



**BOARD OF DIRECTORS
REGULAR MEETING
Thursday, March 17, 2016 8:30 a.m.
OPALCO Conference Room (Eastsound)**

TRAVEL



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

To:

Leave Friday Harbor 7:45 a.m.
Lopez 8:00 a.m.

Arrive Eastsound 8:15 a.m.

Return:

Leave Eastsound 2:00 p.m.

Arrive Lopez 2:15 p.m.
Friday Harbor 2:30 p.m.



Via Ferry:

To:

Leave FH 6:10 a.m.
Lopez 6:20 a.m.
Shaw 7:00 a.m.

Arrive Orcas 7:20 a.m.
Arrive Orcas 6:35 a.m.
Arrive Orcas 7:20 a.m.

Return:

Leave Orcas 2:55 p.m.
Orcas 4:15 p.m.

Arrive Shaw 3:10 p.m.
Lopez 3:30 p.m.
Arrive FH 4:55 p.m.

Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Eastsound OPALCO office
317-5156
March 17, 2016 8:30 a.m.

PAGES

WELCOME GUESTS/MEMBERS

- Member Comment Period

ACTION ITEMS

- 3-6** ○ Approval of February Minutes
- 7** ○ New Members
- 8** ○ Capital Credits
- 9-13** ○ RUS 219s
- 14-18** ○ MORE Committee Policy
- 19** ○ WRECA Board Appointment
- 20-23** ○ NWPPA Voting Delegate
- Member Information Request
- 24** • MacLeod Appeal
- 25-29** • Policy 16 Revisions

DISCUSSION ITEMS

- 30** ○ 2015 Year-End Financials; 2015 Form 7 (OPALCO)
- 31-32** ○ 2015 Year-End Financials (Rock Island)

REPORTS

- 33** ○ Safety
- 34-36** ○ General Manager
- 37-40** ○ Rock Island Communications

INFORMATION ITEMS

- 41-49** ○ Dashboard Charts
- 50-51** ○ Member Correspondence

ADJOURNMENT

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

Friday February 19, 2016

President Jim Lett called the meeting to order at 8:30 a.m. at the Friday Harbor OPALCO office. 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, Head Accountant Travis Neal, Public Information Officer Suzanne Olson, Apprentice Lineman Josh Mayson and Executive Assistant Bev Madan (serving as recording secretary). Rock Island Communications staff present were Dan Burke, Chad Bailey and Tom Schramm. Also present were OPALCO legal counsel Joel Paisner and consultant Jay Kimball.

Member/Guests

Each member/guest was offered an opportunity to address the board.

Present were Bob Kimple, Dave Resch, Mike Melaspina, Dwight Lewis, Lauren Stephens Sharon Kivisto (San Juan Islander), Frank Bruch, Steve Ludwig, Bill Perry, David and May Mendez, Dennis Sevier, Courtney Oldwyn (Journal of the San Juans), Darren Oshefsky Member-comments ranged from concern about the home invasion (see below), questions about Rock Island Communications, to a list of questions presented by Bruch. Hildreth offered to meet privately with Bruch to discuss his questions and added that the answers would be provided within the March Board report.

January 21, 2016 Meeting Minutes

- **Motion** made by Madsen to accept the January 21, 2016 minutes as presented. Motion was seconded (Cornelius) and carried by voice vote.

New Members

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

DISTRICT 1

San Juan

530 Jensen Alley LLC
Arata, Matthew
Bateson, Christopher
Beratlis, Yancy
Berger, Jill
Connatser, Nathan
Courtyard Suites LLC
Cousins, Rebekah
Ginley, Conner & Trisha
Hansford, Scott & Evans, Cheryl
Kempton, Heather
Lackey, Timothy
Leff, Jason
Moench, Patti
Murillo, Jesus & Rooney, Tara
Poster, Carl & Wood, Priscilla
Ruffner, Donald & Knowles, Kathleen
Tappmeyer, Geraldine
Traynor, Michaela
Triplett, Robin & Connelly, Blaine
Volk, Gary
Wood, Koyee
Worthington, James
Wright, Claire

DISTRICT 2

Orcas

Bea, Janice & Thomas

Blomgren, Jon & Orr, Rachel

Buehler, Cassidy

Cottage Gift Shop

Haight-Wood, Christopher & Kathleen

Howard, Ben & Dani

Huhndorf, Anne

Jennifer, Christine

Merrimon, Thomas

Morehead, Corrine

Nielsen, Sally

Southern, Raymond & Holly

Thornbrugh, Diane & Watmore,
Christopher

Tusco Property Management

DISTRICT 3

Lopez

Colombo, Carlo

Grech, Michael & Ann

Knight, Roger & Eileen

Licata, John A

Robson, Elizabeth

Smith, Ronald

Vallejo, Stephanie

Workman, Allen

Zimmerman, Allan

DISTRICT 4

None

Capital Credits

- **Motion** made by Adams to approve payment of \$10,381.48 in capital credits to the estates of deceased members and the organization no longer in business listed below.

Motion was seconded (Whitfield) and carried by voice vote. Those with an asterisk received approval at the January 2016 meeting; additional payout approval was requested for the updated 2016 discount percentage.

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
Maxine Herbert	\$1,593.71
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
Stanley E. Strieff	\$406.33
Donald Tracy*	\$173.14
Lyle E. Weatherbee	\$361.49
Florence L. Wine*	\$27.32
Inter-Island Escrow*	\$31.68

RUS 219s

- **Motion** made by Cornelius to approve submission of RUS 219s representing projects completed in December 2015 from the Construction Work Plan in the amount of \$1,941,580.45. Motion was seconded (Whitfield) and carried by voice vote.

Tariff J Joint Use of Poles

This tariff was 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.

- **Motion** to approve the revisions to Tariff J made by Madsen; motion was seconded (Dauciunas) and carried by voice vote.

Dauciunas left the meeting

Member-Initiated Bylaw Amendment

Lopez member Rob Thesman submitted the following proposed amendment to OPALCO’s bylaws to be included on the annual meeting ballot. Fifty member signatures were validated by staff and OPALCO’s legal counsel reviewed the proposal for consistency with OPALCO’s Amended Articles of Incorporation and state laws. The proposed amendment—to be placed at the end of the existing Article III – Directors, Section 1, General Powers-- reads:

“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.”

MORE Program

The MORE Committee revised the committee policy to include a moratorium on new connections, effective January 22, 2016. This is expected to be temporary and is dependent on funding. This was a first-read and will be submitted to the Board at the March meeting for final approval.

Home Invasion / Graffiti Incidents

During the early morning hours of Tuesday, February 9, newly hired Josh Mayson was asleep at home when an intruder held a gun to his head and threatened him and his family, apparently related to his job with OPALCO. The sheriff was called but the dispatcher determined that a

report could wait until the morning when the sheriff would be on duty so did not send anyone to the scene. On February 11 OPALCO employees in Eastsound were met with graffiti (death threats) posted to the outside of the building. Mayson's step-father Dan Kimple requested that OPALCO keep this incident in the press and to contribute to the reward fund so that members of the community would be encouraged to report information to find the perpetrator(s).

- **Motion** made by Adams and seconded (Madsen) to authorize a budget increase up to \$10,000 to match the community reward for information leading to the arrest and conviction of the armed intruder; motion was seconded (Madsen) and carried by voice vote.

Reports

- **Safety:**
Guerry reported that more Washington State cooperatives are participating in the RESAP program. Safety measures will be enhanced, mainly because of the recent threat of violence.
- **General Manager:**
Hildreth reported that the Energy Assistance Program has received applications and is processing credits to eligible members.
The communications plan for the annual meeting was presented. Steve Bowman of the League of Women Voters will facilitate candidate forums on the four ferry-served islands the week of April 18. Ballots will be sent April 8.
The auditor will be onsite the week of March 28. Discussion ensued regarding simplified financial reports for members. The complex detailed report would still remain; however, some simplified report along with an explanation of how TIER is tracked would be helpful and may answer some of the members' questions.
- **Rock Island Communications (RIC):**

Dauciunas returned

The Board will be reviewing RIC in a three-part process: 1) Guiding documents (February); 2) Updated business plan (March); and 3) Any follow-up (April).

There was discussion about the length of battery life during outages. Industry standard is eight hours; cost will increase with longer battery life. RIC is working with Fidalgo Island's power company to secure a third fiber access off island.

The OPALCO wireless spectrum is shared equally with T-Mobile, no priority is given to T-Mobile. More poles are being placed; there are 31 poles remaining to be placed. Communication with customers at RIC has improved; there is now a 3-tiered approach to calls: 1) front line; 2) tech support and 3) network. New software from salesforce.com will improve customer tracking. It was suggested that the use of contractors to work with members in their homes would improve customer service; it takes a lot of "handholding" to connect members. Utilities continue to coordinate projects; RIC does joint trenching when possible. Fiber depth is only 18", so RIC can move ahead without the other utilities when timing is a consideration.

It was recommended that the Board receive two meeting packets—one for OPALCO and one for Rock Island, and even to hold separate Board meetings. The Board named items that would be helpful to receive from RIC, including a simple subscriber/revenue chart to begin with. Also requested was a report on the loan OPALCO gave RIC giving the estimate of when funds would run out and a look at the cash flow.

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's response was included. It was noted that OPALCO would be including a "lead-in/background" section to future member communications.

Adjournment to Executive Session

The meeting adjourned to Executive Session at 11:45 p.m.

Regular meeting resumed at 1:10 p.m.

PNGC

As discussed during Executive Sessions, the Board agreed to join PNGC.

- **Motion** made by Adams to join PNGC as detailed in their letter of November 2015. The motion was seconded (Cornelius) and carried by voice vote.

Safety and Security

As a follow-up to the death threat topic, Hildreth recommended expenditures up to \$100,000 to improve security measures at OPALCO facilities; the Board concurred. A formal budget increase was not requested at this time; expected expenditures will come from leftover funds in the capital projects budget.

Adjournment

Meeting adjourned at 1:45 p.m.

Jim Lett, President

Jerry Whitfield, Secretary-Treasurer

New Members February 2016

DISTRICT 1

San Juan

1. Aylward, Melissa & Sean
2. Blanford, Joanna
3. Boreen, Kelsey
4. Cap, Bonnie L.
5. Dalyrymple, Dianne M.
6. Daly, Aoife & Portilla, Eddy
7. Fredy, Elexis & Russel
8. Hampton, Mark & Elizabeth
9. Harshbarger, Amber
10. Howell, Marilyn
11. Jackson, Thomas S
12. Jones, Bruce & Agneiszka
13. Laws, Rick & Mary
14. Martin, Courtney E
15. Oettinger, Jennifer & Alex
16. Pope, Sarah & Greene, Adam
17. Sadler, Lisa
18. Simmons, Jill & Preston
19. The Captain Robert Whidbey Trust
20. Volkmann, Emily
21. Webster, Steven & Cassandra
22. Wood, Andrea & Quigley, Jonathan
23. Ylioja, Jacob
24. Zervas, Nicholas

Henry Island

25. Boudreaux, Allen

DISTRICT 2

Orcas

26. Curcio, Melinda
27. DeYoung, Joel & Chris
28. Foulger, Robyn & Allen
29. Hamilton, Ken & Elaine
30. Horton, Kenneth
31. Kolakowski, Christopher & Misty
32. Linder, Alan & Adrienne
33. Reo Northwest
34. Ryals, Bethany & O'Keefe, Vicki
35. Sanford, Yvonne
36. Shaw, Tyler & Anika

DISTRICT 3

Lopez

37. Eisenlord, Morgan
38. Hughes, Robert & Flemming, Donnie
39. Johnson, Douglas & Fortin, Brigitte
40. Twig, Kristen

DISTRICT 4

Shaw

None

MEMORANDUM

March 11, 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:

Wilma Hubbard	\$243.20
Ann Millar	\$722.29
Floyd Sage	\$276.95
 MacKaye Harbor Water Co.	 \$1,122.61
Total	\$2,365.05

MEMORANDUM

March 11, 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 # 201601\$ 280,752.84
Tie Lines, Multi-phasing, URD Replacements
- Inventory # AM1601\$ 9,202.30
Joint System Improvement Projects

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$289,955.14.

03/07/2016 3:58:55 pm

RUS Form 219 Inventory Of Work Orders

Page: 5

Period: JAN 2016

System Designation: WA AH 09

Inventory : 201601

Budget Loan	Project	Amount
1	208	124,469.44
1	324	107,473.93
1	601	11,190.50
1	603	7,751.76
1	608	29,867.21
Total:		280,752.84

**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.

Russell Haines Guerry

INSPECTION PERFORMED BY

Orcas Power & Light Cooperative

FIRM

52424

LICENSE NUMBER

3/12/2016

DATE

[Signature]

SIGNATURE OF LICENSED ENGINEER

03/07/2016 3:58:55 pm

RUS Form 219 Inventory Of Work Orders

Page: 2

Period: JAN 2016

System Designation: WA AH O9

Inventory: 201601

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)		
		Retirement (2)							
208	2015	2071	1	126,139.80	0.00	0.00	0.00	0.00	124,469.44
							AFUDC: 1,670.36		
				126,139.80	0.00	0.00	0.00	0.00	124,469.44
324	2015	1892	1	109,965.61	0.00	0.00	0.00	0.00	107,473.93
							AFUDC: 2,491.68		
				109,965.61	0.00	0.00	0.00	0.00	107,473.93
601	2014	1357	1	1,642.82	0.00	0.00	0.00	0.00	1,640.31
							AFUDC: 2.51		
601	2015	2271	1	8,930.21	661.13	0.00	0.00	0.00	9,550.19
		2271					AFUDC: 41.15		
				10,573.03	661.13	0.00	0.00	0.00	11,190.50
603	2014	1671	1	4,690.98	3,074.98	0.00	0.00	0.00	7,751.76
		1671					AFUDC: 14.20		
				4,690.98	3,074.98	0.00	0.00	0.00	7,751.76
608	2014	2125	1	25,562.07	0.00	0.00	0.00	2,407.15	23,007.57
							AFUDC: 147.35		
608	2014	2326	1	4,187.91	0.00	0.00	0.00	0.00	4,181.50
							AFUDC: 6.41		
608	2015	1904	1	2,690.45	0.00	0.00	0.00	0.00	2,678.14
							AFUDC: 12.31		
				32,440.43	0.00	0.00	0.00	2,407.15	29,867.21
Grand Totals:				\$ 283,809.85	\$ 3,736.11	\$ 0.00	\$ 0.00	\$ 2,407.15	\$ 280,752.84

03/07/2016 3:58:55 pm

RUS Form 219 Inventory Of Work Orders

Page: 6

Period: JAN 2016

System Designation: WA AH 09

Inventory : AM1601

Budget Loan	Project	Amount
1	1600	9,202.30
Total:		9,202.30

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.

*Russell Haines Guerry**Orcas Power & Light Cooperative*

INSPECTION PERFORMED BY

FIRM

52424

3/10/2016

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER



03/07/2016 3:58:55 pm

RUS Form 219 Inventory Of Work Orders

Page: 3

Period: JAN 2016

System Designation: WA AH O9

Inventory: AM1601

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)		
		Retirement (2)							
1600	2014	2304							
		2304	1	900.17	0.00	0.00	0.00	0.00	898.33
							AFUDC: 1.84		
1600	2015	2221							
			1	8,361.50	0.00	0.00	0.00	0.00	8,303.97
							AFUDC: 57.53		
				9,261.67	0.00	0.00	0.00	0.00	9,202.30
Grand Totals:				\$ 9,261.67	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,202.30

Minor Construction Work Orders

Work Order: 2304 - REMOVING RANCH RUNNER AND PRIMARY REPLACING IT WITH SECONDARY TO IMPROVE SAFTY AND REDUCE OVERHEAD.

Work Order: 2221 - MEMBER WILL CONTRIBUTE TOWARD EXCAVATOR FOR UG SPANS. AND COVER ALL COSTS ASSOC WITH RESTORING EXISITNG SEC SERV. OPALCO WILL PROVIDE THE PRIMARY CABLE CONDUIT AND ASSEMBLIES.

MEMORANDUM

March 11, 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 were reviewed at the February meeting with no recommended changes.

Staff requests a motion to accept the revisions to the MORE Committee Policy as presented.

Member Owned Renewable Energy (MORE) Committee Policy 1

Revision 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. 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.

Interconnection Year¹- July to June	MORE incentive (\$/kWh) until June 30, 2014	MORE incentive (\$/kWh) starting July 1, 2014	Date of last kWh incentivized under MORE program
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.

¹ 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% portions of MORE funds for marketing, outreach activities, and education.
11. No incentive payments will be made to new interconnect members effective January 22, 2016. Existing Member Generators participating in the MORE program will continue to receive payments based on interconnect date described in Table 1 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 / January 21, 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

March 11, 2016

TO: Board of Directors
FROM: Foster Hildreth
RE: WRECA Board Vacancy

Randy Cornelius has resigned from the WRECA Board and was serving as secretary to that Board.

At the request of Kent Lopez (WRECA), staff requests the Board consider appointing a replacement to serve on the WRECA Board.

MEMORANDUM

March 11, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: NWPPA Voting Delegate

The NWPPA 2016 Annual Conference & Membership Meeting will be held at the Tulalip Resort on May 15-18. Each utility is allowed one voting delegate who is permitted to vote on each of the Association resolutions and other business brought before the meeting.

Staff requests a motion to select a voting delegate and alternate for the 2016 NWPPA Annual Business Meeting.



Northwest Public Power Association

9817 N.E. 54th Street Vancouver, Washington 98662-0576
(360) 254-0109 FAX (360) 254-5731
E-mail: nwppa@nwppa.org
Web Site: www.nwppa.org

MEMORANDUM

To: NWPPA Membership

From: Dick Morris, Trinity PUD, NWPPA Board President

Date: March, 2016

NOTICE OF THE 2016 ANNUAL CONFERENCE & MEMBERSHIP MEETING

The NWPPA 2016 Annual Conference & Membership Meeting will be held at the Tulalip Resort in Tulalip, Wash., on May 15-18, 2016. The Business Session of the Annual Membership Meeting will be held on Tuesday, May 17, 2016 from 12:15 to 1:50 p.m. An Annual Meeting program is enclosed with this memo. Information about the conference may also be found on the NWPPA website at www.nwppa.org by clicking on the Annual Meeting banner on the NWPPA home page.

VOTING REPRESENTATIVE/DELEGATE FORM

Each utility is allowed one voting delegate who is permitted to vote on each of the Association resolutions and other business brought before the Annual Business Meeting. It is important that your utility is represented at the Business Meeting. Your self-assigned voting delegate will be asked to sit in a designated "Voting Delegate Area" during the Annual Business Meeting. Special registration ribbons will be used to identify each voting delegate.

If your utility has not already designated a voting delegate with NWPPA for this Annual Meeting, please use the enclosed form to indicate an individual from your utility, who will be attending the Annual Meeting, to act as your utility's voting delegate for the Business Meeting. If you have questions about whether or not NWPPA has received an official voting delegate form from your utility, please call Debbie Kuraspediani at (360) 816-1449. **Please fax, email or mail completed forms back to NWPPA before May 2, 2016.**

Please make sure your voting delegate is registered to attend the conference so they may actually vote for business items on behalf of your utility. You may register your voting delegate for the meeting by using the meeting registration form enclosed or on the NWPPA website.

NWPPA ANNUAL BUSINESS MEETING CONDUCT OF BUSINESS RULES

For your information and review, we are enclosing a copy of NWPPA's *Conduct of Business Rules* that have been adopted by NWPPA's Board of Trustees and will be observed at the 2016 Annual Business Meeting. Please take a moment to review them with your voting delegate so

OVER

they are familiar with the flow of business and procedures during the membership meeting on Tuesday, May 17, 2016. If you have questions about this document, please contact NWPPA.

2016 PROPOSED RESOLUTIONS

The 2016 Proposed Resolutions are available on the NWPPA Government Relations Committee web page and can be referenced at this address:
<http://www.nwppa.org/government-relations/resolutions/>.

Please take a moment to review the Association's proposed 2016 resolutions prior to the May Annual Meeting. Also please review the attached Call for 2016 Resolutions memo, outlining the schedule for receipt of member input on resolutions for 2016. This schedule was adopted by the NWPPA Board of Trustees to provide every member an equal opportunity to review, comment and arrive at agreement on the resolutions well in advance of the May 16 Government Relations Committee meeting and the May 17 Annual Business Meeting. In past years, members attending the Annual Meeting who have not been part of this process have attempted, with some level of frustration, to make changes to the resolutions at these May meetings. Making changes at the May meeting can be accomplished by a two thirds vote of both the GRC and the General Membership to "reopen input on resolutions". However, in reopening resolutions for changes, the last member proposing the revisions gets the last word or an unfair advantage on a particular resolution as not all members may have had a chance to review the changes. The Government Relations Committee (GRC) will meet on Monday, May 16, 2016 in Tulalip, Wash. to discuss any final comments received on the proposed 2016 Resolutions. The NWPPA Board will consider the GRC's comments on the proposed resolutions and forward their recommendations to the full membership for consideration and adoption at NWPPA's Annual Business Meeting on Tuesday, May 17, 2016.

A complete printed packet of proposed 2016 Resolutions can be requested from NWPPA by calling (360) 254-0109.

PROPOSED BYLAW CHANGES

Per Section 11.1 Amendments, the Association's Bylaws may be amended at any Annual Meeting by two-thirds (2/3) majority vote of the Active members present and voting. Proposed amendments shall be submitted to the members in writing at least thirty (30) days prior to the meeting. The meeting date is May 17, 2016.

Enclosed please find a copy of proposed changes to the NWPPA Bylaws. The proposed changes will be presented to the membership for approval during the Annual Business Meeting on May 17. Questions on the proposed changes can be directed to Anita Decker at (360) 254-0109 or by email to anita@nwppa.org.

Please mark your calendars to come and enjoy the Tulalip Resort and network with other public power utilities and supporting companies at the NWPPA Annual Conference & Membership Meeting May 15-18, 2016.



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Northwest Public Power Association Utility Voting Delegate Designation For 2016 Meetings Outlined Below

Please complete and return by May 2, 2016

Member System: _____

City, State: _____

The following people are hereby designated as the official voting delegates from our utility and are authorized to represent our utility at the NWPPA Annual Business Meeting, May 17, 2016 in accordance with Section 2.5 of the NWPPA Bylaws; at NWPPA's 2016 Government Relations Committee Meetings; and during calls on Congress or Federal/State Regulatory Agencies.

Each utility is authorized to cast one (1) vote and is entitled to have a Primary Voting Delegate and an Alternate Voting Delegate. Additional utility personnel are encouraged to participate in these meetings as well but each utility will only be allowed one vote by the designated voting delegate below.

Authorized Voting Delegates:

Primary _____
(Name and Title)

Alternate _____
(Name and Title)

Signed: _____
(Utility Board President or Vice President)

Date: _____

MEMORANDUM

March 14, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: MacLeod Member Information Request Appeal

The purpose of this report is to enter into the OPALCO meeting minutes the Member Information Request Appeal submitted by Alex MacLeod on February 23, 2016. The Board heard the appeal and denied the member information request. Pursuant to Member Service Policy 16, section 6, "Any information request denied by the General Manager may be appealed to the Board of Directors for resolution. Any decision by the Board of Directors will be final."

The Board provided "unanimous consent" to conduct an electronic meeting which transpired from March 10th to March 14th to consider a member appeal to the General Manager's Information Request denial submitted by Alex Macleod. After review of the appeal information as submitted by MacLeod, the Board voted to deny MacLeod's appeal.

Staff recommends the Board approve submitting the electronic meeting information into the OPALCO record as stated above.

MEMORANDUM

March 14, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Revisions to Member Service Policy 16 - *Information Requests*

The purpose of this report is to request the Board approve modifications to Policy 16 and waive the "second reading".

Member access to OPALCO information is governed by Member Policy 16. Staff acknowledges that member access to "non-routine" information is an important aspect of coop membership. Staff desires to limit access to information when such requests are not prudent use of member resources or when such requests are not made in good faith or for a proper purpose.

The OPALCO Board of Directors and staff have been inundated with emails and information requests from a few members. While few in number, the frequency and volume of requests is growing increasingly burdensome. Many of the requests can be categorized as non-cooperative in nature and borderline harassment. In our opinion, the amount of staff time required to respond to such "non-routine" information requests is not a prudent use of member resources.

Staff is recommending that the Board 1) approve the attached modifications to Policy 16 and 2) waive the second reading.

ORCAS POWER AND LIGHT COOPERATIVE

MEMBER SERVICE POLICY 16

INFORMATION REQUESTS

1. Purpose

To establish procedures for identifying and responding to requests for routine, non-routine, member related, or emergency response information so as not to compromise the Cooperative's position in sensitive situations or interest in working cooperatively with the media and the membership.

A cooperative corporation has the same rights of confidentiality of information and obligations to furnish information as a private business corporation. These obligations are covered by the statutes and common law of the state and govern the access which members and others may have to request cooperative data and records.

2. Release of Routine Information

Requests for routine documents or publications of the Cooperative including Tariffs, member policies, Articles of Incorporation, bylaws, operating statistics (RUS Form 7), newsletters and other public documents published by the Cooperative will be provided upon request.

3. Release of Non-Routine Information and Documents

3.1 A request by a member for a document or publication that cannot be classified as routine shall be accompanied by the Cooperative's "Member Information Request Form", attached hereto and a part of this policy. The Member Information Request Form should be completed and signed by the member.

3.1.1 The completed form shall be submitted to the General Manager. If the Non-Routine Information and/or Documents are reasonably available, the General Manager may make them available to the requesting member. "Reasonably available" shall mean:

3.1.1.1 That the request is being made in good faith;

3.1.1.2 That the information requested and the purpose for which it is requested are materially germane to the requesting person's needs and interests as a member of the Cooperative;

3.1.1.3 That furnishing the requested information will not be adverse to the Cooperative's best interests; and

3.1.1.4 That compiling the requested Non-Routine Information and/or Documents will not require an inordinate amount of OPALCO Staff resources in the judgment of the General Manager.

- 3.2 A non-member who requests information that is not available under Section 2 shall submit a properly completed Member Information Request Form to the General Manager. The General Manager may release the information to the non-member only if it is determined to be in the best interest of the Cooperative, or if the information should be otherwise released under this policy.
- 3.3 Sufficient time shall be allowed to prepare the requested materials while ensuring the normal work activities of the Cooperative are being accomplished. Reimbursement for research and reproduction costs, including labor and materials, may be charged. Upon request, in writing, the requestor may receive an estimate of costs before they are incurred. If the information requested is not confidential or otherwise not reasonably available (as defined in subsection 3.1.1) and can be readily extracted from documents on file on the Cooperative's office, access to the information will be permitted upon appointment during regular office hours and by assignment of the General Manager.
- 3.4 As determined by the General Manager, Aa request determined not to be a prudent use of member resources, for proper purposes, in good faith, or deemed trivial in nature shall be denied and shall be accompanied by a clear and prompt response-explanation. Requests made that appear to be harassment require no response.

4. Limitations on Release of Records

Any request for information which the General Manager determines should be denied in whole or in part may be referred to the Board for review and final determination. Information and documents not subject to Public Information Requests include, but are not limited to the following:

- 4.1 Documents containing matters the knowledge of which would clearly have an adverse effect on the Cooperative's finances.
- 4.2 Documents containing personnel matters, including but not limited to:
 - 4.2.1 The hourly wages or salaries and fringe benefits of any employee;
 - 4.2.2 Any employee's personnel file or records;
 - 4.2.3 Any other persons' file or record to the extent that such disclosure would violate or would otherwise be an invasion of such person's privacy.
- 4.3 Documents containing matters that tend to prejudice the reputation and character of a person.

- 4.4 Documents relating to matters discussed with an attorney for the Cooperative, the knowledge of which could have an adverse effect on the Cooperative's legal position. The release of information related to litigation shall be done with the guidance of the attorney representing OPALCO.
- 4.5 Documents relating to matters protected by attorney-client privilege and matters subject to the attorney Work Product Doctrine.
- 4.6 Documents containing matters considered confidential under copyright or patent laws.
- 4.7 Documents referred to, prepared for or discussed during an executive session and not subsequently made public by the Cooperative.
- 4.8 Any information which constitutes a trade secret, process, program, trademark, or other legally protected confidential information or thing owned, or protected in confidentiality by contract by the Cooperative.
- 4.9 Documents which have been classified by management as confidential.

5. Release of Member Information

Information contained within a member's file will not be provided to anyone except under the following circumstances:

- 5.1 To a member requesting information in that member's file, upon receipt of proper identification;
- 5.2 To a legally authorized agent of the member, upon presentation of the Cooperative's Member Information Request Form;
- 5.3 To law enforcement personnel.
- 5.4 As otherwise provided by legal statute or regulation.

6. Appeal

With the exception of requests categorized in Section 3.4 above, Any public information request that is denied may be appealed to the Board of Directors for resolution. Any decision by the Board of Directors will be final.

7. Responsibility

- 7.1 The General Manager will be responsible for determining the content and amount of information released based on who is asking and for what purpose the information is being sought.

- 7.2 The release of information by the General Manager shall be routed through counsel where specific issues related to the request could have an adverse effect on the Cooperative's legal and/or financial position.
- 7.3 The department managers are responsible for the security of confidential information which is available to them and their departments. The department managers will determine and implement methods and procedures of security within their respective departments.
- 7.4 Each employee will accept responsibility for understanding the content and following the guidelines of this policy.
- 7.5 It is the responsibility of each employee to notify his/her supervisor of knowledge of violations of this policy.

Foster Hildreth, Acting General Manager

Effective Date: February 21, 2013

MEMORANDUM

March 11, 2016

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2015 Year End Unaudited Financial Report

Please see attached the 2015 Year-end Unaudited Financial Report. Included in the report package are the Statement of Operations (along with a Notable Drivers analysis), Statement of Financial Position, Statement of Cash Flows (GAAP), Capital Projects Budget, and the Draft 2015 RUS Financial and Operating Report Electrical Distribution Form 7.

With the addition of the mid-year rate increase (revenue recovery add-on), revenue ended just slightly below budget at the end of 2015. As expected, less kWh sales were realized, which was primarily driven by warmer than expected temperatures. The overall net margin shows a healthy increase and is greater than budgeted due to decreased expense efforts throughout the year coupled with the effect of the revenue recovery add-on that began in Q3.

In summary, revenue for the year was down compared to budget (\$115k) and was more than offset by reductions in budgeted operating expense (\$923k). Lower power purchases contributed to the majority of the expense reduction and the balance comes from cuts, deliberately delayed projects, hiring delays and capitalized construction expense (as mandated by RUS). Please note, our 2016 Budget has accounted for the El Niño warming trend that we expect to continue through the latter part of 2016.

For more detail, please note the following key points for Q4:

- Heating Degree Days (HDD) were down 27% below the ten-year average (YTD) because of continued warm weather through year-end.
- Year-end kWh sales projections were lowered from 200M to 191M kilowatt hours at the end of Q3 based on performance to date and adjusted forecasts. Our year-end actual kWh sales came in right at our adjusted target: 191M kilowatt hours. However, from our original target, our year end kWh sales were down by 4.54% of budget.
- BPA Power purchases were below budget by \$665k (down 8%), tied into the above stated lower kWh consumption.
- Energy Savings expenses were below budget by \$85k (down 11%) through increased efficiencies, the absence of budgeted County Fair expenditures and changes in BPA's weatherization rebate offerings.
- The revenue recovery add-on proved to be an effective tool in catching up to budgeted margin targets by year-end. A total of \$766,323 was collected using this tool in 2015 and then discontinued at year-end. However, in January 2016 the Board approved a revision to Policy 29 that institutes a discretionary energy charge adjustment (+/-) mechanism to balance the fluctuations (credits and debits) in energy revenues on an as-needed basis.
- With a TIER of 2.5, OPALCO ended the year well within our RUS loan covenants (1.25).
- Rock Island Communications Year End Financials included in separate packet.

MEMORANDUM

March 11, 2016

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2015 Year End Unaudited Financial Report for Rock Island Communications

Please see attached the 2015 Year-end Unaudited Financial Report for Rock Island Communications. Included in the report package are the Income Statement, Balance Sheet and Statement of Cash Flows.

Operating revenue for the year was down compared to budget (\$423k) and operating expenses were over (\$500k). These variances were due, for the most part, to a shift in direction and design when T-Mobile came onboard. The short term revenue delay is more than offset by the long term benefits this arrangement provides. The T-Mobile arrangement provides a low cost, rapidly deployable, countywide solution for our LTE network. The shift required us to retool our designs, it accelerated the scope and timeline of our plans, and it delayed bringing LTE subscribers onboard. In summary, the total net loss was larger than budgeted by \$665k.

The total subscriber count was close to target on the fiber side (489 out of 500 subscribers) but fell short on the LTE side (39 out of 608 subscribers) because of delays when we retooled our plans with T-Mobile. For 2016, the pipeline for fiber subscribers is already full and LTE deployment is ramping up. Since January 1st, 11 active LTE poles have been deployed and 31 of the 38 poles will be active by year end, more than compensating for the subscriber delay in 2015.

Key lessons learned in 2015 include:

- In order to provide the level of service that we expect, we needed more staff to keep up with the high volume of member requests.
- We have now worked out permit processes with the county to streamline the (archeological, CAO, joint use wireless, and public works) challenges as experienced in 2015.
- The partnership with T-Mobile, although initially complex, allowed for a reduction in the number of LTE pole sites. Those sites allow for coverage throughout most of our service territory by year end 2016. These LTE capabilities and service levels have exceeded expectations.
- Navigating through the dynamic relationship between a for-profit subsidiary and a non-profit cooperative.

For more detail, please note the following key points from our year of start-up operations:

- We started 2015 as Island Network, LLC with a goal of building a hybrid fiber and LTE system to serve about 25% of the county, in order to reach a financial break-even point.

- On February 6, 2015, we acquired Rock Island Technology Solutions. We merged operations, hired employees and shifted our plans as a new organization, Rock Island Communications.
- We entered into a partnership with T-Mobile that brought a more robust solution which allowed for a broader deployment and enhanced service levels.
- The T-Mobile agreement reduced the total number of poles required to complete deployment from 120 to 38, but required us to accelerate deployment by year-end 2016 from the 6 LTE poles planned to 31. With T-Mobile on board, services will be available to most of San Juan County by year-end 2016, compared to 25% of the County in the “go it alone” plan.

MEMORANDUM

Date: March 11, 2015

To: Board of Directors

From: Foster Hildreth, General Manager

Subject: Safety Program – February 2016

Safety Training

Jeff Myers conducted training on Hazard Communications for the Operations Department. This is annual training of the chemicals in the workplace and the documentation needed if these chemicals should be a hazard to employees.

Emergency Action/Response Plan training was also conducted for the office staff. This was a review of how we are to respond to different emergency situations, such as large storms or other disturbances to business continuity.

Accidents/Incidents/Near Miss

None

	February 2016	YTD (2016)
Near Misses	0	0
Incidents	0	0
Accidents	0	0
Loss Time	0	0

Total Hours Worked without Loss Time Accident: 28,562

GENERAL MANAGER'S REPORT

March 17, 2016

ENGINEERING, OPERATIONS AND TECHNICAL SERVICES

WIP

As of 3/11/2016, there are 361 work orders open totaling \$3,841,257. Of those, Operations has completed construction on 74 work orders, totaling \$758,770. Continuation of our multi-year construction through Moran State Park conduit system construction is complete. Construction at Karen Lane on Orcas began in February. Replacement of URD near Spencer's Spit State Park on Lopez in correlation with a State Park project is nearing completion.

Submarine Cables

Loan processing is complete by RUS and 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 itself 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 will be presenting the unaudited 2015 financial statements and analysis for Board review and discussion at the March 17 meeting.

2015 Year-End Audit

Along with the completion of the 2015 year-end financial information, staff is currently gathering various information to be provided to Moss Adams, who will be conducting the on-site fieldwork portion of the year-end audit the week of March 28th to April 1st. The fieldwork segment of the audit will also encompass an on-site review of the Island Network LLC formation and 2015 activity.

2015 RUS Form 7 and 2015 WA Annual Report

Preparation is currently underway for both annual filings, which are based on the year-end reporting and will be submitted electronically prior to month-end (March). The RUS Form 7 becomes the reporting for RUS consideration of the Cooperative's future loan positions and loan covenants, as the WA Annual Report becomes the basis for the 2017 San Juan County real and personal property tax assessment.

MEMBER SERVICES and ENERGY SAVINGS

Member Services

Staff continues to receive applications for the Energy Assistance Program, and many members have already seen the credits on their bills. Staff has also been reviewing and planning improvements in line with our commitment to increase the quality and safety of the Member Services areas.

Energy Savings

Staff has completed audits on previous years of BPA reimbursements, and is continuing to submit for reimbursements on current projects. Rebate applications have decreased in the beginning of 2016, and more custom projects are being submitted for review and approval. Staff is also auditing interconnected member generator data in anticipation of reporting requirements.

COMUNICATIONS

Annual Meeting and Election

Ads and outreach continue. Election materials and the Annual Report will be finalized this week. A letter will go out to all members directly from NISC on April 1 with a barcode that can be used to expedite registration at the annual meeting. The election opens April 8 and the annual report will be posted by Friday, April 29. Candidate Forums have been scheduled as follows:

All forums will start at 5pm and end by 7pm

1. Tuesday, April 19 – Shaw Community Building
2. Wednesday, April 20 – Friday Harbor Grange
3. Thursday, April 21 – Lopez Woodmen Hall
4. Friday, April 22 – Eastsound Fire Hall

The forums will be moderated by Steve Bowman of the League of Women Voters. The structure will be:

- 5:00 Introductions and Ground Rules
- 5:05 Candidate Statements (3 minutes each)
- 5:25 Q&A with audience
- 6:00 Candidate forum ends
- 6:10 Informal Q&A with OPALCO staff and board
- 7:00 Event Ends

Incident of Workplace Violence

King 5 News came to Orcas on March 10 to do a story on the home invasion and threats of violence against OPALCO employees. Staff coordinated the interview and served as a liaison with the Kimple-Mayson family. The story aired on March 10 and can be viewed at King5.com. Staff continue to keep key messages front and center in social media, emphasizing the community reward and encouraging community members to come forward with any information.

Nouridine Jensen Cooperative Youth Scholarship Program

The Youth Director, Ray Doss, led presentations in local high schools with support from staff. The deadline for applications is 4:30 pm March 11. We currently have five applicants: Orcas High School (2), Friday Harbor High School (2) and Spring Street International School (1). The Scholarship Selection Committee includes Brian Silverstein, Georgeana Cook and Lorri Swanson from Lopez; Rex Stickle from San Juan; Paul Kamin and Emilie Gincig from Orcas.

Member Communication / Social Media

The volume of member commentary continues to be high with a great deal of staff time going into monitoring and response. Email newsletters, bill inserts, media releases and social media responses continue to address issues raised by members.

Rock Island Communications March 2016 Update

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

Major Projects Summary

LCLT TUATARA (Lopez): New

- 9/17 total homes in LCLT connected
- Remaining to follow

THE HAMLET (Lopez): New

- 0/17 total condos at the Hamlet on Lopez
- Both middle mile and last mile construction complete
- Need to install fiber and connect to active site
- All will be taking phone service

CAPE SAN JUAN (Phase 2)

- Group project Phase 1 complete
- Kicked off Phase 2 in with Fiber Group Organizers (FGOs)
- Additional middle mile work underway
- Communications to residents continue
- Fiber backhaul making its way down Cattle Point

SALMON POINT (Lopez)

- 0/16 total homes
- Big URD project in partnership with OPALCO
- Middle mile expected to be completed soon
- Backbone will not be ready to light Salmon Point until Summer

ELDERBERRY (Orcas)

- 0/4 total homes
- Middle and Last Miles construction complete
- Waiting for a road bore on Orcas road to connect group

MATIA VIEW (Orcas): 75% Complete

- 0/13 total homes
- Middle mile construction complete, fiber and splicing complete
- Last miles are 95% complete
- To be connected once Terrill Beach Road fiber backbone is complete

SUNCREST: 65% Complete

- 5/10 total homes
- Middle mile construction, fiber installation and splicing complete

WHISKEY HILL: 55% Complete

- 0/57 total homes
- Middle mile construction complete, fiber and splicing complete
- 13 last mile digs complete

INDIVIDUALS

We are actively constructing/connecting 120+ new subscribers that can be funded with incentive dollars (no cost to the customer). New routes for Individual Connections will roll out as they as backbone fiber permits countywide and moves towards completion.

Since Jan 1st we have average 2.65 new fiber connection each working day

VoiP Rollout

- We are rolling out VoiP to customers chronologically by fiberhood sequence.
- Entered negotiations with a new upstream provider to decrease the operational burden and increase the feature set for customers.

LTE Rollout Project

- 11 poles are up, commissioned and lit and all have more customers coming online on a daily basis
- Customer response continues to be beyond our expectations
- Next sites to be lit will be South Vista, North Sub LZ, School Rd LZ, Island X, South Blakely and West Valley/Boyce.
- Deployed a web-based eligibility list on rockisland.com along with a new site design
- We are targeting an activation rate of 4-5 sites a month for the next 5 months

Fiber Sales Pipeline

- Commitments, many with final designs and payment. This represent 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: 25 other communities
- Dozens more behind them

DASHBOARD: ROCK ISLAND COMMUNICATIONS

SUBSCRIBERS

BUDGET Subscribers	2015	2016 Budget Subscribers												2016	2016
		January	February	March	April	May	June	July	August	September	October	November	December	Period End (Feb) Budget	Year End Budget
Fiber	500	35	35	35	40	40	40	55	55	55	45	45	45	70	525
LTE	608	60	60	60	125	125	125	125	125	125	75	75	75	120	1,155
Total		95	95	95	165	165	165	180	180	180	120	120	120	190	1,680

ACTUAL Subscribers	2015	2016 Actual Subscribers												2016	2016
		January	February	March	April	May	June	July	August	September	October	November	December	Period End (Feb) Actual	Year End Actual
Fiber	489	29	35	-	-	-	-	-	-	-	-	-	-	64	64
LTE	39	39	115	-	-	-	-	-	-	-	-	-	-	154	154
Total		68	150	-	-	-	-	-	-	-	-	-	-	218	218

VARIANCE Subscribers	2015	2016 Variance Subscribers												2016	2016
		January	February	March	April	May	June	July	August	September	October	November	December	Period End (Feb) Variance	Year End Variance
Fiber	(11)	(6)	-	(35)	(40)	(40)	(40)	(55)	(55)	(55)	(45)	(45)	(45)	(6)	(461)
LTE	(569)	(21)	55	(60)	(125)	(125)	(125)	(125)	(125)	(125)	(75)	(75)	(75)	34	(1,001)
Total Variance (Actual - Budget)	(580)	(27)	55	(95)	(165)	(165)	(165)	(180)	(180)	(180)	(120)	(120)	(120)	28	(1,462)

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
Total Pipeline		66	174	369	-	-	-	-	-	-	-	-	-	609	2,100

REVENUE

BUDGET Revenue		2016 Budget Revenue												2016	2016
		January	February	March	April	May	June	July	August	September	October	November	December	Period End (Feb) Budget	Year End Budget
Subscribers															
Fiber		84,463	84,463	84,463	96,380	96,380	96,380	116,779	116,778	116,778	128,696	128,696	128,697	168,925	1,278,952
LTE		34,550	34,550	34,550	62,675	62,675	62,675	90,800	90,800	90,800	118,925	118,925	118,925	69,100	920,850
DSL/Canopy		66,558	66,558	66,558	60,804	60,804	60,804	53,912	53,912	53,912	49,820	49,820	49,821	133,116	693,283
IT Services		21,069	21,069	21,069	24,878	24,878	24,878	34,402	34,402	34,402	25,715	25,715	25,717	42,137	318,193
Total		\$206,639	\$206,639	\$206,639	\$244,737	\$244,737	\$244,737	\$295,893	\$295,892	\$295,892	\$323,156	\$323,156	\$323,160	\$413,279	\$3,211,278

ACTUAL Revenue		2016 Actual Revenue												2016	2016
		January	February	March	April	May	June	July	August	September	October	November	December	Period End (Feb) Actual	Year End Actual
Fiber		59,545	72,644	-	-	-	-	-	-	-	-	-	-	132,189	132,189
LTE		4,972	7,230	-	-	-	-	-	-	-	-	-	-	12,202	12,202
Voip		714	1,368	-	-	-	-	-	-	-	-	-	-	2,082	2,082
DSL/Canopy		72,308	71,342	-	-	-	-	-	-	-	-	-	-	143,650	143,650
IT Services		22,998	33,274	-	-	-	-	-	-	-	-	-	-	56,272	56,272
Total		\$160,537	\$185,858	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$346,395	346,395

VARIANCE Revenue		2016 Variance Revenue												2016	2016
		January	February	March	April	May	June	July	August	September	October	November	December	Period End (Feb) Variance	Year End Variance
Subscribers															
Fiber		(24,918)	(11,819)	(84,463)	(96,380)	(96,380)	(96,380)	(116,779)	(116,778)	(116,778)	(128,696)	(128,696)	(128,697)	\$ (36,736)	\$ (36,736)
LTE		(29,578)	(27,320)	(34,550)	(62,675)	(62,675)	(62,675)	(90,800)	(90,800)	(90,800)	(118,925)	(118,925)	(118,925)	\$ (56,898)	\$ (56,898)
Voip		714	1,368	-	-	-	-	-	-	-	-	-	-	\$ 2,082	\$ 2,082
DSL/Canopy		5,750	4,784	(66,558)	(60,804)	(60,804)	(60,804)	(53,912)	(53,912)	(53,912)	(49,820)	(49,820)	(49,821)	\$ 10,534	\$ 10,534
IT Services		1,929	12,205	(21,069)	(24,878)	(24,878)	(24,878)	(34,402)	(34,402)	(34,402)	(25,715)	(25,715)	(25,717)	\$ 14,135	\$ 14,135
Total Variance (Actual - Budget)		(46,102)	(20,781)	(206,639)	(244,737)	(244,737)	(244,737)	(295,893)	(295,892)	(295,892)	(323,156)	(323,156)	(323,160)	(66,884)	(66,884)
Variance %		-28.7%	-11.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-19.3%	-19.3%

MEMORANDUM





































March 11, 2016

To: Board of Directors

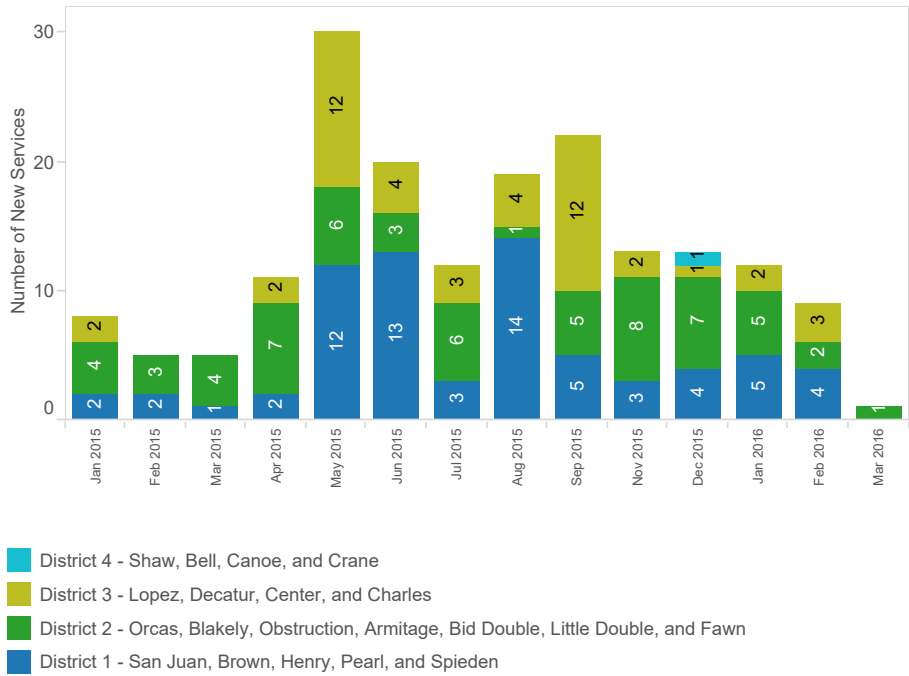
From: Foster Hildreth, General Manager

Subject: Dashboard

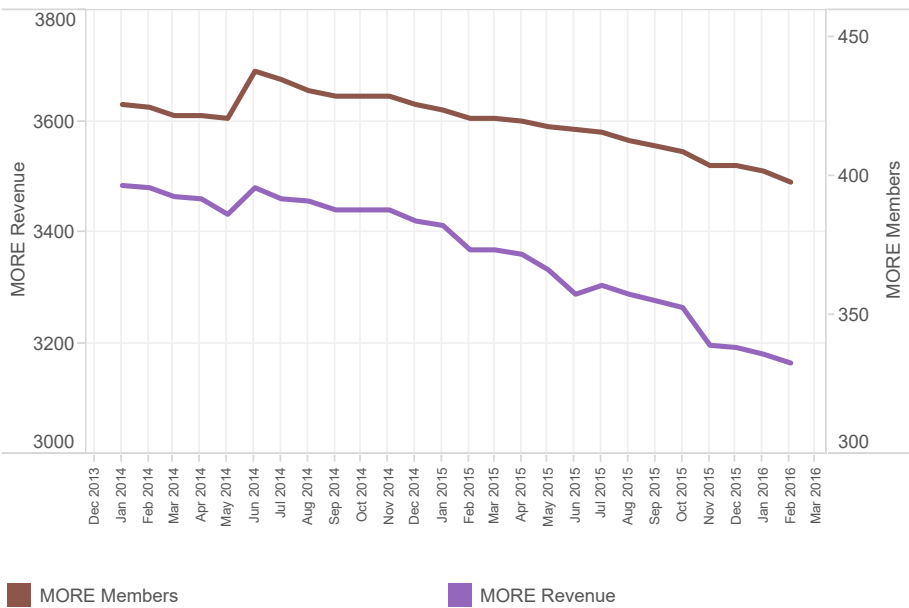
Attached please find the latest version of our dashboard charts. Please remember these charts are a work in progress that will evolve over the coming months. The chart listed below indicates their status.

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
Revenue				Pursuant to Board Directives/budget
Margins				Pursuant to Board Directives/budget
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

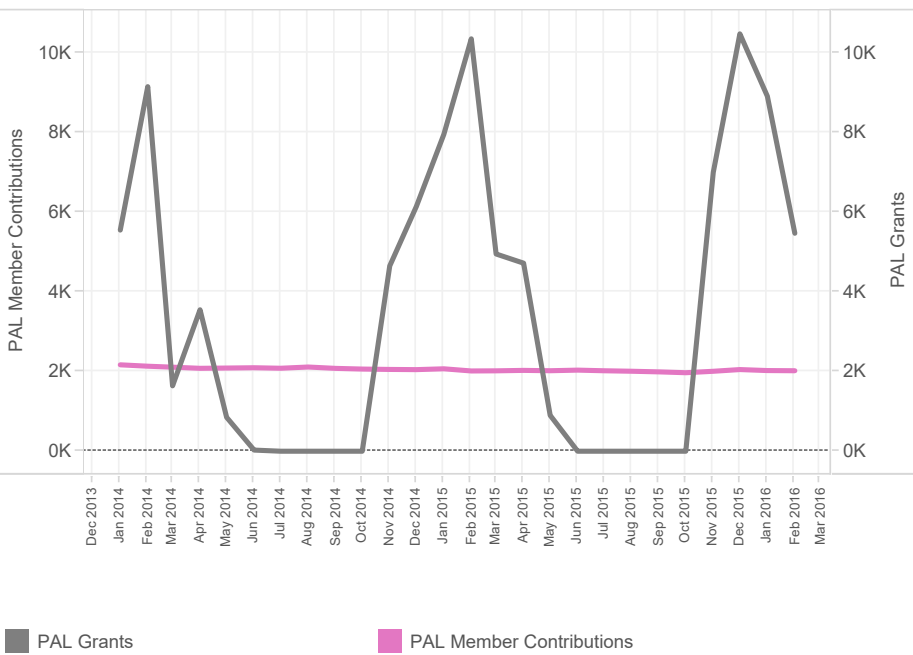
Services Additions by Board District (excluding transfers)



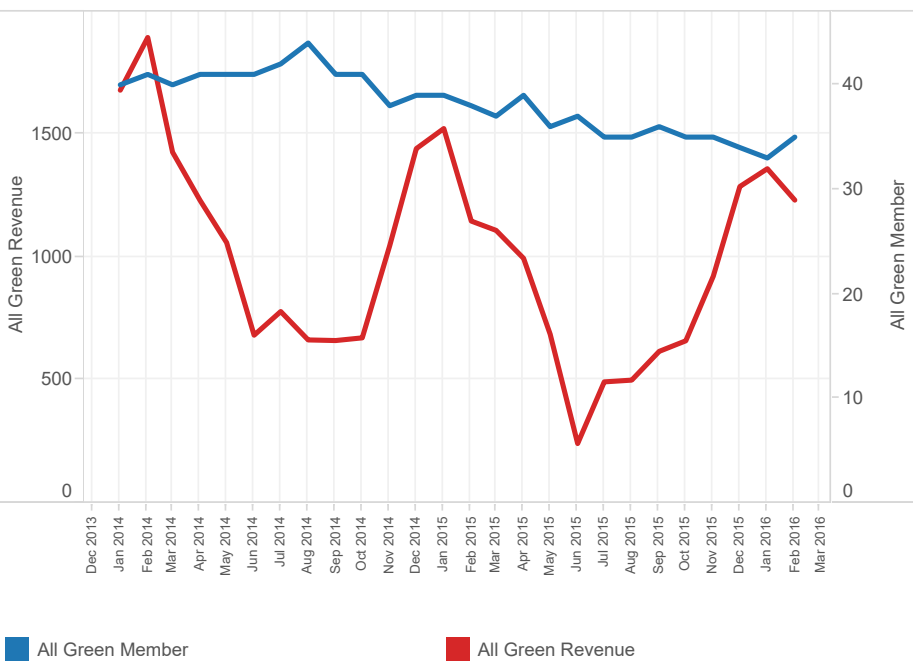
MORE

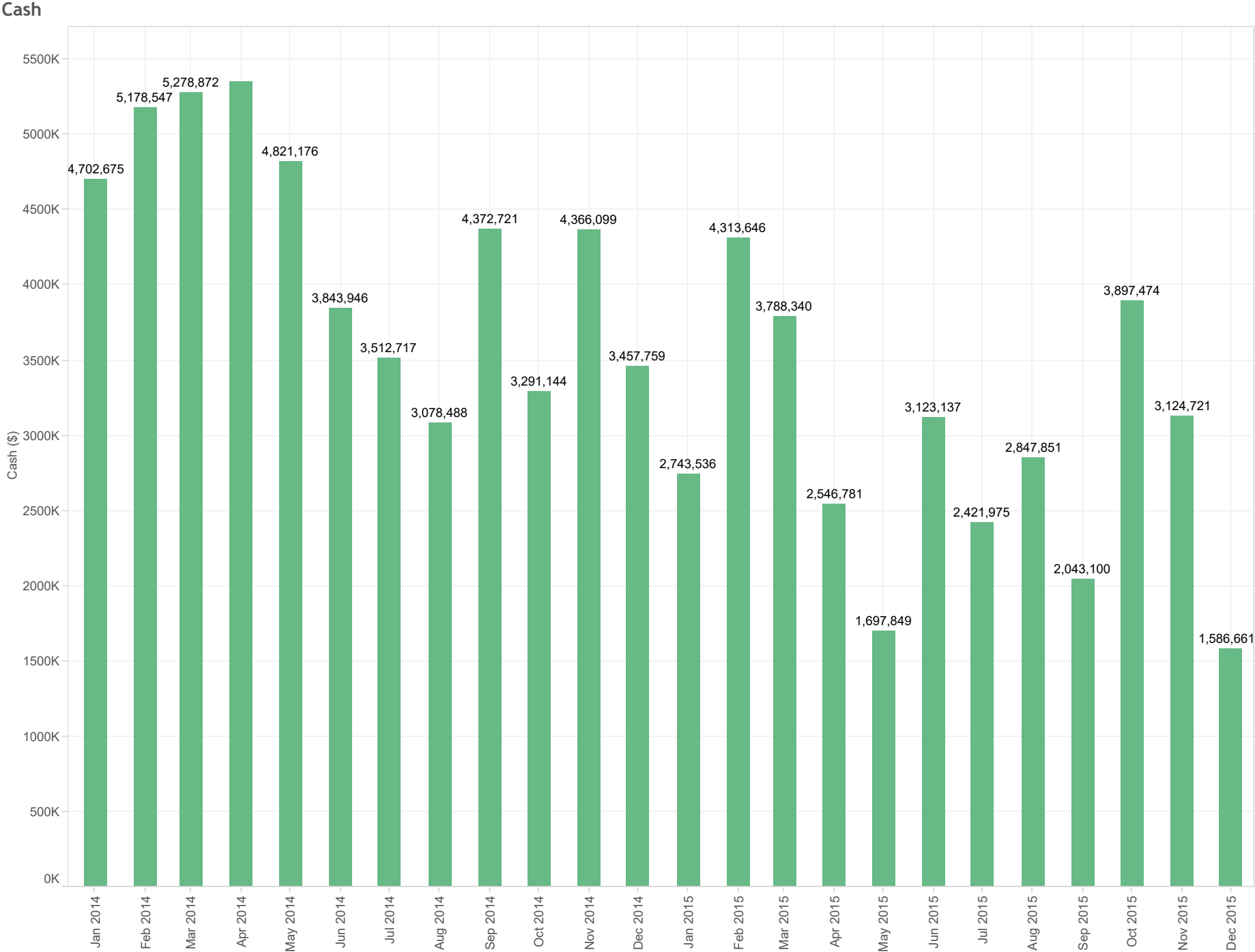


PAL

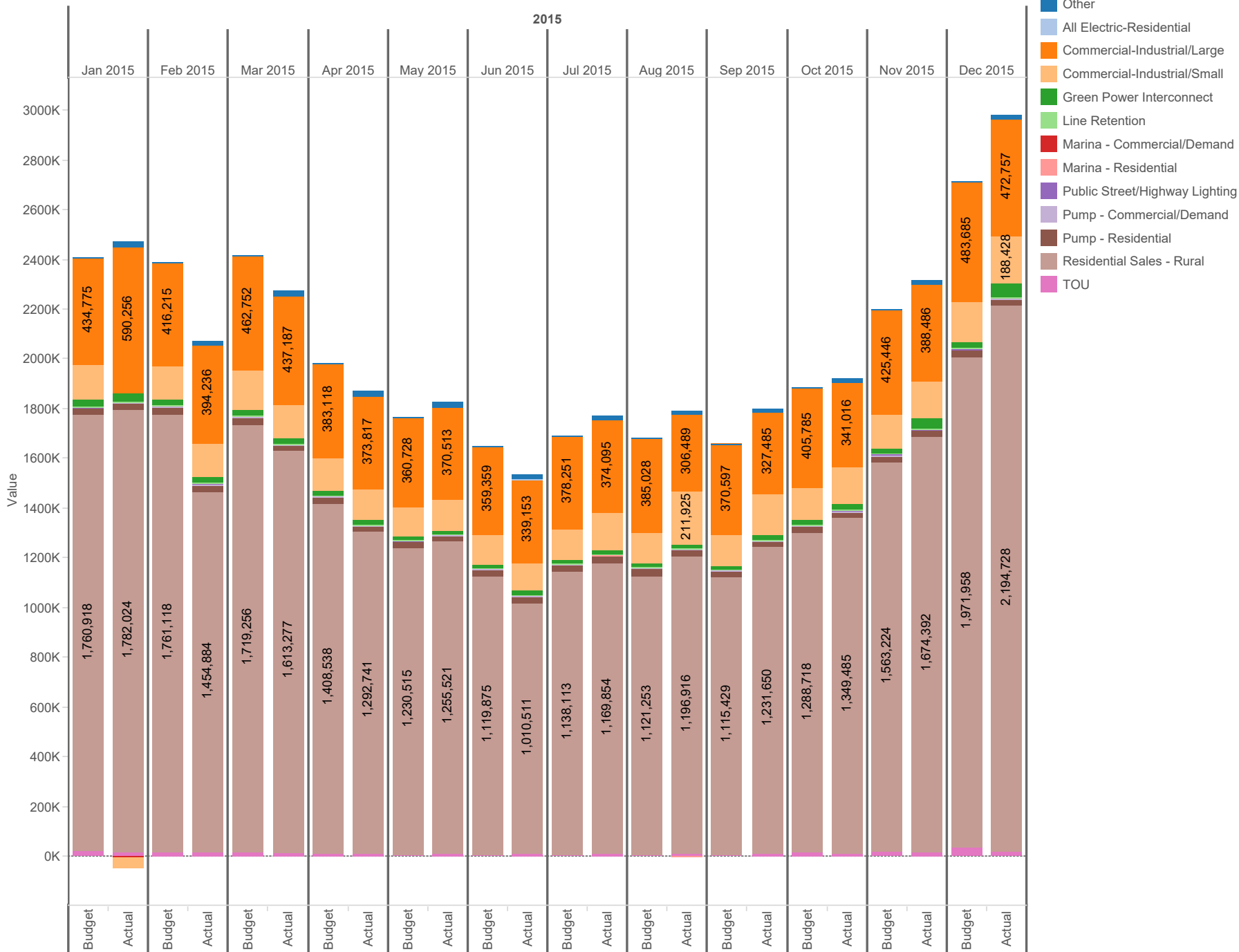


All Green

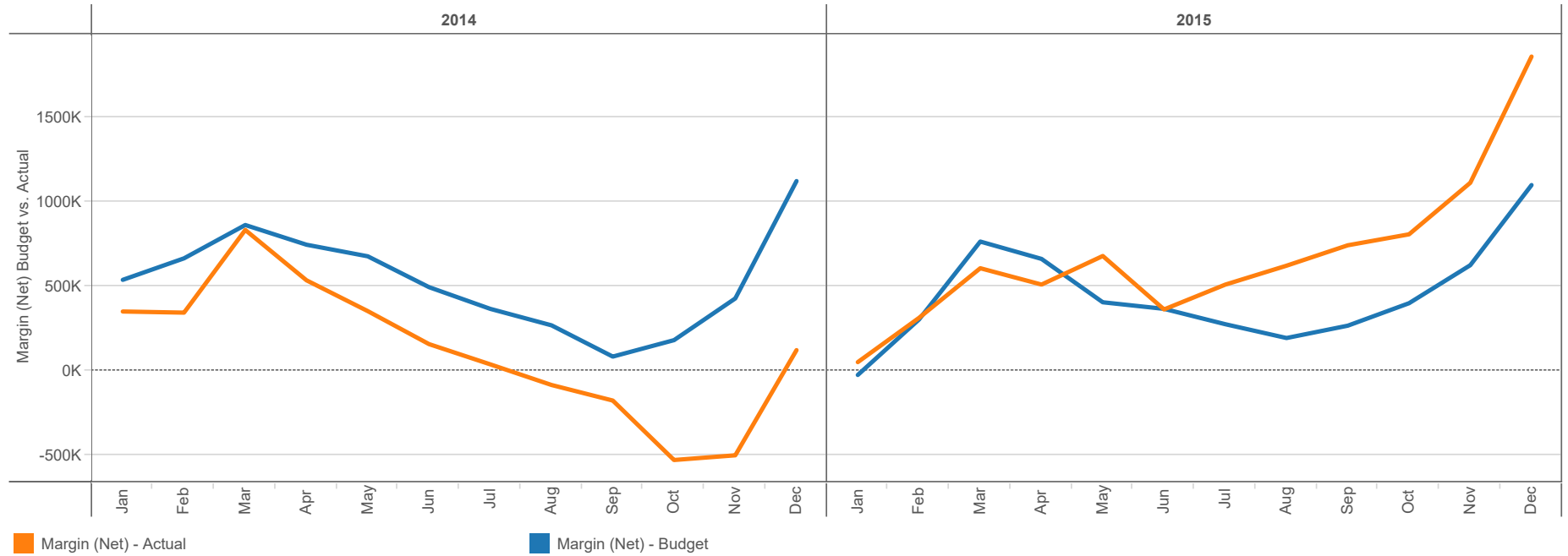




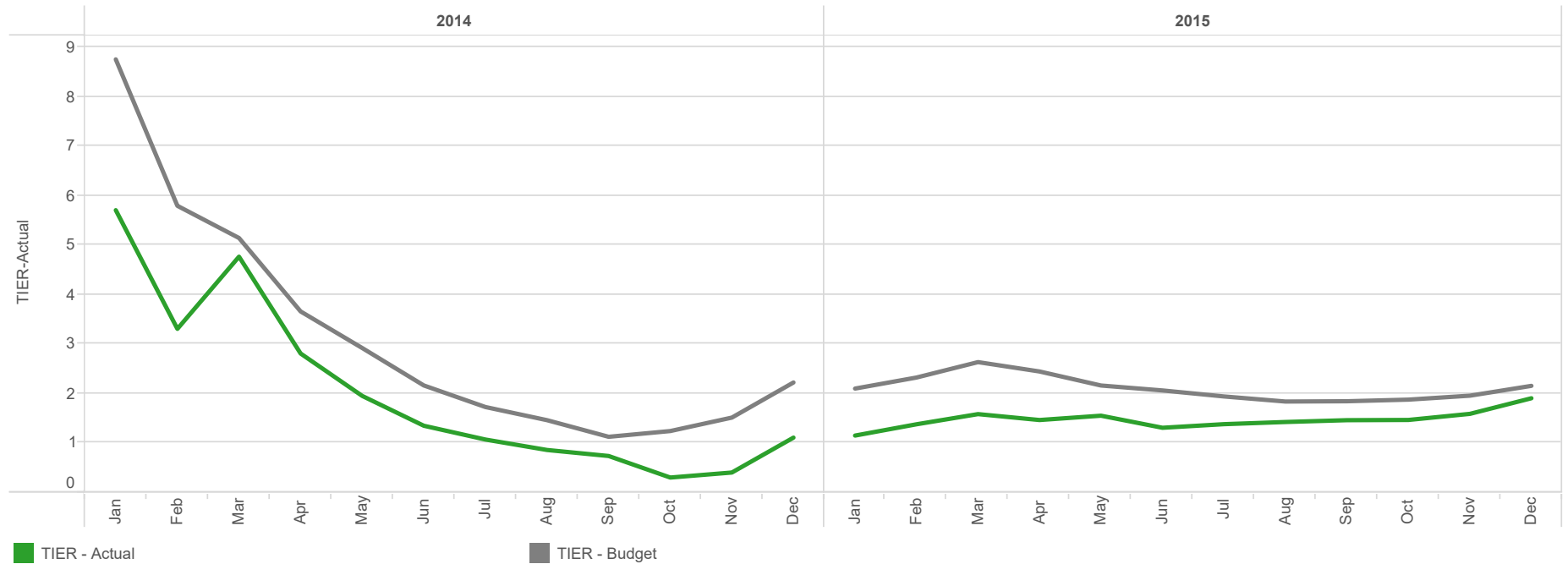
Revenue by Rate Class

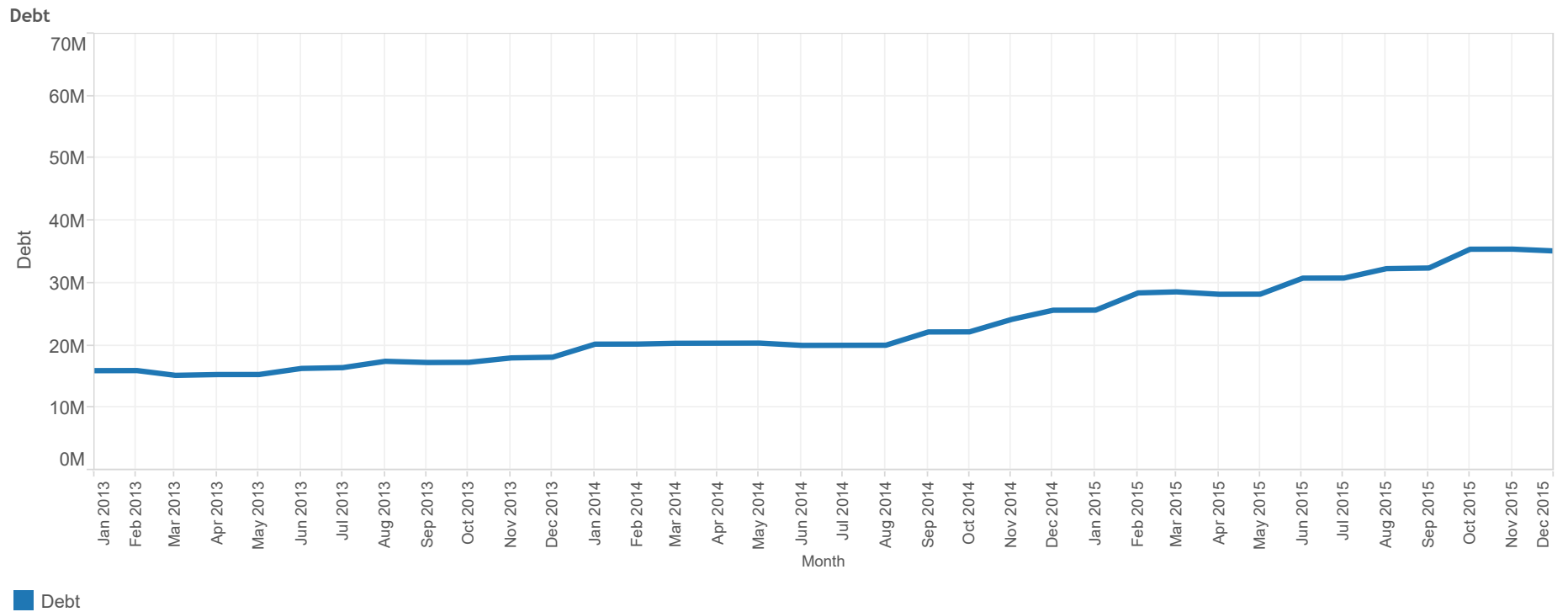
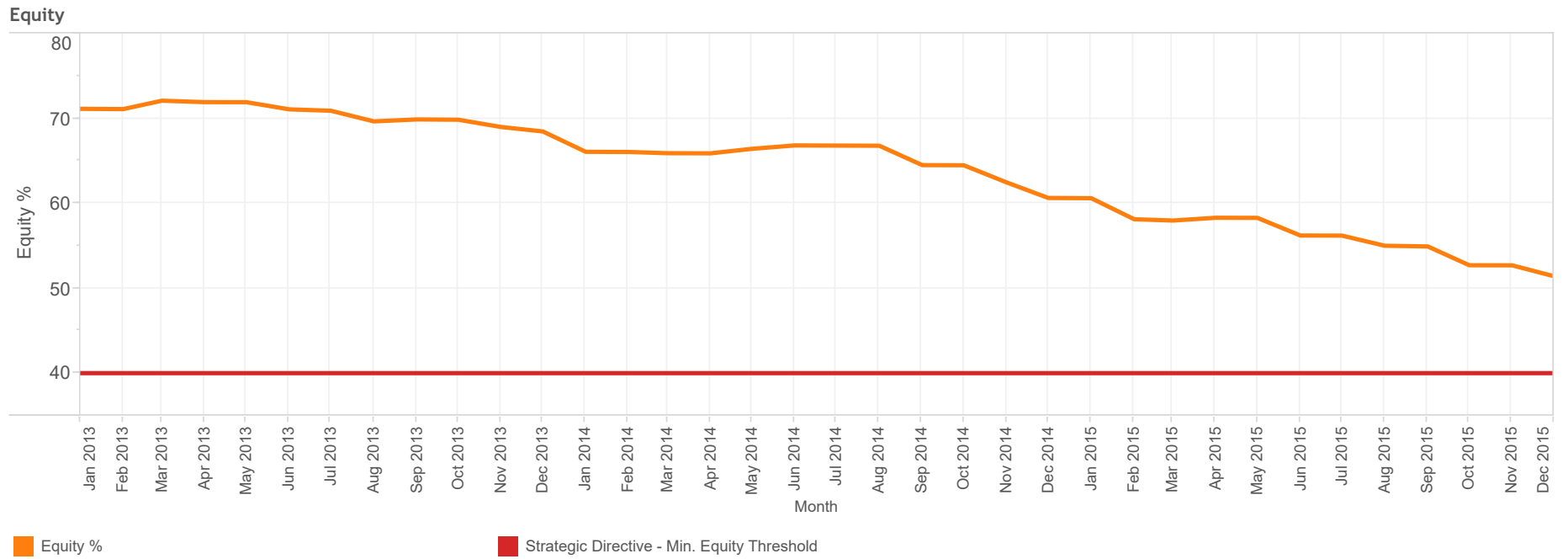


Net Margins

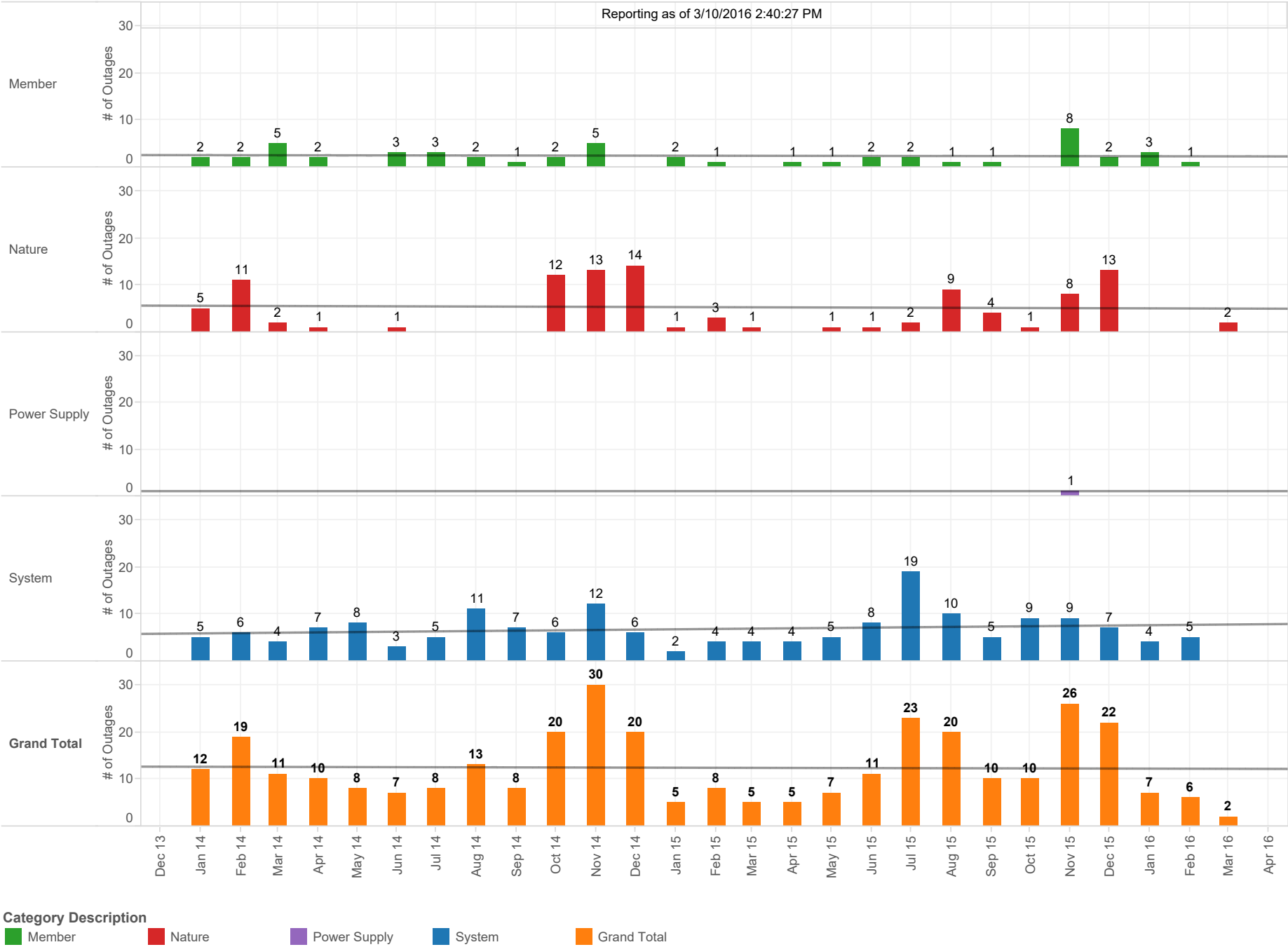


TIER

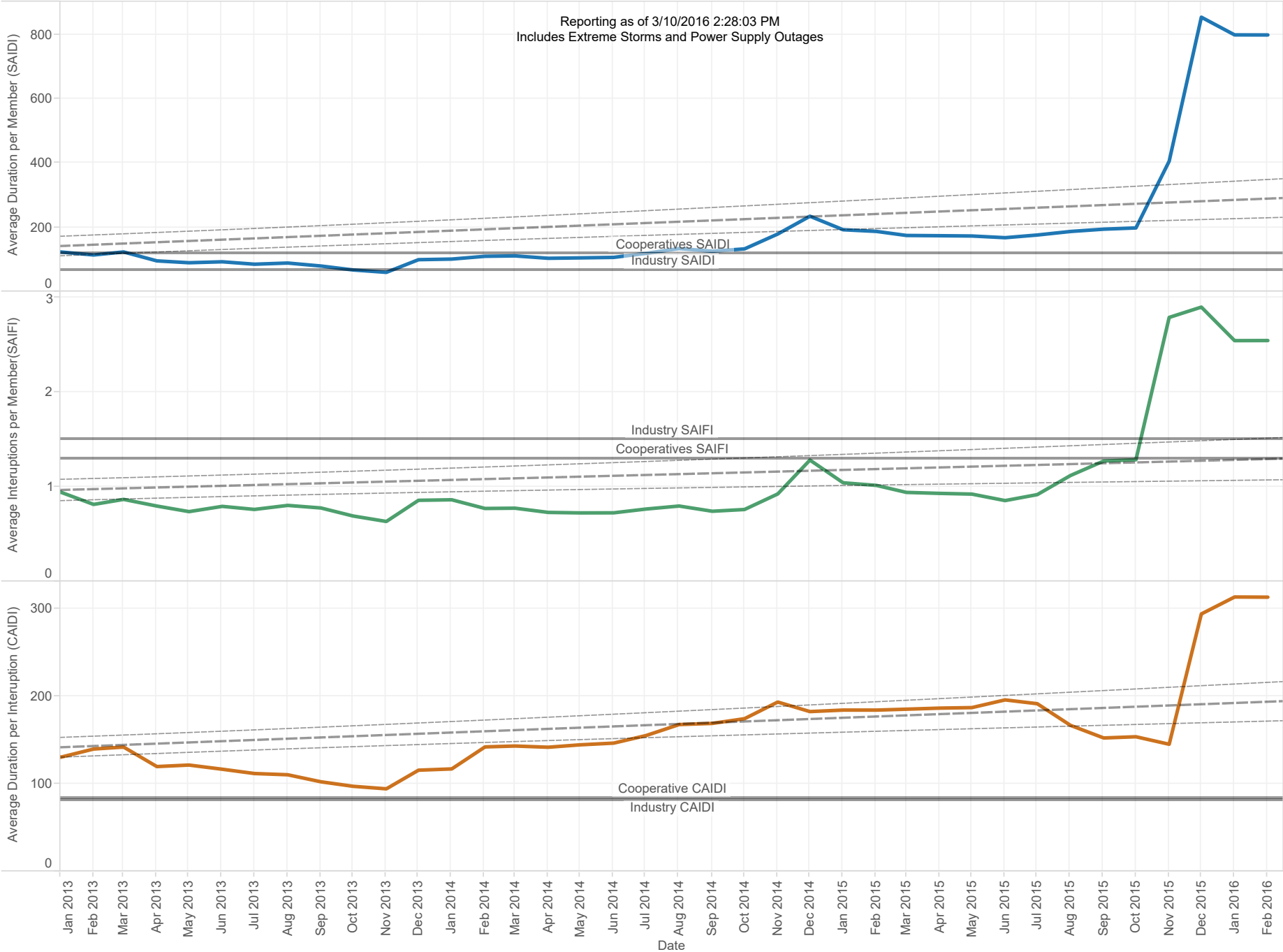




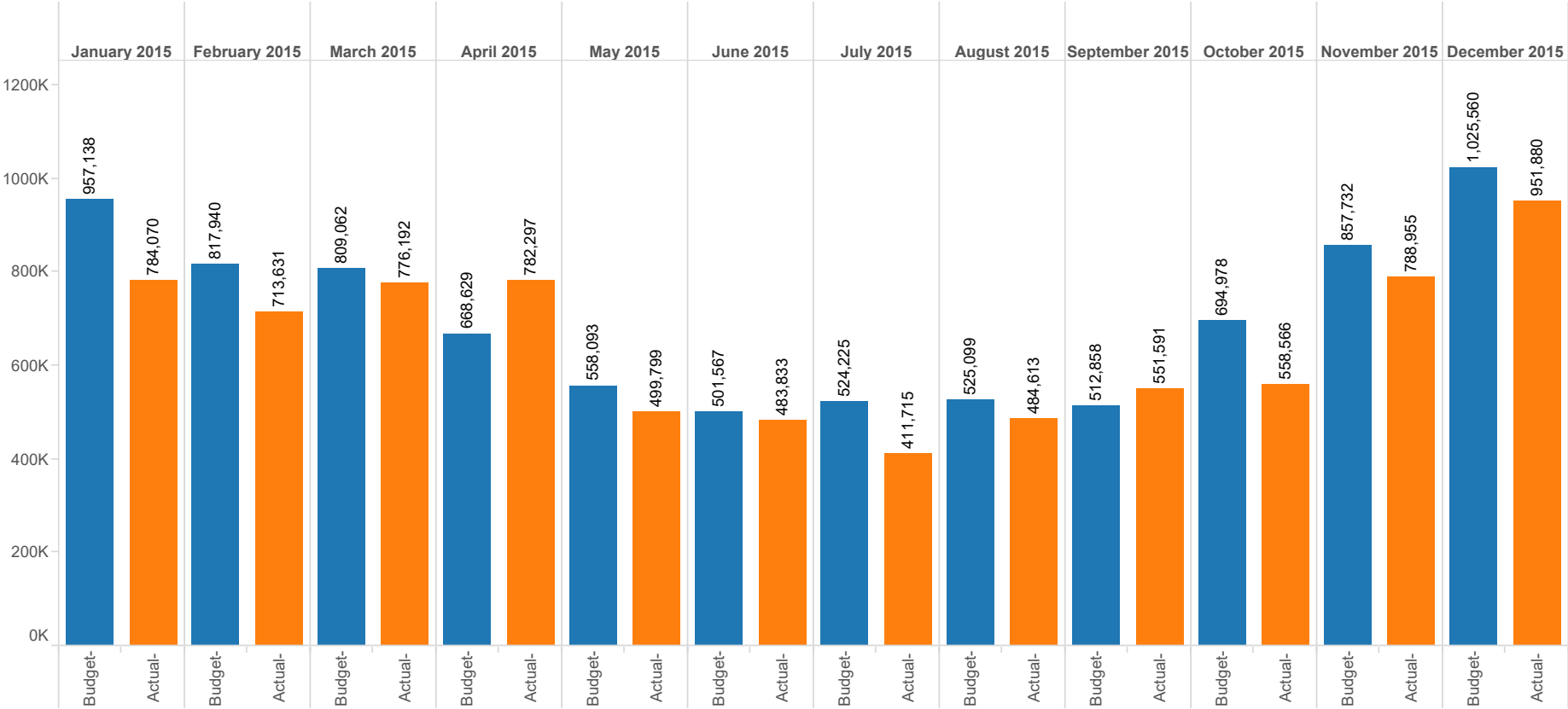
Outage Summary



Outage Statistics



Power Cost



Prior Rolling 12 Months

	Budget-	Actual-	Variance
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
December 2014	849,214	963,917	114,703
Grand Total	7,920,131	8,037,428	117,297

Current Rolling 12 Months

	Budget-	Actual-	Variance
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
December 2015	1,025,560	951,880	-73,680
Grand Total	8,452,880	7,787,142	-665,738

MEMORANDUM

March 11, 2016

TO: Board of Directors
FROM: Foster Hildreth
RE: Member Communication(s)

Member communication(s) 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. Director Candidacy

Peter Garlock

STAFF NOTE: Email communication from a District 3 member wanting to run for the Board of Directors but ineligible due to not being a "bona fide" resident as required by the bylaws

2. Staff responses to questions submitted at February Meeting Frank Bruch

STAFF NOTE: As separate attachment.

MEMBER COMMUNICATION #1 – Peter Garlock

Via email:

Subject: Fwd: Meeting with OPALCO Nominating Committee

Date: February 17, 2016 at 2:48:06 PM PST

Foster,

After submitting the BOD application you sent me last week, I was contacted by Larry Eppenbach to discuss the position. In the course of our conversation about my qualifications, he mentioned that someone who is not a "full time" resident may not be able to serve as a Board Director. A few days later, I received the below email from Larry, including a Bylaws excerpt and legal interpretation, oddly from the same person who sent the completed application to the nominating committee in the first place... As a result, I have a few concerns that I'd like to bring to your attention:

1. I have an extensive (40 year) career of managing complex information systems organizations, and I've had many occasions to present to, and interact with Corporate Boards of all sizes and in a wide variety of industries. In all this experience, I've never heard of a residency requirement for any Board member. In fact, Board members typically come from many far away locations. They are selected for their expertise, judgment, and leadership abilities, vs. what shareholder geography they represent. For this reason, I question the usefulness of requiring an OPALCO Board member to spend more than half of their time at their residence in the San Juans. In my opinion, Board members should be elected for the abilities and leadership they bring, vs. where they spend most of their time. I find this requirement especially ironic, when it would seem that a new Board member should have the role of oversight and advocacy for providing members and businesses with the high speed Internet infrastructure that would enable them to work in jobs or serve customers that may be hundreds, or thousands of miles away. What better way is there to embrace and demonstrate the technology that you are providing to members, than to actually use it to manage the organization?

2. In addition to my technology and management background, I also have extensive private sector experience with power infrastructure, vendor management, strategic planning, and corporate finance. In my current position of the last 12 years, all of this experience has served me well in providing complex services to public sector customers. I have found this type of public service to be very rewarding personally, and I would like to continue in a similar role in which I can apply my experience to the benefit of a challenging environment. It would seem to me that exceptions should be made to the residency requirement, or perhaps have at large, less than halftime resident Board members so there is enough perspective to represent the issues of members who own residences, but do not occupy them more than half the time. I understand from the nominating committee that I have the option to challenge and publicly argue against the residency requirement, but that seems rather confrontational and self serving. It seems to me that OPALCO as an organization would be best served to find a way to support and encourage highly qualified Board candidates who are committed, and willing to volunteer their time and experience, regardless of where they spend most of their time.

Thank you,

Peter Garlock