

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Energy Northwest
Multi-Purpose Facility – Glenn C. Walkley Room
3000 George Washington Way
Richland, Wash.
Dec. 17 – 18, 2014**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 11:31 a.m. on Dec. 17, 2014 in the Glenn C. Walkley room of Energy Northwest's Multi-Purpose Facility, Richland, Wash. There was a quorum present. An environmental analysis of the Dec. 17 – 18, 2014 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
Marc Daudon
Linda Gott
Jack Janda
Skip Orser
Will Purser
Dave Remington
Lori Sanders
Tim Sheldon
Kathy Vaughn

Others Present: Shirley Reese, Reese Government Relations; Jim Rowland, Rowland, Co; Blaine Johnson, PSAV; Cherie Sonoda, Bonneville Power Administration; and Larry Felton, BPA (Thursday only)

Staff Present:

Both days: Mark Reddemann; Brad Sawatzke; Brent Ridge; Grover Hettel; Bob Dutton; Jim Gaston; Dave Briggs; Carla Martinez; and Angela Smith.

Wednesday only: Steve Lorence; Sam Nappi; Linda Parrella; and Scott Praetorius.

Wednesday dinner only: Marty Reddemann, Andy and Rhonda Black; Debbie Dutton; Erin Gaston; Linda Hettel; Scott Myers; Arlen Reese; Helen Remington; Kim Sawatzke; and Andy Winzelberg.

Thursday only: Mike Paoli; Renada Bates; Ron Butler; Daniel Dale; Suzanne Mitchell; Don Queen; Leo Quiachon; Robin Rego; John Steigers; Scott Urban; and Jeff Windham.

Regular Executive Board Meeting

Mr. Jim Gaston, Energy Services and Development general manager, led the group in the Pledge of Allegiance.

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 – Nov. 13, 2014

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

Chief Executive Officer Report

Mr. Mark Reddemann, Chief Executive Officer, discussed the following: 2016-17 BPA Rate Case, Columbia's 30th anniversary and milestone event including Columbia's longest run of 540 days and counting, the all employee celebration, an industry peer CEO conference, B&W Xcel lawsuits and counter lawsuits, Member Forum report, recent Joint Select Task Force for Nuclear Energy meeting, an upcoming industry award, CEO recognition lunches, the Energy Facility Site Evaluation Council and National Pollutant Discharge Elimination System lawsuit, Head Start of Benton and Franklin Counties, and high-level asset performance.

Other Business

Mr. Brent Ridge, Vice President of Corporate Services and Chief Financial Officer introduced Ms. Cherie Sonoda with the Bonneville Power Administration.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and turned it over to Mr. Brad Sawatzke, Chief Operating Officer and Chief Nuclear Officer.

Chief Nuclear Officer Report

Mr. Sawatzke presented the Chief Nuclear Officer Report. Key points included: plant status, station focuses, significant operating experience and nuclear news.

Discussion ensued regarding the structure of the vendor oversight program. Mr. Reddemann has previously taken this action and committed to also include how the agency is dealing with identification of high risk vendors and contractors. Additionally, once staff has completed their evaluation of an industry event report (IER L1-14-20) and extended the vendor oversight program to accommodate those learnings (including bilateral evaluation of other vendors) such information will be shared with the board.

The meeting recessed at 1:29 p.m. for a break; the meeting reconvened at 1:45 p.m.

Mr. Sawatzke continued his presentation focusing on upcoming events and Columbia Generating Station performance indicators.

Cumulative Impacts – Corrective Action Program

Mr. Grover Hettel, Vice President of Operations, presented on the Cumulative Impacts Initiative, focusing specifically on the Corrective Action Program. Key points included: an update on the Cumulative Impacts Initiative, Corrective Action Program specifics and the Corrective Action backlog.

Contract Award: Supply of Enrichment Services and Storage

Mr. Scott Praetorius, Program manager, Nuclear Fuel Procurement, presented on the contract approval request for the supply of enrichment services and storage. Key points included: a definition of separative work unit, background, request for proposal, funding, decision evaluation and scoring criteria, offers, risk evaluation results and recommendation.

Committee Chair Orser moved to approve EXECUTIVE BOARD RESOLUTION NO. 1827 – a Resolution Authorizing the execution of a contract for enrichment services and storage of Energy Northwest owned enriched uranium product. Mr. Jack Janda seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1827 UNANIMOUSLY ADOPTED.

Commitment Review/Provide Majority-based Direction

The following new commitment was added:

- Once staff has completed their evaluation of an industry event report (IER L1-14-20) and extended the vendor oversight program to accommodate those learnings (including bilateral evaluation of other vendors) such information will be shared with the board – Brent Ridge – upon completion of industry event report

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 Committee Chair Tim Sheldon.

Administrative, Energy & Member Services Committee Reports

The meeting recessed at 3 p.m. for a break; the meeting reconvened at 3:17 p.m.

Information Agenda Items

Committee Chair Sheldon opened the committee by reminding the board of the available reports on BoardDocs.

Compensation Subcommittee Member Appointment

Committee Chair re-appointed all 2014 Compensation Subcommittee members to the committee, including: Dave Remington, Skip Orser, Will Purser, Sid Morrison and himself, Tim Sheldon.

Mr. Reddemann noted that the AEM chair is not required to do this annually, however, it is in the Compensation Subcommittee's charter to do so annually. If the committee and board desire to make this change, the charter may be amended.

Education and Development Plans Review

Ms. Carla Martinez, Public Affairs supervisor, requested Executive Board members review their individual development and engagement activities to verify the accuracy of input from July 2014 through December 2014. She requested feedback by the end of the meeting (on Thursday) if possible.

Ms. Martinez also reviewed the upcoming educational opportunities and who (if any) the established Executive Board representatives are.

Discussion ensued on other opportunities to include staff further looking into the World Association of Nuclear Operators (WANO), the Nuclear Energy Assembly, non-owner operator conferences and other nuclear operators for benchmarking purposes (such as Omaha Public Power District, Nebraska Public Power District and single unit operators similar to Columbia). Ms. Martinez took the action.

Chair Morrison reminded board members of the process for approving such educational development opportunities which includes sending an email to him with their request, who then sends his approval to Board Relations (BoardRelations@energy-northwest.com).

Succession Planning Update

Mr. Brent Ridge, Vice President of Corporate Services and Chief Financial Officer, presented an update on Energy Northwest's succession planning program. Key points included: talent management strategy; senior management action; employee readiness determination; development plans, monitoring and review; metrics and how the Executive Board can help.

Discussion ensued and based on board feedback, Mr. Ridge committed to improve the mentoring program for new, incoming employees. He also committed to look at Energy Northwest's history of retention and the notice the agency is given from the employee. Mr. Steve Lorence took these actions.

Calendar Year 2015 Legislative Positions

Mr. Jim Rowland with Rowland, Co. provided a brief update of the Washington legislature and the upcoming session.

Ms. Shirley Reese with Reese Government Relations reviewed the changes incorporated in the Energy Northwest Legislative Issues 2015 document based from feedback received during the November board meeting.

Committee Chair Sheldon moved to approve EXECUTIVE BOARD RESOLUTION NO. 1828 – a Resolution adopting Energy Northwest’s official legislative position for calendar year 2015 and delegating authority to advocate the official legislative position of Energy Northwest. Ms. Linda Gott seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1828. The majority of Executive Members voted in support of the resolution; Mr. Will Purser voted in opposition. EXECUTIVE BOARD RESOLUTION NO. 1828 ADOPTED BY MAJORITY VOTE.

Thought Leader Discussion

Mr. Reddemann discussed his opinions on Energy Northwest as a thought leader including what does it mean to be a thought leader, how does Energy Northwest become a thought leader, where should Energy Northwest be a thought leader, the agency’s strong experience and growing experience, and industry growth and transition.

The Executive Board members provided feedback.

Hearing no additional questions or comments, Committee Chair Sheldon turned the meeting back to Chair Morrison who recessed the meeting at 5:21 p.m. until dinner.

Regular Executive Board Dinner Meeting

The Executive Board reconvened at 6:30 p.m. for a social and dinner.

Chair Morrison adjourned the dinner meeting at 8:45 p.m.

Regular Executive Board Meeting (cont’d)

The regular Executive Board meeting reconvened at 8:30 a.m. on Thursday, Dec. 18, 2014 by Executive Board Chair Morrison who immediately turned the meeting back over to AEM Committee Chair Sheldon to continue the AEM Committee Reports.

Thought Leader Discussion (cont’d)

Mr. Reddemann shared the updated thought leader document based from discussions the previous day and asked for additional feedback.

Hearing none, Committee Chair Sheldon proceeded on to the next agenda item.

Overview of ESD Projects and Initiatives

Mr. Jim Gaston, general manager of Energy Services and Development, presented an overview of the projects and initiatives currently under way in the Energy Services and Development department. Key points included: an introduction of ESD managers and staff, Fiscal Year 2015 highlights; and an overview of Operations and Maintenance, Business Services, Innovative Energy Solutions, Facilities Leasing and department goals.

Discussion ensued throughout the presentation.

Commitment Review/Provide Majority-based Direction

- Research additional education and development opportunities to include staff further looking into national and worldwide opportunities such as the World Association of Nuclear Operators, the Nuclear Energy Assembly, non-owner operator conferences, other nuclear operators for benchmarking purposes (such as Omaha Public Power District, Nebraska Public Power District and single unit operators similar to Columbia) – Carla Martinez – TBD
- Improve mentoring program for new, incoming employees and look at Energy Northwest's history of retention and the notice the agency was given from the employee – Steve Lorence – TBD

Other Business

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

Audit, Legal & Finance Committee Reports

The meeting recessed at 10:22 a.m. for a break; the meeting reconvened at 10:31 a.m.

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.

New York Financial Trip Report

Committee Chair Vaughn shared information from the New York Financial Trip on Oct. 13 and 14. The group attending met with four of the top investment banks including: Citi, Goldman Sachs, Bank of America Merrill Lynch and JP Morgan. Key points included: market updates, an overview of the financing process and strategy involved, rating agency methodologies, key investor groups and conclusions. Mr. Ridge also provided input.

Emory – Goizueta Trip Report

Mr. Dave Remington read Mr. Jim Moss' trip report from the Goizueta trip and shared his own takeaways as well.

Chair Vaughn requested Mr. Remington send his and Mr. Moss' trip reports to Ms. Angela Smith. Additionally, she requested that anyone previously attending the conference also send their trip reports to Ms. Smith.

Discussion ensued on sending board members who have previously attended. Ms. Smith will identify when each board member previously attended Goizueta.

NoaNet Report

Ms. Linda Gott provided a NoaNet update.

Facilities Leasing

Mr. Gaston presented on two action memorandums related to the Applied Process Engineering Laboratory and the Capital Development Corporation building.

Committee Chair Vaughn moved to approve EXECUTIVE BOARD RESOLUTION NO. 1829 – a Resolution declaring the Capital Development Corporation building excess and surplus to the operations of Energy Northwest. Mr. Tim Sheldon seconded.

Chair Morrison opened the floor up for comments.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1829 UNANIMOUSLY ADOPTED.

Committee Chair Vaughn moved to approve EXECUTIVE BOARD RESOLUTION NO. 1830 – a Resolution authorizing the execution of a lease with Battelle Memorial Institute granting tenancy at the Applied Process Engineering Laboratory facility. Mr. Will Purser seconded.

Chair Morrison opened the floor up for comments.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1830 UNANIMOUSLY ADOPTED.

The meeting recessed at 11:32 a.m. for a break; the meeting reconvened at 11:41 a.m.

Executive Session

The meeting recessed at 11:42 a.m. for the purpose of holding an Executive Session in accordance with RCW 42.30.110 (1) (i). The meeting reconvened at 12:28 p.m.

Commitment Review/Provide Majority-based Direction

- Email Goizueta trip reports to Ms. Angela Smith who will distribute them to Committee Chair Vaughn – Dave Remington (include Jim Moss') as well as all board members who still have their reports from prior year's visits – as soon as possible
- Identify when each board member previously attended Goizueta – Angela Smith – by January board meeting

Regular Executive Board Meeting (cont'd)

Upcoming Meetings

Chair Morrison reminded the board that the January Joint Executive Board and Board of Directors Meeting will be held at the Holiday Inn Express in Pasco, Wash. on Jan. 28 and 29, 2015.

Other Business

None.

BPA Report

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

Chair Morrison requested Mr. Larry Felton with BPA talk about the energy imbalance market, the current status and what BPA is doing at a future board meeting.

Staff Announcements

Ms. Smith reminded the board of upcoming member visits and an upcoming Columbia tour.

Meeting critique

Mr. Jack Janda provided the Executive Board meeting critique for the month of December.

Hearing no further discussion, Chair Morrison thanked Mr. Reddemann for hosting the board dinner the previous night and wished everyone a Happy New Year's. He then adjourned the meeting at 12:43 p.m.

Respectfully submitted by,

Angela Smith
Board Relations