

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Holiday Inn Express – Vineyard Room
4525 Convention Place
Pasco, Wash.
July 27 – 28, 2016**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 3:42 p.m. on July 27, 2016 in the Vineyard Room of the Holiday Inn Express in Pasco, Wash. An environmental analysis of the 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	Present
Jack Janda, Vice Chair	Present
Lori Sanders, Secretary	Present
Linda Gott, Assistant Secretary	Present
Marc Daudon	Absent
Jim Moss	Present
Skip Orser	Present
Will Purser	Present
Dave Remington	Absent
Tim Sheldon	Present
Kathy Vaughn	Present

Others Present:

Both days: Board of Directors members – Terry Brewer, Barney Burke, Steve Houston, Curt Knapp, Jim Malinowski, Ned Piper, Dennis Reid (alt.), Judy Ridge and Chuck TenPas; Participants Review Board members – Ray Mosbrucker and Mark Platt; IBEW – Alan Sage; PSAV – Blaine Johnson; and Bonneville Power Administration – Larry Felton, Cherie Sonoda and Wayne Todd.

Wednesday only: Board of Directors members – Doug Aubertin, Carnan Bergren, Arie Callaghan, Bill Gordon, Liz Green, Bob Hammond, M.L. Norton, Diana Thompson; Rowland and Co. – Jim Rowland; Reese Government Relations – Shirley Reese.

Staff Present:

Both days: Mark Reddemann; Brad Sawatzke; Brent Ridge; Grover Hettel; Alex Javorik; Bob Dutton; Jim Gaston; Mike Paoli; Dave Briggs; Carla Martinez; Suzanne Mitchell; Angela Smith; and Jeff Windham.

Wednesday only: Jennifer Harper; Steve Lorence; Robin Rego; and John Steigers.

Thursday only: Ron Butler; Jason Davis; Kent Dittmer; Johnathan Hicks; Dean Kovacs; Dave Jordan; Cristina Reyff; Richard Shaff; and Vicki Watilo.

Regular Executive Board Meeting

Public Comments

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:

- Compensation Subcommittee Meeting – June 21, 2016
- Executive Board Meeting – June 22 – 23, 2016

Mr. Will Purser moved that the minutes be approved. Mr. Skip Orser seconded. MOTION CARRIED.

Executive Session

Chair Morrison called a one and a half hour executive session beginning at 3:45 p.m. in accordance with:

RCW 42.30.110(1)(f):

To receive and evaluate complaints or charges brought against a public officer or employee.

And

RCW 42.30.110(1)(i):

To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The executive session was extended by 10 minutes at 5:15 p.m.

The executive session was extended by 10 minutes at 5:25 p.m.

The executive session was extended by 10 minutes at 5:35 p.m.

The meeting reconvened as an open public meeting at 5:45 p.m.

The meeting recessed for the day at 5:45 p.m.

Joint Board Dinner

The governing boards reconvened for dinner at 6 p.m.; and recessed for the evening at 7:30 p.m.

The Executive Board meeting reconvened on July 28, 2016 at 8:03 a.m.

Nuclear Oversight & Safety Committee Reports

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

Effectiveness of Corrective Actions for Root Cause Analysis on SRO Candidate Failure

Mr. Sawatzke presented on the effectiveness of the corrective actions for the root cause analysis on the senior reactor operator failures. Key points included: the initial license class pipeline; causal factors; all corrective actions that have been implemented; additional actions; ILC nuclear regulatory exam preparation; and current status of class 22.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Report of obsolete items and availability of spare parts from plants that are closing – TBD

Other Business

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison.

Chair Morrison turned the meeting over to Ms. Kathy Vaughn.

Audit, Legal & Finance Committee Reports

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.

Quarterly Cost Review

Mr. Kent Dittmer, Asset manager / controller, presented Columbia's quarterly costs. Key points included: Columbia was under budget by 0.58 percent for the Fiscal Year 2016 approved Operations & Maintenance and Capital budgets; nuclear fuel was reduced approximately \$15 million due to a one-time accounting change in how Columbia accounts for the internal canister of the Hi-Storm Casks; Columbia's cost of power; and lessons learned.

Mr. Jeff Windham, Budget supervisor, presented Energy Services & Development's quarterly costs. Key points included: Packwood O&M was under budget by \$196,000; Nine Canyon O&M was under budget by \$927,000; and total actual margin for business development was \$681,000 – better than budget by \$114,000.

Administrative Auditor Contract

Ms. Cristina Reyff, Business Planning and Risk manager, presented the recommendation to approve the Executive Board's administrative auditor contract. Key highlights included: background of the function of the administrative auditor; proposals received and their evaluation; and recommendation.

MOTION 2016-10

ALF Committee Chair Kathy Vaughn moved that the Energy Northwest Executive Board hire the firm of Protiviti for the position of Administrative Auditor, which shall report directly to the Executive Board of Energy Northwest, shall be independent of Energy Northwest staff, and shall be under the sole control and direction of the Executive Board of Energy Northwest. The term of the contract is from Aug. 1, 2016 through June 30, 2017 with four (4) one (1) year options to extend. Seconded by Vice Chair Jack Janda. MOTION CARRIED.

ALF Committee Chair Vaughn provided two recent trip reports including the Corporate Nuclear Safety Review Board and the American Public Power Association's policy makers council meetings.

Secretary Lori Sanders provided a trip report for her recent attendance at the U.S. Women in Nuclear conference.

Commitment Review/Provide Majority-based Direction

- Address evaluation criteria added to the Horn Rapids Solar Project BOD resolution: Resolve the need for third party financing; mitigate identified risks; define project clearly; and verify the financial and technical feasibility – Jim Gaston

Chair Morrison introduced Mark Platt, new Participants Review Board member who shared a few comments on his experience and background.

The meeting recessed for a break 9:59 a.m.; and reconvened at 10:15 a.m.

Mr. Mark Reddemann provided the board an update regarding Energy Northwest and the Tri-Cities Development Council reaching an agreement on a Purchase and Sale Agreement for 300 acres of formerly DOE controlled property.

Chair Morrison turned the meeting over to Mr. Tim Sheldon, Administrative, Energy and Member Services committee chair.

Administrative, Energy & Member Services Committee Reports

Information Agenda Items

Committee Chair Tim Sheldon opened the Administrative, Energy & Member Services Committee by reminding the board of the available reports on BoardDocs.

Cyber Security Overview

Mr. Dean Kovacs, Information Services manager/Chief Information Officer, and Ross Shaw, consultant with E3 Technology, presented the review of cyber security penetration tests. Key points included: E3 observed many strong behaviors for questioning attitude that were exemplary as compared to most companies they have worked with; review of the penetration scope; and a summary of technical control and social engineering results.

Public Affairs Update

Mr. Mike Paoli, Public Affairs manager/Chief Communication Officer presented an update from the Public Affairs group. Key points included: the recent public survey results including overall support for nuclear energy and the favorability index; and the communication guide.

Member Survey

Ms. Vicki Watilo, senior Member Relations representative, presented the 2016 member survey results. Key points included: survey purpose; goal; survey overview; survey results; EN's focus; member challenges; noteworthy comments; and survey takeaways.

The meeting recessed for lunch at 11:36 a.m.; and reconvened at 12:05 p.m.

Executive Session

Chair Morrison called a one hour executive session beginning at 12:20 p.m. in accordance with RCW 42.30.110(1)(i):

To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The meeting reconvened as an open public meeting at 1:20 p.m.

Legislative Update

Mr. Jim Rowland, Rowland and Co., presented a legislative update.

Employee Engagement

Mr. Brent Ridge, vice president for Corporate Services and Chief Financial/Risk Officer presented an update from the employee engagement survey. Key points included: employee engagement sample department comparisons and employee engagement actions for three specific departments.

Strategic Planning Quarterly Update

Ms. Reyff presented the Fiscal Year 2016 Strategic Planning Update. Key points included: the Fiscal Year 2016 Strategic Plan results; initiative status; performance measurements; and FY18 – 20 strategic planning.

Regional Meeting Updates

Public Power Council

Vice Chair Jack Janda and Committee Chair Sheldon provided a briefing from the previous Public Power Council meeting.

Northwest Power and Conservation Council

Committee Chair Sheldon provided a briefing from the last Northwest Power and Conservation Council meeting.

Washington Public Utility Districts Association

Committee Chair Sheldon provided a briefing from the last Washington Public Utility Districts Association meeting.

NoaNet

Mr. Will Purser provided a briefing from the recent NoaNet meeting.

Board Engagement

Ms. Carla Martinez, Public Affairs assistant manager, provided an overview of Fiscal Year 2016 board engagement as compared to previous years; and a proposed draft board meeting schedule for calendar year 2017. Key points included: Executive Board engagement increased in FY16 and a review of the proposed schedule.

The board endorsed the eight meetings as presented as a minimum; with further discussion to occur at the August meeting and adoption of a final 2017 schedule.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Provide time during August workshop for further discussion of 2017 board meeting schedule – Carla Martinez

Committee Chair Sheldon provided the board a review of what to expect at the August workshop.

Regular Executive Board Meeting (cont'd)

Upcoming Meetings

Chair Morrison reminded the board that the next regular Executive Board meeting will be held at the Historic Davenport Hotel – Downtown Spokane, Wash. on Aug. 24 – 26, 2016.

BPA Report

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

Meeting critique

Vice Chair Janda provided the Executive Board meeting critique for the month of July.

Hearing no further discussion, Chair Morrison adjourned the meeting at 2:56 p.m.

Respectfully submitted by,

Angela Smith
Board Relations