



## **Board of Directors February 2, 2007 Meeting Minutes**

The PNUCC Board of Directors met on February 2, 2007 from 9:00 a.m. to noon at the Portland Airport Sheraton. The list of attendees is attached.

**Next Board Meeting March 2, 2007**

### **Corporate Business**

The Board acknowledged the PNUCC Antitrust Compliance Statement and unanimously approved the January meeting minutes.

### **PNUCC Member News**

**2008 President's Budget** – Ruth Bennett introduced Dave Armstrong, BPA's Chief Financial Officer to explain what we would see in the President's 2008 budget being released on Monday, February 5<sup>th</sup>. Dave reminded the Board that last year, the President's budget included a proposal to use secondary revenues greater than \$500 million to buy down BPA's debt and terms for using third-party financing that would reduce BPA's borrowing authority. He told the Board that the 2008 Budget was better news. The proposal for using secondary revenues was still on the table but there is language encouraging a dialogue in the Northwest to address how to implement the proposal to achieve the least impact on rates and to maintain the flexibility needed to manage between good and bad financial years.

The Board asked if the discussion for implementing the budget proposal would occur in the Regional Dialogue forum. Dave said that nothing has been decided but he didn't envision this process being a part of the Regional Dialogue.

**John Day Drawdown Proposal** – Steve Eldrige told the Board that he has learned that the Oregon Department of Fish and Wildlife is proposing an extreme operation for John Day pool. According to Steve, ODFW is justifying their proposal on the belief that increased water travel time improves fish survival and they have calculated increased survival numbers that don't make sense. He brought this to the Board's attention because of the potentially profound impacts this river operation could have on irrigators, river transportation, power supply and recreation.

Board members said they thought plans for 2007 river operations were settled. Steve said that this proposal would be part of an agreement for the Biological Opinion for river operations and would not impact this year. Others voiced concerns about potential operations that have no scientific justification and hurt other river users.

***Honoring John Kostick*** – Steve Klein reported that the Northwest power industry has lost a region leader and great man on January 30<sup>th</sup> when he lost his year-long health battle. John Kostick was a long-standing commissioner at Lewis County PUD and involved in many regional forums where he had a strong grasp on the toughest of issues. John will be missed.

## Northwest Regional Forecast

The PNUCC staff is currently incorporating the latest utility information into this year's version of the report. Shauna McReynolds said that the goal is to have it published in March. However, there are issues arising in the context of this year that the Board should discuss or determine how to resolve in the next few months.

Shauna believes that this year's report will have more attention from the region than in the past several years. There is a great deal of activity associated with developing a regional resource adequacy standard and requiring utilities to meet renewable portfolio standards and develop integrate resource plans. Planners are looking to the information provided in the NRF as a data source and as an example of the type of data they will want for these new requirements.

Shauna raised some questions about how the information is used in the report and in some cases what the resulting tabulations represent. As an example, last year the capacity information was not published because the staff has questions about the assumptions and calculations for estimating the sustained peaking capability of the hydropower system. Staff is looking for input on how to reflect capacity information. There are also questions about how well annual average energy presents the loads and resources picture and if there other tabulations, such as a state by state load/resource balance that would be useful.

Board members affirmed that this is important data and having a realistic perspective of the energy picture is valuable. They noted a potential disconnect between utility planners and operators and that having PNUCC host some gatherings to draw on the expertise of the utility's staff would be good. There are several topics a new group could address besides the NRF issues, an example being last July 24<sup>th</sup> power scarcity. After much discussion of many of the issues in this data saturated arena, staff will start with a small group to address some of the time-sensitive issues for the NRF. For the longer term, a group mimicked after the System Planning Committee of the past will be pulled together to consider the broader issues.

## Renewable Portfolio Standards

John Prescott, PNGC was charged at the last meeting with the task of developing a position paper on several of the key issues identified in PNUCC's recently-completed RPS Progress Report. He provided several ideas to the group to foster a discussion. John said that he would like to see this effort tied to the wind integration work of the Council and BPA and would be looking for volunteers to work with him to further vet the draft ideas. Some of his initial thoughts include: acknowledging the region's desire for renewable energy, supporting a clean and diversified mix of resources (without a mandate), noting that the Northwest already over 50% renewable thanks to the hydropower system, and identifying the challenging, not necessarily prohibitive, issues with integrating significant amounts of wind into the system.

The Board talked about John's points offering several comments. They suggested that more about conservation be added to the key messages. And that a reference to the US Department of Energy's statement about the value of hydropower be included. They also suggested that more of an emphasis on the intermittent nature of wind generation be made.

There was a plea made to get a one-page summary of the key messages completed. Michael Early noted that this would be very helpful at this time as discussions in Oregon are underway. John agreed to work with others to incorporate the comments of the Board and then work with a small group of volunteers to finalize the key messages.

## Climate Change Legislation

At their January meeting the Board initiated an effort to explore potential global climate change legislation that would impact Northwest utilities and industries and Scott Brattebo had agreed to organize an ad hoc work group and lead the effort. For this meeting Scott pointed the Board to a draft Climate Change Charter that emphasized that the work would be focused on potential legislation, not on the science aspects of climate change.

There has been a lot done already on this subject and Scott proposed pulling those pieces together. In the Charter the ad hoc group is charged with reviewing current proposed legislation by providing for each proposal a summary of key elements, identifying the supports and political alliances, and articulating the intended goals. The group would also compare and contrast major elements of the proposals, identify areas of concern and assess the potential impact on Northwest utilities and their customers. The end product would be a written progress report by July 2007.

Scott said that initially the primary focus will be to educate ourselves, setting aside advocacy positions. The Northwest has a unique situation with the hydropower system and there is potential for a bad outcome for the region. Scott encouraged

others to join the ad hoc group. In particular he was looking for more public power members to volunteer. The group already includes some environmental experts and lobbyist familiar with upcoming legislation.

The Board discussed the many aspects of this topic from the potential impact of new legislation on the region to their varying views on the state of the science. They also concluded that the activities on this subject at the state level should be monitored. Some suggested that state legislation to fix a “global” issue may not make sense. The Board also asked Scott to have his work group develop a set of principles or a short policy paper that reflects the PNUCC members’ views on climate change legislation. As the state and federal discussions continue, it was noted that the NW utilities and industries should be prepared to provide their collective views on the subject.

At the end of the day, they all agreed that this is most timely and that over the course of the next year the congressional delegation will be forming their opinions about the benefits of new legislation and what the potential impact might be. Thus, PNUCC’s work in on climate change is timely and can be used to also educate our decision makers.

## Regional Salmon Goals

The NW Power and Conservation Council is on a course to amend their Fish & Wildlife Program. Before opening the formal process, Council staff is going to work to formulate provincial-level biological objectives to include in their amendments. Shauna McReynolds reminded the Board that last year PNUCC told the Council that improving the biological objectives in the Fish & Wildlife Program was a good idea and that PNUCC would want to be involved.

Shauna shared a proposal to hire BioAnalyst Consultants to do an assessment of existing salmon goals in the region. They will review goals and objectives already included in the Council Program, past biological opinions, existing recovery plans and others, such as Mid-Columbia Habitat Conservation Plans and FERC relicensing agreements and present PNUCC with a synopsis of their findings. This will provide a useful foundation for new biological objectives. The Board gave staff approval to proceed with this work.

Jean Ryckman asked Shauna to clarify how this work effort aligns with Public Power Council and NW RiverPartners’ efforts on this same subject. Shauna said that the work on the Council Program, including the biological objectives, is a coordinated effort and is the beginning stages. The team working on the issue will be better defining their roles as the work elements get defined. She said that the group was scheduling a meeting for the next week to get started.

## Northwest RiverPartners Update

Terry Flores brought the Board the latest news on RiverPartners activities and areas of focus. She started with an update on the 9<sup>th</sup> Circuit Court of Appeals ruling on the funding of the Fish Passage Center. They ruled that BPA must continue to fund Fish Passage Center because it is specifically named in the Council Program. Terry said that as a result of this ruling the Council is looking at new oversight options with a goal to have sound, independent scientific review of their work.

In the Biological Opinion Remand process, Terry report that the Northwest RiverPartners and the State of Montana jointly filed and informative brief to set the record straight on several points that the plaintiffs had included in their filing about spill, gas caps and the status of the fish runs. She said that the judge followed with a statement that he wanted no more briefs of this sort.

The third topic Terry discussed is the anticipated resurfacing of Rep. McDermott's Salmon Planning Act. This bill has not been introduced and Congressman McDermott's staffer insists that this is a bill to study dam removal, not take the dams out. Regardless, RiverPartners is very concerned. Like last year, they are seeking signatures of support from as many representatives as possible. With the change in leadership in the House of Representatives many speculate that this bill would pass. However, there is much less of a chance that the Senate would approve it. Terry said she is initiating a call to action to ensure that the Northwest delegation is fully informed of our concerns and ask that they not endorse it.



## Attendance List

February 2, 2007 Board of Director's Meeting

---

Jack Speer	Alcoa
Kelly Norwood	Avista Corp.
Jim Miller	Idaho Power
Steve Klein	Snohomish PUD
Scott Brattebo	Pacific Power
John Prescott	PNGC Power
Larry La Bolle	Avista
Dick Helgeson	EWEB
Gerry Miller	Cowlitz PUD
Ruth Bennett	Bonneville Power Administration
Jean Ryckman	Franklin PUD
David Mills	Puget Sound Energy
Tim Culbertson	Grant PUD
Bill Gaines	Tacoma Power
Steve Eldrige	Umatilla Electric Cooperative
Michael Early	ICNU
Bolyvong Tanovan	Corps of Engineers
Ray Kindley	Schwabe, Williamson, Wyatt
Wayman Robinett	Seattle City Light
Loren Baker	Consultant
Craig Smith	Snohomish PUD
Luanna Grow	Grant PUD Consultant
Barbara Trout	Tillamook PUD
Patti Chappel	Emerald PUD
Mark Johnson	Flathead Electric Cooperative
Harry E. Hewitt	Tillamook PUD
Dirk Borges	Canby Utility
Mark Walker	NW Power & Conservation Council
Frank Brawner	Tillamook PUD
Scott Corwin	PNGC Power
Steve Fisher	Chelan PUD
Steve Johnson	Washington PUD Association
Dan Peterson	Pend Oreille PUD
Chuck Ten Pas	Lewis PUD
Dave Fitzsimmons	Bonneville Power Administration
Ken Canon	ICNU
Jim Litchfield	Litchfield Consulting Group
Mark Ohrenschall	NewsData
Cyrus Noë	NewsData
Dave Armstrong	Bonneville Power Administration
Dick Adams	PNUCC
Lee Corum	PNUCC
Shauna McReynolds	PNUCC