

**MINUTES OF THE
ENERGY NORTHWEST
SPECIAL EXECUTIVE BOARD
WORKSHOP MEETING
MULTIPURPOSE FACILITY – GLENN C. WALKLEY ROOM
3000 GEORGE WASHINGTON WAY
RICHLAND, WASHINGTON
SEPTEMBER 25, 2013 – COMMENCING AT 8:00 AM.**

Chair Sid Morrison called the meeting to order at 8:05 a.m. and welcomed all in attendance.

Roll Call:

Sid Morrison, Chair
Marc Daudon
Dan Gunkel
Jack Janda
Skip Orser
Dave Remington
Lori Sanders
Tim Sheldon
Kathy Vaughn

Staff Present:

M. Reddemann, D. Atkinson, D. Briggs, R. Dutton, M. Meilleur, P. Lilly, M. Paoli, C. Reyff, B. Ridge, L. Scheele, A. Smith, M. Thomas, A. Walz, and L. Willey.

Others Present:

Board of Directors' President L. Gott, Mason County PUD No. 3; S. Houston, Okanogan County PUD; and A. Congdon, Chelan County PUD; A. Rapacz, Bonneville Power Administration; and B. Johnson, PSAV Audio Services.

B. Ridge, Vice President/Chief Financial and Risk Officer, provided an overview of workshop expectations requested by board members at the August meeting. He advised that the ultimate goal is that the board actively feels that it has been given the right level of engagement.

Session 1: SWOT Analysis

Mr. Ridge reviewed the successes of FY 2013 and explained the first small group exercise on strengths, weaknesses, opportunities, and threats (10 minutes each).

Attendees broke out into three small groups for the SWOT exercise.

The exercise was completed and the meeting was recessed at 9:20 a.m. for a short break. The meeting was reconvened at 9:30 a.m.

Discussion ensued regarding SWOT exercise results.

The meeting was recessed at 10:13 a.m. the meeting was reconvened at 10:25 a.m.

Action:

- Include a one-day session on strategic planning at board workshop in 2014

Session 2: Mission, Vision and Core Values

Mr. Ridge provided a history of Energy Northwest as a joint operating agency. He reviewed Energy Northwest's mission, vision and core values.

Discussion ensued with respect to potential tweaks to the Energy Northwest mission.

Mission brainstorming results:

- Sustainable way vs. environmentally responsible way (9 of 12 = consensus)
- Sustainability or environmental stewardship
- Broad assessment
- Cost effective power vs. energy solutions

Actions on mission—

- review members' missions and visions
- bring missions back for review and comments
- consider single mission for entire organization with separate visions for Energy Northwest and Energy/Business Services

Discussion ensued with respect to potential tweaks to the Energy Northwest vision.

Vision brainstorming results:

- Sustained vs. top quartile
- Is Columbia's vision sufficient as it is? (12 of 12 = consensus)
- What about E/BS' vision?

Actions on vision—

- E/BS vision – Larry Willey rewrite and bring back for review and comments (include clean vs. energy solutions)
- EN vision – add innovation in the overarching vision

Mr. Reddemann stated that this is something we need to talk about; he believes carbon tax would be good idea because we are headed in the wrong direction; Energy Northwest could be out in front in this area; Energy Northwest may want to rethink how it talks about itself.

The meeting was recessed at 11:25 a.m. to get lunch; the meeting reconvened at 11:42 a.m.

Session 3: Future Outlook

Mr. Ridge provided an overview of recent board feedback for the next small group discussion. A 40-minute small group exercise took place.

Discussion ensued regarding 5-year and 10-year future outlooks for Energy Northwest, Columbia Generating Station and Energy/Business Services.

Prioritization results:

Energy Northwest in 5 years

- Continued good stewardship of generating resources
 - High performing staff
 - Strong governance model
 - Excellence in safety/reliability/cost/culture of improvement
- Expand Energy Northwest's role in the region
 - Improve membership construct
- Energy Northwest = a thought leader at the table

Energy Northwest in 10 years

- Columbia in top quartile
- Valued provider of energy solutions by region
- Valued thought leader on energy issues
- Small modular reactor

Columbia in 5 years

- Higher performance/top quartile
 - Get there and stay there
- Operating safely and reliably and with lower operating costs
- Strong leadership/employee development

Columbia in 10 years

- Top performing plant
- Making needed capital investments in the plant

Energy/Business Services in 5 years

- Provide energy solutions related to:
 - demand management
 - storage
 - new capacity/supply
- Vastly improved credibility with members through services offered
- Provide standardized operations/engineering procurement inventory

Energy/Business Services in 10 years

- Leadership in new energy solutions (including distributed generation)
- Transparency in the REC market/energy imbalance market
- Non-nuclear generating resources

Session 4: Agency Focus and Picture of Excellence

Mr. Ridge reviewed FY 2014 – 2016 Strategic Plan strategic focus areas, objectives, milestones, initiatives and excellence plans.

Action: Presentation or exercise for the board on how to best understand and engage on the "Measures of Excellence"

- Why are the goals the way they are?
- How do the goals demonstrate how we achieve excellence?

Mr. Reddemann advised that it was management's intent to have staff develop strategic initiatives from the feedback received and bring them back to the board for review and comments/to stop with the detail at this point.

Small group discussion exercise commenced. Following the exercise, a spokesperson for each of the groups reviewed their group's brainstorming results.

Action: Staff to take the feedback and add new focus areas or re-craft pictures of excellence and the six existing focus areas; look at wording and scope to ensure the issues are covered in the focus areas; find the right balance for EB

Session 5: Measures of Excellence

Mr. Ridge reviewed the measures of excellence.

Attendees participated in the measures of excellence small group exercise to add to the current list of potential measures for each focus area.

Following the exercise, a spokesperson for each of the groups reviewed their group's brainstorming results.

Path Forward and Feedback

Action moving forward for staff is to take the information received today and bring it back to the October meeting for review. As pieces of the strategic plan are developed, they will be posted to BoardDocs for board members to view prior to the October meeting.

A brief discussion ensued with respect to the results of the workshop and feedback on the strategic objectives.

Mr. Reddemann commended staff for their hard work in putting this workshop together on short notice.

Mr. Daudon commended Mr. Ridge for facilitating the workshop.

Chair Morrison announced that Pete McGrail will speak on CO₂ sequestration during tonight's dinner at Anthony's Event Center.

Meeting adjourned at 4:40 p.m.

Respectfully submitted,

Susan Barwick
Board Relations Specialist