



STATE OF WASHINGTON

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

August 11, 2009 Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the August 11, 2009 meeting to order at 905 Plum Street S.E., Room 301, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Jim Luce	Chair
Dick Fryhling	Community, Trade & Economic Development
Jeff Tayer	Department of Fish and Wildlife
Dick Byers	Utilities and Transportation Commission
Hedia Adelsman	Department of Ecology
Mary McDonald	Department of Natural Resources
Ian Elliott (via Phone)	Kittitas County Representative

Staff in attendance were:

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

Guests in attendance were:

C. Robert Wallis – EFSEC Consultant, Mark Anderson – Department of Commerce, Tim McMahan – Stoel Rives, Darrel Peeples – Attorney, Joy Potter – Horizon Wind, Arlo Corwin – Horizon Wind, Josh Mathis – Horizon Wind, Andrew Young – Horizon Wind, Todd Gatewood – Grays Harbor Energy, Mark A Miller – PacifiCorp, Steven Bonsma – Grays Harbor Energy, Michael Goldstein – Invenergy, Bill Robinson – the Nature Conservancy, and Chris Towne.

Guests in attendance by phone:

Jennifer Diaz – Puget Sound Energy Wild Horse and Wayne Bell

The Council postponed the approval of the meeting minutes for June 9, 2009, July 8, 2009, July 22, 2009 and July 28, 2009 to the next meeting.

3. PROJECT UPDATES

Columbia Generating Station

<i>NRC License Renewal</i>	<i>Greg Cullen, Energy Northwest</i>
----------------------------	--------------------------------------

Mr. Greg Cullen, Regulatory Programs Manager, Energy Northwest (ENW) presented a power point presentation on the process involved in renewing the Nuclear Regulatory Commission Operating License. A NRC Operating License renewal does not require action by the Council. ENW expects to submit their license renewal application in 2010 and the license should be issued in 2012. ENW will provide regular updates to the Council on this matter.

<i>Operational Update</i>	<i>Robert Nielson, Energy Northwest</i>
---------------------------	---

Mr. Robert Nielson, Supervisor for Environmental and Regulatory Programs, ENW, reported the Columbia Generating Station R-19 refueling outage was completed on June 24, 2009. The refueling was completed in 52 days which exceeded our scheduled outage duration by 16 days. Refueling and planned maintenance, modifications, and inspections were safely completed; however, startup was delayed due to several emergent maintenance items and delays in completing scheduled maintenance tasks.

On June 26, 2009 during plant start up from refueling outage R-19, oil leaking from a bearing in the main turbine came in contact with a hot pipe causing the oil to flash and then self-extinguish. The reactor was manually shutdown by the operating crew. There were no injuries. An "Unusual Event", the lowest emergency classification, was declared. The plant was back on line by July 1, 2009. Preliminary investigation found that equipment, which maintains a vacuum to prevent lube oil leakage at the bearing, failed. Information regarding the root cause and corrective actions is being compiled and will be provided to EFSEC staff.

On July 9, 2009, the station was down powered to 55% as a result of raw cooling water leakage within the main condenser. The main condenser uses cooling water to remove heat from the steam that turns the turbines which drive the main generator. The steam is condensed and returned to the reactor, while the cooling water returns to the cooling towers. A small amount of cooling water leaked into tubes that contain the condensed steam which returns to the reactor. The leak was repaired by plugging tubes within the condenser. The station returned to 100% power on July 16, 2009.

On August 5, 2009, an electrical fault that arced caused a short duration, localized fire in the Turbine Building that was nearly immediately extinguished. . The on-site Fire Brigade responded to ensure the fire was safely and quickly extinguished. The nearby Hanford Fire Department also responded but the fire was already extinguished when they arrived. The plant safety systems operated as designed. There were no injuries; however, the Turbine Building and the Rad Waste Building were evacuated as a precaution due to the presence of smoke and soot. An "Unusual Event" was declared and officially terminated two hours later. Notifications to the Nuclear Regulatory Commission, the Bonneville Power Administration and EFSEC along with other agencies were made shortly after the fire was discovered.

Preliminary indications are that an electrical fault developed in an electrical bus (basically an aluminum tray with three large electrical conductors in it) and caused the fire. The debris from the conductors and aluminum tray fell onto electrical switchgear cabinets in the area. A comprehensive investigation is underway to determine the cause of the fault. At a minimum, the electrical bus will need to be repaired/replaced, the area cleaned up, and the remainder of work planned for a forced outage will be completed. The station will remain offline until the investigation is concluded, the cause is understood, repairs are completed and the plant can resume safe operations.

As Council is aware, Energy Northwest appealed a civil penalty that was assessed by Ecology on October 4, 2007. The case was heard before the Pollution Control Hearings Board on April 28-30, 2009. In recognition of the fact that there were factors mitigating the risk to the public, Energy Northwest's lack of prior cited violations, and the diligent and effective response to the inspection findings, the Board reduced the penalty to \$80,000.

WNP 1/4

<i>SCA Amendment Request</i>	<i>Robert Nielson, Energy Northwest</i>
-------------------------------------	--

Mr. Robert Nielson, Supervisor for Environmental and Regulatory Programs, ENW, reported to the Council that the WNP – 1/4 Restoration Plan and Funding Agreement (Four Party Agreement) was finalized in December 2002 and adopted by EFSEC Resolution No. 302 in December 2003. The Resolution specifies the Site Certification Agreement (SCA) Amendment is to be submitted following completion of near-term site health, safety, and environmental protection activities. On July 13, 2009, Energy Northwest submitted to EFSEC a red-line strike out version of the SCA document to reflect the plans of the Four Party Agreement. Energy Northwest also completed and submitted a State Environmental Policy Act (SEPA) checklist to evaluate any environmental impacts associated with the amendment request. Mr. Nielson provided a map of the site.

Council member Adelsman asked about the effects on the water authorizations. Mr. Nielson stated that the surface water authorization is struck from the agreement however there are two ground water wells that have been used and installed under Nuclear Regulatory Commission (NRC) approval with the construction permit. The facility proposes to continue to use these wells and has requested that they be added to the authorizations for water use. Under Council rules the Council should consider a schedule for review at the meeting following the submission of the amendment request. Staff recommended that the Council defer the scheduling to the next meeting.

Staff noted there is a requirement to have a public meeting, and suggested possibly sometime late September or early October. The Council deferred the scheduling to its September 8, 2009 meeting.

Kittitas Valley Wind Power

<i>SCA Amendment Request</i>	<i>Arlo Corwin, Horizon Wind</i>
-------------------------------------	---

Arlo Corwin, Director of Business Development, Horizon Wind, reviewed the Site Certification Agreement Amendment request presented to the Council on May 29, 2009. The original application was for 121 turbines with a maximum tip height of 410 feet. In a revision to the original application the turbine number was reduced to 65 turbines. The current amendment request brings the total number of turbines to 52. The total reduction is approximately 60% of the original application.

Mr. Corwin noted that during the previous public meeting the Council had questions with regards to commenter Butch Havens. Mr. Corwin stated that while the applicant hadn't seen the comment previous to the break between meetings, the comment was addressed in Mr. Priestley's testimony and was addressed in Horizon's testimony.

Mr. Corwin addressed Council member Byer's question about micro-siting regarding whether the applicant applies micro-siting in aggregate or on an individual turbine basis. Mr. Corwin said that the applicant applied it in both contexts. In an aggregate context, the removal of the "F" row, the removal of the "J" row, resulted in a reduction of 20%, from 65 to 52 turbines. The applicant also completed the analysis on an individual basis. He said it is important that the Council consider that the applicant

analyzed the proposed revision in both aggregate and individual basis, in order to present the best possible turbine configuration. If the project had only been configured on an individual basis, the project could have ended up with no reduced impact to the view shed on an aggregate basis. The applicant presented the step-by-step analysis of the micro-siting process for turbines A1 & A2. Council member Fryhling asked why the operations and maintenance building was moved from the prior location. Mr. Corwin said the building was relocated to a more central location eased the monitoring of the reduced number of turbines and to remove the visual impact of the building from US Route 97.

Mr. Corwin reviewed five maps with the Council saying that each step of the process adds an additional layer to the micro-siting of each turbine. The first map illustrates a 541 foot set back from project boundaries. The second map shows the siting constraints regarding proximity to transmission lines, using a setback of 1.1 times the tip height. The standard of 1.1 times the tip height is widely used in the wind industry, so that if a turbine were to fall there would be an additional margin of safety. The third map illustrates siting constraints due to proximity to neighboring residences.

Council member Byers asked for clarification of the second map where it indicates the original location of turbines A1 & A2 is within the setback zone. He asked why the turbines could have been located in their original locations if the SCA allowed for a 410 foot turbine and a 410 foot turbine would have precluded those locations. It seemed to Member Byers that the SCA would have accounted for the most likely scenario turbine at that time. Mr. Corwin said that Horizon believed that the turbine height was going to be less than 410 feet; therefore they would comply with the setback distances from the two transmission lines. Mr. Corwin continued that using a taller turbine, as authorized under the SCA, required Horizon to move the A1 and A2 turbines to be further from the transmission lines.

Chair Luce asked if the applicant would be willing to reduce the size of the turbines A1 & A2. Mr. Andrew Young, Horizon wind, stated that the smaller turbines are not available at this point. The smaller turbines are now difficult to purchase and difficult to find. Mr. Corwin stated that Horizon does not mix and match the turbines per site, because it would require that an addition of duplicate staff and additional operations for the maintenance for the different sized turbines.

The third map illustrates the siting constraints from existing non-participating land owners using a setback distance of 1,640 feet. Near the Havens property in the southwestern section of the map, turbines B5 & B6 have been removed and turbines B4 & B5 have been moved further from the residence.

The fourth map illustrates setbacks from county roads, from public roads, and an archeological ditch located between A1 & A2. The fifth map illustrates the combined setback constraints.

Mr. Tim McMahan, Stoel Rives, reported to the Council that the applicant has been working with staff on this proposal for a long time and that several other approaches were reviewed. Staff and Horizon felt that none of these approaches were better than what is being proposed. Mr. McMahan said that there was much debate within Horizon Wind about whether or not Horizon wanted to give up flexibility by coming forward with the proposal as presented to the Council. It was not an easy discussion. Some of the individuals in the Kittitas Valley Wind project staff have been placed in a precarious position within the company by choosing to proceed with this proposal. Mr. McMahan reiterated Horizon's statements in its response to comment letter dated July 20, 2009, that there has always been consideration for individualized analysis of each residence and each turbine with respect to each residence. Such an

individualized approach would work through the micro-siting process to yield a project much the same dimension as the original. Moving some turbines to new locations would have minimal impact on the overall visual effects. Nor would it meet the intent of the Council or the Governor in the remand. Horizon chose to put forth a good faith effort to do more, do better and to recognize the constraints but also recognize the policy of the setback Condition #7 of the SCA.

Council member Tayer asked if the applicant had contact with the Bell and Robertson residences to establish what the individual preferences would be. Mr. McMahan stated that there had been post filing discussions with Mr. Bell. He noted that the A turbines were basically out the residences' back window view sheds, verses the F string that would be seen in the front window (primary) view sheds. One of the requests of Mr. Bell and Mr. Robertson was to indicate when the shadow flicker study would be available. As indicated in the response to comments letter dated July 20, 2009, the shadow flicker is due later in the process, however Mr. McMahan indicated that he had the shadow flicker report which states that there will be no additional shadow flicker impacts as a consequence of the proposed amendment.

Council member Adelsman asked if Horizon's analysis process was presented to the public at the public meeting. Mr. McMahan reported that the presentation from the public meeting was similar to the presentation by Mr. Corwin at the June 9, 2009 council meeting. The final map that was presented showed the layout of the turbines with the setbacks.

Chair Luce suggested that the Council would find it beneficial to have the opportunity to review the draft resolution. The Council intends to take a hard look at the resolution language, taking into consideration the information from this meeting and the previous special public meeting. He suggested that there be a special meeting to be held within a week for a final decision regarding this matter.

Mr. Wayne Bell, 3991 Bettas Rd, Cle Elum, nonparticipating landowner, thanked the Council for its diligent review of his comments. Mr. Bell stated that Horizon did not address all his comments. He noted that it is disingenuous that Horizon can make comments like "the visual impacts are out the back window instead of the front" of his residence. He further stated that the original proposed site met the setback requirement and that Horizon's inability to either engineer or reengineer correctly requires that Horizon move the A string turbines. Mr. Bell said it is not to capture the wind as Horizon has stated, it is because of the placement with the transmission lines. Mr. Bell asked that the A string be left where it was originally sited.

Mr. Bell also noted that the fact that Horizon informed the Council that they need two different sets of technicians for two different turbines appears not to be true. As an experienced cell tower technician, Mr. Bell's employer doesn't go out and re-staff itself to maintain different tower types. Mr. Bell asked that the Council look at the statement that Horizon needs two different staffs and additional O&M space to maintain two different types of turbines. Mr. Bell urged the Council to stay with the original intent, don't make Horizon's engineering mistake his or Mr. Robertson's problem.

Mr. Bell concluded his comments by stating that he has never seen any information on shadow flicker, and that if the answer is to go ahead and build them and then to say they will be shut down if there is problem, doesn't seem like the right approach but that is the Council's decision. Mr. Bell thanked the Council for the opportunity to address the Council today.

The Council will review the resolution in the next week and schedule a special meeting to vote on the resolution.

Mr. Jim La Spina, EFSEC Specialist, informed the Council that limited road-building/upgrading activity will occur at the project site beginning August 31, 2009.

This work will allow the Bonneville Power Administration (BPA) to begin construction of its substation as soon as possible in the spring. Staff has notified the appropriate agencies (Ecology, DNR, WDFW, and DAHP) that activity will be occurring at the site.

Whistling Ridge Energy

<i>Adjudicative Proceeding Update</i>	<i>Allen Fiksdal, EFSEC Manager</i>
--	--

Mr. Fiksdal, Council Manager, reminded the Council of the Council Order 842 issued on August 4, 2009, Granting Petitions for Intervention. The order requested parties to submit a list of legal issues by August 21, 2009. Responses are due by September 4, 2009.

<i>Project Update</i>	<i>Jim La Spina, EFSEC Staff</i>
------------------------------	---

Mr. La Spina informed the Council that work is proceeding to finalize the SEPA scoping report for the Whistling Ridge project and that the applicant will use the report to develop its environmental impact statement. EFSEC staff are coordinating development of the scoping report with its contractor, Entrix, and BPA staff.

Chehalis Generation Facility

<i>Project Update</i>	<i>Mark Miller, Chehalis Generation</i>
------------------------------	--

Mr. Mark Miller, Chehalis Generation reported that the plant staff has achieved 2485 days without a Lost Time Accident. Chehalis Power continues to maintain an effective safety program implementing additional processes as a proactive measure utilizing PacifiCorp's/Mid-American collective resources. Chehalis Power is on target to meet all of its safety improvement plans for 2009.

In June, Chehalis Power conducted a plant overhaul that was completed safely with no recordable or lost time injuries. This was the first significant overhaul of the plant since commercial operation in 2003. The June outage was successful with significant maintenance activities completed on the steam turbine generator stator, combustion turbine #2 internal components as well as various balance of plant control valves and miscellaneous systems. No significant issues were noted during the inspection and maintenance activities. The site had numerous contractors working in multiple areas of the plant and all activities were well coordinated. Activities included an increase in hazard recognition; arc flash equipment labeling; lockout tag-out data base verification; zero preventable vehicle accidents.

The Chehalis Power Plant completed the installation of tie-in points for the new auxiliary boiler during the June overhaul. PacifiCorp has completed the request for proposal procurement and engineering documents for the purchase of an auxiliary boiler and vacuum pump system per the Notice of Construction permit requirements. Detailed engineering is on-going.

The steam turbine lube oil system experienced a failure of a mechanical seal on a pump and leaked oil into a containment basin. This was not an externally reportable spill due to the fact that all oil was contained within an engineered containment and cleaned up with appropriate absorbent materials disposed of in accordance with applicable regulations. The Plant site continues to be maintained in excellent condition.

Personnel: Authorized plant staffing level is currently 18 with all 18 positions filled.

June: The plant was off-line for the month of June for a planned maintenance of the combustion turbine #1 and the steam turbine generator.

July: The plant had a capacity factor of 63.63% generating 351,863 megawatt-hours.

Other: EFSEC Compliance Inspection: Jim LaSpina of EFSEC performed a compliance inspection on July 16, 2009. Washington Department of Labor and Industries Pressure Vessel Inspection: Inspectors from L&I performed inspections of all regulated pressure vessels including an internal inspection of the heat recovery steam generators. All equipment met standards and new certificates were issued expiring in 2010.

<i>Project Update</i>	<i>Jim La Spina, EFSEC Staff</i>
------------------------------	---

Mr. La Spina informed the Council that Pacificorp proposes to install and operate an auxiliary boiler to reduce CO2 emissions by shortening the duration of startup events. For issuance of a permit that would have a minor impact on air quality such as Chehalis' proposed NOC, Washington Administrative Code 173-400-171(1) allows a permitting agency to post the application on its webpage for 15 days inviting public comment. If there is neither a substantive public comment nor request for a formal public comment period, the permitting agency may issue the permit without further public involvement. Ecology and the regional clean air agencies routinely use this process to issue minor permits.

The 15 day web posting period for the Chehalis NOC ends August 12, 2009 at 5 pm. EFSEC staff requested that the Council delegate approval and signature of the proposed permit to Chair Luce.

Motion: Council member Dick Byers moved that the Council give Chair Luce authorization to sign the Notice of Construction on the Auxiliary Boiler, pending no substantive public comments. Council member Dick Fryhling seconded the motion. The motion was approved.

Mr. Fiksdal reported to the Council that PacifiCorp has received 4 proposals for CO₂ mitigation projects. The respondents are Battelle, the Cascade Land Conservancy, the Eco-Trust Forest Management and Washington State Department of Natural Resources. The proposals are being reviewed by a team and will be scored according to the RFP criteria. The proposals will be brought before the Council at the September meeting for Council's consideration of a finalist for the CO₂ mitigation project.

Desert Claim Wind Power Project

<i>Project Update</i>	<i>Allen Fiksdal, EFSEC Manager</i>
------------------------------	--

Mr. Fiksdal noted that the interveners post-hearing responses are due August 17, 2009. The Final Environmental Impact Statement should be available the last week of August or early September. The Council will be in a deliberative session for the Desert Claim project on September 22nd. Mr. Fiksdal reminded the Council of their decision making process: they will first review all the evidence and start preparing an order on the recommendation to the Governor. If the recommendation is for approval a proposed Site Certification Agreement will need to be prepared. A meeting on the final vote on issuing an Order on Recommendation is usually in the area where the project is proposed after the order on recommendation is issued it will be forwarded to the Governor for her approval or denial.

Satsop

<i>Project Update</i>	<i>Todd Gatewood, Grays Harbor Energy</i>
------------------------------	--

Mr. Todd Gatewood reported to the Council that the Satsop plant has had no reportable accidents or injuries in 2009. The facility had the following exceedances on Outfall 001-Process Wastewater:

One - chloride exceedances

These parameters are monitored on a weekly basis. The process cycles the chlorides up. The raw water has a higher level than anticipated and the permit limit is lower than the predicted level. The facility will be performing an engineering study of the ground water and process water as a requirement of the recently revised permit.

One - Iron exceedances

This discharge is sampled at the oil water separator. This discharge includes all floor drains and is due to corrosion in the underground collection piping. Modifications to the NPDES Permit are in the draft stage.

Two priority pollutant scans and one raw water sample were taken in July. An additional raw water sample will be taken the week of August 10th.

A possible PSD permit violation occurred on the July 14th startup. (Reported on July 15th)

The facility operated for 23 days in July. The plant generated 282,000 Net Mw for a capacity factor of 61%. The YTD capacity factor is 10%.

Grays Harbor Energy is currently monitoring the sound levels per our earlier agreement with EFSEC. The final report will be presented to the Council when it is available.

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Jennifer Diaz, Puget Sound Energy</i>
------------------------------	---

Ms. Jennifer Diaz, Puget Sound Energy (PSE), reported to the Council that the wind production for June and July totaled 87,084 MWh for an average capacity factor of 26.1%. Wild Horse had two planned outages, one in June that lasted 3 days and one in July that lasted 2 days. The June outage was for construction related activities at the substation and the July outage was to update the wind farm server. The solar demonstration project generated 77,216 KWh over the past month. At the previous EFSEC meeting Council member Byers requested information on the expected versus actual generation of the solar demonstration project, which is included in the council packet. The information includes some graphs containing preliminary data that should give council members a good overview of project performance between August 8, 2008 and August 7, 2009. The system is performing better than expected, from a total generation standpoint. The actual versus expected net capacity factor is also better than anticipated.

No lost-time accidents or safety incidents to report for June or July. There was a minor spill at turbine D2 on July 27th. Approximately 5 gallons of hydraulic fluid was observed leaking from the nacelle on to the foundation and gravel crane pad. The Spill Response Plan was initiated and crews were immediately dispatched to contain and clean up the spill. The Department of Ecology was notified and was pleased with the response. The spill was not a threat to health or the environment.

Six bird fatalities were identified during the 2nd Quarter 2009 (April-June) through the Wildlife Incident Reporting & Handling System. All of the fatalities were related to window collisions at the Renewable Energy Center (visitor center) or the Maintenance Building. None of the fatalities were related to turbine collisions.

The Washington State Department of Fish & Wildlife (WDFW) provided Eyes in the Woods training to all site staff on non-confrontational reporting of fish and wildlife and/or natural resource crimes in order to help assist WDFW enforcement with the reduction of poaching in the area.

Members of the Technical Advisory Committee toured the Expansion Area on July 22nd. The next TAC meeting has been tentatively scheduled for October 7th.

On July 21, 2009 there was a wild land fire located about ¼ mile north of the wind farm boundary. The fire was approximately 5 acres in size, the entire wind farm site and personnel were evacuated as a precaution. Department of Natural Resources and Kittitas County Fire District firefighters used the wind farm site road to access the fire. The firefighters also used approximately 11,000 gallons of water from the Wild Horse water tank located at the maintenance building.

PSE has not received a final determination of the cause of the fire, but preliminary reports show that it could have been caused by the disposal of a stolen motorcycle. The final report has not yet been received. Chair Luce asked if there had been poaching in the area. Ms. Diaz stated that she is aware of some poaching but not of the details. Council member Tayer confirmed that there have been several poaching incidents.

<i>Expansion Update</i>	<i>Jim La Spina, EFSEC Staff</i>
--------------------------------	---

Mr. Jim La Spina reported to the Council that 16 turbines have been completely erected, all 22 tower base and middle sections are set, 4 turbines are ready for commissioning, and the project is on schedule to commence commercial operation this year.

Transmission Line

<i>Review Update</i>	<i>Jim Luce, EFSEC Chair</i>
-----------------------------	-------------------------------------

Chair Luce reported to the Council that there the final Memorandum of Agreement with Bonneville Power Administration is ready for signature. The agreement has been forwarded to all council members for review. Mr. Posner will be working with the agencies. Each of the existing contracts may require a new task order for each of the projects.

<i>Annual Compliance Report</i>	<i>Jim La Spina, EFSEC Staff</i>
--	---

Mr. La Spina reported that in Fall 2008 Community, Trade and Economic Development (now Department of Commerce) management directed EFSEC to develop quantifiable performance measures in response to the governor's Government Management Accountability & Performance (GMAP) initiative. EFSEC staff implemented a program of quarterly compliance reports in January 2009.

This report differentiates between permit exceedances and violations. An exceedance of an SCA or permit requirement can occur through no fault of the Permittee and is rarely enforced upon by the regulatory agency. The most common cause of a no fault exceedance is an erroneous permit requirement. A violation is a formal regulatory determination usually linked to a permittee's inadequate operation and maintenance (O&M) practices. EFSEC considers a facility with an exceedance to be in compliance until an investigation formally determines whether a violation has occurred.

ADJOURN

The meeting was adjourned at 3:45 pm.