

MINUTES¹
STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

December 9, 2002 - Regular Meeting
925 Plum Street S.E., Conference Room 308
Olympia, Washington, 1:30 p.m.

ITEM 1: CALL TO ORDER

CHAIR LUCE: The regular meeting of the Washington State Energy Facility Site Evaluation Council for Monday, December 9, 2002 will come to order.

ITEM 2: ROLL CALL

EFSEC Council Members

Community, Trade & Economic Development
Department of Ecology
Department of Fish & Wildlife
Department of Natural Resources
Utilities and Transportation Commission
Chair

Dick Fryhling
Chuck Carelli
Jenene Fenton
Tony Ifie
Tim Sweeney
Jim Luce

MR. MILLS: I note the presence of Chair Jim Luce and there is a quorum.

OTHERS IN ATTENDANCE

EFSEC Staff and Counsel

Allen Fiksdal
Mike Mills
Rusty Fallis – AAG

Irina Makarow
Mariah Laamb

EFSEC Guests

Karen McGaffey, Perkins Coie
Pete Dewell, ALJ BP Cherry Point-via phone
Loren Oakes, Energy Northwest
Mike Lufkin, CFE
Alan Harger, Department of Transportation
Mark Anderson, CTED – Energy Policy

Laura Schinnell, Energy Northwest
John Arbuckle, Energy Northwest
Darryl Peoples, Wallula
Andy McNeil, Duke Energy
Curt Leigh, Department of Fish and Wildlife

¹ The minutes are in transcript style and have had minor editing for clarity purposes.

ITEM NO. 3: APPROVAL OF MINUTES

CHAIR LUCE: We have minutes pending before us.

MR. FIKSDAL: No, we don't.

CHAIR LUCE: They're noted in the package, but they're not ready.

MR. FIKSDAL: Correct.

ITEM NO. 4: ADOPTION OF PROPOSED AGENDA

CHAIR LUCE: We have a proposed agenda before us. Does anyone care to make any suggested additions or deletions to the recommended agenda? Do you have any additions?

MR. FIKSDAL: No.

CHAIR LUCE: Thank you. The agenda will be adopted.

ITEM NO. 5: SATSOP COMBUSTION TURBINE PROJECT

Phase I – Air Permit Amendment	Irina Makarow, EFSEC
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CHAIR LUCE: The first item on the agenda is the Satsop Combustion Turbine Project. Irina, you're going to have a presentation for us with respect to the PSD permit.

MS. MAKAROW: Yes, I will. To lead that item off, in your packets you have a red-lined version of the final PSD Amendment 1 permit that staff is recommending that you approve today, as well as a responsiveness summary that is being prepared by staff and our Ecology permit writer, Alan Newman, and you had an opportunity to see both of these documents. Before I get to the details regarding the amendment, I will just go through a little bit of background. In November 2001, the Council received a request to amend the site certification agreement for the Satsop Combustion Turbine project to add a Phase II to the project, and that request for amendment also included a request for revision of the PSD permit. In addition to the modification to add Phase II, the amendment also requested that an emergency generator and fire pump be added for the Phase I facility, and that the restrictions regarding the hours of operation of the duct burning be removed.

On July 29 of 2002, the Council issued a preliminary approval of fact sheet for public comment, and we held a public comment hearing on September 4, which is also the close of the public hearing comment period. Between that time, Duke Energy informed the Council or they requested the Council to suspend review of Phase II. In early October, however, they confirmed to Council that they wanted staff to proceed with issuance of the PSD permit revisions for Phase I alone. So the documents that you have here were prepared with that intention. The permit applies only to Phase I. The Council received nine written comments and ten oral comments, and I believe you all received copies of those comments back in September, and the comments addressed a number of concerns.

The first was some concerns as to whether the public was sufficiently informed for the Council to be able to act on issuing a permit on Phase I alone and whether proper notice had occurred. Another area of comments was regarding that there wasn't enough information about Phase I available to comment first. Both of these comments our permit writer felt were not important enough or were not substantive enough for the Council to reissue a new draft permit for public

comment. As you may have seen in the red-lined version of the permit in your packet, the changes to the permit basically strike reference to the Phase II, and essentially they decrease the annual emissions from the total site by half, as well as the visibility impacts and the nitrogen deposition impacts. So our permit writer did a pretty good job of setting the permit up in a way that reflected instead of having two stacks we had four, and that allowed a pretty clean edit of the permit from draft to final. As for information about the Phase I not being available, all that information was in fact available not only at our offices but also on the web site.

Other areas that were addressed by comments included salt drift, acidic deposition due to the formation from emissions of CO and CO₂, greenhouse emissions and cumulative impacts of greenhouse gas emissions and then questions relating to the Council's analysis of the deposition of the nitrogen and the degradation of visibility and how the National Parks Service and the Forest Service had responded to the application and to our permit writer's review. None of these comments led to any permit revisions. The Applicant did submit some comments to clarify conditions in the permit regarding that the start-up and shutdown limits would not apply during commissioning of the plant because there was a limitation on the number of start-ups and shutdowns per day, as well as a clarification of what constituted initial start-up which is when the plant is considered fully operating and must comply with the emissions limits. These two comments led to changes in Approval Conditions 14.2 and Approval Conditions 16.

With that, staff is recommending that the Council proceed to approve this final permit as written, and should the Council approve this permit as written, staff would then proceed later this week to issuing it with the responsiveness summary to the people who commented and to EPA Region 10 who must also co-sign the permit for it to become valid.

CHAIR LUCE: Thank you. Do we have any comments from Council Members? Any questions for Irina? Do we have any comments from the Applicant or members of the public? Do we have a resolution of what's the appropriate action for recommending or proceeding?

MR. FIKSDAL: A voice vote would be just fine.

CHAIR LUCE: We will have a voice vote with respect to the issuance of the PSD Permit. All in favor say Aye.

MS. FENTON: Mr. Chair, I move that we adopt EFSEC No. 2001-1 Amendment 1 PSD Permit for Satsop Phase I.

CHAIR LUCE: Do we have a second?

MR. CARELLI: Second.

CHAIR LUCE: The motion is seconded. All in favor say Aye.

COUNCIL MEMBERS: Aye.

Phase I – Reissuance of National Pollutant Discharge Elimination System Wastewater Permit	Allen Fiksdal, EFSEC Manager
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CHAIR LUCE: Thank you. The next item with respect to Satsop is the reissuance of the NPDES Wastewater Permit. I note that Michelle is not with us today. Is there someone else who is going to do that?

MR. FIKSDAL: I will.

CHAIR LUCE: Thank you.

MR. FIKSDAL: At your last meeting in November the Satsop NPDES permit was ready for some action. There were some questions about it. There was a direction by the Council to have Duke, the Department of Fish and Wildlife and the Department of Ecology interact a little bit more and get back to the Council within 30 days of the last meeting. Duke Energy has sent a

response to the Department of Ecology and Fish and Wildlife. Unfortunately Fish and Wildlife people are unavailable to respond to that comment, but in talking with both Ms. Fenton and Duke Energy they believe that the NPDES permit that was before you last month is sufficient for you to go ahead today. You don't have it in your packets, but it is the exact same thing that you have looked at over the last couple months, and we as staff recommend that you go ahead and issue that permit today.

The permit does have provisions in it, and we do know there are some possible changes that may need to be done as far as the permit goes, but the permit allows Duke Energy to work with the Council and agencies to work on issues and come back and change them if necessary. So I believe that the permit is sufficient for the Council to go ahead and issue, and I recommend that you do so.

CHAIR LUCE: Do you have a permit number there?

MR. FIKSDAL: The permit number is WA-002496-1.

CHAIR LUCE: We did have this matter before us last time. Do any Council Members have any questions or comments of Allen? Jenene.

MS. FENTON: I believe you might have misspoken, and I am not aware that any changes may be required in the permit. There may be changes in other documents that might be required but not in the permit per se.

MR. FIKSDAL: That's correct. That's what I meant to say.

MS. FENTON: Okay.

MR. FIKSDAL: No immediate changes to the permit are required. There are possible changes that could happen in the future, but there are different conditions in this permit that would allow changes to that permit.

CHAIR LUCE: Do we have any other questions or comments from Council Members? Do we have a motion to approve Permit WA-002496-1?

MS. FENTON: So moved.

CHAIR LUCE: Do we have a second?

MR. CARELLI: Second.

CHAIR LUCE: Call for the question. All in favor say Aye.

COUNCIL MEMBERS: Aye.

Phase I Status	Andy McNeil, Duke Energy
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CHAIR LUCE: All right. Moving right along, Phase I status. Andy, are you with us today? You want to make any comments or offer any observations regarding Phase I?

MR. McNEIL: After Allen digging himself a hole, I'm not sure I want to. We continued construction with approximately 230 people on site in November, and I wanted just to give you a synopsis of what's going on. On HRSGs we are continuing weld down of the casings and the roof panels. We have begun installing the stair towers and the platforms, so you can have access to the drum units. We've removed the temporary supports on the two bundles. They are hanging from their permanent supports, and we finished out the seismic steel on those units.

For the base power plant we are continuing grounding equipment, and on base plates and the structural steel we are continuing to do seismic supports. For the electrical work we continue to energize that electrical equipment and weld out the isophase duct, continuing to install pipe hangers and supports, and for the turbines and the generators we are ratcheting up, which is torquing bolts on the platforms and inspecting the journal bearings and putting on the front standards. A good bit of work was done last month.

CHAIR LUCE: Thank you. Any questions? Jenene.

MS. FENTON: Hi, Andy. I just have a question. Did you do hydrostatic testing this month?

MR. McNEIL: No.

MS. FENTON: You didn't.

CHAIR LUCE: Other questions from Council Members? Thank you, Andy. I appreciate that.

MR. FIKSDAL: Mr. Chair, I just want to turn your attention there's a letter on a purple sheet that we received from Duke Energy. As you recall we asked Duke Energy a while ago to send us a schedule for continued work at the project, and Duke Energy has said that they are in the midst of looking at their scheduling and will get that schedule to us in the future.

CHAIR LUCE: Thank you, Allen.

ITEM NO. 6: CHEHALIS GENERATION FACILITY

Construction Progress Report	Mike Mills, EFSEC
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CHAIR LUCE: The next item on the agenda is Chehalis Generation Facility construction progress report. Mike, are you going to make that report?

MR. MILLS: Yes, I am going to make that report. Tom Schneider apologizes for not being here, but he needed to be at the site today. Chehalis Power Project continues construction activities. All major equipment is in place. The air cooling units are practically complete except for four risers that will be installed this next month. Piping and electrical work is being done on the major systems, and they have energized with the BPA switchyard and will be doing testing as part of the electrical work on the overall site.

Tom's comment was that everything is going well. Good weather has helped. They've been making the progress that they had hoped for, and next week the start-up crew will actually begin testing air and water systems. Again, they anticipate that they're ahead of schedule, but, again, the commercial date is scheduled for November of next year and are hopeful that they can beat that.

CHAIR LUCE: Thank you. If it doesn't rain, I hope they beat that too.

MR. MILLS: It will rain sometime.

CHAIR LUCE: If it doesn't rain a lot. Any questions of Mike with respect to the Chehalis Generation Facility?

ITEM 7:ENERGY NORTHWEST COLUMBIA GENERATING STATION & WNP-1/4

Columbia Operations	John Arbuckle, Energy Northwest
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CHAIR LUCE: The next item on the agenda is Energy Northwest Columbia Generating Station WNP 1 and 4. Columbia operations, John, are you going to make the presentation on that?

MR. ARBUCKLE: Just briefly, we're in the midst of a record run. We're 288 days on line which beat our previous record of 270 back in 1998. The plant is running well.

MR. FIKSDAL: The reason you're surpassing the other record is because you're going to the 24 months.

MR. ARBUCKLE: That's a piece of it, yes.

CHAIR LUCE: WNP 1 and 4 Site Restoration Plan, Mike, you have the lead on this.

MR. MILLS: Yes. In your packets staff has prepared a Draft Resolution No. 302, and our recommendation will be that the Council approve the site restoration plan for WNP 1 and 4 project sites. We also included a site map of the buildings and structures that are currently on site and also a matrix where we tried to line up the activities described in the plan with the buildings or systems that are going to be where restoration work will occur in the near term and final or longer term. I have asked Loren Oakes from Energy Northwest, the WNP 1 Site Manager, to just briefly review Energy Northwest's proposal and then stop or complete our recommendation.

CHAIR LUCE: Thank you, Mike. Loren, come forward.

MR. OAKES: Thank you. It's been a long haul, but I think the ultimate result will be a large savings to the ratepayers of the Northwest of over 50 million dollars. What we're proposing is a phased approach. The first phase phases the next 18 to 24 months will be to clean up any immediate safety, health safety and environmental protection hazards and then essentially leave the site alone or potentially leave it alone for 22 plus years where the final restoration will take place.

During this time we don't want to rule out any potential economic development, but we want to put in a condition where it is safe. Final restoration, again, some of the stuff will be done early; some will be done later. Making sure the people can't get in and hurt themselves, so we are going to install substantial doors to minimize access, clean up the area, eliminate any potential hazards at ground level, but the big ticket would be to seal the buildings. We are going to remove walls and floors possibly down to an elevation where it's more acceptable to the environment and to the locals and it's also compatible with the Hanford plant.

The containment building at Site 1 will remain intact. It is complete, and it's very weather tight. The one at Site 4 would be cut off and sealed at ground level, so that we won't have to worry about people getting down below. Both turbine pedestals will remain in place, but the turbine building at Site 1 would be removed. Remaining power block structures would be removed to ground level. Unused support buildings such as the construction support trailers will also be removed. I think that covers the main elements of the restoration plan that would be completed in about 23 to 26 years.

CHAIR LUCE: Questions from the Council? Thank you. We have the resolution before us. Mike, you're asking we act on that today?

MR. MILLS: Yes.

CHAIR LUCE: Before we act, any comments from the public? Hearing no comments from the public, we have before us Resolution No. 302. I should add parenthetically that one real benefit I think a win-win of this is going to be that in consideration of the stretched out final site restoration plan there's an agreement with the state to pay 3.5 million dollars for off-site mitigation, and I think that that is from my way of thinking going to be something that adds nourishment to the benefit of the environment and the people of the State of Washington for a long time to come. I guess the only other observation I would make is that this is not only in essence but in reality closes the books on the Washington Public Power Supply System era. We finally have finished all of the work that is necessary to close that chapter and proceed with the good work that Energy Northwest is doing today. So does anyone have a motion they would like to make regarding the adoption and resolution of Resolution No. 302?

MS. FENTON: Mr. Chair, I move that the Council adopt Resolution 302.

CHAIR LUCE: Thank you. Do I have a second?

MR. IFIE: Second.

CHAIR LUCE: We've a motion and a second. Do we have any discussion among the Council Members? Hearing no discussion, do we have a call for the question?

MS. FENTON: Question.

CHAIR LUCE: All in favor say Aye.

COUNCIL MEMBERS: Aye.

CHAIR LUCE: Thank you.

MR. ARBUCKLE: May I also add, Mr. Chairman, this represents a lot of work and a lot of tough negotiations to solve some very difficult problems primarily with funding, so I would like to thank everybody that was involved.

CHAIR LUCE: Well, I think thank you's are in order on everybody's part. I don't see anybody from Bonneville here today, but they were certainly instrumental. Energy Northwest was instrumental. I think it's a good result after a long time.

MR. ARBUCKLE: Agreed.

CHAIR LUCE: Thanks. Thank you, Mike.

MR. MILLS: Thank you.

ITEM 8: EFSEC RULEMAKING

Rules Development	Jim Luce, EFSEC Chair
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CHAIR LUCE: The next item on the agenda is the status report on the rulemaking activities. As the members of the public may be aware, we have issued our CR 101. We are now in the beginning stages of discussing the possible rules at our regular scheduled Executive Council Meeting, so I invite any and all of you who wish to attend to attend. The discussion will be among the Council Members unless they elect to ask questions from the public, so it won't be an opportunity to re-discuss the rules unless the Council Members have clarifying questions. At our first meeting we discussed what I would describe the purpose and scope of the rules, and Jenene Fenton has done a good job of putting a first draft of that together. The next meeting which will be this coming Monday we're to have four drafts rules that are teed up. Mediation, Tim Sweeney is going to handle that; Chuck Carelli will talk on Noise; Seismicity, Tony gave us a good presentation last time and went back to refine that somewhat, Seismicity & Soils; and Socioeconomic with Dick Fryhling. So we will deal with as many of those as we have an opportunity to do so at the next executive committee and then move forward.

MS. FENTON: Mr. Chair, there's also two of the foundation WACs that during the discussion it was requested that they be modified, so those modifications will also be discussed.

CHAIR LUCE: I saw those, and thank you very much for making those changes. Any ideas, thoughts, Counsel Members, any other observations on how we're doing? Yes, sir, Mr. Fiksdal.

MR. FIKSDAL: As you know we also have a CR 101 out for the air rules.

CHAIR LUCE: That's correct.

MR. FIKSDAL: Many of the Department of Ecology rules that they promulgated we have looked at a couple of those sections, and they have some possible administrative changes too. Irina and I have exchanged a little bit of information. We've sent some suggestions up to EPA because they have to look at that whole rulemaking, so we will bring that to you at Monday's meeting.

CHAIR LUCE: Great. Any comments from the public regarding the process that we have underway? Thank you very much. Irina, do you have an update other than what Allen has given us with respect to air rules?

Air Rules - Update	Irina Makarow, EFSEC
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MS. MAKAROW: Just a small one. I did speak with our person at EPA Region 10, and they're going to have their review done for us for our air rules in the beginning of January, so that's when we will be able to kick off the CR 102 process.

ITEM 9: SUMAS 2 GENERATION FACILITY

Status Report	Irina Makarow, EFSEC
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CHAIR LUCE: Sumas 2 Generation Facility status report, Irina.

MS. MAKAROW: You will continue receiving the certificate holder's monthly updates on their acquisition of PM10 and NOx offsets, and apart from that staff has just been busy preparing the record for the appeal which is before the Environmental Appeals Board in Washington, D.C. The record should be done and mailed off this week.

CHAIR LUCE: Any time line, Counsel, or are you aware of for the hearing to take place?

MR. FALLIS: No, there won't be an actual hearing. It will just be decided on the briefs, and the briefs are due in December and I honestly can't remember how long the EAB takes to issue a statement, so sometime in the first quarter of next year.

CHAIR LUCE: They move more expeditiously than most courts.

MR. FALLIS: I think they do.

ITEM 10: WALLULA POWER PROJECT

Status Report	Irina Makarow, EFSEC
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CHAIR LUCE: The Wallula Power Project.

MS. MAKAROW: There is nothing to report. The recommendation is before the Governor, and we haven't heard anything from their office to when they expect to make a decision.

CHAIR LUCE: Thank you.

MS. FENTON: What's the time line on that?

CHAIR LUCE: I think it's 60 days.

MR. FIKSDAL: It was sent to the Governor's office on November 18, and so I think 60 days would be January 16th, 16th or 17th. There's a 31-day month in there somewhere.

ITEM NO. 11: BP CHERRY POINT PROJECT

Status Report	Irina Makarow, EFSEC
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CHAIR LUCE: BP Cherry Point.

MR. FIKSDAL: Michelle Elling is sick today. I don't have anything to report other than we are going to meet with the BP Cherry Point Project folks tomorrow.

CHAIR LUCE: All right.

MR. DEWELL: This is Pete Dewell.

CHAIR LUCE: Pete, how are you?

MR. DEWELL: Do you know what the status of that order is on being circulated?

CHAIR LUCE: The order has been circulated and request for comments from Council Members has been by this Thursday I believe.

MS. MAKAROW: Yes. I think our intent is to get it out at the end of this week, Pete.

MR. DEWELL: Okay. Great.

CHAIR LUCE: Jenene.

MS. FENTON: Pete, This is Jenene. When Michelle sent out the last order it wasn't clear what changes had been made from the previous draft, so it was very difficult to see what changes had been made. I know that Jim and I both asked Michelle to highlight the changes so we could see what actually happened in the document, and she's been ill since she sent it out. So does anybody have any ideas on that?

MS. MAKAROW: I'll do that. I will send out some form of highlighted version around, so we can see what's different.

CHAIR LUCE: That would be very helpful.

MR. DEWELL: There was one question about Whatcom County on that. I made a suggestion about --

CHAIR LUCE: I think we'll hold that discussion, Pete, for Council to have in private.

MR. DEWELL: Okay.

ITEM 12: OTHER

CHAIR LUCE: All right. We've discussed other insofar as BP Cherry Point is concerned. Does anybody else have any other thing that they wish to raise for the benefit of the Council?

MS. LAAMB: I would just remind folks about the holiday get together after next Monday's meeting, and so if you have any questions be sure and call me or just bring a smile on your face, a gift, if you want to do a gift exchange, and something to enjoy to eat, and we'll take about an hour afterwards and just visit before the holidays.

CHAIR LUCE: Great.

MS. LAAMB: I have put pretty much everyone's name who is here on the list. If that's not the case, just trying to get a rough estimate. You don't have to RSVP, but it kind of is nice to just understand, so I make sure there are enough basic utensils and things like that for everyone.

CHAIR LUCE: All right. Champagne taste on a beer budget, and Jenene is bringing the caviar. All right. If that's all there is, then we stand adjourned. Thank you.

(Whereupon, the meeting was adjourned at 1:57 p.m.)