

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

August 16, 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 August 16, 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 John Janney, Attorney Karen Wiggum and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

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

Engineering Student Tim Scheumann led the Pledge of Allegiance and provided a safety minute.

RESOLUTION NO. 10-13563 RATIFYING THE APPOINTMENT OF
JOHN JANNEY AS GENERAL MANAGER

A motion to approve Resolution No. 10-13563 was made by Commissioner Congdon, seconded by Commissioner Gutzwiler and then withdrawn by Commissioner Congdon to allow for discussion of the General Manager's salary to be established in the resolution. Commissioners agreed to set General Manager John Janney's salary at \$280,000 per year.

A motion was made by Commissioner Congdon, seconded by Commissioner Gutzwiler and carried by a unanimous vote to approve Resolution No. 10-13563, which is on file in the offices of the District.

RESOLUTION NO. 10-13564 APPROVING THE DISTRICT'S 2010
INTEGRATED RESOURCE PLAN PROGRESS REPORT

A public hearing was held as required by RCW 19.280: Electric Utility Resource Plans for the approval of the 2010 Integrated Resource Plan Progress Report. Notice of the hearing was published in the Wenatchee World on July 25, 2010. There was no public comment.

A motion was made by Commissioner Congdon, seconded by Commissioner Smith and carried adopting Resolution No. 10-13564, which is on file in the offices of the District.

John Smith, Managing Director of Engineering and Technology, told Commissioners that Rural Utilities Service (RUS) has awarded the District a \$25,000,000 grant to aid in completing the fiber build-out to most of the rural areas in Chelan County. Should the District decide to accept the grant, the District would be obligated to match 25 percent of the grant for approximately \$8,300,000 in order to receive the funding from RUS. He explained that the work would have to be done within three years which would require a significant commitment of staff and material.

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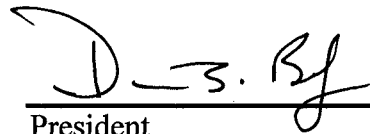
Staff attorney Erik Wahlquist told Commissioners that staff has been talking with the administrators of the federal program about the terms and conditions of the grant agreement. Staff has explained to them issues related to the District's lack of authority to grant security interests in public assets and pledging of revenues in violation of bond covenants. He added that once the questions on legalities are resolved the final package could arrive at the District by the end of this week. Once the District receives the formal paperwork from RUS, the District has seven days to respond.

Further details of the grant's legal requirements and potential long-term impacts on District finances will again be discussed during the Monday, August 23, 2010 regular meeting at 1:00 p.m. Commissioners will hear from Uptown Services, a consultant hired by the District to analyze the of the Networks fiber optic system. Commissioners will also hear the results of a recent customer survey.

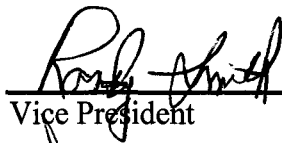
A motion was made by Commissioner Congdon to hold a special meeting for additional public comment on the grant at 5:30 p.m., Tuesday, August 24, 2010 at the Confluence Technology Center. The motion was seconded by Commissioner Bergren and carried.

Commissioner Smith reported that members of the Washington Public Utility District Association (WPUDA) have set October 1, 2010 as the completion date for the PRISM report. The report now called "Energy – Realities and Opportunities" analyzes new generation resources and carbon reduction options to meet state and regional greenhouse gas reduction goals and will be presented to legislators and key policymakers.

There being no further business, the meeting adjourned at 2:17 p.m.



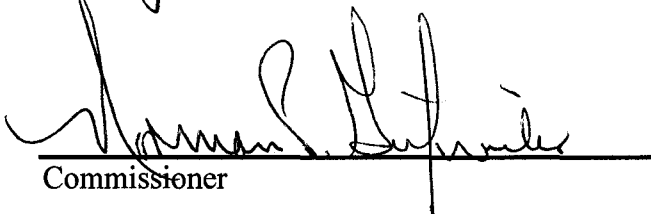
President



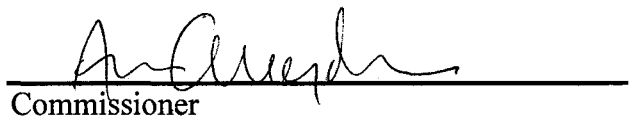
Vice President



Secretary



Commissioner



Commissioner