

**Minutes of the  
Energy Northwest  
Regular Executive Board Meeting  
Holiday Inn Express – Vineyard Room  
4525 Convention Place  
Pasco, Wash.  
July 23, 2014 – 1:49 p.m.**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 1:49 p.m. in the Vineyard Room of the Holiday Inn Express in Pasco, Wash. There was a quorum present. An environmental analysis of the July 23 – 24, 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  
Jim Moss (Thursday only via teleconference)  
Skip Orser  
Will Purser  
Dave Remington (Thursday only)  
Lori Sanders  
Tim Sheldon  
Kathy Vaughn

**Others Present: Both days** – Board of Directors Members – Terry Brewer, Grant PUD; Bob Hammond, City of Richland; Steve Houston, Okanogan County PUD; Bob Jungers, Wahkiakum PUD; Curt Knapp, Pend Orielle PUD; Phil Lusk, City of Port Angeles; Shan Rowbotham, Kittitas PUD; Diana Thompson, Pacific PUD; Bonneville Power Administration representative Cherie Sonoda; Participants Review Board member Clay Smith, Northern Wasco County PUD; Roger Sparks, Kittitas PUD; Shirley Reese, Rowland and Reese; Kevin O'Meara, Public Power Council; John Saven, Northwest Requirements Utilities, Blaine Johnson, PSAV. **Wednesday only** – Board of Directors Members – Judy Ridge, Asotin County PUD; Doug Aubertin, Ferry County PUD; Barney Burke, Jefferson County PUD; Arie Callaghan, Grays Harbor PUD; Bill Gordon, Franklin County PUD; and Chuck TenPas, Lewis PUD; Jim Rowland, Rowland and Reese; Annette Cary, Tri-City Herald. **Thursday only** – Nancy Neraas, Foster Pepper; Bonneville Power Administration – Kathy Black, Jon Dull, Javier Fernandez, Larry Felton, Mark Gendron, Anna-Lisa Miller and Robb Roberts.

**Staff Present: Both days** – Mark Reddemann, Bob Dutton, Grover Hettel, Jim Gaston, Alex Javorik, Brad Sawatzke, Dave Briggs, John Irvan, Mike Paoli, Cristina Reyff, Angela Smith. **Wednesday only** – Kathleen Galioto, Bill Guldemon, Marian Kellett, Curt Moore, Angel Rains, Laura Scheele, John Suing, Ryan Verhulp and Angela Walz. **Thursday only** – Ron Hogue, Jeff Smith, Dave Swank

## **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:

- Regular Executive Board Meeting – June 24 - 25, 2014
- Special Executive Board/Compensation Subcommittee Meeting – June 24, 2014

Ms. Kathy Vaughn moved that the minutes be approved. Ms. Linda Gott seconded. MOTION CARRIED.

### **Other Business**

Chair Sid Morrison reminded the Executive Board of Excellence in Governance Policy E-1, Critical Board Self-Evaluation, and stated that beginning this month the Executive Board will evaluate their meeting performance to hold itself to the highest standards of board governance; proactively self-evaluate board performance on a regular basis to determine and ensure effectiveness and cohesiveness as a board; and be its own toughest critic by identifying and examining lessons learned and incorporating those lessons, as applicable, into board processes.

He asked and assigned Ms. Lori Sanders to be the July meeting critique lead.

Chair Morrison then turned the meeting over to AEM Committee Chair Tim Sheldon.

## **Administrative, Energy & Member Services Committee Reports**

### **Information Agenda Items**

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

### **Strategic Plan Quarterly Update**

Ms. Cristina Reyff, Business Planning & Risk manager, reviewed the quarterly update of the Strategic Plan.

### **Proposed CY15 Board Meeting Schedule**

Mr. Mike Paoli, Public Affairs manager, presented the proposed calendar year 2015 board meeting schedule and requested board members let Board Relations know of any major conflicts. Board Relations will ask for formal approval at or before the September Executive Board Meeting.

**Commitment Review/Provide Majority-based Direction**

The following new commitments were added.

- Provide schedule of Nuclear Task Force to the Executive Board – EN Staff (confirm with Tim Sheldon)
- Enroll Executive Board members to the email list for The Vashon Group – Angela Smith
- Look into Executive Board members ability to receive Clearing Up – Mike Paoli

**Other Business**

Committee Chair Sheldon shared that the Nuclear Task Force will have at least one of their four meetings in Richland, Wash. They would like to have their second meeting around the same dates as the September Executive Board Meeting with a tour of Columbia Generating Station the Friday after (9/26).

Hearing no additional questions or comments, the meeting recessed at 2:20 p.m. for a break; the meeting reconvened at 2:37 p.m.

**Nuclear Oversight & Safety Committee Reports**

Committee Chair Skip Orser opened the Nuclear Oversight & Safety Committee and turned it over to Mr. Brad Sawatzke, Vice President of Nuclear Generating / Chief Nuclear Officer, to introduce the next several presenters. Mr. Sawatzke provided a few opening comments prior to the first NOS committee presentation.

**Refueling Outage 22 Non-destructive Examination Services**

Mr. Curt Moore, Reactor & Major Maintenance supervisor, presented on Refueling and Maintenance Outage 22 Non-destructive Examination Services. Key points included the purpose of the request; background; R-22 inspection scope; and a recommendation to approve awarding Contract 326834, Amendment 5, to GE Hitachi Nuclear Americas LLC in the estimated amount of \$7,160,622. The contract is for In-Service Inspection/Non-Destructive Examinations for Columbia Generating Station during Refueling and Maintenance Outage 22.

Committee Chair Orser moved to approve EXECUTIVE BOARD RESOLUTION NO. 1813 – a Resolution Authorizing the Execution of a Contract with GE Hitachi Nuclear Energy Americas, LLC for In-Service Inspection / Non-Destruction Examinations. Mr. Jack Janda seconded.

Chair Morrison opened the floor up for comments. Hearing none, Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1813 UNANIMOUSLY ADOPTED.

**Regulatory Update**

Mr. Grover Hettel, Vice President of Operations, presented a regulatory update. Highlights included the Nuclear Regulatory Commission's action matrix, NRC performance indicators, NRC inspection recaps and a regulatory summary.

**Refueling 101**

Mr. John Suing, Reactor & Major Maintenance manager, presented general knowledge of a fuel bundle life cycle after its arrival at Columbia. Highlights included refueling basics and a refueling update.

**CNSRB and Nuclear Meetings Update**

Ms. Kathy Vaughn provided insights from the previous week's CNSRB meetings.

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who recessed the meeting at 4:08 p.m. until dinner.

**Regular Executive Board Dinner Meeting**

The Executive Board reconvened at 6 p.m. for a social and dinner. Chair Morrison called the meeting to order at 7:15 p.m.

Chair Morrison introduced Mr. Jim Conca who presented on issues with carbon. A question and answer discussion ensued after the presentation.

Hearing no further discussion, Chair Morrison adjourned the dinner meeting at 8:19 p.m.

**Regular Executive Board Meeting (*cont'd*)**

The regular Executive Board meeting reconvened at 8:01 a.m. on Thursday, July 24, 2014 by Executive Board Chair Morrison who immediately turned the meeting back over to NOS Committee Chair Orser to continue the NOS Committee.

**Nuclear Oversight & Safety Committee Reports (*cont'd*)****Fukushima Update**

Mr. Dave Swank, assistant vice president of Engineering, presented a Fukushima update. Highlights included Columbia's status as a "dry site"; air transport of additional emergency response equipment from the Phoenix Regional Response Center; the NRC's conclusion that no safety benefit results from expedited movement of used fuel from used fuel pools; other significant activities and project budget.

**Commitment Review/Provide Majority-based Direction**

The following new commitment was added:

- Present to the Executive Board a Fukushima update (E.g., how Japan is now dealing with the aftermath, what is being put in place, etc.) – Brad Sawatzke. Planned for October board meeting (after the October CNO conference during which Japan CNOs will discuss what they are focused on and exchange ideas with their U.S. counterparts).

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who turned the meeting over to ALF Committee Chair Kathy Vaughn.

## **Audit, Legal & Finance Committee Reports**

### **Information Agenda Items**

Committee Chair Vaughn reviewed information agenda items on BoardDocs.

### **FY 2014 Year-End Fiscal Closure**

Mr. Ron Hogue, Asset manager/controller, presented on FY 2014 Year-End Fiscal Closure. Highlights included Columbia's expenditure of 99.65 percent of the FY14 approved O&M and Capital Budgets to increase plant efficiencies and performance – best performance to date; Columbia cost of power (Generating) at \$36.96/MWh vs. approved budget of \$38.49/MWh; Columbia cost of power (Production) at \$26.58/MWh vs. approved budget of \$27.83/MWh; budget performance summary – stayed within approved annual operating budget; and a 2008-2014 financial summary.

### **Quarterly Cost Reviews – Energy Services & Development**

Mr. Jeff Windham, Treasury/Budget supervisor, presented on quarterly cost reviews for Energy Services & Development. Specifically for Packwood, Nine Canyon and Business Development.

### **Administrative Auditor Performance Review and Contract Extension**

Ms. Reyff, presented on the administrative auditor performance review and contract extension. Key points included a background on the hiring of the Executive Board Administrative Auditor and request for board approval to extend the contract.

Committee Chair Vaughn moved to approve MOTION 2014-15 that the Energy Northwest Executive Board approve a one-year extension for the Administrative Auditor contract No. 338233 in the amount of \$225,000 with Protiviti. This will be year two of a three-year contract. Mr. Orser seconded.

Chair Morrison called for the question of those in favor of MOTION 2014-15. MOTION CARRIED.

Hearing no additional questions or comments, the meeting recessed at 9:13 a.m. for a break; the meeting reconvened at 9:32 a.m.

### **Capital Plan**

Mr. Mark Gendron, Senior Vice President for Power Services at the Bonneville Power Administration, presented on the Capital Plan for BPA. Board discussion ensued.

### **Regional Cooperation Debt**

Mr. John Irvan, Treasury Services manager, presented on regional cooperation debt. Highlights included path forward, next steps and transaction level approval. Board discussion followed.

The meeting recessed at 11:26 a.m. for a break; the meeting reconvened at 11:40 a.m.

Mr. Irvan continued with his presentation focusing on regional cooperation debt actions moving forward and timeline during the next 18 months.

### **Projects 1 & 3 Bonds**

Mr. Windham presented on Projects 1 and 3 bonds.

The Executive Board inquired as to why the August workshop would only cover a motion to approve 2015, 2016 and 2017, and not 2018. Mr. Windham shared that it was only because '15, '16 and '17 impact the next rate case. Mr. Kevin O'Meara stated that he intends to ask the Public Power Council for support for all four years.

Mr. Irvan asked what the pleasure of the board was. It was agreed that the Executive Board will also have brought forward the 2018 bonds for approval during the August workshop.

Moving into the presentation, key points included background of the Projects 1 & 3 bonds.

Committee Chair Vaughn presented and moved for EXECUTIVE BOARD RESOLUTION NO. 1811. A Supplemental Resolution Authorizing the Issuance of Energy Northwest Project 1 Electric Revenue Refunding Bonds, Series 2014-C. Mr. Dave Remington seconded the resolution.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1811 UNANIMOUSLY ADOPTED.

Committee Chair Vaughn presented and moved for EXECUTIVE BOARD RESOLUTION NO. 1812. A Supplemental Resolution Authorizing the Issuance of Energy Northwest Project 3 Electric Revenue Refunding Bonds, Series 2014-C. Mr. Orser seconded the resolution.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1812 UNANIMOUSLY ADOPTED.

### **Commitment Review/Provide Majority-based Direction**

The following new commitments were added:

- Provide Executive Board presentation/information on the public process and participation in rate setting – prior to September 2014 EB Meeting
- Send latest BPA rating agencies reports – John Irvan – when available

### **Other Business**

Chair Morrison appointed Linda Gott to be the EN Executive Board representative for NoaNet, since she is also a member of the NoaNet board.

Hearing no additional business, Committee Chair Vaughn turned the meeting back to Chair Morrison.

## **Regular Executive Board Meeting (cont'd)**

### **Upcoming Meetings**

Chair Morrison reminded the board that the Executive Board workshop will be held on Aug. 27 – 29, 2014, at the Lake Quinault Resort in Quinault, Wash.

### **Other Business**

Sid congratulated Jim Gaston on his new position in Energy Services & Development on behalf of the Executive Board.

Mr. Terry Brewer provided an update on the work going on at the dams.

### **Meeting critique**

Ms. Lori Sanders provided the Executive Board meeting critique, and asked staff to provide the meeting minutes draft to the Executive Board within 10 business days. Additionally, she requested that presentation slides be numbered.

### **BPA System Report**

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

### **Facility Tours**

Mr. Mike Paoli, Public Affairs manager, reminded the board that a Nine Canyon tour would take place following the board meeting. He reminded board members to let Board Relations know if anyone is interested in participating in any project tours in September.

### **Commitment Review/Provide Majority-based Direction**

No new commitments were added.

Hearing no further discussion, Chair Morrison thanked everyone for attending and wished them a safe journey home. The regular meeting adjourned at 12:17 p.m.

Respectfully submitted by,

Angela Smith  
Board Relations