



BOARD OF DIRECTORS REGULAR MEETING

Thursday, August 18, 2016 8:15 a.m.

Woodmen Hall, 4102 Fisherman Bay Road, Lopez Island

TRAVEL



Via Island Air

378-2376 / 378-8129 (cell)

To:

Leave Friday Harbor 7:15 a.m.
Eastsound 7:30 a.m.

Arrive Lopez 7:45 a.m.

Return:

Leave Lopez 3:00 p.m.

Arrive Eastsound 3:15 p.m.
Friday Harbor 3:30 p.m.



Via Ferry:

To:

Leave FH 6:05 a.m.
Orcas 6:55 a.m.
Shaw 7:10 a.m.

Arrive Lopez 7:30 a.m.

Return:

Leave Lopez 3:45 p.m.

Arrive Shaw 4:05 p.m.
Orcas 4:25 p.m.
FH 5:05 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting**
Woodmen Hall, 4102 Fisherman Bay Road, Lopez Island
317-5156
August 18, 2016 8:15 a.m.

PAGES

WELCOME GUESTS/MEMBERS

- Member Comment Period
- Jeff Myers, Columbia REA

ACTION ITEMS

- 3-5** ○ Approval of June 16 Minutes
- 6** ○ New Members
- 7** ○ Capital Credits
- 8-14** ○ RUS 219s
- 15-20** ○ MacLeod Information Request Appeal

DISCUSSION ITEMS

- 21** ○ Q2 Financials
- 22-25** ○ RUS Form 300 O&M Review
- 26-27** ○ Energy Assistance Program
- 28** ○ Safety Program
-

REPORTS

- 29** ○ Safety
- 30-32** ○ General Manager

INFORMATION ITEMS

- 33-42** ○ Dashboard
- 43-47** ○ Informational Items
 - NW RiverPartners
 - Rural Electric Magazine Article “Distributed Generation”
 - New York Times Article “How to Give Rural America Broadband?
Look to the Early 1900s”
- 48-50** ○ Member Communication

ADJOURNMENT

Executive Session: Legal and personnel

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

Thursday, June 16, 2016

President Vince Dauciunas called the meeting to order at 8:30 am at the Eastsound OPALCO office. Board Members present were Winnie Adams, Randy Cornelius, Jim Lett, Mark Madsen, Brian Silverstein and Jerry Whitfield. Staff present included General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerrey; Manager of Finance and Member Services Nancy Loomis, Head Accountant Travis Neal, Software Specialist Megan Heinz and Executive Assistant Bev Madan (serving as recording secretary). Rock Island Communications staff present were Gerry Lawlor, Dan Burke, Tom Schramm, Alan Smith, Chad Bailey and Chris Schmidt. Also present was consultant Jay Kimball.

Member/Guests

Each member/guest was offered an opportunity to address the board. Present were Michael Riordan, Fred Klein and John Fleischer.

May 19, 2016 Meeting Minutes

- **Motion** made by Lett to accept the May 19, 2016 minutes as presented. Motion was seconded (Adams) and carried by voice vote.

New Members

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

DISTRICT 1

San Juan

Aldous, Sarah
Arnoldy, Matt
Bariault, Francois
Berryman, Mary Ann
Bodamer, Mark D.
Broderick, Angela
Edwards, Shelli & Romeo, John
Guerrero-Hernandez, Maria
Hall, John
Hardman, J Roc
Hawkins, Shannon
Hudson Property Management
Jennings, Cheryl
Mandley, Helen & David
Morrison, Austin D.
Myers, Jeffrey
Peinado, David & Garcia, Fernanda
Peterson, Keven
Reed, Chris & Alexis
Riggs, William J & Caran O.
Roller, James
Shapiro, Margie
Shepard, Phil
Wagner, Jacob & White, Heidi
Warren, Michael
Waxman, Wendy
Williams, Kristen
Williamson, Collin
Yeager, Jessi & Rugge, Ashley

Strachila, Elise
Sullivan, Aemi

DISTRICT 2

Orcas

Bliss, Marshall
Comito, Christine & Philip
Ferreira, Brandon & Robieson, Amanda
Gross, Jason
Horn, Gregory
Jones, Kenneth & Sahlin, Nina
Morris, Robert & Bonnie
Peterson, Brian
Prado, Samuel
Reel Holdings LLC
Ruig, Paul
Suarez, Marley & Phillip
Vallejos, Emily & Wendy

DISTRICT 3

Lopez

Clements, Kimberly & Schneider,
Joseph
Eslinger, John & Pixie
Flint, David & Janice
Shelton, James F.
Stanley, Kyle

DISTRICT 4

Shaw

None

Capital Credits

- **Motion** made by Madsen to approve payment of \$2,664.33 in capital credits to the estates of deceased members listed below. Motion was seconded (Dauciunas) and carried by voice vote.

Grover C. Berryman.....	\$1,218.97
Nedell Lanros-Crawford	\$1,445.36

RUS 219s

- **Motion** made by Cornelius to approve submission of RUS 219s representing projects completed in April 2016 from the Construction Work Plan in the amount of \$209,721.77. Motion was seconded (Adams) and carried by voice vote.

July Board Meeting

Bylaw Article IV Section 1 allows that the President may cancel or change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days’ notice thereof to all directors. After discussion, the President declared the July meeting cancelled and stated this will serve as the five-day notice.

2016 Budget-to-Actual Tracking Status

Budget-to-actual assumptions are tracked monthly by staff. Potential excess discretionary expenses have also been analyzed to ensure that expenses are cut where possible prior to implementing an upward adjustment to revenue. OPALCO’s kWh budget assumptions (sales and purchases) are based on a changing weather pattern predicted for later in 2016 that is expected to bring cooler temperatures (via a La Niña pattern).

After discussion, it was noted that discretionary expenses are minimal; any cuts beyond about 1% would impact member service levels. While we don’t expect to require a rate true-up this year, staff is developing a true-up mechanism based on member usage patterns and will be exploring when and how to trigger it. After thorough discussion, it was determined that the Board will review the necessity of invoking an add-on to members’ bills as the year progresses. It was noted that all utilities are dealing with the warmer weather and reduced kWh sales.

RUS measures TIER on an average of the best two out of three calendar years. This average must not fall below 1.25. Current projections indicate that TIER will remain within acceptable limits through year-end (RUS average calculation = 2.38).

Board/Staff Expectation Setting

The Board will have a retreat on August 17; a list of suggested preliminary topics was distributed. Hildreth noted that there are four new board members since Rock Island Communications was started. Staff will send out the current scheduled calendar of topics that will also include multi-year projects (i.e., construction work plan). After discussion, it was decided that board members would submit their topics to staff by July 1 and Dauciunas would prioritize the list by July 8.

Technology Update

Staff presented a demonstration of the in-field communication devices used by the line crew and engineering staff. These devices allow the extension of OPALCO’s utility software applications in the field in a shared and near “real-time” basis. The line crew formerly used laptops that held “static” information and did not allow editing in the field. The new iPads allow crew members to access OPALCO maps, an outage view and LTE or Wi-Fi connectivity. The engineering staff are now able to work in the field with their devices. The LTE poles, when installed and “lit” will allow for even better connectivity in the field.

It was suggested these capabilities be communicated to members and a demonstration be given at the annual meeting.

Reports

- Safety: Staff summarized an incident that occurred when a bucket truck was backing up.
- General Manager: Hildreth reported that installation of the conduit systems for the land portion of the **submarine cable** between Lopez and San Juan islands is complete. CenturyLink has not responded to our request to remove the submarine cable that is laying atop the OPALCO cable. Letters were sent to CenturyLink and to DNR (DNR holds the easement for our submarine cable); CenturyLink responded with a warning not to touch their cable.
RED-LG funding to assist the fire department with equipment to improve emergency response was discussed. At issue is the equipment that is not compatible across agencies. Hildreth noted that RUS's revolving loan fund program is available.
Dauciunas and Kimball procured a \$1M **Clean Energy Grant** through the Washington State Department of Commerce. The grant will be used to fund development of a .5 MW/20MWh Energy Storage System (ESS) to provide four complementary functions that enhance grid efficiency, reliability, operation and community solar array performance while increasing storage system capacity factor. This will be a joint community project, working hand-in-hand with community solar and requires matching funds.
Hildreth outlined the **election review process**, noting the timeline to begin July 1. A member committee will be formed that will provide feedback and report to the board for approval. Participation at the San Juan County Fair was encouraged to solicit member feedback, realizing it would be too late to solicit committee members by then.
- Rock Island Communications: RIC staff reviewed progress to date. There are currently 17 of the 38 LTE poles installed. They rely on the grid control backbone buildout to "light" the poles. RIC staff noted a 1.5-year backlog on connectivity. Educating customers regarding limitations on individual devices was recommended as it effects download and upload speeds. The relationship with T-Mobile continues to be positive.

Adjournment

Regular meeting adjourned to Executive Session at 12:20 p.m. The executive session ended, items discussed were RIC governance & legal; meeting adjourned at 2:10 p.m.

Vince Dauciunas, President

Winnie Adams, Secretary-Treasurer

NEW MEMBERS

June / July 2016

DISTRICT 1

San Juan

1. Ables, Jake
2. Bell, Richard & Elizabeth
3. Bremer, Tad
4. Burke, Jamen
5. Connery, George
6. CRB, LLC
7. Davenport, Richard
8. Davis, Robert
9. Drennan, Shelley
10. Freborg, Ronald
11. Gettinger, Hugo C
12. Gladstein, Kristina & Michael
13. Hanson, Brad
14. Harris, Shannon
15. Hickox, Wesley
16. Jared, Clyde & Marilyn
17. Kretchmer, John
18. Larson, Timothy
19. Li, Chin Chong
20. Mann, Gary & Nanney, Renae
21. Marshall, Grant & Dietz, Lynn
22. McKinney, Jasmine
23. McVeigh, Karen & Cynthia
24. Musburger, Jeffrey
25. Nyden, Bruce B
26. Orozco Tinoco, Rosa
27. Payne, David
28. Perez, Jim & Jony
29. Pignatiello, Michael & Lisa
30. Ryan, April
31. Salvino, Mark & Trenk-Salvino, Jennifer
32. Stehn, Susan
33. Tucker, Dennis & Angela
34. Waugh, Jeff & Carol
35. Zickefoose, Casandra
36. Zimney, Gudrun & Hassell, Carl
37. Zueger, Teresa

DISTRICT 2

Orcas

38. Allred, Alexander & Cadden, Kayla
39. Bigbee, Marie
40. Blaine, Marjorie
41. Brown, Leslie

42. Brucrew Unlimited LLC
43. Coffey, Timothy
44. Connell, Michael
45. Dekker, Sabina & Currie, Chris
46. Diaz, Juan & Lindgren, Staci
47. Garmeson, Shannon
48. Hamilton, Will
49. Kolb, Kristin
50. Matthews, Carol
51. Miner, Edward P
52. Montgomery, Barbara
53. Morley Drive HOA
54. Nance, April
55. Nelson, Heather & Bertelsen, Soren
56. Norian, Roger & Ann Catherine
57. Olliff, Don
58. Petros, Hamza
59. Robertson, Michael & Barbia
60. Rosselison, Danielle
61. Sahlsteen, Eric & Jilayne
62. Schulz, Dominik
63. Sheppard, Noah
64. Stankovic, Zoran
65. Taguchi, Betsy
66. Taylor, Kassandra & Bruland, Brooke
67. Turnbull, Rachele
68. Watson, Matthew

DISTRICT 3

Center

69. Riedel, Jenee

Lopez

70. Christensen, Peter E.
71. Garcia, Ramon
72. Grummel, Roger
73. Milewski, Chris & Jackie
74. Paynter, Jonathan & James, Marisa
75. Taylor, Kimberly

DISTRICT 4

Shaw

76. Kamrath, Kai-Joachim & Carpenter, Christian
77. Lord, James

MEMORANDUM

August 12, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Capital Credits

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

Robert G. Bourgaize	\$1,219.64
Douglas E. Finkelnburg	\$1,087.72
Ann L. Hagen.....	\$314.66
Steven C. Young	\$662.80
Deer Harbor Marina WI LLC	\$3,030.18
Total	\$6,315.00

MEMORANDUM

August 12, 2016

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

Projects completed from the Construction Work Plan:

- Inventory #201605\$281,400.21 Apply to AM8
Distribution automation; URD replacement
- Inventory #AN1605\$30,016.31 Apply to AN8
Grid Control Backbone
- Inventory #201606\$51,351.37 Apply to AM8
Relocate service, URD replacement, change out trans closures

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$362,767.89.

06/28/2016 2:51:35 pm

RUS Form 219 Inventory Of Work Orders

Page: 6

Period: MAY 2016

System Designation: WA AH O9

Inventory : AN1605

Budget

Loan	Project	Amount
1	706 - 3	30,016.31
Total:		30,016.31

**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

6/30/2016

DATE

SIGNATURE OF LICENSED ENGINEER

06/28/2016 2:51:35 pm

RUS Form 219 Inventory Of Work Orders

Page: 3

Period: MAY 2016

System Designation: WA AH O9

Inventory: AN1605

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
706 - 3	2014	2366	1	30,261.88	0.00	0.00	0.00	0.00	30,016.31
							AFUDC: 245.57		
				30,261.88	0.00	0.00	0.00	0.00	30,016.31
Grand Totals:				\$ 30,261.88	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 30,016.31

06/28/2016 2:51:35 pm

RUS Form 219 Inventory Of Work Orders

Page: 5

Period: MAY 2016

System Designation: WA AH O9

Inventory : 201605

Budget Loan	Project	Amount
1	604.2	71,576.01
1	608	209,824.20
Total:		281,400.21

**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 Guerrie
INSPECTION PERFORMED BY

Orcas Power & Light Cooperative
FIRM

52424
LICENSE NUMBER

6/30/2016
DATE

[Signature]
SIGNATURE OF LICENSED ENGINEER

06/28/2016 2:51:35 pm

Page: 2

RUS Form 219 Inventory Of Work Orders

Period: MAY 2016

System Designation: WA AH O9

Inventory: 201605

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)		
604.2	2013	1536	1	79,140.39	0.00	0.00	0.00	0.00	71,576.01
				79,140.39	0.00	0.00	AFUDC: 7,564.38	0.00	71,576.01
608	2014	1836	1	212,257.16	1,800.32	1,435.15	0.00	0.00	209,824.20
		1836		212,257.16	1,800.32	1,435.15	AFUDC: 2,798.13	0.00	209,824.20
Grand Totals:				\$ 291,397.55	\$ 1,800.32	\$ 1,435.15	\$ 0.00	\$ 0.00	\$ 281,400.21

07/18/2016 8:48:30 am

RUS Form 219 Inventory Of Work Orders

Page: 4

Period: JUN 2016

System Designation: WA AH O9

Inventory : 201606

Budget		
Loan	Project	Amount
1	601	1,558.30
1	608	49,793.07
Total:		51,351.37

**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 and Light Cooperative
FIRM

52424
LICENSE NUMBER

7/19/2016
DATE

[Signature]
SIGNATURE OF LICENSED ENGINEER

07/18/2016 8:48:30 am

RUS Form 219 Inventory Of Work Orders

Page: 2

Period: JUN 2016

System Designation: WA AH O9

Inventory: 201606

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Retirement (2)		Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
601	2014	2437							
		2437	1	1,345.11	215.11	0.00	0.00	0.00	1,558.30
							AFUDC: 1.92		
				1,345.11	215.11	0.00	0.00	0.00	1,558.30
608	2014	2075							
		2075	1	20,728.85	0.00	0.00	0.00	0.00	20,647.66
							AFUDC: 81.19		
608	2014	2317							
		2317	1	24,900.72	5,278.18	704.60	0.00	0.00	29,145.41
							AFUDC: 328.89		
				45,629.57	5,278.18	704.60	0.00	0.00	49,793.07
Grand Totals:				\$ 46,974.68	\$ 5,493.29	\$ 704.60	\$ 0.00	\$ 0.00	\$ 51,351.37

MEMORANDUM

August 12, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Information Request Appeal to Board

Shaw member Alex MacLeod submitted the following information request:

“Any/all documentation behind 2014 990 Part VII, Sec. A 1(a) for directors Hall, Thomerson, Lett and Myhr, and for Column F, lines 8 and 9, Cornelius and Hildreth.”

This request was denied pursuant to Member Service Policy 16 *Information Requests* Section 4 *Limitations on Release of Records*, information and documents not subject to Public Information Requests include documents containing personnel matters, including wages/salaries and benefits.

I did send an email to Mr. MacLeod communicating that board compensation is made up of stipends, conference/training and insurance. The overwhelming driver causing compensation disparities is insurance. Some Board members elect not to sign-up for OPALCO provided insurance (optional) and others do. In terms of the GM figures, these are the amounts that OPALCO provides in our 990 tax report which are located on our website.

Mr. MacLeod's appeal to the Board is attached.

ORCAS POWER & LIGHT COOPERATIVE
Policy 16 *Information Requests*
Member Information Request
Appeal to Board of Directors Form

Member Name

ne John A. MAZLEDA

Attached is a copy of the Information Request Form showing the General Manager's denial to my Member Information Request.

I hereby request that the OPALCO Board of Directors review my request and override the General Manager's denial of my request. I further agree to abide by Member Service Policy 16 *Information Requests* if my request is approved.

Member Signature _____

Signature Chandra

Date_____

7/27/16

Decision of the Board of Directors is final.

_____ Approved

_____ Denied

Comments

Jerry Whitfield, Secretary/Treasurer

Date _____

Rec'd
7-5-14

ORCAS POWER & LIGHT COOPERATIVE
Policy 16 Information Requests
Member Information Request Form

Member Name JOHN A. MACLEOD

Address BOX 157 SHAW 98286

Telephone Number 468-3742 Member Number 63398

Requesting on behalf of myself and the following other members:

Name	Address	Telephone #	Member #
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The specific information I am requesting is:

Any/ALL DOCUMENTATION BEHIND 2014 990 PART VII, SEC. A. 1(a)
FOR DIRECTORS HALL, THOMERSON, LETI AND MYHR, AND FOR
COLUMN F, lines 8 and 9, CORNELIUS AND HILDRETH.

The specific purpose of the request is:

MEMBER INFORMATION

The specific use to which I intend to put the requested information is:

MEMBER INFORMATION

☐ I request a cost estimate for the copying charges before any costs are incurred. I understand that I am responsible for the costs of copying any documents that are provided and the cost of copying documents will include appropriate staff time for locating and copying the documents.

I hereby state that the foregoing information is complete and correct. I covenant that I shall not give the requested information to anyone other than the member(s) named herein or allow the requested

Orcas Power & Light Cooperative
Policy 16 Member Information Request Form
Page 2 of 2

information to be used in any way or for any purpose other than as set forth above, including but not limited to, the use of any information for a member's own commercial purposes, or solicitations of other members for non-Cooperative purposes. I further agree to abide by the provisions outlined in Member Service Policy 16 *Information Requests*.

Printed Name

JOHN A. MACHESON

Signature

JOHN A. MACHESON

Date

7/5/16

For office use only

____ Approved

XX

____ Denied

Comments

Your request is denied. Pursuant to Member Service Policy 16, *Information Requests*, Section 4 (Limitations on Release of Records), information and documents not subject to Public Information Requests include documents containing personnel matters, including wages/salaries and benefits.


Foster Hildreth, General Manager

July 21, 2016

Date

July 26, 2016

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

RE: Member Information Request of July 5, 2016

Foster:

This letter is a formal appeal of your July 21, 2016 denial of the above request for documentation of some of the compensation figures included in OPALCO's 2014 IRS Form 990.

You base your denial on language in Membership Policy 16 which exempts (though it doesn't prohibit) release of certain "personnel records" which contain "the hourly wages, salaries and fringe benefits of any employee."

I find this reasoning odd since I already have those figures from OPALCO's IRS Form 990. What I am asking for isn't "the hourly wages, salaries and fringe benefits of any employee," but documentation that explains those figures for four directors and the organization's two "key employees" in 2014.

For instance, the first element of my request is for records that show the *basis* of compensation of directors Hall, Thomerson, Lett and Myhr. (I find it curious that you include them as "employees" of OPALCO, but that is a separate matter.) Absent documentation, there is no way to explain why one director reportedly spent approximately 20 hours per week on OPALCO business and was compensated \$4,452 while another spent 2 hours a week and was compensated \$26,213, or why another was reported as spending 15 hours a week and compensated \$18,922 while another was reported spending 8 hours a week and was compensated \$28,136.

In addition, the \$250-per-board meeting and the \$200-per-day for other meetings, conferences or training does not begin to explain annual director fees of \$19,000, much less of more than \$28,000. What makes up the balance? The cooperative's members deserve to know the basis of actual, IRS-reported compensation of its elected directors. That is the reason for this part of my request.

Likewise, the membership deserves to understand "the estimated amount of other compensation from the organization and related organizations" reported to

the IRS for its two “key employees” that year, especially when the amounts range from \$70,516 for you to \$115,876. for Randy The amounts are public information. Shouldn't what makes up those amounts also be? Or would you prefer that the total 2014 compensation simply be reported as \$327,424 for Randy and \$244,503 for you, with undisclosed fringe benefits of 55% of compensation for Randy and 41% for you?

It may be possible to stretch the language of the Policy 16 exemption to deny the members this information, but how does that benefit the cooperative? If the denial were to stand, isn't it likely it would be seen as just another attempt by management and the board to hide the truth of its financial dealings (in this case self-dealings) from the membership?

Sincerely yours,

Alex MacLeod
OPALCO Member 63398

MEMORANDUM

August 10, 2016

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2016 2nd Quarter Financial Report

Included in the 2016 2nd Quarter Financial Report 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 summary Q2 Rock Island Communications financial statements.

In summary, the total revenue was 1% higher (\$80k) than budgeted for Q2, although this was more than offset by the related increase in purchased power (\$124k), which was driven by large demand charges coupled with higher BPA power rates during 2016. All combined, it resulted in an increased margin of \$153k. Revenue and expenses will continue to be monitored closely.

Please note the following key points for more detail:

- As forecasted, Q2 Heating Degree Days (HDD) are down ~36% below normal, although both kilowatt hour purchases and sales are above budgeted amounts. Weather and heating fluctuations are expected to produce dramatic sales revenue volatility, and the budget is based on those assumptions.
- Q2 power purchases were up \$124k than budgeted amounts due to higher kWh consumption and the fact that additional demand charges were incurred this year.
- Q2 operating expenses were approximately \$14k under budgeted amounts, even though there was an increase in purchased power and acceleration of the brush clearing and Right-of-Way work being performed earlier than usual this year, along with unplanned system maintenance due to storm damage. There remain very few discretionary expenses to cut at this time because most expenses are directly related to service levels and, as previously agreed, safety or the reliability in our system will not be reduced.
- Interest expense was lower by \$54k in 2016 than budgeted amounts due to favorable refinancing of RUS loans.
- Although member uptake on energy efficiency rebates was lower than projected by Q2 and interest in Snapshot Assessments was slowing, BPA reimbursements occurred in Q2, which resulted in a \$173k decrease in budgeted amounts for the energy services area.
- Rock Island Communications has paid \$181k to OPALCO for use of the communications backbone, rent, and interest expense in 2016. This was partially offset by \$17k in expense paid to Rock Island Communications for Internet services.
- Rock Island Communications summary level Q2 Financial Statements are included in this packet.
- The Q2 consolidated financial statements indicate that OPALCO and Rock Island Communications are well within our financial loan covenant requirements.

MEMORANDUM

August 12, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: RUS Form 300 *Operations and Maintenance Review*

Rodney Peach, RUS General Field Representative (GFR), visited OPALCO on July 27th and 28th. During the visit he reviewed the outage reporting, maintenance records, and conducted field inspections of facilities. These inspections included predominantly the Lopez district due to the amount of loan funds prioritized to the Lopez to San Juan submarine cable. The report has the highest rating in all sections and notes "improvements in all areas and future projects to upgrade the distribution system and substations along with the installation of fiber throughout the system will enhance the utility's overall capabilities to provide safe, reliable, and reasonably affordable electricity."

Attached is the Form 300 to be reviewed by the board. Once reviewed by the board, Rodney will sign and make a formal submission to RUS.

During his review, Rodney said, "In my role with the Rural Utility Service, I regularly perform reviews of a lot of electric co-ops. Among them, OPALCO rises to the top. Their management of operations, vision of the future, and direction provide an inspiring example of leadership to all co-ops."

PART IV. OPERATION AND MAINTENANCE BUDGETS						
YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2014	2015	2016	2017	2018	2019
	Actual \$ Thousands	Actual \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands
Normal Operation	3,054,124	3,570,414	3,473,823	3,613,128	4,015,225	4,243,505
Normal Maintenance	1,778,516	1,713,924	1,702,147	1,775,851	1,836,799	1,928,146
Additional (Deferred) Maintenance						
Total	4,832,640	5,284,338	5,175,970	5,388,979	5,852,024	6,171,651

14. Budgeting: Adequacy of Budgets for Needed Work 3 (Rating)

15. Date Discussed with Board of Directors 8/18/2016 (Date)

EXPLANATORY NOTES	
ITEM NO.	COMMENTS
1b	Substation Improvements to Shaw, Blakely and Decatur will occur 2017-2019.
2a	Transmission Line Right-of-Way clearing is identifying danger trees for removal.
7a	Service Interruptions are driven primarily by major storm or Power Supplier interruptions.
10a	Significant improvements in Operating maps have occurred over the last 2 years.
13a&b	In moving forward with the next 4 year CWP a new LRP will be needed which should include a Sectionalizing study.
	<p>General Comment:</p> <p>Overall, there have been improvements in all areas and future projects to upgrade the distribution system and substations along with the installation of fiber throughout the system will enhance the utility's overall capabilities to provide safe, reliable, and reasonably affordable electricity.</p>

		TITLE	DATE
RATED BY:	Joel Mietzner P.E.	System Engineer	08/01/16
REVIEWED BY:	Foster Hildreth	CEO & President	08/01/16
REVIEWED BY:	Rodney Peach	RUS GFR	

STATUS OF O&M ACTIVITIES
ATTACHMENT TO RUS FORM 300
(OPTIONAL FORM - NOT REQUIRED)

SYSTEM DESIGNATION	Orcas Power and Light Cooperative - WA 0009
Date Long Range System Engineering Plan Approved	06/21/12
Date Annual Work Plan Approved	06/21/12
Date of Last Load and Voltage Survey	01/01/16

STATISTICS

YEAR	2011	2012	2013	2014	2015
Miles of Distribution Line	1,281	1,279	1,285	1,296	1,296
Miles of Transmission Line	43	43	43	43	43
Number of Substations	11	11	11	11	11
Sum of Substation Peak Demands (kW)	54	57	64	56	56
Average Number of Consumers	14,617	14,738	14,745	14,864	15,009
Plant Investment (\$ x 1,000)	81,629	82,840	86,319	91,153	100,576
Operation Expense (\$ x 1,000)	2,399	2,931	3,038	3,054	3,570
Maintenance Expense (\$ x 1,000)	1,417	1,518	1,669	1,778	1,713

ROW CLEARING

Units on System	156	156	156	156	156
Units Recleared	52	52	52	52	52
Regrowth Cycle (Years)	3	3	3	3	3

POLES

Number on System	3,790	3,752	3,746	3,740	3,720
Number Inspected	450	460	440	460	450
Number Condemned	11	10	14	9	11
Number Replaced	30	35	30	35	42

OIL CIRCUIT RECLOSERS

Number on System	2	2	2	2	2
Number Serviced	0	1	0	1	0

LINE REGULATORS

Number on System	15	15	16	16	16
Number Serviced	15	15	16	16	16

METERS

Number on System	14,617	14,738	14,745	14,864	15,009
Number Serviced	3,500	3,500	3,500	3,500	3,500

PATROL AND MAINTENANCE

Miles of Distribution Patrolled	1,281	1,279	1,285	1,296	1,296
Miles Distribution Maintained	1,281	1,279	1,285	1,296	1,296
Miles of Transmission Patrolled	43	43	43	43	43
Miles of Transmission Maintained	43	43	43	43	43
Number of Substations Serviced	11	11	11	11	11

AVERAGE MINUTES OUTAGE PER CONSUMER

Power Supply	0.00	390.00	145.00	358.00	122.00
Major Storm	0.00				507.00
All Other	110.00	28.00	20.00	179.00	224.00
Total	110.00	418.00	165.00	537.00	853.00

MEMORANDUM

August 12, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Energy Assistance Program Review

As discussed during the January 2016 Board Meeting, staff would like to provide an update on the Energy Assistance Program.

To date, the Energy Assistance Program has collected approximately \$58,000 through a billed line item beginning in January 2016. Based on the current participation, approximately \$8,100, of the budgeted \$90,000, has been distributed to the eligible members. Participation has grown to 153 members and is anticipated to continue to rise as we enter the winter months and awareness of the program increases.

Please keep in mind that there was a ramping effect for the 2016 beginning of the year that will not be experienced in the future. In the table analysis that follows, staff provided a reporting of the current funds collected and participation payouts. Staff has also included projected future payouts, along with possible alternatives for the continuation of the program. The assumption that was made by Staff was that the participation level would rise to around 300 members in October, 2016 and that the program would experience flat growth rate to the end of 2016 and into 2017.

The chart analysis contains the following options:

1. Keep the program as currently administered. Note that the collection of the revenue for the 2016 program was based on a projection of 750 participants (2016 Budget).
2. Double the payouts to the participants (\$10 per person/\$3 increase for each additional resident, up to maximum of \$25 per household to \$20 per person/\$6 increase for each additional resident, up to a maximum of \$50 per household etc.)
3. Continue the program as currently administered and transfer \$25k of the funds collected to PAL in October 2016.
4. Discontinue (or reduce) the collection of funds from the membership for remainder of 2016 (starting in September) and continue to payout the participants with the funds collected through August. The program for 2017 would be re-evaluated during the 2017 budget process.

Based on the analysis of the options Staff recommends Option 2 for the remainder of the 2016 program.

ORCAS POWER AND LIGHT COOPERATIVE

ENERGY ASSISTANCE PROGRAM

	A. Actual January 2016	B. Actual February 2016	C. Actual March 2016	D. Actual April 2016	E. Actual May 2016	F. Actual June 2016	G. Actual July 2016	H. Projected August 2016	I. Projected September 2016	J. Projected October 2016	K. Projected November 2016	L. Projected Year End 2016	M. Projected Year End 2017
1 Number of Participants	-	12	75	132	141	146	149	156	228	300	315	331	372
2													
3 Option 1 - Continue Current Program													
4 EAP Revenue Balance (Cumulative)	12,177	22,672	31,701	39,418	45,368	51,479	57,796	64,074	70,528	77,461	86,569	97,479	187,479
5 EAP Member Payout Balance (Cumulative)	-	129	1,020	2,676	4,434	6,251	8,104	10,045	12,882	16,614	20,533	24,651	77,165
6 Net Program Balance (Cumulative)	12,177	22,543	30,681	36,742	40,934	45,228	49,692	54,029	57,646	60,847	66,036	72,828	110,314
7													
8 Option 2 - Double Credits Paid (Recommended)													
9 EAP Member Payout Balance (Cumulative)	-	129	1,020	2,676	4,434	6,251	8,104	10,045	25,764	33,228	41,066	49,302	154,330
10 Net Program Balance (Cumulative)	12,177	22,543	30,681	36,742	40,934	45,228	49,692	54,029	44,764	44,233	45,503	48,177	33,149
11													
12 Option 3 - Pay PAL \$25k in October (Each Year)													
13 EAP Member Payout Balance (Cumulative)	-	129	1,020	2,676	4,434	6,251	8,104	10,045	12,882	41,614	45,533	49,651	127,165
14 Net Program Balance (Cumulative)	12,177	22,543	30,681	36,742	40,934	45,228	49,692	54,029	57,646	35,847	41,036	47,828	60,314
15													
16 Option 4 - Stop Collecting for 2016 (Sept. - Dec.) & Resume Jan. 2017													
17 EAP Revenue Balance (Cumulative)	12,177	22,672	31,701	39,418	45,368	51,479	57,796	64,074	64,074	64,074	64,074	64,074	79,074
18 EAP Member Payout Balance (Cumulative)	-	129	1,020	2,676	4,434	6,251	8,104	10,045	12,882	16,614	20,533	24,651	77,165
19 Net Program Balance	12,177	22,543	30,681	36,742	40,934	45,228	49,692	54,029	51,192	47,460	43,541	39,423	1,909

MEMORANDUM

August 12, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Safety Program Review

Jeff Myers, Columbia REA Safety Coordinator, conducts monthly safety inspections and training sessions with Operations. In addition, he provides training sessions of engineering and office staff as needed. Jeff will be discussing the safety program and its progress over his 5-year tenure with OPALCO.

MEMORANDUM

Date: June 10, 2015

To: Board of Directors

From: Foster Hildreth, General Manager

Subject: Safety Program – June/July 2016

Safety Training

Jeff Myers conducted hazard recognition training in June and fall protection and pole top rescue in July. Hazard recognition training informs employees how to recognize and avoid hazards in the workplace. Pole top rescue and fall protection training is conducted annually to review climbing and bucket rescue procedures; all qualified climbers certify they can perform a pole top rescue if needed.

Accidents/Incidents/Near Miss

Date: June 13, 2016

Type: Incident

Description: While backing out of the truck bay, the truck hit another vehicle. There was minor damage.

	June/July 2016	YTD (2016)
Near Misses	0	0
Incidents	1	1
Accidents	0	1
Loss Time	0	0

Total Hours Worked without Loss Time Accident: 22,143

GENERAL MANAGER'S REPORT

August 2016

PNGC

Staff is in progress of integrating PNGC services with current operations. In preparation for our 2017 Budget, PNGC load forecasting staff will be meeting with OPALCO staff on August 30th. Beth Looney, President and CEO will be attending the September Board meeting to review the power resource planning.

PNGC will hold its annual meeting in Portland October 3 and 4. OPALCO Board members are encouraged to attend.

ENGINEERING, OPERATIONS AND TECHNICAL SERVICES

WIP

As of August 8, there are 388 work orders open totaling \$10,050,575. The Lopez to San Juan submarine cable installation is the largest component (\$4.2M) of this figure. Operations has completed construction on 84 work orders, totaling \$690,227.

Submarine Cables

The conduit systems for the land portion of the submarine cable from Otis Perkins Park to the Lopez West Terminal has been installed. The termination of the cable will be completed by year-end 2016 in preparation for next year's submarine cable installation. This will allow us to expedite the activation of the cable once the submarine cable is put in-place and splicing complete.

Information Technologies

Operations and Member Services have transitioned as of late June to Cooperative Response Center for dispatching and the Outage Management System for logging, tracking, and crew awareness.

Fiber Backbone (Grid Control)

The high volume of activity since the beginning of the year continues on our overall telecommunications build out. Major segments of the backbone fiber have come online year to date, especially on San Juan Island. To date in 2016, more than 40 miles of fiber infrastructure is in use with another 10 miles under active construction. This enables multiple new SCADA connections throughout the electric grid. Crew communications has rolled out with each crew member carrying data and voice enabled devices connect to our LTE network.

FINANCE AND MEMBER SERVICES

2016 2nd Quarter Financial Review

Staff will be presenting the 2016 2nd Q financial statements and capital project analysis for board discussion at the August board meeting.

2016 Monthly Budget Tracking

Based on July 2016 preliminary results and staff 2016 year-end projections, TIER, revenue and purchase power is predicted to meet our budgetary targets. Based on the current projection, staff does not recommend implementing a true up mechanism at this time.

Rural Energy Savings Program Loan (RESP)

Staff submitted a “letter of intent” with RUS as Step One to begin the loan application process for a RESP loan to carry out a revolving/relending program to implement energy efficiency measures to qualified consumers within San Juan County. If approved by RUS, OPALCO will be invited to proceed with the loan application process and will have up to 60 calendar days to complete the documentation for a complete application. Proceeds from the RESP loan will be used to implement a comprehensive energy efficiency (EE) program encompassing a shared renewable PV array, energy storage system and demand side EE measures. There may be other avenues for funding projects like these; this submittal allows OPALCO to keep this loan potential available.

Energy Savings

WA State tax credits and M.O.R.E. credits for individual Member Generators are being distributed in late August. The maximum total of WA State distribution is \$100,000 and Member Generators have exceeded that cap by over \$72,000 due to the popularity of renewables in this county. The \$100,000 maximum will be prorated to the entire Member Generator group. In addition, M.O.R.E. recipients will also receive more than \$50,000 of additional incentives. Over \$80,000 of the BPA Energy Efficiency and Conservation Funds has been distributed to members so far, with more than 412,000 kWh saved in the current fiscal year.

COMMUNICATIONS

Election Review Process

At the April board meeting, the Board directed staff to develop a method by which members could participate in a comprehensive review of OPALCO’s election process. After inviting members to participate in a Member Review Committee on Elections (through ads, website, bill insert and newsletter), a total of 8 members responded and all were accepted. The Member Review Committee on Elections started work on August 4th and is meeting weekly to meet their goal of delivering committee recommendations to the OPALCO Board at the September 15 Board meeting.

The committee members are:

District 1 (San Juan et al): Doug Rowan and Stephen Shubert

District 2 (Orcas et al): Terry O’Sullivan (co-chair), Ed Sutton, Wally Gudgell (co-chair) and Douglas Marshall

District 3 (Lopez et al): Rob Thesman

District 4 (Shaw et al): Gabriel Jacobs

The committee has determined a set of goals:

1. Update longstanding Co-op election process
2. Promote transparency and fairness of election process
3. Advocate for a process that results in quality board members who serve the Co-op membership well
4. Broaden the flow of election information to Co-op members

The committee has determined their scope of their work, which includes a comprehensive review of the full election process.

Timeline:

- August 4 Committee work begins
- August 4 - September 1 Meetings and Outreach to Membership
- September 8 Committee recommendation due to staff
- September 15 Board meeting: reading and discussion of committee recommendation (committee members will be in attendance)
- October 6-7, 10-11 Member feedback on proposed changes at OPALCO open house events
- October 20 Board decision making on election process

The deliverable will be a matrix showing the problems identified by the committee with notes on discussion points and proposed solutions – including any bylaw or other changes required to enact the solution(s).

FACILITIES

Due to an aging “cast iron” septic piping system, the Eastsound office has experienced several septic outages. While investigating, the plumber discovered that the pipe is deteriorating and is in need of replacement. We are currently working out the details and the preliminary estimate of the cost is \$200,000. Once the scope of work is finalized, staff will come back to the Board with a budget increase request (if required).

Rock Island Communications

Rock Island continues to be active on all fronts. Multiple fiberhood projects have been completed year to date with numerous other underway. In addition, we are seeing a consistent stream of individual connections both residential and business throughout the county. Year to date, fiber revenue is running behind plan by 13% but is expected to make up the difference by year end. LTE revenue is running ahead of plan by 20%. This is expected to continue as more sites come online towards the end of the year. The LTE network is proving to be immensely beneficial beyond crew communications and broadband connections with multiple county agencies field testing mobile and in-vehicle devices to provide much needed communications for our first responders.

MEMORANDUM

August 12, 2016































To: Board of Directors

From: Foster Hildreth, General Manager

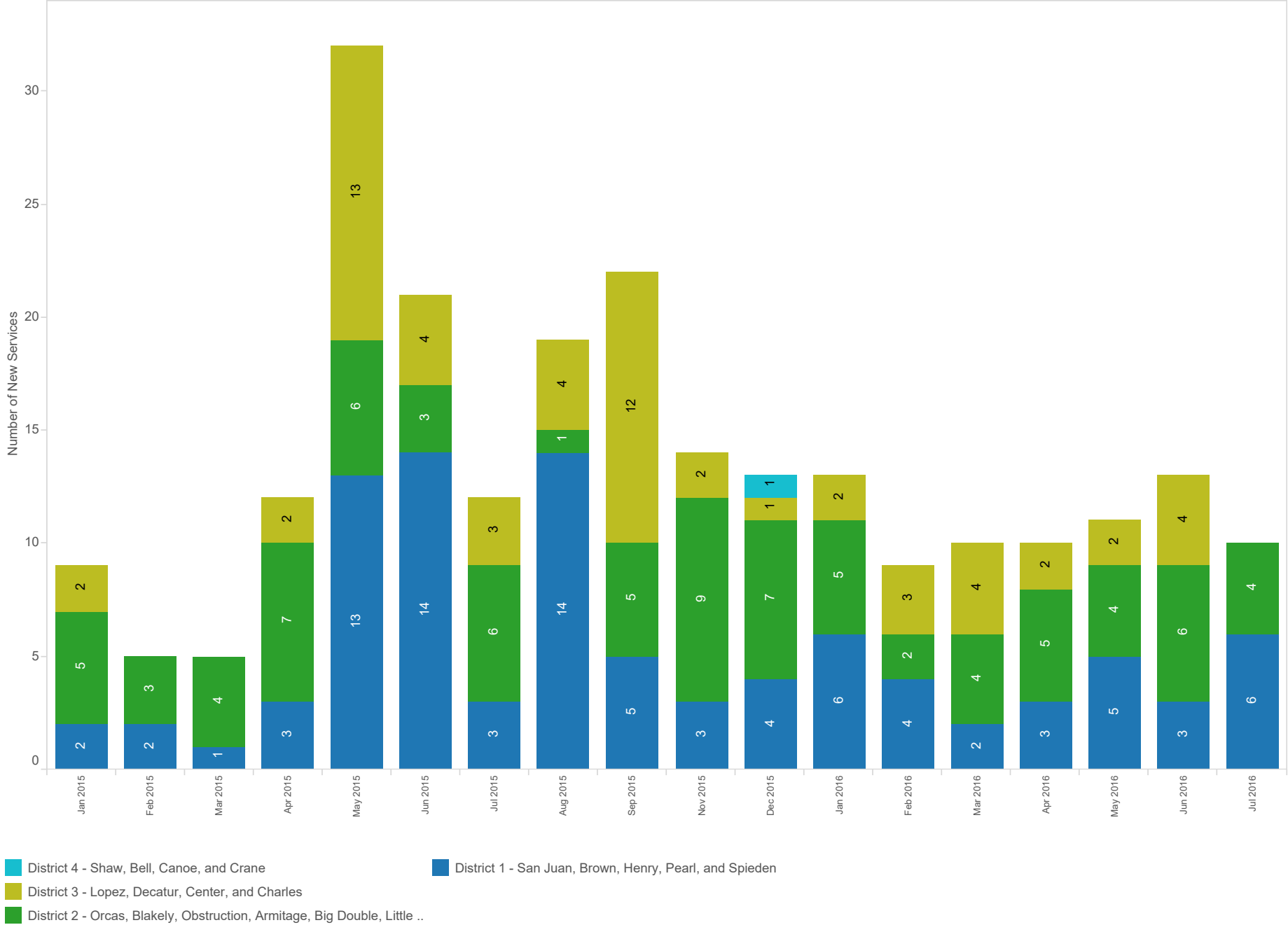
Subject: Dashboard

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

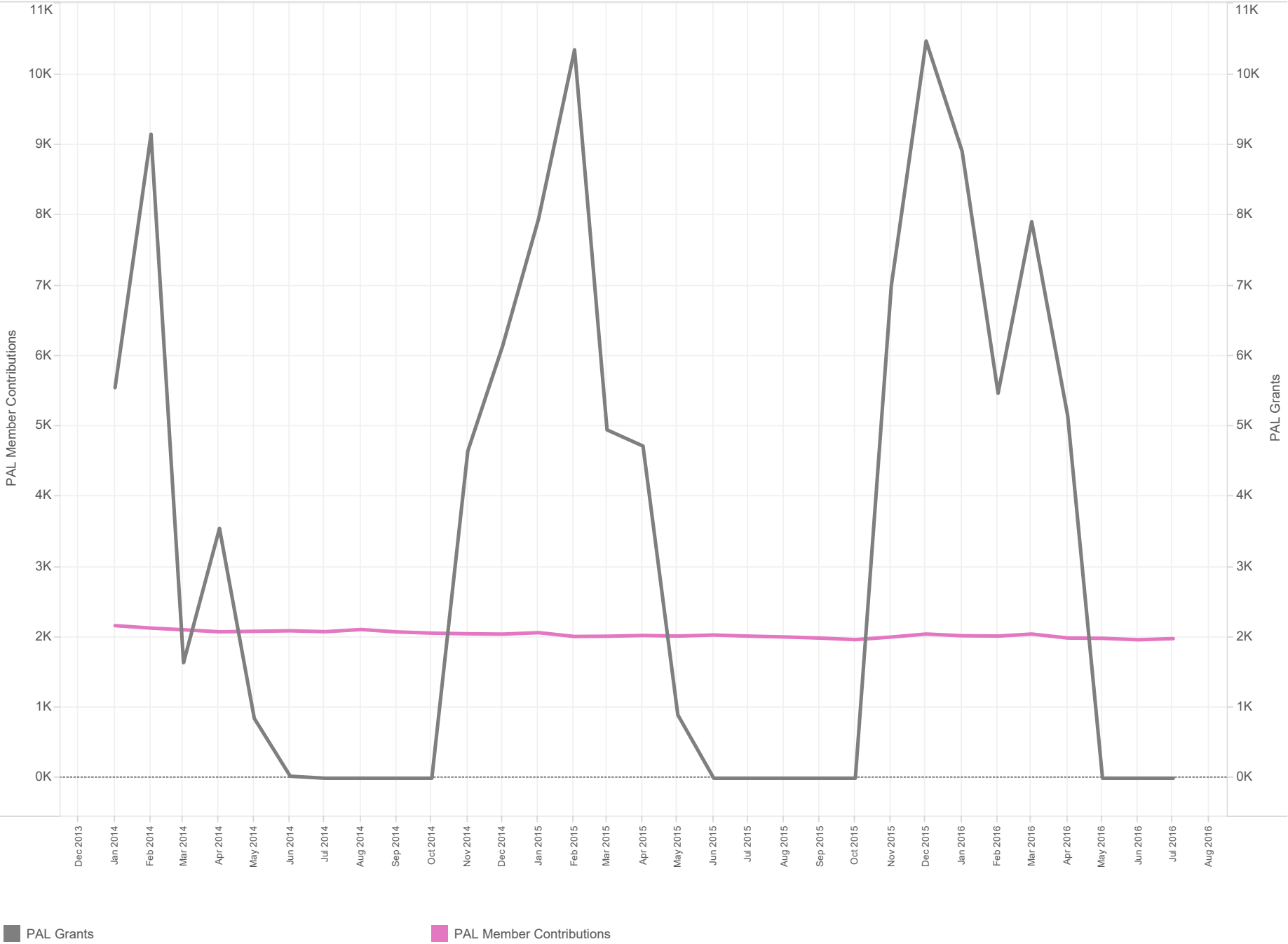
Due to the transfer of outage management to our new system, a rebuild of the outage dashboard will be required. The new outage dashboard will reappear when the rebuild is complete.

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
Power Cost				Below budget

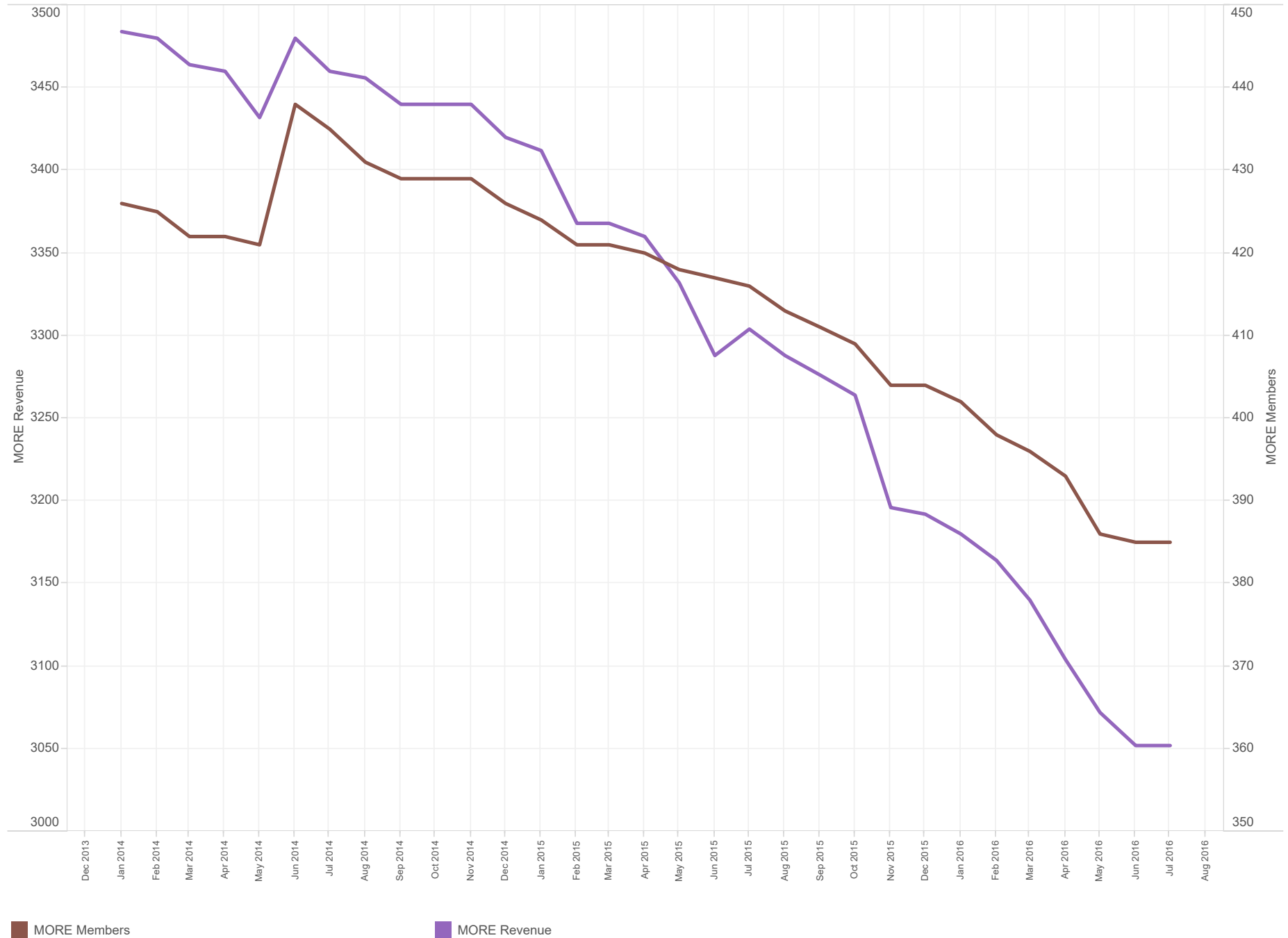
Services Additions by Board District
(excluding transfers)



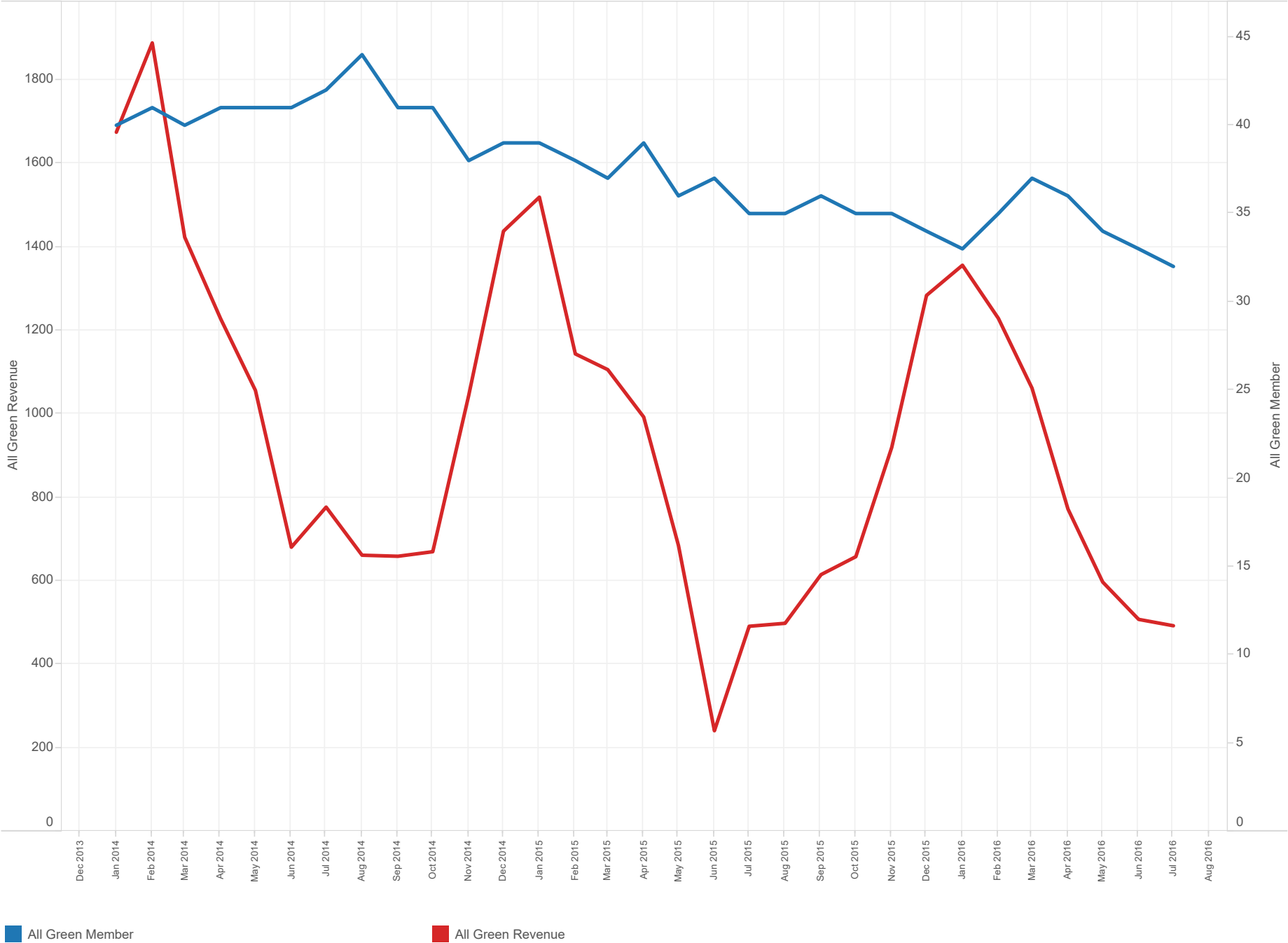
PAL



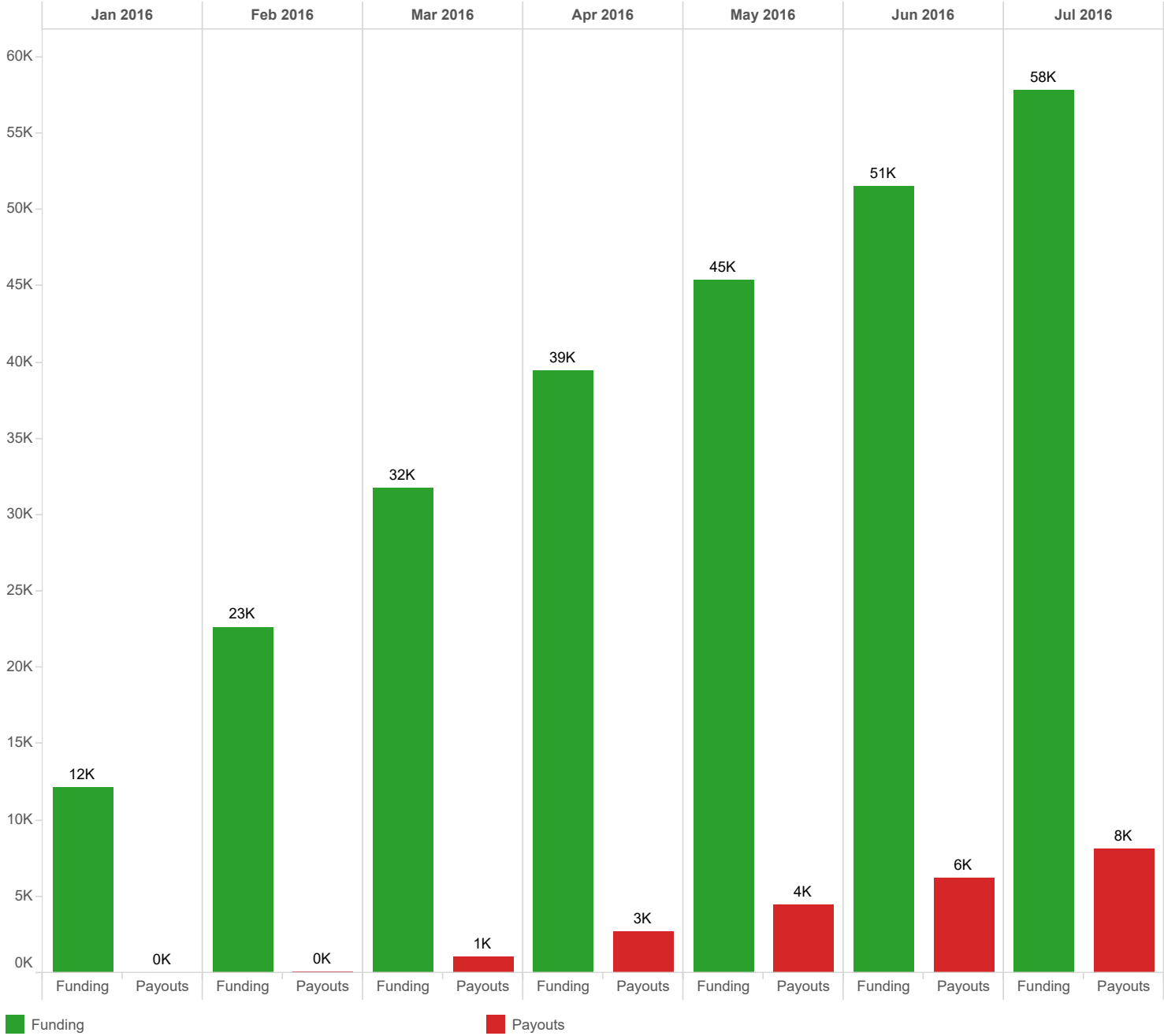
MORE



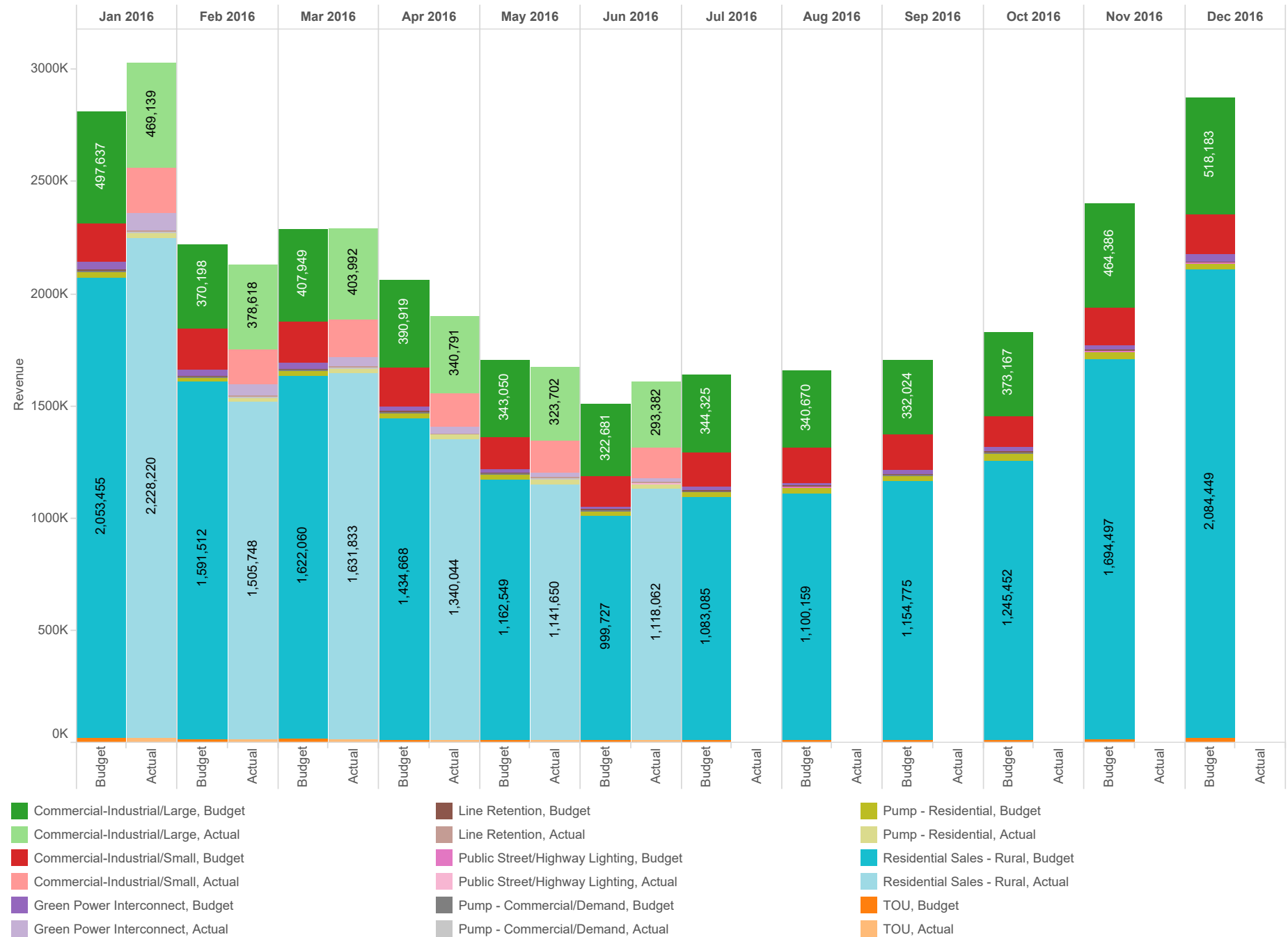
All Green



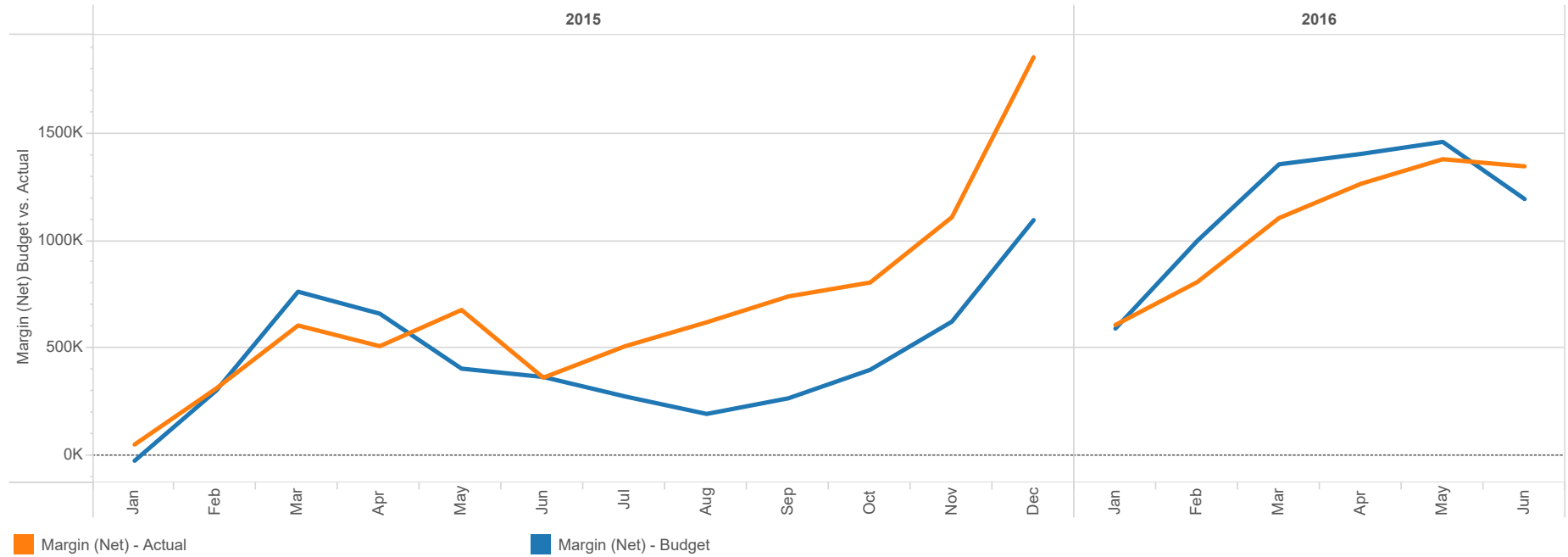
Energy Assistance Program
Monthly Fund Balances



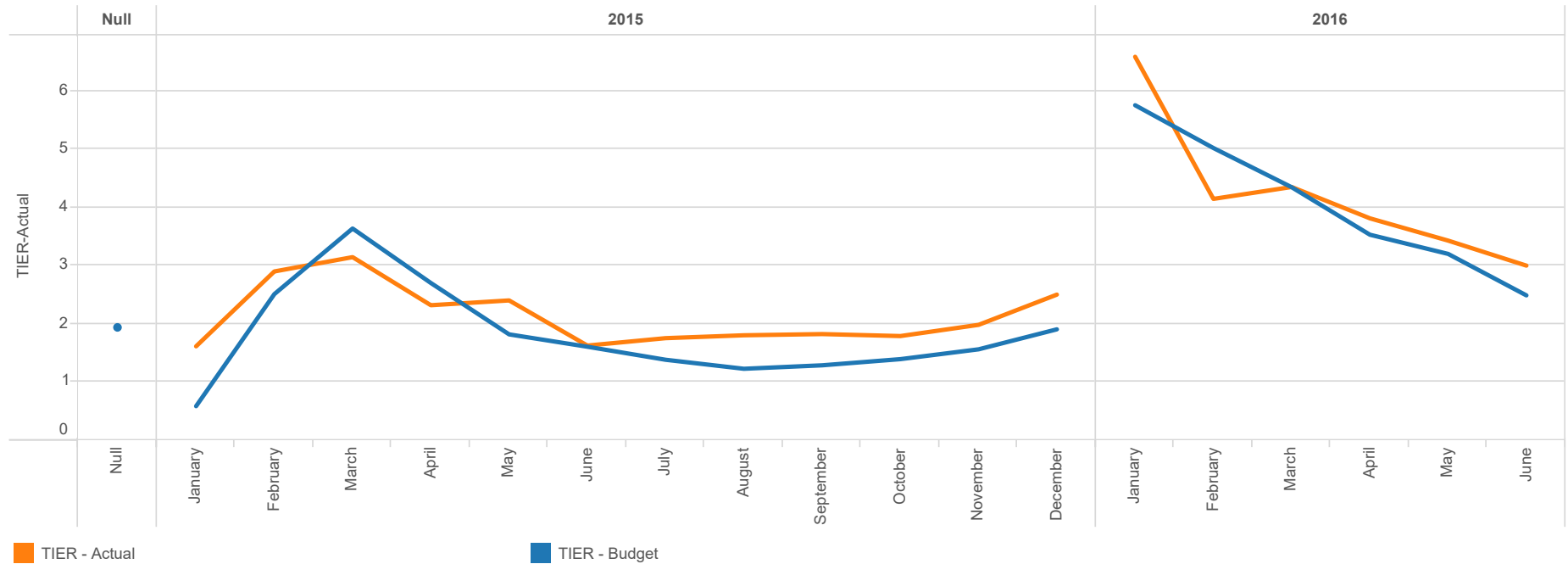
Revenue

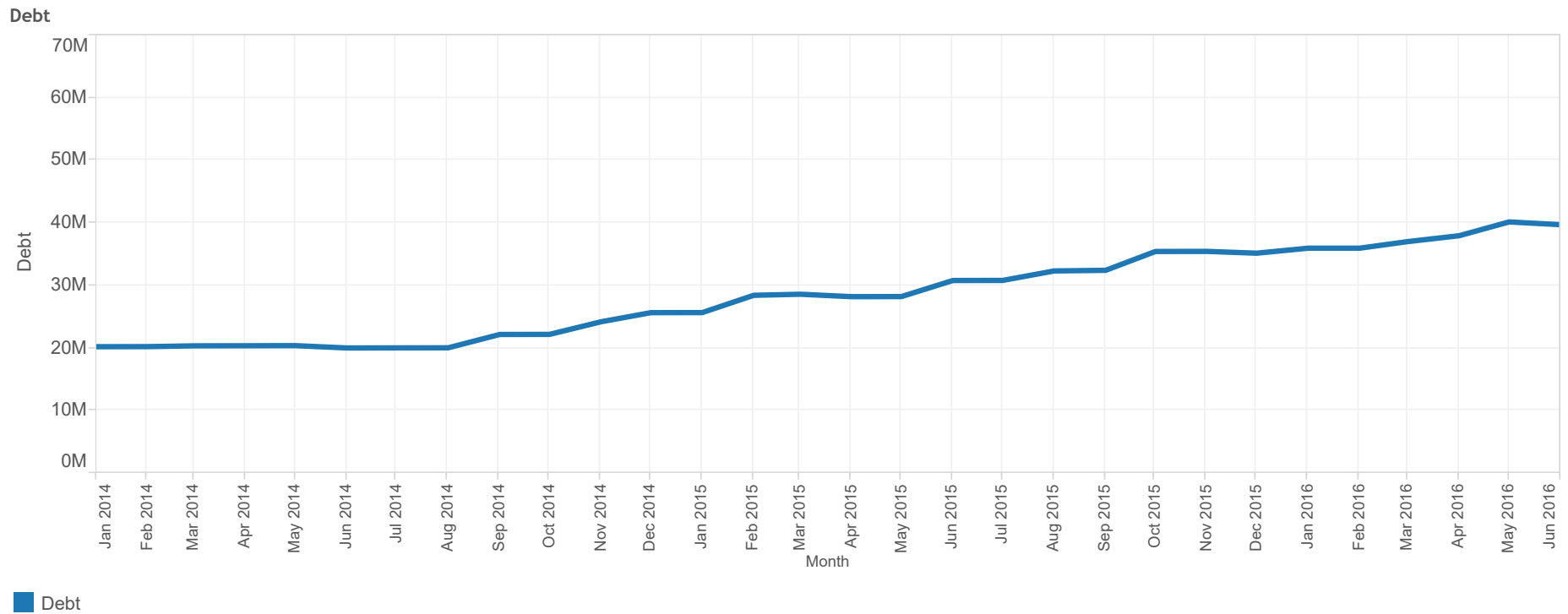
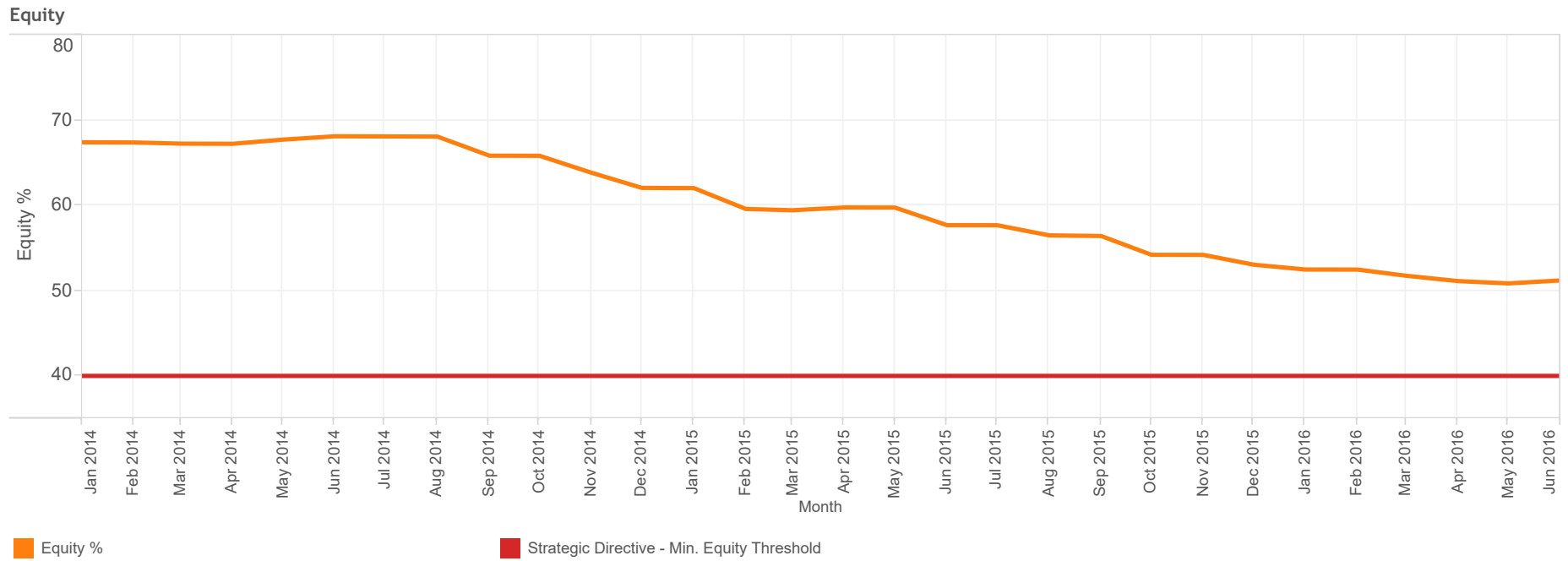


Net Margins

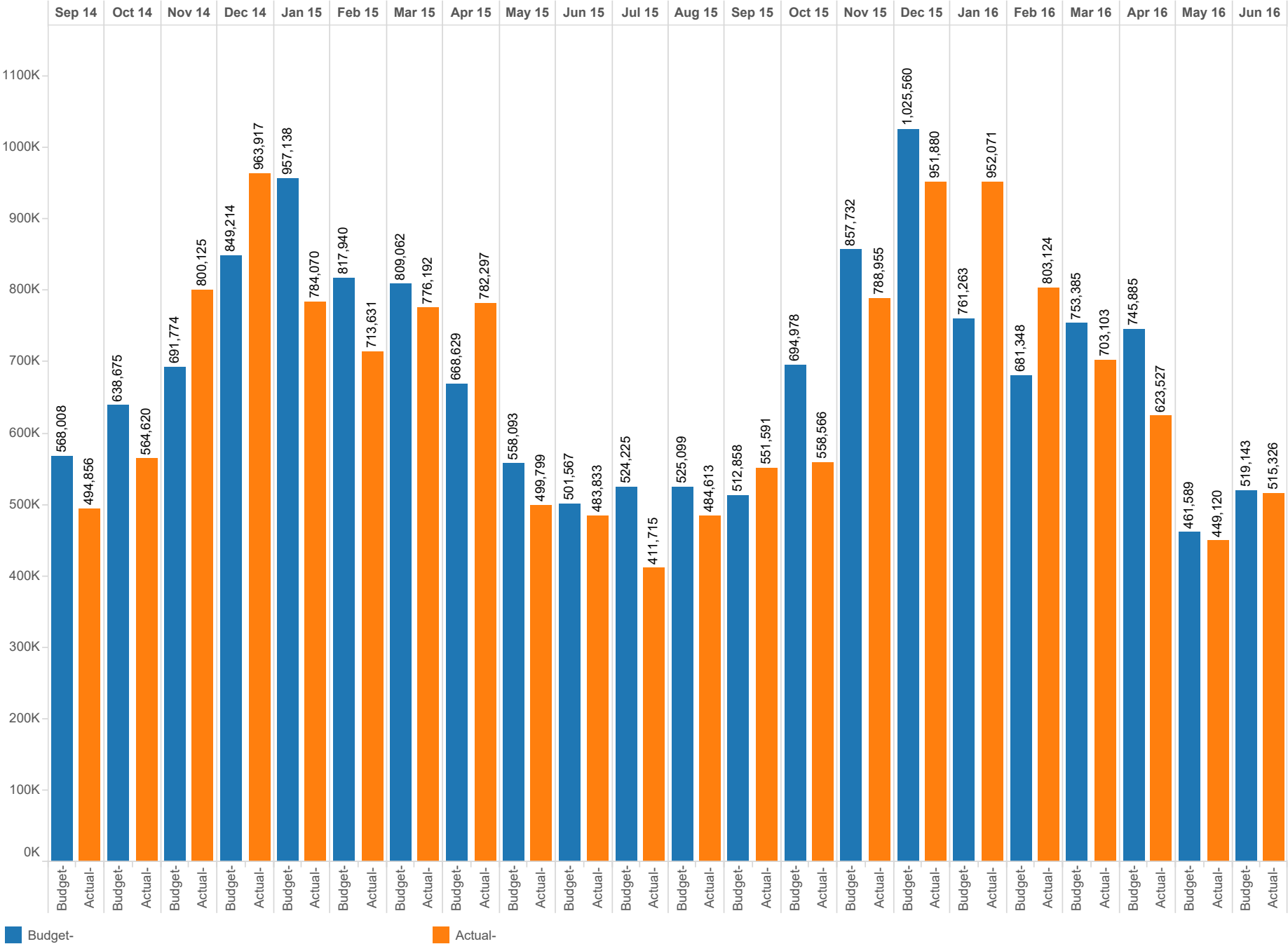


TIER





Purchased Power



MEMORANDUM

August 12, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Informational Items

The following is provided as informational:

1. Northwest RiverPartners latest *Current Reflections*
2. In addition, Rural Electric Magazine had an article in the August 3 edition about distributed generation that may be of interest to you:
<http://remagazine.coop/future-of-distributed-generation/>
3. New York Time Article discussing Electric Cooperatives called upon to solve the rural need for broadband similar to the expansion of electrical infrastructure in the 1930s.
http://www.nytimes.com/2016/08/08/technology/how-to-give-rural-america-broadband-look-to-the-early-1900s.html?em_pos=small&emc=edit_tu_20160808&nl=bits&nl_art=0&nid=46248775&ref=headline&te=1&r=2

New Renewables: Not What You Might Think

Hydro remains the region's reliable source of carbon-free energy

In a recent opinion piece for the Oregonian, Wendy Gerlitz of the Northwest Energy Coalition (NWECC) opined that the region must choose between healthy populations of wild salmon and removing the Snake River dams. NWECC's solution is to remove the dams and replace them with more energy conservation and new wind/solar projects. In reality, salmon and dams, including the Snake dams, are co-existing and thriving – good news for those who care about restoring salmon and reducing carbon emissions.

No matter how many times NWECC makes their assertion, it simply doesn't change the fact that the Snake dams can't be replaced by energy efficiency or new renewables. Top regional power planners at the NW Power and Conservation Council (Council) analyzed Snake dam removal in their Sixth Power Plan when NWECC first raised it years ago. The Council's analysis found that even if all cost-effective energy efficiency available in the region was acquired, fossil fuel generation would still be needed to replace the energy and capacity lost from removing the Snake dams.



WATER IS SPILLED THROUGH THE SPILL GATES AT ICE HARBOR DAM (LEFT SIDE) FOR SAFER FISH PASSAGE WHILE GENERATING NEEDED ENERGY IN THE POWERHOUSE SIMULTANEOUSLY.

Bringing on new wind and solar doesn't help either. The federal hydro system helps back up these resources now, but hydro has reached its limits. Tom Eckman, a recently retired top analyst from the Council, pointed out that developing new renewables requires building new gas plants to back them up, which does nothing to help with climate change.

<http://koin.com/2016/06/02/the-cost-of-green-energy-is-more-pollution>. That's the region's "dirty little secret in the clean energy game," Eckman noted.

This makes NWECC's position even more mystifying: for an organization that ostensibly cares about climate change, the Council concluded that removing the Snake dams with fossil fuel generation would add 3 to 4 million tons of carbon to our skies – every year. In fact, removing the Snake dams is likely the single most damaging action the region could possibly take from a climate change perspective. Yet, Ms. Gerlitz says that it is dams that are creating a climate threat to salmon – pointing to last year's hot temperatures and laying blame on the dams' reservoirs.

Once again, this is entirely off-base. The dams didn't "do in" the sockeye last year, but Mother Nature did by hitting the Northwest with a combination of low flows and persistently record hot temperatures. In fact, NOAA Fisheries' "After Action" report on the tragic loss of sockeye last year concluded that the dams helped keep river temperatures cooler through most of the migration season. Interestingly, the Fraser River in British Columbia also has experienced severe sockeye population crashes some years – there just aren't any dams to blame there.

So, how are the salmon doing? This year, with more normal river conditions, the sockeye have returned in droves with 342,000 adults making their way above Bonneville Dam including Snake River sockeye. Chinook returns have been good so far this season and nearly a million fall Chinook are forecasted to return, which is very good indeed.

Young salmon migrating downstream are doing well too. Looking at the federal dams on the Columbia and Snake rivers, survivals are high — averaging 97% percent or better at the dams. Operational changes also are helping speed young salmon on their way and new fish slides at the dams are making for a safer trip. One hundred percent survival is not possible even in a free flowing river.

Also overlooked are the multiple, critical benefits the Snake dams provide the region. NWECC acknowledges they can be used to meet changes in energy demands almost instantaneously. Providing up to 2,650 megawatts of emergency energy to the transmission grid for five days, and a navigation and lock system which moves a variety of products producing over \$3 billion in value are left off the list, among other benefits.

I welcome Ms. Gerlitz' call for an "honest and thorough analysis" of Snake dam removal. The facts and analyses that have been done – exhaustively – over many years simply haven't supported removal of the dams from a climate change, salmon restoration or economic perspective. Let's see if there is anything new to be learned. What I don't expect to change are continued calls for removal of those dams from NWECC or other groups no matter the analysis or outcome.

For more information, please visit www.nwriverspartners.org or www.cleanhydro.com

MEMORANDUM

August 12, 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 was received from members:

TOPIC:	NAME:
1. OPALCO General Discussion	Alex MacLeod

(This communication occurred in June; however, it was not understood that it was intended for the Board to review.)

VIA EMAIL

June 8, 2016

Foster Hildreth
General Manager
OPALCO/Rock Island Communications
183 Mt. Baker Road
Eastsound, WA 98245-9413

ATTN: Member Communication

Foster:

I am writing to call your attention to what I believe is a lack of honesty with the membership about the financial performance of Rock Island Communications.

In your packet to the board for its May meeting, you lowered the 2016 financial projections for RIC by more than 20%, applied them retroactively to the first four months of 2016 and did so without disclosing this material change to the membership.

Since there was absolutely no notice elsewhere in the board packet that this change had been made, members should conclude that it was a deliberate attempt to mislead the membership about the performance of its wholly-owned subsidiary.

For the first quarter, the changes turned significant revenue underperformance into performance slightly exceeding the new expectations. You parroted that "improved" performance in the recent video update of RIC, again without disclosing that you have lowered its revenue projections for 2016 by more than a half-million dollars. What was weak cash flow magically became "strong cash flow," in your words, even though it is anything but.

There has never been any public discussion of an updated RIC business plan. If the board has discussed it, it has been behind closed doors.

You will recall that I sent you an email May 31 asking about these changes, and when the updated business plan would be made available to the membership, which I copied to Board President Jim Lett and Shaw director Jerry Whitfield. I have yet to receive an answer to my questions from you, or them.

When management presented RIC's 2016 budget last November, it noted that an updated business plan was in the works and would be on the board's February meeting agenda. It was not, nor was it on the March agenda. At that meeting, I asked Vince Dauciunas, who was acting that day as Board president, about its status. He said he had read it, but felt some redactions would need to be made before it was made available to the rest of the board and to membership, as earlier business plans have been.

It was not on the April or May agendas, or in the board packets, but in May management retroactively changed revenue forecasts for the first quarter based on it. The membership hasn't seen it.

This is the continuation of a pattern of obfuscation and outright dishonesty by management and the board since OPALCO decided to enter the Internet business. OPALCO has told the membership its costs for this business are limited to the \$7.5 million start-up loan from OPALCO to RIC, or about \$3 per month per connection for two years. This fails to recognize the investments in the fiber backbone, wireless spectrum and the in-kind T-Mobile investment which board member Jerry Whitfield, based on a conversation with Gerry Lawlor, put at \$8 million. You have called all these expenses — now in the neighborhood of \$20 million — as “costs of (electric) service,” rather than costs of the Internet business, and based significant electric rate increases on them. That is not honest.

I would add to that the deliberate effort you and Lawlor made to influence the recent board election to ensure — successfully, it turns out — the election of directors supportive of your management. Your after-the-fact defense of that effort, followed by your hollow acceptance of responsibility when it became obvious that neither the board nor the membership would tolerate such a bald-faced attempt to manipulate the election, are evidence of a lack of integrity.

On top of the evidence of your lack of honesty with the membership, there is management's incompetence, most notably its failure in 2014 to monitor the business sufficiently to avoid violating OPALCO's loan covenants with its primary federal lender. That resulted in a required “corrective action plan” and the creation of “true up” rate increases to insure that the margin won't fall below its minimum, regardless of the lack of management attention to financial controls.

It is way past time for OPALCO to return to its cooperative roots, most basically to management and board openness and honesty with the membership. The true costs of OPALCO's Internet business need to be disclosed to the membership. Its updated business plan needs to be made available for member review, rather than silently slipped into financial reports to show more progress than is real. Every dollar that has contributed to Rock Island's start-up is from the membership. Telling the membership now that you won't disclose Rock Island's financial plan because one day you hope it will become a “for-profit” business is just more dishonesty.

Sincerely yours,

Alex MacLeod
Member 63398