



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL
PO Box 43172 • Olympia, Washington 98504-3172

May 12, 2009 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the May 12, 2009 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Jim Luce	Chair
C Robert Wallis	Administrative Law Judge
Dick Fryhling	Community, Trade & Economic Development
Jeff Tayer	Department of Fish and Wildlife
Dick Byers	Utilities & Transportation Commission
Hedia Adelsman	Department of Ecology
Judy Wilson (via phone)	Skamania County
Ian Elliot (via phone)	Kittitas County
Vern Eaton (via phone)	Cowlitz County
Mary McDonald (excused)	Department of Natural Resources

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Stephen Posner – Compliance Manager, Jim La Spina – EFS Specialist, Mike Mills – EFS Specialist, Kyle Crews - AAG AGO, Monica Bhavnani - Office Assistant and Tammy Talburt - Administrative Assistant.

Guests in attendance were:

Darrel Peeples – Attorney, Todd Gatewood – Grays Harbor Energy, Erin Anderson – Stoel Rives, Jason Spadaro – SDS Lumber, Scott Williams – PSE, Karen McGaffey – Perkins Coie, Bob Ross – PacifiCorp, and Steve Hall – Point Environmental, INC.

Guests attending via phone:

Jennifer Diaz – PSE, Bruce Marvin – Counsel for the Environment, Mel Walters – PSE, Don Coody – Energy Northwest and Tim McMahon – Stoel Rives.

3. ADOPTION OF PROPOSED AGENDA

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The agenda was presented to the Council for amendments or additions; the agenda was approved as amended.

4. MINUTES

Staff presented the April 14, 2009 monthly meeting minutes and April 23, 2009 special meeting minutes for the Council's approval.

Motion: Council member Fryhling moved the Council approve the April 14 & 23, 2009 meeting minutes. The motion was seconded by Council member Byers. The motion was approved.

5. PROJECT UPDATES

Desert Claim Wind Power Project

<i>Project Update</i>	<i>Stephen Posner, EFSEC Staff</i>
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Mr. Stephen Posner, EFSEC Compliance Manager reported to the Council on the pre-hearing conference on intervention that was held on April 23, 2009 in Ellensburg followed by a site tour. Parties represented at the prehearing conference were the Applicant - David Steeb and Karen McGaffey, Counsel for the Environment (CFE) - Bruce Marvin, Community Trade and Economic Development (CTED) - Mark Anderson, Kittitas County - Neil Caulkins, Economic Development Group of Kittitas County (EDG) - Ron Cridlebaugh, and Roger Overbeck - Pro Se.

CTED and Kittitas County appeared and stated their intention to participate as parties in these proceedings, petition for Intervention was granted to EDG. Mr. Roger Overbeck did not file a petition for intervention but appeared in person and requested an extension to file. He was given until April 30, 2009 to file. Mr. Overbeck submitted a letter with attachments postmarked May 4, 2009 received by EFSEC on May 8th. Council Order No. 838 - Prehearing Order No. 1 issued on April 29, 2009.

The Hearing Schedule was included in Order 838 but needed to be revised and will be done through the issuance of another order.

The Order had key dates for the adjudication:

- May 11 - Applicant pre-filed testimony due.
- Week of July 7 - Pre-hearing conference, Olympia (Proposed settlements/stipulations, other procedural matters)
- July 13-14 Adjudicative Hearing, Ellensburg
- Week of July 20 Public Meeting in the greater Seattle area

The Council has delegated matters of process to Administrative Law Judge C Robert Wallis. Judge Wallis reported an order is being prepared addressing Mr. Overbeck's letter. The order is expected to be available for signature later on May 12, 2009.

Mr. Fiksdal, EFSEC Manager, reported to the Council that all the proponents have filed a list of issues.

Mr. Posner noted the Draft Supplemental Environmental Impact Statement (DSEIS) public comment period closed on May 4, 2009 and as of May 14, 2009 the Council had received 44 comments. Comments are currently being reviewed by EFSEC Staff and the applicant.

Whistling Ridge Energy

<i>Project Update</i>	<i>Jim La Spina, EFSEC Staff</i>
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Mr. Jim La Spina, EFS Specialist, reported to the Council that the public scoping meetings, Land Use Hearing and Site tour were conducted in Skamania County on May 6 & 7. The public comment period will remain open until 5 pm on May 18, 2009.

Mr. Posner reported that the Request for Proposal (RFP) for independent consulting services had a closing date for submittal of April 24, 2009. After all the proposals were evaluated, Staff chose Entrix and is preparing a contract. The scope of work will include, assisting with SEPA scoping including preparation of scoping report, assisting in the review and preparation of a report on the adequacy of the ASC, and assisting in the review of the DEIS and preparing a report on its adequacy. Staff hopes to have the consultant under contract by June 1, 2009.

Chair Luce stated that during the hearings in Skamania County, the Council heard substantial discussions regarding jurisdictional questions, consistency with local land use ordinances and the relationship between EFSEC's authority and the National Scenic Act, an interstate compact. The Chair noted he would like the Council to have briefs on those issues. Judge Wallis stated that the Council has indicated a desire to commence the adjudication and will be working with staff and the counsel of the major parties to establish a process and set a schedule for doing so.

Ms. Judy Wilson, Skamania County Council Representative asked if the adjudication would be prior to development of an Environmental Impact Statement. Chair Luce replied that the Council would be initiating the adjudication, accepting petitions, motions for intervention from those parties that want to intervene and those that are statutory parties. The Council will not be resolving the case but will be reviewing the issues he had just referenced. He noted that those could be threshold legal issues. He said that this process could be analogized to what the Council did with the Pacific Mountain Energy Center case, which addressed some preliminary issues at the outset.

Mr. Fiksdal asked Chair Luce for clarification of the process noting that typically the Petitions for Intervention are called for after the DEIS is issued and wondered about late intervention if the adjudicative proceeding started prior to the issuance of Draft Environmental Impact Statement. Chair Luce stated that the rules provide for late intervention for good cause. There will be an opportunity for additional interventions at that point in time.

Mr. Darrel Peeples, SDS Lumber Counsel, asked for clarification of the intervention period. Will there be two intervention periods then? Parties come in and state their standing for the entire case. The parties need to establish their standing.

Chair Luce stated that a party will need to establish their standing in the normal process, normal rules and regulations as set up for intervention. If someone comes in after the DEIS is completed and can make a persuasive argument the Council will consider their petition.

Kittitas Valley Wind Power Project

<i>Site Certification Agreement Amendment</i>	<i>Darrel Peeples, Horizon Energy</i>
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Mr. Darrel Peeples, Counsel for Horizon Energy, informed the Council that Horizon plans to submit a Site Certification Agreement Amendment sometime in the next week or two. The amendment request will reduce turbines and eliminate a couple of turbine strings resulting in a smaller project footprint and reduced impacts. Mr. Peeples noted the changes attempt to address the Governor's stated concerns

Mr. Fiksdal stated that the Council rules require the Council to develop a schedule for the review of the amendment request at its next meeting and the requirement to hold a public meeting in the area on the amendment request.

Pacific Mountain Energy Center

<i>Request to Terminate Application</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Mr. Allen Fiksdal, EFSEC Manager reported to the Council that Energy Northwest had been working to convert the Pacific Mountain Energy Center into a 680 MW combined cycle natural gas project. He said that Energy Northwest found the current financial and economic conditions do not support a project of that size. Mr. Fiksdal referred the Council to Energy Northwest's letter requesting the Council terminate the Pacific Mountain Energy Center Application. The Council members were referred to draft Council Order No. 839 terminating the project application and dismissing the adjudicative proceeding for the Pacific Mountain Energy Center.

Motion: Council member Byers moved the Council adopt Council Order No. 839 – Order of Dismissal on Withdrawal. The motion was seconded by Council member Fryhling. The motion was approved.

Chehalis Generating Station

<i>Project Update</i>	<i>Bob Ross, Chehalis Power</i>
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Mr. Bob Ross, Chehalis Power, reported that there has not been a lost time accident at the facility in 2,396 days and that Chehalis Power has maintained an effective safety program through a behavioral-based approach. Chehalis Power continues to maintain an effective safety program implementing additional processes as a proactive measure utilizing PacifiCorp's/Mid-American collective resources. Plant personnel recently completed annual First Aid training and practiced extinguishing incipient fire hazards with hand-held fire extinguishers in collaboration with local Fire District No.6 personnel. Plant personnel were supplied with FR-rated clothing (>8 calorie) to improve safety while working in electrical hazard areas. This is in addition to the 50 calorie-rated suits required to be worn when working with switch gear with arc flash potential.

Mr. Ross reported that the Chehalis Power Plant received notification from EFSEC and the Southwest Clean Air Agency (SWCAA) that its 2008 Emissions Inventory Report was validated by SWCAA.

The determination made by SWCAA, under contract to EFSEC, stated that the emission inventory for 2008 was complete and accurate with both emission units accounted for in the report.

The Chehalis Power Plant received notification of completeness of the Notice of Construction application from EFSEC for the installation of the auxiliary boiler and vacuum pump. EFSEC staff noted that the Chehalis Plant will be receiving the Order of Approval to construct during the month of May 2009.

Chehalis Power's air emissions contractor, Air Pollution Testing, completed the third in a series of four required greenhouse gas (GHG) sampling events of the combustion turbines during the month.

The Plant notified the EPA Region 10 wastewater pretreatment coordinator and EFSEC that there was a process wastewater exceedance for zinc. The Plant discharges its process wastewater to the City of Chehalis for treatment. The measured concentration in the 24 hour discharge effluent was 1.7 mg/L. The regulatory limit is 1.4 mg/L. This is the second exceedance this calendar year. The Plant has sampled and tested 4 suspected sump areas that may have been the source of the elevated zinc measurement. One of the sumps, the Combustion Turbine area sump, was measured to have a zinc concentration of 3.3 mg/L. The Plant has procured a colorimeter testing device to determine the possible source of the zinc. Most of the sumps had zinc anodes for cathodic protection at one time but were removed and replaced with magnesium anodes. During the follow-up investigation of the CT area sump, Plant staff found a galvanized chain which is suspected of being the source of the exceedance.

The plant site is in excellent condition. Authorized plant staffing level is currently 18 with all 18 positions filled. The plant operated at a capacity factor of 9.18% during the month of April, generating 4,889 megawatt-hours. Chehalis Power has scheduled an outage this summer to inspect and perform maintenance on the steam turbine generator and combustion turbine #1.

Plant operations personnel continue to conduct daily noise monitoring on-site and weekly noise monitoring off-site. There have been no issues or complaints from nearby residents since March 23rd 2009.

Columbia Generating Station

<i>Operational/Activity Updates</i>	<i>Don Coody, Energy Northwest</i>
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Mr. Don Coody stated that Columbia Generating Station is shut down for approximately five weeks for a scheduled biennial refueling outage. The outage "officially" started on Saturday May 9th. The plant is tentatively scheduled to restart and reconnect to the Northwest power grid in mid-June, following completion of the refueling operation and plant maintenance activities. The outage is timed to coincide with spring time snow melt and runoff that maximizes power output from the region's hydroelectric system and minimizes the impact of taking the nuclear station offline. More than 1,800 outage workers were

hired and trained in recent weeks. The added workers triple Columbia's normal work force of about 900 employees.

The R-19 refueling outage was originally planned to begin a minute past midnight Saturday morning, but began 13 hours early when sensors indicated low pressure in a system that cools the power plant's main generator. Control Room Operators manually shut down the plant safely. The shut down did not involve a radiological event. Senior management opted to leave the plant offline and continue with preparation for the refueling outage which was slated to begin hours later. A "root-cause" analysis will be conducted to determine the source of the cooling system low pressure and will be added to work already planned for the outage.

On October 4, 2007, Ecology issued Energy Northwest a penalty for violations of the Dangerous Waste Regulations. Energy Northwest formally contested the penalty and a hearing before the Pollution Control Hearings Board (PCHB) was held on April 28-30, 2009. Energy Northwest's case was thoroughly and effectively presented, and its commitment to environmental stewardship was apparent throughout the proceeding. The PCHB is expected to issue their decision in approximately 2-4 months.

Satsop Combustion Turbine Project

<i>Project Update</i>	<i>Todd Gatewood, Grays Harbor Energy</i>
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Mr. Todd Gatewood, Grays Harbor Energy (GHE) reported that the plant has had no reportable accidents or injuries in the month of April. The facility had the following exceedances on Outfall 001-Process Wastewater in April.

- o One chloride exceedance - The exceedance was caused by an improperly calculated effluent limit in the NPDES Permit.
- o One Iron exceedance - The exceedance was caused by an improperly calculated effluent limit in the NPDES Permit.
- o One Temperature Exceedance - This exceedance occurred when an operator inadvertently shut down the cooling water to the process wastewater discharge. The temperature of the discharge exceeded the effluent limit for 22 minutes. Mr. Gatewood submitted a report of the incident to EFSEC staff on May 5, 2009. The Council is expected to address this exceedance at its next meeting.

The NPDES Permit will be modified after the Permittee has recharacterized its discharge, which has not occurred because the plant has not operated due to weak power market conditions.

To date the plant has generated approximately 868,079 Mw hrs. The unit operated for 0 days in April. The YTD capacity factor is of 1.4%. A two week scheduled outage was completed on April 26, 2009.

The noise monitoring stations were delivered by Grays Harbor Energy's sound consultant the week of April 20th. The monitors were

configured and setup points were evaluated by the consultant. EFSEC Staff was also present.

Mr. Fiksdal reported that Grays Harbor Energy has submitted its annual letter of credit required by the Site Certification Agreement in the event that there is a need to fund site restoration.

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Jennifer Diaz, Puget Sound Energy</i>
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Ms. Jennifer Diaz, Puget Sound Energy (PSE), reported that the April Wind Production totaled 57,766 MWh with a capacity factor of 35.1%. The Solar Demonstration Project generated approximately 75,785 KWh over the past month. No lost-time accidents or safety incidents to report for March. The monthly NPDES Discharge Monitoring Report (DMR) for April was submitted to Ecology and EFSEC. The site remains in compliance with the Operations SWPPP. On April 20th the Department of Ecology completed a stormwater inspection of the site. Ecology determined that the site is in compliance with the permit.

<i>Expansion Update</i>	<i>Scott Williams, Puget Sound Energy</i>
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Mr. Scott Williams informed the Council that construction began April 1st. The activities that have taken place to date include upgrading of existing roads and building of new roads, development of crane pads, and crushing rock. All activities are on schedule and are going well. Activities over the next couple weeks will escalate. The crews will start laying cable, start work on the turbine foundations, and producing concrete at the onsite batch plant. Deliveries of turbine equipment will begin mid-summer.

<i>Installation of Raptor Perch Discouragers</i>	<i>Stephen Posner, EFSEC Staff</i>
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Mr. Stephen Posner, Compliance Manager updated the Council on the installation of raptor perch discouragers (rpd). Council Resolution 315 and Section 3.5.4.2 of the Final EIS require as a mitigation measure the installation of rpd on all overhead transmission line structures. The purpose of rpds is to avoid predation of sage grouse that may be wintering in the area. At its May 28, 2008 meeting the Technical Advisory Committee (TAC) unanimously voted to install rpd on 5 transmission line structures identified by PSE and WDFW as good candidates for serving the intended purpose. See minutes from the meeting included in Council member packets.

Through adaptive management, the TAC has recommended a phased approach to the installation of rpds. The effectiveness of the installed rpds will be evaluated using approved WDFW criteria and that information will be presented to the TAC, to determine the schedule for installation of the remaining rpds. The installation of the 5 rpds was presented at last month's meeting for Council action/approval. Following the April Council meeting EFSEC and PSE have discussed the matter, which has resulted in a better understanding of the installation

of the 5 rpd relative to the Final EIS required mitigation measure. The TAC is not recommending nor is PSE requesting relief from the required mitigation measure. Therefore, no Council action is required on this matter.

6. Other

There was no report under this item

7. ADJOURN

The meeting was adjourned at 2:18 pm.