

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

June 19, 2006

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 June 19, 2006, at the hour of 1:00 p.m., pursuant to proper notice thereof.

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

Others in attendance: Randy Smith, Bill Stokes and Christine Pratt (Wenatchee World).

President Montague 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. Commissioner Janssen requested that Resolution No. 7 be removed from the Consent Agenda and added to the Regular Agenda. President Montague presented the remaining Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on June 5, 2006 and the regular meeting (study session) held on June 12, 2006 were presented for approval.

The Auditor's memorandum, dated June 13, 2006, 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 \$7,648,318.95;
2. Payroll for the period ending May 28, 2006 in the amount of \$1,359,313.54 as certified by the Auditor's memorandum;
3. Customer Deposit Returns payment dated June 13, 2006 in the amount of \$919.28; and
4. Charge Offs to uncollectible accounts in the amount of \$1,381.80 – May 2006

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RESOLUTION NO. 06-12911 APPROVING FIELD WORK ORDERS NO. 1, 2 AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 05-28 WITH TECHNIBUS OF CANTON, OHIO AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE ROCK ISLAND POWERHOUSE 1 15KV TRANSFORMER BUS

RESOLUTION NO. 06-12912 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 05-38 WITH WESTERN STATES ELECTRIC OF PORTLAND, OREGON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR PROVIDING FOUR 115KV DISCONNECTS FOR ROCK ISLAND POWERHOUSE 1

RESOLUTION NO. 06-12913 APPROVING FIELD WORK ORDER NOS. 6 AND 7, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 05-01 WITH PACIFIC CREST CONSTRUCTION, INC. OF LYNNWOOD, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE WEST WENATCHEE RESERVOIR

RESOLUTION NO. 06-12915 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 02-10 WITH HAWKEYE CONSTRUCTION, INC. OF TROUTDALE, OR AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR RETAIL ENGINEERING AND OPERATIONS DOCK CREW FOR THE DISTRICT'S ELECTRICAL DISTRIBUTION AND FIBER OPTICS SYSTEMS

Motion was made by Commissioner Boyd, seconded by Commissioner Gutzwiler and unanimously carried adopting the Consent Agenda consisting of the minutes of the June 5, 2006 and June 12, 2006 Commission meetings, the above-listed vouchers and Resolution Nos. 06-12911 thru 06-12913 and 06-12915.

The Commission next considered the matters listed in the Regular Agenda.

RESOLUTION NO. 06-12914 APPROVING FIELD WORK ORDERS NO. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 05-24 WITH UNDERGROUND SPECIALTIES, INC. OF MILL CREEK, WA AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE INSTALLATION OF FIBER CONDUIT FOR 2005

RESOLUTION NO. 06-12916 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SUPPLEMENTAL AGREEMENT WITH NORTHWEST OPEN ACCESS NETWORK ("NOANET") TO PROCURE NETWORK COORDINATED SERVICES ("NCS")

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RESOLUTION NO. 06-12917 DECLARING SCIENTIFIC-ATLANTA, INC. AS THE SOLE SOURCE OF CERTAIN VIDEO HEADEND EQUIPMENT, AUTHORIZING AN ACQUISITION AGREEMENT, AND APPROVING AN AGREEMENT TO PROVIDE SUPPORT SERVICES

RESOLUTION NO. 06-12918 AUTHORIZING ENTERING INTO A LOAN AGREEMENT WITH THE WASHINGTON STATE PUBLIC WORKS BOARD FOR THE CHELAN RIDGE WATER SYSTEM SOURCE WATER IMPROVEMENTS PROJECT

RESOLUTION NO. 06-12919 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN AGREEMENT WITH BADGER METER INC. (BMI) OF MILWAUKEE, WISCONSIN TO FURNISH AND INSTALL AN AUTOMATIC READING SYSTEM FOR CUSTOMER WATER METERS

RESOLUTION NO. 06-12920 AUTHORIZING THE EXTENSION OF TWO SHORT-TERM EQUIPMENT LEASES WITH TEREX UTILITIES OF PORTLAND OREGON

RESOLUTION NO. 06-12921 AUTHORIZING THE EXTENSION OF A SHORT-TERM EQUIPMENT LEASE WITH GLOBAL RENTAL COMPANY OF PORTLAND, OREGON

RESOLUTION NO. 06-12922 ACCEPTING THE BID OF HYUNDAI HEAVY INDUSTRIES OF SEOUL KOREA TO PROVIDE QUANTITY ONE 230kV-115kV, 250 MVA POWER TRANSFORMER

RESOLUTION NO. 06-12923 ACCEPTING THE BID OF BOART LONGYEAR COMPANY – HOLT DIVISION OF MILTON, WASHINGTON (BID 06-23) TO PROVIDE CHELAN HATCHERY WELL FIELD – ADDITIONAL WELLS

Cashmere resident Randy Smith asked if staff has evaluated the potential impact that as the District draws more water from the wells, the make up of the water could change and negatively affect the District's hatcheries. Director of Engineering Services Chris Church informed Mr. Smith that staff has evaluated adjacent test wells, and that the larger wells being installed would not have the problems that we are seeing today in the existing wells.

RESOLUTION NO. 06-12924 AUTHORIZING ADDITIONAL FUNDS TO ENABLING AGREEMENT (06-073) WITH PEER TECHNICAL, INCORPORATED FOR TEMPORARY EMPLOYEE SERVICES

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RESOLUTION NO. 06-12925 ACCEPTING THE BID OF LONG PAINTING COMPANY OF KENT, WASHINGTON (BID 06-03) TO PROVIDE ROCKY REACH HEAD GATE REFURBISHMENT

Motion was made by Commissioner Boyd and seconded by Commissioner Congdon to adopt Resolution Nos. 06-12914 and 06-12916 through 06-12925. The question was called for and the motion carried unanimously to adopt Resolution Nos. 06-12914 and 06-12916 through 06-12925, which are on file in the office of the District.

President Montague proposed canceling the July 3, 2006 business meeting due to the Independence Day Holiday July 4, 2006. After discussing this proposed cancellation, Commissioner Congdon made a motion to cancel the July 3, 2006 business meeting and change the June 26, 2006 and July 10, 2006 study sessions to business meetings. The motion was seconded by Commissioner Janssen and passed unanimously.

Utility Services Assistant General Manager Jack Winter informed Commissioners that the city of Cashmere has asked for engineering and operational support for its electrical system, while the District and city of Cashmere are still meeting to discuss the city's request to consider transferring ownership of their electric distribution system to the District. Staff is working on the draft framework for an interlocal agreement to assist the city with securing third party working arrangements within ninety days.

General Counsel Carol Wardell notified Commissioners that a bankruptcy claim the District filed against Mirant Corporation, who defaulted on payment for power, has been paid. Mirant owed the District \$93,840, and the claim was paid with 4,422 shares of stock. The shares will be sold this week, and Ms. Wardell reported that with today's stock prices, the shares are worth \$111,213. Some of the power sold to Mirant was done on behalf of Alcoa during its shut down, so net proceeds will be divided between the District and Alcoa.

Commissioner Boyd made a motion to recess and continue the meeting to 5:30 p.m. at the Highlander Golf Club in East Wenatchee to attend the Mid C Managers/Commissioners Dinner. The meeting will then be adjourned and continued to Thursday, June 22, 2006 at noon at the Icicle Inn for the Leavenworth Customer Partnership Group Meeting. At the conclusion of the meeting on Thursday, the meeting will then be adjourned. The motion was seconded by Commissioner Gutzwiler and passed unanimously. There being no further business, the meeting was adjourned at 2:43 p.m.

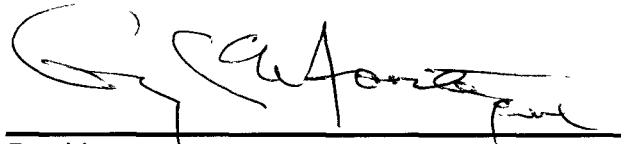
The meeting was reconvened at 5:30 p.m. at the Highlander Golf Club in East Wenatchee for the purpose of attending the Mid C Dinner with Douglas and Grant PUD Commissioners and Managers. All Commissioners were present. General Manager Richard Riazzi was also in attendance. The meeting was adjourned at 9:30 p.m.

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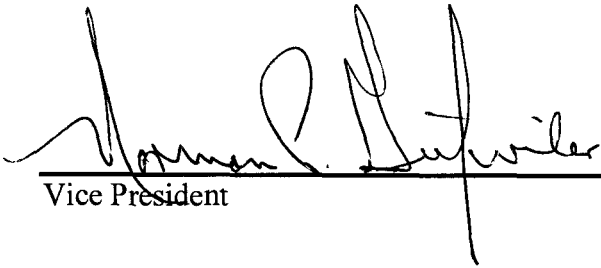
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The meeting was continued on Thursday, June 22, 2006 at noon at the Icicle Inn for the Leavenworth Customer Partnership Group Meeting. Commissioners present were Gary L. Montague, Ann Congdon, Werner Janssen and Dale R. Boyd. Various staff members and Leavenworth Customer Partnership Group members were in attendance. The meeting was adjourned at 1:30 p.m.

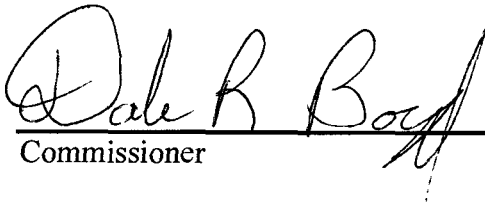


President

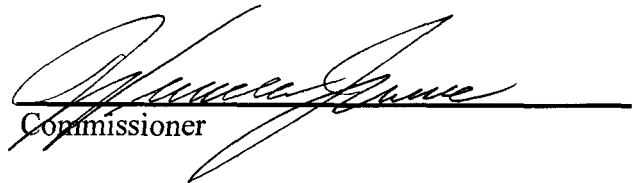


Vice President

Secretary



Commissioner



Commissioner