

Understanding Compensation and the Form 990

The following are snippets of OPALCO's Form 990 with additional detail provided on the compensation of the General Manager. The full Form 990 is available online at: www.opalco.com/wp-content/uploads/2019/05/2017-Form-990-Public-Disclosure-Copy_05082019.pdf

** PUBLIC DISCLOSURE COPY **
EXTENDED TO NOVEMBER 15, 2018

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public.
Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2017
Open to Public Inspection

Form **990**
Department of the Treasury
Internal Revenue Service

A For the 2017 calendar year, or tax year beginning and ending

B Check if applicable:
Address change
Name change
Initial return
Final return/terminated
 Amended return
Application pending

C Name of organization
ORCAS POWER & LIGHT COOPERATIVE
Doing business as
Number and street (or P.O. box if mail is not delivered to street address) Room/suite
183 MOUNT BAKER RD
City or town, state or province, country, and ZIP or foreign postal code
EASTSOUND, WA 98245-9413

D Employer identification number
91-0348358

E Telephone number
(360) 376-3500

G Gross receipts \$ 25,880,275.

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
If "No," attach a list. (see instructions)

H(c) Group exemption number

I Tax-exempt status: 501(c)(3) 501(c) (12) (insert no.) 4947(a)(1) or 527

J Website: WWW.OPALCO.COM

K Form of organization: Corporation Trust Association Other

L Year of formation: 1937 **M** State of legal domicile: WA

OPALCO's General Manager is responsible for managing both the highly-complex cooperative (\$30M in revenue) and OPALCO's subsidiary, Rock Island Communications (\$6M in revenue). His time is recorded for both organizations. The 990 (see below) shows hours for a typical work week:

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former
(8) J. FOSTER HILDRETH GENERAL MANAGER	34.50 5.50			X			

86% OPALCO

14% Rock Island

NOTE: Rock Island pays for all amounts under their column

The General Manager's compensation is shown in the 990 as follows:

Schedule J (Form 990) 2017 ORCAS POWER & LIGHT COOPERATIVE 91-0348358 Page 2

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) J. FOSTER HILDRETH GENERAL MANAGER	(i)	239,375.	0.	9,051.	101,491.	34,212.	384,129.	0.
	(ii)	14,909.	0.	0.	0.	0.	14,909.	0.

Here's how the break down between OPALCO and Rock Island looks:

base salaries for comparison to other utilities

	OPALCO	Rock Island	Total
1. Base Salary	\$205,863	\$33,512	\$239,375
2. Benefits (medical & actuarial estimate of retirement)	\$116,705	\$18,998	\$135,703
3. Other Comp	\$ 9,051	\$14,909	\$ 23,960
Total Compensation	\$331,619	\$67,419	\$399,038

Significant cost savings are gained by combining roles.

A separate GM of Rock Island would drive expense up and postpone profitability.