



**BOARD OF DIRECTORS
REGULAR MEETING
Thursday, February 16, 2017 8:15 a.m.
Lopez Fire Hall, Lopez Island**

TRAVEL



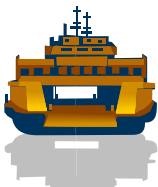
Via Island Air
378-2376 / 378-8129 (cell)

To:

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

Return:

Leave Lopez 3:00 p.m. Arrive Friday Harbor 3:15 p.m.



Via Ferry:

To:

Leave FH	5:55 a.m.	Arrive Lopez	6:40 a.m.
Orcas	7:00 a.m.		
Shaw	7:15 a.m.	Arrive Lopez	7:45 a.m.

Return:

Leave Lopez	3:35 p.m.	Arrive Shaw	3:55 p.m.
		Orcas	4:15 p.m.
		FH	4:55 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Lopez Fire Hall Lopez Island
376-3500
February 16, 2017 8:15 a.m.**

PAGES

WELCOME GUESTS/MEMBERS

- Member Comment Period

ACTION ITEMS

- 3-5** ○ Consent Agenda
- 4-6** • Approval of January 26 Minutes
- 7** • New Members
- 8** • Capital Credits
- 9-15** • RUS 219s
- 16** ○ EGC Update (Action only if applications received)

DISCUSSION ITEMS

- 17-21** ○ Rates Roadmap
- 22-25** ○ Transmission Right-of-way/Easements Status

REPORTS

- 26-28** ○ General Manager

ADJOURNMENT

Executive Session: Legal and personnel

MEMORANDUM

February 10, 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
- RUS 219s

Staff requests a motion to approve the Consent Agenda.

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

Thursday, January 26, 2017

President Vince Dauciunas called the meeting to order at 8:30 am at the Eastsound 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; and 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 Dwight Lewis, Steve Ludwig and Tom Owens.

CONSENT AGENDA

- **Motion** made to accept the Consent Agenda which consisted of the December 15, 2016 minutes, new members (listed below), and capital credit payments to the estates of deceased members/businesses. Motion was seconded and carried by voice vote with one abstention related to the minutes.

New Members:

DISTRICT 1

San Juan

Buchwach, Brett
Casey, Brandi & Bye, Justin
Fleming, Andrew & Waters, Meriss
Hart, Paul & Jane
Hull, Amy
Inter-Island Propane & Mech.
King Chinook Roche Harbor
Larson, Jeanine
Maza, Renee
Meidinger, Helen
Palmer, Delsi & Daniel
Perez Soliz, Alejandro
Rassat, Nic
Russell, Todd & Lee Ann
Schmidt, Kathryn & Jayson
Schnier, Patricia
Smith, Kenneth E.
Swartling, Russell
Tetrick, Mark
Van Every, Allen & Dana
Verdisgris
Wheeler, Joseph
White, Melissa

DISTRICT 2

Orcas

Bullock, Sarah & Chris
Douglas, Tom & Sue
EEBA LLC
Jensen, James & Betty
Milligan, Kevin
Obrien, Michael & Sally
Russell, Kelli
Smith, Jay

DISTRICT 3

Center

Campbell, Kirk & Musselman, Susan

Lopez

Aydelotte, Alexis
Guay, Ryan
Kozyczak, Maciek
Smith, Shirwin
Willis, Matthew & Toni

DISTRICT 4

Shaw

Linville, Karen

Capital Credits

Suzanne Aust	\$382.79
Patricia J. Branstetter	\$756.49
Russ L. Cole	\$810.89
Joe Fanjul	\$788.93
Trevor J.Faux.....	\$255.80
Glen Garrett.....	\$617.79
John I. Hodges, Sr.....	\$551.18
Delores M. Hollenbach	\$1,143.40
Michael J. Hughes	\$403.33
Virginia Mae Jensen	\$957.15
Dan Kenney.....	\$618.41
A.G. Lawson	\$7,290.73
Clyde & Joan MacDonald	\$2,499.96
John P. Meidinger.....	\$1,114.22
Marlyn R. Munter	\$335.41
Louise E. Newlean.....	\$844.87

Fred D. Nicol.....	\$1,080.72
Mark E. Rasmussen	\$158.05
Kate G. Sidelsky	\$512.85
Sallie Simonian.....	\$979.94
Raymond R. Snover	\$657.58

BYLAW REVISIONS

- **Motion** made to accept revisions to the Bylaws Article III *Directors* - Section 2 *Qualifications* as amended during Board discussion. Motion was seconded and carried by voice vote with one abstention.

ELECTIONS AND GOVERNANCE COMMITTEE

The Board entered executive session to discuss the current applicants for the Elections and Governance Committee (EGC), then returned to open session. Outreach will continue to fill the vacant positions. Orientation of EGC will be held on February 10th, 2017.

- **Motion** made and seconded to appoint members to the EGC as follows: Residency District 2 (Orcas) Position A (1 Year) - Doug Marshall, Position C (3 Years) - Bev Leyman; Residency District 3 (Lopez & Shaw) Position A (1 Year) - Rob Thesman, Position C (3 Years) - Chom Greacen. Motion was carried by voice vote.

CFC 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. Motion was seconded and carried by voice vote.

RATE STRUCTURE

The Board will initiate OPALCO rate structure reviews in 2017, with a full Cost of Service Analysis (COSA) and Rate Design in 2018. It was agreed that members should be involved throughout this two-year period. Discussion ensued regarding best method of member engagement / education. It was agreed that Policy 29 *Rate Design* should be reviewed as a part of this process. A Board committee, Whitfield and Silverstein, was formed to outline a roadmap/timeline to be presented at the February board meeting.

DIRECTOR REMOTE ATTENDANCE

The Bylaws were reviewed relative to directors attending Board meetings via telephone or video conferencing. Bylaws Article IV Section 6 allows for remote attendance of Board members and are included in the quorum count.

COLUMBIA RIVER : OPALCO POSITION

The agenda was amended to add the topic of “OPALCO’s position on the Columbia River System Operations (CRSO)”, as seen below. The board authorized staff to provide comment to the Environmental Impact Statement (EIS) process to the CRSO as outlined below.

“OPALCO Position on:
 Columbia River System Operation – National Environmental Policy Act (NEPA) and Environmental Impact Statement (EIS) Process, including Snake River Dam removal and fish related spill issues

Introduction
 Orcas Power & Light (OPALCO) is a rural electric cooperative delivering power to about 11,500 households and businesses located on 20 islands within the Salish Sea in NW Washington state. We care deeply about our beautiful marine environment and take seriously our responsibility for the stewardship of its sensitive resources, including salmon with all their rich cultural implications in our region and their important place in the food chain.

In our commitment to providing “environmentally sensitive utility services,” we depend on the clean, green and renewable hydropower we get from Federal Columbia River Power System (FCRPS) through Bonneville Power Administration. Our membership demonstrates their commitment to low carbon impact and value for clean and renewable energy through their high participation in energy efficiency and conservation measures and early adoption of locally distributed power. We are planning our first large scale community solar project in 2017 and make the best use of all available resources.

Removing the Snake River Dams will bring more carbon-based generation into our fuel mix from BPA and raise costs as BPA is forced to develop new generation and purchase new resources at market rates.

OPALCO opposes removal of the Snake River Dams for two primary reasons:

1. To protect the clean air and clear water of our service area and our region by maintaining our clean and renewable hydro resources.
2. To protect our membership from the economic impacts resulting from new resource development or purchases.

OPALCO supports the Northwest River Partner’s proposed hydro-system operations alternative and urges National Marine Fisheries Service (NMFS) and the federal action agencies to include it in the draft EIS to be issued in March of 2020.

Specifically, OPALCO urges the action agencies to re-think its proposed approach in the following ways:

1. The EIS must take a comprehensive All-“H” approach (hydro power, habitat, hatchery and harvest).
2. Eliminate ineffective and/or harmful spill operations.
3. Evaluate returning to the 110% Total Dissolved Gas (TDG) Standard.
4. Evaluate transport and spill alternatives.
5. Analyze hatchery and harvest management strategies that could allow for more harvest of hatchery fish and less harvest of ESA listed salmon.
6. Evaluate current habitat restoration efforts, including the “Fish Accords” to measure how effective they are in providing mitigation and survival benefits.
7. A clear understanding of the carbon footprint impact of removing dams as well as the alternatives for the displaced power.”

REPORTS

- **General Manager** The recent weather-related outages were discussed, with high praise for the crews and staff.

The submarine cable project was discussed, with an update regarding the CenturyLink fiber optic cables that are trespassing in OPALCO’s easement. There was discussion concerning the potential for CenturyLink’s fiber optic cable to break in the Lopez to San Juan crossing due to CenturyLink’s lack of maintenance effort.

Nourdine Jensen Cooperative Youth Scholarship Program will benefit from an additional \$1000 scholarship amount per student from the Jensen family.

- **Safety Program** There were no loss time accidents in December 2016.

MARCH MEETING

The March meeting was rescheduled to Friday, March 17.

ADJOURNMENT

Meeting adjourned at 12:00 p.m.

Vince Dauciunas, President

Winnie Adams, Secretary-Treasurer

NEW MEMBERS

January 2017

DISTRICT 1

San Juan

1. Adams, Teresa
2. Brackman, Herb
3. Cheesecake Café LLC
4. Cobb, Donald
5. Dorra, Erin
6. Cregor, Frank
7. Deng, Kangming
8. Friday Harbor Chocolates
9. Haase, Christina
10. Jennings, Jeremy & Lauren
11. Lake, Roland (Peter)
12. Larson, Charles A
13. Lomeli, Maricela
14. Lowry, Desiree
15. Risenhoover, Susan
16. Sehgal, Melissa
17. Sillik, John
18. Timmons Calstate LLC
19. Vaught, Raymond & Noel, Anna

DISTRICT 2

Orcas

20. Axelrod, Keara
21. Clark, Abraham
22. Collier, CJ & Rowley, Andrea
23. Davis, Michael
24. French, Krysta & Pan, Eric
25. Gadallah, Janet
26. Guzman, Carlos
27. Motch, Arthur III
28. Nichols, Wendy & Hartkopf, Scott
29. Nicol, Margaret
30. Parker, Sandra & Asher, David
31. Quintero, Laura
32. Springer, Joseph & Elaine
33. Waite, James & Dixon, Elizabeth

DISTRICT 3

Center

34. Hickey, Matt

Lopez

35. Meilak, Donn & Sutch, Jeannie

DISTRICT 4

Shaw

36. Graham, Andrew & Stacy

MEMORANDUM

February 10, 2017

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Capital Credits

Staff requests payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business by way of approval of the consent agenda:

Member/Organization	Retirement Amount
Sharron Crinean	\$1,513.10
Dorothy Ganzer	\$349.22
Donald Madsen	\$1,994.49
Virginia Van Camp	\$1,174.90
Kathleen Bacon	\$689.02
James Sillik	\$98.19
Bessie Wright	1,369.50
Total	\$7,188.42

Additionally, a request was received from David Black, Power of Attorney for his parents George and Florence Black. The Blacks are former members who moved to Missouri twelve years ago to be near their son. Mr. Black is requesting the balance of their capital credit account be paid now rather than upon their death (or sent in annual retirements). They are in their late 90's, in failing health and this money would aid in their care. Policy 11 *Capital Credits* 11.4.2 gives the Board "the discretion to determine the manner, method, and timing of retiring and refunding capital credits and affiliated capital credits." Staff requests a motion to approve payment of the capital credit account of George and Florence Black in the amount of \$1,845.07.

MEMORANDUM

February 10, 2017

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 #AM1612\$26,893.62 Apply to AM8
 System Improvements
- Inventory #AN1612\$35,913.00 Apply to AN8
 Grid Control Backbone
- Inventory 201612\$160,107.62 Apply to AM8
 Pole Replacement, URD Replacement

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$222,914.24.

01/27/2017 10:04:14 am

RUS Form 219 Inventory Of Work Orders Period: DEC 2016

Page: 3

System Designation: WA AH O9

Inventory: AM1612

Inventory: AM1612

		Work Order Construction (1)		Gross Funds Required		Deductions			Loan Funds Subject To Advance By RUS
Loan				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)	Contrib In Aid Of Constr and Previous Advances (8)	
Project	Year	Retirement (2)	Bdgt (3)						(9)
1600	2014	2382							
			1	14,089.44	0.00	0.00	0.00	0.00	13,919.79
							AFUDC: 169.65		
1600	2014	2433							
			1	13,120.61	0.00	0.00	0.00	0.00	12,973.83
							AFUDC: 146.78		
				27,210.05	0.00	0.00	0.00	0.00	26,893.62
Grand Totals:				\$ 27,210.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 26,893.62

Minor Construction Work Orders

Work Order: 2382 - SYSTEM IMPROVEMENT - ADD LOOP FEED ✓

Work Order: 2433 - CONVERT 1140FT OF OH TO UG ✓

01/27/2017 10:04:14 am

RUS Form 219 Inventory Of Work Orders

Page: 7

Period: DEC 2016

System Designation: WA AH 09

Inventory : AM1612

Budget	Loan	Project	Amount
	1	1600	26,893.62
	Total:		26,893.62



EXPIRES

ENVIRONMENTAL CERTIFICATION

- 1 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1794.31 (b) WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL REPORT.
- 2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS _____ IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER)

DATE

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

Joel Mietzner P.E.

INSPECTION PERFORMED BY

42902

2/7/17

LICENSE NUMBER

DATE

FIRM

SIGNATURE OF LICENSED ENGINEER

01/27/2017 10:04:14 am

RUS Form 219 Inventory Of Work Orders

Period: DEC 2016 System Designation: WA AH O9

Page: 4

Inventory: AN1612

		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	1863	1	31,384.51	0.00	0.00	0.00	0.00	30,191.49
							AFUDC: 1,193.02		
706 - 3	2014	2047	1	5,772.53	0.00	0.00	0.00	0.00	5,721.51
							AFUDC: 51.02		
				37,157.04	0.00	0.00	0.00	0.00	35,913.00
Grand Totals:				\$ 37,157.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 35,913.00

01/27/2017 10:04:14 am

Page: 8

RUS Form 219 Inventory Of Work Orders

Period: DEC 2016

System Designation: WA AH O9

Inventory : AN1612

Budget	Loan	Project	Amount
	1	706 - 3	35,913.00
Total:			35,913.00


EXPIRES 3/16/2017
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.

INSPECTION PERFORMED BY

FIRM

42902
LICENSE NUMBER2/7/17
DATEJoe Mietzner P.E. OPALCO
SIGNATURE OF LICENSED ENGINEER

01/27/2017 10:04:14 am

RUS Form 219 Inventory Of Work Orders

Page: 2

Period: DEC 2016

System Designation: WA AH O9

Inventory: 201612

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
		Retirement (2)							
606	2015	2275							
		2275	1	81,585.63	1,158.71	1,407.56	0.00	0.00	79,604.28
							AFUDC: 1,732.50		
				81,585.63	1,158.71	1,407.56	0.00	0.00	79,604.28
608	2014	2162							
		2162	1	10,849.86	0.00	0.00	0.00	0.00	10,474.25
							AFUDC: 375.61		
608	2014	2252							
			1	30,519.46	0.00	0.00	0.00	0.00	30,244.74
							AFUDC: 274.72		
608	2014	2541							
		2541	1	3,530.72	0.00	0.00	0.00	0.00	3,505.72
							AFUDC: 25.00		
608	2016	2328							
		2328	1	33,562.11	3,153.95	0.00	0.00	0.00	36,278.63
							AFUDC: 437.43		
				78,462.15	3,153.95	0.00	0.00	0.00	80,503.34
Grand Totals:				\$ 160,047.78	\$ 4,312.66	\$ 1,407.56	\$ 0.00	\$ 0.00	\$ 160,107.62

01/27/2017 10:04:14 am

Page: 6

RUS Form 219 Inventory Of Work Orders

Period: DEC 2016

System Designation: WA AH 09

Inventory : 201612

Budget	Loan	Project	Amount
	1	606	79,604.28
	1	608	80,503.34
	Total:		160,107.62



EXPIRES 2/7/2017

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.

Joel Mietzner P.E.

INSPECTION PERFORMED BY

42902

LICENSE NUMBER

2/7/2017

DATE

OPALCO

FIRM

SIGNATURE OF LICENSED ENGINEER

MEMORANDUM

February 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Elections and Governance Committee Update

The first Elections and Governance Committee (EGC) orientation meeting was held on February 10th.

Outreach continues to fill the vacant committee positions: three (3) positions for District 1 (San Juan), one (1) position for District 2 (Orcas), and one (1) position for District 3 (Lopez and Shaw). Staff will submit additional EGC applications for board consideration each month as received.

This year we have added a new Survey & Ballot Systems (SBS) app for board candidate nominations. Any member can submit an application to be nominated through the new direct nominations app at <https://opalco.directnominations.net>. The EGC will be reviewing these submissions and putting forward the slate of candidates for Board consideration.

All candidates seeking nomination by petition must submit their petition signed by a minimum of twenty members from the district they intend to represent. This petition will be submitted to the Eastsound office.

The EGC will select candidates no later than February 25th in order to post the nominations 80 days prior to the annual meeting, as stated in the bylaws. Candidates by petition will have until March 12th to submit their information.

As additional EGC applications are received, staff requests the board review and appoint additional EGC members as they see fit.

MEMORANDUM

February 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Rates Roadmap

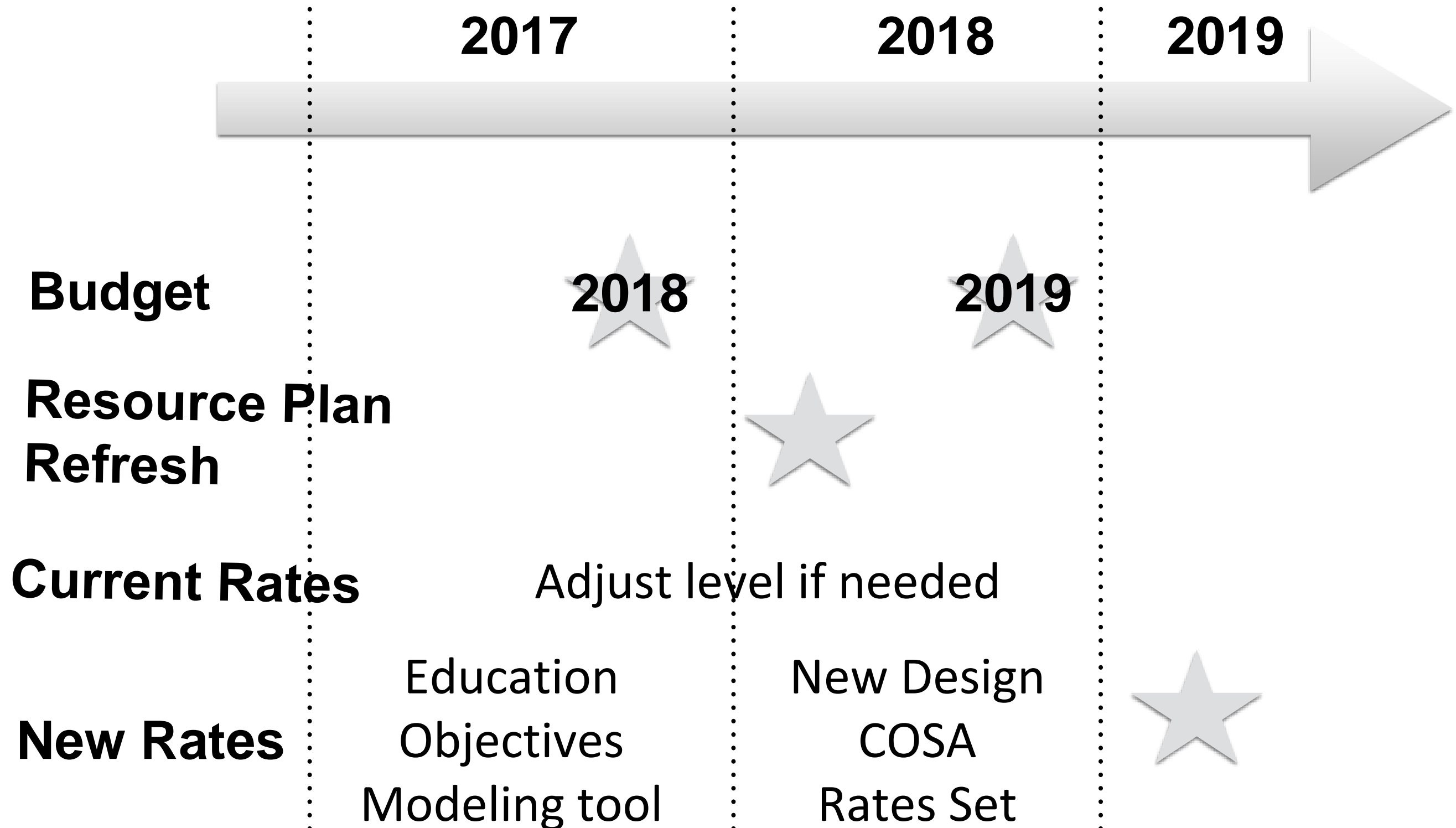
At the January meeting, the Board requested staff to work with the newly formed Rates Committee (Whitfield and Silverstein) to outline the process for rates review in 2017 leading to the formal rate study in 2018. This rate study will inform the rates which will be presented to the board in November of 2018 for the 2019 Budget.

Attached please find the rates roadmap documentation.

OPALCO Rates Roadmap

- Begin two year review of rates in 2017, with potential rate structure changes to take effect in 2019.
- Major rate structure changes will not occur in 2017-18.
- Rate adjustments will be made to meet revenue requirements as needed.
- Process to include member engagement at board meetings, work sessions, and open houses.
- Prioritize Rate Objectives – Board to determine “must have vs. nice to have”
- Work Sessions
 - Revenue requirements (June 16, 2017)
 - Review of 2017 Budget (cost controls)
 - Discretionary expenses
 - Service level trade-offs
 - Rate Design Review (September 22, 2017)
 - Prioritize Rate Objectives (Meet Revenue Requirements, Cost Based, etc.)
 - Review Rate Scenarios (All kWh, All Facility, Minimum Bill, Demand Charges, etc.)
- Refresh Integrated Resource Plan (rate linkages to power supply, conservation, net metering, community solar, budget, etc.)

Timeline



Meetings

- **Board Meeting** - strategy, decision making, member input
- **Workshop** - Deep dive on Revenue Requirements and Rate Objectives & Scenario; no decisions; open; invite knowledgeable people from SJC and perhaps outside experts; 4 hours.
- **District Meeting** - Brief presentation and member input. May include topics in addition to rates; meeting in each district; 2 hours.

2017 Meeting Calendar

	J	F	M	A	M	J	J	A	S	O	N	D
Board Meeting	*	*	*	Ann Mtg	*	*	*	*	*	*	*	*
Rates Workshop					* Revenue Requirements			* Rate Objectives & Scenarios				
District Meeting									* One per District			

MEMORANDUM

February 10, 2017

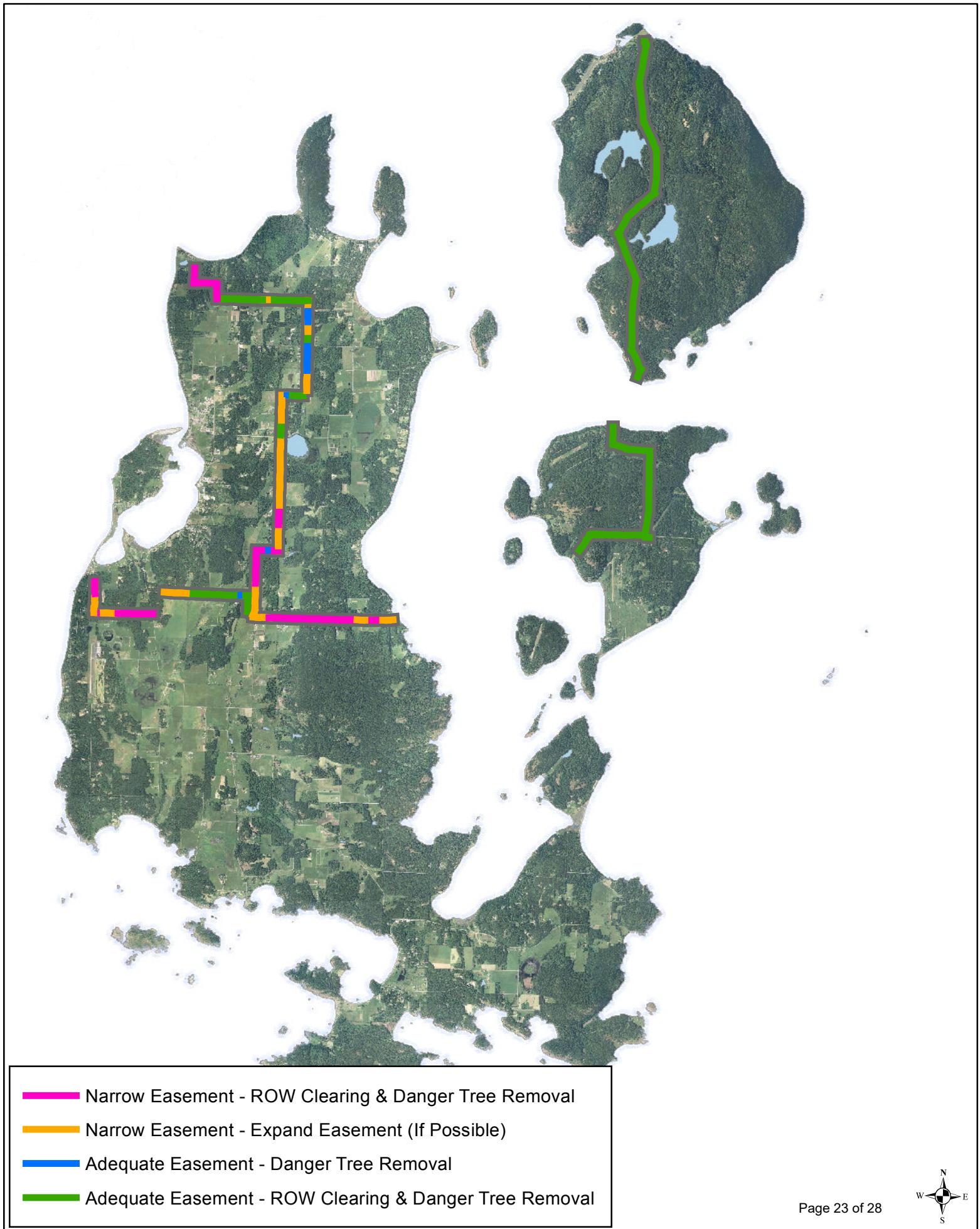
TO: Board of Directors

FROM: Foster Hildreth

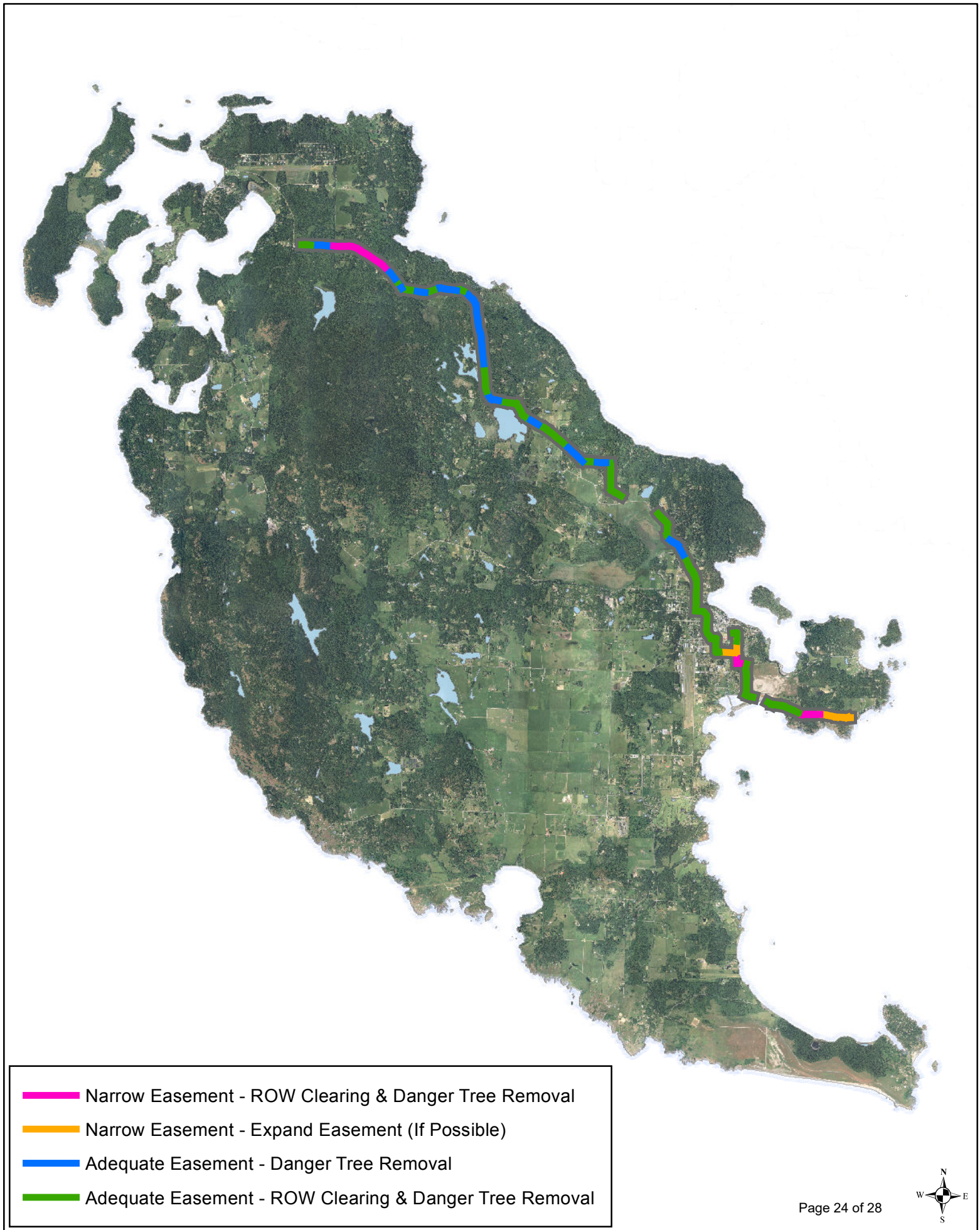
RE: Transmission Right-of-way/Easement Status

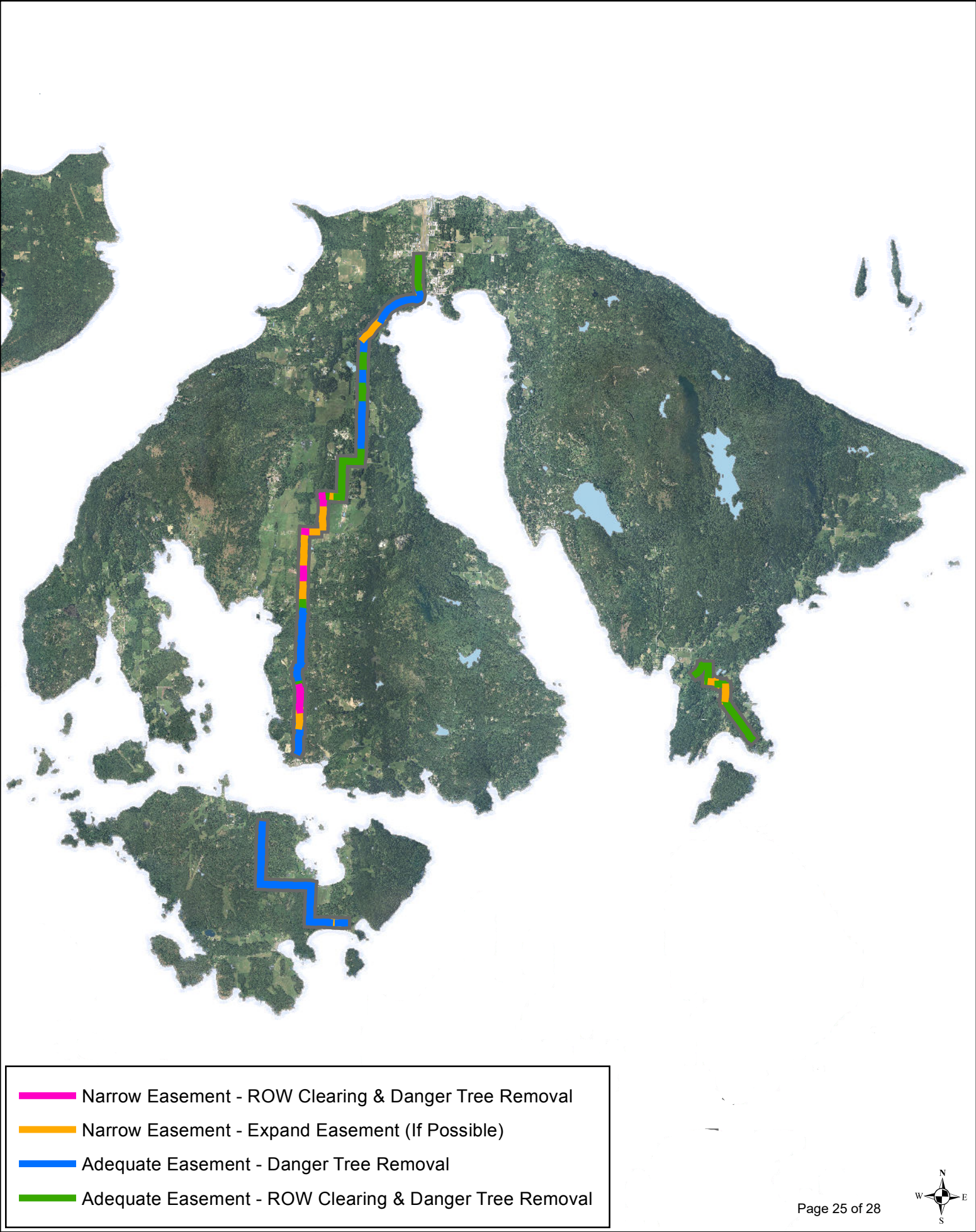
As requested by the Board, staff will be reviewing the overhead transmission right-of-way (ROW) and easement corridors. OPALCO has been obtaining easements for facilities since our inception in 1937. These easements typically started as distribution easements for 25 kV facilities or less in areas recently logged or with new growth trees. These easements through the last 80 years have been expanded in some areas for the conversion to transmission lines.

As seen in the attached, we have some very challenging areas where our facilities and the ROW/easement corridor can be improved. Staff will be reviewing detailed information contained in our mapping software and other sources at the meeting.



San Juan and Henry Islands





GENERAL MANAGER'S REPORT

February 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 2/9/2017, there are 369 work orders open totaling \$15,162,992. Six of these projects are associated with the submarine cable project totaling \$8,628,244. Operations has completed construction on 64 work orders, totaling \$878,716.

Safety

Jeff Myers conducted training for our contractors on trenching, shoring, and job site safety. This training was also an opportunity to remind contractors of the need to call for locates and the protocols around electrical conductors. Jeff also conducted training for qualified electrical workers on this topic in further detail. The total hours worked without a loss time accident is 54,315.

Submarine Cable Update

The manufacturing is complete and the cable is now fully certified. Below is a picture of our submarine cable, which will remain in Japan until shipped on August 1st. It is scheduled to arrive in Seattle at the end of August. The existing cable will be removed and the new cable installed during the first two weeks of September (weather permitting).



Staff attended the County Council meeting on January 23rd to update the county on the issues with CenturyLink's cables that are in trespass and to request assurance of communications paths for voice communications in case their fiber optic cable is broken. Staff stated their concerns over the fragile state of the CenturyLink cable and the inadequate means of protection from tides, weather, and other events. OPALCO staff noted that the potential that CenturyLink's submarine cable may break during CenturyLink's installation of their new cable.

FINANCE AND MEMBER SERVICES

Finance

Preliminary results are showing that January power sales up by 4.5M kWhs, with a net revenue of (power sales minus purchases) of \$267k. From a heating degree day (HDD) perspective, BPA predicted we would experience 311 HDDs when actually we experienced 357 HDDs (January 2016 was 218 HDDs)

Member Services

Staff continued to receive numerous calls in appreciation of the outage responses during the January wind events. In light of the cold weather, staff has been providing member with conservation tips, self-service ideas, and education about OPALCO service and billing. There were also 82 PAL grants passed along to members totaling over \$18k (as a point of reference January of 2016 was \$9k); 50 of the awards provided to elderly and/or disabled member households. New applications (24) for the Energy Assist (EA) program were also received in January, along with renewals from members who have now participated in the program for a full year. The January member EA credits awarded on January power bills amounted to over \$6k (\$5.7k for December 2016).

Energy Savings

Staff have implemented and published the 2017 new fuel-switching rebates and have communicated with stakeholders to promote and advertise them. Staff is also working closely with Communications staff to make enhancements to the Energy Savings website to track the rebates. Staff entered into a Memorandum of Understanding (MOU) with the San Juan Islands Conservation Districts and we are excited to work with our conservation minded stewards. The finalized MOU relates directly to the IRP and 2017 budget goals, which will focus on the education and outreach associated with the upcoming Community Solar project.

COMMUNICATIONS

Election & Annual Meeting

- SBS Voter Intent survey complete – registering members to receive their ballot by email or on paper/mail
- Direct Nominations app launched to collect board candidates for EGC consideration. To date, three candidates have completed the process and one is in process. We are working out some bugs in the app.

- Theme for 80th Annual Meeting set: “Renewing Our Co-op Vows.” Annual meeting format is expanded (slightly) to give more time for member activities and engagement now that election closes earlier.
- A representative of Northwest River Partners (NWRP) will be a guest speaker at our Annual Meeting.
- Candidate Forums set for March 28-31 (details TBA).
- Annual Report in development.