

## 2016 Candidate Questions and Answers

In advance of the 2016 OPALCO Board of Directors election, OPALCO asked each of the candidates a series of questions. Each candidate responded, and we want to share those answers with you, the OPALCO members.

### The 2016 Candidates

#### District 3 (members vote on two)

- Jim Lett, incumbent and nominated by committee
- Dwight Lewis, nominated by petition
- Brian Silverstein, nominated by committee
- Lauren Stephens, nominated by committee

#### District 4 (members vote on one)

- Dr Jerry Whitfield, incumbent and nominated by committee
- Gabriel Jacobs, nominated by petition



Read the [candidate bios](#) here.

### The 2016 Candidate Responses to Questions

#### QUESTION 1: RATES

**Rates have been on everyone's minds. How would you approach setting rates in an era of rising fixed power costs and flattening member growth and usage?**

##### District 3

**Jim Lett response:** We need to keep rates as low as possible, while covering our costs. Because of the challenges and expense to deliver power to 20 islands, we need to run OPALCO in the most efficient manner possible. The other part of the equation is finding new revenues to offset the flat growth and changing patterns of energy usage. We will continue to encourage members to switch from propane to electric and using electric vehicles where possible. I also strongly support Rock Island to bring new revenue to our Co-op.

**L. Dwight Lewis, Jr response:** Stop "non-essential" expenditures, not directly related to providing electricity to Coop members, until the debit is under control.

**Brian Silverstein response:** Manage costs before raising rates. Consider innovative rate designs to stabilize revenue as electricity use declines.

**Lauren Stephens response:** Equitable rate setting is a board responsibility that is a high priority for me. I believe that the board must limit future increases and honor previous plans end specific added fees such as the \$3 per month for 24 month plan implemented in 2015 that was part of financing Rock Island.

#### **District 4**

**Gabriel Jacobs response:** Reduce the costs of the non-electric businesses. Lower the fixed facility charge which particularly impacts low income people who struggle to reduce their usage but are still faced with rising costs because of increasing fixed facility charges.

**Dr. Jerry Whitfield response:** Rates have been increased by 6% or more annually, however the real cost, actual members' bills, have only trended upwards by 4.5% annually, consistent with the cost of power from BPA. This is a result of declining usage. As a Board Member I have approached rate setting to:

- Minimize the monthly cost to the member, not necessarily the "rate".
- Incentivize energy efficiency through pricing electricity by usage. (i.e. keep the facility charge low).
- Ensure part time residents pay their share by utilizing a monthly minimum charge.
- Ensure the full "cost of service" is recovered through rates.

Setting rates involves a thoughtful and analytic process by your elected Directors to ensure a high quality service at minimum cost. I have worked hard to bring this discipline to your current Board to ensure that members' bills are kept under control.

#### **QUESTION 2: AFFORDABILITY**

**The Low Income program, Energy Assist, was started following a member survey that asked how we could support those struggling with rising cost of living in the islands. What is your position on having the at-large membership fund this program?**

#### **District 3**

**Jim Lett response:** Affordability is a key issue in the islands and I support the Energy Assist program. It makes sense as a co-op to share the costs of funding this program with our full membership. It really spreads out the burden to the point that it's nominal. I understand that most members are paying less than a dollar a month. We've tried for years to promote Project PAL, which is funded by voluntary member donations, but the need is greater than could be met. I know that energy expenses are not the only costs rising in the islands, but as an OPALCO Board Member I'm committed to doing all that we can do to keep power affordable.

**L. Dwight Lewis, Jr response:** I believe in a "Hand up NOT a Hand Out! Assistance should be limited to three months and one time per Coop member, funded by the Coop membership. Projected cost should be delineated in the annual budget.

**Brian Silverstein response:** I support the Energy Assist program for Members who need help paying their bill.

**Lauren Stephens response:** The Energy Assistance program is one way to address the problem of high power costs. It is accessed at a very low (.0005 per Kwh) rate based on each member's usage. On my home bill in February, this added \$1.30 to my bill. As an individual, I am willing to pay that amount to help qualifying low income neighbors afford energy service. The Opalco website describes this as a pilot program, but also says the program is designed to be ongoing. I support a detailed evaluation of the pilot at year's end and possible modification that would include both a lower facility charge for qualifying customers and a concurrent rate reduction for the assessment.

#### **District 4**

**Gabriel Jacobs response:** The at large membership should fund this program. This is a vitally important program particularly because of the increased and increasing cost of electricity. Retired people on low fixed incomes are particularly in need.

**Dr. Jerry Whitfield response:** It is good to have programs that support those less able to pay their electric bills. Unfortunately, a program that is generous for the needy creates some resistance among those members funding the program. I am supportive of a progressive program that would also help the needy reduce their electric bills through assistance with energy efficiency improvements. These savings would be long term and would not need to be subsidized by members each year.

#### **QUESTION 3: ROCK ISLAND**

**Wireless and fiber communication infrastructure is a critical investment for the future of the Co-op and community. Do you support the continuation of Rock Island start-up operations?**

#### **District 3**

**Jim Lett response:** Yes, I strongly support Rock Island's continued development. The services that Rock Island provides are critical to the sustainability of our communities across the board: public safety, access to health care, education, economic development and jobs. I believe that very single member benefits whether or not they subscribe to services. I understand member concerns about the investment OPALCO is making in Rock Island, but the long-term benefits far outweigh the short-term concerns. The benefits to OPALCO and our community will continue for generations to come.

**L. Dwight Lewis, Jr response:** See #1 (Stop "non-essential" expenditures, not directly related to providing electricity to Coop members, until the debit is under control.) & #3.

**Brian Silverstein response:** Broadband supports education, community development and enhances quality of life. Complete the buildout on schedule and within budget. Manage investments in Rock Island to protect OPALCO.

**Lauren Stephens response:** I support the continuation of support for Rock Island. I was one of the early adopters of fiber optic service under the old Island Networks back in 2012. In my business, renting commercial space to small businesses and non profits, I see the need and benefits of high speed connectivity. However, I would like to see immediate improvement in customer relations at every level of Rock Island.

#### **District 4**

**Gabriel Jacobs response:** There should be no continuation of Rock Island start-up operations without the agreement of the members. Further start-up operations should be done at no additional cost added to the electric bills.

**Dr. Jerry Whitfield response:** Connection to the internet and wireless cellular has become the modern day Utility, no less so in the San Juan Islands than elsewhere. OPALCO understood this need from the outset. After some early missteps Rock Island Communications is now proceeding to connect customers to high speed broadband through fiber optic cable or LTE wireless, with the help of a generous loan from OPALCO members of \$7.5M. I believe RIC should proceed with this deployment for the benefit of all who wish to connect. The joint operating agreement with T-Mobile strengthens this program immeasurably by contributing expertise, upgrading technology, significantly reducing costs, and speeding up deployment.

I will continue to support deployment of the RIC communications infrastructure under guidelines which protect the original OPALCO investment.

#### **QUESTION 4: WIRELESS COMMUNICATIONS**

**Do you support the placement of wireless communications poles around the islands to maintain the utility and support first responders, and improve internet access and cellular phone coverage?**

##### **District 3**

**Jim Lett response:** Yes, I support wireless communications throughout our service territory. My main concern is for the safety of our linemen in the field and the other emergency responders that serve the islands. As a Fire Commissioner on Lopez, I'm all too familiar with the huge gaps in communication that exist on Lopez and throughout our County. This system is critical to improve public safety, communications in the field and the general public's ability to call for help. The fact that T-Mobile has stepped up to help us build out this system out more quickly, to cover more territory and to provide their cellular phone service to any who want it is a tremendous bonus.

**L. Dwight Lewis, Jr response:** Only if costs related to this service are charged to the USERS and are clearly delineated in the budget.

**Brian Silverstein response:** Wireless communications poles should be used to enhance the safety of OPALCO crews and to support first responders. Using the same poles for cell and internet minimizes the number of pole sites. Follow County siting rules and consult with citizens.

**Lauren Stephens response:** I support the placement of wireless communications poles, but believe Opalco/Rock Island should follow the same permitting process as any other entity seeking to build in our county. I believe that the secrecy that has accompanied recent projects is unnecessary and creates suspicion. And finally, if Opalco/Rock Island is the communication provider for first responders and small businesses dependant on the internet, they must offer 24 hour support to monitor and respond to service outages.

##### **District 4**

**Gabriel Jacobs response:** OPALCO should not be responsible for cell telephone coverage without consulting the membership. OPALCO is not equipped to go into diverse businesses. It badly manages Rock Island. Poles have been placed on private property without the owners' permission and without permits.

**Dr. Jerry Whitfield response:** Our island topography determines that the most cost effective means of providing broadband internet, cellular coverage, and 911 service to all islanders involves a hybrid of fiber optic and LTE wireless connections. Rock Island Communications (RIC) has teamed up with T-Mobile to provide this county-wide service. As a result, through access to multiple transmission frequency bands, the total number of LTE wireless poles has been reduced from 120 down to 38, which will be far less intrusive and will provide considerable cost savings. Poles are being deployed carefully so as to be barely visible to the naked eye. Overall this deployment is expected to be largely non-intrusive, and I support this method of placement.

#### **QUESTION 5: GRID EXPANSION**

**What is your position on expanding our communications infrastructure today to better manage OPALCO operations and the grid in the future?**

### **District 3**

**Jim Lett response:** I absolutely support the expansion of our grid today primarily to ensure safe and reliable operations and also to prepare for the future we can see. I applaud the foresight of the Board back in 1999 when the decision was made to go with a fiber-optic system. I know from my peers in the industry that most, if not all, utilities are scrambling to build this kind of communications infrastructure in order to manage the stability of their grids as intermittent solar and wind generators become more prevalent and cost effective – and to manage all the smart devices that are becoming standard in our industry and in peoples' homes.

**L. Dwight Lewis, Jr response:** See #1 (Stop “non-essential” expenditures, not directly related to providing electricity to Coop members, until the debit is under control.)

**Brian Silverstein response:** Use the fiberoptic investment to keep the lights on, improve metering and reduce power needs during peak hours.

**Lauren Stephens response:** I support expanding the communications infrastructure for the smartgrid, emergency services, broadband and cell service.

### **District 4**

**Gabriel Jacobs response:** OPALCO had a top rated system for managing the grid before they went into expensive broadband. The former system should be used. Broadband's costs should be contained and its costs should not be included in the electric bills. Any expansion should be voted on by the membership.

**Dr. Jerry Whitfield response:** The Board agreed in 2009 to modernize the grid by constructing a fiber optic backbone county-wide to improve electric system reliability through remote monitoring and control, improve crew safety through better communications, and save costs through reduced line losses, predicting system upgrade needs, and reducing crew deployment in the field. These goals are largely being met. Although crew communication needs could have been met by other less costly means, the fiber optic backbone has been the best holistic approach to meeting the standards of a modern grid as well as providing for high speed broadband capability. It has cost the electric rate payer less than 3% of their monthly bill to construct the fiber optic backbone. I believe this is a reasonable cost for the grid improvements that have resulted, and the project should be seen through to completion.

### **QUESTION 6: BYLAW AMENDMENT**

**There is a proposal on the 2016 Ballot to reallocate Director seats based on population of the islands. What is your position on this ballot amendment?**

### **District 3**

**Jim Lett response:** I'm neutral on the member initiated bylaw amendment. If the membership votes it in, we'll do it.

**L. Dwight Lewis, Jr response:** I am opposed to this proposal. The current formula has worked for over 75 years. Why fix it if it isn't broken?

**Brian Silverstein response:** There is no perfect allocation and I don't see value in changing.

**Lauren Stephens response:** I do not support the proposed bi-law change regarding reallocation of Director seats. If it ain't broke, don't fix it. This ballot measure is very poorly written. There is no direction or timetable for implementation. This would leave all decisions up to the board. They could take a month, a year, or a full Director term to move forward on the measure. This could become a very partisan, divisive distraction for the board at a time when their focus should be on real service and affordability issues.

#### **District 4**

**Gabriel Jacobs response:** I am opposed to this measure. It will do away with the accessibility that members have with Board Directors which is needed on the smaller islands.

**Dr. Jerry Whitfield response:** The ballot amendment does not specify the number of Board positions that would be created nor does it delineate where the boundaries would be. Indeed, some islands, notably Shaw, might not even have representation. I have no argument against proportional representation as long as the important details are thought out beforehand. Currently each Board Member represents all of the membership, not just their own island. The only requirement is for each position to be filled by candidates from a particular island. This has worked well for many years and has kept the size of the Board manageable and affordable. Until the ballot amendment is complete, I suggest that “if it ain’t broke, don’t fix it”.

#### **QUESTION 7: KEY ISSUES**

**If you had to choose the most critical issues facing OPALCO, what are they and what actions will you recommend to address those issues?**

#### **District 3**

**Jim Lett response:**

- ISSUE: Manage wisely to sustain our Co-op in the face of flat energy sales. ACTION: Continue to find innovative ways to maximize efficiency – such as using technology to control and monitor our electric grid. Bring in new revenue by encouraging members to switch to all electric homes and vehicles.
- ISSUE: Plan for our future power supply and prepare our system to meet the need. ACTION: Continue to maintain, upgrade and expand our system and also explore new opportunities for power supply.
- ISSUE: Rock Island success. ACTION: Continue to support our sister entity Rock Island. Our entire membership benefits greatly by its success and it’s time for everyone to sign-up for services. Remember, we collectively own Rock Island.
- ISSUE: Maintain affordability for our co-op membership. ACTION: Keep rates as low as possible. Monitor success of Energy Assist and encourage Project PAL donations.

**L. Dwight Lewis, Jr response:** Holding the line on electric power costs and reducing the indebtedness of the Coop. As a Board member I will work to have a Coop that provides electricity at the “most affordable cost “. Google affordableopalcopower

**Brian Silverstein response:** Stabilize OPALCO rates while ensuring adequate revenue. Acquire all cost-effective efficiency. Keep the lights on and our employees safe.

**Lauren Stephens response:** Opalco faces major challenges that must be addressed. The degraded relationship between the Opalco board and members is a big issue. Transparency and mutual respect needs to be restored. The secrecy that accompanied the process to purchase Rock Island created mutual mistrust and the board must work to restore member confidence. Rate inflation must also be curtailed. Where over 35% of school children meet poverty standards, double digit increases imposed since December 2014 should end. I would be an advocate for wage earners and small business to mitigate and reverse increases. Planning for the future is the third pressing problem facing Opalco. We need strategies to diversify the revenue stream, save for capital projects, and keep energy affordable.

#### **District 4**

**Gabriel Jacobs response:** Reduction of charges for being hooked up. Reduce the high and increasing cost of electricity by containing costs. Eliminate anything that interferes with reducing those costs. Eliminate Director secrecy. OPALCO has gone into businesses unrelated to providing electricity in large measure because it has been able to do so because of the secrecy provisions in OPALCO's policies. By eliminating the secrecy and encouraging membership participation, OPALCO can become a more efficient and cost effective organization. A secondary result of that secrecy is that OPALCO's long term debt has increased 137% since 2011.

#### **Dr. Jerry Whitfield response:**

1. Exposure of OPALCO's loan to Rock Island Communications startup risks. Create financial independence for Rock Island Communications by refinancing and repaying OPALCO's loan.
2. OPALCO's supply agreement with BPA expires in 2028. It is not too soon to provide insurance against supply disruption or significant rate hikes happening at that time. The recent decision to join PNGC and be part of a larger group of Utilities negotiating with BPA is a good first step.

**Thank you** for taking the time to make an informed choice for your OPALCO Board of Directors!

As always, go to [www.opalco.com](http://www.opalco.com) to get more information on the election and learn more about the issues facing your member-owned Co-op. Please attend the [Candidate Forums in April 2016](#).

#### **Candidate Forums**

**All forums start at 5 PM** with OPALCO staff Q&A at 6 to 7 PM.

- Tuesday, April 19<sup>th</sup> at Shaw Island Community Building, Shaw Island
- Wednesday, April 20<sup>th</sup> at San Juan Island Grange #1, San Juan Island
- Thursday, April 21<sup>st</sup> at Woodmen Hall, Lopez Island
- Friday, April 22<sup>nd</sup> at Eastsound Fire Hall, Orcas Island