

**MINUTES OF
ENERGY NORTHWEST
SPECIAL EXECUTIVE BOARD MEETING
BY TELEPHONE CONFERENCE CALL
MULTIPURPOSE FACILITY – GLENN C. WALKLEY ROOM
3000 GEORGE WASHINGTON WAY
RICHLAND, WASHINGTON
MARCH 17, 2008 – 8:30 A.M.**

The Special Conference Call Meeting of the Executive Board of Energy Northwest was called to order by Chairman Sid W. Morrison at 8:35 a.m. A quorum was present.

ROLL CALL

Sid W. Morrison, Chairman
Tom Casey
Ted Coates
K. C. Golden
Bill Gordon
Dan Gunkel
Jack Janda
Dave Remington
Tim Sheldon
Kathy Vaughn

Staff Present

J. Baker, P. Bradley, B. Kasko, K. King, D. Kobus, T. Krueger, C. Wheeler, and S. L. Barwick.

Others Present

Participants' Review Board member S. Nelson; and B. Prentice, Energy Northwest contract employee.

Chairman Morrison advised that the only item of business before the Executive Board this morning is consideration of the resolution related to the sale of the Reardan Twin Buttes Wind Project (Reardan) development rights.

J. W. Baker, Vice President, Energy/Business Services, provided a brief summary of the resolution. He noted that Reardan was supposed to be the next wind project following after the Nine Canyon Wind Project. He indicated that without the Renewable Energy Production Incentive (REPI) and Energy Northwest's failure to qualify for Clean Renewable Energy Bonds (CREBs), it is not economically feasible to go forward with this project.

Mr. Baker reported that a Request for Proposals to sell the project was issued and a number of responses were received. He stated that staff negotiated with the top two bidders, however, one dropped out due to transmission concerns. He advised that Avista Corporation (Avista) has committed to a verbal agreement to purchase some used met towers and the development rights of the Reardan site for \$2.275 million. He added that staff is seeking Executive Board approval of the sale to Avista.

Discussion ensued regarding Energy/Business Services investment in the project to date, the lack of public power interest in the project, and additional wind mining efforts.

Ms. Vaughn inquired if the Board of Directors needs to take any action as it is the governing body that starts and terminates projects. Mr. Baker responded that the Board of Directors authorized the project with the understanding that there were certain provisions in moving forward. Since Reardan was still in the development phase and never by definition became a project, A. E. Mouncer, Vice President, Corporate Services/General Counsel/CFO, has given his opinion that there is no need to have the Board of Directors terminate the project.

Mr. Baker reported that the only legal requirement would be the need for Executive Board approval if the sale exceeded \$2.5 million. He advised that although the sale of the development rights did not meet that threshold, management wanted to bring it to Executive Board members for their information. He commended staff for their part in negotiating this transaction.

Chairman Morrison stated that \$2.275 million is a good return on the investment but he expressed his disappointment that Energy Northwest could not develop this project for public power. Mr. Baker advised that Energy Northwest will continue to bring generation options to its members.

Ms. Vaughn moved for adoption of Executive Board Resolution No. 1541 entitled "A RESOLUTION AUTHORIZING THE SALE OF THE REARDAN TWIN BUTTES WIND PROJECT ASSETS TO AVISTA CORPORATION – BUSINESS DEVELOPMENT FUND". Mr. Gordon seconded the motion. A roll call vote was conducted. EXECUTIVE BOARD RESOLUTION NO. 1531 APPROVED BY UNANIMOUS VOTE.

Hearing no further discussion, Chairman Morrison adjourned the Special Conference Call meeting at 8:50 a.m.

Respectfully submitted,

Susan L. Barwick
Board Relations Specialist