

MINUTES

**STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL**

October 8, 2002 – Special Meeting
Walla Walla Regional Airport
Blue Mountain Room
310 A Street
Walla Walla, Washington 99362

ITEM 1: CALL TO ORDER

CHAIR LUCE: Good Afternoon. I am calling this meeting to order. This is a Special Meeting of the Energy Facility Site Evaluation Council, held in Walla Walla, Washington, on October 8, 2002. My name is Jim Luce. I am the Chair of the Council.

Today the Council has a single item on the meeting agenda - to consider the Wallula Power Project Application for Site Certification No. 2001-01 and to vote on an order and recommendation to the Governor of Washington State.

We will not be taking public comments today.

Mr. Fiksdal, would you please call the roll.

ITEM 2: ROLL CALL

EFSEC Wallula Council Members

Chair	Jim Luce
Community, Trade and Economic Development	Dick Fryhling
Department of Ecology	Charles Carelli
Department of Fish & Wildlife	Jenene Fenton
Department of Natural Resources	Tony Ifie
Utilities and Transportation Commission	Jeffrey Showman
Walla Walla County	Pam Ray
Port of Walla Walla	Paul Gerola

EFSEC Staff and Counsel

Allen Fiksdal	Robert Fallis, AAG, EFSEC
Irina Makarow	Don Meath, ALJ, Wallula

MR. FIKSDAL: All present Mr. Chairman, there is a quorum.

ITEM 3: WALLULA GENERATION, L.L.C., APPLICATION NO. 2001-01

<i>Consideration of Application for Site Certification Agreement, No 2001-01, Order and Recommendation to the Governor</i>	<i>Jim Luce, Chair</i>
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CHAIR LUCE: Thank you. In addition to the Council members, I would like to acknowledge the presence of Robert Fallis, Assistant Attorney General for EFSEC, and Don Meath, Administrative Law Judge for the Wallula Power Project.

I want to briefly describe the events leading to today's Special Council meeting on the application by Wallula Generation, L.L.C., for certification of the Project near the community of Wallula, Washington, for the construction and operation of a 1,300 MW combined cycle natural gas electrical generation facility. This project alone would provide electricity for most of the homes in eastern Washington.

Wallula Generation submitted its application to EFSEC in August 2001. EFSEC held its first public meeting on the project in October 2001. We issued a draft Environmental Impact Statement in February 2002. In July, the Council held an adjudicative hearing and in August, we issued the final Environmental Impact Statement.

Before continuing, "thank you's" are in order. The Council has been aided by the interveners, the Counsels for the Environment and the public. I also want to note that this is the first time in EFSEC history that all the interveners and the Counsel for the Environment have reached agreements prior to the adjudicative hearing. The stipulated agreements provided EFSEC with a significant basis to begin its deliberations for a recommendation to the Governor, and demonstrate that negotiation is generally a far preferable approach to settling these types of cases than full adjudicative trial like hearing.

I want to thank the applicant, all of the parties, the Council members, our administrative law judge, and our attorney, Mr. Robert Fallis, for their work on this project. We also appreciate the Port of Walla Walla's cooperation in making this hearing room available, and the hospitality of the people of Walla Walla County. And a special thank you to EFSEC staff, Allen Fiksdal and especially Irina Makarow, who has once again made the Council "look good" with all of her hard work and burning of the midnight oil.

Finally, a special thanks is in order for the public and their elected officials, including Senator Hewitt. On numerous occasions, they took time away from their families and occupations to come to the public meetings and hearings to present their opinions and testimony.

Before summarizing the document the Council will vote on today, I want to comment briefly on the Council's legislative mandate. Our statutory directive is to provide an abundant power supply at a reasonable cost while protecting the environment and the public interest. These are responsibilities that we take very seriously. Events in the highly turbulent energy markets over the past year have driven home the challenges we face in achieving this balance.

I will now offer some observations regarding the Council's Order and Recommendation to Governor Locke. I will then ask for a motion to adopt the order which, if adopted by the

Council, will be Council Order No. 772, and that is how I will refer to it for the rest of my remarks. After Council discussion, if any, we will take a roll call vote. Any member wishing to offer a dissenting or concurring opinion will be given the opportunity to do so. After the vote, the meeting will adjourn.

If the order is adopted, there will be a ten-day period after it has been officially served for any party to file a petition for reconsideration. The Council must dispose of any such petition within 20 days.

I want to observe that Wallula Generation, L.L.C., has proposed to provide a total of \$14.5 million in mitigation funds to offset impacts to the air, water, and the surrounding area. These funds will go to the Blue Mountain Action Council, Confederated Tribes of the Umatilla Indian Reservation, Bonneville Environmental Foundation, Last Mile Electric Cooperative, Washington State University Cooperative Extension Energy Program, and the Walla Walla Watershed Alliance. Many of these funds will benefit Walla Walla and Southeast Washington.

Council Order No. 772 determines, upon careful consideration of the state's need for energy at a reasonable cost and the need to minimize environmental impacts, that by approval of this project the appropriate balance is struck between the need to provide abundant power at a reasonable cost and the requirement to protect the environment and the public interest.

I will now read to you a synopsis of Council Order No. 772, "Findings of Fact, Conclusions of Law, and Order Recommending Approval of Site Certification On Condition."

"The Energy Facility Site Evaluation Council has reviewed Wallula Generation, L.L.C.'s application for site certification, No 2001-01; conducted public and adjudicative hearings; and by this order recommends approval of the Application to the Governor of the state of Washington. The Applicant has entered into a stipulation and settlement with all parties to the proceeding. The Council approved each settlement agreement. As a result of the settlement agreements, no party to the proceeding presented any contested issues to the Council. In addition, the Applicant made a prima facie showing that its proposal complies with all applicable laws. Furthermore, pursuant to the requirements of the settlements, the Applicant will provide offset and mitigation measures such that the planned project will produce minimal adverse impacts on the environment, ecology of the land and its wildlife, and the ecology of the state waters and their aquatic life. Thus, the proposed project with its revisions and settlement agreement requirements meets the requirements of applicable law and comports with the policy and intent of Chapter 80.50 RCW."

I have one procedural matter that needs to be explained. Last month we realized that the comment period for the Prevention of Significant Deterioration and Notice of Construction (PSD and NOC) air emission permits had not been noticed for the required length of time. We have remedied that situation by issuing a new comment period that will end October 24, 2002. The Council did consider the comments received during the first comment period in preparing the final permits attached to this Order. We do not believe that the new comment period will elicit any new substantive issues.

Order No. 772 recognizes this fact, and I propose that should Order No. 772 be approved today, that the transmittal to the Governor be delayed until the PSD and NOC comment period has ended, and any comments received have been considered. If any new comments received during this comment period ending October 24th, result in any substantive changes to the PSD or NOC, then the Council will reconvene to issue a revised Order and Recommendation that would incorporate the changes.

For all the reasons explained in proposed Council Order Number 772, I will now entertain a motion from a Council member to adopt what is designated as Council Order Number 772 “Findings of Fact, Conclusions of Law, and Order Recommending Approval of Site Certification On Condition,” and the procedure just explained.

Do I have such a motion?

MS. RAY: I move for the adoption of Council Order No. 772, Findings of Fact, Conclusions of Law, and Order Recommending Approval of Site Certification On Condition, and the procedure to make the recommendation to the Governor as explained by the Chair.

CHAIR LUCE: And do I have a second to the motion?

MR. FRYHLING: I second the motion.

CHAIR LUCE: A motion has been made and seconded to adopt Council Order No. 772, Findings of Fact, Conclusions of Law, and Order Recommending Approval of Site Certification, and the procedure for making the recommendation to the Governor.

Is there any discussion?

Hearing no discussion, Mr. Fiksdal please call the roll:

EFSEC Wallula Council Members

Chair	Jim Luce	Aye
Community, Trade and Economic Development	Dick Fryhling	Aye
Department of Ecology	Charles Carelli	Aye
Department of Fish & Wildlife	Jenene Fenton	Aye
Department of Natural Resources	Tony Ifie	Aye
Utilities and Transportation Commission	Jeffrey Showman	Aye
Walla Walla County	Pam Ray	Aye

MR. FIKSDAL: Mr. Chair, under state statute the Port of Walla Walla is a non-voting member. There are 7 yes votes, 0 no votes.

CHAIR LUCE: The vote is unanimous. The motion is adopted and Council Order No. 772 is adopted by the Council.

Parties have 10 days to file any petitions for reconsideration upon service of Council Order No. 772. The comment period for the PSD and NOC ends on October 24th. If there are no petitions for reconsideration and no substantive changes to the PSD or NOC permits, then this order and recommendation will be transmitted to the Governor shortly after October 24, 2002.

ITEM 4: ADJOURN

Thank you all again. The meeting is adjourned.
(The meeting was adjourned at 2:16 p.m.)