

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Multi-Purpose Facility
Glenn C. Walkley Room
3000 George Washington Way
Richland, Wash.
Dec. 16, 2015
Columbia Generating Station
76 North Power Plant Loop
Richland, Wash.
Dec. 17, 2015**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 8:33 a.m. on Dec. 16, 2015 in the Glenn C. Walkley room of the Multi-Purpose Facility at Energy Northwest in Richland, Wash. There was a quorum present. An environmental analysis of the Dec. 16 – 17, 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	Present
Marc Daudon	Present
Linda Gott	Present
Jim Moss	Present
Skip Orser	Present
Will Purser	Present
Tim Sheldon	Present
Kathy Vaughn	Present

Others Present:

Both days: PSAV – Blaine Johnson.

Wednesday only: Reese Government Relations – Shirley Reese; Rowland, Co – Jim Rowland; Washington Public Utility District Association – George Caan; and Bonneville Power Administration – Larry Felton, Mark Jones and Cherie Sonoda.

Staff Present:

Both days: Mark Reddemann; Brent Ridge; Brad Sawatzke; Alex Javorik; Bob Dutton; Bob Schuetz; Carla Martinez; Angela Smith; and Vicki Watilo.

Wednesday only: Jim Gaston; Andy Black; Dave Briggs; Kent Dittmer; Scott Praetorius; Angel Rains; Cristina Reyff; Eric Rockett; and Greg Sponholtz.

Thursday only: Mike Paoli and Shannon Kinnunen.

Regular Executive Board Meeting

Mr. Jim Moss 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.

Approval of Minutes

The following meeting minutes were presented for approval:

- Regular Executive Board Meeting – Oct. 28 – 29, 2015
- Joint EB/BOD/PRB Meeting – Oct. 29, 2015

Mr. Jack Janda moved that the minutes be approved. Mr. Will Purser seconded. MOTION CARRIED.

Chief Executive Officer Report

Mr. Mark Reddemann, Chief Executive Officer, presented the CEO Report. Key highlights included: this month's meeting format; communication made during the last several weeks and related updates; recent member visits; recent work Energy Northwest is involved in with the clean power plan working group; the latest CEO recognitions; United Way and Head Start campaigns; and high-level asset performance review.

Mr. Reddemann addressed multiple questions throughout from the Executive Board.

Other Business

Chair Morrison asked Mr. Skip Orser to be the meeting critique lead for the December meeting.

Hearing no further business, Chair Morrison turned the meeting over to Mr. Tim Sheldon.

Administrative, Energy & Member Services Committee Reports

Information Agenda Items

Administrative, Energy and Member Services Committee Chair Tim Sheldon opened the committee by reminding the board of the available reports on BoardDocs. He then introduced George Caan, executive director for the Washington Public Utility Districts Association.

Energy Imbalance Market

Mr. Caan presented on the Energy Imbalance Market. Key highlights included: what an energy imbalance market is; how the region got to an imbalance; where the region is today; the evolution of the California energy imbalance market; the evolution of the European Union; public power benefits from an energy trading framework with California; and other considerations.

The meeting recessed at 10:06 a.m. for a break and reconvened at 10:23 a.m.

Mr. Brent Ridge, vice president of Corporate Services and Chief Financial/Risk Officer, introduced Vicki Watilo, Member Relations program manager.

Regional Meeting Trip Reports

Public Power Council: Committee Chair Sheldon and Vice Chair Janda provided comments on recent interactions with the Public Power Council.

Northwest Power and Conservation Council: Committee Chair Sheldon provided comments on recent interactions with the NWPCC.

Washington Public Utility Districts Association: Committee Chair Sheldon provided comments on recent interactions at WPUA's annual conference.

Mr. Sheldon complimented George Caan for an exciting annual conference.

NoaNet Update: Mr. Will Purser provided an update on NoaNet.

Generation Project Approval Process

Mr. Jim Gaston, general manager for Energy Services and Development, presented on the approval process for generation projects. Key highlights included: the current policy on generation project approvals including initial feasibility, conditional approval and final approval; discussion of Resolution 1345; proposed changes to the resolution including language revisions to the definition of "Generation Project" and a proposed increase to the estimated costs.

Discussion ensued and the board recommended other language changes and that the estimated project cost increase not be as high as originally proposed by staff. Mr. Gaston will revise in preparation for presentation to the Board of Directors at a future meeting.

Land Acquisition

Mr. Gaston presented on a land acquisition opportunity. Key highlights included: background of the Department of Energy land transfer program; a property view; the opportunity to acquire land at low cost; acquisition decision; and considerations.

Legislative Issues

Ms. Shirley Reese, Reese Government Relations and Jim Rowland, Rowland, Co presented the legislative issues document and recommended approval from the Executive Board.

Committee Chair Sheldon moved to approve EXECUTIVE BOARD RESOLUTION NO. 1863 – a resolution adopting Energy Northwest's official legislative position for calendar year 2016 and delegating authority to advocate the official legislative position of Energy Northwest. Mr. Dave Remington seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1863 ADOPTED by majority, with one abstention by Marc Daudon.

Notification Protocol

Mr. Ridge presented on notification protocol for communicating with board members during non-meeting months. Key highlights included: non-meeting months communication and types

of events that signify communication needed with the board (based on notification protocol hand-out).

Discussion ensued on the notification protocol document. Board consensus was that communication should be made to all Executive Board members.

Discussion also ensued on whether to schedule regular meetings (as a teleconference) during the currently scheduled non-meeting months. If a meeting is necessary to discuss recent events, a teleconference would be held. If no business to discuss, then it would be cancelled.

Board members were polled on whether to make this change or maintain the current approved schedule for 2016 and if a meeting is necessary during a non-meeting month, a special meeting would be called.

Six board members were in favor of keeping the schedule as is.

The meeting recessed at 12:45 p.m. for a break to get lunch and reconvened at 12:55 p.m.

Meritorious Service Awards

The Executive Board's Meritorious Service Awards were presented to Mark Rice, Steve Short and Jack Kerr.

Mr. Mark Rice and Mr. Steve Short received the award in recognition of team excellence for upgrades to the H.J. Ashe Substation 500kV bus and switchyard that improved reliability and added flexibility to the operation and maintenance of the substation.

Mr. Jack Kerr received the award in recognition of individual excellence for safe removal of metal components and scrap, and early site restoration progress at the Industrial Development Complex resulting in more than \$2.2 million in revenue to the Bonneville Power Administration.

AEM Business

Ms. Carla Martinez, Public Affairs supervisor, presented on AEM business items, including the expense report process and education development opportunities.

Commitment Review/Provide Majority-based Direction

- Revise recommendations for generation project approval process based on board feedback – Jim Gaston – prior to presentation to the BOD

Other Business

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

Audit, Legal & Finance Committee Reports

Committee Chair Kathy Vaughn opened the Audit, Legal and Finance Committee and reminded members to view the monthly cost reports on BoardDocs.

Project Management Audit

Mr. Joel Hammer and Marius Anelauskas of Protiviti, presented the audit results for the construction and project management audit. Key points included: scope and approach of the audit; key takeaways; and observations that Energy Northwest has adequate processes in place to identify and take action on significant program management performance deficiencies.

Management Response to PM Audit

Mr. Ridge, Mr. Alex Javorik, vice president for Engineering, Ms. Cristina Reyff, Business Planning & Risk manager and Mr. Greg Sponholtz, Supply Chain Services manager, presented the management response to the construction and project management audit. Key points included: management's agreement with Protiviti's assessment, management's response to each observation including the actions, owner and due date; and Protiviti's review and agreement with Energy Northwest's proposed actions.

Cyber Security Audit Memo

Messrs. Hammer and Anelauskas presented the audit memo for cyber security. Key highlights included: the scope; objectives; and approach to the cyber security audit.

Appointment of Treasurer

Committee Chair Vaughn moved to approve EXECUTIVE BOARD RESOLUTION NO. 1862 – a resolution reappointing a Treasurer of Energy Northwest. Mr. Jack Janda seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1862 UNANIMOUSLY ADOPTED.

The meeting recessed at 2:03 p.m. for a break and reconvened at 2:15 p.m.

Executive Session – Annual Whistleblower Update & Litigation Update

An executive session was called in accordance with RCW 42.30.110 (1) (i) beginning at 2:15 p.m. to report on the annual whistleblower and litigation updates.

The meeting reconvened at 2.47 p.m.

Litigation Update

Committee Chair Vaughn moved to approve Motion 2015-23 stating: It is moved that the Executive Board ratify the Settlement Agreement and Release entered into between SPX Heat Transfer LLC, formerly known as SPX Heat Transfer, Inc. ("SPX") and Energy Northwest after a series of negotiations, whereby SPX will provide to Energy Northwest credit in the amount of \$500,000.00 exclusive of tax, for spare and replacement parts, materials and services for cooling towers to be used until June 30, 2021, in exchange for a complete and final release from SPX of all claims against Energy Northwest and a complete and final release from Energy Northwest of all claims against SPX arising out of, or relating to, the Condenser Project, and a dismissal with prejudice of the lawsuit pending in the United States District Court for the Eastern District of Washington by Energy Northwest against SPX, Case No. CV-13-5151-SAB including all counterclaims filed by SPX. Mr. Skip Orser seconded. MOTION CARRIED.

Commitment Review/Provide Majority-based Direction

No new commitments were added.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and turned it over to Mr. Scott Praetorius, Nuclear Fuels Procurement program manager.

Fuel Contract

Mr. Praetorius presented a proposed fuel contract. Key points included: purpose; background; evaluation criteria and process; proposal offers; results; significant risks identified; and staff's recommendation.

The Executive Board requested a review of the process of evaluation criteria weighting (i.e., why is experience and past performance weighted so much lower than mission suitability and cost).

Resolution 1864

Committee Chair Orser moved to approve EXECUTIVE BOARD RESOLUTION NO. 1864 – a resolution approving the fuel fabrication and related services contract with Global Nuclear Fuel Americas, LLC – Columbia Generating Station. Ms. Kathy Vaughn seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1864 UNANIMOUSLY ADOPTED.

Chief Nuclear Officer Report

Mr. Brad Sawatzke, Chief Operating/Nuclear Officer presented the CNO Report. Key points included: plant status; upcoming events; and Columbia Generating Station performance indicators.

Discussion ensued throughout.

Equipment Reliability Update

Mr. Javorik provided an equipment reliability update. Key highlights included: Columbia's power history; equipment challenges; improvements; programmatic actions completed; management control processes; and key actions remaining.

Thursday Overview

Committee Chair Orser and Mr. Sawatzke provided an overview reminder of Thursday's board activities.

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who recessed the meeting at 5 p.m. until the next day.

Regular Executive Board Meeting *cont'd*

Executive Board Chair Sid Morrison reconvened the regular Executive Board meeting at 9:20 a.m. on Thursday, Dec. 17, 2015 in the Roosevelt room of the Willamette Building at Columbia Generating Station – Energy Northwest in Richland, Wash.

Maintenance Review Meeting

The Executive Board observed the Electrical Maintenance and Reactor Maintenance Management Review meetings.

Nuclear Oversight & Safety Committee Reports *cont'd*

Committee Chair Skip Orser reconvened the Nuclear Oversight and Safety Committee.

Fukushima Update

Mr. Javorik and Ms. Shannon Kinnunen, Fukushima project supervisor, provided an update on Columbia's response to Fukushima. Key highlights included: a Fukushima overview; hardened containment vent system; seismic and flooding re-evaluations; and the Fukushima budget summary.

Manager Supervisor Meeting

The Executive Board observed the Manager Supervisor meeting.

The meeting recessed at 1 p.m. for a break to get lunch and reconvened at 1:15 p.m.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Review of the process of evaluation criteria weighting (i.e., why is experience and past performance weighted so much lower than mission suitability and cost) – Scott Praetorius

Regular Executive Board Meeting (*cont'd*)

Meeting critique

Mr. Orser provided the Executive Board meeting critique for the month of December.

Upcoming Meetings

Chair Morrison reminded the board that the joint board meeting will be held on Jan. 27 - 28, 2016 in Olympia.

Other Business

Hearing no additional business, the next agenda item was discussed.

Hearing no further discussion, Chair Morrison adjourned the meeting at 1:51 p.m.

Respectfully submitted by,
Angela Smith
Board Relations