

**Minutes of the  
Energy Northwest  
Special Executive Board / Participants Review Board  
Budget Review Workshop  
Red Lion – Olympic Room  
2525 N. 20<sup>th</sup> Ave.  
Pasco, Wash.  
March 24, 2015**

Chair Sid Morrison called the special meeting of the Executive Board and Participants Review Board of Energy Northwest to order at 8 a.m. on March 24, 2015 in the Olympic Room of the Red Lion in Pasco, Wash. There was a quorum present. An environmental analysis of the March 24, 2015 budget review workshop 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	Absent
Skip Orser	Present
Will Purser	Present
Tim Sheldon	Absent
Kathy Vaughn	Present

### **Participants Review Board Members**

Michelle Caird, Chair	Present
Susan Thraen, Vice Chair	Present
Ray Mosbrucker, Secretary	Present
Karl Denison	Present
Steve Houston	Present
Ben Kostick	Absent
Stu Nelson	Present
Paul Rogers	Present
Clay Smith	Present (teleconference)

**Others Present:** Board of Directors Member – Barney Burke, Jefferson County Public Utility District; Bonneville Power Administration – Paul (Bear) Bentrup, Larry Felton, Dana Sandlin and Cherie Sonoda; PSAV – Blaine Johnson; and Public Power Council – Kevin O'Meara.

**Staff Present:** Mark Reddemann; Brad Sawatzke; Brent Ridge; Alex Javorik; Bob Dutton; Jim Gaston; Mike Paoli; Dave Briggs; Johnathan Hicks; Ron Hogue; Dave Jordan;

Carla Martinez; Suzanne Mitchell; Don Queen; Cristina Reyff; Angela Smith; John Steigers; and Jeff Windham.

## **Special Executive Board / Participants Review Board Budget Review**

### **Introduction**

Mr. Mark Reddemann, Chief Executive Officer, provided an introduction to the budget review workshop emphasizing the predictability of the Long-Range Plan. Specifically, Columbia Generating Station's Operations & Maintenance budget remained within last year's forecast for Fiscal Year 2016; nuclear fuel costs budget reduced by \$13.7 million; nuclear fuel cash budget reduced by \$11.7 million resulting in reduction of the overall budget request to the Bonneville Power Administration; and Capital remained within last year's forecast for FY 2016.

### **Budget Overview**

Mr. Brent Ridge, Vice President, Corporate Services and Chief Financial and Risk Officer, reviewed the agenda for the Budget Review Workshop and discussed key points including: FY 2016 as a non-outage year for Columbia; the Columbia O&M and Capital budgets remained within last year's plan; BPA rate case savings for FY 2016 / FY 2017 is \$4.22 million; continuing to finance Columbia Capital \$120.2 million; maximize Packwood and Nine Canyon availability; and demand response.

### **Columbia and Long-Range Plan / Bonneville Rate Case Impacts**

Mr. Brad Sawatzke, Chief Operating Officer and Chief Nuclear Officer, provided the management overview of Columbia. Key highlights included: Columbia's regional value (base load resource, firm capacity and risk mitigation); the Value Optimization Project (an initiative through FY 2018); equipment reliability; offering competitive compensation packages to attract new employees and retain existing employees; Long-Range Plan need for investment; Columbia management team focusing on sustaining Excellence (Strong Governance and Oversight, Predictable Long-Range Planning and Execution, Risk Management is Core Business and Cost-effective Operation); and challenges of the regulatory and operational environmental.

Mr. Ron Hogue, Asset manager/controller, presented an overview of the Long-Range Plan. Key points included: The LRP identifies and plans for resource requirements to maintain long-term Columbia safety and reliability; the plan is updated annually – rolling a 10-year forecast; a review of the FY 2016 Capital strategy; what items have changed; LRP Capital and O&M budgets; and LRP major projects.

The meeting recessed at 9:30 a.m. for a break; the meeting reconvened at 9:45 a.m.

Mr. Hogue then covered the following key items: LRP challenges; objectives of Columbia's budget; key assumptions; Corporate allocations; risk reserve; budget versus prior year LRP; generation and production cost of power; FY 2016 risks; total Columbia costs; budgeted positions; O&M projects non-labor; Capital projects non-labor; and the Value Optimization Program. Mr. Hogue also discussed BPA rate case impacts to Columbia.

The meeting recessed at 10:33 a.m. for a break; the meeting reconvened at 10:45 a.m.

**Columbia 10-Year Fuel Plan**

Mr. Scott Praetorius, Nuclear Fuels Procurement program manager, discussed the FY 2016 Fuel Management Plan. Highlights included: a background on the fuel management plan; FY 2015 highlights; cash flow by fiscal year; cash comparison of FY 2015 versus FY 2016; nuclear material purchases; conversion prices; material prices; and uranium enrichment program status.

**General Business Unit (Administrative & General)**

Mr. Johnathan Hicks, Budget supervisor, provided an overview of the costs not specific to a business unit. Key points included: Corporate programs met the target of 3.5 percent reduction of non-labor; relocation reductions; Public Employees' Retirement System rate increase; budget assumptions; business unit allocation percentages; FY 2016 budget compared to LRP; reconciliation of FY 2016 to LRP; historical/projected state retirement costs; FY 2016 compared to FY 2015 original budget summary; Corporate program functions; benefits; organizational overhead; general purpose projects; basis for risk reserve; and comparison of Columbia cost of power to general business costs.

The meeting recessed for lunch at 11:55 a.m.; the meeting reconvened at 12:32 p.m.

**Energy Services and Development**

Mr. Jim Gaston, general manager of Energy Services & Development, provided an overview of the FY 2016 budget for ESD. Key points included: Budget strategies and considerations; budget achievements; developments and major initiatives; financial summary; business development; and ESD overhead.

Mr. Jeff Windham, Treasury / Budgets supervisor, presented ESD sector budgets including Business Services; Generation Project Development; Operations & Maintenance / Professional Services; Nine Canyon Wind Project; Packwood Lake Hydroelectric Project; and Facilities.

The meeting recessed at 1:30 p.m. for a break; the meeting reconvened at 1:43 p.m.

**Debt Service / Investments**

Mr. Windham provided an overview of debt and investments for the FY 2016 budget. Key points included: Budget assumptions and drivers; total bond principal; Treasury related funding requirements; and the financing plan.

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

The following commitments were added:

- Update Fiscal Year Long-Range Plan documents on BoardDocs (currently last document shown is for FY13) – Angela Smith
- Provide information regarding the long range plan vs. requirements from the NRC that may challenge/impact the LRP – Ron Hogue

**Special Executive Board  
And Participants Review Board  
Budget Review FY 2016 Workshop**

- 4 -

**March 24, 2015**

- Provide a breakdown of the increase in At-Risk Compensation and Long-Term Incentive from FY 2015 to FY 2016 – Johnathan Hicks

Hearing no further discussion, the workshop recessed at 2:13 p.m.

Respectfully submitted by,

Angela Smith  
Board Relations