

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

February 2, 2009

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 February 2, 2009, at the hour of 11:00 a.m., pursuant to proper notice thereof.

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

Others in attendance: Dennis Johnson, Allison Williams and Christine Pratt (Wenatchee World).

Switch Board Operator Beth O'Bryan and Customer Account Representative Pat O'Hara led the Pledge of Allegiance and provided a safety minute.

Commissioners heard a presentation on the Wenatchee Riverfront Utility Project given by Asset Planning-AMS System Manager Andy Wendell and Community-Intergovernmental Relations Manager Jeff Smith. The impact of the City of Wenatchee Waterfront Redevelopment to the District consist of relocation of existing District facilities, conversion of overhead facilities to underground, extension of facilities to meet growth needs and the construction of a new 28MVA distribution substation.

Commissioners heard a presentation on a collaborative project between the District and City of Wenatchee involving street and utility improvements in the area along the Wenatchee waterfront bounded by Piere, Fifth and Ninth Streets. Information was provided by Asset Planning-AMS System Manager Andy Wendell and Community-Intergovernmental Relations Manager Jeff Smith. The City plans to construct Riverside Drive through that area in 2009, plus improve and realign Piere Street. This work will require relocation of existing District facilities, conversion of overhead facilities to underground and the extension of facilities to meet future energy requirements. Construction of a new 28MVA distribution substation along Walla Walla Avenue during 2008 was part of this infrastructure improvement effort. An interlocal agreement between the City and District will be presented to the Commissioners that define each party's responsibilities with respect to the project. At the request of Commissioner Norm Gutzwiler, District staff will seek to include a provision in the agreement that ensures the District will not incur future relocation expenses for the transmission line that parallels Piere Street.

City of Wenatchee Mayor Dennis Johnson explained the city plans for the riverfront development in coming years and provided an update on building along Riverside Drive. Mayor Johnson said planning staff will present proposed amendments to the planning commission with the following recommendations in February or March 2009:

- 1) Waterfront mixed Use (WMU): Perimeter landscape buffers shall be at least six feet in width except where abutting a public park, then such landscaping strip shall be increased to twenty feet in width. Alternative compliance associated with twenty feet buffer next to park shall not be allowed.

MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION

February 2, 2009

Page 2

- 2) Waterfront Pedestrian Overlay (PO): Perimeter landscape buffer shall not be required.
- 3) Waterfront Recreation/Residential Overlay (RRO): Perimeter screening shall be at least six feet in width. Alternative compliance associated with 6' buffer next to park shall not be allowed.

The meeting recessed at 12:15 p.m. for the purpose of lunch, to reconvene at 1:00 p.m. for the purpose of conducting the business of the District.

Reconvening at 1:00 p.m., Governmental Affairs Manager Suzanne Grassell provided the Board an update on 2009 legislative issues as of February 2, 2009. Staff is monitoring over 250 bills. An executive session is scheduled for today to discuss the Recreational Use Statute. General Counsel Carol Wardell has been working with Senator Parlette and Committee staff to provide alternate amendment language to address concerns. Bills of interest last week included Amendments I-937 and Climate Change.

Energy Planning and Trading Manager Janet Jaspers and Chief Financial Officer/Chief Risk Officer John Janney presented the 4th Quarter 2008 Energy Planning and Trading Financial Results, and Balanced Scorecard Update. In summary: wholesale sales were less than expected due to 91% of average water (a 9% decrease from budget); it was necessary to buy energy in April 2008 due to late runoff and restricted Lake Chelan Operations; capital spending mostly at targets for each system; and retail sales of electricity were higher due to colder than average weather and higher use by retail customers. (See www.chelanpud.org for presentation) CFO Janney told Commissioners the District has a relatively healthy financial base, but staff needs to stay focused.

A motion was made by Commissioner Smith, seconded by Commissioner Bolz and unanimously carried to change the location of the March 13, 2009 Board Retreat to the North Central Regional Library, 16 N. Columbia, Wenatchee, WA, from 9:00 a.m. to not later than 4:00 p.m.

General Counsel Carol Wardell mentioned that 3 or more Commissioners will be attending the Washington Public Utility District Association Meetings on February 5 and 6, 2009. According RCW 42.030.070 and past discussions with the state auditor, it is not necessary to declare and notice the meetings as public meetings as Commissioners will not be discussing District business or making any decisions.

President Congdon publicly announced that the Commission would convene an executive session at 2:25 p.m. to discuss 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). She stated that she anticipated the executive session would conclude at approximately 3:25 p.m.

MINUTES OF REGULAR MEETING (STUDY SESSION) OF THE COMMISSION

February 2, 2009

Page 3

Commissioner Bolz recused himself from the executive session.

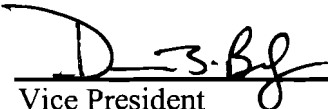
By motion made by Commissioner Smith at 2:25 p.m., seconded by Commissioner Gutzwiler and carried unanimously, an executive session was convened after a five-minute recess. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Clerk of the Board.

Reconvening into regular session at 3:25 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.

The meeting adjourned at 3:26 p.m.




President



Vice President

Secretary



Commissioner



Commissioner