



BOARD OF DIRECTORS

REGULAR MEETING

Thursday, December 15, 2016 8:30 a.m.

OPALCO Conference Room, 1034 Guard Street, Friday Harbor

TRAVEL



Via Island

378-2376 / 378-8129 (cell)

To:

Lopez 8:00 a.m.

Arrive FH 8:15 a.m.

Return:

Leave FH 3:00 p.m.

Arrive Eastsound 3:15 p.m.

Lopez 3:30 p.m.

Via Ferry:

To:

Leave Lopez 7:10 a.m.

Arrive FH 7:40 a.m.

Shaw 7:15 a.m.

Orcas 7:35 a.m.

Arrive FH 8:15 a.m.

Return:

Leave FH 4:15 p.m.

Arrive Lopez 5:00 p.m.

Leave FH 5:45 p.m.

Arrive Orcas 6:45 p.m.

Shaw 7:00 p.m.

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Friday Harbor OPALCO Office
376-3550**

December 15, 2016 8:30 a.m.

PAGES

WELCOME GUESTS / MEMBERS

- Member Comment Period
- Nourdine Jensen Youth Scholarship presentation

ACTION ITEMS

- 3** ○ Consent Agenda
- 4-5** • Minutes
- 6** • New Members
- 7** • Capital Credits
- 8-12** • RUS 219s
- 13-14** ○ NRECA Voting Delegate
- 15-25** ○ Tariffs (2nd read)
- 26-32** ○ Sunflower Properties LLC Utility Easement Relinquishment
- 33-35** ○ 2017-2020 Construction Work Plan
- 36-39** ○ Policy 30 *Political Activity*
- 39-44** ○ Bylaw Revision

DISCUSSION ITEMS

- *None*

REPORTS

- 45-46** ○ General Manager

INFORMATION ITEMS

- *None*

ADJOURNMENT

EXECUTIVE SESSION

Legal and personnel

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Consent Agenda

All matters listed with the Consent Agenda are considered to be 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
- RUS 219s for projects completed in October 2016

Staff requests a motion to approve the Consent Agenda.

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, November 17, 2016

President Vince Dauciunas called the meeting to order at precisely 9:00 am at the Lopez Fire Hall. Board Members present were Winnie Adams, Randy Cornelius, Jim Lett, Mark Madsen, Brian Silverstein and Jerry Whitfield. Staff present included General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Head Accountant Travis Neal and Executive Assistant Bev Madan (serving as recording secretary). Also present was consultant Jay Kimball.

MEMBER/GUESTS

Each member/guest was offered an opportunity to address the board. Present were the Dwight Lewis, Steve Ludwig and Sandy Bishop.

CONSENT AGENDA

- **Motion** made to accept the Consent Agenda which consisted of the October 20, 2016 minutes, new members (listed below), and capital credits payments to the estates of deceased members/businesses. Motion was seconded and carried by voice vote.

New Members:

DISTRICT 1

Henry

Stewart, Marion

San Juan

Atwell, Kenneth

Bitz, Anthony

Briney, Marjorie J.

Bruce, Mary

Capron Johnston, Albin

Carr, Christene

Cherney, Debra

Dahlquist, Mallory

Dawson, Debra

Dietz, Flash

Dunayski, Qili & Morrison, Nicholas

Field, Michael

Garner, Daniel & Kimberly

Goodrich, Ellyn

Goodrich, Travis

Grotle, Del & Kimberly

Hubber, Stephanie

Huitema, Christian & Gil, Neige

JAC Star Store LLC

Johnson, Luz & Hall, Mary

Knowles, Laurie

Kobrick, Robert & Amy

Melendez, Humberto

Michaelson, Maria

Mosier, Chris

Murphy, Ken & Rypkema, Gwenn

Norman, Charlotte & James

Pedersen, Brandyn & Lawrence,

Natalia

Rementeria, Richard L & Marily

Roge, Claude & Shelley

Sawyer, Mary

Schwartz, Kathleen & Daniel

Sheilds, Monika & Jason

Stewart, Audrey

Tracey, Wade

Walwick, Luke

Woodside, Timothy

DISTRICT 2

Orcas

Billingslea, Jody

Clift, Steve

Filippello, Tony

Hirschler, Gerald & Lena

Jackson, Donita

Kent, John C

Krauss, Adriana

Moran, Maureen & Johnston, Jim

Quigley, Tracy

Ramirez, Verence S.

Sapp, W. Stephen & Cynthia

Smith, Donald & Cole, Rochelle

Yarbro, Caroline & Rast, Richard

DISTRICT 3

Lopez

Collyer, Michelle & Havner, J

Jewitt, John & Karin

Madamba, Megan

Olsen, Kent

Rick, Brian

Sela, Laura

Shiple, Thomas

Tarrant, Craig

Taylor, Rebecca & Barber, Bradley

Volk, Carol & Smolinski, Adam

DISTRICT 4

Shaw

Mix, Robert W.

Capital Credits

- **Motion** made and seconded to approve payment of capital credits to the estates of the following members and/or organizations no longer in business in the amount of \$8,381.10:

Harold Berner	\$717.12
Mary E. Harris.....	\$1,425.80
Elizabeth T. Gunther.....	\$3,100.71
Elizabeth L. Bliven	\$1,433.48
Base Canard LTD	\$1,703.99

CAPITAL CREDITS
Uncollectible Accounts

Accounts in an “uncollectable delinquent status” have capital credits that can be applied to the unpaid balance.

- **Motion** made to approve the use of member allocated capital credits to reduce and/or offset individual member delinquent UA balances in the amount of \$6,317.00. Motion was seconded and carried by voice vote.

General Retirement

As a continuation of the 25-year capital credit retirement rotation, the 2016 budget includes funds necessary to pay both the scheduled 1991 and the remaining 50% of the 1990 capital credit allocations.

- **Motion** made to approve payment and retirement of capital credits representing the years 1990 and 1991. Motion was seconded and carried by voice vote.

SUBCOMMITTEE REPORT: BYLAW REVISIONS

A subcommittee was named at the October Board meeting to review some of the recommendations of the Member Review Committee on Elections. The subcommittee reviewed the bylaws and made changes relative to the annual meeting and elections process. Some revisions were made to provide clarity and “clean up” as well.

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

MEMBER SERVICE POLICY 30 *Political Activity*

After brief discussion, this item was tabled until the December 2016 meeting.

2017 BUDGET

The 2017 budget was presented by the GM and board discussion ensued.

- **Motion** to approve the 2017 budget as presented made and seconded; motion carried by voice vote. With this approval, revenue will increase from \$25.3M (2016) to 26.4M by way of a 5% revenue/rate increase. Tariff increases will be presented at the December Board meeting for final approval and will go into effect January 1, 2017.

REPORTS

- **Q3 Financials**
 Reviewing quarterly financials, particularly the 3rd quarter, helps to determine the next year’s budget. OPALCO is in good shape, as indicated by the Q3 financials.
- **General Manager**
 Hildreth informed the Board of the status of the CenturyLink cable crossing between Lopez and San Juan islands. More information will be shared in December.
Safety Program
 An incident and near miss with no injuries were reported. Total hours worked without a loss time accident currently is 44,864.

Adjourned to Executive Session: 12:10 pm – Discussion related to Personnel matters.
Returned to Regular Session: 12:20 pm

ADJOURNMENT

Meeting was adjourned at 12:50 pm.

Vince Dauciunas, President

Winnie Adams, Secretary-Treasurer

NEW MEMBERS
November 2016

District 1

San Juan

1. Aipopo, Margie
2. Albritton Family Roche Harbor
3. Bouwman, Joran
4. Chase, Michael
5. Deely, Kathy
6. Elder, Molly
7. Erickson, Brian
8. Garcia, Norberto
9. Gibson, Penny
10. Haagensen, Ryan
11. Hamdorf, Paul & Marlene
12. James, Matthew
13. Kearns, Patricia
14. Koch, Hans & Cindy
15. McLaglen, Christy & Eric
16. Mountford, Elizabeth
17. Nett, Craig & Catherine
18. Newcomb, George
19. Paz, Silvia
20. Rook, Kyle
21. Root, Daniel
22. Salyards, Clyde
23. Schmidt, Christopher
24. Shorett, Sarah
25. Suhl, Adam
26. Thiessens, Jeremy
27. Windstorm, Bly
28. Venegas, Kelsey
29. Zendejas-Rhodes, Elvis

District 2

Orcas

30. Barcelos, Nathaniel & Jennifer
31. Barfoot, Harold & Denise
32. Boathouse Ciderworks LLC
33. Ceteras, Cynthia
34. Gazecki, John
35. Kilgore, L & Sarah
36. Long, Linda
37. McCullum, Kamala
38. McGee, Michele

39. Miller, William
40. Morris, James & Merriman-Morris, Corrinna
41. Morris, Sheila & John
42. Obstruction Pass Adventure
43. Phillips, Brian
44. Samuels, Brian & Lesley
45. Seeley, Chlarson
46. Segal, Arthur MD & Angela
47. Wild Island, Inc

District 3

Center

48. Miland, Stephen & Annamarie

Decatur

49. Bartin, Jessica

Lopez

50. Carrier, Kelli
51. Chawkin, Shara & Philps, Toby
52. Kammersgard, Dana & Lisa
53. Maggior, Debra & Arione, Salvo
54. Means, Robert
55. Olsen, Norman & Gwen
56. Ross, Roger
57. Selg, George & Mary Jo
58. Simms, Robert

District 4

Shaw

59. PCG, LLC
60. Richards, Donna

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: Capital Credits

Staff requests a motion to approve payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business:

Robert Fritz.....	\$1,526.66
John Roselli.....	\$962.35
Island Petroleum Services, Inc.	\$4,290.94
Total	\$6,779.95

MEMORANDUM

December 9, 2016

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 #201610\$421,320.29 Apply to AM8
 URD replacements
- Inventory #AN1610\$125,304.49 Apply to AN8
 Grid Control Backbone

Staff requests a motion from the Board to approve submittal of RUS Form 219s totaling \$546,624.78.

11/28/2016 2:01:36 pm

RUS Form 219 Inventory Of Work Orders

Page: 2

Period: OCT 2016

System Designation: WA AH O9

Inventory: 201610

		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)		
608	2013	1373							
		1373	1	439,586.55	772.97	0.00	0.00	63,953.39	367,492.64
							AFUDC: 8,913.49		
608	2014	2377							
			1	8,569.46	0.00	0.00	0.00	0.00	8,423.00
							AFUDC: 146.46		
608	2014	2418							
			1	45,812.32	0.00	0.00	0.00	0.00	45,404.65
							AFUDC: 407.67		
				493,968.33	772.97	0.00	0.00	63,953.39	421,320.29
Grand Totals:				\$ 493,968.33	\$ 772.97	\$ 0.00	\$ 0.00	\$ 63,953.39	\$ 421,320.29

11/28/2016 2:01:36 pm

RUS Form 219 Inventory Of Work Orders

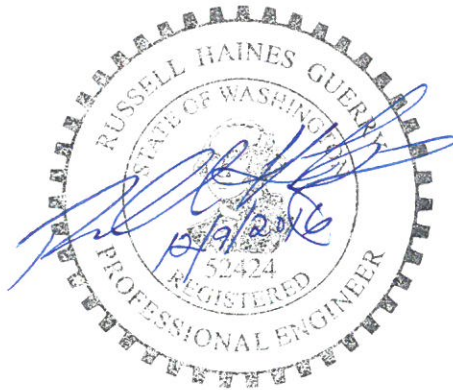
Page: 5

Period: OCT 2016

System Designation: WA AH O9

Inventory : 201610

Budget	Loan	Project	Amount
	1	608	421,320.29
Total:			421,320.29

**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 Haines Guerry

INSPECTION PERFORMED BY

Orcas Power & Light Cooperative

FIRM

52424

LICENSE NUMBER

12/8/2016

DATE

[Signature]

SIGNATURE OF LICENSED ENGINEER

11/28/2016 2:01:36 pm

RUS Form 219 Inventory Of Work Orders

Period: OCT 2016 System Designation: WA AH O9

Page: 3

Inventory: AN1610

		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	127,288.16	0.00	0.00	0.00	0.00	125,304.49
							AFUDC: 1,983.67		
				127,288.16	0.00	0.00	0.00	0.00	125,304.49
Grand Totals:				\$ 127,288.16	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 125,304.49

11/28/2016 2:01:36 pm

RUS Form 219 Inventory Of Work Orders

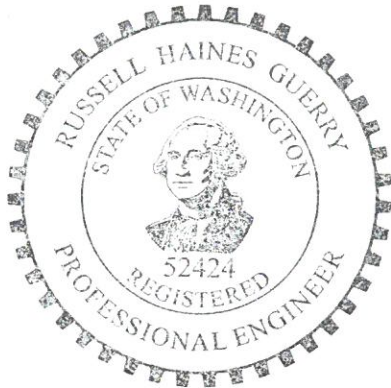
Page: 6

Period: OCT 2016

System Designation: WA AH O9

Inventory : AN1610

Budget	Loan	Project	Amount
	1	706 - 3	125,304.49
Total:			125,304.49

**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

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 Haines Guerry

INSPECTION PERFORMED BY

Orcas Power + Light Cooperative

FIRM

52424

LICENSE NUMBER

12/9/2016

DATE

[Signature]

SIGNATURE OF LICENSED ENGINEER

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: NRECA 2017 Voting Delegate

The NRECA annual meeting for Region 9 will be held in San Diego February 23-March 2.

Staff requests that the Board designate, in the form of a motion, an official voting delegate and an alternate for the NRECA 2017 annual meeting.



Please fill out the form below. Indicate who will be your Voting Delegate for 2017 and an Alternate in case the Delegate is unable to attend the Business Meeting. You will have an opportunity to select a new delegate for 2017 Regional Meetings. **Please return this form to NRECA using the following email address: VotingDelegates@nreca.coop or this fax number: (703) 907-5512.**

Orcas Power & Light Co-op

Region: 9

CEO/GM: Foster Hildreth

State: Washington

NRECA VOTING DELEGATE CERTIFICATION

NRECA Bylaws Article V, Section 2(B) and 2(C) provide that "...each voting member shall be entitled to select, either by vote of its membership or its board of directors, one of its members, directors, or employees to act as the voting delegate, and one such person to act as the alternate delegate, at the meeting...each voting delegate must submit a certification signed by the director who is president of the member or is chair of the member's board of directors, and by the director who is secretary of the member, stating that such delegate is duly authorized to cast the vote of the member."

Please indicate below who will be your delegate at the 2017 NRECA Annual Meeting. **Only those delegates who have been properly documented as authorized by their cooperatives shall be credentialed to act during the NRECA Annual and Regional Meeting Business Session. This form must be dated, signed by the board President and board Secretary (board of directors/trustees), and returned to NRECA by [January 6, 2017](#).** You will have an opportunity to select new delegates for the 2017 Regional Meetings.

The following are hereby certified as official voting delegate and alternate and are duly authorized to cast the vote of this member.

2017 Voting Delegate

Name

Title

2017 Alternate Delegate

Name

Title

(The Alternate is certified to act only in the absence of the Delegate)

Signed

Board President (of Member System)

DATE

Board Secretary (of Member System)

DATE

MEETING AND REGISTRATION PROCEDURES

1 Please return signed, dated and completed form to VotingDelegates@nreca.coop by **January 6th, 2017**.

2 Delegates must be registered for the meeting in advance and should pick up their badge before checking in as a delegate.

3 At the meeting the delegate must then proceed to the Voting Delegate Registration Desk which will be located near the general NRECA Meeting Registration area.

4 At the NRECA Voting Delegate Registration Desk, the delegate's certification information will be reviewed and the delegate will receive the official delegate ribbon, which will be attached to the name badge, as well as the assigned credential card for the meeting.

5 The delegate must bring the credential card and ribbon to the NRECA Business Meeting and present it in order to vote. Each voting member is permitted one vote on each of the resolutions and other business properly brought before the Annual and Regional Business Sessions. **No individual may represent more than one voting member system and proxy voting is prohibited.**

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Tariff Revisions

The Board approved the 2017 budget at the November meeting. This included revenue/rate increases of approximately 5%. The tariffs have been edited to include the rate increase as approved with the 2017 budget and will be effective with the January billing.

Staff requests a motion to approve the tariff revisions as attached.

ORCAS POWER AND LIGHT COOPERATIVE

RECOMMENDED RATE STRUCTURE

A.		B.	C.
		Present Rates	Recommended Increase applied to energy only (kWh)
1	Residential		
2	Facility Rate (\$/Service/Month)	\$40.54	\$40.54
4	Energy Assistance Program (\$/kWh)	\$0.0005	\$0.0005
5	Energy Rates (\$/kWh)		
6	Summer Block 1 (< 1,500 kWh)	\$0.0892	\$0.0959
7	Summer Block 2 (1,500 kWh to 3000 kWh)	\$0.1011	\$0.1087
8	Summer Block 3 (> 3,000 kWh)	\$0.1200	\$0.1289
9	Winter Block 1 (< 3,000 kWh)	\$0.0892	\$0.0959
10	Winter Block 2 (3,000 kWh to 5,000 kWh)	\$0.1011	\$0.1087
11	Winter Block 3 (> 5,000 kWh)	\$0.1200	\$0.1289
12			
13	Residential TOU	Present Rates	Recommended Increase applied to energy only (kWh)
14	Facility Rate (\$/Service/Month)	\$45.99	\$45.99
15	Demand Rate (\$/Service/Month)		
16	Energy Assistance Program (\$/kWh)	\$0.0005	\$0.0005
17	Energy Rates (\$/kWh)		
18	TOU Period 1 (6 AM - Noon)	\$0.1513	\$0.1609
19	TOU Period 2 (Noon - 6 PM)	\$0.0935	\$0.0995
20	TOU Period 3 (6 PM - 8 PM)	\$0.1513	\$0.1609
21	TOU Period 3 (8 PM - 6 AM)	\$0.0410	\$0.0436
22			
23	Small Commercial (<20 kW)	Present Rates	Recommended Increase applied to energy only (kWh)
24	Facility Rate (\$/Service/Month)	\$57.65	\$57.65
25	Energy Assistance Program (\$/kWh)	\$0.0005	\$0.0005
26	Energy Rates (\$/kWh)		
27	Block 1 (< 5,000 kWh)	\$0.0904	\$0.0976
28	Block 2 (> 5,000 kWh)	\$0.1009	\$0.1090
29	Demand Rates (\$/kW)		
30	First 20 kW (Flat Rate)	\$5.25	\$5.66
31			
32	Large Commercial (> 20kW)	Present Rates	Recommended Increase applied to energy only (kWh)
33	Facility Rate (\$/Service/Month)	\$57.65	\$57.65
34	Energy Assistance Program (\$/kWh)	\$0.0005	\$0.0005
35	Energy Rates (\$/kWh)		
36	Block 1 (< 5,000 kWh)	\$0.0820	\$0.0864
37	Block 2 (5,000-150,000 kWh)	\$0.0907	\$0.0957
38	Block 3 (>150,000 kWh)	\$0.1211	\$0.1277
39	Demand Rates (\$/kW)		
40	Block 1 (< 300 kW)	\$3.31	\$3.49
41	Block 2 (> 300 kW)	\$4.97	\$5.24
42			
43	Pumps	Present Rates	Recommended 5% Increase to All Components
44	Facility Rate (\$/Service/Month)	\$36.12	\$37.93
45	Energy Assistance Program (\$/kWh)	\$0.0005	\$0.0005
46	Energy Rates (\$/kWh)		
47	0 - 370 kWh	\$0.0960	\$0.1008
48	370-5,000 kwh	\$0.0833	\$0.0875
49	Over 5,000 kWh	\$0.0935	\$0.0982
50	Demand Rates (\$/kW)		
51	First 20 kW (Flat Rate)	\$1.00	\$1.05
52	Over 20 kW	\$3.31	\$3.48

ORCAS POWER AND LIGHT COOPERATIVE

TARIFF R - 17

RESIDENTIAL SERVICE

EIGHTEENTH REVISION – REPLACING SEVENTEENTH REVISION

AVAILABILITY

Available to all small farm and home members, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

Service for home and farm uses, such as cooking, lighting, heating, private docks not used for commercial purposes, etc. Residences qualifying as “cottage industries” by San Juan County shall be served under this tariff.

FACILITY CHARGE \$40.54

ENERGY ASSISTANCE CHARGE \$0.0005 per kWh

ENERGY CHARGE

		Summer	Winter	
Block 1	<1,500 kWh	\$.0959 per kWh	<3,000 kWh	\$.0959 per kWh
Block 2	1,501 – 3,000 kWh	\$.1087 per kWh	3,000 -- 5,000 kWh	\$1087 per kWh
Block 3	3,001 – 5,000 kWh	\$.1289 per kWh	>5,000 kWh	\$.1289 per kWh

DEMAND CHARGE \$0.00

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be \$40.54 per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
2. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP shall operate at 230 volts and are subject to requirements in Member Service Policy 3-Technical Provisions.

3. No single resistive loads (examples: ovens, heaters, kilns) over 15 kW shall come on line simultaneously.
4. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
5. See Member Service Policy 3 *Technical Provisions* for additional requirements.
6. Bed and breakfast establishments will be served under this rate if the owner or manager lives in a building served by this meter.
7. Summer Block is defined as May billing cycle through September billing cycle; Winter Block is defined as October billing cycle through April billing cycle.

Foster Hildreth, General Manager

Effective Date: January 2017 Billing Period

**ORCAS POWER AND LIGHT COOPERATIVE
TARIFF LCS –17
LARGE COMMERCIAL SERVICE**

TWENTIETH REVISION – REPLACING NINETEENTH REVISION

AVAILABILITY

Available to all non-residential members using more than 20 kW in any one or more of the preceding twelve (12) months, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase or three phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

General Service for heating, lighting, etc., for marinas for commercial use, and non-residential members.

FACILITY CHARGE \$57.65

ENERGY ASSISTANCE PROGRAM \$0.0005 per kWh

ENERGY CHARGE Block 1 ($\leq 5,000$ kWh) @ \$0.0864 per kWh
Block 2 ($> 5,000 - 150,000$ kWh) @ \$0.0957 per kWh
Block 3 ($> 150,000$ kWh) @ \$0.1277 per kWh

DEMAND CHARGE Block 1 (≤ 300 kW) \$3.49 per kW
Block 2 (> 300 kW) \$5.24 per kW

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be \$57.65 per month or prorated if service is provided for less than a full month.

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the member for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as indicated or recorded by a demand meter and adjusted for power factor as provided below.

POWER FACTOR ADJUSTMENT

Demand charges may be adjusted to correct for average power factors lower than 95%. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 95% lagging.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
2. Except for bed and breakfast establishments, service under this rate shall not be provided to locations with occupied residential facilities unless such facilities are insignificant with respect to the business operations at the location.
3. Bed and breakfast establishments will be served under this rate tariff if the owner or manager does not live in a building served by this meter.
4. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP (single phase) are subject to requirements in Member Service Policy 3-Technical Provisions.
5. No single resistive 3-phase loads (examples: ovens, heaters, kilns) of over 45kW shall come on line simultaneously.
6. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
7. See Member Service Policy 3-*Technical Provisions* for additional requirements.

Effective Date <u>January 2017 Billing Period</u>	Foster Hildreth, General Manager
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**ORCAS POWER AND LIGHT COOPERATIVE
TARIFF SCS – 17
SMALL COMMERCIAL SERVICE**

EIGHTEENTH REVISION – REPLACING SEVENTEENTH REVISION

AVAILABILITY

Available to all non-residential members using less than 20 kW in all of the preceding twelve (12) months, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase or three phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

General Service for heating, lighting, etc., for marinas for commercial use, and non-residential members.

FACILITY CHARGE \$57.65

ENERGY ASSISTANCE PROGRAM \$0.0005 per kWh

ENERGY CHARGE Block 1 (< 5,000 kWh) @ \$0.0976 per kWh
Block 2 (> 5,000 kWh) @ \$0.1090 per kWh

DEMAND CHARGE \$5.66 per month

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be \$57.65 per month or prorated if service is provided for less than a full month.

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the member for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as indicated or recorded by a demand meter and adjusted for power factor as provided below.

POWER FACTOR ADJUSTMENT

Demand charges may be adjusted to correct for average power factors lower than 95%. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 95% lagging.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
2. Except for bed and breakfast establishments, service under this rate shall not be provided to locations with occupied residential facilities unless such facilities are insignificant with respect to the business operations at the location.
3. Bed and breakfast establishments will be served under this rate tariff if the owner or manager does not live in a building served by this meter.
4. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP (single phase) are subject to requirements in Member Service Policy 3-Technical Provisions.
5. No single resistive 3-phase loads (examples: ovens, heaters, kilns) of over 45kW shall come on line simultaneously.
6. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
7. See Member Service Policy 3-*Technical Provisions* for additional requirements.

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Foster Hildreth, General Manager</div>	Effective Date <u>January 2017 Billing Period</u>
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**ORCAS POWER AND LIGHT COOPERATIVE
TARIFF P- 17
PUMP SERVICE**

TWENTIETH REVISION – REPLACING NINETEENTH REVISION

AVAILABILITY

Available to all members, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage, equipment subject to automatic load management controls.

APPLICATION

Service for pumping water for domestic use and/or irrigation.

FACILITY CHARGE \$37.93

ENERGY ASSISTANCE PROGRAM \$0.0005 per kWh

ENERGY CHARGE 0-370 kWh @ \$0.1008 per kWh
 371-5,000 kWh @ \$0.0875 per kWh
 Over 5,000 kWh @ \$0.0982 per kWh

DEMAND CHARGE First 20 kW (flat rate) \$1.05
 Over 20 kW \$3.48 per kW

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be \$37.93 per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. All pumps served under this tariff shall be metered separately.
2. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP shall operate at 230 volts and are subject to requirements in Member Service Policy 3-Technical Provisions.
3. See Member Service Policy 3-Technical Provisions for additional requirements.

Foster Hildreth, General Manager

Effective Date: January 2017 Billing Period

**ORCAS POWER AND LIGHT COOPERATIVE
TARIFF TOU- 17**

RESIDENTIAL TIME OF USE RATE

(Formerly known as "ESR-08 Energy Saving Rate")

NINETEENTH REVISION – REPLACING EIGHTEENTH REVISION

AVAILABILITY

Available to all small farm and home members, subject to the General Provisions hereunder.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage. Equipment subject to automatic load management controls.

APPLICATION

Service for small farms, homes, pools, greenhouses and other non-essential loads. Limited to single phase loads.

FACILITY CHARGE: \$45.99

ENERGY ASSISTANCE PROGRAM \$0.0005 per kWh

ENERGY CHARGE:

Period	Time	Cost per kWh
1	6:00 am – noon	\$0.1609
2	Noon – 6:00 pm	\$0.0995
3	6:00 pm – 8:00 pm	\$0.1609
4	8:00 pm – 6:00 am	\$0.0436

DEMAND CHARGE: \$0.00

MINIMUM MONTHLY CHARGE

The minimum monthly charge, under the above rate, shall be \$45.99 per month or prorated if service is provided for less than a full month.

WHOLESALE POWER COST ADJUSTMENT

A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in the wholesale cost of power based on the rates charged by the Bonneville Power Administration.

GENERAL PROVISIONS

1. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
2. The rated capacity of any motor served under this tariff shall be as follows:
 - Motors up to 2 HP can operate at 115 volts.
 - Motors larger than 2 HP shall operate at 230 volts and are subject to requirements in Member Service Policy 3-Technical Provisions.
3. No single resistive loads (examples: ovens, heaters, kilns) over 15 kW shall come on line simultaneously.
4. Non-resistive loads such as arc welders, fluorescent or mercury lamps, and induction heating furnaces are causes of harmonic distortion and may require corrective measures.
5. Loads served under this tariff shall not be capable of being switched to another meter served under a different tariff.
6. See Member Services Policy 3 *Technical Provisions* for additional requirements.

Foster Hildreth, General Manager

Effective Date: January 2017 Billing Period

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Sunflower Properties LLC Easement #AFN 102250 Relinquishment

Sean DeMeritt, managing member of Sunflower Properties LLC, has requested that OPALCO relinquish an old underground easement across his Eastsound property, tax parcel #271452102. Mr. DeMeritt is developing the property into four condominium units.

The subject Easement AFN 102250 was granted to OPALCO by Robert and Marguerite Olson in 1978 for an underground line north of the south line of said property. Subsequently, OPALCO has abandoned this old original underground line across the southern portion of this property. Relinquishment of this easement recorded under AFN 102250 is a condition of the Memorandum of Understanding OPALCO made with Sean DeMeritt.

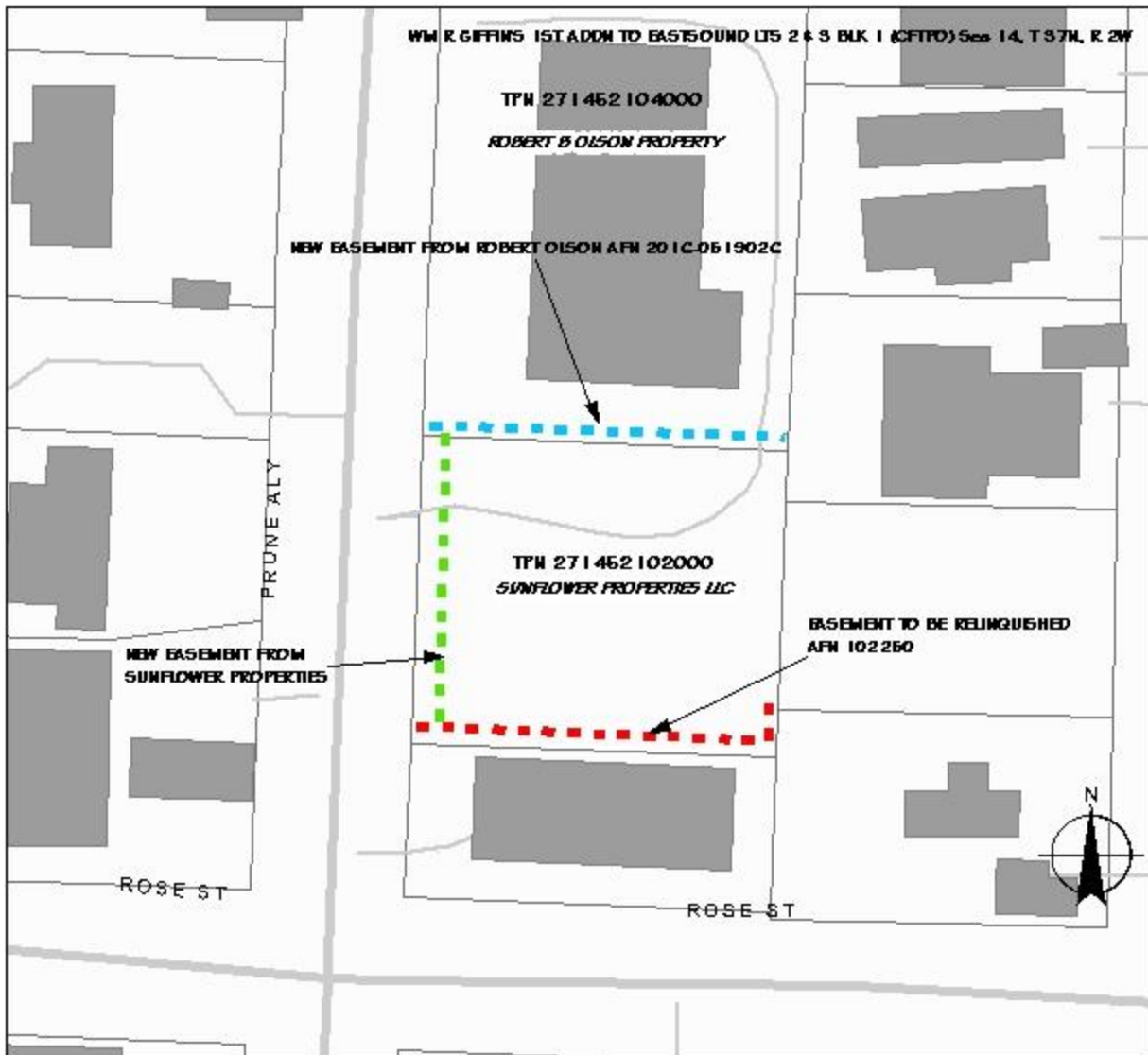
OPALCO has been granted a new easement on the west side of said property (Prune Alley) by Sunflower Properties LLC. OPALCO has also been granted an easement on the south ten feet of the property directly to the north of Mr. DeMeritt's property by Robert Olson, recorded under AFN 2016 0519026.

Mr. DeMeritt has formally requested that OPALCO relinquish its rights to this easement. This easement has neither existing value to OPALCO nor any ascertainable future value to OPALCO.

Included for review are:

- Copy of email from Sean DeMeritt requesting relinquishment of easement
- Copy of OPALCO Easement AFN 102250 (to be relinquished)
- Copy of OPALCO Easement #2016 0519026 from Robert Olson
- Copy of OPALCO Easement from Sunflower Properties LLC (yet to be recorded)
- Drawings showing lot lines, easements, OPALCO facilities and other improvements
- Relinquishment of Utility Easement

Staff requests the Board make a motion to approve relinquishment of Easement #AFN102250.



RELINQUISH

102250

1978 JUN 28 -003001A

EASEMENT

THE GRANTOR,

ROBERT B. OLSON and MARGUERITE OLSON

....., for good and valuable consideration, receipt of which is hereby acknowledged, do hereby grant and convey to the Grantee, ORCAS POWER & LIGHT COMPANY, its successors and assigns, an easement for the installation and continued operation, maintenance, repair and replacement of an overhead or underground electric transmission or distribution line, with all necessary wires and fixtures thereon, together with the right to cut, trim, control and remove trees, brush and other obstructions which may interfere with the Grantee's proper use of this easement and the right to permit the joint use of the line or system by others for electrical, telephone or TV cable purposes, over, under and across the following described property in San Juan County, Washington, to-wit:

AN EASEMENT FOR AN UNDERGROUND DISTRIBUTION LINE 10 FEET IN WIDTH, LYING ADJACENT TO AND NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 2, BLOCK 1 OF THE PLAT OF WM. R. GIFFIN'S FIRST ADDITION, VOLUME 1, PAGE 62 OF THE BOOK OF PLATS, SAN JUAN COUNTY, WASHINGTON, WHICH IS THE POINT OF BEGINNING OF THIS EASEMENT; THENCE EAST ALONG THE GRANTOR'S SOUTHERN PROPERTY LINE 125 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF SAID LOT 2, HEREINAFTER CALLED POINT A.

FROM POINT A, AN EASEMENT 10 FEET IN WIDTH, LYING ADJACENT TO AND WEST OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT POINT A NORTH ALONG THE GRANTOR'S EASTERN PROPERTY LINE 25 FEET, MORE OR LESS, TO THE POINT OF ENDING OF THIS EASEMENT.

All facilities installed by Grantee on said lands shall remain its property and may be removed by it at any time.

DATED this day of, 19..

Robert B. Olson
M. Olson

STATE OF WASHINGTON

County of SAN JUAN

SS.

On this day personally appeared before me ROBERT B. OLSON

MARGUERITE OLSON

to me known to be the individual S described in and who executed the within and foregoing instrument and acknowledged to me that THEY signed the same as THEIR free and voluntary act and deed for the purposes therein mentioned.

Given under my hand and official seal this 20th day of JUNE, 1978

Harry L. Lund

Notary Public in and for the State of Washington, residing at Castacum

Filed for Record at the Request

of ORCAS POWER & LIGHT

JUN 28 1978 O. 19

at 06 min. past 3 M

and recorded in vol. 40 of

Official Records, page 291

HENRY R. BYERS, AUDITOR

SAN JUAN COUNTY, WA

Byrdene D. Olson DEPUTY

OFFICIAL RECORD

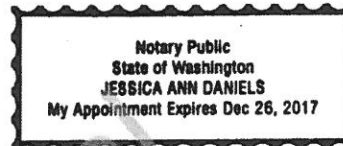
VOL 40 PAGE 291

INDIVIDUAL ACKNOWLEDGEMENT:

STATE OF Washington)
) ss.
COUNTY OF Mason)

On this day personally appeared before me Robert B. Olson, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Jess Ann Dails
Given under my hand and seal of office this 7th day of April, 2016.
Notary Public in and for the State of Washington residing at Bremerton, W
My appointment expires: 12/26/2017



Unofficial
Copy

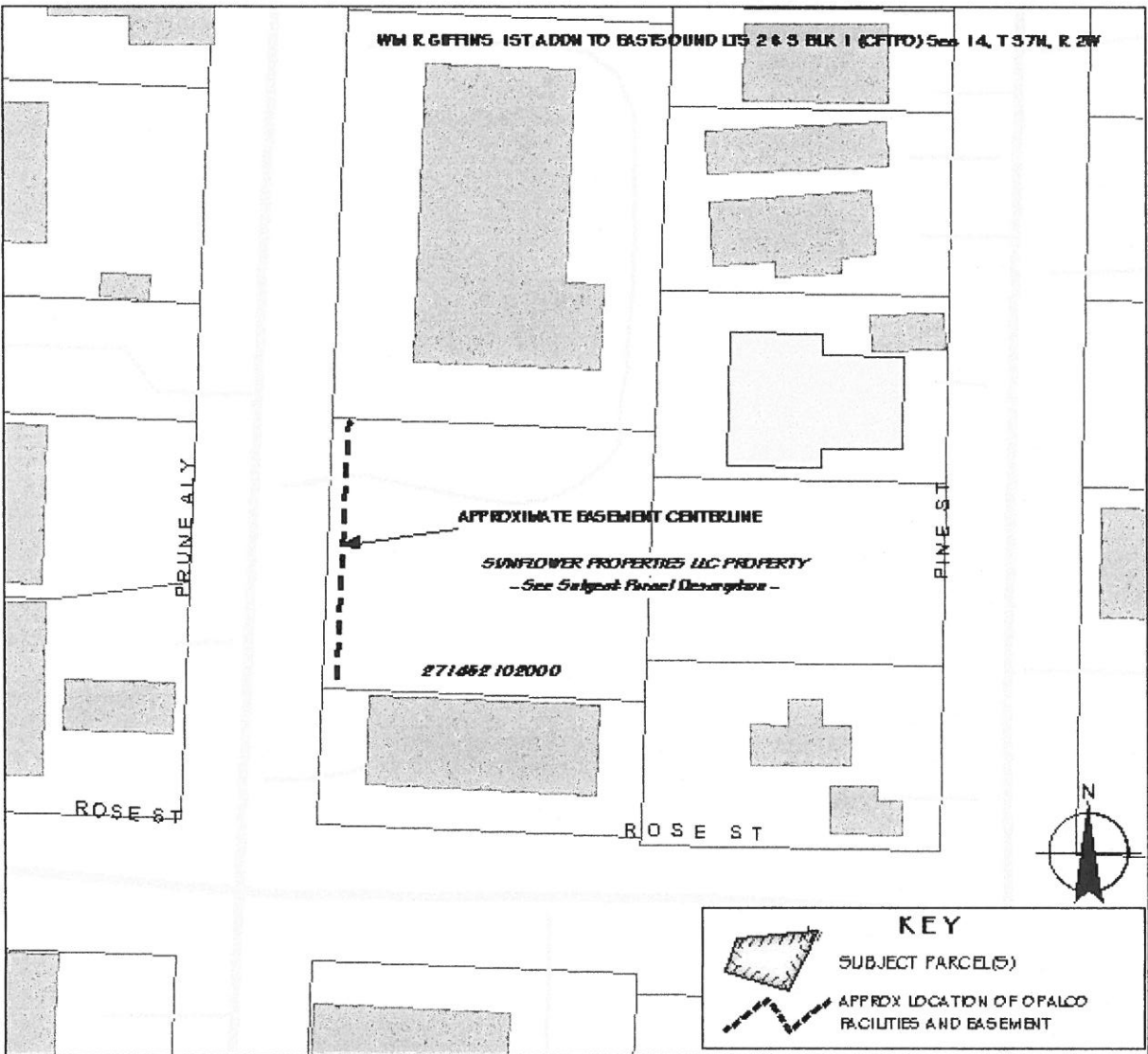
**EXHIBIT “A”
Subject Parcel Description**

Lots 2 and 3 Block 1, Wm. R. Giffin's First Addition to Eastsound, according to plat recorded in Volume 1 of Plats, page 62, San Juan County, Washington.

Situate in San Juan County, Washington.

**EXHIBIT “B”
Site Diagram**

Disclaimer: This drawing depicts the approximate routing of the Orcas Power and Light Cooperative cable and facilities as agreed to herein by Grantor(s). This drawing is for reference purposes only, and is not suitable for determining the exact location of said easement or its position relative to property boundaries, corners, or public and private rights-of-way. The actual centerline of said easement shall be the installed cable and facilities. Specific on-site location and demarcation of the installed underground power facilities for survey, land title, excavation, construction or other purposes which may affect the Grantees use of this easement shall be made by Orcas Power and Light Cooperative personnel.



Filed for Public Record at the
Request of:
ORCAS POWER & LIGHT COOPERATIVE

After Recording Return to:
ORCAS POWER & LIGHT COOPERATIVE
183 MT. BAKER RD.
EASTSOUND, WA 98245

RELINQUISHMENT of UTILILTY EASEMENT

THE GRANTOR, Orcas Power and Light Cooperative, does hereby relinquish and quit claim to **the GRANTEE, Sunflower Properties, LLC** being the owner(s) of that particular parcel described herein (**Tax Parcel #271452102000**), and to all heirs, successors, future owners and assigns of said property, any and all rights, title and interest in said property as granted in the following Easement document:

Easement dated June 20th, 1978, and executed by Robert B. Olson and Marguerite Olson, recorded on June 28, 1978, in Volume 40, of Official Records, at page 291, under Auditors File No. 102250, Records of San Juan County, Washington.

Said easement being a portion of WM R Giffins's 1st Addn to Eastsound, Lts 2 & 3 Blk 1 (CFPO Sec 14, T 37N, R 2W, over, under and across the following described real property in San Juan County, Washington, to-wit:

Lots 2 and 3 Block 1, Wm. R. Giffin's First Addition to Eastsound, according to plat recorded in Volume 1 of Plats, page 62, San Juan County, Washington.

Situate in San Juan County, Washington.

DATED this _____ day of _____, 2016

Foster Hildreth - General Manager
Orcas Power and Light Cooperative

STATE OF WASHINGTON)
)
COUNTY OF SAN JUAN)
)

I certify that I know or have satisfactory evidence that Foster Hildreth, known to me to be the General Manager of Orcas Power and Light Cooperative, signed this instrument and acknowledged it to be the duly authorized, free and voluntary act of said corporation for the uses and purposes mentioned in this instrument.

Dated: _____ Signed: _____,
Notary Public in and for the State of _____ residing at _____.
My appointment expires: _____.

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: 2017-2020 Construction Work Plan

Under separate cover please find our 2017-2020 Construction Work Plan (CWP), 2017 Capital Budget to CWP comparison, and Resolution 6-2016. For your information, amendments are typically made to the CWP as individual capital projects evolve during the four-year work window.

This plan is in accordance with 7 CFR 1724.40. This document details the construction planning for January 1, 2017 to December 31, 2020. Please note the projects and figures contained in this CWP were used as the basis for the 2017 capital projects budget as presented at the November Board meeting for system safety, reliability, efficiency, loss reduction, voltage stability/improvement and end of life replacement.

Following board approval, the next steps are RUS CWP approval, environmental report approval, and RUS loan processing.

Please note the actual loan packaging process includes a financial analysis required by RUS to determine the appropriate level of self-funding versus RUS loan funding. Staff will present the final RUS loan submittal to the board for approval prior to submission in mid-2017.

Staff requests a motion to approve the 2017-2020 CWP and corresponding resolution as presented.

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS BUDGET TO CWP COMPARISON

			A.	B.	C.	D.	E.	F.
			Proposed	CWP	Comments	Safety	Mission Statement	Reliability
			Budget	2017			Efficiency	
			2017					
RUS CWP DESCRIPTION								
1	DISTRIBUTION							
2	100	New Services	\$ 291,000	\$ -	Not within CWP scope.			
3	200	New Tie Lines	200,000	200,000		✓	✓	✓
4	300	Conversions and Line Changes	1,335,000	1,335,000		✓	✓	✓
5	400	New Substations, switching station, metering point, etc.	-	-				
6	500	Substation, Switching Station, Metering Point Changes	126,000	119,000	LTC Controller removed.		✓	✓
7	600	Miscellaneous Distribution Equipment						
8	601	Transformers & Meters	525,000	525,000			✓	✓
9	602	Sets of Service Wires to increase Capacity	-	-				
10	603	Sectionalizing Equipment	100,000	100,000		✓	✓	✓
11	604	Regulators	-	-	Regulator bank added in 2018.			
12	605	Capacitors	-	-				
13	606	Ordinary Replacements	119,000	119,000		✓		✓
14	608	Underground Dist. Cable Replacement	1,942,000	1,942,000		✓	✓	✓
15	700	Other Distribution Items						
16	701	Engineering Fees	-	-				
17	704	LMS & SCADA	89,000	-	Not within CWP scope.			
18	705	AMR (not including meters)	-	-				
19	706	Communications						
20	706.0	Island Network	-	-				
21	706.1	Fiber/Microwave Infrastructure (1)	1,290,000	1,290,000		✓	✓	✓
22	TRANSMISSION							
23	800	New Tie Line	-	-				
24	900	New Substations, switching station, metering point, etc.	650,000	650,000			✓	✓
25	1000	Line and Station Changes	8,408,000	8,408,000		✓	✓	✓
26	1100	Other Transmission	-	-				
27	GENERATION							
28	1200	Generation	-	-				
29	OTHER							
30	1300	Facilities	300,000	-	Not within CWP scope.			
31	1400	Acquisitions	-	-				
32	1500	All Other						
33	1501	Transportation/Equipment/Tools/Radios	450,000	-	Not within CWP scope.			
34	1502	Office Equipment/Furniture/Etc.	20,000	-	Not within CWP scope.			
35	1503	Computer/Servers/Software	298,000	-	Not within CWP scope.			
36	1504	Community Solar (member funded) (2)	-	-				
37	1600	Minor Projects	100,000	-	Not within CWP scope.			
38	RUS CWP SUBTOTAL		16,243,000	14,688,000				
39	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)							
40		New Services	(291,000)	-	Not within CWP scope.			
41		Meters and Transformers	(209,000)	(209,000)	Not within CWP scope.			
42		Joint Projects	(298,000)	-	Not within CWP scope.			
43		Island Network Department	-	-				
44		WA DOC Grant Funding	-	-				
45		Community Solar Member Contributions	(250,000)	-	Not within CWP scope.			
46	RUS CWP NET TOTAL		15,195,000	14,479,000				



RESOLUTION 6-2016

A BOARD OF DIRECTORS RESOLUTION APPROVING THE 2017-2020 CONSTRUCTION WORK PLAN

WHEREAS, the Construction Work Plan (CWP) has been prepared and reviewed by OPALCO staff and is recommended for acceptance, and

WHEREAS, the Board considers the CWP to be a reasonable estimate of the Cooperative's four (4) year construction needs and loan fund requirements, and

WHEREAS, the CWP is consistent with the requirements included in the Cooperative's 2008-2020 Long Range Plan and conforms to the system load and customer growth projections within the current Long Range Forecast and Power Requirements Study.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Orcas Power and Light Cooperative at a regular meeting on December 15, 2016 accepts and approves the 2017-2020 CWP and directs the General Manager to carry out its recommendations.

CERTIFICATE OF SECRETARY

I, Winnie Adams, certify that I am Secretary of Orcas Power and Light Cooperative and that the above and foregoing is a true excerpt from the minutes of a meeting of the Board of Directors held on the 15th day of December 2016, at which a quorum was present, and that the above portion of the minutes have not been modified or rescinded.

Winnie Adams, Secretary

December 15, 2016

Date

www.opalco.com

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Policy 30 *Political Activity* – Second/Final Read

The Board directed staff to draft a political activity policy at the April and May 2016 Board meetings. The draft was presented at the October and November Board meetings. Legal counsel has reviewed and provided edits to the draft policy.

Staff recommends a motion to approve Policy 30 *Political Activity* as presented.

ORCAS POWER AND LIGHT COOPERATIVE

POLICY 30

Political Activity

30.1 PURPOSE

The purpose of this policy is to establish guidelines for Board of Directors, management and employee political activity.

30.2 POLICY

Orcas Power & Light Cooperative (OPALCO) serves our members with safe, reliable, cost effective, sustainable and environmentally sensitive utility services.

The impact that government and politics have on Washington's rural electric cooperatives is significant. Our **Federal**, **State** and **County** elected officials affect every aspect of our business - including regulations on safety practices, environmental standards, mandates on power plant fuel sources, carbon taxes, renewable energy incentives, and healthcare.

30.2.1 Cooperative Political Activity

OPALCO is a strong advocate for the interests of the Cooperative and its members. OPALCO ensures that the voice of electric cooperatives remains strong in our nation's capital, state legislature and local government.

30.2.1.1 OPALCO actively supports elected officials who are concerned about our community and the interests of cooperative and its members. We encourage our entire membership to join us as a grassroots proponent of cooperative energy policy and the Bonneville Power Association's federal hydropower system.

30.2.1.2 We monitor and lobby for legislative and regulatory developments to ensure that local, state and federal laws and rules are not detrimental to the energy interests of our members.

30.2.1.3 OPALCO is committed to engaging appropriately in the political process in a manner that informs and affects the issues related to our electric cooperative and internet subsidiary. We strive to engage on issues in the most responsible and ethical way. OPALCO complies with all applicable laws and regulations in connection with the Cooperative's political activities. Any political activities in which OPALCO engages are based solely upon the best interests of the Co-op and are made without regard to the private political preferences of its officers and/or directors. OPALCO will annually disclose formally adopted and approved political positions on its website, including political contributions (if any).

On an as-needed basis, the Board of Directors, through OPALCO's general manager and organizations such as NRECA, PNGC, WRECA, etc., will review relevant issues and candidates to form and support political positions and direction for OPALCO to follow.

30.2.2 Subsidiary Political Activity

OPALCO subsidiaries, its management, and employees will refrain from political activity related to election of OPALCO's Board of Directors or issues related to any OPALCO election. Further, employees may not use their official capacity or company resources to advocate for or endorse candidates or issues related to any OPALCO election.

30.2.3 Personal Political Activity

Board members and employees of the Cooperative and its subsidiaries are encouraged to stay well informed on local, state, and national affairs. Board members and employees are encouraged to support political candidates of their choice by active support, as well as by voting. All such activities must be on the board member's or employee's own time outside the Cooperative and subsidiary facilities. The board member or employee is not authorized to individually represent or act on behalf of the Cooperative. The exception would be an event hosted and sanctioned by the Cooperative's Board or General Manager, consistent with this policy.

30.2.3.1 All Cooperative members are encouraged to take part in all member-related activities to the fullest extent possible. However, because employees who are members may be perceived as official representatives of OPALCO or its subsidiaries, employees shall not use their status as an OPALCO employee to advocate and/or support positions or candidates.

30.2.3.2 Because employees have access to Cooperative facilities, equipment, material and time and these assets belong to all members of the Cooperative, some of whom may not agree with an individual employee regarding Cooperative issues, it is necessary to assure the membership that these assets are precluded from use to support an individual employee's position. The following rules apply to employee/member Cooperative or internet subsidiary "political" activities:

30.2.3.2.1 Personal political activities shall not be conducted during work hours including Cooperative, local, state and federal elections.

30.2.3.2.2 No political electioneering material shall be posted on company facilities or equipment.

30.2.3.2.3 No Cooperative equipment, material or time shall be used to generate electioneering information to reflect an individual's position regarding local, state, federal and Cooperative politics.

30.3 RESPONSIBILITY

The General Manager of the Cooperative shall be responsible for the administration of this policy. Violation of this policy will constitute disciplinary action up to and including termination.

This policy acknowledges the unique position a Director may be in when in a board election, and in that circumstance, the policies regarding director elections in Policy 1 shall apply.

Foster Hildreth, General Manager

December 15, 2016
Effective Date

MEMORANDUM

December 9, 2016

TO: Board of Directors

FROM: Foster Hildreth

RE: Board Candidate Qualifications / Bylaw Revision (Article III, Section 2)

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship of member resources in service to the Cooperative.

The Member Review Committee on Elections recommended that OPALCO leadership provide clear guidance to the Elections & Governance Committee (EGC) on the attributes and qualification of future board candidates. Our legal counsel has reviewed conflict of interest policies and practices of other electric cooperatives and advised us on this bylaw amendment proposal.

Staff recommends revisions to Article III, Section 2 *Qualifications and Tenure* as attached. An updated "Independent Director Qualification Form" is also attached for board review.

Bylaws Article III—Directors

DRAFT REVISIONS

Section 2. Qualifications and Tenure.

The territory served by the Cooperative shall be divided into four districts, and the directors shall be energy member residents of one district, as evidenced by an OPALCO membership with a residential meter in their name and as hereafter provided.

District No. 1 shall include all territory lying South and West of a line beginning at the boundary between the United States and Canada, Northeast of Stuart Island; thence running in a Southeasterly direction to the East of Stuart and Spieden Islands through San Juan Channel; thence proceeding Southerly between Cattle and Davis Points through Middle Channel.

District No. 2 shall include all territory lying East and North of a line beginning on the boundary between the United States and Canada Northeast of Stuart Island and running thence Southeasterly to the East of Stuart and Spieden Islands and West of Flattop Island to a point West of Jones Island; thence Easterly to the North of Jones Island through Spring Passage and thence Easterly through North Pass and Pole Pass to the South of Orcas Island through Harney Channel; thence Southeasterly to the West of Blakely Island and through Thatcher Pass to the Skagit County line.

District No. 3 shall include all territory lying West of the Skagit County line and North of the Island County line and East of the East boundary of District No.1, with the North boundary thereof commencing at the Skagit County line East of Blakely Island and running thence Westerly through Thatcher Pass; thence Northwesterly to the intersection of Harney Channel and Upright Channel North of Upright Head; thence Southwesterly through Upright Channel to its intersection with San Juan Channel.

District No. 4 shall include all territory, which is bounded on the South and West of District No. 1, on the North by District No. 2 and on the Southeast by District No. 3.

Each director shall serve for a term of three years, or until his successor shall have been elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors. The election of directors and their terms of office shall be staggered for three year terms: District 1, District 2 and Districts 3 and 4 elections are to be rotated and held every third year, respectively. A director candidate shall be a resident of the OPALCO District he or she is seeking to represent, and shall declare either a home or business as the primary residence in that District, but not both. Director positions shall have staggered terms such that there are representatives from more than one district on the ballot in each membership-wide vote. (Please note, the transitional aspects of staggering board terms shall be developed by the current board.)

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship

of member resources in service to the Cooperative. In this spirit, conflicts of interest that would disqualify a potential candidate for a board position are herein defined.

Nominations for directors shall be made each year as hereafter provided from persons residing in the respective districts from which directors are to be elected in that year. To become and remain a Director, an individual must complete an Independent Director Qualifications form and will be found ineligible for a board position if any of the following conflict conditions apply:

1. Unless currently serving as a director on the date these bylaw amendments are approved, or reelected to the same position, no energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who is employed by with the Cooperative, a subsidiary or affiliate of the Cooperative within the five (5) years immediately prior to becoming a director.
2. A member who is in any way employed by or financially interested in a competing or supporting enterprise or business, or whose immediate family member is employed by a competing or supporting enterprise or business of the Cooperative, a subsidiary or affiliate of the Cooperative.
3. A member who currently holds public office or serves on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates, or whose immediate family member holds public office or serves on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates.
4. A current director or nominee, or their immediate family member, shall not be or have been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 ruling, or other legal action against or by the Cooperative or a subsidiary or affiliate of the Cooperative.
5. A member who has been convicted of a felony crime.

~~No energy member shall be eligible to become or remain a director of the Cooperative who is employed by the Cooperative, a subsidiary or affiliate of the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or business.~~ Directors and director candidates must comply with all other policies regarding qualifications and conflicts of interest which may be established by the Board of Directors from time to time, and annually complete and sign an Independent Director Qualifications form, consistent with the bylaws and approved by the Board of Directors.

When a membership is held jointly, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director nor to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth.



Independent Director Qualifications Form

Date: _____

Candidate Name _____ District _____

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship of member resources in service to the Cooperative. All board members and candidates for the Board of Directors must comply with Orcas Power & Light Cooperative (OPALCO) bylaws and policies regarding qualifications and conflicts of interest.

Relevant bylaws and policy references:

- Bylaw Article III – *Directors*, Section 2 – *Qualifications and Tenure*
- OPALCO Policy 1 – *Functions of the Board of Directors*
- OPALCO Member Service Policy 9 – *Fair Treatment by OPALCO*

Please complete this form in order to establish your eligibility for a board position.

1. **Are you an active energy member in good standing of OPALCO?**

☐ Yes Member # _____ ☐ No

If you answered Yes, proceed to the next question. If you answered No, you are not eligible to become a Director of OPALCO.

2. **Do you have an OPALCO membership with a residential meter in your name?** ☐ Yes ☐ No

If you answered Yes, proceed to the next question. If you answered No, you are not eligible to become a Director of OPALCO.

3. **Are you, or any immediate family, member currently employed by OPALCO or any subsidiary or affiliate of OPALCO, or have been employed by any such organization within the past five years?**

☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered yes, you are not eligible to become a Director of OPALCO.

4. **Are you, or any immediate family member, in any way employed by or financially interested in an enterprise that competes with, supports or is an affiliate to OPALCO?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

5. **Are you, or any immediate family member, in any way employed by or financially interested in a business primarily engaged in selling electrical or plumbing appliances, fixtures, supplies; or Internet or phone services to members of the Cooperative?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

6. **Have you, or any immediate family member, ever been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 ruling, or other legal action against or by the Cooperative or a subsidiary or affiliate of the Cooperative?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

7. **Do you, or any immediate family member, currently hold public office or serve on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

8. **Have you ever been convicted of any crime other than a traffic violation?** ☐ Yes ☐ No

If yes, please explain:

I hereby authorize OPALCO to conduct a background search. I hereby swear that the above responses are true and correct.

Candidate Signature

Date

*This form must be completed and returned to the Eastsound office
within three working days from the date of the email distribution.*

Orcas Power & Light Cooperative
183 Mt. Baker Road
Eastsound WA 98245
(360) 376-3549

GENERAL MANAGER'S REPORT

December 2016

DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards/>. Please note that all the dashboards are within board strategic parameters. The outage dashboard is still a work-in-progress due to conversion of outage management systems.

ENGINEERING AND OPERATIONS

Operations

A review of overhead outages related to ROW and danger trees will be conducted at the February Board meeting.

Safety

Each district conducted substation training with that district's crew. This was an overview of operations and switching within the substation. The overview also incorporated the hazards found in substations and safety precautions to ensure personnel can avoid them.

	November 2016	YTD (2016)
Near Misses	0	1
Incidents	0	2
Accidents	0	1
Loss Time	0	0

The total hours worked without a loss time accident is 51,674.

Submarine Cable Update

The manufacturing of the cable is in process. Our system engineer will be onsite next week at the manufacturing facility in Japan performing a certification inspection of the cable. In 2016 we completed the landward portion of the project on Lopez (installation of fusion splice conduit and non-armored splice portion of the conductor). The underwater portion of the 3-mile cable is scheduled to be replaced in the fourth quarter of 2017.

Staff remains concerned of CenturyLink's late efforts in permitting and scheduling the relocation of their submarine cable that is in trespass over our DNR easement. Staff met with the Washington State Utility Transportation Committee (WUTC) representatives to update them on the situation. The WUTC expressed their concern about this issue and will be reviewing the matter internally.

FINANCE AND MEMBER SERVICES

Finance

2016 Monthly Budget Tracking

Based on October 2016 results and staff 2016 year-end projections, revenue is currently predicted to be slightly higher than budgeted (\$84k) and power is predicted to be slightly

higher (by \$188k); however, the year-end margin and TIER projections are on target with the 2016 budget.

1990 and 1991 Capital Credit General Retirement

Per Board approval during the November board meeting, staff performed the capital credit general retirement process that retired the remaining balance of 1990 and all of the 1991 remaining margin allocations. Total amount retired was \$1,635,500, which resulted in 4,682 checks, valued at \$1,271,711, to be sent to both active (2,517) and inactive (2,165) members via the USPS on December 19, 2016. Staff estimates that approximately 90% of the checks issued will be cashed for approximately \$1.145M, which is on target with the cash requested to be set aside estimated at the November board meeting.

Member Services

There was a steady increase of applications related to the Energy Assist Program in November. There were 209 participants, with a payout of \$5,048. There were also 59 PAL recipients who received \$10,790 in awards in November.

COMMUNICATIONS

Elections & Governance Committee

Broad outreach has gone out to recruit E&G Committee member nominees. Distribution included bill inserts and messaging, website, newsletter, news outlets, ads and fliers – in addition to targeted outreach to the recent member advisory group. Staff also encourages the board and community members to put the word out to qualified, interested individuals. To date, three applications have been submitted.

Communications

In addition to the Annual Communications Plan shared with the Board in August 2016, the following communication topics will be applied in 2017:

1. OPALCO Submarine Cable Replacement Project
2. Demonstrating Co-op Value to Membership
3. Ongoing start-up efforts of Rock Island Communications