

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 conducted a regular business meeting in the PUD 3 auditorium at 307 W. Cota Street in Shelton, Washington on Tuesday, April 6, 2010.

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 Robert Johnson.

PUD 3 employees in attendance were: Power Supply Analyst Diane Archer; IS Manager John Bennett; E&O Assistant/Environmental Technician Season Eddings; Customer Service Manager Michele Knauf; E&O Support Supervisor Mary McKay; Public Information & Governmental Relations Manager Joel Myer; Acting Human Resources Manager Ilene Olson; Shelton Line Superintendent Scott Peterson; Engineering Manager Terry Peterson; Assistant Power Supply Manager Matt Samuelson; Operations Manager Bob Smith; Service Engineering Supervisor Brad Smotherman; E&O Support & Special Projects Assistant Bellaine West; and Administrative Services Assistant Lynn Harvey (recorded minutes).

Members of the public in attendance were: Louis Cofoni of Shelton and Richard Byrd of Shelton.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of an executive session to discuss real estate matters as allowed under RCW 42.30.110 item (1), section (c). The executive session will last approximately 20 minutes. No action will be taken following its conclusion.

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. MOTION PASSED UNANIMOUSLY.

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

- A. Minutes of the March 30, 2010, regular commission meeting.
- B.* Voucher Nos. 106202 through 106278 — \$ 394,484.20
(Includes electronic funds transfer payment Nos. 324 through 327)
- C. Void Accounts payable checks for the week ending April 2, 2010, in the amount of \$18,101.74.
- D. Contract Action:
(1) RECOMMENDATION to release payment No. 6, Bid L1-2010, Mountain View Substation Construction Project.

Recommendation was made to release the sixth partial payment in the amount of \$270,244.30 plus taxes (less retainage) to Mountain Power for the satisfactory completion of work to-date on the Mountain View substation.

* 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 in attendance and stated that comments would be accepted throughout the meeting.

Mr. Cofoni apologized for his comments regarding the proposed Radar Ridge project at the last commission meeting stating that he is confident PUD staff is taking the proper steps to protect the rate payers. Ms. Gott explained that a joint commission workshop for the project's participants will be held tomorrow at PUD 3 and the public is welcome.

Mr. Cofoni also commented on the PUD's consideration to achieve a certain certification for the proposed Johns Prairie operations center under the Leadership in Energy & Environmental Design (LEED) program. He suggested that the commission consider pre-wiring the facility for solar panels for future installation. Mrs. Wood responded that architects plans for the shop, warehouse and vehicle buildings include having them "solar-ready." However, the main office building's membrane roof would not be conducive for that purpose.

ACTION ITEMS

A recommendation was brought before the commissioners to issue a formal call for bids for the site preparation for the Johns Prairie Operations Center under bid No.L1-2010. The site preparation portion of the project was separated from the overall construction plan so that qualified local contractors would have an opportunity to

compete for the contract. The bid opening date is expected to be May 6, 2010.

Mr. Farmer moved, motion seconded by Ms. Gott, to approve issuing a call for bids for the site preparation at the Johns Prairie Operations Center site. A discussion took place about the expected response to the bid and cost of the project. Mrs. Wood expressed that due to the competitive construction market she felt that there would be a large response from local contractors and costs are expected to come in under engineer's estimates. MOTION PASSED with Mr. Jorgenson voting no.

Recommendation was made to issue a formal call for bids for a Galvanized Steel Pole under bid No. M1-2010. The self supporting pole would replace a wood pole with guy-wires on the Johns Prairie transmission line. The guy-wires on the existing pole would interfere with the new facilities site layout. The estimated cost of the pole is \$35,000.00 to \$40,000.00 plus taxes.

Mr. Farmer moved, motion seconded by Ms. Gott, to approve issuing a call for bids for the Galvanized Steel Pole. MOTION PASSED with Mr. Jorgenson voting no.

It was then recommended that the commissioners authorize contracting with Golder Associates, Inc. of Redmond, Washington for consulting services including geotechnical construction, observation and testing for the Johns Prairie Operations Center. Staff originally reviewed twelve firms and recommended Golder Associates, Inc. as best fitting the criteria.

Mr. Farmer moved, motion seconded by Ms. Gott, to authorize contracting with Golder Associates, Inc. for geotechnical consulting services not to exceed \$43,915.00. MOTION PASSED with Mr. Jorgenson voting no.

STAFF REPORTS

Mr. Samuelson reported that Energy Northwest's second appeal for the FEMA funds in relation to the slide repair at the Packwood hydro-electric project has been denied. He expressed that the repair has already been budgeted and Energy Northwest is using financing to pay for the repairs.

Mr. Samuelson noted that a joint commission workshop is scheduled for Wednesday, April 7th to include the participating utilities in the proposed Radar Ridge wind project near Naselle. Commissioners and staff from each of the utilities will be in attendance along with representatives from Energy Northwest to discuss various issues with the project. Areas of discussion may include development costs, environmental studies, and how the development timeline may conflict with a Department of Natural Resources lease deadline.

Mrs. Wood asked Mr. Peterson to report on the planned outage in conjunction with Bonneville Power Administration (BPA). Mr. Peterson explained that beginning at 3:00 a.m. on Sunday, April 11, 2010, PUD 3 and BPA will be upgrading equipment related to the rebuild of the Mountain View substation. The outage is expected to last approximately four hours and will affect a limited amount of customers. Mr. Peterson expressed that all affected customers have been notified.

Mrs. Wood requested approval from the commission to issue a check to the city for the application processing fee for water at the Johns Prairie site. The cost of the fee is \$117.00.

Ms. Gott made a motion, seconded by Mr. Farmer to approve a payment to the city for the water application fee for the Johns Prairie site. MOTION PASSED UNANIMOUSLY.

Mrs. Wood asked commissioners about their preference as to whether or not they desired to have the proposed new operations center buildings LEED certified. Commissioners heard a presentation from Court Olsen at a previous meeting on the details of such certification. Mrs. Wood explained that the level of certification doesn't need to be determined right away, but whether or not to obtain the certification should be decided before construction begins.

Mr. Jorgenson expressed that he doesn't feel the certification is necessary since the building will be built with the same LEED endorsed measures either way. Mr. Farmer informed Mrs. Wood that he would like more time to look into the LEED option.

COMMISSIONERS' REPORT

Mr. Jorgenson reported that he attended the PPC meetings and commented on how it was interesting that the increase of snow pack this year directly related to dollars in power sales for Bonneville Power Administration.

Ms. Gott also discussed her attendance at PPC in addition to the entrance conference with PUD 3 and the state auditor. She explained that the conference reviews the scope of the audit and that PUD 3 has gone several years without a finding.

GOOD OF THE ORDER

Following a calendar review, the regular meeting recessed at 10:42 a.m. and reconvened at 10:47 at which time the commissioners met in executive session to discuss real estate matters for no more than 20 minutes.

The executive session adjourned at 11:02 a.m. and the regular meeting reconvened. With no further business appearing, the regular meeting adjourned at 11:03 a.m.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary