

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

January 29, 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 January 29, 2007, at the hour of 1:00 p.m., pursuant to proper notice thereof.

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

Others in attendance: Bill Stokes, Jim Baxter and Christine Pratt (Wenatchee World).

Materials Superintendent Randall Phillips led the Pledge of Allegiance and provided a safety minute.

Commissioner Janssen made a motion to excuse Commissioner Congdon from the January 29, 2007 board meeting. The motion was seconded by Commissioner Smith and passed unanimously.

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. Commissioner Smith requested that voucher #49295 be removed and added to the Regular Agenda. President Gutzwiler presented the remaining Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on January 15, 2007, the study session held on January 22, 2007, the special meeting held on January 23, 2007, and the special meeting held on January 24, 2007 were presented for approval.

The Auditor's memorandum, dated January 23, 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 \$3,734,919.62;

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2. Payroll for the period ending January 7, 2007 in the amount of \$1,348,533.53 as certified by the Auditor's memorandum; and
3. Customer Deposit Returns payment dated January 23, 2007 in the amount of \$2,316.38 and Bank of America District Credit Card payment dated January 17, 2007 in the amount of \$615.63.

Motion was made by Commissioner Janssen, seconded by Commissioner Bolz and unanimously carried adopting the Consent Agenda consisting of the minutes of the January 15, 2007, January 22, 2007, January 23, 2007 and January 24, 2007 Commission meetings; and the above-listed vouchers.

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

RESOLUTION NO. 07-13038 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT (PSA NO. 07-031) WITH DAVID ARBAUGH OF ARBAUGH & ASSOCIATES FOR LEGISLATIVE CONSULTANT SERVICES

Commissioners discussed the contract with lobbyist Dave Arbaugh of Shelton, WA. Governmental Affairs Director Andrew Munro said Arbaugh is experienced and respected by legislators, industry and community groups. He is a former governmental relations director for the Washington PUDs Association and former political director for state public school employees. Arbaugh has represented Chelan County PUD since 1997. Commissioner Bolz made a motion to approve Resolution No. 07-13038 with amendments that the District's outside lobbying efforts be reviewed to see if costs can be shared with other Mid-Columbia PUDs and that future lobbying contracts be presented with more lead time. The motion with amendments was seconded by Commissioner Janssen and passed with a 2-1 vote, with Commissioner Janssen joining Commissioner Bolz in favor. Commissioner Smith voted no after questioning the amendments and President Gutzwiler abstained from voting.

RESOLUTION NO. 07-13039 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT (SA NO. 07-027) WITH SAPERE CONSULTING, INC. TO PROVIDE CONSULTING SERVICES FOR THE IMPLEMENTATION OF THE HABITAT CONSERVATION PLANS AND ENVIRONMENTAL STRATEGIES IN CONNECTION WITH DISTRICT PROJECTS

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RESOLUTION NO. 07-13040 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT (PSA NO. 07-036) WITH BIOANALYSTS OF BOISE ID FOR BIOLOGICAL CONSULTING SERVICES

Commissioner Smith requested additional information on voucher #49295. Licensing and Environmental Manager Keith Truscott explained to the Board that the voucher for \$885,116.00 is for the HCP Plan Account Funding for Rocky Reach and Rock Island. The HCPs for the Rocky Reach and Rock Island Hydroelectric Projects require the District to provide annual financial contributions into Plan Species Accounts as tributary mitigation.

RESOLUTION NO. 07-13041 ACCEPTING THE BID OF G.G. RICHARDSON INC. OF WENATCHEE, WASHINGTON (BID 07-02) TO PROVIDE MISCELLANEOUS CONSTRUCTION SERVICES UNIT PRICE WORK

RESOLUTION NO. 07-13042 APPROVING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 06-36 WITH STRIDER CONSTRUCTION CO. INC. OF BELLINGHAM, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE SKYLINE DRIVE, FIFTH STREET, AND VALLEY VUE WATER MAIN REPLACEMENT

RESOLUTION NO. 07-13043 APPROVING AND ACCEPTING THE TERMS AND CONDITIONS OF THE CITY OF CHELAN FRANCHISE GRANT FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF CHELAN COUNTY PUD ELECTRIC UTILITY SYSTEM WITHIN THE CITY LIMITS

RESOLUTION NO. 07-13044 AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 04-18 WITH OSMOSE UTILITIES SERVICES, INC OF PHOENIX, ARIZONA FOR WOOD POLE TESTING AND TREATMENT AND AUTHORIZING RELEASE OF RETAINAGE

RESOLUTION NO. 07-13045 APPROVING FIELD WORK ORDER NO. 2 TO CONTRACT 02-44 WITH NORTHWEST TELEPHONE, INC. TO PROVIDE LOCAL TELEPHONE EXCHANGE SERVICES

Motion was made by Commissioner Smith and seconded by Commissioner Bolz to adopt Resolution Nos. 07-13039 through 07-13045 and voucher #49295. The question was called for and the motion carried unanimously to adopt Resolution Nos. 07-13039 through 07-13045 (which are on file in the office of the District) and voucher #49295.

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Internal Auditor Stacey Jagla and General Counsel Carol Wardell outlined the accomplishments and work of the District's Audit Committee in 2006. Clean audits were received from the State Auditor and the District's external auditor. The Audit Committee also guided the selection of a new external auditor. The committee was formed in 2004 to monitor the integrity of the District's financial statements, the independence and qualifications of its external auditor, the District's internal auditing, the District's internal financial controls and compliance with laws, regulations and policies. Commissioner Gutzwiler and former Commissioner Montague served on the audit committee last year with senior District managers. Commissioner Gutzwiler will continue on the committee, joined by Commissioner Congdon in 2007.

Commissioner Janssen submitted a letter to fellow Commissioners and requested that an open public meeting be scheduled to discuss a complaint or charge against a public official. Commissioners met in closed session last week to hear the complaint under provisions of the Open Public Meetings Act, RCW 42.30.110. Per RCW 42.30.110(1)(f), Commissioners can meet in executive session to receive and evaluate complaints or charges brought against a public officer or employee. However, upon the request of such officer or employee, a public hearing or a meeting open to the public shall be conducted upon such complaint or charge. Commissioner Janssen asked the meeting be set when all five commissioners are present. Commissioner Janssen will not be present at next week's meeting but will be joining via the telephone. No decision was made as to when the meeting will be scheduled.

Licensing and Environmental Manager Keith Truscott reported that trunks and root balls from trees in parks that were toppled by the devastating January 7, 2007 windstorm will be used to improve fish habitat in Columbia River tributaries. Mr. Truscott said the District will gather and store the trunks and root balls at the Eastbank Hatchery on the east side of Rocky Reach Dam for future habitat improvement projects planned by the District and other agencies. The Habitat Conservation Plans' Tributary Committee has agreed to pay the cost of collection and storage of the woody debris.


Governmental Affairs Director Andrew Munro updated Commissioners on legislative proposals that may impact District operations, including a bill that emerged in the aftermath of the fatal crane accident in Bellevue that could have significant impact on the District's ability to operate its own cranes.

Commissioner Smith made a motion to recess and continue the meeting to 6:30 p.m. at the Cave B Inn in Quincy to attend the Mid C Managers and Commissioners Dinner. The motion was seconded by Commissioner Bolz and passed unanimously. There being no further business, the meeting was recessed at 3:41 p.m.

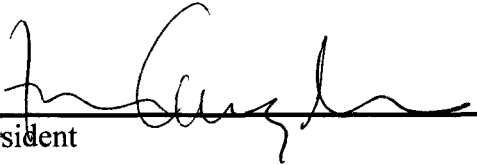
The meeting was reconvened at 6:30 p.m. in Quincy at Cave B Inn for the purpose of attending the Mid C Dinner with Douglas and Grant PUD Managers and Commissioners. Commissioners

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present were Norm Gutzwiler, Randy Smith and Dennis Bolz. General Manager Richard Riazzi was also in attendance. The meeting was adjourned at 9:00 p.m.



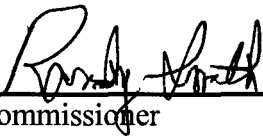
President




Vice President



Secretary



Commissioner



Commissioner