

**Minutes of the  
Energy Northwest  
Regular Executive Board Meeting  
Embassy Suites – Queen Marie Room  
319 SW Pine  
Portland, Oregon  
June 24 – 25, 2015**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 12:05 p.m. on June 24, 2015 in the Queen Marie Room of the Embassy Suites in Portland, Oregon. There was a quorum present. An environmental analysis of the June 24 – 25, 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	Present
Skip Orser	Present
Will Purser	Present (via teleconference)
Tim Sheldon	Present (Wednesday dinner and Thursday)
Kathy Vaughn	Present

### **Others Present:**

**Both days:** Board of Directors member – Terry Brewer; Bonneville Power Administration – Mark Jones; and Public Power Council – Kevin O’Meara.

**Wednesday only:** Participants Review Board member – Clay Smith and Bonneville Power Administration – Kathy Black.

**Wednesday dinner only:** Public Power Council – Scott Corwin and Bonneville Power Administration – Claudia Andrews, Kieran Connolly, Mark Gendron and Nancy Mitman.

**Thursday only:** EES Consulting – Gary Saleba; Protiviti – Marius Anelauskas, BreAnn Berry and Joel Hammer; PricewaterhouseCoopers – Roger Mills and Ryan Van Oostrum; and Bonneville Power Administration – Jesse Kintz.

### **Staff Present:**

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

**Wednesday only:** Brad Sawatzke.

**Thursday only:** Karen Kessler and Jeff Smith.

## **Regular Executive Board Meeting**

Ms. Lori Sanders 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 – May 28, 2015
- Special Compensation Subcommittee Meeting – May 27, 2015

Ms. Kathy Vaughn moved that the minutes be approved. Ms. Lori Sanders seconded. MOTION CARRIED.

### **Chief Executive Officer Report**

Mr. Mark Reddemann, Chief Executive Officer, presented the CEO Report. Key highlights included: Refueling and Maintenance Outage 22 wrap up; April's all employee meeting; outage tours; the latest CEO recognitions; member visits; NuScale White House meeting; Northwest Public Power Association's annual meeting; United Arab Emirates visit; Northwest Power and Conservation Council engagement; used fuel storage settlement; Utilities Service Alliance optimizer award; and high-level asset performance review.

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

### **Other Business**

Chair Morrison volunteered to be the meeting critique lead for the June meeting.

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 and station focuses.

The meeting recessed at 1:31 p.m. for a break; the meeting reconvened at 1:54 p.m.

Mr. Sawatzke continued his presentation on station focuses and nuclear news.

Mr. Sawatzke shared a video titled "Watts Bar 2 Nears Complete."

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

Discussion ensued throughout.

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

The following new commitment was added:

- Provide a list of outage goals and how we compared (actuals) – Brad Sawatzke – Future CNO Report

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who turned the meeting over to Mr. Jack Janda.

## **Administrative, Energy & Member Services Committee Reports**

### **Information Agenda Items**

Acting Committee Chair Jack Janda opened the committee by reminding the board of the available reports on BoardDocs and provided an update from the recent Public Power Meeting. He then turned the meeting over to Mr. Ridge.

### **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.

### **DC Legislative Update**

Mr. Ridge provided comments on a recent legislative trip to Washington DC. Highlights included: calendar year 2015 legislative overview; April NWPPA visits; and meeting with Sam Rickett (Gov. Inslee's representative in DC).

The meeting recessed at 3:10 p.m. for a break and reconvened at 3:25 p.m.

### **Education and Development Opportunities**

Ms. Carla Martinez, Public Affairs supervisor, shared that we've been invited to UAMPs for benchmarking their board in July and that trip report will be shared at the July Executive Board meeting when during the same time staff will present the recommended 2016 calendar board schedule and development opportunities.

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

No new commitments were added.

### **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**

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

Discussion ensued regarding clarification of some information in the cost report. Specifically, Mr. Ridge committed to clarify in future reports that data represented is 'to-date'.

Committee Chair Vaughn then turned the meeting over to Mr. Jim Gaston.

### **Capital Development Corporation Lease**

Mr. Jim Gaston, general manager of Energy Services & Development, requested approval of Executive Board Resolution #1851. Key points included: Bechtel National's interest in leasing the Capital Development Corporation for three years plus three, three year options for a total of 12 years.

Discussion ensued.

Committee Chair Vaughn moved to approve EXECUTIVE BOARD RESOLUTION NO. 1851 – a resolution authorizing the execution of a lease with Bechtel National Inc. granting tenancy at the Capital Development Corporation building. Ms. Linda Gott seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1851 UNANIMOUSLY ADOPTED.

Mr. Reddemann asked the board for their preference of bringing such items to the board for approval or awareness. Consensus was to bring to the board only as awareness and not approval. Staff committed to bring a recommended change to the delegation of authority which currently defines such action be brought forth to the board for approval.

### **457 Plan Transfer**

Mr. Ridge, requested approval of Executive Board Resolution #1849. Key points included: why the change is recommended; current plan participation; and the difference between a 457 and 401k plan.

Committee Chair Vaughn moved to approve EXECUTIVE BOARD RESOLUTION NO. 1849 – a resolution authorizing the transfer of the 457 deferred compensation plan – Energy Northwest. Mr. Marc Daudon seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1849 UNANIMOUSLY ADOPTED.

### **Budget Amendments**

Mr. Ridge, requested approval of Executive Board Resolution #1850. Key points included: budget amendment highlights and Columbia Generating Station funding requirements for Fiscal Year 2015.

Mr. Ridge committed to come back to the board in July with budget details on the actuals as the data is still coming in.

Discussion ensued.

Committee Chair Vaughn moved to approve EXECUTIVE BOARD RESOLUTION NO. 1850 – a resolution approving and adopting Energy Northwest second amended annual operating budget for Fiscal Year 2015 for Columbia Generating Station. Mr. Jack Janda seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1850 UNANIMOUSLY ADOPTED.

### **Regional cooperation debt update**

Mr. Ridge provided an update on key activities regarding regional cooperation debt. Highlights included: completed bond transaction; and resolution objectives and parameters were met.

Committee Chair Vaughn turned the meeting back to Chair Morrison to recess until the dinner.

Prior to the meeting being recessed, Mr. Reddemann presented the longest run coins to the Executive Board and other meeting guests. These coins will be distributed to all employees at a future event.

The meeting recessed at 4:09 p.m. until the evening dinner.

### **Regular Executive Board Dinner**

The Executive Board reconvened at 6 p.m. for dinner in the Gevurtz Room at the Embassy Suites.

Claudia Andrews, Nancy Mitman and Mark Gendron from the Bonneville Power Administration, all provided positive comments on the Energy Northwest / BPA partnership.

Chair Morrison adjourned the dinner at 8 p.m.

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

The regular Executive Board meeting reconvened at 8 a.m. on Thursday, June 25, 2015 by Executive Board Chair Sid Morrison who immediately turned the meeting over to Ms. Kathy Vaughn.

### **Audit, Legal & Finance Committee Reports *cont'd***

Committee Chair Vaughn welcomed the Executive Board back to the Audit, Legal and Finance Committee. Chair Vaughn introduced Mr. Roger Mills from PricewaterhouseCoopers who is Energy Northwest's new engagement partner. Mr. Ryan Van Oostrum, audit manager from PwC also joined Mr. Mills.

**PricewaterhouseCoopers' Audit Entrance Conference**

Mr. Van Oostrum, PricewaterhouseCoopers presented the audit entrance conference. Key points included: audit objectives; areas of audit emphasis; organization of engagement team; audit approach; audit responsibilities; and timing and communications plan.

**Management Response Implementation Update – PricewaterhouseCoopers FY14 Audit Results Review**

Ms. Karen Kessler, Financial Accounting supervisor, presented an update to the management's response to the Fiscal Year 2014 audit results. Key points included: Fiscal Year 2014 corrective actions and focus areas for Fiscal Year 2015.

**Entity Level Controls Audit Report Results**

Mr. Joel Hammer, director, and Ms. BreAnn Berry, manager, both from Protiviti, presented the entity level controls audit report results. Key points included: overview of the scope and approach; and audit results.

**Management Response – Entity Level Controls Audit**

Mr. Ridge presented management's response to the entity level controls audit. Key points included: general audit comments and management's plan to address each observation.

Discussion ensued on the results/findings from the entity level controls audit. Mr. Ridge took the action to address the board's feedback.

**Energy Services & Development Audit Report Results**

Mr. Marius Anelauskas, associate director, from Protiviti, presented the Energy Services & Development audit report results. Key points included: overview of the scope and approach; and audit results.

**Management Response – Energy Services & Development Audit**

Mr. Gaston presented management's response to the Energy Services & Development audit. Key points included: general audit comments and management's plan to address each observation.

Discussion ensued on the results/findings from the audit. Mr. Gaston took the action to address the board's feedback.

**Agency Audit Annual Update**

Mr. Ridge presented the agency's audit annual update. Key points included: Fiscal Year 2015 combined audit plan summary results; historical audit overview; Fiscal Year 2016 combined audit plan; FY16 contract extension request.

Discussion ensued on additions the board would like to see. Mr. Ridge took the action to incorporate the board's feedback.

Committee Chair Vaughn moved to approve Motion 2015-11 to approve the Energy Northwest Fiscal Year 2016 Combined Audit Plan as discussed during the June 25, 2015, Executive Board meeting. Ms. Lori Sanders seconded. MOTION CARRIED.

Committee Chair Vaughn moved to approve Motion 2015-12 to approve a one-year extension for the Administrative Auditor contract with Protiviti as discussed during the June 25, 2015, Executive Board meeting. This will be year three of a three year contract. Mr. Jack Janda seconded. MOTION CARRIED.

The meeting recessed at 10:09 a.m. for a break and reconvened at 10:25 a.m.

**Impacts of Security Constrained Economic Dispatch; Energy Imbalance Markets; Regional Transmission Organizations**

Mr. Gary Saleba, EES Consulting presented on the impacts of security constrained economic dispatch; energy imbalance markets; and regional transmission organizations. Key points included: bilateral vs. automated power markets; independent system operators; regional transmission companies; California Independent System Operator; and the proposed security constrained economic dispatch in the Northwest.

Discussion ensued.

**NWPPA Trip Report**

Committee Chair Vaughn provided a trip report from the Northwest Public Power Association annual conference.

**NoaNet Report**

Ms. Linda Gott provided an update on NoaNet.

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

The following new commitments were added:

- Clarify in future monthly cost reports that data represented is ‘to-date’ – Johnathan Hicks – future monthly cost reports
- Make a recommendation to the Executive Board for the delegation of authority regarding bringing leasing opportunities to the board for awareness rather than approval
- Present detailed FY15 budget information regarding Columbia’s budget based from the budget amendments made during the June 2015 meeting – Brent Ridge – July EB meeting
- Address feedback from management response – Brent Ridge and Jim Gaston
- Add cyber security to the audit plan – Cristina Reyff
- Have BPA present EIM/SCED/CCED topic to board – Mike Paoli – Future EB meeting

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

**Election of Officers**

Ms. Vaughn led the discussion on election of officers and turned it over to Mr. Jim Moss as the nominating committee lead.

Mr. Moss reported that the committee recommends nomination of the current slate of officers.

Ms. Vaughn asked if there were any additional nominations, hearing none, she asked for a motion to elect each officer.

Ms. Lori Sanders nominated Sid Morrison for chair. Mr. Jim Moss seconded. MOTION CARRIED.

Ms. Lori Sanders nominated Jack Janda for vice chair. Ms. Linda Gott seconded. MOTION CARRIED.

Mr. Sid Morrison nominated Lori Sanders for secretary. Ms. Kathy Vaughn seconded. MOTION CARRIED.

Ms. Lori Sanders nominated Dave Remington for assistant secretary. Mr. Jim Moss seconded. MOTION CARRIED.

Chair Morrison shared that committee chairs will remain the same. However, Mr. Marc Daudon has enjoyed shadowing Mr. Tim Sheldon on the AEM committee. Therefore, Chair Morrison appointed Mr. Daudon as the Vice Chair of the AEM committee.

**Upcoming Meetings**

Chair Morrison reminded the board that the Joint Executive Board / Board of Directors meeting will be held at the Holiday Inn Express in Pasco, Wash. on July 22 – 23, 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.

**Meeting critique**

Chair Morrison provided the Executive Board meeting critique for the month of June.

**Staff Announcements**

Mr. Mike Paoli, Public Affairs manager, reminded the board of an upcoming tour opportunity for Columbia's FLEX building in conjunction with the July board meeting.

Hearing no further discussion, Chair Morrison adjourned the meeting at 12:14 p.m.

Respectfully submitted by,

Angela Smith  
Board Relations