

**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 maximum 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

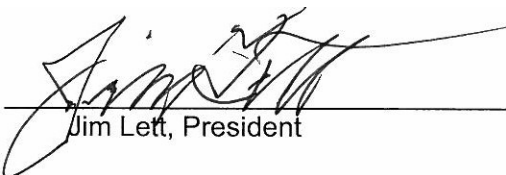
It was agreed to move the February board meeting from Thursday, February 18 to Friday, February 19.

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.



Jim Lett, President



Jerry Whitfield, Secretary-Treasurer