

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

May 10, 2010

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 10, 2010, at the hour of 1:00 p.m., pursuant to proper notice thereof.

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

Others in attendance: Bob Huber, Meaghan Vibbert, Susan Ballinger, Bob Busk, Rich McBride and Christine Pratt (Wenatchee World).

Natural Resources Program Manager Keith Truscott led the Pledge of Allegiance and provided a safety minute.

Rocky Reach Visitor Services Manager Debbie Gallaher told Commissioners that the River of Power tour is scheduled for the first week in June 2010. She said the River of Power is an educational program which teaches fourth grade students about the science, math and history of hydropower. Susan Ballinger of the Wenatchee School District told Commissioners that the program meets state educational standards. Superintendent Rich McBride added that the North Central Educational Service District is excited to be continuing its long-term partnership with the growing program. Bob Busk of the Eastmont School District said he is hoping Eastmont can expand participation in coming years.

Business Manager Jennifer Pickel, Business Advisors Felicity Saberhagen and Dave Nelson, and Portfolio Management Advisor Janel Duffy presented Commissioners first quarter 2010 Capital reports: Capital Items activity of overall spending compared to budget; Contract Activity; and a schedule of the Top 20 Projects. (See www.chelanpud.org, Board Agendas and Recordings for presentations)

Energy Planning & Trading Manager Janet Jaspers and Chief Financial/Risk Officer John Janney presented the Operating and Financial Review of the first quarter of 2010. (Refer to www.chelanpud.org, Board Agendas and Recordings for the presentation.) Manager Jaspers stated that record low river flows in January and March have reduced the amount of water available to generate electric power to sell on the wholesale market. As of April 2010, actual surplus energy available is at 6% of budget. Year-to-date actual net wholesale revenue is at \$4,300,000; which is 28% of budget.

CFO Janney stated that all operating units have reviewed their budgets and operating plans and have provided an updated forecast of anticipated revenues and expenses for the year. Expenses

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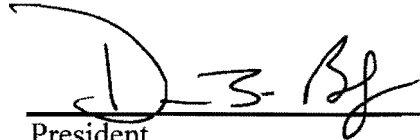
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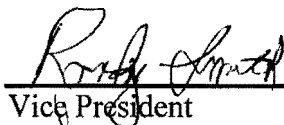
are forecasted to be \$2,550,000 less than the adopted budget and revenue is forecasted to be \$15,759,000 below budget. Overall, the Change in Net Assets before CIAC is forecasted to be a \$26,621,000 drop in net assets. Staff will continue to closely monitor 2010 forecasts to determine if further cost cutting and surcharge actions are necessary this year.

General Counsel Carol Wardell mentioned that three or more Commissioners will be attending the Washington Public Utility District Association Meetings on May 13 and 14, 2010 in Olympia, Washington. According to 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.

There being no further business, the meeting adjourned at 2:54 p.m.



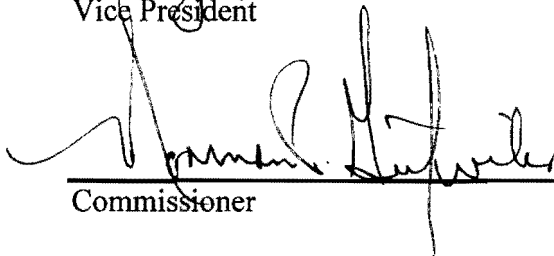
President



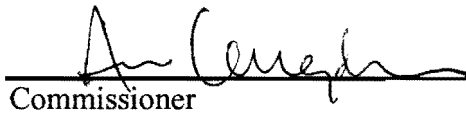
Vice President



Secretary



Commissioner



Commissioner