

MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION  
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

February 6, 2006

The regular meeting (study session) of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 North Wenatchee Avenue, Wenatchee, Washington, on February 6, 2006, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were, Gary L. Montague, Norm Gutzwiler, Ann Congdon (via teleconference), Werner Janssen (via teleconference) and Dale R. Boyd (via teleconference). In attendance were Interim General Manager Wayne Wright, General Counsel Carol Wardell and Interim Clerk of the Board Melisa McPherren. Various staff members also in attendance.

Others in attendance: Bill Stokes, Evelyn Gilbert, Chelan County Commissioner Keith Goehner, Jack Pusel, Joe Rumble and Dan Curry.

The following resolution was presented by staff:

RESOLUTION NO. 06-12840 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO CONTRACTS WITH NON-LINEAR CREATIONS INC. OF OTTAWA, ONTARIO, CANADA FOR SOFTWARE IMPLEMENTATION SERVICES AND WITH REDDOT SOLUTIONS CORPORATION, A DELAWARE CORPORATION, FOR THE PURCHASE OF "REDDOT" CONTENT MANAGEMENT SYSTEM SOFTWARE

Motion was made by Commissioner Gutzwiler and seconded by Commissioner Janssen to adopt Resolution No. 06-12840. The question was called for and the motion carried unanimously to adopt the resolution, which is on file in the office of the District.

Water/Wastewater Director Dave Johnson recapped the most recent effort to extend water service to Monitor. The cost of a new water system is estimated at \$6 million. Assistant General Manager Jack Winter explained that the current engineering estimate is to provide the minimum amount of water infrastructure needed to provide current and future citizens of Monitor with minimum utility services. Studies in the past have shown that a more reliable and consistent provision of water service is a reservoir placed at the end of that system. The reservoir and associated costs are not included in the \$6 million. Staff will discuss opportunities and choices with the Board at a future meeting on how to build that reservoir. The incremental reservoir cost will be calculated and added to the overall project cost at a later date. The project has already received a \$500,000 state grant, reflecting Monitor's need for safe drinking water as the highest priority in the state. Community and Intergovernmental Relations Director Jeff Smith informed Commissioners that several other grant applications are pending. Commissioner Boyd made a motion for the Board to endorse an extension of the District's water system to Monitor (provided

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local residents support a plan to finance the project) and urge our congressional delegation to support a \$1.6 million State and Tribal Assistance Grant to help fund the construction. The motion was seconded by Commissioner Congdon and passed unanimously. This grant application is unique in that it involves a direct request to the state's congressional delegation. The Commissioners vote is intended to send a clear signal to Washington, D.C., of their support for the application. Chelan County Commissioner Keith Goehner and Monitor resident Joe Rumble thanked Commissioners for the District's support.

Governmental Affairs Director Andrew Munro continued discussions with the Board on legislative issues, including proposed revisions by the Washington PUD Association (WPUDA) to the initiative that would require state utilities to use renewable energy to meet up to 15 percent of electric load by 2020. Commissioner Gutzwiler, the District's representative to WPUDA, asked for direction on a resolution being proposed by WPUDA to support the initiative if certain criteria are met. The Board unanimously directed Commissioner Gutzwiler to vote against the proposed resolution by WPUDA to support the initiative.

Director of Customer Service John Stoll and Water Resource System Engineer Ron Slabaugh provided Commissioners with an update on installation of equipment to read District water meters from a distance. Mr. Stoll and Mr. Slabaugh explained that the benefits to customers would include more accurate meter reading and earlier detection of leaks. The equipment could transmit water meter readings to District staff walking or driving by, no matter the weather or location of meters. Mr. Stoll also related that District staff is investigating options for automated meter reading for the PUD's electric system. Requests for proposals to supply the equipment for the water system will go out this spring and the first installations are expected by mid-summer.

Commissioner Gutzwiler excused himself at 2:55 p.m. to participate in a Washington PUD Association conference call.

Power Resource Analysts Becky King and Janet Jaspers discussed the Nine Canyon Wind Project Phase III proposal with Commissioners. Power Management staff recommended that the District decline participation in the third phase of the Nine Canyon Wind Project operated by Energy Northwest. The District already owns a 12.5-percent share of the project, equal to about 8 megawatts of wind generation. Ms. King stated that questions about transmission issues and uncertainty over cost for the third phase, led to the recommendation.

Director of Distribution Systems Kirk Hudson informed Commissioners of a request the District received over the weekend for assistance. District line crews spent the weekend in Western Washington restoring power to electric customers after a major windstorm on Saturday left a reported 160,000 people without power. Nineteen District employees volunteered for the assignment on Super Bowl weekend. The line crews, including three flaggers from Networks,

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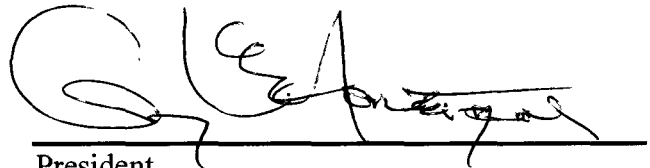
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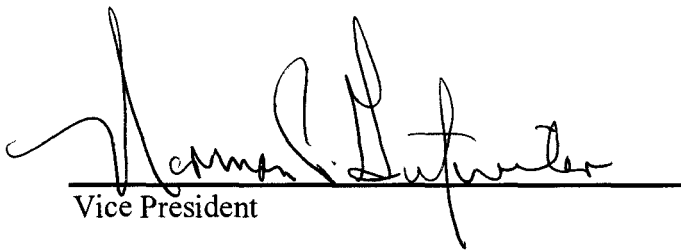
went to Everett Saturday morning, answering a call for mutual aid from Snohomish County PUD. Two crews worked in the Everett area through Sunday and returned to Wenatchee Monday. One crew moved north to the Mount Vernon area on Sunday to help Puget Sound Energy. That crew will continue work at least through Tuesday.

Director of Human Resources Randy Stedman provided Commissioners with an update on the General Manager search. Search Consultant Jerry Oldani has received 42 applications for the General Manager position. Commissioners will review an initial list of applicants during an executive session scheduled for the March 13, 2006 board meeting.

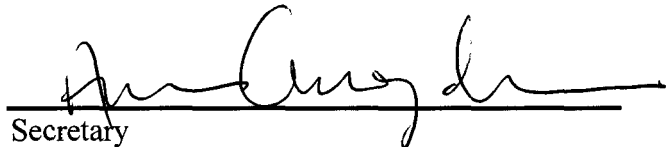
There being no further business, the meeting was adjourned at 3:20 p.m.



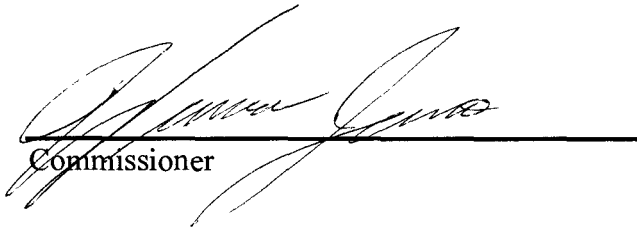
President



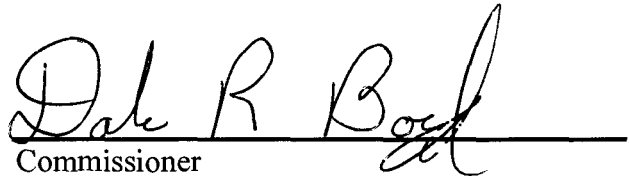
Vice President



Secretary



Commissioner



Commissioner