

MINUTES

**ENERGY FACILITY SITE EVALUATION COUNCIL
OF WASHINGTON**

January 20, 2004 - Regular Meeting
925 Plum Street S.E., Building 4, Room 308
Olympia, Washington, 1:30 p.m.

ITEM 1: CALL TO ORDER

CHAIR LUCE: Let's call to order the meeting of Tuesday, January 20, 2004 of the Washington State Energy Facility Site Evaluation Council. Clerk, call the roll.

MR. MILLS: Thank you.

ITEM 2: ROLL CALL

EFSEC Council Members

Community, Trade & Economic Development
Department of Ecology
Department of Fish & Wildlife
Department of Natural Resources
Kittitas County
Chair

Richard Fryhling
Hedia Adelsman
Chris Towne
Tony Ifie
(via phone) Patti Johnson
Jim Luce

MR. MILLS: The Chair is present and there is a quorum.

OTHERS IN ATTENDANCE

EFSEC STAFF AND COUNSEL

Allen Fiksdal
Mariah Laamb
Ann Essko – AAG

Mike Mills
Irina Makarow
Shaun Linse - Court Reporter

EFSEC GUESTS

Karen McGaffey – Perkins Coie
John Lane – CFE, Kittitas Valley Wind Project
Tony Usibelli – CTED EP
Bill LaBorde – NW Energy Coalition

David Reich – Ecology
Ikuno Masterson – Adolphson Associates
K.C. Golden – Climate Solutions

NO. 3: APPROVAL OF MINUTES

CHAIR LUCE: All right. The first item on the agenda is approval of the minutes for December 15, 2003. Have the Council members had an opportunity to review the minutes, and if so, are there any corrections or additions?

MR. FRYHLING: I think there should be a correction on Page 23 of 24, under Item 12. Down where we're talking about Mr. Carelli leaving there's a Mr. Hurson. I don't think Mr. Hurson was on the line at that time.

CHAIR LUCE: I think that's correct.

MR. FRYHLING: I just asked Allen, and he thought it might be Mr. Fiksdal instead of Mr. Hurson who spoke at that point.

CHAIR LUCE: I think that's correct. The correction should be made.

MS. TOWNE: No, I think it was Mr. Luce.

CHAIR LUCE: You think it was Mr. Luce?

MS. TOWNE: Given the context of the quote.

MR. FIKSDAL: Could we just put mystery person?

MS. TOWNE: I think I remember it being Mr. Luce.

CHAIR LUCE: All right. Strike Mr. Hurson and insert Mr. Luce. All right. We could have a spontaneous Council declaration. That would be another way to state it. Any other corrections?

All right. Hearing no other corrections is there approval of the minutes? All in favor say aye.

MS. TOWNE: I have a variety of technical nits to pick, and I will pass them on to staff. In substance with the correction just made, it's a go.

CHAIR LUCE: All with the exception of the technical nits and the substantive correction just made are the minutes approved by the Council?

MS. ADELSMAN: I'm going to abstain just because I wasn't on the Council at that time.

CHAIR LUCE: All right. With the abstention of Hedra are the Council minutes for December 15th approved?

MR. IFIE: So moved and approved.

CHAIR LUCE: Moved and approved. That is where we want to be. They are moved and approved with the exception of the correction and the nits.

ITEM NO. 4: ADOPTION OF THE PROPOSED AGENDA

CHAIR LUCE: All right. Moving onto the next issue, Adoption of the Proposed Agenda. The agenda is before you. Are there any corrections, additions, or deletions to the proposed agenda? Hearing none, --

MR. IFIE: The committee that is looking into the funding of the issue of the subcontracting that Dick Fryhling is in charge of, are we going to be hearing from them today on that?

MR. FRYHLING: We can speak to that when we get down to "Other".

MR. IFIE: Can we add that to "Other"?

CHAIR LUCE: Yes.

MR. IFIE: Thank you.

CHAIR LUCE: All right. With that addition, the agenda is approved.

ITEM NO. 5: PROJECT UPDATES

Wild Horse and Kittitas Valley Wind Power Projects

Irina Makarow, EFSEC Staff

CHAIR LUCE: Project updates. The first project update is Kittitas Valley Wind Power Project. I think we'll take that together with the Wild Horse Wind Power Project, both being Kittitas County. Irina, do you have reports on both of those projects?

MS. MAKAROW: Yes. With regards to the Kittitas Valley Wind Power Project, today is the deadline for postmarks on comments to the Draft EIS, and, of course, the Council attended the prehearing conference last week on January 13, as well as the oral comment session. And on the large sheet I have pulled all of the three projects under review together for you. The only thing that is outstanding is that, about 30 days from January 13, the Council did direct the Applicant to make some decision as to whether they would be requesting preemption or not to the Council. After that, all we have is in mid February a possible prehearing conference which we're still trying to schedule.

CHAIR LUCE: Thank you.

MS. MAKAROW: That's all I have to report on the Kittitas Valley Project. For the Wild Horse Wind Power Project, late last week Jones & Stokes did complete a review of the draft application, and early this week they were transmitting their comments to the Windridge Power Partners, and so we will probably be coordinating with Jones & Stokes and the future applicant with their incorporation of the formal application which they would expect to submit approximately one month from the time they received the comments. So if indeed that happens, that means the application would come in mid February, and then within 60 days of receipt of that application we would have to hold a public information EIS scoping meeting in Kittitas County, which would happen by mid April.

CHAIR LUCE: Thank you.

MS. MAKAROW: Those dates are all tentative.

CHAIR LUCE: Council questions? Any questions from the Council, including our Kittitas County member, on the schedule?

MS. JOHNSON: Not at this time.

CHAIR LUCE: All right. Thank you very much. Is that it for Kittitas County?

MS. MAKAROW: Yes, that is all on the two wind projects.

CHAIR LUCE: Well, that's it on the wind projects. Patty, if you want to be excused or you're welcome to stay around for the rest of the agenda.

MS. JOHNSON: That's okay. I will sign off now.

BP Cherry Point Power Project

Irina Makarow, EFSEC Staff

CHAIR LUCE: Thank you. The next item is the BP Cherry Point Power Project review schedule.

MS. MAKAROW: I've included the project review schedule, the post-hearing briefing schedule that has already been established on the large sheet, and there are two things to report. First of all, in the copies of the PSD comments that all the Council members received, you will note there was one significant comment from EPA Region 10. We had a meeting last week with our Ecology contractor, myself, BP, and EPA Region 10 representatives, so that the region could explain what their position was to BP. And BP requested that the PSD comment period be extended, so they can submit some additional information to Region 10 in support of BP's position. So we mutually agreed to extend the PSD comment period until January 30. We did

receive a couple of comments in the meantime, but I don't think we will be receiving anything substantive until then.

The second thing is following the discussion at the last Council meeting about when the Council would like to receive the Administrative Review Final EIS for their review, I did get some information back from one Council member indicating that they would prefer not to have any overlap, and then following that early this morning we did get a letter from the Applicant, which is included in your packets behind your agenda, where the Applicant is also requesting that the Council delay review of the Administrative Final EIS until the Council has received all of the post-hearing briefs. So I have readjusted the schedule for preparation of the Final EIS to reflect that, and it's tentative because it's still up to the Council to decide if that is exactly what they want to do or not, and that is why we have indicated this as an action item for today.

CHAIR LUCE: Thank you.

MS. MAKAROW: If there are questions, I will try to answer them.

CHAIR LUCE: Questions from the Council members? Do we have a Council member on the phone from Whatcom County?

MS. MAKAROW: No, we don't.

MR. FIKSDAL: We do have Karen McGaffey who represents BP Cherry Point Project. Karen, do you want to say anything about your letter?

MS. McGAFFEY: I could briefly summarize the point that we made in our letter that we submitted this morning. From BP's perspective it's more important that the Final EIS be a good product, be a product that's controlled both by the Council and the public than to save a week or two in the schedule. From our perspective we are hopeful that the post-hearing brief will not only be informative to the Council but would help Shapiro in preparing that administrative draft by emphasizing, explaining, summarizing much of the evidence that was introduced during the hearing. For that reason, we think it makes sense that they hold off completing their administrative draft until they've had a chance to see all the material.

CHAIR LUCE: Questions from the Council? Do I hear any discussion? Do I hear a recommendation to support the proposal as offered by the Applicant and as outlined by staff?

MS. ADELSMAN: I make the recommendation to adopt it. I was the Councilmember who made the suggestion to stop it.

CHAIR LUCE: Do other Council members concur with that recommendation?

MR. SWEENEY: I do.

CHAIR LUCE: I'm reading the sense of the Council that there is a general consensus. Chris? Dick?

MR. FRYHLING: Yes.

CHAIR LUCE: Tony? There's unanimous. Do we have a motion and a vote?

MR. FIKSDAL: Before you do that I just want to point out that the original proposal that we had was trying to expedite the process a little bit as much as possible, and that's our intent, the staff's intent to get this review done as quickly and efficiently as possibly. I just want to recognize that it is the Applicant requesting this, and I think it's a good request, and I don't think it's inappropriate. But I just wanted to mark that it is at the Applicant's request that we could take a little bit more time to end this or get to the end of the review, and it might.

CHAIR LUCE: I think the Applicant's letter of January 20 we're considering here today makes that's clear. Is that your understanding, Karen?

MS. McGAFFEY: Yes.

CHAIR LUCE: Do we need a motion? All right. Let's have a motion. Is there a motion?

MS. TOWNE: So moved.

CHAIR LUCE: Is there a second?

MR. FRYHLING: Second.

CHAIR LUCE: All in favor say aye.

COUNCIL MEMBERS: Aye.

CHAIR LUCE: The schedule has been modified in that manner.

MS. MAKAROW: Thank you. The only other thing I will tack onto that is that we are expecting the second round of land use briefs in our office this Friday, and that staff will probably be contacting you to organize some form of deliberative sessions, so that the Council members can deliberate the land use issues and make their decision.

<i>Columbia Generating Station</i>	<i>Mike Mills, EFSEC Staff</i>
---	---------------------------------------

CHAIR LUCE: Thank you. Mike, do you have some information items relating to the Columbia Generating Station and Chehalis Generation Facility?

MR. MILLS: Just briefly. Energy Northwest Columbia Generating Station is currently running at 100 percent power. It's been on line for 201 consecutive days.

<i>Chehalis Generation Facility</i>	<i>Mike Mills, EFSEC Staff</i>
--	---------------------------------------

The Chehalis Generation Facility since we reported two weeks ago has been on line approximately five days over that two-week period. I spoke to Duncan just before this meeting started and said this past Sunday they were able to complete their most successful cold startup to date, and they view that as a very positive operational milestone.

You recall this is a merchant plant, and they respond to the market when they're needed. Many times they won't be operating, so they will be doing many numerous cold startups, so they viewed this as quite a successful operation and feat this past weekend. He also reported they're continuing to go look at noise improvements and are fabricating some of the equipment onsite. And I was down at the plant last Friday and was able to observe some of the things they're trying to do there to implement the recently approved offsite monitoring program. They're continuing to work on the plant systems and equipment and have actually resorted to making some of their own equipment improvements. So I think that concludes my report on those two points. Thank you.

CHAIR LUCE: Thank you.

ITEM NO. 6: EFSEC RULES

<i>Rules Review Discussion</i>	<i>Jim Luce, EFSEC Chair</i>
---------------------------------------	-------------------------------------

CHAIR LUCE: The next item on the agenda is EFSEC rules, rules review discussion. I passed out a memorandum or included in your packet a memorandum of January 20 called Rule Making Next Steps. Let me just walk through it briefly with you. It's behind your agenda.

MS. ADELSMAN: Real hot pink.

CHAIR LUCE: Hot pink. Yes. Right. This is sort of a summary of where we are today. On our website we have current drafts of all the rules including I characterize it as conforming changes that were put together by Chris Towne, Chuck Carelli, and Pete Dewell. Do you recall that? That was the let's get all the rules, lay them out, and make sure they look like they were

written by one person instead of a committee. And so they still bear some resemblance to a committee effort but not to the extent that they used to.

MR. FIKSDAL: Can I interrupt?

CHAIR LUCE: Yes, please.

MR. FIKSDAL: We put that on the website even though there's a lot of different arrangement of the rules than we had previously where we listed the standards each alone. Many of the standards have incorporated into a chapter, Chapter 42 of our rules, so as much as I could, I put it into the area and added it to existing rules or wherever they needed to be. So it's going to look different when you look at it than it was, so I would suggest you look at them and see if we got it right. Especially, Chris, you might want to look at them again to make sure that I put them in the right place, and if we're missing anything, please tell me because they all got shifted around and adjusted, and there's a good probability we may not have gotten it exactly right.

MS. ADELSMAN: So if you reviewed the original package are you recommending that we go back? Because I finally had a chance to go through all the rules except for one particular one I had comments and a lot of them have to do with like fish and wildlife and the wetlands and their relationship and there may be some overlaps and so on. Is it still worth going through the conforming?

MR. FIKSDAL: Yes, please do.

MS. ADELSMAN: And transfer the comments --

MR. FIKSDAL: Get your comments to us you think if need be or back to the Council to discuss it again. I think that's the hope.

MS. ADELSMAN: Because I'm doing a couple of things. There is a couple of them that I'm talking with the programs, and the other ones are just comments that I have. So I will print this and then compare. Okay.

CHAIR LUCE: Next, individual Council members remember we asked for your comments by December 25. I'm trusting that you all have reviewed the rules affecting your agencies, and you have signed off on the substance of the drafts or you're in the process of reviewing them. Chris is looking at the Fish and Wildlife rule and comparing that to the WDFW rule for wind projects. Hedia, you're looking at several questions including some related to water quantity and quality and others that you just alluded to now.

MS. ADELSMAN: Yes. Now if the rule say on the habitat one that Chris had reviewed, and I'm looking at the wetland, and I noticed several things that, you know, interrelate, is it better for me to sit down with Chris?

CHAIR LUCE: Yes.

MS. ADELSMAN: And then to see how those two rules interrelate.

CHAIR LUCE: Yes.

MS. ADELSMAN: Okay.

CHAIR LUCE: CO2 subcommittee.

MR. IFIE: A quick question before you continue. We assigned the deadline for the routine comments was this past Friday, and so comments have come in that might provide guidance. Also I have been working on some of the rules with regard to modifications. So I'm wondering I didn't see that on our schedule here.

CHAIR LUCE: Comments that have come in have come in, but there weren't any beyond the ones that you sent, that Tim sent, and that I sent.

MR. IFIE: I'm talking about rules generally. I believe the Department of Natural Resources submitted comments officially. That was sent on Friday.

MR. FIKSDAL: Right. I issued a determination of non-significance through SEPA. There were two comments on that DNS that I received, one from the Department of Health and one from the Department of Natural Resources. They were due at five o'clock on Friday. I got them. I haven't read them. So I will read them and see what they have to say.

MR. IFIE: Okay. That's not necessarily --

MR. FIKSDAL: That's not the same.

MS. ADELSMAN: Mr. Chair, can we go back to January 25? Is there any possibility that we can get a little bit more time? Just because, like I said, I want to make sure that my comments and Chris that we have a chance to talk and so on. So the 25th is on --

CHAIR LUCE: December 25th?

MS. ADELSMAN: Oh, December 25th? Well, I was home enjoying my dinner.

MS. TOWNE: Actually the 25th was a Sunday.

CHAIR LUCE: Right. But we put it on December 25th to sort of motivate people to get it done by then.

MS. ADELSMAN: I'm sorry. I didn't even notice it.

CHAIR LUCE: Certainly. Take your time but not too much time.

MS. ADELSMAN: No, no. I want to get it done.

CHAIR LUCE: All right. So the CO2 subcommittee needs to review certain proposed changes by former Councilmember Carelli. Now, I've included in your packets I guess I'd call it the orange sheet.

MR. FIKSDAL: Goldenrod.

CHAIR LUCE: Goldenrod sheet. Is that the state flower?

MR. FIKSDAL: No, it's state paper.

CHAIR LUCE: It's all over the place. If that isn't the state anything, state weed ought to be appropriate. Anyway, these two drafts I think are the same, although they may be labeled somewhat differently. They were by Council member Carelli. They are his proposed changes. We passed them out to a group of people we met with on December 18, the industrial customers of Northwest utilities and shared them with them. And we're sharing them more broadly. They actually have been shared more broadly since then. But the CO2 subcommittee is going to take a look at them and then come back, and that's why they're being shared with all of you now is to take a look at them. I don't think any of them will jump off the page and say to you, my gosh this is a whole new radical approach. I think a lot of Chuck's changes were refinements, clarifications. There were a couple of things we left blank such as the mitigation cost per metric ton, and I think that's the main one. So the CO2 subcommittee is going to be meeting in the near future to go over these, and we will be coming back to you. If after you have had a chance to review these, feel free to call either myself or Allen or somebody else, and I will get down to that here in just a minute.

David Reich is here modeling the proposed mitigation cost scenarios provided to him by us at our last meeting. He'll be here today obviously to give us some more information. As to future rule making activities, February 2, Council members should once again review the draft rules. Hedia, that should give you a little more time. Pay particular attention to those pertaining to their agencies. You and Chris will hook up, and you will by then have reviewed this Draft CO2 rule, and the CO2 subcommittee will make recommendations at that time regarding the Carelli changes to the CO2 rule. Final edits to fish and wildlife rules, water quantity, quality rules should be completed if appropriate. Nobody says you have to change it, if appropriate. Hopefully Chris and Hedia will be able to discuss whatever changes they think might be

appropriate, and hopefully you can mail those changes to Council members or email them ahead of time, so we can look at them.

Now, here's what's happening. By February 2nd, we will have a signed contract with former Council member Chuck Carelli. Chuck's coming back, and he will be working with staff and Council to complete the work on the rules. Chuck is going to be deeply involved in the final editing of the rules, and he will be taking the lead in writing the concise explanatory statement and the response to comments supporting our final rule package.

MS. ESSKO: Will he also be doing the lead on pulling the rule making file together?

CHAIR LUCE: Yes, a significant role there. He will not be doing the legal work, Ann.

MS. ESSKO: I was not expecting him to.

CHAIR LUCE: No, no, I know. I'm looking at you, Ann, because I read the concise explanatory statement. There's a nice chunk in there about the legal work. So assuming Chuck's contract is in place by then, I'm going to ask Chuck and Chris and Allen to oversee the final review of the draft rules with legal assistance from Ann prior to publication of the CR 102.

MR. FRYHLING: Can you legally contract with Chuck once he retired, and isn't there a waiting period of so many days?

MS. ADELSMAN: Thirty days, no.

CHAIR LUCE: We've worked on that.

MR. FIKSDAL: He's checked on it with his agency. There's a couple different ways. This was the best way to do it.

MR. FRYHLING: I thought there was a time frame.

MR. FIKSDAL: He's not working for his agency.

MS. ADELSMAN: He's contract.

MR. FIKSDAL: And it would be a contract, not a state employee.

CHAIR LUCE: Right.

MS. ADELSMAN: You could do it the next minute after you retire if you go with an outside contract.

CHAIR LUCE: The benefit of having Chuck there will be he's worked on the CO2 rules extensively, --

MR. FRYHLING: I don't have any problem with it. I thought there was a rule.

CHAIR LUCE: -- knows all the rules. I don't need to tell you why it's beneficial to have Chuck here for the closure.

MR. FRYHLING: I was just wondering.

CHAIR LUCE: So we were going to have a going away party for him, but now --

MR. FIKSDAL: So now it's a going away project.

MR. FRYHLING: I bought a good bottle of wine. I should drink it now.

CHAIR LUCE: Actually one of the other reasons to bring Chuck back is that I can avoid having to buy a bottle of good going away wine for him for a while longer. Okay. The last thing, and Allen will talk about this in a minute, the House Energy Committee held a workshop on Friday, January 16th to discuss a Draft CO2 bill. Actually it wasn't a bill because it doesn't have a bill number yet, and I'll just let Allen talk about that. So that's what I have to report on the rule making next steps. Now, are there any questions?

MS. ADELSMAN: On the final edits to the fish and wildlife and the water quantity and quality when are you expecting them? Is there a time limit?

CHAIR LUCE: Yes. I'm hoping to have them done by February 2nd. But, Dave, your work, your draft is going to be out in mid February, right?

MR. REICH: Yeah.

CHAIR LUCE: So we probably have a little flex there.

MR. REICH: Yeah, there's some.

CHAIR LUCE: No, no, I'm concerned with the final rules.

MR. FIKSDAL: For these people.

CHAIR LUCE: For these people we have some time between February 2 and February 15. Our next meeting is February 2. We're meeting twice a month now, so our next meeting after February 2nd is when?

MS. ADELSMAN: It's going to be the 17th.

CHAIR LUCE: The 17th. So we probably could flip that to the 17th.

MS. ADELSMAN: And I am going to be gone from the 16th, so I will have them done before.

CHAIR LUCE: Okay.

MR. FIKSDAL: I don't think the final edits unless they substantively change the rule that shouldn't affect what Dave is doing.

MS. ADELSMAN: No, no.

MR. FIKSDAL: It's just for consistency and kind of placement to make sure everything reads correctly.

CHAIR LUCE: Any questions about next steps? All right. Allen, you want to cover the --

MR. FIKSDAL: Dave, did you have anything to report or do you want to say anything?

MR. REICH: Sure. I've got some of the stuff we talked about at the last meeting. Do you want to see that now or do you want to do it later?

MR. FIKSDAL: Let's do it now.

MR. REICH: Allen, did you happen to print this out? It's your thing.

MR. FIKSDAL: I think everybody's seen it.

MR. REICH: Okay. I just upgraded to the new 540-megawatt plant, so I don't have the fancy color printer though, so it's all in black and white unfortunately. So what you should be getting is two handouts. One that has basically, it's another kind of Powerpoint handout sheet, of the stuff that you asked me to prepare last time, and then there's a separate sheet that has the same kind of mitigation chart that you've seen before, I think. It's just been updated to reflect the comment, the similar plant. We were using different plants last time and that sort of thing to look at. So as far as the handouts go, I went through and basically looked at impacts on power producers.

So last time I looked pretty much exclusively at rates, and you requested that I take another look at impacts to actual power plants, how that would affect the actual wholesale costs of producing power. So I went through and basically on Sheet 1 you'll see on the second slide has kind of the assumptions behind what I was looking at. So it's a 540-megawatt plant developed by an independent power producer, 60 percent debt financed, and then the different mitigation percentages and the rates that we talked about last time. So 98 cents is basically the Oregon standard, and then we also looked at \$1.60 and \$2.30 per your request and considered both an up-front payment and a five-year payment plan. That was a request from last time too. Okay? So I went through and basically, if you go to Page 2, you can look at the chart titled Electricity Generation Costs. Basically going across the top there's Oregon, California, and then four Washington numbers. Why Oregon and California? I modeled this after a study that was done by CTED a couple years back where they basically were looking at what's the relative desirability of locating a power plant in Oregon, California, or Washington, so I basically kind of reinvented their numbers putting in the different carbon dioxide mitigation amounts.

So what you see in the first row is the capital costs, which is just the cost for constructing the plant. I just put that in there for information. You can see that it tends to increase as you go to the right, so Oregon is the cheapest place from the capital cost standpoint, but moving across to the right you see it gets more expensive in Washington. More expensive, of course, is to cover as the mitigation amount goes up.

CHAIR LUCE: Capital costs is the function. Why is the capital cost different between Oregon and Washington?

MR. REICH: Mostly the function of sales tax.

CHAIR LUCE: Okay. That's what I would have guessed.

MR. REICH: Yeah. Mostly the sales tax, and then, of course, it's to cover the mitigation amounts as you move to the right of the table.

MS. TOWNE: Question for you on Footnote 3. Why is the 98 cents a ton minimum price the same as the \$1.60 a ton?

MR. REICH: Well, for one thing it works out because \$1.60 a ton is at a 60 percent capacity factor.

MS. TOWNE: Oh, you're assuming 98 at 100.

MR. REICH: At 100, yeah. So what you find is the absolute numbers are relatively similar, the absolute carbon mitigation number dollar amount is about the same. In fact, those numbers, the 43.9 you see there, they probably are different by some amount, but I'm just not comfortable giving you too many decimal points because a lot of assumption goes into these numbers. So the second row is basically the minimum price. When I say minimum price, that's the minimum price where it would be profitable for a new plant to start producing electricity. So that's the price they would need today in order to start generating electricity.

What you see, of course, is again you need a higher price in Washington, Oregon, or California, so it goes up as you move to the right by -- well, basically if you looked at the fourth column over, Washington with no CO₂, so you could think of that as today's situation. Okay? So I would need a price of 43.7 dollars per megawatt hour to undertake construction of a new plant today.

CHAIR LUCE: What is the average market price today?

MR. REICH: It obviously varies when it's peak or off peak and all that kind of stuff. It's been sort of running around 40, and the forecast of the future are upper 30s to kind of lower 40s depending on whose analysis you look at.

CHAIR LUCE: So this is not auguring well for building lots of new generation.

MR. REICH: That's correct, yeah. And, in fact, the analysis that's being done right now by the Power Council is showing that there isn't a lot of new generation forecast to be constructed in the area in the near future, and I hope to have those numbers for the report. I don't have them yet.

MS. ADELSMAN: Now, Dave, one of the assumptions that we talked about last time is in the mix that this type of plant would be like ten percent of the mix. Is that built in your assumption also?

MR. REICH: This would just be if I was looking to build a power plant what minimum price would I need to build that plant in Oregon, California, and Washington. So we're not looking at that. Later in this same handout I gave you the rate breakdown based on these costs, and that's when we do talk about that. Okay.

So anyway, then the last column you see the minimum price. Three basically is what's the net price I need now if I can pay my carbon mitigation over five years versus up front, and what you see is the cost can be a little bit lower, the price can be a little bit lower. So you get a break from

about 10 cents to 30 cents depending on that mitigation amount. Okay? Does that make sense? So then the second chart there on that same page I basically was looking at investment returns for plants given different wholesale power prices. So the first column the price there is the wholesale power price, so I was just saying what if the price was 45, 50, 60, or 70, on up? Okay? I'm looking at what the investment returns are. And what you see at a price of \$45, the second row down, the price of \$45, you can see that the investment returns are highest in Oregon and descend as you move to the right. Okay? But as you move down the table and to the right, you notice, for example, the price is \$80 a megawatt hour. The returns in Washington are higher than they are in Oregon or California. Okay?

MR. FIKSDAL: How come?

MS. ADELSMAN: Yeah.

MR. REICH: Well, that's basically a tax tradeoff. So in Washington you have sales tax. You also have a use tax for natural gas which are not sensitive to the power price. You pay the same amount whether prices are higher or prices are low. In Oregon you have an income tax, so if prices are low, you don't pay as much tax.

CHAIR LUCE: So at \$45 a megawatt of power, 55 is what your return on your investment?

MR. REICH: Yes, fifty-five million dollar return on investment.

CHAIR LUCE: Okay. Fifty-five million. All right.

MR. REICH: So if you're familiar with net present value, that's the net present value of your investment.

CHAIR LUCE: It would help if I read that.

MR. REICH: So the only reason I put that table in is just to give you a sense of how tax factors into this analysis. So when, you know, from a public sector perspective, a government agency, or, you know, those are the kind of things that we have control over, so that is why I put that in there.

Moving onto Page 3, I'm just kind of talking a little bit about the implications. What happens to wholesale costs? Will they rise between .7 and 1.4 percent depending on which mitigation amount you choose? Okay. What are the impacts of that? Well, you can imagine since prices have to be higher before I build a plant, then maybe I wait longer to build a plant until prices reach that point or maybe I locate somewhere else because the relative desirability of Oregon or California is higher than Washington. Okay? And that's what I said in the last bullet point. But in the second chart I just want to spell a couple things out. There's some strong assumptions in this analysis. One is it assumes that we have equal sites, equal access to transmission lines, equal access to water. There's a lot of those types of assumptions, and if you talk to developers and the studies that I've read, the things that drive the decisions are availability of property, availability of natural gas transmission access. So really the analysis that I've done kind of looks at the taxes just sort of what developers tend to regard as secondary criteria in their decision making. Okay? So I just want to spell that out, so that you think about that as you look at these numbers Okay? So they're based on some strong assumptions there. It basically assumes that you have the exact same sites in Oregon, Washington, or California.

MR. FIKSDAL: And the same types of other mitigation and total packages.

MR. REICH: Yeah, everything. All public acceptance, all that stuff is the same in each place, and whether or not those are good assumptions it's something for you to evaluate as you're thinking about those numbers. And the transmission congestion is not important, but we know that it is important. Okay? So that's something to think about also.

As far as this question about whether or not we will delay or possibly relocate new plants to other locations, the way to analyze that is through a computer simulation. There just isn't really any good way to do that, so we are attempting to do that using the Aurora Model through the Power Planning Council, but I don't have any results yet, so they're working on those runs now. I don't know that it will show up partly because as I said the power prices are so low we don't expect a lot of new generation. So, you know, if we don't expect much to begin with, with CO2 mitigation criteria or not, we may not be able to analyze that effect very rigorously.

MR. FIKSDAL: So the CO2 mitigation won't show up as an indicator. Is that what you're basically saying?

MR. REICH: Yeah. It's just there's so few or because of the number of the amount of new generation that might come on line is so small to begin with that changing those amounts by just a small amount may not change the actual quantity of new power in this area very much, not enough that shows up in the model, in the model results. I don't know that yet. I'm just sort of hypothesizing at this point.

MR. FIKSDAL: Right.

MR. REICH: So they're working on running those runs now, so we should have some results. I should have some results by the draft. I better have some results for the draft.

CHAIR LUCE: The new generation wouldn't come on because current prices were relatively low, 38, 39 a kilowatt hour or megawatt hour?

MR. REICH: Yeah, dollars per megawatt hour.

CHAIR LUCE: Dollars per megawatt hour. And to bring something on line today you said is in the 40s.

MR. REICH: Yeah. I think those numbers of the 43s that I gave you, you know, there's a lot of assumptions by those numbers, so it could be 45 or it could be 41. But, yeah, basically prices are relatively low. There's a lot of excess capacity out there right now, and the Power Planning Council which is arguably probably the most accurate source of information about as far as forecasting new generation sources is not forecasting a lot to come on line here in Washington or the Northwest certainly in the next five to ten years. And a lot of it that is coming on line is wind. But I should have better numbers for you for the report.

CHAIR LUCE: I mean anecdotally there's just been a couple of applications for very large thermal plants in Oregon. So when you talk to Jeff next time you might ask him about that.

MR. REICH: Yeah.

CHAIR LUCE: I'm just curious as to why.

MR. REICH: Why they've come on line?

CHAIR LUCE: Not the why but there have been a couple of very large plants that made application to Oregon EFSEC.

MR. REICH: Okay. I'll ask that point when I talk to him. So going on, basically on Pages 4 and 5 and 6 are more rate calcs just like the ones you saw last time. So page 4 is basically the same kind of stuff you saw last time, and I'll let all of you look at it I guess. As far as the rate impacts go, they're similar to what we had last time depending on your assumption. On Pages 5 and 6 of those results, on each page there's a top chart that has assuming you're getting 100 percent of your electricity supply from that source that was required to mitigate. As we discussed last time that's probably not a very reasonable assumption for most people. It probably would be significantly less than that, so in the bottom chart I put, just assuming it was ten percent. Okay? So you can look at the impacts, and you can see in the ten percent case with a lump sum payment on Page 5, the residential impacts range from 35 cents and 58 cents per year. The industrial

impacts from \$29 to \$48. Okay? So that's sort of the opposite assumption than what was shown in those previous charts about the electricity generation costs. This really assumes you pass through all the mitigation fees and rates. So you really have two extremes in this handout. You have you can't pass any through. You have you can pass it all through. Okay? And we talked last time I think a little bit about how we might anticipate consumer-owned utilities or investor-owned utilities might be able to pass these. It might be very reasonable to assume they are going to be able to pass these costs along in rates, but with IPPs we may not assume that because they're just selling on the market. Okay? That's really all I have.

CHAIR LUCE: Thank you.

MR. SWEENEY: Question. It looks like obviously having a five-year payment plan versus a payment up front does make a difference. In this chart here where we're comparing Oregon and the various dollars amounts --

MR. REICH: Okay.

MR. SWEENEY: -- does that assume an up-front payment for everything?

MR. REICH: That I believe is up-front payment on that chart that you have there.

MR. SWEENEY: So when we look at a comparison like this, and we have a five-year payment plan we are really looking at a clear cost comparison.

MR. REICH: Right. Let me look at that one. Yes, these are all up-front. This is assuming up-front payment, so it's not showing if you have a five-year payment.

MR. SWEENEY: Is it possible to make this chart reflect that?

MR. REICH: Sure.

MR. FIKSDAL: Go ahead, Dave.

MR. SWEENEY: I'm sure he knows how to do it. There's a formula in there somewhere to find it.

MR. REICH: You can kind of just ball park these -- take 85 percent of these lines. I mean 85 percent of whatever numbers the vertical axis is planted on, 85 percent of that, that's the number it will be with a five-year plan. That's just a ball park.

MR. SWEENEY: That will help. Thank you.

CHAIR LUCE: Anything else? Dave, thank you very much.

MR. REICH: You bet.

MR. GOLDEN: Allen.

MR. FIKSDAL: Yes.

MR. GOLDEN: I'm sorry. I just wanted to go back to this opportunity because on the analysis I was just wondering what the next -- on the analysis here, the two analyses if I could just -- I don't know if there was any direction from the Council back to the analysis or what the next step is.

CHAIR LUCE: Back to Dave?

MR. GOLDEN: Yeah.

CHAIR LUCE. I think we've given him all our direction and we've got work in progress. Models are being run in coordination with Jeff King from the Power Planning Council. We are going to wait until the models get completed and see how the information looks. Was it February 14?

MR. REICH: Mid February.

CHAIR LUCE: Mid February Draft SBEIS and Cost Benefit Analysis.

MR. GOLDEN: Thanks.

ITEM 7: OTHER

<i>Legislation</i>	<i>Allen Fiksdal, EFSEC Manager</i>
--------------------	-------------------------------------

CHAIR LUCE: You want to cover legislation?

MR. FIKSDAL: Yes. Moving onto legislation, there are two bills in the legislature directly affecting EFSEC, and those two bills are in your packet, House Bill 2338 and House Bill 2340.

And there was a hearing on these bills last week where there was testimony. House Bill 2338 is a bill that would allow utilities or dam owners to elect to have EFSEC coordinate the state and local governments suggested mitigation to FERC in their alternative licensing process.

Evidently FERC has two licensing processes. The standard it's my understanding that hydro, a dam owner would submit an application to FERC, then all the interested parties would get together and try to negotiate something, and, finally, FERC would figure out through a long, involved process what the licensing requirements would be based on all the input from all the different parties and come out with a decision. And in that case it could take or has taken up to 15 years in some cases to get through FERC re-licensing for hydro dams.

Under the alternative process it's my understanding that FERC would allow or would suggest that all the interested parties essentially pre-negotiate prior to submitting an application and with the application would be essentially stipulations between the dam owner and all the interested parties onto the conditions. That would be passed onto FERC with the applications for re-licensing, and then FERC is supposed to get to a decision within, I think it's 60 to 90 days or some short time. What this bill would do, would allow the dam owner to have EFSEC go through its adjudicative process to come to a decision which would embody the state and local governments' recommendations for mitigation and whatever for the hydro re-licensing, and that would obligate all the parties to that recommendation. Again, it would be an opt-in process.

There was some testimony on this. Department of Fish and Wildlife testified with concerns. Fish and Wildlife had concerns because I guess what's called the Federal Power Act required the State Fish and Wildlife agency to develop the state's recommendation. So that may be a problem. Also Fish and Wildlife had some other issues regarding it. There were some organizations called the Hydro Power Reform Coalition, who was a group of environmental concerns. They had concerns about this bill. The Northwest Environmental Council had concerns. PacifiCorp testified for this bill, so did Puget Sound Energy. Avista had some concerns. Energy Northwest testified. They had some concerns primarily because of their issues with EFSEC's costs, and they think the cost for doing this would be pretty high. Washington State PUDs and Chelan PUD has some concerns about adding the administrative burden to the re-licensing process. Any questions on that bill, House Bill 2338? We didn't testify or say anything. I don't know on any of these bills if the Council wants to take a position on them or not.

House Bill 2340 is a bill that would allow entities, whether they be utility or independent power producer or somebody, that wanted to build a transmission line that was in excess of 115 kV to opt into the EFSEC siting process. Essentially it just allows that opt in, and the Council would go through its normal review for energy facilities. There were fewer people that testified in this. The Association of Washington Business testified in favor of the bill. The Association of Washington Cities testified against -- or not against, but they had concerns. Essentially they don't want to see cities, their jurisdictions be surfaced. PacifiCorp testified in favor and so did Puget Sound Energy, and, again, there's no testimony on behalf of the Council because as far as I know the Council has no position. There is one other --

MR. SWEENEY: Before you move on, have we been asked for a fiscal note?

MR. FIKSDAL: I haven't been asked yet. I assume I will be.

MR. SWEENEY: Okay. Are we generating one or have an idea what it might be in anticipation?

MS. ADELSMAN: For both bills.

MR. FIKSDAL: For both bills? Well, 2340 I think would be very similar to an application for a combustion turbine or something similar. The other one I don't know. It's going to depend on a lot of assumptions. Does the entity file an application? If it goes through our review process do we have a consultant that looks at it for consistency with our rules and regulations? Do we have to go through SEPA? Do we hold an adjudicative proceeding? I would assume that it would be similar to siting an energy facility in some way.

MR. SWEENEY: Any idea how many projects like this would come to the table, what kind of assumptions would we use?

MR. FIKSDAL: Your guess is as good as anybody's.

MS. ADELSMAN: On 2338 the interesting parties apply to use the alternative process, but FERC actually is adopting a new process called the integrated process which actually goes into effect July 5. And based on discussion I've had within Ecology because we have the 401 by the time actually this would go into effect, we adopt rules and start getting applications, more likely most of the projects in the alternative process will be completed. So it may in reality end up applying to nothing because most of the FERC hydro applications are moving to this new integrated process that FERC adopted, and Ecology has a major concern of getting the 401 which the bill is silent about, and the 401 is a mandatory condition on hydro power re-license.

CHAIR LUCE: I think the answer is nobody knows enough about the bill to be able to offer an intelligent opinion one way or the other. Some of the environmental groups I think have some concerns based on EFSEC's standard of review, abundant power at reasonable cost. Protecting the environment and public interest I'm not sure how that would apply to FERC's obligation under the FERC standards, so I mean there's a lot of unknowns.

MS. ADELSMAN: Do we know why the bill is being proposed?

CHAIR LUCE: Does the legislature ever offer reasons for a bill being proposed?

MS. ADELSMAN: I'm sure they have a reason underlying.

MR. FIKSDAL: Chairman Morris hinted and he said actually in public he is in a way looking for some work for EFSEC because of our boom and bust cycles. He thinks that it would be nice to diversify EFSEC's portfolio, so we don't have those boom and bust cycles.

CHAIR LUCE: Beyond that he also said that EFSEC coordinates for all of the rest of the power plants. Hydro is a power plant. Why shouldn't EFSEC coordinate? And I'm not sure adjudication is the right thing. In fact, I'm thinking an adjudicative proceeding is the wrong way to go. That's my gut reaction. Why shouldn't EFSEC coordinate among the different state agencies and make the recommendation to the Governor?

MR. FIKSDAL: In fact, we already have that ability in our law. The law basically says that EFSEC will coordinate.

CHAIR LUCE: Coordinate among facilities.

MR. SWEENEY: Do we do that?

MR. FIKSDAL: No, not directly.

CHAIR LUCE: It's two lines.

MR. SWEENEY: And it's not funded.

MR. FIKSDAL: Correct.

MR. SWEENEY: Something like that who would you tap to underwrite for a fee-based operation?

MR. FIKSDAL: It's going to be a real chore writing a fiscal note if we have to do that, make some big broad assumptions. I think I would do it just for one project. You know, if we've got one project this is how much it costs and maybe guess on how many projects. The interesting thing about the bill it is only for state and local agencies. It's not for private entities. So environmental groups wouldn't have to go through this. Any private person or private entity wouldn't have to go through EFSEC. It would only be the state and local governments that would have to be coordinated.

MS. TOWNE: Allen, if we have the comments marked up on the draft bills to whom should we present them?

MS. ADELSMAN: To your agency.

MR. FIKSDAL: It depends on how you want me to work or Jim to work. I think if the Council wants to take a position on the bill, that's the Council's business to decide how they want to do that if they have a position on it. I can pass on comments to the staff.

CHAIR LUCE: My suggestion --

MR. FIKSDAL: I'm not lobbying at all.

MR. SWEENEY: Well, isn't there some perfecting that we would want to do if there's some mistakes and errors without making a remark regarding pro or con?

MR. FIKSDAL: If that's the case, yeah, I would be more than happy to pass those onto the staff.

CHAIR LUCE: My suggestion would be to coordinate this through Dave Danner at the Governor's office.

MS. ADELSMAN: I agree with that. I think there is some --

CHAIR LUCE: Then we don't go directly to staff and here's EFSEC and we got these great ideas. I think the logical way to do this is going through the Governor's office. The Governor's office is coordinating legislation pertaining to EFSEC.

MS. ADELSMAN: Each agency has a --

CHAIR LUCE: And also I don't know if this bill is going to go anywhere.

MS. TOWNE: Did it get scheduled for action, referred out to committee, anything?

CHAIR LUCE: It's only had a hearing. We don't know anything more than that.

MR. FIKSDAL: Not that we're aware of.

CHAIR LUCE: Tony.

MR. USIBELLI: Just today they do have the transmission bill scheduled for executive session tomorrow.

MS. TOWNE: Okay. There you go.

CHAIR LUCE: I think on the transmission bill, maybe there's been some work on that. With respect to this hydro thing, I think we'll wait and see what happens.

MS. ADELSMAN: Well, each agency has somebody that represents them up the hill that meets with the Governor's staff, like Dave, to talk about some of these bills, so I think that would be the right forum.

CHAIR LUCE: To get that language to Dave would be very helpful in anticipation this bill might go somewhere.

MR. FIKSDAL: There's a couple ways to do it. I guess is through your agency because you represent your agency and that's part of your role or it would have to pass along to Dave.

CHAIR LUCE: Both would be fine.

MS. ESSKO: Just so folks know, I did take a look at 2338. Without expressing an opinion about the merits of it, there are very serious drafting problems that in my opinion would render the bill somewhat unimplementable. So it's really I think worth your attention even if it is on the draft side of this thing to make sure from a technical standpoint this is going to be implementable by the Council.

MR. SWEENEY: Have you shared your comments?

MS. ESSKO: Yes. Both through my office and then I talked to Allen and talked to Pam Matson on the house staff.

MR. FIKSDAL: So the Council is not taking any position.

CHAIR LUCE: No.

MR. FIKSDAL: I wanted to make sure that's clear. The other -- it's not a bill yet. Last Friday there was a workshop in the house energy technology, Telecommunications, Technology and Energy Committee regarding the CO2. There was a draft of a potential or possible bill that would have EFSEC implement a CO2 mitigation standard. I think it was 100 percent capacity at 87 cents a metric ton, similar to our initial original draft that we put out. Chair Luce and Dave Danner testified to the committee, then there were other people that testified regarding the bill, and I don't know if the bill is going to go anywhere. Anybody that wants to work on it can get together and see if there is something that somebody can work out. And that's as much as I know. Tony, do you know?

MR. USIBELLI: No, no more new information.

CHAIR LUCE: I think again this is one of those situations where we just wait and watch.

MR. IFIE: That bill number?

CHAIR LUCE: There is no bill number.

MR. FIKSDAL: It didn't have a bill number. It was a draft, and I don't have it now.

MS. ADELSMAN: I have a copy here.

CHAIR LUCE: The Governor's office made it very clear that we have a role in the process, and there are certain provisions in the rule that are critical, and that those provisions would have to be in any sort of legislation for the Governor to consider favorably any legislation like that. And beyond that I don't know what's going to happen. It's the legislative process, so we wait and we see.

MR. FIKSDAL: There are other bills that are in there that could affect us somehow. Again, this session there are a couple bills regarding writing the rules, significant rule making, the Governor signing the rules, same as last session. I'm just following those, but that's about as much is happening. I'm sure your agencies are too. That's all I have.

CHAIR LUCE: Any comments from the people in attendance here today, members of the public regarding any of those matters?

MR. GOLDEN: Any legislative matter?

CHAIR LUCE: Right. I assumed that you weren't here for the Kittitas Valley Wind Project. Maybe you were for all I know.

MR. GOLDEN: No, thank you.

CHAIR LUCE: I just wanted to offer that up there.

<i>Council Operations</i>	<i>Allen Fiksdal, EFSEC Manager</i>
----------------------------------	--

MR. FIKSDAL: The next item on the agenda in the back of your packets there's a memo from me to Council members on member salary reimbursement, titled Member Salary Reimbursement Guidelines.

This memo basically reiterates the discussion that Council had at its Executive Committee meeting on October 20 of last year, how we will reimburse salaries for the time you spend working on EFSEC issues. And examples of this type of work are attendance of the two regular scheduled monthly meetings we have, hearings associated with application reviews or compliance issues, subcommittees or other meetings relevant to EFSEC in preparation for meetings and/or hearings. Approximately a day preparation for each meeting or hearing day. So that is the guidelines I think that you expressed in October, and we just wanted to make sure that we have it in some sort of documented form. Again, your agencies should bill EFSEC at the end of each quarter for your costs, and please try to get your agencies to bill us at the end of each quarter. Some agencies are notoriously slow in their billing procedure. And, again, --

MR. SWEENEY: What are the quarter dates?

MR. FIKSDAL: End of the quarters?

MR. SWEENEY: Yes. What are they?

MR. MILLS: September 30, December 31, March 31, June 30.

MR. FIKSDAL: Again, your cost gets ultimately charged back to an application, and I think you were here when we talked to the applicants on how we bill the applicants, and so those costs can be delayed. And it's better to get those in as soon as quickly, so we don't have costs running back.

MS. ADELSMAN: Allen, where does the rule, the work on the rules fall in here?

MR. FIKSDAL: I think the work on the rules goes to the bottom, the little chart, and we talked about this. If there are times when you can't charge to a specific project, then either in your bill note how much that time is, and then we spread the charges according to the percentages at the bottom of this sheet of paper. Either you do that or we do that, but we have to know how much time. If you just tell us, you know, of your 60 hours or 30 hours or however much or a thousand dollars or two thousand dollars was charged it can't be charged to a specific project in a way that kind of helps us know how much time is more administrative because we have no way of tracking that time. Or if you can split it out yourself according to this percentage values, that's great. This is the new percentage values that we implemented the first of January. There's a slight change. The only real change from the last quarter from the last year was we took out the Cowlitz Generation Facility, the Weyerhaeuser facility. That SCA will expire I believe it's February 4 or 9, this coming February, so we took that out. Plus it was only one percent anyway.

MR. SWEENEY: Won't WNP-1 ever drop off too?

MR. MILLS: We'll be working on WNP-1 over the next two years while they do the specific restoration project activities.

CHAIR LUCE: Speaking of WNP-1, actually Dick's going to have the floor. I will raise the question after he is done.

MR. FIKSDAL: Is there any questions regarding this? It's just so we all kind of know what you're supposed to do.

MS. LAAMB: Allen, I have a question.

MR. FIKSDAL: Sure.

MS. LAAMB: Most of the agencies have been submitting monthly reimbursement requests, and so I'm wondering if you want them to change that process?

MR. FIKSDAL: No. If it's monthly, that's great.

MS. LAAMB: And most all of them are doing it at the end of the month, so I usually get them within 15 to 30 days after the end of the month and often the breakdown is when you have general amounts. The agencies that are requesting reimbursements have been putting down like

20 hours of general charges and then they also put in the percentage breakdowns for each charge code based on these percentages. So it really does tell us not only what your administrative or meeting time charges are, it also breaks them down because that has to be done as well, and it helps us because you have salaries and benefits. And some agencies have an overhead or an administrative charge and some do not. So that's really helpful for you guys to do that for us because it's a lot more difficult if we have to do that every month in calling your agencies to verify how you do that. So I appreciate that.

MR. FIKSDAL: The long and short of it is get your bills in.

MS. LAAMB: That same process that you have been doing for us.

MS. ADELSMAN: Just a real quick question. If I look at my own time, and I say I spent a lot of time on the Cherry Point and the Kittitas Valley and the rules, not as much on the other ones except when I come to this meeting, but yet I have to use these percentages?

MS. LAAMB: No, only for those generic hours like when you're preparing for this meeting. You have eight hours say and then the breakdown.

MS. ADELSMAN: And that's what I'm doing.

MR. FIKSDAL: That's right. If it is specific, if your time is specific to a project, please charge it to that project. Like when we were at the hearings at BP, all of those hours would be charged to BP. The hearing over in Ellensburg all of that would be charged to Kittitas Valley.

MS. ADELSMAN: Okay. And the rules are just other and then we'll use this format.

MR. FIKSDAL: Where you see administrative, yes.

MS. ADELSMAN: That's fine. It's a scary time sheet however.

MR. FIKSDAL: Yes, it is. We have difficulty with our time sheets to no end because of this too.

MS. LAAMB: Call me if you want some clarification.

MS. ADELSMAN: I will.

<i>WNP-1/4 Offsite Mitigation</i>	<i>Dick Fryhling, CTED</i>
--	-----------------------------------

MR. FRYHLING: McWhorter Mitigation Committee has met a couple of times, and we were looking at putting together a request for proposal. Right now we're going to hold off on that for another month or so. Chris Towne is going to set up a meeting with the director of Fish and Wildlife. We're going to actually go back and look and see how much life, if there is any interest in acquiring the McWhorter Ranch property. We'll go back and look at that before we move on requesting proposals. What else did we decide, Mike or Chris?

MR. MILLS: We're going to prepare a series of talking points or bullets that could be used at the meeting with the Fish and Wildlife Director. We will be working on that tomorrow morning.

MR. FRYHLING: I think the committee still felt that the McWhorter Ranch would be number one priority if we can in fact reenact it, so if we want to have that clarified before we do anymore additional work in putting together a proposal. Anything else?

MS. TOWNE: That covers it.

MR. FRYHLING: Jim is not here, so I guess we can close the meeting.

MR. FIKSDAL: We'll take a slight recess. (Two-minute recess.)

CHAIR LUCE: Have we had the report from the committee?

MR. FRYHLING: I just gave the report.

CHAIR LUCE: I have just one question from the committee chair. The question was when does the 30 days pass, on receiving a check for the \$3.5 million from Energy Northwest (Bonneville).

MR. MILLS: We sent a billing to Energy Northwest last week, and I spoke to them on Friday, and they're working on processing the request right now.

CHAIR LUCE: Good. And it will come to EFSEC, in EFSEC's name through their general fund not to DFW.

MR. MILLS: It will come to EFSEC. We have a place for it.

CHAIR LUCE: The last thing I think you've all got is siting electric transmission lines report in your packet. It was very informative at least for me. It's a general outline of what the different states do in terms of siting transmission lines. You might just sort of look through it.

MR. SWEENEY: Was that presented at the hearings?

MS. ADELSMAN: Yeah.

CHAIR LUCE: No.

MR. FIKSDAL: It's just a report by the National Conference of State Legislatures. The person had called me several times and talked about it. They just finally got done with the report and sent it out.

CHAIR LUCE: It's very informative. Who's on?

MR. SWEENEY: That was her tape.

CHAIR LUCE: Between the court reporter and Mariah and Mike it's hard to keep track of who's doing what.

MR. FIKSDAL: Mike beeps?

ITEM 8: ADJOURN

CHAIR LUCE: Okay. Adjourned.

(Whereupon, the meeting was adjourned at 2:42 p.m.)