

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, June 21, 2018

President Vince Dauciuonas 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 Dauciuonas 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.

Dauciuonas 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 Dauciuonas, 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