



**BOARD OF DIRECTORS  
REGULAR MEETING  
September 21, 2017 8:00 a.m.  
Lopez Fire Hall**

**TRAVEL**



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

**To:**

Leave FH 7:30 a.m.  
Eastsound 7:40 a.m.

Arrive Lopez 7:45 a.m.

**Return:**

Leave Lopez 3:00 p.m.

Arrive ES 3:15 p.m.  
FH 3:30 p.m.



***Via Ferry:***

**To:**

Leave FH 6:05 a.m.  
Orcas 6:55 a.m.  
Shaw 7:10 a.m.

Arrive Lopez 7:30 a.m.

**Return:**

Leave Lopez 3:45 p.m.

Arrive Shaw 4:05 p.m.  
Orcas 4:25 p.m.  
FH 5:05 p.m.

**Orcas Power & Light Cooperative  
Board of Directors  
Regular Board Meeting  
Lopez Fire Hall  
376-3500  
September 21, 2017      8:00 a.m.**

**VIDEO RECORDING:** Due to technical issues at the Lopez Fire Hall, the first recorded meeting may be the Board Work Session tomorrow (September 22, 2017).

**PAGES**

**WELCOME GUESTS/MEMBERS**

- Video Recording Acknowledgement:
  - Members attending the board meeting acknowledge that they may be recorded and posted to OPALCO's website.
- Member Comment Period
- KENT LOPEZ, WRECA

**ACTION ITEMS**

- 3-13**      ○ Consent Agenda
- 14**        ○ 2017 Budgeted Borrowings
- 15-17**    ○ PNGC

**DISCUSSION ITEMS**

- 18**        ○ September 22 Board Work Session

**REPORTS**

- 19-25**    ○ General Manager

**ADJOURNMENT**

Executive Session: Legal

1:00 pm SUBMARINE CABLE ONSITE VISIT

**Orcas Power & Light Cooperative**  
**Minutes of the Board of Directors Meeting**  
**Thursday, August 17, 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, Brian Silverstein and Jerry Whitfield. Mark Madsen was absent. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Head Accountant Travis Neal and Executive Assistant Bev Madan (serving as recording secretary). Also present were Rock Island Communications (RIC) EVP Gerry Lawlor, RIC SVP of Finance Chris Schmidt, RIC VP Finance Laura Watson, RIC SVP Engineering Alan Smith, and consultant Jay Kimball.

**MEMBER/GUESTS**

Doug Rowan, Bill Severson and Barry Cave were in attendance.

**CONSENT AGENDA**

- Motion was made to accept the Consent Agenda which included the June 15, 2017 minutes, new members (listed below), capital credit payments totaling \$12,248.89 (listed below) and RUS 219s in the amount of \$627,850.82. Motion was seconded and carried by voice vote.

**NEW MEMBERS**

**District 1**

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

Ackerley, Christopher  
Anderson, Ronald Jr  
Asbridge, Morgan  
Barker, Geoffrey & Annie  
Benson, Martti & Marjorie  
Bolding, Patricia  
Bond, Shawnlyle  
Bonner Investments LLC  
Branstetter, Michael  
Butcher, Charles & Madeleine  
Carlson, Georgina  
Cleworth, Kim  
Coffey, Stephanie  
Dalldorf, Charles & Holloway, Lindsey  
Garcia, Salvador & Orozco, Esperanza  
Gizzi, Jim  
Heinen, Jacob  
Hennig, Jason & Catherine  
Hensrude, Christy  
Jordaan, Jean & Charles  
Keune, Matthew  
Kind, Anne J  
Korb, Megan  
Lambright, Ashley  
Lemon Computers  
Makofsky, Steven & Elizabeth  
Martin, Kendra & Kevin  
McCanless, Jamie  
Miller, Addie  
Mullin, Robert  
Mumford, Sydney & Jacob  
Nevin, Irene  
Nicholson, Todd  
Niland, Sam  
Pitman, Dan  
Richards, Paul F  
Saddle Rd Water Association  
Shearer, Jean  
SMRU LLC  
Stone, Dorothy  
Straughan, Ben & Sandra

Strickland, Chance  
Stuart, Thomas  
Sullivan, Sam & Lucy  
Tina's Tacos LLC  
Trace, Walter & Susan  
Vanbuskirk, Jeremy  
Watts, Kevin & Haywood, Danielle  
Wilson, Stacey & Jean  
Woodward, Anne & Rice, Mark  
Worth, David & Jennifer

**District 2**

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

Aguera-Arcas, Glaise & Fairhall, Adrienne  
Arp, Renee & Christopher  
Aviator, LLC  
Boomerang, P&I, LLC  
Buck, Samuel  
Coomer, Gregory  
Dashiell, Robert  
Elvrum, Phil  
Foster, Bonita J  
Funk, Melody  
Gahan, Roger  
Garcia, Aliviah  
Gillespi, Dana & Peck, Susan  
Gilmore, Tracy  
Haley, Kirk & Linda  
Harlan, Scott & Jan  
Hindorff, Joel & Lucia  
Karandikar, Mahesh  
Kemmerer, Stacey & Steve  
Krick, Robert & Candace  
Kuo, Katherine  
Leidecker, Justin  
Lindgren, Larry III  
Madrone House LLC  
Messinger, Sami  
Meyer, Bridget & Newberry, Collen  
Moore, Anthony  
Orcas Cable LLC

Pearsons, Emmett  
Pendleton, Nichi  
Petros, Aaron  
Puccio, Kelly & Miguel  
Rainier, Robert  
Reynolds, Candice  
Ringe, Molly  
Rosenblatt, Leon & Stephanie  
Scott, Keely  
Shpurik, Vladislav  
Smith, Jerry & Joanne W.  
Tidball, Emily & Richard  
Werner, Aaron & Christine

**District 3**  
**Decatur, Center, Charles, Lopez**  
Abercrombie, Stewart  
Avedesian, Greg  
Bascom, Sarah & Tom  
Bayshore Orchards LLC  
Bentitou, Laurent  
Charter, Andrew & Jodi L

Christensen, Jeff & Melody  
Costa, Pedro  
Cruson, Elisha  
Foley, Kimberly & Lafferty, Liz  
Fure, Ryan  
Golding, Julie & Stewart, Pam  
Manion, Shannon  
Meng, Denny & Deborah  
Miller, Robert J  
Misa, Thomas  
Newell, Christopher & Astrid  
Redtree, Leslie  
Rubey, Robert  
Rybar, Matthew  
Wolfe, Christina & Justin

**District 4**  
**Crane, Canoe, Bell, Shaw**  
Pierce, Matt & Nancy  
Shearon, Deborah

**CAPITAL CREDITS – CUSTOMER ESTATES RETIRED**

<b><u>Customer #</u></b>	<b><u>Amount</u></b>
2000 .....	\$1,296.77
63536 .....	\$1,435.15
62697 .....	\$1,660.81
83445 .....	\$269.82
17990 .....	\$1,013.71
21610 .....	341.71
22110 .....	\$402.90
71623 .....	\$332.60
50849 .....	\$1,550.53
28075 .....	\$359.82
30566 .....	\$1,993.04
33253 .....	\$1,431.63
83781 .....	\$160.40

**ELECTIONS & GOVERNANCE COMMITTEE**

*The Board went into Executive Session 8:50 am to 9:20 am to individually interview the candidates from San Juan Island.*

Barry Cave was appointed to Position A (one-year term) and Bill Severson was appointed to Position C (three-year term) representing Residency District 1 (San Juan)

**BYLAW REVISIONS**

Staff presented clean up bylaw revisions which were proposed for Board consideration, including clarification to the language in Article II Section 6 Ballot.

- **Motion** made to approve the bylaw revisions as presented. Motion was seconded and carried by voice vote.

**MEMBER SERVICE POLICY 17 *Member Participation at OPALCO Meetings***

Formerly an OPALCO policy, Policy 17 was converted to a Member Service policy as it addresses member attendance and decorum at OPALCO meetings. Video recording was thoroughly discussed; recording will be static in nature and not always be possible due to location and connectivity ability. Consensus was to read a statement at the beginning of each meeting informing attendees the meeting will be recorded. The agenda would also include a statement regarding the meeting being recorded. The President/Chair would determine whether to continue recording if some were opposed.

- **Motion** made and seconded to approve Member Service Policy 17; motion carried by voice vote.

**NRECA VOTING DELEGATE**

- **Motion** was made and seconded to name Hildreth voting delegate for the Region 9 meeting in Denver October 16-18, 2017. Motion carried by voice vote.

**ANNUAL MEETING**

- **Motion** made and seconded to schedule the Annual Meeting of the membership for Saturday, April 21. Motion carried by voice vote.

Staff will also investigate the viability of holding the Annual meeting aboard the inter-island ferry.

**RDApply: RESOLUTION 3-2017**

A new web-based software system for loan document submittal through RUS requires submittal of the Construction Work Plan, Environmental Reports, financial forecast and other supplemental documents. Resolution 3-2017 is required to name the staff who will have permission to access the RDApply Intake System.

- **Motion** made and seconded to approve Resolution 3-2017. Motion carried by voice vote.

**PNGC REPRESENTATIVE**

- **Motion** made and seconded to name the General Manager as the designated membership representative with the Manager of Engineering & Operations the alternate (if approved by PNGC). Motion carried by voice vote.

**USDA RURAL ENERGY SAVING PROGRAM (RESP): RESOLUTION 4-2017**

RESP is a re-lending program operated by RUS that will allow OPALCO to provide low interest loan to members with the primary goal of energy savings and conservation. The program will also help members achieve carbon offset, energy efficiency and affordability. If approved, funds of \$5.8M will be used to implement a comprehensive energy savings and renewable re-lending program. The application process requires a Board resolution, a long-range financial forecast (LRFF) and high-level Implementation Work Plan (IWP) for the program.

- **Motion** made and seconded to approve execution of Resolution 4-2017, the LRFF and IWP. Motion carried by voice vote.

**MOSS ADAMS ENGAGEMENT LETTER**

- **Motion** made and seconded to approve execution of Moss Adams' engagement letters; motion carried by voice vote.

**SEPTEMBER WORK SESSION: RATE STRUCTURE ALTERNATIVES**

The September 22 work session will continue to be an educational exercise of the rate structure review. The September 22 Work Session will include review implications of current rate structure, discussion of rate structure alternatives to investigate; and review of preliminary rate comparison tool for the website.

**REPORTS**

**General Manager**

Safety: Total hours worked without loss time is 111,014.

The submarine cable schedule shows removal of OPALCO's 1977 Sumitomo Cable commences on approximately September 10<sup>th</sup>, with installation of the new cable beginning approximately September 20<sup>th</sup>. Staff will provide updates to the schedule on an as needed basis.

Construction began on the Decatur Tap and Substation Project in late July. It is anticipated that it will be energized by December 1.

The San Juan County Comprehensive Plan is being updated. OPALCO and RIC will be submitting input to all sections impacted by utility services, including renewable generation, electric vehicles, carbon reduction initiatives and other aspects that impact grid operations. The Board agreed that funds from the board's contingency fund in the amount of \$10k could be used to fund the education and outreach for work on the utility portion of the SJC Comprehensive Plan.

**ADJOURNMENT**

Meeting adjourned to Executive Session at 12:25 p.m. Discussion included redundancy at the Washington Park Substation. Executive session adjourned at 1:10 p.m.

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Vince Dauciunas, President

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Winnie Adams, Secretary-Treasurer

## MEMORANDUM

September 15, 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.

## **NEW MEMBERS**

August 2017

### **DISTRICT 1**

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

1. Arrowsmith, Charles
2. Badenhop, A
3. Balam-Bacab, Jose J & Herrera, Reina I
4. Brueske, Jon & Louise
5. Capener, Jennifer
6. Chenoweth, Donald & Field, Joanne
7. Correa, Evelyn
8. Cyprexx Services LLC
9. Evans, Ken & Judy
10. Flores, Heriberto
11. Goodsell, Charles & Perme, Diane
12. Heart of the Island Farm
13. Hoffman, Gregory & Jyoti, Patel
14. Hogan, Nancy & Charles
15. Howe, Aileen & Tyler
16. Jiminez, Theresa
17. Kochel, Matthew & Celina
18. March, Scott & Osterhaug, Brenda
19. Moyle, Fernando
20. Noyes, Mark & Ramos, Caroline D
21. O'Brian, Patrick & De La Zerda, Christian
22. Palmer, Matthew
23. Paulsen, Leanna M
24. Potter, Caren & Grenfell, Sue
25. Rayborn, Jeff
26. Rivera, Oscar & Anna
27. Roth, Daisy
28. Siroshon, Ben & Jayne
29. TAL Holdings LLC

### **DISTRICT 2**

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

30. Beckwith, Keith
31. Brown, Leslie
32. Davis, Melissa
33. Ebert, Nancy
34. Firedogs LLC
35. Houghton, Dean
36. Lee, Gary M
37. LSX Properties LLC
38. Mudd, Pearl
39. Smith, Steven & Gragzda-Smith, Maria
40. Stocklin, Megan

### **DISTRICT 3**

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

41. Allin, Boyd & Chelsea
42. Christopherson, Julie & Bret
43. Gurley, Erin
44. Nicol, Ali
45. Reding, Kerry & Scott
46. Timothy, Luke

### **DISTRICT 4**

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

*None*

# MEMORANDUM

September 15, 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 Customer #

9360	\$2,239.41
9910	\$1,165.34
68399	\$846.03
80508	\$111.85
89412	\$169.61

## Organization Customer #

70510	\$720.70
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Request Total	<u>\$5,252.94</u>
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# MEMORANDUM

September 15, 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 201707 .....\$520,648.92      Apply to AM8  
*System improvements, URD replacement*
- Inventory AN1707 .....\$1,012,950.40      Apply to AN8  
*Smart Grid, Communications*
- Inventory AN1708 .....\$404,678.51      Apply to AN8  
*Smart Grid, Communications*
- Inventory AM1708.....\$2,577.22      Apply to AM8  
*Minor/Joint Projects*

With the addition of Inventories AN1708 and AM1708, staff requests Board approval to submit the above referenced RUS Form 219s totaling \$1,940,855.05 by way of a motion separate from the Consent Agenda.

08/18/2017 3:59:08 pm

## RUS Form 219 Inventory Of Work Orders

Page: 2

Period: JUL 2017

System Designation: WA AH O9

Inventory: 201707

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	Retirement (2)		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)		
601	2014	2671							
		2671	1	6,640.38	1,025.38	0.00	0.00	0.00	7,583.51
							AFUDC: 82.25		
601	2015	2347							
		2347	1	0.00	2,150.16	0.00	0.00	0.00	2,150.16
				6,640.38	3,175.54	0.00	0.00	0.00	9,733.67
608	2013	1350							
			1	9,859.20	0.00	0.00	0.00	0.00	8,998.17
							AFUDC: 861.03		
608	2014	1903							
			1	50,796.71	0.00	0.00	0.00	0.00	49,885.08
							AFUDC: 911.63		
608	2014	2555							
			1	66,594.36	0.00	0.00	0.00	0.00	65,077.89
							AFUDC: 1,516.47		
608	2014	2586							
		2586	1	85,026.02	4,132.92	265.38	0.00	0.00	87,342.63
							AFUDC: 1,550.93		
608	2014	2694							
			1	5,521.47	0.00	0.00	0.00	0.00	5,491.39
							AFUDC: 30.08		
608	2014	2732							
		2732	1	6,071.75	0.00	0.00	0.00	5,615.72	467.08
							AFUDC: -11.05		
608	2016	2362							
		2362	1	299,388.52	6,380.54	-7.08	0.00	0.00	293,653.01
							AFUDC: 12,123.13		
				523,258.03	10,513.46	258.30	0.00	5,615.72	510,915.25
<b>Grand Totals:</b>				\$ 529,898.41	\$ 13,689.00	\$ 258.30	\$ 0.00	\$ 5,615.72	\$ 520,648.92

08/18/2017 3:59:08 pm

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## RUS Form 219 Inventory Of Work Orders

Period: JUL 2017

System Designation: WA AH O9

Inventory : 201707

## Budget

Loan	Project	Amount
1	601	9,733.67
1	608	510,915.25
<b>Total:</b>		<b>520,648.92</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.



Russell H Quarry  
INSPECTION PERFORMED BY

Orcas Power & Light Cooperative  
FIRM

52424  
LICENSE NUMBER

9/13/2017  
DATE

[Signature]  
SIGNATURE OF LICENSED ENGINEER

08/18/2017 3:59:08 pm

# RUS Form 219 Inventory Of Work Orders

Period: JUL 2017      System Designation: WA AH O9

Page: 3

Inventory: AN1707

Inventory: AN1707			Gross Funds Required			Deductions			Loan Funds Subject To Advance By RUS  (9)	
Loan		Work Order Construction (1)	Bdgt (3)	Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)		Retirements Without Replacements (7)		Contrib In Aid Of Constr and Previous Advances (8)
Project	Year	Retirement (2)								
			(3)	(4)	(5)	(6)	(7)	(8)		
706 - 3	2014	1607								
			1	96,487.79	0.00	0.00	0.00	0.00	94,300.13	
							AFUDC: 2,187.66			
706 - 3	2014	1626								
			1	502,586.82	0.00	0.00	0.00	0.00	485,866.14	
							AFUDC: 16,720.68			
706 - 3	2014	2264								
			1	14,361.82	0.00	0.00	0.00	0.00	13,739.68	
							AFUDC: 622.14			
706 - 3	2014	2311								
			1	90,860.33	0.00	0.00	0.00	0.00	87,941.29	
							AFUDC: 2,919.04			
706 - 3	2014	2511								
			1	34,255.49	0.00	0.00	0.00	0.00	33,359.48	
							AFUDC: 896.01			
706 - 3	2014	2579								
			1	104,177.59	0.00	0.00	0.00	0.00	103,122.98	
							AFUDC: 1,054.61			
706 - 3	2014	2602								
		2602	1	21,834.54	0.00	1,084.65	0.00	0.00	20,580.57	
							AFUDC: 169.32			
706 - 3	2015	1619								
			1	177,474.37	0.00	0.00	0.00	0.00	174,040.13	
							AFUDC: 3,434.24			
				1,042,038.75	0.00	1,084.65	0.00	0.00	1,012,950.40	
Grand Totals:				\$ 1,042,038.75	\$ 0.00	\$ 1,084.65	\$ 0.00	\$ 0.00	\$ 1,012,950.40	

08/18/2017 3:59:08 pm

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## RUS Form 219 Inventory Of Work Orders

Period: JUL 2017

System Designation: WA AH O9

Inventory : AN1707

Budget	Loan	Project	Amount
	1	706 - 3	1,012,950.40
<b>Total:</b>			1,012,950.40

**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.

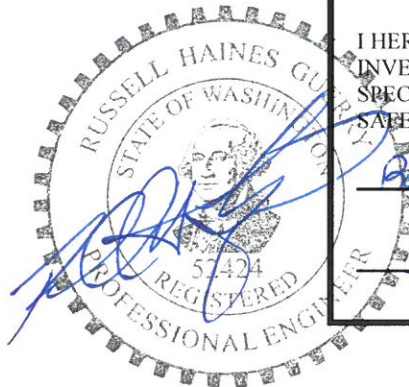
INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER



09/15/2017 4:10:02 pm

Page: 3

# RUS Form 219 Inventory Of Work Orders

Period: AUG 2017                      System Designation: WA AH O9

Inventory: AN1708

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)		
706 - 3	2014	1590	1	445,374.77	0.00	0.00	0.00	115,541.05	323,096.19
							AFUDC: 6,737.53		
706 - 3	2014	2365	1	48,204.22	0.00	0.00	0.00	0.00	46,670.61
							AFUDC: 1,533.61		
706 - 3	2014	2810	1	35,053.50	0.00	0.00	0.00	0.00	34,911.71
							AFUDC: 141.79		
				528,632.49	0.00	0.00	0.00	115,541.05	404,678.51
<b>Grand Totals:</b>				\$ 528,632.49	\$ 0.00	\$ 0.00	\$ 0.00	\$ 115,541.05	\$ 404,678.51

09/15/2017 4:10:02 pm

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## RUS Form 219 Inventory Of Work Orders

Period: AUG 2017

System Designation: WA AH O9

Inventory : AN1708

## Budget

Loan	Project	Amount
1	706 - 3	404,678.51
<b>Total:</b>		<b>404,678.51</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.

Russell H. Guerry

INSPECTION PERFORMED BY

Orcas Power &amp; Light Cooperative

FIRM

52424

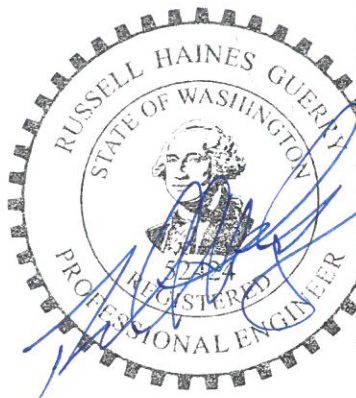
LICENSE NUMBER

9/20/2017

DATE

R. H. Guerry

SIGNATURE OF LICENSED ENGINEER



09/15/2017 4:10:02 pm

Page: 2

# RUS Form 219 Inventory Of Work Orders

Period: AUG 2017      System Designation: WA AH O9

Inventory: AM1708

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	Retirement (2)		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	2014	2713	1	2,594.56	0.00	0.00	0.00	0.00	2,577.22
							AFUDC: 17.34		
				2,594.56	0.00	0.00	0.00	0.00	2,577.22
<b>Grand Totals:</b>				\$ 2,594.56	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,577.22

Minor Construction Work Orders

Work Order: 2713 - INSTALL 45' POLE BETWEEN LOCATIONS TO RAISE UP OUR OH PRIMARY

09/15/2017 4:10:02 pm

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# RUS Form 219 Inventory Of Work Orders

Period: AUG 2017                      System Designation: WA AH O9

Inventory : AM1708

Budget		
Loan	Project	Amount
1	1600	2,577.22
<b>Total:</b>		<b>2,577.22</b>

## 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 1970 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.

Russell H. Guerry

INSPECTION PERFORMED BY

Orcas Power & Light Cooperative

FIRM

52424

LICENSE NUMBER

9/25/2017

DATE

[Signature]

SIGNATURE OF LICENSED ENGINEER



## MEMORANDUM

September 15, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: 2017 Budget Borrowing

As planned, OPALCO's Federal Finance Bank (FFB) Loans through RUS of AM8 (Distribution) and AN8 (Communications) are approaching their 'Last Day for an Advance' date of November 1, 2017 at which point we would rely on the next RUS Loan AS8 for capital project funding. Due to the bureaucratic loan processing window with the USDA, the fund may not be available until approximately May 2018.

Staff is requesting board approval to borrow the additional \$1.1M above and beyond the 2017 budget to bridge the potential funding delay into 2018. Consider this an advance only of 2018 capital project funding. Please note, the 2017 budget calls for an additional \$5M of borrowing by year-end and we expect approximately \$6.1M to be available before our CWP Loan draw period expires. Additionally, this allows us to lock-in historically low interest rates (+/- 2.7%) for 35 years.

Staff requests a motion for the board to approve additional RUS borrowings in the amount of \$1.1M in 2017 as outlined above.

## MEMORANDUM

September 15, 2017

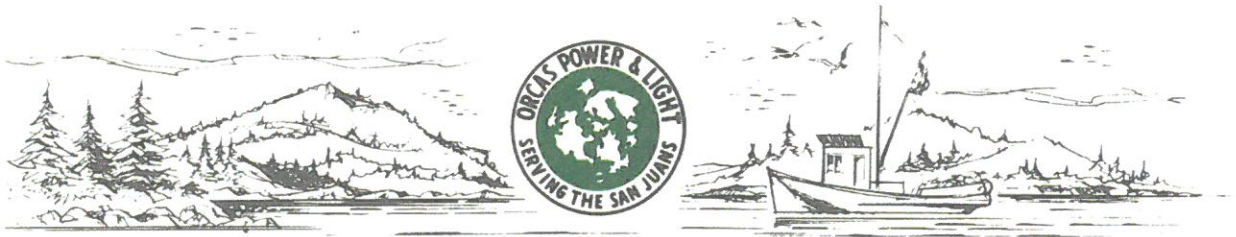
TO: Board of Directors

FROM: Foster Hildreth

RE: PNGC Member Reimbursement Agreement

As expected and described in the confidential term sheet with PNGC in November 2015, OPALCO now shares in the financial obligation to National Rural Utilities Cooperative Finance Corporation (CFC). The documents, including Resolution 6-2017 *Certificate of Resolutions and Incumbency Member Reimbursement Agreement*, are required to fulfill this obligation.

Staff recommends a motion to approve Resolution 6-2017.



# ORCAS POWER & LIGHT COOPERATIVE

## BOARD OF DIRECTORS RESOLUTION 6-2017 CERTIFICATE OF RESOLUTIONS AND INCUMBENCY MEMBER REIMBURSEMENT AGREEMENT

I, Winnie Adams, do hereby certify that (i) I am the Secretary of Orcas Power & Light Cooperative (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on September 21, 2017; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) none of the following resolutions has been rescinded or modified as of this date; and (vi) the persons authorized below have been duly elected or appointed to their respective positions as indicated:

**WHEREAS**, Pacific Northwest Generating Cooperative ("PNGC Power") has received various extensions of credit from National Rural Utilities Cooperative Finance Corporation ("CFC") to, among other things, provide working capital, fund general corporate purposes, and issue letters of credit in support of its obligations and the obligations of the members of PNGC Power under contracts to purchase energy and to enter into such other contracts and transactions (including options) in connection therewith (collectively, the "Credit Facilities");

**WHEREAS**, as a condition of obtaining, extending and continuing to fund under the Credit Facilities, the Cooperative and each other member of PNGC Power (collectively, "Members") are willing to, among other things, unconditionally and irrevocably guarantee payment to CFC of a portion of the Credit Facilities and all interest and other obligations arising in connection therewith ("Limited Guaranty");

**WHEREAS**, to evidence the Limited Guaranty, the Members will each execute a Member Reimbursement Agreement, the terms and conditions of which shall be consistent with those of the Member Reimbursement Agreements currently in effect that have been executed previously by the Members on behalf of CFC;

**WHEREAS**, the Cooperative has a membership interest in PNGC Power and, as a result, deems it to be in its direct benefit and in its best interests to induce CFC to extend and to fund the Credit Facilities;

**NOW, THEREFORE, BE IT RESOLVED, THAT** the Cooperative shall unconditionally and irrevocably guarantee to CFC the punctual payment when due (whether as scheduled, as a result of acceleration, or otherwise), of the Cooperative's pro rata share of all indebtedness, obligations and liabilities of PNGC Power to CFC arising under or in connection with the Credit Facilities including, without limitation, all promissory notes and security agreements, as each may be amended or restated from time to time (the Guaranteed Obligations), including the obligation to: (1) repay the principal balance of all loans borrowed under the Credit Facilities; (2) reimburse CFC for all drawings under any letters of credit

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

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

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

issued under the Credit Facilities; and (3) pay all interest, fees, surcharges, costs and expenses, and other sums owing thereunder, *provided, however*, that the maximum amount guaranteed under this authority shall be the amount set forth in the Member Reimbursement Agreement;

**RESOLVED**, that each of the individuals listed below are hereby authorized (b) to execute and deliver to CFC (i) a Limited Guaranty substantially in the form of the Member Reimbursement Agreement, and (ii) all other certificates, instruments, and documents in connection therewith, and (c) to make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Title</u>	<u>Name (typed or printed)</u>
General Manager	Foster Hildreth
Manager of Finance	Nancy Loomis

**RESOLVED**, that any action taken by any of such authorized individuals may be relied upon by CFC, without further action of this Board, as a duly authorized act of the Cooperative.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of the Cooperative this 21st day of September 2017.

(SEAL)

---

Secretary

## MEMORANDUM

September 15, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Rate Structure Work Session: Alternative Structures

Per board directive earlier this year, staff 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. At the work session meeting scheduled for tomorrow, the board will review and compare rate scenarios, examining member benefits and trade-offs.

Staff has invited Ray Ellis, GM of Lincoln Electric Cooperative (Montana) and previous GM of Okanogan County Electric Cooperative, to participate in our rates discussion. Ellis can provide perspective on introducing rate changes to members.

Staff is excited to demonstrate the rate comparison tool at the work session.

## GENERAL MANAGER'S REPORT

### September 2017

#### **DASHBOARDS**

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

#### **SAN JUAN COUNTY COMPREHENSIVE PLAN**

Staff met with San Juan County Department of Community Development staff to discuss the comprehensive plan and the interworkings of OPALCO's IRP and strategic goals as we move into the future. Staff will continue to work with the county as a resource to integrate OPALCO energy resilience, conservation, and efficiency strategies into the comprehensive plan.

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

##### **WIP**

As of September 15, 2017, there are 395 work orders open totaling \$19,502,929. Six of these projects are associated with the submarine cable project for a total of \$11,093,569. Operations has completed construction on 88 work orders, totaling \$3,002,507.

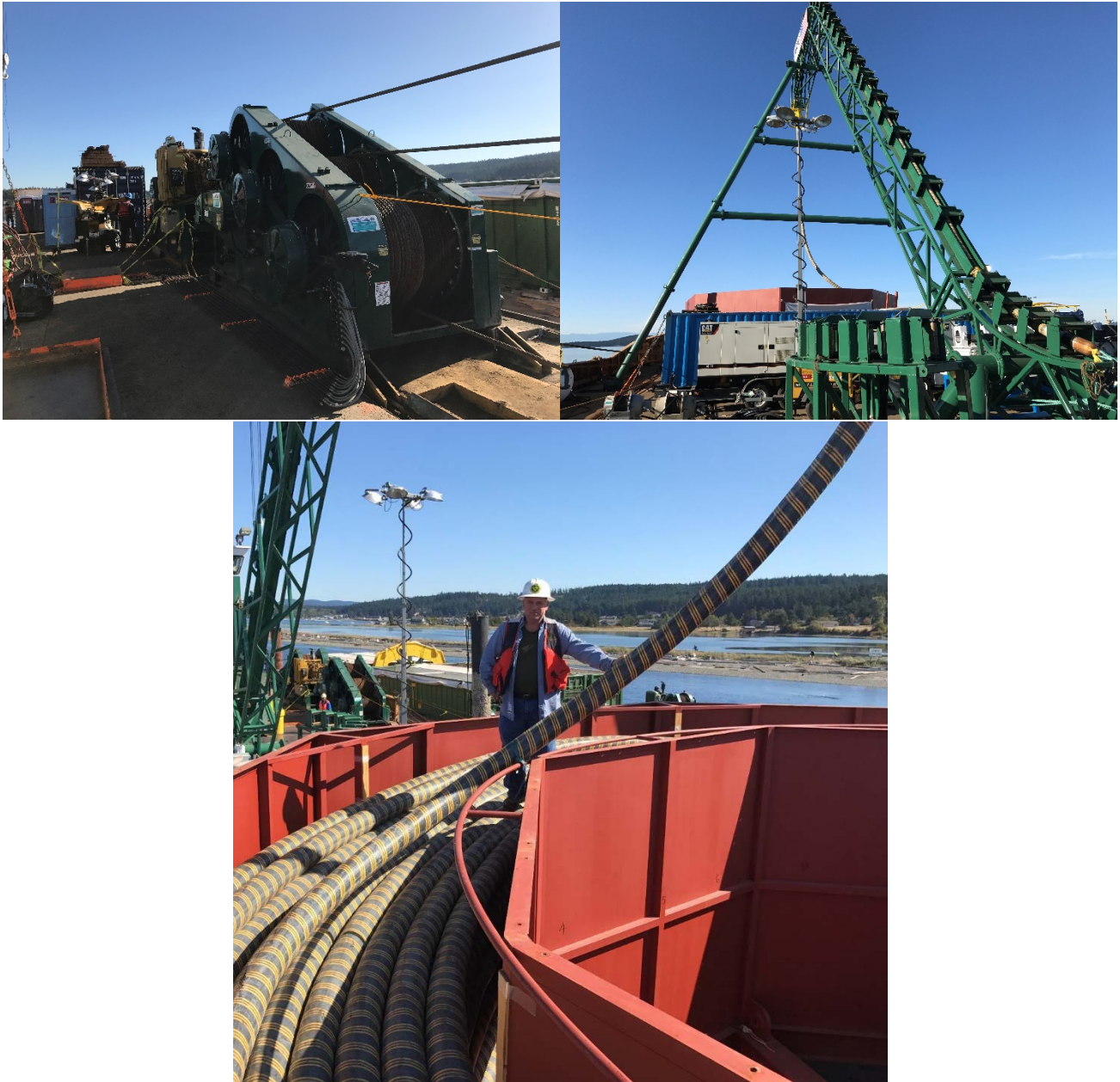
##### **Safety**

Jeff Myers conducted training on Personal Protective Equipment. This training reviews the equipment needed during the work activities of linework. It also covers the replacement cycles, care, and optimal use and wear.

Total hours worked without a loss time accident is 118,558.

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





Status: Mobilization efforts completed on Monday September 11<sup>th</sup> and cable removal initiated on the 14<sup>th</sup>. On September 15<sup>th</sup> the old cable was decommissioned with a traditional Japanese ceremony. The tentative schedule is as follows:

- Sept. 14 - 21 – Removal of 1977 Sumitomo Cable starting at Otis Perkin Park, Lopez
- Sept. 23 - Oct 2 – Installation of new cable starting at Pear Point, San Juan
- Dec. 1 – Energization of new cable (no load)
- Jan. 9 – Transfer load to new cable

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

Substation foundations are complete. The conduit, ground, and steel grid will be complete by the end of September. BPA has proposed an energization date of Nov 1. We anticipate removing the Decatur load from the existing feed from Lopez by Dec 1 with the Blakely load soon to follow. The Blakely Substation steel has been delivered for construction to commence.

## FINANCE

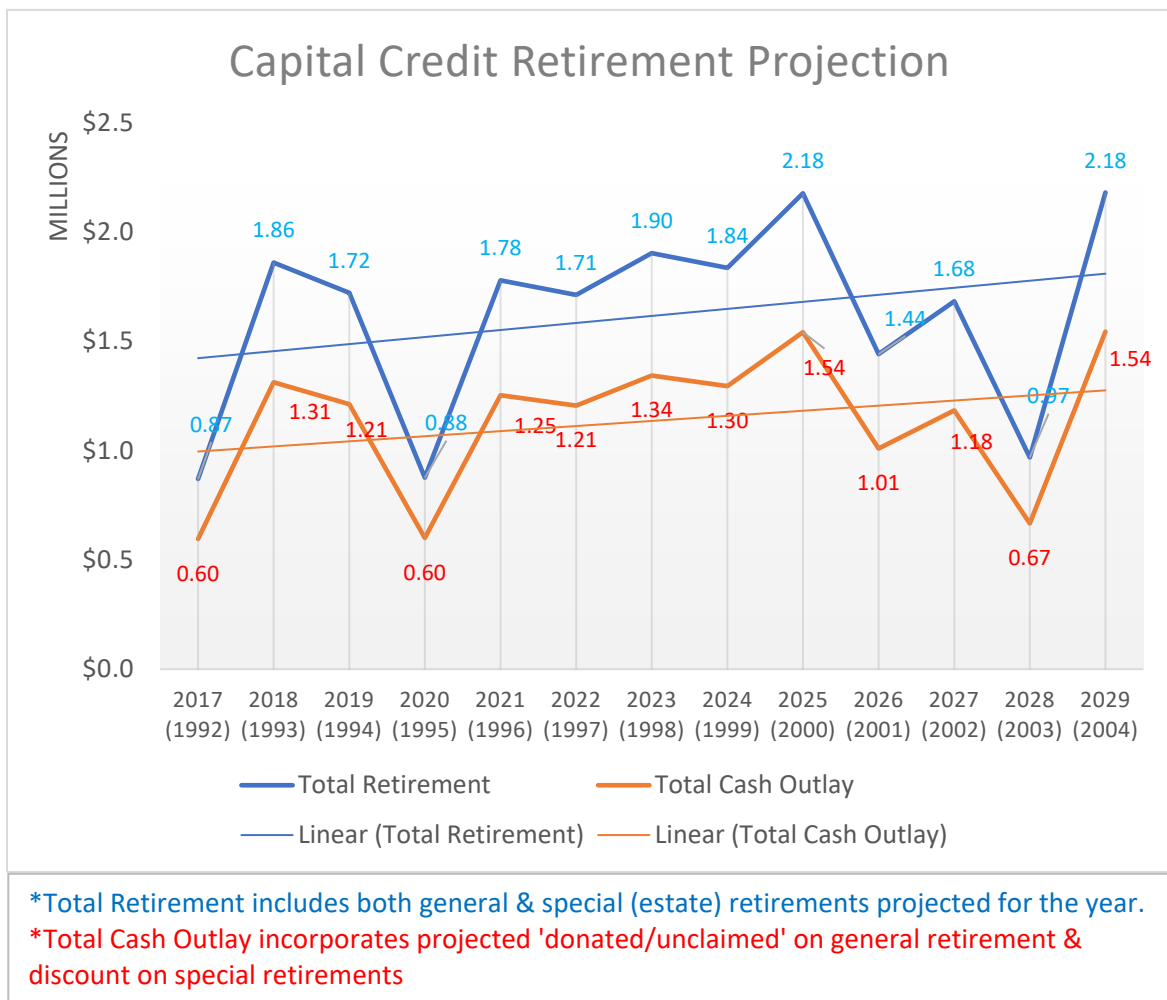
### Year-end Margin Projection

Staff tracks year-end financial projections on a monthly basis; see below for an excerpt of actuals annually through August.

2017 Income Statement (in thousands)	Through August 2017		
	YTD Budget	YTD Actual	Variance
Operating Revenue	\$ 17,058	\$ 19,201	\$ 2,143
Cost of Purchased Power	\$ 5,165	\$ 5,823	\$ 658
Net margin (through July)	\$ 1,340	\$ 2,888	\$ 1,548
HDD	609	893	284
kWh Purchased from BPA	130,460	149,749	19,289

### Capital Credit Projection

At the August meeting, the Board requested staff to graph the future capital credit payouts. Staff uses this data for budget, equity and margin calculations.



## **COMMUNICATIONS**

### **Open House Events**

Board members are encouraged to attend the Open House events scheduled this month:

- 9/25: Lopez Woodmen Hall @ 4:30pm
- 9/26: Shaw Community Hall @ 5:45pm
- 9/27: San Juan Island Grange @ 6:00pm
- 9/28: Orcas Senior Center @ 6:00pm

No formal presentations are planned. Foster will lead a Q&A session based on the interests of each audience.

### **National Cooperative Month Celebration**

OPALCO is once again cooperating with the two local food co-ops (San Juan and Orcas) to co-brand a celebration of National Co-op Month this October. The national theme is: “Co-ops Commit to Community.” Attached is a sample flyer. Each co-op is hosting a Member Appreciation Day with refreshments and we are encouraging a social media campaign using members’ photos with our “I love my co-op because . . .” signs. This is a wonderful demonstration of “Cooperation Among Cooperatives.”

- 10/12: San Juan Island Food Co-op, 6:30pm – 8:00pm
- 10/18: OPALCO Friday Harbor office, 9:00am – 3:00pm
- 10/20: Orcas Food Co-op, 11:00am – 1:00pm
- 10/24: OPALCO Lopez Crew Station, 11:00am – 2:00pm
- 10/25: OPALCO Eastsound office, 9:00am – 3:00pm



### **County Fair**

OPALCO’s County Fair booth was well attended in August – with the safety board presentations getting the most interest. Displays and information about community solar, fuel switching and rebates were useful in member interactions. Members showed interest in the community solar

project and staff collected contact information for email updates as the project progresses. Overall feedback from members was very positive.





# CO-OPS COMMIT TO COMMUNITY

## Member Appreciation Events

### OPALCO:

Friday Harbor: Oct. 18, 9 am - 3 pm

Lopez: Oct. 24, 11 am - 2 pm

Orcas: Oct. 25, 9 am - 3 pm

### San Juan Food Co-op:

Oct. 12, 6:30 - 8 pm

### Orcas Food Co-op:

Oct. 20, 11 am - 1 pm

## Co-ops Supporting Co-ops!



### COOPERATIVES ARE:

VOLUNTARY • DEMOCRATIC • EQUITABLE • INDEPENDENT • INFORMATIVE • COLLABORATIVE • COMMUNITY