

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Energy Northwest
Holiday Inn Express – Vineyard Room
4525 Convention Place
Pasco, Wash.
April 22 – 23, 2015**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 1:07 p.m. on April 22, 2015 in the Vineyard Room of the Holiday Inn Express, Pasco, Wash. There was a quorum present. An environmental analysis of the April 22 – 23, 2015 regular Executive Board meeting agenda had been prepared which reflected that all items on the agenda were exempt from further procedural compliance with the State Environmental Policy Act.

Roll Call

Executive Board Members

Sid Morrison, Chair	Present
Jack Janda, Vice Chair	Present
Lori Sanders, Secretary	Present
Dave Remington, Assistant Secretary	Absent
Marc Daudon	Present
Linda Gott	Present
Jim Moss	Absent
Skip Orser	Present
Will Purser	Present
Tim Sheldon	Absent
Kathy Vaughn	Present

Others Present:

Both days: Board of Directors members – Judy Ridge, Asotin Public Utility District; Carnan Bergren, Chelan PUD; Jim Malinowski, Clark Public Utilities; Terry Brewer, Grant PUD; Arie Callaghan, Grays Harbor PUD; Barney Burke, Jefferson PUD; Chuck TenPas, Lewis PUD, Steve Houston, Okanogan PUD; Curt Knapp, Pend Oreille PUD; Participants Review Board member - Stu Nelson, Franklin PUD; Public Power Council – Kevin O’Meara; Reese Government Relations – Shirley Reese; Rowland, Co – Jim Rowland; Bonneville Power Administration – Larry Felton and Cherie Sonoda and PSAV – Blaine Johnson.

Wednesday: Board of Directors members – M.L. Norton, Centralia City Light; Ned Piper, Cowlitz PUD; Chris Kroupa, Ferry PUD; Bill Gordon, Franklin PUD; and Diana Thompson, Pacific PUD.

Wednesday dinner only: Laura Gordon; Yulia (Guest of Lori Sanders).

Thursday only: Northwest Requirements Utilities – John Saven; and Bonneville Power Administration – Javier Fernandez, Mark Gendron, Bill Hendricks, Anna-Lisa Miller and Nancy Mitman.

Staff Present:

Both days: Mark Reddemann; Brent Ridge; Grover Hettel; Bob Dutton; Mike Paoli; Dave Briggs; John Irvan; Carla Martinez; and Angela Smith.

Wednesday only: Alex Javorik.

Thursday only: Ryan Bircher; Johnathan Hicks; Ron Hogue; Steve Lorence; Cristina Reyff; and Marie Thomas.

Regular Executive Board Meeting

Comments from Members of the Public

Hearing no comments from members of the public, the next item on the agenda was addressed.

Approval of Minutes

The following meeting minutes were presented for approval:

- Special Budget Review Workshop – March 24, 2015;
- Regular Executive Board Meeting – March 25 – 26, 2015; and
- Special Compensation Subcommittee Meeting – March 26, 2015

Mr. Skip Orser moved that the minutes be approved. Ms. Kathy Vaughn seconded. MOTION CARRIED.

The meeting recessed at 1:09 p.m. for a break and reconvened at 1:26 p.m.

Other Business

Hearing no other business, Chair Morrison turned the meeting over to Mr. Jack Janda.

Administrative, Energy & Member Services Committee Reports

Administrative, Energy & Member Services Acting Committee Chair Jack Janda opened the AEM Committee.

Information Agenda Items

Acting Committee Chair Janda reminded the board of the available reports on BoardDocs and encouraged board members to review materials available on BoardDocs prior to the meetings.

Public Power Council Update

Mr. Brent Ridge, Vice President of Corporate Services and Chief Financial/Risk Officer, provided comments on recent interactions with the Public Power Council. Vice Chair Jack Janda provided comments on recent PPC meetings and activities.

Legislative Update

Ms. Shirley Reese with Reese Government Relations and Mr. Jim Rowland with Rowland, Co. provided a brief update of the current Washington legislative session.

The AEM committee recessed at 2:04 p.m.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and turned it over to Mr. Dave Swank, assistant vice president, Engineering.

Fukushima Update

Mr. Swank provided an update on Fukushima. Key points included: Fukushima overview; mitigation / flexible strategy; what is the FLEX building; the many water sources to Columbia Generating Station; the diesel-driven portable pumps; the national Strategic Alliance for FLEX Emergency Response (SAFER) centers; other significant activities; an update on the hardened vent system; and seismic re-evaluation.

CNSRB Update

Ms. Kathy Vaughn presented an update from the Corporate Nuclear Safety Review Board's recent meeting.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Plant analysis (white paper) of lifecycle management pertaining to relicensing – owner TBD

Other Business

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who turned the meeting back over to the AEM Committee at 3:10 p.m.

Administrative, Energy & Member Services Committee Reports *cont'd*

Cyber Security Briefing

Mr. Ridge presented a briefing on cyber security. Key points included: program timeline; regulatory milestones; program scope; compliance cost estimates; program risks; and program success.

Strategic Plan Quarterly Update

Mr. Ridge presented an update on the Fiscal Year 2015 Strategic Plan. Key points included: scorecard overview and details on two Focus Areas: Corporate Responsibility and Employee Engagement.

Compensation Subcommittee Annual Review Process

Mr. Skip Orser presented the annual review process of the Compensation Subcommittee. Key points included: the purpose of the Compensation Subcommittee; major responsibilities; compensation philosophy; compensation objectives; state auditor rules; schedule of actions; benchmarking; and self-evaluation.

Acting AEM Committee Chair Janda turned the meeting over to Chair Morrison who recessed the meeting at 4:51 p.m. until dinner.

Regular Executive Board Dinner Meeting

The Executive Board and Board of Directors reconvened at 6 p.m. for a social and dinner.

Dr. James Conca, UFA Ventures, Inc., presented on the Iran deal and proliferation concerns in an increasingly nuclear world.

Chair Morrison adjourned the dinner meeting at 8:25 p.m.

Regular Executive Board Meeting (cont'd)

The regular Executive Board meeting reconvened at 8:03 a.m. on Thursday, April 23, 2015 by Executive Board Chair Morrison who immediately turned the meeting over to Mr. Jack Janda.

Administrative, Energy & Member Services Committee Reports cont'd

Acting AEM Committee Chair Jack Janda welcomed the board back to the AEM Committee.

Fiscal Year 2016 – 2018 Strategic Plan

Mr. Ridge presented the updates made to the draft Fiscal Year 2016 – 2018 Strategic Plan based from the February 2015 Executive Board meeting.

Discussion ensued with requests for minor changes.

Acting AEM Committee Chair Janda moved Motion 2015-5 – It is moved that the Executive Board of Energy Northwest hereby approves the Energy Northwest Fiscal Year 2016 through 2018 Strategic Plan as discussed at the April 23, 2015 Executive Board meeting including the minor changes. Ms. Linda Gott seconded. MOTION CARRIED.

Chair Morrison shared that this is the best strategic plan he has seen at the agency.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Update the draft Fiscal Year 2016 - 2018 Strategic Plan per direction from the Executive Board – Angela Smith

Other Business

Hearing no additional questions or comments, Acting Committee Chair Janda turned the meeting over to Chair Morrison who turned the meeting over to Ms. Kathy Vaughn.

Audit, Legal & Finance Committee Reports**Information Agenda Items**

Committee Chair Vaughn welcomed the Executive Board to the Audit, Legal and Finance Committee and directed members to review the Cost Report on BoardDocs.

The meeting recessed at 8:40 a.m. for a break and reconvened at 8:50 a.m.

Risk Appetite Policy

Ms. Cristina Reyff, Business Planning & Risk manager, presented on risk appetite. Key points included: definition of risk appetite as the amount of residual risk, on a broad level, an organization is willing and able to take in pursuit of achieving its strategic objectives; purpose; tie to the Excellence Model; risk appetite categories (Financial, Strategic/Reputation, Business Operations and Regulatory/Compliance); and next steps.

Discussion ensued with minor changes to the policy.

ALF Committee Chair Kathy Vaughn moved Motion 2015-6 – It is moved that the Executive Board of Energy Northwest adopt the amended amendments of the Executive Board Policies pertaining to Risk Appetite as discussed at the April 23, 2015 Executive Board meeting. Mr. Skip Orser seconded. MOTION CARRIED.

Mission Critical Risk Update

Ms. Marie Thomas, Business Strategy & Risk supervisor, presented an update on mission critical risk. Key points included: the mission critical risk assessment process; tie to the Excellence Model; MCRs selected for oversight; and a review of each of the MCRs.

Regional cooperation debt

Mr. Ridge presented on the regional cooperation debt. Key points included: Bonneville Power Administration debt retirement assessment; mission and goal of the proposed changes to RCD; the big picture; how to help offset the cost; business case; energy efficiency philosophy discussion; total RCD; why should/should not support the proposal; and timeline.

Discussion ensued.

ALF Committee Chair Vaughn moved to approve Motion 2015-7 – It is moved that the Executive Board of Energy Northwest hereby supports extensions of up to \$757 million as part of the regional cooperation debt proposal as discussed at the April 23, 2015 Executive Board meeting. Bond transactions will be incorporated into the budget process and will be subject to Executive Board resolutions authorizing each bond transaction. Mr. Jack Janda seconded. MOTION CARRIED.

The meeting recessed at 11:08 a.m. for lunch; the meeting reconvened at 11:30 a.m.

Approval of FY 2016 Budgets

Mr. Ridge reviewed the proposed Fiscal Year 2016 budget.

Resolution No. 1834

ALF Committee Chair Vaughn moved - A Resolution approving and adopting Energy Northwest Nuclear Project No. 1 Annual Budget for Fiscal Year 2016. Seconded Linda Gott.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1834 UNANIMOUSLY ADOPTED.

Resolution No. 1835

ALF Committee Chair Vaughn moved - A Resolution approving and adopting Energy Northwest Annual Operating Budget for Fiscal Year 2016 for Columbia Generating Station. Mr. Skip Orser seconded.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1835 UNANIMOUSLY ADOPTED.

Resolution No. 1836

ALF Committee Chair Vaughn moved - A Resolution approving and adopting Energy Northwest Nuclear Project No. 3 Annual Budget for Fiscal Year 2016. Mr. Skip Orser seconded.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1836 UNANIMOUSLY ADOPTED.

Resolution No. 1837

ALF Committee Chair Vaughn moved - A Resolution approving and adopting the Annual Operating Budget for Fiscal Year 2016 for the Packwood Lake Hydroelectric Project. Mr. Marc Daudon seconded.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1837 UNANIMOUSLY ADOPTED.

Resolution No. 1838

ALF Committee Chair Vaughn moved - A Resolution approving and adopting the Annual Operating Budget for Fiscal Year 2016 for the Nine Canyon Wind Project. Mr. Jack Janda seconded.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1838 UNANIMOUSLY ADOPTED.

Resolution No. 1839

ALF Committee Chair Vaughn moved - A Resolution approving and adopting Energy Northwest Business Development Fund Annual Budget for Fiscal Year 2016. Mr. Will Purser seconded.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1839 UNANIMOUSLY ADOPTED.

Resolution No. 1840

ALF Committee Chair Vaughn moved - A Resolution approving and adopting the General Business Unit Budget, Fiscal Year 2016, for Energy Northwest. Ms. Linda Gott seconded.

Chair Morrison opened the floor for additional comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1840 UNANIMOUSLY ADOPTED.

Quarterly Cost Reviews: Columbia / Energy Services & Development

Mr. Ron Hogue, Asset manager, presented the quarterly cost reviews for Columbia Generating Station. Highlights included operations and maintenance; and capital budgets for Columbia.

Mr. Gaston presented the quarterly cost reviews for Energy Services and Development. Highlights included budgets for Packwood; Nine Canyon; and Business Development.

NoaNet Report

Ms. Linda Gott provided a NoaNet update.

Other Business

Vice Chair Jack Janda reported that the Administrative Auditor report will be presented at the June Executive Board meeting instead of May. The June meeting will also include the audit proposals for the 2016 timeframe.

Commitment Review/Provide Majority-based Direction

The following new commitment was added.

- Update the Risk Appetite policy per Executive Board direction – Cristina Reyff

Regular Executive Board Meeting (cont'd)

Upcoming Meetings

Chair Morrison reminded the board that the May Executive Board Meeting will be held via teleconference on May 28, 2015 at 9 a.m.

Other Business

None.

BPA Report

Ms. Cherie Sonoda with the Bonneville Power Administration provided a brief update of current water conditions and other BPA-related information.

Meeting critique

Ms. Gott provided the Executive Board meeting critique for the month of April.

Staff Announcements

Mr. Mike Paoli advised the board that there will be an opportunity to tour Columbia's FLEX building on the afternoon of July 23 in conjunction with the July board meetings.

Hearing no further discussion, Chair Morrison adjourned the meeting at 12:18 p.m.

Respectfully submitted by,

Angela Smith
Board Relations