



BOARD OF DIRECTORS

REGULAR MEETING

Thursday, January 26, 2017 8:30 a.m.

OPALCO Conference Room, 183 Mt Baker Road, Eastsound

TRAVEL



Via Island Air

378-2376 / 378-8129 (cell)

To:

Leave FH 7:45 a.m.

Lopez 8:00 a.m.

Arrive Eastsound 8:15 a.m.

Return:

Leave Eastsound 3:00 p.m.

Arrive Lopez 3:15 p.m.

FH 3:30 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.

Arrive Shaw 3:10 p.m.

Lopez 3:30 p.m.

Leave Orcas 4:15 p.m.

Arrive FH 4:55 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Eastsound OPALCO Office
376-3500
January 26, 2017 8:30 a.m.**

PAGES

WELCOME GUESTS/MEMBERS

- Member Comment Period

ACTION ITEMS

- 3-6** ○ Consent Agenda
- 4-5** • Approval of December 2016 Minutes
- 6** • New Members
- 7** • Capital Credits
- 8-12** ○ Bylaw Revisions
- 13** ○ Elections & Governance Committee
- 14** ○ CFC Voting Delegate

DISCUSSION ITEMS

- 15-16** ○ Rate Structure Review
- 17** ○ Director Remote Attendance

REPORTS

- 18-22** ○ General Manager

INFORMATION ITEMS

- 23-24** ○ Member Correspondence

ADJOURNMENT

Executive Session: Legal and personnel / Election & Governance Committee

MEMORANDUM

January 20, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Consent Agenda

All matters listed with the Consent Agenda are considered to be routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item by request of a Board member. The minutes will reflect the approved consent agenda.

The Consent Agenda includes:

- Minutes of the previous meeting(s)
- Approval of new members {as required by Bylaws Article I Section 2 (d)}
- Capital Credit payments to estates of deceased members and/or organizations no longer in business

Staff requests a motion to approve the Consent Agenda.

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

Thursday, December 15, 2016

President Vince Dauciunas called the meeting to order at 8:50 am at the Friday Harbor office. Board Members present were Winnie Adams, Randy Cornelius, Jim Lett, Mark Madsen and Jerry Whitfield. Brian Silberstein participated for the Tariff Revision portion of the meeting via phone. Staff present included General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Executive Assistant Bev Madan (serving as recording secretary). Also present was consultant Jay Kimball.

MEMBER/GUESTS

Each member/guest was offered an opportunity to address the board. Present were the Dwight Lewis, Steve Ludwig, Tom Starr, Jeri and Mike Ahrenius and Hayley Day (media).

Two of the Nouridine Jensen Youth Scholarship recipients presented their experiences at the Idaho Youth Rally.

CONSENT AGENDA

- **Motion** made to accept the Consent Agenda which consisted of the November 17, 2016 minutes, new members (listed below), capital credit payments to the estates of deceased members/businesses and RUS 219s. Motion was seconded and carried by voice vote.

New Members:

DISTRICT 1

San Juan

Aipopo, Margie
Albritton Family Roche Harbor
Bouwman, Joran
Chase, Michael
Deely, Kathy
Elder, Molly
Erickson, Brian
Garcia, Norberto
Gibson, Penny
Haagensen, Ryan
Hamdorf, Paul & Marlene
James, Matthew
Kearns, Patricia
Koch, Hans & Cindy
McLaglen, Christy & Eric
Mountford, Elizabeth
Nett, Craig & Catherine
Newcomb, George
Paz, Silvia
Rook, Kyle
Root, Daniel
Salyards, Clyde
Schmidt, Christopher
Shorett, Sarah
Suhl, Adam
Thiessens, Jeremy
Windstorm, Bly
Venegas, Kelsey
Zendejas-Rhodes, Elvis

DISTRICT 2

Orcas

Barcelos, Nathaniel & Jennifer
Barfoot, Harold & Denise

Boathouse Ciderworks LLC

Ceteras, Cynthia
Gazecki, John
Kilgore, L & Sarah
Long, Linda
McCullum, Kamala
McGee, Michele
Miller, William
Morris, James & Merriman-Morris, Corrinna
Morris, Sheila & John
Obstruction Pass Adventure
Phillips, Brian
Samuels, Brian & Lesley
Seeley, Chlarson
Segal, Arthur MD & Angela
Wild Island, Inc

DISTRICT 3

Center

Miland, Stephen & Annamarie

Lopez

Carrier, Kelli
Chawkin, Shara & Philps, Toby
Kammersgard, Dana & Lisa
Maggior, Debra & Arione, Salvo
Means, Robert
Olsen, Norman & Gwen
Ross, Roger
Selg, George & Mary Jo
Simms, Robert

DISTRICT 4

Shaw

PCG, LLC
Richards, Donna

Capital Credits

Robert Fritz..... \$1,526.66

Island Petroleum Services, Inc.	\$4,290.94
John Roselli	<u>\$962.35</u>
Total.....	\$6,779.95

RUS 219s approved for projects completed from the Construction Work Plan in the amount of \$546,624.78.

NRECA VOTING DELEGATE

- **Motion** made to designate Cornelius the voting delegate for the NRECA annual meeting to be held in San Diego February 26-March 2 and Lett the alternate. Motion was seconded and carried by voice vote.

TARIFF REVISIONS

Revenue/rate increases of approximately 5% were approved with the 2017 budget at the November meeting. Tariffs were revised with the increase and will be effective with the January billing. Discussion resulted in determination of the Board to educate themselves on rate structure background, alternatives, and impacts in 2017 and complete a full cost of service analysis and rate structure review in 2018.

- **Motion** made and seconded to approve the tariff revisions as presented. Motion carried with one opposed.

EASEMENT RELINQUISHMENT

- **Motion** to relinquish Easement #AFN102250 was made and seconded. Motion carried by voice vote.

2017-2020 CONSTRUCTION WORK PLAN / RESOLUTION 6-2016

- **Motion** to approve the 2017-2020 Construction Work Plan and corresponding Resolution 6-2016 made and seconded. Motion carried by voice vote with one abstention.

MEMBER SERVICE POLICY 30 *Political Activity*.

- **Motion** to approve Member Service Policy 30 *Political Activity* made and seconded. Motion carried by voice vote.

BYLAW REVISIONS / STAGGERED BOARD TERMS

The bylaws will be reviewed further at the January meeting.

- **Motion** to revert the section of Article III *Directors* Section 2 *Qualifications and Tenure* to the language prior to the November 17, 2016 revisions, removing staggered terms, was made and seconded. Motion carried by voice vote.

REPORTS

- **General Manager**
The finance summary dashboard was reviewed and a submarine cable update given. The Systems Engineer is conducting testing of the submarine cable at the manufacturing facility in Japan. Staff reviewed the status of CenturyLink’s cable trespass.
Safety Program
Substation training in each district took place in October. There were no ‘near miss’; incidents or accidents to report. Hours worked without loss time is currently 51,674.

11:00 am Cornelius departed.

ADJOURNMENT

Meeting adjourned at 11:30 a.m.

_____	_____
Vince Dauciunas, President	Winnie Adams, Secretary-Treasurer

NEW MEMBERS
December 2016

District 1

San Juan

1. Buchwach, Brett
2. Casey, Brandi & Bye, Justin
3. Fleming, Andrew & Waters, Meriss
4. Hart, Paul & Jane
5. Hull, Amy
6. Inter-Island Propane & Mech.
7. King Chinook Roche Harbor
8. Larson, Jeanine
9. Maza, Renee
10. Meidinger, Helen
11. Palmer, Delsi & Daniel
12. Perez Soliz, Alejandro
13. Rassat, Nic
14. Russell, Todd & Lee Ann
15. Schmidt, Kathryn & Jayson
16. Schnier, Patricia
17. Smith, Kenneth E.
18. Swartling, Russell
19. Tetrick, Mark
20. Van Every, Allen & Dana
21. Verdisgris
22. Wheeler, Joseph
23. White, Melissa

District 2

Orcas

24. Bullock, Sarah & Chris
25. Douglas, Tom & Sue
26. EEBA LLC
27. Jensen, James & Betty
28. Milligan, Kevin
29. O'Brien, Michael & Sally
30. Russell, Kelli
31. Smith, Jay

District 3

Center

32. Campbell, Kirk & Musselman, Susan D

Lopez

33. Aydelotte, Alexis
34. Guay, Ryan
35. Kozynczak, Maciek
36. Smith, Shirwin
37. Willis, Matthew & Toni

District 4

Shaw

38. Linville, Karen

MEMORANDUM

January 20, 2017

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:

Member/Organization	Retirement Amount
Joe Fanjul	\$788.93
John I. Hodges Sr.	\$551.18
A. G. Lawson	\$7,290.73
Louise E. Newlean	\$844.87
Sallie Simonian	\$979.94
Virginia Mae Jensen	\$957.15
Russ L. Cole	\$810.89
Trevor J. Faux	\$255.80
Kate G. Sidelsky	\$512.85
Dan Kenney	\$618.41
Glen Garrett	\$617.79
Mark E. Rasmussen	\$158.05
Fred D Nicol	\$1,080.72
Raymond R. Snover	\$657.58
Marlyn R. Munter	\$335.41
Clyde & Joan MacDonald	\$2,499.96
Suzanne Aust	\$382.79
Delores M Hollenbach	\$1,143.40
Michael J. Hughes	\$403.33
Patricia J. Branstetter	\$756.49
John P. Meidinger	\$1,114.22
Amigos Inc.	\$2,271.52
Total	\$25,032.01

MEMORANDUM

January 20, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Bylaw Revision (Article III, Section 2) *Qualifications and Tenure*

As a follow-up to the December board discussion, the board requested the changes to the bylaws pertain only to director candidates and not current directors. Please note, the existing conflict of interest policy provides direction for current directors when conflicts of interest arise.

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship of member resources in service to the Cooperative.

The Member Review Committee on Elections recommended that OPALCO leadership provide clear guidance to the Elections & Governance Committee (EGC) on the attributes and qualification of future board candidates. Our legal counsel has reviewed conflict of interest policies and practices of other electric cooperatives and advised us on this bylaw amendment proposal.

Staff recommends revisions to Article III, Section 2 *Qualifications and Tenure* as attached.

Bylaws Article III—Directors

DRAFT REVISIONS

Section 2. Qualifications and Tenure.

The territory served by the Cooperative shall be divided into four districts, and the directors shall be energy member residents of one district, as evidenced by an OPALCO membership with a residential meter in their name and as hereafter provided.

District No. 1 shall include all territory lying South and West of a line beginning at the boundary between the United States and Canada, Northeast of Stuart Island; thence running in a Southeasterly direction to the East of Stuart and Spieden Islands through San Juan Channel; thence proceeding Southerly between Cattle and Davis Points through Middle Channel.

District No. 2 shall include all territory lying East and North of a line beginning on the boundary between the United States and Canada Northeast of Stuart Island and running thence Southeasterly to the East of Stuart and Spieden Islands and West of Flattop Island to a point West of Jones Island; thence Easterly to the North of Jones Island through Spring Passage and thence Easterly through North Pass and Pole Pass to the South of Orcas Island through Harney Channel; thence Southeasterly to the West of Blakely Island and through Thatcher Pass to the Skagit County line.

District No. 3 shall include all territory lying West of the Skagit County line and North of the Island County line and East of the East boundary of District No.1, with the North boundary thereof commencing at the Skagit County line East of Blakely Island and running thence Westerly through Thatcher Pass; thence Northwesterly to the intersection of Harney Channel and Upright Channel North of Upright Head; thence Southwesterly through Upright Channel to its intersection with San Juan Channel.

District No. 4 shall include all territory, which is bounded on the South and West of District No. 1, on the North by District No. 2 and on the Southeast by District No. 3.

Each director shall serve for a term of three years, or until his successor shall have been elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors. The election of directors and their terms of office shall be staggered for three year terms: District 1, District 2, and Districts 3 and 4 elections are to be rotated and held every third year, respectively. A director candidate shall be a resident of the OPALCO District he or she is seeking to represent, and shall declare either a home or business as the primary residence in that District, but not both

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship of member resources in service to the Cooperative. In this spirit, conflicts of interest that would disqualify a potential candidate for a board position are herein defined.

Nominations for directors shall be made each year as hereafter provided from persons residing in the respective districts from which directors are to be elected in that year. To be considered for a Director position, an individual must complete an Independent Director Qualifications form and will be found ineligible for a board position if any of the following conflict conditions apply:

1. Unless currently serving as a director on the date these bylaw amendments are approved, or reelected to the same position, no energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who is employed by with the Cooperative, a subsidiary or affiliate of the Cooperative within the five (5) years immediately prior to becoming a director. Additionally, prior terminated employees are ineligible as a director candidate;
2. A member who is in any way employed by or has non de minimis financially interested in a competing or supporting enterprise or business, or whose immediate family member is employed by a competing or supporting enterprise or business of the Cooperative, a subsidiary or affiliate of the Cooperative;
3. A member who currently holds public office or serves on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates, or whose immediate family member holds public office or serves on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates;
4. A director candidate, or their immediate family member, shall not be or have been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 ruling, or other legal action against or by the Cooperative or a subsidiary or affiliate of the Cooperative; or
5. A member who has been convicted of a felony crime.

~~No energy member shall be eligible to become or remain a director of the Cooperative who is employed by the Cooperative, a subsidiary or affiliate of the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or business. Directors and director candidates must comply with all other policies regarding qualifications and conflicts of interest which may be established by the Board of Directors from time to time, and complete and sign an Independent Director Qualifications form, consistent with the bylaws and approved by the Board of Directors.~~

When a membership is held jointly, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director nor to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth.



Independent Director Qualifications Form

Date: _____

Candidate Name _____ District _____

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship of member resources in service to the Cooperative. All board members and candidates for the Board of Directors must comply with Orcas Power & Light Cooperative (OPALCO) bylaws and policies regarding qualifications and conflicts of interest.

Relevant bylaws and policy references:

- Bylaw Article III – *Directors*, Section 2 – *Qualifications*
- OPALCO Policy 1 – *Functions of the Board of Directors*
- OPALCO Member Service Policy 9 – *Fair Treatment by OPALCO*

Please complete this form in order to establish your eligibility for a board position.

1. **Are you an active energy member in good standing of OPALCO?**

☐ Yes *Member #* _____ ☐ No

If you answered Yes, proceed to the next question. If you answered No, you are not eligible to become a Director of OPALCO.

2. **Do you have an OPALCO membership with a residential meter in your name?** ☐ Yes ☐ No

If you answered Yes, proceed to the next question. If you answered No, you are not eligible to become a Director of OPALCO.

3. **Are you, or any immediate family, member currently employed by OPALCO or any subsidiary or affiliate of OPALCO, or have been employed by any such organization within the past five years?**

☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered yes, you are not eligible to become a Director of OPALCO.

4. **Are you, or any immediate family member, in any way employed by or financially interested in an enterprise that competes with, supports or is an affiliate to OPALCO?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

5. **Are you, or any immediate family member, in any way employed by or financially interested in a business primarily engaged in selling electrical or plumbing appliances, fixtures, supplies; or Internet or phone services to members of the Cooperative?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

6. **Have you, or any immediate family member, ever been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 ruling, or other legal action against or by the Cooperative or a subsidiary or affiliate of the Cooperative?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

7. **Do you, or any immediate family member, currently hold public office or serve on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

8. **Have you ever been convicted of any crime other than a traffic violation?** ☐ Yes ☐ No

If yes, please explain:

I hereby authorize OPALCO to conduct a background search. I hereby swear that the above responses are true and correct.

Candidate Signature

Date

*This form must be completed and returned to the Eastsound office
within three working days from the date of the email distribution.*

Orcas Power & Light Cooperative
183 Mt. Baker Road
Eastsound WA 98245
(360) 376-3549

MEMORANDUM

January 20, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Elections & Governance Committee

As outlined in the recently approved bylaws, the goal is to initiate the appointment process for the new Elections & Governance Committee (EGC). The board is to appoint three EGC members per each of the three county council residency districts.

At this point, we have a portion of the nine seats to put forth for board consideration. Staff will continue outreach for the remaining seats and bring back such applicants for board consideration in future board meetings.

The board is to evaluate and determine whether the applicants should be appointed to the EGC.

District 1 [San Juan] *No applicants*

District 2 [Orcas] *Four applicants*

District 3 [Lopez and Shaw] *Three applicants*

After review of applications in Executive Session, staff recommends the board appoint up to three candidates for each district to the Elections & Governance Committee.

MEMORANDUM

January 20, 2017

TO: Board of Directors
FROM: Foster Hildreth
RE: CFC 2017 Voting Delegate

The CFC Annual Membership Meeting will be held in San Diego February 27 in conjunction with the NRECA annual meeting.

At the December meeting, Randy Cornelius was named the voting delegate for NRECA with Jim Lett the alternate. Cornelius plans to attend the meeting.

Staff requests that the Board designate, in the form of a motion, an official voting delegate and an alternate for the CFC 2017 annual meeting.

MEMORANDUM

January 20, 2017

TO: Board of Directors
FROM: Foster Hildreth
RE: Rate Structure Review

The Board indicated a desire to initiate rate review in 2017 due to the complexity and in anticipation of the 2018 Cost of Service Analysis (COSA) and expected rate structure modifications. Staff has developed the following roadmap:

2017 Schedule

1. Review Policy, Goals, and prior Study (Cost of Service Analysis (COSA) and Rate Design 2014) (January 2017 meeting)
Goal: Board to review existing rate documents (a – c below) prior to board meeting.
 - a. [OPALCO Policy 29](#) (click hyperlink for document)
 - b. [OPALCO COSA and Rate Design 2014](#) (click hyperlink for document)
 - c. Review existing Rate Structure Objective (as seen on next page)
2. Rate Structure Comparisons (Revenue Generated, Frequency Impact) (future meetings)
 - a. Frequency Impact: How many services have what percent and cost increase/decrease per month?
 - b. Revenue Generation: Does the revenue generated equal the requirements?
 - c. Rate Structure Alternatives
 - i. All kWh, No Facility
 - ii. High Facility, Pass through energy
 - iii. Minimum Bill
 - iv. Add Demand (Requires new meters)
 - v. All TOU (Requires new meters)
 - vi. Decoupling (All kWh with True-up Charge)
 - vii. Others?

2018 Schedule

1. Member engagement
2. Update COSA
3. Apply COSA allocations to Rate Structure Comparison Results
 - a. Reconfirm Rate Structure Objectives
 - b. Review structures for adherence to Rate Structure Objectives
 - c. Review model output of proposed structure revenue generated and impact frequency
4. Present for approval and implementation for the 2019 Budget (November 2018)

Board discussion: Rates Structure Objectives

Current Rate Structure Objective (Outlined in 2014 Rate Analysis)

1. Rates should **Meet Revenue Requirements**
2. Rates should be **Cost Based**
3. Rates should be **“Just, Reasonable, and Not Unduly Discriminatory or Preferential” – “Fair and Equitable”**
4. Rates should be **Easy to Understand** and **Administer**
5. Rates and the cost allocation process should **Conform to general accepted rate setting techniques**
6. Rate should provide **Revenue Stability** to the Utility and Rate Stability to the Member
7. Additional?

MEMORANDUM

January 20, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Director Attendance via Telephone or Electronic Means

Director Cornelius plans to be absent from the Board meetings in March and April, but plans to attend via video conference or telephone. It was requested to review the current bylaw language to ensure this is allowed.

Staff has confirmed that electronic participation in a meeting is allowed in Bylaw Article IV – Meetings of Directors Section 6 Actions by Written Consent and Telephone or Other Electronic Means: “...Further, any director may participate in any meeting by telephone, or other electronic means of communication by which all directors participating in the meeting may simultaneously hear each other during the meeting with the consent of all of the directors personally present at the meeting. Any director participating by telephone or other electronic means shall be counted for purposes of the quorum.”

GENERAL MANAGER'S REPORT

January 2017

DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards/>. Please note that all the dashboards are within board strategic parameters. The outage dashboard is still a work-in-progress due to conversion of outage management systems.

ENGINEERING AND OPERATIONS

WIP

As of January 19, there are 361 work orders open totaling \$12,591,636. Three of these work orders are associated with the submarine cable replacement project totaling \$6,274,140. Operations has completed construction on 63 work orders, totaling \$864,216.

Safety

Jeff Myers conducted lockout/tagout training for the qualified electrical workers. This training is an annual required training for all qualified electrical workers covering the switching procedures and safety rules for a lockout/tagout event.

	December 2016	YTD (2016)
Near Misses	0	1
Incidents	0	2
Accidents	0	1
Loss Time	0	0

The total hours worked without a loss time accident is 54,315.

Outage Review

We are extremely proud of the OPALCO crews and staff for the work effort pertaining to the nor'easter weather events during the week of January 9th. OPALCO experienced several outages during this event. Our Operations and Engineering departments, in coordination with Member Services via our recently deployed outage management system, quickly responded, communicated, and resolved these outages by the next morning. These outages were managed via SCADA and Outage Management, allowing for overall system awareness for faster operational decisions to ensure proper system voltages and power quality. The communication backbone infrastructure played an incredibly beneficial role in these restoration efforts.



Members were appreciative of the responses to the outages and the information updates displayed by the outage map on our website. See the member comment section of this packet for some of these comments.

Construction Work Plan (CWP) Progress

The board-approved CWP has been transmitted to RUS for review and approval. OPALCO engineering staff is preparing the Environmental Report to coincide with the CWP. This report will be review by various Federal (Army Corp of Engineers, Fish and Wildlife, National Marine Fisheries Service, etc.), State (Department of Natural Resources, Department of Archaeology and Historic Preservation, Department of Ecology, Fish and Wildlife Service, etc.), and Local (San Juan County Department of Community Development) agencies and also any tribes of the area. These agencies will comment and inform us of the additional permitting requirements to proceed. This report and the agency responses will be submitted to RUS for approval in order to begin the loan application process.

Submarine Cable Update

As required by our submarine cable contract, OPALCO's System Engineer witnessed testing and certified, in Japan, the newly manufactured submarine cable. The cable is now in storage until mid-summer 2017 when it will be transported from Japan to San Juan County for installation. The cable terminations are expected to arrive in March. After arrival, operations staff will begin the renovations of the Lopez West and Pear Point submarine cable terminals for acceptance of the new cable.

As a reminder, two of CenturyLink fiber optic cables are in a state of trespass in OPALCO's submarine cable easement area. OPALCO and Washington State Department of Natural Resources (DNR) has requested CenturyLink to remove their cables from OPALCO's easement area. Note, it is imperative for OPALCO to maintain and/or replace our submarine cables free of interference of CenturyLink's fiber optic cables. CenturyLink has known of this trespass condition since November of 2013 when their fiber optic cable was severed and left our community without communication service for several days. While it has taken us over three years to complete our permitting efforts, CenturyLink initiated their process as late as June 2016. We have made a concentrated effort to work with CenturyLink since November of 2013 to remedy this condition with little or no response until DNR pointed out the trespassing condition and demanded CenturyLink remove their cables from OPALCO's easement area.

The left photo below illustrates CenturyLink's cable in the smaller grey conduit and OPALCO's 69 kV cable in the larger duct. Please note the unauthorized lashing of CenturyLink's cable to our cable. The photo on the right shows the deteriorating condition of CenturyLink's only operational fiber optic cable in this major crossing. As seen, the conduit is not fully protecting the cable and as such the cable's outer coating is fully frayed allowing for the cable's armor stands to corrode.



Photos taken in December of 2016 of submarine cables at San Juan Island shoreline.

Submarine Cable Project Recent Activity

- Correspondence continues between CenturyLink and OPALCO involving WUTC, DNR and elected officials.
- Joel Mietzner and Gerry Lawlor testified at County Council meeting on January 10
- Journal of the San Juan Island reported on Council meeting with article headline, "OPALCO Raises Concerns Over CenturyLink Cable Break."

FINANCE AND MEMBER SERVICES

Finance

2016 Monthly Budget Tracking

Based on November 2016 actual results and year-end projections, revenue and power expense are currently predicted to be slightly higher than budgeted; however, the year-end margin and TIER projections remain on target with the 2016 budget.

Member Services

Staff has implemented the 2017 board approved rates that took effect with the January billing period.

As of the end of December 2016, there were 238 members enrolled in the Energy Assistance Program, who received assistance of approximately \$5.9k.

Energy Savings

Staff is currently calculating annual energy production for interconnected Member Generators for year-end reporting. EEI rebate applications have continued to come in as well as staff preparation to implement incentive programs for Electric Vehicle Charging Stations and Ductless Heat Pump fuel-switching. As of the end of December 2016, there were nearly 223 net metering and 742 total M.O.R.E. participants.

COMMUNICATIONS

Election & Annual Meeting

- An infographic showing the updated election process is posted online <https://www.opalco.com/resource-library/opalco-election-process/>
- Annual Report content and design are underway. The theme, for our 80th anniversary year, is “Renewing our Co-op Vows.” Content is being built on the foundation of our mission statement and Seven Cooperative Principles.
- There are six applicants for the Member Elections & Governance Committee. Staff requests that the Board appoint this committee at the January 26 meeting.
- Our election vendor, SBS, sent out an email survey to all members with email addresses on file to solicit their preference of a web or paper ballot. The default will be web ballots if a member does not opt out.
- We are launching a new app in partnership with SBS and NISC to collect candidate information for board nominations. This will create greater ease, efficiencies and standardization in how candidate information is collected and presented.

Outage Communication

- Recent outages have put our new outage communications system to the test. Members have responded with positive feedback on the outage map and social media posts. Local and Seattle news outlets have picked up our social media posts and forwarded them to their audiences.

Rate Increase Communication

Member notification about the January 1 rate increase has gone out (or is going out) in the following ways:

- Bill Insert (1/15 and 1/30)
- Article in local paper (1/13)

- Website (1/9)
- eNewsletter (1/24)

The communication team is monitoring social media commentary on rates and finance.

Nourdine Jensen Cooperative Youth Scholarship Program

Mike and Jeri Ahrenius (daughter of Nourdine) approached OPALCO with a desire to support the scholarship program. They will fund the additional cost to move our scholarship amount up to \$1000 per student for 3-5 students each year. We will tell that story in the next couple of weeks as we begin recruiting the next class of scholars. One application has already been received. The selection committee for 2017 includes Brian Silverstein (Lopez), Maria Doss (Orcas) and Victoria Compton (San Juan).

MEMBER COMMENTS

Personal Notes

Member Lorraine Hansen wrote *"Never mind 'having made my day'! Instead, thank you, thank you for having made my year! I received your wonderful check either December 22 or 23. I was too excited to pay attention to the date, but it was the loveliest of Christmas gifts and I appreciated it very much. May I again wish everyone at OPALCO a kind and generous 2017 year."*

Members Tom and Karen Ritter wrote *"Thank you to all your men and women who worked to restore electric power on in the San Juan Islands on Tue Jan 10 and Wed Jan 11. Your email message that outlined all the locations and status of many incidents that occurred during this time was very effective. We commend all these brave people who worked in extreme adverse conditions of cold air, severe wind and intense rain. They are the super stars and deserve special recognition. We pray that no one was injured during this episode. To accomplish this difficult task requires special training and strict supervision. Deep appreciation and respect to the OPALCO SUPER STARS."*

Facebook

Orcas Island Chamber of Commerce wrote: *"The Chamber thanks the good folks at Orcas Power & Light Cooperative for their assistance with stringing the lights on the tree on the Eastsound Village Green this holiday season...quick & efficient, and much appreciated!"*

Orcas Island Chamber of Commerce wrote: *"High winds...freezing temperatures...late night responses...we don't thank the emergency workers and linemen of Orcas Power & Light Cooperative often enough. Thank you all!"*

Orcas Power & Light Cooperative posted *"Dear Co-op Members: Thank you for the nice notes, treats and messages you sent over the past week. Our team does work hard to keep to keep the lights on – but we get our power from YOU! Your kindness is much appreciated."*

Among the many comments to this entry:

Colleen Smith Armstrong wrote *"Please show appreciation to your OPALCO linemen who work until the wee hours of the morning to restore power while we are warm at home in our beds. The conditions are arctic and stormy, making an already dangerous job even worse. I am very grateful for their long hours during this crazy week of windstorms, electrical fires and major outages."*

Hilary Canty *"So very grateful!"*

Sara Logan Donnelly *"I'm so grateful! They were out in front of my house by Cormorant Bay till early morning fixing the power a couple days ago. I mentioned to my mom that when I win the lottery I'll give them all a big bonus."*

Susie Shipman *"Thank you Linemen for all your hard work and training and long hours putting yourselves out in the harsh elements so we can be safe and warm. We would be lost in the dark and out in the cold without you. Also, want to acknowledge all your loved ones who worry and wait patiently for you to return home safely...Thank you"*

Andrea Cohen *"Absolutely...thank you for the hard work in scary conditions!"*

Orcas Food Co-op

Orcas Food Co-op sent eight sandwich cards for the line crew as a thank you for their work during the storm. Their note read "*These are for the linemen that were out working in the storm this week to get our power back on. We really appreciate how hard they work and how much we depend upon them to keep us up and running. Please let me know if anyone gets missed. Thank you, Madden*"