

MINUTES OF MEETING OF COMMISSIONERS  
OF PUBLIC UTILITY DISTRICT NO. 3  
OF MASON COUNTY, WASHINGTON

The Commissioners of Public Utility District No. 3 of Mason County, Washington met in a meeting in the PUD 3 auditorium at 307 W. Cota Street in Shelton, Washington on Tuesday, June 9, 2009.

President Linda Gott called the meeting to order at 10:00 a.m. District officers present were Commissioners Thomas J. Farmer, Linda R. Gott, and Bruce E. Jorgenson; Manager Wyla Wood; Finance Manager/Auditor Annette Creekpaum; Treasurer Sherry Speaks; and Attorney Rob Johnson (arrived at 10:02).

PUD 3 employees in attendance were: Assistant to the Manager Nancy Bolender; Senior Power Supply Analyst Matt Samuelson; Human Resource Manager Michelle Wicks; IS Support Technician Janet Vazquez; IS Manager John Bennett; Temporary Accounting Assistant Emily Gott; Payroll Specialist Asia Hoopes; Human Resources Assistant Thedra Flink; Purchasing Assistant Tina Ward; Accounts Payable Specialist Dani Benedict; Accountant Jenifer Sliva; Shelton Line Superintendent Scott Peterson; Operations Manager Bob Smith; GIS Technician Brian Schneidmiller; Service Engineering Supervisor Brad Smotherman; Maintenance Engineering Supervisor Nick Earsley; Public Information Officer Joel Myer; Sr. Service Engineering Assistant Karen Burns; Engineering Manager Terry Peterson; Customer Service Manager Michele Knauf; CSR Dual Headquarters Stephanie Robinson (both arrived at 10:01a.m.); E&O Support/Special Projects Assistant Bellaine West; E&O Administrative Assistant Stephanie Beacraft (both arrived at 10:06 a.m.); Student Trainee Molly Swanson; and Administrative Assistant Lynn Harvey (recorded minutes).

Members of the public in attendance included Louis Cofoni and Tom Pearson both of Shelton

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of an executive session to discuss potential litigation. The executive session will last no longer than 20 minutes and no action will be taken following.

CONSENT AGENDA

Ms. Gott reviewed the items listed on the consent agenda. Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. The MOTION PASSED UNANIMOUSLY.

By adopting the consent agenda, the following items were approved:

- A. Minutes of the June 2, 2009, regular commission meeting.
- B.\* Voucher Nos. 101795 through 101919 — \$ 877,599.20

\* Vouchers audited and certified by the district auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the board.

COMMENTS FROM THE PUBLIC

Ms. Gott welcomed those present and stated that comments would be accepted throughout the meeting.

Mr. Cofoni inquired about why the District would not be purchasing renewable energy resources from out of state. Mr. Jorgenson responded that he may be referring to a senate bill 5840 that would have modified I937 allowing utilities to purchase renewables out of state; however the bill failed. Mr. Samuelson interjected that it is allowable to purchase renewables out of state, but it must be done in real-time which is nearly impossible with a intermittent resource such as wind.

### ACTION ITEMS

Resolution No. 1477 was brought before the commissioners for their consideration. It is "A Resolution Authorizing Modifications to the Full Service Power Sales Contract (Contract No. 00PB-12053 Executed 10/17/00) Executed by the Bonneville Power Administration and Public Utility District No. 3 of Mason County, Washington."

It was explained to the commissioners, at their May 26, 2009 meeting, that BPA was planning on terminating the letter of credit provisions in this contract. Mr. Farmer inquired about various language used in the modification. Mrs. Wood explained that generally BPA wants to save money.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt Resolution No. 1477, "A Resolution Authorizing Modifications to the Full Service Power Sales Contract (Contract No. 00PB-12053 Executed 10/17/00) Executed by the Bonneville Power Administration and Public Utility District No. 3 of Mason County, Washington."  
MOTION PASSED UNANIMOUSLY.

It was then recommended to the commissioners that they approve the following contractors as pre-qualified for inclusion on the PUD's public works roster. They are: Burke Electric, Inc. of Bellevue, WA; Christenson Electric, Inc. of Portland, OR; City Electric, Inc. dba City Pacific Services of Snohomish, WA; Hawkeye Construction, Inc. of Troutdale, OR; Hood Canal Telephone Co. Inc. of Union, WA; International Line Builders, Inc. of Tualatin, OR; Mountain Power Construction Co. of Post Falls, ID; Power City Electric, Inc. of Spokane, WA; Power Technology, Inc. of Battle Ground, WA; and Taurus Industries, Inc. of Olympia, WA. These contractors have met the financial and insurance requirements set by the district.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to approve the above noted contractors as pre-qualified for inclusion on the PUD's public works roster. MOTION PASSED UNANIMOUSLY.

### STAFF REPORTS

Mrs. Creekpau reviewed the status of the budget as of May 31, 2009, with the commissioners. She pointed out that cash receipts are at 44 percent of budget, and total expenditures are at 41 percent of budget.

Mrs. Speaks then reviewed the treasurer's report for May. She reported that PUD 3 ended the month of May with a cash balance of \$27.8 million, and total of all funds were \$29.9 million.

Power Supply Analyst Matt Samuelson reported that Energy Northwest is proposing a new wind project in Benton County called Mustang Ridge. He informed the commissioners that he would be attending a meeting with Energy Northwest on June 18, 2009, to learn more about the project.

Mr. Samuelson also reported that the Columbia Falls Aluminum Company announced that it would be closing its plant. Mr. Myer and Mr. Samuelson agreed that this may be just a bargaining tactic to negotiate for increased power and lower rates with BPA.

Mrs. Wood provided the commissioners with information about the American Public Power Association's (APPA) comments on the National Electricity Reliability Corporation (NERC), and how its reliability standards impact small to medium sized utilities. She explained that APPA expressed concerns about the burdensome record keeping requirements that offset the benefits of the program. She further noted that PUD 3 should not be included on the compliance registry since it does not impact the system.

Mrs. Wood also handed out an e-mail from the Washington PUD Association (WPUDA) regarding the legality of the Governor's Executive Order on Climate Change. WPUDA's concern is that the Governor may have overstepped her authority by issuing an Executive Order on this issue, but if the Executive Order is within her authority, then implementation by Ecology may exceed their authority.

Mr. Jorgensen responded by saying he was on a conference call for the WPUDA energy committee and the discussion was that these types of changes are a legislative issue, not the Governor's orders.

Mrs. Wood provided the commissioners with a memo she received from the Public Power Council (PPC) meeting written by Marty Kanner summarizing the Markey Waxman bill 2454 "American Clean Energy and Security Act" that was approved by the House Energy and Commerce Committee on May 29<sup>th</sup>.

Mrs. Wood also shared with the commissioners other issues discussed at the PPC meeting including: DSI issues; climate change bills; and the NW River Partners CEO being present to discuss biop.

Mrs. Wood told the commissioners that consultants working with the architects will be attending the June 23, 2009, commission meeting to give presentations on various areas of expertise in relation to the proposed operations center. She informed them that the city, county, and tribe will also be invited to attend the meeting.

#### REPORT OF COMMISSIONERS

Mr. Farmer reported an article in the Kitsap Sun named the Bremerton/Silverdale area the number one area for growth according to a recent study. Mr. Farmer believes that due to the close proximity to the Navy and state government, Mason County will also be affected by this growth.

Ms. Gott reported attending the PPC meeting and shared that Tom Carrier with the NWPPC is in the process of developing the sixth power plan that is due out this fall.

Ms. Gott also mentioned that she and Mr. Myer attended the Republican's Women's monthly meeting at Alpine Way and gave a presentation on the proposed operations center at Johns Prairie and other PUD 3 activities.

Ms. Gott shared the results of the audit exit meeting this morning at 9:00 a.m.. She reported that PUD 3 had another clean audit and contributed the many years of no findings to not only the finance department but to all employees of the utility that maintain accurate records on a daily basis. A final report will be issued in approximately two weeks.

#### GOOD OF THE ORDER

Following a calendar review, it was discussed that there will be no meeting on June 16, 2009, and the next meeting will be held on June 23, 2009.

The regular meeting recessed at 10:29 a.m. and reconvened at 10:32 a.m. at which time the commissioners met in an executive session to discuss possible litigation for no more than twenty minutes.

The executive session adjourned at 10:50 a.m. and the regular meeting reconvened. With no further business appearing, the meeting adjourned at 10:50 a.m.

Regular Commission Meeting  
June 9, 2009  
Page 4

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Linda R. Gott, President

ATTEST:

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Bruce E. Jorgenson, Vice President

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Thomas J. Farmer, Secretary