

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Three Rivers Convention Center
7016 Grandridge Blvd. – Great Hall A
Kennewick, Wash.
Oct. 28, 2015**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 8:05 a.m. on Oct. 28, 2015 in the Great Hall A meeting room of the Three Rivers Convention Center, Kennewick, Wash. There was a quorum present. An environmental analysis of the Oct. 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
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	Present
Kathy Vaughn	Present

Others Present: Board of Directors Members – Doug Aubertin, Terry Brewer, Barney Burke, Arie Callaghan, Bill Gordon, Steve Houston, Curt Knapp, Jim Malinowski, Chuck TenPas and Diana Thompson; Participants Review Board members – Karl Denison, Stu Nelson, Paul Rogers, Garry Rosman, Clay Smith, Mike Swanson and Ray Mosbrucker; Reese Government Relations – Shirley Reese; Rowland Co. – Jim Rowland; PSAV – Blaine Johnson; Bonneville Power Administration – Larry Felton, Mark Jones, Cherie Sonoda and John Wellschlager; PricewaterhouseCoopers – Roger Mills and Ryan Van Oostrum; Institute of Nuclear Power Operations – Bill Webster and Morgan Meguire – Elizabeth Kelsey.

Staff Present: Mark Reddemann; Grover Hettel; Alex Javorik; Bob Dutton; Jim Gaston; Bob Schuetz; Mike Paoli; Dave Briggs; Kent Dittmer; Johnathan Hicks; Ron Hogue; John Irvan; David Jordan; Karen Kessler; Steve Lorence; Carla Martinez; Cristina Reyff; Angela Smith; Jeff Smith; Marie Thomas; Cindy Way; 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.

Approval of Minutes

The following meeting minutes were presented for approval:

- Regular Executive Board Meeting – Sept. 23 - 24, 2015

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

Other Business

Chair Morrison asked Ms. Vaughn to conduct the meeting critique for the October board meeting.

Audit, Legal & Finance Committee Reports

Information Agenda Items

Committee Chair Vaughn welcomed the Executive Board to the Audit, Legal and Finance Committee and welcomed the first presenters, PricewaterhouseCoopers.

Fiscal Year 2015 PwC Financial Audit

Mr. Roger Mills and Ryan Van Oostrum, both from PwC, presented the Fiscal Year 2015 financial audit report. Highlights included: Results of the 2015 audit including PwC's plan to issue an unqualified opinion on the financial statements of the Business Units of Energy Northwest and its Internal Service Fund, and "No Knowledge of Default" letters. Additionally, PwC identified one audit adjustment and one note disclosure exception during the course of the audit. PwC also presented on the areas of audit focus; required communications; and closing thoughts.

Management Response: PwC Financial Audit

Ms. Karen Kessler, Financial Accounting supervisor, presented on the financial audit and related corrective actions. Highlights included: Financial audit recap; audit results; and summary.

MOTION 2015-22

Committee Chair Vaughn moved that the Preliminary Draft of Energy Northwest's Financial Statements and Related Notes as of June 30, 2015, along with the required Management's Discussion and Analysis (MDA) and the related report of PricewaterhouseCoopers LLP, substantially in the form as attached to Action Memorandum No. 1253, be approved for publication. Mr. Jack Janda seconded. MOTION CARRIED.

The board requested a short presentation reviewing the financial statements during next year's audit results.

Financial Audit Contract Recommendations

Ms. Kessler presented the recommendations for the financial audit contract. Highlights included: Reasons for re-bidding the contract; scope of audit services proposed; audit services selection process; request for proposal results; selection criteria detail; and a summary. Discussion ensued with the request to ensure bond council and underwriter has reviewed.

Committee Chair Vaughn recommended the board delay the action; Chair Morrison confirmed.

Quarterly Cost Reviews – Columbia / Energy Services & Development

Mr. Dave Jordan, Cost and Scheduling manager, presented the quarterly cost reviews for Columbia Generating Station. Highlights included: Operations and Maintenance; and Capital budgets for Columbia.

Mr. Jeff Windham, acting Treasury manager, presented the quarterly cost reviews for Energy Services and Development. Highlights included: Budgets for Packwood; Nine Canyon; and the Business Development Fund.

Flex Benefits Contracts

Ms. Cindy Way, Compensation and Benefits administrator, presented on the Flex Benefits Contracts. Highlights included the 2016 benefits cost and related changes.

RESOLUTION NO. 1860

Committee Chair Vaughn moved to approve Executive Board Resolution No. 1860 – a Resolution authorizing the execution of contracts to implement the employee flexible benefits plan for calendar year 2016 and to participate in the Washington state insurance plans – Energy Northwest. Ms. Linda Gott seconded.

Chair Morrison opened the floor up for comments.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1860 UNANIMOUSLY ADOPTED.

Commitment Review/Provide Majority-based Direction

- Present the financial statements during next year's audit results – John Irvan – October 2016
- Check with bond council and underwriter regarding the proposed auditing firm – John Irvan

The meeting recessed for a break at 9:25 a.m. and reconvened at 9:42 a.m.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and introduced Bill Webster from the Institute of Nuclear Power Operations.

Industry Briefing

Mr. Webster provided a briefing on the industry.

Commitment Review/Provide Majority-based Direction

No new commitments were added.

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who turned the meeting over to Administrative, Energy and Member Services Acting Committee Chair Marc Daudon.

Administrative, Energy & Member Services Committee Reports

Information Agenda Items

Acting Committee Chair Marc Daudon opened the committee by reminding the board of the available reports on BoardDocs.

Strategic Plan Quarterly Update

Ms. Marie Thomas, Business Strategy and Risk supervisor, presented the quarterly update for strategic planning. Key points included: High level Fiscal Year 2016 performance indicators for each of the Focus Areas and a detailed review of three Focus Areas including Corporate Responsibility, Employee Engagement and Stakeholder Trust & Confidence. Ms. Thomas also shared an update on the Fiscal Year 2017 Strategic Planning progress.

Legislative Priorities

Ms. Shirley Reese, Reese Government Relations, and Mr. Jim Rowland, Rowland Co., reviewed the draft Energy Northwest 2016 legislative priorities and requested feedback.

The meeting recessed for lunch at 11:46 a.m. and reconvened at 12:25 p.m.

Discussion ensued on the legislative priorities draft with more discussion to follow during the December Executive Board meeting.

Regional Meeting Updates

Public Power Council

Mr. Jack Janda provided a briefing from the last Public Power Council meeting.

NoaNet

Mr. Will Purser provided a briefing from the last NoaNet meeting.

Washington State Delegation Trip

Ms. Kathy Vaughn provided an overview of her recent trip for the Washington State Delegation that traveled to Denmark.

Commitment Review/Provide Majority-based Direction

- The board requested the employee engagement survey results be presented to them if staff feels there is value – Steve Lorence
- Provide an update on the forecast/future of coal in our region – Future meeting

Other Business

Hearing no additional questions or comments, Acting Committee Chair Daudon turned the meeting to Chair Morrison who turned the meeting back to Audit, Legal and Finance Committee Chair Kathy Vaughn.

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

Committee Chair Vaughn reopened the Audit, Legal and Finance Committee for further discussion on the financial audit contract.

Mr. John Irvan confirmed that the bond council and underwriters have no concerns with the recommended financial auditor.

RESOLUTION NO. 1861

Committee Chair Vaughn moved to approve Executive Board Resolution No. 1861 – a resolution authorizing the execution of a contract for annual financial audits – Energy Northwest. Mr. Skip Orser seconded.

Chair Morrison opened the floor up for comments.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1861 UNANIMOUSLY ADOPTED.

Regular Executive Board Meeting (*cont'd*)

Upcoming Meetings

Chair Morrison reminded the board that the November Executive Board meeting was canceled and that the next meeting will be Dec. 16 – 17, 2015 at Energy Northwest's Multi-Purpose Facility in Richland, Wash.

Other Business

None.

BPA Report

Ms. Cherie Sonoda from BPA provided a brief update of current water conditions and other BPA-related information.

Additionally, Mark Jones from BPA provided an update on the weather and its impact on BPA's systems.

Meeting critique

Ms. Kathy Vaughn provided the Executive Board meeting critique for the month of October.

Staff Announcements

Ms. Angela Smith reminded board members that there is no board dinner in the evening.

Hearing no further discussion, Chair Morrison recessed the meeting at 1:43 p.m.

The meeting adjourned at 8:57 a.m. on Thursday, Oct. 29, 2015.

Respectfully submitted by,

Angela Smith
Board Relations