

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

January 28, 2008

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 January 28, 2008, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Ann Congdon, Dennis S. Bolz, Randy Smith and Werner Janssen. In attendance were General Manager Rich Riazzi, General Counsel Karen Wiggum and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: Jim Baxter, John Huselton, Jackie Shelton, Lalla Pizesprolewski, Joseph Stegeman, Bob Dahmer, Calvin White and Christine Pratt (Wenatchee World).

Customer Accounts Representative Pat O'Hara led the Pledge of Allegiance and provided a safety minute.

The Commissioners thanked Melisa McPherren for her service as Clerk of the Board. Ms. McPherren is moving out of the area.

President Gutzwiler presented the Consent Agenda items for adoption and asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. Commissioner Congdon asked for clarification of the Habitat Conservation Plan (HCP) Annual Funding accounts listed in under the Accounts Payable Summary report dated January 22, 2008.

Natural Resources Program Department Manager Keith Truscott explained that the accounts were established for each hydro at the signing of the HCP in 1998. The HCP is intended to enable the operation of the District's hydro projects with "no-net-impact" on mid-Columbia salmon and steelhead runs through a combination of tools such as fish bypass systems, spill at the hydro projects, off-site hatchery programs and evaluations, and habitat restoration work conducted in mid-Columbia tributary streams. Keith further explained the monies from the Plan Species Accounts are used to fund projects for the protection and restoration of the Plan species habitat within the mid-Columbia and its tributaries. Keith added that the Tributary Committees receive salmon recovery project applications throughout the year. Tributary Committees, which are comprised of a member from each of the signatory parties to the HCPs, review the projects and either approve or reject, by unanimous vote, the projects based on biological and technical merit.

President Gutzwiler presented the remaining Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on January 14, 2008, January 15, 2008, a special meeting and January 21, 2008 were presented for approval.

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The Auditor's memorandum, dated January 22, 2008, 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 \$6,705,505.41; and,
2. Net payroll ending January 6, 2008 in the amount of \$1,318,356.90; and,
3. Customer Deposit Returns payment and Bank of America District Credit Card payment dated January 22, 2008 in the amount of \$33,091.90 and \$1,890.26 respectively; and,
4. HCP Rocky Reach Plan Species Account Annual Funding and HCP Rock Island Plan Species Account Annual Funding in the amount of \$295,514.00 and \$623,949.00 respectively.

RESOLUTION NO. 08-13245 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 07-19 WITH TRINET COMMUNICATIONS, INC., OF LIVERMORE, CA FOR BID PRICE SCHEDULE "A"; CODALE ELECTRIC SUPPLY, OF NORTH BEND, WA FOR BID PRICE SCHEDULE "B"; ANIXTER OF KENT, WA FOR BID PRICE SCHEDULE "C"; AND GENERAL PACIFIC, INC., OF PORTLAND, OR FOR BID PRICE SCHEDULE "D" TO PROVIDE FIBER OPTIC DISTRIBUTION NETWORK OUTSIDE PLANT COMPONENTS FOR 2007

RESOLUTION NO. 08-13246 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 06-12 WITH ASPLUNDH TREE EXPERT COMPANY OF WILLOW GROVE, PENNSYLVANIA AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR TREE TRIMMING THROUGH DECEMBER 31, 2007

RESOLUTION NO. 08-13247 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 07-21 WITH CARLSON SALES OF VANCOUVER, WASHINGTON TO PROVIDE ELECTRICAL METERS WITH ELECTRONIC RADIO TRANSMITTERS

RESOLUTION NO. 08-13248 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 07-18 WITH POWER & TELEPHONE SUPPLY COMPANY, OF MEMPHIS, TENNESSEE FOR BID PRICE SCHEDULE "A"; AND

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AFL TELECOMMUNICATIONS OF SPARTANBURG, SOUTH CAROLINA FOR  
BID PRICE SCHEDULE "B" TO PROVIDE FIBER OPTIC CABLE FOR 2007

RESOLUTION NO. 08-13249 APPROVING BIDDING DOCUMENTS FOR CHELAN  
RIVER PROJECT CONSTRUCTION (BID 08-01) AND AUTHORIZING THE  
GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING  
SEALED PROPOSALS FOR SAID PROJECT

RESOLUTION NO. 08-13250 PREQUALIFYING PERSONS, FIRMS AND  
CORPORATIONS FOR THE YEAR 2008 AS BIDDERS FOR ELECTRICAL WORK  
FOR THE DISTRICT

Motion was made by Commissioner Janssen, seconded by Commissioner Bolz and unanimously carried adopting the Consent Agenda consisting of the minutes of the January 14, 2008, January 15, 2008, and January 21, 2008 meetings, the above-listed vouchers and Resolution Nos. 08-13245, 08-13246, 08-13247, 08-13248, 08-13249 and 08-13250.

A public hearing was held at 1:15 p.m. Power Resource Engineer Becky King provided an introduction to the Integrated Resource Planning (IRP) process mandated by the Legislature for all Washington utilities with more than 25,000 customers. The first plan must be submitted to the state by September 1, 2008. It will provide a strategic plan for meeting the District's power needs for the next 10 years. Ms. King said the planning will be ongoing and that much of what is required for the IRP is already being done. A draft plan will be presented to the board in July.

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

RESOLUTION NO. 08-13251 RESTATING AND REVISING POLICIES AND  
DELEGATING AUTHORITY REGARDING REAL ESTATE PROCEDURES AND  
EXECUTION OF REAL ESTATE DOCUMENTS

RESOLUTION NO. 08-13252 DECLARING 8.53 ACRES OF LAND SURPLUS TO  
THE DISTRICT'S NEEDS AND AUTHORIZING THE GENERAL MANAGER TO  
EXECUTE A LAND EXCHANGE AGREEMENT WITH THE CITY OF ENTIAT FOR  
AN 8.53 ACRE PARCEL OF LAND

Commission Gutzwiler opened the public hearing required for disposition of surplus property. Steve Currit, Director Shared Services Division, and Tim Larson, Real Estate Services Department Manager, presented information in regard to the agreement with the City of Entiat. Public comment in favor of the agreement was received.

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Motion was made by Commissioner Smith and seconded by Commissioner Bolz to adopt Resolution Nos. 08-13251 and 08-13252. The motion carried unanimously to adopt Resolution Nos. 08-13251 and 08-13252, which are on file in the office of the District.

Commissioner Congdon requested that the resolution listed as #11 on the agenda be considered separately. Staff presented the following resolution to the Board:

RESOLUTION NO. 08-13253 DECLARING SEVEN PARCELS OF LAND (APPROXIMATELY 1.16 ACRES) SURPLUS TO DISTRICT NEEDS AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PURCHASE AND SALE AGREEMENT FOR THE SURPLUS PROPERTY WITH PREMIUM DEVELOPMENTS, LLC, COLUMBIA SHORES RAILROAD, LLC AND HARRIS ORCHARD CO., LP

Commission Gutzwiler opened the public hearing for disposition of surplus property. Steve Currit, Director Shared Services Division, and Tim Larson, Real Estate Services Department Manager, presented information in regard to the agreement negotiated with those entities represented by developer Calvin White. Calvin White spoke in favor of the agreement. No other public comment was received.

Motion was made by Commissioner Janssen and seconded by Commissioner Smith to adopt Resolution No. 08-13253. Commissioner Gutzwiler asked if there was any discussion. Commissioner Congdon commented that a fair and equitable precedent must be set as the District may be faced with similar issues such as this in the future. Commissioner Congdon stated she would not support this resolution. The motion passed 3 to 1 to adopt Resolution No. 08-13253 with Commissioners Bolz, Smith and Janssen voting for and Commissioner Congdon voting against the motion. Resolution No. 08-13253 is on file in the office of the District.

Commissioner Congdon was excused at 3:23 p.m. for the remainder of the meeting.

Commissioners heard a presentation from the District Contracting Process Improvement Team led by Gregg Carrington, Director of External Affairs. The team which consists of employees from many departments identified areas in the contracting processes that could be improved to provide potential savings for the utility and faster turn-around time on contracts.

President Gutzwiler announced that the Commission would reconvene at 4:12 p.m. after a 5 minute recess.

Due to technical difficulties following the recess, approximately 30 minutes of the meeting were not recorded. Discussions held during the unrecorded time included:

Gregg Carrington reported on the certification of the Lake Chelan Hydro Project by the Low Impact Hydro Institute. The designation is an important step toward possible participation in

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green energy markets. Receiving certification as low-impact hydro means the dam and powerhouse are recognized for meeting criteria related to river flows, water quality, fish passage and protection, watersheds, threatened and endangered species, cultural resources, and public access and recreation. If any of the electricity generated at the Lake Chelan Project is ultimately certified as "green power," the energy or environmental values could potentially be sold in green markets. LIHI certification has been considered an important first step toward green certification in some areas, but many green markets are still developing.

Regulatory Affairs Analyst Suzanne Grassell reported that staff is tracking 140 bills introduced in the state Legislature that could each have an impact on the PUD. Ms. Grassell highlighted bills of particular interest to the District to include issues regarding bid limits, pole attachments, climate change, high speed broadband and water system acquisitions. The slate of bills should narrow after the first cut-off date on February 8, 2008.

Recording system was restored at 4:40 p.m.

The Commissioners reported on the various meetings each attended during the week of January 21, 2008. Commissioner Janssen made a motion to excuse Commissioner Smith from the March 3, 2008 board meeting. The motion was seconded by Commissioner Bolz and unanimously carried.

Commissioner Janssen was excused at 4:52 p.m. for the remainder of the meeting.

Commissioner Smith made a motion to update Schedule 6 of Resolution No. 07-13082 to authorize signatures for issuance of workers' compensation claims. The motion was seconded by Commissioner Bolz and unanimously carried.

Commissioner Bolz made a motion to update to authorize District staff, in anticipation of potential refundings and/or conversions of outstanding Consolidated System Bonds due to bond insurer credit issues, to authorize and direct the bond trustee to give notices of any such refundings and/or conversions to bondholders in advance of final Commission approval of such refundings and/or conversions. The motion was seconded by Commissioner Smith and unanimously carried.


Commissioner Smith made a motion to change the start time of the February 11, 2008 business session to 10:00 a.m. The motion was seconded by Commissioner Janssen and unanimously carried. An executive session will be held at 10:00 a.m. to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) and regular District business will start at 11:00 a.m. The motion was seconded by Commissioner Bolz and unanimously passed.


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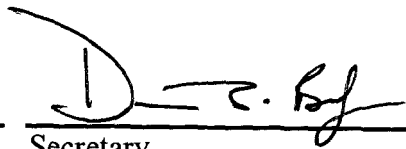
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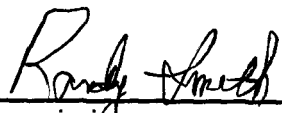
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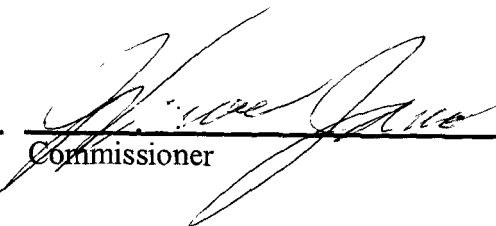
There being no further business, the meeting was adjourned at 5:20 p.m.

  
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President

  
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Vice President

  
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Secretary

  
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Commissioner

  
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