominations for Districts 3 and 4. District 3 Committee on Nominations members are Larry Hendel, Larry Eppenbach, Clark Johnson and Becky Smith. District 4 Committee on Nominations members are Hardy Schmidt, Sharon Wootton and Ned Griffin.

- **Motion** made by Madsen to accept the email vote for the Committees on Nominations for Districts 3 and 4. The motion was seconded (Adams) and carried by voice vote.

**New Members**

- **Motion** made by Adams to accept the new members listed below. Motion was seconded (Whitfield) and carried by voice vote.

**DISTRICT 1**  
**San Juan**

Bada, Jeffrey & Schoeninger, Margaret  
Barnes, Kristine  
Bereitschaft, Frank & Sharon  
Dahlstrom, Helena  
G&R Custom Painting  
Gimlett, Barbara & Dan  
Hoepfner, Winny  
Jackson, Kaala  
Jenkins, David M  
Meat Machine Cycles  
Moore, William & Lind, Richard  
Morrell, Greg & Lorraine  
Mulvaney, Rodney  
Novak, Deborah  
Read, Andrea  
Roemers-Kleven, Karin  
Solomon, Shelby L.  
Stayberg, William R

Stringer, Steven

**DISTRICT 2**  
**Orcas**

Ahrens, Majo & Julie Bartells,  
Contreras-Barrios, Abdon Brandon  
Combs, Michael & Karen  
& Moreno, Nicolasa  
Goetz, Theresa & Knapp, Steven  
Miller, William H  
Doornmalen, Nathalie &  
Luchterhand, Boris  
Simpson, Scott M & Yu, May C, Joseph

**DISTRICT 3**  
**Decatur**

Whitaker, Gord & Cori

**Lopez**  
Plant, Richard

**Capital Credits**

- **Motion** made by Madsen to approve payment of \$11,958.09 in capital credits to the estates of deceased members and the organization no longer in business listed below. Motion was seconded (Adams) and carried by voice vote.

Clyde L. Boice.....	394.90
Thurman C Bond.....	484.41
Edna Bradshaw.....	389.48

Edward Carlberg .....	1374.29
Edith Dickinson .....	1,551.82
Carol A. Edgbert .....	1,392. 67
Paul G. Flood .....	1,768.95
I.L. Kosin .....	82.36
Lawrence A. Lindberg .....	1,624.00
Floyd Mauseth .....	1,053.74
Donald J. Tracy .....	1,527.90
Florence L. Wine .....	96.42
Inter-Island Escrow .....	217.15

## RUS 219s

- **Motion** made by Cornelius to approve submission of RUS 219s representing projects completed in November 2015 from the Construction Work Plan in the amount of \$710,741.30. Motion was seconded (Whitfield) and carried by voice vote.

## Board Vice-President

The resignation of Bob Myhr from the Board left the position of vice-president vacant. Nominations were made from the floor to complete the term that will end at the annual meeting April 30, 2016.

Dauciunas nominated Madsen; Adams nominated Dauciunas. Madsen noted personal time commitments at present.

- **Motion** made by Whitfield and seconded (Adams) to appoint Dauciunas vice-president; motion carried by voice vote.

## Policy 29 Rate Design

Language was clarified in section 29.2.2.2.8 to read “Energy Charge Adjustment: Implement a variable mechanism that balances the fluctuation in energy revenues on an as-needed basis. The purpose of this mechanism is to balance the cooperative’s finances. The mechanism may appear as a credit or debit on member bills.”

- **Motion** made by Adams and seconded (Madsen) to approve Policy 29 *Rate Design* as presented. Motion carried by voice vote with Cornelius dissenting.

## Resolution 1-2016 Cooperative Response Center Guaranty

The current outside contract for after-hour outage management has service level limitations. Staff will be enhancing our website to include outage mapping for the membership and to aid employees during an outage. Expanded dispatching, call management and member outreach support are not available through our current service provider. Cooperative Response Center (CRC) is highly recommended by other cooperative utilities. Documents and a resolution for a CFC (Cooperative Finance Corporation) \$10,000 guaranty were submitted for approval by the Board, as required by CRC.

- **Motion** made by Dauciunas and seconded (Madsen) to execute Resolution 1-2016 and corresponding documentation related to contracting with CRC for outage management. The motion carried by voice vote.

## San Juan Islands Conservation District

Linda Lyshall, Executive Director of the San Juan Islands Conservation District provided an annual review of their accomplishments during 2015. In accordance with Policy 28 *Collaborate with Nonprofits to Accelerate Energy Efficiency & Conservation and Renewable Energy Production* and the related Memorandum of Understanding, OPALCO staff worked with SJICD to reinforce the importance of conservation and energy stewardship in the county. Among their accomplishments were: Student Energy Curriculum; Cool School Challenge; Lectures, Films and Discussions; Islands Energy Fairs; Energy Pie Socials; participation in the Georgetown University Energy Prize; home energy assessments and upgrades; Community Solar for Schools; and an electric vehicle campaign.

## M.O.R.E. Program

The Member Owned Renewable Energy (MORE) Program has seen a decline in voluntary member donations. The MORE committee’s recommendation to institute a moratorium is now in effect to fund only the current participants, but no new participants. The preliminary design and funding research of a Community Solar pilot program was budgeted for 2016 (not the solar project itself); staff is pursuing a grant for the storage (and grid control) portion of the solar project. OPALCO previously approved sites at four substations on the ferry-served islands; other sites will be examined as well. Pursuant to the BPA contract, the maximize size of each site is 250KW and is collectively limited in total (on aggregate) to 1MW.

### Energy Assistance Credit

Staff reviewed the implementation plans for the newly adopted Energy Assistance Program Credit. Funds will be distributed to qualifying members as a credit to their facility charge beginning with the February 2016 billing, with credits ranging from \$10 to \$25 depending on household size. As a pilot program, it will be adjusted as the program evolves. Staff will have press releases to notify members of its existence and how to apply. The budget for 2016 is \$90,000. This program compliments other programs in existence; i.e., PAL and LIHEAP. Staff will be monitoring the program on an ongoing basis (quarterly) and if funds are remaining at the end of the calendar year, they will be transferred to the PAL program.

### Tariff J Joint Use of Poles

This tariff will be revised to simplify the language. Because the rate is determined through a formula provided by the FCC, details of the formula were removed from the tariff itself. Each company requesting attachment must complete and sign an agreement with OPALCO. This policy will be reviewed once more at the February meeting.

### Reports

- **Safety:** Safety improvement goals are being fine-tuned for adoption. Included are increased inspections on rubber goods, ground, vehicle and other safety equipment; expansion of the training program; and development of a formalized safety program guideline. A safe work culture for employees is the goal.
- **General Manager:** The final piece of RUS submarine cable loan requires a RUS contract revision with Sumitomo. While the schedule is out of our control Staff expect the new RUS staff are reviewing the loan submitted for the cable replacement. Director candidate forums will be coordinated by OPALCO staff. Independently moderated forums will take place on Shaw, Lopez, San Juan and Orcas some time during April.
- **Rock Island Communications (RIC):** Staff introduced Vice President of Retail Gene Nery. RIC staff reviewed the transition to T-Mobile LTE equipment. Although current subscribers are not tracking as planned the revised process will allow for accelerated deployment of poles/subscriber equipment provided permit approvals continue. T-Mobile equipment is substantial and more than RIC could afford on their own; this collaboration is a win-win for both organizations. Fiber sales continue to increase; it is anticipated that there will be 1,000 fiber subscribers by year-end. New operational software is being deployed to include service order generation; mapping; customer management and billing; customer support and ticketing; registration for fiber-to-the-home (FTTH) customers and remote management of LTE devices. This will aid in customer tracking and response. The transition of the IN department accounting records from OPALCO to RIC is to be completed with the year-end close. Staff expects policies and an updated business plan to be available for review at the February board meeting. Madsen thinks the staffing levels from the two companies will be very different and stressed that in order to maintain appropriate service levels, industry appropriate personnel will be required; noting that a network service is completely different than OPALCO's.

### February Board Meeting Date

It was agreed to move the February board meeting from Thursday, February 18 to Friday, February 19.

### Member Communication

Member Alex MacLeod requested that his most recent "letter-to-the-editor" article be included in the Board Packet. In addition to his article, OPALCO provided their response to the MacLeod article. It was noted that OPALCO would be including a "lead-in/background" section to future member communications.

### Adjournment

The meeting adjourned at 1:30 p.m.

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Jim Lett, President

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Jerry Whitfield, Secretary-Treasurer

## **New Members January 2016**

### **DISTRICT 1**

#### **San Juan**

1. 530 Jensen Alley LLC
2. Arata, Matthew
3. Bateson, Christopher
4. Beratlis, Yancy
5. Berger, Jill
6. Connatser, Nathan
7. Courtyard Suites LLC
8. Cousins, Rebekah
9. Ginley, Conner & Trisha
10. Hansford, Scott & Evans, Cheryl
11. Kempton, Heather
12. Lackey, Timothy
13. Leff, Jason
14. Moench, Patti
15. Murillo, Jesus & Rooney, Tara
16. Poster, Carl & Wood, Priscilla
17. Ruffner, Donald & Knowles, Kathleen
18. Tappmeyer, Geraldine
19. Traynor, Michaela
20. Triplett, Robin & Connelly, Blaine
21. Volk, Gary
22. Wood, Koyee
23. Worthington, James
24. Wright, Claire

### **DISTRICT 2**

#### **Orcas**

25. Bea, Janice & Thomas
26. Blomgren, Jon & Orr, Rachel
27. Buehler, Cassidy
28. Cottage Gift Shop
29. Haight-Wood, Christopher & Kathleen
30. Howard, Ben & Dani
31. Huhndorf, Anne
32. Jennifer, Christine
33. Merrimon, Thomas
34. Morehead, Corrine
35. Nielsen, Sally
36. Southern, Raymond & Holly
37. Thornbrugh, Diane & Watmore, Christopher
38. Tusco Property Management

### **DISTRICT 3**

#### **Lopez**

39. Colombo, Carlo
40. Grech, Michael & Ann
41. Knight, Roger & Eileen
42. Licata, John A
43. Robson, Elizabeth
44. Smith, Ronald
45. Vallejo, Stephanie
46. Workman, Allen
47. Zimmerman, Allan

### **DISTRICT 4**

#### **None**

# MEMORANDUM

February 12, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Capital Credits

Staff requests a motion to approve payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business:

Clyde L. Boice*	\$82.18
Thurman C. Bond*	\$51.10
Edna Bradshaw*	\$54.23
Greg Brickman	\$170.12
Edward Carlberg*	\$163.07
Edith Dickinson*	\$179.67
Carol A. Edgbert*	\$159.23
Paul G. Flood*	\$201.12
Dorothy Hepp	\$1,722.82
Rudolph W. Kazic	\$74.96
Charles Kline	\$1,300.91
Lawrence A. Lindberg*	\$189.55
Floyd Mauseth*	\$121.06
Evelyn Payne	\$948.46
Gordon Steele	\$2,369.33
Donald Tracy*	\$173.14
Lyle E. Weatherbee	\$361.49
Florence L. Wine*	\$27.32
Inter-Island Escrow*	\$31.68
<b>Total</b>	<b>\$8,381.44</b>

\*Additional retirement amount based on updated 2016 discount percentage. See January 2016 minutes for previous retirement amount.

MEMORANDUM

February 12, 2016

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

Projects completed from the Construction Work Plan:

- Inventory # 201512..... \$921,134.90  
*CWP Projects; Pole Replacements; URD Replacements*
- Inventory # AM1512 ..... \$6,977.51  
*Conductor Replacement*
- Inventory # AN1512..... \$71,056.68  
*Grid Control*
- Inventory # AP1512..... \$942,411.36  
*Submarine Cable Bore and Environmental*

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$1,941,580.45.



02/08/2016 9:42:17 am

# RUS Form 219 Inventory Of Work Orders

Period: DEC 2015                      System Designation: WA AH O9

Page: 7

Inventory : 201512

Budget		
Loan	Project	Amount
1	316	906,703.52
1	606	2,959.09
1	608	11,472.29
<b>Total:</b>		<b>921,134.90</b>

## 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.

Joel Mietzner

INSPECTION PERFORMED BY

42902

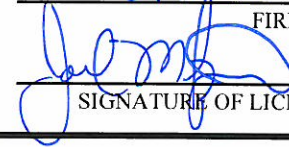
LICENSE NUMBER

3/16/17

DATE

OPALCO

FIRM



P.E.

SIGNATURE OF LICENSED ENGINEER



EXPIRES 3/16/17

02/08/2016 9:42:17 am

# RUS Form 219 Inventory Of Work Orders

Period: DEC 2015      System Designation: WA AH O9

Page: 2

Inventory: 201512

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Retirement (2)		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)		
316	2011	1293							
		1293	1	1,109,149.79	0.00	3,295.58	0.00	166,756.14	906,703.52
							AFUDC: 32,394.55		
				1,109,149.79	0.00	3,295.58	0.00	166,756.14	906,703.52
606	2011	1265							
			1	2,986.56	0.00	0.00	0.00	0.00	2,959.09
							AFUDC: 27.47		
				2,986.56	0.00	0.00	0.00	0.00	2,959.09
608	2013	30856-27							
			1	11,535.48	0.00	0.00	0.00	0.00	11,472.29
							AFUDC: 63.19		
				11,535.48	0.00	0.00	0.00	0.00	11,472.29
<b>Grand Totals:</b>				\$ 1,123,671.83	\$ 0.00	\$ 3,295.58	\$ 0.00	\$ 166,756.14	\$ 921,134.90

02/08/2016 9:42:17 am

# RUS Form 219 Inventory Of Work Orders

Period: DEC 2015      System Designation: WA AH O9

Page: 8

Inventory : AM1512

Budget		
Loan	Project	Amount
1	1600	6,977.51
<b>Total:</b>		<b>6,977.51</b>



EXPIRES 3/18/17

3/16/17 Jwm

## 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.

J. Mietzner

INSPECTION PERFORMED BY

42902

LICENSE NUMBER

3/16/17

DATE

OPALCO

FIRM

J. Mietzner P.E.

SIGNATURE OF LICENSED ENGINEER

02/08/2016 9:42:17 am

# RUS Form 219 Inventory Of Work Orders

Period: DEC 2015      System Designation: WA AH O9

Page: 3

Inventory: AM1512

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	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)		
Project	Year	Retirement (2)							
1600	2014	1645							
		1645	1	6,135.52	866.78	0.00	0.00	0.00	6,977.51
							AFUDC: 24.79		
				6,135.52	866.78	0.00	0.00	0.00	6,977.51
<b>Grand Totals:</b>				\$ 6,135.52	\$ 866.78	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,977.51

Minor Construction Work Orders

Work Order: 1645 - INSTALL URD IN EXISTING CONDUIT TO LOC #3131443.



02/08/2016 9:42:17 am

## RUS Form 219 Inventory Of Work Orders

Page: 9

Period: DEC 2015

System Designation: WA AH O9

Inventory : AN1512

Budget	Loan	Project	Amount
	1	706 - 3	71,056.68
	Total:		71,056.68



EXPIRES 3/16/17

**BORROWER CERTIFICATION**

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SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

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INSPECTION PERFORMED BY

Joel Mietzner P.E.

OPALCO

FIRM

42902

3/16/17

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

02/08/2016 9:42:17 am

## RUS Form 219 Inventory Of Work Orders

Page: 4

Period: DEC 2015

System Designation: WA AH O9

Inventory: AN1512

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			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)		
706 - 3	2014	1601							
			1	73,918.62	0.00	0.00	0.00	0.00	71,056.68
				73,918.62	0.00	0.00	AFUDC: 2,861.94	0.00	71,056.68
<b>Grand Totals:</b>				\$ 73,918.62	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 71,056.68

02/08/2016 9:42:17 am

## RUS Form 219 Inventory Of Work Orders

Page: 10

Period: DEC 2015

System Designation: WA AH O9

Inventory : AP1512

Budget Loan	Project	Amount
2	1001	942,411.36
<b>Total:</b>		942,411.36



EXPIRES 3/16/17

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SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

**ENGINEERING CERTIFICATION**

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Joel Mietzner *Joel Mietzner* P.E.  
INSPECTION PERFORMED BY

42902

LICENSE NUMBER

3/16/17

DATE

OPALCO

FIRM

*Joel Mietzner* P.E.  
SIGNATURE OF LICENSED ENGINEER

02/08/2016 9:42:17 am

## RUS Form 219 Inventory Of Work Orders

Page: 5

Period: DEC 2015

System Designation: WA AH O9

Inventory: AP1512

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			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)		
1001	2013	1436							
			2	959,438.09	0.00	0.00	0.00	0.00	942,411.36
				959,438.09	0.00	0.00	AFUDC: 17,026.73 0.00	0.00	942,411.36
<b>Grand Totals:</b>				\$ 959,438.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 942,411.36



# MEMORANDUM

February 12, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Tariff J *Joint Use of Poles* (Second Reading)

Tariff J is revised to simplify the language. The rate follows a formula provided through the FCC, as seen within tariff; the former tariff language was cumbersome. Any pole attachments require an agreement. The Board reviewed the draft revisions at the January meeting.

Staff requests a motion to approve Tariff J *Joint Use of Poles* with the revisions as presented.

ORCAS POWER AND LIGHT COOPERATIVE  
TARIFF  
SIXTH REVISION – REPLACING FIFTH REVISION

**TARIFF J- 16**  
**JOINT USE OF POLES**

**AVAILABILITY**

Available to public utilities for communication contacts.

**POLE CONTACT RATE DETERMINATION**

The rate for pole attachments (as defined below) will be recalculated every year using the FCC methodology. This calculation is available once the prior year's financials are closed on or about the end of the first quarter of each calendar year.

**Pole Contact Rate = Space Factor \* Net Cost of Bare Pole \* Maint. and Admin. Carrying Charge Rate**

**GENERAL PROVISIONS**

An executed *General Agreement for Joint Use of Poles* will be required prior to communication attachments on any OPALCO poles.

\_\_\_\_\_  
J Foster Hildreth, General Manager

Approval Date: February 19, 2016

## MEMORANDUM

February 12, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Member-Initiated Bylaw Amendment

Lopez member Rob Thesman submitted the following proposed amendment to OPALCO's bylaws. The petition included fifty valid member signatures and has been reviewed and validated by legal (and attached), as required in Bylaw Article XIV Section 2.

"At the end of the existing Article III – Directors, Section 1, General Powers, the following paragraph shall be inserted:


*As soon as practicable and at least once every ten years thereafter, the Board of Directors shall reapportion the number of directors seats attributable to each of the Districts listed in Article III – Directors, Section 2, Qualifications and Tenure, so as to align the representation of Cooperative members as closely as possible with the actual number of energy members within each District. Furthermore, from time to time the Board of Directors shall update the boundaries of the above-referenced Districts so as to facilitate the goal of proportionate representation of the members in each of the Districts on the Board of Directors."*

Staff is providing this to the Board for review only, per Bylaw Article XIV Section 2 (b). Please note no further Board action is required. This amendment will be placed on the annual meeting ballot for member vote.



**MEMORANDUM**  
CONFIDENTIAL ATTORNEY CLIENT COMMUNICATION

TO: James Lett,  
President, Orcas Power & Light Cooperative

FROM: Joel Paisner, Ascent Law Partners, LLP 

DATE: February 5, 2016

RE: Member Petition – District Proportionality.

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A member petition has been submitted to the Orcas Power & Light Cooperative Board of Directors (OPALCO). The petition was received electronically on January 30, 2016, and that is 91 days in advance of OPALCO's annual meeting. It states as follows:

As soon as practicable and at least once every ten years thereafter, the Board of Directors shall reapportion the number of directors seats attributable to each of the Districts listed in ARTICLE III - DIRECTORS, Section 2, Qualifications and Tenure, so as to align the representation of Cooperative members as closely as possible with the actual number of energy members within each District. Furthermore, from time to time the board of directors shall update the boundaries of the above-referenced Districts so as to facilitate the goal of proportionate representation of the members in each of the Districts on the Board of Directors.—

Each bylaw amendment proposed by the membership must be consistent with OPALCO's Amended Articles of Incorporation, as well as state laws, including RCW 24.06 (the statute OPALCO is organized under). As long as the proposed amendment is consistent, then it can be considered by the membership.

After reviewing the proposed language below, there is nothing in either the Amended Articles of Incorporation or RCW 24.06 that addresses district proportionality - requiring it or prohibiting it. As long as the proposed amendment meets the requirements under Article XIV, Section 2 (50 member signatures, 90 days prior to the annual meeting, review by the board), it may be properly considered by the membership.

We have not considered the substance of the petition, but it has met the time period for submission, as well as the proper number of member signatures. As such, it is proper for consideration by the Board and the membership.

MEMORANDUM

February 12, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: MORE Committee Policy Revisions

As presented by Linda Lyshall of the San Juan Islands Conservation District at the January meeting, the MORE Committee has made revisions to their working document.

These revisions are presented as a first-read review; no action is necessary.

Revision 5 6

The OPALCO Board of Directors shall have final authority over the MORE policy. Changes to the MORE policy may or may not require a board vote to be implemented. The Board reserves the right to determine if the changes are significant enough to require a board vote.

**MORE Committee:**

1. Composition to be seven to twelve members with target representation representative of: San Juan Island (1), Lopez Island (1), Shaw Island (1), Orcas Island (1) Members at Large (3).
2. MORE Committee members must be OPALCO members.
3. Quorum shall be any four (4) members.
4. OPALCO Board of Directors will appoint a board liaison to this committee.
5. Vacancies will be filled in compliance with #1 above and with the approval of a majority of the committee.
6. Temporary substitutions are allowed with the approval of a majority of the committee.

**MORE Committee Duties:**

1. Meet quarterly or more often as necessary to administer the program.
2. MORE committee members will work with San Juan Islands Conservation District to design and implement outreach and education.
3. Report to the OPALCO Board of Directors annually.
4. Communicate with and support OPALCO staff.
5. Review MORE Committee Policy 1 and make changes as necessary.
6. Approve annual incentives to members.

**OPALCO Duties:**

1. Manage billing and accounting of MORE funds.
2. Present summary reports to the MORE Committee and OPALCO Board of Directors.
3. Assist with education and publicity.
4. Read meters annually and process incentive payments.
5. Administer Member Service Policy 14.

**MORE Guidelines:**

The funds will be collected from voluntary participants. Members will select from the following Participation Blocks:

- |  |   |
|--|---|
| A. One Participation Block                       | \$ 4.00 per billing cycle               |
| B. Two Participation Blocks                      | \$ 8.00 per billing cycle               |
| C. Four Participation Blocks                     | \$16.00 per billing cycle               |
| D. Eight Participation Blocks                    | \$32.00 per billing cycle               |
| E. Ten Participation Blocks                      | \$40.00 per billing cycle               |
| F. <del>Full Participation Block</del> All Green | \$ 0.04 per kWh for all energy consumed |

1. All incentives will be funded through voluntary contributions to support renewable energy in San Juan County.
2. MORE funding may be applied to interconnect systems approved by OPALCO after July 1, 2010.

3. The fund balance and expected total incentive payments will be reviewed on a quarterly basis by the MORE Committee.
4. The MORE incentive will be based on annual reads of the production meter.
5. MORE Incentive payments will be paid per kilowatt hour of production, with a fixed rate based on the year in which the system is interconnected (as shown in Table 1 below). The incentive will be paid annually based on a fiscal year of July 1 to June 30.

<b>Interconnection Year<sup>1</sup>- July to June</b>	<b>MORE incentive (\$/kWh) until June 30, 2014</b>	<b>MORE incentive (\$/kWh) starting July 1, 2014</b>	<b>Date of last kWh incentivized under MORE program</b>
July 1, 2010 – June 30, 2011~Year 1	\$0.20 (plus two-year bonus of \$0.10)	\$0.1167	June 30, 2025
July 1, 2011 – June 30, 2012~Year 2	0.20 (plus one-year bonus of \$0.10)	\$0.1231	June 30, 2026
July 1, 2012 – June 30, 2013~Year 3	\$0.17	\$0.1093	June 30, 2027
July 1, 2013 – June 30, 2014~Year 4	\$0.14	\$0.0933	June 30, 2028
July 1, 2014 – January 21, 2016	N/A	\$0.035	June 30, 2029
January 22, 2016 - TBD	Temporary Moratorium	Temporary Moratorium	TBD

**Table 1: MORE incentives.** For systems installed in interconnection years 1-4, total aggregate incentives are equal to what would have been received under previous MORE program, but are spread over five additional years (lower payment rates over longer time period starting July 1, 2014). This change was necessary to accommodate cash-flow constraints in MORE fund due to MORE installations outpacing voluntary contributions.

The maximum generation eligible for the production incentive per Member Generator (MG) is 10,000 kilowatt hours for those served under OPALCO's Commercial Service Tariff and 4,000 kilowatt hours for all others per fiscal year.

6. An existing MORE Member Generator that upgrades their system has two (2) options:  
Option A: member agrees to the existing incentive rate at the time of the upgrade for the entire system.  
Option B: Member Generator's upgrade is a separate system with a separate production meter and would be at the incentive rate of the year it is connected.
7. Member Generators prior to the MORE program upgrading their system have two (2) options:  
Option A: Member agrees to pay back original incentive from prior program of \$1.50 per Watt (aggregate STC module DC wattage with a maximum \$4500) that goes to the MORE Program and the Member Generator applies for the MORE program at the existing incentive rate of the year they upgrade their system.

<sup>1</sup> Interconnection Year is defined as beginning the day the final permit inspection is completed by WA Department of Labor and Industries Industries Electrical Division.

Option B: Member Generator's upgrade is a separate system with a separate production meter and would be at the incentive rate of the year it is connected.

8. In July of each year, OPALCO will collect kWh production data from each MG participating in the program, and make payments, if adequate funding exists, based on the aforementioned incentive schedule.
9. If the MORE Program has sufficient funds, the production payment will be equal to the established rate. If funding is insufficient to meet the total payment obligations at the established rate, then the MORE committee will take actions including curtailing new applications, revising established rates, or other means necessary to retain solvency of the fund.
10. The MORE committee has the authority to use 2% portion of MORE funds for marketing, outreach activities, and education.
11. No incentive payments will be made to new interconnect members effective January 24-22, 2016. ~~MORE incentive payments will be dropped to zero for new interconnect members—~~ effective January 21, 2016. Existing Member Generators participating in the MORE program will continue to receive payments based on interconnect date described in Table 1 and subject to other requirements of this policy. If funding increases in the future this can be reviewed to resume incentive payments.



## Appendix I

### Revision 3 / August 7, 2013

1. Language was cleaned up
2. Language was added for members who would like to add to their system under the current MORE program
3. Language was added for members prior to the MORE program.
4. The stated modifications have no significant impact on the finances for the program.

### Revision 4 / August 7, 2014

1. Updated incentives to handle dwindling incentive pool.
2. Added language on how to handle insufficient funds.

### Revision 5 / October 17, 2014

1. Changed composition of team to increase flexibility
2. Removed text referring to “green teams” and replaced it with reference to San Juan Islands Conservation District as a partner to design and implement outreach and education.
3. Removed text “In years 5 to 7, MORE reserves the right to cap MORE-incentivized installations at 340 kW per year and curtail them thereafter”

### Revision 6 / March 17, 2016

1. Updated Table 1 to reflect incentive payments dropped to zero (moratorium).
2. Updated section 11 with verbiage clarifying grandfathered member participants.

\_\_\_\_\_  
J. Foster Hildreth, General Manager

\_\_\_\_\_  
March 17, 2016  
Effective Date

## MEMORANDUM

February 12, 2016

TO: Board of Directors  
FROM: Foster Hildreth  
RE: Rock Island Guiding Documents

At the December meeting, the Board requested staff review the Rock Island guiding documents, including internal and external policies as well as an updated business plan.

Please note, the revised business plan will be presented at the March board meeting along with the 2015 year-end financials.

Rock Island has developed policies which set protocol for both internal and external business practices. The attached Operational Documents Memorandum outlines legal, rate and customer documents and provides links to the documents on the website ([www.rockisland.com](http://www.rockisland.com)).

In regard to IRS and regulatory guidelines, as well as other operating aspects, a legal agreement has been drafted between OPALCO and Island Network LLC, which details types of inter-company transactions and related protocol.

The policies, agreement and related exhibits will be reviewed during executive session.



To: Foster Hildreth  
From: Tom Schramm  
Date: February 12, 2016  
Re: Operational Documents Memorandum

Below are links to the key Operational documents in use today at Island Network LLC.

#### Legal Documents

Internet Subscriber Agreement	<a href="http://wp2.rockisland.com/wp-content/uploads/2015/02/Internet-Subscriber-Agreement-2015-01-22.pdf">http://wp2.rockisland.com/wp-content/uploads/2015/02/Internet-Subscriber-Agreement-2015-01-22.pdf</a>
Acceptable Use Policy	<a href="http://wp2.rockisland.com/wp-content/uploads/2015/02/Acceptable-Use-2015-01-22.pdf">http://wp2.rockisland.com/wp-content/uploads/2015/02/Acceptable-Use-2015-01-22.pdf</a>
Privacy Policy	<a href="http://wp2.rockisland.com/wp-content/uploads/2015/02/Privacy-Statement-2015-01-22.pdf">http://wp2.rockisland.com/wp-content/uploads/2015/02/Privacy-Statement-2015-01-22.pdf</a>
Digital Phone Service Agreement	<a href="http://wp2.rockisland.com/wp-content/uploads/2015/02/Digital-Phone-Agreement-2015-02-18.pdf">http://wp2.rockisland.com/wp-content/uploads/2015/02/Digital-Phone-Agreement-2015-02-18.pdf</a>
Fiber Optic Last Mile Easement	<a href="http://rockisland.com/wp-content/uploads/2016/02/Master-Easement-Revised.pdf">http://rockisland.com/wp-content/uploads/2016/02/Master-Easement-Revised.pdf</a>
Fiber Optic Last Mile Work Order/Agreement	<a href="http://rockisland.com/wp-content/uploads/2016/02/Work-Order.pdf">http://rockisland.com/wp-content/uploads/2016/02/Work-Order.pdf</a>
Repair Agreement	<a href="http://rockisland.com/wp-content/uploads/2016/02/Repair-Terms-of-Service.pdf">http://rockisland.com/wp-content/uploads/2016/02/Repair-Terms-of-Service.pdf</a>

#### Service Rates

Residential Fiber Optic Rates	<a href="http://rockisland.com/home/homesvr/home-pricing/">http://rockisland.com/home/homesvr/home-pricing/</a>
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**ROCKISLAND**

AN OPALCO COMPANY

Business Fiber Optic Rates	<a href="http://rockisland.com/home/ri-business/business-pricing/">http://rockisland.com/home/ri-business/business-pricing/</a>
LTE Wireless Rates	<a href="http://rockisland.com/home/homesvr/lte-pricing/">http://rockisland.com/home/homesvr/lte-pricing/</a>
DSL Rates	<a href="http://rockisland.com/home/homesvr/dsl-pricing/">http://rockisland.com/home/homesvr/dsl-pricing/</a>
Digital Phone (VoIP) Rates	<a href="http://rockisland.com/home/homesvr/phone/">http://rockisland.com/home/homesvr/phone/</a>

#### **Customer Documents**

How to contact us, including contact form	<a href="http://rockisland.com/home/about-ri/contact-us/">http://rockisland.com/home/about-ri/contact-us/</a>
Step-by-step description of the fiber optic process	<a href="http://rockisland.com/home/how/step-1/">http://rockisland.com/home/how/step-1/</a>
Introductory information on fiber program	<a href="http://rockisland.com/wp-content/uploads/2016/02/Rock-Island-Fiber-Fact-Sheet-1.pdf">http://rockisland.com/wp-content/uploads/2016/02/Rock-Island-Fiber-Fact-Sheet-1.pdf</a>
Educational information for fiber prospects	<a href="http://rockisland.com/wp-content/uploads/2016/02/Building-a-Fiber-Optic-Infrastructure—How-It-Works-1.pdf">http://rockisland.com/wp-content/uploads/2016/02/Building-a-Fiber-Optic-Infrastructure—How-It-Works-1.pdf</a>
Information for new fiber customers	<a href="http://rockisland.com/wp-content/uploads/2016/02/Rock-Island-Welcome-Packet-1-1.pdf">http://rockisland.com/wp-content/uploads/2016/02/Rock-Island-Welcome-Packet-1-1.pdf</a>
Information for fiber neighborhood leaders	<a href="http://rockisland.com/wp-content/uploads/2016/02/FGO-1.pdf">http://rockisland.com/wp-content/uploads/2016/02/FGO-1.pdf</a>

## MEMORANDUM

Date: December 12, 2015

To: Board of Directors

From: Foster Hildreth, General Manager

Subject: Safety Program – January 2016

### **Safety Training**

Jeff Myers conducted training on Hand/Power Tools and Night Training. This training is a reminder of the proper use and care of the hand and power tools commonly used in electrical utility work. This was also a reminder of the hazards warranting extra concern when working at night.

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

None

	January 2016	YTD (2016)
<b>Near Misses</b>	0	0
<b>Incidents</b>	0	0
<b>Accidents</b>	0	0
<b>Loss Time</b>	0	0

Total Hours Worked without Loss Time Accident: 21,076

## **GENERAL MANAGER'S REPORT**

### **ENGINEERING AND OPERATIONS**

#### **WIP**

As of 2/12/2016, there are 353 work orders open totaling \$3,785,464. Of those, Operations has completed construction on 76 work orders, totaling \$947,909. Continuation of our multi-year construction through Moran State Park is scheduled to be completed by 3<sup>rd</sup> Quarter 2016. Construction for replacement of failing URD is underway and nearly complete in Salmon Point on Lopez. Construction will start at Karen Lane on Orcas in February.

#### **Submarine Cables**

The RUS AP8 loan processing was completed by RUS and is awaiting further contract documents from Sumitomo for completion of the review approval of advancing funds. Sumitomo has started the manufacturing of the cables and is in the process of acquiring the contractor's certifications to fulfill contract obligations. Despite the contract and loan delays, the project is on schedule. Based on contract provisions, no invoicing for the contract will be due until the RUS approval for advancing funds is complete.

### **FINANCE**

#### **2015 Year-End**

Staff is currently performing the year-end processes associated with the general ledger accounting close, as well as preparing the 2015 consolidated financial statements and the 2015 RUS Form 7.

#### **Loan Position**

Staff had the opportunity to refinance CFC loans in the amount of approximately \$1.4M, from an interest rate of 5.6% to a fixed rate of 4.15% for the next 24 years.

### **MEMBER SERVICES and ENERGY SAVINGS**

#### **Member Services**

The Energy Assistance Program application and quick reference guide were posted online in early February, and staff has worked with our billing software vendor to ensure the approved bill credit applies correctly. Applications are being accepted and actual numbers will be reported as credits are approved.

#### **Energy Savings Rebates**

Staff has been approved for BPA reimbursement of EEI funds for projects completed through July 2015. Staff is working on submitting the remaining projects for 2015. Based on projects in the pipeline, we are still slated to run out of funding in the second quarter 2016.

### **COMMUNICATIONS**

#### **2016 Annual Meeting**

The following is our schedule for outreach to members about the annual meeting, election and key topics. In addition to these scheduled deliverables, we are actively educating the member ambassadors regarding key topics such as Rates/Finance, RIC/T-Mobile, Energy and OPALCO's vision and leadership. Time permitting, OPALCO staff and leadership will visit civic, community clubs and senior centers. Please note the following dates may shift.

<b>Date</b>	<b>Type</b>	<b>Message/s</b>	<b>Distribution Outlet, Audience</b>
1/11	Legal Ad	How to submit for candidacy	Local papers, website, social media
1/15 – 2/15	Bill Insert	Save the Date notification	Member bills, website, smarthub
2/16	eNewsletter: Coop Connector	Energy Assist program, T-Mobile story, Annual Meeting/election info	6,000 + members (OPALCO + RIC), website, social media
2/19	Flier	Candidates by nomination committee	OPALCO lobbies
2/22	Legal Ad	Announce candidates by nomination, remind deadline for petition (3/4)	Local papers
3/8	eNewsletter: From the GM	What RIC and T-Mobile bring to our quality of life in San Juan County	6,000 + members (OPALCO + RIC), website, social media
3/4	Display Ad	Save the Date	Local papers, news blogs
3/11	News Release	Announce all candidates and election info	Local papers, news blogs, website
3/15	eNewsletter: Coop Connector	Member voice: election, annual meeting; ...	6,000 + members (OPALCO + RIC), website, social media
3/18	Display Ad	Full Annual Meeting info	Local papers, news blogs, website and social media
3/18	Web Posting	Individual bios and photos, election info, candidate forums info	Posted on OPALCO website
3/15 – 4/15	Bill Insert	Election info, candidate forums, links to voters' guide	Member bills, website, smarthub
4/4	Display Ad	Candidate Forums	Local papers and news blogs
4/4	News Release	Candidate Forums, election info, annual meeting info	Local papers, news blogs, website
4/7	eNewsletter: From the GM	Why did my bill go up? Link to infographic	6,000+ members (OPALCO + RIC), website, social media
4/7	Infographic	Why did my OPALCO bill go up?	Advertorial in local papers, website, social media
4/8	Display Ad	Ballots and Voters Guide arrive next week; VOTE	Local papers, news blogs
4/14	eNewsletter: Coop Connector	OPALCO and RIC finances; Candidate Forums; ...	6,000+ members (OPALCO + RIC), website, social media
4/11-15	Ballot	Vote	USPS – all voting members except those who opted for email only. EMAIL from SBS – those who opted in.
4/11-15	Voters' Guide	Election and annual meeting info, candidate	USPS – all voting members except those who opted for email only + OPALCO

		bios, bylaw amendment pro and con, bar code info, candidate forums	website. EMAIL from SBS – those who opted in.
4/11-15	Mailing	Bar code for easy voting	USPS from NISC – all voting members
4/15	Fliers	Annual Meeting info, candidate forums, travel details, VOTE!	Island bulletin boards, OPALCO offices, website, social media
4/15	Fliers	Annual Meeting info, candidate forums, travel details, VOTE!	Island bulletin boards, OPALCO offices, website, social media
4/15	Annual Report	OPALCO's vision, Finance/Rates, Internet, Energy, Co-op Team	Interactive online publishing, limited print run distributed to annual meeting recipients, available in offices
4/19-22	Public forums	Candidate debates, OPALCO Q&A	Members on Orcas, Shaw, Lopez and San Juan attend
4/22	Display Ad	Don't Miss the Boat – encourage attendance and voting, travel info	Local papers, news blogs, website, social media
4/30	Annual Meeting	Annual Report distribution, Election results. Staff presentations and Member Q&A	About 500 members and guests
5/2	News Release	Annual Meeting Results	Local papers, news blogs, website
5/15	Bill Insert	Annual Meeting Results	Member bills, website, Smarthub
5/15	Survey	Annual Meeting Feedback and Preferences	All members who attended the meeting – online survey



## February 2016

Major fiber construction projects continue. Our new community projects for 2016 are off to a start with a long line behind them. Our Individual Connection program is continuing to ramp up, and LTE Fixed Wireless activity takes a leap forward in mid-February towards achieving this year's connection goals.

### Major Projects Summary

#### **LOPEZ COMMUNITY LAND TRUST (LCLT) TUATARA (Lopez)**

- 0/17 total homes connected in LCLT
- Locates were completed this week
- Middle mile and last mile construction starting in February
- Payment and easements received

#### **THE HAMLET (Lopez)**

- 0/17 total condos connected at the Hamlet on Lopez
- Both middle mile and last mile construction are complete
- Waiting on active site rebuild to get them connected
- All will be subscribing to phone service

#### **CAPE SAN JUAN (Phase 2)**

- Group project Phase 1 is complete
- Kicked off Phase 2 in January with fiber group organizers in the area
- Additional middle mile work underway
- Fiber backhaul making its way down Cattle Point

#### **SALMON POINT (Lopez)**

- 0/16 total homes connected in Salmon Point
- URD project in partnership with OPALCO
- Middle mile complete mid-February
- Backbone will be ready to light Salmon Point later this year

#### **ELDERBERRY ON ORCAS ISLAND (Orcas)**

- 0/4 total homes connected on Elderberry
- Middle and Last Miles construction complete
- Waiting for a road bore under Orcas Rd. to connect this group

#### **MATIA VIEW (Orcas)**

- 0/13 total homes connected in the Matia View area
- Middle mile construction complete, last miles are 95% complete
- Backbone permit moving forward and construction walkthrough completed

### **SUNCREST: 65% of Total Project Complete**

- 0/10 total homes connected in the Suncrest area
- Middle mile construction, fiber jetting and splicing complete
- 5 last mile construction quotes complete and paid
- 1 last mile dig complete

### **WHISKEY HILL: 55% of Total Project Complete**

- 57 total homes connected in the Whiskey Hill HOA
- Middle mile construction complete, fiber and splicing complete
- 29 last mile consults complete
- 5 last mile construction projects in queue
- Last-mile will continue this month

### **INDIVIDUALS**

A big push for individual connections along Deer Harbor Rd, Nordstrom Ln and Orcas Rd continues. Along these routes alone we have identified and are actively constructing/connecting 120+ connections that can be funded with incentive dollars (no cost to the customer).

- New routes for Individual Connections will roll out as backbone fiber allows.

### **VoiP Rollout**

- We continue to roll out VoiP to existing customers. We are connecting multiple services each day
- UPS battery backups going out with VoiP-enabled modems
- We are rolling out VoiP to customers by fiberhood sequence in chronological order

### **LTE Rollout Project**

- 6 poles are up, commissioned, and in service. These sites have more customers coming online on a daily basis
- Customer response continues to be beyond our expectations
- Next sites to be commissioned will be Mineral Point (San Juan), Scott Hill (Orcas), Cape St. Mary (Lopez), Upper Rosario (Orcas), Vista Rd. (Lopez), Hilltop (Lopez) and West Valley/Boyce (San Juan)
- Planning to deploy a web-based eligibility list by February on rockisland.com along with a new site design. The tool is currently live and running for internal use only
- Other than the deployment of new sites, there are outstanding issues with relation to the wireless backhaul at the Cape
- We are targeting commissioning 4-5 LTE sites per month for the next 5 months

### **Fiber Sales Pipeline**

- Commitments, many with final designs and payment. This represents more than 250 upcoming fiberhood connections:
  - Roche Harbor Resort HOA (26)
  - Harney View on Orcas (35+)
  - Brown Island on San Juan (46)
  - Garry Oak on San Juan (12)
  - Portland Fair Area on San Juan (35)
  - Panorama Place on San Juan (12)
  - Humphrey Head on Lopez (2)
  - Ruggles on Lopez (3)
  - Eastsound Village (~30)
  - Geisers Way (14)
  - Rosario Group A (12)
  - Hilltop on Lopez (40)
- Actively in discussion: 22 other communities

### **Operational Software Support**

New software was rolled out in February that will allow us to deliver operational efficiencies, provide new reporting functionality, along with enhanced business accountability. Best of all, we will be able to capture, track, and manage inbound calls and email inquiries.

# DASHBOARD: ROCK ISLAND COMMUNICATIONS

## SUBSCRIBERS

BUDGET Subscribers	2016 Budget Subscribers												2016	2016
	January	February	March	April	May	June	July	August	September	October	November	December	Period End (Jan) Budget	Year End Budget
Fiber	42	42	42	42	42	42	42	42	42	42	42	42	42	500
LTE	125	125	125	125	125	125	125	125	125	125	125	125	125	1,500
<b>Total</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>2,000</b>

ACTUAL Subscribers	2016 Actual Subscribers												2016	2016
	January	February	March	April	May	June	July	August	September	October	November	December	Period End (Jan) Actual	Year End Actual
Fiber	29	-	-	-	-	-	-	-	-	-	-	-	29	29
LTE	39	-	-	-	-	-	-	-	-	-	-	-	39	39
<b>Total</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>68</b>

VARIANCE Subscribers	2016 Variance Subscribers												2016	2016
	January	February	March	April	May	June	July	August	September	October	November	December	Period End (Jan) Variance	Year End Variance
Fiber	(13)												(13)	(13)
LTE	(86)												(86)	(86)
<b>Total Variance (Actual - Budget)</b>	<b>(99)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(99)</b>	<b>(99)</b>

Pipeline Subscribers	2016 Subscriber Pipeline												2016	2016
	January	February	March	April	May	June	July	August	September	October	November	December	Q1 Pipeline	Year End Target
Fiber	31	49	52										132	600
LTE	35	125	317										477	1,500
<b>Total Pipeline</b>	<b>66</b>	<b>174</b>	<b>369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609</b>	<b>2,100</b>

## REVENUE

BUDGET Revenue	2015 Budget Revenue												2015	2015
	January	February <sup>1</sup>	March	April	May	June	July	August	September	October	November	December	Period End (Dec) Budget	Year End Budget
Subscribers														
DSL/Canopy	-	94,565	94,565	94,565	94,565	94,565	94,565	94,565	94,565	94,565	94,565	94,565	1,040,213	1,040,213
Fiber	26,982	26,982	26,982	35,976	35,976	35,976	58,461	58,461	58,461	58,461	58,461	58,461	539,640	539,640
LTE	12,938	12,938	12,938	17,250	17,250	17,250	28,031	28,031	28,031	28,031	28,031	28,031	258,750	258,750
IT Services	-	26,667	26,667	26,667	26,667	26,667	26,667	26,667	26,667	26,667	26,667	26,667	293,333	293,333
<b>Total</b>	<b>\$39,920</b>	<b>\$161,151</b>	<b>\$161,151</b>	<b>\$174,458</b>	<b>\$174,458</b>	<b>\$174,458</b>	<b>\$207,724</b>	<b>\$207,724</b>	<b>\$207,724</b>	<b>\$207,724</b>	<b>\$207,724</b>	<b>\$207,724</b>	<b>\$2,131,937</b>	<b>\$2,131,937</b>

ACTUAL Revenue	2015 Actual Revenue												2015	2015
	January	February <sup>1</sup>	March	April	May	June	July	August	September <sup>4</sup>	October	November	December	Period End (Dec) Actual	Year End Actual
DSL/Canopy	-	53,184	84,480	76,966	76,629	76,875	77,484	76,517	143,056	74,180	70,658	71,170	881,198	881,198
Fiber <sup>3</sup>	43,833	41,794	41,794	44,102	43,570	53,561	60,980	61,829	70,366	64,399	64,043	57,638	647,910	647,910
LTE	-	-	-	-	-	-	-	-	-	812	1,504	1,700	4,015	4,015
IT Services	-	33,623	27,570	29,045	55,275	29,465	21,408	18,890	8,818	27,899	17,633	26,595	296,222	296,222
<b>Total</b>	<b>\$43,833</b>	<b>\$128,601</b>	<b>\$153,844</b>	<b>\$150,113</b>	<b>\$175,474</b>	<b>\$159,901</b>	<b>\$159,872</b>	<b>\$157,236</b>	<b>\$222,240</b>	<b>\$167,289</b>	<b>\$153,838</b>	<b>\$157,104</b>	<b>\$1,829,345</b>	<b>1,829,345</b>

VARIANCE Revenue	2015 Variance Revenue												2015	2015
	January	February <sup>1</sup>	March	April	May	June	July	August	September	October	November	December	Period End (Dec) Variance	Year End Variance
Subscribers														
DSL/Canopy	-	(41,381)	(10,085)	(17,599)	(17,936)	(17,690)	(17,081)	(18,048)	48,491	(20,385)	(23,907)	(23,394)	\$ (159,015)	\$ (159,015)
Fiber <sup>3</sup>	16,851	14,812	14,812	8,126	7,594	17,585	2,519	3,368	11,905	5,938	5,582	(823)	\$ 108,270	\$ 108,270
LTE	(12,938)	(12,938)	(12,938)	(17,250)	(17,250)	(17,250)	(28,031)	(28,031)	(28,031)	(27,219)	(26,528)	(26,332)	\$ (254,735)	\$ (254,735)
IT Services	-	6,956	903	2,378	28,608	2,798	(5,259)	(7,777)	(17,849)	1,233	(9,034)	(71)	\$ 2,888	\$ 3,325
<b>Total Variance (Actual - Budget)</b>	<b>3,914</b>	<b>(32,550)</b>	<b>(7,307)</b>	<b>(24,344)</b>	<b>1,017</b>	<b>(14,557)</b>	<b>(47,852)</b>	<b>(50,488)</b>	<b>14,516</b>	<b>(40,434)</b>	<b>(53,886)</b>	<b>(50,620)</b>	<b>(302,591)</b>	<b>(302,155)</b>
<b>Variance %</b>	<b>8.9%</b>	<b>-25.3%</b>	<b>-4.7%</b>	<b>-16.2%</b>	<b>0.6%</b>	<b>-9.1%</b>	<b>-29.9%</b>	<b>-32.1%</b>	<b>6.5%</b>	<b>-24.2%</b>	<b>-35.0%</b>	<b>-32.2%</b>	<b>-16.5%</b>	<b>-16.5%</b>

### Notes:

General: Accounting consolidation ongoing (Legacy Rock Island + Island Network = Rock Island Communications)

1. RIC acquisition closed on February 6th 2015

2. Adjustment to DSL/Canopy Subscribers during billing software reconciliation

3. Reflects transition to residential subscriber base from larger commercial connections (e.g. 'Noanet)

4. Sept. revenue includes a one time only adjustment to shift RIC from the cash basis to accrual. (adding accts.rec. billed and owed, not yet received) This adjustment is required per GAAP for accrual basis reporting.

## MEMORANDUM































February 12, 2016

To: Board of Directors

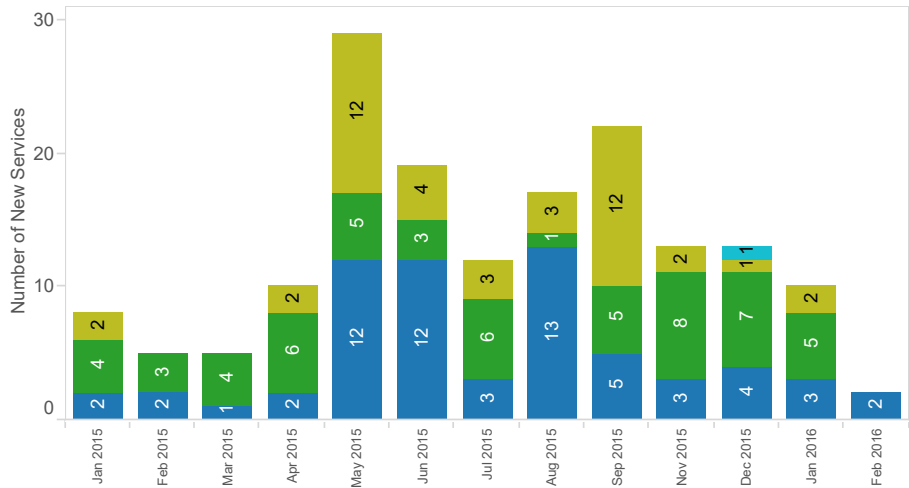
From: Foster Hildreth, General Manager

Subject: Dashboard

Attached please find the latest version of our dashboard charts. Please remember these charts are a work in progress that will evolve over the coming months. The chart listed below indicates their status.

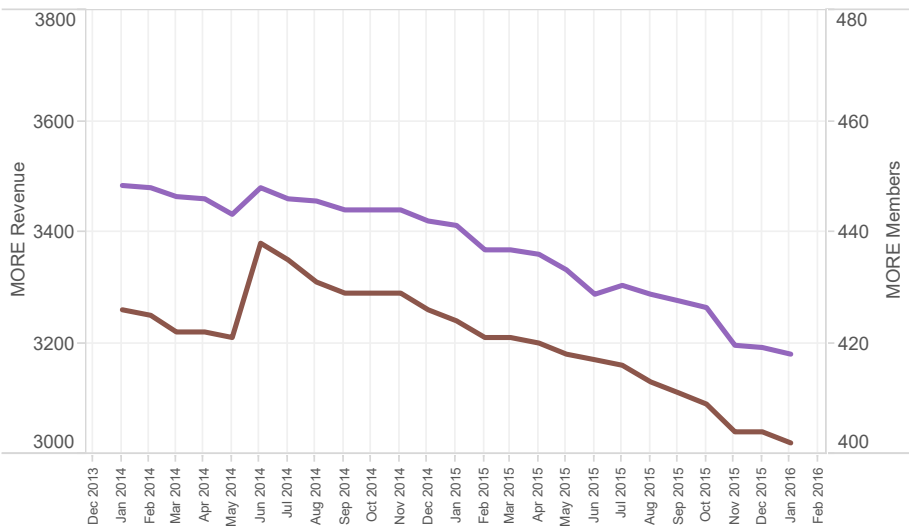
Title	Status			Comment
Service Additions by Board District				Continued new services
PAL and Energy Assist. Prog.				Funding through the tariffs will help
MORE/All Green				Continued decline in participation
Cash				Pursuant to Board Directives
TIER				Stable due to CRC
Equity				Pursuant to Board Directives/budget
Debt				Pursuant to Board Directives/budget
Outage Summary				Trending is level
Outage Statistics				Durations above Industry Trends
Power Cost				Below budget

### Services Additions by Board District (excluding transfers)



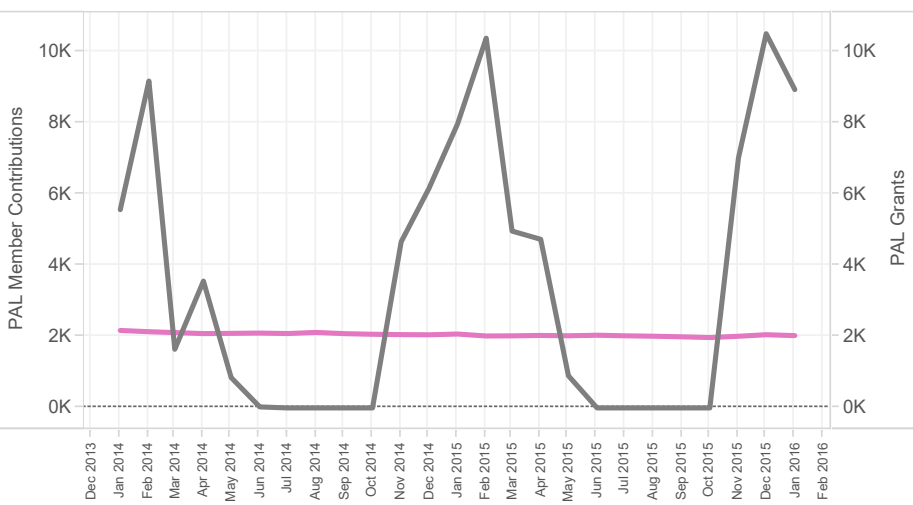
- District 4 - Shaw, Bell, Canoe, and Crane
- District 3 - Lopez, Decatur, Center, and Charles
- District 2 - Orcas, Blakely, Obstruction, Armitage, Bid Double, Little Double, and Fawn
- District 1 - San Juan, Brown, Henry, Pearl, and Spieden

### MORE



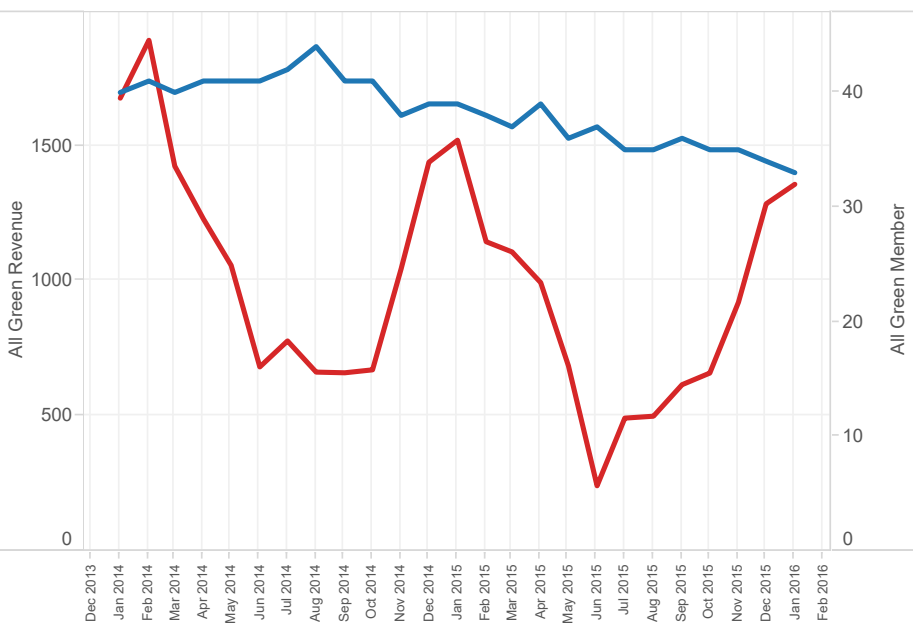
- MORE Members
- MORE Revenue

### PAL



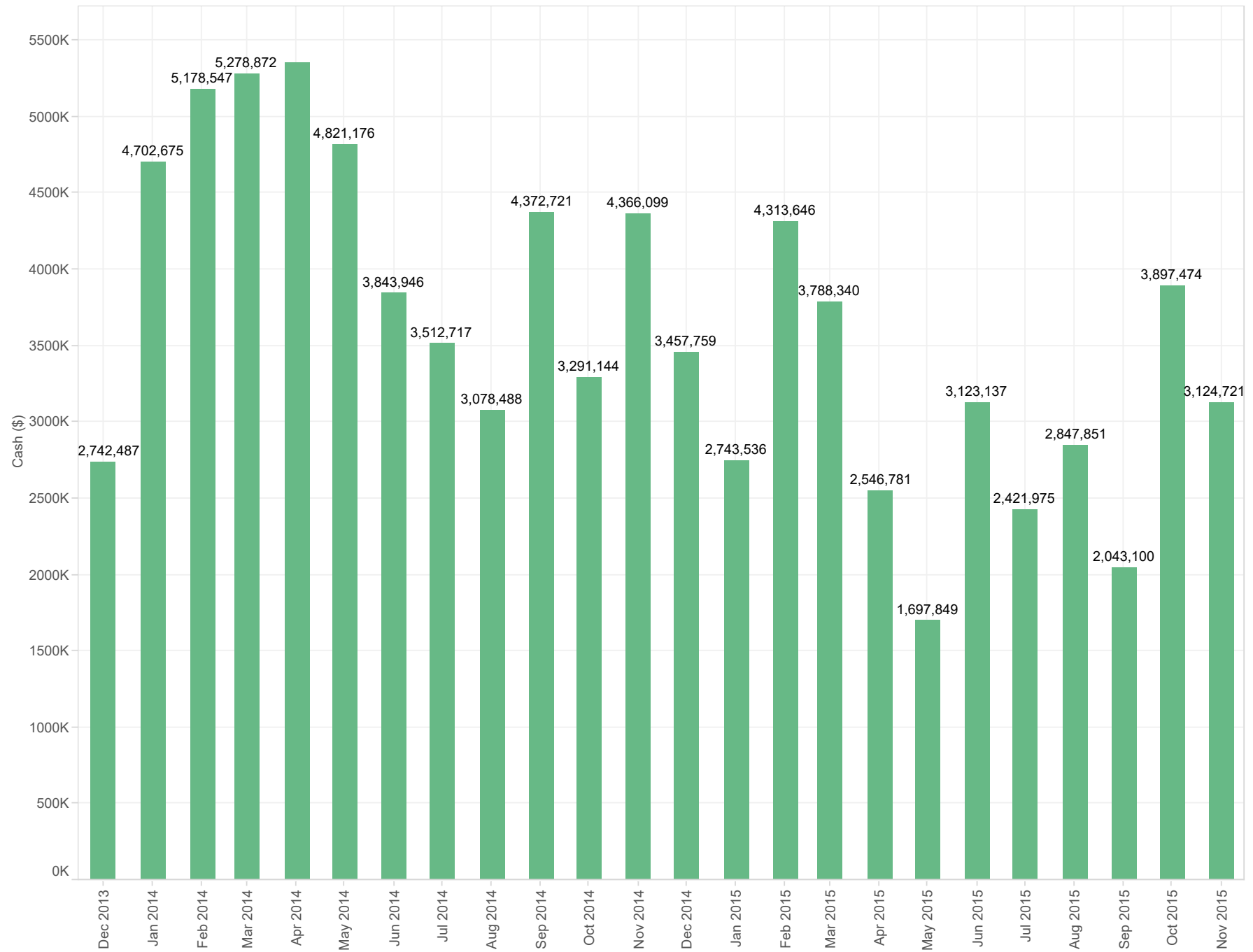
- PAL Grants
- PAL Member Contributions

### All Green

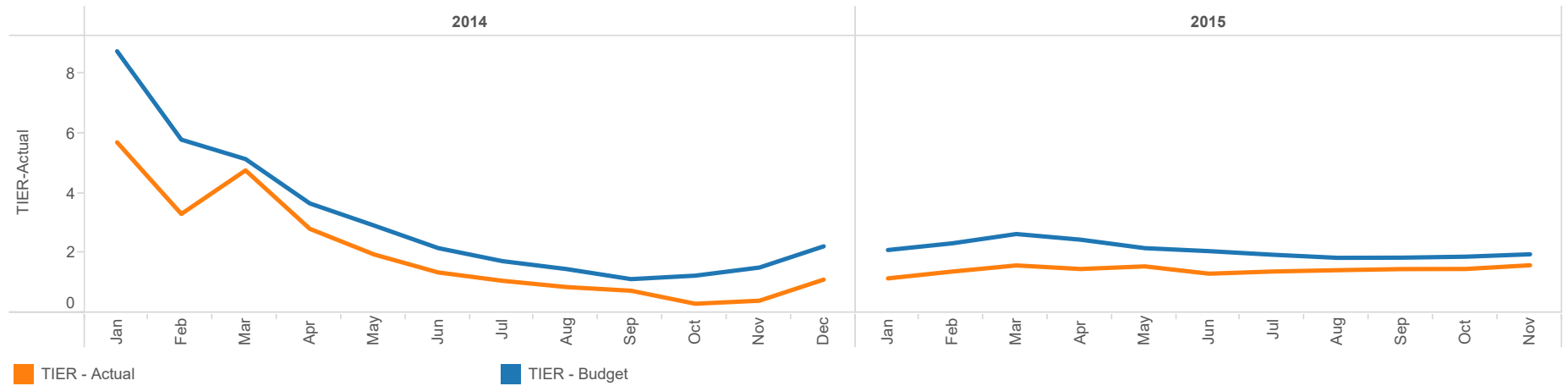


- All Green Member
- All Green Revenue

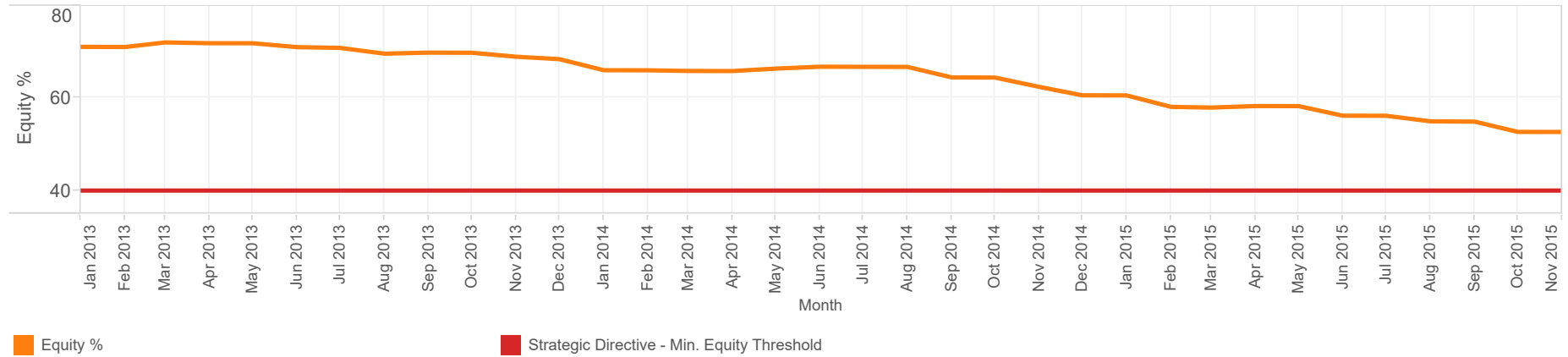
## Cash



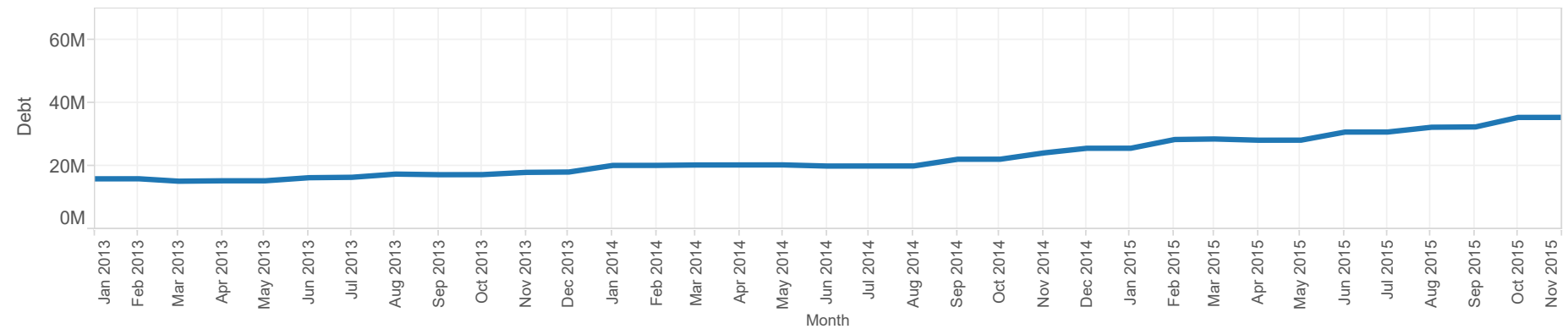
## TIER



## Equity

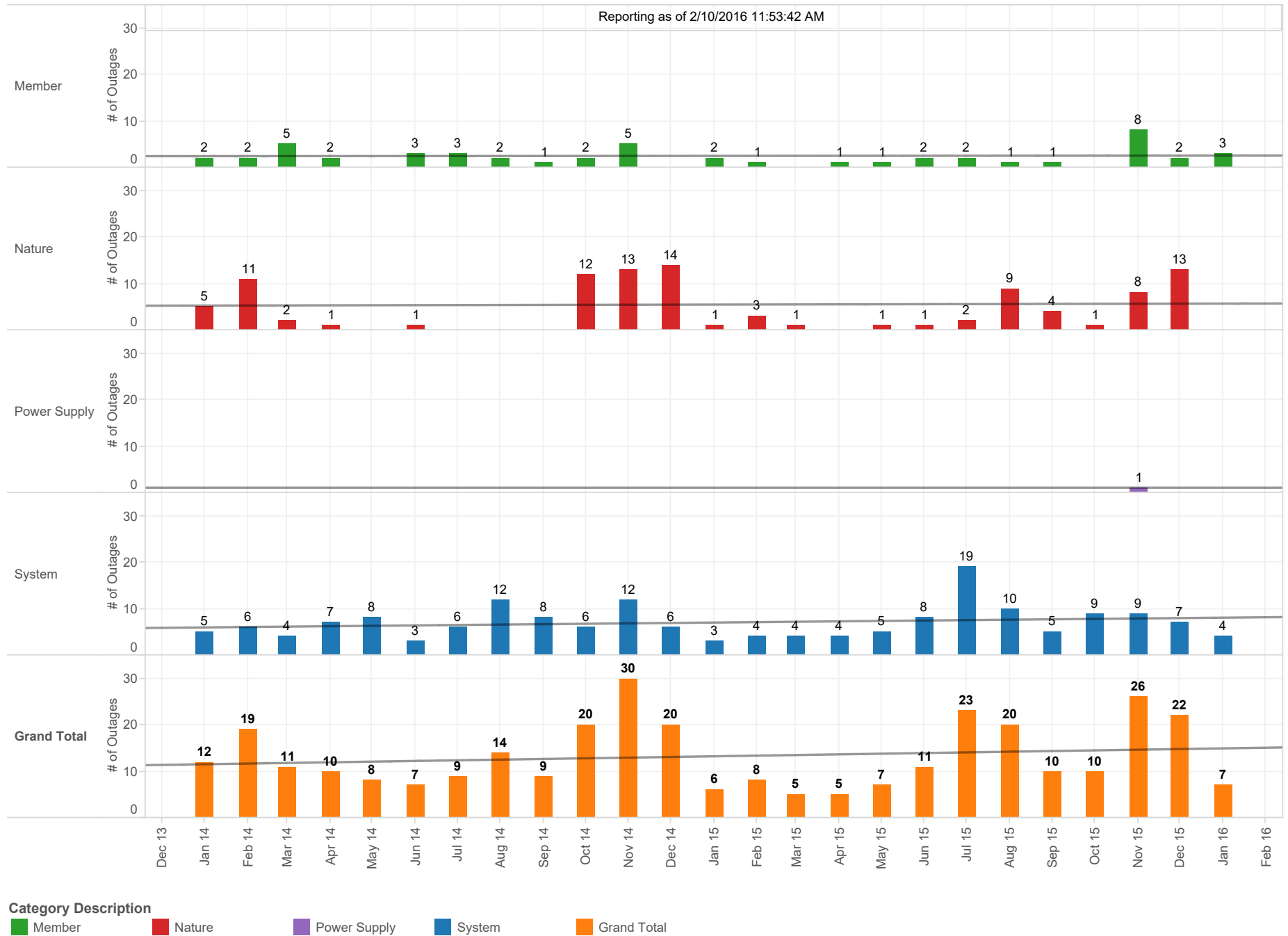


## Debt

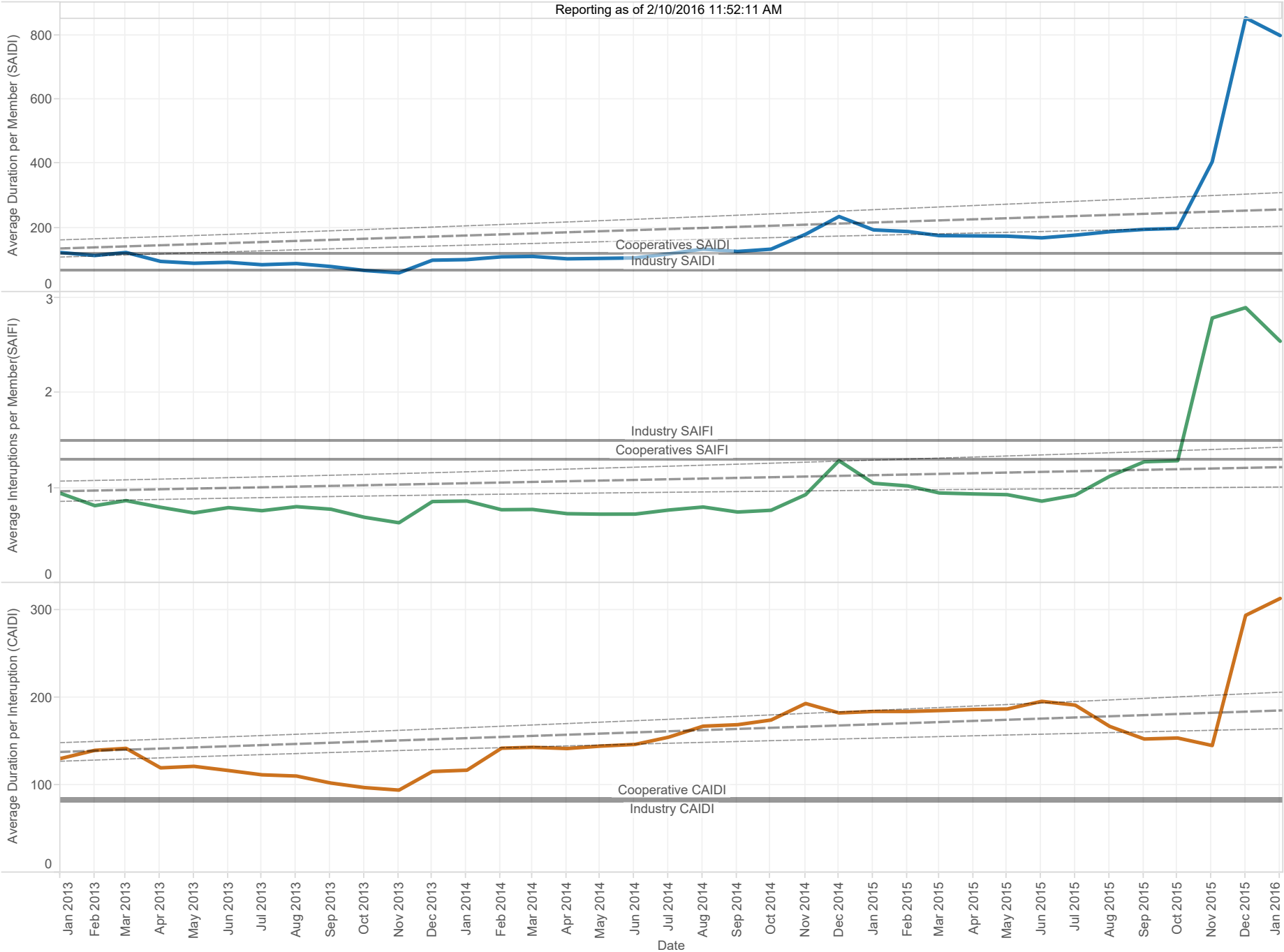




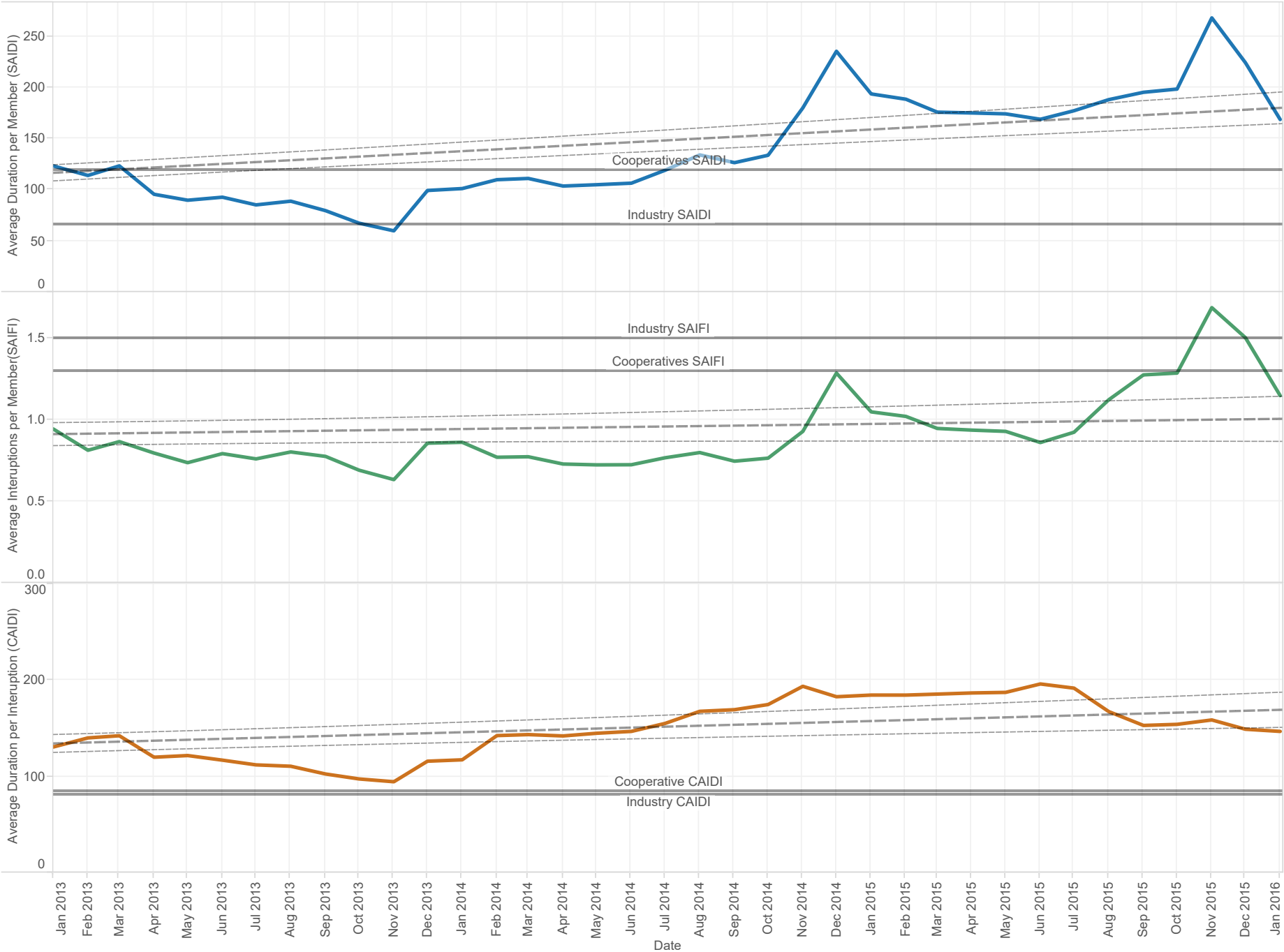
## Outage Summary



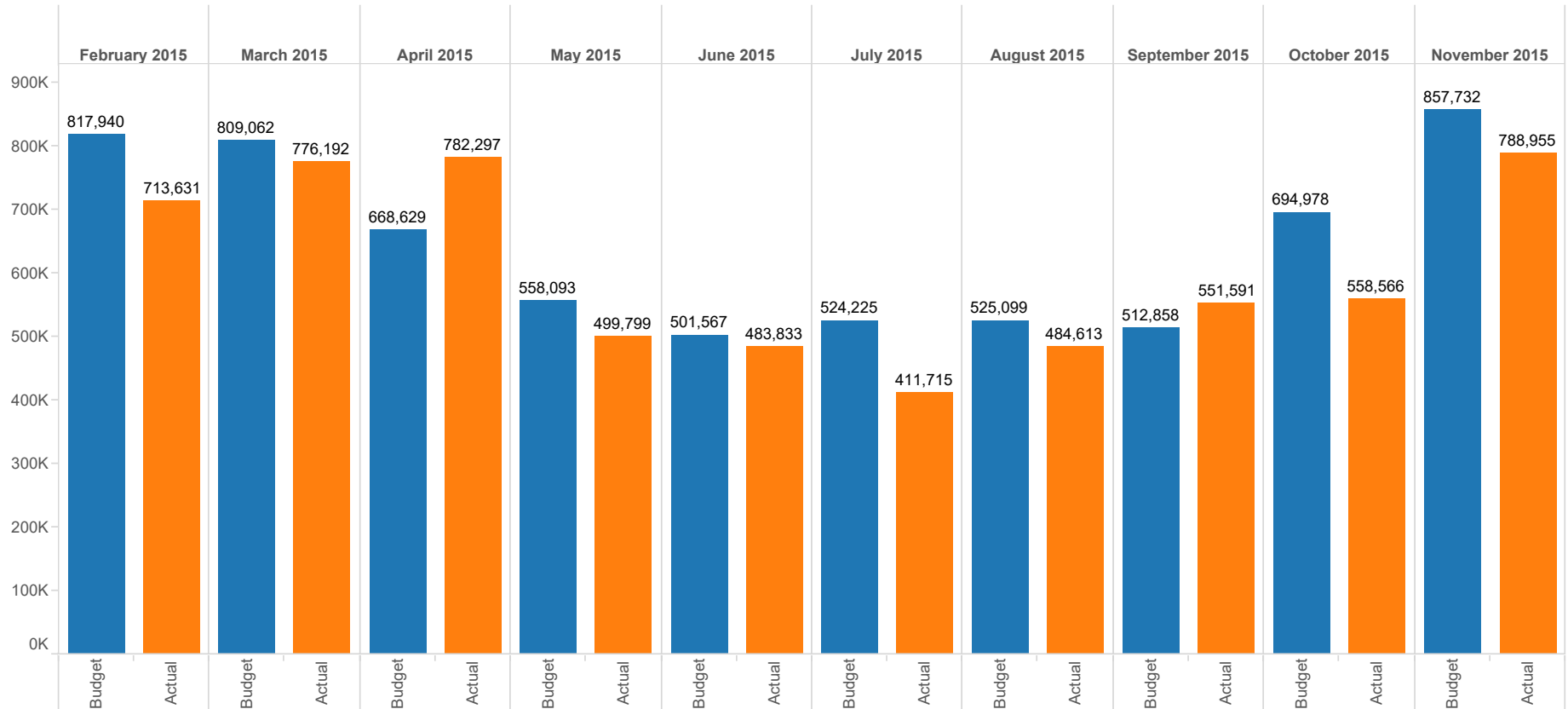
Outage Statistics



Outage Statistics (without Power Supply/Extreme Storm outages)



## Power Cost



## Prior Rolling 12 Months

	Budget	Actual	Variance
December 2013	864,907	1,125,500	260,593
January 2014	866,852	765,166	-101,686
February 2014	850,331	1,105,673	255,343
March 2014	773,388	778,706	5,318
April 2014	763,902	713,126	-50,776
May 2014	487,679	475,013	-12,666
June 2014	502,284	473,272	-29,012
July 2014	431,674	421,778	-9,896
August 2014	496,352	481,176	-15,177
September 2014	568,008	494,856	-73,152
October 2014	638,675	564,620	-74,055
November 2014	691,774	800,125	108,351
Grand Total	7,935,824	8,199,011	263,187

## Current Rolling 12 Months

	Budget	Actual	Variance
December 2014	849,214	963,917	114,703
January 2015	957,138	784,070	-173,068
February 2015	817,940	713,631	-104,309
March 2015	809,062	776,192	-32,870
April 2015	668,629	782,297	113,668
May 2015	558,093	499,799	-58,294
June 2015	501,567	483,833	-17,734
July 2015	524,225	411,715	-112,510
August 2015	525,099	484,613	-40,487
September 2015	512,858	551,591	38,733
October 2015	694,978	558,566	-136,412
November 2015	857,732	788,955	-68,777
Grand Total	8,276,534	7,799,178	-477,355

## MEMORANDUM

February 12, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Communications

Member communications are included for those members unable to attend but want their voice(s) heard. The following were received from members this past month:

TOPIC: NAME:

1. Bylaw Amendment Alex MacLeod

*STAFF NOTE: Correspondence about the proposed bylaw amendment regarding board representation.*

2. Correction to Member  
Comments in January Packet Alex MacLeod

*STAFF NOTE: Member requested that we repost a social media exchange regarding OPALCO's broadband approach. The OPALCO response posted in the January board materials reflected a redaction, at John Bogert's request, that was carried out in all social media outlets other than Lopez Rocks, where posts cannot be changed. At the request of MacLeod and with the permission of Bogert, the original, unedited response is included here.*

## MEMBER COMMUNICATION #1: ALEX MacLEOD

**From:** Alex MacLeod

**Subject:** For February Member Communications

**Date:** January 27, 2016 at 11:21:54 AM PST

**To:** Foster Hildreth

**Cc:** Director - James Lett, Jerry Whitfield

There is a move afoot to change OPALCO's By-Laws to restructure the board so its membership reflects the population of each island.

There is nothing especially novel about the idea: it has, at various times, been pushed for the county council, for instance.

What makes this more interesting is that it is being pushed by Gerry Lawlor, the head of OPALCO's subsidiary, Rock Island Communications. In a recent email to islanders, Lawlor encouraged them to sign and return an attached petition in support of the change. But he went beyond the issue of "proportional" representation, adding:

**"I believe this is important for the long term stability and management of critical infrastructure (electric and communications) to continue to provide the services we have today and the expansion of much needed infrastructure in the future."**

This is a pretty interesting assessment from someone arguably in the No. 2 job at OPALCO, though he didn't identify himself as such in the email. It raises a number of questions, the central one being:

Why does he believe the current Board makeup — two representatives each from San Juan, Orcas and Lopez, and one from Shaw/Crane — can't be trusted with the future stability and management of OPALCO/Rock Island?

This is, after all, a Board which has done nothing but funnel money into Rock Island and into OPALCO's grid to support Rock Island's broadband business. Rock Island has burned through two years of start-up funding in its first year, yet failed to meet its modest service goals. Its staff is slated to continue growing substantially, again on OPALCO's dime, and the Board has shown absolutely no inclination to do anything but continue on the same path, come hell or high water.

Meanwhile, some members have complained about large and continuing annual increases in their electric bills, mostly to pay for OPALCO's broadband business, when many don't have the financial resources to pay their electric bills, much less high-speed broadband service. So, OPALCO has put a new charge on everyone's bills to provide more money to try to help those who now can't pay.

Still, the Board charges ahead with no signs of doubt or concern. It has come up with a way to stay afloat financially — they call it “true-up” — Alex MacLeod is a longtime no matter what, simply by raising power bills as much and as often as needed to keep its lender happy.

So, what is Lawlor’s concern?

I wish I could tell you.

I’ve asked him twice and gotten no response. His boss, OPALCO general manager Foster Hildreth, won’t say either. Instead, he says OPALCO’s lawyers say Lawlor’s role is quite legal (not a question I raised) and that he was acting as any other member would in expressing his opinion.

Board President Jim Lett said the same. “He’s just another member with an opinion.” But does it make you curious what one of your top executives means when he says making this change is important to the long term stability and management of the co-operative? “Yes, but I haven’t asked him about it.”

Credit Lett with the courtesy to call and discuss my questions. Hildreth, on the other hand, wrote that I have an “obsession to smear OPALCO,” adding: “I have cautioned (Lawlor) that responding to your inquiries is not a prudent use of his time.”

But, apparently, writing that he fears for the future of OPALCO unless the Board representation is changed is.

Foster Hildreth  
General Manager  
OPALCO  
183 Mt. Baker Road  
Eastbound, WA 98245

Jan. 21, 2016

**RE: Member Communication**

**Foster:**

I am submitting the following for inclusion in the February Board packets.

I noted with some interest that you appended to my letter in January's Board packet what you purported to be OPALCO's response to it, which you said Suzanne Olson, OPALCO's PR manager, had posted Jan. 11.

It is not, however, what she posted as OPALCO's response. Here is the response she actually posted Jan. 11:

**Jan 11, 2016 —Suzanne Olson (Orcas): The Macleod-Bogert -CenturyLink Approach Missed the Boat**

**"The MacLeod-Bogert-CenturyLink approach is fallacy. There was no done deal with Century Link. CenturyLink's proposed terms would have taken member-owned infrastructure out of co-op members' hands and put it into the hands of an absentee corporation. Not a good use of member resources.**

**"OPALCO is in good financial health. Read the board materials online (see link below) and come to your co-op board meetings. Rock Island's acceleration of construction in 2015 will net greater connections in 2016, including and especially LTE services, which will equalize Internet access for islanders of all income levels.**

**"As financial expert and co-op member Joe Cohen points out, the Rock Island investment is good for the community and good for co-op members. Even if a member never subscribes to Internet services, the benefits in profit return, community safety and community economic development will pay exponentially more in dividends. (see pages 61-64 in the budget presentation linked below).**

**"The MacLeod-Bogert -CenturyLink approach missed the boat. The world is changing, including San Juan County. An automated distribution grid – a smart grid – is required to meet the current and known future needs of our**



membership. We are building our grid to meet those needs and can, with a relatively small investment, leverage that same grid to provide essential communication services to our members.”

She posted this on [salishrocks.org](http://salishrocks.org) and [orcasissues.com](http://orcasissues.com) in direct response to my piece. On subsequent days she changed, or sought to change, her response after it was pointed out that what she had called “The MacLeod-Bogert-CenturyLink fallacy” actually was based on informational meetings in 2013 at which she and you presented this “fallacy” as a likely course for OPALCO to follow in improving Internet speeds for most of the cooperative’s members.

When I pointed out that what you included in the Board packet was not, in fact, what Olson has posted, you responded by thanking me for “my perspective.” When I pointed out in a subsequent note that it wasn’t my “perspective,” it was a fact, you responded, “I respectfully disagree with your continued erroneous accusations and misstatements.”

Foster, you are the one guilty of misstatement and you did it in the Board packet for its January meeting. Misleading the Board seems no less troubling to you than misleading the membership about the true costs of OPALCO’s foray into the broadband business.

Other than the lack of forthrightness, this transgression is rather small and hardly worth your dissembling. Much more serious are the issues I have repeatedly raised about how OPALCO is forcing all electric member/ customers to pay for extending high-speed Internet service to fewer than one-quarter of its members, and not being honest about those costs.

Neither you nor anyone else at OPALCO has offered any substantive rebuttal to my analysis. Olson’s response, whichever one you choose as the “real” OPALCO response, doesn’t even make the attempt. The Board continues to fail in its fiduciary duty to the cooperative’s members and all any of you seem capable of are lame attacks on the messengers, including some (Bogert, for instance) who aren’t.

It is past time for some honest accounting to the membership.

Respectfully,



Alex MacLeod  
OPALCO MEMBER 63398