



Board of Directors March 2, 2007 Meeting Minutes

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

Next Board Meeting April 6, 2007

Corporate Business

The Board unanimously approved the February meeting minutes after acknowledging the PNUCC Antitrust Compliance Statement. During introductions the Board welcomed Pat Egan, Pacific Power as Scott Brattebo's new Board alternate.

Member News

Terry Morlan, Northwest Power and Conservation Council staff reported that they have completed an analysis of the impacts of the President's FY 2008 budget proposal pertaining to the Bonneville Power Administration's use of net secondary revenues for accelerating the reduction of BPA debt. The Board had heard about this proposal at last month's meeting.

Terry said that they estimate that if this proposal is implemented it would result in an advance payment for debt amortization in FY 2008 of \$130 million, which in turn would reduced BPA's probability of Treasury repayment and could result in a 7 percent rate increase for BPA's customers.

Other member news was related to new resource development. Steve Klein said Snohomish PUD has filed on seven tidal power sites with FERC. They have received five uncontested permits, one permit is contested and the seventh permit is still in the works. Scott Corwin, PNGC Power reported that they have reached agreement with Ocean Power Technologies on a wave project near Reedsport, Oregon. This is a small project that could eventually grow to 50 MW. And Puget

Sound Energy has just added the Goldendale 270 MW low heat rate combustion turbine to their resource mix, David Mills announced.

Tim Culbertson reminded the Board of the significant load growth Grant PUD is experiencing. He expects another 300 MW of load in the next five years. This is on top of their current 400 MW load.

Idaho Power - Integrated Resource Plan

Jim Miller brought the Board a comprehensive presentation of Idaho Power's 2006 Integrated Resource Plan filed with the Idaho and Oregon PUCs last fall. This plan will guide Idaho Power as they acquire new resources to meet increasing demands. Jim said four cornerstones of resource development guided their decision making. First, they are committed to preserving the existing base of resources including the flexibility in the hydro system and maintaining their thermal resources. The second cornerstone of promoting conservation and demand-side management is a shift in Idaho Power's philosophy as they are realizing the value it has in shaving off the peaks during the summer months, Jim said. The third cornerstone is the recognition that new conventional resources will have to be built – this means coal-fired generation for Idaho. And finally, they are committed to developing new alternative resources and improving technology of resources such as wind, geothermal and cogeneration.

Before diving into the details of their Plan, Jim noted the key points of the presentation are: significant load growth is driving the need for additional energy resources; Idaho Power is expanding its demand-side management program that has had recent success; a balanced approach to resource planning mitigates risk related to uncertainty; and major commitment to transmission and baseload resources need to be made prior to filing the 2008 IRP.

Jim walked the Board through Idaho Power's thinking for determining future resource needs showing them pictures of the energy and capacity surplus/deficiency based on a multitude of assumptions about resource availability and expectations for load. The pictures make it clear that Idaho needs to take action to meet their customers' demand. They looked at the ability to purchase power from the nonfirm market and how much they could rely on the transmission system as well as what they could expect from an aggressive demand-side management program.

Twelve initial portfolios for meeting load included combinations of assumptions about taxes for CO₂ and expected natural gas prices. The best of these were further analyzed to consider the risk of the carbon adder, natural gas prices, capital costs, construction prices, market risk, and hydrologic variability. From this analysis Idaho Power developed a preferred portfolio of resources along with an expected timeline for acquiring those resources. In general the preferred portfolio is a balanced portfolio that over time would include investments in wind, geothermal,

combined heat and power, demand-side management, transmission, pulverized coal, regional IGCC coal and INL nuclear.

Jim said with the completion of this plan several public policy issues have surfaced and Idaho Power is launching efforts to resolve issues such as the need for green tags and emission offsets, financial disincentives for DSM programs, the risk of IGCC technology and asset ownership.

Northwest Regional Forecast

The PNUCC staff is working to complete the 2007 Northwest Regional Forecast by the end of March, Shauna McReynolds said. She is seeking input from the Board on key messages to include in the executive summary. The staff wants a sense from the Board that the messages are reasonable and that they understand how messages for the NRF are similar or different than BPA's recent press release about the December 2006 Whitebook and the Council's January press statement on the adequacy of Northwest resources.

Based on the draft report, Shauna said that the region is currently about 900 MWa deficit and the need for power grows to over 3,000 MWa in five years. She suggested that the executive summary highlight the region's growing need for power and describe utilities' plans to meet that need.

She observed that this general energy picture comports with what the Board just saw in the Idaho Power IRP presentation. The question for the Board is if this theme fits with what other utilities are doing. The Board gave her the nod that this information would be a good focus.

In addition to the future power needs and future resources, Shauna presented information about resource development over the past 25 years and a snapshot of today's Northwest resource picture. The region's history of resource acquisition shows a significant investment in conservation and gas-fired generation. As for the existing resource mix, Shauna is recommending that the report highlight the significant amount (70%) of carbon-free resources the region relies on to meet loads. The Board thought each of these is worth noting in this year's report.

The Board suggested that staff compare the Northwest Regional Forecast with BPA's Whitebook and the Council's analyses of resource adequacy. It would be helpful to tie the different conclusions of these reports together.

In other NRF work, Shauna gave the Board an update on efforts to get utility planners together to help with some of the outstanding issues with the NRF. She said that they have called the group the "System Planning Workgroup" and that they would be meeting by conference call the following Tuesday. Based on the Board's guidance from the February meeting Shauna is focusing on the near-term NRF

questions for now, knowing that as new power system issues arise this would be a group the Board could turn to for help.

Global Climate Change

Scott Brattebo, PacifiCorp, updated the Board on the progress of the PNUCC Global Climate Change Task Force. The aim of the group was to examine proposed climate change legislation, discern what impact legislation could have on Northwest utilities, and to formulate PNUCC positions on the features of future legislation. Scott reported that the group met for a two-day workshop last month during which they were able to draft a set of consensus principles on legislation to address carbon emissions. The principles included that climate change legislation should address all sectors of the economy and the need to regulate emissions on the federal level rather than state or regional levels. The document also highlighted several unique characteristics of the Northwest that set us apart from other parts of the country. These included the region's use of low emission generation, our history of conservation and energy efficiency and the expected growth of the region.

The Board generally liked the document and offered several comments on which points should be highlighted further. The Board also provided guidance to the group for the near future, stressing the timeliness of the topic and that the group should maintain its momentum. They also urged the task force to see if there is consensus on more specific issues, especially the topic of emission allowance allocation. Scott told the Board that the group had a conference call scheduled for the next week and would have another face-to-face meeting soon after that. The Board agreed that a presentation from EPRI or Kyle Davis, PacifiCorp on climate change legislation would be helpful.

Renewable Portfolio Standards

This was a short check-in with the Board to confirm that the PNUCC document being shepherded by John Prescott is ready to finalize. Scott Corwin, PNGC suggested that Oregon is moving forward with their RPS work and that it is very timely to get it done. He suggested that any comment on the latest draft be sent to Scott or Dick Adams by Wednesday, March 7th.

River and Dams Campaign

Terry Flores, Northwest RiverPartners started with some good news about a recent report called Revenue Stream that included economic information to justify removing the Snake River Dams. She said that the Independent Economic Analysis Board had just completed their review and had many criticisms that discredited this work sponsored by American Rivers and Save our Wild Salmon. For her the

IEAB's conclusions are important as she expects that advocates for dam removal will be using the Revenue Stream report to justify their cause at every turn in the next year or so.

As for the River and Dams Campaign, Terry was enthusiastic about NW RiverPartners' latest initiative to launch a year-long campaign celebrating and promoting the value of rivers and dams in the region. This is a proactive grassroots' effort aimed at Congress, regional policy makers, and the general public that will focus on what is important to all Northwest citizens. The renewable aspects of hydropower and other benefits of the river system will be spotlighted. Terry asked for PNUCC members to sign up as supporters of this campaign as soon as they can. There will be a website established shortly where people can go to add their name to the list. She has volunteers from Franklin PUD and Benton PUD to take the lead on this initiative and she is very excited about the response she has had thus far.



Attendance List

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Jack Speer	Alcoa
Kelly Norwood	Avista Corp.
Jim Sanders	Benton PUD
Jim Lobdell	Portland General Electric
Bill Gaines	Tacoma Power
David Mills	Puget Sound Energy
Tim Culbertson	Grant PUD
Dick Helgeson	EWEB
Jim Miller	Idaho Power
Jean Ryckman	Franklin PUD
Steve Klein	Snohomish PUD
Ken Sugden	Flathead Electric Cooperative
Scott Brattebo	PacifiCorp
Pat Egan	Pacific Power
Steve Eldrige	Umatilla Electric Cooperative
Scott Corwin	PNGC Power
Gerry Miller	Cowlitz PUD
Brian Skeahan	Cowlitz PUD
Phil Obenchain	Idaho Power
Ruth Bennett	BPA
Michael Early	ICNU
Dave Fitzsimmons	BPA
Sunny Radcliffe	PGE
Ray Kindley	Schwabe, Williamson, Wyatt
Shane Scott	S. Scott & Associates
Doug Grob	Flathead Electric Cooperative
Larry Buttress	BPA
Jerry Rust	Northwest Power Pool
Loren Baker	Consultant
Luanna Grow	for Grant PUD
Ken Canon	ICNU
Bo Downen	PPC
Bob Geddes	Pend Oreille PUD
Jim Litchfield	Litchfield Consulting Group
Denny Rohr	D Rohr and Associates
Craig Smith	Snohomish PUD
Steve Fisher	Chelan PUD
Jessica Wilcox	Snohomish PUD
Richard M.Jackson-Gistelli	Emerald PUD

Janelle Schmidt
Terry Morlan
Dana Toulson
Ken Corum
Joe Piedmont
Steve Johnson
Barbara Miller
Ann Congdon
Dick Adams
Lee Corum
Shauna McReynolds

BPA
NW Power & Cons. Council
Snohomish PUD
NW Power & Cons. Council
for Alcoa
Washington PUD Association
Corps of Engineers
Chelan PUD
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