

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

June 29, 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 June 29, 2009, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Dennis Bolz, Randy Smith, Carman Bergren and Norm Gutzwiler. 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 and Christine Pratt (Wenatchee World).

Water/Wastewater Superintendent Bill Zacher led the Pledge of Allegiance and provided a safety minute

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 Monitor LUD meeting held on May 21, 2009, the regular meeting held on June 15, 2009, customer partnership meeting held on June 18, 2009 and the regular meeting (study session) held on June 22, 2009 were presented for approval.

The Auditor's memorandum, dated June 23, 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 \$7,412,192.45;
2. Approval of Customer Deposit Returns payment dated June 23, 2009 in the amount of \$5,234.90;
3. Approval of the net Payrolls, Warrant Nos. 222428 through 222529 and Advice Nos. 493990 through 494686 for the period ending 6/12/2009 in the amount of \$1,737,412.69.

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Resolution:

RESOLUTION NO. 09-13475 APPROVING FIELD WORK ORDER NOS. 1 THROUGH 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 08-26, SCHEDULE A, WITH MOZA CONSTRUCTION INC., OF TACOMA WASHINGTON, AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE CHELAN SUBSTATION RECONSTRUCTION & WALLA WALLA SUBSTATION CONSTRUCTION PROJECT

RESOLUTION NO. 09-13476 APPROVING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 08-37 WITH VALMONT INDUSTRIES, INC. OF OMAHA, NEBRASKA AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE STEEL STRUCTURES FOR ROCK ISLAND POWERHOUSE 1 TO MCKENZIE 115KV TRANSMISSION LINE

Motion was made by Commissioner Smith, seconded by Commissioner Bolz and carried adopting the Consent Agenda consisting of the minutes of the Monitor LUD meeting held on May 21, 2009, regular meeting held on June 15, 2009, customer partnership meeting held on June 18, 2009 and the regular meeting (study session) held on June 22, 2009, the above listed vouchers and Resolution Nos. 09-13475 and 09- 13476, which are on file in the offices of the District.

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

Commissioners discussed some of the changes to their Governance Policies discussed at recent meetings. The commissioners added a new code of ethics section to their Governance Policies and made some other minor revisions to the policies. The new Policy No. 3 is titled Ethics, Conflicts of Interest, Culture of Compliance and Tone at the Top. It states that Commissioners are committed to conducting business with high ethical standards and in accordance with all relevant legal and regulatory requirements.

RESOLUTION NO. 09-13477 AMENDING AND RESTATING RULES OF PROCEDURE AND GOVERNANCE POLICIES AND AMENDING RESOLUTION NO. 04-12597

A motion was made by Commissioner Gutzwiler, seconded by Commissioner Smith and carried adopting Resolution No. 09-13477, which is on file in the offices of the District.

Commissioner Bolz introduced a Group Agreement that addressed the manner in which Commissioners work together and treat each other. The agreement to be signed by all five Commissioners read as follows:

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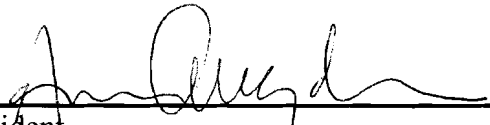
We agree to treat each other with an attitude of respect, straight forwardness, honesty, fairness and humor...in a culture of trust and humility...knowing that we will strive to do our best. We agree to listen and understand one another...to value each other's opinion...and know that there will be times we agree to disagree. When there is conflict we agree to...work out a conflict by communicating directly one on one in private...and to respect confidentiality and hold no grudges...what we say here stays here...but what we have learned here may leave here.

Motion was made by Commissioner Smith, seconded by Commissioner Bolz and passed to approve the Group agreement as read by Commissioner Bolz.

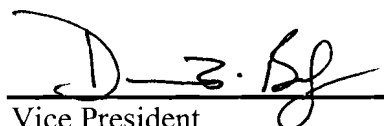
Next, Commissioners reported on the various meetings each attended during the weeks of June 15, 2009 and June 22, 2009.

Alcoa Northwest Energy Manager Bob Huber informed the Commission that the CEO of Alcoa has approved the request for funds for the Valhalla and McKenzie Substations upgrades and other improvements needed for the interconnection between the District's electric system and Alcoa's Wenatchee Works plant. General Counsel Carol Wardell added that an interconnection agreement will be presented to the Board once the details of the interconnection have been finalized.

There being no further business, the meeting adjourned at 1:40 p.m.



President

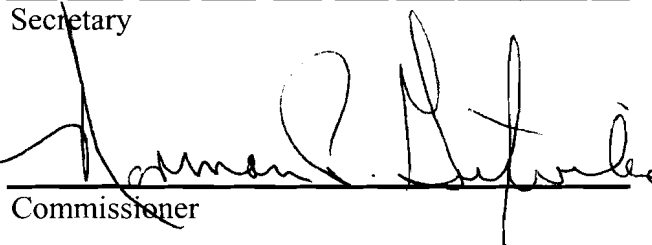


Vice President

Secretary



Commissioner



Commissioner