

**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 Guerry; 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

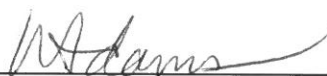
- Safety: Staff summarized an incident that occurred when a bucket truck was backing up.
- General Manager: Hildreth reported that installation of the conduit systems for the land portion of the **submarine cable** between Lopez and San Juan islands is complete. CenturyLink has not responded to our request 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