

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

August 13, 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 August 13, 2007, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Ann Congdon, Werner Janssen, Randy Smith and Dennis S. Bolz. In attendance were General Manager Richard Riazzi, General Counsel Carol Wardell and Clerk of the Board Melisa McPherrren. Various staff members were also in attendance.

Others in attendance: Bill Stokes.

Energy Resources Administrator Jean Sens led the Pledge of Allegiance and provided a safety minute.

President Gutzwiler 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. No items were requested, and President Gutzwiler presented the Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on July 30, 2007 and the regular meeting (study session) held on August 6, 2007 were presented for approval.

The Auditor's memorandum, dated August 7, 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 \$4,148,714.74;
2. Payroll for the period ending July 22, 2007 in the amount of \$1,370,592.08 as certified by the Auditor's memorandum; and
3. Customer Deposit Returns payment dated August 7, 2007 in the amount of \$17,481.06.

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RESOLUTION NO. 07-13149 REJECTING ALL PROPOSALS FOR THE DAROGA STATE PARK BOAT LAUNCH REPLACEMENT (BID NO. 07-38) AND RE-BID AS A SMALL WORKS BID

RESOLUTION NO. 07-13150 ACCEPTING THE BID OF K&N ELECTRIC MOTORS, INC. OF MOSES LAKE, WASHINGTON (BID 07-36) TO PROVIDE TWO (2) VARIABLE TORQUE ADJUSTABLE SPEED DRIVES FOR ROCK ISLAND POWERHOUSE 2

RESOLUTION NO. 07-13151 APPROVING FIELD WORK ORDER NOS. 1 THROUGH 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 06-17 WITH KRCI, LLC OF EAST WENATCHEE AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE CHELAN RIDGE SOURCE WATER IMPROVEMENTS

RESOLUTION NO. 07-13152 AMENDING RESOLUTION NO. 04-12597 TO UPDATE DEPARTMENT NAMES AND POSITION TITLES OF THE AUDIT COMMITTEE MEMBERSHIP DUE TO THE DISTRICT'S 2007 STRUCTURE REORGANIZATION AND RESCINDING RESOLUTION NO. 07-13118

RESOLUTION NO. 07-13153 APPROVING BIDDING DOCUMENTS FOR BID 07-50 MONITOR WATER SYSTEM AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

Motion was made by Commissioner Congdon, seconded by Commissioner Janssen and unanimously carried adopting the Consent Agenda consisting of the minutes of the July 30, 2007 and August 6, 2007 Commission meetings, the above-listed vouchers and Resolution Nos. 07-13149 thru 07-13153.

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

MOTION TO REVISE THE CAPITAL BUDGET IN THE AMOUNT OF \$1,000,000 FOR THE MONITOR WATER SYSTEM

RESOLUTION NO. 07-13154 DECLARING OFFICIAL INTENT OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON TO REIMBURSE CERTAIN EXPENDITURES FROM CLEAN RENEWABLE ENERGY BONDS

RESOLUTION NO. 07-13155 AUTHORIZING AN AMENDMENT TO RESOLUTION NO. 01-11724, AUTHORIZING THE PURCHASE OF ELECTRICITY SAVED

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THROUGH CONSERVATION FOR CUSTOMERS ON RATE SCHEDULES 2, 3 AND 30, AND APPROVING AN INTERLOCAL AGREEMENT WITH THE CITY OF CASHMERE TO ADD CASHMERE COMMERCIAL AND INDUSTRIAL CUSTOMERS TO THE ENERGY BUYBACK PROGRAM

RESOLUTION NO. 07-13156 AUTHORIZING THE GENERAL MANAGER TO ESTABLISH A CHELAN COUNTY PUD RETIREE MEDICAL PLAN SECTION 501(C)(9) VEBA TRUST WITH US BANK FOR THE SOLE PURPOSE OF PAYING CURRENT AND FUTURE RETIREE MEDICAL CLAIMS; TO DEPOSIT \$1,975,524 WITH US BANK AS THE CUSTODIAL TRUSTEE AND INVESTMENT MANAGER; AND AUTHORIZING THE EXECUTION OF DOCUMENTS

Motion was made by Commissioner Janssen and seconded by Commissioner Smith to revise the capital budget in the amount of \$1,000,000 for the Monitor water system and to adopt Resolution Nos. 07-13154 through 07-13156. The question was called for and the motion carried unanimously to revise the capital budget and adopt Resolution Nos. 07-13154 through 07-13156, which are on file in the office of the District.

General Counsel Carol Wardell notified the Board of miscellaneous equipment and material that has been accumulated and will continue to accumulate at the hydro facilities as a result of the rehabilitation and modernization of Rocky Reach and Rock Island. The estimated value of items currently needing to be sold at Rocky Reach is approximately \$3,000. Rather than accumulating a list of items, General Counsel Wardell suggested that the Board approve the sale/disposal of this particular material/equipment in a manner determined by the General Manager or his designee to be in the District's best interests. Commissioner Congdon made a motion to declare miscellaneous equipment and materials resulting from the modernization and rehabilitation work at Rocky Reach and Rock Island to be surplus and authorizing the General Manager or his designee to sell or dispose of those items in a manner determined to be in the best interest of the District. The motion was seconded by Commissioner Janssen and passed unanimously. After further discussion, the Board also directed staff to draft a resolution for their consideration delegating to the General Manager or his designee the ability to declare equipment and materials surplus to the District's needs when appropriate for any group/department. The Board asked that real property not be included and that the resolution state appropriate thresholds and process to be discussed further.

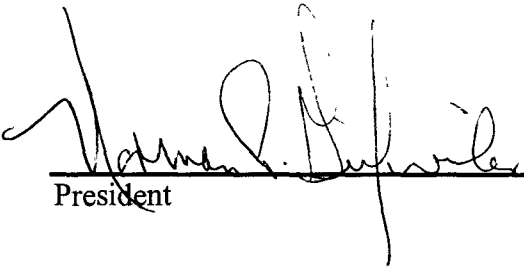
The Commissioners reported on the various meetings each attended during the week(s) of July 30, 2007 and August 6, 2007.

Commissioner Smith presented the District with an award he accepted on behalf of the District from the Icicle Valley Chapter of Trout Unlimited. The "Golden Trout Award" was presented to

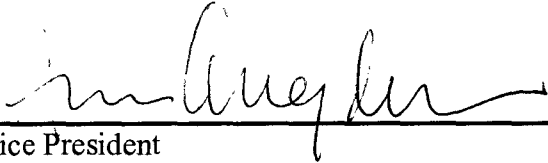
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Commissioner Smith and General Manager Riazzi at the annual banquet held August 11, 2007 to thank the PUD for their effort in conserving fish opportunities for future generations.

There being no further business, the meeting was adjourned at 2:21 p.m.



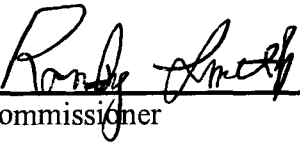
President



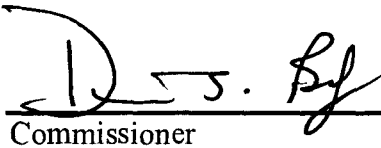
Vice President



Secretary



Commissioner



Commissioner