

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

President Farmer called a special meeting of the Mason County PUD No. 3 board of commissioners to order at 10:00 a.m. The meeting was held in the PUD 3 auditorium, at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, December 3, 2013.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Annette Creeks; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Robert Johnson.

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; Director of Business Services John Bennett; Conservation Manager Justin Holzgrove; Public Information/Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Executive Assistant/Records Program Supervisor Lynn Eaton (recorded minutes).

There were no members of the public in attendance.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that two executive sessions were scheduled for the purposes of item(s) 42.30.110(1)(ii) to discuss potential litigation and to seek legal advice from council on the legality of a practice or policy. Each executive session was estimated to last 5 minutes with no action to follow.

CONSENT AGENDA

Mr. Farmer reviewed the items listed on the consent agenda. Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

a.	Minutes of the November 26, 2013, regular commission meeting.		
b.	Voucher Nos. (dated December 3, 2013) 124957 through 125020 (Includes electronic funds transfer payment Nos. 1112-1113.)	—	\$ 468,342.39
		TOTAL	\$ 468,342.39

* 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

Mr. Farmer stated comments would be accepted throughout the meeting.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1610, which is "A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees (Supersedes Resolution No. 1588)." As part of the budgeting process, the resolution lists the non-union positions and their grade level for the 2014 fiscal year.

Mr. Jorgenson moved, motion seconded Mr. Farmer, to adopt Resolution No. 1610, "A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees (Supersedes Resolution No. 1588)." MOTION PASSED UNANIMOUSLY.

Resolution No. 1611 was then recommended to the commissioners. It is "A Resolution Establishing the 2014 Non-Union Compensation Plan." It was noted that the budget reflects the levels included in this resolution.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1611, "A Resolution Establishing the 2014 Non-Union Compensation Plan." MOTION PASSED UNANIMOUSLY.

Resolution No. 1612, which is "A Resolution Establishing Fringe Benefits for Non-Union, Non-Exempt and Exempt Management Employees (Supersedes Resolution No. 1494)," was presented to the commission for approval.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1612, A Resolution Establishing Fringe Benefits for Non-Union, Non-Exempt and Exempt Management Employees (Supersedes Resolution No. 1494)." MOTION PASSED UNANIMOUSLY.

Resolution 1613, which is "A Resolution Adjusting Manager's Compensation," was prepared and presented to the commissioners at their request.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. No. 1613, "A Resolution Adjusting Manager's Compensation." MOTION PASSED UNANIMOUSLY.

Staff presented recommendations to modify the conservation potential target for the 2012-2013 biennium, which was previously set in 2011, and to establish the conservation target for the 2014-2015 biennium as required by the Energy Independence Act (RCW 194-37-070). These recommendations include adopting the modified ten-year cost-effective conservation potential for the 2012-2013 biennium, as well as updating the ten-year conservation assessment for the 2014-2015 biennium.

In 2011, staff used the modified calculator (as allowed under the statute) to set the 2012-2013 conservation target. However, PUD 3 was the only utility in the state to use the modified calculator at the time, which made it difficult for the auditor to concur with the methodology. Mr. Holzgrove explained that staff worked with EES Consulting on a conservation potential assessment that would take into account previous conservation efforts as well as federal, state and local standards, which would remove unavailable potential from the target and determine a more accurate and documented conservation potential.

The results of the assessment determined that the 2012-2013 cost effective and achievable potential should be modified to 10,674 MWh compared to 3,741.6 MWh adopted in 2011 and the 2014-2015 biennial conservation target should be set at 5,791 MWh. The assessment also determined that the ten-year cost-effective and achievable conservation potential for the 2012-2013 biennium should be modified to 57,189 MWh as compared to 18,708 MWh adopted in 2011 and a ten-year cost-effective and achievable potential for the 2014-2015 biennium should be set at 28,979 MWh.

Mr. Holzgrove explained that PUD 3 has already met and exceeded the proposed modified target for the 2012-2013 biennium through various conservation efforts including some major commercial and industrial lighting projects. He clarified that due to these recent conservation projects, along with new conservation standards for consumer electronics, lighting, etc., the data compiled in the conservation assessment will also support the proposed 2014-2015 biennial target.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt a modified cost-effective and achievable conservation potential target of 10,674 megawatt-hours (MWh) for the 2012-2013 biennium, replacing the original conservation potential of 3,741.6 MWh adopted in 2011, and setting the 2014-2015 biennial conservation target of 5,791 MWh. In addition modifying the ten-year cost-effective and achievable conservation potential for the 2012-2013 biennium to 57,189 MWh and setting the 2014-2015 biennial ten-year cost-effective and achievable potential to 28,979 MWh. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson updated commissioners on the ongoing issue with the appeal to the North American Electric Reliability Corporation (NERC) for deregistration from its reliability reporting standards requirements. Mr. Samuelson explained that the Western Electricity Coordinating Council (WECC) filed extensive comments opposing the appeal and that PUD 3 staff subsequently submitted a response to those comments last week. Mr. Samuelson said the timeframe for a ruling is unclear at this time.

Mrs. Creekpaum informed commissioners that staff will be sending out a memo to employees allowing them to choose a half-day off on either Christmas Eve or New Year's Eve this year as well as a memo determining the holiday office closures that will be recognized in 2014.

Mrs. Creekpaum reported that the Voluntary Employees' Beneficiary Association (VEBA) attorney is working on an amendment to the plan that ensures its compliance with the recent Affordable Care Act guidance from the IRS (Notice 2013-54). A modification to the plan will be brought before the commissioners by year-end.

Mrs. Creekpaum notified commissioners that the PUD 3 Employees Association annual Christmas party has been scheduled for Saturday, December 14, at Salish Cliffs.

GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:28 a.m. for a short break, and reconvened at 10:33 a.m.

The commissioners then adjourned then met in executive session for 5 minutes to discuss potential litigation. No action would follow the executive session.

The executive session adjourned at 10:43 a.m. and the regular meeting reconvened.

The commissioners then adjourned then met in executive session for 5 minutes to seek legal advice from council on the legality of a policy or practice. No action would follow the executive session.

At 10:48 the executive session adjourned and it was announced that the commissioners would continue in executive session for an addition 10 minutes.

The executive session adjourned at 10:51 and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 10:52.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary