



BOARD OF DIRECTORS REGULAR MEETING February 15, 2018 8:30 a.m. Friday Harbor OPALCO Office

**Time is approximate; meetings are scheduled around the ferry schedule; if all Board members are present, the meeting may begin earlier or later than advertised.*



Via Island Air

360 378-2376

To:

Leave Lopez 8:00 a.m.

Arrive FH 8:15 a.m.

Return:

Leave FH 2:00 p.m.

Arrive Lopez 2:15 p.m.



Via Ferry:

To:

Leave Lopez
Shaw
Orcas

7:10 a.m.
7:00 a.m.
7:20 a.m.

Arrive FH 7:40 a.m.

Arrive FH 8:10 a.m.

Return:

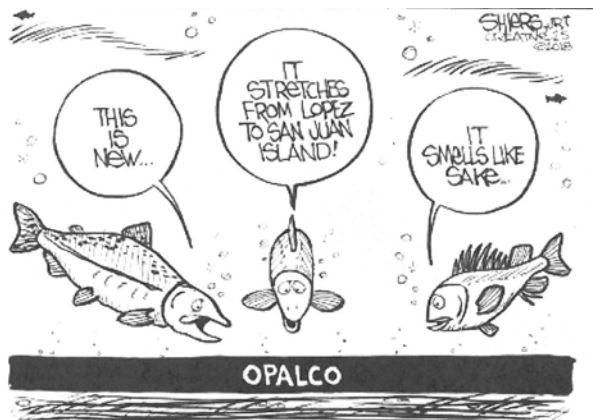
Leave FH

2:05 p.m.

Arrive Orcas 2:55 p.m.

Shaw 3:10 p.m.

Lopez 3:30 p.m.



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

February 15, 2018 8:30 a.m.*

**Time is approximate; meetings are scheduled around the ferry schedule; if all Board members are present, the meeting may begin earlier or later than advertised.*

PAGES

WELCOME GUESTS/MEMBERS

Members attending the board meeting acknowledge that they may be recorded and the recording posted to OPALCO's website.

- Member Comment Period

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

- Guest Steven Collier – Milsoft Utility Solution

ACTION ITEMS

- 3-11** ○ Consent Agenda
- 12** ○ 2018 Voting Delegate and Alternate

DISCUSSION ITEMS

- 13-17** ○ Community Solar
 - MS Policy 18 *Community Solar* (first read)
 - Community Solar Guidebook
- 18** ○ Rates Review: Long-Range Capital Plan
- 19-20** ○ Bylaw Revision: Implementation of Staggered Board Terms (1st Read)

REPORTS

- 21-24** ○ General Manager

MEMBER COMMUNICATIONS

- 25-26** ○

ADJOURNMENT

Executive Session: Legal, personnel

MEMORANDUM

February 9, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Consent Agenda

All matters listed with the Consent Agenda are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item by request of a Board member. The minutes will reflect the approved consent agenda.

The Consent Agenda includes:

- Minutes of the previous meeting
- Approval of new members {as required by Bylaws Article I Section 2 (d)} (see attached)
- Capital Credit payments to estates of deceased members and/or organizations no longer in business as shown below:

Customer #	Amount
5027	\$ 150.84
25461	391.65
27100	665.95
33100	7,216.91
60335	820.06
66114	2,107.64
66222	1,538.90
66862	52.87
66896	306.03
67653	1,299.82
67998	659.32
90945	77.80
16840	269.25
Total	\$ 15,557.04

- RUS 219s *Inventory of Work Orders* of projects completed from the Construction Work Plan totaling \$14,622,650.00.
 - Inventory AP1712
Submarine Cable
 - Inventory 201712
Cattle Point Reconductor/Fiber, Transclosure Replacement, URD Replacement, Fiber Backbone

Staff requests a motion to approve the Consent Agenda.

**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Friday, January 19, 2018**

President Vince Dauciunas called the meeting to order at 8:30 a.m. at the Lopez Fire Hall. Board members present were Winnie Adams, Randy Cornelius, Jim Lett, Brian Silverstein and Jerry Whitfield. Mark Madsen attended via video. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Head Accountant Travis Neal and Executive Assistant Bev Madan (serving as recording secretary).

President Dauciunas read the following statements to those present: *“Members attending the board meeting acknowledge that they may be recorded, and the recording posted to OPALCO’s website. Members are expected to conduct themselves with civility & decorum, consistent with Member Services Policy 17. If you would like answers to specific questions, please fill out the Q&A card for post meeting follow-up.”*

Welcome

Jim Lett was presented with a large plaque honoring his service to the OPALCO membership. Peter Garlock was welcomed to the Board, replace Lett in District 3; his appointment begins immediately following the meeting.

Members in attendance included Dwight Lewis, Bill Severson and Bruce Nyden.

Consent Agenda

- **Motion** was made and seconded to approve the Consent Agenda, including December 21 minutes, new members (listed below), capital credit payments totaling \$20,802.79 and RUS 219s totaling \$593,553.01. Motion carried by voice vote.

New members:

District 1 (San Juan, Pearl, Henry, Brown, Spieden)

Bogan, J. Michael
Brockway, Donna
Canton, Patricia & Riva
Catlin, Michael
Dolsen, Bill
Evans, Quinton
Federici, Tray
Gascoine, Susanna
Graham, Samantha
Hedin, Belinda
Island Gymnastics
Island Home Finishes
Klassen, Patricia
Linzee, Dorothy & John
Little, Ingrid
Lorentz, Shirley
Matthews, Mark
McFeron, Diane & Douglas
Morgan, Joel & Jamie
Squire, Benjamin
Warbass 350 LLC
Wiese, Margaret

District 2 (Orcas, Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn)

Clark, Esther
Cleveland, Michael
Fackrell, Kimberly & Gaugush, Ken
Guilford, Israel
Honke, Michael & Scialabba, Tina
Lain, Kimberly & McKenzie, Duffy
Leidecker, Tyler & Robin
Manly, Lorraine
Maruska, Brittney & Portis, Eric
Mason, Kimberlie & Meyer, Robert
Mix, Alan
Mossman, Crystal
Reyes, Linnea
Robertson-Cantara LLC
Steen, Amanda & Christopher
Weidner-Reinhardt, Alexandra & Schneider, Ilias

District 3 (Lopez, Decatur, Center, Charles)
Elings, Jonathan
Madsen, Dana C
Stamats, Peter & Allen, Karen

Capital Credit Payments:

<u>Decedent #</u>	<u>Amount</u>
2170	\$2,141.31
2260	\$ 966.65
3896	\$2,475.86
14897	\$1,898.42
21070	\$ 967.95
30682	\$1,060.50
32950	\$ 391.76
35170	\$ 307.25
51176	\$1,404.20

<u>Decedent #</u>	<u>Amount</u>
51183	\$1,349.38
60093	\$ 614.14
60904	\$1,871.46
62400	\$ 416.92
62854	\$ 422.48
63819	\$ 834.36
66794	\$ 369.47
67055	\$ 740.14
69965	\$2,570.54

OPALCO Policy 11 *Director’s Stipend* (2nd Read)

The Elections and Governance Committee (EGC) thoroughly reviewed the policy regarding the director’s stipend and introduced their recommendations at the December board meeting. Revisions to the policy include an increase of \$50 per meeting for each director, with an additional \$50 per meeting for the Board president and an increase of \$25 per day for conferences, trainings or other meetings attended on behalf of the cooperative, including travel days.

- **Motion** was made and seconded to approve the revisions to OPALCO Policy 11 *Director’s Stipend, Reimbursement and Benefits*. Motion carried by voice vote.

Member Services Policy 11 *Capital Credits* (2nd Read)

The Board reviewed the draft edits to Member Service Policy 11 at the December meeting. The edits were suggested to memorialize the approach of “smoothing” general retirement of capital credits and clarified the language in order to give additional smoothing guidance during the budgeting process.

- **Motion** was made and seconded to approve the revisions to Member Services Policy 11 *Capital Credits*. Motion carried by voice vote.

Battery Energy Storage System (BESS) Economic Analysis

OPALCO received a \$1M matching grant from the WA State Department of Commerce to place a battery energy storage system at the Decatur substation. Bob Kirchmeier of the Washington State Energy Office gave an overview of the Clean Energy Fund (CEF) grant program including projects currently underway and future grant opportunities through CEF III. Patrick Balducci, Chief Economist for Pacific Northwest National Laboratory (PNNL), presented the results of the battery use-case economic analysis.

Schedule Road Map 2018

Hildreth presented the items to be reviewed by the Board during 2018.

Reports:

General Manager: Hildreth reviewed the report, noting that the annual meeting will be held aboard the inter-island ferry April 21. The EGC is collecting applications for board candidates from District 2; it was announced that Adams will not run for re-election.

Staff will have a “field day” each month, with the first occurring Friday, January 26. Offices will close at noon so that all staff may participate.

ADJOURNMENT

Meeting adjourned at 9:50 am. After an executive session, those present reconvened at Otis Perkins Park for a ribbon cutting ceremony to celebrate the submarine cable.

Vince Dauciunas, President

Winnie Adams, Secretary-Treasurer

NEW MEMBERS – January 2018

District 1 (San Juan, Pearl, Henry, Brown, Spieden)

1. Barnes, Stephanie
2. Boyd, Bela
3. Browne, Claudia
4. Caruso, Alison
5. Flach, Brian
6. Friday Harbor Trading Post
7. Geist, Nancy
8. Hakala, Julie
9. Hatch, Randall J
10. Haws, Chase
11. Hermosa Hospitality Group
12. Lill, Greg
13. Luminous Woman Academy
14. Massoud, Laura
15. Peace Island Herbals
16. San Juan Title LLC
17. Solis, Sandra
18. Strom, Kevin
19. Videen, Jacob
20. Weiss, Gary & Mary

District 2 (Orcas, Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn)

21. Armas, Andrew
22. Lafratte, Anthony & Deborah
23. Leone, C C
24. Martin, May
25. Nelson, Jennifer
26. Otten, Tyler & Heidi L
27. Shawgo, Karen
28. Steele, Ramona
29. Walker, Leslie
30. Weigel Broadcasting Co
31. Wright, Matthew

District 3 (Lopez, Decatur, Center, Charles)

32. Baibak, Kathryn
33. Phil, Larry & Michell

District 4 (Shaw, Crane, Canoe, Bell)

34. Allor, Jason & Johansen, Erika
35. Neilson, Daniel
36. Weese-Young, Julie & Burkhardt, Philip

02/01/2018 4:01:30 pm

RUS Form 219 Inventory Of Work Orders

Page: 3

Period: DEC 2017

System Designation: WA AH O9

Inventory: 201712

Loan		Work Order Construction (1)		Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year	Retirement (2)	Bdgt (3)	Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
316	2018	2378	1	111,582.44	0.00	0.00	0.00	0.00	106,829.62
							AFUDC: 4,752.82		
				111,582.44	0.00	0.00	0.00	0.00	106,829.62
601	2018	2817	1	10,622.15	0.00	0.00	0.00	0.00	10,572.05
							AFUDC: 50.10		
601	2018	2857	1	3,589.88	0.00	0.00	0.00	0.00	3,589.88
				14,212.03	0.00	0.00	0.00	0.00	14,161.93
603	2018	1532	1	299,734.23	0.00	4,564.45	0.00	2,653.71	283,450.96
		1532					AFUDC: 9,065.11		
				299,734.23	0.00	4,564.45	0.00	2,653.71	283,450.96
608	2014	2425	1	-21,091.87	0.00	0.00	0.00	0.00	-21,063.98
							AFUDC: -27.89		
608	2018	2309	1	0.00	0.00	-50,114.83	0.00	0.00	50,114.83
608	2018	2663	1	88,673.80	2,534.51	0.00	0.00	0.00	90,013.37
		2663					AFUDC: 1,194.94		
608	2018	2773	1	6,637.44	0.00	0.00	0.00	0.00	6,635.57
							AFUDC: 1.87		
				74,219.37	2,534.51	-50,114.83	0.00	0.00	125,699.79
706 - 3	2018	1586	1	94,637.28	0.00	0.00	0.00	0.00	92,429.43
							AFUDC: 2,207.85		
706 - 3	2018	2284	1	249,921.29	0.00	0.00	0.00	0.00	241,441.43
							AFUDC: 8,479.86		
706 - 3	2018	2286	1	103,315.92	0.00	0.00	0.00	0.00	99,958.55

55009

/pro/rpttemplate/acct/2.40.1/wo/WO_CLOSING_219.xml.rpt

02/01/2018 4:01:30 pm

RUS Form 219 Inventory Of Work Orders

Page: 4

Period: DEC 2017

System Designation: WA AH O9

Inventory: 201712

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
		Retirement (2)							
706 - 3	2018	2483					AFUDC: 3,357.37		
			1	75,963.52	0.00	0.00	0.00	0.00	73,017.98
706 - 3	2018	2485					AFUDC: 2,945.54		
			1	135,257.23	0.00	0.00	0.00	0.00	130,571.92
706 - 3	2018	2584					AFUDC: 4,685.31		
			1	155,923.79	0.00	0.00	0.00	0.00	153,717.96
706 - 3	2018	2753					AFUDC: 2,205.83		
			1	51,222.70	0.00	0.00	0.00	0.00	50,871.66
				866,241.73	0.00	0.00	AFUDC: 351.04	0.00	842,008.93
Grand Totals:				\$ 1,365,989.80	\$ 2,534.51	\$ -45,550.38	\$ 0.00	\$ 2,653.71	\$ 1,372,151.23

02/01/2018 4:01:30 pm

RUS Form 219 Inventory Of Work Orders

Page: 9

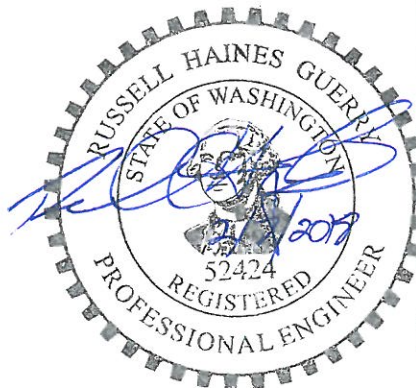
Period: DEC 2017

System Designation: WA AH 09

Inventory : 201712

Budget

Loan	Project	Amount
1	316	106,829.62
1	601	14,161.93
1	603	283,450.96
1	608	125,699.79
1	706 - 3	842,008.93
Total:		1,372,151.23

**BORROWER CERTIFICATION**

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

52424

LICENSE NUMBER

2/7/2018

DATE

SIGNATURE OF LICENSED ENGINEER

02/01/2018 4:01:30 pm

RUS Form 219 Inventory Of Work Orders

Period: DEC 2017 System Designation: WA AH O9

Page: 6

Inventory: AP1712

Loan		Work Order Construction (1)	Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
Project	Year			Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
1001	2015	2295	2	12,448,057.68	0.00	0.00	0.00	0.00	12,065,405.27
							AFUDC: 382,652.41		
1001	2018	2380	2	827,194.19	0.00	0.00	0.00	0.00	804,910.38
							AFUDC: 22,283.81		
1001	2018	2649	2	381,270.90	0.00	0.00	0.00	0.00	380,183.66
							AFUDC: 1,087.24		
				13,656,522.77	0.00	0.00	0.00	0.00	13,250,499.31
Grand Totals:				\$ 13,656,522.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 13,250,499.31

02/01/2018 4:01:30 pm

RUS Form 219 Inventory Of Work Orders

Page: 11

Period: DEC 2017

System Designation: WA AH 09

Inventory : AP1712

Budget		
Loan	Project	Amount
2	1001	13,250,499.31
Total:		13,250,499.31

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 and Light Cooperative
FIRM

52424

LICENSE NUMBER

2/7/2018

DATE

SIGNATURE OF LICENSED ENGINEER



MEMORANDUM

February 9, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: 2018 Voting Delegate and Alternate

Throughout the year, organizations hold their annual membership meetings and request a designated voter and alternate for elections to be held in conjunction with the meetings. In order to expedite this process, staff is asking the Board to name voting delegates for 2018 for all or individual meetings.

Meeting	Date	Location	Delegate	Alternate
NRECA Annual	Feb 25-28	Nashville, TN		
NRUCFC Annual	Feb 26	Nashville, TN		
NWPPA	May 20-23	Boise, ID		
WRECA	June 5-6	Wenatchee, WA		
CFC Forum	June 10-13	Indianapolis, IN		
CRC	June 11	Indianapolis, IN		
NRECA Regional	Sept 25-27	Anchorage, AK		
CoBank		Mail-in		

Staff would like to poll the Board for attendance at these meetings and determine voting delegate interests. If there is no interest, staff requests the Board name Foster Hildreth as the voting delegate. As registration materials arrive, staff will ask Board officers to sign authorizations accordingly.

Staff requests a motion to name voting delegates for the meetings listed above.

MEMORANDUM

February 9, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Service Policy 18 – *Community Solar (New)*

The first OPALCO Community Solar project will be completed by the end of June 2018, making it necessary for OPALCO to establish a Member Service Policy associated with the Decatur Community Solar Project as well as for potential future projects. Member interest is very high for the pilot project and there is also interest to create additional interconnection programs with OPALCO.

The three key guiding components to community solar implementation for consideration are:

1. Member Service Policy 18 – *Community Solar* (March Approval)
2. Community Solar Guidelines (Reference Only)
3. Project Specifications - #1 Decatur (Reference Only)

Member Service Policy 18 outlines the general requirements for OPALCO's entire community solar program. The Community Solar Guidelines acts as a handbook containing reference materials for all projects. Specific program details would be covered in each project's specification since each project will vary. Please note that the above documents will evolve as our first Community Solar project progresses.

Note that this is the first read of the Member Service Policy 18. No action is necessary at this time.

**ORCAS POWER & LIGHT COOPERATIVE
MEMBER SERVICE POLICY 18
COMMUNITY SOLAR**

18. COMMUNITY SOLAR

18.1. OVERVIEW

- 18.1.1. Projects consist of solar Photovoltaic (PV) arrays, in which the energy produced by the array at one location is distributed proportionately to participants at a different location.
- 18.1.2. Program means a Community Solar array interconnected with OPALCO.

18.2. PROJECT AVAILABILITY

- 18.2.1 Projects are considered for interconnection and distribution if:
 - 18.2.1.1 The total generating capacity is no greater than 199 kilowatts (kW), with OPALCO approval required for arrays with greater capacity.
 - 18.2.1.2 There is more than one participant in the project.
 - 18.2.1.3 Participation includes an economic investment, subject to guidelines in this policy
- 18.2.2 Projects must be consistent with all OPALCO agreements including but not limited to Pacific Northwest Generating Cooperative (PNGC), Bonneville Power Administration (BPA), and other regulatory agencies.
- 18.2.3 Projects must have a signed interconnection agreement with OPALCO, including Power Purchase Agreement (PPA).

18.3 MEMBER PARTICIPATION

- 18.3.1 Projects must be approved and in line with the most recent version of the Community Solar Guidelines available from OPALCO.
- 18.3.2 Any active member of OPALCO in good standing can opt in to participate in the Program.
- 18.3.3 Members must sign a Community Solar Participation Agreement (PA) prior to receiving any incentives, or billing energy credits, if available.
- 18.3.4 Oversubscription to an OPALCO program will be handled in a “first come, first served” method, with a maximum investment to be determined based on overall member interest.
- 18.3.5 Existing members, or non-members, may invest and assign a subscription to the program in order to benefit a separate existing member. The beneficiary will be bound by the same guidelines outlined in the PA.
- 18.3.6 For OPALCO projects, members participating in the program that become inactive before the program term expires may transfer the benefits of the program to another active member, within the guidelines of the PA. If no eligible account is specified when the existing account

becomes inactive, the subscription will be reassigned to the OPALCO Energy Assist Program.

18.4 GENERATION

18.4.1 OPALCO reserves the right to use any generated energy produced by the Community Solar Array in any method reasonable as deemed by OPALCO. Ancillary use of energy related to an approved non-OPALCO project will be determined in the related interconnection agreement/PPA.

18.5 METERING AND DISTRIBUTION

18.5.1 OPALCO will monitor and record energy generated on an electric production meter.

18.5.2 The production meter is considered the point of generation.

18.5.3 The energy produced will be distributed to each participant based on their proportionate contribution to the project.

18.5.4 Production units will be posted in whole kilowatt hours (kWh) monthly, and rounded production will be credited on the following billing period.

18.6 ENERGY CREDIT RATE

18.6.1 The Energy Credit Rate means a billing credit the Participant is eligible to receive on their electric bill based on the amount of electric energy produced by that portion of the Project selected by the Participant.

18.6.2 The Energy Credit Rate will be determined from time to time by the Board of Directors.

Community Solar Guidelines



Project Outline

1. All projects are subject to Member Service Policy 18 – Community Solar.
2. Participants purchase the right to the production output of a number of units of the project. A unit represents a set amount of watts, and participants get a credit on their bill each month for the production of those solar units.
3. Members will fill out an application and request the number of units they want to purchase.
4. In the case of non-OPALCO projects program administrators shall be the entity signing the interconnection agreement with OPALCO.
5. Program administrators will confirm the number of solar units granted based on the total number of requests received.
6. Any OPALCO member in good standing with an active meter can participate.
7. Non-members can also participate by donating Solar Units to an active member or OPALCO's Energy Assist Program to help low-income member households, similar to OPALCO "Gift of Power" certificates.
8. Community Solar may be used to offset individual energy usage. This will vary depending on how many units are purchased. For most participants it will offset a small portion of actual usage.
9. Programs shall have a specified participation term.
10. Environmental attributes (such as Renewable Energy Certificates) are retained by OPALCO, unless otherwise specified.
11. Program administrators must provide a construction timeline.
12. Participants will own the output of their proportionate share of the array for the term of the Participation Agreement.
13. The program administrator will operate and maintain the array.
14. Member participation is an investment in the project with a return on investment, but no legal ownership.
15. The Community Solar energy credit rate is determined by the OPALCO Board of Directors based on a detailed rate analysis. The rate will be outlined in the Participation Agreement and/or Power Purchase Agreement (PPA).
16. Incentives are applied in 2 ways: 1) as a monthly credit applied to the electric bill, and 2) as an annual check for the WA State Production Incentives (if available)¹.
17. There may be state and/or federal incentives that are available. Members should consult a tax and/or legal advisor to determine the project eligibility for any incentives.

Foster Hildreth, General Manager

February 15, 2018

Effective Date

¹ OPALCO works with Washington State University and the State of WA to facilitate these payments, and cannot guarantee project eligibility or amounts, pursuant to RCW 82.16.160.

Project Specifications – Decatur Community Solar (Project 1)

Program administrator: OPALCO

Location: OPALCO Decatur Substation, Decatur Island

Size: ~513 kW DC capacity or 350 kW AC capacity

Annual estimated production: 579,761 kWh generated the first full year with a 0.5% degradation each following year.

Solar Unit Price: \$160 (Estimated)

Solar units available: 6,300 (Estimated)

Estimated project cost: \$1,000,000 (Estimated)

Energy credit rate: \$(0.1007) per kWh

Participation term: 20 years

Participant Incentives: OPALCO Community Solar Energy Credit Rate, WA State Production Incentive program

Any remaining net benefits after the participation term revert to the Energy Assist Program.

Appendices:

1. Site design & System description
2. One-line diagram
3. Construction timeline
4. Shading report & Production estimate
5. Engineering, Procurement, and Construction contract
6. Interconnect Agreement
7. Participation Agreement

MEMORANDUM

February 9, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Rates Review - Long Range Plan

To realize OPALCO's mission, vision, and strategic directives, the Board adopted the Integrated Resource Plan (IRP), which was completed in 2015. Our strategic vision will be detailed through the development of our 2020-2040 Long Range Plan (LRP). The LRP is a 20-year planning document forecasting loads and capital expenditures. This will give us the tools to plan for future equity, cash and debt requirements. With this information, the Board can develop a rate structure to help us navigate through the coming decades as our energy industry evolves and members take on a more interactive role in managing their power usage – and local distributed generation.

It will be helpful for the Board to review the following documents in preparation:

- Integrated Resource Plan (IRP) – *most important*
<https://www.opalco.com/wp-content/uploads/2015/12/Integrated-Resource-Plan-IRP.pdf>
- Mission Statement
<https://www.opalco.com/about-us/mission-and-values/>
- Strategic Directives
<https://www.opalco.com/wp-content/uploads/2015/12/board-strategic-directives-jan-2015.pdf>

The following is a summary timeline of the steps necessary to the future rate planning:

- a. Strategic Long Range Vision: February 2018 (this meeting)
- b. Long-Range Capital Projects Plan: March 2018 Work Session
- c. Long-Range Financial Plan (Equity, Cash, Debt): May 2018
- d. Cost of Service Analysis (COSA): June/August 2018
- e. Rate Structure Review that Supports the COSA: September 21, 2018 Work Session
- f. Rate Structure Approval: October 2018

To help facilitate our Strategic Long-Range Vision discussion, staff will present a long-term perspective on grid automation and local distributed generation and a reality check on what it will take to maintain our complex infrastructure going forward.

Staff has also invited Steven Collier from Milsoft Utility Solutions provide his perspective on the future of the grid as it merges with the Internet of Things.

MEMORANDUM

February 9, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Bylaw Revisions Article III Section 2– Implementation of Staggered Board Terms

At the November 2016 Board Meeting, the Member Election Committee recommended that the Board consider staggering the Board districts for annual Board Elections to increase member participation in Elections. The Board approved the staggering of Board Election districts by island, with the understanding that the details of implementation would have to be worked out.

The board positions in each district will be designated an “A” or “B” in order to phase in the staggered terms. In 2022, all positions will be set in three-year staggered term cycles with the “A” position up for election in one year and the “B” position in another. In this way, co-op members in most districts will have a candidate from their district to vote for in most election years.

Starting in 2019, the following methodology is proposed to implement staggered terms: the current cycle of rotating district elections will continue yet the candidate who receives the highest number of votes in that district will serve a 3-year term (Board Position A within that district) and the candidate receiving the second highest votes will serve a 2-year term (Board Position B within that district). District 4 (Shaw, Crane, Canoe, and Bell Islands) election cycles will remain as is. This will continue for a full rotation of election cycles until this has been applied to all districts excluding District 4.

This will create the following structure:

Election Year	Election District			
	1 – San Juan	2 - Orcas	3 - Lopez	4 - Shaw
2019			3A (3 Year) 3B (2 Year)	4 (3 Year)
2020	1A (3 Year) 1B (2 Year)			
2021*		2A (3 Year) 2B (2 Year)	3B (3 Year)	
2022	1B (3 Year)		3A (3 Year)	4 (3 Year)
2023	1A (3 Year)	2B (3 Year)		
2024		2A (3 Year)	3B (3 Year)	
2025 - repeat	1B (3 Year)		3A (3 Year)	4 (3 Year)

**2021 is final transition year*

Bylaw Revision Language – Article III, Section 2 Insert revised language:

For implementation of staggered board terms only:

Beginning with the election year 2019 and continuing through 2021, the candidate with the highest number of votes in the election shall serve a three-year term (District position A). The candidate with the second-highest number of votes in the election shall serve a two-year term (District position B). For the election year 2022, the candidate with the highest number of votes in the election from each district on the ballot shall serve a term

of three years. Thereafter, 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.~~

Staff proposes the board consider this for discussion to be implemented in the 2019 election cycle. With board consensus, staff will prepare this for formal bylaw approval at the March 2018 Board Meeting.

GENERAL MANAGER'S REPORT February 2018

DASHBOARDS

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

ENGINEERING, OPERATIONS, AND TECHNICAL SERVICES

WIP

As of 2/7/2018 there are 342 work orders open totaling \$9.7M. Most of the Lopez to San Juan Submarine Cable projects have been closed. Operations has completed construction on 61 work orders, totaling \$774k. There are 3 work orders totaling \$559k open for the remainder of this project. We anticipate another \$1.2M further as the Sumitomo contract closes.

Safety

David Tribolet from the US Coast Guard Reserves conducted boater's safety training. This was an overview of procedures to follow for creating float plans and common practices for boating in inclement weather. The total hours worked without a loss time accident is 43,819.

Submarine Cable Update

The submarine cable is in full operation. Engineering is in process of project and contract close out.

Decatur Tap and Substation Update

OPALCO crews and contractor are completing final installation of above ground facilities, installation of underground and control cables, and ground grid.



FINANCE

Community Solar Financing Update: Due to the tax reform of December 2017 coupled with rising interest rates, our original financing deal no longer provides significant savings to participants. The best option to save participants money will be OPALCO applying for a Rural Energy for America Program (REAP) grant, which could provide funding of up to 25% of the capital costs of the project. Grants are scored against other applications and due by March 31, 2018. This method puts the savings on the back end, meaning participants may have to pay a slightly higher price up-front and any amount of grant

funding awarded could be provided back to participants via a rebate. Please note we expect to know the status and/or amount of any grant award by the fourth quarter 2018.

2017 Year-End Update / January 2018

January 2018 has been a warm month. Budgeted Heating Degree Days (HDD) were expected to be 311 while actual HDDs for January 2018 were 199. This will result in less kWh purchases and sales than budgeted. As January 2018 has yet to be closed, staff will have a clearer impact on the 2018 margin in March.

Staff is in the process of finalizing the 2017 year-end results with the goal of submitting the year-end results to the board and RUS in March 2018. Audit fieldwork begins in the first week of April.

MEMBER SERVICES

Member Services

Staff handled 2,447 phone calls during the month of January compared with 2,343 during the same time last year. Members are calling in mainly regarding billing information after the excess margin give-back of \$750K that showed up on the December bills, and the rate increase effective with the January billing period. A total of \$11.4k in PAL funds were awarded to 58 members; a total of \$9.3k Energy Assist credits were assigned to 295 members.

Energy Services

Staff has processed 21 rebates in January, including 3 fuel-switching rebates, totaling \$16.6k. Staff continues to collect contact information for members interested in the Community Solar program. Staff has also signed a Memorandum of Understanding with the San Juan Islands Conservation District for 2018, focusing on heat pumps, electric vehicles, Community Solar, and rebates, in addition to Green Home Tours.

COMMUNICATIONS

Election 2018

Two nominations were received for the District 2 elections, verified by the EGC. Nominations by petition closes February 23rd. The nominations process was publicized in bill inserts, ads, newsletter, newspaper articles, website, fliers and social media.

Candidate forums dates are set and Steve Bowman will once again moderate. Schedule:

- Monday, March 12, 5-6:30, San Juan Island Grange
- Tuesday, March 13, 1 – 2:30, Shaw Island Community Center
- Wednesday, March 14, 5-6:30, Woodmen Hall – Lopez
- Thursday, March 15, 6-7:30, Oddfellows Hall

Outreach

Line crew and communications staff presented electrical safety talks for two Orcas elementary classrooms and a science class at Lopez Elementary. The safety board is always a compelling demonstration for all ages and new primary-school materials are being distributed with safety and efficiency messages.

School visits are scheduled in February to recruit the next group of Nouridine Jensen Scholars. The deadline for applications is March 9th and the program is open to sophomores and juniors of OPALCO member households. The Youth Rally is scheduled for July 9-14.



Staff Field Day

Our first all staff field day was a big success! More than 45 staff members gathered for meetings, lunch and tours at Rosario on Orcas Island. As stated earlier the engineering and operations crews had an all team safety training for the first half of the day. The safety meeting covered boating safety with guest speaker David Tribolet of the Coast Guard Auxiliary. Foster Hildreth led an informative Q&A before the group toured the historic Moran mansion and grounds, including the current power plant and historic DC plant.



Submarine Cable Project

George has been energized! The ribbon cutting event on January 19th was well attended and got great reviews from the attendees. Dignitaries from San Juan County, Sumitomo, BPA, PNGC and local project contractors attended. Sumitomo anointed the cable with a sake ceremony. A video documenting the project will be released with the annual report.

Pictures from the submarine cable 'George' ribbon cutting ceremony:



MEMORANDUM

February 9, 2018

TO: Board of Directors
FROM: Foster Hildreth
RE: Member Communication

The following member communication was received this past month:

1. Cheryl Jennings Member requested discounted rates for veterans

Cheryl Jennings

OPALCO

Attn: Foster Hildreth, General Manager
1034 Guard Street
Friday Harbor, WA 98250

12 January 2018

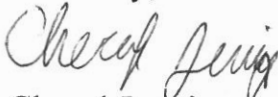
Dear Mr. Hildreth,

Would OPALCO consider extending a percentage-based discount to veterans and retired military and foreign service members? Even 5-10% reduction would truly help your customers such as me who have served our country, manage on fixed incomes, and live in San Juan County.

I am a 5th-generation islander, live at [REDACTED], and have service with both OPALCO and Rock Island.

Thank you.

Sincerely,



Cheryl Jennings

Foreign Service Officer of the United States of America, Retired