

**Minutes of the  
Energy Northwest  
Regular Executive Board Meeting  
Teleconference  
Multi-Purpose Facility – Glenn C. Walkley Room  
3000 George Washington Way  
Richland, Wash.  
May 28, 2015**

Chair Sid Morrison called the regular teleconference meeting of the Executive Board of Energy Northwest to order at 9:01 a.m. on May 28, 2015 in the Glenn C. Walkley Room of the Energy Northwest Multi-Purpose Facility in Richland, Wash. There was a quorum present. An environmental analysis of the May 28, 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 (via teleconference)
Lori Sanders, Secretary	Present
Dave Remington, Assistant Secretary	Present (via teleconference)
Marc Daudon	Present (via teleconference)
Linda Gott	Present (via teleconference)
Jim Moss	Absent
Skip Orser	Present (via teleconference)
Will Purser	Present (via teleconference)
Tim Sheldon	Present (via teleconference)
Kathy Vaughn	Present (via teleconference)

**Others Present:** Cherie Sonoda, Bonneville Power Administration; Nancy Neraas, Foster Pepper; and Kevin O'Meara, Public Power Council.

**Staff Present:** Mark Reddemann; Brad Sawatzke; Brent Ridge; Bob Dutton; Jim Gaston; Mike Paoli; Brian Adami; Dave Briggs; John Irvan; Mike Kennedy; Steve Lorence; Carla Martinez; Angela Smith; and Jeff Windham.

## **Regular Executive Board Meeting**

### **Comments from Members of the Public**

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

### **Utilize Negotiated Competition Procurement for – Construct One New Reinforced Concrete Storage Pad for the Independent Spent Fuel Storage Installation**

Mr. Brian Adami, Capital Projects manager, requested approval to utilize the negotiated competition procurement for constructing used fuel storage pads. Key highlights included:

background information on the contract method; and project expansion information including the objective and benefits of the project. Discussion ensued.

Ms. Kathy Vaughn moved to approve Executive Board Resolution 1848, a resolution authorizing the competitive negotiation process for selecting a contractor for constructing one new reinforced concrete storage pad for the independent spent fuel storage Installation at Columbia Generating Station. Ms. Lori Sanders seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison asked Ms. Angela Smith to conduct a roll call vote. Votes are as follows:

Jack Janda – Yes  
Lori Sanders –Yes  
Dave Remington – Yes  
Kathy Vaughn – Yes  
Tim Sheldon – Yes  
Will Purser – Yes  
Marc Daudon – Yes  
Linda Gott – Yes  
Sid Morrison – Yes

EXECUTIVE BOARD RESOLUTION NO. 1848 UNANIMOUSLY ADOPTED.

**Approval of Minutes**

The following meeting minutes were presented for approval:

- Regular Executive Board Meeting – April 22 – 23, 2015
- Special Joint Executive Board and Board of Directors Meeting - April 22, 2015
- Special Compensation Subcommittee Meeting – April 22, 2015

Ms. Lori Sanders moved that the minutes be approved. Ms. Linda Gott seconded. MOTION CARRIED.

**Line of Credit Approvals**

Mr. Jeff Windham, Treasury & Budgets supervisor, requested approval on three lines of credit. Key highlights included: an overview of the three unique loan agreements and background on each one.

**Resolution 1841**

Ms. Vaughn moved to approve Executive Board Resolution 1841, a resolution of the Executive Board of Energy Northwest authorizing a loan agreement with Bank of America, N.A., establishing a line of credit to provide interim financing for operations and maintenance expenses of the Columbia Generating Station and debt service on certain Columbia Generating Station revenue bonds; and authorizing the issuance of an electric revenue note in the principal amount of not to exceed \$69,960,000 to evidence and secure Energy Northwest's obligations under the loan agreement. Mr. Jack Janda seconded.

Chair Morrison opened the floor up for comments. Discussion ensued. Chair Morrison asked Ms. Smith to conduct a roll call vote. Votes are as follows:

Jack Janda – Yes  
Lori Sanders – Yes  
Dave Remington – Yes  
Kathy Vaughn – Yes  
Tim Sheldon – Yes  
Will Purser – Yes  
Marc Daudon – Yes  
Linda Gott – Yes  
Sid Morrison – Yes

EXECUTIVE BOARD RESOLUTION NO. 1841 UNANIMOUSLY ADOPTED.

Resolution 1842

Ms. Kathy Vaughn moved to approve Executive Board Resolution 1842, a resolution of the Executive Board of Energy Northwest authorizing a loan agreement with Bank of America, N.A., establishing a line of credit to provide interim financing for debt service on certain outstanding Project 1 and Project 3 revenue bonds; and authorizing the issuance of an electric revenue bond anticipation notes in the principal amounts of not to exceed \$41,070,000 with respect to Project 1 and not to exceed \$76,145,000 with respect to Project 3 to evidence and secure Energy Northwest's obligations under the loan agreement. Ms. Sanders seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison asked Ms. Smith to conduct a roll call vote. Votes are as follows:

Jack Janda – Yes  
Lori Sanders – Yes  
Dave Remington – Yes  
Kathy Vaughn – Yes  
Tim Sheldon – Yes  
Skip Orser – Yes  
Will Purser – Yes  
Marc Daudon – Yes  
Linda Gott – Yes  
Sid Morrison – Yes

EXECUTIVE BOARD RESOLUTION NO. 1842 UNANIMOUSLY ADOPTED.

Resolution 1843

Ms. Kathy Vaughn moved to approve Executive Board Resolution 1843, a resolution of the Executive Board of Energy Northwest authorizing a loan agreement with Specialized Lending, LLC, establishing lines of credit to provide interim financing for debt service on certain outstanding Project 1, Columbia Generating Station and Project 3 revenue bonds; and authorizing the issuance of an electric revenue bond anticipation notes in the principal amounts of not to exceed \$51,850,000 with respect to Project 1, not to exceed \$45,530,000

with respect to Columbia and not to exceed \$32,620,000 with respect to Project 3 to evidence and secure Energy Northwest's obligations under the loan agreement. Ms. Sanders seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison asked Ms. Smith to conduct a roll call vote. Votes are as follows:

- Jack Janda – Yes
- Lori Sanders – Yes
- Dave Remington – Yes
- Kathy Vaughn – Yes
- Tim Sheldon – Yes
- Skip Orser – Yes
- Will Purser – Yes
- Marc Daudon – Yes
- Linda Gott – Yes
- Sid Morrison – Yes

EXECUTIVE BOARD RESOLUTION NO. 1843 UNANIMOUSLY ADOPTED.

**Fiscal Year 2015 Budget Amendments**

Mr. Windham asked for approval on amendments to four Fiscal Year 2015 budgets. Key points included: a background on the three bond transactions; budget amendment highlights; and funding requirements for Fiscal Year 2015 for Project 1, Columbia Generating Station, Project 3 and the General Fund.

Resolution 1844

Ms. Vaughn moved to approve Executive Board Resolution 1844, a resolution approving and adopting Energy Northwest second amended Nuclear Project 1 annual budget for Fiscal Year 2015. Mr. Tim Sheldon seconded.

AND

Resolution 1845

Ms. Vaughn moved to approve Executive Board Resolution 1845, a resolution approving and adopting Energy Northwest amended annual operating budget for Fiscal Year 2015 for Columbia Generating Station. Ms. Sanders seconded.

AND

Resolution 1846

Ms. Vaughn moved to approve Executive Board Resolution 1846, a resolution approving and adopting Energy Northwest second amended nuclear Project 3 annual budget for Fiscal Year 2015. Mr. Janda seconded.

AND

Resolution 1847

Ms. Vaughn moved to approve Executive Board Resolution 1847, a resolution approving and adopting the amended General Business unit budget, Fiscal Year 2015, for Energy Northwest. Mr. Janda seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison asked Ms. Smith to conduct a roll call vote. Votes are as follows:

Jack Janda – Yes  
Lori Sanders – Yes  
Dave Remington – Yes  
Kathy Vaughn – Yes  
Tim Sheldon – Yes  
Skip Orser – Yes  
Will Purser – Yes  
Marc Daudon – Yes  
Linda Gott – Yes  
Sid Morrison – Yes

EXECUTIVE BOARD RESOLUTION NOS. 1844, 1845, 1846 and 1847 UNANIMOUSLY ADOPTED.

**Nuclear Regulatory Commission Update**

Mr. Brad Sawatzke, Chief Operating Officer / Chief Nuclear Officer, provided an update regarding the recent potential Nuclear Regulatory Commission white finding. Key points included: what the finding is; and Energy Northwest's response and actions.

**Outage Update**

Mr. Sawatzke provided an update on the outage. Key points included: announcing a record breaker to breaker run; that the outage is currently on day 20 of the 42-day schedule (which is currently on track); review of industrial safety, stating that he is pleased with the results; currently there are no nuclear safety events; regarding radiological safety, the station is currently running under the stretch goal, however that could be challenged based on potential work; no environmental safety events; the plant completed division one work last week and moved into the division two window; and the refueling evolution is going well.

Additionally Mr. Sawatzke reviewed the status of several major outage projects including the Main Transformers; Leading Edge Flow Meters; and Power Range Neutron Monitoring.

**Compensation Subcommittee Recommendations**

Mr. Brent Ridge, Vice President of Corporate Services and Chief Financial / Risk Officer, presented the recommendations of the Compensation Subcommittee for the short term incentives for Columbia. Key points included: a review of why it is important to incent employees; what is not changing in the At-Risk Compensation Plan; and what changes are recommended by the Compensation Subcommittee.

The meeting recessed for a break at 10:55 a.m. and reconvened at 11 a.m.

Mr. Jim Gaston, Energy Services and Development general manager presented the recommendations for the short term incentives for Energy Services and Development.

Mr. Ridge then presented the recommendations for the long term incentives.

Discussion ensued on the STI and LTI plans. Mr. Ridge stated that staff would develop high-level talking points of the STI and LTI to keep on file to use as needed.

**Motion 2015-8**

Mr. Dave Remington moved that the Executive Board approve the Fiscal Year 2016 At-Risk Compensation Plan, as discussed during the May 28, 2015 Executive Board meeting.

Mr. Janda seconded.

Jack Janda – Yes  
Lori Sanders – Yes  
Dave Remington – Yes  
Kathy Vaughn – Yes  
Skip Orser – Yes  
Marc Daudon – Yes  
Linda Gott – Yes  
Sid Morrison – Yes

MOTION 2015-8 CARRIED.

**Motion 2015-9**

Mr. Dave Remington moved that the Executive Board approve the Fiscal Year 2016 Long Term Incentive Plan, as discussed during the May 28, 2015 Executive Board meeting.

Ms. Vaughn seconded.

Jack Janda – Yes  
Lori Sanders – Yes  
Dave Remington – Yes  
Kathy Vaughn – Yes  
Skip Orser – Yes  
Marc Daudon – Yes  
Linda Gott – Yes  
Sid Morrison – Yes

MOTION 2015-9 CARRIED.

**Upcoming Meetings**

Chair Morrison reminded the board that the next Executive Board meeting will be held at the Embassy Suites in downtown Portland on June 24 – 25, 2015.

**BPA Report**

Ms. Cherie Sonoda 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:

- Develop high-level talking points of the STI and LTI to keep on file to use as needed –  
Mike Paoli

Hearing no further discussion, Chair Morrison adjourned the meeting at 11:41 a.m.

Respectfully submitted by,

Angela Smith  
Board Relations