

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, October 18, 2018

President Vince Dauciunas called the meeting to order at 8:20 a.m. at the Eastsound OPALCO office. Board members present were Rick Christmas, Peter Garlock, Mark Madsen, Brian Silverstein, Jeff Struthers and Jerry Whitfield. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Rock Island Communications (RIC) EVP Alan Smith, RIC CFO/SVP of Finance Chris Schmidt, and Public Relations Administrator Suzanne Olson (serving as recording secretary). Kent Lopez of WRECA, consultant Jay Kimball, and members Dwight Lewis and Kelly Koral were also in attendance.

CONSENT AGENDA

- **Motion** was made and seconded to approve the Consent Agenda, including September 20, 2018 minutes, new members as listed with the Board materials, capital credit payments totaling \$1,617.81 and RUS 219s totaling \$509,654.86. Motion carried by voice vote.

CO-BANK LOC

Hildreth updated the Board on OPALCO's unfunded line of credit with CoBank (zero balance). Staff recommended that the Board execute an updated incumbency certificate for a \$2M committed and \$3M uncommitted LOC. Discussion ensued.

- **Motion** was made and seconded by approve an updated incumbency certificate. Motion carried by voice vote.

WRECA UPDATE

Kent Lopez gave an update on the WRECA annual meeting, summer legislative work on carbon clean energy standards and the history of carbon legislation attempts. Discussion ensued on Initiative 1631 and how to craft a clean energy standard that would significantly reduce carbon emissions. The Board committed to sending emails to legislators and the Senate Energy Committee once a productive bill is crafted.

2017 TAX RETURN

The Board went into Executive Session from 9:35 – 10:00 am to discuss the 2017 tax return.

- Upon return to open session, a **motion** was made and seconded to approve the 2017 tax return. Motion carried by voice vote.

WA STATE RENEWABLE ENERGY SYSTEM INCENTIVE PROGRAM (RESIP)

In September, the board approved a motion to guarantee incentive payouts for fiscal years 2019 and 2020 based on a potential shortfall for 21 waitlisted OPALCO members. WSU notified OPALCO that, due to their error, a single member was excluded from that count, bringing the total to 22. Staff requested a revised motion to guarantee any payout in excess of the maximum (approximately ~\$289k) to its members; the revised possible shortfall is \$18,294 (up from \$16,755.33).

- **Motion** was made and seconded that OPALCO update a guarantee for incentive payouts for fiscal years 2019 and 2020. Motion carried by voice vote.

RATES REVIEW: RATE STRUCTURE ALTERNATIVES

Hildreth reviewed the rate review process throughout 2018 including the Guernsey Cost of Service Analysis. Discussion ensued on energy blocks, beneficial electrification, demand charges and the possibility of a pilot study of AMI meters to accurately track and bill for demand. Discussion on rate blocks included projections for future power needs, EV adoptions, electrification of ferries and load forecasting through PNGC. Consultant Jay Kimball gave a presentation on the rate analysis. Board will answer member questions about billing/rates at the November town hall meeting. The Board wants to demonstrate it is doing everything under their control to minimize bill increases.

LOAD FORECAST

Hildreth led a discussion about the weather factors and industry forecasting tools utilized to make an educated guess at Heating Degree Days (HDD). The load forecast is a key budget driver for kilowatt hour sales. Discussion ensued on historical trends, weather forecasts for 2019 and budget impacts.

POLICY 29 AND ENERGY CHARGE ADJUSTMENT (ECA) TARIFF

Board reviewed proposed changes in language to Tariff ECA and discussed the two variable elements: a monthly automatic true-up and an "as needed" true-up at the Board's discretion. Discussion centered on the uncertainty of weather and load forecasting, how to share the risk with members without sharp billing increases, precedents in other cooperatives, historical trends and member satisfaction. The automated ECA would have a smoothing effect on bills throughout the year. An informal poll showed

board support for the revised ECA language with some revisions. Staff will bring a revised version to the November meeting.

STRATEGIC DIRECTIVES

Hildreth presented a revised Strategic Directives draft for Board review. Discussion ensued. The Board will review an updated draft in November.

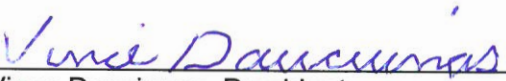
REPORTS

General Manager

Due to time constraints, Dauciunas asked board members to review the GM Report and send any questions to Hildreth.

ADJOURNMENT

Meeting adjourned at 1:25 p.m.



Vince Dauciunas, President



Brian Silverstein, Secretary-Treasurer