



**BOARD OF DIRECTORS  
REGULAR MEETING  
August 17, 2017 8:30 a.m.  
Friday Harbor OPALCO Office**

**TRAVEL**



***Via Island Air*** 378-2376

**To:**

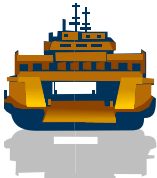
*Note: There were no morning flights available for the time needed*

**Return:** (if not attending the SJC Fair)

Leave Friday Harbor 4:00 p.m.

Arrive Lopez 4:15 p.m.

Eastsound 4:30 p.m.



***Via Ferry***

**To:**

Leave Orcas 6:55 a.m.

Shaw 7:10 a.m.

Lopez 7:35 a.m.

Arrive FH 8:15 a.m.

**Return:**

Leave FH 5:30 pm

Arrive Orcas 6:20 p.m.

Shaw 6:35 p.m.

Lopez 6:55 p.m.

**Orcas Power & Light Cooperative  
Board of Directors  
Regular Board Meeting  
Friday Harbor  
376-3500  
August 17, 2017      8:30 a.m.**

**PAGES**

**WELCOME GUESTS/MEMBERS**

- Member Comment Period

**ACTION ITEMS**

- 3-17**      ○ Consent Agenda
- 18-30**      ○ Bylaw Amendments
- 31-34**      ○ Member Services Policy 17 Revisions (formerly OPALCO Policy 11)
- 35**      ○ NRECA Voting Delegate
- 36**      ○ Annual Meeting Date Change to April 21
- 37-38**      ○ RUS Authorization Protocol Resolution (RDApply)
- 39-40**      ○ PNGC Power Member Representative Resolution
- 41-42**      ○ USDA Rural Energy Savings Program (RESP) Loan Application
- 43**           • Resolution
- 44-45**           • Implementation Work Plan Executive Summary
- 46**      ○ Moss Adams 2017 Engagement Letter (Executive Session)
- 47**      ○ EGC Candidate Interviews (Executive Session)

**DISCUSSION ITEMS**

- 48**      ○ September 22 Board Work Session - Rates

**REPORTS**

- 49**      ○ Q2 Financials
- 50-54**      ○ General Manager

**55      MEMBER COMMUNICATIONS**

**ADJOURNMENT**

Executive Session: Legal, personnel, EGC

## MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Consent Agenda

All matters listed with the Consent Agenda are considered 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, June 15, 2017**

President Vince Dauciunas called the meeting to order at 8:40 a.m. at the Friday Harbor OPALCO office. Board members present were Winnie Adams, Randy Cornelius, Jim Lett, Mark Madsen, Brian Silverstein and Jerry Whitfield. Staff present were 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 were Rock Island Communications (RIC) EVP Gerry Lawlor, RIC SVP of Finance Chris Schmidt and consultant Jay Kimball.

**MEMBER/GUESTS**

Each member/guest was offered an opportunity to address the board. Chris Reed was in attendance.

**CONSENT AGENDA**

- Motion was made to accept the Consent Agenda which included the May 18, 2017 minutes, new members (listed below), capital credit payments totaling \$4,586.01 (listed below) and RUS 219s in the amount of \$163,723.52. Motion was seconded and carried by voice vote.

**NEW MEMBERS**

**District 1**

*Brown, Pearl, Henry, San Juan, Spieden*  
Defreest, Wendy & Hampton, Kathy  
Fontanilla, Eleanor  
Garson, Samuel  
Harrington, Monica  
Jordan, James  
Kang, Jane  
Karl, John & Maureen  
Kelly, Mark  
Kittoe, Kyle & Kimberly  
Kuro, Santana  
Lucas, Eric  
Maassen, Jessica & Jadie  
Newell, Brynn & Izaak  
Nickerson, Peter  
Prugar, Mark  
Rossi, Aaron & Jordan, Amanda  
Spring Street Deli Inc  
Sutton, Susan E  
Tate, Randall & Elizabeth  
Young, John A  
Zigzagger, Winter

**District 2**

*Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn, Orcas*

Crane, Annie  
Janzen, Gary & Claudia

King, Whitney  
Long, Kenneth & Elizabeth  
Martin, Alex  
Ostle, Gary  
Phillips, Olivia  
Scheidel, Carson & Trygg, Melanie  
Schifsky-Patten Trust  
Shook, Frederick S  
Spreen, Robert & Jeanne  
Stickney, David  
Yavercovski, Michel & Debra

**District 3**

*Decatur, Center, Charles, Lopez*  
Culver, Michael  
Cvetkovich, Chris  
Flynn, Jennifer & TJ  
Gaffey, Mike & Jodi  
Hardy, Robert & McDonald, Susie  
Thompson, Mary  
Torres, Dulce & Rodriguez, Gabriel  
Williams, Ashlee & Lubin, Jeremiah

**District 4**

*Crane, Canoe, Bell, Shaw*  
Esposito, Juliana & Anthony J  
Griffing, Lee  
Smith, William F

**CAPITAL CREDITS**

Bruce Armstrong	\$ 282.98
Anne V. Chudek	575.21
Malcolm S. Lea	832.02
Richard & Ruby Parker	164.87
John & Genevieve Towey	799.57
Bill Williams	1,931.36

**DRAFT BYLAW REVISIONS**

After review and discussion, the Board requested clarity on the language pertaining to balloting deadline. The draft revisions were tabled until August.

**ELECTIONS & GOVERNANCE COMMITTEE**

The Board will invite the San Juan Island candidates to meet during executive session in August and will determine their eligibility for the committee at that time.

**CFC POWER VISION LOAN / RESOLUTION 2-2017**

A \$10M line of credit will be used in the event funding is needed in an emergency and replaces a previous CFC line of credit. There is no cost to carry the facility until funds are drawn.

- **Motion** was made and seconded to approve Resolution 2-2017*Power Vision Loan*, authorizing the board officers and the general manager to execute the documents that will secure a \$10M Power Vision loan. Motion carried by voice vote.

**MEMBER SERVICE POLICY 17 DRAFT REVISIONS**

This was the first read of draft revisions to the former OPALCO Policy 11. It is being added to the Member Service policies as it relates to members. The policy addresses member attendance and decorum at OPALCO meetings. The board will review the policy at the August meeting and will consider adoption at that time.

**JUNE WORK SESSION**

This will be a learning session to thoroughly review the budget to determine where, if any, cuts can be made. Suggestion was made that each board member ask the question at the beginning of the work session “What do I want to know/understand by the end of the work session to understand the budget?” The Board was advised to review the following documents prior to the meeting: Strategic Directives (2015); Integrated Resource Plan (IRP); Construction Work Plan (CWP); 2017 Budget; 2016 Year-End Financials; EES Rate Study (2014); Policy 29; Rate Design; KRTA (2015); and Dashboards. (Note, the Board meeting was held on June 15<sup>th</sup> and the work session was held on June 16<sup>th</sup>).

**REPORTS**

**General Manager**

Safety: Total hours worked without loss time is 996,310.

The submarine cable work by CenturyLink will begin June 16 and should be completed by July 31. If their cable breaks, Rock Island can carry approximately 50% of the internet traffic; at that point, traffic will be prioritized.

A new tap on Decatur was discussed. This tap would route power directly from BPA’s cable on Decatur through Blakely to Orcas. Power is now routed to Decatur from Lopez via two old BPA cables, both of which contain conductors that have failed. Additional upgrades will be required on the Blakely and Olga substations to convert them from 25 kV to 69 kV after the tap is completed. This work is included in the Construction Work Plan (CWP). Staff is meeting with BPA staff during the week of June 19 to discuss.

BPA will add a Cost Recovery Adjustment Clause (CRAC) to the 2018 fiscal year budget in the amount of ~ 1%.

Staff submitted a letter of intent with RUS as the first step in securing a Rural Energy Savings Program (RESP) Loan. This loan is a revolving/relending program to implement energy efficiency measures to qualified consumers within San Juan County. OPALCO was notified that staff can proceed to the next step in securing the \$5.5M. The Board consensus was to proceed with the loan application.

San Juan County Comprehensive Plan: staff is meeting with county officials to update the utility and transportation portions of the comprehensive plan.

**ADJOURNMENT**

Meeting adjourned to Executive Session at 10:35 a.m. Discussion regarded legal & personnel. Executive session adjourned at 10:50 a.m.

<hr/> Vince Dauciunas, President	<hr/> Winnie Adams, Secretary-Treasurer
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## NEW MEMBERS

June-July 2017

### DISTRICT 1

#### **Brown, Pearl, Henry, San Juan, Spieden**

1. Ackerley, Christopher
2. Anderson, Ronald Jr
3. Asbridge, Morgan
4. Barker, Geoffrey & Annie
5. Benson, Martti & Marjorie
6. Bolding, Patricia
7. Bond, Shawnlyle
8. Bonner Investments LLC
9. Branstetter, Michael
10. Butcher, Charles & Madeleine
11. Carlson, Georgina
12. Cleworth, Kim
13. Coffey, Stephanie
14. Dalldorf, Charles & Holloway, Lindsey
15. Garcia, Salvador & Orozco, Esperanza
16. Gizzi, Jim
17. Heinen, Jacob
18. Hennig, Jason & Catherine
19. Hensrude, Christy
20. Jordaan, Jean & Charles
21. Keune, Matthew
22. Kind, Anne J
23. Korb, Megan
24. Lambright, Ashley
25. Lemon Computers
26. Makofsky, Steven & Elizabeth
27. Martin, Kendra & Kevin
28. McCanless, Jamie
29. Miller, Addie
30. Mullin, Robert
31. Mumford, Sydney & Jacob
32. Nevin, Irene
33. Nicholson, Todd
34. Niland, Sam
35. Pitman, Dan
36. Richards, Paul F
37. Saddle Rd Water Association
38. Shearer, Jean
39. SMRU LLC
40. Stone, Dorothy
41. Straughan, Ben & Sandra
42. Strickland, Chance

43. Stuart, Thomas
44. Sullivan, Sam & Lucy
45. Tina's Tacos LLC
46. Trace, Walter & Susan
47. Vanbuskirk, Jeremy
48. Watts, Kevin & Haywood, Danielle
49. Wilson, Stacey & Jean
50. Woodward, Anne & Rice, Mark
51. Worth, David & Jennifer

### DISTRICT 2

#### **Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn, Orcas**

52. Aguera-Arcas, Glaise & Fairhall, Adrienne
53. Arp, Renee & Christopher
54. Aviator, LLC
55. Boomerang, P&I, LLC
56. Buck, Samuel
57. Coomer, Gregory
58. Dashiell, Robert
59. Elvrum, Phil
60. Foster, Bonita J
61. Funk, Melody
62. Gahan, Roger
63. Garcia, Aliviah
64. Gillespi, Dana & Peck, Susan
65. Gilmore, Tracy
66. Haley, Kirk & Linda
67. Harlan, Scott & Jan
68. Hindorff, Joel & Lucia
69. Karandikar, Mahesh
70. Kemmerer, Stacey & Steve
71. Krick, Robert & Candace
72. Kuo, Katherine
73. Leidecker, Justin
74. Lindgren, Larry III
75. Madrona House LLC
76. Messinger, Sami
77. Meyer, Bridget & Newberry, Collen
78. Moore, Anthony
79. Orcas Cable LLC

- 80. Pearsons, Emmett
- 81. Pendleton, Nichi
- 82. Petros, Aaron
- 83. Puccio, Kelly & Miguel
- 84. Rainier, Robert
- 85. Reynolds, Candice
- 86. Ringe, Molly
- 87. Rosenblatt, Leon & Stephanie
- 88. Scott, Keely
- 89. Shpurik, Vladislav
- 90. Smith, Jerry & Joanne W.
- 91. Tidball, Emily & Richard
- 92. Werner, Aaron & Christine

### **DISTRICT 3**

#### **Decatur, Center, Charles, Lopez**

- 93. Abercrombie, Stewart
- 94. Avedesian, Greg
- 95. Bascom, Sarah & Tom
- 96. Bayshore Orchards LLC
- 97. Bentitou, Laurent
- 98. Charter, Andrew & Jodi L
- 99. Christensen, Jeff & Melody
- 100. Costa, Pedro
- 101. Cruson, Elisha
- 102. Foley, Kimberly & Lafferty, Liz
- 103. Fure, Ryan
- 104. Golding, Julie & Stewart, Pam
- 105. Manion, Shannon
- 106. Meng, Denny & Deborah
- 107. Miller, Robert J
- 108. Misa, Thomas
- 109. Newell, Christopher & Astrid
- 110. Redtree, Leslie
- 111. Rubey, Robert
- 112. Rybar, Matthew
- 113. Wolfe, Christina & Justin

### **DISTRICT 4**

#### **Crane, Canoe, Bell, Shaw**

- 114. Pierce, Matt & Nancy
- 115. Shearon, Deborah

## MEMORANDUM

August 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:

**Decedent**

Phoebe Bee	1,296.77
A. W. McNeill	341.71
Tim Rodgers	359.82
Larry Shorett	1,993.04
Albert & Nedra Thomas	1,431.63
Mary Anne Page	332.60
Rosemary Kimball	269.82
Peter McTavish	402.90
Wilda Jordaan	1,660.81
John Knight	1,013.71
George Thwing III	160.40
Dale Rishel	\$1,550.53

**Moved from service territory**

*Mark Edmonds(deceased) / Nancy Frey(surviving spouse)	\$1,435.15
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**Request Total**

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**\$12,248.89**

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\*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 Mark Edmonds (deceased) and Nancy Frey (surviving spouse located in CA) in the amount of \$1,435.15 as part of the August approved retirements.



# MEMORANDUM

August 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 AM1705.....\$50,155.22      Apply to AM8  
*Substation breaker; system improvements*
- Inventory AN1703 .....\$205,046.26      Apply to AM8  
*Pole replacement; transformers & meters; transformer relocate;  
Regulator; URD relocate/replacement;*
- Inventory AN1705 .....\$5,406.28      Apply to AN8  
*Smart Grid/Communications*
- Inventory 201706 .....\$367,243.06      Apply to AM8  
*OH to URD conversion; Reconductor; URD replacements*

Staff requests Board approval to submit the above referenced RUS Form 219s totaling \$627,850.82 by way of approval of the consent agenda.

06/22/2017 11:16:48 am

## RUS Form 219 Inventory Of Work Orders

Page: 3

Period: MAY 2017

System Designation: WA AH O9

Inventory: AM1705

Project	Loan	Year	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)
					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)		
1600		2013	1556	1	22,049.41	0.00	0.00	0.00	0.00	21,743.23
								AFUDC: 306.18		
1600		2014	2305	1	27,416.83	1,682.09	0.00	0.00	0.00	28,411.99
			2305					AFUDC: 686.93		
					49,466.24	1,682.09	0.00	0.00	0.00	50,155.22
<b>Grand Totals:</b>					\$ 49,466.24	\$ 1,682.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 50,155.22

## Minor Construction Work Orders

Work Order: 1556 - JWM TO JUDY - 04-07-15. NO AU OR ASSETS ON WO  
REPLACE FAILED SUBSTATION BREAKER. NO MAPPING NEEDED.

Work Order: 2305 - ELWHA ROCK RD. SYS. IMPROVEMENT

06/22/2017 11:16:48 am

# RUS Form 219 Inventory Of Work Orders

Period: MAY 2017      System Designation: WA AH O9

Page: 7

Inventory : AM1705

Budget	Loan	Project	Amount
	1	1600	50,155.22
<b>Total:</b>			50,155.22

## 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 R.E.*  
INSPECTION PERFORMED BY

42902  
LICENSE NUMBER

7/18/19  
DATE

*OPALCO*  
SIGNATURE OF LICENSED ENGINEER

FIRM



EXPIRES 7/13/19

06/22/2017 11:16:48 am

Page: 2

## RUS Form 219 Inventory Of Work Orders

Period: MAY 2017

System Designation: WA AH O9

Inventory: 201705

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)		
1005	2014	2666	2	8,171.92	0.00	0.00	0.00	0.00	8,141.40
							AFUDC: 30.52		
				8,171.92	0.00	0.00	0.00	0.00	8,141.40
601	2014	1987	1	51,974.40	0.00	0.00	0.00	0.00	49,312.00
							AFUDC: 2,662.40		
601	2014	2669	1	6,164.14	0.00	0.00	0.00	1,622.81	4,517.07
							AFUDC: 24.26		
				58,138.54	0.00	0.00	0.00	1,622.81	53,829.07
604	2014	2455	1	26,159.75	0.00	0.00	0.00	0.00	25,386.92
							AFUDC: 772.83		
				26,159.75	0.00	0.00	0.00	0.00	25,386.92
608	2014	2450	1	54,240.60	0.00	0.00	0.00	0.00	53,031.22
							AFUDC: 1,209.38		
608	2014	2617	1	17,033.44	0.00	0.00	0.00	0.00	17,009.54
							AFUDC: 23.90		
608	2014	2620 2620	1	30,226.33	313.91	0.00	0.00	0.00	30,235.06
							AFUDC: 305.18		
608	2014	2645 2645	1	17,543.49	0.00	0.00	0.00	0.00	17,413.05
							AFUDC: 130.44		
				119,043.86	313.91	0.00	0.00	0.00	117,688.87
Grand Totals:				\$ 211,514.07	\$ 313.91	\$ 0.00	\$ 0.00	\$ 1,622.81	\$ 205,046.26

06/22/2017 11:16:48 am

Page: 6

# RUS Form 219 Inventory Of Work Orders Period: MAY 2017

System Designation: WA AH O9

Inventory : 201705

Budget		Amount
Loan	Project	
1	601	53,829.07
1	604	25,386.92
1	608	117,688.87
2	1005	8,141.40
<b>Total:</b>		<b>205,046.26</b>

## 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

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER



06/22/2017 11:16:48 am

## RUS Form 219 Inventory Of Work Orders

Page: 4

Period: MAY 2017

System Designation: WA AH O9

Inventory: AN1705

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)	New Construction Or Replacements (6)	Salvage Relating To Retirements Without Replacements (7)		
706 - 3	2014	2656	1	5,455.86	0.00	0.00	0.00	0.00	5,406.28
				5,455.86	0.00	0.00	AFUDC: 49.58 0.00	0.00	5,406.28
<b>Grand Totals:</b>				\$ 5,455.86	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,406.28



06/22/2017 11:16:48 am

Page: 8

# RUS Form 219 Inventory Of Work Orders

Period: MAY 2017                      System Designation: WA AH O9

Inventory : AN1705

Budget	Loan	Project	Amount
	1	706 - 3	5,406.28
<b>Total:</b>			<b>5,406.28</b>

## 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

OPALCO  
FIRM

42902

3/16/19

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER



EXPIRES 3/16/19

07/20/2017 9:21:29 am

**RUS Form 219 Inventory Of Work Orders**  
**Period: JUN 2017** **System Designation: WA AH O9**  
**Preliminary**

Page: 2

Inventory: 201706

Project	Loan	Year	Work Order Construction (1)  Retirement (2)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
					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)		
0000		2014	2522							
			2522	1	0.00	0.00	0.00	0.00	0.00	0.00
0000		2014	2672							
				1	0.00	0.00	0.00	0.00	0.00	0.00
					0.00	0.00	0.00	0.00	0.00	0.00
320		2013	1543							
			1543	1	292,423.45	0.00	0.00	0.00	0.00	285,385.90
								AFUDC: 7,037.55		
					292,423.45	0.00	0.00	0.00	0.00	285,385.90
608		2014	2374							
			2374	1	46,198.70	0.00	0.00	0.00	0.00	45,816.04
								AFUDC: 382.66		
608		2014	2404							
				1	36,530.61	0.00	0.00	0.00	0.00	36,041.12
								AFUDC: 489.49		
					82,729.31	0.00	0.00	0.00	0.00	81,857.16
<b>Grand Totals:</b>					\$ 375,152.76	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 367,243.06



07/20/2017 9:21:29 am

Page: 4

## RUS Form 219 Inventory Of Work Orders

Period: JUN 2017

System Designation: WA AH O9

Preliminary

Inventory : 201706

## Budget

Loan	Project	Amount
1	0000	0.00
1	320	285,385.90
1	608	81,857.16
<b>Total:</b>		<b>367,243.06</b>

**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

CPALCO

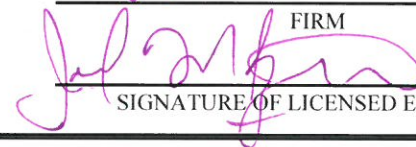
FIRM

42902

LICENSE NUMBER

3/16/19

DATE



SIGNATURE OF LICENSED ENGINEER



EXPIRES 3/16/19

## MEMORANDUM

August 10, 2017

TO: Board of Directors  
FROM: Foster Hildreth  
RE: Draft Bylaw Revisions

During the June meeting, clean up bylaw revisions were proposed for Board consideration. The Board wanted additional clarification to the language in Article II Section 6 *Ballot*. The Board felt clarification of the language was needed concerning timing of ballot submission.

Strikethroughs indicate items that will be deleted; yellow highlights indicate newly added verbiage.

Staff recommends a motion to approve the bylaw revisions as presented.



## **BYLAWS**

**And**

## **ARTICLES OF INCORPORATION**

# **ORCAS POWER & LIGHT COOPERATIVE**

183 Mt. Baker Road  
Eastsound, Washington 98245

*Established 1937*

*Articles of Incorporation amended March 19, 1998*

*Bylaws amended January 26, 2017*

## **STATEMENT OF NONDISCRIMINATION**

Orcas Power & Light Cooperative is the recipient of Federal financial assistance from the Rural Utilities Service (RUS), an agency of the US Department of Agriculture, and is subject to the provision of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules and regulations of the US Department of Agriculture. This institution is an equal opportunity provider and employer.

The objective of the ORCAS POWER AND LIGHT COOPERATIVE is to serve San Juan County by providing electrical utility service that is efficient, economical and adequate for our members.

*Including amendments adopted by the Board of Directors  
~~January 26, 2017~~*

# **ARTICLE I – MEMBERS**

## **Section 1.**

Any person residing and/or owning, leasing or possessing real property in San Juan County, Washington or other counties in Washington, and desiring to become an ENERGY MEMBER of the Cooperative and receive electrical energy and service from it by connection to its physical system is eligible for energy membership and may apply therefor. Such applicant may become an energy member upon approval of his/her application, agreeing to purchase energy services from the cooperative, and to be bound by the articles of incorporation, bylaws, tariffs and rules of the Cooperative, together with any future amendments thereto, and payment of the current fee fixed by the Board of Directors. Energy members may also purchase and receive communications and other services from the cooperative's communications subsidiary where they are available and the member is connected to the subsidiary's communications system.

Membership in any class may be assigned to another member or reacquired by the Cooperative by following the procedure established by the Board of Directors.

Every member shall be responsible for payment of any and all services received from the cooperative and its communications subsidiary, and failure to pay for any of the services will be grounds for termination of all services received from the cooperative and for termination and/or forfeiture of membership.

No member shall ever become the holder or owner of more than one membership in any class, and memberships held by a member in excess of one shall be redeemed by the Cooperative by repayment of the membership fee.

## **Section 2. Qualifications and Obligations.**

Any person, partnership, corporation or body politic may become an energy member in the Cooperative by:

- a) signing and submitting an application for membership form;
- b) paying the membership fee hereinafter specified or as adopted by the Board of Directors;
- c) agreeing to purchase from the Cooperative electric energy and service as hereinafter specified by the Cooperative; and
- d) agreeing to comply with and be bound by the articles of incorporation, bylaws, tariffs and rules of the Cooperative and any future amendments thereto; provided, however, that no person, partnership, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors. Each member agrees to grant any necessary access to real property in order to allow the cooperative to provide electric energy and its communications subsidiary to provide communications and other services requested by the member and others, and further agrees to provide written easements recorded in favor of the cooperative and its communications subsidiary, as necessary.

## **Section 3. Membership Fee.**

The membership fee shall be set by the Board of Directors. Upon payment of the membership fee and approval of the membership application by the board, the member shall be eligible for services. Fees for providing connections shall be established by the regulations adopted by the cooperative that are applicable at the time the connections are made.

## **Section 4. Purchase of Electric Energy.**

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy for use on the premises specified in his or her application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by resolution of the Board of Directors; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of cost of service are furnished by energy members as capital, and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay to the Cooperative a facility charge, which shall be a minimum amount per month as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed, but in no case less than said minimum amount. Energy members may also purchase communications and other services from the Cooperative's communications subsidiary where such services are available and the member is connected to the subsidiary's communication system. Members purchasing communications or other services shall pay at rates and on terms and conditions which shall from time to time be fixed by the Cooperative's communications subsidiary. Each member shall pay all obligations that may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. The Cooperative and its communications subsidiary reserve the right to discontinue any or all service, including but not limited to electric service, to any member who has not paid the amounts owed by the member.

## **Section 5. Non-Liability for Debts of the Cooperative.**

The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative, and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

## **Section 6. Expulsion of Members.**

The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who has violated or refused to comply with any of the provisions of the articles of incorporation, the bylaws, the tariffs or any rules or regulations adopted from time to time by the Board of Directors or any future amendments thereto. Any member so expelled may be reinstated as a member by a vote of the energy members at any annual or special meeting of the energy members. The action of the members with respect to any such reinstatement shall be final.

## **Section 7. Withdrawal of Membership.**

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and its communications subsidiary and upon compliance with such terms and conditions as the Board of Directors may prescribe.

## **Section 8. Transfer and Termination of Membership.**

- a) Membership in the Cooperative shall not be transferred except as hereinafter otherwise provided; and upon the death, cessation of existence, expulsion or withdrawal of a member, or if a member has received no electrical service for a continuous period of twelve (12) months when it was available to him or her, the membership of such member shall thereupon terminate. Termination of membership shall not release the member or the member's estate from the debts or liabilities of such member to the Cooperative.



- b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by the spouse jointly with the provisions of subdivisions (b) and (c) of Section 2 of this article. Such transfer shall be made and recorded on the books of the Cooperative.
- c) When a membership is held jointly by a married couple, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to the surviving spouse, as the case may be, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- d) One whose membership has been terminated for any reason, but who requires service again, may again become a member by complying with the procedure outlined in Article 1, Section 2. Such a reinstated member, however, shall be required to pay a connection fee equivalent to that required of an existing member, in addition to the membership fee.

## **Section 9. New Classes of Memberships.**

The Board of Directors, by majority vote of a quorum of the board, may adopt, by resolution, additional classes of memberships, together with the rights, responsibilities and duties of such additional classes of members.

## **~~Section 10. Removal of Directors and Officers.~~ MOVED TO ARTICLE III**

# **ARTICLE II - MEETINGS OF ENERGY MEMBERS**

## **Section 1. Annual Meeting of the Energy Members.**

The a **Annual** meeting of the energy members shall be held on the first Saturday of May, or on another date selected by the directors each year, at such place as the directors shall designate, for the purpose of electing directors and transacting such other business as shall come before the meeting. Unless the laws of the State of Washington, the Articles of Incorporation of the Cooperative, or these **se** bylaws provide otherwise, all **no** business requiring a vote of the members shall be acted upon at the Annual meeting **unless** with all properly noticed ballots, and a clear statement of any resolutions **and other business to be transacted is** are provided **to members in advance, as well as any properly noticed ballots, all** and any other proper notice of the business **to be transacted has been provided to members** in accordance with notice provisions contained in Article II of these bylaws. If the election of directors shall **is** not be held **at the** on the day designated herein for such Annual M**meeting**, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a Special meeting of the energy members as soon thereafter as conveniently may be set. Failure to hold the Annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

## **Section 2. Special Meetings of the Energy Members.**

Special meetings of the energy members may be called by at least three (3) directors or the president, or upon a written request signed by at least 10 percent (10%) of all the energy members entitled to vote, accompanied by a clear written statement of the subject matter of the Special meeting, and it shall ~~thereupon~~ be the duty of the secretary to cause notice of such meeting to be given as provided in Article II of the bylaws. Any Special meeting where a membership vote is to occur (whether requested by the Board of Directors or by a ten percent (10%) petition of the membership) shall be accompanied by a clear written statement of the matter to be voted upon. The notice provided to the membership shall be consistent with the notice provisions of Article II and ballots shall be provided in advance of the Special meeting. A quorum shall be based upon ballots submitted. The results of the vote shall be ratified at the Special meeting. A Special meeting may be held where no vote is to occur, as long as a clear statement of the subject matter of the meeting is provided

to the membership consistent with the notice provisions of Article II. Special meetings of the energy members may be held at any place in the County of San Juan, in the State of Washington, specified in the notice of the special meeting.

### **Section 3. Notice of System Energy Members' Meetings. A. Meeting Notice.**

Written notice stating the place, day and hour of an Annual meeting or Special meeting, shall be delivered not less than twenty-one (21) days nor more than fifty (50) days before the date of the Annual or Special meeting. The meeting notice will be sent either by mail or electronic transmission, and the notice is deemed to be delivered upon it being posted on OPALCO's website. The failure of any energy member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Each member shall be responsible to provide advance written notice to the Cooperative of any address change. The purpose of the Special meeting shall be clearly stated in all meeting notices.

### **Section 4. Quorum.**

At all meetings of the energy members, whether at an Annual or Special meeting, a quorum shall be met when at least ten percent (10%) of all energy members have casting their ballots. shall constitute a quorum for the transaction of business at all meetings of the energy members, whether at the Annual or Special meeting. If less than a quorum has cast ballots, is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided that the secretary shall notify any absent energy members of the time and place of such reconvened adjourned meeting, pursuant to Article II of the bylaws, in order to obtain a quorum. At any such reconvened meeting following a meeting where a quorum was present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

### **Section 5. Voting.**

Each energy member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the energy members at which a quorum is present, all questions shall be decided by a vote of a majority of the energy members voting thereon by ballot, provided all proper notices have been provided pursuant to Article II, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these bylaws. If an energy membership is represented by more than one person, they shall jointly be entitled to only one (1) vote and no more upon each matter submitted to a vote at a meeting of the energy members. Issues submitted to the energy membership for vote will be objectively stated and as free from bias as possible. In addition, a Voting Guide may be prepared and distributed by the Cooperative to include statements for and against any matter placed before the membership for a vote, as well as rebuttal statements.

### **Section 6. Ballot.**

All voting shall be conducted by mail or electronic balloting (Ballot), in advance. Any energy member may vote electronically or by written ballot. At an Annual or Special meeting, only motions regarding procedural matters involving the conduct of the meeting will be properly considered, such as approval of the minutes, and may be made from the floor, and shall be acted upon solely by the energy members in attendance at the meeting.

The secretary shall distribute a notice of meeting and ballot to all energy members in advance of the Annual or Special meeting. The secretary shall enclose with the notice of such meeting a The ballot must containing any exact copy of all motions or resolutions to be acted upon. at the Annual or Special meeting. In the event of an Ballots for the election of directors, the ballot shall include a list of all candidates for director provided for in Article III, Section 3 of the Bylaws. An energy member shall express his or her vote by either voting electronically following the written instructions provided by The Cooperative shall include written instructions for completing all ballots. or by writing "Yes" or "No" on each such motion or resolution in the space provided



~~therefore on the ballot.~~ A member may elect not to vote on a particular matter, without invalidating the rest of the ballot. Any ballot shall be submitted by such date and hour as may be fixed ~~set~~ by the Board of Directors and described in the written instructions. **All ballots must be submitted but in no event shall the date for ballot submittal be less later than by noon Pacific Time three (3) two (2) calendar days before the Annual or Special meeting. (For example, if the Annual meeting is on Saturday, all ballots are to be submitted by noon on the previous Wednesday.)**

Only one ballot shall be returned and counted on behalf of a membership. OPALCO staff shall post balloting information on OPALCO's website. The failure of any such energy member to receive a copy by mail or electronically, of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting. In the event electronic voting procedures are adopted, the Board shall provide advance notice of those procedures in the manner provided for in this Article II, and as provided by law.

## **Section 7. Order of Business.**

The order of business at the annual meeting of the energy members, and, so far as possible, at all other meetings of the energy members, shall be essentially as follows:

1. Call of the roll;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Report of the Elections and Governance Committee and election of directors;
4. Reading of unapproved minutes of previous meetings of the energy members and the taking of necessary action thereon;
5. Presentation and consideration of, and acting upon, reports of officers, directors and committees;
6. Unfinished business;
7. New business. Any new business raised at the annual or special meeting may be continued until the next member meeting set according to these bylaws;
8. Adjournments.

## **Section 8. Robert's Rules of Order.**

The most recent edition of Robert's Rules of Order shall serve as the governing rules for any official meeting of the energy members, unless inconsistent with the bylaws. **The Cooperative is not required and has specifically chosen not to follow the Washington State RCW 42.30 Open Public Meetings Act.**

# **ARTICLE III – DIRECTORS**

## **Section 1. General Powers.**

The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

## **Section 2. Qualifications.**

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. {San Juan, Pearl, Henry, Brown and Speiden islands}

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. {Orcas, Armitage, Blakely, Obstruction, Big Double, Little Double and Fawn islands}

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. {Lopez, Decatur, Center and Charles islands}

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. {Shaw, Crane, Canoe and Bell islands}

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 (whether by petition, write-in or nomination), 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, regardless of the method of candidacy:

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 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 financial interest 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.

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.

### **Section 3. Nominations and Election of Directors.**

**Nominations:** It shall be the duty of the Board of Directors to appoint a standing Elections and Governance Committee (EGC), made up of nine (9) members consisting of three (3) energy members from each of the residency districts approved for the election of the San Juan County Council in San Juan County, Washington. No current officer or member of the Board of Directors shall be appointed a member of such committee, although former officers and directors may serve. No employee of the Cooperative or its subsidiaries may serve on the Committee, although the Committee may request that staff support be provided to act under the direction of the Committee. Once the transitional period has concluded, each member of the Committee shall serve a three (3) year term. During the transitional period, the initial terms of the Committee members in each district shall be staggered such that Position A Committee members shall serve a one (1) year term, Position B Committee members shall serve a two (2) year term, and Position C Committee members shall serve a three (3) year term. The reference to Districts 1, 2, and 3 are to the residency districts approved for the election of the San Juan County Council.

- a) The Committee shall have prepared and posted on the OPALCO website or in the lobby at the principal office of the Cooperative at least eighty (80) calendar days before the meeting a list of its nominations for directors. Any twenty (20) or more members may make other nominations of qualified members from the OPALCO district that the Director will be elected from, by petition with their signatures, filed with the General Manager at the principal office of the Cooperative at Eastsound, Washington, not less than fifty-five (55) days prior to the meeting. The secretary shall cause the same to be posted at the place where a list of nominations made by the committee is posted, including electronic postings on the Cooperative's website. The Cooperative shall post the list of director candidates on its website in order to provide the notice required in this section. The committee, if possible, should nominate at least four (4) candidates when there are two open positions within a district and two (2) candidates for a single open position. The secretary shall post on OPALCO's website with the notice of the meeting a statement of the number of directors to be elected from each district all nominations, including those made by petition, if any.
- b) The EGC is responsible for selecting candidates and nominating those candidates to stand for election to serve on the Board of Directors as successors or replacements for then-current board members. At

the request of the Board of Directors, the Committee may also be asked to review bylaws, policies and/or cooperative governance procedures on an as-needed basis.

- c) As provided in Article II of the bylaws, the secretary of the Cooperative shall mail to each energy member a printed ballot marked "Ballot for Directors" containing the names of all nominees for the respective districts to be arranged alphabetically, together with a notice of said meeting, containing appropriate information and instructions relative to voting. The ballot shall indicate thereon the number of directors to be elected from each district. In the alternative, the Cooperative may provide ballots to each energy member electronically. All voting by each energy member of the Cooperative entitled to cast a vote for the election of directors shall be completed by a ballot, either provided in the mail or electronically by the Cooperative. Voting shall be conducted by the procedures established in Article II.
- d) Each energy member is entitled to vote for each position for which a director is to be elected, and the candidate receiving the most votes in each position is deemed to be elected; provided, where two directors are to be elected for a particular district, the two persons receiving the greatest number of votes shall be deemed elected.

#### **Section 4. Vacancies.**

A vacancy occurring in the Board of Directors shall be filled by the election of an energy member resident of the same district as the director whose office is vacated, by a majority vote of the remaining directors, and a director thus elected shall serve for an unexpired portion of the term or till his or her successor shall have been elected and shall have qualified.

#### **Section 5. Compensation.**

From time to time director compensation shall be reviewed by the Elections and Governance Committee, and any recommendations regarding director compensation shall be presented to the Board of Directors. The Board of Directors shall either accept or reject the recommendations of the Committee, except that the Board may approve a reduction in the compensation amounts recommended by the Committee. Directors shall not receive any salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for serving as a director at meetings on behalf of the Cooperative. Close relatives of a director shall not receive compensation for serving the Cooperative, unless such compensation is recommended by the EGC and approved by the Board of Directors.

#### **Section 6. Removal of Directors and Officers. MOVED FROM ARTICLE I**

Any energy member may seek removal of a director or officer by bringing written charges of malfeasance or misfeasance against an officer or director by filing them in writing with the secretary. The Any filing of written charges shall meet the Notice requirements in Article II of the bylaws, together with a petition signed by ten percent (10%) of the energy members, requesting the removal of the officer or director in question. The secretary shall provide a copy of the charges to the director or officer being charged within five (5) business days of their filing with the secretary. To be considered, the removal request must state sufficient facts in writing to support the charge of malfeasance or misfeasance. The Board of Directors, excluding the director or officer subject to the charges, with the advice of the cooperative's counsel, shall determine whether the removal request states sufficient facts to support the charges. In the event all members of the Board of Directors are subject to petitions charging malfeasance or misfeasance at the same time, the President shall appoint an independent committee made up of seven (7) energy members from the Districts established in Article III, Section 2 of these Bylaws, reflecting the same District representation as the then current Board of Directors. The independent committee, with the advice of the cooperative's counsel, shall determine whether the removal request states sufficient facts to support the charges by a majority vote. A removal request that has been found to be sufficient shall be considered at a Special meeting of the energy members at which a quorum is present. The director or officer against whom such charges have been brought shall have an

opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity. Following the presentations, all members shall be entitled to vote on the requested removal, based upon the factual allegations in the removal request presented. The vote Voting procedures on the removal petition shall be conducted pursuant to Article II of the bylaws, and notice shall be provided consistent with Article II of the bylaws. The secretary shall arrange for distribution of ballots to the membership after the presentations at the Special meeting of the energy members, and shall include a transcript of the meeting, written materials from the members charging malfeasance or misfeasance in the removal petition, and the written response from the director or officer who is the subject of the petition. Ballots shall be marked "Yes" or "No" on whether the director or officer shall be removed. Voting shall be concluded thirty (30) days after the date ballots were distributed to the membership. Members may complete ballots either by mailing them to the cooperative or returning them electronically to the cooperative, within the thirty (30) day period set for voting. Votes shall be tabulated by an independently hired accountant selected solely for that purpose, who will certify the results to the Board of Directors. A director will be removed, after a quorum has been established, and a majority of members constituting the quorum vote to remove the director or officer. In the event a director or officer is removed, a replacement director shall be appointed pursuant to Article III, Section 4 to complete any of the removed director's or officer's unexpired term. In the event all directors are removed, the membership shall immediately call for an election of replacement directors, for the remainder of the term each prior director was serving.

## **Section 7. Rules and Regulations.**

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

## **Section 78. Accounting System and Reports.**

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The board shall also, after the close of each fiscal year, cause to be made an audit of the accounts, books, records and the financial condition of the Cooperative. Said audit is to be conducted by a certified public accounting firm that is acceptable to the Rural Utilities Service.

A summary of such audit report shall be submitted to the members at the following annual meeting. Accounts of the Cooperative may be examined by a committee of the Board of Directors at any time it feels it advantageous to do so.

## **Section 89. Changes in Rates.**

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America within ninety (90) days after board approval of any change in the rates charged by the Cooperative for electric energy.

## **Section 910. Absences of Directors.**

In the event that any director shall miss three (3) consecutive regular meetings without a valid excuse, at the discretion of the remaining directors, the seat of the absent director may be declared vacant and a replacement named by the remaining directors.

**ARTICLE IV - MEETINGS OF DIRECTORS**

**ARTICLE V - OFFICERS**

**ARTICLE VI - BOOKS AND RECORDS**

**ARTICLE VII - CONTRACTS, CHECKS AND DEPOSITS**

**ARTICLE VIII - NONPROFIT OPERATION**

**ARTICLE IX - WAIVER OF NOTICE**

**ARTICLE X - DISPOSITION OF PROPERTY**

**ARTICLE XI - FISCAL YEAR**

**ARTICLE XII - MEMBERSHIP IN OTHER ORGANIZATIONS**

**ARTICLE XIII - SEAL**

**ARTICLE XIV - AMENDMENTS**

**ARTICLE XV - GENDER**

# MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Revisions to Member Services Policy 17 - *Member Participation at OPALCO Meetings* (formerly OPALCO Policy 11)

This is the second read of policy revisions which convert the existing OPALCO Policy 11 to a new Member Service Policy 17, addressing member attendance and decorum at OPALCO meetings. Our goal is to promote harmony with and participation from all members.

In summary, MS Policy 17 encourages and welcomes member attendance at open meetings and clarifies a code of conduct to protect the efficiency and decorum of those meetings. Our co-op model is built on member participation and OPALCO posts board materials and rotates meeting locations to encourage member participation.

Staff requests a motion from the Board to approve Member Service Policy 17 *Member Participation at OPALCO Meetings* as revised.



# ORCAS POWER AND LIGHT COOPERATIVE

## MEMBER SERVICE POLICY 17

### MEMBER PARTICIPATION AT OPALCO MEETINGS

#### 17.1 GOALS AND OBJECTIVES

As a member-owned electric cooperative, member participation in the affairs of OPALCO is both expected and encouraged. The purpose of this policy is to establish guidelines, help foster attendance at OPALCO meetings, and establish respectful communication among members, including the Board of Directors. OPALCO encourages member interest in the governance of its cooperative and welcomes member attendance at all OPALCO meetings.

#### 17.2 OPALCO BOARD MEETINGS

Meetings of the OPALCO Board of Directors are conducted in accordance with the current edition of *Robert's Rules of Order Newly Revised*. Meetings of the Board of Directors are held on the three main ferry-served islands (San Juan, Orcas and Lopez) on a rotating basis to maximize member attendance. By rotating the meeting locations, the Board of Directors intent is to maximize member ability to participate.

17.2.1 All meeting materials are posted on the OPALCO website in advance of the monthly meeting. The minutes are posted once approved.

17.2.2 At each regular monthly meeting of the Board of Directors, members will be offered an opportunity to address the Board at the beginning of each meeting with the following criteria:

17.2.2.1 Members will state their name and island of residence;

17.2.2.2 Members will identify the topic they wish to address;

17.2.2.3 Members will have 5 minutes to voice their comments.

17.2.3 Members are expected to act with civility and maintain decorum:

17.2.3.1 Any comments must be respectful and not be personal in nature, including those made to other members, cooperative staff and directors;

17.2.3.2 If a member is representing a group of members, one representative is encouraged to speak on behalf of the group or organization, in the interest of time;

17.2.3.3 Meeting participants shall refrain from disruptive or distracting behavior. Unruly behavior, (including but not limited to applause, booing or hissing, interruption or harassing remarks) is prohibited. Participants shall respect individual physical and personal space and refrain from any form of physical or verbal intimidation or abuse.



- 17.2.3.4 The Board may allow member participation during discussion of an item at the Board President's (or presiding director's) discretion, providing that such participation does not unnecessarily slow board deliberations and ensuring that member participation does not interfere with the conduct of Cooperative business.
- 17.2.4 Subject to the approval of the Board President or presiding director, any member may request permission to address the Board of Directors outside the initial opening of each meeting. If the request is approved by the Board President or presiding director and is received at least ten business days prior to a board meeting, that person's name and topic will normally appear on the agenda.
- 17.2.5 Communication in writing may be distributed to the Board of Directors prior to any meeting or may be included with the board materials, subject to approval by the General Manager.
- ~~17.2.6 Member attendance at Board committee meetings will be at the discretion of the chairperson of the committee.~~

### **17.3 OTHER MEETINGS**

Other meetings held on behalf of OPALCO (committee or special) shall be noticed pursuant to Bylaws Articles II & IV.

### **17.4 VIDEO RECORDING AT MEETINGS**

The intent is to video record regular board meetings (and other meetings as determined by the Board), for those members who are not in attendance, making it more accessible for the entire membership to review the governance of OPALCO.

#### **Background**

In 2014, a proposed member initiated bylaw amendment included a vote on video recording of board meetings. The amendment was not approved by the membership. At this time, we wish to make video recordings accessible to the membership provided it is a prudent use of member resources. OPALCO will include video recordings when practical and cost effective, as follows:

- 17.4.1.1 Video recording will utilize existing video equipment that OPALCO already uses for operational purpose.
- 17.4.1.2 Recordings will be a static, non-interactive, not live, unedited feed and made available through the OPALCO website. Recordings will be available on OPALCO's website for a rolling period of 12 months.
- 17.4.1.3 Due to rotation of meetings, equipment may not be available in all meeting locations.

17.4.1.4 The recordings' intended use is for the OPALCO membership and not for commercial purposes.

17.4.1.5 Members attending the board meeting acknowledge that they may be recorded.

## 17.5 RESPONSIBILITY

17.5.1 The General Manager shall ensure that all OPALCO meetings that are open to the membership receive proper notice on the OPALCO website so that members are aware of when and where meetings are scheduled.

17.5.2 The Board President, presiding director, or any designee shall ensure that conduct is respectful and orderly and shall preserve decorum at any meeting of the Cooperative. Each director shall cooperate with the President in ensuring that meetings are conducted in a respectful and orderly fashion. Interrupting or disturbing any person while speaking is contrary to this policy.

17.5.3 Any behavior that is deemed to be disruptive, distracting severe or threatens the physical safety of a meeting participant or property of the Cooperative may lead to such participant being required to leave the premises where the meeting is occurring. The President, presiding Director or designee shall make such determination.

17.5.4 Upon repeated violations of this policy, the President, presiding director or any designee may prohibit that individual from attending future meetings of the Cooperative, whether a formal meeting or other Co-op function. The duration of this prohibition shall be a maximum of three (3) months at the discretion of the President, presiding director or any designee based upon the severity and nature of the violation. The barred member may send written comments to the General Manager which may be presented during the subsequent Board meeting.

<p>_____ Effective Date: _____</p> <p>Foster Hildreth, General Manager</p>
--

# MEMORANDUM

August 10, 2017

TO: Board of Directors  
FROM: Foster Hildreth  
RE: NRECA Voting Delegate

The 2017 Region 9 meeting will take place October 16-18 in Denver, Colorado.

Randy Cornelius attended the annual meeting in February and was named voting delegate at the December board meeting. Jim Lett was named the alternate.

The voting delegate and alternate can remain the same for the Region 9 meeting or the board can opt to change the delegate/alternate. Staff requests the Board inform staff of the current voting delegates (primary and alternate).

# MEMORANDUM

August 10, 2017

TO: Board of Directors  
FROM: Foster Hildreth  
RE: Annual Meeting 2018

The bylaws state that the annual meeting “shall be held on the first Saturday of May, or on another date selected by the directors each year...” (Article II Section 1). Staff proposes a change of date for 2018 to Saturday, April 21.

Changing the date to Saturday, April 21 will not interfere with many other activities scheduled for the first Saturday of May, such as the opening of the Farmer’s Market, or the Tour de Lopez the last weekend of April.

Please note, staff will be investigating the viability of holding the annual membership meeting aboard the inter-island ferry (boat size, time constraints, and WSF compensation).

# MEMORANDUM

August 10, 2017

TO: Board of Directors  
FROM: Foster Hildreth  
RE: RUS RDAppl Resolution

RUS has a new web-based software system for loan document submittal, known as RDAppl. The documents included in this are the Construction Work Plan, Environmental Reports, financial forecast, and other loan/grant supplemental documentation.

Resolution 3-2017 is required in order to name the staff who will have permission to access the RDAppl Intake System.

Staff requests a motion to approve Resolution 3-2017, granting Foster Hildreth and Nancy Loomis authority to submit applications on behalf of OPALCO.



# ORCAS POWER & LIGHT COOPERATIVE

## BOARD OF DIRECTORS RESOLUTION 3-2017 RD APPLY INTAKE SYSTEM

### SECRETARY'S CERTIFICATE

I, Winnie Adams, do hereby certify that: I am the Secretary of Orcas Power & Light Cooperative (hereinafter the "Cooperative;"), that the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Cooperative at the regular meeting held August 17, 2017 and entered in the minutes book of the Cooperative; that the meeting was duly and regularly called and held in accordance with the bylaws of the Cooperative; and that none of the following resolutions has been rescinded or modified:

### RESOLUTIONS

1. RESOLVED that Foster Hildreth, the General Manager of the Cooperative, be the Certifier on behalf of the Cooperative, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture, any and all data required by RD Apply Intake System;
2. RESOLVED that Nancy Loomis, Manager of Finance and Member Services of the Cooperative, be the Administrator on behalf of the Cooperative, who shall give access to the Cooperative's data, as appropriate, to other employees, officers, or contractors of the Cooperative, for the purpose of complying with the RD Apply Intake System; and
3. RESOLVED that both shall comply with the Instructions for RD Apply Intake System in regard to use of the government's data collection system.

Certifier: [REDACTED]  
eAuthentication ID

Administrator: [REDACTED]  
eAuthentication ID

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

**IN WITNESS WHEREOF** I have hereunto set my hand and affixed the seal of the Cooperative this 17th day of August, 2017.

Corporate Seal

Secretary

[www.opalco.com](http://www.opalco.com)

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

## MEMORANDUM

August 10, 2017

TO: Board of Directors

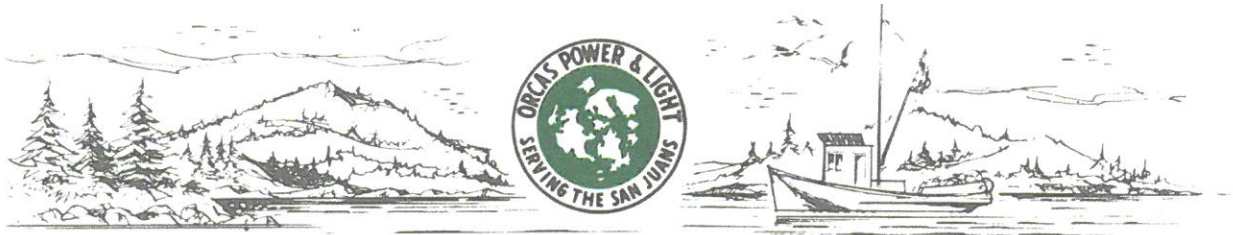
FROM: Foster Hildreth

RE: PNGC Power Director Nomination and Member Representative

OPALCO will become a full member of PNGC Power in October 2017. PNGC requests OPALCO designate a person to represent OPALCO on the PNGC Board of Directors. As a point of reference, the existing PNGC Board of Directors is comprised of the General Managers/CEOs of the member cooperatives.

An alternate may be selected to serve in the GM/CEOs absence although this is not a requirement. The Director serves a three-year term (until 2020). Please note that individual OPALCO Board members may elect to attend any or all PNGC board meetings as non-voting participants.

Staff recommends that the Board elect the General Manager to serve on PNGC's Board of Directors and the execution of the attached resolution.



# ORCAS POWER & LIGHT COOPERATIVE

## Board of Directors

### Resolution 4-2017

#### PNGC Director Nomination and Member Representative

WHEREAS, Orcas Power & Light Cooperative will become a full member of Pacific Northwest Generating Cooperative, hereinafter called PNGC Power, in October, 2017.

NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby names the General Manager as the designated membership representative; and \_\_\_\_\_ the designated alternate for voting purposes at membership meetings of the Pacific Northwest Generating Cooperative.

#### Secretary Certificate

I, Winnie Adams, do hereby certify that I am the Secretary of Orcas Power & Light Cooperative and the above resolution was duly adopted by the Board of Directors of the Cooperative at its regular meeting held August 17, 2017.

SEAL

\_\_\_\_\_  
Winnie Adams

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## MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: USDA Rural Energy Saving Program (RESP) Loan Application

One of OPALCO's main goals is to assist our members keep their total energy costs down and lower our collective carbon footprint along the way. We are striving to accomplish this in three ways: 1) energy efficiency and conservation, 2) fuel switching away from other forms of energy like gasoline and other carbon-based fuels and 3) preparing our system for cost effective local, renewable energy generation.

Staff is excited for the opportunity to obtain low interest RUS funding to support member energy savings and efficiency through a re-lending program. The RUS RESP loan program will allow us to provide incentives to our membership that will achieve our cooperative goals (above) and help our members to achieve their personal goals of carbon offset, energy efficiency and affordability. In June 2017, staff received an 'Invitation to Proceed with Loan Application' from RUS. Our intent is that the funds of \$5.8M will be used to implement a comprehensive energy savings and renewable re-lending program.

Please note, the implementation plan and actual loan disbursements can be adjusted to suit the annual budgetary goals and the total number of members benefiting from this program. Additionally, the IWP can be adjusted over the loan horizon to accommodate unforeseen challenges, lessons learned, regulatory changes, and feedback from customers.

The RUS application requires: (1) a Board Resolution approving and establishing the energy savings loan program, (2) long range financial forecast (LRFF) and (3) high-level Implementation Work Plan (IWP) for the program. These documents are to be approved by the Board as part of the application packet prior to loan submittal.

See full draft of the IWP and LRFF under separate attachment.

### **1 – Board Resolution:**

See attached resolution action item.

### **2 – Long Range Financial Forecast:**

The LRFF follows the RUS standard Form 325 forecast model which prescribes a format as well as several key assumptions. This forecast is to be used for the RUS loan application process only, as there are several key assumptions prescribed by RUS within the LRFF that differ from the assumptions used in OPALCO's budgeting for operations (i.e. RUS requires the assumption 5.5% interest on future borrowings which dramatically effects TIER targets and General Funds accumulation levels in any given year). These prescribed assumptions result in a LRFF that is highly conservative which allows RUS to gauge a borrower's credit worthiness and anticipated borrowing levels.

Please note that LRFF will also be used in the 4-year Construction Work Plan (CWP) loan application process. Conceptually, OPALCO uses our CWP loan as a Line of Credit during the 4-year period to fund capital projects while also allowing for an additional contingency funding for when planned projects are deferred.

### **3 - Implementation Work Plan:**

The IWP serves as a living document which outlines the overarching program goals and includes a timeline, sources & uses of funds, staffing plan, marketing plan, operations plan, risk analysis, and quality assurance plan.

Once the loan application is submitted, RUS will review the application documents and, if approved, will issue a conditional commitment letter to OPALCO.

Upon review, staff recommends a motion to execute the RESP resolution and approve both the LRFF and IWP.



# ORCAS POWER & LIGHT COOPERATIVE

## BOARD OF DIRECTORS

### RESOLUTION 5-2017

#### ESTABLISHING THE RURAL ENERGY SAVINGS PROGRAM (RESP)

**WHEREAS**, Orcas Power & Light Cooperative has developed the Energy Savings Loan Program for the rural areas in its service territory intended to be funded with the proceeds from the United States Department of Agriculture's Rural Energy Savings Program; and

**WHEREAS**, Orcas Power & Light Cooperative – through RESP- will offer rebates; and

**WHEREAS**, Orcas Power & Light Cooperative has developed a comprehensive implementation work plan and financial forecast for RESP; and

**WHEREAS**, Orcas Power & Light Cooperative has developed a comprehensive measurement and verification program in connection with RESP; and

**WHEREAS**, the financial forecast, the implementation work plan and the measurement and verification program, and related documents will be considered by the Rural Utilities Service, an agency of the United States Department of Agriculture, in making a determination to make a financially feasible and adequately secure loan to Orcas Power & Light Cooperative; and

**WHEREAS**, Orcas Power & Light Cooperative intends to submit a loan application under the Rural Energy Savings Program Loan as prescribed in the Notice of Solicitation for Applications (NOSA) published in the Federal Register, Vol. 81, No. 119 on June 21, 2016.

**NOW THEREFORE BE IT RESOLVED**, that Orcas Power & Light Cooperative approves the implementation work plan, the financial forecast and related documents in connection to the RESP;

**BE IT ALSO RESOLVED**, that Orcas Power & Light Cooperative's officers, managers, and staff are authorized to carry out all necessary actions –including but not limited to the executing and attesting all necessary documentation- in connection with the loan application to participate in the Rural Energy Savings Program as provided in the NOSA;

**BE IT FURTHER RESOLVED** that Orcas Power & Light Cooperative's officers are authorized to apply and take a loan in the amount of \$5.8M to carry out RESP;

**BE IT ALSO RESOLVED**, that the loan shall bear a maturity date to cover twenty years.

#### CERTIFICATION OF SECRETARY

I, Winnie Adams, Secretary of Orcas Power & Light Cooperative do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Orcas Power & Light Cooperative on August 17, 2017, at which a quorum was present and voted.

SEAL

Winnie Adams, Secretary [www.opalco.com](http://www.opalco.com)

## MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

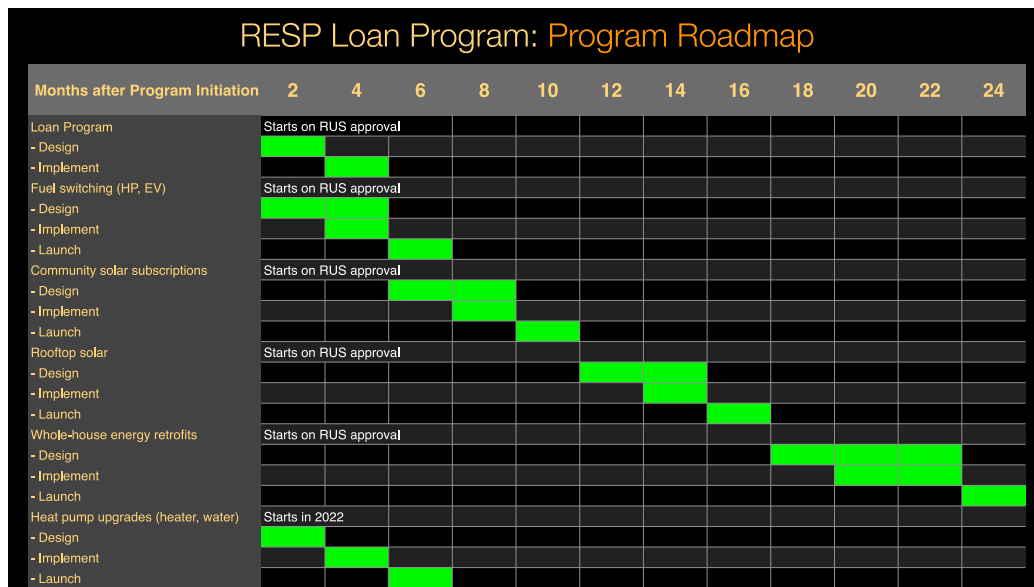
RE: Implementation Work Plan (IWP) Executive Summary

The IWP serves as a living document which outlines the overarching program goals and includes a timeline, staffing plan, marketing plan, operations plan, sources & uses of funds, risk analysis, and quality assurance plan. Please note, the actual loan disbursements can be adjusted to suit the annual budgetary goals and the total number of members benefiting from this program. Additionally, the IWP can be adjusted over the loan horizon to accommodate unforeseen challenges, lessons learned, regulatory changes, and feedback from customers. Please see separate attachment to Board packet for full draft of the implementation work plan and long range financial forecast.

### Program Goal & Timing:

By procuring RESP loan funds, OPALCO hopes to provide loans for energy efficiency & savings measures, fuel switching and renewable energy. In this submittal, OPALCO hopes to provide loans to about 10% of OPALCO members, about 1,200 homes and business. This loan program will eliminate the barriers of the upfront cost of energy efficiency retrofits and the challenge of securing credit.

### Timeframe:



### Staffing:

- OPALCO Energy Savings & Accounting staff

### Marketing:

- **Primary targets:** (1) Residential Heating/Fuel Switching, (2) Transportation (EV Charging Stations), (3) Whole House retrofits (4) Community & Residential Solar
- **Promotional Activities:** Bill inserts, Website, Social Media (FB & Twitter), Co-op Stewards, Trade Allies, MS Call Center, promotional events.

### Operations:

- OPALCO's RESP loan program will be very similar to the co-op's current energy efficiency and conservation (EE&C) program.
- Loans will be underwritten to ensure reasonable credit worthiness
- Financing will be done utilizing NISC's on-bill financing option
- Interest charged at 2% to cover program operational costs and loan loss reserve (LLR). Please note, the loan program has the flexibility for us to charge 0% to 3% to cover administrative costs.

### Schedule & Projections:

RESP Loan Program: Projected Loan Volume													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total Loans	Average Loan Amount	Total \$
Whole-house energy retrofits	-	5	10	15	20	25	30	35	30	15	185	\$12,000	\$2,220,000
Fuel switching: heat pumps	15	10	15	20	25	25	25	25	20	-	180	\$5,000	\$900,000
Fuel switching: HP water heaters	15	15	20	25	25	25	25	20	15	-	185	\$1,500	\$277,500
Fuel switching: EV chargers	10	15	20	25	30	35	30	30	25	11	231	\$500	\$115,500
Community solar subscriptions	80	130	-	-	-	-	-	-	-	-	210	\$2,000	\$420,000
Rooftop solar	-	20	15	10	5						50	\$20,000	\$1,000,000
Heat pump upgrades	-	-	-	-	5	10	15	20	25	22	97	\$5,000	\$485,000
HP water heater upgrades	-	-	-	-	5	10	15	20	25	25	100	\$1,500	\$150,000
<b>Total</b>	<b>120</b>	<b>195</b>	<b>80</b>	<b>95</b>	<b>115</b>	<b>130</b>	<b>140</b>	<b>150</b>	<b>140</b>	<b>73</b>	<b>1,238</b>	<b>\$47,500</b>	<b>\$5,568,000</b>

### Sources & Uses of Funds:

Source & Use of Funds (in thousands)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
<b>Loans to Qualified consumers (\$)</b>	262.5	800.0	535.0	530.0	550.0	545.0	635.0	720.0	657.5	333.0	-	5,568.0
<b>Source of Funds</b>	-	-	-	-	-	-	-	-	-	-	-	-
Special Advance	232.0	-	-	-	-	-	-	-	-	-	-	232.0
Interest from loans	-	3.0	12.0	18.1	24.1	30.3	36.5	43.7	51.8	59.3	63.1	341.9
<b>Total Source of Funds</b>	<b>232.0</b>	<b>3.0</b>	<b>12.0</b>	<b>18.1</b>	<b>24.1</b>	<b>30.3</b>	<b>36.5</b>	<b>43.7</b>	<b>51.8</b>	<b>59.3</b>	<b>63.1</b>	<b>573.9</b>
<b>Use of Funds</b>												
Funding 2% of loans to LLR	(5.3)	(16.0)	(10.7)	(10.6)	(11.0)	(10.9)	(12.7)	(14.4)	(13.2)	(6.7)	-	(111.4)
Program Operational Costs*	(85.0)	(15.0)	(15.0)	(15.0)	(10.0)	(7.5)	(5.0)	(5.0)	(5.0)	(5.0)	(3.0)	(170.5)
Payback of Special Advance	-	-	-	-	-	-	-	-	-	(232.0)	-	(232.0)
<b>Total Use of Funds</b>	<b>(90.3)</b>	<b>(31.0)</b>	<b>(25.7)</b>	<b>(25.6)</b>	<b>(21.0)</b>	<b>(18.4)</b>	<b>(17.7)</b>	<b>(19.4)</b>	<b>(18.2)</b>	<b>(243.7)</b>	<b>(3.0)</b>	<b>(513.9)</b>
<b>Net Source (use) of funds</b>	<b>141.8</b>	<b>(28.0)</b>	<b>(13.7)</b>	<b>(7.5)</b>	<b>3.1</b>	<b>11.9</b>	<b>18.8</b>	<b>24.3</b>	<b>33.7</b>	<b>(184.4)</b>	<b>60.1</b>	<b>60.1</b>

### Risk Analysis:

- Loan Loss Reserve has been estimated at 2% of loans, or \$116K in total.
- OPALCO to work with legal counsel to establish appropriate legal standards regarding lending requirements and contactor vs. OPALCO obligations.
- OPALCO is researching and will work with legal counsel to determine the appropriate loan collateral method to use to secure the loans.

### Quality Assurance Plan (QAP):

- Contractors and energy auditors will be required to have the appropriate credentials.

## MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Moss Adams Engagement Letter

OPALCO's Board of Directors is to select an external auditor to perform our annual audits.

Historically, auditing services have been performed by the following firms:

<b>Firm</b>	<b>Duration</b>
Blodgett, Mickelsen & Naef, P.S	6 years, from 1988-1993
LeMaster & Daniels	6 years, from 1994-1999
Blodgett, Mickelsen & Naef, P.S	9 years, from 2000-2008
Moss Adams LLP	8 years, from 2009-2016

Since 2009, auditing services have been performed by Moss Adams and they have been of major assistance in providing guidance to OPALCO as well as the startup operations of Rock Island. There are great benefits to auditor continuity, especially during the start-up operations of RIC which go through 2018.

Included in the Executive Session materials, please find the Moss Adams' confidential Engagement Letter for Audit and Non-Attest Services and Addendum for Business Entity Tax Returns for fiscal year 2017 for Board consideration. The 2017 engagement scope includes both OPALCO and Rock Island Communications.

Upon review, Staff recommends that the Board make a motion to approve execution of Moss Adams' engagement letter(s) as well as identify any additional scope of work that the Board recommends be performed by Moss Adams as part of the 2017 year-end audit and tax return process.

## MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Elections and Governance Committee

There are still four open positions on the EGC: three positions in Residency District 1 (San Juan) and one position in Residency District 3 (Shaw and Lopez). Staff was tasked with arranging interviews with the EGC candidates for the August Board meeting.

Staff recommends that the Board meet the Residency 1 candidates individually in Executive Session to determine whether the candidates should be selected for service on the EGC, and assign their term positions (A = 1 year, B = 2 years, and C = 3 years) to represent Residency District 1.

## MEMORANDUM

August 10, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Rate Structure Work Session: Alternative Structures

As requested by the Board in January of this year, OPALCO initiated a comprehensive rate structure review starting with a work session on June 16<sup>th</sup> and leading to an update of our cost of service study at the beginning of 2018, with final rate structure(s) approved by the Board by year-end 2018. The purpose of this discussion is to set expectations moving forward, with specific focus on setting the September 22<sup>nd</sup> work session agenda.

Staff has invited Ray Ellis (previous GM of Okanogan County Electric Cooperative and current GM of Lincoln Electric Cooperative (Montana)) to participate in our rates discussion.

### September 22<sup>nd</sup> board work session: Rate Structure Alternatives

1. Review implications of current rate structure
2. Discussion of rate structure alternatives to investigate
3. Review of preliminary rate comparison tool for website

### Notable dates:

- September 25 – 29th (save the dates): Member open house events



## MEMORANDUM

Date: August 10, 2017

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2017 2<sup>nd</sup> Quarter Financial Report

Please see attached the full 2017 2<sup>nd</sup> quarter financial report. Included in the report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

The cold weather experienced in Q1 of 2017 is the primary driver of the overall revenue variance of +13% (\$1.75M) higher than budgeted by YTDQ2. This was partially offset by the related increase in purchased power of 12% (\$524k), though we have not seen significant peak charges from BPA. All combined resulted in an increased margin of (\$1.25M).

For more detail, please note the following key points:

- Through Q2, YTD Heating Degree Days (HDD) were up ~49% above normal budgeted levels (Actual of 884 vs. budget of 595). Actual kWh sales were 16.0M kWh above budget (114.4M vs. budget of 98.4M). We expect weather and heating fluctuations to produce dramatic sales revenue volatility, and have budgeted based on those assumptions. We will continue to monitor revenue and expenses closely.
- Q2 YTD power purchases were up \$523k due to higher kWh consumption. Actual kWh purchases were 18.2M kWh above budget (123.3M vs. budget of 105.1M).
- Q2 YTD operating expenses were approximately \$479k over budgeted amounts, primarily due to the increase in purchased power and taxes as a result of higher power sales.
- Rock Island Communications paid \$43k to OPALCO for use of the communications backbone through Q2. This is partially offset by \$35k in expense paid to Rock Island Communications for Internet & network operations services.
- Rock Island Communications Q2 Financials included in separate packet.

## GENERAL MANAGER'S REPORT

### August 2017

#### **DASHBOARDS**

Please review the dashboards at <https://www.opalco.com/dashboards/>. Note that all the dashboards are within board approved strategic parameters.

#### **ENGINEERING, OPERATIONS, AND TECHNICAL SERVICES**

##### **WIP**

As of 8/10/2017, there are 380 work orders open totaling \$16,551,043. Six of these projects are associated with the submarine cable project totaling \$9,009,247. Operations has completed construction on 77 work orders, totaling \$2,413,473.

##### **Safety**

Jeff Myers conducted pole top rescue and vault rescue training in the June and July safety training sessions. This training is to certify that all qualified electrical workers can complete a pole top and vault rescue. Jeff Myers also conducted hazard communication and emergency action plan training. The total hours worked without a loss time accident is 111,014.

##### **Submarine Cable Update**

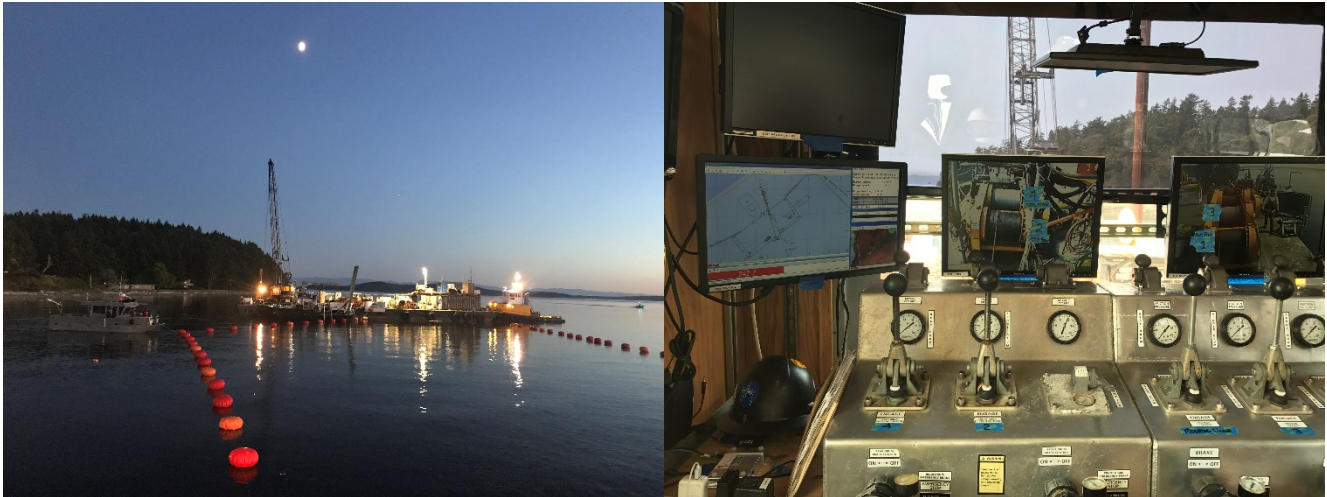
OPALCO has the preparation work completed (land cable and terminal work). The mounting hardware for cable splice is being reworked due to a recent design change from Sumitomo. The tentative schedule is as follows:

- Sept. 6 – Mobilization at Otis Perkins Park, Lopez
- Sept. 10-19 – Removal of 1977 Sumitomo Cable starting at Otis Perkin Park Beach, Lopez
- Sept. 20-28 – Installation of new cable starting at Pear Point, San Juan
- Sept. 30 – Termination of new cable at Otis Perkins Park
- Oct. 7-17 – Termination of new cable at Pear Point
- Dec. 1 – Energization of new cable (no load)
- Jan. 9 – Transfer load to new cable



Installation of Lopez Terminal Switching Equipment

CenturyLink has successfully installed and removed its cables in the Lopez to San Juan crossing. CenturyLink will participate in the restoration of the shoreline in late Sept. through Oct.



Installation of Century Link Cable and view of control house on barge

### **Decatur Tap and Substation Update**

Construction commenced on the Decatur Tap and Substation Project in late July. The foundations will be completed by Sept 15<sup>th</sup>. The conduit and ground grid will be complete by end of Sept. BPA has proposed an energization date of Nov 1<sup>st</sup>. We anticipate removing the Decatur load from the existing feed from Lopez by Dec 1<sup>st</sup> with the Blakely load soon to follow.



Transformers for the soon to be renovated Decatur and Blakely Substations to be installed by Dec.

### **2017-2020 Construction Work Plan (CWP) Alterations**

Staff's goal is to put in place capital project funding for real-time metering if the Board chooses to go down this road in the future. A project for the replacement of our meters will be added to the 2017-2020 CWP. Subject to Board future approval, this effort will be initiated in 2020 and cost approximately \$4M. This will be used as a funding placeholder as technology progresses.



These meters will provide an opportunity for us to bill for demand, dynamically meter and monitor our system. This will allow for real-time outage detection and system power quality awareness. This CWP amendment will be presented during the September meeting for Board consideration. Note, this CWP will be submitted in two loan packages, those projects not requiring environmental review and those that do.

### **Redundancy – Anacortes PSE Transmission**

Currently OPALCO is fed from BPA's substation located on Lopez. BPA owns redundant infrastructure back to Washington Park in Anacortes. The BPA Washington Park substation only has one feed from the Burrows Bay Substation owned and operated by Puget Sound Energy (PSE). We have seen extended outages in the past due to this single feed and the switching procedures of PSE from the March Point Substation to the Burrows Bay Substation. With the assistance of PNGC, we are working with PSE to investigate how to provide greater reliability for our radial feed as well as explore alternative redundant routes to serve the Washington Park Substation.

## **FINANCE**

### **2017 2<sup>nd</sup> Q Financial Review**

Staff will be presenting the 2017 2<sup>nd</sup> Q financial statements and capital project analysis for board discussion at the August board meeting.

### **Year-end Margin Projection**

Staff tracks year-end financial projections on a monthly basis; see below for an excerpt of actuals through July with budgetary figures through year-end.

<b>2017 Projected Income Statement</b> (in thousands)	<b>2017</b>		
	<b>YE Budget</b>	<b>YE Projected</b>	<b>Variance</b>
Revenue	\$ 26,715	\$ 28,664	\$ 1,950
Expenses	24,704	25,317	613
Net Margin	\$ 2,011	\$ 3,348	\$ 1,337
TIER	2.36	3.22	0.86
HDD	1,056	1,346	290
kWh Purchases	202,132	220,854	18,722
kWh Sales	189,106	205,647	16,541

## **MEMBER SERVICES**

There were 1,393 phone calls made to Member Services in July this year compared to 1,695 the same time last year.

## **ENERGY SAVINGS**

### **Community Solar**

The preliminary design and planning portion of the Community Solar Program is underway. A request for proposal (RFP) is being developed in partnership with the Bonneville Environmental Foundation (BEF) for the array design and construction.

## **Rebates**

Fourteen BPA energy efficiency rebates were paid out to members totaling \$13,867.41 and an additional nine fuel-switching rebates were paid out for a total of \$10,378.79. All twenty-budgeted ductless heat pump fuel-switching incentives have been granted. To date there are sixteen rebates remaining for electric vehicle charging stations rebates. With board consensus, staff would like to recategorize the funding of twelve of the EV rebates for the funding of four more ductless heat pump rebates. This will be a topic of discussion through year end based on program success.

## **COMMUNICATIONS**

### **Survey Results**

More than 10% of the membership (1,248 / 11,200 members) responded to an online survey about Community Solar – measuring preferences, appetite and collecting narrative comments. In a nutshell, the membership is very interested in Community Solar as long as it doesn't affect rates. Members would like to know more information and education about solar in general and, specifically, our project details. Members want frequent project updates, primarily on the website. Of those surveyed, 61% would invest at least \$150 and 35% would invest at least \$450. Members are motivated primarily by financial factors: return on investment, out-of-pocket costs and affordability compared to rooftop solar. Comments show support for carbon reduction, community sustainability and creating a model for others. Project aesthetics were less of a concern; see full survey report at

[www.opalco.com/resourcelibrary/#rlfgovernanceandfinancemembersurveys](http://www.opalco.com/resourcelibrary/#rlfgovernanceandfinancemembersurveys).

### **Nourdine Jensen Scholar Success**

Six San Juan County high school students attended the Co-op Youth Rally at The College of Idaho as part of OPALCO's Nourdine Jensen Cooperative Youth Scholarship Program. During the week-long leadership camp in July, four of the six students earned top scholarships ranging from \$300-\$600 from the Idaho Consumer-owned Utilities Association (ICUA), who hosts the camp. Friday Harbor student Zach Fincher was elected by his peers to return in 2018 as a Youth Director. Read full article: [www.opalco.com/news](http://www.opalco.com/news).



Youth Rally Participants at Idaho State Capital

**County Fair: August 16-19**

The main topics of discussion and display at the County Fair will be safety (safety demonstration board staffed by the line crew), Community Solar Project (information and sign-up for our updates email list), Fuel Switching and Rebates. The Board is encouraged to attend.

**Open House Events**

As directed by the Board in September 2016, member open house events are scheduled September 25-28 as follows:

- Sept 25: Lopez Woodmen Hall @ 4:30pm
- Sept 26: Shaw Community Hall @ 5:45pm
- Sept 27: San Juan Island Grange @ 6:00pm
- Sept 28: Orcas Senior Center @ 6:00pm

The focus will be on Community Solar, with a report on the Board rates work sessions, update on fuel switching incentives and a broad Q&A. The Board is encouraged to attend.

**SAN JUAN COUNTY COMPREHENSIVE PLAN**

As discussed at the June Board meeting, San Juan County is in the process of updating the County Comprehensive Plan. OPALCO and RIC will be submitting input to all sections directly or indirectly impacted by utility services, including renewable generation, electric vehicles, carbon reduction initiatives, and other aspects that impact grid operations. With board consent, staff would like to fund the education and outreach in the importance of the SJC Comprehensive Plan via the Board contingency fund to the amount \$10k.

# MEMORANDUM

August 10, 2017

TO: Board of Directors  
FROM: Foster Hildreth  
RE: Member Communication

The following member communication was received this past month:

1. Steve Porten           Member requested removal of demand charges for commercial nonprofits (on behalf of the San Juan Island Grange) via voicemail.