

**Minutes of the  
Regular Executive Board Meeting and  
Administrative, Energy and Member Services Workshop  
Skamania Lodge – Stevenson B  
1131 SW Skamania Way Lodge, Stevenson, Wash.  
Aug. 26 – 28, 2015**

Administrative, Energy and Member Services Committee Chair Tim Sheldon called the regular meeting / workshop of the Executive Board of Energy Northwest to order at 10:47 a.m. There was a quorum present. An environmental analysis of the Aug. 26 – 28, 2015, regular Executive Board meeting agenda was 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	Present
Marc Daudon	Present
Linda Gott	Present
Jim Moss	Present
Skip Orser	Present
Will Purser	Present
Tim Sheldon	Present ( <i>Wednesday and Thursday in-person; Friday by phone</i> )
Kathy Vaughn	Present

### **Others Present:**

**All days:** Board of Directors – Terry Brewer, Grant PUD; Energy Northwest contractor – Andy Winzelberg.

**Thursday only:** EES Consulting – Gary Saleba.

### **Staff Present:**

**All days:** Mark Reddemann; Brent Ridge; Grover Hettel; Alex Javorik; Bob Dutton; Jim Gaston; Mike Paoli; David Briggs; Steve Lorence; Carla Martinez; and Angela Smith.

**Thursday and Friday only:** Brad Sawatzke.

**Thursday only:** Marie Thomas.

## **Regular Executive Board Meeting**

Executive Board Administrative, Energy and Member Services Committee Chair Tim Sheldon called the meeting to order.

Mr. Marc Daudon led the group in the pledge of allegiance.

**Comments from Members of the Public**

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

**Other Business**

None.

**Chief Executive Officer Report**

Mr. Mark Reddemann, Chief Executive Officer, discussed the following in his CEO report: Northwest Public Power Association Bulletin recap; Environmental Protection Agency's Clean Power Plan; Senators Tim Sheldon's and Sharon Brown's opinion editorial in the Tacoma News Tribune; buying before need associated with Initiative 937; additional megawatts at Columbia Generating Station; NuScale's recent expo (NuEx); report from the Electric Power Research Institute (energy rich and capacity poor article); Rep Newhouse's visit next week; recent member visits with Clark, Cowlitz and Grant; CEO recognitions; the upcoming all employee celebration; managers/supervisors strategic plan roll-out meeting; all-employee meetings; Brent Ridge's and Brad Sawatzke's upcoming professional development opportunities; and high-level asset performance review.

The meeting recessed at 11:45 a.m. for lunch; the meeting reconvened at 12:30 p.m.

**Executive Session**

AEM Committee Chair Sheldon called the meeting into an Executive Session at 12:30 p.m. in accordance with RCW 42.30.110 (1) (g).

The executive session recessed at 2:15 p.m. for a break and reconvened at 2:30 p.m.

The executive session ended at 3:15 p.m.

**Excellence in Governance**

Mr. Andy Winzelberg, Energy Northwest contractor, facilitated a discussion on Executive Board Excellence in Governance focusing on their self-assessment.

Hearing no additional questions or comments, the meeting recessed at 4:55 p.m. until dinner.

**Regular Executive Board Dinner Meeting**

The Executive Board meeting reconvened at 6 p.m. for a social and dinner. The dinner adjourned at 8 p.m.

**Regular Executive Board Meeting (cont'd)**

The regular Executive Board meeting and workshop reconvened at 8:01 a.m. on Thursday, Aug. 27, 2015 by AEM Committee Chair Sheldon.

**Chief Nuclear Officer Report**

Mr. Brad Sawatzke, Chief Operating Officer / Chief Nuclear Officer, presented the Chief Nuclear Officer Report starting with plant status.

The meeting recessed at 9 a.m. for a break and reconvened at 9:15 a.m.

Mr. Sawatzke continued his presentation focusing on plant status; Columbia Generating Station's performance compared to industry; Columbia Index; Nuclear Regulatory Commission update; technical conscience / configuration management review visit; personnel changes; and upcoming events.

The board requested Mr. Sawatzke spend additional time discussing Columbia's Long-range Plan, equipment and behaviors at a future meeting.

**Strategic Planning**

**Strategic Planning Overview**

Mr. Brent Ridge, Vice President of Corporate Services and Chief Financial / Risk Officer, provided an overview of the day's Strategic Planning Workshop for Fiscal Year 2017.

**Environmental Scan – Some Pending Policy Questions**

Mr. Gary Saleba, EES Consulting, presented the environmental scan focusing on some pending policy questions. Key highlights included: distributed generation; the electric industry in the next 20 years (market prices, staff and rates); and other energy options.

The meeting recessed at 11:25 a.m. for lunch; the meeting reconvened at 11:40 a.m.

**Clean Energy Discussion**

Mr. Saleba facilitated a discussion on the definition of clean energy. The working definition discussed was: Minimal pollutant emitted during the life cycle of a generation source in the production of electricity.

The board discussed the definition and revised it to: Energy produced through the non-carbon-emitting generation of electricity.

This definition was not agreed to as final. Further discussion was requested to include a vision statement for clean energy.

The meeting recessed at 12:34 p.m. for a break; the meeting reconvened at 12:46 p.m.

**Energy Portfolio**

Mr. Ridge reviewed Energy Northwest's current energy portfolio and discussed what the board viewed as Energy Northwest's future portfolio.

**Future Outlook / Goals**

Mr. Ridge reviewed the proposed five- and 10-year goals for the agency, Columbia Generating Station and Energy Services and Development set by the Executive Board.

Discussion ensued.

Mr. Ridge proposed that Jim Gaston, general manager, ES&D, discuss with staff and bring back recommendations at the next board meeting for adding a five year goal for ES&D.

The board proposed the following FY17 goals for Energy Northwest and Columbia.

### **Energy Northwest**

Now – 5 years

- Excellent stewardship of generating resources
- Expand Energy Northwest's role in the region
- Energy Northwest as a thought leader on current and future energy technologies
- Strong leadership / employee development
- Implement the Value Optimization Plan
- Prepare for operations and maintenance of small modular reactor (SMR) - (Carbon Free Power Project)

10 years

- Top quartile performance
- Valued provider of energy solutions
- Valued thought leader on energy issues
- Operate and maintain the SMR constructed through the Carbon Free Power Project

### **Columbia**

Now – 5 years

- Top quartile performance
- Operating safely and reliably with low operating costs (*Public Affairs to wordsmith*)
- Implement Measurement Uncertainty Recapture
- Evaluate extended power uprate

10 years

- Top quartile performance
- Operating safely and reliably with low operating costs (*Public Affairs to wordsmith*)
- Making needed capital investments
- Implement extended power uprate

### **Energy Services and Development**

Now – 5 years

- In collaboration with our members, work to provide technology solutions (to include cyber security, demand side management, storage) consistent with core competencies.
- In collaboration with our members, initiate a significant aggregated generating resource (if sufficient demand)
- Complete early restoration of IDC Site 1 / consider IDC Site for SMR
- Nine Canyon life cycle management

10 years

- Based upon regional and member needs, develop new business lines and energy solutions

Additional commitments made include:

- Present the Value Optimization Plan / details to the board
- Look at potential outcomes and potential impacts from the changing landscape
- Bring the Mission Critical Risks to the board during quarterly strategic plan updates
- Integrate MCRs in the strategic plan document

The meeting recessed at 2:15 p.m. for a break; the meeting reconvened at 2:35 p.m.

### **Mission Critical Risks**

Ms. Marie Thomas, Business Strategy and Risk supervisor, shared the current mission critical risks and requested input on potential changes.

### **Challenges**

Mr. Ridge reviewed each Focus Area's Pictures of Excellence and the survey feedback from the board on what challenges the board sees as potentially impacting the agency achieving each Picture of Excellence.

### **Wrap Up**

Mr. Ridge asked for feedback on how the board felt the Strategic Planning workshop went. The board requested increased dialogue on the Mission Critical Risks.

Hearing no additional questions or comments, the meeting recessed at 5 p.m. for the evening.

## **Regular Executive Board Meeting (cont'd)**

The regular Executive Board meeting reconvened at 8 a.m. on Friday, Aug. 28, 2015 by AEM Acting Committee Chair Marc Daudon.

### **Executive Session**

An Executive Session was called at 8 a.m. per RCW 42.30.110 (1) (g).

The Executive Session adjourned at 10:45 a.m. and recessed for a break; the meeting reconvened at 10:55 a.m.

**Regular Executive Board Meeting (cont'd)**

Acting Committee Chair Daudon turned the remainder of the meeting over to Executive Board Chair Sid Morrison.

**Long-Term Incentive**

Mr. Steve Lorence, Human Resources manager, led a discussion on the Fiscal Year 2016 Long-Term Incentive. Discussion ensued.

**Motion 2015-20**

Compensation Subcommittee Chair Dave Remington moved to approve the following motion: It is moved that the Executive Board approve the revised Fiscal Year 2016 Long Term Incentive Plan to be effective on Sept. 1, 2015, as discussed during the Aug. 28, 2015, Executive Board meeting. The previously approved Fiscal Year 2016 Long Term Incentive Plan by Motion 2015-9 will remain in effect from July 1, 2015 through Aug. 31, 2015. Marc Daudon seconded. MOTION CARRIED.

**Compensation Subcommittee Recommendations**

**Motion 2015-16**

Subcommittee Chair Dave Remington moved to approve the following motion: It is moved that the Executive Board approve the Chief Executive Officer's compensation recommendations for the Executive Officers (excluding the CEO) as discussed during the Aug. 26 – 28, 2015 Executive Board meeting. Marc Daudon seconded. MOTION CARRIED.

**Motion 2015-17**

Subcommittee Chair Dave Remington moved to approve the following motion: It is moved that the Executive Board enter into the revised employment agreement with the Chief Executive Officer Mark E. Reddemann as discussed and recommended by the Compensation Subcommittee of the Executive Board during the Aug. 26 – 28, 2015 Executive Board meeting. Marc Daudon seconded. MOTION CARRIED.

**Motion 2015-18**

Subcommittee Chair Dave Remington moved to approve the following motion: It is moved that the Executive Board approve the FY 2015 At-Risk Compensation Plan payments for Energy Northwest executives as discussed during the Aug. 26 – 28, 2015 Executive Board meeting. A true and complete copy is attached hereto. Marc Daudon seconded.

Mr. Ridge and Mr. Gaston presented at-risk compensation results for FY15.

Chair Morrison asked for additional comments from the board, hearing none, the question was asked. MOTION CARRIED.

Motion 2015-19

Subcommittee Chair Dave Remington moved to approve the following motion: It is moved that the Executive Board approve the FY 2015 Long Term Incentive Plan performance results for Energy Northwest executives and other selected management employees as discussed during the Aug. 26 – 28, 2015 Executive Board meeting. A true and complete copy is attached hereto. Marc Daudon seconded.

Mr. Ridge presented long-term incentive results.

Chair Morrison asked for additional comments from the board, hearing none, the question was asked. MOTION CARRIED.

**Calendar Year 2016 Board Meeting Schedule**

Mr. Ridge reminded the board of the proposed 2016 board schedule including the drivers and impacts. Board discussion ensued.

Mr. Reddemann agreed to send an email during non-meeting months to ensure the board is aware of any pending issues.

The board requested time during a future meeting to discuss what topics they would like to do a deep dive on.

Several board members shared their comments and opinions of the proposed meeting schedule.

2015-13

Mr. Marc Daudon moved to approve the following motion: It is moved that the Executive Board approves the Calendar Year 2016 Board Meeting Schedule, dated July 22, 2015, as discussed during the July 22, 2015 and Aug. 26 – 28, 2015, Executive Board meetings. Jim Moss seconded.

A hand vote was requested. Results are as follows:

Yes: 5

No: 2

MOTION CARRIED.

**Approval of Minutes**

The following meeting minutes were presented for approval:

- Joint Executive Board / Board of Directors – July 22, 2015
- Regular Executive Board Meeting – July 22 - 23, 2015

Ms. Linda Gott moved that the minutes be approved. Motion seconded by Mr. Jack Janda. MOTION CARRIED.

**Upcoming Meetings**

Chair Morrison reminded the board that the next Regular Executive Board Meeting will be held on Sept. 23 – 24, 2015 at Energy Northwest’s Multi-Purpose Facility in Richland, Wash.

**Staff Announcements**

Mike Paoli, Public Affairs manager, announced that the nuclear task force will meet in conjunction with the October board meetings and reminded board members to register for this year’s Public Power Forum.

**Commitment Review/Provide Majority-based Direction**

- Present additional information on Long-range Plan; equipment; and behaviors – Brad Sawatzke – Future EB meeting
- Further discussion and consensus needed for EB definition of clean energy to also include a vision statement for clean energy – TBD
- Present the Value Optimization Plan / details to the board – Brent Ridge / Brad Sawatzke
- Look at potential outcomes and potential impacts from the changing landscape – Marie Thomas
- Bring the Mission Critical Risks to the board during quarterly strategic plan updates to allow for greater discussion and dialogue – Marie Thomas
- Integrate Mission Critical Risks in the strategic plan document – Marie Thomas

**Other Business**

Chair Morrison recognized Mr. Ridge and Mr. Sawatzke for their upcoming educational opportunities.

Mr. Remington thanked Mr. Lorence and his team for the work done for the Compensation Subcommittee.

Hearing no further discussion, Chair Morrison thanked everyone for attending and wished them a safe journey home. The regular meeting adjourned at 12:15 p.m.

Respectfully submitted by,

Angela Smith  
Board Relations