

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

July 30, 2007

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 July 30, 2007, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Ann Congdon, Werner Janssen (via telephone), Randy Smith and Dennis S. Bolz. In attendance were General Manager Richard Riazzi, General Counsel Carol Wardell and Acting Clerk of the Board Lisa Everhart. Various staff members were also in attendance.

Others in attendance: Bill Stokes

A special meeting of the Commission was officially noticed for July 26, 2007 for the Chelan Falls Customer Partnership Group meeting. No Commissioners were present and thus no minutes required.

Regulatory Affairs Analyst Suzanne Grassell led the Pledge of Allegiance and provided a safety minute.

Acting President Congdon presented the Consent Agenda items for adoption. She asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. Commissioner Bolz requested that resolution Nos. 07-13141 through 07-13143 be moved to the Regular agenda. Acting President Congdon presented the remaining Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on July 16, 2007 were presented for approval.

The Auditor's memorandum, dated July 24, 2007, 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 \$5,993,628.38;
2. Payroll for the period ending July 8, 2007 in the amount of \$1,369,992.01 as certified by the Auditor's memorandum; and

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3. Customer Deposit Returns payment and Bank of America District Credit Card payment dated July 24, 2007 in the amount of \$1,194.91 and \$2,373.69 respectively.

Motion was made by Commissioner Bolz, seconded by Commissioner Smith and unanimously carried adopting the Consent Agenda consisting of the minutes of the July 16, 2007 Commission meeting and the above-listed vouchers.

The Commission next considered the matters listed in the Regular Agenda. President Gutzwiler joined the meeting at 1:08 p.m.

RESOLUTION NO. 07-13141 APPROVING FIELD WORK ORDER NO. 1 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 06-65 WITH HYDROACOUSTIC TECHNOLOGY INC. OF SEATTLE, WA FOR THE PURCHASE OF ACOUSTIC TAGS AND RELATED EQUIPMENT

RESOLUTION NO. 07-13142 AUTHORIZING ACCEPTANCE OF PARTIAL PERFORMANCE UNDER BID NO. 06-08 WITH MITSUBISHI ELECTRIC OF WARRENDALE PA AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE 2007 PROCUREMENT OF SIX 115KV AND TWO 230KV CIRCUIT BREAKERS

RESOLUTION NO. 07-13143 ACCEPTING THE BID OF IRRIGATION TECHNOLOGY & CONTROL, INC. OF EAST WENATCHEE, WASHINGTON TO PROVIDE CHELAN HATCHERY WELLFIELD – PUMPING EQUIPMENT (BID NO. 07-43)

RESOLUTION NO. 07-13144 ACCEPTING THE BID OF KERITE CABLE SERVICES OF SEYMOUR, CT TO PROVIDE THE MANSON SUBMARINE CABLE (BID NO. 07-44)

RESOLUTION NO. 07-13145 APPROVING FIELD WORK ORDER NOS. 2 THROUGH 9 TO THE ROCK ISLAND POWERHOUSE 1 B5 – B10 UNIT REHABILITATION (04-01 B)

RESOLUTION NO. 07-13146 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT (PSA NO. 07-140) WITH BIOANALYSTS, INC OF BOISE, IDAHO TO PROVIDE CHAIRPERSON FACILITATION SERVICES FOR THE ROCKY REACH AND ROCK ISLAND HCP TRIBUTARY COMMITTEE

RESOLUTION NO. 07-13147 REPLACING RESOLUTION NO. 1084, DATED SEPTEMBER 6, 1955, REGARDING DISTRICT BUDGET APPROVAL

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Motion was made by Commissioner Congdon and seconded by Commissioner Smith to adopt Resolution Nos. 07-13141 through 07-13147. The question was called for and the motion carried unanimously to adopt Resolution Nos. 07-13141 through 07-13147, which are on file in the office of the District.

Commissioner Janssen requested that the resolution listed as #10 on the agenda be considered separately. Staff presented the following resolution to the Board:

A RESOLUTION DECLARING A .23 ACRE PARCEL OF LAND LOCATED ON WORTHEN STREET SURPLUS TO THE DISTRICT'S NEEDS AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT WITH THE CITY OF WENATCHEE FOR THE EXCHANGE OF SAID LAND FOR A 1.08 ACRE PARCEL OF LAND ON WALLA WALLA AVENUE IN WENATCHEE

Following discussion of the resolution and proposed Interlocal Agreement, a motion was made by Commissioner Janssen and seconded by Commissioner Bolz that the land trade between the City of Wenatchee and the Chelan PUD be contingent on reaching a solution for the relocation of the 9th Street trailer park prior to the implementation of the trade. In response to a question by President Gutzwiler, attorney Wardell reminded the board that neither the City nor the District owned the property at issue in the contingency and thus neither party had any control as to the fulfillment of such contingency. After further discussion, a motion was made by Commissioner Bolz and seconded by Commissioner Janssen to table the motion that the land trade between the City of Wenatchee and the Chelan PUD be contingent on reaching a solution for the relocation of the 9th Street trailer park prior to the implementation of the trade until the August 6, 2007 board meeting and to consider resolution #10 at that time. The motion to table passed 3 to 1 with Commissioners Bolz, Smith and Janssen voting for and Commissioner Congdon voting against the motion.

Regulatory Affairs Analyst Suzanne Grassell and Power Resource Analyst Becky King updated Commissioners on federal fuel diversity and fossil fuel generation efficiency standards. The Public Utility Regulatory Policies Act requires electric utilities to consider each standard and determine if it is appropriate to adopt. Staff are researching the fuel diversity standard and will make recommendations before a required hearing and board action in November. Since the District doesn't have any fossil fuel generation, staff recommended against adopting that standard.

Customer Services Division Director John Stoll updated Commissioners on work related to proposed rate increases for electric, water, sewer and wholesale fiber services. Rate increases of 5% for electric service, 9% for water and sewer, and 2% for fiber were proposed in June following nearly a year of strategic planning. A hearing for consideration of the rate increases

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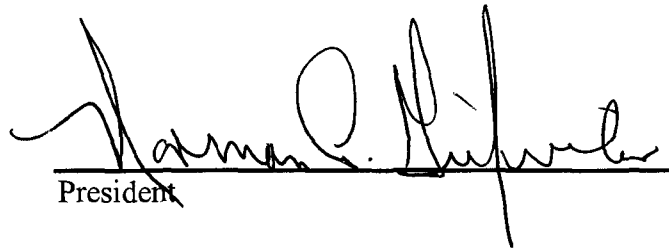
has been set for September 10, 2007 at 1:00 p.m. at the regular board meeting. If approved, the increases would go into effect January 1, 2008.

In addition to public meetings and staff work to put the rate increases into place if approved, Mr. Stoll also outlined: proposals for notifying customers of a possible rate surcharge; work Customer Service staff is doing on a cost-of-service study; the process for changing how other customer fees and charges will be updated; and consolidating policies and service regulations.

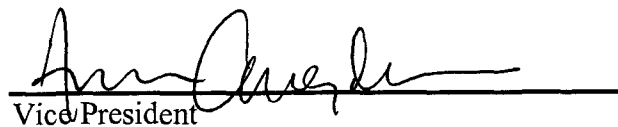
Motion was made by Commissioner Smith to set special meetings of the Commission for information meetings on rates, surcharges and regulations at 5:30 p.m. on Monday, August 13, 2007 at the Wenatchee PUD Auditorium, Tuesday, August 14, 2007 at the Chelan City Hall Council Chambers and on Wednesday, August 15, 2007 at the Leavenworth PUD Auditorium. The motion was seconded by Commissioner Congdon and passed unanimously.

Motion was made by Commissioner Bolz to continue the hearing to declare the Worthen Street property surplus to the District's needs to August 6, 2007. The motion was seconded by Commissioner Smith and passed unanimously.

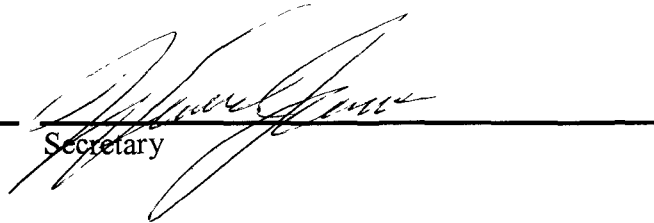
There being no further business, the meeting was adjourned at 3:40 p.m.



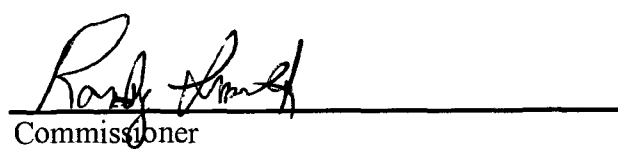
President



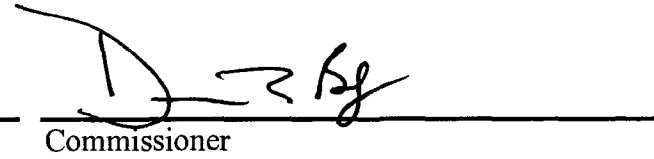
Vice President



Secretary



Commissioner



Commissioner