

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

April 5, 2010

The regular meeting 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 April 5, 2010, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Dennis Bolz, Randy Smith, Carnan Bergren, Norm Gutzwiler and Ann Congdon. In attendance were General Manager Rich Riazzi, Attorney Karen Wiggum and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: Bob Huber, Paul Schmidt, Rich Cole, Steve Hair (Kozi/Koho Radio) and Christine Pratt (Wenatchee World).

CM Foreman Mechanic Mike McCarl led the Pledge of Allegiance and provided a safety minute.

President Bolz presented the Consent Agenda Items for adoption. He asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. No items were requested to be transferred to the regular Agenda. President Bolz presented the Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on March 22, 2010 and Tri-Commission meeting held on March 23, 2010 were presented for approval.

The Auditor's memorandum, dated March 30, 2010, supporting documentation and the District's Computer Report, which certify, pursuant to RCW 42.24.080, that the District received certain goods, services and other considerations specified therein and described as follows were presented for approval:

1. Claims certified by the Auditor for payment and authorization for the Auditor to issue warrants payable by the Treasurer for services, goods and other considerations received by the District in the total amount of \$4,672,942.86;
2. Approval of Customer Deposit Returns payment dated March 30, 2010 in the amount of \$2,663.00; and
3. Approval of the net Payrolls, Warrant Nos. 224149 through 224224 and Advice Nos. 506994 through 507633 for the period ending 3/14/2010 in the amount of \$1,408,302.48.

MINUTES OF REGULAR MEETING OF THE COMMISSION

April 5, 2010

Page 2

A motion was made by Commissioner Gutzwiler, seconded by Commissioner Bergen to adopt the Consent Agenda consisting of the minutes of the regular meeting held on March 22, 2010 and Tri-Commission meeting held on March 23, 2010 and the above listed vouchers, which are on file in the offices of the District.

Next, the Commission considered the matters listed in the Regular Agenda.

General Manager Rich Riazzi introduced the following resolution for consideration by the Board. The resolution was presented to the Board on April 5, 2010 as required by RCW 54.16.040 which requires a ten (10) day deferral period for actions related to power sales contracts:

RESOLUTION NO. 10-13538 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO FORWARD TRANSACTIONS FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY WITHIN DEFINED CRITERIA AND RESCINDING AND RESTATING RESOLUTION NOS. 00-11526, 04-12577, 08-13316 AND RESCINDING 95-10286

A motion was made by Commissioner Smith, seconded by Commissioner Congdon and carried adopting Resolution No. 10-13538, which is on file in the offices of the District.

RESOLUTION NO. 10-13539 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING (SA NO. 10-089) WITH NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AND NORTHWEST FISHERIES SCIENCE CENTER OF SEATTLE, WA TO PROVIDE GENETIC ANALYSES IN HATCHERY AND NATURAL-ORIGIN WENATCHEE RIVER BASIN STEELHEAD

Customer-owner Rich Cole publically suggested delaying this study and contacting other agencies for similar studies they have made. He commented that there seems to be duplication of studies made in the past by other agencies and recommended that the District work in cooperation with other agencies. Hatchery Program Manager Joe Miller stated that this study will satisfy the District's requirement to complete a relative reproductive success study under the Rocky Reach and Rock Island Habitat Conservation Plans (HCP).

A motion was made by Commissioner Smith, seconded by Commissioner Bergren and carried adopting Resolution No. 10-13539, which is on file in the offices of the District.

Chief Financial/Risk Office John Janney presented a 2010 Financial Update. (See www.chelanpud.org for the presentation) He stated that in January 2010, the Columbia River flows were at 71,000 cubic feet per second; their lowest level since 1971. Net wholesale revenue

MINUTES OF REGULAR MEETING OF THE COMMISSION

April 5, 2010

Page 3

budgeted at \$45,000,000 for the year is currently forecasted to be \$27,600,000. CFO Janney made the following recommendations: remain in the preservation mode for cost containment; implement the long-term hedging strategy; secure a line of credit to bolster financial liquidity and support longer term hedging strategy; extend the 9% temporary surcharge for up to 12 months, effective May 1, 201; and delay implementation of the new rate design for up to 12 months (2.5% rate increase). He added that staff will continue to monitor forecasts and progress on the hedging strategy execution to determine if further cost cutting and surcharge actions are necessary this year.

General Manager Rich Riazzi introduced the following resolution for consideration by the Board:

RESOLUTION NO. 10-13540 ADOPTING AN ELECTRIC SURCHARGE AND AMENDING RESOLUTION NO. 08-13395

Provisions in Resolution No. 10-13540 included that the 9% electric surcharge will be effective May 1, 2010 for up to twelve (12) months (May 1, 2011); the District's low-income assistance discounts will be increased by 9% effective May 1, 2010 for up to twelve (12) months; Resolution No. 08-13395 is revised to delay the implementation of the new electric rate design (conservation rates) for up to twelve (12) months (May 1 2011); General Manager Rich Riazzi will continue to closely monitor the District's financial situation as the year develops to determine if an additional surcharge amount will be necessary this year; and the adoption of this resolution is not a major action under the State Environmental Policy Act, and as such is categorically exempt under S.E.P.A. guidelines, WAC, Ch. 197-11-800(15)(i).

Attorney Karen Wiggum stated that staff has complied with the surcharge procedures established by the Commission in Resolution No. 07-13164, which required that the surcharge potential be initiated during the District's annual budget preparation and evaluated through the first quarter of each year; if a surcharge is to be considered, one public meeting needs to be held in Wenatchee in March or April (or other month as approved by the Board); notice of the meeting must be advertised through local media for the two weeks prior to the meeting; and requires a formal resolution, as is presently before the Commission, be presented at a regularly scheduled Commission meeting for final determination of the surcharge.

Customer-owner Paul Schmidt publically commented on the financial information.

A motion was made by Commissioner Gutzwiler, seconded by Commissioner Bergren and unanimously carried adopting Resolution No. 10-13540, which is on file in the offices of the District.

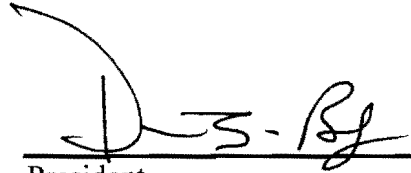
Commissioners reported on the various meetings each attended during the weeks of March 22, 2010 and March 29, 2010.

MINUTES OF REGULAR MEETING OF THE COMMISSION

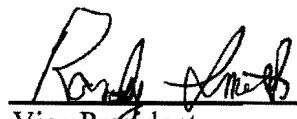
April 5, 2010

Page 4

There being no further business, the meeting adjourned at 2:30 p.m.



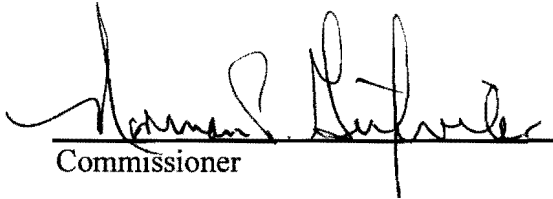
President



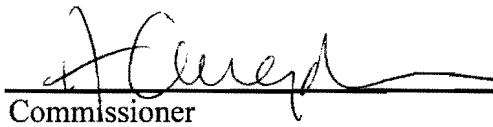
Vice President



Secretary



Commissioner



Commissioner