

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

March 20, 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 March 20, 2006, at the hour of 1:03 p.m., pursuant to proper notice thereof.

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

Others in attendance: Rich Cole, Bill Stokes and Jack Raines.

The following resolution was presented by staff:

RESOLUTION NO. 06-12868 DECLARING THAT NO BIDS WERE RECEIVED FOR ROCKY REACH – ANDREW YORK/MONITOR 230 KV TRANSMISSION LINE (BID NO. 06-06) AND AUTHORIZING THE GENERAL MANAGER TO OBTAIN THAT WORK BY NEGOTIATION

Motion was made by Commissioner Gutzwiler and seconded by Commissioner Boyd to adopt Resolution No. 06-12868. The question was called for and the motion carried unanimously to adopt the resolution, which is on file in the office of the District.

The following resolution was removed from the agenda:

A RESOLUTION RESCINDING RESOLUTION NO. 05-12681 AND ADOPTING TELECOMMUNICATION RATES FOR UTILIZATION OF TELECOMMUNICATION SERVICES BY QUALIFIED SERVICE PROVIDERS ON CHELAN COUNTY PUBLIC UTILITY DISTRICT'S BROADBAND NETWORK

Chelan County Natural Resources Director Mike Kaputa and Water/Wastewater Director Dave Johnson provided the Board with an update on Wenatchee River watershed planning. The seven-year process is approaching approval of the plan next month by the 30 agency participants. Chelan County Commissioners will be asked to approve the plan by mid-summer. After state approval, steps in the plan will be put into place over four years.

Power Resource Engineers Scott Buehn and Janet Jaspers, and Hydro Services Director Gregg Carrington discussed with Commissioners how yearly differences in mountain snowpack, spring rainfall and temperature can result in varying Lake Chelan levels. Deep snow has resulted in a mid-March forecast for spring runoff into the lake of 112 percent of normal. The weather has

## MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION

March 20, 2006

Page 2

also resulted in the spring lake level being lower than the past few years; because it must be drawn down to make room for the runoff to come. The lake level on March 20, 2006 was 1084.35 feet above sea level. Since 1960, the minimum lake level has dropped below 1085 feet in 55 percent of the years. But only 35 percent of the years since 1990. Mr. Carrington noted that lake levels will change when the new Lake Chelan Hydro Project license is approved by the Federal Energy Regulatory Commission. The first priority will be to maintain minimum flows in the Chelan River. Jack Raines, Lake Chelan Boat Co. owner, asked Commissioners to check sediment buildup on the lake bottom near Chelan. The company provides state-regulated ferry service to Stehekin at the head of the lake. Mr. Raines is concerned about damage to the boats as the water level drops this year and for the future. President Montague thanked Mr. Raines for recognizing the regulatory constraints facing the District as well as the boat company.

The meeting was recessed at 3:03 p.m. for a break and reconvened at 3:09 p.m. to continue conducting the business of the District.

Hydro Services Director Gregg Carrington, Social Resources Facilitator Kris Pomianek and Contracts Quality Manager Brian Wengreen provided Commissioners with an update on the District's Continuous Quality Improvement program (CQI). The purpose of the District's CQI program is to foster a culture of continuous quality improvement that enables all employees to generate excellence one degree at a time by working collaboratively using proven and uniform techniques. CQI team members summarized the opportunities for improvement and recommendations they identified during the process and shared their CQI experiences. Commissioners expressed their approval of the CQI process and thanked staff for their collaboration.

Commissioners Gutzwiler, Congdon and Boyd summarized the trip they took last week to attend the Washington PUD Association (WPUDA) meeting. Commissioner Gutwiler explained to the Board that the WPUDA building platinum vs. gold status was discussed during the meeting. No vote was taken or considered on the building during the meeting and WPUDA requested that members continue consideration of the platinum vs. gold status.

Commissioner Congdon provided an update on the \$1.6 million grant application for the Monitor water system. Commissioner Congdon stated that Congressman Doc Hastings has added this grant to his list of top five grants to be reviewed by the Appropriations Committee for funding.

General Counsel Carol Wardell notified Commissioners that the Department of Ecology issued the 401 Water Quality Certification for Rocky Reach on March 17, 2006. Staff reviewed the certification and no surprises were noted. Parties have 30 days to appeal the District's certification.

## MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION

March 20, 2006

Page 3

Ms. Wardell next discussed the recent ruling by the Public Employee Relations Commission (PERC) in favor of the District's appeal to vacate the results of the contested IT union. In vacating the election, the PERC agreed with the District's position that a prior election conducted jointly by IBEW and the District in October 2003 barred for one year any further union representation efforts. Although admitting the PERC should not have allowed WashTech's petition in the first place, the PERC ruled that since a year has now passed it would order a new election rather than dismiss WashTech's petition outright. The new election will include all current IT employees at the time we receive the notice of election--except managers, supervisors, and possibly the five employees in the Asset Management Systems group.

Commissioner Boyd informed the Board that President Bush nominated Idaho Governor Dirk Kempthorne to be the Secretary of the Interior. The President also nominated Phil Moeller to be a member of the Federal Energy Regulatory Commission.

A motion was made by Commissioner Gutwiler to excuse Commissioners Boyd and Congdon from the meeting on April 3, 2006. The motion was seconded by Commissioner Janssen and passed unanimously.

Commissioner Boyd made a motion to adjourn and continue the meeting to 9:00 a.m. on March 22, 2006, in the office of the District for the Balanced Scorecard review meeting. The motion was seconded by Commissioner Congdon and passed unanimously. There being no further business, the meeting was adjourned at 4:38 p.m.

The meeting was continued on Wednesday, March 22, 2006, at 8:58 a.m. in the office of the District for the Balanced Scorecard review meeting. Commissioners present were Gary L. Montague, Ann Congdon, Werner Janssen and Dale R. Boyd. In attendance were Interim General Manager Wayne Wright, General Counsel Carol Wardell, Interim Clerk of the Board Melisa McPherrin, Director of Strategic Planning Dan Sollom and Business Analyst Scott Taylor. Various staff members were present, and no members of the public were in attendance.

Commissioners met to review and discuss their Balanced Scorecard results from February and to receive training on the use of the Cognos Metric Manager. Commissioners requested a bimonthly meeting with staff to review their Balanced Scorecard and the next meeting would be scheduled for the end of May.

Commissioners discussed their "Put Safety First" strategic objective and the District's recent adoption of the new safety slogan "Think Safe. Work Safe. Live Safe." After discussing this change in philosophy, Commissioner Janssen made a motion to change the safety statement on the Board's Balanced Scorecard to "Think Safe. Work Safe. Live Safe." The motion was seconded by Commissioner Boyd and passed unanimously.

MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION

March 20, 2006

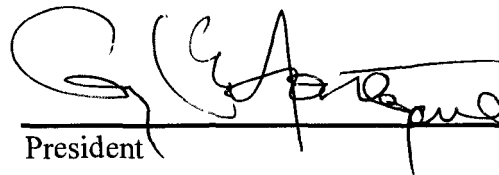
Page 4

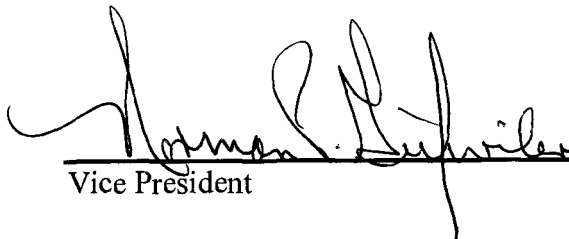
Commissioner Congdon made a motion to change the start time of the board meeting on March 27, 2006 to 9:30 a.m. Commissioner Boyd seconded the motion. After a short discussion, Commissioner Congdon moved to amend the motion by adding that an executive session would occur from 9:30 a.m. to noon to evaluate the qualifications of an applicant for public employment, as authorized by RCW 42.30.110(1)(g) and that regular District business would start at 1:00 p.m. The motion was seconded by Commissioner Boyd and passed unanimously.

President Montague publicly announced that the Commission would convene an executive session commencing at 11:05 a.m. for the purpose of discussing the qualifications of an applicant for public employment, as authorized by RCW 42.30.110(1)(g). He stated that he anticipated the executive session would conclude at approximately 11:35 a.m.

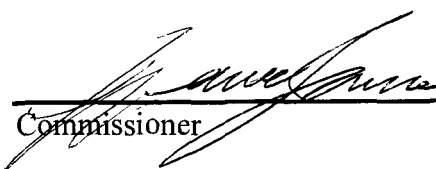
By motion made by Commissioner Janssen, seconded by Commissioner Congdon and carried unanimously, an executive session was convened. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Interim Clerk of the Board.

Reconvening into regular session at 11:17 a.m., the Commissioners reported that they discussed the qualifications of an applicant for public employment, as authorized by RCW 42.30.110(1)(g). No action was taken. There being no further business, the meeting was adjourned at 11:18 a.m.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
Commissioner