

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Holiday Inn Express – Vineyard Room
4525 Convention Place
Pasco, Wash.
March 23 – 24, 2016**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 9:06 a.m. on March 23, 2016 in the Vineyard Room of the Holiday Inn Express in Pasco, Wash. An environmental analysis of the 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	Present
Skip Orser	Present
Will Purser	Present
Tim Sheldon	Present
Kathy Vaughn	Present

Others Present:

Both days: Participants Review Board members – Steve Houston and Clay Smith; Board of Directors members – Terry Brewer, Barney Burke and Jim Malinowski; PSAV – Blaine Johnson; and Bonneville Power Administration – Larry Felton and Cherie Sonoda.

Wednesday only: Participants Review Board Member – Karl Denison, Garry Rosman, Stu Nelson, Mike Swanson and Susan Thraen; Board of Directors member – Carnan Bergren; Reese Government Relations – Shirley Reese; Rowland and Co. – Jim Rowland (via teleconference); Tri-City Herald – Annette Cary; Bonneville Power Administration – Paul (Bear) Bentrup and Wayne Todd; and Public Power Council – Kevin O'Meara.

Thursday only: IBEW – Alan Sage.

Staff Present:

Both days: Mark Reddemann; Brad Sawatzke; Brent Ridge; Grover Hettel; Alex Javorik; Bob Dutton; Mike Paoli; Dave Briggs; Kent Dittmer; John Irvan; Steve Lorence; Carla Martinez; and Angela Smith.

Wednesday only: Susan Barwick; Chris Indall; Bruce Pease; Randy Prewett; Cristina Reyff; Richard Shaff; Greg Sponholtz; and Jay Taylor.

Thursday only: Dave Jordan; Brett Kelsay; Dean Kovacs; Robert Nielson; Corey O'Donnell; and Jeff Smith.

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:

- Special Executive Board Meeting – Feb. 24, 2016

Ms. Kathy Vaughn moved that the minutes be approved. Mr. Skip Orser seconded. MOTION CARRIED.

Other Business

Ms. Lori Sanders volunteered to conduct the meeting critique.

Executive Session

Chair Morrison called a one and a half hour executive session beginning at 9:09 a.m. in accordance with RCW 42.30.110(1)(f):

To receive and evaluate complaints or charges brought against a public officer or employee. However, upon the request of such officer or employee, a public hearing or a meeting open to the public shall be conducted upon such complaint or charge.

The executive session was extended by 30 minutes at 10:40 a.m.

The executive session took a break at 10:25 a.m.; the meeting reconvened in executive session at 10:40 a.m.

The executive session was extended by 20 minutes at 11:10 a.m.

The executive session was extended by 15 minutes at 11:30 a.m.

The executive session was extended by 5 minutes at 11:45 a.m.

The meeting reconvened as an open public meeting at 11:50 a.m.

Independent Investigation Update

Chair Morrison turned the meeting over to Mr. Skip Orser, Nuclear Oversight and Safety Committee chair who provided a background on the independent investigation and turned the meeting over to Pillsbury Winthrop Shaw Pittman LLP to share their preliminary findings and recommendations.

Pillsbury shared an overview and scope of their investigation; followed by their preliminary findings and recommendations regarding six allegations.

Overall, Pillsbury found no evidence of unsafe operations and that Energy Northwest leadership has been transparent to stakeholders.

Pillsbury stated that there is additional work to do as part of a phase two.

Pillsbury recommended that once the final report is issued, the board and management share the results with employees including findings, recommendations and what actions management is taking.

The meeting recessed for lunch at 12:23 p.m.; and reconvened at 1:02 p.m.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and turned the floor over to Mr. Greg Sponholtz.

Used Fuel Storage – Phase 2

Mr. Greg Sponholtz, Supply Chain Services manager, presented the request for board approval to waive the competitive bidding requirements as required by the Revised Code of Washington 39.04.280 due to Safeguards Information. Key points included: a background of the project the request is being made for – Independent Spent Fuel Storage Installation – Phase 2, Stage 3; what Safeguards Information is and related qualifications; security and compliance concerns; the procurement plan; and recommendation.

Committee Chair Orser moved that the Executive Board approve EXECUTIVE BOARD RESOLUTION NO. 1872 A resolution authorizing the waiver of public works bidding requirement – Columbia Generating Station. Seconded by Mr. Dave Remington.

Chair Morrison opened the floor for discussion; hearing none, he called for the question. EXECUTIVE BOARD RESOLUTION NO. 1872, UNANIMOUSLY ADOPTED.

Plant Component Status Controls

Mr. Randy Prewett, Operations manager, presented an update on plant component status controls. Key points included: what is plant component status control; an example of a non-intended component movement; causes; and actions.

Power Uprate Options

Messrs. Alex Javorik, Vice President for Engineering and Brent Ridge, Vice President for Corporate Services and Chief Financial/Risk Officer, presented the power uprate options. Key points included: power uprate options; key assumptions and qualifications; levelized cost of power; lifecycle costs; and recommendations. Discussion ensued.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Put Tier 1 BPA cost and projections on BoardDocs – Angela Smith
- As part of strategic planning process; consider extended power uprate as a scenario option – Alex Javorik / Brent Ridge
- Report back on dialogue with BPA regarding EPU – Alex Javorik / Brent Ridge
- Pursue finding budget to further study MUR+ – Alex Javorik / Brent Ridge

Other Business

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison.

The meeting recessed for a break at 3:12 p.m.; the meeting reconvened at 3:37 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 Administrative, Energy & Member Services Committee by reminding the board of the available reports on BoardDocs.

Ms. Kathy Vaughn shared her trip report from the JP Morgan Investor Forum.

Mr. Ridge shared an update of the recent bond transaction.

Opportunities to Engage the Inner Attributes of People

Mr. Dave Remington presented his thoughts on opportunities to engage the inner attributes of people. Key highlights included: an integral model; dealing with behaviors and drivers; compliance versus commitment; ways to deal with the unseen; dissonance; and three faces of power.

Chair Morrison recommended further discussion at a future meeting.

The board requested Mr. Remington share a link for more information.

Chair Morrison thanked Mr. Remington for his presentation and reminded the board that Mr. Remington's term expires in June 2017. Chair Morrison also shared that Mr. Remington plans to remain on the Compensation Subcommittee through the end of the 2016 calendar year; however, Mr. Will Purser will begin serving in his place as chair of subcommittee starting July 1, 2016. Once Mr. Remington fulfills his role on the subcommittee, Mr. Marc Daudon will replace him as a subcommittee member.

Mentoring Program Update

Mr. Steve Lorence, Human Resources manager, presented an update on the mentoring program. Key highlights include: what is mentoring; types of mentoring at Energy Northwest; the buddy program; group mentoring program; new leader development program mentoring; succession planning; leadership assessment; individual initiated mentoring; how the mentoring program fits into the Excellence Model; and talent management strategy.

Executive Board Workshop Update

Ms. Carla Martinez, Public Affairs assistant manager, provided an update to the proposed location of the Executive Board August 2016 workshop. The August workshop will be at the Historic Davenport Hotel. Staff plans to confirm Suncadia for the 2017 workshop.

Executive Board Policies Update

Ms. Martinez reviewed the proposed amendments to the Executive Board Policies.

Committee Chair Sheldon moved that the Executive Board approve EXECUTIVE BOARD RESOLUTION NO. 1874 a resolution amending the policies of the Executive Board of Energy Northwest. Seconded by Mr. Jack Janda.

Chair Morrison opened the floor for discussion; hearing none, he called for the question. EXECUTIVE BOARD RESOLUTION NO. 1874, UNANIMOUSLY ADOPTED.

Legislative Update

Ms. Shirley Reese, Reese Government Relations and Mr. Jim Rowland, Rowland, Co. provided a brief update of legislation of importance to Energy Northwest that passed during the regular 2016 Washington legislative session. Discussion ensued.

Mr. Marc Daudon also shared an update on Initiative 732.

Fiscal Year 2017 – 2019 Strategic Plan Final Draft Review

Mr. Ridge reviewed the latest Fiscal Year 2017 – 2019 Strategic Plan draft. Highlights included: updates made to the Innovative Energy Solutions focus area and a reminder that the final draft will be brought to the board during the April board meeting for approval.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Send the board a link referenced by Dave Remington during his presentation – Angela Smith (Mr. Remington will send Board Relations the link for more information)

Other Business

Mr. Orser asked for guidance on the ability of the Ad Hoc Subcommittee to approve the second phase for the independent investigation with Pillsbury.

Guidance was provided that the subcommittee can issue an amendment to the current contract.

Ms. Kathy Vaughn moved to authorize phase 2 of the investigation. Mr. Jack Janda seconded. MOTION CARRIED.

Chair Morrison authorized the Ad Hoc Subcommittee to continue operating during phase 2, however, when the time comes for the board to make a recommendation, discussion will be brought back to the full Executive Board.

Mr. Reddemann asked for confirmation that staff should not take any actions at this time until the investigation of phase 2 is complete. The board confirmed.

Mr. Orser requested board members think overnight about what work groups they would like to see Pillsbury conduct interviews with during phase 2 and provide that feedback to a subcommittee member in the morning.

The meeting recessed for the day at 5:19 p.m.

The Executive Board meeting reconvened on March 24, 2016 at 8:33 a.m.

Audit, Legal & Finance Committee Reports

Information Agenda Items

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

Environmental Management Systems Program

Mr. Robert Nielsen, Environmental & Regulatory Programs manager, presented Energy Northwest's Environmental Management System. Key points included: EN's EMS is a system of policies and practices for conducting work in an environmentally responsible manner; International Organization for Standardization 14001 Standard since 2005; stakeholders; the EMS model; where the agency has been including historical information of chemical management and electrical efficiency gains; where the agency is heading in regards to EMS; and upcoming challenges.

Discussion ensued and the board recommended seeking opportunities that recognize the agency's accomplishments in the EMS program such as applying for related awards.

Value Optimization Plan

Mr. Ridge and Mr. Brad Sawatzke, Chief Operating Officer and Chief Nuclear Officer, presented the next phase of the Value Optimization Plan. Key points included: Columbia Generating Station's regional value; existing VOP; challenges; industry VOP cost of power; regional VOP cost of power; and Columbia cost of power influencers including capital and O&M cost, attrition management, hiring panel, benefit cost efficiencies, evaluation of personal time requirements and the Nuclear Energy Institute's Nuclear Promise Initiative. Discussion ensued.

Mr. Ridge introduced the Information Systems new Chief Information Officer Dean Kovacs.

The meeting recessed at 10:37 a.m. for a break; the meeting reconvened at 10:51 a.m.

Executive Session

Chair Morrison called a forty-five minute executive session at 10:51 a.m. in accordance with RCW 42.30.110(1)(i):

To discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is

likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The executive session was extended by 15 minutes at 11:36 a.m.

The executive session was extended by 10 minutes at 11:51 a.m.

The meeting reconvened as an open public meeting at 12:01 p.m.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Investigate environmental standards of sustainability in EN meeting spaces – Bob Dutton
- Investigate PURMS as a cost savings risk pool – Brent Ridge

Regular Executive Board Meeting (*cont'd*)

Upcoming Meetings

Chair Morrison reminded the board that the Joint Executive Board / Board of Directors and Regular Executive Board Meetings will be held at the Holiday Inn Express in Pasco, Wash. on April 27 – 28, 2016.

Other Business

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

BPA Report

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

Meeting critique

Ms. Sanders provided the Executive Board meeting critique for the month of March.

Hearing no further discussion, Chair Morrison adjourned the meeting at 12:15 p.m.

Respectfully submitted by,

Angela Smith
Board Relations