

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

President Vince Daucinas called the meeting to order at 8:30 a.m. at the Orcas Island Fire Hall. Board members present were Rick Christmas, Brian Silverstein, Jeff Struthers, Mark Madsen, Peter Garlock 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, Head Accountant Travis Neal, Public Relations Administrator Suzanne Olson and Executive Assistant Kelly Koral (serving as recording secretary). Consultant Jay Kimball, Legal Counsel Joel Paisner and member Cindy Wolf were also in attendance.

CONSENT AGENDA

- **Motion** was made and seconded to approve the Consent Agenda, including October 17, 2019 minutes, new members as listed with the Board materials and capital credit payments totaling \$7,137.88. Motion carried by voice vote.

2020 BOARD MEETING DATES

The 2020 suggested meeting dates were discussed. It was agreed that the March Rock Island quarterly update and the monthly OPALCO Board meeting would be held on the same day, March 19, 2020.

- **Motion** was made to approve the meeting dates as amended. Motion carried by voice vote.

January 23	Lopez (fourth Thursday)
February 20	Friday Harbor
March 19	Eastsound (Rock Island Quarterly)
March 19	Eastsound
April 18	ANNUAL MEETING
April 23	Lopez (fourth Thursday Officer Elections)
May 14.....	Friday Harbor (Rock Island Quarterly)
May 15.....	Friday Harbor
June 18	Lopez
July.....	NO MEETING
August 12.....	Eastsound (Rock Island Quarterly)
August 13.....	Eastsound
September 17	Lopez
October 15.....	Friday Harbor
November 18.....	Eastsound (Rock Island Quarterly)
November 19.....	Eastsound
December 17	Lopez

ELECTION AND GOVERNANCE (EGC)

Second read of the amended Bylaws, Policies 1, 7 and 23 was held. Two items discussed and agreed upon were the number of members required to sign a petition for Board candidacy will remain at 20 (Bylaws Section 3) and no current or past employee or their family member will be eligible to become or remain a director (Bylaws Section 2 and Policy 23).

- **Motion** was made and seconded to approve the Bylaw and Policy changes as amended. Motion carried by voice vote.

Counsel noted that the Board is delegating the election process to management and the qualifications vetting process to legal counsel.

BYLAW UPDATE RELATED TO CAPITAL CREDITS

A discrepancy in the language contained in Article VIII versus Member Service Policy 11 was addressed regarding capital credit allocation basis.

- **Motion** was made and seconded to approve the amended language. Motion carried by voice vote.

CAPITAL CREDITS – UNCOLLECTIBLE ACCOUNTS

Staff requested that ~\$4,624 in capital credits be applied to their corresponding uncollectible account balances. Discussion ensued.

- **Motion** was made to approve the application of ~\$4,624 in capital credits to reduce the corresponding uncollectible account balances. Motion carried by voice vote.

CAPITAL CREDIT GENERAL RETIREMENT

Staff requested Board approval to fund the general retirement of capital credits for the remainder of 1994 and 1995 of ~\$1.3M, with the amount of projected checks being ~\$1,010,000. Discussion ensued.

- **Motion** was made and seconded to approve. Motion carried by voice vote.

Break at 10:15. Return at 10:30

Q3 FINANCIAL REPORT

Board reviewed and discussed the Q3 2019 financial report, which indicated that the year-to-date results were within budget expectations.

2020 BUDGET

Staff presented the 2020 budget with a projection for 2021 thru 2024. The 2020 budget was described as positioning OPALCO in direct alignment with the Board approved strategic documents: strategic directives, Integrated Resource Plan (IRP), Long Range Plan (LRP) and Construction Work Plan (CWP). Discussion ensued on the various components of debt, equity, Times Interest Earning Ratio (TIER), Heating Degree Days (HDD), labor, capital projects, grid control progress, community solar, energy storage system, capital credits and support for low income households. The proposed 3.0% rate increase (4% operating revenue increase) was further discussed and included an analysis of the financial impact to the average and low income members. The rate increase was held to 3% (despite forecasting at 6% for 2020) in order to give members a break as we communicate the goals of the IRP and anticipate the costs to build a sustainable, renewable energy future. Rates are expected to increase as forecasted in the 2020 budget in order to increase equity to achieve the goals set forth by the board.

- **Motion** was made and seconded to approve the 2020 Budget. Motion carried by voice vote.

TARIFFS: FIRST READ

With Staff's recommendation for the Board's approval of the 3% rate increase, all affected tariffs were updated to reflect the increase, noting that the 2020 rate structure will not change from the current structure. The Board discussed the tariffs and were assured that the Energy Conservation Charge (ECC) tariff for the purpose of administering the Energy Assistance Program (EAP) would also increase to pass along a corresponding increased EAP bill credit. For calendar year 2021, the Board requested that staff review the current rate structure for a possible solar inequity and verify whether there was a potential residential and commercial rate imbalance, as was discussed during the 2018 cost of service study. No board action related to the 2020 tariff approval was required at the November meeting. The 2020 rate affected tariffs will be reviewed again during the second read at the December board meeting.

Break 12:15 – 12:40

OPALCO OPEN HOUSE RECAP

The November 20th OPALCO open house attended by the Board and membership was discussed, with ideas to increase future member attendance to be developed by Staff.

REPORTS

General Manager

The Board reviewed and discussed the GM report. It was noted that a portion of the funds currently in the Orcas Island Community Foundation (OICF) were to be transferred to support the OPALCO PAL program as part of their donation designation.

Executive Session 1:40. Return 1:50

ADJOURNMENT

Meeting adjourned at 2:00 p.m.



Vince Daucinas, President



Brian Silverstein, Secretary-Treasurer