



**BOARD OF DIRECTORS
REGULAR MEETING
April 20, 2017 8:30 a.m.
Eastsound OPALCO Office**

TRAVEL



Via Island Air

378-2376

To:

Leave FH 7:30 a.m.

Lopez 7:40 a.m.

Arrive Eastsound 8:00 a.m.

Return:

Leave Eastsound 2:00 p.m.

Arrive Lopez 2:15 p.m.

FH 2:30 p.m.



Via Ferry:

To:

Leave FH 6:10 a.m.

Lopez 6:55 a.m.

Shaw 7:15 a.m.

Arrive Orcas 7:35 a.m.

Return:

Leave Orcas 3:10 p.m.

Arrive Shaw 3:25 p.m.

Lopez 3:45 p.m.

Leave Orcas 4:30 p.m.

Arrive FH 5:10 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Eastsound OPALCO Office
376-3500
April 20, 2017 8:30 a.m.**

PAGES

WELCOME GUESTS/MEMBERS

- Member Comment Period

ACTION ITEMS

- 3-7** ○ Consent Agenda
- 8-11** ○ Information Request Appeal: Steve Ludwig

DISCUSSION ITEMS

- 12-13** ○ Annual Meeting
- 14** ○ Board Communication Tools

REPORTS

- 15-16** ○ General Manager

INFORMATION

- 17-19** ○ New York Times Article *It's Like It Never Left: Another El Niño May Be on the Way*

ADJOURNMENT

Executive Session: Legal and personnel

MEMORANDUM

April 14, 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, March 17, 2017

President Vince Dauciunas called the meeting to order at 9:15 am at the Friday Harbor OPALCO office. Board members present were Jim Lett, Mark Madsen, Brian Silverstein and Jerry Whitfield. Winnie Adams and Randy Cornelius attended via video conference. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis; Head Accountant Travis Neal; and Executive Assistant Bev Madan (serving as recording secretary). Also present were Rock Island Communications (RIC) EVP Gerry Lawlor, RIC SVP of Finance Chris Schmidt, RIC SVP of Technology Adam Kelly and consultant Jay Kimball.

MEMBER/GUESTS

Each member/guest was offered an opportunity to address the board. Present were Ken Nillson, Bill Severson (District 1 candidate) and Dwight Lewis.

CONSENT AGENDA

- **Motion** made to accept the Consent Agenda which consisted of the February 16, 2017 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

Anderson, Todd C
Bedient, Michael
Betcher, RW & Lee Hope
Bielawski, Kurt
Bozanich, Patricia A
Brouwer, Brook
Canniff, William & Janet
Carr, James
Cavanaugh-Spain, Emily
Chenoweth, Amber
Colmenares, Lisa & Angel
Gallagher, Michael
Hillukka, Jason
Keene, Stephanie
Pannell, Jessica & Miller, Sterling
Pennell, Zonna
Purdum, Phyllis
Rand, Laura
Smith, Derek & Landers, Brook
Stephens, Rachel
The Hemp Seed LLC
Williams, Christopher & Susan
Wilson, Karissa

DISTRICT 2

Orcas

2BY2 LLC
Cade, Celia
Casaday, Raelene
Eagan, Brendan & McNett, Luanna
Nay, Karen
Palma, Eric
Pozzo, Mark & Lisa
Randall, Gary & Diana
Rose, Stephanie
Sherburne, Alysha & Casey

DISTRICT 3

Lopez

Carlson, Christopher
Farnsworth, John & Carol F
Grant, Rob K
Karnes, Erica
MacDonald, Ross
Sage, Laura
Ursa Minor Lopez LLC
Zoerb, Andrew S

DISTRICT 4

Shaw

Grant, Robert

Capital Credits

Tony Bozanich	\$937.36
Patricia Eden.....	\$1,166.58
Estate of James E. Jatho	\$44.62
Wayne Suttles.....	\$824.87
Clemons C. Turner.....	\$2,329.77
Katherine Wood	\$977.80
Total	\$6,281.00

RUS 219s representing work orders completed in January 2017 in the amount of \$170,386.93.

ELECTIONS AND GOVERNANCE COMMITTEE

The Board appointed Howard Barbour to the EGC to fill Residency District 2 (Orcas) Position B via an email vote on February 17. Four open positions remain.

The EGC interviewed candidates from District 1 and recommended Vince Dauciunas, Mark Madsen and William (Bill) Severson to the slate of candidates. No members filed by petition.

- **Motion** made to request the EGC review Policy 13 and provide analysis and recommendations regarding Board compensation after the EGC District 1 positions are filled. Motion was seconded and carried by voice vote.

VOTING DELEGATES

NWPPA’s annual meeting will be held in Sun River, Oregon May 7-10.

- **Motion** to name Jim Lett the primary delegate and Foster Hildreth the alternate at the NWPPA annual meeting was made and seconded. Motion carried by voice vote.

Cooperative Response Center (CRC) will hold its annual membership meeting in conjunction with the NRUCFC Forum June 12 in San Antonio. We do not expect any personnel from OPALCO to attend. The voting will be done via proxy as allowed.

- **Motion** to name Foster Hildreth the primary delegate at the CRC meeting was made and seconded. Motion carried by voice vote.

2016 Year End Financial Review

The unaudited year-end financials were presented for discussion. Highlights included a 1.6% increase in revenue, a decrease of 1.5% in overall expenses, margin of \$3.1M, TIER of 3.24, equity as a percentage of total capitalization 48.7%, and borrowing reduced to \$8.7M due to the early Rock Island Communication loan repayment.

Rock Island Communications 2016 Year End Financial Review

Adam Kelly SVP of Technology was introduced. The 2016 year-end financials represent the first full year of business for Rock Island Communications. Complete service offerings of fiber, LTE, DSL, IT services and retail operations are in place. Revenue and expenses were consistent with budgetary figures (down only 2.56%); fiber was down 4.62% from budgeted, LTE was up 3.10%, and DSL was up 0.68%.

REPORTS

- **General Manager** Hildreth highlighted activities with the submarine cable, stating the target date of July 16 is still in effect. Candidate forums are scheduled for the week of March 27 on the four ferry-served islands.
- **Safety Program** There were no loss time accidents in February 2017; total hours without loss time accident is 72,951.

ADJOURNMENT

Meeting adjourned at 11:55 a.m.

Vince Dauciunas, President

Winnie Adams, Secretary-Treasurer

NEW MEMBERS

March 2017

DISTRICT 1

San Juan

1. 589 Cessna Avenue LLC & Hayes, Daniel
2. Aguilera, Cesar
3. Connally, Lee & Engel, Doug
4. DSI Restaurant LLC
5. Frazer, Richard & Eileen
6. Germain, Stacey
7. Han, Hee S
8. Ives, Dorothy P
9. Kilpatrick, Adrien
10. Maya's Legacy Whale Watch
11. Miller, PW Robert & Eason, Linda H
12. O'Neil, Steve
13. Perry, Megan
14. Pierce, Nathan & Montgomery, Tiffany
15. Shatuck, Larry & Carlson, Kim
16. SJC Public Hospital District #1
17. Smith, Kendra
18. Strange, Robert
19. The Shaque LLC
20. Vert-Triplett, Kimberly

35. Retief, Jacques

36. Rooster Investments LLC

37. Tarkan, Stephen & Lenna

DISTRICT 3

Lopez

38. Dunlap, Susannah & Walker, Suzanne
39. Euerle, Constance
40. Kelly, Varyl
41. Lynch, Theresa
42. Phelps, Lisa & Richard
43. Trust of Ward G Henderson
44. Zautke, Casey & Ana Marie

DISTRICT 4

Shaw

45. Smith, Lynne

DISTRICT 2

Orcas

21. Braun, Alesandra & Stratton
22. Cepeda, Gustavo
23. Christiansen, Judy & Winston
24. Fowler, Dan
25. Galey, Cassandra
26. Hagel, Mallory
27. Hancock, Bill
28. Janko, Kristina
29. Johnson, Catherine G
30. Lopez, Graciela
31. Nelson, Devon A & Betts, Dillon
32. Nelson, John & Natalee
33. Nichols, Mark & Tessa
34. Rehn, Chris

MEMORANDUM

April 14, 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:

<u>Decedent</u>	<u>Amount</u>
Howard Schonberger	\$1,864.08
Paul Schwedler	\$35.89
Anne Williams	\$690.17
Lorraine Gislason	\$350.20
Edwin Lee	\$1,265.76
Request Total	\$4,206.10

MEMORANDUM

April 14, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Information Request Appeal to Board

On March 8th, Lopez Island member Stephen Ludwig submitted the following information request:

“Amount of OPALCO & Rock Island funds paid to Brian Torma in 2015 & 2016 and OPALCO & Rock Island funds paid to West Sound Construction in 2015 & 2016.”

This request was denied pursuant to Member Service Policy 16 *Information Requests* Section 4.1 *Limitations on Release of Records*, “Documents containing matters the knowledge of which would clearly have an adverse effect on the Cooperative’s finances”; Section 4.2.3 “Any other persons’ file or record to the extent that such disclosure would violate or would otherwise be an invasion of such person’s privacy; Section 4.9 “Documents which have been classified by management as confidential.

Mr. Ludwig is requesting the Board review the denial and release the information previously requested. Staff recommends a Board motion to support the denial of release of the requested information.

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MAR 08 2017

ORCAS POWER & LIGHT COOPERATIVE

Policy 16 Information Requests

Member Information Request Form

Member Name STEPHEN F. LUDWIG

Address 459 ALECK BAY ROAD, LOPEZ ISLAND WA 98261

Telephone Number 468-2104 Member Number 6733500

Requesting on behalf of myself and the following other members:

Name	Address	Telephone #	Member #
<u>ALL OTHER INTERESTED MEMBERS</u>			
_____	_____	_____	_____
_____	_____	_____	_____

The specific information I am requesting is:

AMOUNT OF OPALCO & ROCK ISLAND FUNDS PAID TO BRIAN TORMA IN 2015 & 2016 AND OPALCO & ROCK ISLAND FUNDS PAID TO WEST SOUND CONSTRUCTION IN 2015 & 2016.

The specific purpose of the request is:

"CO-OPS ARE DEMOCRATIC ORGANIZATIONS CONTROLLED BY THEIR MEMBERS"(OPALCO'S OWN WORDS). MEMBERS MUST HAVE ACCESS TO ALL PERTINENT FINANCIAL INFORMATION

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

TO ASSIST MEMBERS TO DEAL WITH FUTURE CRUSHING RATE AND FEE INCREASES.

☐ 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

RECEIVED
1105 2017

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 STEPHEN F. LUDWIG

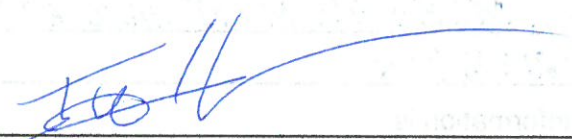
Signature Stephen F. Ludwig

Date March 3, 2017

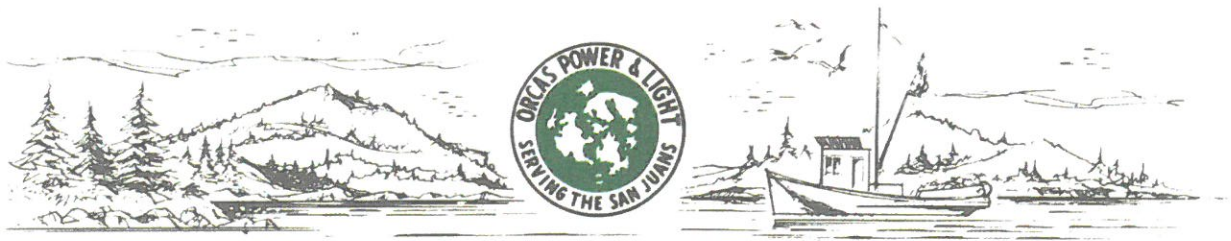
For office use only

 Approved XX Denied

Comments SEE ATTACHED LETTER


Foster Hildreth, General Manager

3/15/2017
Date



ORCAS POWER & LIGHT COOPERATIVE

March 15, 2017

Stephen F. Ludwig
459 Aleck Bay Road
Lopez Island, WA 98261

RE: Member Information Request

Dear Mr. Ludwig:

In your Member Information Request received March 8, you requested the "amount of OPALCO & Rock Island funds paid to Brian Torma in 2015 & 2016 and OPALCO & Rock Island funds paid to West Sound Construction in 2015 & 2016".

OPALCO's Member Services Policy 16 *Information Requests* Section 2 allows routine information be provided upon request—your request is not for routine information. Further, the policy does not apply to Rock Island.

OPALCO would be at a competitive disadvantage were it to release information contained in private contracts. Policy 16 Section 4 provides limitations on information to be released: Section 4.1 *Documents containing matters the knowledge of which would clearly have an adverse effect on the Cooperative's finances*; Section 4.2.3. *Any other persons' file or record to the extent that such disclosure would violate or would otherwise be an invasion of such person's privacy*; Section 4.9 *Documents which have been classified by management as confidential*.

Your request is denied.

Sincerely,

Foster Hildreth
General Manager

www.opalco.com

Eastsound Headquarters
183 Mt Baker Road
Eastsound WA 98245-9413
phone: 360-376-3500
fax: 360-376-3505

Friday Harbor Office
1034 Guard Street
Friday Harbor, WA 98250-9240
phone: 360-376-3550
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360-376-3548

MEMORANDUM

April 14, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Annual Meeting

The purpose of this discussion is to update and provide meeting logistics to the Board for the May 6th Annual Meeting.

Election Process

- The Candidate Forums were successful events on all four islands. Attendance was mediocre (average of 20 members), but members were engaged, asked good questions and the tone was very positive. The San Juan forum is available on video in the Resource Library on the OPALCO website.
- Note that member morale seemed very positive – much improved over last year. Questions were appropriate to the candidates and members demonstrated a greater understanding and appreciation of issues such as rates, broadband and the submarine cable project. One member gave a glowing shout-out for the in-depth attention he received from staff in response to concerns he had raised at the October Open House Events.
- Election voting opened on 4/13/17 at 10:00 am PDT. Ballot materials went out to all members by email or by USPS, depending on their stated preference. We continue to encourage members to get materials by email and to vote online.
- There is NO voting on the ferry this year. All ballots must be received online or by mail by Thursday, May 4th @ 10:30 am PDT.
- All election materials are available in the Resource Library, including a “How to Vote” page, Voter’s Guide and Candidate Information, including video statements and Q&A from each candidate.
- Posts on Facebook and print ads in local papers encourage members to vote and deliver key messages about voting.

Annual Meeting Outreach

- All annual meeting materials are posted online (travel schedule, annual report, event details).
- Ads are running in local papers to encourage attendance and reminder that there is NO voting on the ferry.

Annual Meeting Format

- Theme: 80th Anniversary – “Renewing our Co-op Vows”
- Bill credits for members who attend meeting: \$8
- Bill credit drawing for ballots completed: 8 @ \$80
- Giveaways for all members (they take only what they want):

- LED night-light outlet cover
- 80th anniversary produce bag
- 80th anniversary lunch bag
- 80th anniversary decals
- 80th anniversary cupcakes
- Giveaway upon request:
 - 80th anniversary caps (250, while they last)
- Giveaways from Rock Island:
 - TBD
- Giveaways from Conservation District:
 - LED bulbs
 - LED / USB light
- Info/Activity Tables (at front of boat, behind podium for max visibility):
 - Submarine Cable Project – Joel Mietzner
 - PAL / Energy Assistance – Regina Penwell
 - Community Solar Project – Jon Blomgren
 - Energy Savings/Rebates – Lindsay Curtis
 - Conservation District – Linda Lyshall and Staff
 - Rock Island – Gerry Lawlor and Staff
- Event Order:
 - Registration / Door Prize Tickets deposited with prize/s of choice
 - Lunch – extends 15 minutes past Lopez boarding for access to member activity/info tables and socializing
 - Board President call meeting to order with introductions
 - Scholarship awards presented
 - State of the Co-op – Foster
 - Election Results (recognize EGC, announce results)
 - TBD – Guest Speaker
 - Rock Island Update
 - Member Q&A
 - Door Prize Announcements (TBD)

MEMORANDUM

March 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Board Communication Tools

As a follow-up to the December meeting, the Board inquired about company provided mobile phones for Board use. At the time, deployment of the RIC/T-Mobile LTE network had not yet reached a point sufficient for countywide coverage. Since coverage has improved and the completion of deployment is targeted by end of summer, we felt it is time to revisit this subject.

These cell phones will be considered a business tool for the Board members to remain in contact with the organization on a day-to-day basis and during emergency situations. For tax reporting purposes, this is considered a business expense and not compensatory. The purpose of this discussion item is to formalize for the OPALCO record that cell phones will be provided to the Board if they so choose.

GENERAL MANAGER'S REPORT

April 2017

DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards/>. 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 April 10, there are 395 work orders open totaling \$16,403,692. Six of these projects are associated with the submarine cable project and total \$8,690,100. Operations has completed construction on 55 work orders, totaling \$1,266,604.

Safety

The safety training was delayed until April due to an unavailability of Jeff Myers. The meeting was held to review accidents and any safety related matters within the company. The total hours worked without a loss time accident is 81,155.

FINANCE AND MEMBER SERVICES

FINANCE

Preliminary results are showing that March power sales were up by 12.2M kWh, with a net revenue of (power sales minus purchases) of \$952k. From a heating degree day (HDD) perspective, BPA predicted we would experience year-to-date 500 HDDs, when actually we experienced 789 HDDs (March 2016 year-to-date was 452 HDDs). We will continue to monitor and as we approach year end, we may make a recommendation to the Board to credit unbudgeted net margin back to the membership.

2016 Year-End Audit

Staff is currently working with Moss Adams to complete the 2016 year-end consolidated financial statement audit. Moss Adams anticipates that management will be able to confirm the year end results at the Annual Meeting and anticipates that Moss Adams will present the final documents to the Board at the May 18th board meeting.

MEMBER SERVICES

The volume of calls handled by the Member Service team in March was ~2,100+, which was consistent with the same period of the previous year. By the end of March, 237 PAL grants had been awarded so far during the season, totaling \$50.3k, compared to 231 grants, totaling \$39.7k from the same period last year. The Energy Assist Program has grown by another 25 new applications in March, bringing the total program participants to 308 members, who so far this year have received \$19.7k in Energy Assist credits on their bills, and our distributions are below budget.

ENERGY SAVINGS

The Energy Savings team continued to pay out rebates during March, which included members who took advantage of the new OPALCO rebates related to EV charging stations and ductless heat pumps. The Energy Savings portion of the OPALCO website was enhanced to indicate a

countdown of the remaining budgeted number of ductless heat pump (currently 17) and EV charging station (currently 22) rebates.

COMMUNICATIONS

Nourdine Jensen Scholarship

We have 11 applicants for the program, with representation from four high schools and the three major islands. The scholarship selection committee will conduct interviews on April 24-25 and expects to select five scholars for 2017.

FACILITIES

Eastsound Headquarters

During the 2017 budget discussion, the capital projects budget for 2017 included a restroom remodel in the Eastsound Headquarters. If you recall, the original cast iron septic pipes had degraded to the point of non-repair. At this point, we need to make the decision to saw cut the concrete slab, replace the septic lines, and rebuild the restrooms or build a new attached restroom addition adjacent to the existing conference room. Staff will obtain estimates for further discussion for the May 18th Board meeting.

CLIMATE

It's Like It Never Left: Another El Niño May Be on the Way

By HENRY FOUNTAIN APRIL 13, 2017

Less than a year after one of the strongest El Niños on record, forecasters see an increasing possibility that another will begin later this year.

There is no word yet on how strong a new El Niño might be, but even a mild one could affect weather patterns around the world. Among the potential effects are wetter conditions across the southern United States, including Southern California; a drier Midwest; and drought in parts of Africa, Asia and South America.

An El Niño can also influence global temperatures that are already rising because of greenhouse gas emissions. The strong El Niño of 2015-16 contributed to those years' being the two warmest on record.

An El Niño occurs when warm water in the equatorial Pacific shifts, creating an immense warm zone in the central and eastern Pacific. This adds heat and moisture

https://www.nytimes.com/2017/04/13/climate/el-nino-climate-change.html?_r=0

4/17/2017

to the air, releasing energy that affects the high-altitude winds known as jet streams that circle the planet.

During the 2015-16 event, surface water temperatures in the Pacific were as much as 4 degrees Fahrenheit above normal. The warmth gradually dissipated and the ocean became cooler than normal, a condition known as La Niña, which persisted through much of last year.

In their latest forecast, released Thursday, scientists from the National Oceanic and Atmospheric Administration and other organizations said that conditions were currently neutral, with normal sea-surface temperatures. But there is now about a 50 percent chance of El Niño in the second half of the year, they said.

Mike Halpert, deputy director of NOAA's Climate Prediction Center in College Park, Md., said that since climate scientists have been studying the phenomenon, a swing from El Niño to La Niña and back to El Niño in such a short time — about three years — has happened only once, in the 1960s.

El Niño forecasts are based on computer models of the global climate. Mr. Halpert said those models were somewhat at odds with the conditions forecasters were observing.

"If you just look at the current state of the ocean and the atmosphere, it doesn't really look like what we typically expect to see as we head into El Niño," he said. "There's been a little bit of head scratching."

The strength of an El Niño is related to the magnitude of the changes in water temperatures. Mr. Halpert said it was too early to say how this new El Niño, if it occurs, would turn out. "But history would tell us we wouldn't see two strong events in three years," he said.

The weather patterns — warmth in the Pacific Northwest is another one — tend to recur in different El Niño years. But there is no guarantee that even a strong El Niño would have a specific result. The 2015-16 El Niño, for example, produced relatively little rain in Southern California.

Still, the generally recurring patterns, coupled with better forecasting, can help governments and other organizations prepare. Dan Osgood, a researcher with the International Research Institute for Climate and Society at Columbia University, said the recent experience of the strong El Niño — which caused droughts in some areas of Africa and excessive rainfall in others — showed the effectiveness of planning.

“One of the really interesting things coming out of the past cycle is that people are more focused on predicting what’s going to happen,” he said.

The new forecast, he said, should set more planning in motion. “It’s about getting organized so you’re not caught unprepared,” he said.

Follow @NYTClimat on Twitter

A version of this article appears in print on April 14, 2017, on Page A16 of the New York edition with the headline: Forecasters Say El Niño May Return This Year.