



## Board of Directors January 6, 2017 Meeting Minutes

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The PNUCC Board of Directors met January 6, 2017 from 8:30 to 11:45 a.m. at the Portland Airport Sheraton. The list of attendees is attached.

*The next PNUCC Board Meeting will be February 3, 2017.*

**SAVE THE DATE FOR THE PNUCC ANNUAL MEETING: November 3, 2017**

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### Corporate Business

In her final meeting as Chair, **Lisa Grow**, Idaho Power, opened by welcoming everyone. After acknowledging the PNUCC Antitrust Compliance Statement, she entertained a motion to approve minutes from the October 7, 2016 regular meeting and November 4, 2016 annual meeting. They were unanimously approved.

Following introductions, Lisa thanked the Board for giving her the opportunity to serve as Chair. She was pleased to open the year with new faces in attendance and was excited that the Board's plan for 2017 included creating opportunities to build partnerships to carry on the good work for the region. With that she asked for nominations for Chair to carry out the remainder of her term. **Roger Gray**, Northwest Requirement Utilities, was nominated and unanimously elected Chair. A new Vice Chair will be elected at the February meeting.

Roger thanked Lisa for her service to PNUCC and the Board. He welcomed a motion to approve the nomination of **Tessia Park** as the Board representative for Idaho Power. She was unanimously elected to the Board.

Moving into the electronic age, **Shauna McReynolds** let members know their assessment invoices would be sent electronically (and offered a paper copy upon request). She added, members can also make payments through ACH by contacting **Valarie Koss** to set them up.

Roger announced that the agenda included a Planning Session that would begin at 10:30 a.m. to allow the Board to continue their discussion from December, which was cut short due to the inclement weather that also kept many members from attending.

## PNUCC Member News

- With a New Year, comes new members and Shauna was pleased to welcome **Roger Kline** and Northern Wasco County PUD from The Dalles, Oregon, along with **Debra Smith** and Central Lincoln PUD in Newport, Oregon to the PNUCC membership.
- Organizational changes are underway at Pacific Power as **Scott Bolton** announced Pat Reiten would be heading to the Berkshire Hathaway DC operations where he will share his depth of knowledge and provide insight to the new Administration. He added, transmission will be folded back into PacifiCorp which will be the first time since being acquired by Berkshire that generation, transmission and retail have been within the PacifiCorp structure.
- Bonneville Power recorded a near-record peak as their load topped 10,900 MW. This fell just short of the December 2009 all-time peak by 32 MW, per **Mark Gendron**, BPA's soon-to-be retired Senior Vice-President of Power Services.

Mark also reported that corrective action has been taken to fix the equipment and restore the 500 kV line out of the Columbia Generating Station to BPA's Ashe Substation. It failed to clear a fault in December 2016 and the failure on the transmission line resulted in nowhere for the energy to go. The plant responded as designed and shut down. Gendron said high priority was given to replacing three breakers and restoring service to ensure that the energy could make it to load. There will be an after-action assessment with additional information provided at that time, he said.

Gendron also announced two open leadership positions at Bonneville, including the Senior VP of Power Services and the Chief Information Officer. He also shared that **Janet Herring**, BPA's new Chief Operations Office, should begin within the week bringing with her 35 years of industry experience.

- **Ed Jenkins** introduced **Todd Simmons** as the new General Manager for Tillamook PUD. Ed said Todd brings with him 30 years of industry experience and was most recently the operations manager at Eugene Water and Electric Board.
- New economic development opportunities are in the early stages of exploration at the site of the Ponderay Newsprint Co. reported **Kimberly Gentle**, Pend Oreille PUD. A very preliminary review indicates the silicon smelter would require 80-90 aMW with a 90% load factor.

## 2016 ends with sweeping request for injunction on FCRPS

### ***24/7 spill during migration and request to stop investments in 17 projects***

News on the litigation front was discouraging as **Terry Flores**, Executive Director of Northwest RiverPartners, joined the Board to brief PNUCC members on the most recent filings regarding the Federal Columbia River Power System (FCRPS). Front and center is 24/7 spill between April and August requested by the State of Oregon. Adding, the question is interesting because NOAA has good scientific evidence that says that too much spill will keep adults from returning. And, it increases the frequency and magnitude of total dissolved gas levels above states' allowable levels that are harmful to salmon, she said.

In addition, a second injunction asks the Court to suspend planned investments for 17 maintenance and operational improvements at projects pending the five year NEPA scoping process that is currently underway. As Flores pointed out, many of these capital investments are necessary to maintain or improve the projects. From a practical level, these investments help fish.

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*Terry Flores, Executive Director  
NorthwestRiver Partners*

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“Should a judge tell the Corp they can't make investments to keep the projects in good working order?” she asked. “The impacts of 24/7 Court ordered spill will result in killing fish and do more harm. It will be up to us to show the Judge the science.”

Sweeping changes to an already complex river operations and future investments loom on the horizon as Judge Michael Simon is asked to rule on the Injunctions, Flores noted. The plaintiffs have asked for an expedited schedule, hoping to argue the merits the first part of March. She expressed confidence that the coalition working with the tribes and stakeholders will continue working collaboratively to address many questions and make their point to the Judge.

## Designing rates to mitigate impact on low income residential sector

### ***Tacoma Power studies rate impact sensitivity***

Facing stagnant load growth, increasing costs, and declining wholesale revenue, **Chris Robinson**, superintendent and chief operating officer of Tacoma Power, asked staff to review different rate designs and the implications of them on residential customers. He said, “I want to be sure we understand the implications before we proceeded with a rate case in 2017-18.”

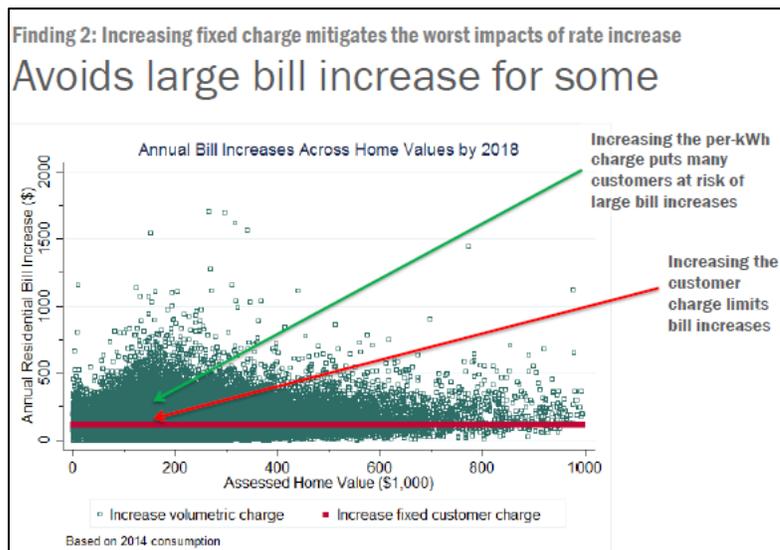
In particular, he wanted to understand the best way to design rates to increase revenue and mitigate the impact on lower income customers. Robinson recognized the unique make-up of Tacoma's load – a large number of residential customers – and the need to make policy decisions based on real data. To analyze the data, he pulled together a cross-functional team of experts led by **Ray Johnson**, Rates and Energy Risk Manager, and **Rachel Gardner Clark**, Senior Utilities Economist.

Johnson said a rigorous analysis of the data, with a special focus on low-income, led to a recommendation to put 100% of the rate increase into the customer charge. It mitigated the worst impact of the rate increase by spreading it evenly across customers over 12 months. And, it enhanced the utility's financial stability by aligning fixed costs with revenue, he said.

Their study found that there is “no silver bullet” rate design that insulates low income customers against rate increases, however steps can be taken to mitigate them, Clark said. Key to their proposal to the Board was also a change to the bill assistance program. Moving from an annual pay to a monthly bill pay assistance for low-income customers and increasing the benefit mitigates the impact to many low-income customers, she said.

Diving into statistical information, the team created a proxy for income and relied on assessed home values and census information.

As the study proceeded, Clark added, the team found the relationship between income and consumption for Tacoma could not be explained solely by income. Energy consumption was all over the place.



The resulting recommendation relied on a principle that avoided large increases (through a volumetric energy charge) from being concentrated during high use months, typically during the coldest winter months. Instead, the recommendation to increase the customer charge leveled the rate increase equally across 12 months, making it easier on customers.

Stressing that each utility has a unique customer mix, Clark said that all utilities have access to similar types of data. Using an inclusive approach and combining the skillsets of a cross-functional team to review this issue allowed Tacoma Power to take advantage of expertise on staff.

As they worked through the assumptions, questions, and issues, they found that each member of the team understood the facts supporting the recommendation and were able to carry that information back to their work groups. The result was support from staff of the overall recommendation.

Robinson concluded by thanking that team. He acknowledged the benefit of the cross-functional team and the value of their input. Their recommendation is supported by their solid analysis of data, and he stressed that while adjoining utilities may not be proceeding in the same direction, the all-inclusive approach resulted in a good outcome for Tacoma customers. Staff understands why Tacoma will be making this recommendation and supports it.

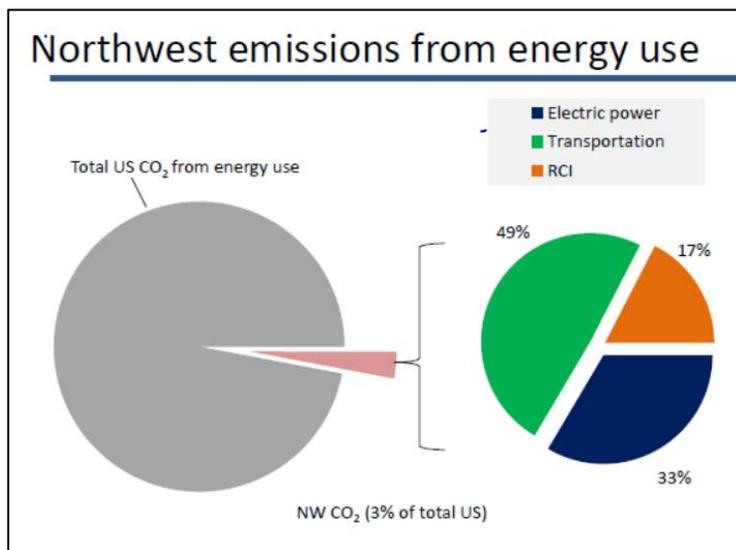
The next steps include ensuring the information is communicated in a conversation with their customers. A healthy Q & A followed.

## The latest on the implications of carbon

### **2014 Carbon Emissions – A Northwest Perspective update**

Carbon remains top-of-mind in our daily work, Shauna McReynolds said. Not lost on PNUCC members are the implications of policy decisions related to carbon, particularly in the Northwest where carbon emissions are already low due to the abundance of hydropower. **Tomás Morrissey**, PNUCC Senior Analyst added, the *PNUCC Carbon Emissions* study published in 2014 has been dusted off and will be updated with current data to reflect changes that have taken place in carbon reduction since the original report.

The Northwest power system has half the carbon intensity of the remaining United States. The hydropower system plays into this, Morrissey said. Fuel mix affects carbon and the addition of variable energy resources, along with lower gas prices resulted in a declining use of coal, he said.



And, with the announcement of additional retirements of coal units, it's timely to update the report, he concluded.

A preliminary look at the new data suggests emissions will decrease in greater proportion as it is replaced with newer, more efficient combined cycle combustion gas units.

"The Northwest has good news to share," Tomás said, "this update will provide the foundation for using this

information to educate policy makers. It will provide information that underscores what the Northwest is doing to reduce its carbon footprint.”

The System Planning Committee will review the outline for the update at their January meeting. A final, updated report will be published following Board review currently scheduled for April.

## 2017 PNUCC Member Agenda

### *Major Focus Areas*

Following a brief look at the focus areas for 2017 with members, the Board would be reconvened in their planning session.

## Executive Director’s Report

Shauna reminded members that PNUCC the next System Planning Committee Meeting is January 13<sup>th</sup> at the PDX Conference Center and all members are welcome. She thanked everyone for their attention and engagement. With that, the meeting was recessed and reconvened with the Board.

## Board Planning Session – Notes attached

## Attendees January 6, 2017

### PNUCC Board Meeting

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Lisa Grow	Idaho Power	Robert Marritz	Electricity Daily
Shauna McReynolds	PNUCC	Harry Hewitt	Tillamook PUD
Roger Gray	NW Requirements Utilities	Edward Jenkins	Tillamook PUD
Franco Albi	Portland General Electric	Bill Proctor	Corps of Engineers
Wayne Morter	Seattle City Light	Todd Simmons	Tillamook PUD
Mark Johnson	Flathead Electric Cooperative	Megan Capper	Eugene Water & Electric Board
Jason Thackston	Avista	Shawn Davis	Portland General Electric
Tim Nies	Franklin PUD	Ken Phillips	Tillamook PUD
Paul Wetherbee	Puget Sound Energy	Doug Olson	Tillamook PUD
Mark Gendron	Bonneville Power Administration	Mark Ohrenschall	Energy NewsData
Chris Robinson	Tacoma Power	Holly Dohrman	Franklin PUD
Valarie Koss	PNUCC	Jim Litchfield	Litchfield Consulting
Tomás Morrissey	PNUCC	Kimberly Gentle	Pend Oreille PUD
Tom DeBoer	Snohomish PUD	Jerry Rust	Northwest Power Pool
Scott Bolton	Pacific Power	Clay Norris	Tacoma Power
Beth Looney	PNGC Power	Dan Bedbury	Clark Public Utilities
Chad Bartram	Benton PUD	Eric Hiaasen	Clatskanie PUD
Tessia Park	Idaho Power	Roger Kline	Northern Wasco PUD
Maria Pope	Portland General Electric	Dan King	Lewis PUD
Rachel Clark	Tacoma Power	Eugene Rosolie	Northwest Energy Efficiency Alliance
Ray Johnson	Tacoma Power		
Terry Flores	Northwest RiverPartners		

## **Board of Directors Planning Session Notes**

Executive Director/Secretary, Shauna McReynolds, **expressed her deep appreciation** to all for taking time to look forward and plan for 2017. Attendees on December 8<sup>th</sup> included: Shauna McReynolds, Tessia Park, Dave Ward, Roger Gray, Tom DeBoer, Valarie Koss, Tomás Morrissey, Paul Wetherbee, Jason Thackston. Attendees on January 6, 2017 included: Lisa Grow, Shauna McReynolds, Roger Gray, Mark Johnson, Jason Thackston, Tim Nies, Paul Wetherbee, Mark Gendron, Chris Robinson, Valarie Koss, Tomás Morrissey, Tom DeBoer, Scott Bolton, Beth looney, Chad Bartram, Tessia Park, Maria Pope and Wayne Morter.

### **Member Agenda**

#### ***Looking ahead to top-of mind priorities for 2017***

The Member Agenda includes a comprehensive list of focus areas for 2017. What follows is a synopsis of the discussions from December 8<sup>th</sup> and January 6<sup>th</sup> planning sessions on current top-of-mind priorities. The Board recognized priorities may shift and change as emerging issues unfold.

The Board reaffirmed PNUCC is a trusted source for information that provides a unique forum for sharing, learning and engaging in a wide range of issues important to the region where difficult conversations can occur.

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#### **CARBON POLICY**

The Board identified carbon as one of the highest priority issues for 2017 because the impacts of policy surrounding carbon are far reaching and affects everyone in the region. “Incremental costs associated with meeting carbon goals and spills across every sector of the economy.”

There was considerable discussion about creating opportunities to continue the conversation, host educational forums and create materials that provide credible information on what the policy, as adopted, is or isn't doing; and look for opportunities to have a coordinated view on policy that would work for the Northwest.

Overall, moving faster to focus on what we are doing regarding solutions that decrease carbon emissions and provide credible, third party data analysis that results in principles to organize new policy around is something PNUCC can offer to members. Informing will help policy makers understand the results of the decisions they are making. Important to all, regardless of where you are in the region.

## **CAPACITY – FLEXIBILITY NEEDS IN THE NORTHWEST**

Flexibility and capacity remain top of mind as more renewables are acquired and coal plants are retired. Peaking capacity is needed to support variable resources. And new, efficient natural gas-fired combustion turbines fit into the Northwest resource mix. Education and sharing at PNUCC Board meetings, beyond what is happening at technical meetings, is needed to understand the broad array of new resources shaping IRP's.

Energy Imbalance Market, renewable resources, battery storage, demand response, distributed resources and unique transmission issues (patchwork grid) create challenges for the traditional infrastructure. Continue the conversation to educate and inform.

## **CREATE THE CONVERSATION**

PNUCC's membership is regional and diverse. Value in pulling together expertise to educate and inform membership. Sharing what others know and creating opportunities for conversation at meetings. Exploring differences of opinion is important. Continue the use of forums, white papers, meeting minutes, executive summaries and talking points to add to conversation. Provide foundational information backed by solid research that the audience can understand.

Engage in meetings outside of PNUCC to share and educate. As one board member put it – *“It's an exciting space to be in with lots of opportunities.”* Let's get out ahead of it and share in the excitement, use the expertise available and shape the dialogue to make sure PNUCC members are informed and plugged into the right people.

Provide facilitation for other technical forums or ad-hoc groups that want to meet on emerging issues, similar to System Planning Committee and Power and Natural Gas, i.e. hydro-relicensing, operations, and policy. Some initial forum ideas included: Carbon Confab, Demand Response, Load Forecasting, Big Data, Resource Adequacy Assessments

## **Membership Growth**

Increase opportunities for collaboration in an otherwise contentious environment and look for opportunities to grow the membership with industry partners. Listen to hear where they are going and what is driving their decisions. Diversity of membership remains important. Invite industry partners in to give presentations, continue to build relationships. Bring new members to PNUCC to add to the richness of the discussion.

Continue quarterly Board check-in through closed Executive Sessions.