



Northwest Public Power Association

9817 N.E. 54th Street Vancouver, Washington 98662-0576
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**Government Relations Committee Meeting
Mayflower Park Hotel
Seattle, Wash.
March 9, 2006**

Minutes of Meeting

A. ATTENDING

Al Aldrich, Strategies 360
Randy Cornelius, OPALCO
Larry Descheemaeker, Fergus Electric
John DiStasio, SMUD
Jim Dyer, Salem Electric
Jim Feider, Redding Electric Utility
Ken Gates, Cordova Electric
Ed Gossett, Kootenai Electric
Tim Gregori, Southern Montana G&T
Fred Guyer, Benton REA
Byron Hanke, Clark Public Utilities
Neal Harth, Wasco Electric
Ron Hatfield, Pacific County PUD
Jim Hubenthal, Lewis County PUD
Meera Kohler, Alaska Village Electric Co-op
Dwight Langer, Northern Wasco PUD
Russ Leslie, Nelson Hydro
Jeff Lipscomb, Chugach Electric
George Litzenberger, Springfield Utility Board
Joel Myer, Mason County PUD No. 3
Nate Narrance, Inland Power & Light
Bill Nordmark, Golden Valley Electric
Bruce Pilling, Emerald PUD
Robin Rego, Lakeview Light & Power
Paul Rogers, Kittitas PUD
Dave Sabala, Douglas Electric
Walter Sapp, Kodiak Electric
Karl Schrade, Flathead Electric
Lonny Sheffield, Hughes Supply
Bob Speckman, Salem Electric



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Bob Titus, City of Ellensburg
Bob Walker, Beartooth REA
Ken Weiss, Clearwater Power
Bob Wittenberg, Skamania PUD
Mary Wright, Wells Rural Electric

NWPPA Staff

Will Lutgen, Executive Director
Bryan Case, Deputy Executive Director
Debbie Kuraspediani, Communication Director

Others in Attendance

Amelia Jenkins, Western Governors Association
Scott Lindsay, NWPPA GRC Consultant
Karen Price, Morgan Meguire — Via Conference Call
Al Zepp, NCPA

GRC chair Neal Harth called the meeting to order at 2:15 p.m. on Thursday, March 9, 2006. The meeting was held at the Mayflower Park Hotel in Seattle, Wash. A quorum of the GRC committee was present.

B. CONSENT AGENDA

George Litzenberger moved to approve the Minutes from the September 8, 2005 GRC meeting as prepared. With a second the motion to approve the Minutes as presented was approved with none opposed.

C. WASHINGTON DC UPDATE

Karen Price of Morgan Meguire provided the following Washington DC update to committee via conference call:

1.) OMB Proposal for BPA

- The President released his budget proposal in February and included in the Department of Energy's budget is a proposed administrative action that would direct BPA to use any net "secondary market revenues" in excess of \$500 million per year towards accelerated federal debt repayment.



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- OMB calculates that this plan will provide a total of \$924 million from FY 2007-2016 from these “higher-than-historical net secondary revenues.” OMB believes that this measure is needed to free up BPA borrowing authority.
- What this means for Northwest ratepayers is a rate increase of approximately 10 percent over the next ten years.
- Fortunately, the entire Northwest congressional delegation came out swinging.
- Members, in a bipartisan manner, immediately issued press releases blasting the proposal, House and Senate letters expressing opposition to OMB, DOE and others continue to be sent, and in a Senate energy committee hearing the same week the budget was released all five Northwest members of the committee railed on Bodman and were able to get a commitment out of him to not move forward with implementing the plan until they could sit down and discuss it.
- There was also a House Resources Committee hearing last week, in which Bodman pretty much received the same treatment from Northwest members.
- The congressional delegation opposes this plan both on substance, that is, the effect on the region, as much as being circumvented and not consulted on a proposal with such huge consequences on the constituents they represent – and to add insult to injury, the fact that not only were they not consulted but the Administration plans to go around Congress and implement this via administration action.
- In addition to the congressional outcry, NWPPA along with other regional stakeholders, have been pushing back as well.
- NWPPA activated People Power, which sent out an Action Alert in the middle of Feb., asking folks to contact the Administration with their opposition. We got a report earlier this week and so far DOE has received 800 Web comments, which is great news.



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- In addition, People Power spearheaded a trade heads letter to DOE in which 13 regional trade associations, including NWPPA, signed on.
- Will Lutgen was back here last week in conjunction with the APPA Legislative Rally, and about 15 of us – including representatives from Washington and Oregon – met with DOE’s General Counsel to discuss the proposal and express our opposition in person.
- The good news here is that our united, concerted efforts are making a difference.
- DOE has slowed down on moving forward, the Congressional Budget Office has only scored the proposal at only a third (\$300 million) of what OMB proposed – which becomes important if we need to kill this via appropriations or budget and need to find an offset -- and both the House and Senate are eager to kill this legislatively and probably have the votes for it.
- Right now, the Senate is planning on adding language to the Supplemental Appropriations bill next week to stop DOE from spending any money on implementing the plan, and the House is deciding whether to follow suit when they take up the Supplemental in April or to attach language to an appropriations bill.
- We will continue to stay very active in this effort -- because as we all know, it’s not over till it’s over -- and keep you updated.

2) **Endangered Species Act (ESA)**

- On March 2, Rep. Cathy McMorris (R-WA) introduced the *Endangered Species Compliance and Transparency Act of 2006*.
- The bill requires the federal Power Marketing Administrations (PMAs), including BPA, to provide to each wholesale firm customer a list of direct and indirect cost estimates associated with compliance under the Endangered Species Act (ESA).



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- Direct costs associated with compliance include study-related costs, capital, operations, maintenance, replacement costs and staffing costs. Indirect costs include forgone generation and replacement power costs.
- The bill appears to have the support of the PMAs, since they believe the administrative costs to be quite low.
- McMorris plans to have a hearing on the bill next week, on March 15 and someone from MM will be there to monitor it.
- Over in the Senate, Fisheries, Wildlife and Water Subcommittee Chairman Lincoln Chafee (R-RI), Ranking Member Jim Jeffords (I-VT), full Environment and Public Works (EPW) Committee Chairman James Inhofe (R-OK) and Sen. Hillary Rodham Clinton (D-NY) continue to work on hammering-out a bi-partisan Endangered Species Act (ESA) reform bill.
- A bipartisan proposal is expected to be released as early as tomorrow, with a legislative hearing on the bill planned for March 15 and a mark-up expected prior to the end of March.
- Chairman Inhofe has pressured Chafee and Jeffords to move forward on a bill and threatened to advance a more aggressive bill if they did not act.

3) **Telecommunications**

- Right before adjourning last year, a staff draft on telecommunications reform was circulated, which included a provision that public power supported.
- Sec. 409 of what's called the "Barton-Upton staff draft" would preempt states from enacting laws, regulations, or other legal requirements that would prohibit governmental entities from providing Internet protocol services.
- More recently, the five key members working on telecommunication legislation, House Energy and Commerce Committee Chairman Joe Barton (R-TX), Ranking Member John Dingell (D-MI), and Reps. Fred



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Upton (R-MI), Chip Pickering (R-MI) and Ed Markey (D-MA), met privately earlier this week to try to decide how to move forward on revising the nation's telecommunication laws.

- At issue, is whether the Committee will abort efforts to advance a comprehensive re-write of the 1996 Telecommunication Act or, given the short legislative calendar, if they will advance a more targeted bill, primarily addressing franchising rights.
- If the five principals take the latter approach, it is possible that provisions addressing municipal broadband, similar to Sec. 409 of the Barton-Upton staff draft, may still be included. Morgan Meguire will keep you informed as the draft legislation advances.

4) President Nominates Two Westerners to FERC

- On March 7, the President announced a number of personnel changes, including his intention to nominate two Westerners to serve as members of the Federal Energy Regulatory Commission (FERC).
- The first nominee is Phil Moeller, who some of you may know personally. He is from Washington State, and currently serves as Executive Director of the Washington, DC Office for the Alliant Energy Corporation. Prior to this, he was Director of Federal Relations at Calpine Corporation, and he was an energy aide to former Sen. Slade Gorton (R-WA).
- Also announced was Jon Wellinohoff, of Nevada, who is a Partner at Beckley Singleton. Prior to this, he was Managing Principal and Regulatory Attorney for Efficient Energy Systems, Inc. Earlier, he was Staff Counsel for the Nevada Public Utilities Commission. Both nominees have had positive responses from public power.

D. STATE AND REGIONAL ISSUES UPDATE FROM WESTERN GOVERNORS ASSOCIATION

Amelia Jenkins, Western Governors Association (WGA) representative, provided a PowerPoint presentation on "Clean & Diversified Energy Initiatives" and conducted a Q&A session at the end of her program.



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She explained the WGA's goals for this initiative:

1. Add 30,000 megawatts of clean energy by 2015
2. Increase energy efficiency 20% by 2020
3. Meet the West's generation and transmission needs over the next 25 years.

The WGA's Clean and Diversified Energy Advisory Committee (CDEAC) identified the following potential 2015 generation outlays for purposes of attaining the goals above:

Advanced Coal –	5,000 megawatts
Biomass –	10,000 megawatts
Geothermal –	5,600 megawatts
Solar –	8,000 megawatts
Wind –	9,000 megawatts (no new transmission)
Energy Efficiency –	48,000 megawatt decrease in forecasted demand (by 2020)

She explained that the CDEAC report hopes to illustrate the potential for clean and diversified energy if the right incentives are provided. However, ultimately the market will determine what gets built and where it gets built. WGA hopes CDEAC's recommendations will make it viable for companies to invest in clean fuels, energy efficiency and new technologies to attain the Governors' energy goals.

E. AD HOC RESOLUTION REDUCTION COMMITTEE REPORT & RECOMMENDATION

Tim Gregori, GRC vice-chairman reviewed the concept of archived and active resolutions. He reviewed the committee's February 9, 2006 memo and recommendations.



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The following recommendations were made by the ad hoc committee on resolution reduction:

Resolution Classifications (i.e. criteria for determining Resolution status):

- **Active:** Current Resolutions that have a high probability of legislative consideration in the next year. These Resolutions are updated on a yearly basis. (Annual GRC and Membership approval required.)
- **Archived:** Resolutions which are not likely to see legislative consideration over the course of the next year or have already been acted upon by Congress. They will be archived for reference as NWPPA policy positions in case the issue arises in the future. These resolutions are dated to keep a history of when they were last active. (No Annual GRC or Membership approval required, unless the GRC deems the resolution worthy of regaining active status.)

Note: Archived Resolutions may periodically be referenced by members and staff and are considered standing NWPPA policy positions. For instance, Archived Resolution 05-1 in Support of the Preference Clause does not diminish NWPPA's support for Preference. It is a lasting Resolution that is unlikely to see legislative attention in 2006. However, if this issue does arise, the Resolution is still on record indicating NWPPA's support.

Resolution Status:

The ad hoc committee recommends archiving 21 resolutions and carrying forward eight (8) updated active resolutions for 2006 consideration. Additionally, four new resolutions are proposed for GRC consideration.

F. PROPOSED EN BLOC RESOLUTIONS

George Litzenberger moved to recommend archiving the following en bloc resolutions:

- 7-06 — In Support of the Preference Clause
- 8-06 — In Support of Local Control of Retail Rate Setting and Conservation and Renewables Programs
- 9-06 — In Support of Rural Utilities Services (RUS) Program
- 10-06 — Support for Northwest Irrigated Agriculture
- 11-06 — Support for Tax Exempt Financing



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- 12-06 — In Support of Preserving Public Power’s Traditional Financing Methods
- 13-06 — Support of FERC Regulation of Hydro Licensing
- 14-06 — U.S. Forest Service and Bureau of Land Management’s Strict Liability Policy
- 15-06 — Opposition to the Sale of or Move to Market Rates for Power Marketing Administrations
- 16-06 — Broadband Network Infrastructure and Telecommunications Services
- 17-06 — Evaluation of Proposals for Electric Industry Restructuring
- 18-06 — Support for Avoiding Cost Creep in Fish Funding
- 19-06 — In Support of Reform and Reauthorization of the Renewable Energy Production Incentive Program
- 20-06 — Support for Construction and Completion of the Trans-Alaska Natural Gas Pipeline Project
- 21-06 — Access for Utility Rights-of-Way
- 22-06 — Equal Treatment of all Northwest Industries Served Directly or Indirectly by BPA
- 23-06 — Opposition to Application of FERC’s Standard Market Design or Other Iterations
- 24-06 — Infrastructure Security and Security Costs
- 25-06 — In Opposition to Hours of Service Regulations for Electric Utilities
- 26-06 — In Support of GTA Contracts and Equality of Service
- 27-06 — Support for the Completion of the Control Area for the Sierra Nevada Region of the Western Area Power Administration

G. PROPOSED 2006 RESOLUTIONS

06-1 — Cost Effective Wildlife Mitigation at Multi-Purpose Dams

Tim Gregori moved to recommend for adoption to membership at 2006 Annual Business Meeting. With a second the motion carried with none opposed.

06-2 — Reauthorization of the Endangered Species Act

Nate Narrance moved to recommend adoption to membership at 2006 Annual Business Meeting. With a second the motion carried with none opposed.



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06-3 — In Support of Regional Transmission Solutions

Jim Feider moved to approve the following changes to language: Line 20 delete the word **recently**; line 31 delete the word **Future** and add the word **BPA's**; lines 32-34 delete the letter **s** from **as** and add the words **with TIG has also been terminated. The latest effort initiated by BPA and other control area operators, called "Columbia Grid," should also be met with similar scrutiny**; line 43 delete the word **reforms** and add the word **future**; line 44 add the word **improvements**. With a second the motion to amend the resolution language carried with none opposed.

Ron Hatfield moved to recommend adoption of the resolution with language changes to membership at 2006 Annual Business Meeting. With a second the motion carried with none opposed.

06-4 — Support for Energy Efficiency

Meera Kohler moved to make the following wording changes: Line 19 deletes the words **(the equivalent of nearly 234 gas-fired 300 MW power plants)**. With a second the motion to amend the resolution language carried with one (Nate Narrance) opposed.

Jim Hubenthal moved to recommend adoption of the amended resolution to membership at 2006 Annual Business Meeting. With a second the motion carried with none opposed.

06-5 — Energy Resource Development is a National Security Issue

Walter Sapp moved to recommend adoption to membership at 2006 Annual Business Meeting. With a second the motion carried with none opposed.

06-6 — Support for the Effective Management and Operation of the Columbia River System While Meeting Fish and Wildlife Obligations

Meera Kohler moved to recommend the following wording changes to the resolution: Line 42 the word **referred** should be changed to **refereed**.

Ron Hatfield moved to recommend adoption to the membership at the 2006 Annual Business Meeting. With a second the motion carried with none opposed.



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06-7 — In Support of Increased LIHEAP Funding for FY 2006

Meera Kohler moved to amend language on line 14 and change the word sever to **seven**. George Litzenberger moved to recommend adoption with the wording change to membership at the 2006 Annual Business Meeting. With a second the motion carried with none opposed.

06-8 — The Economic Benefits of Hydropower as a Renewable Resource

Ed Gossett moved to recommend adoption to membership at the 2006 Annual Business Meeting. With a second the motion carried with none opposed.

06-9 — Support for the Ability of Public Power Systems to Provide Advanced Communications Services and the Promotion of Pro-Consumer Policies

Ron Hatfield moved to recommend adoption to membership at the 2006 Annual Business Meeting with a correction to a typo in line number 61 — advance should be **advanced**. With a second the motion carried with none opposed.

06-10 — Support for Federal Emergency Disaster Assistance

Larry Descheemaeker moved to recommend adoption to membership at 2006 Annual Business Meeting with the following wording changes: Add the following words to line 18 — **public/people's utility districts**. With a second the motion carried with none opposed.

06-11 — Support of Alaska Low Sulfur Fuel Requirements Waiver

Meera Kohler moved to approve the following changes to the resolution language: Line 15 replace the word lack with **absence**; line 16 add the words **lack of** in front of spot; line 18 delete the words **Alaska Congressional Delegation to obtain an**; line 23 delete the words **Unless the waivers are granted, a catastrophic economic disaster will accompany the required reasons**; line 26 delete the words **apply to** and add the words **affect, areas, the, and communities**; line 27 delete the word **areas**. With a second the motion carried with none opposed.



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Bill Nordmark moved to recommend adoption of the resolution with the wording changes to the membership at the 2005 Annual Business Meeting. With a second the motion carried with none opposed.

06-12 — Support of Alaska Coal Fuel and Mercury Content Waivers

Meera Kohler moved to amend the resolution language in the following areas: Line 10 adds an **s** to the word restriction; line 23 deletes the word **nor** and adds the words **and absence of**; line 28 deletes the word **chooses** and add the word **decides**. With a second the motion carried with none opposed.

Walter Sapp moved to recommend adoption of this resolution with the wording changes to the membership at the 2006 Annual Business Meeting. With a second the motion carried with none opposed.

H. OTHER BUSINESS & REPORTS

1. Criteria for Selecting Committee Chair and Vice Chair

Neal Harth reviewed approved changes from the Sept. 9, 2005 GRC Meeting to “Criteria for Selecting Committee Chair & Vice Chair”. Approved changes are as follows:

Selecting the Chair

*The chair of the government relations committee shall be elected by majority vote of the **delegates present and voting at** the Association’s GRC spring meeting each year.*

Unless vacated, the vice chair from the previous year shall be considered the nominee for the position of chair.

Selecting the Vice Chair

*The vice chair of the government relations committee shall be elected by majority vote of the **delegates present and voting at** the Association’s GRC spring meeting each year.*



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The GRC shall consider the following criteria when selecting a vice chair:

1. *The chair must come from an “active utility” member in good standing with the Association.*
2. *The chair should rotate among active utility members by state such that a representative from the same state does not serve in consecutive years.*
3. ***When possible**, the chair should rotate annually among the following titles: policy maker, general manager and public affairs manager thus providing a good mix of leadership to the committee.*
4. *The chair should have served at least two (2) years on the GRC and should have regularly attended meetings.*
5. *The chair should have demonstrated experience in leading committees.*
6. *The chair should have at least one (1) year’s experience in making calls on Congress in Washington D.C. or attended a legislative advocacy class from APPA, NRECA or NWPPA.*

2. NWPPA/NCPA DC Visitation

Will Lutgen reviewed the NWPPA/NCPA DC Visitation guidelines document. He asked for a show of hands of those interested in going on the spring DC trip. The following committee members indicated their interest in attending: Jim Feider, John DiStasio, George Litzenberger, Mary Wright, Tim Gregori, Walter Sapp, Fred Guyer, Nate Narrance, Jim Dyer, Ed Gossett, Robin Rego, and Bob Titus. Since the number indicating they wanted to go was not over the allotted number of available spaces for NWPPA no further discussion was needed.

3. Policy Perspectives Forum

Scott Lindsay reviewed a draft of the program agenda with the committee. Scott reported that currently 80 individuals are registered to attend the forum and he encouraged other GRC members to register for the event on NWPPA’s Web site.

4. State Reports

Committee members from various states reported on current legislative activities within their respective states.



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5. Advocacy Training Course

Will Lutgen reviewed an advocacy training course that NWPPA offers taught by Scott Lindsay. He encouraged members to have their management and board members take this great training class.

With no further business the meeting adjourned at 4:00 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "NEAL HARTH".

Neal Harth, Committee Chair