



Kathleen B. Galioto
Associate General Counsel
P.O. Box 968, Mail Drop PE13
Richland, WA 99352-0968
Ph. 509-377-4650 F. 509-372-5330
kbgalioto@energy-northwest.com

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Mr. Kurt Young, PDC Compliance Officer
PDC Compliance & Enforcement Staff
Washington State Public Disclosure Commission
711 Capital Way S. #206
P.O. Box 40908
Olympia, WA 98504-0908
Email: pdcc@pdcc.wa.gov

Re: PDC Case No. 36100
Energy Northwest's Response to Jerry Lee Dierker, Jr.'s Citizen Action Complaint

Dear Mr. Young:

I represent Energy Northwest and submit this response to the Public Disclosure Commission (Commission) in PDC Case No. 36100, as a result of the February 28, 2018 Citizen Action Complaint (Complaint) filed by Jerry Lee Dierker, Jr. with the Washington State Attorney General's Office (AGO). We understand that the AGO forwarded the Complaint to the Commission on or about July 18, 2018. The Commission initially requested a response from Energy Northwest by August 7, 2018, which was extended by the Commission at Energy Northwest's request to August 30, 2018.

I. SUMMARY RESPONSE

Energy Northwest responds to Mr. Dierker's Complaint, wherein he alleges, without citation to any evidentiary support, several allegations against Energy Northwest for violations of the Fair Campaign Practices Act, as follows:

Allegation Six: RCW 42.17A.205, .600, .615, .630, .630(2), .640, .645, et. seq., for all lobbying activities of Energy Northwest for not properly registering and reporting as Lobbyists, a lobbying employer, etc., and for employment of governor Jay Inslee as a lobbyist for Energy Northwest for support of HB 299[5], and many other such nuclear power plant bills that have previously and currently put in front of the Legislature for consideration during the last few years, and for not reporting contributions or expenditures for such lobbying activities, and for Mr. Inslee's not properly registering and reporting as a State Official acting as a Lobbyist for Energy Northwest, where he is lobbying the Legislature and possibly the U.S. Congress, for money, etc., for Energy Northwest to build and operate new nuclear power plants in the this state.

Energy Northwest did not violate RCW 42.17A.205, .600, .615, .630, .640 or .645. Energy Northwest is not a political committee with a requirement to register and report to the Commission because Energy Northwest is not a “receiver of contributions” in support of or in opposition to candidates or ballot propositions, and because supporting candidates or ballot propositions is not one of its primary purposes. Energy Northwest does lawfully contract with a lobbyist from the private sector to handle its lobbying activities and files quarterly L-5 reports as required. Further, Energy Northwest’s contract lobbyist is registered with the Commission and files monthly reports that are publicly available on the Commission’s website. Governor Jay Inslee is not employed by Energy Northwest in any capacity, nor has he engaged in any lobbying activities for Energy Northwest in support of nuclear energy. Finally, Energy Northwest has not engaged in any grass roots lobbying activities in support of HB 2995 or any other bill in front of the Washington State Legislature supporting nuclear energy.

After review and consideration of the Complaint, and the information provided herein, Energy Northwest respectfully requests the Commission to find that there is no evidence to establish a material violation of any laws or regulations under the jurisdiction of the Commission and to dismiss the Complaint with respect to Energy Northwest.

II. BACKGROUND FACTS

Energy Northwest (the agency) is a joint operating agency and municipal corporation formed by the Washington state legislature in 1957 to take advantage of economies of scale and shared services to boost the efficiency and effectiveness of public power in Washington. The agency operates under chapter 43.52 of the Revised Code of Washington (RCW). It has the authority to acquire, build, operate, develop, and own a diverse mix of power plants and systems for the generation and transmission of electricity. RCW 43.52.300.

Energy Northwest represents a consortium of 27 public utility districts and municipalities from across Washington. Energy Northwest owns and operates four generating facilities: White Bluffs Solar Station, Packwood Lake Hydroelectric Project, Nine Canyon Wind Project, and Columbia Generating Station (Columbia), the Northwest’s only commercial nuclear plant and the third largest generator in the state, behind the Grand Coulee and Chief Joseph dams. Combined, these facilities deliver nearly 1300 megawatts of electricity to the northwest power grid per hour. Energy Northwest also provides operations and maintenance services for generating facilities owned by other utilities, and develops new power generation facilities, as required to meet growing demand.

By itself, Columbia produces up to 1207 megawatts of gross capacity, which is equivalent to about 10 percent of the electricity in Washington and 4 percent of all electricity used in the Pacific Northwest. All of its electricity is sold at-cost to the Bonneville Power Administration, and 92 Northwest utilities receive a percentage of its output. Columbia, like all nuclear power plants, produces baseload power that is carbon-free. As the third largest generation resource in Washington, Columbia produced 9.6 million megawatt hours of electricity in 2016. If this electricity would have been generated by a carbon-emitting generator, over 3.6

million metric tons of carbon dioxide would have been released to the atmosphere, the same amount released by approximately 778,000 cars. Columbia also prevents the release of other air pollutants, such as nitrogen oxide and sulfur dioxide, which are precursors to acid rain and smog.

The agency's vision is to be a regional leader in clean energy generation and public power solutions through sustained excellence in performance and innovation. To achieve its vision, Energy Northwest works to understand and meet the energy needs of its members. Meeting this goal means measuring current performance while also looking for solutions to meet the region's future energy needs. The vision calls for a strong power portfolio, including a variety of electricity generating operations and professional and technical services. The agency's mission is to provide its public power members and regional customers with safe, reliable, cost-effective, responsible power generation and energy solutions.

Energy Northwest has a Strategic Plan in place which provides the agency's five and 10-year goals, strategic focus areas, and associated high level initiatives to be implemented during the next three-year horizon. It is located at <https://www.energy-northwest.com/whoweare/finance/Pages/default.aspx> and is attached hereto. Energy Northwest transparently and responsibly communicates its vision, mission, and matters pertinent to the agency through its outreach to members of the public, legislators, other public officials, via its website, through other internet based platforms, television, and radio in order to educate and inform its community, the region, and its stakeholders of matters pertinent to the agency.

Energy Northwest maintains a media library on its website located at <https://www.energy-northwest.com/whoweare/Pages/Media-Library.aspx>. This link provides a wealth of information regarding matters that are pertinent to Energy Northwest and the operations of its nuclear power plant and other facilities. In addition, Energy Northwest provides information on its website about current and future energy projects. See <https://www.energy-northwest.com/ourenergyprojects/Pages/default.aspx>. Here, along with information about its existing nuclear, wind, hydro, and solar power generating facilities, there is information about Energy Northwest's involvement with the research and development of Small Modular Reactors (SMRs). SMRs are nuclear power plants that are smaller in size than most current generation baseload plants (1000 megawatts or higher) and also provide safe, reliable, carbon-free energy consistent with Energy Northwest's existing generation portfolio.

SMRs have been on the radar of the Washington State Legislature for some time. In 2014, the Washington State Legislature awarded a grant to the Tri-City Development Council (TRIDEC) to study the Hanford Site as a possible location to construct one of the nation's initial SMRs. Energy Northwest was intimately involved in this study, as the primary locations for the study were Energy Northwest leased sites established for previous nuclear plant development. The study concluded that siting an SMR on the Hanford Site (where Columbia is also located) is technically feasible and many benefits would come from using the existing infrastructure, local nuclear workforce, and other regional assets. SMRs have

been and will continue to be a technology of interest to Energy Northwest, its stakeholders, and government officials and legislators in Washington, though there are no plans to construct an SMR in the state in the foreseeable future.

III. RESPONSE TO MR. DIERKER'S ALLEGATIONS

A. Allegations 1 through 5 of Mr. Dierker's Complaint Do Not Implicate Energy Northwest and Should Be Dismissed as to Energy Northwest.

Energy Northwest offers no response to Allegations 1 through 5 of the Complaint because these allegations in no way implicate Energy Northwest. The Commission should dismiss these allegations as to Energy Northwest.

B. Energy Northwest is not a political committee subject to the disclosure requirements of the Fair Campaign Practices Act.

Energy Northwest did not violate RCW 42.17A.205, and Mr. Dierker provides no evidence to support this allegation. Instead, Mr. Dierker makes a rambling argument that Energy Northwest has been conducting an "illegal" and "fraudulent" political lobbying campaign "through the Internet and other media across the state on specific bills in the Legislature supporting nuclear energy" without providing a single example of an alleged incident where the alleged wrongful conduct occurred or the manner in which Energy Northwest has violated RCW 42.17A.205.

The Fair Campaign and Practices Act (FCPA), Chapter 42.17A RCW, defines a political committee as:

any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition.

RCW 42.17A.005(40). "[A]n entity can meet the definition of a 'political committee' under either the 'receiving contributions' or 'making expenditures' portion of the statutory definition[.]" Utter v. Bldg. Indus. Ass'n of Washington, 182 Wn.2d 398, 416 (2015). Energy Northwest did not expect to, or actually receive, any contributions or make any expenditures regarding a ballot proposition of any kind. Mr. Dierker provides no evidence that Energy Northwest did so. Still further, the information on Energy Northwest's website, and in other media, do not meet the definition of political advertising because they in no way appeal "directly or indirectly, for votes or for financial or other support or opposition in any election campaign." RCW 42.17A.005(39).

Moreover, Mr. Dierker's allegation that Energy Northwest is a political committee does not meet the "primary purpose test" set forth in Utter v. Bldg. Indus. Ass'n of Washington, Evergreen Freedom Foundation v. Wash. Educ. Ass'n, 111 Wn. App. 586, 600 (2002), and Commission Interpretation No. 07-02. Commission Interpretation No. 07-02 is a summary of

the “primary purpose test” guidelines that relate to “political committees” under Washington law. According to the Commission’s interpretation, the FCPA sets forth two alternative prongs under which an individual or organization can become a political committee subject to the FCPA’s reporting requirements: (1) a “receiver of contributions” prong; and (2) a “making expenditures to further electoral political goals” prong. A requirement of the “making expenditures” prong states that the organization making expenditures must have as its “primary or one of the primary purposes ... to affect, directly or indirectly, governmental decision making by supporting or opposing candidates or ballot propositions.” State v Evans, 86 Wn.2d 503, 598-99 (1976). In addition, the Interpretation states that an appropriate framework for determining whether electoral political activity is one of the organization’s primary purposes should include an examination of the stated goals and mission of the organization and whether electoral political activity is a primary means of achieving the stated goals and mission during the period in question. Evans, 86 Wn.2d at 599. A nonexclusive list of analytical tools that may be used to evaluate the evidence includes: (1) the content of the stated goals and mission of the organization; (2) whether the organization’s actions further its stated goals and mission; (3) whether the stated goals and mission of the organization would be substantially achieved by a favorable outcome in an upcoming election; and (4) whether the organization uses means other than electoral political activity to achieve its stated goals and mission. Id. at 600. If electoral political activity is merely one means the organization uses to achieve its legitimate broad nonpolitical goals, electoral political activity cannot be said to be one of the organization’s primary purposes. Id. at 600.

Here, the Commission should find that there is no evidence that the primary or one of the primary purposes of Energy Northwest is to affect, directly or indirectly, governmental decision making by supporting or opposing candidates or ballot propositions, such that Energy Northwest is a political committee subject to the FCPA’s disclosure requirements.

First, there is no evidence, and none was offered by Mr. Dierker, that Energy Northwest was a receiver of contributions under RCW 42.17A, nor has it been demonstrated that Energy Northwest has any expectation of receiving contributions of any kind that would be reportable under the FCPA. Still further, there is no evidence, and none was offered by Mr. Dierker, that one of Energy Northwest’s primary purposes is electoral political activity. To the contrary, Energy Northwest is a joint operating agency and municipal corporation of the State of Washington whose primary mission is to provide its “public power members and regional customers with safe, reliable, cost-effective, responsible power generation and energy solutions.” See Energy Northwest FY19-21 Strategic Plan, at Pg. 4. Energy Northwest’s vision is to be “[a] regional leader in clean power generation and energy solutions through sustained excellence in performance and innovation.” Id. This will be accomplished through Energy Northwest’s seven focus areas which include: (1) Safety First; (2) Nuclear Excellence; (3) Services and Operating Excellence; (4) Innovative Energy Solutions; (5) Corporate Responsibility; (6) Employee Engagement; and (7) Stakeholder Trust and Confidence. Strategic Initiatives have been developed under each focus area to help carry out Energy Northwest’s mission and vision.

Under the very last focus area, “Stakeholder Trust and Confidence”, Energy Northwest states that a “Strategic Goal” is to “enhance the reputation of Energy Northwest” and “foster public support for Columbia Generating Station’s clean, carbon-free nuclear energy”. *Id.* at 18. Six strategic initiatives are identified to achieve results in this focus area. The very last strategic initiative discusses engagement with state and federal legislators and efforts to promote Energy Northwest’s legislative positions including advancing carbon-reduction legislation in alignment with Energy Northwest Executive Board policy. *Id.* at 19. It should be noted, electoral political activity appears nowhere in Energy Northwest’s mission statement, vision statement, strategic goals or strategic initiatives. It simply is not a primary purpose for Energy Northwest to achieve its legitimate broad nonpolitical goals of providing its “public power members and regional customers with safe, reliable, cost-effective, responsible power generation and energy solutions.” As a joint operating agency and municipal corporation of the State of Washington, Energy Northwest does have the responsibility and the obligation to inform the public and its stakeholders of issues and matters facing the joint operating agency and does not take up partisan efforts in an effort to accomplish its primary purpose. Thus, under the Evergreen Freedom Foundation Test, the Commission should find that Energy Northwest is not a political committee. State v. Evans, 86 Wn.2d 503 (1976) is in accord.

C. Any of Energy Northwest’s Alleged Work Relating to House Bill 2995 (Or Other Legislation) Was Conducted Through a Registered Lobbyist Who Fully Complied With All Legal Requirements.

Mr. Dierker’s Complaint alleges broadly that Energy Northwest violated the law by engaging in “illegal” and “fraudulent” lobbying activities and that it failed to properly register and report these lobbying activities with the Commission in violation of RCW 42.17A.600, .615 and .630. Mr. Dierker provides no evidence of any specific violation, only these unsubstantiated allegations.

RCW 42.17A.635 allows public agencies, like Energy Northwest, to hire contract lobbyists to lobby, on the agency’s behalf, the Washington State Legislature, the Governor’s Office, or any state agency. Specifically, RCW 42.17A.635(3) provides:

Any agency, not otherwise expressly authorized by law, may expend public funds for lobbying, but such lobbying activity shall be limited to (a) providing information or communicating on matters pertaining to official agency business to any elected official or officer or employee of any agency or (b) advocating the official position or interests of the agency to any elected official or officer or employee of any agency. Public funds may not be expended as a direct or indirect gift or campaign contribution to any elected official or officer or employee of any agency.

(emphasis added).

To the extent Energy Northwest engaged in communications with Legislators as alleged in Mr. Dierker's Complaint, any communication was carried out in coordination with a registered lobbyist, James Rowland. Mr. Rowland also subcontracted some of his work to another registered lobbyist, Shirley Reese¹. While the time period set forth in the Complaint is unclear, the Commission's records reflect that both Mr. Rowland and Ms. Reese, at all times, properly reported their work for Energy Northwest in full compliance with RCW 42.17A.615 and .630. In addition, Energy Northwest properly filed its L-5 quarterly reports and these are available for public viewing on the Commission's website. Furthermore, all of Mr. Rowland's and Ms. Reese's contact with Legislators, and the Legislature, was informational and educational only and consistent with the requirements set forth in RCW 42.17A.635. This includes Mr. Rowland's testimony in front of the House Energy Committee hearing for House Bill 2995. Mr. Rowland's testimony was limited to reiterating Energy Northwest's position that any definition of clean energy should include nuclear. Mr. Rowland took up no position for or against the bill and his activities on behalf of Energy Northwest were properly reported to the Commission in its publicly accessible records.

Contrary to Mr. Dierker's claims, Energy Northwest's contract lobbyists took up no position to either demonstrate support for or opposition to House Bill 2995 or any other legislation. Instead, their efforts were consistent with the parameters set forth in RCW 42.17A.635 to inform legislators of matters pertinent to Energy Northwest only and not to influence the legislature with respect to any particular legislation, including but not limited to House Bill 2995. Therefore, the Commission should find that Energy Northwest did not violate RCW 42.17A.600, .615, and .630 and dismiss Mr. Dierker's Complaint as to those allegations.

D. Energy Northwest, By Itself, Did Not Engage In Lobbying Activities With Respect to House Bill 2995 Or Any Other Legislation With Governor Jay Inslee or With the Washington State Legislature.

Mr. Dierker alleges that there is a photo on Energy Northwest's website of Energy Northwest's Chief Executive Officer directly lobbying Governor Inslee at Energy Northwest's offices to garner his support for specific bills in the legislature supporting nuclear energy, including House Bill 2995, in violation of RCW 42.17A.600, .615, and .630. Without providing any specific details or evidence, Mr. Dierker also alleges that Energy Northwest has been "illegally lobbying the governments of the state." Contrary to Mr. Dierker's assertions, Energy Northwest, through its officials and employees, did not engage in illegal lobbying activities with the Washington State Governor, Jay Inslee or the governments of the state, including the Washington State Legislature.

"Lobby and Lobbying" are defined as "attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency under the state administrative procedure act, chapter 34.05 RCW." Lobbying also includes an agency's

¹ Ms. Reese has since retired and is no longer working as a subcontractor for Mr. Rowland. Mr. Rowland is now the only contract lobbyist doing work for Energy Northwest.

efforts to block the introduction of unfavorable legislation, as well as those efforts intended to influence the governor's action on legislation. RCW 42.17A.005(31). RCW 42.17A.600, Registration of Lobbyists, states that "[b]efore lobbying, or within thirty days after being employed as a lobbyist, whichever occurs first, a lobbyist shall register by filing with the commission a lobbyist registration statement..."

However, for public agencies, lobbying does not include any of the following activities:

- **Recommendations or reports to the legislature in response to a legislative request, whether oral or written, expressly requesting or directing a specific study, recommendation or report on a particular subject;**
- **Requests, recommendations or other communications between or with state agencies, including communications or negotiations with the Governor's Office** (however, attempts to influence the Governor with respect to signing or vetoing legislation are considered reportable lobbying);
- **Requests, communications or other communications between or within local agencies;**
- **Telephone conversations with legislators or legislative staff;**
- **Monitoring legislative agency meetings and hearings;**
- Preparation of written or electronic correspondence;
- **Attempts to influence the interpretation or application of an existing state rule or policy;**
- Preparation or adoption of policy positions within an agency or group of agencies (once a position is adopted, further action to advocate it may constitute lobbying, however);
- Attempts to influence federal or local legislation.

See Commission Guide, "Activities that Are Not Considered Lobbying" (emphasis added) and RCW 42.17A.635.

Additionally, persons who attempt to influence the passage or defeat of legislation and/or the adoption or rejection of administrative rules are exempt from registering as lobbyists if they meet one or more of the following criteria:

1. **Limit lobbying activities to appearances before public sessions of legislative committees or public hearings of state agencies;**
2. At the request of a state agency, participate in that agency's effort to reach consensus on possible rulemaking under RCW 34.05.310(2);
3. Are working members of the print or broadcast media preparing news reports, feature articles or editorial comment;
4. Lobby without compensation or "other consideration" for acting as a lobbyist, provided no expenditures are made for or on behalf of the people being lobbied;
5. **Restrict their lobbying to no more than four days (or parts of four days) during any three consecutive months, and the total expenditures during that period**

for or on behalf of any member of the legislature, state elected officials, state public officers, or employees in connection with lobbying do not exceed \$35. (This exemption can be used in addition to an initial lobbying effort limited to public appearances. See #1 above.)

See Commission Guide, "Lobbyist Instructions Registration" (emphasis added); and RCW 42.17A.610.

First, and foremost, Energy Northwest's contact with Governor Inslee was initiated by the Governor's Office. The photograph on the Energy Northwest website was taken on February 7, 2018, during Governor Inslee's visit to the Tri-Cities to discuss the Governor's carbon pricing bill. The photograph is of Governor Inslee with Energy Northwest's Chief Financial Officer and Vice President of Corporate Affairs, Brent Ridge. Mark Reddemann, Energy Northwest's Chief Executive Officer at the time, spoke to the Governor via conference call. During this brief visit with the Governor, Mr. Reddemann provided the following information that was relevant to the discussion of the Governor's carbon pricing bill (Senate Bill 6203):

Including nuclear in the definition of clean air resources is incredibly important to [Energy Northwest]. Nuclear provides 20 percent of the electricity in the United States, but what a lot of people don't understand is that 60 percent of all the clean energy in the U.S. comes from nuclear. Every reputable study, from the Intergovernmental Panel on Climate Change, from the International Energy Agency, to our own U.S. Energy Information Administration, has concluded that we cannot achieve our goals around carbon emissions without existing nuclear power.

See EN News, "Governor Makes Pitch for Carbon Pricing Bill", dated February 14, 2018. The Governor called on Mr. Reddemann and other energy leaders to share their knowledge with legislators who will eventually decide the bill's fate. Id. While Mr. Reddemann and Mr. Ridge provided information to the Governor, and engaged in discussion with him about the carbon pricing bill, at no time did they take up any position (either for or against) with respect to the bill, including advocating the Governor to sign or veto the bill if it were to be enacted. Further, Energy Northwest made no effort to encourage public or employee support or opposition for the bill. The meeting with the Governor was purely informational and educational and expressed the interests of Energy Northwest with no attempt to influence the Governor's action with respect to that specific legislation. Energy Northwest has only ever encouraged the Governor and the legislature to include nuclear in the definition of a clean resource no matter what legislation is put forward.

Mr. Dierker makes a further, sweeping allegation that Energy Northwest has been "illegally lobbying the governments of the state", and the legislature, without providing a single, concrete example of which event or activity constituted a violation of the FCPA. Energy Northwest is left to guess at which activities Mr. Dierker is alleging violated the FCPA. As noted above, Energy Northwest retains the services of a contract lobbyist (Mr. Rowland and

Ms. Reese) to represent its interests in Olympia. Mr. Rowland and Ms. Reese are properly registered and have filed all requisite reports of their activities on behalf of Energy Northwest with the Commission.

On January 23 and 24, 2018, Mr. Reddemann did conduct a legislative visit to Olympia to meet with a number of senators and representatives. A legislative reception at Anthony's Home Port in Olympia was reported by Mr. Rowland on his monthly report to the Commission. Otherwise, as noted above, Mr. Reddemann's own personal contacts and visits with legislators in Olympia did not meet the registration and reporting requirements of the FCPA. On February 24, 2018, Energy Northwest's Energy Services and Development General Manager, Mr. James Gaston, testified at a House Finance Committee Hearing regarding Senate Bill 5089 and 5090. Mr. Gaston's testimony was limited to encouraging the legislature to recognize the value nuclear energy provides as a "clean energy resource" and recognition of nuclear as an integral part of the effort to meet Washington's emission reduction goals. He did not advocate for or against the bill. Thus, Mr. Gaston's contact with the House Finance Committee in the public hearing did not meet the registration and reporting requirements of the FCPA. Finally, two Energy Northwest Public Affairs employees, Michael Paoli and Jason Herbert, spent some very limited time in Olympia in 2018. These two employees at no time advocated for any piece of legislation, ballot, or candidate.² They did not engage in any lobbying activities. Even if their activities were to be liberally construed as lobbying, they did not run afoul of RCW 42.17A.610(5) because their activities were restricted to no more than four days in any three month period and their expenditures did not exceed \$35. All contacts by Energy Northwest officials or employees with the Washington State Legislature were either allowable under RCW 42.17A.635 or exempt under RCW 42.17A.610, and were in accord with the FCPA and Commission guidelines. Therefore, Mr. Dierker's claims alleging Energy Northwest violations of RCW 42.17A.600, .615, and .630 should be dismissed by the Commission.

E. Governor Jay Inslee Is Not Employed By Energy Northwest to Lobby for Energy Northwest and Promote Nuclear Power as Clean Energy.

In the absence of any evidence to support his claim, Mr. Dierker alleges that Governor Inslee has violated RCW 42.17A.645 because he failed to file as a private or governmental lobbyist for the nuclear power plant industry when he has acted as a proponent of that industry and has acted as a "lobbyist and puppet" for Energy Northwest to make the fraudulent claim that nuclear energy is clean energy.

RCW 42.17A.645 provides:

If any person registered or required to be registered as a lobbyist, or any employer of any person registered or required to be registered as a lobbyist,

² In July 2018, Ms. Jennifer Hansen of the Washington Public Disclosure Commission advised Jason Herbert that he did not need to register/report as a lobbyist with the Commission because he did not meet the requirements set forth in the FCPA, i.e., he was not attempting to influence the passage or defeat of any legislation, ballot proposition or campaign and he did not exceed the four day rule set forth in RCW 42.17A.610.

employs a member or an employee of the legislature, a member of a state board or commission, or a full-time state employee, and that new employee remains in the partial employ of the state, the new employer must file within fifteen days after employment a statement with the commission[.]

Governor Inslee is not employed by Energy Northwest, as a lobbyist or otherwise, and no evidence has been offered by Mr. Dierker to support this claim. Not to mention, as provided by RCW 42.17A.610(6), Governor Inslee is exempt from the registration and reporting requirements of RCW 42.17A.600, .615, and .640.

Again, Energy Northwest is left to guess at which event or activity Mr. Dierker is claiming demonstrates Governor Inslee's status as Energy Northwest's lobbyist or puppet. The following are events involving Energy Northwest and Governor Inslee that do not constitute a violation of the FCPA but are shared to educate the Commission on the interactions between Energy Northwest and Governor Inslee:

- In August 2017, Governor Inslee announced the award of \$12.6 million in Clean Energy Fund grants to five utilities in Washington. Energy Northwest was one of the recipients of that funding for a first-of-its-kind solar power generating and battery storage system that also includes a technician training center in north Richland, WA. Besides Energy Northwest, the grants will fund projects proposed by Seattle City Light, Snohomish County Public Utility District, Orcas Power and Light, and Avista. Governor Inslee stated, "With these awards, our leading utilities will demonstrate how to integrate battery storage with solar energy and stand-alone energy systems, train the workforce to build and maintain these systems, and lead the industry into the clean energy future."
- In October 2017, in honor of Nuclear Science Week, Governor Inslee issued a proclamation calling Columbia "a vital part" of the state's diverse mix of environmentally responsible generating resources.
- Energy Northwest's website contains the following quote from Governor Jay Inslee: "...nuclear energy each year contributes....safe, reliable, carbon-free and environmentally responsible electricity to Washington ratepayers, equivalent to about 10 percent of Washington's power..." This is from Governor Inslee's October 2013 Proclamation observing Nuclear Science Week.
- In 2018, as reported above, Governor Inslee met with Energy Northwest's Chief Executive Officer and Chief Financial Officer to discuss Senate Bill 6203 (the Governor's Carbon Pricing Bill) and Energy Northwest provided information to the Governor about Energy Northwest's interest in having nuclear power specifically included in the definition of a clean resource for the State no matter what legislation was proposed. Energy Northwest provided its position on nuclear, but did not express any position for or against Senate Bill 6203. The Governor did not advocate the inclusion of nuclear in the definitions contained in the bill and has never taken a

public stance on nuclear energy relative to any legislation, ballot proposition or campaign in Washington State, either on his own or on behalf of Energy Northwest.

Governor Inslee is exempt from the reporting requirements. However, even if he were not, none of his activities demonstrate any effort to “lobby” for nuclear power, the nuclear industry, or Energy Northwest in the State of Washington. Even if the Governor, following his meeting with Energy Northwest’s leaders, had proposed including nuclear energy in the definition of a “clean energy resource,” he still would not have been “lobbying” for Energy Northwest because advocating for the inclusion of nuclear energy is much more generic and broad and would not apply solely to the business of Energy Northwest. Should Governor Inslee propose legislation in the future that is supportive of nuclear that will not convert him into a lobbyist for Energy Northwest. There are other parties in the state that are also very interested in nuclear. Furthermore, as the Governor of the State of Washington, he is allowed to take up positions on matters relative to the conduct of the business of the State.

If, for the sake of argument, Governor Inslee was the puppet and lobbyist advocate for nuclear and for Energy Northwest that Mr. Dierker claims, he would have proposed modifications to Senate Bill 6203 to not just include the very broad and generic term “nuclear” in the definition of clean energy, but to also include Energy Northwest, as well. Furthermore, he would have taken a very public stance to support nuclear, and Energy Northwest, using his very big platform. However, no such modifications were made to the bill and no such actions have ever been taken by the Governor in support of nuclear energy or Energy Northwest in the context of his Carbon Tax Bill or any other legislation for that matter, including House Bill 2995. The word “nuclear” is not even mentioned. Even if he were to do all of these things, as alleged by Mr. Dierker, the Governor is allowed to do them, and he is exempt from the registration and reporting requirements of chapter 42.17A RCW.

Contrary to Mr. Dierker's assertion, there is no effort by Energy Northwest or Governor Inslee to “bait and switch” the public by claiming that nuclear energy is clean energy. The United States Environmental Protection Agency (EPA) “expects nuclear power to be a key partner in achieving the goals of the [Clean Power Plan].” The Clean Power Plan was enacted to reduce carbon pollution to address climate change. The EPA states that nuclear is a “reliable, carbon free generation source” and part of the national energy strategy that “supports economic growth and job creation, enhances our nation’s energy security, and protects the planet for future generations.” See <https://archive.epa.gov/epa/cleanpowerplan/fact-sheet-clean-power-plan-opportunities-nuclear-power.html>. In a study issued in January 2018, “Economic Impacts of the Columbia Generating Station,” the Nuclear Energy Institute states, “Columbia’s operations generate emissions-free clean electricity.” This position was also supported by the Obama Administration. See <https://obamawhitehouse.archives.gov/the-press-office/2015/11/06/fact-sheet-obama-administration-announces-actions-ensure-nuclear-energy>. It was also supported by Secretary Moniz of the U.S. Department of Energy. See <https://www.bna.com/moniz-closing-nuclear-n57982072731/>. This is just a sampling of the myriad experts that have weighed in on the value of nuclear as a source of clean, carbon-free, non-emitting electricity.

Quite the opposite of employing a “bait and switch” strategy, Energy Northwest has transparently advocated a well-established aspect of nuclear power generation.

Mr. Dierker’s claim that Governor Jay Inslee is employed by Energy Northwest as a lobbyist and acts as a puppet for Energy Northwest is incorrect and should be dismissed by the Commission. Further, the Commission should dismiss Mr. Dierker’s argument that the Governor and Energy Northwest are engaged in a fraudulent, bait and switch campaign to mislead the public into believing that nuclear is clean energy in violation of the Consumer Protection Act. This argument is unfounded in fact and is contrary to all expertise on the subject, and should therefore be dismissed.

F. Energy Northwest Has Not Engaged in Grass Roots Lobbying in Violation of the FCPA.

Mr. Dierker alleges that Energy Northwest engaged in an unlawful grass roots lobbying effort through its communications on “the Internet and other media across the state on specific bills in the Legislature supporting nuclear energy,” including House Bill 2995. He provides no evidence or any specific example of which effort by Energy Northwest constituted unlawful grass roots lobbying other than this broad, overarching and very general complaint.

Grass roots lobbying is defined as “a program addressed to the general public, a substantial portion of which is intended, designed or calculated primarily to influence state legislation.” RCW 42.17A.640(1). Typical grass roots lobbying expenditures include:

- Newspaper advertisements to support proposed legislation;
- Hiring a person to organize public meetings in order to influence action on issues being considered by the legislature;
- Creating or maintaining websites, purchasing e-mail lists, or hiring someone to conduct other online activities; and
- Hiring signature gatherers to circulate petitions for an initiative to the legislature.

See Commission Guide “Grass Roots Lobbying”; RCW 42.17A.640. Any person or entity making grass roots lobbying expenditures not reported by a registered lobbyist, a candidate, or a political committee exceeding \$700 in the aggregate in a one-month period or exceeding \$1,400 in the aggregate in any three-month period, “a substantial portion of which is intended, designed, or calculated primarily to influence legislation” must file a grass roots lobbying report. RCW 42.17A.640(1).

Work carried out by and with a registered lobbyist is by definition not “grass roots lobbying”. RCW 42.17A.640(1). See also Executive Summary and Staff Analysis Jay Inslee for Washington – 2016 Campaign, Commission Case No.: 15-065 (activities otherwise reported do not require reporting as grass roots lobbying). Any work by Mr. Rowland (and Ms. Reese up until her retirement) relating to House Bill 2995 were properly reported to the Commission consistent with the law and were separate and apart from Energy Northwest’s educational and information efforts it undertakes on its website, on the internet and in other media.

Other contacts by Energy Northwest's officials and employees were otherwise non-reportable and/or exempt from the registration and reporting requirements.

Still further, all of Energy Northwest's communications available on its website and in other media have been educational and informative in nature, make no mention of House Bill 2995 (or any other legislation for that matter), and are consistent with the Commission's guidelines, which provide:

The Public Disclosure Commission holds that it is not only the right, but the responsibility of local government to inform the public of the operational and maintenance issues facing local agencies. This includes informing the community of the needs of the agency that the community may not realize exist. Local governments may expend funds for this purpose provided the preparation and distribution of information is not for the purpose of influencing the outcome of the election.

See Commission Guidelines for Local Government Agencies in Election Campaigns (Public Disclosure Law Re: Use of Public Facilities in Campaigns), "Basic Principles". See also Washington Administrative Code 390-05-271(2) (agency may make objective and fair presentation of facts relevant to ballot proposition if such action is part of the normal and regular conduct of the agency).

House Bill 2995 was not a ballot proposition. It was a piece of legislation that was proposed but was not adopted by the House of Representatives, and it was one for which Energy Northwest took no position to either to oppose or support. Still further, none of Energy Northwest's communications on its website or other media make any reference to House Bill 2995, or any other legislation. Finally, none of the information on Energy Northwest's website or other media produced by Energy Northwest facilitated direct contact with members of the legislature on any particular piece of legislation.

Instead, Energy Northwest has long been a public policy advocate on issues affecting the nuclear industry and the sector's role in providing Washington State, and the region, with safe, reliable, clean, cost-effective electricity generation. Energy Northwest's communications available on its website and through other media regarding nuclear energy as "clean energy", and communications that nuclear should be a part of the region's energy portfolio now and in the future, including through the development and construction of SMRs, is allowable under the Commission's guidelines. It is Energy Northwest's responsibility to inform the public and its stakeholders of issues and matters facing the joint operating agency. These communications do not include any reference whatsoever to political activity of any kind, including support or opposition for any legislation or ballot proposition, and Mr. Dierker makes no reference to any specific activities by Energy Northwest that implicate RCW 42.17A.640. Based upon the foregoing, the Commission should find that Energy Northwest is not in violation of RCW 42.17A.640 and Mr. Dierker's Complaint should be dismissed as to this claim against Energy Northwest.

IV. RESERVATION OF ADDITIONAL ANALYSIS

Energy Northwest respectfully reserves the opportunity to present additional analysis and authority with respect to all issues presented in the Complaint as may be warranted.

V. CONCLUSION

In closing, while Energy Northwest appreciates Mr. Dierker's diligence in raising his concerns, Energy Northwest respectfully requests this Complaint be dismissed in its entirety with no further action with regard to the allegations made against Energy Northwest. WAC 390-37-070 allows for claims to be dismissed by the executive director when "the respondent is in substantial compliance with the relevant statutes or rules, or...formal enforcement action is not warranted." For all of Mr. Dierker's claims against Energy Northwest, enforcement action is not warranted and Energy Northwest is in compliance with the law.

Sincerely,



Kathleen B. Galioto

Attachment:

Energy Northwest FY19-21 Strategic Plan



ENERGY NORTHWEST

FY19-21 STRATEGIC PLAN

Our strategic plan communicates the agency's strategic goals and associated initiatives and performance measures as defined by the Executive Board.

MESSAGE FROM THE
EXECUTIVE BOARD AND CEO

STRATEGIC PLANNING
PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

AGENCYWIDE
FOCUS AREAS

ABOUT
ENERGY NORTHWEST



This document contains interactive
buttons. Click to navigate.

MESSAGE FROM THE EXECUTIVE BOARD CHAIR AND CEO

Energy Northwest is a joint action agency focused on providing our public power members and regional customers with safe, reliable, cost-effective, responsible power generation and energy solutions. The following are a few recent accomplishments where we leveraged our strengths to achieve this mission:

- Energy Northwest members collaborate on aggregate customer-focused services
- 2nd year breaking generation records
- 6th year achieving cost reduction targets
- Higher employee engagement ratings
- Increased net revenue from energy services
- 2 billion in net savings to the regional rate customer through a shared debt cooperation program



During the most recent strategic planning sessions between the Executive Board and senior leadership team, we refocused our goals and our strategy to more rapidly advance our vision of being a regional leader in clean power generation and energy solutions. We need to continue to leverage our strengths and take full advantage of opportunities in this dynamic and changing region and industry.

The agency will Power the Future through

- **Continuing safe and reliable operation of our assets and services**
- **Preparing our agency for a clean energy reality**
- **Being the regional provider of choice for generation and energy services**

The enclosed three-year strategic plan provides strategic goals defined by the executive board along with the key measures and strategic initiatives which outline expected performance outcomes. We will continue to assess our strategy and make changes to this document when needed over the next three-year period.

With the rapidly changing region and industry it is important we continue to achieve excellence in everything we do. Let's aggressively and innovatively pursue new opportunities; act with urgency to correct shortfalls; and ensure the resources we already manage are protected and managed with excellence. Remember, we cannot be excellent unless we seek excellence each and every day. Thank you for your hard work and service to Energy Northwest.

Sid Morrison
Executive Board Chair

Brad Sawatzke
Chief Executive Officer

IMPLEMENTING THE VISION

All employees have a part in implementing this vision. Your role in executing the strategic plan includes:

- **Focus Area owners:** ensure detailed tactical plans are established to implement the enclosed strategy what will be done, by when, and by whom. Provide oversight of the plan's progress. Ensure inherent risks are evaluated to ensure strategic objectives can be met as defined by the related goal(s) and measure(s) of excellence
- **Department managers and supervisors:** develop detailed excellence plans with actions related to who what and when for each assigned strategic initiative. Ensure effective communication with your team on what the role of the department and their individual roles are to implementing assigned initiatives as well as agency-wide initiatives that may not have a discrete assigned action such as improve human performance.
- **All employees:** understand the agency's mission, vision and strategic initiatives. Discuss with your supervisor, manager, and peers your role in implementing strategic initiatives.



MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

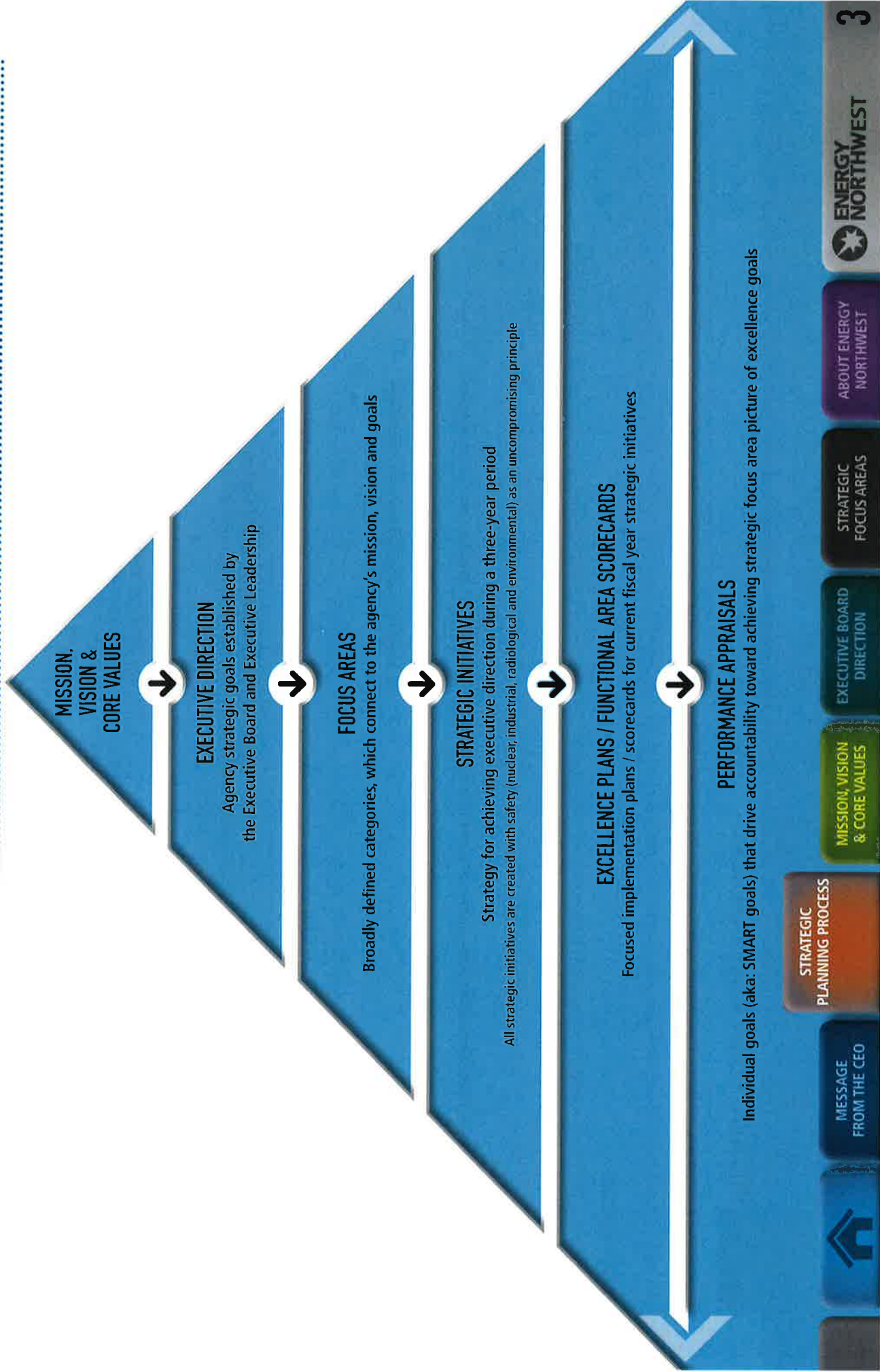
STRATEGIC
FOCUS AREAS

ABOUT ENERGY
NORTHWEST



FY19-21 STRATEGIC PLAN

STRATEGIC PLANNING PROCESS





MISSION, VISION & CORE VALUES

Public health and safety is the unwavering commitment for everything we do and is the overarching imperative of our mission, vision and strategic plan.

AGENCY MISSION

Provide our public power members and regional customers with safe, reliable, cost-effective, responsible power generation and energy solutions.

AGENCY VISION

A regional leader in clean power generation and energy solutions through sustained excellence in performance and innovation.

Columbia Vision

Sustained nuclear excellence reflected by performance in the top quartile.

Energy Services and Development Vision

A leader in developing innovative, competitive energy solutions for the Northwest.

CORE VALUES

Safety first

A strong safety culture permeates the organization – every employee takes personal responsibility and demonstrates commitment to nuclear, industrial, radiological and environmental safety.

Accountability for our actions

We take ownership and personal responsibility for both individual and team actions and results.

Integrity in all we do

We earn trust by doing what we say we will do, ensuring our actions and words are consistent, honest and ethical. We will help each other succeed through collaboration, mutual respect and trust.

Excellence in performance

Relentless pursuit of the highest performance expectations through continuous improvement and zero tolerance for deviation from standards, and dedication to fostering an environment of teamwork.

Our core values are essential to achieving our mission, vision, goals and strategic initiatives. They guide our daily activities and behaviors and are achieved through open and honest communication.



MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

STRATEGIC
FOCUS AREAS

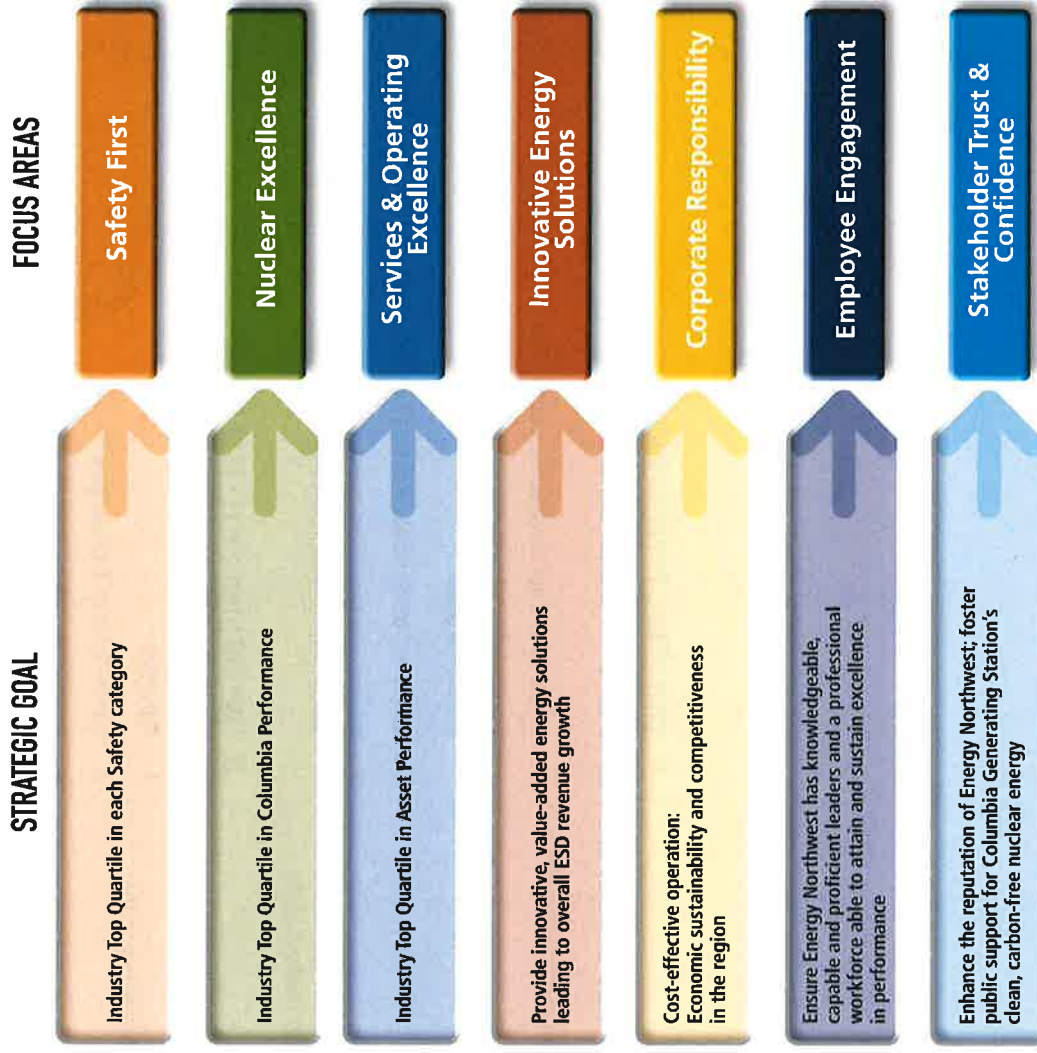
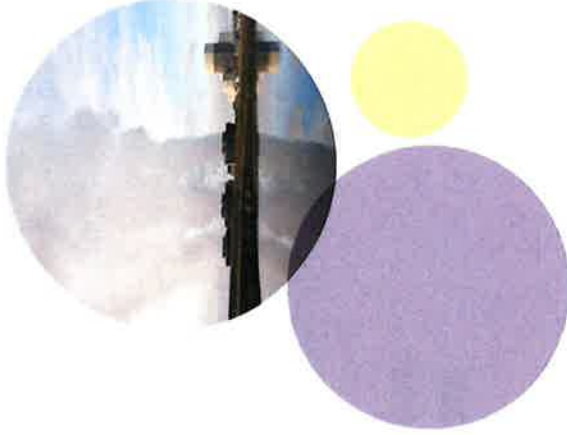
ABOUT ENERGY
NORTHWEST



FY19-21 STRATEGIC PLAN

EXECUTIVE BOARD DIRECTION

Annually, the Energy Northwest Executive Board reviews, assesses and provides the agency strategic direction focusing on our future outlook. This direction is centered around achievement of our mission and vision through our core values. Each strategic goal is linked to an implementing focus area where you can find specific strategic initiatives created to drive sustainable achievement of these goals as well as how we measure achievement.



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

STRATEGIC FOCUS AREAS

ABOUT ENERGY NORTHWEST



ENERGY NORTHWEST

FY19-21 STRATEGIC PLAN

Focus Area:
SAFETY FIRST

Owner:
Bob Schuetz
Vice President for
Nuclear Operations

STRATEGIC GOAL

Industry Top Quartile

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Strong Safety Culture • Accident Free • Control Dose • Event Free • Environmental Stewardship

B MEASURES OF EXCELLENCE:

*(targets to help measure success of reaching and sustaining excellence;
'equal to green' = meeting established target)*

1. Nuclear – Columbia's reactivity management index for boiling water reactor's in the industry top quartile
2. Radiological – Columbia's collective radiation exposure performance achieving industry goal
3. Industrial – Agency's safety accident rate and OSHA recordable performance in the industry top quartile by FY20
 - FY19: achieving 2nd quartile
4. Environmental – Environmental Management System performance indicators equal to green
 - Reduce hazardous waste generation agency-wide by 5% from FY17
 - Increase electrical efficiency agency-wide to 50 megawatt hours

C CHALLENGES TO EXCELLENCE:

(gaps that hinder achieving and/or sustaining excellence)

1. Columbia has not consistently met the Reactivity Management Index industry standards
2. Columbia has not consistently met the collective radiation exposure industry established goals
3. Consistent demonstration of safe behaviors needs improvement agency-wide
4. Employee engagement with the Environmental Management System needs continued improvement agency-wide

D IMPLEMENTING EXCELLENCE PLANS:

1. Columbia
2. Energy Services & Development
3. Environmental & Regulatory Programs
4. Reactivity Management
5. Equipment Reliability
6. Collective Radiation Exposure

Energy
Northwest has
an award-winning
safety record, and
our team remains
committed to safe
operations.

SAFETY IS THE
NUMBER ONE
PRIORITY.

Safety
First

Nuclear
Excellence

Services & Operating
Excellence

Innovative
Energy Solutions

STRATEGIC
FOCUS
AREAS

Corporate
Responsibility

Employee
Engagement

Stakeholder Trust
& Confidence



MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

STRATEGIC
FOCUS
AREAS

ABOUT ENERGY
NORTHWEST



6

FY19-21 STRATEGIC PLAN

Focus Area:
SAFETY FIRST

Owner:
Bob Schuetz
Vice President for
Nuclear Operations

FY19-21

E STRATEGIC INITIATIVES

1. Nuclear Safety

	START	FY19	FY20	FY21
a. Engineering and maintenance to continue to resolve reactivity management items in a timely manner	FY19	■	■	■
b. Continue to advocate at Plant Health Committee and Project Review Committee for any reactivity management issues that need financing or station focus	FY19	■	■	■
c. Ensure outage reactivity management items are completed	FY19	■		■
d. Engineering to identify proactive measures that will prevent recurring events	FY19	■	■	■
2. Radiological Safety				
a. Improve Radioactive Material Shipping process	FY19	■		
b. Implement on-line dose reduction actions	FY19	■	■	■
c. Expand the use of remote monitoring to realize more dose reduction opportunities	FY19	■	■	■

STRATEGIC INITIATIVES cont'd

3. Industrial Safety

	START	FY19	FY20	FY21
a. Utilize a Safety Committee peer recognition program for positive safety behaviors	FY19	■	■	■
b. Benchmark a generating station in the top decile of safety performance and add applicable actions to the Industrial Safety Plan	FY19	■		
c. Develop and implement an outage safety plan	FY19	■		■
4. Environmental Safety				
a. Reduce agencywide hazardous waste generation from previous outage year	FY19	■	■	■
b. Reduce agencywide energy consumption from previous fiscal year	FY19	■	■	■
c. Maintain agencywide Environmental Management System	FY19	■	■	■
d. Meet agencywide regulatory compliance obligations	FY19	■	■	■

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STRATEGIC FOCUS AREAS

Corporate Responsibility

Employee Engagement

Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST



ENERGY NORTHWEST

7

FY19-21 STRATEGIC PLAN

Focus Area:

NUCLEAR EXCELLENCE

Owner:

Grover Hettel

Chief Nuclear Officer

STRATEGIC GOAL

Industry Top Quartile

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Safe • Reliable • Predictable • Sustainable

B MEASURES OF EXCELLENCE:

*(targets to help measure success of reaching and sustaining excellence;
"equal to green" = meeting established target)*

1. Human Performance – Human Performance Event Rate achieving industry top quartile by FY19*
2. Work Management/Equipment Reliability – Equipment Reliability Index achieving industry top quartile by FY20*
 - FY19: achieving 2nd quartile
3. Supervisor Led – Columbia Index achieving industry top quartile by FY21*
 - FY19: achieving 3rd quartile

* Associated with a Mission Critical Risk

C CHALLENGES TO EXCELLENCE:

(gaps that hinder achieving and/or sustaining excellence)

1. Inconsistent Human Performance has led to variable station performance
2. Columbia's work management/equipment reliability predictability needs improvement
3. Leadership engagement needs improvement agency-wide

D IMPLEMENTING EXCELLENCE PLANS:

1. Columbia
2. Equipment Reliability
3. Work Management
4. Human Performance



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Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST

ENERGY NORTHWEST

8

FY19-21 STRATEGIC PLAN

Focus Area:
NUCLEAR EXCELLENCE

Owner:
Grover Hettel
Chief Nuclear Officer

FY19-21

E STRATEGIC INITIATIVES

	START	FY19	FY20	FY21	STRATEGIC INITIATIVE cont'd	START	FY19	FY20	FY21
1. Human Performance*									
a. Continue implementation of "Show them the score campaign"	FY19	■	■	■	f. Implement the Equipment Reliability Excellence Plan	FY19	■	■	■
b. Develop and implement a peer-to-peer recognition program	FY19	■	■	■	g. Complete outage ER related modifications	FY19	■	■	■
c. Actions from the Supervisor Led initiative below will include training and alignment actions that will aide to improve Human Performance	FY19	■	■	■	h. Strengthen Single Point Vulnerability program	FY19	■		
2. Work Management/Equipment Reliability*									
a. Develop a new scope stability report/metric and form a scope stability review committee	FY19	■			3. Supervisor Led*				
b. Optimize preventive maintenance frequencies through use of a dedicated multidiscipline team and ongoing evaluation by the shops to reduce the preventive maintenance burden on the shops and improve work week efficiency	FY19	■	■	■	a. Incorporate leadership behaviors developed as part of the "Taking Control" off-site, and others from INPO 16-008, into FY19 Performance Appraisals for station leaders	FY19	■	■	■
c. Improve the Fix-It-Now Team effectiveness through enhancements in FIN Team staffing, performance metrics and monitoring to ensure sustainable maintenance backlog performance at top quartile, while protecting the daily schedule	FY19	■			b. Conduct periodic pulse surveys to determine penetration and understanding of desired leadership behaviors	FY19	■	■	■
d. Improve Plant Health Committee engagement and effectiveness	FY19	■			c. Periodically measure and assess leadership behaviors displayed during core business meetings by revising the core business meeting critique template and collecting data for analysis	FY19	■		
e. Communicate "Your Role in Equipment Reliability" to Columbia personnel	FY19	■			d. Perform periodic reviews of leadership behavior implementation. This review would include results of pulse surveys, core business meeting critiques and representative interviews of station personnel. Capture results in the Organizational Effectiveness Functional Area Score card and take appropriate action where gaps are identified	FY19	■	■	■

* Associated with a Mission Critical Risk

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FOCUS
AREAS

Corporate Responsibility

Employee Engagement

Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST



ENERGY NORTHWEST

FY19-21 STRATEGIC PLAN

Focus Area:

SERVICES & OPERATING EXCELLENCE

Owner:

Brent Ridge

Vice President for

Corporate Services;

Chief Financial Officer

STRATEGIC GOAL

Industry Top Quartile in Asset Performance

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Safe • Reliable • Predictable • Sustainable

B MEASURES OF EXCELLENCE:

*(targets to help measure success of reaching and sustaining excellence;
"equal to green" = meeting established target/goal)*

1. Business Development Fund Revenue Generating Profit Margin increasing 10 percent annually to FY23 (FY19-23 for all operating plants)
2. O&M availability in industry top quartile

C CHALLENGES TO EXCELLENCE:

(gaps that hinder achieving and/or sustaining excellence)

1. Understanding Northwest market dynamics; developing markets where they do not currently exist
2. Maintaining and growing new and existing revenue contracts
3. Collaborating with members toward aggregation of new services, programs and projects

D IMPLEMENTING EXCELLENCE PLANS:

1. Energy Services and Development

Energy Northwest utilizes input from the General Manager Advisory Group to develop or enhance high value services to our members

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Corporate Responsibility

Employee Engagement

Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST

ENERGY NORTHWEST

10

FY19-21 STRATEGIC PLAN



Focus Area:

SERVICES & OPERATING EXCELLENCE

Owner:

Brent Ridge

Vice President for

Corporate Services;

Chief Financial Officer

FY19-21

E STRATEGIC INITIATIVES

START FY19 FY20 FY21

1. Become the Northwest leader in providing Operations and Maintenance services to our members and the region

- | | | | | |
|---|------|---|---|---|
| a. Research and draft business development plans for expansion of Operations and Maintenance services to support wind, hydro, solar and conventional resources in support of stakeholder and member and utilities | FY19 | ■ | ■ | ■ |
| b. Evaluate resources to support the mission of Operations & Maintenance expansion | FY19 | ■ | ■ | ■ |
| c. Establish strategic relationships to broaden capabilities and expand opportunities for addition of O&M facilities in the Northwest | FY19 | ■ | ■ | ■ |
| d. Identify high potential customers and schedule face-to-face meetings to educate them on available services to operate and maintain their power generation assets | FY19 | ■ | ■ | ■ |



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AREAS

Corporate
Responsibility

Employee
Engagement

Stakeholder Trust
& Confidence



MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

ABOUT ENERGY
NORTHWEST

ENERGY
NORTHWEST

11

FY19-21 STRATEGIC PLAN

Focus Area:

INNOVATIVE ENERGY SOLUTIONS

Owner:

Brent Ridge

Vice President for

Corporate Services;

Chief Financial Officer

STRATEGIC GOAL

Provide innovative, value-added energy solutions leading to overall ESD revenue growth

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Professional • Knowledgeable • Value-Added • Engaged • Flexible • Safe

B MEASURES OF EXCELLENCE:

*(targets to help measure success of reaching and sustaining excellence;
'equal to green' = meeting established target)*

1. Revenue growth indicator meets target of \$15 million by the end of FY23
2. General Managers' Advisory Group develop and recommend three relevant initiatives annually (FY19-23)
3. Grow the number of general managers who actively participate in the GMAG to 12 by FY20
4. Secure funding from State of Washington grant programs for at least two new electric vehicle initiatives (EVITA 2 and EVITA 3) by 2023
5. Develop integrated demand side management business line to increase revenue generation to \$3 million by the end of FY23

C CHALLENGES TO EXCELLENCE:

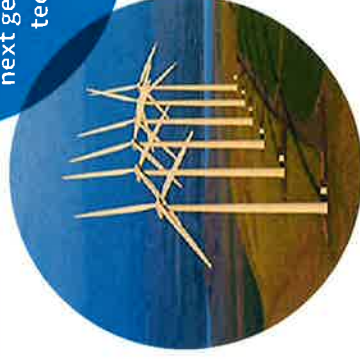
(gaps that hinder achieving and/or sustaining excellence)

1. Transportation electrification will rely heavily on available grant funding through either the State of Washington or Department of Energy.
2. There is no established northwest market for demand side management. ESD will have to establish this market by working with BPA, our members and stakeholders.

D IMPLEMENTING EXCELLENCE PLANS:

1. Energy Services and Development

Energy Northwest is preparing for the future by partnering with local and regional organizations to advance next generation energy technologies.



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Employee Engagement

Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST



ENERGY NORTHWEST

12

FY19-21 STRATEGIC PLAN

Focus Area:

INNOVATIVE ENERGY SOLUTIONS

Owner:
Brent Ridge
Vice President for
Corporate Services;
Chief Financial Officer

FY19-21

E STRATEGIC INITIATIVES

1. Energy Northwest will become the Pacific Northwest premier source for electric vehicle charging station implementation by offering package solutions

- Joint procurement for electric vehicle supply equipment including Level 3 chargers, Level 2 commercial and in-home charging systems, in-home battery systems, fleet vehicles
- Provide consulting services to members interested in developing electric vehicles charging stations
- Develop EN or utility owned and operated electric vehicle charging stations using public/private partnerships as well as local, state and federal funding opportunities

STRATEGIC INITIATIVES cont'd

2. Building on our Demand Response Aggregated Control System, by 2023 Energy Northwest will establish regional public power demand side energy assets for entry into emergent western energy markets.

- Distributed Energy Resources – Aggregate, manage and operate both a broad and diverse DER portfolio for regional capacity and energy imbalance market participation
- Regional Operations Support Services – Provide 24/7 operations facility to develop, staff, host and control multiple functional programs and utility support services. May include Distributed Energy Resources operating grid-scale market energy storage systems, utility system response support, smart-grid infrastructure, and similarly scaled programs.
- Regional Market Leadership – The western wholesale electric markets are undergoing a protracted period of restructuring. Energy Northwest, along with interested public power, may participate in and benefit from evolving markets by engaging in market restructuring, creating partnership with suitable players
- GMAG – ESD managers will meet with all 27 member general managers to discuss the importance of GMAG attendance to Energy Northwest future member support

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FOCUS
AREAS

Corporate
Responsibility

Employee
Engagement

Stakeholder Trust
& Confidence



MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

ABOUT ENERGY
NORTHWEST



ENERGY
NORTHWEST

13

Focus Area:

CORPORATE RESPONSIBILITY

Owner:

Brent Ridge

Vice President for

Corporate Services;

Chief Financial Officer

STRATEGIC GOAL

Cost-effective operation: Economic sustainability and competitiveness in the region

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Ethical • Accountable • Transparent • Predictable • Cost Effective

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence; 'equal to green' = meeting established target)

1. Columbia has a declining cost trajectory that supports the approved 2026 cost of power target*
2. Packwood and Nine Canyon production cost of power \leq \$26.11 and \$66.30 respectively
3. ESD services net margin \geq \$744,000

* Associated with a Mission Critical Risk

C CHALLENGES TO EXCELLENCE:

(gaps that hinder achieving and/or sustaining excellence)

1. Industry changes and disruption
2. Regional cost pressures
3. Cost-reduction sustainability
4. Outage duration greater than desired
5. Risk management proficiency continuous improvement
6. Customer needs change rapidly
7. Enhancing corporate oversight

D IMPLEMENTING EXCELLENCE PLANS:

1. Corporate



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FOCUS
AREAS

Corporate
Responsibility

Employee
Engagement

Stakeholder Trust
& Confidence



MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION



ABOUT ENERGY
NORTHWEST

FY19-21 STRATEGIC PLAN

Focus Area: CORPORATE RESPONSIBILITY

Owner:

Brent Ridge

Vice President for

Corporate Services;

Chief Financial Officer

FY19-21

E STRATEGIC INITIATIVES

1. Increase Agility*

- Create key risk indicators for Columbia competitiveness: Utilize standard key risk indicators to evaluate industry and regional changes
- Create key risk indicators for ESD revenue sustainability: Utilize standard key risk indicators to predict / evaluate customer needs and potential industry disruptions
- Lean process capabilities: Identify and implement process efficiencies using lean six-sigma techniques, enablement from implementing information technology solutions, and/or employee identified / implemented reductions

* Associated with a Mission Critical Risk

STRATEGIC INITIATIVES cont'd

2. Sustainable Cost Reduction & Performance*

- Reduce costs associated with staff augmentation: Implement and periodically evaluate effectiveness of approved standardized staff augmentation program
- Cost management behaviors: Create deeper cost management understanding and discipline across the agency surrounding both fixed and variable costs
- Outage duration reduction: Implement plans to reduce outage duration and associated incremental cost
- Effective risk management: Increase and continuously strengthen risk based decision making across the agency
- Effective corporate oversight: Enhance and increasingly leverage Corporate Governance and Oversight across the agency to improve performance

START FY19 FY20 FY21

FY19

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FY19

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FY19

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FY19

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Innovative Energy Solutions

STRATEGIC

FOCUS AREAS

Corporate Responsibility

Employee Engagement

Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST



15

FY19-21 STRATEGIC PLAN

Focus Area:

EMPLOYEE ENGAGEMENT

Owner:

Steve Lorence

General Manager for

Corporate Support Services

STRATEGIC GOAL

Ensure Energy Northwest has knowledgeable, capable and proficient leaders and a professional workforce able to attain and sustain excellence in performance

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Talented • Trusting • Inspired • Engaged • Appreciated

B MEASURES OF EXCELLENCE:

*(targets to help measure success of reaching and sustaining excellence;
equal to green = meeting established target)*

1. Voluntary turnover in industry metrics in the top quartile*
2. Agency's critical leadership positions with a ready now succession candidate or emergency replacement candidate identified performance indicator equals green (≥80%)*
3. Supervisors, managers and the Senior Leadership team positions filled internally is equal to 70 percent or greater*
4. Critical leadership positions filled "successfully" is equal to 75 percent or greater*
5. Knowledge transfer performance indicator equals green (≥50%)*
6. Succession Plan Development implementation equals green (≥80%)*

* Associated with a Mission Critical Risk

C CHALLENGES TO EXCELLENCE:

(gaps that hinder achieving and/or sustaining excellence)

1. Consistent use of knowledge transfer plan and workforce planning across the agency
2. Continued focus on succession planning and employee development

D IMPLEMENTING EXCELLENCE PLANS:

1. Human Resources

World at

Work awarded

Energy Northwest a
2017 Seal of Distinction
in recognition of efforts
to provide a mutually
beneficial workplace
experience.

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AREAS

Corporate
Responsibility

Employee
Engagement

Stakeholder Trust
& Confidence



MESSAGE
FROM THE CEO

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

ABOUT ENERGY
NORTHWEST



ENERGY
NORTHWEST

16

Focus Area: EMPLOYEE ENGAGEMENT

Owner:
Steve Lorence
General Manager for
Corporate Support Services

FY19-21

E STRATEGIC INITIATIVES

1. Workforce planning implementation *	START	FY19	FY20	FY21
a. Execute workforce planning strategy	FY19	■	■	■
b. Implement workforce planning improvements to address identification of future skill needs	FY19	■		
c. Review workforce planning twice a year to identify and plan for gaps	FY19	■	■	■
d. Detailed workforce plans are prepared by department managers	FY19	■	■	■
e. Workforce plans contain detailed knowledge transfer and retention actions for key employees	FY19	■	■	■
2. Succession plan candidate development*				
a. Ensure the correct critical positions are identified on an annual basis	FY19	■	■	■
b. Succession plan candidates are identified and developmental plans are rigorous, comprehensive and fully implemented	FY19	■	■	■
c. Key leadership positions can be filled easily when needed	FY19	■	■	■

* Associated with a Mission Critical Risk



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Corporate
Responsibility

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Engagement

Stakeholder Trust
& Confidence



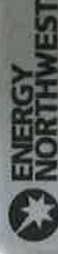
MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

ABOUT ENERGY
NORTHWEST



FY19-21 STRATEGIC PLAN

Focus Area:

STAKEHOLDER TRUST AND CONFIDENCE

Owner:

Mike Paoli

Public Affairs Manager;

Chief Communication Officer

STRATEGIC GOAL

Enhance the reputation of Energy Northwest; foster public support for Columbia Generating Station's clean, carbon-free nuclear energy

A PICTURE OF EXCELLENCE:

(includes key words that define what excellence is)

Research-based • Credible • Straightforward • Collaborative • Public Interest

B MEASURES OF EXCELLENCE:

(targets to help measure success of reaching and sustaining excellence;

**equal to green* = meeting established target)*

1. Orchestrate five I-5 corridor nuclear advocacy events*
2. Grow Clean Energy Partners advocates to 500 by FY24*
 - FY19: 170 advocates
3. Favorable EN rating by member general managers & board commissioners equals green (>95%)*
4. Sustain favorable support for nuclear energy > 48% of statewide public and >90% of plant neighbors*

* Associated with a Mission Critical Risk

C CHALLENGES TO EXCELLENCE:

(gaps that hinder achieving and/or sustaining excellence)

1. Hanford site association
2. Public awareness of state clean air sources
3. Limited industry public relations resources
4. Adverse industry events
5. State policies / nuclear closures

D IMPLEMENTING EXCELLENCE PLANS:

1. Public Affairs

Nuclear energy has the lowest carbon footprint of any full-time energy resource, and provides 60% of the clean energy generated in the U.S.

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Energy Solutions

STRATEGIC
FOCUS
AREAS

Corporate
Responsibility

Employee
Engagement

Stakeholder Trust
& Confidence

MESSAGE
FROM THE CEO

STRATEGIC
PLANNING PROCESS

MISSION, VISION
& CORE VALUES

EXECUTIVE BOARD
DIRECTION

ABOUT ENERGY
NORTHWEST

ENERGY
NORTHWEST

18

FY19-21 STRATEGIC PLAN

Focus Area:

STAKEHOLDER TRUST AND CONFIDENCE

Owner:

Mike Paoli

Public Affairs Manager;

Chief Communication Officer

FY19-21

E STRATEGIC INITIATIVES

1. Empower & Educate Employees, Members & Governing Boards as EN Public Advocates*

	START	FY19	FY20	FY21
a. Inform & train Employee Ambassadors	FY19	■	■	■
b. Engage members at their utilities	FY19	■	■	■
c. Execute the Public Power Forum	FY19	■	■	■
d. Secure support resolutions for Columbia Generating Station	FY19	■	■	■
e. Distribute updated Communication Guide	FY19	■	■	■
f. Distribute informative Member Updates	FY19	■	■	■
g. Partner with member utilities on public power advocacy events	FY19	■	■	■

2. Outreach to & Partner with Stakeholders & Influencers*

a. Collaborate with BPA on messaging	FY19	■	■	■
b. Engage regional power organizations; participate in public power meetings/forums	FY19	■	■	■
c. Sponsor organizations receptive to EN's clean energy message	FY19	■	■	■
d. Attend Seattle area civic meetings	FY19	■	■	■
e. Strengthen local civic relationships	FY19	■	■	■
f. Conduct stakeholder-centric tours	FY19	■	■	■

* Associated with a Mission Critical Risk

STRATEGIC INITIATIVES cont'd

	START	FY19	FY20	FY21
3. Recruit 3rd-Party Advocates*				
a. Increase participation in Clean Energy Partners and other advocacy groups	FY19	■	■	■
i. Leverage governing board & senior leadership contacts	FY19	■	■	■
ii. Leverage industry & civic events	FY19	■	■	■
4. Outreach & Listen to General Public*				
a. Target Seattle through TV, online & social media	FY19	■	■	■
i. TV programming targeting key demographics	FY19	■	■	■
ii. Search engines (geographic & key words)	FY19	■	■	■
iii. Drive readers/listeners to Columbiavalue.com	FY19	■	■	■
b. Sustain Mid-Columbia support through local outreach	FY19	■	■	■
5. Engage the News Media*				
a. Media visits & editorial board requests	FY19	■	■	■
b. Timely notifications of public interest news	FY19	■	■	■
c. Responsive record corrections & op-eds	FY19	■	■	■
6. Engage State & Federal Legislators*				
a. Advance carbon-reduction legislation aligned with executive board policy	FY19	■	■	■
b. Promote agency legislative positions	FY19	■	■	■
c. Execute CEO legislative visits	FY19	■	■	■
d. Secure governor proclamation for nuclear & CGS	FY19	■	■	■

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FOCUS AREAS

Corporate Responsibility

Employee Engagement

Stakeholder Trust & Confidence



MESSAGE FROM THE CEO

STRATEGIC PLANNING PROCESS

MISSION, VISION & CORE VALUES

EXECUTIVE BOARD DIRECTION

ABOUT ENERGY NORTHWEST



ENERGY NORTHWEST

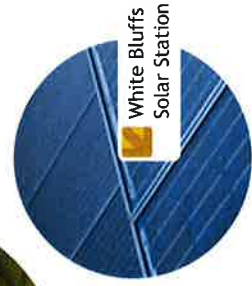
19

FY19-21 STRATEGIC PLAN

ABOUT ENERGY NORTHWEST

Energy Northwest is a joint action agency formed by the Washington state legislature in 1957, representing the convergence of small and big public power. Our consortium of 27 public utility districts and municipalities across Washington takes advantage of economies of scale and shared services to boost efficiency and effectiveness, all to the greater cost benefit of more than 1.5 million public power customers.

Our agency owns and/or operates a diverse portfolio of electricity generating resources, including the Columbia Generating Station nuclear power facility. All power from Columbia is sold at-cost to the Bonneville Power Administration and used by customers in eight western states. All the generating resources operated by EN – the Packwood, Tieton and Portland hydroelectric projects; Nine Canyon Wind Project; White Bluffs Solar Station; and Columbia – provide clean, cost-effective and reliable energy to the Northwest and beyond.



Membership

Energy Northwest membership currently includes 22 PUDs and five municipalities.

- | | | | |
|----|----------------------------------|----|-------------------------|
| 1 | Asotin County PUD | 15 | Kittitas County PUD |
| 2 | Benton PUD | 16 | Klickitat County PUD |
| 3 | Chelan County PUD | 17 | Lewis County PUD |
| 4 | Centralia City Light | 18 | Mason County PUD 1 |
| 5 | City of Port Angeles | 19 | Mason County PUD 3 |
| 6 | City of Richland Energy Services | 20 | Okanogan County PUD |
| 7 | Clallam County PUD | 21 | Pacific County PUD 2 |
| 8 | Clark Public Utilities | 22 | Pend Oreille County PUD |
| 9 | Cowlitz PUD | 23 | Seattle City Light |
| 10 | Ferry County PUD | 24 | Skamania County PUD |
| 11 | Franklin PUD | 25 | Snohomish County PUD |
| 12 | Grant County PUD 2 | 26 | Tacoma Public Utilities |
| 13 | Grays Harbor County PUD 1 | 27 | Wahkiakum County PUD |
| 14 | Jefferson County PUD | | |

ABOUT ENERGY
NORTHWEST

STRATEGIC
FOCUS AREAS

EXECUTIVE BOARD
DIRECTION

MISSION, VISION
& CORE VALUES

STRATEGIC
PLANNING PROCESS

MESSAGE
FROM THE CEO



ENERGY
NORTHWEST

20