

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

April 26, 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 26, 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 Acting General Manager Joe Jarvis, Attorney Erik Wahlquist and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: None.

Energy Resources Administrative Assistant Catherine Melton led the Pledge of Allegiance and provided a safety minute.

Linden Mead of the Washington Department of Natural Resources Urban and Community Forestry Department presented the District the Tree Line USA award. The District earned the award for its quality tree-care program that consists of pruning programs near power lines, education on planting the right tree in the right place and tree-planting programs such as Arbor Day.

Energy Northwest Senior Member Relations Representative Jim Oakley provided an update on the Columbia Generating Station License Renewal, Packwood, CEO search, Kalama Energy and a solar project.

Conservation and Customer Services Manager Andrew Wendell provided an update on the District's Conservation program. He told Commissioners that the conservation programs and incentives are on target to meet the District's conservation targets set for 2010 and 2011. Customer Service Director John Stoll added that the energy savings by the end of 2010 is projected to be 1.82 average megawatts; more than half the 3 megawatt target set. Director Stoll told Commissioners in order to meet customer demand for conservation programs, the Customer Service some funding may be reallocated to the conservation program from other departments within Customer Service. He reminded Commissioners that every two years staff must review and update its ten-year plan. A biennial acquisition target will be set for 2012 to contribute to the regional goal as set forth in the recently adopted Northwest Power and Conservation Council 6<sup>th</sup> Power Plan. Director Stoll noted that every megawatt saved is a benefit to the District because it makes available more energy to sell on the open market.

Next, Commissioners held their quarterly update on meeting strategic objectives outlined in the Board's Balanced Scorecard. Each Commissioner gave a status update on their assigned strategy map objective(s).

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Commissioner Gutzwiler reported on the strategic objective S1 – Sustain Our Public Partnership. He reported that attendance at Tri-Commission meetings, Mid-C Commissioner/Manager meetings and Washington Public Utility District Association meetings are all above targets set. Customer Partnership Group meetings have not been set for the year. Commissioners briefly discussed combining groups and reducing the frequency of the meetings. The discussion is to be continued at a later date.

Commissioner Bolz reported on the strategic objective F1 – Maintain Strong Financial Stewardship. He reported that staff presented the 2009 year end update on February 8, 2010. The 1<sup>st</sup> quarter review is scheduled for May 10, 2010.

Commissioner Congdon reported on the strategic objective G1 – Ensure Effective Execution. She reported that the long-term Hedging Policy was reviewed and approved on April 5, 2010. The Strategic Communications, Planning and Financial Policy reviews are currently in progress. The annual review of the General Manager for 2009 performance was completed in March 2010. The semi-annual review of the General Manager is schedule for July 2010. The annual evaluation of the General Counsel was performed on January 19, 2010.

Commissioner Bergren reported on the strategic objective G2 – Approve Strategy and Business Plan. He reported that staff has provided strategic planning updates as requested. Three subcommittees have been formed which include staff and two commissioners each: Strategic Plan Development, Financial Policy and Communications. The review of the Board's Balanced Scorecard and strategic planning goals is to be schedule for a later date after the District strategic planning is complete.

Commissioner Smith reported on the strategic objective G3 – Responsible Board Representation. He reported that attendance at regular meetings of the Commission was at 97%; above the 90% target set. He stated Board coverage at key association meetings is on target. A mechanism for public and internal reporting and feedback on Board conduct is still to be developed and will be an agenda item for discussion at the next retreat. Commissioner Gutzwiler suggested that indicator G3 and G1 be combined under one strategic objective.

Commissioner Congdon reported on the strategic objective G4 – Ensure Compliance. She reported that Commissioner Bolz as President and Commissioner Smith as Vice President were appointed to attend the regularly scheduled Audit Committee meetings. The annual internal audit committee report was completed on January 25, 2010.

Commissioner Smith reported on the strategic objective E1 – Evaluate Governance Positions. Commissioners Smith stated that the District's Governance Policies were amended in 2009. Commissioners Smith and Bergren will review the Governance Policies and present suggested changes, if any, at the next Board retreat for discussion. He reported that Commissioners agreed on a Board self-evaluation form. Each Commissioner will fill it out prior to the next retreat.

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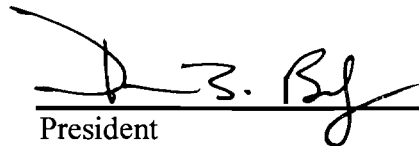
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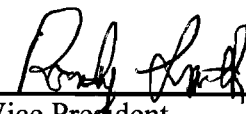
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Commissioner Bolz reported on the strategic objective E2 - Continuously Improve Board Member Skills. He reported that he will prepare a self-reporting matrix to evaluate the need for training.

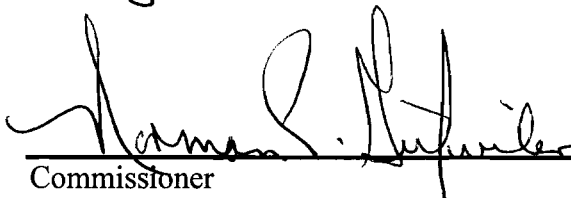
Acting General Manager Joe Jarvis told Commissioners that the District received the OSAW (Outstanding Stewards of America's Waters) award from the National Hydropower Association in Washington, D.C. The award honored the Chelan River habitat restoration and enhancement work as part of the newly relicensed Lake Chelan Hydro Project.


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

  
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President

  
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Vice President

  
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Secretary

  
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Commissioner

  
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