

Draft
Minutes of the April 16-17, 2001 Meeting
of the
Western Interstate Energy Board
Scottsdale, Arizona

Chairman Nunley (WY) called the meeting to order and outlined the agenda. He directed Doug Larson, Executive Director, to call the roll:

Alberta:	Larry Charach
Arizona:	Craig Marks
British Columbia:	Gordon Robinson
California:	Bill Keese
Colorado:	Not present
Idaho:	Bill Eastlake
Montana:	Paul Cartwright/Larry Nordell
Nebraska:	Larry Pearce
Nevada:	Carl Linvill/Kirby Lampley
New Mexico:	Jennifer Salisbury
Oregon:	John Savage
Saskatchewan:	Mike Belfour
Utah:	Jeff Burks
Washington:	Dave Warren
Wyoming:	John Nunley

Minutes: Chairman Nunley asked if there were any corrections or additions to the draft minutes of the October 16, 2000 meeting in Boise. Hearing none, Bill Keese (CA) moved and Jennifer Salisbury (NM) seconded a motion to approve the minutes. Motion was approved.

Work Plan and Budget: Doug Larson, Executive Director, reported on recent activities of the Board and its committee, the proposed work plan for FY 2001-2002, and the proposed budget for FY 2001-2002. Jennifer Salisbury (NM) recommended that PUCs not paying dues to the Board be sent invoices for \$4,400 to help support the activities of the Committee on Regional Electric Power Cooperation. Craig Marks recommended that the cost-of-living adjustment in staff salaries be based on the Consumer Price Index for the Denver area rather than an average of state salary increases in member states. Hearing no objection, Chairman Nunley accepted the recommendations as part of the motion to approve the budget. Jennifer Salisbury (NM) moved and Bill Eastlake (ID) seconded the following motion that the Board:

- 1) Approve the proposed budget and work plan;
- 2) Authorize the acceptance of funds in the areas of radioactive waste, regional electricity cooperation, mine reclamation, transportation (including alternative fuels), and energy efficiency and renewable energy;

- 3) Authorize the Executive Committee (Chairman, First Vice Chairman, Second Vice Chairman, and Treasurer) to approve, between meetings of the Board, the acceptance of funds in other areas, upon the written advice of members of the Board;
- 4) Authorize the Executive Committee to approve the exact cost-of-living increase for employees based on changes in the Consumer Price Index for the Denver area; and
- 5) Adopt, as a target, a fund reserve equal to 2 times the difference between the proposed annual budget and forecasted dues in the year.

The motion was approved.

Election of Officers: John Nunley (WY) offered the following slate of officers for the Western Interstate Energy Board for the coming year: John Savage (OR), Chairman; Bill Keese (CA), First Vice Chairman; Jeff Burks (UT), Second Vice Chairman; and Bill Eastlake (ID), Treasurer. Jennifer Salisbury (NM) nominated and John Savage (OR) seconded the proposed slate. There being no other nominations, a vote was taken and the proposed slate of officers was approved. For officers of the Western Interstate Nuclear Board for the coming year, Jennifer Salisbury (NM) nominated Bill Keese (CA), Chairman, Jeff Burks (UT), Vice Chairman, Bill Eastlake (ID), Treasurer. Bill Keese (CA) seconded the nominations which were subsequently approved by the Board.

WGA Report: Jim Souby, Executive Director of the Western Governors' Association, reported on the emergency electricity meeting of governors in Denver on December 20, the Energy Summit held in Portland on February 2, the governors' February 26 meeting with Vice President Cheney, the upcoming May 9 Governors' Transmission Roundtable in Salt Lake City, and a proposed Memorandum of Understanding between western governors and the White House. He thanked the Board for its support of these activities. The Board discussed different views on electric transmission bottlenecks, the role of Regional Transmission Organizations in transmission expansion decisions and what can be done before RTOs are operational, and proposals to preempt states on the permitting of transmission.

Cathy Ghandehari (DOE-Denver) briefed the Board and sought input on the development of a web site to enable states to share information on emergency conservation measures being taken to reduce electricity demand in the coming summer. DOE-Denver has been helping WIEB staff in identifying programs to reduce demand.

NASEO Activities: Jeff Genzer, counsel to the National Association of State Energy Officials, reported on the status of federal energy legislation, the Administration's budget proposal for energy programs, and efforts to better link energy and air quality issues. Among the linkages between energy and air quality, Genzer highlighted: energy efficiency program set-asides in emission cap and trade programs; the expansion of national discussions of energy and air quality agencies to include state transportation departments; four state pilot programs, including one in Utah; future issues (e.g.,

distributed diesel generation emission controls; use of penalties for air quality violations to purchase wind power such as has been done in Colorado; flexible environmental permitting process for companies that go beyond required compliance; and additional funds DOE has allocated to energy and environmental linkages under State Energy Conservation Program.

Earth 911: Chris Warner made a presentation to the Board on a proposal that Earth 911 expand its efforts to include energy conservation and efficiency information for consumers and sought the support of western states. After discussion, Bill Keese (CA) and Jim Souby (WGA) expressed interest in exploring how the Earth 911 proposal might be financed.

Federal energy legislation: The next morning Howard Useem, from the minority staff of the Senate Energy Committee, Leon Lowery from the majority staff of the Senate Energy Committee and Don Crane, WGA Washington representative, joined the Board to discuss elements of proposed federal energy legislation. Useem noted that the Administration's energy plan would be out in May, legislation is being drafted in the House by Energy and Air Quality Subcommittee Chairman Joe Barton (R-TX), and six bills are under consideration in the Senate Energy Committee, including emergency legislation dealing with electricity price caps and legislation dealing with drilling in the Arctic National Wildlife Refuge. He also reported on pending litigation that may affect Congressional action, including challenges to FERC's authority pursuant to the Commission's Order 888 on open transmission access and litigation in California regarding the pass through by utilities of wholesale power costs to consumers. Leon Lowery reported further on the price cap proposals. The discussion moved to: reliability legislation and the discomfort by some parties with the consensus legislation that passed the Senate in 2000; federal intrusion into state electricity decision-making on retail sales issues; the state role in RTOs; ways to provide for regional decision-making; market power mitigation; siting and permitting of transmission and the federal role, if any, in those activities; and prospects for increasing funding of low-income energy assistance.

State/provincial actions: Jeff Burks (UT) reported the governor is now reviewing a conservation plan. The state buildings initiative begun in 1999 has been effective in convincing the governor of the value of efficiency investments. PacifiCorp is rolling out a 20/20 plan similar to that in California. Bill Keese (CA) reported that the governor has signed bills providing \$800 million over two years for efficiency. One key element of the legislation is to develop positive controls on air conditioning systems in large buildings. Carl Linvill (NV) reported on the Department of Emergency Management's web site (<http://www.dem.state.nv.us>) and the governor's conservation plan for state government. He also reported on the statewide conservation plan, which is expected in three weeks, that will include a clearinghouse for state, local and utility programs and advertisement of PUC programs. Larry Charach (AB) reported that 4,000 MW of new generation is expected in the next four years. Paul Cartwright (MT) reported on the array of policy options still on the table in the final days of the legislature and the governor's order on reducing energy use in state buildings. Dave Warren (WA) reported that drought and electricity alerts are in place, BPA has terminated water spills at dams,

direct service industries have been shut for two years, and 75,000 acres of irrigated agriculture have been bought out. In addition, 880 MW of mobile diesel generation is coming into the state along with several hundred megawatts of simple cycle natural gas turbines. There are concerns about gas deliverability. Gordon Robinson (BC) reported that power rates in the province are frozen. The province is focused on greenhouse gas emissions. The BC Utility Commission is looking at ways to enable small cogeneration at greenhouses and a new process for siting small hydro facilities. John Nunley (WY) reported on legislation creating the Wyoming Energy Commission to develop a state energy plan. He noted that Cheyenne is expecting a 250 percent increase in electricity prices as a 40-year power purchase contract expires. If the PSC does not spread the costs of the rate increase over six years but implements the full rate increase immediately rates will increase by 700 percent. The legislature also passed a net metering bill. Mike Balfour (Sask.) reported on the province's focus on climate change issues and the absence of an electricity shortage. Bill Eastlake (ID) reported that Idaho Power Company (IPC) is seeking \$221 million rate increase to cover power purchase costs. The legislature has authorized the PUC to spread the rate increase over several years. IPC is paying 15 cents/Kwh for buyback power and is expecting to acquire 250 MW and another 50 MW from a phosphate plant. PacifiCorp's buyback program is not coming on-line as soon as IPC's. IPC is bringing 25 diesel generators into Boise and a new gas-fired powerplant is under development in Boise. IPC expects a total of reduced demand and increased supply this summer of 500 MW. It is expected that with these measures Idaho will be okay this summer, but the winter could be a problem. John Savage (OR) reported on the governor's energy package, which is on the governor's web site. 1000 MW of new generation is expected by winter. The state has an expedited process for siting temporary generation. Legislation is pending to strengthen the governor's emergency powers and enable emergencies to be triggered when electricity prices reach a certain price. Industrial customer time-of-use pricing will be in place by October. Numerous buyback programs are in place. BPA and the state are looking at technology options to lower consumption in vending machines.

Next meeting: The Board set the next meeting for late October at a place and time to be decided by the Executive Committee.

The meeting was adjourned.