

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

May 17, 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 May 17, 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, General Counsel Carol Wardell and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: Bob Huber and Christine Pratt (Wenatchee World).

Christy Mayo of the Facilities department 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 May 3, 2010 and the regular meeting (study session) held on May 10, 2010 were presented for approval.

The Auditor's memorandum, dated May 11, 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 \$3,173,138.71;
2. Approval of Customer Deposit Returns payment dated May 11, 2010 in the amount of \$5,092.94; and
3. Approval of the net Payrolls, Warrant Nos. 224395 through 224481 and Advice Nos. 508966 through 509645 for the period ending 4/25/2010 in the amount of \$1,525,043.26.

RESOLUTION NO. 10-13548 AUTHORIZING FINAL ACCEPTANCE OF
PERFORMANCE UNDER BID NO. 07-63 WITH KEMP WEST, INC. OF

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SNOHOMISH, WASHINGTON AS PRIMARY AWARDEE AND AUTHORIZING
RELEASE OF THE BOND IN LIEU OF RETAINAGE

RESOLUTION NO. 10-13549 AUTHORIZING FINAL ACCEPTANCE OF
PERFORMANCE UNDER BID NO. 07-63 WITH ASPLUNDH TREE EXPERT
COMPANY OF WILLOW GROVE, PENNSYLVANIA AS SECONDARY AWARDEE
AND AUTHORIZING PAYMENT OF RETAINAGE DUE

A motion was made by Commissioner Congdon, seconded by Commissioner Smith to adopt the Consent Agenda consisting of the minutes of the regular meeting held on May 3, 2010 and study session held on May 10, 2010, the above listed vouchers and Resolutions No. 10-13548 and No. 10-13549, which are on file in the offices.

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

RESOLUTION NO. 10-13550 AUTHORIZING THE GENERAL MANAGER TO
ENTER INTO A FOURTH FUNDING AGREEMENT WITH COLUMBIAGRID AND
DELEGATING TO THE GENERAL MANAGER THE AUTHORITY TO APPROVE
AN AMENDMENT TO COLUMBIAGRID'S BYLAWS

A motion was made by Commissioner Congdon, seconded by Commissioner Gutzwiler and carried adopting Resolution No. 10-13550, which is on file in the offices of the District.

Commissioners reported on the various meetings each attended during the weeks of May 3, 2010 and May 10, 2010.

A motion was made by Commissioner Congdon to excuse Commissioner Bergren from the May 24, 2010 regular meeting (study session). The motion was seconded by Commissioner Smith and passed.

A motion was made by Commissioner Smith to excuse Commissioner Congdon from the May 24, 2010 regular meeting (study session) to attend the Northwest Public Power Association Annual Conference. The motion was seconded by Commissioner Gutzwiler and passed.

Commissioner Smith reported that the Washington Public Utility District Association Energy Committee is in the process of preparing a report titled Energy: Truth or Consequences.

General Counsel Carol Wardell reported on the August 2009 Western Electricity Coordinating Council (WECC) Critical Infrastructure Protection (CIP) spot check. She stated that WECC auditors reviewed 48 sub-requirements of the mandatory standards. In November 2009, the District received a notice of alleged violations which alleged three violations of those sub-requirements. The District entered into settlement negotiations with WECC. Attorney Wardell stated that it is staff's recommendation to accept WECC's proposed settlement includes

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agreement to pay penalties in the amount of \$13,000 total. The settlement agreement provides that the District does not admit that there were violations. WECC noted several mitigating factors in favor of the District.


General Counsel Wardell proposed the following motion:

A motion authorizing the General Manager to execute a Settlement Agreement with WECC for a total settlement of \$13,000 and to take all actions necessary to finalize that settlement.

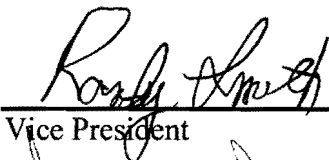
The motion was made by Commissioner Gutzwiler to authorize the General Manager to execute a Settlement Agreement with WECC for a total settlement of \$13,000 and to take all actions necessary to finalize that settlement. The motion was seconded by Commissioner Congdon and passed.

Next, Regulatory Compliance Policy Development Manager Lisa James reported on the WECC reliability standards audit conducted on May 3 through 7, 2010. The audit covered the District's compliance with 52 electric system reliability standards and several hundred sub-requirements which focus on transmission and generation functions. The audit covered the last three years. The audit took many hours and staff time to prepare responses to document requests from the auditors. She announced that the auditors found no violations. The General Manager and the Commissioners thanked the District's staff for all of the hard work on the audit preparation as well as the work of maintaining a reliable system. The fact that there were no findings of alleged violations was also commented upon as unusual and reflected the performance of staff.

There being no further business, the meeting was adjourned at 1:52 p.m.



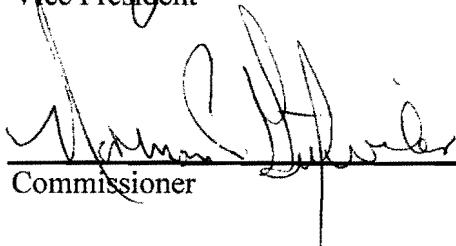
President



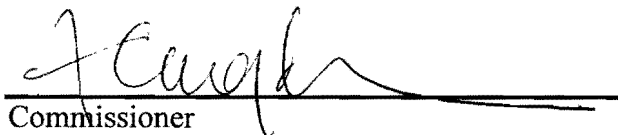
Vice President



Secretary



Commissioner



Commissioner