

**MINUTES OF THE
 ENERGY NORTHWEST
 SPECIAL JOINT BOARD OF DIRECTORS
 AND EXECUTIVE BOARD MEETING
 HILTON GARDEN INN – UNIVERSITY CLUB ROOM
 2500 SW WESTERN BLVD.
 CORVALLIS, OREGON
 JANUARY 23, 2014 – Immediately following the
 Regular Board of Directors Meeting, but no earlier than 8:00 a.m.**

The special joint meeting of the Board of Directors and Executive Board of Energy Northwest was called to order by President Linda Gott and Chair Sid Morrison at 8:20 a.m. in University Club Room of the Hilton Garden Inn, Corvallis, Oregon. There was a quorum present.

ROLL CALL – Board of Directors

PUD No. 1 of Asotin County	Judy Ridge	Present
PUD No. 1 of Benton County	Lori Sanders	Present
PUD No. 1 of Ferry County	Doug Aubertin	Absent
PUD No. 2 of Chelan County	Ann Congdon	Present
PUD No. 1 of Clallam County	Will Purser	Present
PUD No. 1 of Clark County	Nancy Barnes	Present
PUD No. 1 of Cowlitz County	Buz Ketcham	Absent
PUD No. 1 of Franklin County	Bill Gordon	Present
PUD No. 2 of Grant County	Terry Brewer	Present
PUD No. 1 of Grays Harbor County	Russ Skolrood	Absent
PUD No. 1 of Jefferson County	Barney Burke	Present
PUD No. 1 of Kittitas County	Roger Sparks	Present
PUD No. 1 of Klickitat County	Dan Gunkel	Present
PUD No. 1 of Lewis County	Chuck TenPas	Present
PUD No. 1 of Mason County	Jack Janda	Present
PUD No. 3 of Mason County	Linda Gott	Present
PUD No. 1 of Okanogan County	Ernie Bolz (Alternate)	Present
PUD No. 2 of Pacific County	Diana Thompson	Present
PUD No. 1 of Pend Orielle County	Curt Knapp	Present
PUD No. 1 of Skamania County	Clyde Leach	Absent
PUD No. 1 of Snohomish County	Kathy Vaughn	Present
PUD No. 1 of Wahkiakum County	Bob Jungers	Present
City of Centralia	M.L. Norton	Present
City of Port Angeles	Phil Lusk	Present
City of Richland	Robert Hammond	Present
Seattle City Light	Mike Jones	Present
Tacoma Public Power	Bill Gaines	Absent

ROLL CALL – Executive Board

Sid W. Morrison, Chairman
 Marc Daudon

Dan Gunkel
Jack Janda
Jim Moss
Skip Orser
Will Purser
Dave Remington
Lori Sanders
Tim Sheldon
Kathy Vaughn

Others Present: Bonneville Power Administration representative A. Rapacz; Participants Review Board members K. Denison, Mason County PUD No. 1; S. Nelson, Franklin County PUD; T. Simpson, Clallam County PUD; and S. Thraen, Missoula Electric Cooperative, Inc.; and member of the public C. Johnson, Physicians for Social Responsibility.

Staff Present: M. Reddemann, D. Atkinson, D. Briggs, R. Dutton, P. Lilly, M. Paoli, B. Ridge, B. Sawatzke, and S. Barwick.

Chair Morrison reminded board members of the reason for conducting overlapping quarterly meetings -- to avoid redundancy of presentations and to reduce staff time away from the plant.

REPORT BY CHIEF EXECUTIVE OFFICER

M. Reddemann, Chief Executive Officer, welcomed Jim Moss, gubernatorial appointee to the Executive Board, and Mike Jones, newly appointed Board of Directors member from Seattle City Light.

Mr. Reddemann expressed his appreciation to NuScale Power for the orientation and tour of their facilities yesterday. He advised that Energy Northwest will continue to team with NuScale for the potential to operate and help bring the benefits of small modular reactor technology to the Washington state ratepayers.

Mr. Reddemann provided overviews of Senator Doug Ericksen's bill on reduction of carbon emissions and the Climate Legislative Executive Workgroup's (CLEW) efforts to advance clean nuclear energy as an alternative to fossil fuel plants to mitigate carbon emissions and climate change; Washington, D.C., legislative visits; and the upcoming State Energy Committee small nuclear reactor (SMR) legislative work session.

Mr. Reddemann reported on the letter (with courtesy copies to BOD members) from Mr. Chuck Johnson, head of the Physicians for Social Responsibility's (PSR) task force to close Columbia Generating Station (Columbia) and prevent new nuclear projects in the Northwest, in response to an email Mr. Reddemann sent to Energy Northwest employees and member utilities. He indicated that although Mr. Johnson's concerns regarding plant design, seismic safety, and Columbia's value appear to be sincere concerns, there is still an overall lack of knowledge of the complete facts. He provided a rebuttal to Mr. Johnson's statements in the letter and advised that his commitment to board members, ratepayers, stakeholders of the

region, and the public power community is to provide correct information and full disclosure on Columbia's safety, performance and value.

Mr. Reddemann reviewed calendar year 2013 accomplishments in the areas of Columbia's value to the region, safety, performance, environmental impacts, achievement recognitions, giving back to the local community and recognition of Bonneville Power Administration's (BPA) efforts in the Uranium Tails Program.

In conclusion, Mr. Reddemann provided a high level overview of asset performance of Columbia Generating Station, Packwood Lake Hydroelectric Project, Nine Canyon Wind Project and Energy/Business Services.

Chair Morrison commented that this is a time to rejoice...he has been on the Executive Board since 2001 and has seen the ups and downs. This time is historic and through all the years, Columbia has been an asset. Performance at the plant is now up to the best in the industry and it is time to celebrate. He commended Messrs. Reddemann, Sawatzke and the rest of the senior leadership team.

Ms. Congdon thanked Mr. Reddemann for his candid and direct comments regarding PSR claims and the way he stands by what he says and that what is said is really factual. She noted that it was very genuine and well received.

Chair Morrison invited Mr. Johnson to provide public comment during the public comment time for the Executive Board meeting.

Mr. Janda commented that Energy Northwest has gained the trust of the Public Power Council (PPC). The transparency that the senior leadership team has brought to the region is good and the PPC benefits from what Energy Northwest does. He thanked the team for all their efforts.

Discussion ensued regarding discrepancies between the McCullough Report and the CERA Study on Columbia's value to the region and the cost benefit to the ratepayers of operating Columbia.

Mr. Reddemann indicated that board members will have the opportunity to talk to Larry Mackovich from CERA at a future meeting.

The meeting was recessed at 9:20 a.m. for a short break; the meeting was reconvened at 9:38 a.m.

CHIEF NUCLEAR OFFICER REPORT

B. Sawatzke, Vice President. Nuclear Generation/Chief Nuclear Officer, reported Columbia is on line at 100 percent power in the 221st day of the current run; the next refueling outage is scheduled for May 2015.

Mr. Sawatzke reviewed plant concerns with respect to high vibration of circulation water pump/motor 1A; station focus on the Corrective Action Program (CAP) and radiation protection program improvements; and reviewed upcoming events. Discussion ensued regarding the Corporate Nuclear Safety Review Board (CNSRB), CAP, self-assessments, and replacement of control rod blades. Mr. Sawatzke committed to reporting on the high points of the upcoming CNSRB meeting at the February board meeting.

Mr. Sawatzke reported on Phase III focus areas, stated that the senior leadership team has aligned on a Phase IV theme (to be recognized as a long-term sustained top performer in the industry) and advised that he will provide focus area information at the February meeting.

Mr. Sawatzke then reviewed plant performance indicators.

Hearing no further discussion, President Gott thanked Mr. Paoli, Ms. Lilly and Ms. Barwick for their efforts in coordinating this meeting in Corvallis.

Chair Morrison advised that the Executive Board meeting will begin immediately and adjourned the special joint meeting of the Board of Directors and Executive Board at 10:25 a.m.

Respectfully Submitted,

Susan L. Barwick
Board Relations Specialist