

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

November 20, 2006

The regular meeting of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held at the Confluence Technology Center, 285 Technology Center Way, Wenatchee, Washington, on November 20, 2006, at the hour of 5:30 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 Clerk of the Board Melisa McPherren.

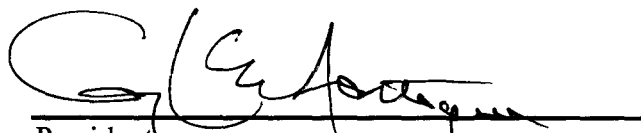
Others in attendance: Various staff members and members of the public were in attendance.

A special meeting of the Commission was officially noticed for November 16, 2006 for the Entiat Customer Partnership Group meeting. No Commissioners were present and thus no minutes are required.

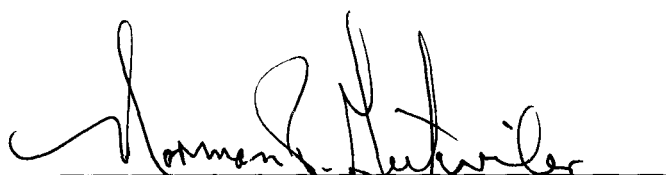
The strategic planning meeting on November 20, 2006, was the second in a series hosted by Commissioners to develop guiding principles for the future direction of Chelan County PUD. General Manager Richard Riazzi provided Commissioners and members of the public with a detailed look at District financial trends. Mr. Riazzi covered information on financial trends, from 10 years back to forecasts five years ahead, provided a look at factors driving those trends and offered preliminary thoughts on financial targets Commissioners may want to set for the future. Setting those targets and deciding on the actions needed to achieve them will be the topic of the next community strategic planning meeting in February. Assistant General Manager Wayne Wright presented a review of the PUD's history and service philosophy. Following up on the first meeting in August, Mr. Riazzi discussed what has caused a gap between costs to provide electric, water, sewer and fiber-optic services and what the District charges for those services. Wholesale power sales revenue has been used to cover the gap. Information presented showed how load growth, a volatile water supply, upgrades needed for aging equipment, new regulations and dam license requirements will make it difficult to continue to cover costs in the future. "There is a gap, which will necessitate some change in how we do business," Mr. Riazzi said. "The model wasn't bad, but we're growing at a rapid rate and starting to use up that bucket of dollars that has been used to keep our rates low." He said the District has always faced financial risks but added that it is time to take a closer look and set financial targets to monitor that risk. Public comments ranged from concern about line extension policies to terms for future power sales contracts. Mr. Riazzi encouraged customers who want to comment about a possible electric surcharge in 2007 to attend the November 27, 2006 commission meeting, when the contingency plan for facing the financial impact of a low water supply forecast will be discussed again.

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There being no further business, the meeting was adjourned at 8:30 p.m.



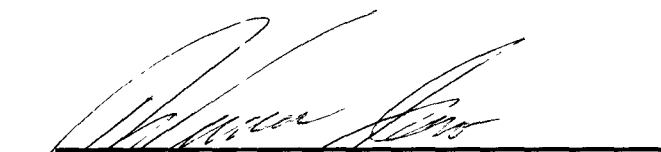
President




Vice President



Secretary



Commissioner



Commissioner