

**MINUTES OF THE  
ENERGY NORTHWEST  
REGULAR BOARD OF DIRECTORS' MEETING  
HOLIDAY INN EXPRESS – VINEYARD ROOM  
4525 CONVENTION PLACE  
PASCO, WASHINGTON  
JULY 24, 2013 – 9 A.M.**

The Regular Meeting of the Board of Directors of Energy Northwest was called to order by President Linda Gott at 9:00 a.m. in Vineyard Room of the Holiday Inn Express in Pasco, Washington. There was a quorum present. An environmental analysis of the July 24, 2013, Regular Board of Directors' 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 (SEPA).

**ROLL CALL**

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	Present
PUD No. 2 of Chelan County	Ann Congdon	Absent
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	Present
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	Absent
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	Steve Houston	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	Present
PUD No. 1 of Snohomish County	Kathy Vaughn	Present
PUD No. 1 of Wahkiakum County	Bob Jungers	Present
City of Centralia	M.L. Norton	Absent
City of Port Angeles	Phil Lusk	Absent
City of Richland	Robert Hammond	Present
Seattle City Light	Jim Baggs	Absent
Tacoma Public Power	Bill Gaines	Absent

Others Present: Executive Board members S. Morrison and S. Orser; Bonneville Power Administration representatives A. Rapacz and C. Sonoda; Participants Review Board member S. Nelson, Franklin County PUD; A. Carey, Tri-City Herald; T. McMahon, IBEW Local #77; and S. Reese, Legislative Liaison.

Staff Present: M. Reddemann, D. Atkinson, D. Briggs, R. Dutton, J. Gaston, D. Gregoire, G. Hettel, A. Javorik, P. Lilly, M. Meilleur, M. Paoli, B. Ridge, L. Scheele, A. Smith, L. Willey and S. Barwick.

Mr. Burke led the group in the Pledge of Allegiance.

Mr. Gordon announced that there was a quorum present.

### **COMMENTS FROM THE PUBLIC**

Hearing none, the next agenda item was addressed.

### **APPROVAL OF MINUTES**

The minutes of the following meeting were presented for consideration:

- Regular Board of Directors' Meeting – April 24, 2013

Ms. Thompson moved that the minutes be approved as distributed. Ms. Vaughn seconded the motion. MOTION CARRIED.

### **OPENING REMARKS**

President Gott asked for introductions around the room and thanked everyone for attending.

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

M. Reddemann, Chief Executive Officer (CEO), stated that Columbia Generating Station (Columbia) came back on line on Tuesday, June 25 following the plant's 21<sup>st</sup> refueling and maintenance outage. The station reached 100 percent power by Sunday, June 30. Outage duration was five days over the goal, however; it was the safest outage ever having set or matched outage records in the areas of nuclear, radiological and industrial safety. Additional outage information will be provided during the Chief Nuclear Officer (CNO) report. He noted that an all-employee celebration lunch to recognize the hard work and dedication demonstrated during R-21 was held on July 23.

Mr. Reddemann reported on Energy Northwest's comments on the draft waste bill, the small modular reactor initiative, the closure of San Onofre nuclear units, the utility-scale storage pilot project at the Nine Canyon Wind Project, and the recent Energy Horizon Institute conference for legislators. In addition, he provided updates on CEO recognition luncheons since mid-April and member outreach visits for the months of May and June.

**CHANGE OF DATE AND TIME FOR OCTOBER BOD MEETING**

P. Lilly, Supervisor, Visual Communications, reported that in order to accommodate holding the Member Forum in conjunction with the October board meetings, staff proposes the following schedule:

- Executive Board meeting all day Wednesday, October 23, followed by dinner that night
- Board of Directors meeting from 8 to 11 a.m. on Thursday, October 24, followed by lunch
- Member Forum scheduled from Noon to 6 p.m. on Thursday afternoon, October 24, followed by an information reception Thursday evening from 6:30 to 8 p.m.
- Member Forum continued Friday morning, October 25, from 8 a.m. to approximately noon

Ms. Lilly advised that additional information will be distributed as the meetings get closer. She added that a motion has been posted to BoardDocs changing the time and date of the October Board of Directors meeting and recommended adoption of the motion.

President Gott read the following motion (BOD Motion 2013-1) into the record:

“IT IS MOVED THAT THE DATE AND TIME OF THE REGULAR BOARD OF DIRECTORS’ MEETING SCHEDULED FOR WEDNESDAY, OCTOBER 23, 2013, AT 9:00 A.M., BE CHANGED TO THURSDAY, OCTOBER 24, 2013, AT 8:00 A.M.”

Mr. Burke moved to adopt the motion as presented. Dr. Leach seconded. President Gott called for the question. MOTION UNANIMOUSLY ADOPTED.

**CHIEF NUCLEAR OFFICER REPORT**

B. Sawatzke, stated that Columbia is operating at 100 percent power in the 28<sup>th</sup> day of the current run; the next refueling outage is in May 2015. He announced that Columbia has moved into Phase III of the Excellence Model (Achieving Excellence). He reported on the reactor feedwater turbine 2 Bravo and safety system room coolers maintenance and advised that follow-up reports will be provided at the next meeting.

A. Javorik, Vice President, Engineering, provided an update on Columbia’s Fukushima response status. He reviewed regulatory orders regarding the hardened vent system and significant industry activities since the orders were issued, and provided an overview of the project budget of approximately \$77.5 million.

Discussion ensued regarding connection of venting systems, filtering what is vented, dimensions of the vents, when a final ruling can be expected, the cost of the venting system, and management’s decision to go ahead and design the venting system for Columbia.

Mr. Sawatzke reviewed the Phases of Excellence history (Phase I – Improving Behaviors and Phase II – Demonstrating Results), and provided overviews of the Phase III strategic initiatives of: supervisor-led organization, predictable performance and successful outage. Discussion ensued regarding multiple layers of risk management oversight.

Mr. Sawatzke provided summaries of the R-21 work scope and duration delay contributors. Discussion ensued regarding replacement of breakers, inspection of low pressure turbines, reactor clean-up piping, and benchmarking with the industry on vibrations in the turbine due to ill-fitting seals on the turbine rotor.

The meeting was recessed at 10:30 a.m. for a short break; the meeting was reconvened at 10:43 a.m.

Mr. Sawatzke reviewed the results of R-21 goals, records set during the outage, and upcoming events, and reported on the following performance indicators: FY-13 thermal power; June 2013 thermal power; cost of power; monthly generation; cumulative generation; monthly costs; and year-to-date cumulative costs.

Several board members commended staff on the safety goal accomplishments.

### **FY 2013 FINANCIAL SUMMARY AND RESULTS**

Mr. Ridge reported that Columbia finished FY 2013 at 0.65 percent under budget – \$2.2 million under the amended combined operations and maintenance (O&M) and capital budget of \$226.2 million. Columbia cost of power on both the generation and production sides was under amended budget projections (generation: actual \$45.06/MWh vs. amended budget of \$45.30/MWh; production: actual \$37.74/MWh vs. amended budget of \$37.76/MWh).

Mr. Ridge provided a brief overview of things that were done differently during this past outage and commended Messrs. Sawatzke, Hettel and Javorik for their diligence in working closely with the finance department to plan and execute the outage on a daily basis, which added to the success of this outage.

Mr. Ridge reviewed the FY 2013 financial statement and provided the following summary:

- Columbia finished FY 2013 at \$2.2 million under budget
- Areas for improvement
  - Continue to improve our processes for developing estimates at completion
  - Implement capital labor allocation process
  - Improve peer verification of year-end overhead allocation process
  - Continue to improve discipline in record keeping and documentation
  - Continue to push for earlier identification of material returns

Mr. Janda shared that he attended outage Management Review Meetings and saw the accountability of staff to remain within budget.

Mr. Ridge reported that both the Nine Canyon Wind Project and Packwood Lake Hydroelectric Projects finished FY 2013 under budget and the business development fund achieved a positive margin of \$1,153,000. He thanked the governing boards for their support of Energy Northwest in the region.

**ENERGY/BUSINESS SERVICES – THE FIRST 90 DAYS**

L. Willey, Vice President, Energy/Business Services (E/BS), reported on the first 90 days of his employment with Energy Northwest and provided an overview of the visits he made to other public power agencies (PNGC Power, Utah Associated Municipal Power Systems, Northwest Requirements Utilities, and Washington PUD Association) and member visits with the City of Port Angeles and Mason PUDs 1 and 3.

Mr. Willey reviewed next steps for FY 2014 with a focus on customers and proven methods leading to superior results.

**EXECUTIVE BOARD REPORTS**

Chair Morrison talked about Energy Northwest's working relationship with BPA and BPA's recent administration changes.

A. Rapacz, BPA Contract Generating Resources Manager, advised that the BPA/Energy Northwest relationship will continue as usual. He stated that BPA is proceeding with the scheduled quarterly meeting in August and it is business as usual for the entire organization (rate case, Columbia River treaty, etc.). BPA management is keeping staff informed.

Mr. Morrison reported that he attended the strategic plan and excellence model kickoff breakfast and sensed the excitement in moving to Phase III of the Phases of Excellence. He noted that Columbia is now measuring itself with the top performers in the industry.

Ms. Vaughn reported on Angela Smith's presentations at SNO PUD and rotary clubs promoting EN and the benefits of Columbia to the region.

Mr. Janda encouraged board members to visit the new website and commended Public Affairs staff for the endeavor.

Mr. Morrison advised that a handful of Executive Board members and staff members attended the "Pandora's Promise" screening in Portland last month. He encouraged others to see the documentary if they can.

**MEETINGS**

President Gott announced that the next quarterly Board of Directors meeting is scheduled for October 25, 2013, at the Holiday Inn Express.

**COMMITMENT REVIEW/FORWARD PLANNING**

Mr. Gordon reviewed on-going and previous commitments; no new commitments were added.

President Gott requested the nuclear fuel 101 presentation be made at the October meeting.

**OTHER**

Mr. Reddemann announced that Energy Northwest has been in discussions with the Governor's office with respect to a letter in support of small modular reactors. Senator Brown was successful in getting \$500,000 for a study on installation of small nuclear modular units in the Tri-Cities. A brief discussion ensued with respect to small nuclear modular reactors.

The meeting was recessed for lunch at 12:04 p.m.; the meeting was reconvened at 12:43 p.m.

President Gott announced that the October meeting is not being held at the Holiday Inn Express but at the Red Lion Columbia Center in Kennewick, WA.

Public Affairs' staff members P. Lilly and M. Paoli provided a brief overview of the second Energy Northwest book written by Gary Miller that was recently published. Mr. Reddemann commended the Public Affairs team for the good job that was done on the second book.

Mr. Rapacz announced that at 12:30 p.m. today, BPA released the signed decision on the next rate case. He advised that the average wholesale power increase was 9 percent and the average wholesale transmission increase was 11 percent.

Hearing no other business, President Gott thanked everyone for attending the meeting and staff for the great presentations. She adjourned the Board of Directors meeting at 12:48 p.m.

Respectfully submitted,

Susan L. Barwick  
Board Relations Specialist