

Comment or Question to Opalco	OPALCO Response
<p>You controlled the meeting from beginning to end. I will not come to annual meeting again. This was propaganda, pure and simple. Learn to be democratic.</p>	<p>Sorry to disappoint you. Our intention was to get through our core business and address the many questions that we've been getting from members lately. It was an experiment that we will not repeat. We are a representative democracy as a cooperative - and always learning how to best practice it.</p>
<p>Could you please explain how members indirectly benefit from paying \$3.00 a month for something (Internet broadband) they will never use. And why you would go against something that was voted down to start with.</p>	<p>The \$3 per month per member is a Co-op investment in the business we have acquired, Rock Island Communications. Members benefit in two major ways: one, when the startup loan is paid off by Rock Island, OPALCO can use their profits to pay for our own projects; and two, first responders, county services, and businesses across the island benefit directly, as do you, indirectly, as a member.</p> <p>Finally, Internet broadband was never put to a vote of the membership, but decided by your elected Board representative. The mandate from the community, and from the less vocal majority is clear: OPALCO is the organization in the islands best positioned to aid in getting high speed broadband in the islands to the benefit of us all.</p>
<p>Please explain the relationship between Island Network, dba Rock Island, and Opalco. Does the General Manager of Opalco receive compensation or benefits as President of Island Network? Will there be a broadband facility charge like the energy users facilities charge, so that people not using broadband service are not subsidizing that enterprise?</p>	<p>Rock Island Communications is a wholly owned subsidiary of OPALCO and its members. The OPALCO GM receives no additional compensation for his role as President of Rock Island Communications, however 30% of his compensation is put toward the subsidiary's ledger.</p> <p>The energy users facility charge is a restructuring of how OPALCO members have traditionally paid for their electrical use. Broadband customers of Rock Island Communications will pay the full cost of their connectivity and service level. Members who do not connect to Rock Island Communications are not subsidizing that enterprise, but they will benefit in future profits returned to the Co-op.</p>
<p>1. Will the fiber optic network OPALCO is installing called the "communication grid backbone" be the route that connects the OPALCO submarine cable's fiber-optic component carrying the Internet and the "last mile of fiber" being installed by the internet customers in addition to other users?</p>	<p>1. The OPALCO communication grid backbone has been in place and growing since 2001. When we replace the 1977 submarine cable, we will include fiber optics as we do in every cable replacement (underground, submarine or overhead). The fiber gives us redundancy for our data backhaul to the mainland - and greater control and monitoring of the cable itself and the system it connects.</p>

<ol style="list-style-type: none"> <li>2. Why has OPALCO chosen to develop Internet access as a profit seeking enterprise rather than a public utility with equal access to all?</li> <li>3. Why won't OPALCO acknowledge the huge subsidy electric ratepayers are providing &lt;30% of count population as Internet users by paying for fiber optic network and submarine cables?</li> </ol>	<p>Connection to the system (which includes submarine cables) for Internet access and last-mile fiber are paid for by whoever is buying the access. Rock Island Communications pays for use of the fiber backbone, and their customers pay the last-mile charges.</p> <ol style="list-style-type: none"> <li>2. Rock Island must be a for-profit entity designed to be competitive with Century Link. A co-op model is based on cost of service and could not compete against a for-profit national telecommunications provider.</li> <li>3. OPALCO members are not subsidizing Internet users, but monetizing an existing high-capacity resource, which is our grid control, fiber-optic backbone. Internet users, however, may soon be subsidizing electric users when Rock Island begins to return a profit to the Co-op.</li> </ol>
<p>Will Rock Island pay access charges to use the energy backbone fiber network.</p>	<p>Yes, Rock Island Communications pays for access to the OPALCO grid control, fiber optic backbone. And their subscribers who connect pay for the last mile connections.</p>
<p>No broadband no rate increase  Buying Rock Island destroyed ferry landing connectivity.  If it is not broke  Don't fix it!  Common sense</p>	<p>We appreciate hearing your concerns and preference for no broadband service and no rate increase. Ferry landing connectivity has been problematic, because the vendor who runs our log on function hit technical difficulties; ferry terminal WiFi access has nothing to do with Rock Island. However, this will eventually be handled by Rock Island Communications and things should improve greatly.</p>
<ol style="list-style-type: none"> <li>1. Why not make a separate company for broadband Internet so risk and debt are not dumped onto Opalco?</li> <li>2. If underground (fiber optics) cable were a profitable / viable venture it would be adopted by servers already in that business of supplying Internet service.</li> <li>3. Today's rapidly changing Technology might have Internet access by satellite within 2 or 3 years and the great investment in underground cable (fiber optics) would be obsolete and a hanging debt.</li> <li>4. Opalco is a success at providing electricity and should continue with that as its ONLY Goal.</li> </ol>	<ol style="list-style-type: none"> <li>1. Rock Island Communications is a wholly owned subsidiary, and while we acknowledge the risk of that investment, the upside for all OPALCO energy members is much greater than the risk.</li> <li>2. Fiber optic cables, with their near-infinite capacity, have formed the backbone for the OPALCO grid control and communications system for more than 15 years. None of the corporations (CenturyLink et al) are willing to make the substantial investment that OPALCO has made or will make over the years.</li> <li>3. We agree that paying attention to changing telecommunications technologies is wise. Fiber may not be the only solution going forward, but it will continue to provide robust connections well into the foreseeable future - and we already have the lion's share of the infrastructure in place.</li> </ol>

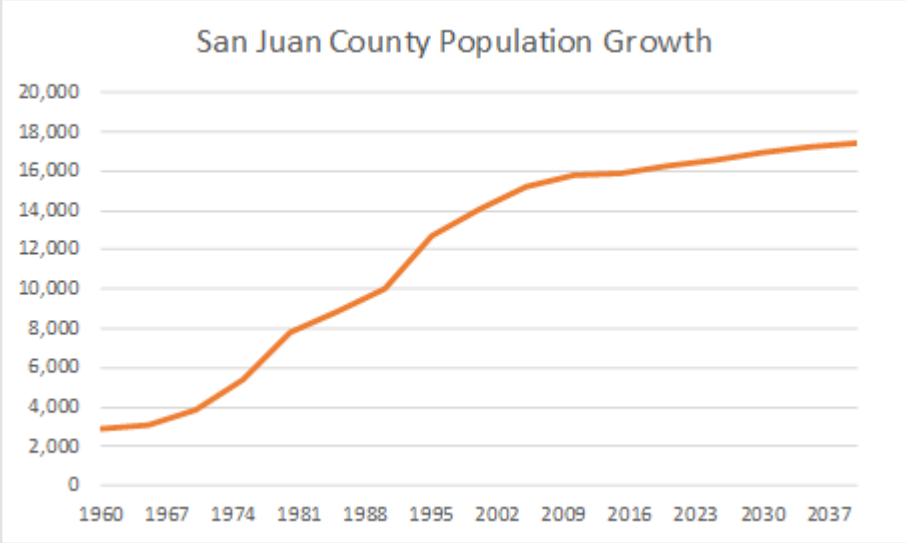
	<p>4. OPALCO has experience at delivering large scale projects and 78 years of managing energy. We would do our members a great disservice by not stepping in when it makes sense to deliver on our critical goal of improving the quality of life in the San Juan Islands.</p>
<p>The food service was pretty bad.</p> <ol style="list-style-type: none"> <li>1. The doughnuts were the dry packaged variety, not the good bakery kind.</li> <li>2. The chicken wrap was okay after I peeled away most of the tortilla. The pasta was inedible. The applesauce was okay. Fortune cookies area poor choice for good chocolate chip cookies.</li> <li>3. Not up to your previous standards.</li> <li>4. I object to paying for the broadband which no one in my homeowners area wants.</li> </ol>	<ol style="list-style-type: none"> <li>1. Sorry about the food.</li> <li>2. We agree that this year was a miss.</li> <li>3. It's a challenge on the ferry, as not many islands caterers are willing to take on the daunting task.</li> <li>4. You are not paying for broadband, outside of the \$3 per member per month for the next 24 months. That's an investment in a startup enterprise that can will be repaid and then benefit OPALCO with a future revenue stream.</li> </ol>
<p>I feel strongly that raising the base rate is detrimental to encouraging energy saving. If income is an issues the "users" (i.e. per kWh) rate is where increase should be made if the object is to encourage saving energy.</p>	<p>We hear you. However, there are fixed costs for delivering energy to every island home regardless of energy usage or energy efficiency practices. And as a member-owned cooperative, our revenue has to cover those fixed costs. Rate restructuring to cover those costs is necessary, and at the same time, we will see reductions in the kWh charges that low-consuming members will pay. That, and continuing to promote rebates, weatherization, and smart energy use are still vital to OPALCO.</p>
<p>Can you share a timetable for fiber optic installation by neighborhood?</p>	<p>We wish! Please go online to <a href="http://www.rockisland.com">www.rockisland.com</a> and look at the map that shows active and planned projects. They will have more information about how and when broadband Internet will be available. They are in construction mode on their first 300 connections with the mission of getting to profitability as soon as possible. Once that is achieved, they will be able to serve more broadly.</p>
<p>What percentage of our electric power is hydro-electric? How about solar? Can we increase these percentages?</p>	<p>BPA reports in our 2014 Fuel Mix that hydropower makes up 87% of our energy source. And for BPA, solar is reported along with wind and co-generation to be less than 5% total. Local solar will continue to grow, although BPA and we in the Pacific Northwestern benefit from clean hydropower. Building out solar to replace that is a hard sell in our often cloudy region. We can't influence the fuel mix that BPA generates - but we can continue to add local distributed solar.</p>

<ol style="list-style-type: none"> <li>1. Does Opalco offer rebates for energy efficient appliances?</li> <li>2. Please lower our electrical rates.</li> </ol>	<ol style="list-style-type: none"> <li>1. Yes, we do. Please visit <a href="http://www.opalco.com">www.opalco.com</a> and click on the Energy Savings area to learn what is available.</li> <li>2. If you are a low-consuming energy user, your kWh rates will stay low. However, the shift in how we bill for the very high fixed cost of bringing energy to the islands will mean an increase in your base rate.</li> </ol>
<p>I joined Opalco in 1989...in 2014 I received a check from OPALCO for the first time. Question: Will I continue now to receive a check every year or was it a one time event?</p>	<p>Members begin to receive capital credit distributions after they have been a member for 25 years, and checks are mailed every year thereafter, dependent on board approval of the financial outlay. OPALCO reviews Capital Credits every October, and if revenues permit, those are paid out. Historically, there have been years in which Capital Credits were not paid due to revenue constraints.</p>
<p>Opalco says electricity rates are not being used to subsidize broadband! Would Opalco be willing to revoke its Nov 13th decision to "use Opalco equity and rates" to facilitate fiber optics infrastructure?</p>	<p>Jeff: Electric rates are not subsidizing broadband service. Still, I realize it confuses the issue that we are all making a \$3/month x 24 month short-term loan investment in the start-up capital for Rock Island. This makes good sense - RIC will pay back the loan and then return a revenue stream to OPALCO.</p> <p>The Board decision of November 2013 was made in response to a devastating blow to the islands' economy that came along with the Century Tel cable cut. Any change of direction would have to come from the Board.</p>
<p>Why does the financial report not include a statement of sources and uses of cash? Bravo! For fiber optic Broadband</p>	<p>See the Financial Statement that is posted online. Cash and its uses are reported in the Cash Flow Statement, as they've always been. Thanks for your support of our broadband efforts.</p>
<p>The new rate structure - up to 75% Fixed "facility" charge - seems totally incompatible with stated goals to encourage conservation and reduce peak demand. How will you manage this?</p>	<p>Yes, it's a Catch 22. Before a light switch is thrown on, a refrigerator plugged in, an energy efficient appliance installed, there is a cost to bring power to the islands. To recover those fixed costs, OPALCO restructured the rates to recover more of that fixed costs as a base charge. When fully realized, that structure will continue to reward users who conserve energy. As for reducing peak demand, some of the largest commercial users have meters that track peak demand, and as our system evolves, more and more meters will be in place to help manage that.</p>
<p>Why are the smallest users being the hardest hit? (scratched out: PS I have solar panels since 2005)</p>	<p>If you are a small user, either by having a wonderfully energy efficient house or some form of generation, say solar, you still face the same dilemma the biggest users</p>

	<p>face. And that is the high cost of getting power to these islands. Those fixed costs don't go away just because some users have means of supplementing their power with solar or wind generation. For most using renewables in the islands, the fixed, and yes costly, OPALCO infrastructure is their battery backup, the source they use when wind and sun are not working. While it may seem that the smallest users are being hardest hit, in fact, they are joining with their island neighbors to share fairly the cost of a system that has supported them while high-energy users paid their freight. We're all in this together.</p>
<p>Would you please explain your not consulting and getting a vote from the membership prior to negotiating &amp; committing to a \$7.5 million loan to Rock Island when you could not meet your own debt service coverage ratio (TIER), thus violating your loan covenants &amp; necessitating instituting &amp; passing on a "cost recovery charge" to the membership to cover the financial shortfalls created?</p>	<p><i>Last question answered first: the cost recovery charge was and is a direct result of not meeting revenue targets to cover fixed, budgeted OPALCO expenses. When the revenue fell below the expected level because of very warm temperatures in November and December of 2014, we were required by our lender RUS to create a corrective action plan to address the shortfall. While there had been planned a 9% increase starting in 2015, the shortfall drove the cost recovery charge to 12%.</i></p> <p><i>As to not consulting and getting a vote on the Rock Island acquisition, the Board is the democratically elected representative of the membership. They are entrusted with weighing member needs, the financial needs and opportunities, and making a decision that best serves the 11,200 owner members. These are not related events, the revenue shortfall and the Rock Island acquisition. However, Rock Island Communications has the potential of relieving Co-op members' cash outlays when the Internet business begins to turn a profit.</i></p>
<p>That was lunch? Not well marked from direction line was moving. Lots of people available offering help - GOOD! A little more transparency on allocation of funds for WIFI fiber optic - I'm all in favor of it but how about bonds to pay for installing? More fair to people who have a hard time paying their bills.</p>	<p>Virginia: We agree - the food fell short this year. We will strive to do better next year. If you want to dive into the details of our fund allocations, go to <a href="http://www.opalco.com">www.opalco.com</a> and dig in - there are layers and layers of documents to study. Our federal lender (RUS) limits our ability to finance through bonds and it's not a good fit due to the size of the project (too small). I appreciate your comment about those who have a hard time paying their bills. Costs are going up for everything in the islands and it creates hardship.</p>

Why is it desirable to expand the population of these islands while crowding those already here and charging them to do so?

*OPALCO is a member-owned cooperative that serves the needs of its island population. We build to demand, not the other way around. Our island growth has been steady at 1% for decades. What we work to improve is our quality of life, not our population.*



Unclear. Email?

(sent a message 5.4.15, no response yet)

As an alternative to OPALCO's planned rate structure that has facilities charges ramping up to nearly \$78 per month by 2019, OPALCO member and former BPA transmission Brian Silverstein proposed rates with a "minimum charge". Customers would be billed for a minimum amount of electricity - for example 150 kWh - per month. This could address OPALCO's need for revenue stability, ensure that part-timers and net-zero solar households pay their fair share, keep bills lower for small users, and encourage conservation better than current rate structure. Would OPALCO consider redesigning tariffs along these lines?

OPALCO and its Board will continue to listen to, and enact when necessary, appropriate changes to the rate structure. The consultants who helped design the restructuring put in place for 2015 are but one source of ideas.

Given OPALCO's commitment to energy efficiency and renewables and cost of exceeding Tier 1 rates, how does Opalco intend to encourage members to continue to invest in improvements to reduce peak loads, invest in alternatives, and generally invest in

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<p>efficiency. I strongly feel that high facilities charges are NOT conducive to the above.</p>	<p>to reward users who conserve energy. As for reducing peak demand, some of the largest commercial users have meters that track peak demand, and as our system evolves, more and more meters will be in place to help manage that.</p>
<p>Once again the laws being created favor the wealthy with little or no consideration of those struggling with already the high cost of living here. As a member that is a senior living on a fixed income this raise in rates is ridiculous. My wife and I are conservative in our usage with our electrical and if you're raising rates raise them because of usage not basic. This is wrong!</p>	<p><i>Before a light switch is thrown on, a refrigerator plugged in, an energy efficient appliance installed, there is a cost to bring power to the islands. To recover those fixed costs, OPALCO restructured the rates to recover more of that fixed costs as a base charge.</i></p> <p><i>We care about members like you on fixed income and are committed to finding ways to help. We are doing a needs assessment this year and hope to have a rate relief program that can serve members. Please check out the Project PAL links on the <a href="http://www.opalco.com">www.opalco.com</a> website, and check out other local resources available through the Family Resource Center.</i></p>
<p>#1 Now that you have our attention, would you please consider having large scale community discussions on the rate structure so that it can be more fair - as it is now the smallest users, low-income &amp; those on fixed income, are the hardest hit. #2 Why can't we use our own voices to ask??</p>	<ol style="list-style-type: none"> <li>1. OPALCO engaged a respected consulting firm, took their recommendations seriously, and implemented the changes judiciously. Yes, small users will join with all other islanders to pay their share of what it costs to get basic electricity to these islands. And yes, OPALCO will continue with Project PAL to assist those needing help. We understand that low and fixed-income users are getting it from all sides, and we will continue to partner with other agencies to do what we can to make sure the islands remain affordable for our diverse residents.</li> <li>2. We are hearing from and responding to our members 24/7 now in email, by phone, in social media, and at various island meetings. We had hoped that by answering the frequently asked questions at the annual meeting, that we'd cover good ground. We'll likely do it differently next year - and create other ways for members to "use their own voices."</li> </ol>
<p>I'm tired of hearing "how complex the issues are." My concern is how the expense of Opalco operations is shared among the various member classes. In this age of digital spreadsheets, I'm confident that a means of equal sharing of cost increases can easily be created, if such a goal was intended. Why was this NOT a goal?...And why was it not achieved?</p>	<p>The new rate structure does just that (see the chart in the Find Documents tool, 2015 Budget Report [with updated rate chart]). In the past, year-round islanders were unfairly carrying the high cost of the system, and seasonal homeowners and some grid-connected solar users not paying for infrastructure costs. That is, for costs that don't go away just because someone's place is empty in the winter, or because they are generating energy from midday sun.</p>

	<p>The cost of service study resulted in the recommendation that we redistribute costs so that everyone pays their fair share of costs and for their demand on the system. The restructuring was the result of eight months of work by staff and a rates consulting firm to try to land a rate structure that would achieve the goal of fairly distributing costs across all rate classes.</p>
<p>Why aren't we selling bonds for capital costs (new cables &amp; internet)? Spread over 20-30 years, ie, Why put these expenses into current budgets and saddle us with huge increases in monthly cost? We have sold bonds in the past. Why not now? Interest rates are very low historically.</p>	<p><i>Our federal lender (RUS) limits our ability to finance through bonds and it's not a good fit due to the size of the project (too small). As it is, we do spread the cost of our loans (interest and expense) over the expected life of the cable (asset) that is usually 20 to 40 years.</i></p> <p><i>Specifically regarding Internet costs, Rock Island Communications will repay all loans and pay for connections to the existing OPALCO communications backbone.</i></p> <p><i>The large increases in monthly costs are driven by this: our infrastructure that includes existing submarine cables, underground and overhead transmission lines, substations and offices, general administration and the linemen who keep the energy flowing is a huge cost that in the past was covered by the revenue we got during the winter heating months. That meant that winter residents, us year-rounders, paid the bulk of the infrastructure costs.</i></p> <p><i>By changing the rate structure so that everyone, part-time residents, summer residents, grid-tied solar members, and yes, us full-time residents, now share paying for the infrastructure, which is just more fair. We wish the increases didn't seem so huge, but the OPALCO Board delayed as long as possible dealing with the need to raise rates in keeping with increased Bonneville Power Administration expenses and inflation.</i></p>
<p>IS IT REALLY A COOP WHEN YOU DON'T CONSULT THE MEMBERSHIP ABOUT GOING INTO DIFFERENT BUSINESSES? MAYBE LEGALLY IT CAN BE A COOP BUT CAN IT BE MORALLY A COOP WHEN THE DIRECTORS SHOES NOT SO SEE WHETHER THE MEMBERSHIP WANTS IT TO GO INTO NEW BUSINESSES?</p>	<p>The Board made its decisions about broadband with the support of a strong majority of OPALCO members as measured through surveys and direct member commentary. When you elected the Board, you gave them permission to vote on your behalf.</p>



Why create a rate structure that hurts the working people hardest, forcing them into asking for charity (Project PAL) or hardship? Why not take conservation truly, seriously, rewarding low users?

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