

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, March 21, 2019

President Vince Dauciunas called the meeting to order at 8:35 a.m. in the OPALCO Friday Harbor conference room. Board members present were Mark Madsen, Jerry Whitfield, Jeffrey Struthers, Rick Christmas (Peter Garlock and Brian Silverstein joined at 9:20). Staff present were General Manager Foster Hildreth, Manager of Engineering and Operations Russell Guerry, Manager of Finance and Member Services Nancy Loomis, Attorney Joel Paisner, Public Relations Administrator Suzanne Olson, Head Accountant Travis Neal and Executive Assistant Kelly Koral (serving as recording secretary). Consultant Jay Kimball was in attendance.

Member/Guests

Dwight Lewis
Bruce Nyden

CONSENT AGENDA

- **Motion** was made and seconded to approve Consent Agenda, including February 21, 2019 minutes, new members as listed with the Board materials, capital credit payments totaling \$2,671.97 and RUS 219s totaling \$215,622.38. Motion carried by voice vote.

MEMBER COMMENTS

Member Bruce Nyden introduced himself and told the Board he is now a full-time resident of San Juan Island and has many electric vehicles including a 14-ton utility truck. He is an active member of the Electric Vehicle Association.

**BYLAWS ARTICLE IV SECTION 1 - REGULAR MEETINGS and ARTICLE V SECTION 2 OFFICERS
(Officer Election subsequent to Annual Meeting)**

- Motion was made and seconded to amend the bylaw by removing the word "immediately" in the first sentence of Article IV Section 1 and altered the following in Article V Section 2:
"The officers shall be elected by ballot, annually by and from the Board of Directors at the first regular meeting of the Board of Directors held after the ~~each~~ annual meeting of the members..."

Motion was carried by voice vote.

ELECTION UPDATE

Reviewed limited forum attendance and cost-benefit of holding them in the future. Staff to gather relevant information for discussion at a future meeting.

A member is requesting other members to do a 'write-in' campaign for the Lopez Board position. Discussion was held regarding the validity of the vote and the ramifications. Counsel stated there is no basis for such and neither the Articles of Incorporation or Bylaws have a provision for a 'write-in' candidate. Staff will confirm specifics with our voting system vendor.

MEMBER INITIATED BYLAW MODIFICATIONS

Discussion ensued around the current method for modifying the Bylaws (50 signatures). Board stated that this provision was instituted when cooperative membership was significantly lower. With the current size of the membership, a larger number would be more realistic, such as 10% of membership. Other potential election related modifications were also discussed. Staff will review with counsel and provide recommendations to the Board for consideration at a future meeting.

Brian Silverstein and Mark Madsen join the meeting at 9:20 a.m.

DECATUR ENERGY STORAGE SYSTEM

Specifications of the project with PNNL (Pacific Northwest National Laboratory) were reviewed. Staff recommends moving forward with the innovative grant with the project being complete by year-end.

- **Motion** to approve moving forward with the application for the grant was made, seconded and approved by voice vote.

REPORTS

2018 Year-End Financials (Unaudited)

Overall the 2018 financials tracked the budget. One item of importance of the discontinuance of the Cushion of Credit by the federal government in 2018. Total operating revenue was \$22K or .08% higher than budgeted. This was complemented by purchased power being slightly below budget by \$136k or 1.5% (in part by demand costs being lower than budgeted). While most of the year was trending warmer, with lower sales than budgeted, operating costs were cut along the way to make up for the deficit. All combined resulted in an increased margin of \$209k.

Highlights were discussed; the trend from 2015 through 2018 is positive. Project PAL is a successful program as is the Energy Assistance Program. Project PAL may need some financial support. Investment was made into Community Solar which is going to generate revenue and pay for itself.

GENERAL MANAGER'S REPORT

SUMITOMO VISIT

On March 7th, Sumitomo representatives from CA, NY and Japan visited our Friday Harbor office. The project wrap-up included touring our submarine cable terminal on San Juan.

FINANCE

Both kWh purchases and sales were high in February as we incurred our highest peak demand of 66.4 MW in the last 18 years. Staff anticipates the power bill from BPA reflecting those charges will be the highest we've seen in recent history. The ECA was implemented in 2019 and the tariff appeared on bills for the first time during the February billing period, reflecting January usage. A credit was applied to members February bills for a total credit of ~\$329K. With the ECA in place, we are tracking within an acceptable range of budget through the first two months of 2019.

USDA Grant Awarded to OPALCO

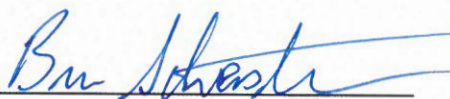
\$100K to Support Commercial Energy Audits Staff received notification from the USDA-RD that OPALCO's application for an Energy Audit Grant via the Rural Energy for America Program was successful in the 2019 competition and will be funded. The grant is for \$100,000 and does not require a match by OPALCO. Our partners on this grant project, Sustainable Connections, committed to match the funding with an additional \$27K for a total funding of \$127K. The funds will be used to support the cost of commercial energy audit work in the County. This is a timely complement to our Switch-it-Up Program efforts that are kicking off in 2019.

ADJOURNMENT

Meeting adjournment at 11:25 a.m. and the Board went in to Executive Session.



Vince Dauciuonas, President



Brian Silverstein, Secretary-Treasurer