



BOARD OF DIRECTORS REGULAR MEETING

****FRIDAY**, August 10, 2018 8:00 a.m.
Lopez Fire Hall**

TRAVEL



Via Island Air

378-2376

To:

Leave FH 7:30 a.m.

Eastsound 7:45 a.m.

Arrive Lopez 8:00 a.m.

Return:

Leave Lopez 2:00 p.m.

Arrive Eastsound 2:15 p.m.

FH 2:30 p.m.



Via Ferry:

To:

Leave FH 6:05 a.m.

Orcas 6:55 a.m.

Shaw 7:10 a.m.

Arrive Lopez 7:30 a.m.

Arrive Lopez 7:30 a.m.

Return:

Leave Lopez 3:45 p.m.

Arrive Shaw 4:05 p.m.

Orcas 4:25 p.m.

FH 5:05 p.m.

**Alternatively, 1:05 p.m.*

Arrive FH 1:55 p.m.

Leave FH 2:15 p.m.

Arrive Orcas 3:05 p.m.

Shaw 3:20 p.m.

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

FRIDAY August 10, 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.

- Mike Searcy, Guernsey; Cost of Service Analysis

ACTION ITEMS

- | | |
|-------------|---|
| 3-6 | ○ Consent Agenda |
| 7 | ○ Auditor Selection (review engagement letter in Executive Session) |
| 8-13 | ○ Easement Relinquishments |
| 8-10 | • Leone (SJC Orcas Road realignment) |
| 11-13 | • Williams (Deer Harbor/Cormorant Bay Road - swap) |

DISCUSSION ITEMS

- | | |
|--------------|--|
| 14 | ○ Rates Review: Cost of Service Analysis |
| 15-69 | ○ Member Satisfaction Survey |

REPORTS

- | | |
|--------------|-------------------|
| 70 | ○ Q2 Financials |
| 71-74 | ○ General Manager |

APPENDIX

- | | |
|--------------|---|
| | ○ Informational items |
| 75-76 | • Commitment to Zero Contacts: letter from Board to Staff |
| 77-86 | • PNGC Newsletters (June and July) |
| 87-88 | • Member Correspondence |

ADJOURNMENT

Executive Session: Legal, personnel, and auditor selection

MEMORANDUM

August 3, 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)}
- Capital Credit payments to estates of deceased members and/or organizations no longer in business as shown below:

August	
Customer #	Amount
36340	\$1,241.91
65071	\$ 982.30
68689	\$ 283.93
18150	\$ 465.90
63098	\$1,373.65
62603	\$1,058.62
14210	\$1,386.28
17190	\$ 418.17
62164	\$1,443.32
65272	\$ 979.82
Total	\$9,633.90

- RUS 219s *Inventory of Work Orders* of projects completed from the Construction Work Plan totaling \$666,588.37. These forms are submitted to RUS for approval of loan funds.
Inventory 201805 URD Replacement, system maintenance and improvements
Inventory AP1805 Lopez to San Juan Submarine Cable
Inventory AS1805 Minor projects – Town of FH Project
Inventory 201806 URD replacement; backbone fiber

Staff requests a motion to approve the Consent Agenda.

Orcas Power & Light Cooperative

Minutes of the Board of Directors Meeting

Thursday, June 21, 2018

President Vince Dauciunas called the meeting to order at 8:25 a.m. at the Eastsound OPALCO office. Board members present were Rick Christmas, Jeff Struthers and Jerry Whitfield. Board members Mark Madsen and Brian Silverstein attended via video. Director Peter Garlock was absent due to travel to Credentialed Cooperative Director training. 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, Rock Island Communications (RIC) EVP Alan Smith, RIC CFO/SVP of Finance Chris Schmidt, RIC VP of Finance Laura Watson, 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."*

Members in attendance were Dwight Lewis (Lopez) and John Fleisher (Orcas). Each took the opportunity to address the Board.

Member Services Supervisor Joey Brashier was introduced to the Board.

CONSENT AGENDA

- **Motion** was made and seconded to approve the Consent Agenda, including May 17, 2018 minutes, new members as listed with the Board materials, capital credit payments totaling \$2,256.94 and RUS 219s totaling \$187,882.17. Motion carried by voice vote.

RATES REVIEW: COST OF SERVICE ANALYSIS

The engineering firm of Guernsey has been contracted to perform the Cost of Service Analysis for OPALCO. Results will be shared at the August Board meeting.

OPALCO's website will include a residential rate calculator for members who want to explore how rates are developed. In addition, a detailed residential rate model training session will be held for those members desiring a more detailed understanding.

SAFETY: COMMITMENT TO ZERO CONTACTS INITIATIVE

NRECA and Federated Insurance have teamed up to develop the Commitment to Zero Contacts Initiative kit for utilities. Incidents are on the decline, but serious injuries and fatalities are on the rise. Three videos were shown that described the reasons for the initiative. The Board acknowledged support of the program, noting that there should also be measurements taken to ensure success. Contractors are trained annually to assure they know OPALCO's methods to assure safety and are assigned a point of contact for each job.

Dauciunas and Hildreth will draft a letter for the employee newsletter to acknowledge the Board's support of the program.

2017 FINANCIAL STATEMENT AUDIT REPORT

Olga Darlington, Partner, with Moss Adams LLP, presented the *Report of Independent Auditors and Consolidated Financial Statements* for OPALCO and Subsidiary for the year ending December 31, 2017. In their opinion, the consolidated financial statements presented fairly, in all material respects, the financial position, in accordance with accounting principles generally accepted in the US, which translated to an "unmodified" opinion, considered the highest level of audit opinion.

11:00 a.m. The Board went into Executive Session to review the audit details. Regular session resumed at 11:10 a.m.

- **Motion** was made and seconded to approve the *Report of Independent Auditors and Consolidated Financial Statements for December 31, 2017 and 2016*, as audited by Moss Adams LLP.

BOARD UPDATES

NWPPA Dauciunas, Struthers and Christmas attended the NWPPA annual meeting in Boise in May. Highlights included a presentation about Community Choice Aggregation (CCA), a program that aggregates the buying power of individual customers within a defined jurisdiction to enable lower cost

purchasing to the end user; a microgrid presentation by Mark Johnson of Flathead Electric Cooperative (Montana); and cyber security (to be put on a future OPALCO agenda).

WRECA Whitfield, Struthers, Christmas and Silverstein attended the WRECA annual meeting in Wenatchee in June. Takeaways included the fact that the Columbia Hydro System is under-valued and the message is not getting to members.

BACKGROUND FOR NEW BOARD MEMBERS

With three new board members in 2018, staff prepared background information for the new board members, upcoming budget discussions and to address member inquiries. Included are capital credit planning, debt/equity strategy and staff compensation philosophy.

REPORTS

General Manager

Hildreth reviewed the General Manager’s report.

ADJOURNMENT

Meeting adjourned at 11:25 a.m.

Vince Dauciunas, President

Brian Silverstein, Secretary-Treasurer

NEW MEMBERS – June & July 2018

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

1. Abato, Alla
2. ACFC Holdings LLC
3. Aeroclassic Aviation LLC
4. Alaska Pacific Investments
5. Alexander, Chelsea
6. Alexander, Jeffrey S
7. Arreola, Paul
8. Barsocchini, Albert
9. Beltran, Luciano P
10. Bohnert, Barbara & Matthew
11. Bowe, Lorine
12. Brownell, Paul & Monica
13. Brumsickle, Tate
14. Carvalho, Philip
15. Cervantes, Leslye
16. Davis, Angela
17. Demeerler, Linda & Doug
18. Dolan, Sara
19. Erickson, Tanya
20. Feise, Jeanette
21. Flynn, Carma & Thomas L
22. For the Lord LLC
23. Fox, Emily & Guestrin, Carlos
24. Friedland, Brooks & Wendy
25. Harrison, Hollie & Shiroma, Robert
26. High Vibes Head Shop LLC
27. Holt, Peter
28. Hough, Blake & Thorp, Margo
29. Howard, Lisa
30. Howell, Deanna & Peter
31. Johnson, Kirsten M
32. Jones, Ray & Pentila, Ruth
33. Kylo, Clara
34. Larson, Peter & Julie
35. Lyle, Frances & Mark
36. Madden, John
37. Mar, Gil & Helen
38. McNally, Kathryn & Kalbach, Laurie
39. Morando, Tony
40. Nagle, Mark
41. Newman, Ron
42. Pads for Parkinson's & Holt, Lisa
43. Perkins, Patrick
44. Ploghoft, George
45. Ralphs, Dorothy
46. Ramsey, Mike & Desirae
47. Reeves, Kevin
48. Robins, Anna K
49. Rutherford, Laura M
50. Rypkema, Gwenn
51. Sanders, William
52. Schuurman, Kenneth
53. Scott, Lorrie
54. Seago LLC
55. Seerama, Sandhya
56. Shook, Tim & Erika
57. Shorett, Dan
58. Smith, Jennifer
59. Stone, Jesse
60. Vargas, Alexander & Wiedemon, Brandon
61. Ward, Teresa
62. Warren, Stephanie
63. West, Susan
64. Wheatley, John
65. Witsoe, Wendy
66. Yacht Properties LLC
67. Yule, Dale

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

68. Babcock, Allen W
69. Bailey, William F
70. Boll, Timothy & Smith, Maddy
71. Boyle, Sara
72. Brodish, Barbara & Brian
73. Carson, Amy
74. Coro, Jesus & Alvarez, Leslin
75. Devereaux, Scot
76. Fairweather, Stephen
77. Francis, Jimmy & Kelly
78. Grosinger, Anton & Osenbach, Zoe
79. Ibero, Thalita F
80. Iosif, Katherine
81. Island House Dental Care
82. Jech, Joanna
83. Kingsley, Raymond & Lillian
84. Larson, Julie
85. Lile, Minor & Van Gelder, Leonie
86. Meding, Charles & Murakami-Meding, Sato
87. Mobley, David & Janet
88. Owens, Thomas
89. Pottle, Terry
90. Reid, Jason & Jamie
91. San Juan Property Management
92. Schmidt, Gary W
93. Shrader, Stephen
94. Shriver, Gordon
95. Troutner, Chris
96. Vigil, Kelli
97. Vintage Island Vacation
98. Wagner, Simone
99. White, James
100. Whitted, Linda
101. Wiener, Marsha B
102. Yonally, Darion

District 3 (Lopez, Decatur, Center, Charles)

103. Apple, Steven & Karen
104. Arnesen, John & Greene, Alison
105. Bhatia, Sachin & Anna
106. Boynton, Lee & Lisa
107. Buckallew, Jennifer
108. Burkner, Noah & Saunders, Erin
109. Essmeier, Guy
110. Garcia, Laurel & Wang, Shi Kai
111. Gill, Sharon & Creekmore, Walt
112. Hodgson, Jack & Connie
113. Huntsman, Heather
114. Keppel, Gina
115. Lewis, Amber
116. Miller, Sandy C & Gregory
117. Paredes, Natalie
118. Paton, Patricia
119. Roehl, Stephen
120. Stokes, Todd
121. Vora, Kimberly
122. Weeman, Curtis

District 4 (Shaw, Crane, Canoe, Bell)

123. Jones, Carolyn R
124. Knudsen, Robert
125. Zakes, Nancy

MEMORANDUM

August 3, 2018

TO: Board of Directors

FROM: Foster Hildreth, General Manager

RE: 2018 Financial Statement Auditor Selection

Pursuant to OPALCO Policy 1 – *Functions of the Board of Directors*, Section 9, “Board Interaction with Auditors” and the OPALCO Bylaws, Article III – *Directors*, Section 8, “Accounting Systems and Reports”, the OPALCO Board is responsible for the selection of a certified public accounting firm that is acceptable to the Rural Utilities Service.

As part of the annual auditor selection process, staff would like the Board to discuss whether they would like to renew their audit and tax relationship with Moss Adams LLP or if they would like to explore other potential opportunities.

Moss Adams LLP has been the Cooperative’s main service provider since 2009 and has provided the Board and ultimately the membership with excellent service and insight into many complex and technical issues. Although the Moss Adams staff have rotated annually, some cooperatives believe that the firms should occasionally be rotated as well.

In executive session, staff would like the Board to discuss the auditor selection process and upon conclusion of the discussion provide staff with the guidance to either execute the Moss Adams engagement letter or to initiate an audit proposal process.

MEMORANDUM

August 3, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Leone Easement #AFN 74655 Relinquishment

As part of the County road improvements planned for the stretch of Orcas Road fronting approximately 2600 feet of the Carolyn C. Leone property, Public Works is planning to move the roadway towards the west of its existing alignment. The existing road in this area was originally built to the east of the legal road right-of-way and the road improvements will move the road substantially back into its right-of-way. This road change will also require the realignment/replacement of OPALCO's transmission line along the west side of the road. This adjacent pole line was also originally built east of its legal easement on the Carolyn C. Leone property. The original easement lies unopened and uncleared to the west. Most of this original powerline easement is still heavily wooded.

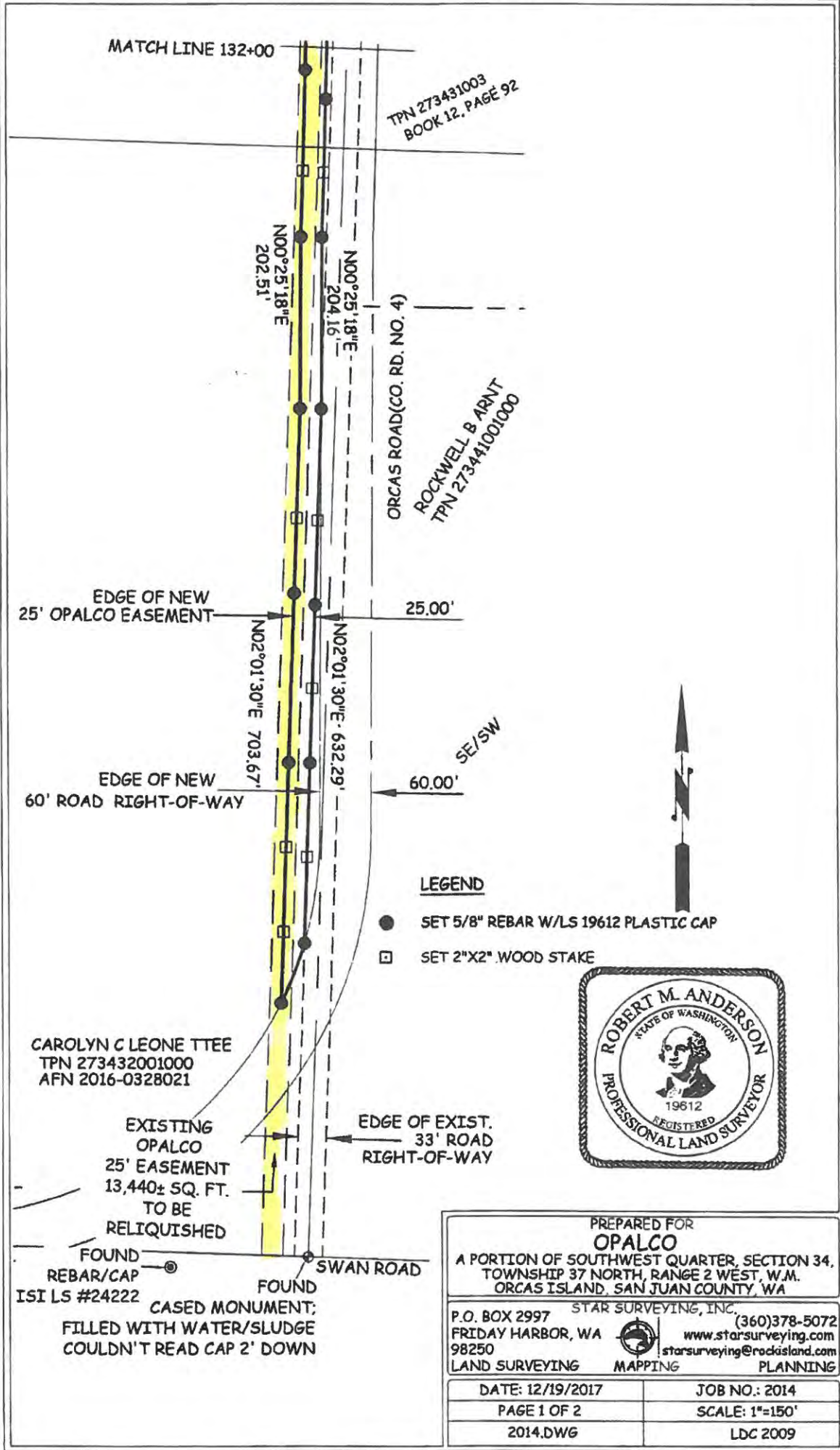
In order to make the newly constructed transmission line match the improved road alignment, OPALCO and Ms. Leone have agreed to create a new easement along a more precise alignment to coincide with the slightly adjusted west margin of the new county ROW. To accomplish this process, it has been agreed between OPALCO staff and representatives of Ms. Leone that Ms. Leone will grant OPALCO a new easement and OPALCO will relinquish the old easement.

Ms. Leone has required, as part of the agreement, that prior to any line construction activities, OPALCO relinquish the old easement AFN 74655. In order for OPALCO to get the transmission line move accomplished prior to planned road construction next spring and summer, it is important that the new easement execution and existing easement relinquishment be accomplished in a timely fashion.

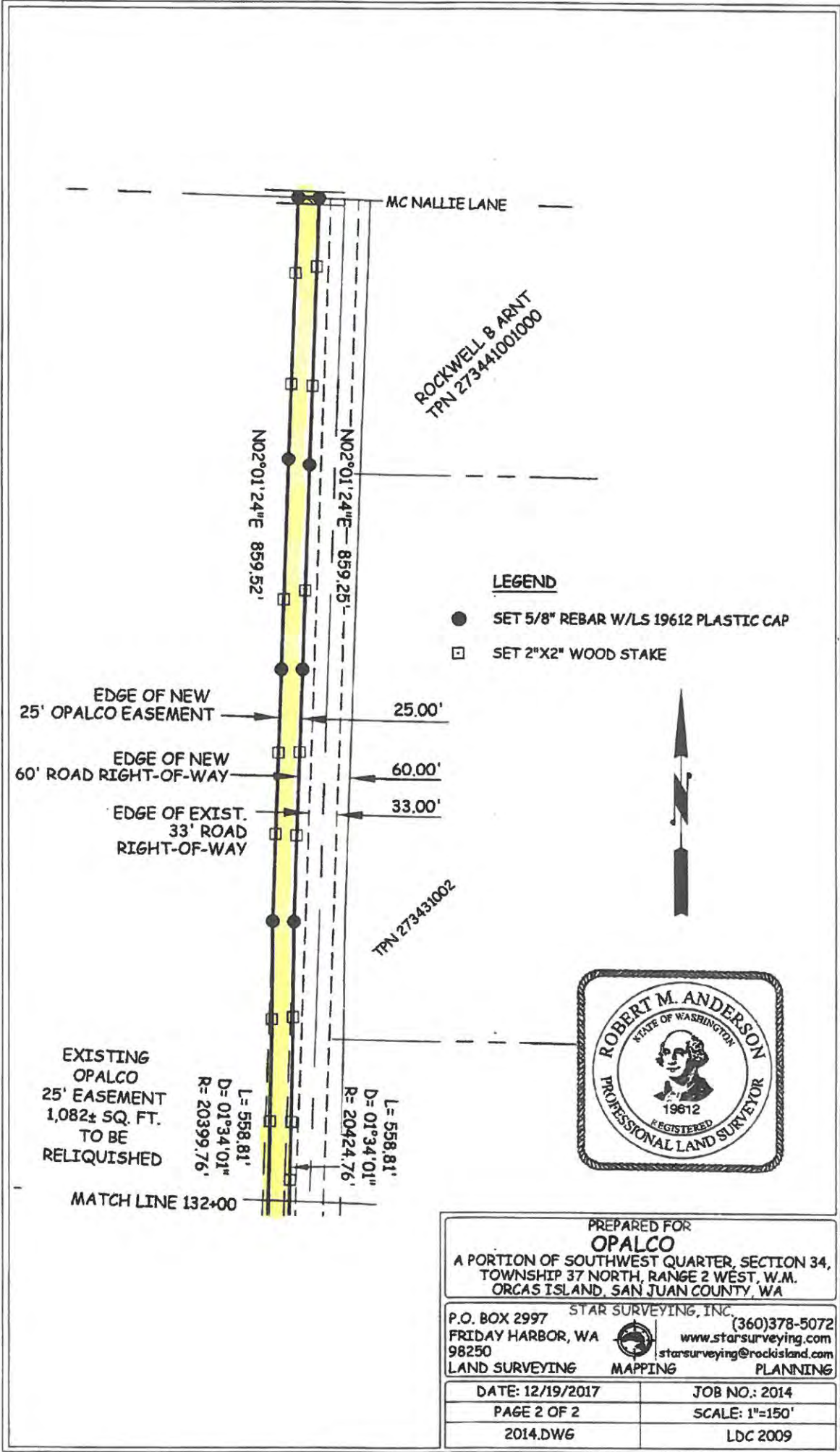
Drawings showing lot lines, easements, OPALCO facilities and other improvements are included for review.

Staff requests the Board make a motion to approve relinquishment of Easement #AFN 82447.

OPACLO Easement # 74655 to be Relinquished - page 1



OPACLO Easement # 74655 to be Relinquished - page 2



MEMORANDUM

August 3, 2018

TO: Board of Directors

FROM: Foster Hildreth

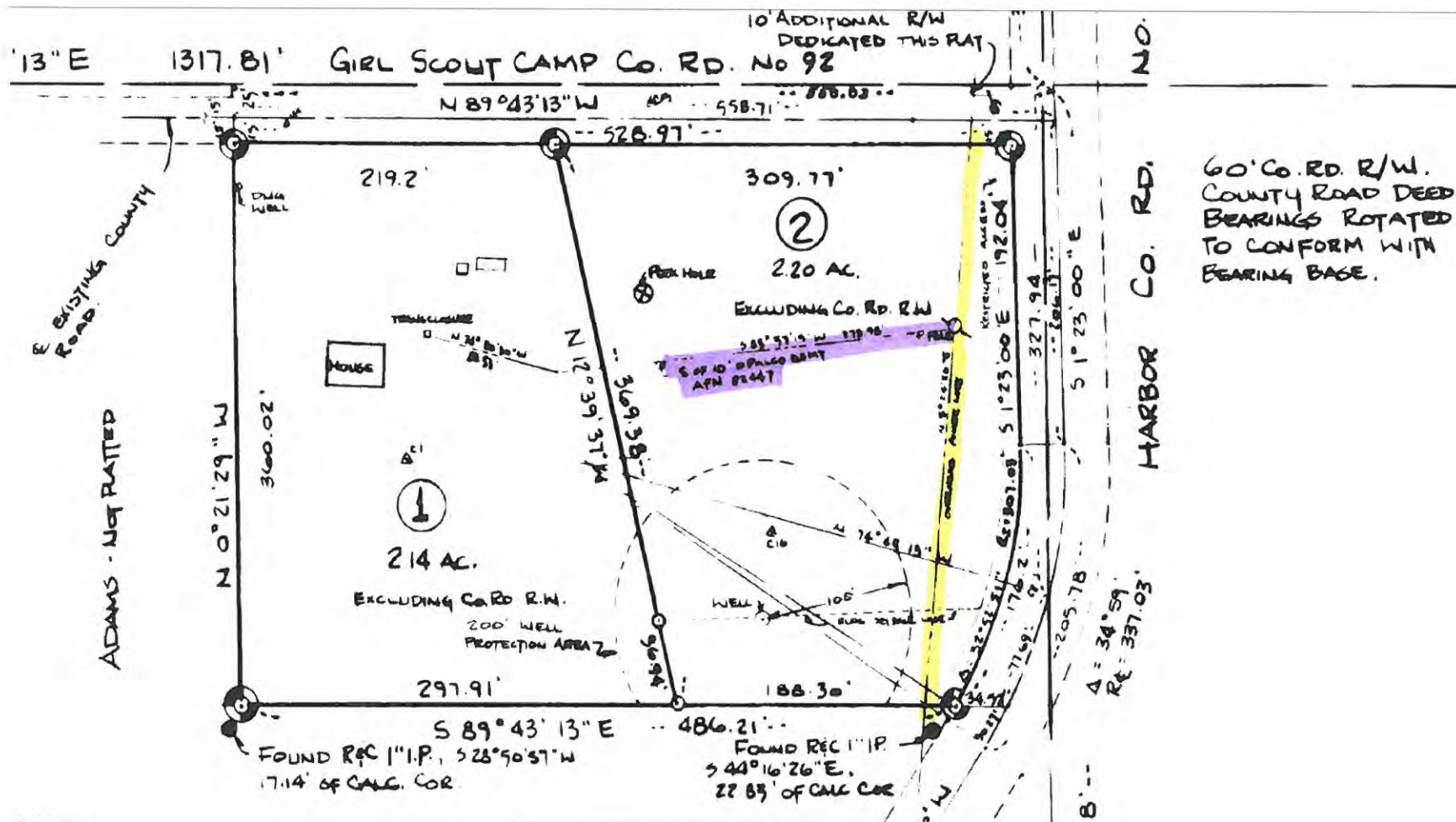
RE: Williams Easement #AFN 82447 Relinquishment

Erland and Mara Williams have requested OPALCO relinquish an old private property easement across their Deer Harbor / Cormorant Bay Road property in favor of a new property easement for utility purposes.

The subject easement was for an underground distribution line and was granted in 1973. The line has since been abandoned and a new easement granted for a new underground electric distribution line servicing both this property and the adjacent property. OPALCO sees no reasonable future use of this easement and recommend approval to relinquish all rights to easement AFN 82447.

Drawings showing lot lines, easements, OPALCO facilities and other improvements are included for review.

Staff requests the Board make a motion to approve relinquishment of Easement #AFN 82447.



EASEMENT #82447 (TO BE RELINQUISHED)

OPALCO OVERHEAD POWERLINES

EXHIBIT “A” Subject Parcel Description

LOT 1, A SHORT PLAT OF CORMORANT CORNERS, according to the plat thereof, recorded in Volume 4 of Short Plats, at pages 1 and 1A, in the Office of the Auditor of San Juan County, Washington, being a portion of the Southeast Quarter of the Southwest Quarter of Section 6, Township 36 North, Range 2 West, W.M.

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.



MEMORANDUM

August 3, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Rates Review – Cost of Service Analysis (COSA)

The timeline of the 2018 Rates Review has reached the COSA portion of the process.

At this meeting, Mike Searcy of Guernsey will present the COSA analysis, findings, and conclusions. The purpose of the COSA is to analyze expenses for allocation to each rate class (i.e. residential, small commercial, large commercial, pumps, residential time-of-use, etc.). This will include an open dialogue with the board to explore options for rate structures and components.

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

- a. ✓ Strategic Long-Range Vision: February 2018
- b. ✓ Long-Range Capital Projects Plan: March 2018 Work Session (March 16th)
- c. ✓ Long-Range Financial Plan (Equity, Cash, Debt): May 2018
- d. ✓ Cost of Service Analysis (COSA): August 2018
- e. Rate Structure Review that Supports the COSA: September 21, 2018 Work Session
- f. Rate Structure Approval: October 2018 – December 2018 (with Budget)

MEMORANDUM

August 3, 2018

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Satisfaction Survey Results

A member satisfaction survey was launched at the Annual Meeting to: measure awareness and satisfaction, establish a snapshot of our current membership and adjust our efforts to improve members' experience and make best use of member resources. The sample size was 1,080 respondents, about 10% of the OPALCO member base.

In a nutshell, the majority (88%) of OPALCO respondents are happy with overall member service at their Co-op. Key drivers of satisfaction are keeping members informed, taking members' opinions into account and rapid problem resolution. For those who are dissatisfied, key drivers are rising costs and the new call center. While the 2018 survey questions were slightly different, the results, including demographics, were very similar to the most recent member satisfaction survey in 2014. Some quick metrics:

- ~85% are satisfied with OPALCO reliability of electric service
- ~80% are satisfied with OPALCO's communications/keeping members informed
- ~73% are satisfied with how OPALCO communicates about outages
- ~63% agree/strongly agree that OPALCO has high integrity
- ~66% agree/strongly agree that OPALCO runs efficiently
- ~57% trust OPALCO to "do the right thing"

The results show an increase in member reliance on SmartHub, the email newsletter and social media as their go-to sources for information on OPALCO. About 34% are using OPALCO's website for outage information with the majority of those members going to the outage map.

The survey tested the waters with one question (#17) on member readiness to "raise rates to produce local renewable energy in order to keep emergency services powered up in times of need." The majority would support a rate increase, *if they perceived it to be affordable* – and set their idea of affordability at 1-2%. About a third of respondents would not support a rate increase for renewables and about 14% of respondents would support a rate increase for renewables of 5% or more.

Members are very satisfied with Energy Efficiency programs and most don't think there is more they could do to increase their efficiency and savings. Some believe potential savings from efficiency are limited by the rate structure. In testing the potential for beneficial electrification, the survey found more than 58% are heating their homes with a non-electric source. The same number of members would consider a ductless heat pump project to save money and energy.

Satisfaction with OPALCO's renewable energy programs is at 55% with 37% neutral on the topic. Only about 19% of respondents showed no interest in participating in a solar project (community or rooftop).

Rock Island showed the greatest gains since 2014. More than half of respondents now get their internet service from Rock Island and, of those, 70% are satisfied/very satisfied. Members are interested in upgrading to fiber (15%) and another 26% would "*depending on cost.*" However, member feedback showed dissatisfaction with Rock Island customer service. There is a lingering misperception correlating OPALCO rate increases with Rock Island start-up funding.

The communications team will integrate findings and feedback to increase satisfaction with the following actions:

OUTAGES:

- Send alerts via text
- Expand messaging in SmartHub
- Work with crew to provide more info after outages about what happened and why
- Explore the potential for call center improvements

RATES/BILLS

- Provide more information on rates on OPALCO's website (Understanding Power Costs and Rate Calculator planned for Q3-2018)
- Invite member participation in rate discussions
- Expand messaging in SmartHub

EFFICIENCY

- More outreach and new strategies for promoting rebates and efficiency. The "This Electric Life" campaign in 2019 will provide a good platform for this
- Expand messaging in SmartHub

RENEWABLES

- Incorporate member feedback into rates and budget discussions this fall
- Report back to members and solicit feedback throughout rate structure discussions
- Educate members about the long-term rate/cost benefits of renewable investments

COMMUNICATIONS

- Expand messaging in SmartHub
- Direct mail to all members to make sure everyone knows about existing communication channels (newsletter, website, outage map, social media, SmartHub)
- Highlight linemen with stories and safety campaign (members LOVE our linemen)



OPALCO Member Survey 2018

Key Findings Overview

Project Goal

Measure member awareness and satisfaction for services and tools OPALCO provides and gain an understanding of unmet needs.

Survey Details

A 46-question survey was released to the OPALCO member base on April 17, 2018, and was closed on July 15, 2018. Members were contacted via email, phone and visits to senior centers and civic meetings. Members were offered a credit of \$5 on their bill for participating.

The final sample size was 1,080 respondents, about 10% of the OPALCO member base.

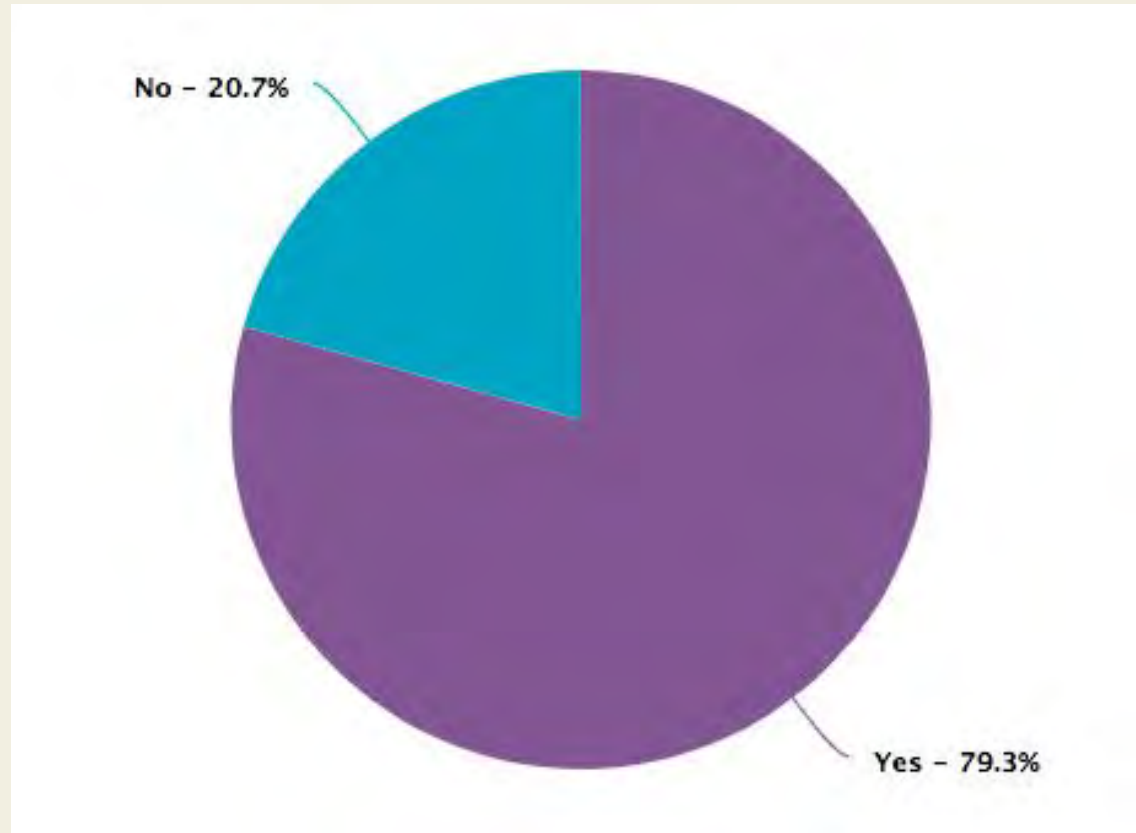
Statistical analysis was conducted using advanced modeling techniques.

Survey Key Takeaways

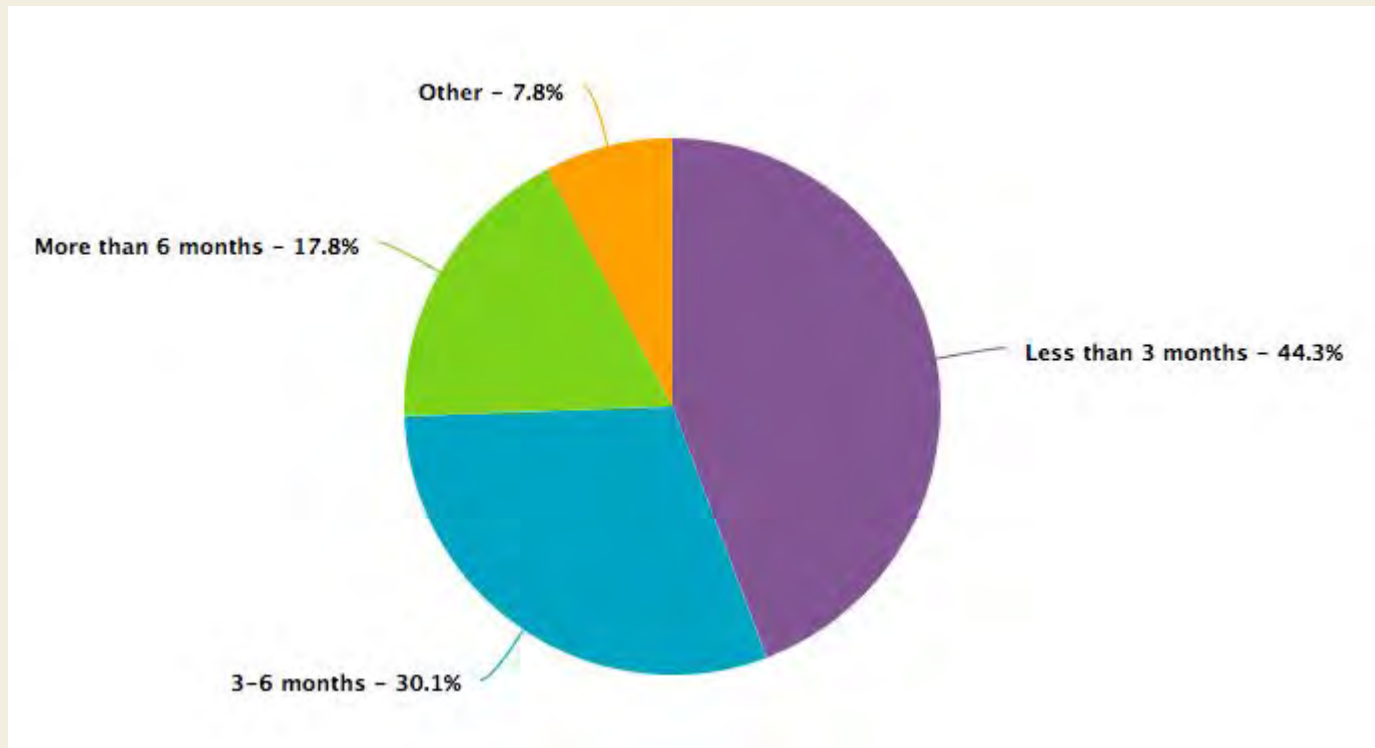
- Majority of members feel OPALCO is reliable and, as long as their lights are on, they're happy.
- The dissatisfied members continue to cite rising costs, lack of transparency and power outages.
- The purchase of Rock Island is a reason for both satisfaction and dissatisfaction, even for members who approve of OPALCO itself.

Demographics

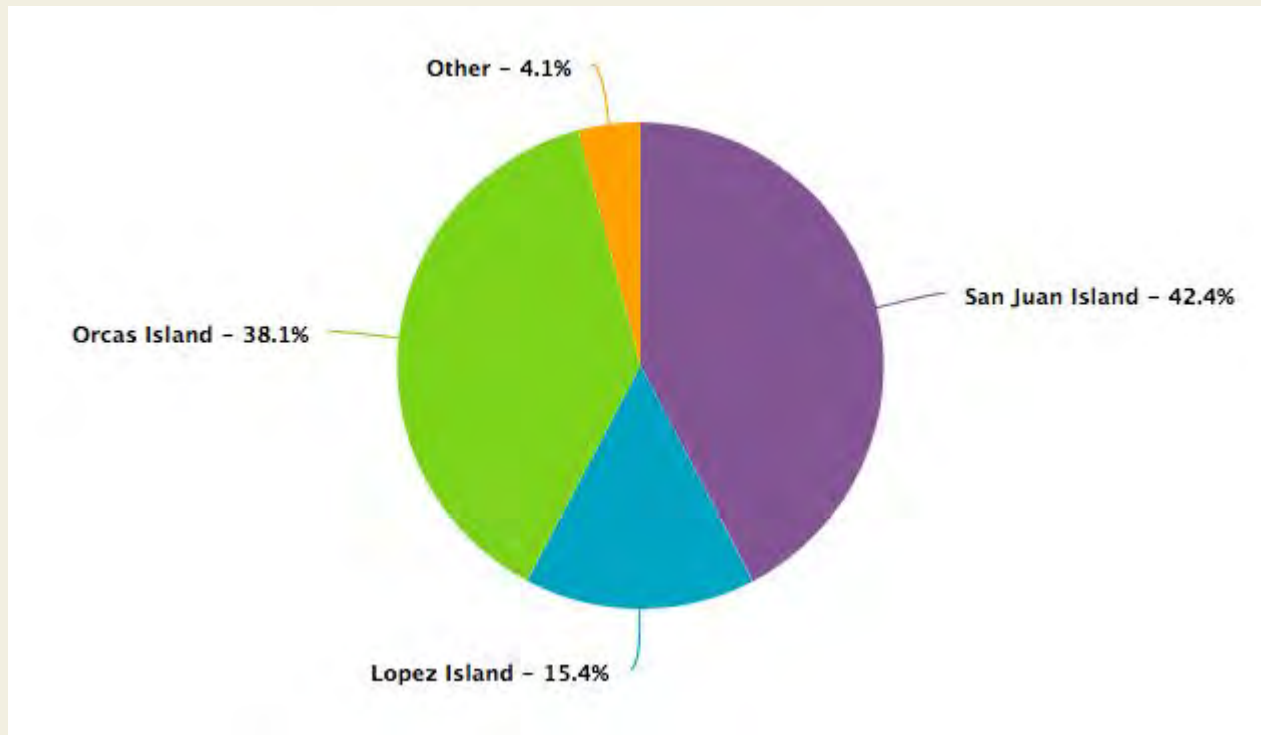
Full-time Resident?



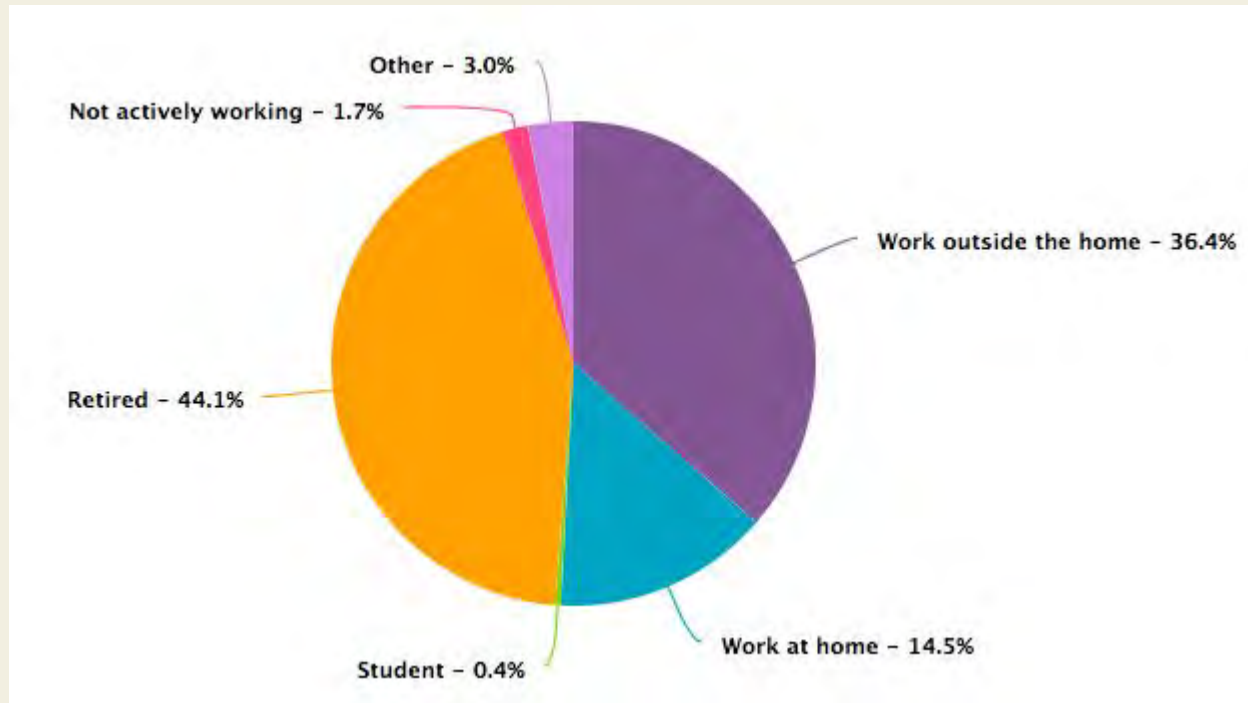
Months Per Year On Island



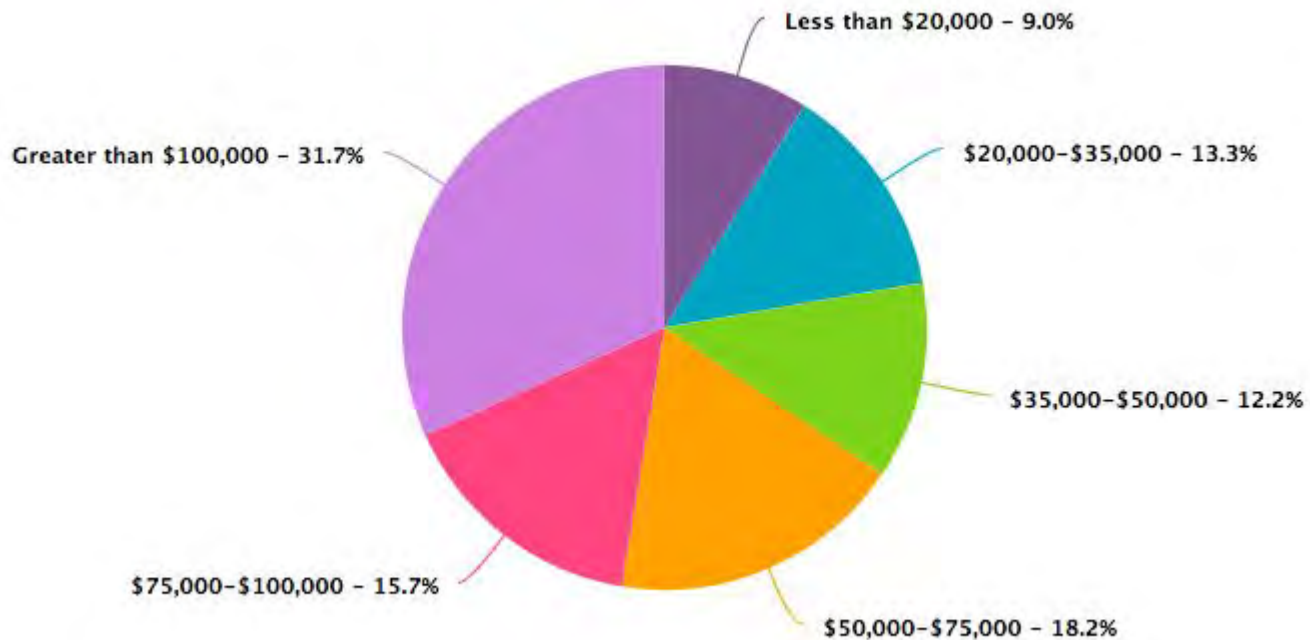
Island You Live On



Work Status



Household Income



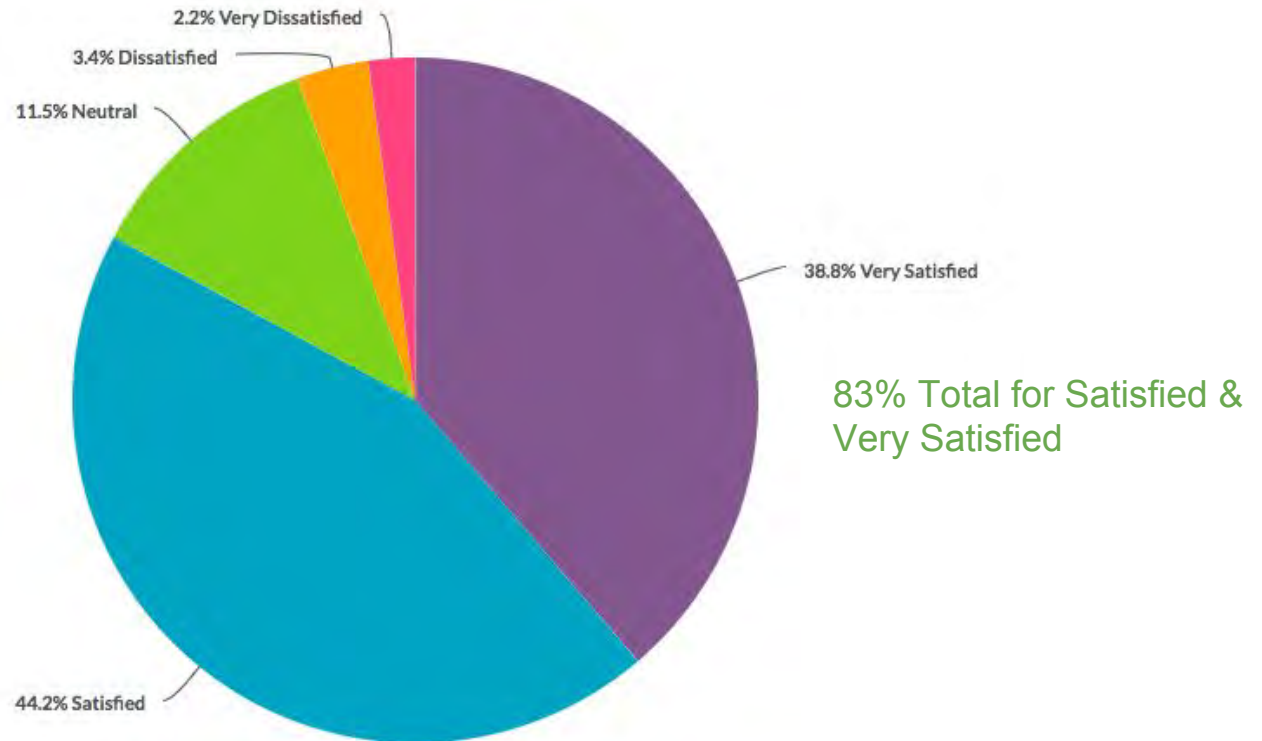
Satisfaction & Trust

.....

Key takeaways

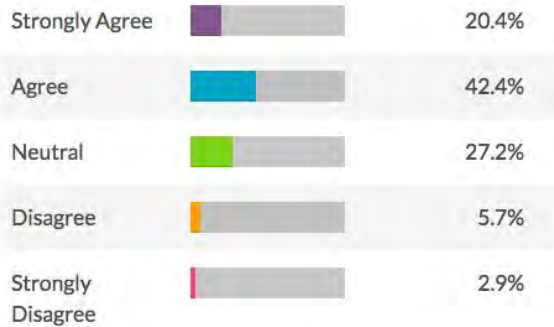
1. Satisfaction is very high. Key drivers of satisfaction are: keeping members informed, taking members' opinions into account, and rapid problem resolution.
2. Greatest areas of dissatisfaction are in keeping members informed, rising costs and the call center.
3. Co-op designation strongly matters to members, and don't want OPALCO to move away from the co-op character.

Overall Satisfaction

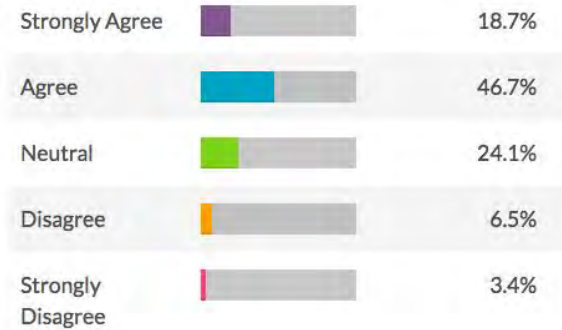


Trust

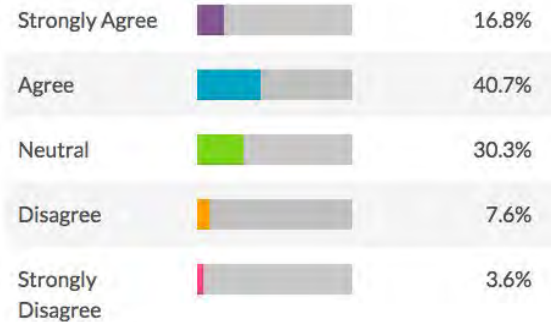
High Integrity



Run Efficiently



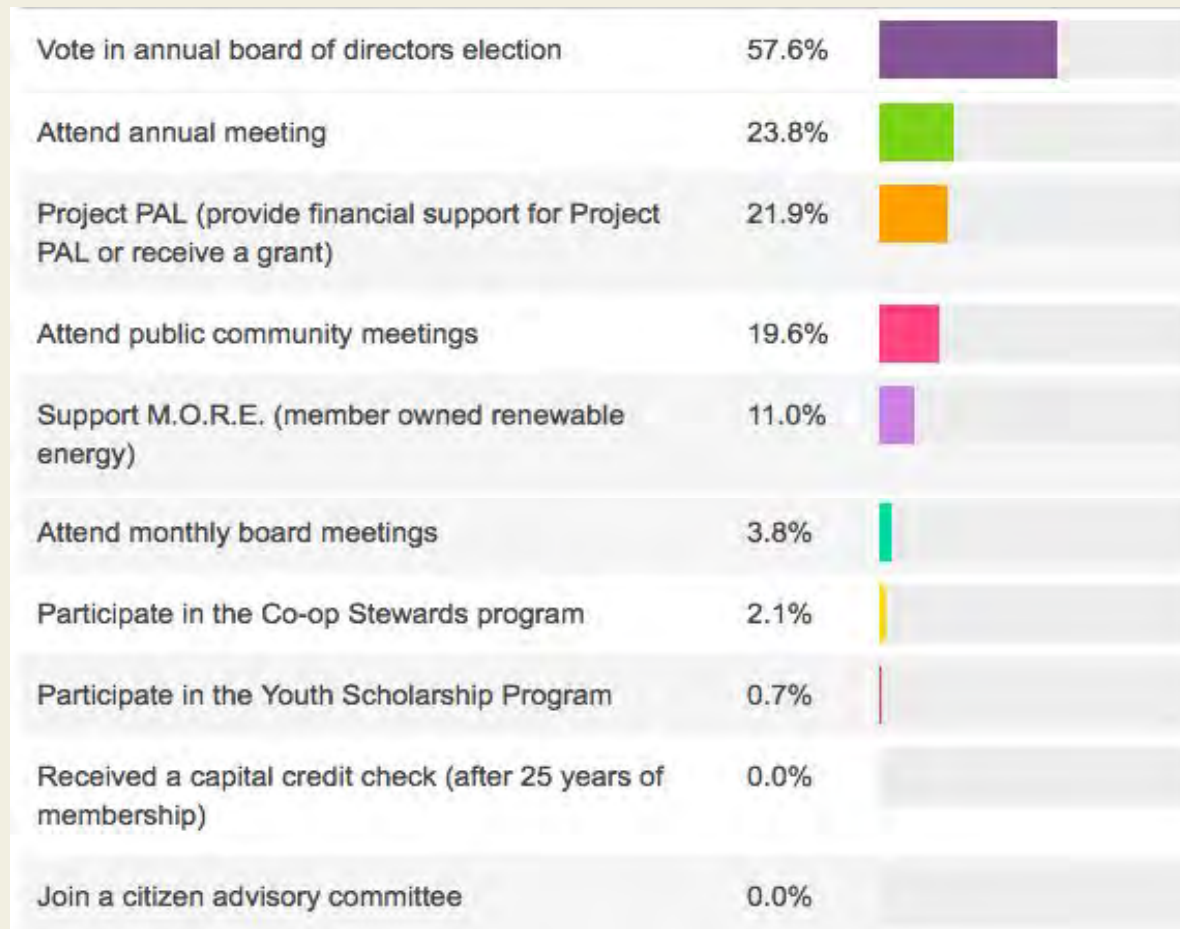
Do the Right Thing



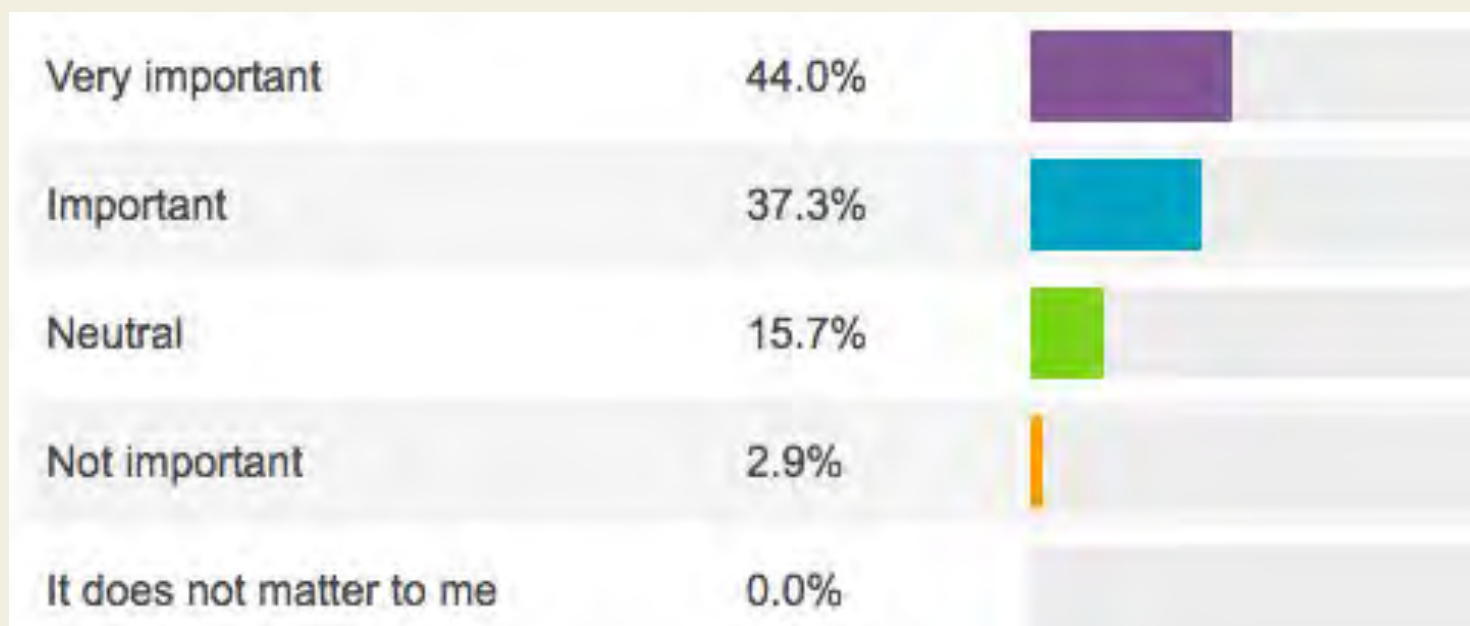
Performance Ratings

	Satisfied	Neutral	Dissatisfied
Overall member service	88%	9%	1%
Courtesy and helpfulness of employees	86%	8%	0.90%
Restoration of power after an outage	85%	11%	3%
Reliability of electric service	83%	13%	4%
Highly trained, professional employees	82%	11%	6%
Communicating, keeping members informed	80%	12%	2%
Environmental concern	77%	17%	4%
Speed and efficiency of responding to members	74%	14%	9%
Communicating outages	73%	16%	4%
Resolving issues/problems	73%	13%	3%

Member Participation



Importance of Co-op Classification



Satisfied Member Perceptions

- Small and well-managed company
- Good local people and customer service
- Doing the best they can with a critical public service in remote area

Dissatisfied Member Perceptions

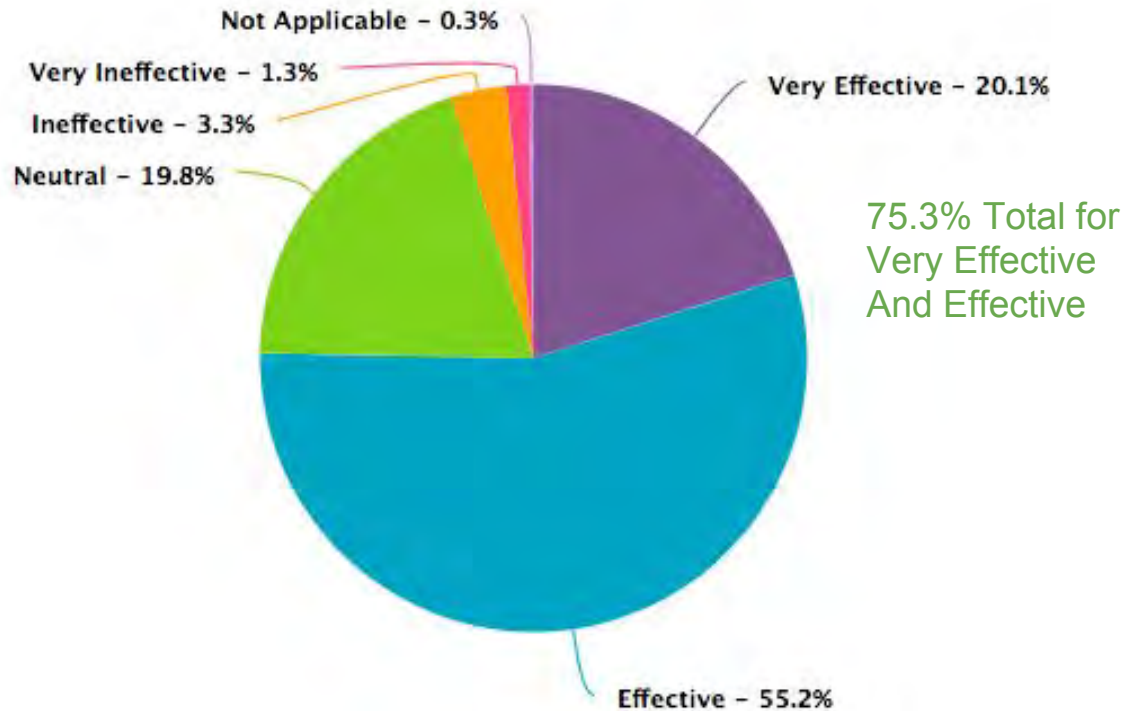
- Service is good but rates are high
- Less listened too; less of a co-op
- People answering phones don't listen or have accurate information

Communication

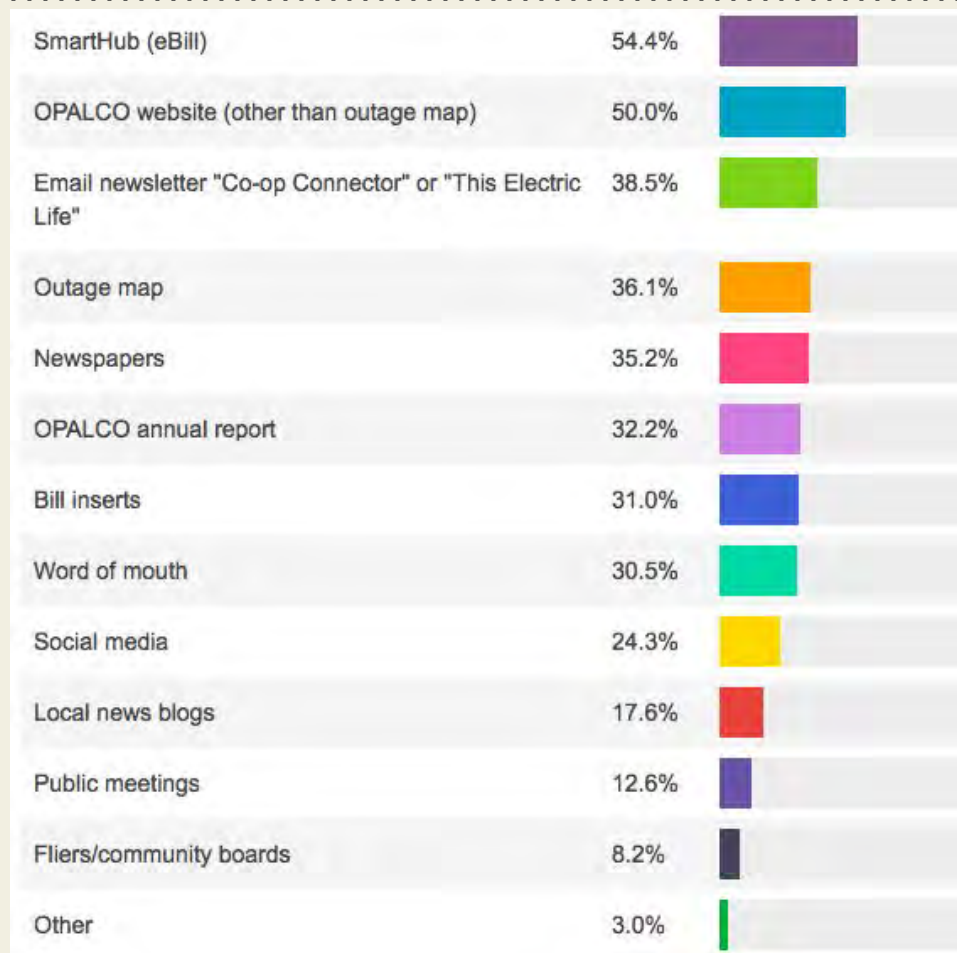
Key takeaways

1. Communication efforts are perceived to be effective.
2. Website, eBill, and email newsletter are by far the most effective, but traditional communications such as bill inserts and newspapers still work well.
3. Strong demand for faster outage communication via more accessible methods (text, email, live phone responders, etc.).

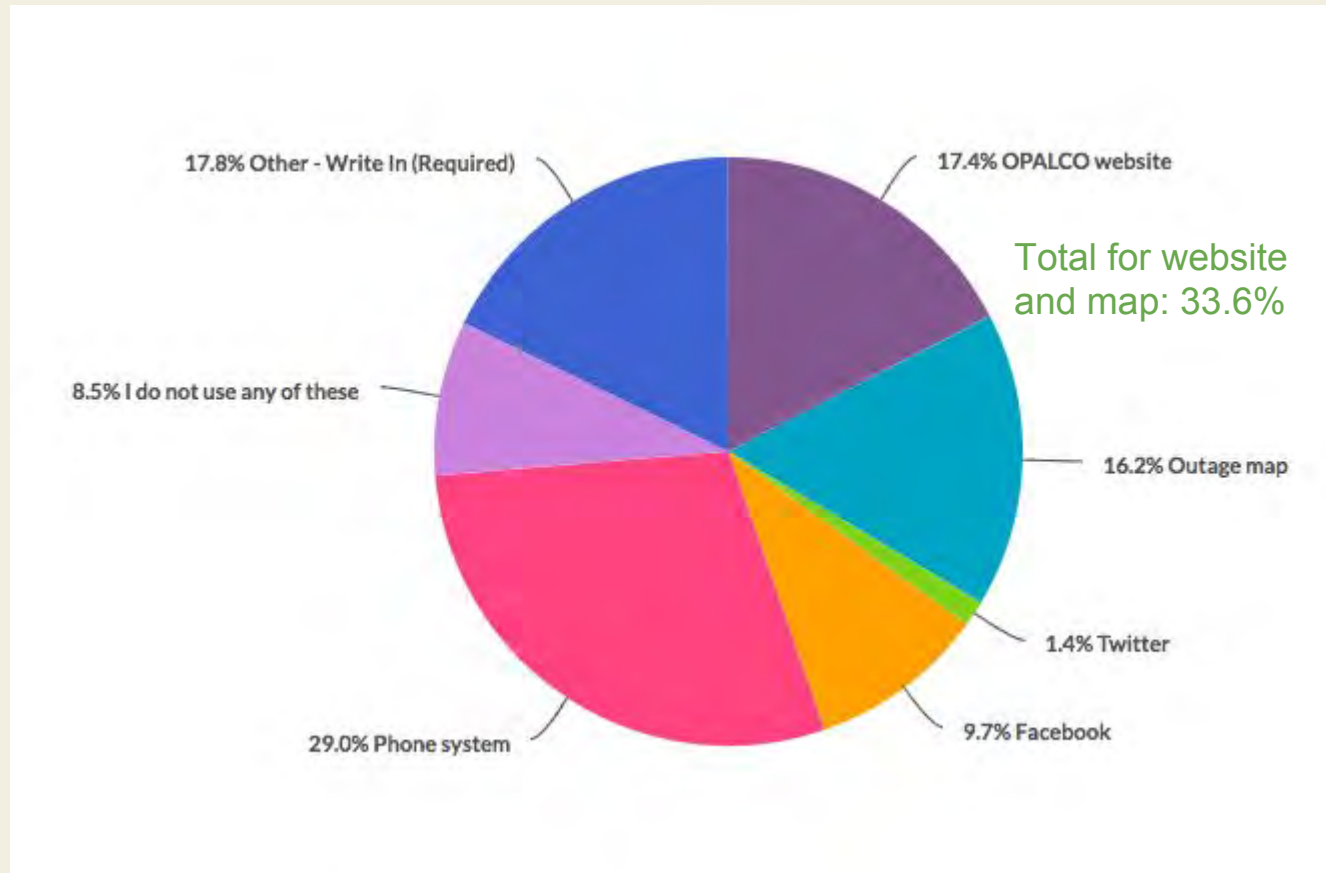
Communication Effectiveness



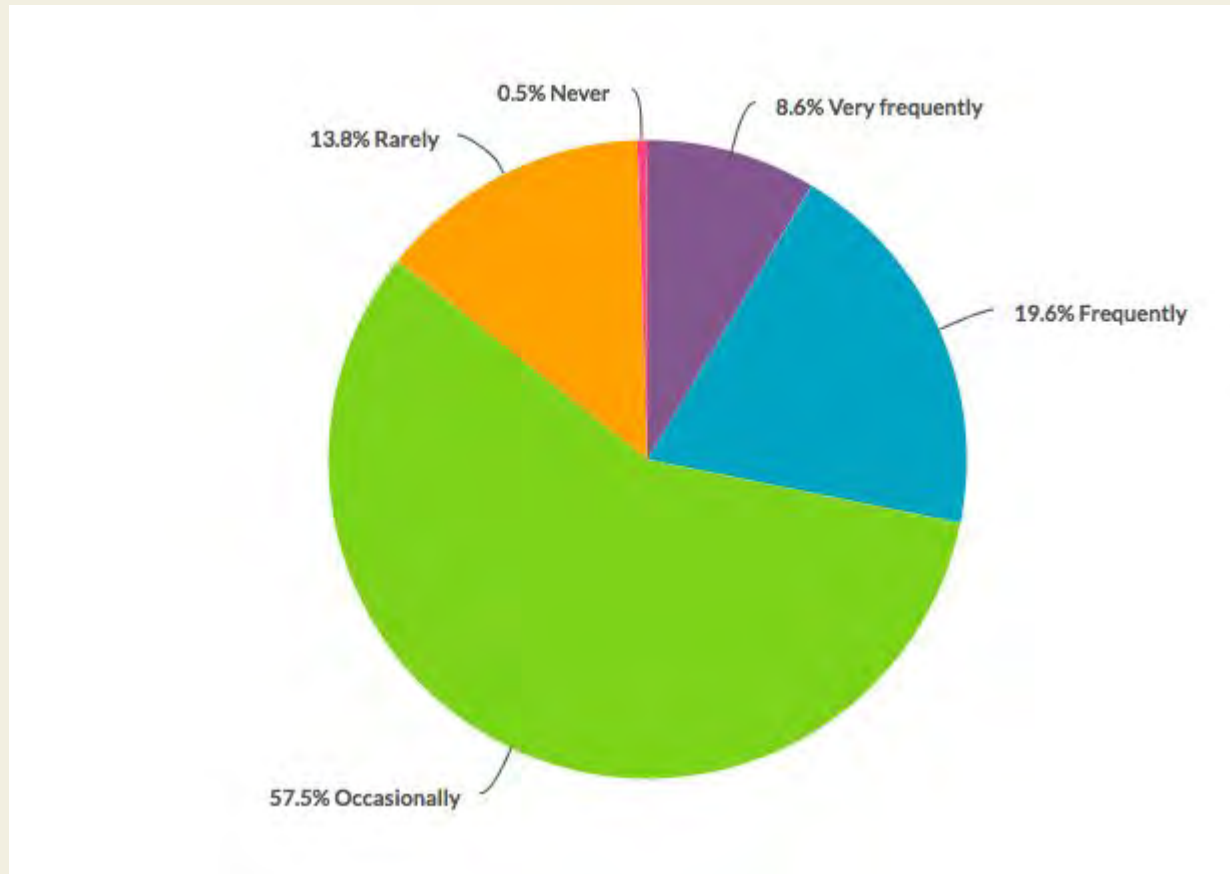
How Do You Stay Connected?



How Do You Find Out About Outages?



How often do you use the outage map?



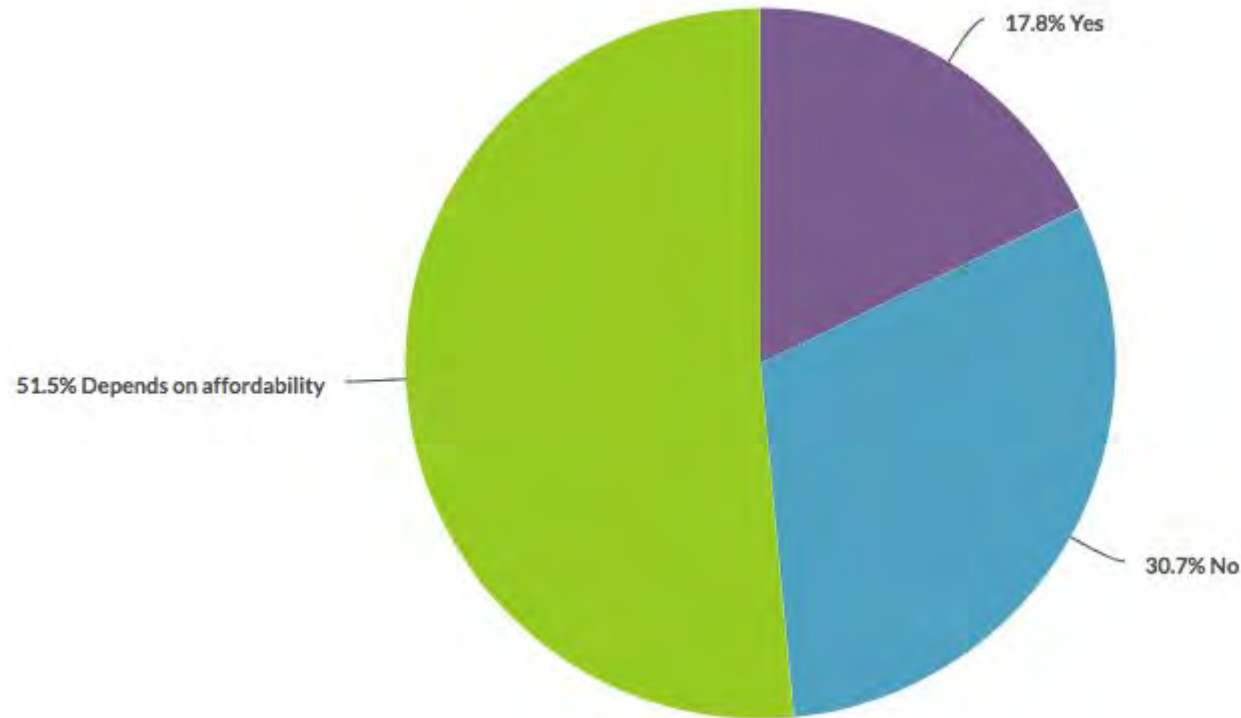
Rates

Key takeaways

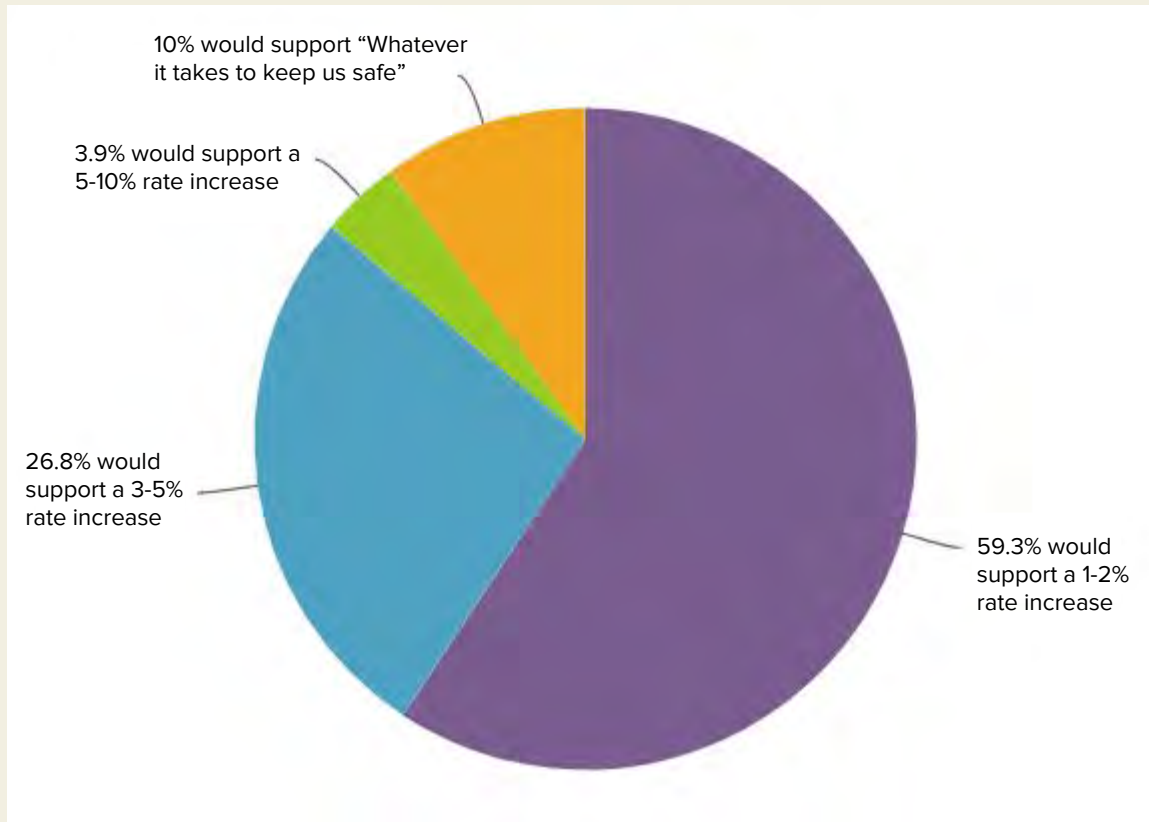
QUESTION: Would you support raising rates to produce local renewable energy in order to keep emergency services powered up in times of need?
IF SO: How much of a rate increase would you support?

1. 51.5% of respondents would support a rate increase *if they perceived it to be affordable*.
2. Almost a third of respondents would not support a rate increase.
3. Of respondents who would either support a rate increase outright or would support a rate increase “depending on affordability,” almost 60% would support a 1-2% rate increase and an additional 27% would support a 3-5% rate increase.
4. Only 13.9% of respondents would support above a 5% rate increase.

Support for Raising Rates for Renewable Energy



Acceptable Level to Raise Rates for Renewable Energy



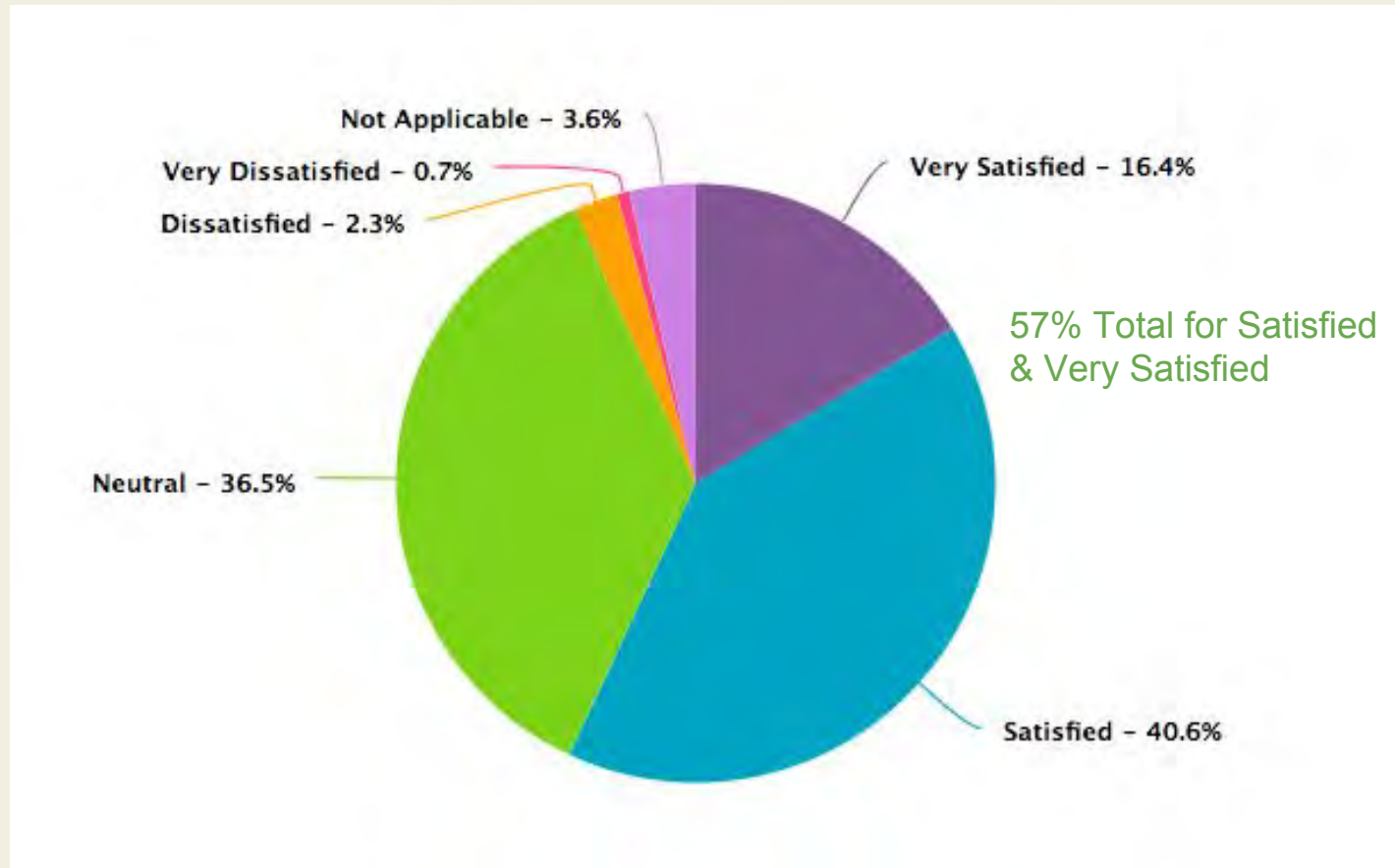
Energy Efficiency

.....

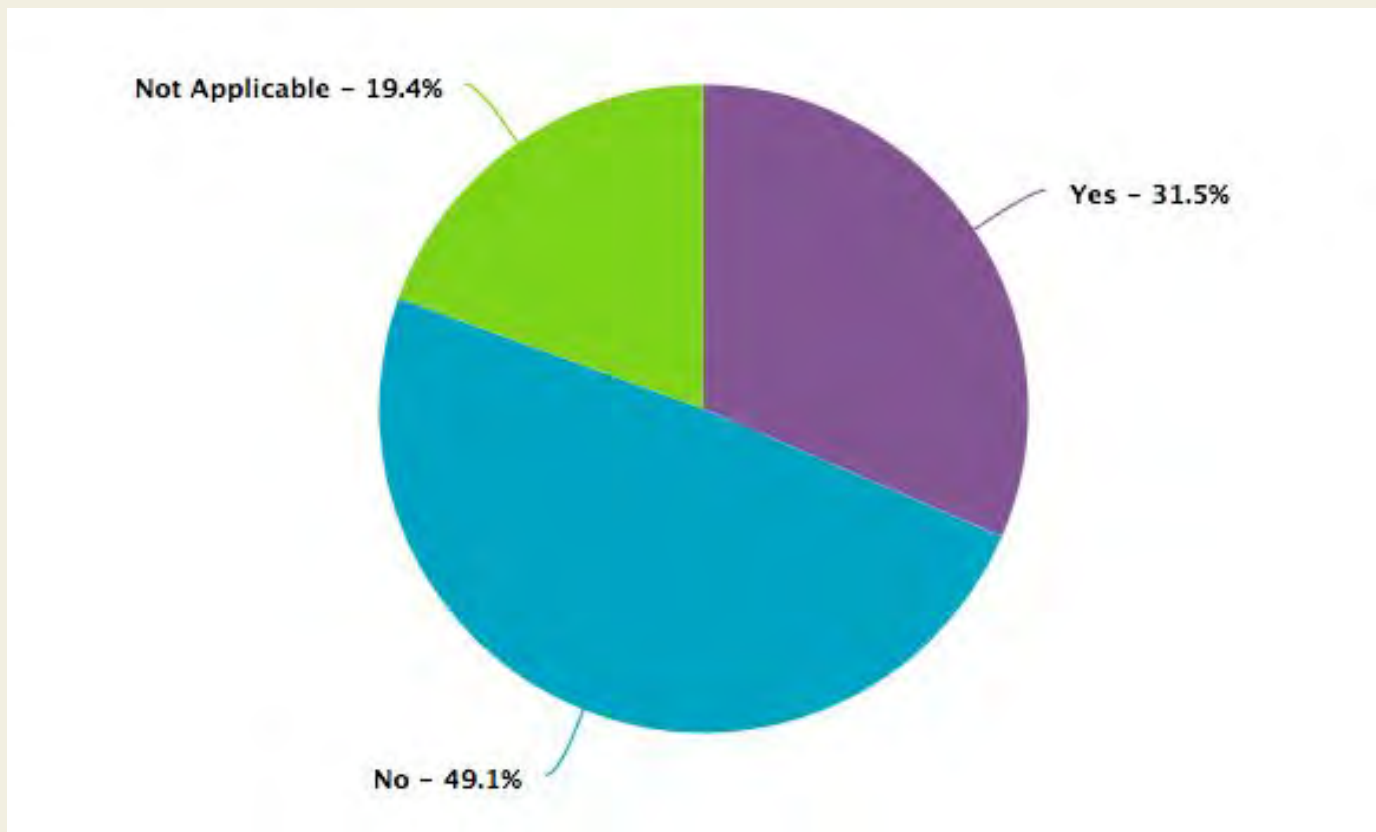
Key takeaways

1. Overall high satisfaction with efficiency programs,
2. Opportunity for improvement in awareness about energy rebates
3. Belief that potential savings from energy efficiency are very limited due to rate structure

Satisfaction with Efficiency Programs



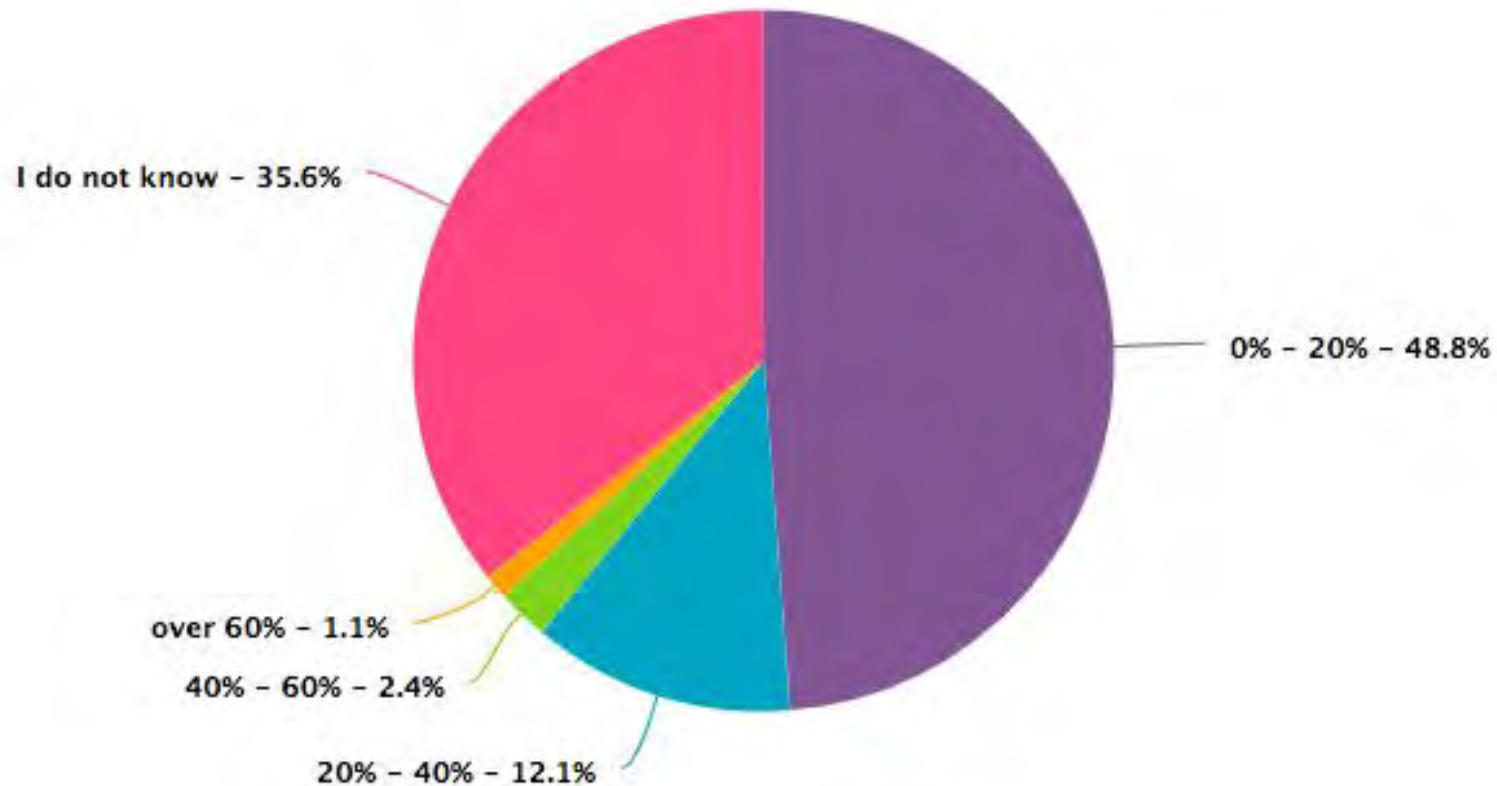
Energy Rebates Usage



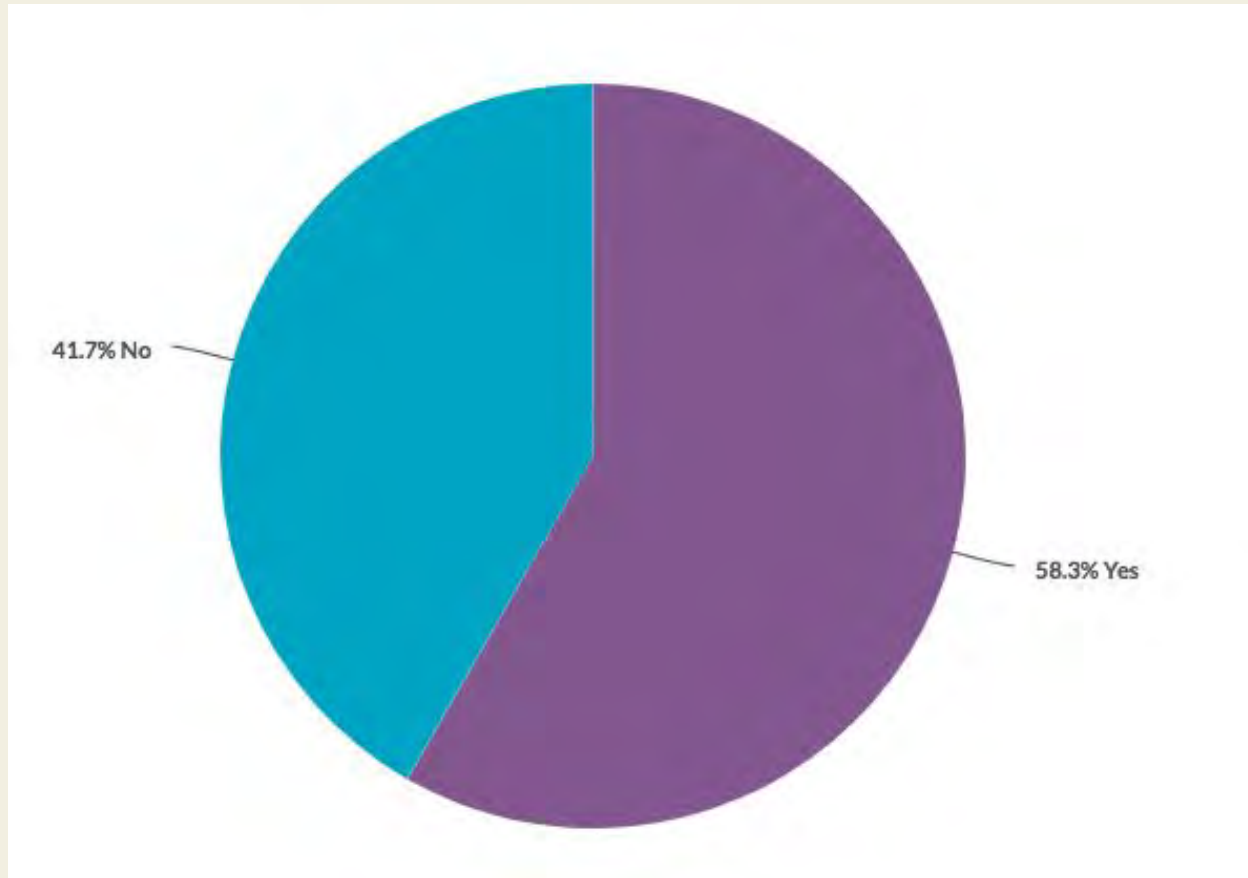
Energy Rebates Used



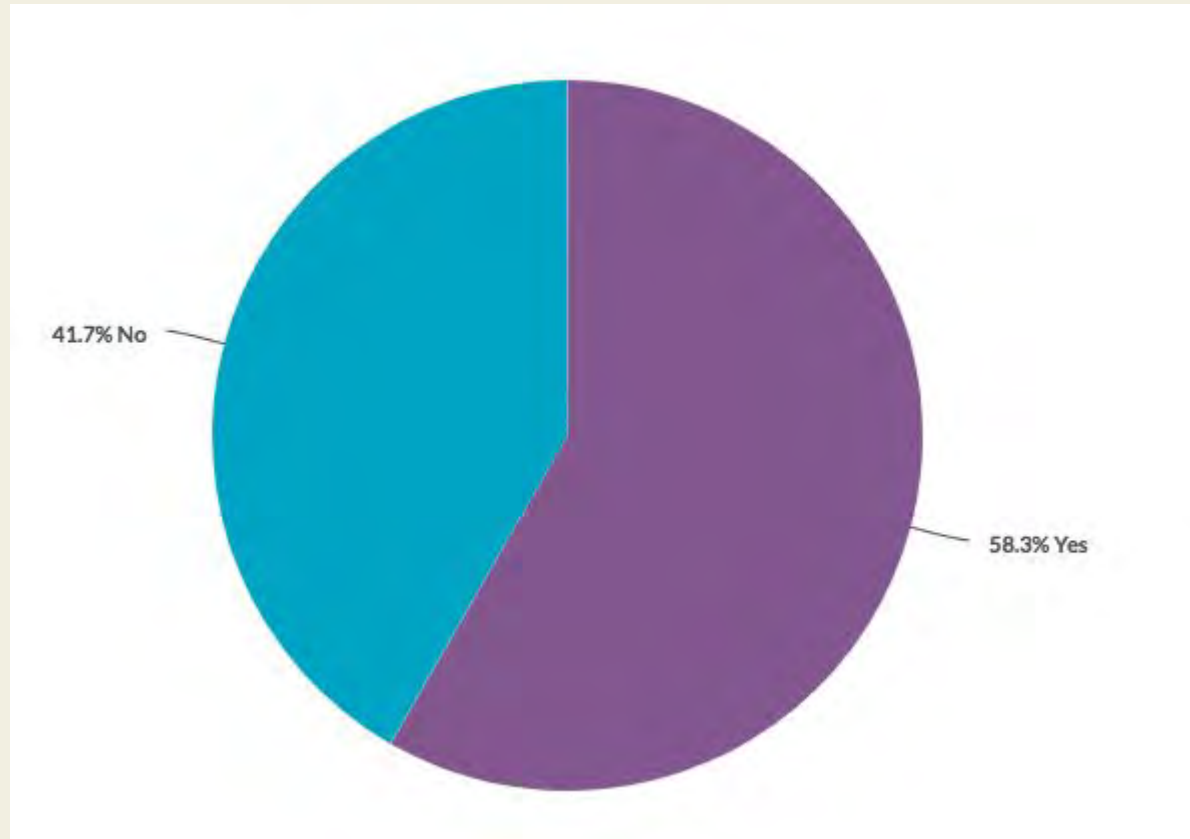
Perceived Energy Efficiency Savings



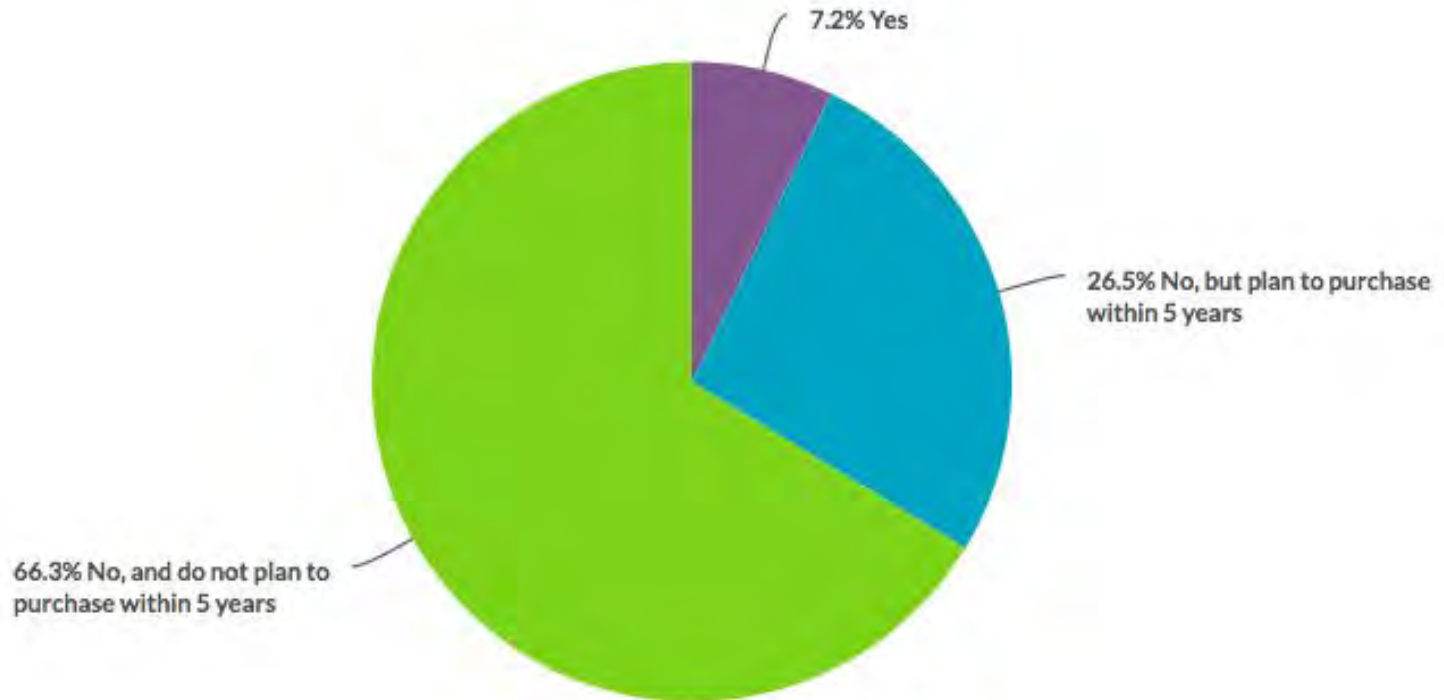
House Heated with Non-Electric Source



Would Consider a HI Ductless Heat Pump



Own an Electric Vehicle



Why Don't You Use Rebates?



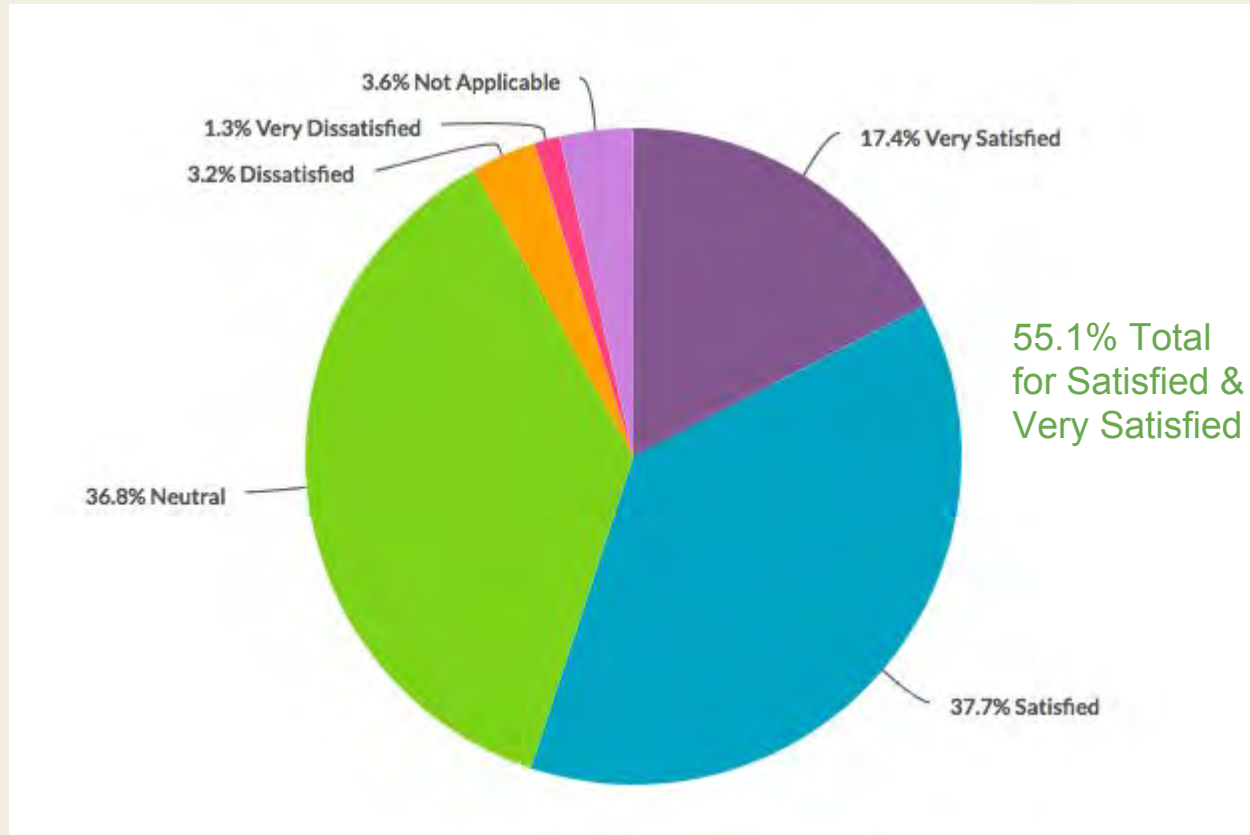
Members Said About Efficiency...

- Already doing everything they can – don't see much potential for additional efficiency gains.
- Concern that the rate structure provides little incentive towards conservation and efficiency with the increase in facilities charge.

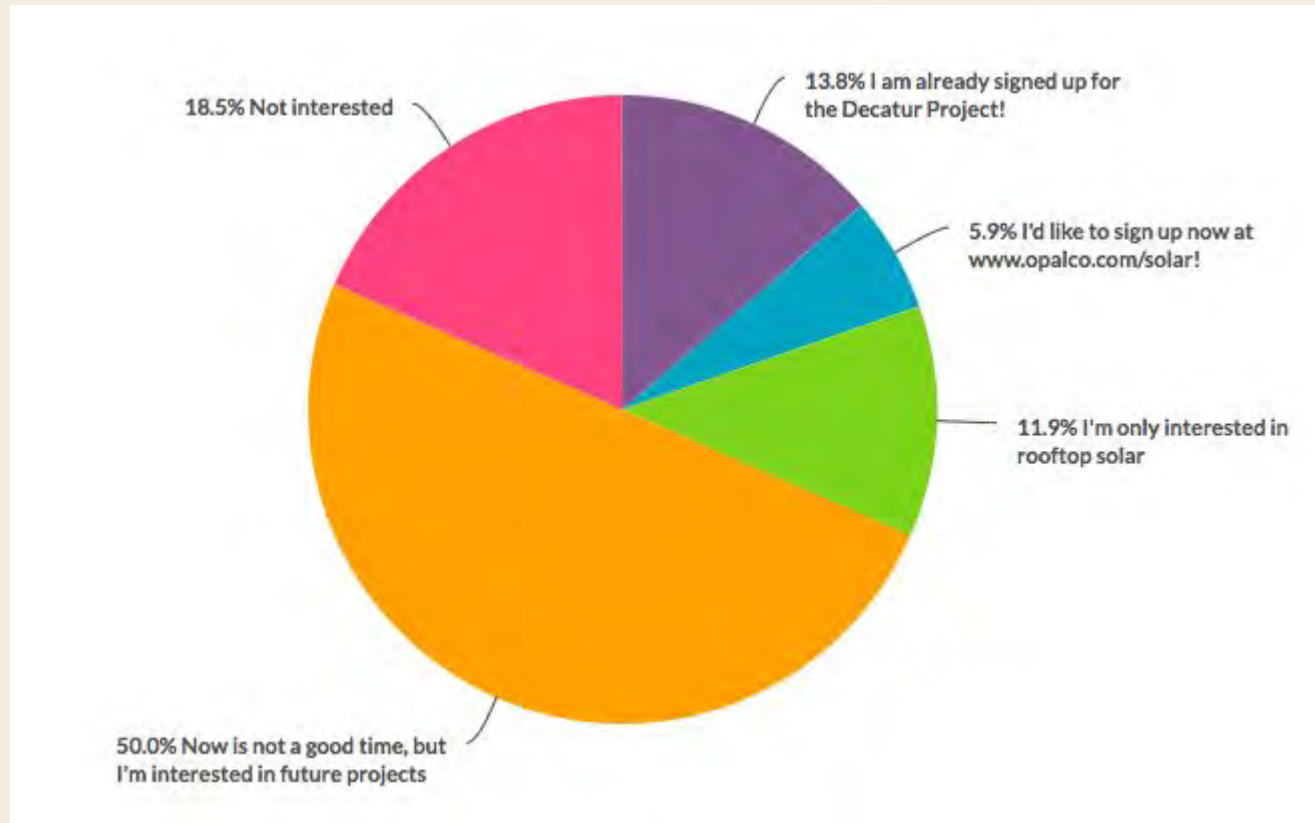
Renewable Energy Programs

.....

Satisfaction with Renewable Energy Programs



Ready to Participate in Solar Project



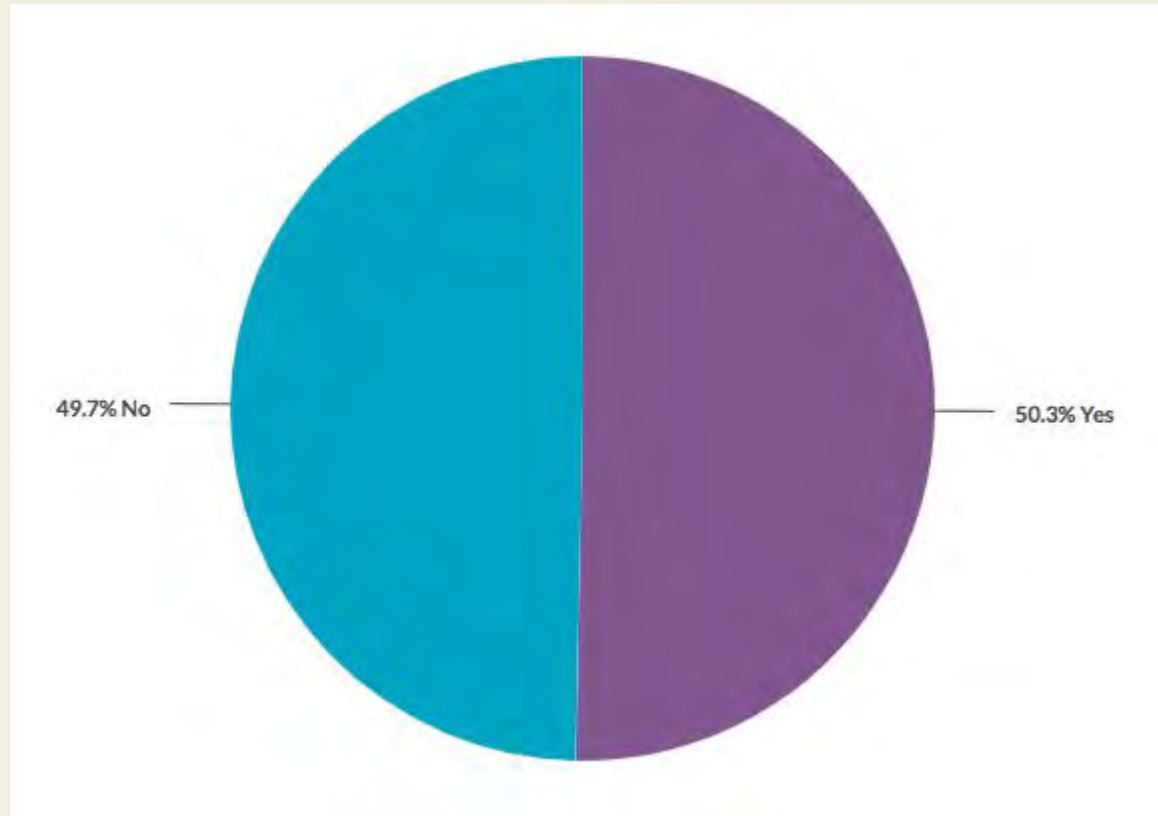
Rock Island

Key takeaways

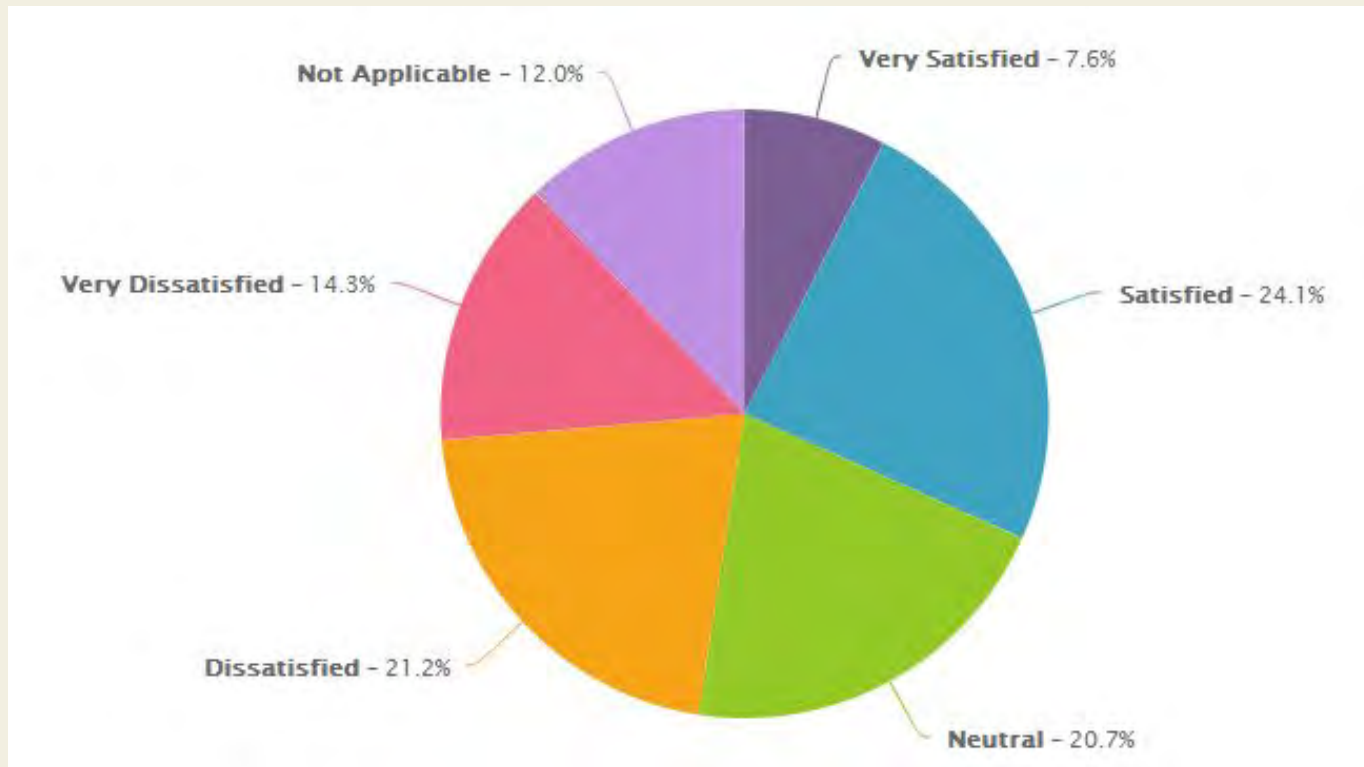
- Very high satisfaction with Rock Island internet service
- Dissatisfaction with Rock Island customer service.
- Much of Rock Island dissatisfaction comes from members who say they have paid for it but are not yet able to receive services.

Lingering misperception correlating rate increases with startup funding.

Internet from Rock Island



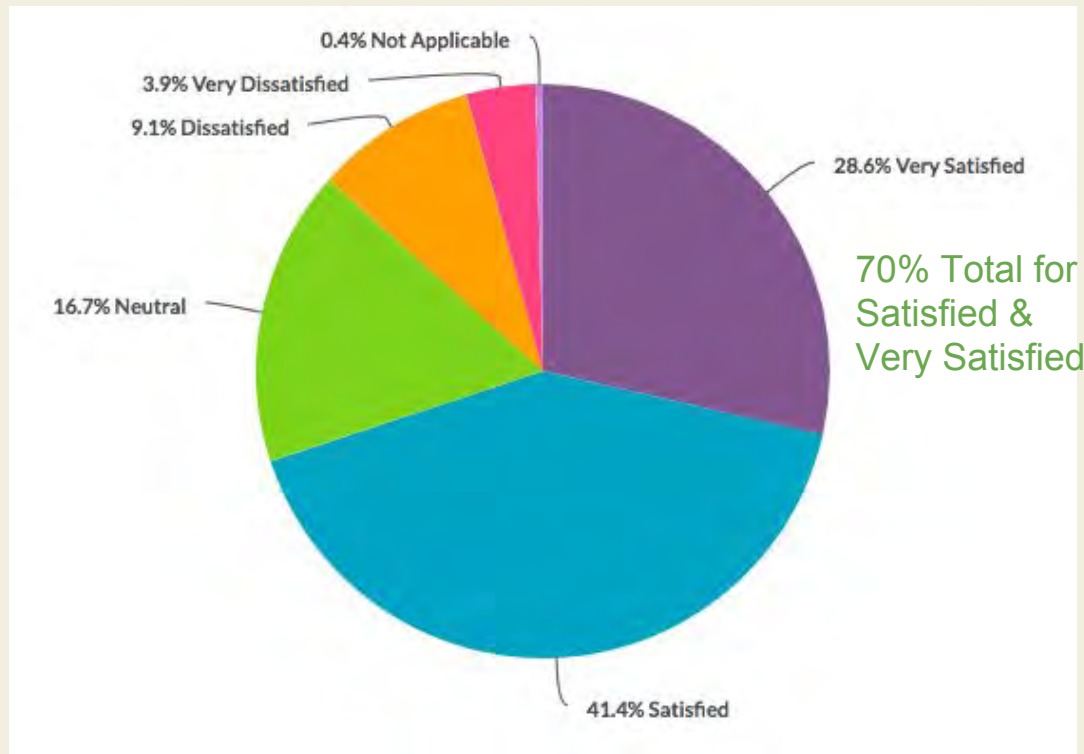
Satisfaction with Internet in 2014*



**In 2014, this question was not specific to Rock Island*

2018 Higher Satisfaction with Rock Island

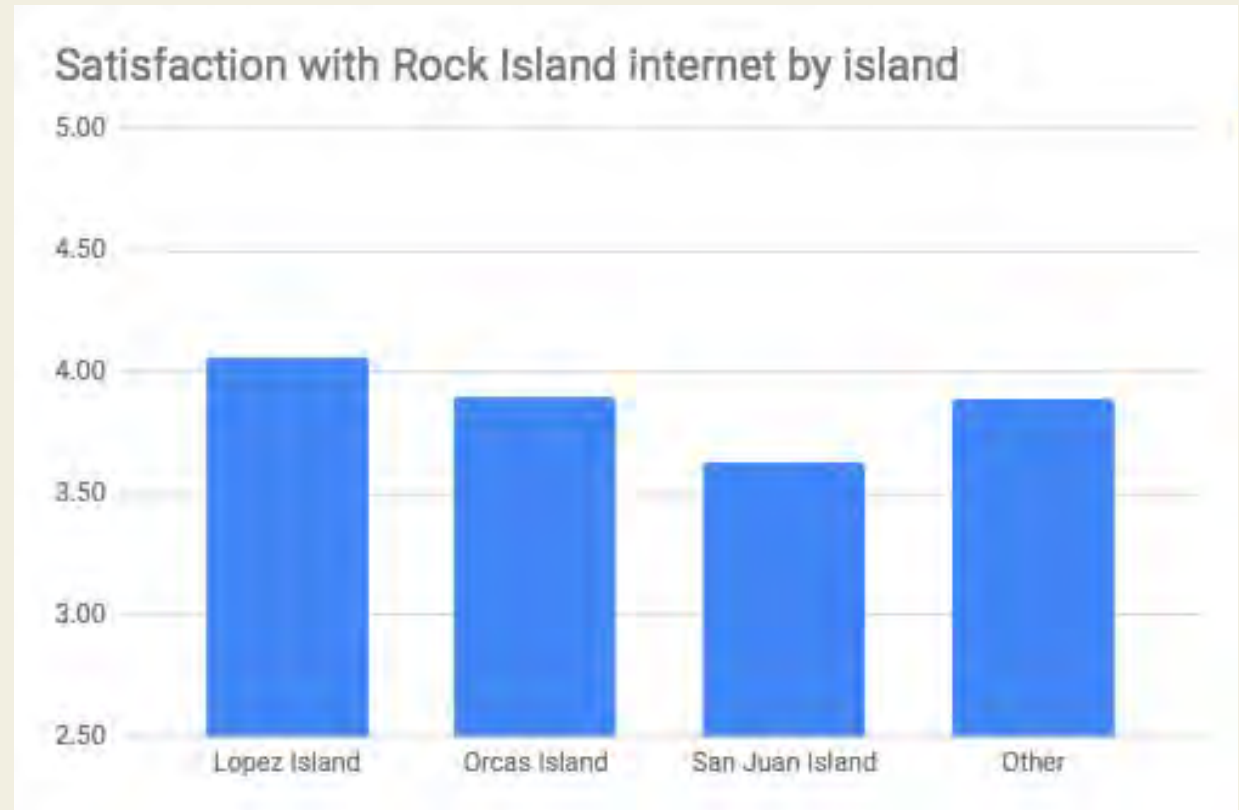
Satisfaction of members using Rock Island is 38% higher than general satisfaction with Internet service in 2014.



Satisfaction with Rock Island internet

1 = Very dissatisfied

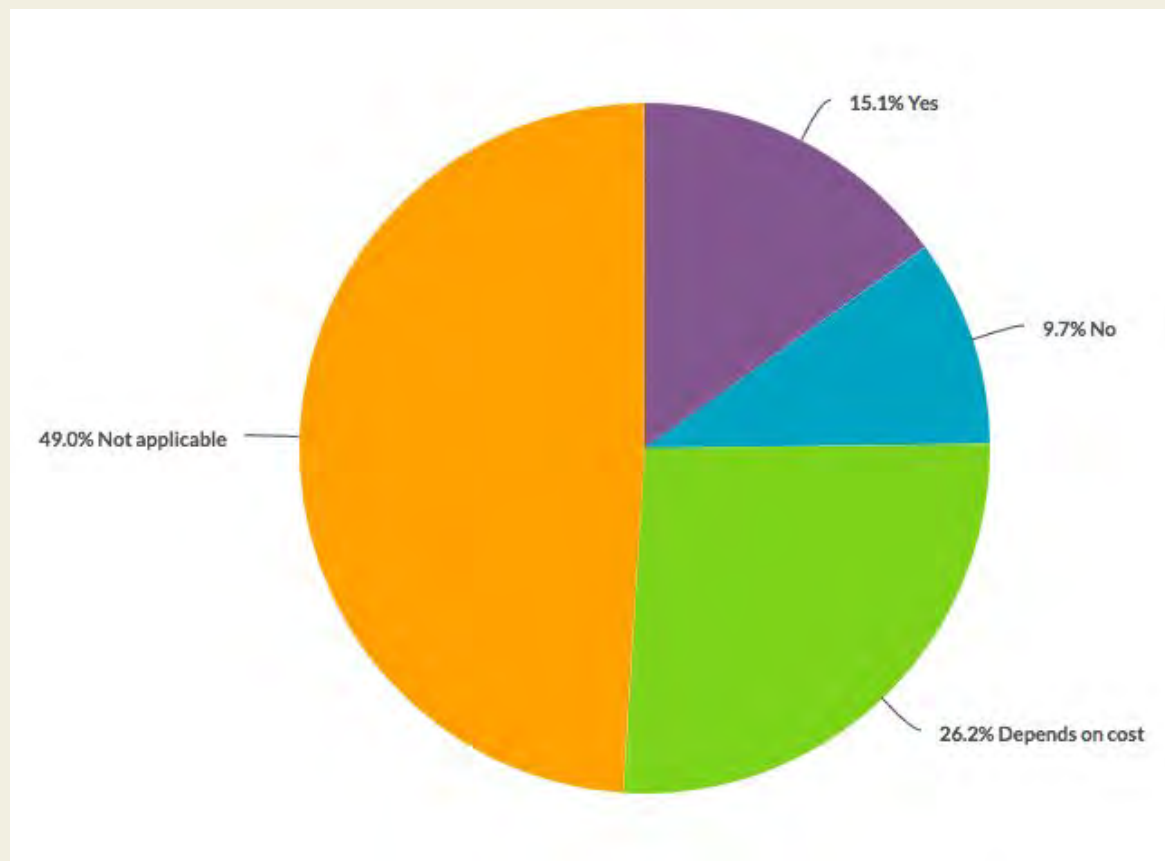
5 = Very satisfied



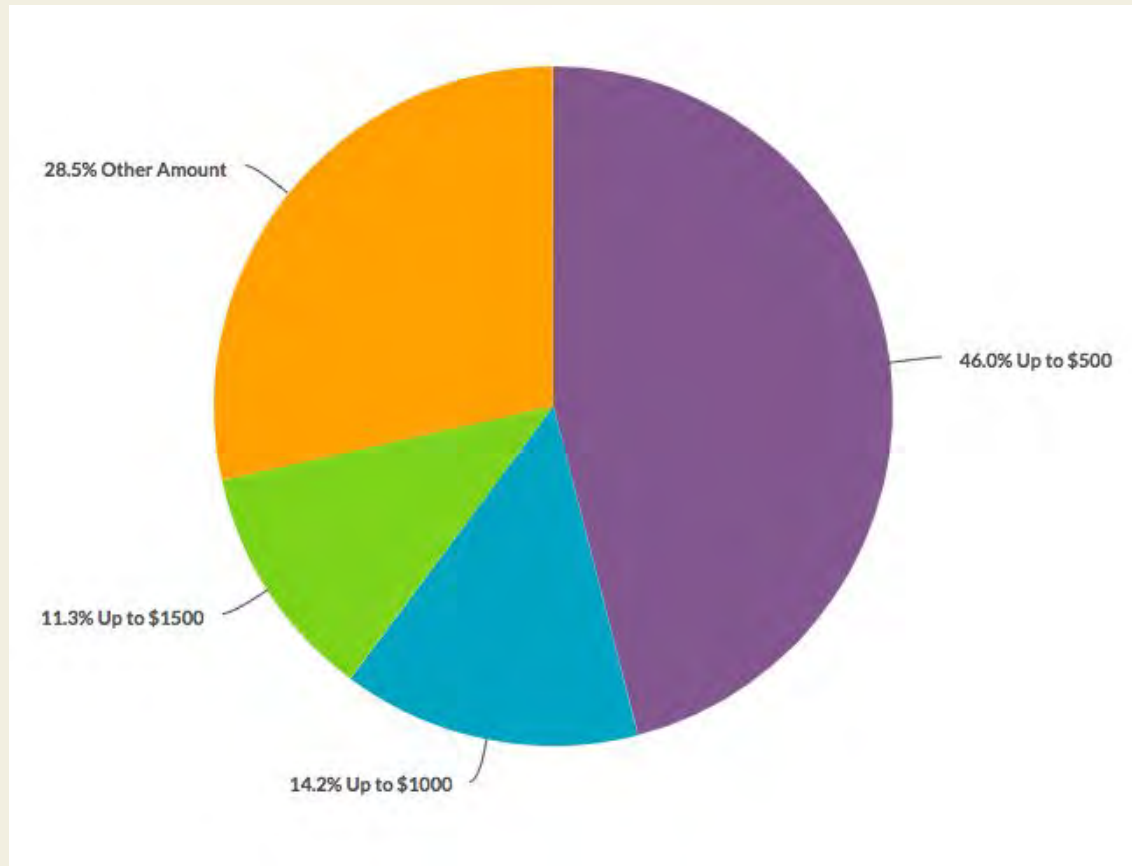
What would make it worth switching to Rock Island?



Interested in upgrading to fiber?



How much would you be willing to pay to upgrade to fiber?



Overall: Ideas for Improvement

- Research sending outage alerts via text
- Provide after-the-fact info about why outages happened and how they were handled
- “We Love Our Linemen” campaign
- Request more onsite training for third party call center
- Update the Rates Calculator page to communicate how rates are impacted by things out of OPALCO’s control, and/or how OPALCO works to negotiate with companies like BPA for lower rates for members

MEMORANDUM

August 3, 2018

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2018 Second Quarter Financial Report

Included in the Q2 Financial Report package are the Statement of Revenues and Margins (along with a notable driver analysis), Balance Sheet, Statement of Cash Flows (GAAP), and capital projects budget tracking.

The warmer weather, and resulting lower kWh sales, experienced through Q2 of 2018 is the primary driver of the overall revenue variance of -5% (\$880k) lower than budgeted. This was partially offset by the related decrease in purchased power of 5% (\$282k). All combined resulted in a decreased margin of (\$375k). No mid-year rate increase required at this time.

For more detail, please note the following key points:

- Through Q2, YTD Heating Degree Days (HDD) were down ~4% below normal budgeted levels (Actual of 819 vs. budget of 856). Actual kWh sales were 5M kWh below budget (111M vs. budget of 116M). We expect weather and heating fluctuations to produce dramatic sales revenue volatility and have budgeted based on those assumptions. We will continue to monitor revenue and expenses closely.
- Q2 YTD power purchases were down \$282k due to lower kWh consumption. Actual kWh purchases were 6M kWh below budget (116M vs. budget of 122M).
- BPA surcharges are offsetting otherwise bill savings from lower kWh purchases. In June 2018 OPALCO paid ~\$12.4K in a '*BPA spill surcharge*' which relates to BPA *recovering costs from being forced to spill* their dam by court order during the spring of 2018. We also paid \$14.5K in '*Oversupply Mgmt Protocol*' which is BPA *recovering costs from having to avoid spilling*, reducing total dissolved gas (TDG) in the water which helps the fish and BPA pay's other non-hydro generators to 'not generate' and they pass that cost down to their members. Both surcharges are expected to remain through September.
- Excluding purchased power, Q2 YTD operating expenses were approximately \$347k under budgeted amounts.
- RUS borrowings were accelerated by \$550K due to the lower revenue experienced through Q2. Outstanding debt balance as of June 30 is also higher due to (a) timing of RUS mortgage payment (not due until Q3) plus (b) RUS advance payments being curtailed vs. budget due to lower revenues and delay in establishing new RUS loan facility.
- Rock Island Communications Q2 Financials included in separate packet.

GENERAL MANAGER'S REPORT

August 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 August 1, there are 354 work orders open totaling \$12.7M. Operations has completed construction on 103 work orders, totaling \$8.2M. Notable closing in Q3 will see the Decatur Substation, Submarine Cable, and various large construction efforts totaling greater than \$6M.

Safety

Jeff Myers conducted training on confined spaces and respiratory protection. This training is a refresher on the hazard of working in vaults and other confined spaces. Operations personnel also demonstrated proficiency in performing a vault rescue. The total hours worked without a loss time accident is 86,825.

Redundant Feed to Orcas

1) Decatur Tap and Substation

OPALCO and BPA personnel energized the Decatur Substation and Transmission Tap from the BPA Transmission line to North Decatur.

2) Blakely Substation

The Blakely Substation is under construction with an anticipated completion of late October.

3) Olga Substation and Feeder Upgrades to Eastsound

Olga Substation is being reconfigured to accept 69 kV. Buck Bay and Crescent Beach re-conductor projects will commence in mid-August with an anticipated completion by the end of September.

FINANCE

Q2 Financial Report

Staff will be presenting the 2018 2nd Q financial statements and capital project analysis for board discussion during the August board meeting.

BPA Surcharges (\$27k)

In May, BPA added an Oversupply Management Protocol (OMP) surcharge to our power bill. OMP is what BPA uses to avoid spill at dams to manage total dissolved gas in the water. So, when total dissolved gas levels are high, the dam is in a 'must generate' scenario to minimize additional spill (more dissolved gas). When BPA implements OMP, they pay non-hydro generators (wind, etc.) to curtail production in an effort to protect aquatic life and maintain system reliability. Under OMP, BPA compensates generators for their displacement-related costs. BPA passes these costs to customers based on their Tier One Cost Allocator (TOCA).

In June, BPA added a 'Spill Surcharge' to our power bill which is meant to recover costs (lost production) resulting from a court-ordered directive to spill the dams during Spring of 2018.

The two surcharges combined totaled \$27K in June, a 4.5% increase over our normal billing. Both surcharges are anticipated to last through September 2018. These charges represent a decoupling of the relationship of power cost to demand/consumption which we see in our financials.

OPALCO's 'This Electric Life' - On-bill Finance (OBF) Program Development

Staff is still awaiting final RESP loan documents from RUS for review/execution. The funds from RESP will be used to implement an on-bill financing program which will focus primarily on providing financing for beneficial electrification (replacing direct fossil fuel use [e.g., propane, heating oil, gasoline] with electricity in a way that reduces overall emissions and energy costs) measures. This creates a win-win-win for our members, the Co-op and the environment.

Staff has been consulting with the Environmental and Energy Study Institute (EESI) and Collaborative Efficiency (CE) during program development. EESI has an ongoing On-Bill Financing Project initiative and has vast experience assisting many Cooperatives and Public Power Utilities implement various types of on-bill programs across the country. This assistance comes at no cost to the Co-op as EESI's work is grant-funded.

Given the contract timing delays experienced with RUS loans and the RUS-RESP program, at this time staff anticipates budgeting for, and receiving funds to roll out 'This Electric Life' to members in early Q1 of 2019.

The image below shows the 110+ utilities in the United States that operate an on-bill financing program.



RUS Update Visit to DC

We have been experiencing substantial delays in three RUS federal loan programs: RESP, refinance, and CWP loan. These delays seriously impact our ability to accomplish budgeted capital projects and serve our membership. Hildreth was in DC on July 31 to meet the new RUS administrator Kenneth Johnson and advocate for OPALCO. Hildreth will provide observations and answer questions at the board meeting.

AS8 Delay

Staff has executed the new RUS CWP loan facility AS8 and returned to RUS. We are now awaiting the final counter-signed and executed loan documents. As the CWP indicates, this loan is expected to provide OPALCO capital funding for 2017-2020 projects. We expect to have these CWP funds available shortly.

Refinance Delay

In November 2017 OPALCO requested a refinancing of ten FFB loans totaling ~\$10.6M. Over the course of the last eight months, we have heard that the cooperative community's response was significant and that the pilot program was oversubscribed. RUS was to determine how to address the over subscription and that the amounts we would be allowed to refinance would be known by early spring 2018. At this date, RUS has not provided any update or amount of the loans we would be allowed to refinance.

Rural Energy Savings Program (RESP) Delay

See 'This Electric Life' update above

MEMBER SERVICES

Energy Assistance

In June 2018 313 members received ~\$9.3k from the Energy Assist program, and 311 members received ~\$9.4k in July 2018; this maintains an average ~8 months of no facility charge for these members.

Energy Savings Rebates

Staff paid out ~\$12.2k in rebates to 14 members for BPA rebates, along with 8 Beneficial Electrification (OPALCO funded) rebates totaling \$9k.

Community Solar

The Community Solar array was energized on July 31, 2018 in coordination with the Decatur Substation project. Participating members will see the first energy credits appear on the September billing that will account for all energy produced since the system was energized (July through mid-September).

In March 2018, staff submitted a grant to USDA Rural Development for a Rural Energy for America Program (REAP) grant. The application asked for the maximum possible allocation of 25% of allowable project costs, or ~\$207k. In July 2018 staff received notification from the USDA that our application 'won' in the first round of unrestricted grant funding competition, scoring the highest in the State. The USDA is in the process of obligating the funds to OPALCO. The remaining documents are to be completed by October 10th, staff anticipates having these completed in Aug/Sept and submitting the final request to receive funds by the end of Q3 '18.

This is a huge win for our Community Solar project that was not 'banked' on. As this reduces the cost of the project, staff is planning to use the funds to provide a rebate to all Community Solar participants on a per unit basis. The final rebate amount will be determined once all project costs are accumulated and grant funds received but is expected to be +/- \$25/unit.

Outreach: Staff are celebrating this success with a number of outreach measures. A cover article will appear in the NWPPA *Bulletin* in August, local media outlets will run the story and OPALCO's website

will feature a time-lapse video of the construction process. Member investors will see solar production credits on their bills beginning in September – for all production to date. Staff are developing an online production meter (Q3-4) to demonstrate results to the whole membership.



COMMUNICATIONS

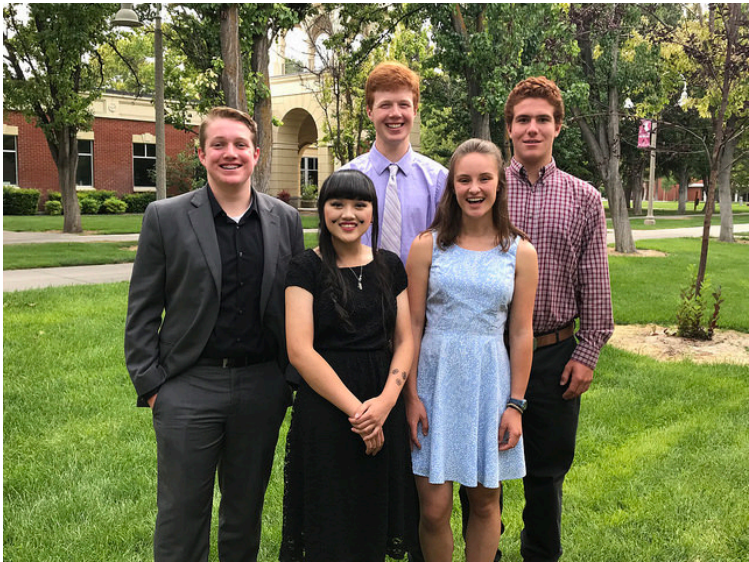
Switch it Up – This Electric Life

Once policy on the RESP loan program is finalized, staff will launch an outreach campaign to encourage members to “switch it up” from propane (and other carbon fuels) to electricity. Tools currently under development include a prominent landing page on the website with a savings comparison tool and updated blog with fresh content, as well as resources to inspire members to begin fuel switching projects. Outreach will include existing rebates and bring greater awareness to the full menu of efficiency measures.

Youth Scholarship Program

Thank you to the family of Nourdine Jensen for again matching the OPALCO scholarship to give our scholars \$1,000. The four 2018 Nourdine Jensen Scholars and returning Youth Director made the most of their experiences at the Idaho Consumer-Owned Utilities Association (ICUA) Youth Rally. The students

spent a week in July at the College of Idaho to attend the co-op leadership camp, along with more than 100 peers from rural electric cooperatives across eight western states. Once again, OPALCO scholars distinguished themselves with some of the top ICUA scholarship awards (\$300-\$600). Arlo Harold, of Friday Harbor, was elected to return as a Youth Director in 2019. Arlo is the son of long-time OPALCO employee David (and Amy) Harold.



Arlo Harold, Aida Must, Zach Fincher, Natalie Meenan and Henry Miller at the College of Idaho.

County Fair

The County Fair booth will invite members and their kids to take a pledge to “play it safe” around electricity. The safety demo will be live with educational handouts and cool safety t-shirts for kids who take the pledge. Staff will be available to talk about rebates, community solar and all things OPALCO.

Staff Field Day

OPALCO staff and their families gathered on Sucia Island for an employee appreciation day. It was a great opportunity for OPALCO staff from three different islands to get to know each other and promote the co-op family culture.



APPENDIX: Commitment to Zero Contacts - Letter from Board

To: All Staff
From: Vince Dauciunas, Board President
Date: July 29, 2018
RE: Board Commitment to Safety

I want to take a moment to share, on behalf of the OPALCO Board, our 100% commitment to safety, and relay my personal thanks to our safety committee for their dedication to making best safety practices a routine part of the work that the OPALCO team does every day. Every tailgate meeting, every safety meeting, every minute spent in training and doing peer inspections is worth it – you are saving lives – and I thank you. This is what it takes to build a culture of safety, and you're doing a fantastic job.

It's been five years since OPALCO's contact incident, and I am proud of our leadership and staff for the progress made to keep our co-op family safe. All the OPALCO board members strongly support our team's efforts to prioritize safety throughout the organization, the new staff safety field days and safety demonstrations in the community.

NRECA launched a new 'Zero Contacts Initiative' at the 2018 NRECA Safety Leadership Summit in late April, and Foster Hildreth signed the pledge. At the June board meeting, each board member signed the Zero Contacts Initiative pledge to help accomplish our goals around safety. The Zero Contact Initiative provides co-ops with ideas and resources to help eliminate injuries by electrical contact. Jeff Meyers, our safety administrator, is integrating the Zero Contacts materials and tool sets into our safety systems.

The Zero Contacts initiative blends with our existing RESAP (Rural Electric Safety Achievement Program) best practices and our Safety Committee. OPALCO joined the RESAP program in 2014, participating with neighboring co-ops to provide peer reviews and audit each other's safety programs. OPALCO and Columbia REA have been leading the charge to get more Washington co-ops to embrace the more rigorous safety standards contained in the RESAP program.

We all watched the following video at the June board meeting and encourage you to see it, too: "A Lineman's Call: The Story of Jeremy White" (<https://youtu.be/TmfZQhY9-Qg>).

The board is committed to ensuring that safety is our top priority. We've got your backs and will always make the resources available to ensure you get home safely to your family each and every day.

APPENDIX: PNGC Newsletters

PNGC Power Pulse

June 2018

Inside This Issue

- 1 Charting the Course
- 2 A River Runs Through It
- 3 Employee Spotlight: Teresa Skreen
- 4 BPA Happenings
- 4 PNGC Peak
- 4 Mid-C Pricing
- 5 Upcoming PNGC Events

Charting the Course

The PNGC Board of Directors met at Skamania Lodge in Stevenson, Washington for their annual Strategic Planning session June 4-6, 2018. This intensive meeting is held in lieu of an official Board meeting during the month of June and gives the Board a chance to deep dive into the subjects that concern the future of PNGC.

"This year we had a chance to look out past 2028, when the new Bonneville contract will go into effect," said Beth Looney, President and CEO of PNGC Power. "There is so much for us to consider, both internal and external factors, as we plan for the success of PNGC and its cooperatives moving forward. This meeting gives us the

opportunity to talk about what we'll look like post-2028, and also all the steps we need to be making between now and then."

This year's session included topics like Real World Scenario planning, long-term financial planning, and extensive discussion on PNGC's Wholesale Power Contract. The Board also looked at the results from the survey they were given prior to the Strategic Planning session that asked for their appetite and opinions on various regional, legislative, and power related questions.

"I think we made great progress setting a path for PNGC's continued success and growth into the future," said Roman Gillen, PNGC Power Board Chair. "I am confident that the framework established by this year's Strategic Planning session places us in the best position to meet the major challenges and uncertainties of the NW power market in the years ahead."



The view from Skamania Lodge

A River Runs Through It

On May 22, 2018 the U.S. Department of State released a statement announcing the start of negotiations with Canada to modernize the Columbia River Treaty. This 1964 Treaty has provided flood risk and hydropower operations with benefits to millions of people living in both Canada and the Pacific Northwest of The United States. Modernizing the Treaty will ensure these benefits continue fairly into the future.

Talks between the United States and Canada began on May 29-30 in Washington, D.C. and by all accounts were productive in terms of laying out high-level objectives and re-affirming cooperation between the parties. This came before the G7 summit held in La Malbaie, Quebec, Canada June 8-9, and the ensuing tensions between our two allied countries caught the news cycle. What does this mean for Treaty negotiations moving forward? And what can we expect from our Canadian counterparts as the U.S. Department of State (along with The Bonneville Power Administration, the U.S. Army Corp of Engineers, the Department of Interior, and the National Oceanic and Atmospheric Administration) looks to ensure the objectives of the United States?



It's important to remember that discussions about The Columbia River Treaty have been ongoing for many years now among the Northwest's Tribes, states, key stakeholders, and both public and federal agencies. In 2013, consensus was reached by these groups around a 2013 Regional Recommendation, which will guide U.S. negotiators. Ashley Slater, PNGC Power's Vice President of Government Affairs and Policy said, "As members of the Columbia River Treaty Power Group (a coalition of 80 electric utilities, industry associations and other entities that depend on power produced by Columbia River hydropower generating plants) PNGC Power has taken a

leadership role to ensure that Treaty discussions prioritize the fundamental need to reestablish an equitable distribution of power benefits between the U.S. and Canada."

The key objectives of the Treaty negotiations, according to a press release issued by the U.S. Department of State, are careful management of flood risk, ensuring reliable and economic power supply, and better addressing ecosystem concerns. Sustaining these objectives far into the future is the goal; hopefully, current tensions will not have an effect. "Our primary objective is to ensure that these negotiations result in a net positive benefit for Northwest electric ratepayers," Slater stated, saying this will require a steadfast commitment to correcting the current inequity of the U.S. obligation under the Canadian Entitlement – a continuous power and energy delivery to the Canadian government

paid for by Northwest electricity customers. Slater said, "Without agreement, the Northwest region faces a loss of approximately \$1 million every two to three days, and the associated carbon-free energy."

PNGC Power has been at the table representing its members' interests in these discussions and will continue to monitor their development. The next round of negotiations will take place August 15-16 in British Columbia, Canada.

Employee Spotlight: Teresa Skreen

Teresa Skreen has been with PNGC Power for 17 years. She began her career here when PNGC still shared the building with a bank. In fact, in her first role as Administrative Services Manager, the first project she undertook was to revamp the current PNGC building to get it ready for the Slice contract and a 24-hour trading floor. Teresa says she has seen and lived the changes of the building, the contracts, and leadership of PNGC. Teresa is the second-longest tenured employee of PNGC now (our CFO Jon Wissler has a few years on her.)

Teresa is the Vice President of Administration, which is a role that covers a multitude of areas. She oversees Human Resources and Benefits, IT, the building, administrative services, she supervises the marketing and communications department, and functions as counselor and all-around office Mom. "I see my main job as fostering the culture of the company," Teresa said. "I try to make a positive environment where people can be their best." Teresa went on to say that it's always been her job to deal with the little things, so that the little things don't become big things that distract people from PNGC's core mission.



Teresa and Flynn

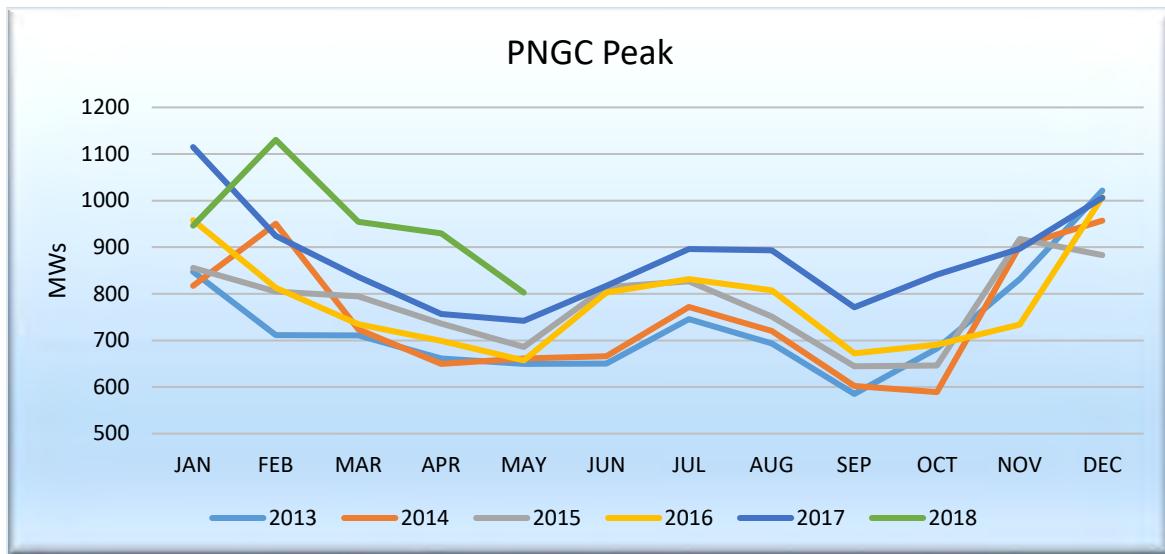
Teresa lives in Oregon City with her husband Mitch, and their lively animal companions, which include 4 Maine Coon cats that range between 20-30 lbs. each (named Bacco, Tino, Fuego, and Pippa), and two Boxers, Kipper who is a wise 12 years old, and their newest addition, Flynn, who is 6 months old. Teresa and Mitch have two grown daughters, and two granddaughters. In her free time, Teresa volunteers with organizations that make the world a better place.

BPA Happenings

June 20-21	2018 Integrated Program Review Workshop
June 26	TC-20 Tariff Customer Workshop
July 11	TPIP Review
July 17	2018 Integrated Program Review Workshop
July 18	BP-20 Rate Case Workshop
July 23	TC-20 Tariff Customer Workshop

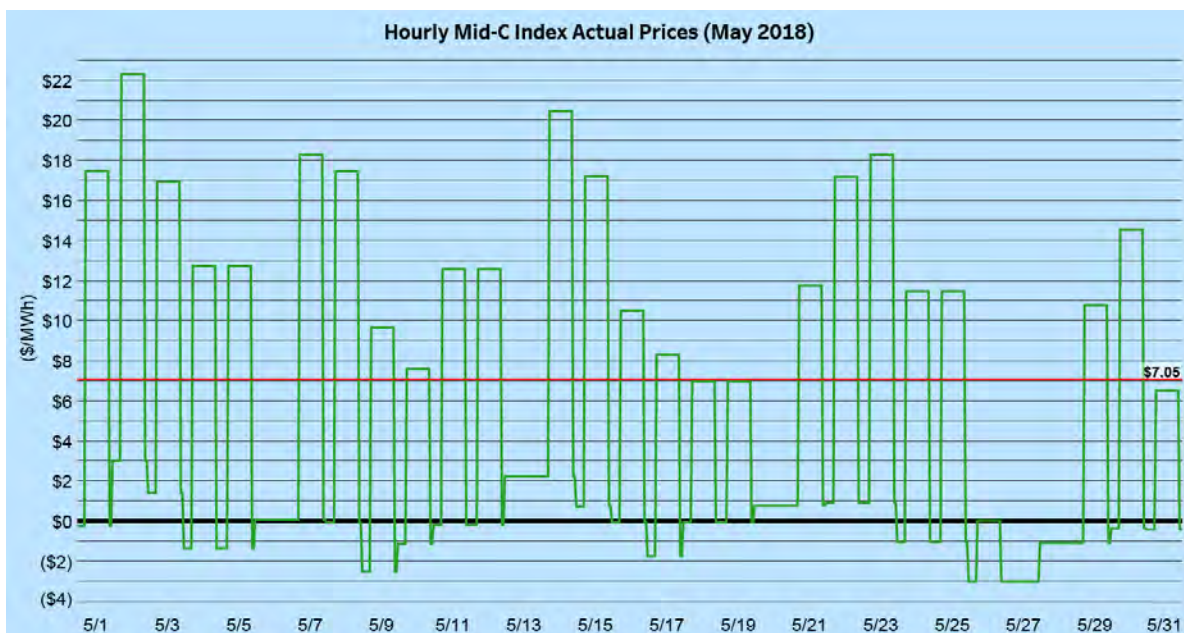
PNGC Peak by Month & Year

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



Mid-C Pricing

The graph below shows Mid-C Pricing for the month of May 2018



Upcoming PNGC Events

June 21	Coos-Curry Annual Meeting
July 3	PNGC Board Meeting
July 4	4 th of July – PNGC Office closed
July 10-12	ORECA Mid-year Meeting
July 12	EE Collaborative Meeting



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

About PNGC Power:

PNGC Power is a Portland-based electric generation and transmission (G & T) cooperative owned by 15 Northwest electric distribution cooperative utilities with service territory in seven western states (Oregon, Washington, Idaho, Montana, Utah, Nevada and Wyoming). The company creates value for its member systems by providing power supply, transmission, and other management services. PNGC Power is an aggregator of geographically diverse loads in the region.

PNGC Power Pulse

July 2018

Inside This Issue

- 1 New Leadership
- 2 Face Time with the Secretary
- 2 Employee Spotlight: Steve King
- 3 PNGC Peak
- 4 Mid-C Pricing
- 4 BPA Happenings
- 4 Upcoming PNGC Events

New Leadership

On July 16 PNGC Power welcomed Greg Delwiche as Interim CEO. Delwiche has an extensive background in the electric utility industry with more than 30 years of experience. He joined the Bonneville Power Administration (BPA) in 1992, and during his time there held four executive positions before retiring, most recently as Deputy Administrator. He had oversight of a broad portfolio that spanned generation and power supply to fish and wildlife, so Delwiche brings significant experience from those leadership roles. Before Delwiche joined BPA, he held leadership positions in the U.S. Army Corps of Engineers Northwestern Division Reservoir Control Center. Currently, Delwiche is a senior strategic consultant with HDR Engineering in Portland, Oregon.



Greg Delwiche

Delwiche holds a Bachelor of Science degree in civil engineering from the University of Florida and a Master of Science degree in civil engineering from Oregon State University. He was inducted into Oregon State University's Academy of Distinguished Engineers in 2011, and in 2015 he was honored with the Presidential Rank Award for Distinguished Service.

"I've been in the energy industry for a long time, and PNGC has always stood out to me as a forward thinking organization," said Delwiche. "I'm looking forward to supporting PNGC's dynamic staff during this time of transition. They have a clear path forward and know where they are going, and I'm here to help them where I can."

Delwiche is an avid outdoorsman who enjoys hiking both locally and internationally, with a trip to the Matterhorn planned for later this summer. He and his wife will soon be celebrating 40 years of marriage, and they have two grown daughters. Delwiche joins with the other PNGC employees who regularly bike to work.

PNGC Board Member Gets Face Time with the Secretary of Interior

Fall River Rural Electric Cooperative's CEO/General Manager Bryan Case was invited to meet with U.S. Secretary of Interior Ryan Zinke in late June in Washington, D.C. The purpose of this selective roundtable discussion was to discuss how the energy industry and the Department of Interior can be better partners and how the Department can help advance the various energy priorities raised by the group of industry leaders.

This CEO-level conversation with the Secretary was attended by executives across the energy sector. Case represented electric cooperatives, along with the National Rural Electric Cooperative Association's (NRECA) President and CEO, Jim Matheson, and Utah Rural Electric Cooperative Association's statewide manager, Jeff Peterson.

Case used the opportunity with the Secretary to highlight the value of the Federal Columbia River Hydropower System (FCRPS) to electric cooperatives in the Pacific Northwest, discussing the economic benefits to the region as well as access to clean, reliable, low-cost energy.

There are many benefits to getting face time with the Secretary. We believe the opportunity to elevate regional priorities to a national level will be a bonus as we continue to advocate for retaining the value of the federal hydropower system and maintaining the Bonneville Power Administration's (BPA) competitiveness in the years to come.



L to R: Jeff Peterson, Secretary Zinke, Bryan Case

Employee Spotlight: Steve King

In the employee spotlight last month, we made the error of stating that Teresa Skreen was the second longest tenured employee of PNGC Power. However, that isn't true. She's only the second longest tenured PNGC employee in the *Portland* office. The true title holder of second longest tenured employee of PNGC Power goes to: Steve King.

King is PNGC Power's Generation Resource Manager, and he manages the facility operations and maintenance of our Coffin Butte Landfill Gas Plant, near Corvallis, Oregon. He's been with the company since 1995. As the manager, he also deals with compliance and permits, fulfilling contractual obligations, supervises the other two full-time employees, and details overall plant safety.

"Coffin Butte is a great little plant. It runs 24 hours a day, 7 days a week, and we have personnel on hand at all times to respond in the event of an outage," King said. "Many folks aren't aware that we produce electricity from a waste fuel source. It's the ultimate upcycle. Our plant produces enough energy to power about 4000 homes."



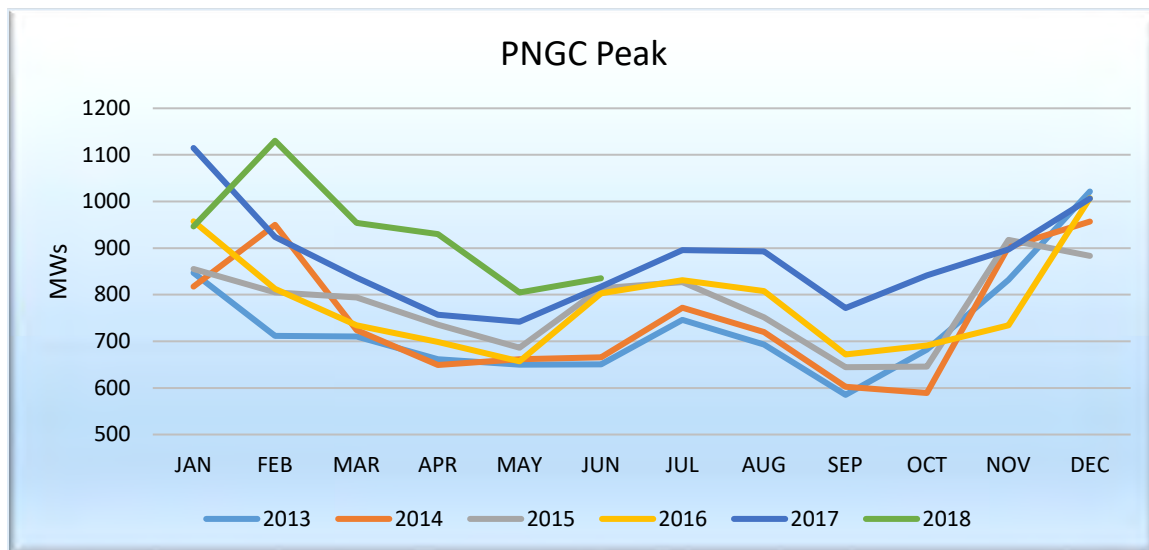
Steve King

The plant attracts a lot of outside interest as well, King said, noting that he conducts about 12-15 tours per year of groups including middle, high school, and college students, civics groups like the Kiwanis and Lions, and once, even a book club.

King's wife Lisa is a registered nurse, and they have 4 children. In the summers he likes to wakeboard and surf behind his boat, as well as hike and camp. He also works on remodeling their 70 year old house that they have lived in for 25 years. King and his wife have both lived in Eugene their whole lives.

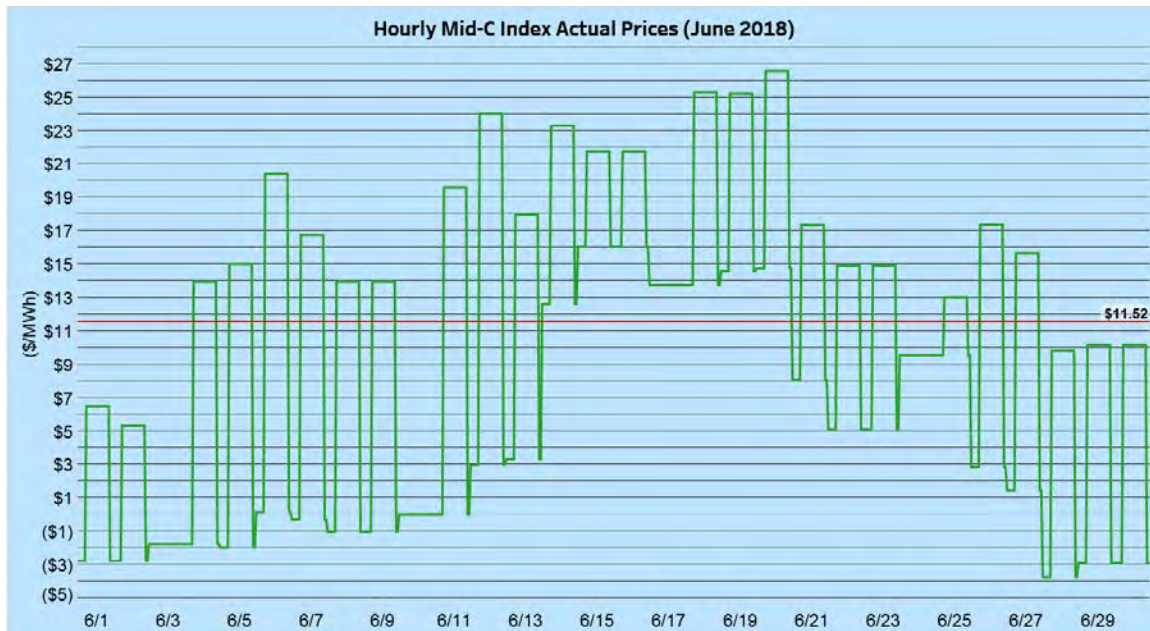
PNGC Peak by Month & Year

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



Mid-C Pricing

The graph below shows Mid-C Pricing for the month of June 2018



BPA Happenings

July 20	TC-20 Generation Interconnection Update
July 23	TC-20 Tariff Customer Workshop
July 23	Transfer Services Guidelines – Public Comment Period Closes
July 24	BPA EIM Stakeholder meeting
July 25	FY 2020-21 Rate Period High Water Mark Workshop
July 25	BP-20 Rate Case Workshop
July 25	CBPI Customer conference call
July 31	Quarterly Business Review
August 8	BP-20 Rate Case Workshop
August 21	TC-20 Tariff Customer Workshop

Upcoming PNGC Events

August 7	PNGC Board Meeting
August 17	PNGC Summer Staff picnic



About PNGC Power:

PNGC Power is a Portland-based electric generation and transmission (G & T) cooperative owned by 15 Northwest electric distribution cooperative utilities with service territory in seven western states (Oregon, Washington, Idaho, Montana, Utah, Nevada and Wyoming). The company creates value for its member systems by providing power supply, transmission, and other management services. PNGC Power is an aggregator of geographically diverse loads in the region.

Editor/Writer: Andrew Barter

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

APPENDIX: Member Correspondence

Dear Opalco Members,

Thank you so very much
for my Project PAL award.

I really appreciate this help
that couldn't have come at a
better time!

Sincerely,
Dawn

Dear Opalco Staff —

I am so grateful for your help
with our Opalco bill. It was difficult to
finally apply, but your staff was gracious
and kind. Hopefully our situation will turn
around soon. Thank you for this "boost."

God Bless You.

sincerely,

Mary