

PUBLIC UTILITY DISTRICT NO.1 OF JEFFERSON COUNTY, WASHINGTON

RESOLUTION NO. 2010-008

A RESOLUTON of the Commission of Public Utility District No. 1 of Jefferson County, Washington, approving the Asset Purchase Agreement between Puget Sound Energy, Inc. and Public Utility District No. 1 of Jefferson County; and directing the District Manager to request service from the United States Bonneville Power Administration, and to acquire the funding necessary to finance the acquisition.

WHEREAS, by vote of the citizens of Jefferson County on November 4, 2008, Proposition No. 1 authorized the Public Utility District No. 1 of Jefferson County, Washington (“JPUD” or the “Commission”) to acquire electric distribution facilities and therefore pursuant to RCW Title 54, the Commission have the authority to operate an electric utility; and

WHEREAS, the Commission unanimously approved motions to authorize the evaluation of a possible takeover of Puget Sound Energy, Inc.’s. (“PSE”) electric facilities in Jefferson County, at the regular board meetings of 3 June and 2 September 2009, including the possible condemnation of those electric facilities, and authorizing its general manager and legal counsel to enter into settlement negotiations with PSE to explore a possible purchase of PSE’s electric facilities in Jefferson County, Washington in lieu of a condemnation action; and

WHEREAS, JPUD and PSE signed a negotiated, non-binding letter of intent (“LOI”) providing for certain key terms for a proposed purchase by JPUD of PSE’s electric facilities in Jefferson County, Washington at an advertised special meeting on 3 May 2010; and

WHEREAS, the District conducted several public meetings after JPUD signed the non-binding letter of intent to discuss the possible terms and conditions of a potential purchase of PSE’s electric facilities; and

WHEREAS, the Commission concluded that the acquisition of PSE’s electric facilities and the development of an electric utility were in the best interests of the citizens of Jefferson County, and authorized the general manager and its legal counsel to negotiate final agreements consistent with the LOI between the parties; and

WHEREAS, Definitive Agreements consisting of an Asset Purchase Agreement and related exhibits have been executed by PSE and delivered to the Commission for its review, consideration and approval; and

WHEREAS, the Commission finds that entering into the Asset Purchase Agreement dispenses with the need for the proposed condemnation previously considered by the

Commission, but it does not ultimately preclude its authority to condemn the electric facilities if that becomes necessary for the establishment of an electric utility.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO.1 OF JEFFERSON COUNTY, WASHINGTON, as follows:


Section 1. The Commission approves the Asset Purchase Agreement as executed by PSE along with the supporting exhibits and related agreements; and

Section 2. The Commission directs the general manager to immediately prepare and file with the Bonneville Power Administration a request for service and to undertake all things necessary to successfully complete such an application; and

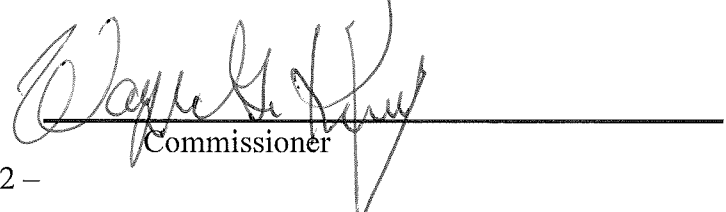
Section 3. The Commission also directs the general manager to acquire financing for the interim and long term needs of the utility in order to accommodate the electric utility function of JPUD, and manage the transition period established in the Asset Purchase Agreement consistent with its terms. The general manager is to report to the Commission on a regular basis.

ADOPTED by the Commission at a special meeting thereof, held on the 11<sup>th</sup> day of June, 2010, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

PUBLIC UTILITY DISTRICT NO.1, JEFFERSON COUNTY WASHINGTON

  
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President and Commissioner

  
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Commissioner

  
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Commissioner

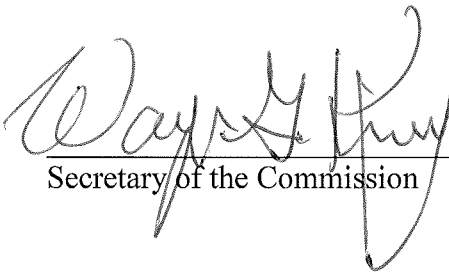
CERTIFICATE

I, the undersigned, Secretary of the Commission (the "Commission") of the Public Utility District No. 1, Jefferson County, Washington (the "District"), DO HEREBY CERTIFY:

1. The attached Resolution No. 2010-00 (the Resolution") is a true and correct copy of a resolution of the District as finally adopted at a special meeting of the Commission held on 11 June, 2010, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF I have hereunto set my hand this 11<sup>th</sup> day of June 2010

  
Secretary of the Commission