



BOARD OF DIRECTORS REGULAR MEETING April 19, 1918 8:00 a.m. Lopez Fire Hall

TRAVEL



Via Island Air

378-2376

To:

Leave FH 7:30 a.m.

Arrive Lopez 7:45 a.m.

Return:

Leave Lopez 2:00 p.m.

Arrive FH 2:15 p.m.



Via Ferry:

To:

Leave FH 6:10 a.m.
 Orcas 6:45 a.m.
 Shaw 7:00 a.m.

Arrive Lopez 6:50 a.m.

Arrive Lopez 7:30 a.m.

Return:

Leave Lopez 3:50 p.m.

Arrive Shaw 4:10 p.m.

 Orcas 4:30 p.m.

 FH 5:10 p.m.

Alternative ferry: Leave Lopez 1:05, arrive FH 2:00; Leave FH 2:20, arrive Orcas 3:10, Shaw 3:25

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Lopez**

April 19, 2018 8:00 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.*

ACTION ITEMS

- 3-6** ○ Consent Agenda
- 7-8** ○ Resolution 1-2018 *Corporate Debt Limit*
- 9-10** ○ Bylaw Revision
- 11** ○ Voting Delegates
 - NWPPA
 - CRC

DISCUSSION ITEMS

- 12-14** ○ Washington State Renewable Energy System Incentive Program
- 15-16** ○ 2018 Annual Meeting

REPORTS

- 17-19** ○ General Manager

APPENDIX

- 20-24** ○ PNGC Newsletter

ADJOURNMENT

Executive Session: Legal, personnel

MEMORANDUM

April 13, 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:

April	
Customer #	Amount
330	\$ 454.13
5310	\$ 2,476.46
10727	\$ 503.88
26179	\$ 1,699.65
34940	\$ 388.43
35962	\$ 2,309.46
66021	\$ 726.09
67325	\$ 825.80
69918	\$ 1,029.23
81213	\$ 209.02
Total	\$ 10,622.15

- RUS 219s *Inventory of Work Orders* of projects completed from the Construction Work Plan totaling \$662,901.33. These forms are submitted to RUS for approval of loan funds.
 - Inventory 201801 *URD Replacement*
 - Inventory 201802 *Tarte Road Conversion; transformer relocation; URD replacement*
 - Inventory AS1802 *Minor/joint projects*

Staff requests a motion to approve the Consent Agenda.

**Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, March 15, 2018**

President Vince Dauciunas called the meeting to order at 8:30 a.m. at the Eastsound OPALCO office. Board members present were Winnie Adams, Randy Cornelius, Mark Madsen, Brian Silverstein and Jerry Whitfield. Peter Garlock 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, Assistant Manager of Member Services Jon Blomgren, Consultant Jay Kimball 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

Members in attendance included Dwight Lewis and District 2 candidates Jeff Struthers and Rick Christmas.

Newly hired Journeyman Linemen Ken Loock and Joaquin Younger were introduced.

Consent Agenda

- **Motion** was made and seconded to approve the Consent Agenda, including February 15, 2018 minutes, new members (listed below) and capital credit payments totaling \$4,714.59. Motion carried by voice vote.

New members:

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

Ayers, Justin & Nicole
Brahic, Anne & Kusner, Jon
Dancing Seeds Farm LLC
Depamphius, Donna
Duke, David J & Lisa A
Hall, Nina
Herring, Nathaniel
Joyner, Kimberly
Liptack, Michael
Mangin, Thomas
Newley, Christopher & Jessica
Paul, Brett
Ray, Robert C
SJ Vineyard LLC
Strider Construction Inc
Taylor, Ali
Team PB LLC
Thomson, Tate
Wagner, Curt & Toy, Suzanne
Wu, Meng Chuan

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

Cody, Casey
Cox, Justin & Bianca
Haberna, Bernadeta
Loock, Julia & Ken
Meneley, Scott
Nigretto, Tyler
Raisters, Eric H & Inese V
Schilling, Matt
Tobens, Carla
Virginia L Wood Estate
Viscofsky, Nancy A & Khodaverdian, Mohama
Whitley, Katherine & Packer, Jason

District 3 (Lopez, Decatur, Center, Charles)
Cardenas, Alec
Dahl, Jonathan & Palmisani, Nicole
Garvey, Luann & Jenkins, Dennis
Glover, Jonah & Zengota, Mishawn
Neidermeyer, Justin & Perkins, Melissa
Quetin, Langdon B & Ross-Quetin, Robin

District 4 (Shaw, Crane, Canoe, Bell)
Brooks, Eli
Frankham, David
Lockhart, Megan

Capital Credit Payments:

<u>Decedent #</u>	<u>Amount</u>
5175	\$ 402.02
18190	\$1,536.67
30405	\$1,407.68
51304	\$ 448.53
65852	\$ 263.90
66498	\$ 267.15
68501	\$ 388.64

Meeting adjourned 8:35 a.m. to convene Rock Island Communications Meeting
Meeting resumed 10:10 a.m.

BYLAW REVISION: STAGGERED BOARD TERMS

Staggered terms for directors were discussed, with an implementation plan to begin in 2019 reviewed. Bylaw revisions, which reflect changes as seen in the table below, were reviewed by counsel and were presented for approval.

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*

- **Motion** to approved revisions to the bylaws was made and seconded; motion carried by voice vote.

MEMBER SERVICE POLICY 18 COMMUNITY SOLAR

OPALCO has an opportunity to partner with the Bonneville Environmental Foundation (BEF) to receive a grant dedicated to assisting low-income members with participation in Community Solar. This grant requires a portion of the energy produced from the Community Solar Project be for low-income participation. Funds from BEF (\$50,000) and OPALCO’s Energy Assist Program (\$50,000) will be used to purchase solar units which will return a monthly energy credit back into the Energy Assist Program.

- **Motion** to transfer up to \$50,000 of previously collected funding from OPALCO’s Energy Assist Program in exchange for receiving ten percent (10%) of the monthly energy production in the form of a dollar credit back to the Energy Assist Program was made and seconded. Motion carried by voice vote.
- **Motion** to approve Member Service Policy 18 *Community Solar* after counsel reviews section 18.3.5 “...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.” by counsel was made and seconded. Motion carried with the included stipulation of counsel review. [Please note, legal counsel has reviewed the language as presented and concurred that this policy does not violate the cooperative’s bylaws or policies.]

RATES REVIEW: LONG-RANGE CAPITAL PLAN

In preparation of the March 16 work session, the Board reviewed the timeline created as part of the rates review. The March 16 work session will concentrate on long-range capital projects with staff presenting a long-term perspective on grid automation, local distributed generation to maintain our complex infrastructure going forward and to keep costs as low as possible into the future.

REPORTS

2017 Year-End Financials (Unaudited)

The overall 2017 finances tracked favorably to budget. Revenue was \$1.57M (6.0% higher than budgeted) but was offset by the related increase in purchased power (\$514,000). The result is a 2017 margin of \$3.4M, which is approximately \$1.4M greater than budgeted. The variance is primarily the result of colder weather generating higher revenues than budgeted as well as cost reductions across various operating and non-operating accounts.

General Manager:

Hildreth reviewed the GM report, highlighting the addition of an EV savings potential calculator on the OPALCO website.

ADJOURNMENT

Meeting adjourned at 2:10 p.m.

NEW MEMBERS – March 2018

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

1. Billings, Isaiah
2. CHC LLC
3. Cuddington, Ryder
4. Espinoza, Eric
5. Fullman, Jasmine
6. Lee, Casey
7. MacDonald, Richard & Jennifer
8. Marchisio, Giovanni B & Rushton, Julie
9. McGowan, Maria
10. Mortgage Master Service
11. O'Halloran Torres, Charlene
12. Snyder, Jacob
13. Stringer, Timothy & Roberta
14. Traynor Family Dynasty Tr
15. Zip Line LLC

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

16. Barbara T. Wheeler Trust
17. Cameron, Ted & Karen
18. Clearly Northwest LLC
19. Graczyk LLC
20. Hanan, Shawna & Alfred
21. Hemmig, Sierra & Patia, Alexander
22. Orcas Is. Chamber Music Festival
23. Pet, Judy & Frank
24. Porter, Dean
25. Schepper, Christopher
26. Spurlock, Jodi

District 3 (Lopez, Decatur, Center, Charles)

27. 3A LLC
28. Atkinson, Cynthia
29. Biggs, Crystal
30. Devcompbm LLC
31. Koepp, Shanna & Matthew
32. Nelmsoverholtzer, Nicholas
33. Robert/Vivian Burt Fam Trust
34. Valiquette, Anthony & Roberta
35. Velazques Villega, Jorge

District 4 (Shaw, Crane, Canoe, Bell)

36. Crosby, Zachary & Caroline

MEMORANDUM

April 13, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Corporate Debt Limit

Staff continues to work with RUS to finalize the next construction work plan (CWP) loan, AS-8.

RUS is requiring OPALCO to update our corporate debt limit to accommodate our new loan facility. Staff is proposing to raise OPALCO's corporate debt limit to accommodate the new debt facility, currently set at \$100M, to \$120M.

RUS defines the maximum debt limit to be the face value of all original loan facilities (all lenders), regardless of the current loan balances. The corporate debt limit does not include any undrawn lines of credit or loan guarantees. Also note that over time the face values of the original loan facilities were adjusted for amounts not drawn before the expiration of the facility.

The RUS corporate debt limit is viewed to be the maximum amount that the Board of Directors believes is advisable to finance the construction, acquisition and operation of electric transmission, distribution, and service facilities.

<u>Lender</u>	<u>Original Loan Facility</u>	<u>Current Loan Balance</u>	<u>RUS Maximum Debt Limit</u>
CFC	\$23.4M	\$8.7M	
RUS	70.7M	45.0M	
RUS RESP	5.8M	-	
Subtotal	\$99.9M	\$53.8M	\$100M
<u>New Loan:</u>			
RUS AS-8	18.2M	-	
Total	\$118.1M	\$53.8M	\$120M

Staff requests a motion to approve Resolution Number 1-2018 *Corporate Debt Limit* which will raise the current limit of \$100M to \$120M.

BOARD OF DIRECTORS
RESOLUTION 1-2018
CORPORATE DEBT LIMIT

WHEREAS, it has been determined that an increase in the debt limit of the cooperative is required to permit additional borrowings to finance construction of additional electric system facilities;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of Orcas Power and Light Cooperative is authorized, on behalf of the Cooperative, to borrow from time to time additional sums from the United States of America pursuant to the provisions of the Rural Electrification Act of 1936, as from time to time amended, and such sums as it may deem advisable from the National Rural Utilities Cooperative Finance Corporation and other lending agencies or lending corporations; and to incur indebtedness from time to time by the assumption of indebtedness of third parties to United States of America, to National Rural Utilities Cooperative Finance Corporation or to other lending agencies or lending corporations, such loans and such assumptions of indebtedness to be in such amounts and upon such terms as the Board of Directors shall deem advisable to finance the construction, acquisition and operation of such electric generating, transmission, distribution and service facilities as the Board of Directors shall from time to time determine upon; provided, however, that the aggregate amount of such loans, together with the aggregate amount of such indebtedness so assumed and the aggregate amount of loans heretofore made to the Cooperative shall not exceed \$120,000,000 at any one time outstanding.

CERTIFICATION OF SECRETARY

I, Winnie Adams, Secretary of Orcas Power and Light Cooperative, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Trustees of the Orcas Power and Light Cooperative, held on the 19th day of April 2018 at which meeting a quorum was present.

SEAL

Winnie Adams, Secretary

MEMORANDUM

April 13, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Draft Bylaw Revision

At times there are documents requested by RUS and others that require action from the Board of Directors outside of the normal Board Meeting cycle. When it becomes necessary to call a special meeting or ask for an email vote, the current bylaws limit timely action. OPALCO's attorney drafted language for board consideration to allow streamlined conference call and email actions. It's important to note that any board actions will be memorialized for the record at the next regular board meeting. Counsel has drafted the following revisions (highlighted in yellow) to Bylaws Article IV Section 2 *Special Meetings*, Section 3 *Notice*, and Section 6 *Action by Written Consent and Telephone or Other Electronic Means*:

Article IV Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the president or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them. Any corporate action to be taken at a special meeting of the directors of the Cooperative, may be taken by conference call or other electronic means. This includes any action required or permitted by the articles of incorporation, bylaws, or the laws under which this Cooperative is formed. Further, any director may participate in a special meeting by conference call or other electronic means of communication by which all directors participating in the meeting may hear one another.

Section 3. Notice.

Notice of the date, time and location of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written or electronic notice, delivered to each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director to his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. If sent by electronic transmission, the notice is deemed to be delivered when sent, addressed to the director at his or her electronic transmission address as it appears on the records of the Cooperative. In the alternative, any special meeting of the Board of Directors can be posted on the Cooperative's website. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Article IV Section 6. **Board Actions** by Written Consent via Telephone or Other Electronic Means.

~~Any corporate action required or permitted by the articles of incorporation, bylaws, or the laws under which this Cooperative is formed, to be taken at a meeting of the directors of the Cooperative, may be taken by Board participation via conference call, video conference participation or other electronic means. to be voted upon or approved at a duly called meeting of the directors or of a committee of directors, may be accomplished without a meeting if unanimous written consents of the respective directors, setting forth the actions so taken, shall be signed, either before or after the action taken, by all the directors or committee members, as the case may be. Action taken by unanimous written consent is effective when the last director or committee member signs the consent, unless the consent specifies a later effective date. Further, any director may participate in any meeting by telephone, or other electronic means of communication by which all directors participating in the meeting may simultaneously hear each other during the meeting with the consent of all of the directors personally present at the meeting. Any director participating by telephone or other electronic means shall be counted for purposes of the quorum.~~

Notwithstanding any regular or special meeting, action may be taken by the Board outside a regular or special meeting, by unanimous consent of the Board. Any board action shall be in writing and may be conveyed through email.

Staff requests a motion to approve the bylaw revisions as presented.

MEMORANDUM

April 13, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Voting Delegates

NWPPA will hold its annual business meeting May 22, 2018 in Boise, Idaho. At the February board meeting, President Dauciunas agreed to be the voting delegate for OPALCO; staff is requesting the Board to confirm President Dauciunas as voting delegate and nominate an alternate.

Cooperative Response Center (CRC) requested a voting delegate and alternate be named for 2018. Hildreth is the voting delegate on record; this can remain, or a new voting delegate selected. This meeting will be held on Monday June 11th in Indianapolis, Indiana in conjunction with NRUCFC's 2018 Forum. Staff would like to poll the board determine who, if any, has an interest in attending this meeting.

Staff requests a motion to name the voting and alternates for the above meetings.

MEMORANDUM

April 13, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: WA State Renewable Incentive Update

OPALCO member-generators and local installers participate in the WA State Renewable Energy System Incentive Program (RESIP), which pays a per-kWh production incentive annually to members with grid-tied renewable systems. Given that our Community Solar Project is pre-certified, we are proud of the fact that our community solar project participants will benefit from these incentives.

As background, in 2016 our membership's WA renewable incentive cap increased from ~\$100k to ~\$250k, along with notable program modifications. Subject to future legislative modifications, the current renewable incentive program now stops incentive payouts once the cap is reached until the next funding cycle (~2021).

On March 29th staff was notified by Washington State University (WSU, administrator of the Incentive program on behalf of the State) that, due to the high number of new and existing interconnected systems, our member-generators have reached the allowable allocation for incentive payouts. There have been no other utilities in the State that have achieved this, and this will be the fifth consecutive year that our member-generators have reached the state-defined cap in payouts. This speaks to how well the community wants to support local renewables, and also disincentivizes new members from interconnecting.

Member-generators and local installers are now hindered by state limitations by being unable to participate in the renewable incentive program. Due to legislative restrictions, member-generators are not able to take advantage of the millions of unspent dollars otherwise available. We are working with our local installers and member-generators to influence our legislators in Olympia (list below). Our collective goal is to encourage them to remove the incentive cap and allowed us access to the unused funds.

Kevin Ranker
40th District State
Senator
(360) 786-7678
ranker.kevin@leg.wa.gov

Kristine Lytton
40th District State
Representative
(360) 786-7970
kristine.lytton@leg.wa.gov

Jeff Morris
40th District State
Representative
(360) 786-7970
morris.jeff@leg.wa.gov

Senate Energy, Environment & Technology Committee
<http://leg.wa.gov/Senate/Committees/EENT/Pages/default.aspx>

Senate Ways & Means Committee
<http://leg.wa.gov/Senate/committees/WM/Pages/default.aspx>

Energy Supply & Energy Conservation, Joint Committee
<http://leg.wa.gov/JointCommittees/ESEC/Pages/default.aspx>

SB 5939 - 2017-18

Promoting a sustainable, local renewable energy industry through modifying renewable energy system tax incentives and providing guidance for renewable energy system component recycling.

<http://apps2.leg.wa.gov/bills/summary?BillNumber=5939&Year=2017&BillNumber=5939&Year=2017>

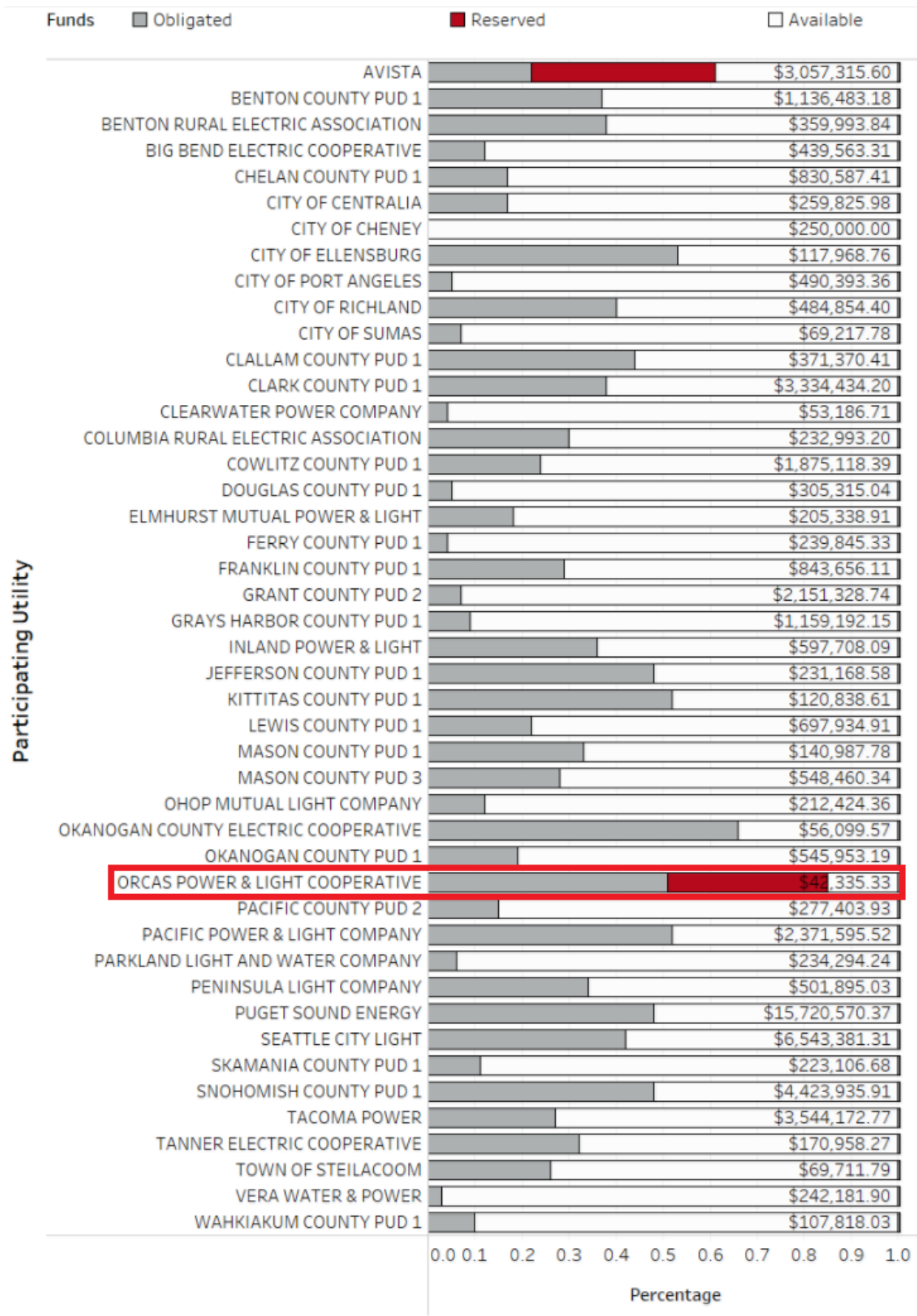
From WSU Energy Program website:

Orcas Power and Light Company (3-30-18)

Because of the high level of interest in the Renewable Energy System Incentive Program in the Orcas Power and Light Company (OPALCO) service territory, the availability of incentive funds for renewable energy systems is virtually exhausted. The WSU Energy Program will process only those applications for projects in OPALCO's service territory that were submitted on or before Wednesday, March 28, 2018. The annual cap for the program in the OPALCO service territory is \$289,577.13. The WSU Energy Program cannot approve applications in one year that will cause the cap to be exceeded in a subsequent year. We will review incentive payment obligations each fiscal year.

Applications submitted after Wednesday, March 28, 2018, will be queued in a “suspended – pending funding” status. If funding becomes available, we will process applications based on their date of submission to the WSU Energy Program.

The chart listed below illustrates the utilities in this incentive program. The point of us highlighting this is not the red colored areas, but the amount of available incentives in other utility service areas. Again, our collective goal is to encourage them to remove the incentive cap and allowed us access to the unused funds.



MEMORANDUM

April 13, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Annual Meeting

The purpose of this discussion is to update and provide meeting logistics to the Board for the April 21st Annual Meeting.

- Travel Logistics:
 - Anacortes boards 7:30 am to Orcas (disembarks Orcas 8:20 am)
 - San Juan Island boards 8:15 am ferry (returns 11:15 am)
 - Orcas boards 9:15 am (returns 12:40 pm)
 - Shaw boards 9:30 am (returns 12:20 pm)
 - Lopez boards 9:50 am (returns 1 pm)
 - Anacortes (return)
 - disembark interisland at Lopez 1 pm
 - board Anacortes ferry 1:35 pm
- Key Personnel:
 - Chair/Officiant –Vince Dauciunas, Board President
 - Parliamentarian – Joel Paisner
 - Election Results – Bev Leyman, EGC Member
 - State of the Co-op – Foster Hildreth
 - Facilitator – Suzanne Olson
- Order of Events:
 - Registration at ferry landings (includes handing out lunches*)
 - Member networking and Info/Activity Tables (Booths)
 - Call meeting to order with introductions (9:55 am)
 - Scholarship awards presented
 - Election results (recognize EGC, announce results)
 - State of the Co-op
 - Member Q&A
 - Door prize announcements (meeting concludes 11:10 am)
 - Member networking
- Info/Activity Tables (Booths)
 - Submarine Cable Project video
 - Community Solar Project
 - Conservation District
 - Rock Island

- Giveaways and Prizes:
 - Bill credits for members who attend meeting: \$5
 - Bill credit drawing for ballots completed: 10 @ \$50 (not at meeting)
 - For everyone – reusable insulated mugs and floating key chains branded with Community Solar
 - Prizes (staff and board are excluded from winning):

<ul style="list-style-type: none"> ▪ 5 Nest Thermostats ▪ 2 \$50 gift cards ▪ 3 Community Solar Units ▪ 4 Google Homes 	<ul style="list-style-type: none"> ▪ 2 \$75 Amazon Gift Card ▪ 1 \$150 Home Depot Card
--	--

*Caterers are as follows:

- San Juan Island, The Market Chef
- Orcas, The Orcas Village Store
- Lopez, Angel's Catering

GENERAL MANAGER'S REPORT

April 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 4/13/2018, there are 353 work orders open totaling \$11.5M. Operations has completed construction on 91 work orders, totaling \$2.1M.

Redundant feed to Orcas (Eastsound Village)

1) Decatur Tap and Substation

Crews are completing the AC, DC, and communications cabling. OPALCO and BPA crews will energize the transmission bus up to the breakers. Final wiring and commission testing will commence in early May.



2) Blakely Substation

Substation designs are in progress with an anticipated start of construction in June.

3) Olga Substation

This project includes the final replacement insulators and arresters. Project designs are complete, and construction is scheduled to begin in July.

4) Feeder Upgrades

Conductor replacement from the Olga Substation near Buck Bay to Olga Artworks is anticipated to be complete by the end of August. Design for the replacement of conductors on Crescent Beach Road is complete and are in the bid process.

Safety

Jeff Myers conducted training on voltage regulators. This training includes a review of internal equipment and safe operations. The total hours worked without a loss time accident is 57,832.

FINANCE

As each month closes, staff tracks a high-level analysis of budget to actual financials. The first quarter was slightly warmer than anticipated resulting in lower sales and power purchases than budgeted. Preliminary results show revenue was under budget by \$442k and accordingly, purchased power was under budget by \$134k for a negative margin variance (power sales minus purchases) of ~\$308k through Q1.

MEMBER SERVICES

In the month of March, staff responded to ~1,400 phone calls and voicemails, compared to ~2,100 during the same timeframe last year. Staff suspects the warmer weather (lower bills) resulted in reduced call volume. There was \$5.6k in PAL awards given to 26 members, and \$9.3k given to 311 Energy Assist recipients.

See dashboards for further EAP and PAL trends ([30TUhttps://www.opalco.com/dashboards/U3](https://www.opalco.com/dashboards/U3)).

ENERGY SERVICES

Rebates were given to 15 members for ductless heat pump, appliance, weatherization, and heat pump water heater rebates which totaled \$5.7k. There were also 3 fuel-switching rebates for ductless heat pumps, all replacing wood stoves as the previous primary heat source.

COMMUNICATIONS

Election 2018

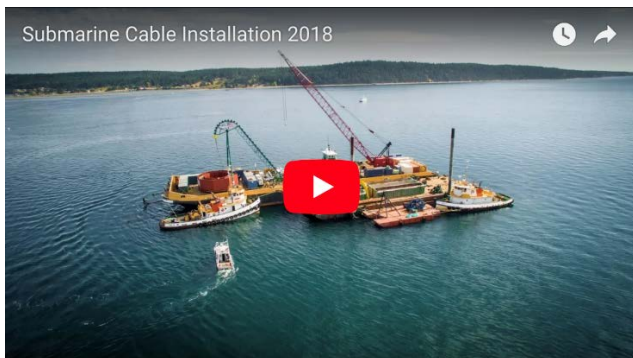
A quorum was reached for our election on 4/10/18. Email ballots show higher returns than mail-in ballots, as has been the trend. Election materials are posted in the Resource Library on our website, as well as video statements from the candidates and the Orcas Candidate Forum. Communications staff have visited the Senior Centers and two Lion's Club meetings to help get out the vote.

Annual Meeting – Saturday, April 21

Staff are finalizing materials for the annual meeting. The annual report is now posted online: www.opalco.com/about-us/annual-meeting-report/ and a limited number of printed copies distributed at the annual meeting.

Submarine Cable Video

Staff have completed a seven-minute video documentary of the submarine cable “George” replacement project. It's posted on our website: www.opalco.com/power-system/submarine-cable-project/ and will be showing on a screen at the annual meeting. We have also agreed to show it at the Friday Harbor Film Festival and are working on the local theatres and other film festivals as well.



Community Solar Outreach

OPALCO's Community Solar project is 85% sold. Note this assumes that participating members receive all the solar units that they have requested (which may not be the case if/when our solar unit requests go beyond 100%). Communications staff have maintained a steady stream of social media posts, ads in newspapers and local news blogs and newsletters (This Electric Life, Stewards, Rock Island) and pop-up events to promote sales of Community Solar. Staff will 'pop up' at the Farmer's Market in Friday Harbor on Saturday, April 14th. Confirmation emails went out to all participants to date and personal calls to those

with larger requests. Sales are expected to close on Monday, April 23rd in order to include the Community Solar purchases with the May billing cycles.

National Lineworker Appreciation Day

NRECA recognized National Lineworker Appreciation Day on 4/9/18. OPALCO encouraged members to #thankalineman with ads, posters, social media posts and cookies in our office. Our membership participated with great comments of support and appreciation on social media.



Staff Field Day

Staff visited the UW Friday Harbor Labs for field day in March. After the morning safety meeting, staff gathered at the Labs' and saw first-hand the importance of power to the marine research in the San Juan Islands.



PNGC Power Pulse

March 2018

Inside This Issue

- 1 A Community of Conservation
- 2 Legislative Look: H.R. 3144
- 3 Employee Spotlight: Ashley Slater
- 4 PNGC: By the Numbers
- 5 BPA Happenings
- 5 March 2018 PNGC Agenda
- 5 Upcoming Events

A Community of Conservation

PNGC Power has a long commitment to conservation and energy efficiency. Beginning with its founding in 1975, PNGC cooperatives have led the way of conservation at the local level in communities all around our region.

On March 15, the Conservation Committee (the committee comprised of conservation and energy efficiency experts from PNGC's 15 cooperatives) met at the PNGC office for a quarterly meeting. "Meeting in person a few times throughout the year is really helpful to our members," said Brandy Neff, PNGC's Conservation Services Coordinator. "It gives us the opportunity to bring vendors and BPA representatives to one place and creates a space for an open dialogue among them and our Committee members about whatever topic we're covering."

The Committee invited General Pacific and Lights There to present on new commercial lighting endeavors that could cost no money to our members up front, and could possibly present major savings over time. These included "Lighting as a Service" or leasing to own over 5, 6, or 7 year contracts. For PNGC members who have commercial accounts that may not have the upfront capital needed for a lighting upgrade, this may be an option to use going forward.

Margaret Lewis, PNGC Power's Energy Efficiency Representative at BPA, also joined the meeting for various topics. She participated with the Committee as they joined BPA's brownbag conference call on the results of BPA's conservation potential assessment. While the CPA is not quite yet finished, it still gave Committee members an idea of what BPA might be expecting from the region in the years to come. "It's so helpful to have direct access to BPA, especially as they are looking at the future of conservation in the Pacific Northwest. We see PNGC Power's role as helping to shape the conversation around conservation in the region, as well as helping to facilitate real energy efficiency for our members," said Neff.



Conservation is a collaborative effort.

Program Marketing Lead for Energy Efficiency at BPA, Nic Lane, and BPA contractor Drea Weathers, met with the Committee to get a sense of their use of the marketing material available to members through BPA. Cori Million of Coos-Curry Electric said she used the materials to update her marketing to members this past year, and Ryan Davies of Central Electric expressed a desire for more Spanish language material, since his cooperative is planning to provide all their materials in both English and Spanish moving forward. In general, the Committee stressed ease of use, as well as pictures that reflect the cultural, geological, and agricultural diversity throughout the region.

After BPA left, the Committee also discussed two different campaigns going on in the Northwest designed by BPA and the Northwest Public Power Association (NWPPA) respectively. BPA has developed content for social media that touts the benefits of the hydropower system in our region under the “Hydro Flows Here” hashtag. Likewise, NWPPA has created content for utilities to use aimed at highlighting the importance of public power under the heading of “More Powerful Together.” Each of these campaigns offers ready-made or easily adjustable content for utilities to use to have the biggest impact in their home communities.



The meeting ended with roundtable discussions about what is happening with energy efficiency back home at individual cooperatives. Next up is the Energy Exchange, ran by BPA, which will be held in Tacoma, Washington May 15-17. Committee members will attend the conference, and also have a chance to meet as a group at that time.

Legislative Look: H.R. 3144

Nearly 20 years of costly litigation might possibly culminate in forced, court-ordered spill at the Columbia River dams this spring. Not only is it a costly prospect to ratepayers who are already subsidizing the largest fish and wildlife mitigation program in the country at a price tag of \$621.5 million in Fiscal Year 2016 alone, it's also bad for fish.

In fact, the most recent federal science indicates that the costly “spill experiment” that the Court has ordered is unlikely to show significant survival benefits for juvenile fish. The Biological Opinion/federal fish plan currently in place was developed over two consecutive Administrations (George W. Bush and Obama) and relies on the best available, peer-reviewed science to direct river operations for Endangered Species Act-listed fish. It provides an operational framework for the healthiest river system we could create, and returning fish numbers prove it can work.

Unfortunately, special interest groups have routinely called into question the validity of this Biological Opinion, and countless lawsuits have dragged out over the years, with the effect of driving down the value of the dams along the Columbia and Snake Rivers. PNGC Power opposes such an action because we believe that salmon and dams can coexist. Furthermore, consistent with our commitment to environmental stewardship, we see the immense benefit of running a dependable electrical grid in the Northwest that is supported by clean, reliable, carbon-free hydropower.

Currently, PNGC Power's Ashley Slater is pursuing a bipartisan legislative solution (H.R. 3144) that protects our members' access to renewable, clean, and reliable federal hydropower while mitigating hydropower impacts and protecting ESA listed salmon. From a practical standpoint, the legislation would temporarily halt the court-ordered spill and therefore negate the need for BPA to impose a rate increase in the form of a so-called "spill surcharge." Additionally, the legislation keeps in place the current Biological Opinion, which would allow the federal agencies to focus on continued environmental study and review without being distracted by litigation.

Stay tuned as we stay on top of this hotly debated topic.



Ashley Slater

Employee Spotlight: Ashley Slater

Ashley Slater joined the PNGC Power team in 2016 as the Vice President of Government Affairs and Policy. In this role Slater advocates on behalf of PNGC Power, serving the common interests of its 15 member cooperatives, and engaging state, regional, and federal lawmakers on the issues that matter most.

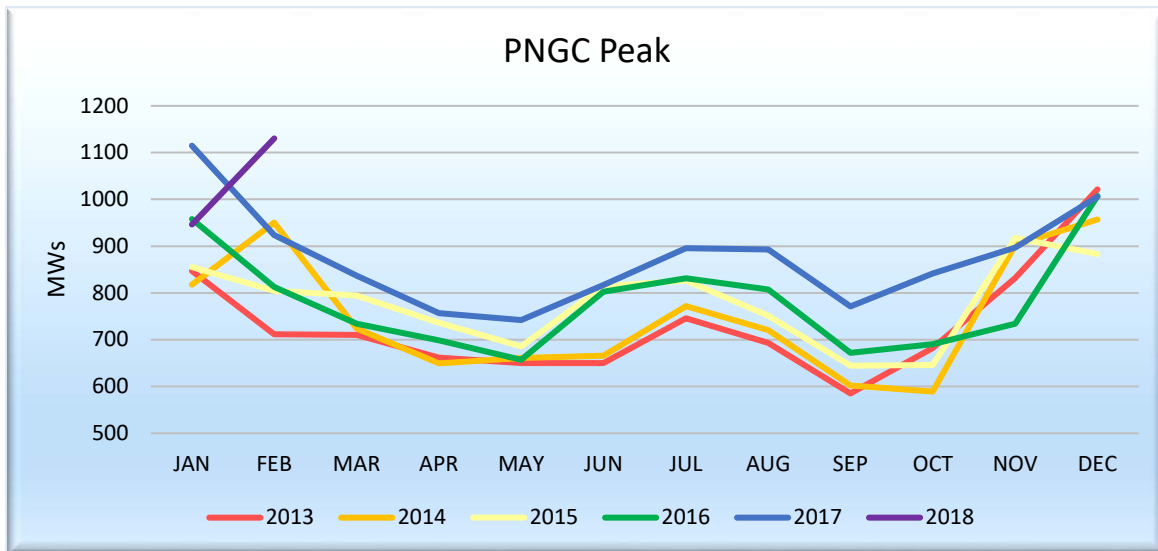
Slater is a tireless supporter of the federal hydropower system, working with Northwest RiverPartners and other key regional players to affect legislation that benefits the river operations at work. She is also PNGC Power's voice in negotiations with the Columbia River Treaty. And every quarter Slater goes to Washington, D.C. to engage congressional staff members on issues like BPA economic viability and Northwest specific energy topics, as well as keeping a pulse on what is happening in this current Administration and political environment.

Slater brought a wealth of experience in energy policy. Prior to PNGC, she worked for BPA in Washington, D.C. where she served as an agency liaison to policymakers within the Department of Energy and on Capitol Hill. She also served as the Associate Director of Legislative Affairs at the White House Council on Environmental Quality. Her cooperative experience includes advocating on behalf of the National Rural Electric Cooperative Association (NRECA) before the U.S. Congress.

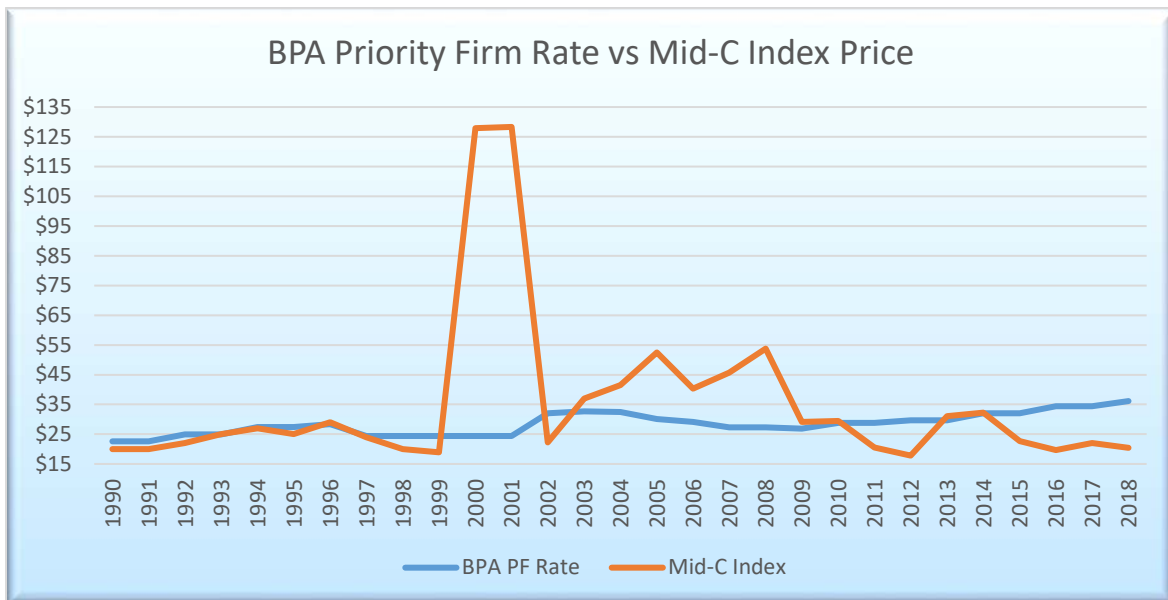
Slater grew up in Seattle, Washington. And prior to relocating back to the Pacific Northwest, Slater, her husband, and their two young sons lived in England.

PNGC: By the Numbers

The graph below compares PNGC Power's peak demand by month for the last 5 years.



The graph below compares BPA prices vs. Mid-C prices since 1990.



BPA Happenings—April-May

Comment Periods:

April 9

Sturgeon Lake Restoration Project Comments Due

Event Calendar:

April 4

BPA Brown Bag: April 2018 Implementation Manual

April 5

CHaMP project review presentation by Wildland Hydrology

April 20

Leverage Policy Workshop

April 20

Financial Reserves Implementation Workshop

April 23

2018 PFGA-Tariff Customer Meeting

April 24

Distributed Energy Resources Utility Cross-share

May 15

Efficiency Exchange Northwest 2018

May 29

2018 PFGA-Tariff Customer Meeting

March 2018 Board Agenda

Below was the agenda of the PNGC Board Meeting for March 6, 2018:

Information Session:

- Open Floor
- External Power Supply Considerations, Part 1

Staff Reports:

- Fiduciary Duties and Director Duties Policy
- Coffin Butte Testing Results and Action Plan
- Government Affairs Report
- FY20 & FY21 Market Purchase Update
- 2018 Strategic Planning Session
- CEO Report

Upcoming Events

March 20

Raft River Annual Meeting

March 24

Lincoln Electric Annual Meeting

April 3

PNGC Board Meeting

April 7

Douglas Electric Annual Meeting

April 8-11

NRECA Legislative Conference

April 13

Central Electric Annual Meeting

April 16

Okanogan County Electric Annual Meeting

April 21

Blachly-Lane Annual Meeting

April 21

Umatilla Electric Annual Meeting

April 21

OPALCO Annual Meeting



711 NE Halsey St.
Portland, OR 97232
(503) 288-1234
www.pngcpower.com