

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
DoubleTree by Hilton – Capitol Room
415 Capitol Way North
Olympia, Wash.
Feb. 25 – 26, 2015**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 9:04 a.m. on Feb. 25, 2015 in the Capitol Room of the DoubleTree by Hilton in Olympia, Wash. There was a quorum present. An environmental analysis of the Feb. 25 – 26, 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 (Wednesday only)
Will Purser	Present
Tim Sheldon	Present
Kathy Vaughn	Present

Others Present:

Both days: Mark Jones, Bonneville Power Administration.

Wednesday only: Sen. Sharon Brown; Sen. Doug Ericksen; Shirley Reese, Reese Government Relations; Jim Rowland, Rowland, Co; Bonneville Power Administration – Kyna Alders, Jon Dull, Javier Fernandez, Kyle Hardy, William Hendricks, Alexander Lennox, Brian McConnell and Kim Thompson.

Wednesday reception only: Meagan Allen; Sen. Sharon Brown; Kati Carlson; Joshua Deal; Rep. Jake Fey; Mariya Kargopolitseva; Rep. Brad Klippert; Rep. Bob McCaslin; Rep. Jim Moeller; Rep. Jeff Morris; Jan Nealey; Rep. Terry Nealey; Adam Noorani; Scott Sanders; Kim Sawatzke; Kenny Short; Rep. Shelly Short; Rep. Dean Takko; My-Le Tang; and Braedon Wilkerson.

Thursday only: Protiviti – BreAnn Berry and Joel Hammer.

Staff Present:

Both days: Mark Reddemann; Brad Sawatzke; Brent Ridge; Bob Dutton; Mike Paoli; Dave Briggs; Carla Martinez; and Angela Smith.

Wednesday only: Jim Gaston.

Regular Executive Board Meeting

Ms. Angela Smith 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 – Jan. 28 – 29, 2015
- Special Joint Executive Board and Board of Directors Meeting – Jan. 28, 2015

Ms. Lori Sanders moved that the minutes be approved. Mr. Skip Orser seconded. MOTION CARRIED.

Chief Executive Officer Report

Mr. Mark Reddemann, Chief Executive Officer, presented the CEO Report. Key highlights included: Nuclear bills introduced in the 2015 legislative session and Energy Northwest representation providing testimonies, legislative guests joining the meeting later, recent legislative visits, update and adjustment to safety milestone, member support, industry benchmarking, Phase IV of Excellence in Performance, CEO recognition, March of Dimes campaign and high-level asset performance review.

Mr. Reddemann wrapped up by addressing several questions from Executive Board members.

The board requested staff to consider readdressing the CERA industry report specific to low natural gas prices impacting the energy industry. Mr. Brent Ridge, Vice President, Corporate Services and Chief Financial Officer shared with the board that staff has already done this and the results still show a significant margin. Mr. Ridge committed to running the numbers again as needed based on potential upcoming events.

Mr. Ridge committed to also consider bringing in an industry expert to discuss low natural gas prices and how they are impacting the energy industry as part of the strategic planning environmental scan process.

Other Business

Chair Morrison asked Mr. Marc Daudon to be the meeting critique lead for the February meeting. Mr. Daudon accepted.

Hearing no further business, Chair Morrison turned the meeting over to Mr. Skip Orser.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and turned it over to Mr. Brad Sawatzke, Chief Operating Officer and Chief Nuclear Officer.

Chief Nuclear Officer Report

Mr. Sawatzke presented the CNO Report. Key points included: plant status, station focuses, significant operating experience and nuclear news.

Mr. Sawatzke shared a video titled "4th Quarter 2014 Vogtle Timeline Update."

The meeting recessed at 10:43 a.m. for a break; the meeting reconvened at 10:57 a.m.

Mr. Sawatzke shared a second video titled "SCE&G Highlights Nuclear Construction Progress in 2014."

Mr. Sawatzke continued his presentation focusing on upcoming events and Columbia Generating Station performance indicators.

Quarterly Contracts Review

Mr. Ridge presented on the recent quarterly contracts. Key points included: the Independent Spent Fuel Storage Installation pad construction project description, contract estimate and procurement method.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Research Operating Experience of leaking valves – Brad Sawatzke

Other Business

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who recessed the meeting at 11:58 a.m. for lunch.

During lunch, Sen. Doug Ericksen, chair of the Energy, Environment and Telecommunications committee and Sen. Sharon Brown, member of the Energy, Environment and Telecommunications committee made a brief appearance and provided comments to the Executive Board regarding the current legislative session. Additionally, senators answered multiple questions from board members.

The regular meeting reconvened at 12:51 p.m. Chair Morrison turned the meeting over to Mr. Tim Sheldon.

Administrative, Energy & Member Services Committee Reports

Information Agenda Items

Committee Chair Tim Sheldon opened the committee by reminding the board of the available reports on BoardDocs and turned the meeting over to Mr. Ridge.

Public Power Council Update

Mr. Ridge provided comments on recent interactions with the Public Power Council. Vice Chair Jack Janda and Committee Chair Sheldon provided comments on recent PPC meetings and activities. Further discussion ensued.

Public Affairs Update

Mr. Mike Paoli, Public Affairs manager, provided an update of Public Affairs activities primarily between October and December of 2014. Key activities highlighted included: meetings and events attended by Executive Board members, Member Forum, recent member visits, public power benchmarking, education outreach, tours, speakers bureau, news coverage, social media, legislative affairs, internal communication and the 2014 annual report.

Ms. Vaughn requested a copy of King 5's Gary Chittim's article titled "Hanford cleanup may pose threat to nearby workers." Mr. Paoli committed to bring the article to the next board meeting.

Education and Development Opportunities

Ms. Carla Martinez, Public Affairs supervisor, presented upcoming education and development opportunities for board members. Ms. Martinez shared that all Executive Board members have attended the Goziueta conference. It was verified that Goziueta does allow past attendees to attend again. Therefore, based on past attendance and length of time since attending, Vice Chair Jack Janda will attend this year's conference.

Ms. Martinez also conveyed that she has reached out to six utilities for possible Executive Board benchmarking trips. She has heard back from three who are receptive to having some board members attend their board meetings. She will continue working out the details and provide an update at a future board meeting.

Committee Chair Sheldon turned the meeting over to Acting Committee Chair Jack Janda to oversee the remainder of the AEM committee.

Fiscal Year 16-18 Strategic Plan Draft

Mr. Ridge reviewed the draft Fiscal Year 2016 – 2018 Strategic Plan.

Discussion ensued on changes the board requested. Staff will incorporate the feedback and the updated draft plan will be sent to board members in early April. The board will be asked to approve the plan at the April Executive Board meeting.

Acting Committee Chair Janda requested that more time be added to the agenda for future Strategic Plan discussions when reviewing the draft plan.

The meeting recessed at 2:37 p.m. for a break and reconvened at 2:49 p.m.

Carbon Free Power Project Update

Due to time constraints, this agenda topic was moved to the March 2015 board meeting.

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. Discussion ensued.

Clean Energy Discussion

Mr. Paoli provided background on clean energy definitions as defined by various organizations and a proposed draft of what clean energy means to Energy Northwest. The Executive Board discussed what a board-endorsed definition may include and requested staff bring back the context of how a definition might be used and list the generation resources that it would include. The working definition as discussed is: Minimal pollutants emitted during the life-cycle of a generation source in the production of electricity. This definition will be further refined by staff and brought back for discussion at a future board meeting.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Provide King 5's Gary Chittim's article titled "Hanford cleanup may pose threat to nearby workers" to the board – Mike Paoli – March 2015 Executive Board meeting
- Provide an update on benchmarking opportunities with other boards – Carla Martinez – Future Executive Board meeting.
- Provide suggestions to amend Initiative 937 – Brent Ridge – Future Executive Board meeting
- Clean energy definition refined; how it will be used and what generation resources it includes – Mike Paoli – Future Executive Board meeting

Other Business

Hearing no additional questions or comments, Acting Committee Chair Janda turned the meeting over to Chair Morrison who recessed the meeting at 4:03 p.m. for a break and reconvened at 4:13 p.m.

Audit, Legal & Finance Committee Reports

Committee Chair Kathy Vaughn opened the Audit, Legal and Finance Committee and turned it over to Mr. Ridge to introduce the guests from the Bonneville Power Administration.

Expensing Conservation and Debt Management Opportunities

Mr. Javier Fernandez, Treasury manager at BPA, provided information on expensing conservation and debt management opportunities. Key points included: an overview, scenario descriptions, power capital related costs with energy efficiency expense, availability of U.S. Treasury borrowing authority, scenario results and next steps.

The meeting recessed at 5:30 p.m. until the evening reception.

Regular Executive Board Reception

The Executive Board reconvened at 6 p.m. for a reception at the Waterstreet Café.

Chair Morrison adjourned the reception at 8 p.m.

Regular Executive Board Meeting (cont'd)

The regular Executive Board meeting reconvened at 9 a.m. on Thursday, Feb. 26, 2015 by Executive Board Chair Sid Morrison who immediately turned the meeting over to Ms. Kathy Vaughn.

Audit, Legal & Finance Committee Reports cont'd

Information Agenda Items

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

2015 Debt Financing Plan

Mr. Ridge provided an update on the upcoming 2015 debt financing plan.

APPA Legislative Rally – Solicit Resolution Input

Committee Chair Vaughn shared the resolutions that will be discussed at the upcoming American Public Power Association Legislative Rally and requested the board provide feedback.

NoaNet Report

Ms. Linda Gott provided an update on NoaNet.

Administrative Audit – Vendor Performance Management

Mr. Joel Hammer, director at Protiviti, presented the administrative audit for vendor performance management. Key points included: the scope and approach of the audit, results and key takeaways.

Management Response Administrative Audit – Vendor Performance Management

Mr. Ridge presented management's response to the administrative audit for vendor performance management. Key points included: general audit comments and management's plan to address each observation.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Research overhead costs of BPA and similar organizations (EB is under the impression that BPA's overhead is 30 percent) – Brent Ridge – Future Executive Board meeting

Regular Executive Board Meeting (cont'd)

Upcoming Meetings

Chair Morrison reminded the board that the March Budget Workshop and Executive Board Meeting will be held at the Red Lion in Pasco, Wash. on March 24 – 26, 2015.

Other Business

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

BPA Report

Mr. Mark Jones with BPA provided a brief update of current water conditions and other BPA-related information.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Consider readdressing the CERA industry report specific to low natural gas prices impacting the energy industry – Brent Ridge – As needed based in potential upcoming events
- Consider bringing in an industry expert to discuss low natural gas prices and how they are impacting energy industry as part of the strategic planning environmental scan process – Brent Ridge – August 2015

Meeting critique

Mr. Daudon provided the Executive Board meeting critique for the month of February and recommended staff alters the seating arrangement to allow board members to sit by others that they have not recently sat by.

Staff Announcements

Mr. Paoli reminded the board of an upcoming tour opportunity in conjunction with the April Board Orientation. Vice Chair Janda indicated his interest in going on the tour in April.

Hearing no further discussion, Chair Morrison adjourned the meeting at 10:32 a.m.

Respectfully submitted by,

Angela Smith
Board Relations