



# Be Safe

## 2015 OPALCO ANNUAL REPORT





# Orcas Power & Light Cooperative

## 78<sup>th</sup> Annual Meeting

### May 2, 2015



**ON THE FERRY**  
9:45 – 11:15 AM

**Boarding Times**

San Juan 7:15 AM CHARTER BOAT

Orcas 8:45 AM FERRY

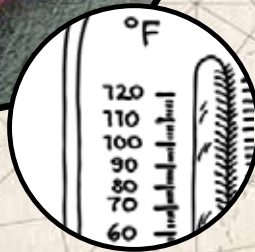
Shaw 9:00 AM FERRY

Lopez 9:30 AM FERRY

ARRIVE EARLY TO REGISTER

FULL TRAVEL INFO:  
[WWW.OPALCO.COM](http://WWW.OPALCO.COM)

ELECTION INFO:  
[WWW.OPALCO.COM](http://WWW.OPALCO.COM)



# navigating change

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OPALCO is a member-owned cooperative that provides electric power and communications services to the people of San Juan County in the most safe, affordable, and sustainable way possible, both in the present and for the future.

Orcas Power & Light Cooperative  
183 Mt. Baker Road, Eastsound WA 98245  
[www.opalco.com](http://www.opalco.com)

## BOARD OF DIRECTORS

Jim Lett, President (Lopez)  
Bob Myhr, Vice President (Lopez)  
Dr. Jerry Whitfield, Treasurer/Secretary (Shaw)  
Winnie Adams (Orcas)  
Vince Dauciunas (San Juan)  
Glenna Hall (San Juan)  
Chris Thomerson (Orcas)

## MANAGEMENT

Foster Hildreth, General Manager  
Nancy Loomis, Manager of Finance  
& Administration  
Russell Guerry, Manager of Engineering  
& Operations  
Amy Saxe, Manager of Member Services  
& Energy Savings



Touchstone Energy®  
Cooperatives

*The power of human connections®*

## ANNUAL REPORT CONTRIBUTORS

Produced by Suzanne Olson & Theresa Haynie  
Cover photography by Erin Bennett,  
OWL Photography  
Design by PixelSpoke



Safety is a top priority for OPALCO, on the job and in the field. In fact, safety is so important our board of directors and management team made it #1 on our list of strategic objectives for 2015.

We were all shaken by a terrible accident in 2013 when our lineman, Kevin Zoerb, came into contact with a high voltage line. Thankfully, Kevin is back to work and doing just fine. Coming from a career in the insurance industry, I worked with risk mitigation

and the financial consequences of accidents, but this incident really drove home the human element of safety.

No matter what else is going on, OPALCO remains committed to safety, and to strengthen and foster this culture, OPALCO is now involved in NRECA's Rural Electric Safety Achievement Program. We have three staff members who are becoming certified to participate in this reciprocal safety evaluation program; it's a homegrown effort that prepares electric cooperatives across the nation to look after each other and make sure we are doing all we can to stay safe.

## AT OPALCO, OUR SAFETY PROGRAM HAS THREE MAIN OBJECTIVES:

1. Get our employees home safe to their families each night.
2. Protect our membership and their property from harm.
3. Educate our children and communities about how to be safe around electricity.

I'm very pleased to announce the OPALCO "Be Safe" program. Strong safety messages and educational outreach materials will reinforce our culture of safety in the workplace, remind members of important safety information, and become integral to our classroom visits and safety demonstrations in the community. Look for the "Be Safe" materials at the annual meeting on the ferry.

As with safety, our Co-op is in good hands. My admiration and appreciation goes out to our General Manager, Foster Hildreth, and the whole OPALCO staff for weathering a year of rapid change, and facing those real challenges with integrity, ingenuity and good old fashioned pluck.

## OPALCO HONORS OUR 2014 RETIREES



**RANDY J. CORNELIUS**  
General Manager  
12 Years



**BETH ANDERSON**  
Superintendent of  
Information Services  
27 Years



**MARK TILSTRA**  
System Design Engineer  
24 Years



**KERRY ANDERSON**  
General Foreman  
San Juan District  
24 Years



**RICH LARTZ**  
General Foreman  
Lopez District  
23 Years



**TIM SAVAGE**  
Journeyman Lineman  
16 Years



**JAMES SCHUBERT**  
Staking Technician  
10 Years



**REX STICKLE**  
Work Order Clerk  
9 Years

**Thank you for your service to the Co-op Family!**





While 2014 was a big year of challenge and transition, I've never been more excited to be a part of Orcas Power & Light Cooperative. Our future direction is extremely clear. My call to action for the entire membership is to unite. Islanders joined together in the 1930s to form this cooperative. The 1960s was the decade of submarine cable installations, the 1990s the decade of putting our overhead distribution lines underground, and now it's our turn to join forces again in order to:

- Ensure grid reliability and submarine cable redundancy
- Grow our new member Internet business (Rock Island Communications)
- Optimize efficiency and local resources
- Maintain long-term financial stability

**There are daunting challenges facing us.** The shifting global landscape brings rising temperatures, competition for limited natural resources, and increased regulations for environmental protection and carbon accountability, especially to us. OPALCO is navigating these significant changes with strong leadership and a financially stable cooperative.

Our critical, complex electrical distribution system is expensive to maintain. In 2014, we mapped out the financial and construction needs to prepare for the

2017 replacement of the Lopez to San Juan crossing submarine cable, originally installed in 1977. A cost-of-service study informed our shift in the rate structure that lets us to borrow the required funds for this project, as well as build in the revenue necessary to repay that loan. This is key, because we have 18 submarine cable replacements expected in the next 30 years. Yes, this generation of rate payers are sustaining our system for future generations.

Costs for submarine cable replacement have risen dramatically (see page 6). Along with the expense of manufacturing and delivering specialized cables, installation costs include being good stewards of sensitive shorelines, eel grass areas and archeological sites around the islands. We accept these constraints and face the costs just like we accept the ferry schedule: this is all part of living in this beautiful environment. The submarine cable replacement in 2017 is paid for in your rates over the next 30 years. However, beginning in 2021, our new Internet entity Rock Island Communications (see page 17) is projected to provide a steady revenue stream outside of rates to help us meet these extraordinary costs.

We experienced the warmest year on record in 2014. Co-op members used less energy for home heating, and OPALCO earned less revenue. Despite budget adjustments, when temperatures didn't drop as they predictably do in November-December, the Co-op was stuck at year end with a \$1.4 million revenue shortfall. We expect the rate increase in 2015 to catch up that lost revenue. And, in 2015, we will activate a true-up mechanism in the rates that will reduce revenue volatility.

**“We are shaping the long-term health of our Co-op and community and we must stay the course.”**

2014 brought some new partners and some goodbyes:

- We partnered with the San Juan Islands Conservation District and co-created the Island Energy initiative to extend our reach for energy efficiency, conservation and community solar (see page 9).
- We opened discussions that resulted in the recent 2015 launch of a wholly owned subsidiary Internet company (see page 17).
- We said goodbye to eight retiring OPALCO staff (see page 3) whose average tenure was 18 years. I became General Manager in September with Randy J. Cornelius' retirement. We've hired new team members (see page 14) and promoted from within.

Above all, the Co-op family is healthy and strong. Staff departures opened the doors for new people and new ideas. Our team is readied to shape our utility well into the twenty-first century, while providing the quality of service our membership has trusted since 1937.

I appreciate our Co-op leadership's hard work this past year and the difficult decisions that they have made. Our membership is more engaged than ever, and we keep building our culture of listening through surveys, social media and community dialogue. This year of transition has been toughest on our staff, who are also members, owners and operators. Their dedicated service to the membership keeps us strong, and we could not succeed without their valuable contributions and talents.

Concern for community is the seventh cooperative principle, but is foremost on my mind as we navigate these changes. I recognize and appreciate that the rate increase and restructuring has an impact on our membership. We are committed to working with members in need through Project PAL and our energy efficiency programs to help as much as we can as a Co-op. I encourage members who can to round up your bill for PAL, make a one-time or monthly donation to help our most vulnerable members. Despite hardships across the membership, this new rate structure is the right thing to do for our Co-op. The capital projects that we are funding today are vital to the sustainability of our Co-op. In shaping the long-term health of our Co-op and community, we must stay the course.

## SNAPSHOT OPALCO BY THE NUMBERS:

**198,231,749** kilowatt hours sold\*

**\$21.8** million in annual sales

**\$727,061** paid out to 4,158 members (1989) in capital credits

**14,864** meters connected (representing about 11,198 members)

**1,339** miles of power lines (97% underground) including 43 miles of overhead transmission lines

**210** members attended the 2014 Annual Meeting on the ferry; 2,524 ballots were cast for the board election

**55** employees: member owner-operators

**20** islands served

**15** distribution submarine cables, covering 14 miles

**11** transmission submarine cables, covering 15.2 miles

**11** substations

**7** OPALCO board members, elected by co-op members

**4** warehouses

**3** crew stations

**2** public-access offices

**1** wholly owned subsidiary, Rock Island Communications

\*Note: financial statistics from the most recent Form 7 (2014)

## SUBMARINE CABLE REPLACEMENT: AN EXPENSIVE CAPITAL NEED

Like you, we at OPALCO are concerned about rising costs. When submarine cables fail or are due for replacement, OPALCO weighs every financial option, because we know our membership is on the hook.



OPALCO Submarine Cable Project 1985

So, why do the submarine cables cost so much? This boils down to unique composition, costs of laying anything on the ocean floor, environmental regulations, and the nature of big-scale power lines, all of which explains their high cost.

One project squarely facing us is the Lopez to San Juan cable crossing, with planning underway in 2015 and project itself starting in 2017. This one submarine cable project is projected to cost upwards of \$15 million dollars. The key points of why this project is so expensive and why the costs spiral upwards, are:

- 14,000 feet of built-to-specifications cable
- Cable armor-wrapped to meet seismic codes
- Depth of installation at 290' requires remotely operated vehicle (ROV)
- Boring 350' under the sea floor to avoid archeologically sensitive areas and eel grass, critical to our marine life
- Specialty barge used to transport 380 metric tons of cable
- Critical removal of older, degraded and oil-filled cable

When the Lopez to San Juan cable was installed in 1977, to the tune of \$3 million, the cost was approximately \$350 per linear foot. Replacement costs are now 300% higher, at over \$1,000 per foot.

OPALCO will get a 30-year loan from the USDA Rural Utility Service (RUS) to foot the bill for this cable replacement. Importantly, we need to keep the financial health of OPALCO strong and revenue assured so we can obtain RUS loans to fund future submarine cables and capital projects.

The OPALCO leadership takes the long view toward financing cable replacements. We have one of the more complex electrical power grids in the nation, unique because of the marine environment and distance from the mostly hydropower generation source. Providing safe and reliable power has never been inexpensive. As it was in the beginning and still true today, we are committed to charting a course that is fiscally responsible to ensure the long-term viability of a member-owned infrastructure that supports the economic and social well-being of islanders.



For more information, check out a short video on OPALCO's 2015 Cable Replacement Project at [https://www.youtube.com/watch?v=FT-fj-\\_ha\\_Y](https://www.youtube.com/watch?v=FT-fj-_ha_Y)





**Y**our co-op Energy Savings staff continues to work diligently to provide energy education and incentives to members to inspire them to understand their appetite for energy and take action to cut energy waste while making their homes safer and more comfortable.

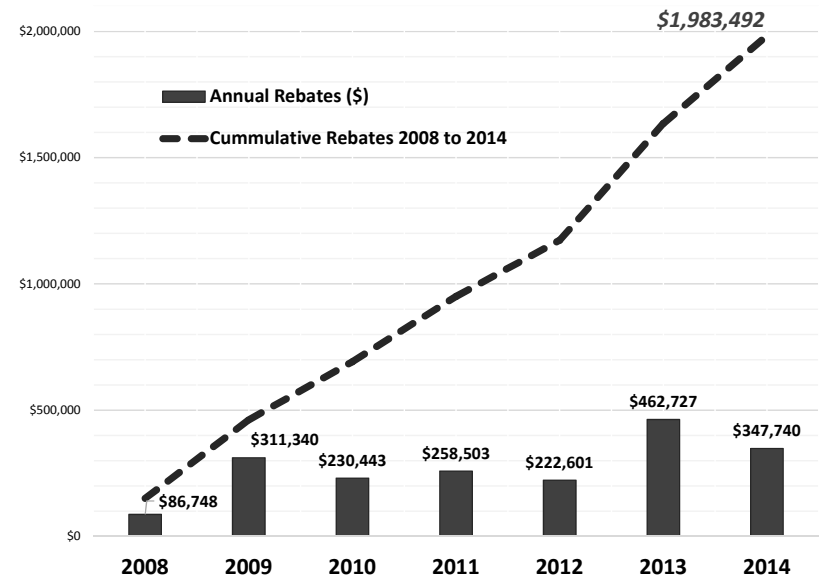
Guided by the 2013 Conservation Potential Assessment, the team focused on delivering heat pump, weatherization, and lighting upgrade solutions to members. This was done through education

and outreach, rebates funded by Bonneville Power Administration's (BPA) Energy Efficiency Incentive (EEI) dollars allocated to OPALCO, and daily conversation with members in the office and in the field.

How does EEI funding from BPA work? Each rate period—that is the two year period that recently began 10/1/13 and ends 9/30/15—BPA provides EEI funds to let utilities offer members cash incentives for energy efficiency upgrades to homes or businesses. In the first fiscal year, October 1, 2013 to September 30, 2014, the Energy Savings staff issued \$347,740 in rebate dollars directly to OPALCO members who made energy efficiency upgrades to their homes and businesses. These upgrade measures produced a first year savings of 1,341,135 kilowatt hours (kWh) of previously wasted energy. By January 2015, total rebates issued reached \$499,870 with a total kWh savings of over 2 million kWh, all attributed to members taking action to upgrade heating, lighting, appliances, and other weatherization measures.

As a result of our increased efforts in education and outreach, we have already spent all of the EEI funds available in the current two-year rate period (ending 9/30/15). All of those dollars, as detailed above, went directly to members. This is good news. Member engagement in energy efficiency and conservation is up. OPALCO staff have cooperated with other utilities in the past to transfer their unutilized EEI funds for distribution to our members. We will continue to look for these bilateral transfer opportunities and, beginning in 2016, OPALCO may need to fund our own incentives.

### OPALCO Residential and Commercial Rebates



BPA EEI funds are allocated over a 2-year rate period. For example, 2014 is Year 1 of the current rate period ending 9/30/2015. Rebate dollars distributed are historically higher in the 2<sup>nd</sup> year of the rate period when larger commercial projects are completed to meet funding deadlines.

**Visit our website at [opalco.com/energy-savings](http://opalco.com/energy-savings) to learn more about our rebates, or call us at 376-3500.**

## UPDATED ENERGY SAVINGS WEBSITE



Have you checked out our website lately? After many months of development, the Energy Savings team launched a new and improved website in early 2015 with more energy education features, facts about our local energy efficiency and renewable efforts, and easier to use forms. So far, the overall cleaner and easier-to-navigate site design is getting high marks from our members. What do you think? Visit us at [www.opalco.com/energy-savings](http://www.opalco.com/energy-savings) to see what energy savings can do for you.



## HOME SNAPSHOT ENERGY ASSESSMENTS

A common question we get from members is, "I know I have to do something to improve my home's energy efficiency, but where do I start?"

- 1) Start by setting realistic personal goals for reducing your energy consumption. There are many factors to consider, but any action you take to make your home more energy efficient can improve comfort, safety, durability, and resale value.
- 2) Next, schedule a Home Snapshot Assessment. For just \$25, an OPALCO Building Performance Institute (BPI) certified contractor inspects your home from top to bottom. The inspection includes insulation levels, windows and doors, heating system, ventilation, air quality, appliances, and lighting.

The contractor will replace up to 12 standard light bulbs with energy efficient LED bulbs and install low-flow showerheads at no extra charge.

You'll get a report on your home's energy efficiency status and savings potential to help prioritize your home improvement decisions. Whether you make simple fixes or invest in major home upgrades, we are here to support you. Sign up for an assessment online or call us at 376-3500.

## ISLANDS ENERGY UPDATE

### Empowering Our Island Community for a Resilient Future

In 2014, OPALCO and the San Juan Islands Conservation District initiated a partnership to accelerate local outreach and education efforts to reduce energy waste, increase home retrofits for improved efficiency, and launch community solar projects. A series of Energy Roundtables brought together stakeholders to encourage more collaboration and to build a countywide Islands Energy Plan. This newly-formed Islands Energy team is made up of county leaders from San Juan County, OPALCO, the Conservation District, the Economic Development Council, non-profit organizations, island school districts, businesses, community land trusts, town and port council members as well as island residents.



This countywide Islands Energy Plan:

- Focuses on community engagement
- Incentivizes wise use of energy
- Expands participation in local renewable energy opportunities
- Reduces our county's carbon footprint

To view the Islands Energy Plan, visit the San Juan Islands Conservation District website at [www.sanjuanislandscd.org](http://www.sanjuanislandscd.org).



## SAVE THE DATES FOR THE 2015 ISLANDS ENERGY FAIRS

Come participate in solar home tours, efficiency and conservation workshops, electric vehicle demos, free energy savings kits, and much more.

- San Juan Island: May 30, Mullis Senior Community Center
- Orcas Island: June 6, Eastsound Village Green
- Lopez Island: June 27, Lopez Community Center

For information about all of these events, or to find out how you can contribute, visit [sanjuanislandscd.org](http://sanjuanislandscd.org).

## ENERGY PLAN ACTIONS AT WORK

The Islands Energy team delivered these exciting educational events and projects in 2014:

- Energy Fairs held in 3 islands in 2014 with over 500 people in attendance
- Completed 22 home retrofits
- Launched the Community Solar for Our Schools project to install four 10 kW solar arrays at the public schools on Orcas, Lopez, San Juan, Shaw Islands
- Initiated a Cool Schools Challenge for middle school energy education
- Hosted a series of community speakers and films
- Completed a Youth Corps Energy Detective Project
- Planned to launch a Member Community Solar project in later 2015

As a result, our county was selected as a semifinalist in the Georgetown University Energy Prize competition. San Juan County is actively participating in this challenge that runs through the end of 2016. The prize is \$5 million, so stay tuned to the competition status at [guep.org](http://guep.org).





**T**he Member Owned Renewable Energy (M.O.R.E.) Program is managed by an independent committee of OPALCO members with goals to educate members about the importance of diversified energy resources and put member investments in green power to work locally. The committee meets quarterly to manage the incentive funds and plan outreach messaging. They then distribute annual financial incentives to local producers.

Last year, 103 local Member Generators participating in the M.O.R.E. program produced nearly 343 megawatt hours (MWh) of local solar, wind, and hydro power! This is enough

power to supply 343 island households for ONE month—or 28.5 households for one year.

Members contributed a total of \$54,903 to the M.O.R.E. Program through their support of green blocks, going “all green” and one-time donations. OPALCO committed \$25,000 to support this program.

To find out how you can participate, as a local producer or as a contributor (or both) to the incentive fund, visit [opalco.com/energy-savings](http://opalco.com/energy-savings) and click Support & Generate Renewable Power. Contributions can be as low as \$4 a month and appear on your monthly bill. You can sign up online or call Member Services at 376-3500 to participate.

## 2014 LOCAL DISTRIBUTED POWER SUMMARY

**175**  
total Member Generators  
connected to the OPALCO  
grid

**80.25 kW**  
Micro-Hydro

**19 kW**  
Wind

**1.08**  
megawatts total renewable  
capacity for systems  
connected

**30%**  
growth in number of  
installations since 2013

**976.24 kW**  
Solar

**M.O.R.E. producers**  
**(Member Generators connecting after July 2010)**

**103**  
Member Generators

**\$58,451**  
in local production  
incentives paid for 2014

**342,943 kWhs**  
produced—enough to  
power 343 household for  
one month

## MEMBER GENERATOR PROFILE: THE FUNHOUSE COMMONS

The Funhouse Commons on Orcas Island became OPALCO's 170th local member energy generator in November 2014, bringing the total locally produced power to one megawatt of capacity for systems connected to the OPALCO grid. The Funhouse uses their solar installation as a demonstration project for renewable energy education, while offsetting some of the Funhouse's energy costs.

**Cool points about The Funhouse Commons project:**

- In late 2013, the Bonneville Environmental Foundation's Solar 4R Schools program provided a grant of \$50,000
- OPALCO provided an Energy Education grant of \$15,000
- Streamside Renewables, a local Orcas business managed by Loren Dickey, installed the 12 kW array
- Bonneville Environmental Foundation installed an educational kiosk at the Funhouse to display live and historical data.

The Funhouse is already implementing a renewable energy curriculum in the after-school and summer day-camp programs. Projects that kids have worked on include baking with solar ovens made out of pizza boxes, wind power dioramas, and constructing miniature solar cars.

If you're in the neighborhood, stop by to check out this amazing new community education tool!



Loren Dickey of Streamside Renewables, a local Orcas business, installed the 12kW system.

**“This project is a win-win for all—educational for kids, good for the environment, and helps keep our operating costs low,” says Funhouse Commons Executive Director, Krista Bouchey.**

## COMBINED BALANCE SHEETS

### FOR YEARS ENDING DECEMBER 31, 2014 AND 2013

ASSETS	2014 UNAUDITED	2013 AUDITED
Utility Plant*	\$96,849,290	\$88,776,059
Less accumulated depreciation & amortization	38,650,755	36,237,594
Net electric plant	58,198,535	52,538,465
<b>OTHER PROPERTY AND INVESTMENTS - AT COST</b>		
Non-utility property (net)**	74,891	426,272
Investments in associated organizations	1,063,004	941,203
Net Non-Utility Property	1,137,895	1,367,476
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,534,091	2,804,221
Accounts receivable	3,036,986	3,146,966
Materials and supplies	2,720,342	2,141,563
Other current & accrued assets	592,411	129,845
Total current assets	9,883,830	8,222,594
<b>DEFERRED CHARGES</b>	50,371	-
<b>TOTAL ASSETS</b>	<b>\$69,270,631</b>	<b>\$62,128,535</b>

\* includes \$3,452,331 in OPALCO's communication backbone

\*\* Island Network communications plant

EQUITIES & MARGINS	2014 UNAUDITED	2013 AUDITED
Memberships	\$56,880	\$55,655
Other equities	4,477,375	4,024,439
Patronage capital	36,127,934	37,250,119
Equity & Margins	40,662,189	41,330,213
<b>LONG-TERM DEBT</b>		
RUS mortgage notes	22,446,072	14,982,671
RUS economic development	72,663	-
CFC mortgage notes	2,468,531	2,575,694
Long Term Debt	24,987,266	17,558,365
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,931,399	1,732,736
Customer deposits	91,717	86,161
Accrued liabilities	751,049	696,741
Current maturities of long-term debt	663,885	555,793
Total Current Liabilities	3,438,051	3,071,431
<b>DEFERRED CREDITS</b>	183,124	168,527
<b>EQUITIES, MARGINS, AND LIABILITIES</b>	<b>\$69,270,631</b>	<b>\$62,128,535</b>

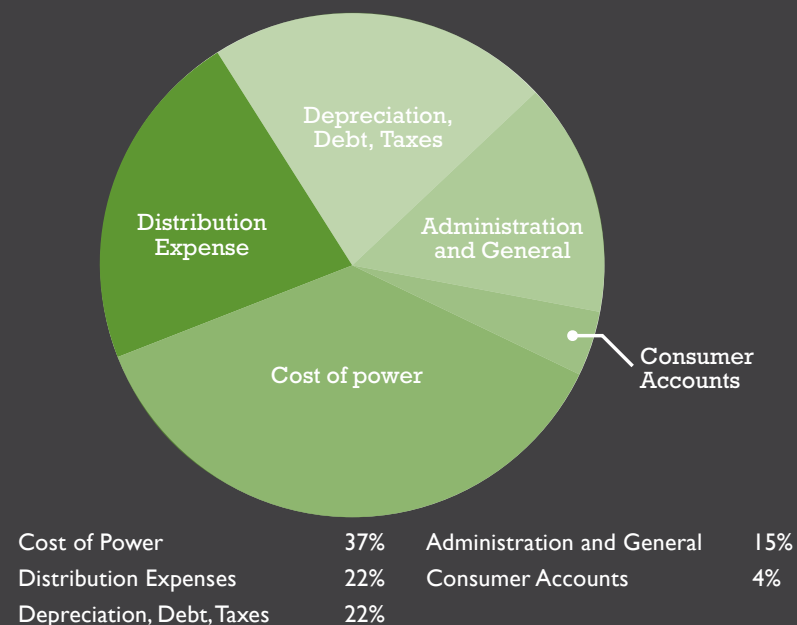


## STATEMENTS OF OPERATIONS

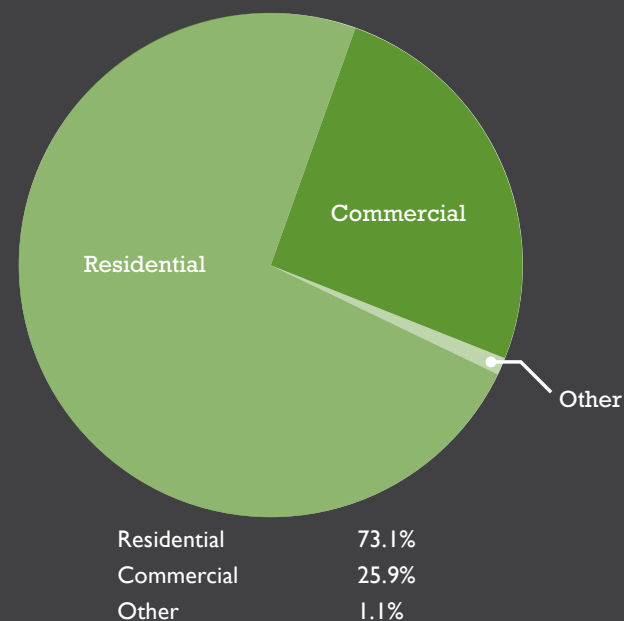
FOR YEARS ENDING DECEMBER 31, 2014 AND 2013

	2014 UNAUDITED	2013 AUDITED
<b>OPERATING REVENUES</b>	<b>\$22,029,025</b>	<b>\$21,431,278</b>
<b>OPERATING EXPENSES</b>		
Cost of purchased power	8,130,301	7,584,245
Distribution expense	4,739,766	4,637,527
Consumer accounts	898,198	853,211
Administrative and general	3,195,763	3,181,855
Depreciation and amortization	2,975,650	2,719,560
Taxes	961,815	930,482
Interest expense - other	—	—
Interest on long-term debt	908,934	786,193
<b>Total Operating Expenses</b>	<b>21,810,427</b>	<b>20,693,074</b>
 Operating margins	 218,598	 738,204
Non-operating margins	(164,500)	195,265
Patronage capital credits	67,853	38,048
 <b>NET MARGINS</b>	 <b>\$121,951</b>	 <b>\$971,518</b>

## 2014 EXPENSES



## 2014 REVENUE



## THE OPALCO TEAM

Sea change is not too big a term to use in describing the team transitions in 2014. We bid fond farewells to eight long-term OPALCO employees (page 3), welcomed six great new team members (see below) and promoted eleven of our existing co-op member-owner-operators. With a total of 55 employees, this transition represents nearly half of our team—and we are still looking to hire a number of positions. Go to [www.opalco.com/jobs](http://www.opalco.com/jobs) to see if there is a spot for you!

### MEET OUR NEW TEAM MEMBERS:



**PATTY KELLY**  
Member Services Supervisor

Patty and her husband have been part-time Orcas Islanders since 2012. They moved here full time in 2014 when Patty was hired at OPALCO. Her vision for Member Services is to keep the personal touch as technology advances. She enjoys working with members and finds it rewarding to help people out, to solve problems and particularly to help members figure out

ways to save and conserve energy. Outside of work, she and her husband love hiking in Moran State park.



**DANNY HERBERT**  
Staking Technician

Born and raised on San Juan Island, Danny left for Western Washington University where he earned a Bachelor of Arts in Economics. He traveled through Australia, New Zealand, Hawaii and on Vancouver Island by bicycle before returning home to build his own house and then join the OPALCO team. Danny is the guy who will verify site issues when members are building a new house or

adding services. He deals with member concerns about easements, equipment on their property and all-around problem solver. For fun, he likes to bicycle, sea kayak, camp, and brew beer. Danny is also an accomplished photographer.



**DANIEL MARTZ**  
GIS Technician

Daniel has feet in both centuries with his work. He moved to Orcas from North Carolina to help OPALCO complete the transition from “old school” paper maps to the current dynamic GIS (Geographic Information Systems) computer-generated maps. His mapping skills are invaluable to the Co-op, our linemen in the field, and our county partners such as first responders. He builds

LEGO® Technic projects in his spare time and, when he does leave the island, he’s often displaying his working machines at conventions. Daniel grew up in the Philippines and feels right at home on our small island.



**MEGAN HEINZ**  
Software Specialist

New to the islands, Megan and family are adjusting well to life far from Big Sky Montana. She is a key part of the wave of change at OPALCO, helping move communications and internal software from paper to the screen and mobile devices. Megan is a native Washingtonian (Olympia) with more than 15 years of experience in the technical support field. Ask her about her work at Yellowstone National Park!



## **THERESA HAYNIE**

### Communication Specialist

Theresa is a communications professional and technical writer and editor who worked for Microsoft for many years. She has been a part-time Orcas Islander since 1994, and her wife has had a family home on Orcas for decades. Outside of work, Theresa is passionate about bicycling, hiking, pickleball, politics, dark chocolate and keeping fit. Be sure to give her a wave when you see her biking into work.



## **TREVOR STEINBRUECK**

### Apprentice Lineman – Lopez District

Trevor grew up on Lopez Island and has been interested in line work since high-school when he did an internship with the Lopez line crew. He left the island to learn his trade and worked for the City of Sumas before moving back to Lopez to join the OPALCO line crew. Trevor is building his home, felling trees and milling them at his own sawmill. He also likes to hike with his fiancé. His

most exciting moments on the job are those middle of the night boat trips to restore power across the islands.

## **OUR LONGEST-STANDING EMPLOYEES**

The average tenure at OPALCO is 12 years, and many stay for their entire careers. Please join us in recognizing our team members with 25 years or more of service: Rex Guard (36), Steve Dengler (30), Karin Becker (26) and Terry Turner (25).

## **REX GUARD**



### Line Foreman – San Juan District

#### **36 Years of Service**

Rex was two weeks out of high school in June, 1978 when George Goff offered him a job on the tree-trimming crew. A third generation islander and farmer, Rex has strong ties to the land and community where he and his wife Lisa raised two sons. One of the highlights of his tenure at OPALCO was working on the submarine cable lays in the 1980s. His mission as Line Foreman is the same as it

was 37 years ago: keeping the power on for our community.

## **STEVE DENGLER**



### General Foreman – Lopez District

#### **30 Years of Service**

Steve Dengler started his OPALCO career as a part-time employee in 1984, then became an apprentice lineman. He made journeyman lineman in 1989, line foreman in 1994 and was promoted to general foreman in 2014. A native Lopezian, Steve and his wife Tina raised their children on Lopez. He finds it rewarding to keep the power on for his neighbors and has enjoyed watching

the system improve from the big storms of 1989 and 1991 to the reliability of today. Steve is an avid pilot and boater and has enjoyed the adventure of working outdoors all these years.



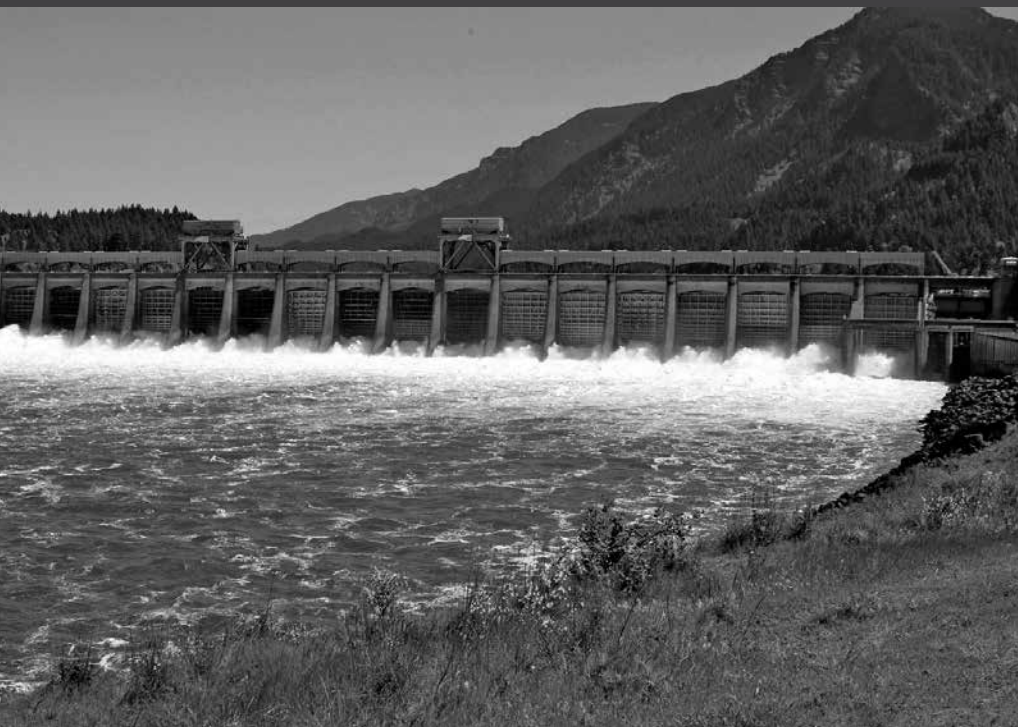
## OUR LONGEST-STANDING EMPLOYEES (CONTINUED)

**KARIN BECKER****Purchasing Agent****26 Years of Service**

Karin moved back to Orcas Island in 1988, having moved to Germany immediately after graduating from Orcas High School. During the last 26-plus years, you just may recognize her as: Member Services Representative, Equestrian, 4H Leader, Purchasing Agent, Reiki Practitioner, Crystal Healer, Grama, or the purple lady. She spends her free time with her grandchildren, Unicorns, Fairies, reading, laughing, and not necessarily in that order.

**TERRY TURNER****Engineering Technician****25 Years of Service**

Terry has spent his 25-year career at OPALCO doing what he loves: meeting people, attending to the environmental concerns and permitting of his projects, and getting to do some of the exciting stuff in the field, too. His favorite projects over the years have been the submarine cable installations. He played a vital role in the construction coordination and contracting and really enjoyed being in the wheelhouse of the barge during the cable lay. He was part of the team that was out in the field supporting the linemen during the back-to-back hundred year storms and is now part of the team designing the infrastructure that will take us into the next hundred years. Terry was also at the leading edge of mapping for OPALCO, integrating ARC GIS software and mentoring in the next generation of engineering mappers. Terry and his wife Lyndy raised their two daughters on the island and Terry has coached several generations of Orcas High School soccer players. When not at work, look for Terry on the water or the soccer pitch—where he competes internationally.





In 2014, OPALCO spun off its Internet department, Island Network, to stand as a wholly owned subsidiary of the Co-op. At the same time, OPALCO leadership was in negotiations with Mike Greene of Rock Island

to explore how the two entities could best work together. In February 2015, Orcas Power & Light Co-op acquired Rock Island; together they announced that they have joined forces to deliver Internet services to islanders in San Juan County.

The new company is called Rock Island Communications, a wholly owned subsidiary of OPALCO. OPALCO's General Manager, Foster Hildreth, will serve as President of the new company with Gerry Lawlor in place as Executive Vice President. Mike Greene will continue to manage the system as Vice President of Technology.

This is a mutually beneficial effort. Rock Island founder Mike Greene calls it a “win-win-win.” Both parties share a strong desire to meet the communication needs of islanders in San Juan County. Rock Island Communications is a local company committed to providing excellent service for the benefit of the local community.

“This is a community effort reminiscent of getting electricity to the islands back in 1937,” said Bob Myhr, OPALCO Board member since 1986. “It’s a game changer. Moreover, the revenue from Rock Island will come at just the right time to help finance the increasingly expensive costs of necessary future submarine cable replacements, hence — keeping the power flowing to us in the islands.”

OPALCO funded the start-up costs and working capital for Rock Island Communications in the form of a loan. The impact on members is \$3 per month for 24 months and is included in the 2015 rate increase. Rock Island Communications

will reach the breakeven point at 2,000 to 3,000 customers. After that, Rock Island will grow based on demand, funding its own expansion and then, beginning in 2021, returning a positive cash flow to OPALCO.

For existing Rock Island and OPALCO customers, the transition is expected to be seamless: the same excellent, local customer service and increasingly faster, more reliable Internet services. Rock Island Communications will build on its strong foundation to provide several new types of services.

## MAP OF MEMBER INTEREST IN INTERNET SERVICES



More than 2,073 members have expressed their interest in service. Please be patient as Rock Island starts up and catches up with member interest.

New Internet connections will be made in a strategic fashion to maximize the number of people reached with greatest cost efficiency. As a result, Rock Island Communications is working first with neighborhood associations and density clusters closest to the existing infrastructure. However, anyone interested in service should fill out the interest form at [www.rockisland.com](http://www.rockisland.com) and get your location on the map for future connections.

“We couldn’t be in a better position,” said Foster Hildreth, OPALCO General Manager and President of Rock Island Communications. “The acquisition of Rock Island allows us to move much faster in getting folks connected to the services they are asking for and speeds up the profitability of the enterprise. We have up to 18 submarine cables to replace over the next 30 years as well as aging underground cable and other equipment replacements to manage. This revenue stream will help us to fund those capital projects outside of rates.”



#### **Contact Rock Island**

360-378-5884

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

San Juan Island Office and Retail Store

345 Court Street, Friday Harbor, WA 98250

Orcas Island Office

208 Enchanted Forest Road, Suite D, Eastsound WA 98245

#### **Visit the Giga Bar**

Each location will feature a “Giga Bar,” a fun, interactive area for members of the community to experience true high speed Internet including streaming TV services demonstrations, Voice over Internet Protocol (VoIP), Micro Cells for cellular connection and more.



**“My sense of the world was changed...”**

–Brodie Miller, Spring Street School

**“I made friendships that will last a lifetime...”**

–Cameron Schuh, Orcas Island High School

**“I had an amazing time at the Rally. They did a perfect job of balancing education and fun.”**

–Marné Cook, Lopez High School

**“The Rally changed my outlook on the future...”**

–Peter Kamin, Orcas Christian School

OPALCO established the Nourdine Jensen Cooperative Youth Scholarship Program in 2010 to honor longtime Co-op board member Nourdine Jensen. The program is open to sophomores and juniors of OPALCO member households. The award includes a \$500 OPALCO college scholarship, an all-expenses-paid trip to the Youth Rally Co-op leadership camp in Idaho, and the chance to compete for additional scholarship awards at the Rally.



OPALCO scholars Willow Paige and Peter Kamin at the Idaho Capital

The 2014 Scholars were Gabi Carver-Hackett, William Coe, Peter Kamin, Willow Paige and Maya Burt-Kidwell who returned in 2014 as our Youth Director. At the Rally, three of our students were awarded top scholarships and William Coe was elected by his peers to return in 2015 as a Youth Director.

The students participated in forums with regional leaders from the power industry, learned the basics of electricity, discovered how Co-ops work from the grassroots

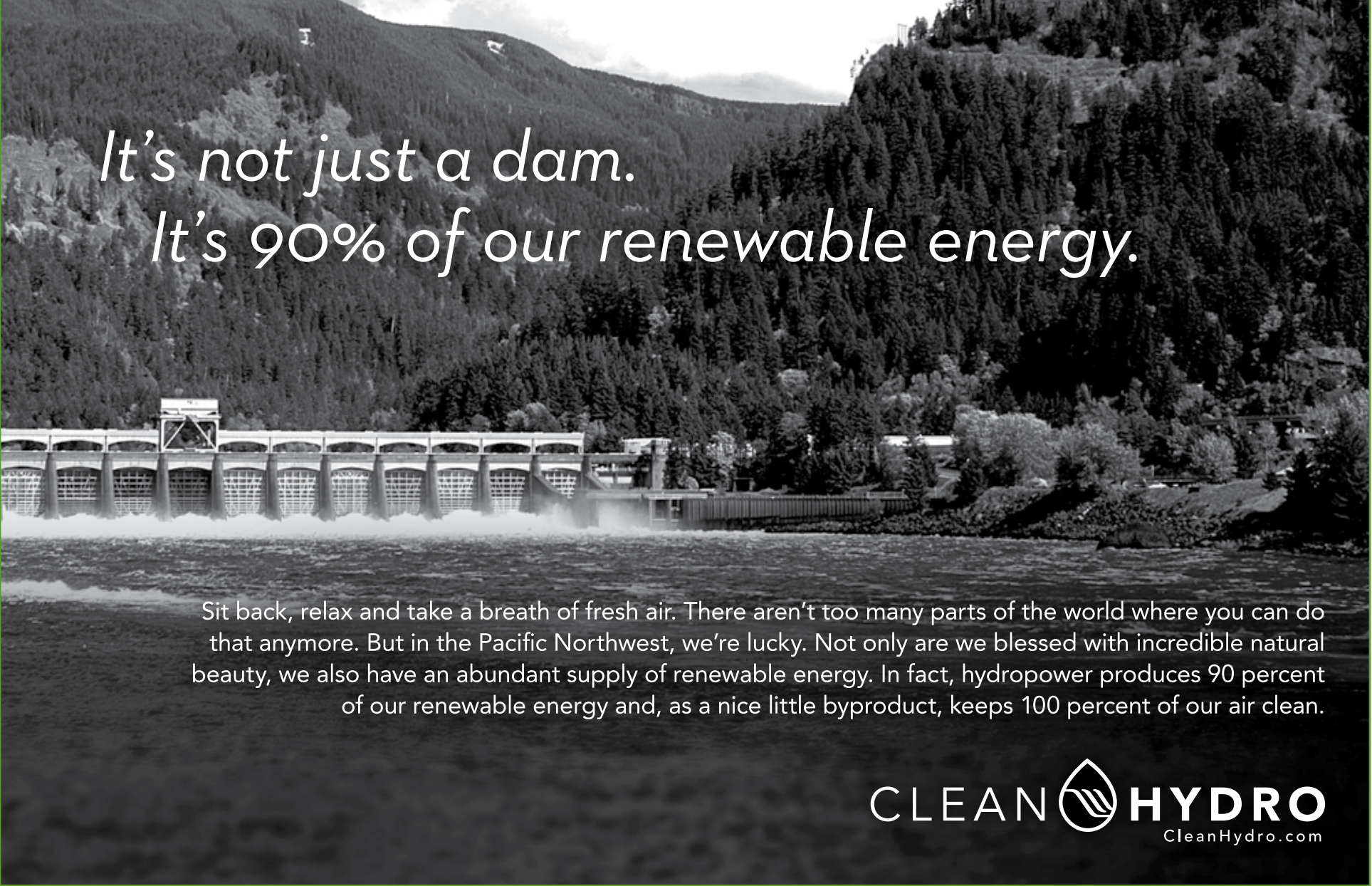


Students practice teamwork at the Youth Rally

up, worked through a simulation of the challenges of serving (and trying to get re-elected) as a freshman Congressman and then put their knowledge to work in team-building exercises and games. The classroom time was balanced with fun summer camp activities such as bowling, roller skating, social dances and a day at a water park.

**SEE A SLIDESHOW OF PHOTOS FROM THE YOUTH RALLY ON OPALCO'S FACEBOOK PAGE:**

**<http://tinyurl.com/l sop5zt>**



*It's not just a dam.  
It's 90% of our renewable energy.*

Sit back, relax and take a breath of fresh air. There aren't too many parts of the world where you can do that anymore. But in the Pacific Northwest, we're lucky. Not only are we blessed with incredible natural beauty, we also have an abundant supply of renewable energy. In fact, hydropower produces 90 percent of our renewable energy and, as a nice little byproduct, keeps 100 percent of our air clean.



## FISH RUNS IMPROVING: FAMILIES AND BUSINESSES INVEST BILLIONS

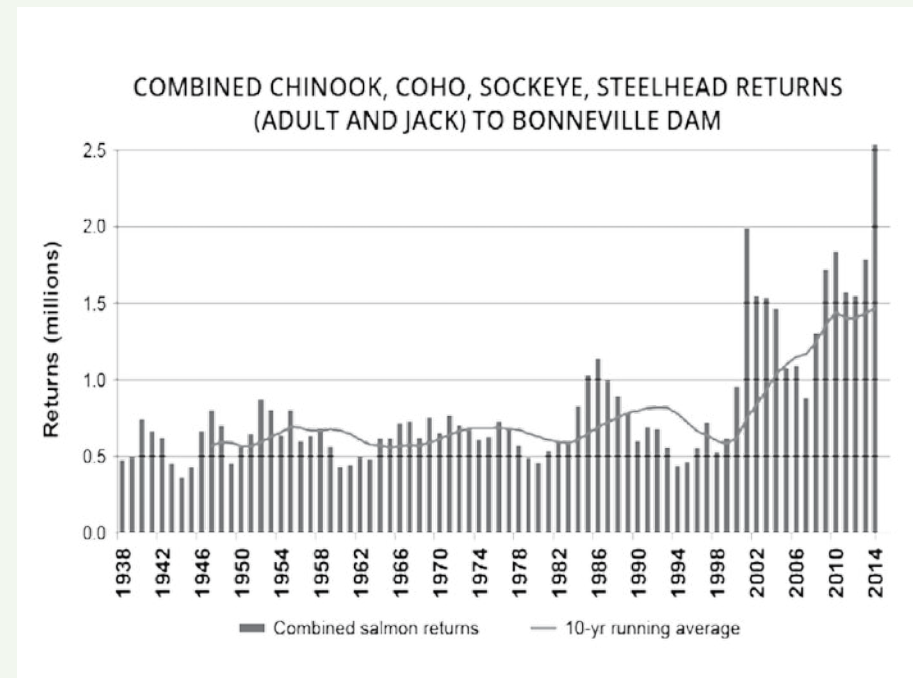
**O** PALCO members, together with families and businesses across the Pacific Northwest, are spending billions of dollars to make the federal dams more fish-friendly and restore salmon habitat in the Columbia Basin. In fact, these endeavors represent the largest restoration effort anywhere in the nation for a protected species and are paid for by families and businesses through their electric bills. Fortunately, these efforts are bearing fruit. Over the past decade we have seen a dramatic improvement in fish runs, including salmon runs that have been listed for protection under the Endangered Species Act. Last year saw an overall record return of more than 2.5 million adult salmon returning to Bonneville dam, the most seen since the dam was built.

Here are the facts surrounding salmon returns:

- Today, there are more fish in the Columbia River than at any time since the first dam was built at Bonneville in 1938. Many are hatchery fish, but wild populations are trending upward too.
- NOAA Fisheries responsible for protection of listed salmon says that survival rates through the hydro system are now approaching levels seen in rivers without dams.
- Salmon are migrating more safely through the eight large federal hydro projects on the Columbia and Snake rivers due to the installation of new technologies, like fish “slides.” Survivals at the dams are high, averaging 97 percent collectively.
- Overall, juvenile survival past the dams is three times higher today than it was 30 years ago.
- In 2014, over 2.5 million adult salmon and steelhead passed Bonneville Dam, setting new overall record levels since counts began in 1938. Of the fish returning in 2014, the sockeye, fall chinook, and coho were record or near-record runs, including the Snake River stocks.

- Snake River sockeye, on the brink of extinction in the 1990s, have been rebuilding. Nearly 3,000 sockeye passed Lower Granite Dam in 2014, trumping the previous record of 2,201 in 2010. This included a healthy contingent of wild fish. Just over 1/3 of the fish returning to central Idaho were unmarked, indicating naturally spawning origins.

Learn why runs fluctuate and get the full story at [www.nwriverpartners.org](http://www.nwriverpartners.org).





# 2014 ANNUAL MEETING







## MEMBERS HELPING MEMBERS



**P**roject PAL is our cooperative program to assist members who struggle to pay their winter heating bills. It's a beautiful example of members helping members.

Funded through voluntary member contributions, bill payers round up to the next dollar or make direct one-time donations to Project PAL. In addition to member contributions, the OPALCO Board committed

\$20,000 to the program in 2015 to help those most impacted by the current rate increase. This commitment increases to \$25,000 in 2016.

An anonymous, volunteer council of OPALCO members from each island meets monthly, November through April, to evaluate applications and award grants by consensus. Fifty percent of grants go to low-income seniors and persons with disabilities, and the rest to members who meet income guidelines, and are approved by the council.

In the year ending September 2014, more than 3,150 members rounded up each month's bill, totaling just over \$21,000, with an additional \$7,900 from members as one-time gifts. PAL grants were awarded to 233 members and, of that, \$17,928.47 was awarded to 119 of our seniors and persons with disabilities, for an average of \$156.73 per applicant.

Members can apply online through the OPALCO website, by mail, in the OPALCO offices, or at the Family Resource Centers on each island.

If you need help, ask us. If you can help, step up. That's the co-op way.

### **THANK YOU to our Business PAL Partners:**

Washington Federal Bank, Islanders Bank, Key Bank, Orcas Island Community Foundation, Country Corner and the many other businesses who ROUND UP their bills for PAL each month.

*Dear OPALCO (people)*

*Thank you for, in the past, helping me live the life I love here on Orcas. I am applying again for financial help with my power bill. I'm 72 (today!) and so grateful I can keep my ALL ELECTRIC apartment warmer than 68F (MOSTLY). The truth is (as ecological as I WISH I were) the 72F range is MUCH more comfortable! There are a lot of us "over 65" on our island—and MANY families, of course, that need help. I am VERY grateful for your attention to my request.*

*My grant letter came today ... I am very grateful for the award. Getting older means having to have more heat! I hate it! This grant is very much appreciated—thank you!*



In 2014, the Member Services team welcomed new Supervisor Patty Kelly, and Amy Saxe moved into a combined Member Services and Energy Savings management role. The alignment of these two teams brings us improved member education about energy conservation and OPALCO's numerous efficiency programs like home snapshot audits, rebates, and upcoming energy outreach events.

SmartHub continues to be an important tool for members to manage their electric account and view their home or business energy usage online or on the fly with a mobile device. A recent enhancement includes the ability to view hourly energy usage data, something very valuable when trying to pinpoint causes of higher energy consumption.

Also new in 2014, members who choose paperless billing enjoy free WiFi access at the interisland ferry terminals courtesy of the OPALCOcares network. If you haven't yet discovered the convenience of account and energy management at your fingertips, call your Member Services representative to sign up for SmartHub now.

If you're curious or have a comment about anything at OPALCO, whether recent news, rate design and increases, energy programs, capital credits, or ways you can become a more engaged OPALCO co-op member, we welcome your calls and emails. The most rewarding part of our job is to make a beneficial connection for members to the wide variety of programs and community events we deliver every day. We are here to share, and we are here to listen.

#### **Member Services Stats (as of 12/31/14):**

- 11,374 members
- 4,891 members enrolled in SmartHub (43%)
- 2,800 Service Orders processed annually
- 233 PAL Grants facilitated
- 43 combined years of Member Services staff service
- 6 Member Services Staff Members

#### **Contact Member Services**

360-376-3500

8:00 a.m. – 4:30 p.m.

Monday – Friday

#### **Orcas Island Office:**

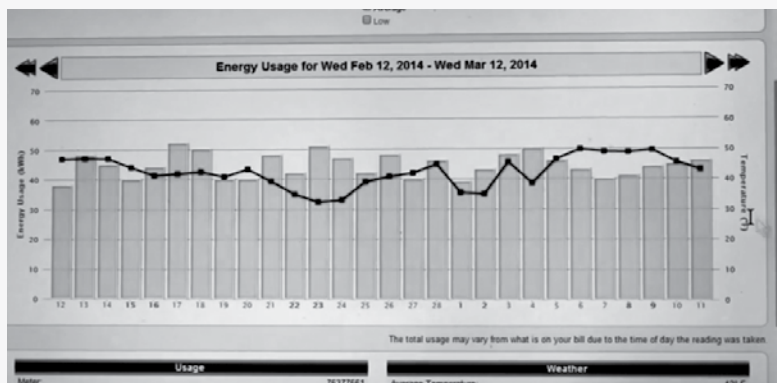
183 Mt. Baker Road, Eastsound WA 98245

#### **San Juan Island Office:**

1034 Guard Street, Friday Harbor WA 98245

#### **Lopez Crew Station:**

4232 Center Road, Lopez Island WA 98261



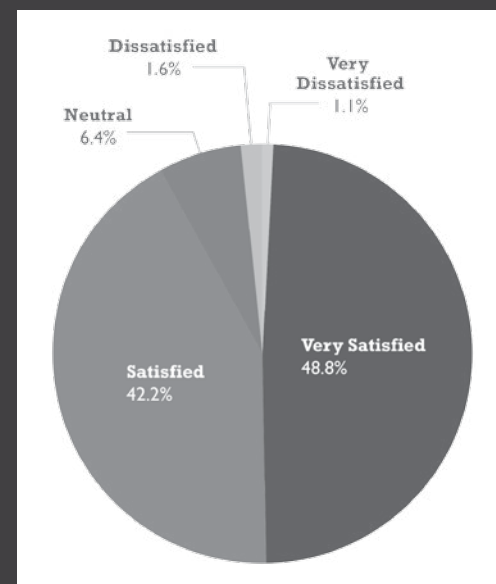
## GET THE MOST OUT OF SMARTHUB— WATCH OUR FUN VIDEO TUTORIALS

[http://www.opalco.com/members/  
bill-information/](http://www.opalco.com/members/bill-information/)

## WE ARE LISTENING!

Thanks to the 2,172 members who participated in our Member Satisfaction Survey in 2014. That is nearly 20% of our membership (more than double the industry standard for an acceptable sample size). You told us:

- You trust OPALCO to run efficiently (81%) and are mostly satisfied with your electric co-op (91%). Thank you! We will continue to work hard to keep and earn your trust.
- You want OPALCO to make its infrastructure available for Internet services (68%). We heard you loud and clear and launched a wholly owned subsidiary, Rock Island Communications, to meet the communication and connection need of San Juan County.
- Although you rated us high for communications (80%), there were calls for greater transparency and access to information. We have created a new tool on our website called Find Documents to quickly access all board materials, financial information, forms and other important documents.
- You mostly felt you were already doing all you could toward energy efficiency and conservation (84%). We have partnered with the San Juan Islands Conservation District to co-create Islands Energy and redouble our efforts to engage you in energy efficiency, conservation and local distributed power (see page 9).



Go to <http://tinyurl.com/o973kj4> to read the full Member Satisfaction Survey report—and stay tuned for more opportunities to let us know what you think. We are committed to our culture of listening.



## COOPERATING WITH OTHER COOPERATIVES

In December 2014, OPALCO Journeyman Lineman Brian Swanson went to Port-au-Prince, Haiti with a volunteer crew from National Rural Electric Cooperative Association (NRECA) to construct an electrical distribution system for the country's first ever electric co-op. He spent three weeks in 90-degree heat putting up poles and equipment, pulling line and mentoring the two Haitian linemen in training under the supervision of a NRECA Foreman.

Brian's crew worked in three villages that have had little to no power, Roche-Au-Bateau, Port-au-Piment and Coteaux. Some of the villages enjoy a diesel generator that distributes power by way of an unreliable line system for a couple of hours a day. However, the village of Port-au-Piment has been without



Brian Swanson with the CEAC Co-op Board in Haiti



Schoolchildren in Coteaux connecting with pen pals from Lopez Island

power for almost five years. Still, in even the smallest villages, people have cell phones. Digicell, the cellular provider, provides solar charging sites in the villages so that people can charge their phones and occasionally plug in a TV to watch a soccer match!

The new co-op, Coopérative Electrique de l'Arrondissement des Côteaux (CEAC), is being funded by international partners that include US Aide, the United Nations, and the government of Norway. NRECA won the bid to build the system and to establish the co-op. The new system ties the three villages together fueled by a new solar powered generation site with diesel backup.



Most of the line construction was done by hand

Brian brought expertise in REA construction specifications to the job; he worked on framing new lines and rebuilding a dilapidated system. His work helps reliable local power to 1600 homes and businesses. There were challenges across the board: the heat and humidity, and a lack of materials and power tools that meant most of the work was done by hand. They were plagued by frequent equipment failures that they had to work around and the lack of available parts inspired some creative problem solving. And, an unexpected challenge was that Brian and his team faced a lack of trust from the people they were trying to serve.

“The villagers make their living from the bananas, mangoes and limes that are growing in the Right of Way where we were working,” said Brian. “It was hard to explain to them the benefits they would get from the co-op and there is a history of mistrust for the previous government power company. But the kids were great! There would be 5-20 people, mostly kids, watching us as we worked.”

The crew used old-fashioned pole pikes to put new poles in place, then dug and back-filled holes by hand. Brian brought his own climbing and hand tools, as well as a packet of letters written by the 3rd through 5th grade students on Lopez Island that his wife Lorri teaches. He connected with a class in Coteaux and was able to carry back responses from the Haitian students, hopefully starting a pen-pal relationship that will continue.

“We worked hard, eight hours a day, six days a week,” said Brian. “I enjoyed every day I was there and made some lifelong friends. It also gave me a new perspective on our work here at home. We’ve got it pretty good.”

For more than 50 years, NRECA International has provided access to safe, reliable and affordable electricity to women, men and children in developing countries. More than 110 million people have benefitted from that work, changing and improving lives in the form of better education, health, provision of clean water and economic opportunity.

OPALCO contributed Brian’s time while NRECA covered all of his travel costs. OPALCO was proud to participate; it’s the co-op way.

**CHECK OUT A SLIDESHOW OF BRIAN’S TRIP:**  
[https://youtu.be/\\_aKs968xqM8](https://youtu.be/_aKs968xqM8)









**WE GET OUR POWER FROM YOU!**

ORCAS POWER & LIGHT COOPERATIVE  
183 MT. BAKER ROAD, EASTSOUND WA 98245

**[WWW.OPALCO.COM](http://WWW.OPALCO.COM)**