

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

August 6, 2007

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 August 6, 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 Clerk of the Board Melisa McPherrren. Various staff members were also in attendance.

Others in attendance: Harvey Nanto, Roxi Nanto, Vicki Reister, Brenda Guske, May Cook, Rich Cole, Kathy Henderson, Rolf Wagner, Bill Stokes, Mayor Dennis Johnson, Judy Bruggeman, Earl Bruggeman, Susan Craig, Jerry Mueller, Kim Jimenes, Blanche Forst, Micki Henrikson, Wade Gellidan, Jerry Coyby, Dennis Garrity, Hans Slette, Adrienne Brizree, Robert Brizree, Kristi Morrison, Joe Morrison, Magie Nelson, Lyn Head, Jim Baxter, Terajean Jimenz, John Nebel, Bonifacio Landa, Barb Robertson, Cliff Robertson, Jeanie Garrity and Christine Pratt (Wenatchee World).

Real Estate Specialist Lisa Graves led the Pledge of Allegiance and provided a safety minute.

The motion made at the July 30, 2007 meeting 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 was taken from the table. The motion had been tabled by Commissioner Bolz, seconded by Commissioner Janssen and placed on the August 6, 2007 agenda along with the resolution. President Gutzwiler reminded the Commission of the District's mission statement, which is to provide utility products and services at a low cost to our customer owners consistent with a high level of quality, reliability and customer satisfaction. President Gutzwiler asked the Commission if they had any discussion on the motion. Commissioner Bolz called for the question. The Commissioners voted 3-1 against adding any contingency to the land exchange. Commissioner Janssen voted in favor of the contingency.

The Commissioners then opened discussion of the continued hearing to declare the Worthen Street property surplus to the District's needs and the following resolution tabled during the July 30, 2007 meeting:

RESOLUTION NO. 07-13148 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

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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

During the hearing, Wenatchee Mayor Dennis Johnson explained to the Board how the city had been working with the District for two to three years on the land exchange that would accommodate the larger substation and improve the housing density in the area as called for in the Growth Management Act. Mayor Johnson pointed out that finding new homes for the trailer park residents was a separate issue from going ahead with the land swap. Commissioners also heard from Northwest Justice Project attorney Hans Slette and concerned citizen Joe Morrison, who both asked Commissioners to recognize the hardship facing the displaced residents. Commissioner Janssen stated that he felt the District needed to start considering the social impacts of its decisions. At the conclusion of the hearing, the question was called for and it was unanimously carried to adopt Resolution No. 07-13148, which is on file in the office of the District.

Commissioner Janssen ended his telephonic appearance at 1:32 p.m. and the meeting recessed for a short break.

The meeting reconvened at 1:35 p.m. to continue conducting the business of the District.

Commissioners received a mid year report on District resources and finances from Executive Manager of Energy Resources Randy Lowe and Chief Financial Officer Joe Jarvis. Mr. Lowe and Mr. Jarvis projected that year-end surplus power-sales revenues could be between \$64 and \$76 million, about double what was budgeted. Mr. Jarvis told Commissioners that the extra funds would be used for projects like tree trimming that were postponed when the District expected less water. The funds will also cover items not anticipated in 2007, like diesel fuel to power Stehekin during repairs, the Cashmere electric system purchase and the Walla Walla Substation relocation.

External Affairs Division Director Gregg Carrington and Regulatory Affairs Analyst Suzanne Grassell discussed that the District plans to submit the Lake Chelan Hydro Project for green power certification by the Low Impact Hydropower Institute (LIHI).

President Gutzwiler publicly announced that the Commission would convene an executive session commencing at 3:05 p.m. for the purpose of discussing with legal counsel litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). He stated that he anticipated the executive session would conclude at approximately 3:35 p.m.

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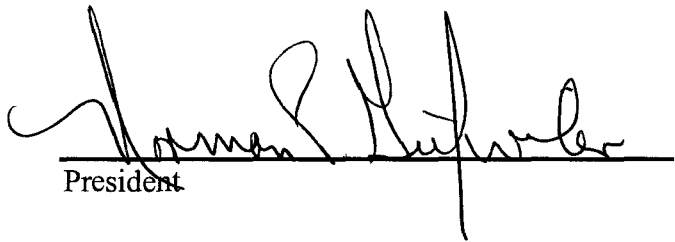
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By motion made by Commissioner Congdon at 3:00 p.m., seconded by Commissioner Smith and carried unanimously, an executive session was convened after a five minute recess. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Clerk of the Board.

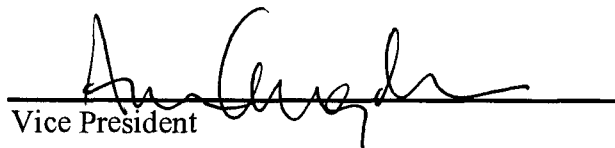
Reconvening into regular session at 3:30 p.m., the Commissioners reported that they discussed with legal counsel litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). No action was taken.

Commissioner Congdon made a motion to cancel the August 20, 2007 study session. The motion was seconded by Commissioner Smith and passed unanimously.

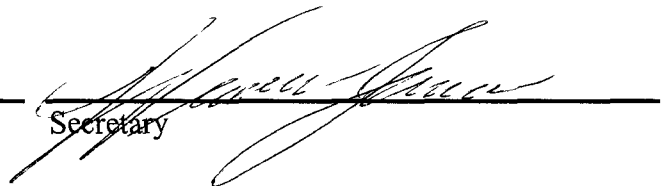
There being no further business, the meeting was adjourned at 3:33 p.m.



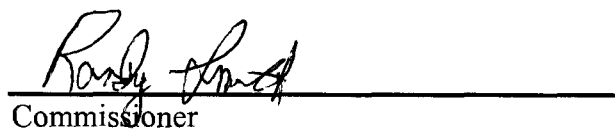
President



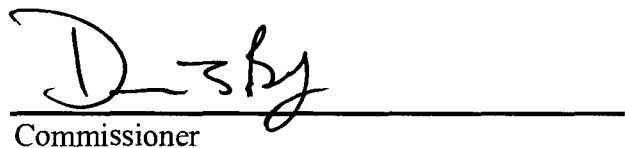
Vice President



Secretary



Commissioner



Commissioner