



**BOARD OF DIRECTORS
REGULAR MEETING
WEDNESDAY** October 18, 2017 8:30 a.m.
Friday Harbor OPALCO Office**

TRAVEL



Via Island Air
378-2376

To:

Leave Lopez 7:45 a.m.

Arrive FH 8:00 a.m.

Return:

Leave FH 2:00 p.m.

Arrive Lopez 2:15 p.m.



Via Ferry:

To:

Leave Lopez 7:10 a.m.
Shaw 7:15 a.m.
Orcas 7:35 a.m.

Arrive FH 7:40 a.m.

Arrive FH 8:15 a.m.

Return:

Leave FH 2:20 p.m.

Arrive Orcas 3:10 p.m.
Shaw 3:25 p.m.
Lopez 3:45 p.m.

****Note Day/Date Change**

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Friday Harbor
376-3500**

WEDNESDAY October 18, 2017 8:30 a.m.

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:
 - Members are expected to conduct themselves with civility & decorum, consistent with Member Policy 17. If you would like answers to specific questions, please fill out the Q&A card for post meeting follow-up.

ACTION ITEMS

- 3-14** ○ Consent Agenda
- 15** ○ IRS Forms 990 and 990-T (discussed in executive session with board approval in regular session)

DISCUSSION ITEMS

- 16-24** ○ Policy 29 Draft Revisions

REPORTS

- 25-50** ○ General Manager

ADJOURNMENT

Executive Session: Legal, personnel

MEMORANDUM

October 13, 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, September 21, 2017**

President Vince Dauciunas called the meeting to order at 8:05 a.m. at the Lopez Island Fire Hall. 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).

MEMBER/GUESTS

Consultant Jay Kimball, WRECA Director Kent Lopez and members Dwight Lewis, Rob Thesman and Steve Ludwig.

WRECA

Kent Lopez, Director of Washington Rural Electric Cooperative Association, reviewed legislative bills to watch during the upcoming legislative session and shared the 2018 Legislative Objectives and Principles.

CONSENT AGENDA

- Motion was made to accept the Consent Agenda which included the August 17 minutes, new members (listed below) and capital credit payments totaling \$5,252.94. Motion was seconded and carried by voice vote.

NEW MEMBERS

District 1
Brown, Pearl, Henry, San Juan, Spieden
Arrowsmith, Charles
Badenhop, A
Balam-Bacab, Jose J & Herrera, Reina I
Brueske, Jon & Louise
Capener, Jennifer
Chenoweth, Donald & Field, Joanne
Correa, Evelyn
Cyprex Services LLC
Evans, Ken & Judy
Flores, Heriberto
Goodsell, Charles & Perme, Diane
Heart of the Island Farm
Hoffman, Gregory & Jyoti, Patel
Hogan, Nancy & Charles
Howe, Aileen & Tyler
Jiminez, Theresa
Kochel, Matthew & Celina
March, Scott & Osterhaug, Brenda
Moyle, Fernando
Noyes, Mark & Ramos, Caroline D
O'Brian, Patrick & De La Zerda, Christian
Palmer, Matthew
Paulsen, Leanna M
Potter, Caren & Grenfell, Sue
Rayborn, Jeff
Rivera, Oscar & Anna
Roth, Daisy

Siroshton, Ben & Jayne
TAL Holdings LLC

District 2
Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn, Orcas
Beckwith, Keith
Brown, Leslie
Davis, Melissa
Ebert, Nancy
Firedogs LLC
Houghton, Dean
Lee, Gary M
LSX Properties LLC
Mudd, Pearl
Smith, Steven & Gragzda-Smith, Maria
Stocklin, Megan

District 3
Decatur, Center, Charles, Lopez
Allin, Boyd & Chelsea
Christopherson, Julie & Bret
Gurley, Erin
Nicol, Ali
Reding, Kerry & Scott
Timothy, Luke

CAPITAL CREDITS – CUSTOMER ESTATES/ORGANIZATIONS RETIRED

<u>Customer #</u>	<u>Amount</u>
9360	\$2,239.41
9910	\$1,165.34
68399	\$846.03
80508	\$111.85
89412	\$169.61
70510	\$720.70

RUS 219s

- **Motion** made and seconded to approve submittal of RUS 219s representing projects completed from the Construction Work Plan during the months of July and August in the amount of \$1,940,855.05. Motion carried by voice vote. Please note the August 219's in the amount of \$407,255.73 were added to the approval at the meeting.

BUDGET BORROWINGS

Loans through RUS and the Federal Finance Bank (FFB) for distribution (AM8) and communications (AN8) are approaching their “last day for an advance” on November 1, 2017. After that date, RUS loan AS8 (pending approval) will be utilized for capital funding; funds may not be available until May 2018 due to loan processing. Staff included a proposal for an additional \$1.1M of borrowings in 2017 based on prior submitted 219's. At the meeting there was discussion to add another ~\$400k, representing the approved August 219s for the Inventory AN1708, for a total of ~\$1.5M.

- **Motion** made and seconded to approve additional RUS borrowings from AM8/AN8 in 2017 prior to November 1, 2017 as discussed. Motion carried by voice vote.

PNGC Member Reimbursement Agreement (MRA) Resolution 6-2017

As full members of PNGC, effective October 1, OPALCO now shares in the financial obligation to National Rural Utilities Cooperative Finance Corporation (CFC). Resolution 6-2017 *Certificate of Resolutions and Incumbency Member Reimbursement Agreement*, and other documents are required to fulfill the obligation.

- **Motion** made and seconded to approve Resolution 6-2017. Motion carried by voice vote.

WORK SESSION: Alternative Rate Structures

As part of the comprehensive rate structure review, the Board will hold a work session Friday, September 22 to review rate structure alternatives. Ray Ellis, GM of Lincoln Electric Cooperative (Montana) will participate in the discussion.

REPORTS

General Manager

Safety: Total hours worked without loss time is 118,558.

The San Juan County Comprehensive Plan: a schedule will be sent for the Board to review.

Submarine Cable Update: Cable removal began on September 14 with a traditional Japanese ceremony on September 15.

ADJOURNMENT

Meeting adjourned to Executive Session at 9:25 a.m. Executive Session began at 9:40 with discussion of the submarine cable contract issues. Executive session adjourned at 10:40 a.m.

Vince Dauciunas, President

Winnie Adams, Secretary-Treasurer

NEW MEMBERS

September 2017

DISTRICT 1

Brown, Pearl, Henry, San Juan, Spieden

1. Allen, Mark
2. Bellhart, Elspeth
3. Bennett, Monica & Jeff
4. Carlson, Mitchell
5. Colglazier, Katlynn
6. Douglas Hickman, Lana
7. Ewers, Robert & Tana
8. Greenberg, Lou
9. Guerrero, Maria A
10. Hauschild, Joy
11. Hess, Carl
12. Hills, Kyle
13. Johnson, Lars
14. Johnston, Melvin & Castleman, Linda
15. Leeming, Frank A & James-Slusher, Hannah
16. Metts, Angela L.
17. Morelli, Dina
18. Pawloski, Ryan
19. Rebhan, Bruce & VanCamp, Joy
20. Rugge, Ashley
21. Senn, William & Leslie
22. Sommers, Amy & Kenneth
23. Steel Breeze LLC
24. Stevenson, Jon
25. Sunbreak Roving Vet Service
26. Tikunoff, James & Abigail
27. Treehouse5 LLC
28. Vonderhaar, Becky & Chris
29. Williamson, Janet
30. Youngsman, William
31. Zack, Adam

DISTRICT 2

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

32. Albertson, John & Mary
33. Ballou, Laurel J
34. Beeman, Jeffrey & Doty, Elizabeth
35. Blackburn, Jack
36. Davidson, Valorie & Maki, Robert

37. Day, Talya & Shively, James

38. Floyd, Stephen G

39. Fry, Sandra

40. Gordon, Michael

41. Griffin, David & Kimberly

42. James, Monica & Scott

43. Ledgerwood, E

44. Lefever, Sachi

45. Lift Strength and Condition

46. Marie, Kathryn

47. Millen, Samuel

48. Nawn, Rodney & Natalie

49. Neitman, Kristine

50. O'Brien, Wendy

51. Page, Shannon & Ferrari, Mark

52. Rinchai, Darawan & Chaussabel, Damien

53. Roepke, Meryl

54. Smith, Roy

55. Sorensen, Rachel & Boydston, Galen

56. Spaulding, Benjamin

57. Webster, Paul

58. Wiper, Kara & Jeff

DISTRICT 3

Decatur, Center, Charles, Lopez

59. Crow, Sasha

60. Estep, Alan & Susan

61. Fagerholm, Paula & Jeff

62. Gaddis, Mel & Ferrouge-Gaddis, Annette

63. Huxtable, Caroline & Leighton, Andrew

64. Johnson, Robert T

65. Kisker, Danielle & Douglas

66. Lewis, Kendra & Henderson, R. Keith

67. Puglisi, Anthony & Pamela K

68. Romney, Elizabeth & Giles, James

69. Smith, William C

70. Weeks, Tom & Oyer, Deborah

DISTRICT 4

Crane, Canoe, Bell, Shaw

71. Gulick, George

72. Sussman, Django & Wainstein, Michelle

MEMORANDUM

October 13, 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 #	Amount
65066	\$1,351.22
68293	\$850.37
28168	\$4,073.89
Request Total	<u>\$6,275.48</u>

MEMORANDUM

October 13, 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 201709	\$386,172.14
Inventory AN1709	\$295,542.49
Inventory AS1709	\$104,829.01

Staff requests Board approval to submit the above referenced RUS Form 219s totaling \$786,543.64 by way of approval of the Consent Agenda.

10/13/2017 11:43:11 am

Page: 2

RUS Form 219 Inventory Of Work Orders

Period: SEP 2017 System Designation: WA AH O9

Inventory: 201709

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
		Retirement (2)							
601	2014	2757							
			1	10,599.04	0.00	0.00	0.00	0.00	10,499.29
							AFUDC: 99.75		
				10,599.04	0.00	0.00	0.00	0.00	10,499.29
608	2014	2309							
		2309	1	442,063.44	550.02	50,818.08	0.00	0.00	375,672.85
							AFUDC: 16,122.53		
				442,063.44	550.02	50,818.08	0.00	0.00	375,672.85
Grand Totals:				\$ 452,662.48	\$ 550.02	\$ 50,818.08	\$ 0.00	\$ 0.00	\$ 386,172.14

10/13/2017 11:43:11 am

RUS Form 219 Inventory Of Work Orders

Page: 6

Period: SEP 2017

System Designation: WA AH O9

Inventory : 201709

Budget	Loan	Project	Amount
	1	601	10,499.29
	1	608	375,672.85
	Total:		386,172.14

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. Gentry

INSPECTION PERFORMED BY

Orcas Power and Light Cooperative

FIRM

52424

LICENSE NUMBER

10/13/2017

DATE

SIGNATURE OF LICENSED ENGINEER

10/13/2017 11:43:11 am

RUS Form 219 Inventory Of Work Orders

Page: 3

Period: SEP 2017

System Designation: WA AH O9

Inventory: AN1709

		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	1595	1	12,353.22	0.00	0.00	0.00	0.00	12,115.06
							AFUDC: 238.16		
706 - 3	2014	2310	1	297,584.94	0.00	0.00	0.00	0.00	283,427.43
							AFUDC: 14,157.51		
				309,938.16	0.00	0.00	0.00	0.00	295,542.49
Grand Totals:				\$ 309,938.16	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 295,542.49

10/13/2017 11:43:11 am

RUS Form 219 Inventory Of Work Orders

Page: 7

Period: SEP 2017

System Designation: WA AH O9

Inventory : AN1709

Budget		
Loan	Project	Amount
1	706 - 3	295,542.49
Total:		295,542.49

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)

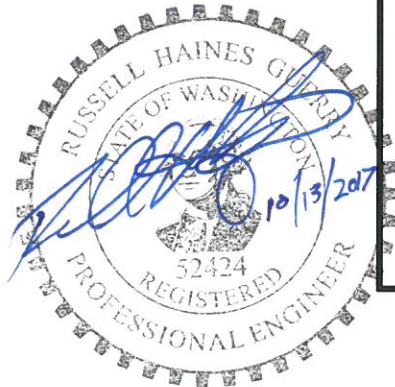
DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

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Russell H. Gentry

INSPECTION PERFORMED BY

52424

LICENSE NUMBER

10/13/2017

DATE

Orcas Power and Light Cooperative

FIRM

SIGNATURE OF LICENSED ENGINEER

10/13/2017 11:43:11 am

RUS Form 219 Inventory Of Work Orders

Period: SEP 2017 System Designation: WA AH O9

Page: 4

Inventory: AS1709

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
		Retirement (2)							
1600	2014	1817							
		1817	1	113,092.11	0.00	688.26	0.00	7,864.79	100,946.16
							AFUDC: 3,592.90		
1600	2014	2421							
			1	3,957.91	0.00	0.00	0.00	0.00	3,882.85
							AFUDC: 75.06		
				117,050.02	0.00	688.26	0.00	7,864.79	104,829.01
Grand Totals:				\$ 117,050.02	\$ 0.00	\$ 688.26	\$ 0.00	\$ 7,864.79	\$ 104,829.01

Minor Construction Work Orders

Work Order: 1817 - INSTALL TEMPORARY UNDERGROUND DISTRIBUTION AND FO AND REPLACEMENT UNDERGROUND DISTRIBUTION AND FO FOR THE DEER HARBOR BRIDGE REPLACEMENT PROJECT.

Work Order: 2421 - ADD SECONDARY VAULT AND WIRE TO IMPROVE SYSTEM

10/13/2017 11:43:11 am

RUS Form 219 Inventory Of Work Orders

Period: SEP 2017 System Designation: WA AH O9

Page: 8

Inventory : AS1709

Budget		
Loan	Project	Amount
1	1600	104,829.01
Total:		104,829.01

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 Guernsey

INSPECTION PERFORMED BY

Orcas Power and Light Cooperative

FIRM

52424

LICENSE NUMBER

10/13/2017

DATE

[Signature]

SIGNATURE OF LICENSED ENGINEER

MEMORANDUM

October 13, 2017

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2016 Federal Tax Return Form 990 and Form 990-T

The draft 2016 federal tax returns will be reviewed during Executive Session.

The 2016 returns are consistent with last year's filings and are based on the 2016 financial statements, audited by Moss Adams, that were reviewed and approved by the Board of Directors at the May 18th board meeting.

Upon review and concurrence, staff requests the Board make a motion to approve the submittal of the 2016 returns during regular session.

MEMORANDUM

October 13, 2017

TO: Board of Directors

FROM: Foster Hildreth

RE: Policy 29 *Rate Design* Draft Revisions

In January 2017, the Board directed staff to coordinate a comprehensive rate structure review process leading into our 2018 cost of service study. Below, please find a summary of our detailed progress to date.

At this point of the rate review process, staff recommends that the Board make interim adjustments to Policy 29 *Rate Design* until a further study is performed in 2018. Such Policy 29 revisions will provide staff with the necessary guidance to make rate recommendations during the upcoming 2018 Budget and Tariff review.

The Board discussed revising Policy 29 at the September board meeting and at the September work session. Attached is a draft of the proposed revisions.

No action is necessary at this time; this is the first read and is for discussion only.

Background

At the January 2017 board meeting, the Board discussed developing a comprehensive rate structure review process. It was determined that the process should span over two years, with implementation of any rate structure change in January 2019. A committee of board members Whitfield and Silverstein was formed to outline a roadmap and timeline for the rate review process to be presented at the February board meeting.

At the February 2017 board meeting, the committee, in collaboration with Foster Hildreth, presented the following recommendation for a rate review process:

1. Board and Staff refamiliarization of the details of the following documents, as essential background:
 - a. Strategic Directives from 2015
 - b. Integrated Resource Plan (IRP)
 - c. Construction Work Plan (CWP)
 - d. 2017 Budget
 - e. 2016 Year-End Audited Financial Statements
 - f. Policy 29 - Rate Design
 - g. Cost of Service Analysis (COSA) and Rate Design that was performed in 2014

2. Board and Staff participation in a June Board Work Session, designed to focus on a budgetary review. Open for members to attend.
3. Board and Staff participation in a September Board Work Session designed to focus on alternative rate structures. Open for members to attend.
4. Board and Staff participation in the San Juan County Fair, four member open houses, and regular monthly board meetings designed to solicit member communication and feedback related to the rate structure process.
5. Staff would work with an outside consultant to assist in the development of a rate design/revenue requirement model which would allow the stakeholders to review and perform financial sensitivity analysis along the way.

Also discussed during the February board meeting was the Current Rate Structure Objectives (as outlined in 2014 Rate Analysis). The Board agreed to consider the following objectives throughout the review process:

1. Rates should meet revenue requirements
2. Rates should be cost based
3. Rates should be “just, reasonable, and not unduly discriminatory or preferential” – “fair and equitable”
4. Rates should be easy to understand and administer
5. Rates and the cost allocation process should conform to general accepted rate setting techniques
6. Rates should provide revenue stability to the utility and rate stability to the member

At the May 2017 board meeting, the following topics were discussed in preparation for the June work session on rates (budgetary review):

1. Sufficiency of our rate structure revenue model
2. Data/information availability
3. Confirm member service levels
4. Future budgetary expectations (associated service levels above)
5. Meeting logistics (location, attendees and potential facilitation)

At the June work session, each Board member addressed the question: “What do I want to know or understand by the end of the work session to understand the budget?” Their responses were:

1. What concrete data exists to indicate that our current rates or bills create hardships?
2. Why am I paying triple for the highest kWh? The block adjustments seem punitive to the residential members.
3. What part of the budget includes the level of capital credit payouts for the long term?
4. What investment can we make (or action can we take) that will actually reduce rates or a member’s bill?
5. How do we find more revenue?
6. How can we effect the growth of the member’s bill?

7. What is left to be able to reduce cost and what are the tradeoffs to the mission statement?

During the June work session, with three OPALCO members in attendance, the Board discussed and reviewed actual budgets, service levels, capital projects and reliability standards, with the major take-away being that there weren't many discretionary expenses that could be cut without risking service levels and safety. The Board directed Staff to continue to fine tune the budget, reduce any discretionary expense and "make sure every penny benefits the membership."

The Board considered that the current fuel switching initiative might be a good way to increase revenues by helping members reduce their total energy cost by transitioning from fossil fuels to more efficient and cost-effective electricity, especially for transportation and heating.

The member billing experience was discussed and how OPALCO could help members save money with information on how and when to use energy more efficiently and billing factors such as demand, time of use and specific EV charging station rates. Other factors such as metering options, building codes, County Comprehensive Planning, retail operations and grid interoperability were discussed.

At the August 2017 board meeting, staff presented the following agenda for discussion at the September work session on rates:

1. Review implications of current rate structure
2. Explore rate structure alternatives for member benefits and trade-offs
3. Review of preliminary rate comparison tool for the OPALCO website.

In addition, Ray Ellis, GM of Lincoln Electric Cooperative (Montana), was invited to attend the September work session to share his recent experience with introducing rate changes to members. Staff would also demonstrate the newly developed rate comparison tool at the work session.

At the September work session, with three members in attendance, each board member, the GM and Ray Ellis were asked to respond to the question: "What problem are we trying to solve?" Their responses were:

1. Protect the member from a large rate increase, start the demand cost as a fixed cost, and do not punish people for using more electricity by having a lower rate block. Simplify the rates. If you have a good TOU rate it may address demand. You can fix revenue issues other ways, other than rates.
2. Less complicated structure, simplify, communication to the membership effectively and listen to them when they voice their opinion.
3. Reinforce simplicity of the rates (KISS) and how to communicate the minimum system cost to the membership. Unless we have a good reason to complicate the rates, do not do it. Need to pick one or two of the "core rate design criteria" and focus on them for the design.

4. Really define the problem well, increase trust, improve understandability, “why? so what? and how do you know?”
5. Need to define the problem well – “radical” simplicity. Understand what is a “fair” rate in a member’s mind and makes for a simple effective rate. Need to explicitly outline to the community which concepts of fairness we are trying to accomplish and which concepts we are not able to solve with the rates.
6. How to have excellent messaging beforehand regarding the rate implementation.
7. Top problem is the perception of fairness. What we do will change over time – need to be dynamic and nimble. BPA prices will go up forever (does not believe the BPA publicized increase amounts), so we have to roll local generation into the mix as price parity is achieved. Risk protection is the trend is towards real-time pricing. Communication of the rate and why we are doing to help with the evolving member fairness perception.
8. “Fair” is a four-letter word that will depend on the member demographic view: seasonal, low income, solar, conserver, fossil heating or business. The board has a duty to keep the Co-op financially sound and operative into the future. We need to educate the members on the history, principal, fairness, financial responsibility, and how much it really costs to serve members in an island community. A small group of people who do not understand the problem can be very vocal and seek a remedy. Members do not always understand the cooperative model. There is a fine line between a fixed rate and fairness. The demand costs need to factor into the capacity built in the system to handle the theoretical peak that may happen once or twice a year. Look at the concept of a minimal system and what it costs to run the system. They give their members a choice between two rates.
9. A fixed demand rate could be phased in over five years (incrementally from 25 cents to \$2 per watt). The Co-op needs a sophisticated level of staff and analysis to “understand” costs and the membership. Keep in mind that you are to enhance the quality of life of the membership. Need to avoid “dramatic” rate structure changes and how to balance conflicting impacts on demographics.

As a point of reference, the NRECA CFC Rate Guide, Section 3.1 Rate Design Criteria was reviewed and discussed. The Core Rate Design Criteria from the guide was identified as:

1. Fair and non-discriminatory
2. Minimize impact on member-consumers
3. Send the proper pricing signals
4. Understandable
5. Encourage efficient and responsible usage
6. Other possible societal considerations
7. Manage evolving member-consumer expectations
8. Integrate new technologies

Other questions and issues considered during discussion were:

1. What is the threshold where rates are perceived as too complicated? Is it your responsibility to understand how it works as a member of a co-op?
2. How do we remember and understand what it means to not have power?
3. How do we introduce a demand charge that may be an estimate versus actual? BPA introduced the concept and encouraged co-ops to analyze because it was going to be the biggest variable in the future. Is the BPA demand charge material?
4. Is the current rate structure fair? If so, why change it?
5. Part-time Members - It was suggested that the co-op should look at the rate structure impact through a bell curve. Seasonal members seem to be very vocal and the membership sometimes does not remember what it means to be a co-op where "we are all in it together."
6. Energy Landscape - What are the long-term threats to the co-op membership? Need to articulate threats in terms of impact on members.
7. How to Motivate Behavior Changes - What do we want to incentivize? Increased load equals lower rates, neutral load, reduced carbon, increased EV and heating reduces total load.
8. Pre-pay billing has more choices for the member – less debt and better conservation.

The board then reviewed the rate structure modeling tool, which showed comparisons of the rate alternatives between the current rate structure, a structure based on the last cost of service study, a minimum bill, all kWh, and adjusted winter block. The model was dynamic enough to allow minimal input and had comparisons to average residential, average PAL member, average Energy Assist (low income) program participant, average non-seasonal, average heavy user and average light user. Once the comparisons were selected a "fairness" graph was created between the comparisons. Member comparisons above or below the line indicated whether the average member rates were fair or not fair.

The Board then reviewed graphs which indicated the rate impact of change, per kWh, and total revenue for each rate scenario. For example, if billing went to all kWh, member solar producers would collect more revenue than they paid into the system. The Board agreed to focus on setting rates for the middle of the bell curve and figure out how to deal with outliers on a case by case basis.

Discussion addressed the following questions and issues:

1. Do we have any fairness data based on the current rates?
2. Do we have a system that is broke?
3. Change is what upsets people.
4. The blocks are unfair. Why is it fair to charge double when it does not cost the cooperative more money? What are the pros/cons for eliminating the blocks and raising the blocks? We want to discourage high inefficient usage versus high efficient usage? Need to make sure people are efficient users. Need to look beyond the meter?

5. TIER 2 is sometimes less expensive and reduces the average kWh per member.
6. We would like increased load growth and lower carbon footprint. A declining load becomes a death spiral for the co-op.
7. We want to incentivize solar and make sure the rest of the membership is not subsidizing solar in their rates. How can we enable distributive generation (microgrid, etc.) and make it good for the cooperative? We have to keep the BPA restrictions in mind because BPA will raise the rates if we are > 200 kWh.
8. How do we determine seasonal accounts? Would a cost of service study isolate this issue? Create a minimal bill - figure out the amount of kWh is required to be sold to cover the fixed costs, which would allow the cooperative to increase the fixed rate. If you wait too long for the adjustment, it could be perceived as discriminating against members.
9. Looked at the residential revenue versus weather chart. We will lose over a \$1M with the all kWh rate in a warmer year. Found out that the revenue fell quicker than the expenses. BPA charges a penalty if you shift your load shape.
10. How different is the BPA rate between summer and winter?
11. What is the optimal fuel switching kWh rate? If your kWh is above a limit, need to rethink the rate structure.
12. What other thing can you do to reduce rates? RESP program will help add efficiency.

Next steps upon the conclusion of the September Board work session were:

1. Review 'Policy 29 – Rate Design' for changes that may be implemented in the short term for the 2018 budgetary process.
2. Continue the dialog with the membership at the September open houses and board meetings. Schedule other opportunities to speak to the members. Communicate with the membership what was discussed during the work session and what it means to be a member of the cooperative. There was a quote from the Berkley professor that "there are no good answers to the question of how a utility should recover fixed costs, but there are less bad ones."
3. List out the threats to the cooperative. Board will decide what is important and what are the most important things to mitigate against.
4. Look at an interim fix to the blocks during the 2018 budget process. Incorporate seasonality to the blocks. Possibly have the higher rate during the summer, rather than during the winter, so that seasonal members pay their fair share.
5. Consider two rates for the membership to choose from. It gets them more involved in the process, as long as both rates get us to the cost of service amounts, even if all members pick one rate. Should consider the "advance pay" option or collect double the highest month's usage as a refundable plan. Low income members would actually save money because they do not pay all the disconnect/reconnect fees.
6. Perform more sensitivity analysis utilizing the OPALCO developed rate comparison tool. Add analysis related to a demand charge.

7. Engage an outside firm to perform a cost of service study, possibly CFC since they are either low cost or free. Have them put the minimum system in the analysis and possibly the introduction of a demand charge.
8. With any rate structure change, compare each person's bill with current and proposed rates, to demonstrate and communicate proposed changes to the member.
9. Two things we can be sure of is that the cost of electricity will go up, and so will rates.
10. Compare the change in a member's bill in relation to the impact to other members and the cooperative as a whole.

ORCAS POWER AND LIGHT COOPERATIVE

POLICY 29

RATE DESIGN

DRAFT REVISIONS

29.1 PURPOSE

To set forth policy relating to the development and implementation of electric rates that follows the strategic objectives of the Cooperative.

29.2 POLICY

29.2.1 Commitment to Rate Design

It is the policy of the Board of Directors of the Cooperative to develop **cost-based** electric rates that allow the Cooperative to ~~provide electricity that is reliable, cost-based, considerate of the environment and maintains the Cooperative's financial strength at the Cooperative's lowest cost~~ **maintain financial stability as indicated through equity, TIER and loan covenants. The rate structure should collect the necessary revenue to balance: system reliability, prudent management practices, board directives for environmental stewardship and San Juan County's carbon reduction goals.** ~~The Cooperative's Rate Structures shall meet revenue requirements, fairly allocate the Cooperative's expenses in relation to each members' use of and impact on the system, reduce the effects of weather, market and other volatility and promote stability in the Cooperative's ongoing financial position as indicated through equity and TIER.~~

29.2.2 Basic Fundamentals

29.2.2.1 The Cooperative will periodically perform cost of service **and rate structure** studies to inform whether existing rate structures are meeting the goals of this policy **and changing industry conditions.**

29.2.2.2 Rates will be developed and implemented that:

29.2.2.2.1 ~~Meet revenue requirements and~~ Are cost-based **and meet revenue requirements;**

29.2.2.2.2 ~~Are implemented over time when dramatic rate changes occur;~~ **Equitably allocate the Cooperative's expenses to each member based on their use of and impact on the system relative to other members and the Cooperative as a whole;**

29.2.2.2.3 Generate margins which meet long-term financial objectives and lender requirements and as per the Cooperative's strategic directives;

29.2.2.2.4 Decrease revenue volatility **due** ~~to counter warming temperature trends and reduction in energy usage~~ **unpredictable energy usage patterns (i.e. changing weather and temperature swings).**

29.2.2.2.5 **Facility:** Utilize a fixed cost methodology whereby the facility charge collects the Cooperatives' fixed expenses; Are implemented over time when dramatic rate changes occur to avoid high and sudden member rate increases;

29.2.2.2.6 **Demand:** Implement a demand element which reflects the costs associated with variable need for system capacity for all member classes as the phase out/replacement of existing meters progresses; Encourage wise use of energy through efficiency measures, conservation and fuel-switching to electricity from carbon based fuels (e.g. gasoline, propane, oil, wood, etc.) in order to reduce members' total monthly bills across all energy sources.

29.2.2.2.7 **Energy:** Implement a variable mechanism that passes energy costs to members based on their usage;

29.2.2.2.8 **Energy Charge Adjustment (+/-):** Implement a variable mechanism that balances the fluctuation in energy revenues on an as-needed basis. The purpose of this mechanism is to balance the cooperative's finances. The mechanism may appear as a credit or debit on member bills.

29.2.2.3 Rates will incorporate a mechanism for ensuring any member's energy usage above (or below) the Cooperative's power provider's base load rates (BPA Tier 1) will be charged (or credited) for those costs. Implement an energy charge adjustment mechanism that balances the fluctuation in energy revenues on an as-needed basis. The purpose of this mechanism is to balance the Cooperative's finances. The mechanism may appear as a credit or debit on member bills.

29.2.2.4 Rate increases necessary to meet budgetary revenue requirements are to be applied per Board-approved methodology.

29.2.2.5 Member programs such as energy assistance, Project PAL and member owned renewable energy (MORE), etc. are distinct from the rate structure and are to be budgeted separately. The Board determines direction and funding mechanisms for any such programs during the annual budgeting process.

29.2.3 Management Responsibility

29.2.3.1 Management will be held accountable for implementing rates as approved by the Board of Directors and to routinely report to the Board of Directors as to the need to adjust rates to account for changes in cost or strategic initiatives.

Effective Date: 1/21/2016

J. Foster Hildreth, General Manager

DRAFT

GENERAL MANAGER'S REPORT

October 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

As part of the process of updating the SJC Comprehensive Plan, OPALCO has been preparing materials to submit to the County, primarily focused on the *Utility, Transportation, Housing, and Land Use* elements. Between electric utility and communication services, OPALCO touches nearly all elements of the Comp Plan (energy efficiency standards of homes and businesses, the electrification of transportation, biochar for energy production, land use amendments/allowances, etc.)

A workgroup of stakeholders is using a collaborative approach to the creation and review of Comp Plan materials. This helps ensure the material takes into consideration a range of views, and it is expected that this will strengthen the depth and breadth of the material and public support for it as it is considered by the County. Stakeholders include members from transportation, housing, land use and economic development. OPALCO also participated in the County's Comprehensive Plan town meetings and pop-up surveys and also met with the County Planning team.

The workgroup documents are expected to be complete by the end of October. The County is developing draft goals and policies now through February 2018, followed by *Planning Commission Hearing Draft* from February to June 2018 and *Council Hearing Draft* from June to August 2018.

ELECTIONS AND GOVERNANCE COMMITTEE UPDATE

The Elections and Governance Committee (EGC), under the guidance of chairman Doug Marshall, is working diligently reviewing Board compensation and proposing a new policy on elections procedure. It is expected that they will report to the Board in December or January.

ENGINEERING, OPERATIONS, AND TECHNICAL SERVICES

WIP

As of 6/9/2017, there are 395 work orders open totaling \$19,178,042. Six of these projects are associated with the submarine cable project totaling \$11,027,118. Operations has completed construction on 88 work orders, totaling \$2,168,248.

Safety

Jeff Myers conducted first aid and CPR training. This training is to certify that all employees for emergency medical situations. The total hours worked without a loss time accident is 14,147.

Submarine Cable Update

Our new submarine cable, "George", has landed! Cable removal started on September 14th and was completed on September 24th. Cable installation began on September 28th and was completed on October 4th. Crews are currently seating and splicing the power conductors on the Lopez shore. All splicing will be completed by the end of October. Estimated energizing to take place in December and project close out through the beginning of 2018.

OPALCO hosted eight charter boat trips, bringing close to 60 members out to the worksite to observe the project. Passengers included the golden ticket winners, staff, the county council and journalists. It was

very informational and fun. One staff member commented, “Field trips are a great way to understand how our OPALCO family fits together and work as a whole.” Another said, “Today was one of the best days I’ve had at OPALCO.” Several articles appeared in local media outlets as a result of the trips. Work continues on a video documenting the project.

Cable Removal - Splice Canister on deck



Cable Installation – Exit of Chute



Cable Installation – Floating of cable for feed into conduit on Lopez shore



Cable Installation – Vault at Otis Perkins with Cable installed



Cable Installation - Vault at Otis Perkins with Cable installed



Decatur Tap and Substation Update

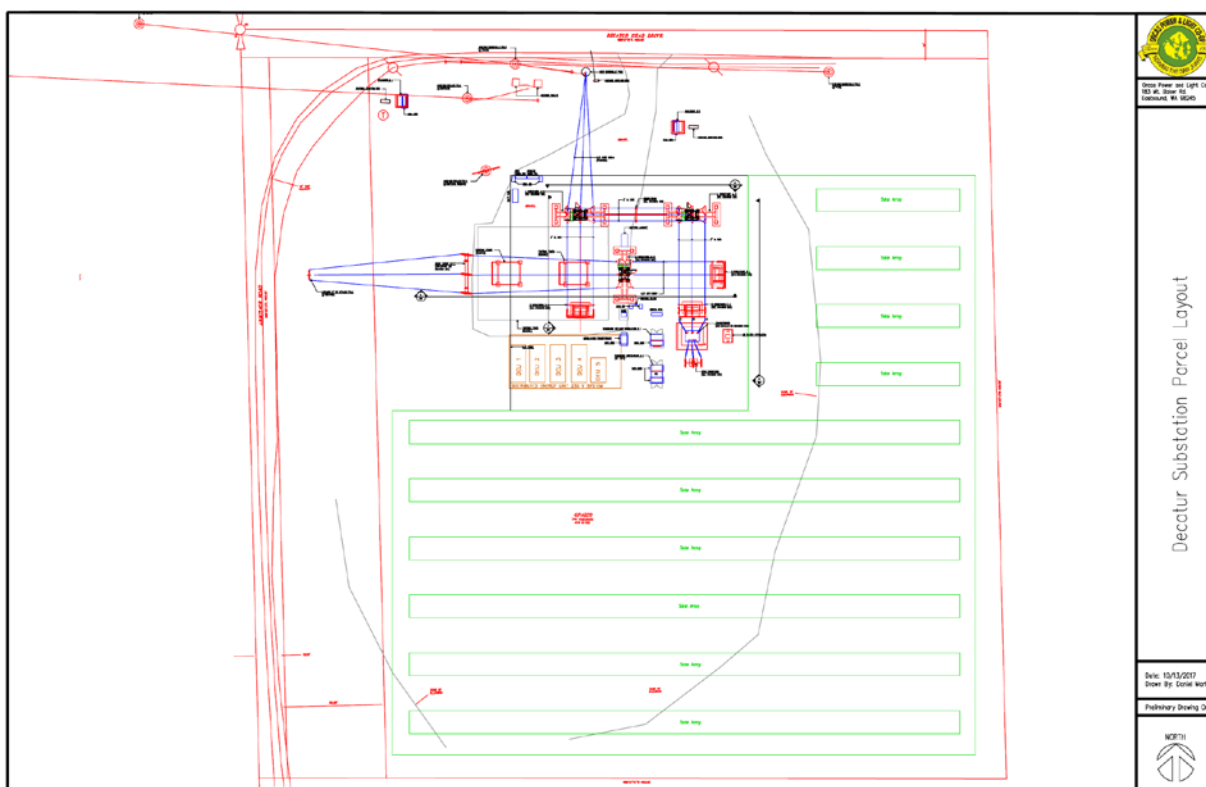
Finishing foundations and starting installation of steel work. Fiber for tie to BPA relays will be complete in November. We expect acceptance of the BPA tap and energization from BPA in December.

View of Decatur Substation from a Bucket Truck



Decatur Community Solar

Staff has been working on the Community Solar Project Request for Proposal timeline, and completed a contractor site visit on Decatur Island in September. Bids for the design and construction of the array are due this month, which will be reviewed by a committee of staff and member-experts. Staff is also conducting extensive outreach and collecting member contact information of those that are interested in participating. The project is on schedule to be completed in summer 2018.



Decatur Energy Storage System Project

Staff has signed the contract with Washington Department of Commerce (WA DOC). This contract outlines the regulations of various aspects of the project to ensure reimbursement of the WA DOC matching grant funds. Staff also met with Pacific Northwest National Laboratories (PNNL) to discuss the economic and system metrics needed for completion of their analysis of the feasibility of the system.

Mainland Redundancy

Staff met with Puget Sound Energy (PSE) October 12th to brainstorm mainland redundancy options for OPALCO. OPALCO is served by a radial feed from PSE Burrows Bay Substation to Washington Park (BPA Substation). PSE Senior Vice President of Operations and planning staff discussed the following redundancy options:

- New transmission line with new right-of-way (ROW) through a densely populated area of Anacortes
- New parallel transmission line via buried facilities
- New parallel transmission line across the street from the existing line (in same ROW)
- New parallel transmission line on same pole system
- Strategic upgrades to existing poles and lines (steel pole and increased height)

Our next step is to work with PNGC transmission line modification request to BPA. Once received, BPA will conduct the feasibility study. It was wonderful to meet face-to-face with our most important utility neighbors, PSE.

FINANCE

Budget Borrowings

At the September board meeting, the Board approved staff to borrow an additional ~\$1.5M above our 2017 budgeted borrowings to bridge the potential funding delay as we process our new CWP loan application. Accordingly, staff has formally submitted loan draw request for ~\$6.5M (\$5M budgeted and

~\$1.5M additional). Please note the additional ~\$1.5M should be considered an advance only for 2018 capital project funding.

Projected Finances

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

2017 Projected Income Statement (in thousands)	2017		
	YE Budget	YE Projected	Variance
Total Revenue	\$ 26,715	\$ 29,043	\$ 2,328
Total Expenses	24,704	25,142	438
Net Margin	\$ 2,011	\$ 3,900	\$ 1,890
TIER	2.36	3.45	1.09
HDD	1,056	1,332	276
kWh Purchases	202,132	222,218	20,085
kWh Sales	189,106	206,341	17,235

WA State Production and M.O.R.E. Annual Incentive Payments

Staff prepared and distributed the 2017 WA State Production incentive payments and the M.O.R.E. incentives to member generators. During the 2017 fiscal year (July 2016 to June 2017) 198 members produced 1,146k kWh for incentives totaling ~\$233k; however, the incentives were discounted 46% due to the incentive cap of ~\$126k. Washington State University will be performing the administration of the incentives for the 2017-2018 fiscal year. Please note, in 2018, the WA State production incentive increase to ~\$250k. M.O.R.E. incentive payouts totaled ~\$53k to 149 participants of the program.

COMMUNICATIONS

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". Each co-op is hosting a Member Appreciation Day with refreshments, and a social media campaign is using members' photos with "I love my co-op because . . ." signs. This is a wonderful demonstration of "Cooperation Among Cooperatives." We encourage all of our cooperative members to join us in celebration.

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

Website Analytics

PixelSpoke monitors our website analytics on a quarterly basis and reports out each year to inform our budgeting process for continual user experience improvements. We also conduct user testing periodically

to address specific issues. The full report is attached. Please note results are slightly skewed because staff traffic is comingled.

SUMMARY:

- 2017 has seen OPALCO's largest spikes in website traffic.
- Top content viewed this year includes 1) outages, 2) resource library, 3) bill paying and 4) careers. Heat pump savings has received the most traffic on the Energy Savings site.
- The Resource Library ranks #5 in page views (see below) and interesting to note that members are not downloading documents from those pages.
- PDF downloads has increased significantly from last year. 1,013 in 2017; 238 in 2016. Rebates are the most commonly downloaded pdfs.
- The search tool is minimally used on OPALCO's site (less than 100 searches). Top searched for items include: 1) capital credits, 2) rates, 3) vote, 4) staff and 5) submarine cable.

RESOURCE LIBRARY USER TESTING:

PixelSpoke performed user testing in September to gather data. Analytics showed 100 Resource Library page views per month with average time spent on page 3:28 (homepage is 597 visits with time spent 1:07). Six people participated in a screen sharing exercise with PixelSpoke staff.

SUMMARY:

- Users described the website as simple, easy to use, well organized and consistent in format throughout.
- Most Resource Library tasks were quickly and easily accomplished.
- Users did not identify the resource library as a place to find important documents
- Users did not recognize the term Resource Library
- "Download Rebate form" was not easily found by users

2018 ACTION ITEMS:

- Enhance Resource Library navigation with drop down menus and hover info
- Consider changing the term "Resource Library"
- Give Resource Library more prominent placement in Navigation Menu
- Consider adding a tab with quick links to rebate forms
- Improve search results (directly to files, not folders)
- Display most popular downloads
- Add representative images per category

Open House Events

Open houses on Lopez, Shaw, San Juan and Orcas were modestly attended with about 60 people total across the four events. Members were very positive about the direction of OPALCO and seemed most interested in rates, community solar, the submarine cable project and renewable energy.

Awards

OPALCO won four communications and marketing awards through NWPPA for work completed in 2016.

- | | |
|--|---|
| • First Place for the website | • Third Place for the 2016 Annual Report |
| • Second Place for Advertising - Be Safe banners | • Third place for Wild Card – Lineman Appreciation poster |

Corrections made at the Board meeting include:

Policy 29 P. 18 2nd paragraph first sentence now reads: "The Board agreed considered that the current fuel switching initiative was might be a good way to increase revenues by helping members reduce their total energy cost by transitioning from fossil fuels to more efficient and cost-effective electricity, especially for transportation and heating."

General Manager's Report P. 26 Elections and Governance Committee Update now reads: "The Elections and Governance Bommittee (EGC) under the guidance of chairman, Doug Marshall, is working diligently reviewing Board compensation and proposing a new policy on elections procedure."

P. 30 WA State Production and MORE Annual Incentive Payments, second sentence should read "During the 2017 fiscal year (July 2016 to June 2017) 198 members produced 1,146k kWh for incentives totaling ~\$233k; however, the incentives were discounted 46% due to the incentive cap of ~\$126k."

OPALCO

Analytics Report

9/21/2017



PixelSpoke

Historical Snapshot of Traffic Trends

Traffic for last 3 years

Sep 2, 2014 - Sept 1, 2017



Over the last 2 years, traffic has remained fairly steady apart from some significant spikes that occurred in late 2015 and early 2016. However, this past year in 2017 shows some of OPALCO’s largest spikes.

User Traffic 2016 to 2017 Comparison



The number of sessions has increased significantly in 2017 compared to 2016, but the number of users has dropped slightly. **However, the most relevant traffic to OPALCO, from Washington has increased 75% in sessions and 25% in users.**

Year-to-Date Analytics Review

Desktop & Mobile Usage

Device Category ?	Sessions ? ↓	% New Sessions ?	New Users ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
	172.22% ↑ 107,022 vs 39,315	57.26% ↓ 21.93% vs 51.32%	16.34% ↑ 23,472 vs 20,176	70.28% ↓ 78.44% vs 46.06%	35.12% ↓ 1.53 vs 2.36	45.49% ↓ 00:01:15 vs 00:02:18
1. desktop						
Jan 1, 2017 - Sep 1, 2017	88,681 (82.86%)	16.19%	14,360 (61.18%)	82.64%	1.45	00:00:59
Jan 1, 2016 - Sep 1, 2016	24,990 (63.56%)	53.93%	13,478 (66.80%)	42.30%	2.52	00:02:08
% Change	254.87%	-69.98%	6.54%	95.34%	-42.60%	-53.68%
2. mobile						
Jan 1, 2017 - Sep 1, 2017	13,599 (12.71%)	51.28%	6,974 (29.71%)	59.14%	1.90	00:02:37
Jan 1, 2016 - Sep 1, 2016	10,125 (25.75%)	47.76%	4,836 (23.97%)	55.61%	1.96	00:02:39
% Change	34.31%	7.37%	44.21%	6.33%	-3.00%	-0.99%
3. tablet						
Jan 1, 2017 - Sep 1, 2017	4,742 (4.43%)	45.09%	2,138 (9.11%)	55.21%	2.01	00:02:18
Jan 1, 2016 - Sep 1, 2016	4,200 (10.68%)	44.33%	1,862 (9.23%)	45.40%	2.35	00:02:28
% Change	12.90%	1.70%	14.82%	21.59%	-14.30%	-6.31%

- There are more users on all device categories compared to 2016.
- The number of people accessing the website on desktop has risen from 64% to 82%; indicating a decrease in mobile use for your site.
- That said, people who come to the website on desktop are bouncing much more so than those that arrive on mobile.
- Top page views on mobile include Dashboard, home page, outages, and resource library

Referral Sources

Jan 1, 2017 - Sept 1, 2017 vs Jan 1, 2016 - Sept 1, 2016

Source	Sessions	New Sessions	New Users	Bounce Rate	Pages/Session	Avg Session Duration
3. sanjuanislander.com						
Jan 1, 2017 - Sep 1, 2017	1,335 (1.95%)		51.01%	681 (22.55%)	80.07%	1.48
Jan 1, 2016 - Sep 1, 2016	1,777 (17.25%)		51.77%	920 (27.77%)	62.18%	1.79
% Change	-24.87%		-1.47%	-25.98%	28.77%	-17.33%
4. t.co						
Jan 1, 2017 - Sep 1, 2017	1,211 (1.77%)		20.31%	246 (8.15%)	62.84%	1.92
Jan 1, 2016 - Sep 1, 2016	268 (2.60%)		30.22%	81 (2.44%)	63.06%	2.21
% Change	351.87%		-32.79%	203.70%	-0.35%	-12.86%
5. m.facebook.com						
Jan 1, 2017 - Sep 1, 2017	1,006 (1.47%)		74.25%	747 (24.74%)	79.32%	1.40
Jan 1, 2016 - Sep 1, 2016	93 (0.90%)		79.57%	74 (2.23%)	78.49%	1.37
% Change	981.72%		-6.68%	909.46%	1.06%	2.20%
6. sharepoint.opalco.com						
Jan 1, 2017 - Sep 1, 2017	583 (0.85%)		0.34%	2 (0.07%)	34.48%	2.62
Jan 1, 2016 - Sep 1, 2016	0 (0.00%)		0.00%	0 (0.00%)	0.00%	0.00
% Change	∞%		∞%	∞%	∞%	∞%
7. facebook.com						
Jan 1, 2017 - Sep 1, 2017	395 (0.58%)		31.90%	126 (4.17%)	66.08%	1.74
Jan 1, 2016 - Sep 1, 2016	180 (1.75%)		25.00%	45 (1.36%)	46.11%	3.80
% Change	119.44%		27.59%	180.00%	43.30%	-54.30%

- Sanjuan Islander traffic has decreased some, but there is still a considerable amount of referrals coming from that source
- Facebook on mobile devices has increased significantly compared to this period in 2016

Top Content: General

Jan 1, 2017 - Sept 1, 2017

Page ?	Pageviews ? ↓	Unique Pageviews ?	Avg. Time on Page ?
/	27,763 (16.95%)	23,221 (16.65%)	00:01:05
/outages/	23,220 (14.18%)	13,993 (10.03%)	00:05:43
/resource-library/	4,686 (2.86%)	3,392 (2.43%)	00:02:52
/about-your-account/pay-your-bill/	4,593 (2.80%)	4,008 (2.87%)	00:02:38
/careers/	3,685 (2.25%)	3,351 (2.40%)	00:02:23
/contact-us/	2,533 (1.55%)	2,138 (1.53%)	00:02:11
/energy-savings/rebates/	2,362 (1.44%)	1,728 (1.24%)	00:01:47
/about-us/	1,369 (0.84%)	1,177 (0.84%)	00:01:01
/energy-savings/rebates/heat-pump-rebates/	1,363 (0.83%)	935 (0.67%)	00:03:11

Page ?	Pageviews ? ↓	Unique Pageviews ?	Avg. Time on Page ?
/newsroom/	1,077 (0.66%)	897 (0.64%)	00:00:56
/about-your-account/smarthub-online-bill-pay-usage-viewer/	1,005 (0.61%)	925 (0.66%)	00:02:10
/energy-savings/rebates/appliance-rebates/	674 (0.41%)	409 (0.29%)	00:02:06
/about-your-account/	670 (0.41%)	590 (0.42%)	00:01:20
/risk-another-major-communications-outage/2017/01/	644 (0.39%)	561 (0.40%)	00:02:52
/calendar/	639 (0.39%)	488 (0.35%)	00:01:11
/energy-savings/renewable-generation/	618 (0.38%)	494 (0.35%)	00:02:14
/join-opalco/rates-and-tariffs/	595 (0.36%)	537 (0.38%)	00:03:23
/join-opalco/online-application/	591 (0.36%)	510 (0.37%)	00:03:52
/election-process-for-directors/how-to-vote/	579 (0.35%)	456 (0.33%)	00:03:03

- Similar trends to past 3 years where Outages, Pay Bill, Careers are among top viewed pages
- Energy savings pages are now in the top 10 visited pages
- The annual meeting report reached 269 views compared to 370 page views in 2016

Top Content: Newsroom

Jan 1, 2017 - Sept 1, 2017

Page ?	Pageviews ?	Unique Pageviews ?	Avg. Time on Page ?	Entrances ?	Bounce Rate ?	% Exit ?
	2,017 % of Total: 1.23% (163,796)	1,773 % of Total: 1.27% (139,496)	00:02:24 Avg for View: 00:02:22 (1.33%)	934 % of Total: 0.87% (106,998)	73.10% Avg for View: 78.44% (-6.81%)	55.88% Avg for View: 65.32% (-14.46%)
1. /risk-another-major-communications-outage/2017/01/	644 (31.93%)	561 (31.64%)	00:02:52	475 (50.86%)	78.53%	70.65%
2. /opalco-rate-increase-takes-effect-january/2017/01/	268 (13.29%)	226 (12.75%)	00:02:32	101 (10.81%)	56.44%	45.52%
3. /dauciunas-madsen-win-opalco-election-269-attend-80th-annual-meeting-ferry/2017/05/	134 (6.64%)	126 (7.11%)	00:02:05	38 (4.07%)	89.47%	55.22%
4. /opalco-board-elections-opens-april-13-meet-candidates/2017/03/	120 (5.95%)	96 (5.41%)	00:00:59	29 (3.10%)	41.38%	32.50%
5. /community-solar-gives-everyone-chance-generate-clean-green-local-power/2017/06/	114 (5.65%)	95 (5.36%)	00:02:40	25 (2.68%)	52.00%	31.58%
6. /planned-outage-shaw-orcas-early-morning-thursday-may-11th/2017/05/	108 (5.35%)	99 (5.58%)	00:01:55	33 (3.53%)	81.82%	62.96%
7. /opalco-fiber-project-kicks-off-south-san-juan-island-and-expect-traffic-delays/2017/03/	88 (4.36%)	81 (4.57%)	00:02:34	44 (4.71%)	60.47%	48.86%
8. /buyer-beware-greenwashing-renewable-energy-credits/2017/06/	78 (3.87%)	69 (3.89%)	00:02:07	22 (2.36%)	77.27%	38.46%
9. /san-juan-county-youth-scholars-shine-regional-youth-rally/2017/07/	70 (3.47%)	59 (3.33%)	00:05:24	49 (5.25%)	79.59%	71.43%
10. /whitfield-recognized-innovation-pellet-stove/2017/01/	64 (3.17%)	61 (3.44%)	00:03:25	48 (5.14%)	83.33%	78.12%

Top Content: Energy Savings

Jan 1, 2017 - Sept 1, 2017

Page ?	Pageviews ?	Unique Pageviews ?	Avg. Time on Page ?
	9,150 % of Total: 5.63% (162,475)	6,663 % of Total: 4.79% (139,010)	00:02:13 Avg for View: 00:02:22 (-6.47%)
1. /energy-savings/rebates/	2,344 (25.62%)	1,717 (25.77%)	00:01:47
2. /energy-savings/rebates/heat-pump-rebates/	1,360 (14.86%)	932 (13.99%)	00:03:11
3. /energy-savings/rebates/appliance-rebates/	671 (7.33%)	407 (6.11%)	00:02:07
4. /energy-savings/renewable-generation/	615 (6.72%)	491 (7.37%)	00:02:14
5. /energy-savings/renewable-generation/community-solar/	507 (5.54%)	394 (5.91%)	00:02:22
6. /energy-savings/rebates/fuel-switching/	330 (3.61%)	239 (3.59%)	00:02:48
7. /energy-savings/electric-vehicles-evs/	246 (2.69%)	192 (2.88%)	00:01:58
8. /energy-savings/measure-your-energy/	225 (2.46%)	186 (2.79%)	00:01:32
9. /energy-savings/renewable-generation/net-metering/	196 (2.14%)	161 (2.42%)	00:01:55
10. /energy-savings/electric-vehicles-evs/ev-rebates/	194 (2.12%)	148 (2.22%)	00:02:36

- The heat pump savings has gotten the most traffic, while the other energy savings programs are all similarly clustered
- In 2016 there was an energy savings article in the top 10 visited pages related to energy savings, but that is not the case this year

OPALCO PDF Downloads

Jan 1, 2017 - Sept 1, 2017



Event Category ?	Total Events ?	↓ Unique Events ?
1. pdf	1,013(100.00%)	921(100.00%)

The total number of PDF downloads has increased significantly compared to 2016 where there were only 238 PDF downloads.

Event Tracking: File Downloads

Jan 1, 2017 - Sept 1, 2017

- The majority of file downloads/pdfs seem to be clustered in between 60-80 downloads
- Rebates are the most commonly downloaded pdfs

Event Label ?	Total Events ? ↓
	1,013 % of Total: 15.42% (6,568)
1. http://energysavings.opalco.com/wp-content/uploads/2017/01/2017-DHP-FS-Rebate-Form.pdf	95 (9.38%)
2. http://energysavings.opalco.com/wp-content/uploads/2017/02/January-2017-Effective-Residential-Rebates-At-a-Glance-Guide.pdf	78 (7.70%)
3. http://energysavings.opalco.com/wp-content/uploads/2017/01/2017-EVC-Rebate-Form.pdf	73 (7.21%)
4. http://energysavings.opalco.com/wp-content/uploads/2017/02/PTCS-Heat-Pumps.pdf	70 (6.91%)
5. http://energysavings.opalco.com/wp-content/uploads/2017/02/Qualified-Product-List.pdf	66 (6.52%)
6. http://energysavings.opalco.com/wp-content/uploads/2017/01/2017-Insulation-Upgrade-Form.pdf	62 (6.12%)
7. http://energysavings.opalco.com/wp-content/uploads/2016/11/10-26-16-Ductless-Heat-Pump-Installation-WEB-.pdf	60 (5.92%)
8. http://energysavings.opalco.com/wp-content/uploads/2017/01/2017-Residential-Window-Upgrade-Form.pdf	52 (5.13%)
9. http://energysavings.opalco.com/wp-content/uploads/2010/07/Ductless-Heat-Pump-Comparison.pdf	48 (4.74%)
10. http://energysavings.opalco.com/wp-content/uploads/2016/10/October-2016-Effective-Residential-Rebates-At-a-Glance-Guide.pdf	34 (3.36%)

Top Searched for Items











Jan 1, 2017 - Sept 1, 2017

Search Term	Total Unique Searches	% Total Unique Searches
capital credits	19	1.55%
rates	15	1.22%
vote	11	0.90%
staff	10	0.82%
submarine cable	10	0.82%
policy	9	0.73%
rebates	8	0.65%
submarine	8	0.65%
annual meeting	7	0.57%

Insite search is minimally used on the OPALCO website, which is the norm for a non e-commerce or reference-specific (i.e, libraries and index) websites.

Site Speed

Jan 1, 2017 - Sept 1, 2017

Page ?	Pageviews ? ↓	Avg. Page Load Time (sec) ?	PageSpeed Suggestions ?
1. /dashboards/	21,342	0.00	7 total 
2. /	8,344	4.61	6 total 
3. /outages/	7,628	9.63	7 total 
4. /about-your-account/pay-your-bill/	1,604	3.64	5 total 
5. /careers/	1,145	2.62	5 total 
6. /resource-library/	1,080	2.08	6 total 
7. /contact-us/	826	1.74	5 total 
8. /energy-savings/rebates/	743	3.13	6 total 
9. /about-us/	447	2.33	5 total 
10. /energy-savings/renewable-generation/community-solar/	447	2.72	6 total 

Plan for speed optimization assessment and implementation in Q1 2017 for priority pages

Event Tracking: Utility Nav

May 1st 2017 - Sept 1, 2017

- More than half of all users who clicked in the Utility Nav (upper right hand corner), clicked on the “Pay Your Bill” link
- Contact and About links are also getting considerable traffic

Pay Your Bill About Join Careers Contact				
Event Label ?		Total Events ? ↓		
		2,959 % of Total: 45.05% (6,568)		
1.	Pay Your Bill	1,710 (57.79%)		
2.	Contact	541 (18.28%)		
3.	About	325 (10.98%)		
4.	Careers	294 (9.94%)		
5.	Join	77 (2.60%)		
6.	(not set)	Page 46 of 152 152 (0.41%)		

Event Tracking: Resource Library Search

Jan 1, 2017 - Sept 1, 2017

- Overall, not a high volume of searches within the resource library
- This may be a positive indicator that users are finding the information they need without having to search

Event Action ?	Total Events ? ↓
	322 % of Total: 4.90% (6,568)
1. Policy 29	7 (2.17%)
2. undefined	6 (1.86%)
3. 2015 rates	5 (1.55%)
4. integrated resource plan	5 (1.55%)
5. irp	5 (1.55%)
6. KRTA	5 (1.55%)
7. Net metering Rates	5 (1.55%)
8. Service specifications	5 (1.55%)

Event Tracking: Form Submissions

Jan 1, 2017 - Sept 1, 2017

- In Feb., Apr., May and Jun., the number of form submissions was between 8-10
- In Mar., Jul., and Aug., form submissions were between 4-6
- In Jan., there were 22 form submissions

Event Label ?	Total Events ? ↓
	77 % of Total: 1.17% (6,568)
1. Form: Energy Savings Contact Form ID: 5	43 (55.84%)
2. Form: Home Snapshot Assessment Request Form ID: 2	34 (44.16%)



Key Takeaways: Summary

- 2017 saw some of the greatest traffic spikes to date partially due to new office IP in late 2016 that was not reflected in analytics
- While the number of site users has dropped since 2016, in Washington, traffic has increased 75% in sessions and 25% in users
- The percentage of people using the website on mobile versus desktop has decreased, which is not a trend we are seeing on other client websites. However, most of the greater traffic from desktop is bouncing where they don't on mobile, so it is not the mobile-friendly content that is influencing this trend. Given this trend and the extreme increase in new vs. returning visitors, the data may be skewed by invalid traffic sources.
- We're seeing a 400+% increase in PDF downloads from the website.
- The Resource Library is among top content (ranking #5 in page views both this year and last year) however there is a lack of PDF page downloads from this section

Key Takeaways: Action Items

- Configure the office IP tracking (done but will report back in one month)
- Dig deeper into the increase of new visitor traffic to determine if it is valid traffic; given the high bounce rate, it may be there is outside traffic to the website that is not relevant skewing the data.
- Enhanced analytics tracking in Resource Library so we can begin tracking folder clicks and gathering insights on user interaction
- User testing planned for Q4 2018 for both desktop and mobile to gather more insights on how actual members are interacting with the site
- Continue social media efforts and link back to the website when relevant to drive traffic from social channels.
- Plan for speed optimization for priority pages.
- Annual report views have decreased -- may need to revisit how to drive readership and interest

Thank You!

We appreciate the opportunity to work together

Winnie Adams read the following aloud at the Board Meeting:

October 8, 2017

Dear Winnie,

I hope harvesting in your garden continues. I'm still gathering tomatoes, kale, arugula, lettuce, carrots and beets. Time to plant garlic.

The EGC has been considering compensation for OPALCO board members. Our report will be sent to the board before the end of the month.

When I attended the recent OPALCO board meeting, the topic for discussion was mainly about the fact that many members of the coop do not trust the OPALCO board.

I talked with members in Olga, Rosario and Eastsound about that. Here is a summary of their comments.

A BIG problem: The rate structure is perceived as unfair and is not understandable.

Members questions included: What is the rate structure? It does not appear fair. How does OPALCO charge for services? What are the incentives for coop members? Do they care about them?

Members felt left out of the discussion about acquiring Rock Island. In addition, they felt there was a lack of transparency and a lack of willingness to address their concerns about it.

(Foster has stated since the idea was introduced that Rock Island is not going to be the big money-maker OPALCO had hoped for.)

FULL financial information concerning specific issues was not always available.

I think the board needs to do a much better job working to educate the membership about the issues mentioned above and about member CONSERVATION.

Sincerely,

