

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

May 4, 2009

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 May 4, 2009, at the hour of 11:00 a.m., pursuant to proper notice thereof.

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

Others in attendance: Bob Huber, Russell Lytle and Christine Pratt (Wenatchee World).

Fleet Services Parts and Maintenance Coordinator Bouke Verkerk led the Pledge of Allegiance and provided a safety minute.

Director of Safety and Health Ron Franklin informed the Commissioners that the District was presented a third place safety award at the NWPPA Conference held last week.

President Congdon presented the Consent Agenda items for adoption. She asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. No items were requested to be transferred to the Regular Agenda. President Congdon presented the Consent Agenda items for adoption as follows:

The minutes of the regular meetings held on April 20, 2009 and April 27, 2009 (study session) were presented for approval.

The Auditor's memorandum, dated April 28, 2009, 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 \$6,022,874.54;
2. Customer Deposit Returns payment dated April 28, 2009 in the amount of \$9,593.87; and

MINUTES OF REGULAR MEETING OF THE COMMISSION

May 4, 2009

Page 2

3. Net Payrolls, Warrant Nos. 222005 through 222112 and Advice Nos. 491217 through 491910 for the period ending 4/12/2009 in the amount of \$1,501,751.69.

Resolutions:

RESOLUTION NO. 09-13455 APPROVING FIELD WORK ORDER NO. 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 04-31 WITH ABB INC. OF PRINCETON NEW JERSEY AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR SEVEN (7) GENERATOR CIRCUIT BREAKERS FOR ROCK ISLAND HYDRO POWERHOUSE 2

RESOLUTION NO. 09-13456 APPROVING BIDDING DOCUMENTS FOR NORTH WENATCHEE RESERVOIR (BID NO. 09-17) AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

A motion was made by Commissioner Bolz, seconded by Commissioner Gutzwiler and unanimously carried adopting the Consent Agenda consisting of the minutes of the April 20, 2009 regular meeting and April 27, 2009 study session, the above listed vouchers and Resolution Nos. 09-13455 and 09-13456, which are on file in the offices of the District.

Next, the Commission considered the matters listed in the Regular Agenda.

RESOLUTION NO. 09-13457 CONFIRMING AND RATIFYING AN ELECTRIC SURCHARGE ADOPTED APRIL 27, 2009 WITH AN IMPLEMENTATION DATE OF MAY 1, 2009; AMENDING RESOLUTION NO. 08-13395; AND OTHER ASSOCIATED ACTIONS

A motion was made by Commissioner Smith, seconded by Commissioner Bolz and unanimously carried adopting Resolution No. 09-13457, which is on file in the offices of the District.

Commissioners discussed the motion tabled from the April 27, 2009 study session to discontinue Commissioners' travel out of state and that the per diem paid to Commissioners be curtailed to the same extent or greater as cuts taken by staff.

Discussion included the following comments by Commissioners.

Commissioner Gutzwiler recommended amending the motion to be more specific. Commissioners Bergren and Smith stated that they believe that participation at various meetings outside the District is a useful tool to build Commissioner knowledge base. They also stated that each individual Commissioner should be responsible for their travel budget. Commissioner Smith suggested that a cut be based per Commissioner in a combination of per diem and wage.

MINUTES OF REGULAR MEETING OF THE COMMISSION

May 4, 2009

Page 3

Bolz supported the upcoming attendance of Commissioner Bergren at the NWPPA meeting in Boise and Commissioner Smith's attendance at the National Hydro Association annual meeting in Washington DC and suggested the travel restriction go into effect June 1, 2009. Commissioner Congdon disagreed with any cut to out of state travel by Commissioners.

President Congdon called for a vote on the motion to discontinue Commissioners' travel out of state and that the per diem paid to Commissioners be curtailed to the same extent or greater as cuts taken by staff. The motion was lost with a vote two to three; Commissioners Bolz and Gutzwiler voting for and Commissioners Bergren, Congdon and Smith voting against the motion.

A motion was made by Commissioner Bolz, and seconded by Commissioner Gutzwiler that Commissioners curtail travel out of state as of June 1, 2009 through December 31, 2009 and that Commissioners voluntarily take a 5% reduction in total salary and per diem that would be reflected in a reduction in the maximum allowed per diem days by fifteen days for three Commissioners and by seventeen days for two Commissioners in support of the concessions that staff has made to cut expenses.

An amendment to the motion was made by Commissioner Smith to strike the reference made to out of state travel. The amendment was seconded by Commissioner Bergren and the motion passed with Commissioners Bergren, Smith and Congdon voting in approval of the amendment to strike the reference to out of state travel. Commissioners Bolz and Gutzwiler voted against the amendment.

Next, President Congdon called for the vote on the amended motion that Commissioners voluntarily take a 5% reduction in total salary and per diem that would be reflected in a reduction in the maximum allowed per diem days; fifteen days by Commissioners Congdon, Smith and Bolz and seventeen days by Commissioners Bergren and Gutzwiler. The motion was seconded by Commissioner Gutzwiler and passed with a vote of four to zero.

The meeting recessed at 11:50 a.m. for the purpose of lunch, to reconvene at 1:00 p.m. for the purpose of conducting the business of the District.

Water Resource Manager Ron Slabaugh presented a resolution to adopt the 2008 Comprehensive Water System Plan for the Wenatchee Water System. The plan previously presented to the Commissioners on April 6, 2009 was advertised for public comment on April 12, 2009. No comments have been received from the public.

A RESOLUTION ADOPTING THE 2008 COMPREHENSIVE WATER SYSTEM PLAN FOR THE WENATCHEE WATER SYSTEM AS REQUIRED TO OBTAIN FINAL WASHINGTON STATE DEPARTMENT OF HEALTH APPROVAL FOR THE PLAN

MINUTES OF REGULAR MEETING OF THE COMMISSION

May 4, 2009

Page 4

A motion was made by Commissioner Smith, seconded by Commissioner Bergren and unanimously passed to adopt the 2008 Comprehensive Water System Plan for the Wenatchee Water System.

Jeff Smith of Utility Services presented an update to the Commissioners on the District's project approach to meeting the requirements of Initiative 937. Initiative 937 requires all utilities with over 25,000 customers to meet standards for conservation and use of renewable energy sources, or face monetary penalties. Conservation Program Manager Mark Wisner said that a target goal of a 1.5 average megawatt savings per year for 2010 and 2011 has been set. Jim White, Senior Conservation Engineer, stated that the District historically has achieved about one-third of the new targeted amount per year, primarily through the ResourceSmart program which allows the District to pay for energy efficiency measures. He noted that the District plans to invest \$172,000 with one industrial customer on energy conservation steps this year. Conservation staff is in the process of developing a benchmarking system to document conservation achievements and verify energy savings. For more information, see presentation at www.chelanpud.org.

Next, the Commissioners reported on the various meetings each attended during the weeks of April 20, 2009 and April 27, 2009.

Commissioners will attend a Board Retreat, Thursday, May 7, 2009 at the North Central Regional Library, 16 N. Columbia, Wenatchee WA from 9:00 am to noon.

Kris Pomianek, co-chair of the District's United Way campaign, announced that Chelan County PUD has been recognized as a business star leader in the community for the \$42,850 raised by PUD employees in the 2008/2009 campaign. Acting General Manager Wayne Wright praised the many PUD employees that continue to support the United Way campaign each year. Bob Huber of ALCOA congratulated the PUD employees and stated that ALCOA was also recognized for their contributions of \$47,000.

The quarterly investment report for the quarter ending March 31, 2009 was presented by Treasurer Analyst Brian Bjorklund. He clarified the difference between the weighted average maturity (WAM) and the average effective maturity (AEM). The AEM better reflects the effects of variable interest rate resets and callable securities on the portfolio. The average rate of return during the first quarter decreased 24 basis points to 3.59% on an average invested balance of \$399,531,852. He stated that the District's investment results reflect the change in the District's Investment policy for diversification, the current state of the financial markets, and the revision to the Washington PDPC regulations. The portfolio diversification in agencies is at 19.64%; below the 30% maximum level set in the investment policy.

Commissioners discussed the protocol for requesting to be excused from a commission meeting. It was determined that they would continue to make public requests to be excused from a regularly scheduled meeting to show they are doing their due diligence and to be properly recorded in the minutes.

MINUTES OF REGULAR MEETING OF THE COMMISSION

May 4, 2009

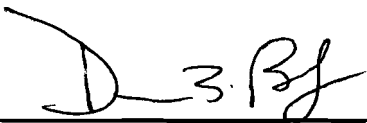
Page 5

A motion was made by Commissioner Gutzwiler, seconded by Commissioner Bolz and unanimously passed to excuse Commissioner Smith on May 11, 2009 to attend the National Hydro Association annual conference to be held in Washington DC.

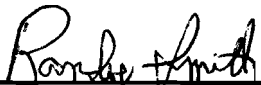
There being no further business, the meeting adjourned at 3:00 p.m.



President

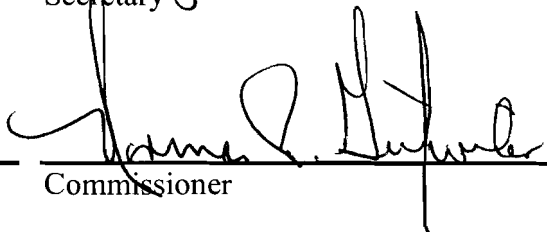


Vice President



Secretary

Commissioner



Commissioner