

**Minutes of the  
Regular Participants Review Board Meeting  
Holiday Inn Express  
Billings, Montana  
May 21, 2014 – 3:15 P.M.**

**ROLL CALL:**

Karl Denison  
Michelle Caird  
Steve Houston  
Ben Kostick (via teleconference)  
Ray Mosbrucker  
Stu Nelson  
Paul Rogers  
Ted Simpson (via teleconference)

**STAFF PRESENT:**

Brent Ridge, Bob Dutton, Mike Paoli, John Irvan, Pattie Lilly and Angela Smith (via teleconference)

Chair Denison called the meeting to order at 3:15 p.m. and welcomed all in attendance and held a round of introductions. There was a quorum present.

**APPROVAL OF MINUTES**

The minutes of the Participants Review Board meeting held on Dec. 11, 2013, and the Executive Board/Participants Review Board Budget Review meeting held on March 18, 2014, were presented for consideration. Ben Kostick noted the minutes will need to be amended to include him for the December meeting minutes. Paul Rogers moved that the minutes be approved after amending. Stu Nelson seconded the motion. MOTION CARRIED.

**ELECTION OF PRB MEMBERS**

Chair Denison asked M. Paoli, Public Affairs manager, to review the ballot and voting procedure.

Following that review, the existing board members were placed on the ballot for consideration and Chair Denison called for additional nominations from the floor.

Clay Smith from Northwestern Wasco Oregon (The Dalles) introduced himself and said he thought Energy Northwest is a well run operation and he would like to be considered for a position on the board.

Paul Rogers nominated the slate of existing members and Clay Smith from Northern Wasco PUD. The nomination was seconded by M. Caird.

Chair Denison closed nominations and called for the vote.

Ballots were collected and tallied during the Columbia Generating Station update. M. Paoli and J. Irvan left the room to enter the data into the excel spreadsheet.

**COLUMBIA UPDATE**

B. Ridge provided an update on Columbia Generating Station. Key points included: Plant Status, Station Focuses, Work Management, Supervisor Led, Upcoming Events, Columbia Performance Indicators and a review of the phases of excellence.

B. Ridge reviewed Columbia's safety record along with the contractor's safety record supporting the outage and that a successful outage is maintaining '0' events. EN has completed more than 10 million hours without a lost time accident.

K. Denison asked about economic dispatch requests from BPA, B. Ridge explained that we get credit for economic dispatch. Mr. Kevin O'Meara asked if any other plants do this and Mr. Ridge said we are the only one in the nation that does this. BPA has worked with us to keep the power only to 85 percent downpower range, this weekend we are going to 65 percent but typically we are not asked to go below that.

Ms. Nancy Barnes brought up the subject of retiring nuclear plants and one of the speakers at NWPPA, is it the high bar of staying in the top quartile?

B. Ridge, said there are no plans to shut down non-regulated market plants, four have been shutdown because of extremely bad capital projects and double digit increase of loss.

R. Mosbrucker asked if we don't shutdown when BPA asks are we fine? B. Ridge said in 11 ½ years we have not gotten to that point.

C. Smith asked if we have nuclear plants shutting down, is there a possibility that this could change in the future and could these plants open up again?

B. Dutton, explained cold standby and that it is nearly impossible to bring a plant out of a cold shutdown.

B. Ridge says this is about sustainability and that we live by the Excellence Model everyday. There is constant pressure to maintain sustainability. Columbia has had "0" unplanned scrams, a clean slate for four and a half years. Columbia's goal for Station Clock resets is "0". Due to planned maintenance during the outage and thanks to the region investing in the plant, we are in a good spot.

**PRB ELECTION RESULTS**

The election results were announced. The following individuals were elected as PRB members for a one-year term ending in May of 2015:

M. Caird  
K. Denison  
S. Houston

B. Kostick  
R. Mosbrucker  
S. Nelson  
P. Rogers  
C. Smith  
S. Thraen

Chair Denison welcomed new PRB member and thanked those that served in the PRB since the last election and asked for nominations for officers.

Mr. Will Purser nominated R. Mosbrucker for secretary, M. Caird for Chair and S. Thraen for Vice Chair, S. Nelson seconded the nomination. MOTION CARRIED.

#### **QUARTERLY CONTRACT REVIEW**

B. Ridge reviewed the following contracts: Reactor Water Clean Up (RWCU) Filter Demineralizer, Condensate Filter Demineralizer IFDs, Owner Controlled Area (OCA) Security Cameras, Fuel Pool Cooling (FPC) Assist Mode Piping Modification, Critical Spares, Radwaste and Reactor Building Elevators and Seed Rotor Project.

M. Caird asked if all the projects were in the budget and B. Ridge assured her that they were.

The meeting recessed at 4:15 p.m. for a break; and reconvened at 4:25 p.m.

#### **REGIONAL DEBT COOPERATION**

B. Ridge said there has been a tremendous amount of effort and dialogue regarding viewing EN Debt with a regional perspective and covered the following:

- Debt Workshops
- Debt Principles and Policy (Approved May 15th)
- Entail a regional perspective
- Enable broad regional understanding and support
- Ensure financing efforts have clear objectives and a means of measuring progress against those objectives
- Columbia and Project 1&3 Refinancing
- Having a regional perspective, the most efficient and financially prudent debt management approach to create value for Northwest Public Power ratepayers
- Capturing and addressing concerns
- Re-Characterize EN Debt
- Plan Execution
- Sustainability: access to capital, financial metrics, debt management
- BPA commitments will address concerns
- All debt financing actions require EN Executive Board approval

Discussion covered debt on transmission lines, previous debt refinanced in the past, and the extension of debt on 1 and 3 in the past, Mr. Fernandez said the date was extended in the 80's.

John Dull explained the new program is similar with similar benefits with bigger numbers.

### **REGIONAL COOPERATION DEBT REFINANCING**

#### **Sources of Capital and Cost Recovery**

Javier Fernandez from BPA clarified federal and non-federal debt and BPA's priorities. He said he was happy to announce this past year was the 32<sup>nd</sup> year of making payments on time.

He went on to cover the following topics: BPA Rates, Debt and BPA, Federal Columbia River Power System – Total Liabilities Over Time, Columbia Regional Cooperation Debt and Columbia Regional Cooperation Debt Refinancing.

P. Rogers said Columbia is an asset and the board has worked hard for it to be an asset that is going to last until 2024, "Debt is Debt".

J. Fernandez discussed BPA looking at debts in isolation, overall debt portfolio, restructuring the portfolio and debt savings.

B. Ridge explained the regional perspective, overriding issues tied to our stakeholders, and seeing what the ratepayers and stakeholders want to see.

R. Mosbrucker asked how the Columbia River Treaty will affect this, J. Fernandez said this could affect revenues and the ability to manage the river.

J. Fernandez said the best tool they have is to contain the costs.

Conversations continued on debt refinancing and obligations and the effect on rate increases.

#### **Benefits of Regional Cooperation Debt Refinancing**

Discussion ensued regarding BPA debt, Mr. John Saven of NRU reiterated what J. Fernandez presented, that there will be a significant savings as outlined by the Regional Cooperation Debt Refinancing.

Ms. Nancy Mitman of BPA discussed, aging infrastructure, obligations to invest, value to the region, capital programs and reinvesting assets.

Mr. Phil Lusk mentioned the net benefit to consumers.

N. Mitman said the commitment is that BPA will take the proceeds of the extended debt and pay down the current debt.

#### **Mike Mace presented on Public Financial Management (PFM)**

- A View from the Financial Advisor
- Strategy is Sound
- Debt Extension Raises Questions/Concerns
- EN Extensions Does Not Extend Ratepayer Obligations
- EN Financial Parameters and Approval on Each Issue
- Rating Agencies and Investors Will Understand
- Addressing the Concerns

K. O'Meara mentioned the benefits are very substantial during the next 25 years, the benefits of debt optimization during the last 20 years and his support of the proposal.

J. Saven says this is a complicated matter, if you aren't supporting this, what is your plan B? BPA needs a financing mechanism and this solves that problem, if we don't solve it this way then how do we solve it. A case can be made that there is good rationale for doing this. J. Saven said he is in support of the debt optimization proposal.

K. Denison asked what would plan B look like and asked if BPA would take a look at that.

N. Mitman said BPA has a debt management workshop planned for June 17<sup>th</sup> and this will be discussed.

B. Ridge reviewed next steps in the process.

### **COMMITMENTS**

N. Mitman will make an effort to review cost scenarios and get that information to the PRB. BPA said they would do their best to get the information out before the June 5<sup>th</sup> PPC meeting.

K. Denison thanked everyone for their attendance

Meeting adjourned at 5:15 p.m.

Respectfully submitted by,

Pattie Lilly  
Public Affairs