

**NWPPA Government Relations Committee Meeting
The Grove Hotel
Boise, ID
February 6, 2002**

Minutes of Meeting

I. ATTENDING

Government Relations Committee chair Pat McGary, Mason PUD No. 3, called the meeting to order at 10:02 a.m. on Tuesday, February 6, 2002. The meeting was held at the Grove Hotel in Boise, Idaho. The following were in attendance:

Ron Benfield, Central Lincoln PUD
Fred Braun, Homer Electric
Beverley Cochran, Franklin PUD
Jim Dyer, Salem Electric
Fred Guyer, Benton REA
Ron Hatfield, Pacific PUD
Terry Holzer, Yellowstone Valley Electric Co-op.
Jim Hubenthal, Lewis Co. PUD
Dwight Langer, N. Wasco PUD
George Litzenberger, Springfield Utility Board
Anthony Martinez, Plumas Sierra REC
Pat McGary, Clark PUD
Dave Pflugrath, Chelan PUD
Bruce Pilling, Emerald PUD
Ned Piper, Cowlitz PUD
Robin Rego, Lakeview Light & Power
Bob Titus, City of Ellensburg
Mary Wright, Wells Rural Electric

NWPPA Staff

Bryan L. Case, Interim Exec. Dir. & Dir. of Accounting & Finance
Debbie Kuraspiani, Communication Director
Scott Lindsay, Director of Government & Member Relations

II. REVIEW & APPROVE MINUTES OF 10-10-01 Meeting

Fred Guyer, Benton REA moved to accept the minutes of the October 10, 2001 meeting with a second from Jim Hubenthal, Lewis County PUD. With none opposed, the motion carried.

III. WASHINGTON D.C. UPDATE

Scott Lindsay provided a federal legislative update to the committee. The following are excerpts from his update:

He opened his remarks by sharing a story of his experience in buying a new home. He noted the difficulties he experienced while trying to set up the utilities at this house and commented that the most helpful and efficient contact came when he called Clark PUD.

Energy Issues in the 107th Congress

NOTE: Some updates have been included since the February 6th meeting and are in italics.

- In both the House and Senate, electricity-restructuring legislation was “teed up” for action early in 2002. House Energy and Air Quality Subcommittee Chairman Joe Barton (R-TX) tried to mark up his electricity bill (H.R.3406) in December but was urged by colleagues to wait until they could examine the Enron failure more closely. Barton has said he will try to mark up the bill in February.
 - Update: *He has since backed off of this timeline and a mark up in the House has been postponed indefinitely.*
- In the Senate, Majority Leader Tom Daschle (D-SD) has promised he will bring S. 1766, the comprehensive energy bill prepared by Sen. Jeff Bingaman (D-NM), Chairman of the Energy and Natural Resources Committee, to the Senate floor for a vote before the February 18 Presidents’ Day recess. That bill contains an electricity title.
 - Update: *While a vote did not occur before February 18, Daschle did introduce an amended version of the bill on February 14, known as the “Energy Policy Act of 2002.” It is an amendment numbered S. 517 and will be offered as a substitute to S. 1766.*
- Many in public power have delivered the message to Congress that it should “slow down” on electricity restructuring and wait to legislate until it better understands what happened in the Western energy market and what caused the Enron collapse. The electric utility industry is complex and vital and if two of the biggest players got it completely wrong, there is significant risk in Congress making further changes to the industry.
- The Federal Energy Regulatory Commission (FERC) is aggressively trying to deal with issues like Regional Transmission Organizations (RTOs) and market power. Public power urges Congress to let that agency work through these issues with the stakeholders, and not make further changes in electricity policy now.

Problems with “Barton Bill”, H.R. 3406

If the Commerce Committee *does* decide to act on the “Barton Bill” (H.R. 3406) public power has a number of specific concerns:

- Section 525 of the bill directs the Secretary of Energy to give Northwest DSIs post-2006 contracts for BPA power at rates that will ensure the long-term viability of the aluminum smelters. This means that other BPA customers will subsidize power rates for the DSIs at the expense of business, commercial, and residential consumers in their own communities. This is not good economic policy for our region and it is not good policy for the federal government. It also completely undermines the in-region discussions that were underway about future power supply for the DSIs.
- The bill mandates participation in RTOs by all transmission owners, including public power systems and BPA. See Resolution 02-16.
- The RTO provisions in the “Barton Bill” are also in conflict with sections of the Northwest Title and the principles in the Northwest Title should prevail. Primarily, the Northwest Title ensures that if BPA’s transmission facilities become subject to FERC jurisdiction, there is a reasonable transition from current BPA transmission policies.
- The “Barton Bill” eliminates FERC’s merger review authority, which is bad public policy and counter to the positions advocated by the Bush Administration and by FERC. FERC is the agency with most experience and expertise in utility operations and structure; it should be the final arbiter of whether a merger is in the public interest. FERC is also better equipped to deal with the market power issues that mergers present. Market power will be an even larger problem if and when PUHCA is repealed. (Lack of market power protections)
 - *Update: Due to the Enron scandal discussion of PUHCA repeal has diminished.*
- The “Barton Bill” directs FERC to approve “incentive pricing” for new transmission services, which will increase costs to consumers. The incentives appear to allow the inclusion of inappropriate costs (e.g. lost power sales revenues) in the transmission rate. Transmission is now and will remain a monopoly and transmission rates should remain cost-based and closely regulated.

S. 1766, the Daschle/Bingaman Energy Bill

- The electricity provisions in the Senate energy bill (S. 1766) are less problematic and it includes good provisions suggesting changes in the hydropower licensing process (which are still being negotiated) and reauthorization of the Renewable Energy Production Incentive (REPI) program.
 - *Update: The bill still includes these important public power provisions, but the electricity title was not removed. An amendment to strike this title will likely be offered if the bill is brought to the Senate floor.*

Regional Transmission Organizations (RTOs)

- The Northwest delegation has been resolute in its fight against FERC's promotion of a "four-RTO" policy that would have lumped the Northwest into a single, West wide transmission organization with California and the rest of the West. Public power appreciates work of the congressional delegation (i.e. the October 2001 letter to FERC signed by a majority of the delegation) urging FERC to slow down and to develop a cost/benefit analysis before making a decision on an RTO for our region. FERC seems to have "gotten the message."
- The Northwest has a unique situation, because BPA owns and operates approximately 75 percent of the transmission in the region and it has very good access to that grid. While the region works to address issues of constraints and future transmission planning and construction, it is not in a hurry to create an RTO. Public power is "at the table" of the RTO West negotiations and we want to work through all the issues with the other stakeholders in the region before endorsing a plan.
- One of those issues is to ensure that BPA is allowed to participate in an RTO in a manner that does not impair its ability to meet its statutory and contractual obligations to preference customers.
- Northwest consumers have been hit hard by electricity rate increases in the last year and public power is not, voluntarily, going to subject them to more rate increases (i.e. the costs of an RTO) unless there is certainty that the benefits outweigh the costs.
- FERC appears to have abandoned the "one size fits all" approach it was advancing last year and that is good. We think FERC should avoid setting standardized, national rules for RTOs and not tie itself to an artificial deadline for action.

- Public power is concerned by any congressional effort to mandate the participation of public power in RTOs or to impose a deadline on RTO development. The Senate bill (Daschle/Bingaman) does not address RTO policy. The “Barton Bill” incorporates overly prescriptive language on RTO policy in light of recent action by FERC.

Allocations of Power to Direct Service Industries (DSIs)

- When Rep. Barton’s new electricity bill was introduced on December 5, it contained a new Sec. 525 that directs BPA to give the DSIs contracts at a price determined by the Secretary of Energy to allow them to continue operations. This section came as a complete surprise to public power and other industrial stakeholders involved in good faith regional negotiations.
- Last year, BPA and the region wrestled with how to deal with the high demand for Bonneville’s output. It was agreed that all customers would be asked to conserve, that the DSIs would be asked to curtail operations in exchange for cash and that the DSIs would be encouraged, to develop new, non-BPA resources for post-2006 power supply. In recent months, Bonneville has called together a regional review to pull together everyone affected and to try to come up with an amicable solution.
- Public power representatives told the DSIs prior to engaging in the regional review talks that a condition of their participation was agreement by the DSIs not to try a lobbying “end run.” Obviously, DSIs back door lobbying efforts have violated that agreement. Regional reviews discussions have ceased. Letters have gone back and forth between public power, Alcoa (DSIs) and Rep. Tauzin, but the DSIs have still not specifically asked that the provision be taken out.
- According to Capitol Hill sources, Rep. Barton added the provision to his bill at the behest of Rep. Billy Tauzin (R-LA), the Chairman of the full Energy and Commerce Committee. Kaiser Aluminum Corporation has its Gramercy facility in Rep. Tauzin’s Louisiana district and this is not the first time the company has turned to the powerful committee chairman for help in securing access to BPA power. In addition, one of their lobbyists is a former Tauzin chief of staff.
- NWPPA opposes this section because it will have a big economic impact, if implemented, on the region. Back when they were negotiating what to do between 2001-2006, an independent economic impact study was released which found that if the DSIs got what they wanted (i.e. contracts) their jobs might be saved, but because of the increase in demand in the region BPA would have to increase rates so dramatically (250 percent) that it would result in 25,000 jobs lost in the Northwest.

People Power Responds to DSIs

- To date, 72 northwest public power utilities are participating with more than 32,000 households signed up to fight for affordable rates.
- People Power issued a grassroots legislative alert to its participants (via e-mail on January 15), asking them to enlist grassroots support to write their members of Congress. To support utilities in this public opinion battle, People Power gave non-profit utility consumers instant access to their members of Congress through its Web site www.pplpwr.org under the Consumer Information icon.
- For non-profit utilities, People Power created supporting legislative alert materials for grassroots advocates, as well. This includes:
 - an issues briefing;
 - a letter from the utility general manager to be mailed to the grassroots;
 - contact information for their members of Congress and Deputy Energy Secretary Francis Blake;
 - a sample press release and op/ed piece;
 - a sample board resolution in opposition to the DSIs; and,
 - an accompanying letter for the utilities to send to their members of Congress once that resolution has been passed.
- Since the issuance of this alert, People Power has been contacted by 17 utilities that are taking part.
 - For example, Columbia REA, a member-owned rural electric cooperative in southeastern Washington, had scheduled a meeting with their Congressman. Upon receiving the legislative alert, they told People Power that this issue would be a priority during their meeting.
 - In addition, all Oregon state electric cooperatives are going out with a legislative alert to their 3,600 grassroots advocates.

Telecommunications Issues

Northwest Open Access Network (NoaNet) and PMA Fiber

- The Northwest Open Access Network (NoaNet) is a nonprofit corporation that has licensed fiber optic cables [four (4) strands of “public purpose” fiber] from BPA and will license fibers from other sources and make the network available to utilities and communities in the Pacific Northwest.

- NoaNet's Washington Network is now up and running. Oregon's network is under the final stages of construction. Currently, NoaNet has placed over 23 points of presence (POP) or on-ramps to the Internet in Washington, Oregon and Montana (plans to serve Idaho are underway), and when Oregon is completed, there will be close to 40 POPs.

Threats to NoaNet –

1) DOE IG Report

- The 106 Congress passed the “Energy and Water Development Appropriations Act of 2000” (H.R. 2605) which included report language addressing fiber-optic cable installation by the power marketing administrations (PMAs). The language requested that each PMA prepare a “comprehensive fiber-optic cable plan” to include all activities relating to installation, operation, marketing, and leasing of fiber-optic cables and related communications operations for “current and future operational needs.”
- On October 16, the Department of Energy's (DOE's) Inspector General (IG) issued its PMA fiber report stating that BPA installed fiber in excess of its future operational needs. The report focused the majority of this criticism on BPA's PMA fiber program.

2) Tauzin-Dingell Legislation, HR 1542

- If this bill were to pass it would essentially deregulate the broadband industry and, de facto, also deregulate the highly regulated local telephone service industry. It would eliminate all federal and state regulation of digital subscriber line (DSL) services, giving incumbent telecommunications companies an advantage and dampening competitive opportunities for Internet Service Providers (ISPs).
 - A vote on this bill is expected in the House during the last week of February and it will likely pass due to support from both the chairman and ranking member of the committee. However, Commerce, Science and Transportation Chairman Ernest Hollings (D-SC) has expressed strong opposition to this bill and it will have to be approved by his committee if it is going to come to the floor for a vote.

3) Rep. Blunt Expected Legislation

- Rep. Roy Blunt (R-MO) is expected to introduce legislation that would place severe restrictions on public power utilities in providing telecommunications services. The bill essentially cuts public power out of

providing telecommunications by saying that in order to do so a government entity 1) will be subject to the same state and federal laws as private companies and 2) must give up all government prerogatives, e.g. rights to exercise eminent domain, rights of way, and tax exempt status.

Energy Tax Issues

Private Use

- During the 106 Congress, public power was strongly advised by Congressional Leaders to find a resolution on all electricity tax issues joining together the investor-owned utility community. After months of intense discussion, an agreement was reached and bi-partisan legislation was advanced in the form of a bill, H.R. 4971/S.2967, the “Electric Power Industry Tax Modernization Act.”
- In August 2001, the House passed H.R. 4 the “Securing America’s Future Energy” (SAFE) Act, which included a version of the private power/public power tax agreement. Unfortunately, however, the Ways and Means Committee made significant modifications to that agreement, which are adverse to public power.
- The solution is for the Senate to re-instate the provisions of S. 972, the “Electric Power Industry Tax Modernization Act.”

Co-op 85/15 rule

- Similarly the co-ops are attempting to address their electricity tax issues by seeking changes to the 85/15 rule. This was an effort that the co-ops moved separate from the electricity tax agreement, but it is still a critical need for co-ops to continue to serve their communities.

Tradable Tax Credit

- In addition, Congress is considering the extension of the renewable energy tax credit (Section 45 of the Code), which is set to expire. If Congress decides to renew Section 45 it should incorporate a tradable tax credit that would enable public power systems to be eligible for tax credits. The existing renewable incentive program for public power, the REPI program, has been dramatically under funded by Congress for years, and thus has provided very limited benefits to our sector of the industry.
- A tradable tax credit has the broad support of Senate Majority Leader Tom Daschle (D-SD) and Senate Finance Committee Chair Max Baucus (D-MT), as well as Representative Jennifer Dunn (R-WA). Legislation has been introduced by Senators Harry Reid (D-NV) and Gordon Smith (R-

OR) (S. 1566) to expand Section 45 credits and create a tradable tax credit program. In the House, Rep. Dunn (H.R. 1677) included a tradable tax credit for public power systems that make incremental hydropower upgrades.

- *Update: On February 13, the Senate Finance Committee passed the "Energy Tax Incentives Act of 2002." This bill scored at \$14.5 billion over ten years for the entire package. It included tradable tax credits, the 85/15 tax fix sought by the co-ops and modest provisions regarding a private use study.*

BPA Borrowing Authority

- Thanks were given to the Northwest delegation for its help in trying to win support for an increase in BPA's borrowing authority in the in the FY 2002 appropriations bill. The delegation was unified and very supportive on this issue.
- Public power recognizes how hard it was, given the opposition of the Bush Administration, and it encourages the delegation to remain vigilant in its efforts to push for this needed funding.

Hydropower Relicensing

- Federally licensed hydropower plays a vital role in the Northwest's energy mix. In addition to clean, efficient, renewable electric power, our region's hydro projects provide drinking water, flood control, fish and wildlife habitat, irrigation, transportation, environmental enhancement funding, and recreation benefits to all in the Northwest.
- Just prior to the winter recess, Senate Energy and Natural Resources Committee Chairman Bingaman and Majority Leader Daschle introduced S. 1766, a comprehensive energy package, which also includes a hydro relicensing title. We understand that Chairman Bingaman's staff is currently working with a bipartisan group of Senate offices, including Sen. Maria Cantwell's (D-WA), to draft consensus language that would be supported by Republicans and Democrats, as well as industry and environmental groups. The hope is that an agreement can be reached soon and that hydro relicensing reform can be enacted in 2002 – either in a comprehensive energy bill or as stand-alone legislation.

Renewable Energy Production Incentive (REPI)

- The REPI program permits DOE to make direct payments to public and cooperatively owned electric utilities around 1.5 cent per kWh for electricity generated from solar, wind, and certain geothermal and

biomass electric projects. It was authorized in the Energy Policy Act of 1992.

- While investor-owned utilities have many incentives available to for investment in renewables, REPI is the only incentive available to locally-owned, not-for-profit utilities to make new investments in renewable energy projects.
- Congress should increase funding to allow public systems to engage in renewable energy projects in an effort to increase fuel diversity, provide equity with tax credits provided to the private sector, and fund fuels much needed to meet air quality requirements. Your help is needed to bolster this program, by making it a national priority and increasing federal dollars.
- NWPPA encourages Congress to provide \$40 million in REPI program funding in the FY 2003 Energy and Water Development Appropriations bill.
- Additionally, NWPPA urges members to support reauthorization and reform of REPI, set to expire next year, to extend the life of the program and to ensure that valuable incentive payments continue to be available to public power systems in the future. This can be done either in a comprehensive energy bill or a standalone bill such as HR 2190, sponsored by Rep. Karen McCarthy (D-MO).
- Separately, Congress should be encouraged to explore additional options for encouraging the development of renewable energy resources and should ensure parity between incentives offered to private and public utilities – with like tradable tax credits.
 - *Update: Also on the tradable tax credit front, the Northwest's only House member on the influential Energy and Commerce Committee, Rep. Greg Walden (R-OR), inquired about tradable tax credits for renewable generation during NWPPA D.C. visits to congressional offices. Walden has since encouraged staff to meeting with APPA's tradable tax credit point person to consider drafting legislation in the House.*

IV. 2002 RESOLUTION REVIEW

Five NWPPA utility members submitted comments and/or new resolutions for committee consideration. Those utilities were: Clearwater Power, Benton PUD, Benton REA, Lincoln Electric, and Anchorage Municipal Light & Power.

The following are changes made during the committee review process:

- 02-01 Fred Guyer made a motion to end the 4th paragraph of resolution after the word 2006. With a second by Bob Titus the motion carried.
- 02-02 No changes to existing resolution were recommended.
- 02-03 Bob Titus made a motion to add back the word rate and with a second from Jim Dyer the motion carried.
- 02-04 Lincoln Electric Cooperative submitted wording additions in the sixth bullet to add “within reasonable time limits.” Motion to accept wording additions made by Mary Wright. With a second by Fred Guyer the motion carried.
- 02-05 No changes to existing resolution recommended.
- 02-06 No changes to existing resolution recommended.
- 02-07 Fred Guyer made a motion to make the following amendments to resolution: In first paragraph change the last sentence to read: These benefits are roughly equal; therefore changes to the tax code for any sector need to be done judiciously so they do not significantly undermine this fragile balance causing anti-competitive effects.

The fourth paragraph would read: NWPPA, therefore, supports passage of legislation that provides flexibility for public power systems to operate openly and fairly in a restructured marketplace without unduly jeopardizing their existing tax-exempt bonds, hindering their ability to issue new tax -exempt bonds, or by subjecting them to federal income tax due to restriction on “non-member income levels.

The fifth paragraph would now read: More specifically, NWPPA supports the enactment of the tax agreement reached between public power and the investor-owned utilities (H.R. 1459/S. 972) that will modernize private use restrictions with regard to use of tax exempt bonds to permit the full utilization and expansion of public power-owned transmission facilities, and will also provide greater latitude for multi-year contracts without running afoul of current tax code restrictions.

The sixth paragraph would read: NWPPA also supports similar flexibility (H.R. 1601/S. 794) for rural electric cooperatives, who are exempt from federal income tax so long as 85 percent of their income comes directly from their members. Modifications must be

made to the tax code to exclude from the definition of income certain revenues, which have resulted from restructuring changes made in the energy industry. We support the elimination of – the “85/15 test”, to allow electric cooperatives to function openly and fairly in a restructured marketplace.

The seventh paragraph would now read: NWPPA advocates the swift consideration and adoption of S. 972/H.R. 1459 and H. R. 1601/S. 794 as introduced, when Congress considers energy tax legislation in the second session of the 107 Congress. Passage of these bills will address tax issues of concern to consumer-owned utilities.

Jim Dyer made a second to motion to adopt these wording changes. Motion carried.

- 02-08 Fred Guyer moved to make the following changes to wording: The second paragraph would read: Pursuant to this Act, utilities have already contributed more than \$17 billion to the Nuclear Waste Fund, and the Department of Energy has initiated site characterization at Yucca Mountain, Nevada, to determine whether this site is suitable as a permanent repository for storage of high-level nuclear waste.

The final paragraph would read: NWPPA urges DOE and Congress to develop a viable program whereby DOE can accept responsibility for storage of nuclear waste, as required by the Nuclear Waste Policy Act of 1982. NWPPA further urges that DOE be directed by Congress to pay for the cost of dry cask storage that utilities were forced to develop as a result of DOE’s failure to take title to their spent fuel. NWPPA also urges DOE to proceed expeditiously with site characterization at Yucca Mountain, so that a permanent repository will be developed.

With a second from Mary Wright the motion to adopt changes carried with one opposed from Emerald PUD.

- 02-09 Fred Guyer moved to accept the following changes to wording: The first paragraph would be changed to read: Breaching of the lower Snake River dams, and drawing down the reservoir behind the John Day Dam is often considered as a way to help rebuild the declining salmon populations. Adoption of a drawdown or breaching strategy is not warranted for the following reasons:

The second paragraph would now read: In December of 2000, the National Marine Fisheries Service (NMFS) issued its “Biological

Opinion” that indicated that ocean conditions and estuaries are a major problem and that the impacts of dams are less, and perhaps different, than earlier thought. The NMFS study brings into focus the fact that breaching dams may not be an effective way to save salmon from extinction on the Lower Snake River.

The third paragraph would now read: While the NMFS Biological Opinion does not entirely rule out breaching as a recovery option, it does impose strict performance standards on salmon recovery that will challenge hydropower system operators, hatchery and fishery managers and users of habitat to meet rigorous survival goals by 2003. If the goals are not met during the benchmark years of 2003, 2005 and 2008, breaching efforts of the four lower Snake River may resume.

A new fourth paragraph is added: However, recent judicial actions regarding fish listings will have a far-reaching impact on how goals and standards are interpreted in the benchmark years. A recent U.S. District Judge ruling revoked a 1998 NMFS regulation protecting wild coho salmon but not hatchery salmon. This policy change has significant implications because it no longer differentiates between a wild salmon and a hatchery salmon – ultimately boosting the number of fish being counted in the Snake River. A larger overall fish return will lessen the likelihood of triggering a breach alternative in the benchmark years of 2003, 2005 and 2008.

Ron Hatfield seconded the motion to accept wording changes and the motion carried with none opposed.

02-10 Bruce Piling made a motion to accept the following wording changes suggested by Emerald PUD: The eighth paragraph would now read: NWPPA wants sensible, balanced approaches to the construction, modification — including incremental upgrades — and operation of hydropower facilities. Hydropower is the foundation of our Northwest region’s energy supply. It aids our businesses and industries in being a viable and competitive force that enhances the strength of the country.

The final paragraph would now read: Because hydroelectric power is a renewable energy resource, NWPPA urges the Congress and the Executive Branch of the Federal government to be consistent in recognizing hydropower as a renewable energy resource in all actions taken by these branches of government. Any credits or other incentives provided in energy policy legislation should encourage the use of renewable energy resources such as

hydroelectricity except until REPI funding is a sufficient level so that there is no impact on existing REPI projects.

With a second from Fred Braun the motion to accept changes carried.

- 02-11 Jim Dyer moved to accept the following wording changes submitted by Benton REA: The final paragraph would be amended to read: In addition, NWPPA strongly advocates reforming the hydropower licensing process to (1) streamline regulations; (2) provide for early and meaningful involvement of all stakeholders; (3) provide license applicants an opportunity to offer alternatives to meet mandatory conditions; (4) promote competition, while at the same time recognizing existing license holders renewal preference; (5) facilitate settlement opportunities and the timely resolution of interagency conflicts; (6) reduce post-filing disputes and additional information requests, and (7) maintain the economic viability of hydroelectric projects.

With a second from Fred Guyer the motion carried with none opposed.

- 02-12 Mary Wright moved to accept the following wording changes submitted from Emerald PUD: The first sentence in the first paragraph would read: Northwest Public Power Association (NWPPA) members remain alarmed with the U.S. Forest Service (USFS) and Bureau of Land Management's (BLM's) imposition of a strict liability clause for fire suppression in utility easement agreements.

The second paragraph adds the words "and the BLM" and the third and fourth paragraphs add the words "and BLM's."

With a second from Fred Guyer the motion carried with none opposed.

- 02-13 No changes submitted to existing resolution.

- 02-14 Fred Guyer made a motion to accept the following changes submitted by Lincoln Electric Cooperative: The first paragraph would change to read: The expired Endangered Species Act (ESA) is subject to reauthorization and amendment by Congress. The Northwest Public Power Association supports the Act's goal of preserving species that are endangered or threatened by human activity and while the ESA has not been reauthorized its principles have been enforced since its expiration in 1992.

The second paragraph would read: However, NWPPA believes that future actions to amend the Act should clarify certain provisions, to provide for greater public input into the administration, to improve efficiency in implementing the Act and to achieve a proper balance in considering economic factors.

A ninth bullet point would be added: An independent assessment and analysis of the economic impacts of any ESA action should be conducted.

With a second from Beverly Cochrane the motion carried with one opposed from Emerald PUD, which is working on a new recommendation to submit at a later date.

Fred Guyer moved to delay action on this resolution until Scott Lindsay has a chance to check further into the Endangered Species Act. With a second from Jim Dyer the motion to delay action passed with none opposed.

02-15 Beverly Cochrane moved to accept the following wording changes to the final paragraph submitted by Benton REA: In developing a Northwest title in federal electric restructuring legislation, NWPPA recommends that any bill:

- Recommend functional separation of BPA's generation and transmission businesses, rather than legal separation;
- Include a stranded cost recovery mechanism, if needed, after BPA has implemented all practicable cost containment measures; and
- Ensure participation by all customers who have benefited from BPA's power and transmission system if stranded cost recovery is needed.

With a second from Robin Rego the motion carried with none opposed.

02-16 Fred Guyer moved to accept a new resolution presented titled "*In Opposition To A Blanket RTO Approach*" drafted by Morgan Meguire. With a second from Jim Dyer the motion to approve carried with none opposed. Scott Lindsay will update this resolution as a filing is made on an RTO. (Note: *the filing for RTO West has been delayed until late March due to Congressional pressure. Changes to resolution language will be made after the RTO filings occurs.*)

- 02-17 Fred Guyer moved to change the number of years in paragraph three from 18 to 19. With a second from Jim Dyer the motion carried with none opposed.
- 02-18 Fred Guyer will submit language updates for consideration at the May Government Relations Committee Meeting.
- 02-19 Fred Guyer moved to accept the following wording changes: The second paragraph would now read: The Bush Administration has determined that the treaty to cap greenhouse gas emissions is flawed and as a result, the U.S. has withdrawn its' participation in the Kyoto Protocol. We applaud the administration for this decision. However, we recognize that when it comes to the reduction of greenhouse gases it is important to support a global solution, but not one that reduces the competitiveness of the U.S. Any proposal, to reduce greenhouse gases should be international in scope but fair to all parties.

With a second from Bob Titus the motion carried with none opposed.

- 02-20 No changes suggested to current resolution.

- 02-21 Ron Hatfield moved accept the wording changes submitted by Emerald PUD: The first paragraph would read: The Northwest Public Power Association (NWPPA) supports reauthorization and reform of the Renewable Energy Production Incentive (REPI) program, as well as sufficient funding to make full incentive payments to all eligible projects.

In the third paragraph the words "indexed for inflation" are added.

The final sentence in the sixth paragraph reads: Moreover, the program needs to be reauthorized for an additional 10-years and amended to provide a mechanism for "pre-construction" funds.

Seventh paragraph reads: Because of the importance of the REPI program to encourage the development and investment in renewable energies by public power, NWPPA urges the reauthorization and reform of the current REPI program, and also encourages Congress to fully fund the program so that incentive payments are available to all eligible projects.

A final paragraph is added: In the absence of full funding, Congress should enact legislation that would create an alternative tradable tax credit that would allow public power systems, which

are unable to take advantage of tax credits, to accept the Section 45 tax credits and transfer or sell them; thereby monetizing the value of the credits for the benefit of our customer taxpayers.

With a second from Beverley Cochrane the motion carried with none opposed.

02-22 No changes submitted to existing resolution.

02-23 Jim Hubenthal made a motion to make the following wording changes: The first paragraph would read: Past interpretations of the Migratory Bird Act have asserted that accidental electrocution (or death by collision) of raptors and migratory bird species is a deliberate “taking” of wildlife by electric utilities. Severe penalties have been assessed and proposed against utilities whose systems have experienced such contacts and mid-flight collisions.

Final paragraph would read: We urge balance in the Federal government’s approach to preserving wildlife at the expense of serving our human population with the most basic of necessities – affordable electric power. We urge Congress to clarify that in-flight electrocutions or contacts by avian species do not qualify as a deliberate “taking” of protected avian species.

With a second from Jim Dyer the motion carried with none opposed.

02-24 No changes submitted to existing resolution.

02-25 Fred Guyer moved to refer this new resolution back to Anchorage Municipal Light & Power to rework the resolution and to check figures for accuracy. With a second from Jim Hubenthal the motion carried with none opposed.

02-26 Beverley Cochrane moved to refer this new resolution back to Emerald PUD to check figures for accuracy, shorten language, try to incorporate text in resolution 02-9, and strike all references to dam breaching. With a second from Ron Hatfield the motion carried with none opposed.

02-27 Fred Guyer moved to refer this new resolution back to Emerald PUD to check figures for accuracy and change the format of the resolution to drop “Be It Further Resolved” for consistency purposes. With a second the motion carried with none opposed.

02-28 Fred Guyer moved to endorse this new resolution on “Equal Treatment of all Northwest Industries Served Directly or Indirectly

by BPA” and include it in the packet of resolutions sent out to the membership for consideration and adoption. With a second by Robin Rego the motion carried with one opposed from Northern Wasco PUD.

IV. OTHER BUSINESS & REPORTS

APPA Legislative Rally — Bryan Case gave a brief update to the committee that the feeling from the rally was that deregulation and RTO’s are on the way. He encouraged the committee members to be proactive in protecting public power’s interest in these areas.

Discussion of Government Relations Director Position — Ron Benfield reviewed the original intent of adding a position of Director of Government & Member Relations. The original decision was driven by cost and efficiency. The reason for the change was to be able to provide better government relation’s services at a lower cost to the Association. NWPPA could provide more services at a lower cost by creating a job in-house.

V. NEXT MEETING DATE & LOCATION

The next Government Relations Committee Meeting is scheduled in conjunction with the Annual Conference & Membership Meeting on May 21, 2002 from 4:00 to 5:30 p.m. at the Centennial Hall & Convention Center in Juneau, Alaska. Hotel and reservation information can be found on NWPPA’s web site in the section meetings area.

There being no further business the meeting adjourned at 2:35 p.m.

Respectfully submitted,



Bryan L. Case
Interim Executive Director &
Director of Accounting & Finance