



STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

January 11, 2005 Minutes

1. CALL TO ORDER

CHAIR LUCE called the January 11, 2005 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:35 p.m.

2. ROLL CALL

Council members present were:

Richard Fryhling	Department of Community, Trade and Economic Development
Hedia Adelsman	Department of Ecology
Chris Towne	Department of Fish and Wildlife
Tony Ifie	Department of Natural Resources
Tim Sweeney (excused absence)	Utilities and Transportation Commission
Patti Johnson (via phone)	Kittitas County Representative
Jim Luce	Chair

A quorum was present to conduct business.

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Mariah Laamb – Council Secretary, Ann Essko – Council Attorney, & Adam Torem – ALJ (Kittitas & Wild Horse).

Guests in attendance were:

Mot Hedges – Energy Northwest, John Lane – Counsel for the Environment, Cindy Custer – Bonneville Power Administration, Darrel Peoples – Attorney (Kittitas & Wild Horse projects), Maillian Uphaus – Military Department, Mark Anderson – Community, Trade and Economic Development, James Wood – Department of Agriculture, Leo Wainhouse – Department of Health, Gary Robertson – Department of Health

Guests attending via phone:

Jim Hurson – Attorney (Kittitas County), Troy Gagliano – Renewable Northwest Projects, Chris Taylor – Zilhka, Dave Bricklin – Attorney, Senator Jerome Delvin

3. ADOPTION OF PROPOSED AGENDA

CHAIR LUCE asked for any changes to the agenda; with none offered, the proposed agenda was adopted.

4. MINUTES

Two sets of minutes dated December 6, 2004 and December 29, 2004 were considered for approval by the Council.

Motion: To accept the minutes from the December 6, 2004 and December 29, 2004 meetings as prepared. Dick Fryhling made the motion and Hedia Adelsman seconded the motion. The minutes were approved unanimously.

Allen Fiksdal, EFSEC Manager, explained starting in 2005, staff is using an abbreviated version of past minutes to save time and money. He explained the Council felt it important to have more transcript-like minutes while they were working on rulemaking, so that has been the style, with a court reporter transcribing minutes, with some edits from staff. Since the Council has completed its rulemaking efforts, staff will record minutes in an abbreviated version, with all action items, next actions to take and important questions and comments included in the written minutes. At this time, no tape recordings will be made of the meetings.

5. PROJECT UPDATES

SUMAS ENERGY 2

<i>NOC/PSD Air Permit – Request for Extension</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Allen Fiksdal reported that review of Sumas Energy 2's (SE2) request for an extension of the Sumas Energy 2 Generation Facility Notice of Construction/Prevention of Significant Deterioration (NOC/PSD) permit has been completed. Members were referred to the Responsiveness Summary that addresses all comments received. The Council applauded Irina Makarow for a very readable responsiveness document.

Staff recommends that the Council approve the request for extension of the NOC/PSD permit, and that the Chair execute Amendment 1 to permit No. EFSEC/2002-01. Consideration of the comments received has not modified the previous conclusion that the request for extension meets the requirements set out in state and federal law, regulation and guidance.

Motion: Approve the request for the extension of NOC/PSD air permit for the Sumas Energy 2 project. Chris Towne made the motion and Tony Ifie seconded the motion. The motion was approved unanimously.

WILD HORSE WIND POWER PROJECT

<i>Update on Resolution of Land Use Inconsistency</i>	<i>Darrel Peeples, Atty. For WRPP</i>
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Darrel Peeples reported productive communications continue between the applicant and the county, working toward resolution of the land use inconsistency on the Wild Horse project. Kittitas County has a joint hearing scheduled for January 25, 2005 – Board of Adjustment and the Board of County Commissioners. The county will not be able to take action on this date, but will target either their February 8th or 15th meeting. EFSEC would like to have a decision by the Council's March 8th meeting at the latest. Darrel Peeples will provide an update to the Council at its February 8th meeting. In the next 7 to 10 days, all the parties will get information on electronic filing before the Motion to Strike deadline arrives.

Allen Fiksdal indicated that the Council would like to schedule a pre-hearing conference date and choose a location by the next Council meeting. A decision will have to be made soon as there are costs if a date is set and cancelled on short notice.

Judge Torem stated that parties could expect the ruling on the Objection by Lathrop to Council, Order 805, from EFSEC within the next week.

BP CHERRY POINT

<i>SCA Approved</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Allen Fiksdal reported that the Site Certificate Agreement (SCA) for the BP Cherry Point Project was approved and the final documents signed on January 5, 2005. Final copies will be sent to the printer and will be available later this month.

COLUMBIA GENERATING STATION

<i>Operations</i>	<i>Mot Hedges, Energy Northwest</i>
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Mot Hedges stated the Columbia Generating Station has been on line and operating for the past 142 days and is currently operating at 100 % capacity. Some reorganization of top management positions has occurred at Energy Northwest and they expect to be downsizing their organization in 2005 by about 15%. Energy Northwest requests that the Council continue its efforts to keep costs down.

<i>Emergency Preparedness – Funding</i>	<i>Mike Mills, EFSEC</i>
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Mike Mills provided an overview of the Columbia Generating Station Offsite Emergency Preparedness (EP) Program. Staff is recommending that the Council reaffirm the adequacy of the state's level of preparedness for the offsite program and provide funding to the Washington State agencies and local jurisdictions that support the Columbia Emergency Plan.

Proposed Resolution No. 311 would reaffirm the Council's previous fundings (1997 and 2001) that the Columbia Offsite EP Program is adequately organized and managed to meet program requirements and to protect the public health and safety. Attached to the resolution is a proposed FY 2006 bud get that would establish a baseline for funding through the next four years (through FY 2009).

Ten (10) state and local agencies receive direct funding support through EFSEC approved contracts to manage their Columbia-related EP activities. Each of the ten agency's proposed budget and scope of work has been evaluated and staff will recommend that the Council approve contract budgets at the amounts requested. The contracts total \$1,326,726 for FY 2006, about a 10% increase over the current budgets, and that level will sustain a responsible program through the next four-year planning cycle. Consistent with the findings of the 1997 study and previous resolutions No's. 287 and 287, Amendment 1, mandated salary and cost-of-living increases will continue to be recognized as add-ons to the base level of funding. In addition, program participants will try to cover "special needs" using uncommitted funds where possible to meet those needs. The contracts will continue to be reviewed annually to reflect current work and budgets.

Mot Hedges, Energy Northwest, reiterated that they were asking the Council to consider limiting increases in these contracts as Columbia's costs escalated by about 13 million dollars since September 11, 2001 to address security needs. They are also reducing staff by up to 170 persons over the next 12 months to offset costs, which accounts for about 15 percent of their current staffing. While recognizing that offsite staffing levels have remained constant and the need for an effective and mature support program, Energy Northwest strongly encourages the Council to closely review the agency requests for budget increases. It was noted that a large portion of the proposed increase is associated with the Department of Health (DOH) moving to a

new building in July 1, 2005, and possible salary increase for their Health Physicists, if salary survey recommendations are approved by the Legislature.

Gary Robertson, Director of the Office of Radiation Protection, DOH, answered questions concerning the increases in their budget relating to the office move, explaining that the move was necessary because the current office buildings are being torn down, and that moving costs were going to be paid from agency indirects. The proposed increases for Health Physicists would try to bring government salaries to within 25% of private sector salaries for the same positions. The proposed budget also reflects an increase in tort insurance premiums. The department continues to try to balance costs with program responsibilities. Background on the state's decision to evacuate local residents and not issue KI (potassium iodide) in the event of a radiological release was provided.

Staff reiterated its position that, based upon a review of current activities and program requirements, the Columbia Offsite EP Program is being adequately managed and that costs are prudent and reasonable. Staff recommended that the Council approve the following:

- Contracts with ten (10) state and local agencies totaling \$1,326,726 for FY 2006; and
- Council Resolution No. 311, reaffirming that the state's Columbia Offsite EP Program is "organized and managed adequately to meet program requirements and to protect public health and safety."

Motion: To approve the ten contracts with state and local agencies that support the Columbia Offsite EP Program in the amounts presented, not to exceed \$1,326,726; and to approve Resolution No. 311 reaffirming that the program is adequately managed. Tony Ifie made the motion and Chris Towne seconded the motion. The motion was approved unanimously.

WNP-1/4

<i>Site Restoration</i>	<i>Mot Hedges, Energy Northwest</i>
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Mot Hedges reported the site restoration work is proceeding on schedule at the 1 & 4 sites.

<i>Offsite Mitigation</i>	<i>Mike Mills, EFSEC</i>
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Chair Jim Luce reported that staff had drafted a contract between EFSEC and Benton County that will allow for the transfer of EFSEC funds to the county to be used for the purchase of the Badger Mountain property. The agreement is currently being reviewed by EFSEC's counsel; it will be sent to the county and staff will work with them to finalize the document and bring it back to the Council for approval. Funding for the acquisition will come from three sources, in addition to the Council; Friends of Badger Mountain providing \$75,000, City of Richland providing \$100,000, and Benton County providing \$25,000 and operation & maintenance for the site. EFSEC will provide the remaining funds, in the amount of \$485,000. Meetings are being set up for Councilmember Fryhling to meet with Benton County Commissioners to discuss the potential for other offsite mitigation opportunities in the county.

Representative Larry Haler, 8th District, Benton County, indicated he supports the action to purchase the land and will help as he can. Senator Delvin called into the meeting to request an update and offer his support of the project as well. Jim Luce recognized that Councilmembers, staff, Energy Northwest, Bonneville Power Administration, and Department of Energy, are all cooperating with the local community, to make this acquisition possible.

CHEHALIS GENERATION FACILITY

<i>Operations</i>	<i>Mike Mills, EFSEC</i>
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Mike Mills reported that Chehalis Generation Facility has been online approximately 60 percent of the time during the past month, due to economic conditions, and they are continuing to work on noise improvements at the plant. Duncan McCaig, plant manager, invites the Council to tour the facility and see the upgrades that have been put in place since their last visit. Staff will arrange a date for a site visit for mid-late February.

6. EFSEC RULES

<i>Rules Updates</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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The 3 year process of updating many of EFSEC's rules has been completed, with the changes filed with the Code Revisor's Office, and a new version of Washington Administrative Code (WAC) Title 463 has been reprinted and distributed.

7. EFSEC COST ALLOCATION

<i>3rd Quarter Jan. – March 2005</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Allen Fiksdal, EFSEC Manager, reviewed the new cost percentages for the January – March 2005 quarter. He stated that even if percentages have changed, he expects cost to be less than previous quarters based on an expected decrease in project work during the first part of 2005.

8. 2005 MEETING SCHEDULE

<i>2005 Meeting Schedule</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Allen Fiksdal reported that the Council is now meeting once a month on the second Tuesday of every month and staff is recording the minutes, both changes saving the Council money.

9. OTHER

Allen Fiksdal brought to the Council's attention a few bills he is tracking that may affect EFSEC during this legislative session. The first is HB 1020, it provides that, on or after July 1, 2007, for applications to site electrical transmission facilities under RCW 80.50.060(3), the Council must approve applications for siting of electrical transmission facilities in corridors designated for this purpose by a county or city under chapter 36.70A RCW.

The second is HB 1021, which authorizes a local agency to, by ordinance, provide for the installation of small wind energy systems on parcels of land of at least one acre in its jurisdiction. The local agency may establish a process for the issuance of a conditional use permit for small wind energy systems. He will keep the Council updated on the progress of each of these bills.

Allen Fiksdal will also provide a briefing on EFSEC to the House Energy Committee this Friday, January 14, 2005.

Allen Fiksdal will be out of the office from January 17 – 24. Jim Luce, Chair, stated that his last day will be Wednesday, January 12, 2005, as his term is co-extensive with that of the Governor's. He added that the Governor has been pleased with the accomplishments of EFSEC during the past 3 ½ years since he took the position of chair. He cited a number of

accomplishments and felt that the state had benefited during his term as chair. In the interim, Tony Ifie is appointed Acting Chair. Jim Luce also gave the staff a farewell present.

10. ADJOURN

Chair Luce adjourned the meeting at 2:45 p.m.