

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

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

ITEM NO. 1: CALL TO ORDER

CHAIR LUCE: The meeting for November 1, 2004 for the Washington State Energy Facility Site Evaluation Council will come to order. Clerk will call the roll.

ITEM NO. 2: ROLL CALL

EFSEC Council Members

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

Richard Fryhling
Hedia Adelman
Chris Towne
Tony Ifie
Tim Sweeney
(via phone) Patti Johnson
Jim Luce

MR. MILLS: There is a quorum.

OTHERS IN ATTENDANCE

EFSEC STAFF AND COUNSEL

Allen Fiksdal
Mike Mills
Ann Essko, AAG

Irina Makarow
Mariah Laamb
Shaun Linse, Court Reporter

EFSEC GUESTS

Darrel Peoples – Attorney for Kittitas & Wild
Horse Projects
Chris Taylor – Zilkha
Scott Williams – Puget Sound Energy
Alan Harger – DOT

Troy Gagliano – Renewable Northwest
Project (by telephone)
Lauri Vigue – Dept of Fish & Wildlife
Duncan McCaig – Chehalis Power
Cindy Custer, Bonneville

ITEM NO. 3: ADOPTION OF THE PROPOSED AGENDA

CHAIR LUCE: The adoption of the proposed agenda. Have Councilmembers had an opportunity to review the proposed agenda? Are there any proposed changes or additions? Hearing none, the agenda is approved as proposed.

ITEM NO. 4: MINUTES

CHAIR LUCE: Have Councilmembers had an opportunity to review the minutes for June 30, September 20, September 24, and are there any recommendations, changes except for editorial changes which I assume have been previously provided?

MS. TOWNE: That is correct, Mr. Chair. I have presented those to Mariah previously. You haven't gotten them?

MS. LAAMB: No.

MS. TOWNE: I sent them yesterday.

CHAIR LUCE: They will be received in the near future. Councilmembers, do you have any substantive changes? Do I have a motion to approve the minutes?

MR. IFIE: I so move.

CHAIR LUCE: Second?

MR. FRYHLING: Second.

CHAIR LUCE: Discussion?

MR. FRYHLING: Call for the question.

CHAIR LUCE: Question has been called for. All in favor of approving the minutes for September 20, June 30, and September 24 say aye.

COUNCILMEMBERS: Aye.

ITEM NO. 5: PROJECT UPDATES

<i>Wild Horse Wind Power Project and Kittitas Valley Wind Power Project</i>	<i>Irina Makarow, EFESC</i>
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CHAIR LUCE: Project updates. Wild Horse Wind Power Project, Irina.

MS. MAKAROW: The only updates I have for both the Wild Horse Wind Power Project and the Kittitas Valley Wind Power Project is that we'll be working with our consultants, Shapiro and Jones & Stokes, to have their contracts extended. Both of the contracts are supposed to be ending this year. Given that both of these projects are going out beyond that, we'll be sending them contract amendments, so they can continue working for us.

CHAIR LUCE: Just a quick question. In the course of extending those contracts will they be extended on a cost plus basis or what is the financial arrangements that are being used for extending those contracts? Maybe I should address that to Allen.

MR. FIKSDAL: The contracts will continue. Essentially what we're extending is the dates of the contracts. They had specific ending dates, and those endings dates were assuming we were going to be done with the projects at a certain time. Now those projects are continuing forward, so we have to extend the end dates.

<i>BP Cherry Point Project</i>	<i>Irina Makarow, EFSEC</i>
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CHAIR LUCE: Okay. Thank you. BP Cherry Point.

MS. MAKAROW: The only update is that staff delivered the Council's recommendation to the Governor's office last Wednesday.

MR. FIKSDAL: And the Governor has 60 days according to RCW 80.50 to review that and render his decision.

<i>Sumas Energy 2</i>	<i>Irina Makarow, EFSEC</i>
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CHAIR LUCE: Great. Sumas.

MS. MAKAROW: We held a public comment hearing regarding the PSD permit extension last week. There was a fair turnout, about 65 people of which 29 spoke, and the comment period is open until 5:00 p.m. tonight. As soon as we get all the comments and the transcript in, I'll be forwarding you a copy of all the comments received, and our permit writer at Ecology is going to start working on the response. When he gets the whole package, he'll tell me how long it will take him to produce the response. Once we have that response, we'll be able to take it to the Council for action.

<i>Chehalis Generation Facility</i>	<i>Duncan McCaig, Chehalis Generation</i>
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CHAIR LUCE: Great. Chehalis Generation.

MR. MILLS: Duncan McCaig, Plant Manager, is here and he is prepared to make a report on the status of the Chehalis Generation Facility.

CHAIR LUCE: Duncan, welcome. Come forward and make your report.

MR. McCAIG: Okay. Thank you very much. My name is Duncan McCaig. I'm the plant manager for the Chehalis Power Plant. I provided you all with a little handout, and I'll just walk through that. This comprises the quarterly report for our plant.

On safety we had no recordable safety incidents for the second and third quarters of this year.

We invited representatives of Labor and Industries to conduct a safety audit in September, and our rating was quite good. We are following up on a few items from that audit. Also during the summer our personnel took part in several days of cleanup to get rid of some of the construction dust and debris. So that further enhanced our safety.

On the environment we have no incidents to report. The plant continues to monitor wastewater, and we recently transmitted the third quarter 2004 report. The site is in excellent shape in terms of storm water. The storm water originating from the site remains clear, and that was a concern during construction. But with the large amount of gravel it does appear that we no longer have the kind of turbidity problem that we experienced during construction. We submitted our Title V application in May, and we've responded with some comments to the draft.

As far as site personnel, we reduced our staffing by one person, so our full-time staffing is now 19. We still have contractor employees on site, that's TIC and Parsons, with the number varying with the amount of warranty work that's available. We have one subcontractor who has been working with us on our noise issues, and during the course of the year we have continued with our training and qualification program.

In the operations area we're pleased to say that the plant reliability has been very high. We're at 99 percent, meaning we've had relatively few forced outages. We think that's especially important considering that commercial operation was only reached about one year ago. Also our plant availability is high. Our plant dispatch, the number of hours that we have been in operation, has been less than expected due to high gas prices and other factors. But the plant has been reliable despite the January freeze and our high summer temperatures, and also the fact that

we have been cycling, quite a bit, meaning stopping and starting the plant in response to the prices. We've had considerable success in achieving reliable start-up. That was a focus from the first date of commercial operation; however, we're still having some difficulties reliably starting our steam turbine, and we are working on that.

MS. TOWNE: Mr. McCaig, before you go on, when you say turbine S/U steam, can you please tell us what that stands for.

MR. McCAIG: I'm sorry. That's jargon. That means start-up.

MS. TOWNE: Thanks.

MR. McCAIG: So when we start the steam turbine up at times because of differing steam pressures we experience a trip, and that slows our start-up. We're looking for ways as a merchant plant to improve our flexibility, including looking at ways to speed our start-up; also to have greater turn down, meaning to be able to reduce the load below our current minimums which are approximately 60 percent of the plant capacity; and we're also looking for ways to increase the capacity of the plant somewhat. Again, these are just areas that we're looking at. We're continuing to emphasize the development of our maintenance program and the qualification of our operators, meaning the training and certifying of our operators to operate the plant reliably and safely.

We completed our first short outage period in May. It was a very successful outage in which we conducted some warranty work, some contractual inspection of the turbines, and other maintenance items, and that was done safely and on time. Construction warranty, we've completed about 100 warranty items over the course of the last year. We've done very little additional construction or modification work. Our focus has been on warranty and reliability. In the area of noise, as the Council knows, this is an area that we've been working on since last year, and we have been completing a number of activities, probably too long to list at this point. But we did complete the additions to our HRSG, (heat recovery steam generator), silencers, and that has made a marked impact on the noise during start-up.

We are continuing the routine noise testing program that was granted by the Council in December of last year, and we generally conclude that the noise during normal operation affects only one neighbor, and even that is only at times in the summertime when that neighbor has their windows open. We're working with the neighbor on the issue and have proposed a number of things and are looking at ways to reduce the noise in the plant. That neighbor and also another neighbor on the other side of the plant have also expressed concern about the start-up noise, and we're communicating with the neighbors constantly and also working as you'll see on reducing the noise. We've conducted several comprehensive noise tests since May, and we recognize that noise during start-up is an issue in certain locations based on the results of those tests and complaints from a few neighbors.

We've also noted that when we start our combustion turbine, we are generating low frequency noise in the HRSG or the boiler, and our vendors have recognized that this is abnormal, and they're working with us to find out why that noise is occurring and to stop it. Since March we've installed additional sound walls. We have added acoustic insulation on some piping, and we have ordered some valve internals, all of these to reduce noise impact. We've talked to several vendors and have obtained alternative engineering solutions. The next step is to model each of those alternatives and to select the ones that most effectively and efficiently reduce the noise. On the weather, there was a freeze in January, and that pointed out some weaknesses in heat tracing, insulation, and our cold weather procedures. Those have been resolved so we think we're in a better position this year to go through the cold weather. That's all I have.

CHAIR LUCE: Thank you. Councilmember questions?

MS. ADELSMAN: What is the Title V application?

MR. McCAIG: Title V is an operating permit for air emissions.

MS. ADELSMAN: Right, thank you.

CHAIR LUCE: Thank you, Duncan.

MR. McCAIG: Thank you.

<i>Columbia Generating Station</i>

<i>Mike Mills, EFSEC</i>

CHAIR LUCE: Mike, Columbia Generating Station.

MR. MILLS: Columbia Generating Station is operating at 100 percent and it has been on line for 71 days. I don't have anything else to add other than during our site visit we did have a chance to meet with Energy Northwest management and discuss a number of initiatives that they're pursuing as a company and also with the Columbia Generating Station.

VISITOR'S CENTER

MR. MILLS: I have one other item. I think in your packets there's a letter from Energy Northwest dated October 7, entitled Site Certification Agreement Condition VI.A.1 Project Visitation. Earlier this year Mot Hedges, our state liaison from Energy Northwest, briefed the Council that they would like to have the visitor's center requirement removed as a certification requirement. Columbia Generating Station and all nuclear plants are facing increased security requirements from the Nuclear Regulatory Commission, and access to the visitor's center which is adjacent to the Columbia site is now much more limited. They are proposing that the Council allow them some relief from the requirement, specifically that the visitor's center requirement be removed from the site certification agreement. Their letter responds to some of the questions that the Council asked when Mot was here in terms of trying to provide more detail, more information on what kind of outreach and public information services they do provide. We also discussed this with them during the meeting with Vic Parrish and his management team last week. Again, for today's purposes this is an informational item, but the Council I believe indicated to Mr. Parrish and Vice President Jack Baker that we're still looking for perhaps a few more details and specifics about the outreach activities that they do plan to conduct, particularly if the Council were to allow them relief on the visitor's center. Page 2 lists the items that they feel fulfill the requirement now without the visitor's center. Limited tours are available.

Information is on their website. They have speakers and presenters that are available to selected audiences. They're working with the local museum group to try to have space in the museum in Richland, and those are the items that are covered in this letter.

If there are other points or things that the Council would like to see, I would like to hear that, so that we can share them with Energy Northwest. I would expect that based upon your comments it may be necessary to have them submit some additional information.

MS. TOWNE: Mr. Mills, on Item 3, on Page 2, under the Other Methods to Communicate with the Public, "Energy Northwest makes speakers and presenters available to selected audiences."

The suspicious mind that I have, how do you get to be a selected audience, and how do people who are not selected get to hear about what's going on? I am concerned that this is not a substitute for the visitor's center/tours formerly available, where anybody could show up, and if you weren't packing heat, I suppose you got to go on the tour. Now I certainly understand why they have limited the participation in tours, but I think they need to seek a functional equivalent for that kind of open access that affords an opportunity for an exchange of views, opinions, questions, and information that may or may not be available under the new requirements. So I would like to address that issue with them gently, if possible.

MR. MILLS: All right.

CHAIR LUCE: I think Councilmember Towne, myself, and judging from the vertical movement of his head that Councilmember Ifie and others share the same feelings. So, Councilmember Towne, why don't you take a shot at doing a draft response to the letter and circulate that to Councilmembers and Mike, and then let's see how it goes.

MS. TOWNE: All right.

CHAIR LUCE: I think we talked about educational outreach maybe even through the school system, but why don't you take a shot at drafting something, and then circulate it to Councilmembers, and we can all have fun by pitching in.

MS. TOWNE: Okay. Me and my big mouth.

CHAIR LUCE: Use your usual diplomatic skills.

MR. MILLS: Chris, I would be happy to share my notes from the meeting last week with you.

CHAIR LUCE: Great.

MR. MILLS: Fine. We'll work with Chris and the Council on a response to this letter. It looks like we will be asking for some additional information.

CHAIR LUCE: All right.

AIR EMISSIONS – STANDBY DIESEL GENERATOR

MR. MILLS: There is one additional item on Energy Northwest. There is one other handout, and Energy Northwest letter dated October 5, Notice of Construction for Standby Diesel Generator. Staff presently has this request under consideration. It would be a modification to the air emission permit that Columbia Generating Station currently has, and I am working with Irina, and we will advise them of whether or not this can be treated in an informal way or in a formal way, but we haven't made that decision yet.

MS. TOWNE: Mike, could you please explain why they have to use backup to recharge their batteries for one week a year? I thought usually use of diesel generators for backup is in case of power failure, normal power source failure. But why would you use your backup generator to charge your batteries?

MR. MILLS: Because it's a nuclear plant they have a number of requirements that they have redundant power available.

MS. TOWNE: I understand the availability. This is estimated use of 40 hours a year. Does that mean they're going to have a week of general power supply outage every year? I mean it does not track.

MR. MILLS: No. This is more just a testing requirement. We will get that information to make sure.

MS. MAKAROW: Maybe I can answer that. Typically when they do have generators on site they do have to run them for 15 to 20 minutes every month to make sure that they're operating correctly. So when you tally it all up.

MS. TOWNE: That totals less than 40 hours a year.

MS. MAKAROW: Forty hours a year is kind of the basic amount.

MS. TOWNE: So that's four hours, not 40. It's an order of magnitude.

MR. FIKSDAL: We'll get the information for you.

MS. TOWNE: I mean diesel generators are not a wonderful thing.

MR. FIKSDAL: There could be all sorts of things. It could be they have to run them and keep them in running condition as long as they're running and they back up the batteries.

MS. TOWNE: On its face this doesn't surprise me. If they can tell us more.

MR. FIKSDAL: We'll learn more.

SITE RESTORATION

MR MILLS: The WNP-1 item is listed as an action item. There is no action planned for today. It will simply be a report. As I indicated we did hold a site visit last Tuesday, October 26th. All Council members except one, several members of staff, and a couple of state agency representatives toured the 1 and 4 site. We had a good opportunity to look at the improvements and the site restoration work that Energy Northwest is conducting at the 1 and 4 projects. I think speaking from staff's perspective, we're generally pleased with the work that we saw and feel that they are making progress on the plan. As they indicated, we anticipate that they will submit a formal request to the Council in probably the next four to six weeks time frame requesting that the Council recognize some changes to the original plan. They covered that during their briefing and also during the tour in trying to point those areas out to us. They indicated they would like the Council to consider that in the end of the year time frame because if those changes are acceptable, Energy Northwest plans to approach Bonneville Power about getting approval for some increased funding to complete some of the work during this next year that had originally been planned for perhaps 20 years down the road. So they will bring a package to the Council for consideration, and I think we're all pretty well up to speed thanks to what I thought was an excellent tour last week.

CHAIR LUCE: They're also going to bring to us what the cost savings will be to Energy Northwest and Bonneville by re-engineering what they propose to do.

MR. MILLS: Yes. You requested that I believe while we were on site and also again during our sit-down meeting with management.

CHAIR LUCE: Right.

MR. MILLS: Yes.

CHAIR LUCE: Again, that's on a piece-by-piece basis, not on an overall basis.

MR. MILLS: That's all I have on the WNP-1 report.

CHAIR LUCE: Okay.

1/4 MITIGATION – BADGER MOUNTAIN

CHAIR LUCE: Great. Then you had the one handout on Badger Mountain.

MR. MILLS: Oh, the press release. This was a reprint from a Tri-City Herald article the following day from the Council tour. The Council had a chance to meet with local officials at that site - at the base of Badger Mountain. We had a good presentation from the City of Richland Parks Department Manager explaining their interest and a recent land acquisition they made that would complement the Badger Mountain acquisition that the Council has been discussing. Representatives from Benton County, Friends of Badger Mountain and the Trust for Public Land also presented information on the proposed purchase. The article I think fairly summarizes the parties' interest, and the Council, through the Chair and our subcommittee, is continuing to work with the local groups in pursuing the acquisition of the Badger Mountain site. I don't think I have anything else to add. The members were there. They heard the presentation.

CHAIR LUCE: Thanks, Mike.

ITEM NO. 6: EFSEC RULES

<i>Rules Update</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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CHAIR LUCE: Allen, do you have an update on EFSEC rules?

MR. FIKSDAL: The only thing that I know is I believe it will be November 11th when the rules become effective. I think that's a holiday, so we will all take the day off for that. The Code Reviser won't have it available in a booklet or something to the public until the end of the month, so we will be waiting until the end of the month to get all the rules back from the Code Reviser and then will be published in another little booklet of our rules.

ITEM NO. 7: OTHER

CHAIR LUCE: Okay. Anybody have anything under other?

MR. FIKSDAL: Yes, I have two things under other.

CHAIR LUCE: All right.

<i>EFSEC Meetings</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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MR. FIKSDAL: The first is the EFSEC meetings. I propose that the Council cancel the next scheduled meeting of November, I believe it's the 15th and also the second December meeting. I believe it's the 20th. I don't think that staff has any urgent matters to bring before the Council, other than just giving updates on the projects, so I don't believe they are necessary. I would like you to take some action on that today to cancel those meetings. In addition, our new rules that will become effective on the 11th of November state that the Council shall place in the State Register its schedule for the next year's meetings. So we have to determine what the schedule will be for the year 2005. I think we are seeing that the Council's business is not as heavy as it was in the past. If you recall, we used to have one Council meeting a month, and we had two executive committee meetings. The Council changed and dropped the executive committee meetings and moved to two Council meetings a month. I propose that for 2005 the Council only meet once a year.

CHAIR LUCE: Yeah, baby.

MR. FIKSDAL: I mean once a month, and it would be up to the members to decide when they wanted to meet. Traditionally the Council has met on a Monday. We used to meet on the second Monday when we had one meeting a month. So at your December 6 meeting I think that you need to decide when you would like to meet and how long, so we can get that schedule into the register by I believe it's something like the 12th or the 15th of the month.

MS. ADELSMAN: So the next meeting is December 6.

MR. FIKSDAL: That's correct. That's my proposal.

MS. ADELSMAN: I mean if we adopt it.

MR. FIKSDAL: Yes. Then at your December 6 meeting decide how many times you want or what the reoccurrence of the Council meetings will be.

CHAIR LUCE: Okay. Anybody have a motion to cancel November 15 and December 20?

MS. TOWNE: So move.

MR. IFIE: I second.

CHAIR LUCE: Discussion? Question? All in favor say aye.

COUNCILMEMBERS: Aye.

CHAIR LUCE: Okay. We've got that out of the way.

MR. FIKSDAL: Then you will be thinking about the next year.

CHAIR LUCE: We will be thinking. On December 6, we will decide whether we're going to meet the second Monday. Is that what it is? Whatever?

MR. FIKSDAL: Whatever. I propose or suggest that you continue a Monday meeting. That has been tradition for about 20 years. The first or second or third Monday is fine. I would propose I guess the second. That's just a nice accommodation.

CHAIR LUCE: I don't think it makes any difference. Do you want to decide right now?

MS. TOWNE: Well, you ought to take a look at the calendar to see how many holidays are on that Monday.

MR. FIKSDAL: I think sometimes you get a couple and you miss a couple.

MS. TOWNE: It might be worth just thumbing through.

MR. FIKSDAL: We'll look at it and bring you the count.

<i>Notice of Availability of Rules</i>	<i>Chris Towne, WDFW</i>
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MS. TOWNE: There is one more "Other" that relates to what you were talking about, namely the rules. From an earlier brief discussion we had at a meeting in September, I think that we may want to promulgate the rules to the world by sending out notices of availability; but we need to find out if the Governor cares to do something about it. We put in three years of hard work and people ought to know about it and the gist of the mission we undertook and our self-described success in achieving it.

CHAIR LUCE: I've run the flag up the pole. That's all I'm going to say at this point.

MS. TOWNE: Yes. Well, I think we can operate unilaterally.

CHAIR LUCE: We can, and we should. We should send out a press release, and I've talked to Allen about sending out notices, particularly to all of those --

MS. TOWNE: Stakeholders.

CHAIR LUCE: Particularly to all of those who were really actively involved in the stakeholder process and then notices to everybody who was on the list that the rules are now effective and where they can be found on the EFSEC website. I think we can do that by e-mail.

MS. TOWNE: It's another great opportunity to thank people who came to the hearings, who wrote the letters.

CHAIR LUCE: Yes.

MS. ADELSMAN: Allen, do we get the implementation plan? Is it done?

MR. FIKSDAL: Yes, we will get that to you. Yes, I believe that's a good thing to do, but I wanted to wait until we had something in a package to send which won't be until the end of the month.

CHAIR LUCE: So, on your earlier question about the Governor's office, work in progress.

MS. TOWNE: Thank you.

MR. FIKSDAL: I have one other "Other".

CHAIR LUCE: Three other "Others".

<i>Recognition of Irina Makarow</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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MR. FIKSDAL: Well, I think as you all know that the Council submitted its recommendation to the Governor on the BP Cherry Point Cogeneration Facility, and the Council wants to thank Irina Makarow for her hard work and all the work that she did on that case. She was instrumental in making things happen, happen on time, getting the Council's order and recommendation together and sending them to the Governor. So on behalf of the Council we want to present Irina with a letter and a small present. (Applause.)

MR. FIKSDAL: The letter says very nice things about Irina, and it's signed by the Councilmembers, Ann Essko, and me, and we will send copies to Governor Locke and to Juli Wilkerson. You need to look in the envelope.

MS. MAKAROW: Thank you so much.

MR. FIKSDAL: You deserve it. Thank you again for all your hard work. We really appreciate it.

MR. IFIE: Thank you, Irina.

MS. MAKAROW: I don't really know what to say except it's my job. It has been and still continues to be an honor to be working with all of you. Thank you.

CHAIR LUCE: Thank you. The honor is ours.

MR. FIKSDAL: That's all I have, Mr. Chair.

ITEM NO. 8: ADJOURN

CHAIR LUCE: Anything other Other? Adjourned.

(Whereupon, the Council meeting was concluded at 2:04 p.m.)