

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

June 7, 2010

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 June 7, 2010, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Dennis Bolz, Carnan Bergren, Norm Gutzwiler and Ann Congdon. Commissioner Randy Smith attended via telephone. 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: Rich McBride, Mike Walker, Stan Morse and Christine Pratt (Wenatchee World).

Recruiting Manager Ruth Erwert informed Commissioners about a pilot work experience program that supports the District's affirmative action efforts. The program provides work experience for minorities and is funded by the Operations Industrial Center.

Student Karina Pimentel 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 17, 2010 and the regular meeting (study session) held on 24, 2010 were presented for approval.

The Auditor's memorandum, dated May 25, 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 \$31,448,490.80;
2. Approval of Customer Deposit Returns payment dated May 25, 2010 in the amount of \$1,341.85;

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3. Approval of the net Payrolls, Warrant Nos. 224482 through 224567 and Advice Nos. 509646 through 510333 for the period ending 5/09/2010 in the amount of \$1,502,991.43; and
4. Payment to Coleman Oil Company in the amount of \$176,295.84 on June 7, 2010 for RI Powerhouse 2 turbine oil purchase.

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren to adopt the Consent Agenda consisting of the minutes of the regular meeting held on May 17, 2010 and study session held on May 24, 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 pulled Chelan Ridge Water System Plan from the agenda to be presented at a later date.

Chief Financial Officer/Chief Risk Officer John Janney gave a presentation on Financial Policies at Chelan PUD for 2012 and beyond. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation) He proposed four target metrics: a reasonable rate of return so assets can be replaced over time and there will be sufficient revenue to absorb instances of low water/low wholesale electric prices; lower the debt ratio from approximately 80 percent to about 60 percent over time (total debt compared to total debt plus net assets); improve and maintain the debt-coverage ratio to demonstrate that the District clearly has the resources to meet debt obligations; and improve financial liquidity (cash reserves and other sources) to meet normal operating needs, cover exposure to known risks and provide additional financial stability. He stated that the targets and policies are designed to put the District on a reliable, sustainable path for the future and to potentially avoid large rate increases and pay down debt. He added that adoption of these financial policies should improve the District's financial position over the next several years. Commissioners will continue discussion of the financial policies at Monday, June 14, 2010 regular and consider a resolution adopting the policies at the Monday, June 21, 2010 regular meeting.

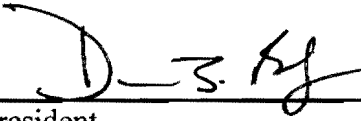
General Counsel Carol Wardell mentioned that three or more Commissioners will be attending the Washington Public Utility District Association Meetings on June 10 and 11, 2010 in East Wenatchee, Washington. According to RCW 42.030.070 and past discussions with the state auditor, it is not necessary to declare and notice the meetings as public meetings as Commissioners will not be discussing District business or making any decisions.

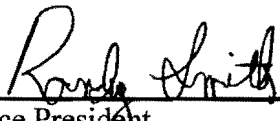
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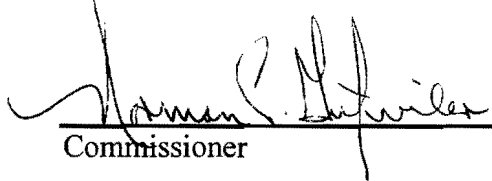
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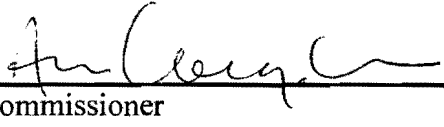
There being no further business, the meeting was adjourned at 3:10 p.m.

  
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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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