

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

September 18, 2006

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 September 18, 2006, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Gary L. Montague, Norm Gutzwiler, Ann Congdon and Dale R. Boyd. In attendance were General Manager Richard Riazzi, Staff Attorney Karen Wiggum and Clerk of the Board Melisa McPherrren. Various staff members also in attendance.

Others in attendance: Evelyn Gilbert, Jim Baxter, Bill Stokes, Merv Skoglun, Randy Smith and Christine Pratt (Wenatchee World).

A special meeting of the Commission was officially noticed for September 14, 2006 for the Leavenworth Customer Partnership Group meeting. Commissioner Montague attended the meeting but no quorum was present and thus no minutes required.

Energy Services Engineer Jim White and Director of Customer Service John Stoll told Commissioners about a new state production incentive program that would enable the District to redirect money away from state utility taxes it pays and put it into the pockets of local people who produce alternative energy from sources such as wind and solar. Mr. White said the program is expected to boost jobs in the state because it provides bigger incentive payments for alternative energy producers who use equipment manufactured in the state of Washington. There are no producers now, and it is hoped the legislation will encourage their development. Mr. White also noted that if the District implements the program, it would make about \$9,000 more available this year to be shared among the producers in the District's SNAP program (Sustainable Natural Alternative Power). If the program grows, the maximum payout would be \$92,500. SNAP producers (largely solar panels on schools and public buildings such as the Bank of America Performing Arts Center) now share roughly \$25,000-\$30,000 annually, depending on how many voluntary contributions are made to the program by District customers. Commissioners took no action on the incentive program, but they will consider a resolution to adopt the program on October 23, 2006. The 30-day delay is necessary because it is a formal change to the District's rate schedule.

Chief Financial Officer Joe Jarvis, Treasurer Debbie Litchfield and Treasury Analyst Jayme Mitchell provided Commissioners with an update on the District's interest rate swaps, as required by District policy twice a year. While interest rates have fluctuated since the swaps were approved in 2005 and 2006, Mr. Jarvis noted that the District still plans to follow through with the transactions in the years 2007-2013 with projections that show savings of about \$44 million over the life of the existing bond issues being refinanced.

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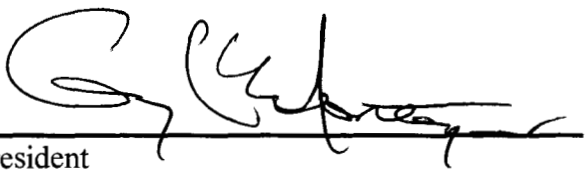
System Operations Engineer John Appel discussed the District's switching request and outage planning process with Commissioners. Mr. Appel informed the Board that the District is contemplating purchase of new software that will improve the ability to plan power outages and switch power supplies during planned outages.

President Montague publicly announced that the Commission would convene an executive session commencing at 1:55 p.m. to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b). He stated that he anticipated the executive session would conclude at approximately 2:25 p.m.

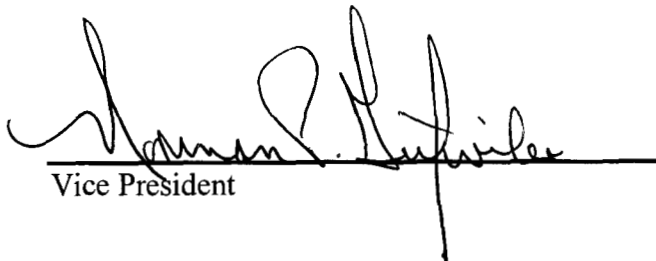
By motion made by Commissioner Gutzwiler at 1:51 p.m., seconded by Commissioner Congdon and carried unanimously, an executive session was convened after a four-minute break. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Clerk of the Board.

Reconvening into regular session at 2:38 p.m., the Commissioners reported that they considered the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b). No action was taken.

There being no further business, the meeting was adjourned at 2:39 p.m.



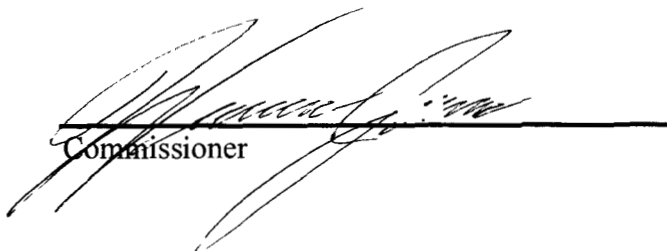
President



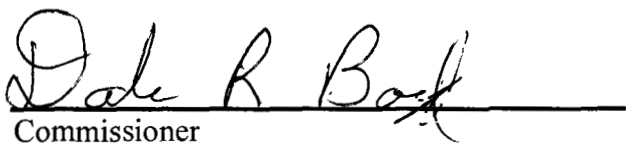
Vice President



Secretary



Commissioner



Commissioner