

ADOPTED 4/24/08

**MINUTES OF THE
ENERGY NORTHWEST
SPECIAL MEETING OF THE JOINT ADVISORY COMMITTEE
OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS
MULTIPURPOSE FACILITY – MASON ROOM
3000 GEORGE WASHINGTON WAY
RICHLAND, WASHINGTON
APRIL 2, 2008 – 12:00 NOON**

The Special Meeting of the Joint Advisory Committee of the Executive Board and Board of Directors of Energy Northwest was called to order by Co-Chairs Kathy Vaughn and Lori Sanders at 12:00 noon. There was a quorum of the Joint Advisory Committee.

ROLL CALL

Kathy Vaughn, Co-Chair
Lori Sanders, Co-Chair
Ted Coates
Sid Morrison, Ex Officio
Judy Ridge, Ex Officio

STAFF PRESENT:

J. V. Parrish and B. Ridge (via conference call), J. W. Baker, A. E. Mouncer, and J. T. Oakley (for a portion of the meeting).

OTHERS PRESENT:

Board of Directors member R. Sparks, A. Rapacz, Bonneville Power Administration; and T. McMahon, IBEW Local #77 (for a portion of the meeting).

Co-Chair Vaughn welcomed everyone to the meeting. Roll Call was taken; Tom Flint was the only committee member not in attendance. Ms. Ridge indicated that she would contact Mr. Flint and brief him on today's meeting.

Copies of Gary Miller's book on Energy Northwest were available for anyone who didn't have a copy. It was agreed to postpone the deadline for committee members to have reviewed/read the book until the April 30, 2008, meeting.

J. W. Baker, Vice President, Energy/Business Services, provided a report on a consulting group that J. V. Parrish, Chief Executive Officer, had talked to that could help us with understanding and communicating the various power supply options and provide us with an effective decision analysis tool as we look into new nuclear. This organization will make an hour-long presentation on April 30, 2008, regarding their capabilities and provide us with ideas that could assist the Advisory Committee in its efforts.

A. E. Mouncer, Vice President, Corporate Services/General Counsel/CFO, presented an overview of the formation and content of the Joint Operating Agency (JOA) statutes with additional emphasis on the formation of the Executive Board and I-394 limitations for new thermal plants by a JOA. Board of Directors' member Roger Sparks also included some insight into the Executive Committee (made up of Board of Directors members) that provided day-to-day direction before the Executive Board was formed.

Mr. Mouncer was asked to provide a written summary that describes the I-397 limitation and additional history, the requirements for a vote of the people (when it needs to take place and who votes), and an explanation of the use of tax-exempt financing for public/private partnerships in new generation projects.

Mr. Sparks gave a very thoughtful summary of the decision making that occurred in the 70's and 80's as the region and Washington Public Power Supply System (WPPSS) undertook the construction of five nuclear power plants; a summary of his report entitled "Then to Now" is attached. He distributed an article entitled "Washington Public Power Supply System (WPPSS)" that also discussed this time period. The following are a few specific comments made by Mr. Sparks:

- It was amazing that the region could come together and take on a task as big as building five plants at once.
- Most of the decision makers at the utilities were products of the depression and WWII. They had a "can do" attitude, were optimistic about the future, wanted to be prepared for the future; and were generally conservative decision makers.
- They had the example of Grand Coulee which had transformed this region.
- Nuclear power was new and exciting and promised low-cost energy – a way of the future.
- Hanford was the center of the nuclear technology in the Northwest and a natural place to build commercial reactors.
- If he could take back one decision, it would be the one to go ahead and build units 4 and 5. These projects diverted labor and management attention and, with the \$2.2 billion invested, it also diverted cash that could have been used on units 1, 2 and 3.

Mr. Sparks' advice to the group was to go slowly but positively. He indicated the need to prepare the region for the next nuclear plant and recommended that we implement more to "pay as we go" and not just borrow all funds.

Committee members commended Mr. Sparks on his excellent summary and thanked him for his presentation. He was invited to attend future Committee meetings.

The next agenda item was a review of the Mission Statement. Following extensive discussion, Mr. Morrison proposed the following Mission Statement: **"To investigate how new nuclear fits in the emerging power generation options and what role Energy Northwest should play."** Ms. Ridge moved and Co-Chair Vaughn seconded the adoption of the revised Mission Statement. It was unanimously approved.

The next agenda item was a detailed discussion of the Scoping document and what should be included in it. A copy of the latest version of the Scoping document is attached.

The next meeting of the Joint Advisory Committee is scheduled at noon on April 30, 2008, at the Multipurpose Facility in Richland. The following actions were assigned:

- Al Mouncer – provide a summary of JOA formation, I-394 summary and voting requirements and limitations on public/private financing.
- Jack Baker – invite Tom Casey to make a presentation regarding lessons learned based on the experiences of the 70s and 80s and WPPSS.
- Kathy Vaughn – invite Jim Lasar to provide the same presentation as listed above for Tom Casey.
- Jack Baker – invite consultants to present their ideas on power supply options and how to communicate them and provide decision-making analysis tools to assist in the new nuclear decision. (One hour presentation at the April 30th meeting.)
- Susan Barwick – assemble a binder for each Joint Advisory Committee member for future handouts. Include in the binder copies of the new nuclear vendor presentations that have been given to the Executive Board/Board of Directors.
- Lori Sanders – give a summary of the Joint Advisory Committee efforts at the April 23rd Board of Directors' meeting.
- Susan Barwick – mail a copy of the NEI Reasoned Expectation document to committee members prior to April 30th meeting.

Hearing no further discussion, the Special Meeting of the Joint Advisory Board of the Executive Board and Board of Directors was adjourned at 3:45 p.m.

Respectfully submitted,

J. W. Baker, Vice President
Energy/Business Services