

**MINUTES OF THE  
ENERGY NORTHWEST  
REGULAR EXECUTIVE BOARD  
HOLIDAY INN EXPRESS – VINEYARD ROOM  
4525 CONVENTION PLACE  
PASCO, WASHINGTON  
May 14, 2014 – Commencing at 8 a.m.**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 8 a.m. There was a quorum present. An environmental analysis of the May 14 – 15, 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**

Sid Morrison, Chair  
Marc Daudon (Wednesday dinner, Thursday)  
Dan Gunkel  
Jack Janda  
Jim Moss  
Skip Orser  
Will Purser  
Dave Remington  
Lori Sanders  
Tim Sheldon  
Kathy Vaughn (teleconference)

**Others Present:**

**Both days:** Board of Directors member - Steve Houston.

**Wednesday only:** Participants Review Board member - Stu Nelson, Franklin County PUD; Department of Energy - Jeff Armatrout, Rich Buel, Rob Cantwell, Dan Elkins, Mark Garrett, Dave Martin, Ellen Matlin, Don McBride, Matt McCormick, Paul Schroder, Marty Zizzi; and Steve Adams, A&A Motorcoach.

**Thursday only:** Board of Directors member - President Linda Gott, Mason County PUD No. 3; Kevin O'Meara, Public Power Council; Bonneville Power Administration employees - Mark Jones, Jon Dull, Claudia Andrews, Javier Fernandez, Marcus Harris, Bill Hendricks, Robb Roberts and Nancy Mitman; NoaNet – Dave Spencer and Greg Marney; and Alan Sage, IBEW Local #77.

Staff Present:

Both days: Dale Atkinson, Bob Dutton, Grover Hettel, Alex Javorik, Pattie Lilly, Mike Paoli, Brad Sawatzke and Angela Smith.

Wednesday only: Angela Walz.

Thursday only: Mark Reddemann (via teleconference), Susan Barwick, David Briggs, Karen Claussen, John Irvan, Steve Lorence, Don Queen, Angel Rains, Brent Ridge, Jeff Smith and Jeff Windham.

**DEPARTMENT OF ENERGY - HANFORD SITE TOUR**

The Executive Board and Energy Northwest staff toured the Department of Energy's Hanford Site. The tour included visits to the following locations with briefing by DOE staff: Waste Treatment Plant, 242-A Evaporator parking lot; AW-Tank Farm, B Reactor National Historic Landmark, Environmental Restoration Disposal Facility, 618-10 Burial Ground and the 300 Area.

Chair Morrison recessed the meeting at 3:15 p.m. until dinner.

Respectfully submitted by,

Angela Smith  
Board Relations

The Executive Board meeting convened at 6 p.m. for a social and dinner.

**Roll Call:**

Sid Morrison, Chair  
Marc Daudon  
Dan Gunkel  
Jack Janda  
Jim Moss  
Skip Orser  
Will Purser  
Lori Sanders  
Tim Sheldon  
Kathy Vaughn (Not present)

**Others Present:**

Board of Directors members L. Gott, Mason County PUD No. 3 and S. Houston, Okanogan County PUD; Participants Review Board member S. Nelson (Franklin County PUD);

Scott Sanders, spouse of L. Sanders; and guest speaker Dr. Landis Kannberg of Pacific Northwest National Laboratories.

**Staff Present:**

M. Reddemann, D. Atkinson, R. Dutton, A. Javorik, G. Hettel, B. Ridge, M. Paoli and P. Lilly.

Chair Morrison called the meeting to order at 7:20 p.m. He welcomed back guest speaker Dr. Landis Kannberg with the Pacific Northwest National Laboratories and gave a brief bio. He requested introductions around the table.

Dr. Kannberg, lead manager for Energy Storage and Renewable Integration in the Environment Directorate at PNNL, spoke about Energy Storage.

Dr. Kannberg covered the following topics:

- Energy Storage Applications
- Multiple Values for the Electric Grid
- Electric Energy Storage (EES) Technology Options
- Worldwide Installed Storage Capacity for Electrical Energy
- Utility Perspective on Storage Functions
- Department of Energy Storage Program
- Major Demonstration Projects
- Storage Related Projects
- Energy Storage Requirements and Targets
- Economic Comparison to Gas Turbines
- Balancing Requirements
- National Assessment of Energy Storage
- Bainbridge Island Storage Analysis
- Building Services
- Electrical Energy Storage Lessons Learned
- Problems Encountered
- Public Safety
- Lack of Safety
- Safety Can be Increased
- Preliminary Outcomes

Chair Morrison thanked Dr. Kannberg for his second presentation in a series of two and the fine work he and others are doing at PNNL. He noted that PNNL is a tremendous asset to the region, and their many contributions are appreciated.

Hearing no further discussion, Chair Morrison adjourned the dinner meeting at 8:27 p.m.

Respectfully submitted,

Pattie J. Lilly  
Public Affairs

The regular Executive Board meeting reconvened at 8 a.m. on Thursday, May 15, 2014, in the Glenn C. Walkley Room of the Multipurpose Facility, Richland, Wash., by Executive Board Chair Morrison.

Dale Atkinson, Vice President of Energy Services and Development 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 – April 23 – 24, 2014
- Special Executive Board/Compensation Subcommittee Meeting – April 24, 2014

It was moved that the minutes be approved as presented. Motion seconded. MOTION CARRIED.

### **REPORT BY THE CHIEF EXECUTIVE OFFICER**

Mark Reddemann, Chief Executive Officer, presented by conference call due to pre-arranged travel for the Carbon Emissions Reduction Task Force. Mr. Reddemann discussed the following: the agency's recent Community Service Award, the Nuclear Regulatory Commission's recent public meeting in which the NRC shared that Energy Northwest operated Columbia in a manner that preserved public health and safety, completion of the current used fuel campaign to move used fuel from the pool to dry storage and recent Capitol Hill visits by Energy Northwest staff.

### **OTHER BUSINESS**

Chair Morrison presented a letter from Gov. Inslee reappointing Jim Moss to the Energy Northwest Executive Board.

Chair Morrison presented EXECUTIVE BOARD RESOLUTION NO. 1805 A RESOLUTION EXPRESSING APPRECIATION FOR DAN GUNKEL'S CONTRIBUTIONS AS A MEMBER OF THE EXECUTIVE BOARD OF ENERGY NORTHWEST. Skip Orser moved. Lori Sanders seconded.

The Executive Board shared comments of appreciation for Mr. Gunkel's service on the Executive Board.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1805 UNANIMOUSLY ADOPTED.

**DISCUSSION ON CODE OF CONDUCT**

Board members discussed the Energy Northwest Governing Boards Code of Conduct.

**NOVEMBER MEETING**

Per a previous request to table discussion on the November 2014 Executive Board meeting, the board discussed whether or not to have a meeting in November and if so, via teleconference or in person.

The board agreed to have the November 2014 Executive Board meeting in person in Portland, Oregon.

**ADMINISTRATIVE, ENERGY & MEMBER SERVICES COMMITTEE REPORTS**

**INFORMATION AGENDA ITEMS**

Committee Chair Sheldon opened the committee by sharing the available reports on BoardDocs.

**COMPENSATION SUBCOMMITTEE RECOMMENDATIONS**

Steve Lorence, Human Resources manager, reviewed the Compensation Subcommittee recommendations for At-Risk Compensation and Long Term Incentive.

Discussion ensued regarding the subcommittee's recommendations.

Subcommittee Chair Remington moved to approve Motion 2014-4 for the Fiscal Year 2015 At-Risk Compensation Plan, as discussed during the April 24, 2014, Compensation Subcommittee meeting and the May 15, 2014, Executive Board meeting. Jim Moss seconded.

Ms. Sanders moved to amend the motion to read: "with direction to the subcommittee to review the threshold level. The motion was withdrawn due to no second.

Chair Morrison called for the question of those in favor of Motion 2014-4. Marc Daudon abstained from voting on Motion 2014-4. MOTION CARRIED by majority vote.

Mr. Remington moved to approve Motion 2014-5 for the Fiscal Year 2015 Long Term Incentive program, as discussed during the April 24, 2014, Compensation Subcommittee meeting and the May 15, 2014, Executive Board meeting. Ms. Sanders seconded.

Chair Morrison called for the question of those in favor of Motion 2014-5. Majority – yes; Marc Daudon – nay; MOTION CARRIED by majority vote.

**COMMITMENT REVIEW/PROVIDE MAJORITY-BASED DIRECTION**

No new commitments were added.

OTHER BUSINESS

Committee Chair Sheldon noted that he suggested to some of the Small Modular Reactor Task Force members that one of the task force meetings be held back-to-back on Sept. 25, 2014 with the Energy Northwest Executive Board Meeting. He noted that there was some interest but no final determination.

The meeting recessed at 9:50 a.m. for a break; the meeting reconvened at 10:02 a.m.

Chair Morrison turned the meeting over to the Jack Janda, Acting Chair for Kathy Vaughn, Chair of the Audit, Legal & Finance Committee.

AUDIT, LEGAL & FINANCE COMMITTEE REPORTS

INFORMATION AGENDA ITEMS

Acting Committee Chair Janda reviewed information agenda items and directed attention of the April Cost Report on Board Docs. Additionally, he stated that prior to the June Executive Board meeting, members will have the opportunity to review the preliminary draft of the Fiscal Year 2015 combined audit plan which will be posted to Board Docs.

BPA INTRODUCTION

Claudia Andrews, Chief Operating Officer at BPA provided a brief overview of the upcoming presentation topics.

DEBT COOPERATION, DEBT PRINCIPLES AND POLICY

Brent Ridge, Corporate Services and Chief Financial/Risk Officer presented on Debt principles and traditional debt policy. Highlights included a recommendation to revise Governance Policy O-4 Fulfill Fiduciary Responsibilities.

Acting Committee Chair Janda moved in favor of motion 2014-6 that the Executive Board adopt the revisions of the Excellence in Governance Policies as described and discussed during an open public meeting on May 15, 2014. Mr. Sheldon seconded.

Discussion ensued regarding the next steps.

Acting Committee Chair Janda moved to table motion 2014-6. Ms. Sanders seconded.

Mr. Ridge continued his presentation, focusing on regional debt cooperation. He stated having a regional perspective is the most efficient and financially prudent debt management approach to create value for Northwest public power ratepayers. Additional highlights included: capturing and addressing concerns: re-characterize debt, plan execution and sustainability – access to capital, financial metrics and debt management; BPA commitments will address concerns; and all debt financing actions requiring Energy Northwest Executive Board approval.

COLUMBIA REFINANCING

Javier Fernandez, Acting treasurer, BPA presented on Columbia regional cooperation debt refinancing.

PROJECT 1&3 REFINANCING

Javier Fernandez, Acting treasurer, BPA presented on Projects 1 and 3 Regional Cooperation Debt.

BPA ANNUAL UPDATE

Javier Fernandez, Acting treasurer, BPA presented on BPA's annual update.

NEXT STEPS

Mr. Ridge discussed next steps and asked the board to reconsider adopting motion 2014-6.

Acting Committee Chair Janda moved in favor of motion 2014-6 that the Executive Board adopt the revisions of the Excellence in Governance Policies as described and discussed during an open public meeting on May 15, 2014. Mr. Daudon seconded.

Chair Morrison called for the question of those in favor of Motion 2014-6. MOTION CARRIED.

PROJECT 1&3 LINE OF CREDIT APPROVAL

Jeff Windham, Treasury & Budgets supervisor, presented on Projects 1 and 3 line of credit approvals.

Acting Committee Chair Janda moved that the Executive Board approve EXECUTIVE BOARD RESOLUTION NO. 1806 A RESOLUTION of the Executive Board of Energy Northwest authorizing a loan agreement with JPMorgan Chase Bank, National Association, establishing term loans to provide interim financing for debt service on certain outstanding Project 1 and Project 3 revenue bonds; and authorizing the issuance of electric revenue bond anticipation notes in the principal amounts of \$235,445,000 with respect to Project 1 and \$85,180,000 with respect to Project 3 to evidence and secure Energy Northwest's obligations under the loan agreement. Ms. Sanders seconded.

Chair Morrison called for the question. EXECUTIVE BOARD RESOLUTION NO. 1806 UNANIMOUSLY ADOPTED.

The meeting recessed for lunch at 11:48 a.m. and reconvened at 12:20 p.m.

Ms. Sanders presented \$70 from the Executive Board-raised funds to Mike Kennedy, Energy Northwest March of Dimes committee chair. The funds go towards the Energy Northwest's March of Dimes campaign.

NOANET UPDATE

Greg Marney, Chief Executive Officer of NoaNet, presented an update of NoaNet. Highlights included: introduction to 2014 line of credit, 2012 line of credit performance, NoaNet Broadband Technology Opportunities Program and financial review, current mission and strategic plan, and 2014 line of credit opportunities.

**EXECUTIVE SESSION PER RCW 42.30.110(1)(i)(B)**

The meeting recessed at 12:52 p.m. for the purpose of holding a 20-minute Executive Session to discuss litigation matters in accordance with RCW 42.30.110(1)(i)(B). The meeting reconvened at 1:12 p.m.

**MOTION 2014-7**

Acting Committee Chair Janda moved that the Executive Board approve Motion 2014-7 stating that "It is moved that the Executive Board approve Energy Northwest through its Chief Executive Officer to enter into a Settlement Agreement with U.S. Department of Justice which would: Provide for a lump sum payment of \$23,575,043, to dispose of the current lawsuit pending in the U.S. Court of Federal Claims by Energy Northwest against the United States of America (U.S. Department of Energy), Cause No. 11-447C; and, Provide for an annual claims process for payment of Energy Northwest's claims for partial breach of contract by U.S. Department of Energy from July 1, 2012 through December 31, 2016. Mr. Orser seconded.

Chair Morrison called for the question of those in favor of Motion 2014-7. MOTION CARRIED.

**COMMITMENT REVIEW/PROVIDE MAJORITY-BASED DIRECTION**

The following new commitment was added:

- FY15 Preliminary audit report posted to Board Docs in preparation for June meeting - Jack Janda to work with Energy Northwest staff

**OTHER BUSINESS**

Hearing none, Acting Committee Chair Janda turned the meeting back to Chair Morrison who turned the meeting over to the Nuclear Oversight & Safety Committee.

**NUCLEAR OVERSIGHT & SAFETY COMMITTEE REPORTS**

Committee Co-Chair Gunkel opened the Nuclear Oversight & Safety Committee and turned it directly to Brad Sawatzke, Vice President, Nuclear Generation/Chief Nuclear Officer for the Chief Nuclear Officer Report.

**CHIEF NUCLEAR OFFICER REPORT**

Mr. Sawatzke, presented the Chief Nuclear Officer Report.

Key points included plant status, station focuses (including the Independent Spent Fuel Storage Installation fuel loading campaign, off-site power assist visit and cumulative impact industry initiative), upcoming events and Columbia performance indicators.

Ms. Sanders asked the board for confirmation that Mr. Sawatzke met his commitments from last month. The board agreed he met his commitments.

Hearing no additional questions or comments, the meeting recessed at 2:11 p.m. for a break; the meeting reconvened at 2:25 p.m.



618-11 UPDATE

Alex Javorik, Vice President of Engineering presented an update on 618-11. Highlights included: waste forms and potential hazards; current status and path forward; future plans; and issues and concerns.

Discussion ensued on Energy Northwest's ability to enforce human performance standards and procedures on the project during remediation. Mr. Javorik committed to follow up with the board to answer the question.

DOE HANFORD SITE TOUR OBSERVATIONS AND IMPRESSIONS

The board discussed their observations and impressions of the previous day's Hanford Site tour.

COMMITMENT REVIEW/PROVIDE MAJORITY-BASED DIRECTION

The following new commitment was added:

- Report back to EB regarding Energy Northwest's ability to inject standards and methods to mitigate risk of exposure regarding 618-11 – Alex Javorik – Ongoing

OTHER BUSINESS

NOS Committee Co-Chair Gunkel thanked the Executive Board for the opportunity for the previous 20 years, stating he knows the board will go on and do great things for the agency.

Ms. Sanders moved in favor of Motion 2014-8 stating that "It is moved that the Executive Board approve the payment of compensation and expenses for outgoing Executive Board member Dan Gunkel for his attendance at and participation in the Executive Board meeting to be held on June 25 – 26, 2014 and such other meetings and events related to Energy Northwest business, subject to approval by the Executive Board Chairman." Mr. Orser seconded.

Chair Morrison called for the question of those in favor of Motion 2014-8. MOTION CARRIED.

**EXECUTIVE BOARD MEETING CONT'D**

UPCOMING MEETINGS

Chair Morrison announced that the next Energy Northwest Executive Board meeting will be on June 25 – 26, 2014 in Portland, Oregon at the Embassy Suites Portland Airport Hotel.

SYSTEM STATUS REPORT

Mark Jones of the Bonneville Power Administration provided a brief update of current water conditions and other BPA-related information.

FACILITY TOURS

Mike Paoli, Public Affairs manager inquired about the board's interest in a tour of Nine Canyon Wind Project in conjunction with the July Executive Board meeting. After receiving initial interest, the afternoon of July 24 was discussed as being the preferred tour day.

Mr. Paoli also informed the board of the upcoming agency Safety Day on Sept. 30. Chair Morrison requested an email be sent to the board one month prior to the event as a reminder.

COMMITMENT REVIEW/PROVIDE MAJORITY-BASED DIRECTION

The following new commitment was added:

- Email the Executive Board regarding the Safety Day on Sept. 30 – Mike Paoli – no later than Aug. 30

OTHER BUSINESS

Hearing no further discussion, Chair Morrison thanked everyone for attending and wished them a safe journey home. The regular meeting adjourned at 3:10 p.m.

Respectfully submitted by,

Angela Smith  
Board Relations