

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, September 1, 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 Kristin French.

PUD 3 employees in attendance were: Power Supply Analyst Diane Archer; Engineering & Operations Assistant/Environmental Technician Season Eddings; Administrative Assistant (HR) Thedra Flink; Temporary Accounting Assistant Emily Gott; Administrative Assistant Lynn Harvey; Power Supply Manager Jay Himlie; Facilities Specialist Randy Howard; Telecommunications Manager Dale Knutson; Engineering & Operations Support Supervisor Mary McKay; Network Systems Supervisor Joel Moore; Public Information Officer Joel Myer; Senior Power Supply Analyst Matt Samuelson; Operations Manager Bob Smith (arrived at 10:04 a.m.); Human Resources Manager Michelle Wicks; and Assistant to the Manager Nancy Bolender (recorded minutes).

Members of the public in attendance included: Rich Baird of Mason Lake; Jeff Green of *The Shelton-Mason County Journal*; John Komen of Mason Lake; Ellie Nevers of Mason Lake; and Gary Steinman of Mason Lake.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was accepted as presented.

CONSENT AGENDA

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

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

- A. Minutes of the August 18, 2009, regular commission meeting.
- B.*

Voucher Nos. (dated August 25, 2009)	102869 through 102981	—	\$ 680,582.22
(Includes electronic funds transfer payment number 264)			
Voucher Nos. (dated September 1, 2009)	102982 through 103058	—	\$ <u>316,869.56</u>
(Includes electronic funds transfer payment numbers 265-266)			
TOTAL			\$ 997,451.78
- C. Void accounts payable checks for the week ending August 21, 2009, in the amount of \$143.43.
- D. Void accounts payable checks for the week ending August 28, 2009, in the amount of \$658.17.

* 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. Komen introduced himself and expressed his objections to the executive session that was held during the August 18, 2009, commission meeting, and the use of the consent agenda to amend contracts relating to the Johns Prairie operations center project. He also pointed out there was no report on the agenda as to the costs to date of the Johns Prairie operations center project.

ACTION ITEMS

Resolution No. 1483 was presented to the commissioners for their consideration. It is "A Resolution Authorizing the Execution of Revision 10 to Exhibit D, Additional Products and Special Provisions, to 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."

Recommendation was made to adopt this resolution which authorizes the execution of this revision adding the Phase I and II of Nine Canyon Wind Project integration services pricing in section 3(b)(5)(D) for October 1, 2009 through September 30, 2010, and renumbers the remaining sections.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1483, "A Resolution Authorizing the Execution of Revision 10 to Exhibit D, Additional Products and Special Provisions, to 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.

STAFF REPORTS

Mr. Himlie reviewed the July power situation statement with the commissioners. He pointed out that it may be the first time the utility has hit a summertime peak due to the stretch of hot weather in July and August.

Mr. Himlie also reported on the opinion issued by the Ninth Circuit Court of Appeals which ruled that the Bonneville Power Administration (BPA) had not justified its contract to pay Alcoa \$32 million in fiscal year 2009 as being "in accordance with sound business" and invalidated the contract. Instead of requiring BPA to pay back the costs, the Court remanded the case back to BPA to consider "...whether and how it will seek a refund from Alcoa."

Mrs. Wood provided the commissioners with a copy of a letter from the BPA regarding its proposals for offering direct service industries (DSIs) power.

REPORT OF COMMISSIONERS

Mr. Jorgenson noted the Western Public Agencies Group (WPAG) meeting is scheduled for Thursday of this week.

Ms. Gott reported that she met with Mrs. Wood, Mrs. Creekpaum, Mrs. Speaks and the PUD's financial advisor regarding the Other Post-Employment Benefits (OPEB) trust last week. The utility received good reports from the financial advisor regarding the products the trust funds are invested in.

Ms. Gott also noted she attended the Martha Reed softball tournament last weekend. The tournament, which is made up of teams from public entities, is a fund raising event. Via the sponsorship of the PUD Employees' Association, the PUD had two teams participating – the American team and the National team. The PUD's American team won the tournament.

DISCUSSION ITEMS

Mr. Jorgenson suggested, with Mr. Farmer and Ms. Gott agreeing, that staff provide a report next week and periodically after that, on the amount of money expended to date for the Johns Prairie operations center, including the cost of extending water to the property.

GOOD OF THE ORDER

Responding to Mr. Komen's earlier remarks, Commissioner Gott stated that the board did not improperly conduct an executive session as he inferred. She said that the session took place in accordance with the allowances for such discussion under state law.

Ms. Gott further stated that each commissioner had the opportunity to review materials under the consent agenda August 18, and could have removed any item and placed it on the regular agenda for discussion. She pointed out that the commissioners approved the consent agenda items by a unanimous vote.

Mrs. Nevers asked about receiving information the PUD has discussed about BPA's tiered rates methodology, to which Mr. Myer will respond.

With no further business appearing, the meeting adjourned at 10:27 a.m.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary