

**NWPPA Government Relations Committee Meeting
Centennial Hall Convention Center
Juneau, Alaska
May 21, 2002**

Minutes of Meeting

A. ATTENDING

Government Relations Committee chair Pat McGary, Clark Public Utilities, called the meeting to order at 4:10 p.m. on Tuesday, May 21, 2002. The meeting was held at the Centennial Hall Convention Center in Juneau, Alaska. The following were in attendance:

Stosh Anderson, Kodiak Electric Association
Nancy Barnes, Clark Public Utilities
Fred Braun, Homer Electric
Nigel Chymko, EES Consulting
Beverley Cochrane, Franklin County PUD
Mike Conley, Grant County PUD
Gerald Davis, Inland Power & Light
Larry Descheemaeker, Fergus Electric
Donita Dials, Tillamook PUD
Bill Drummond, Western Montana G&T
Jim Dyer, Salem Electric
William Fleenor, Central Lincoln PUD
Jim Gaston, Energy Northwest
Kenneth Gates, Cordova Electric Cooperative
Fred Guyer, Benton REA
Neal Harth, N. Wasco PUD
Ron Hatfield, Pacific County PUD
LaNea Holt, Lost River Electric
Louis Holveck, Valley Electric
Terry Holzer, Yellowstone Valley Electric co-op.
Jim Hubenthal, Lewis County PUD
Steve Johnson, Washington PUD Assoc.
Meera Kohler, Alsaka Village Electric Cooperative
Frank Lambe, Emerald PUD

Dwight Langer, Wasco Electric Co-op.
Pat McGary, Clark Public Utilities
Ray Michels, Yellowstone Valley Electric
Frank Moses, Grays Harbor PUD
Bob Myhr, Orcas Power & Light
Bruce Pilling, Emerald PUD
Ned Piper, Cowlitz County PUD
Robin Rego, Lakeview Light & Power
Denny Rohr, D. Rohr & Associates
Marianne Roose, Lincoln Electric Co-op.
Bob Speckman, Salem Electric
Tom Swayze, Peninsula Light
Bob Titus, City of Ellensburg
Jim Todd, Seattle City Light
Carl Van Hoff, Energy Northwest
Larry Weis, Turlock Irrigation District
Robert Wilkinson, Copper Valley Electric Assoc.
Dick Wilson, Mason PUD No. 1

NWPPA Staff In Attendance:

Will Lutgen, Executive Director
Debbie Kuraspediani, Communication Director
Scott Lindsay, Director of Government & Member Relations

Others In Attendance:

Deborah Sliz, Morgan Meguire LLC

B. REVIEW & APPROVE MINUTES OF 2-6-02 Meeting

Jim Hubenthal, Lewis County PUD moved to accept the minutes of the February 6, 2002 meeting. With a second the motion carried with none opposed.

C. FINAL PROPOSED 2002 RESOLUTIONS

Scott Lindsay explained the proposed en-bloc resolution consideration process.

Bruce Pilling, Emerald PUD reviewed Emerald's changes to resolution 02-8. Bruce asks that 02-8 be removed from the en-bloc resolutions and considered

separately. He also requested that resolution 02-22 be removed from the en-bloc resolutions and considered separately.

Bob Speckman moved to accept the en-bloc resolution list with the changes submitted from Emerald. With a second the motion carried with none opposed.

Fast Poll Mechanism: Scott Lindsay explained the fast poll proposal and how it would work with the resolution process. A draft resolution would be posted to a web site bulletin board and an e-mail would go out to the Government Relations Committee alerting them to the posting and asking for comments and/or changes. Staff would make changes to resolution language as comments come in. NWPPA hopes to have this process ready for use at the first meeting in 2003.

D. WASHINGTON D.C. LEGISLATIVE UPDATE

Deborah Sliz provided a federal legislative update to committee members followed by a short question and answer session following.

E. NWPPA LEGISLATIVE RALLY UPDATE

NWPPA Hill Meetings April 8-11, 2002

The Senate wrapped up floor consideration of the comprehensive energy bill (S. 517) on April 25 after six weeks of floor debate and just two weeks after the Northwest Public Power Association's (NWPPA's) annual legislative visits in Washington, D.C. Timing for the trip was excellent allowing NWPPA's public power messages to be delivered once more just as the Senate entered final debate on its energy bill.

The 2002 NWPPA Legislative Rally delegation consisted of:

- Secretary/Treasurer Bob Speckman (Salem Electric Co-op - OR);
- Chairman of the Government Relations Committee Pat McGary (Clark County PUD - WA);
- Board Member Marianne Roose (Lincoln Electric Co-op – MT);
- Government Relations Committee member Ralph Carmona (Sacramento Municipal Utility District – CA);
- Executive Director Will Lutgen; and
- Director of Government & Member Relations Scott Lindsay.

While making the rounds, NWPPA urged offices to support the inclusion of the following provisions in a comprehensive energy bill:

- Public power tax issues — private use, 85/15 Co-op rule, and/or tradable tax credits;
- The Renewable Energy Production Incentive (REPI) program – Success in urging WA Reps. Hastings and Nethercutt to send a separate letter in support of REPI;
- Hydropower relicensing legislation; and
- Bonneville Power Administration (BPA) borrowing authority.

Other issues that were mentioned during the visits included:

- Electricity restructuring — alerted staff (Sen. Hatch staff and others) to the possibility of a Craig motion to strike the electricity title (II) from S. 517 — Vote taken April 10 and failed 32-67, but Western Sens. Crapo (R-ID), Murray (D-WA), Cantwell (D-WA), Bennett (R-UT), Hatch (R-UT), Boxer (D-CA), Feinstein (D-CA), Burns (R-MT), Kyl (R-AZ), McCain (R-AZ) and Gordon Smith (R-OR).
- Regional Transmission Organizations (RTOs) — Success in getting WA Reps. Dunn (R) and Inslee (D) to sign delegation RTO letter (copy available)
- Telecommunications Legislation; and
- National Utility Training Service facility funding — received a referral from Rep. Dicks (D-WA) office about NUTS.

Without exception, each of the energy bill priorities the NWPPA delegation advocated were added to the approved Senate bill —

- Senate Finance Committee Chairman Max Baucus (D-MT) shepherded tax provisions in the bill supported by public power to offer private use relief, address issues with the 85/15 Co-op rule, and create tradable tax credits for public entities.
- Washington Sens. Patty Murray (D) and Maria Cantwell (D) kept the pressure on to retain REPI language in the bill.
- Sens. Larry Craig (R-ID), Gordon Smith (R-OR) and Ben Nelson (D-NE) passed an amendment by voice vote to reform the hydroelectric relicensing process and replaced the prior placeholder language in S. 517.
- Sen. Ron Wyden (D-OR) added an amendment to authorize increasing BPA's borrowing authority to \$1.3 billion — co-sponsored by Burns (R-MT), Cantwell (D-WA) and Smith (R-OR).

After considering over 200 amendments, including the ones referenced above (Note: Western Senators should be thanked for their efforts to include provisions in the Senate bill that were favorable to public power.) the Senate passed the over 600-page bill by a landslide vote of 88 to 11. Of the 11 dissenters who opposed final passage of the bill, only four were from the

West — Arizona Republican Sens. Jon Kyl and John McCain and California Democratic Sens. Barbara Boxer and Dianne Feinstein.

This overwhelming vote may indicate that an energy bill *is* bound for the White House. However, much remains to be reconciled when the House and Senate meet to conference the vast differences between the House-passed energy bill (H.R. 4) and the Senate passed bill (S. 517 — now called H.R. 4).

Tough partisan negotiations are expected to take place over oil and gas drilling in the Arctic National Wildlife Refuge, renewable portfolio standards and electricity restructuring provisions, among others.

Other outstanding issues of particular interest to NWPPA members include:

- BPA borrowing authority — It will clearly be a conference priority for the Northwest. This provision, which was included in the Senate bill at the last minute, is not included in the House energy bill and will likely be a battle to retain.
- Direct Service Industry (DSI) provision — Energy and Air Quality Subcommittee Chairman Joe Barton's (R-TX) electricity bill — which has not received subcommittee or full committee approval — contains a provision (Sec. 525 of H.R. 3406) on Direct Service Industry (DSI) which directs the Secretary of Energy to give Northwest DSIs post-2006 contracts for BPA power at rates that will ensure the long-term feasibility of the aluminum smelters. Energy and Commerce Committee Chairman Billy Tauzin (R-LA), who will almost assuredly be a conferee, added this provision to H.R. 3406 and so it could prove difficult to remove in Conference.

With these issues being tackled in conference, the West is fortunate to have strong representation on the conference committee. While the House has not named conferees yet, the Senate conferees are as follows:

- Conferees on *energy issues* (4 Ds, 1 I, and 5 Rs): Senators Bingaman (D-NM), **Reid** (D-NV), Jeffords (I-VT), Lieberman (D-CT), Kerry (D-MA), **Murkowski** (R-AK), **Craig**, **Domenici** (R-NM), Nickles (R-OK), and **Thomas** (R-WY).
- Conferees on *tax issues* (3 Ds – 2Rs): Senators **Baucus**, Rockefeller (D-WV), and Breaux (D-LA), Grassley (R-IA) and Lott (R-MS).

Unofficially, Hill staff is saying that House members on the conference committee may consist of (all from committees of jurisdiction):

- 8 to 6 (R to D ratio) from the Energy and Commerce Committee;
- 2 to 1 from the Ways and Means Committee;
- 2 to 1 from the Science Committee; and

- 2 to 1 from the Resources Committee.

If this is the case this will be a large conference committee making more difficult to find agreement due to the number of opinions being represented in committee — Not likely to have many Western members from the House.

It is unclear at this point if the many policy and political disagreements can be worked out in time to deliver an energy bill to the President's desk this year. However, with enormous pressure from the White House to get an energy bill signed into law, and the strong vote in the Senate, the chances of enactment are greatly improved.

Washington State Society Potlatch Dinner May 3, 2002

NWPPA purchased a table for the annual Washington State Society dinner and donated programs with artwork created in-house by Glenda Waite. This was a big hit and NWPPA received several positive comments about the program from attendees. It was great public relations for NWPPA and many of our Washington members (WPUA and WRECA) attended. NWPPA table — House and Senate Appropriations Staff, Rep. Larsen staff and BPA staff.

NRECA Legislative Rally May 5-8, 2002

In the spirit of adding value to our membership by having an in-house government relations specialist, Scott Lindsay attended the NRECA Legislative Rally in Washington D.C. during the first part of May.

During the week, Scott assisted in staffing and supporting NWPPA members as they visited Northwest offices. When requested by statewide heads, Scott attended dinners, receptions, group outings (Baseball game with NCPA members and staff, APPA staff and California congressional staff), and office visits. He was invited to and participated in meetings set up by ORECA, NCPA, WRECA, and MECA and also visited with WREA, PNGC, and ARECA members while in D.C.

On the legislative side, NWPPA and WRECA (Tanner Electric) were successful in encouraging Rep. Dunn to sign onto a Rep. Houghton (R-NY) letter in support of tradable tax credits for public power. This was a big victory in that APPA had identified Dunn as a critical name needed on the letter. They were willing to commit significant resources to the effort, but we were able to deliver a week early. Her early support for the letter was important because she is a senior member of the Ways & Means Committee and other offices will be more likely to sign the letter when they see her name on it. Efforts to gain additional signatures continued during the week of visits.

People Power Update

People Power is in its second year, and exceeding expectations. People Power is our regional grassroots organization of non-profit utility consumers. NWPPA and PPC work with consumer-owned utilities in the Northwest to educate and activate their consumers to defend preference and other benefits the region receives from the Federal Columbia River Power System.

In 2001, People Power had 72 utilities participating with approximately 33,000 households on board. The goal for 2002 was to have eight new non-profit utilities join the effort, and four actually recruit a grassroots network. People Power has actually had 12 new utilities sign up for the program and six recruit local grassroots networks — and it's not even half way through the year! As of May 89 utilities are participating in the program with more than 40,000 households on board.

People Power continues to create supporting materials for utilities, including:

- an issues briefing;
- a letter from the utility general manager to be mailed to the grassroots;
- contact information for their members of Congress and other administration officials;
- sample press releases and op/ed pieces; sample board resolutions; and,
- an accompanying letter for the utilities to send to their members of Congress once that resolution has been passed.

Utilities were encouraged to consider joining if they were not already participating.

F. ELECTION OF GOVERNMENT RELATIONS COMMITTEE CHAIR

Meera Kohler nominated Fred Braun, Homer Electric for the 2002/2003-chairman position. With a second the motion carried with none opposed.

Jim Hubenthal nominated Robin Rego, Lakeview Power & Light for the position of 2002/2003 vice chairman. With a second the motion carried with none opposed.

G. NEXT MEETING

The next committee meeting will be September 12, 2002 at the Grouse Mountain Lodge in Whitefish, MT. Hotel information is posted on NWPPA's web site in the Members Only area under Government Relations.

There being no further business the meeting adjourned at 6:10 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "B. Speckman", with a long horizontal flourish extending to the right.

Bob Speckman
Secretary/Treasurer