

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Friday, August 10, 2018

President Vince Dauciunas called the meeting to order at 8:16 a.m. at the Lopez Fire Hall. Board members present were Rick Christmas, Peter Garlock, Brian Silverstein, and Jeff Struthers. Mark Madsen and Jerry Whitfield attended via video "Zoom". 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, and Executive Assistant Bev Madan (serving as recording secretary). Note, there were technical issues during the meeting not allowing for video recording.

Members in attendance were Dwight Lewis, Sandy Bishop, Rick Hoffman, Rick Strachan, Larry Eppenbach, Chom Greacen and Chris Greacen. Each was given the opportunity to address the Board.

Mike Searcy, Consultant from Guernsey, was welcomed.

CONSENT AGENDA

- **Motion** was made and seconded to approve the Consent Agenda, including June 21, 2018 minutes, new members as listed with the Board materials, capital credit payments totaling \$9,633.90 and RUS 219s totaling \$666,588.37. Motion carried by voice vote.

AUDITOR SELECTION

The Board convened to Executive Session for discussion.

- **Motion** was made and seconded to execute the Moss Adams LLP 2018 engagement letter. Motion carried by voice vote.

LEONE EASEMENT RELINQUISHMENT

Public Works is moving a stretch of roadway along Orcas Road which fronts ~2600 feet of the Carolyn C. Leone property. Once this easement is relinquished, a new easement will be executed.

- **Motion** was made and seconded to approve relinquishment of Easement #AFN 82447. Motion carried by voice vote.

WILLIAMS EASEMENT RELINQUISHMENT

At the request of members Erland and Mara Williams, OPALCO seeks to relinquish an old private property easement across their Deer Harbor property in favor of a new easement.

- **Motion** was made and seconded to relinquish Easement AFN 82447. Motion carried by voice vote.

RATES REVIEW: COST OF SERVICE ANALYSIS (COSA)

Mike Searcy of Guernsey presented the COSA, findings and conclusions followed by a robust discussion. First noted was Guernsey's experience as co-authors of the 2017 NRECA Rate Guide (OPALCO was a main contributor as well) as well as performing COSA's for Electric Cooperatives across the country. Mike highlighted that the OPALCO COSA was prepared in accordance with regulatory standards. COSA conclusions showed that there are indeed areas of OPALCO's rate structure that may be tweaked to more equitably collect revenues from the various rate classes. Several 'commonly used' and 'strongly cost of service' rate designs were presented, discussed ensued regarding possibilities given OPALCO's current meter technology vs. what could be done in the future with more advanced meters. The Board thanked Mike for his insights, noting they look forward to his specific rate design recommendations at the September rates work session. This information will be used to assist in determining an equitable allocation to each rate class when 2019 rates are determined later this year.

MEMBER SATISFACTION SURVEY

The survey was launched at the annual meeting in late April to measure awareness and satisfaction, establish a snapshot of the current membership and adjust efforts to improve members' experience and make best use of member resources. The sample size was 1,080 respondents, approximately 10% of the OPALCO membership and indicates that 88% of OPALCO respondents are happy with overall member service.

2018 SECOND QUARTER FINANCIAL REPORT

The primary driver of the overall revenue variance of ~5% (\$880k) lower than budgeted is the warmer weather and resulting lower kWh sales. Heating Degree Days (HDD) were a big impact on Q2. While we project the year-end margin to be lower than budget, staff does not anticipate the need for a mid-year rate increase at this time.

REPORTS

General Manager

Hildreth reviewed the General Manager's report. Highlights included a trip to Washington DC to meet with RUS management in an effort to get our loan applications expedited.

Staff outlined the progress made to date on the redundant feed to Orcas via the Decatur Tap and substation, with improvements to the Blakely substation and the Olga Substation.

OPALCO is developing on-bill financing in anticipation of the RESP loan.

Community Solar was energized July 31, 2018. Participating members will receive energy credits beginning with the September billing cycle that will include the energy produced between July 31-mid-September.

An application to RUS submitted in March 2018 for a Rural Development grant "Rural Energy for America Program" cleared the first round of unrestricted grant funding competition. The grant covers 25% of the project costs of the Community Solar project (~\$207k). Funds should be received by the end of Q3 2018. Community Solar participants will receive a rebate of approximately \$25 per unit.

LAND ACQUISITION

The Board convened to Executive Session for discussion


- **Motion** was made and seconded to purchase the two parcels of land as outlined in Executive Session and authorizes the General Manager to execute all documents necessary for purchase. Motion carried by voice vote.

ADJOURNMENT

Meeting adjourned at 1:15 p.m.



Vince Dauciunas, President



Brian Silverstein, Secretary-Treasurer