

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

April 28, 2008

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 April 28, 2008, at the hour of 10:00 a.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Dennis S. Bolz, Randy Smith, Werner Janssen and Ann Congdon (via telephone). 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: Carman Bergren, Serena Hazan, Joan Brownfield, Roslyn Cesul, Jarral Miller, Jared White, Calvin White, Jim Baxter and Christine Pratt (Wenatchee World).

District Service Business Advisor Felicity Saberhagen led the Pledge of Allegiance and provided a safety minute.

Commissioners were given for their review recommendations made by the District Contracting Process Improvement Team (CPI) which focus is to streamline District processes. The team, which consists Gregg Carrington, Debbie Bryant, Felicity Saberhagen, and Carol Wardell as well as other employees from many departments, recommended revising policies and delegating authority to the General Manager in four areas: 1) capital budget approval and budget revision; 2) procurement and contract services; 3) claim payment procedure; and 4) charge-offs. The Board will now be able to access a report that will provide up-to-date contract information by project. Commissioner Bolz suggested adding a column to the report to show the percentage of budget to work complete. Delegation of Authority to the General Manager will result in fewer resources and less time, while maintaining and enhancing accountability of staff, transparency and openness through required reporting to the Board. It was the consensus of the Board that staff proceeds in finalizing recommendations by resolution at the May 12, 2008 meeting.

President Gutzwiler facilitated a discussion on the Board's Balanced Scorecard indicator Annual Review of District Policies under the strategic objective "Ensure Effective Executions". The discussion focused on Enterprise Risk Management at Chelan County PUD and was presented by Chief Risk Officer John Janney. The Committee of Chief Risk Officers (CCRO) defines the Enterprise Risk Management as "the program or process enacted to identify, assess, quantify and respond to the complete set of risks facing a firm in an integrated fashion." Mr. Janney's presentation depicted the framework, common risk categories, measures need to manage risk, and District examples used to measure, prioritize and monitor risk. Current status, based on the ERM Capability Maturity Model, the District ranges between Level 1 and Level 2 with some areas at Level 3. Priorities for 2008 consist of implementing risk management for wholesale

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revenue generation and the habitat conservation plan, district-wide consultation and education, focus on efficiencies (governance/risk/compliance) and anticipate and respond to industry changes and emerging practices.

The meeting recessed at 12:09 p.m. for the purpose of lunch and reconvened at 1:00 p.m. for the purpose of conducting the business of the District.

As requested by the Board, Director of Shared Services Steve Currit presented four options to the District policy allowing permits for private docks on District-owned land above and below water on Lake Chelan and the Rocky Reach Reservoir. Input received from Commissioners, staff, and the public over the last several weeks was used to compile the options. Commissioners reviewed the options and listened to public comments. They agreed to exempt the Water Street area in Chelan from the policy until the city determines its interest in a possible "micro" park. Commissioner Congdon noted for the record her intent to recue herself from the portion as it relates to dock permits on Lake Chelan.

Following discussion by the Board, Commissioners asked staff to prepare a resolution that would recommend the District continue to issue permits for private docks on District-owned land above and below the water; issue permits for a longer term; charge market rates for permits; and continue the 90-day cancellation provision, but add that it would be for District "need."

Commissioner Janssen made a motion to define District "need" based on HCP and District determinations. The motion died for lack of a second.

A motion was made by Commissioner Bolz and seconded by Commissioner Janssen instructing staff to prepare a resolution related to our dock policy and submerged land policy for board consideration on May 12, 2008. Motion passed unanimously.

Next on the agenda, Utility Services staff updated the Board on the Automated Metering System (AMS) project. The Automated Metering System involves automatically collecting data from metering devices and transferring that data to a central database for billing and/or analyzing. The infrastructure includes hardware, software, communication, customer systems and meter data management software. Total project cost is estimated at \$15 million.

Director of Planning and Technology John Smith shared with Commissioners a matrix on the AMS delivery technologies available. While fiber is robust in bandwidth, Mr. Smith concluded to use it for AMS delivery would be cost prohibitive and may not reach all District customers. Other technologies are under consideration by the District AMS team. There was a brief discussion of Power Line Carrier Technology.

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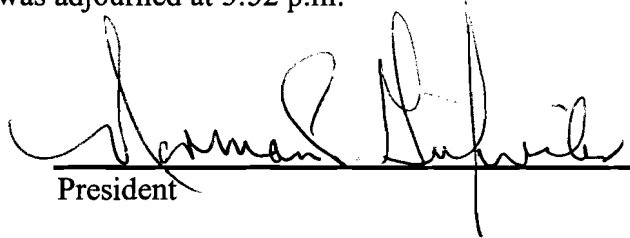
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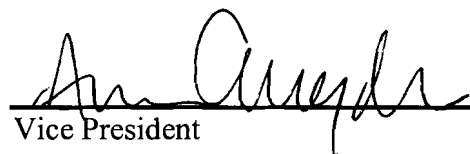
John Stoll, Customer Service Director, also discussed plans to help meter readers find other jobs within the District during the transition. Mr. Stoll expressed there will be the need for adding temporary contract meter readers until installation of the automated metering system (AMS) is completed. The temporary contract will be presented to the Board in May 2008.

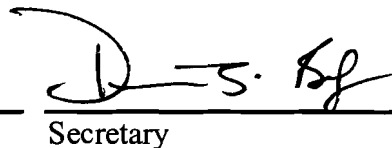
Commissioner Gutzwiler excused himself from the meeting at 3:37 p.m. for the remainder of the meeting.


Commissioners discussed setting a public meeting at 5:30 p.m. on June 5, 2008 at the Confluence Technology Center in Wenatchee to review the cost of service study.

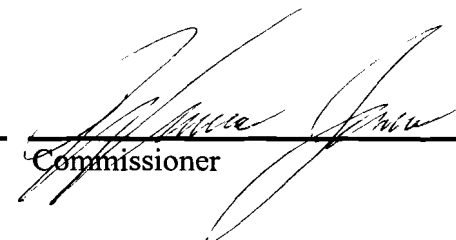
There being no further business, the meeting was adjourned at 3:52 p.m.

  
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President

  
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