

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

September 2, 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 September 2, 2008 at the hour of 11:00 a.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Dennis Bolz, Randy Smith and Werner Janssen. Commissioner Congdon was excused. 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: Bob Huber and Christine Pratt (Wenatchee World).

Clerk of the Board Sheila Salmon led the Pledge of Allegiance and provided a safety minute.

Commissioners finalized plans for three public meetings on utility rate options. Meetings to gather customer comments will be held at 5:30 p.m. at the following locations and dates:

- Sept. 29 at Chelan County Fire District No. 3 station, 228 Chumstick Highway, Leavenworth.
- Oct. 1 at the Confluence Technology Center, 285 Technology Center Way, Wenatchee
- Oct. 2 in the Riverside Room at Campbell's Resort, 104 W. Woodin Ave., Chelan.

A motion was made by Commissioner Smith to declare the dates and locations listed above as special meetings of the Board for the purpose of public information for the rate hearing to be held on October 20, 2008. The motion was seconded by Commissioner Janssen and unanimously carried.

A motion was made by Commissioner Janssen to declare as special meetings of the Board for the purpose of Customer Partnership Group meetings the following:

- September 25, 2008 at the Entiat Library;
- October 23, 2008 at the Wenatchee Roaster;
- October 30, 2008 at the Walnut Café in Cashmere;
- November 12, 2008 at the Icicle Ridge Wintery in Peshastin/Dryden; and
- December 10, 2008 at the Icicle Inn in Leavenworth.

All meetings are to be held from noon to 1:30 p.m. Commissioner Bolz seconded the motion and it unanimously carried.

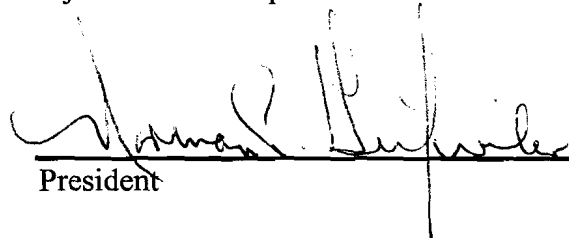
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The meeting recessed at 11:07 a.m. for the purpose of lunch and to travel to Rock Island Dam for a hydro project update and tour.

Reconvening at 12:30 p.m., Commissioners heard an update on modernization and improvement projects. Rock Island Hydro Engineering Department Manager discussed capital programs and gave a status update on major operation and maintenance (O&M) projects. The capital programs include: Entrance – \$1,500,000; Cranes - \$4,850,000; Safety improvements - \$2,000,000; Plant mechanical – \$3,700,000 Phase 1 Electrical upgrade - \$12,990,000; B1 through B4 Generator modernization \$19,600,000; and B5 through B10 Turbine and generator rehab - \$156,000,000 for a total of \$200,000,000. Major O&M projects completed include: Crane rail rehab - \$1,800,000; Headgate rehab – \$1,200,000; and Waterstops and grouting - \$1,100,000. The ongoing trashrack refurbishing costs is currently \$3,800,000 and the B1-B4 turbine overhauls is estimated to cost \$4,500,000. Manager Bickford told the board that the work done so far has come in on time and at or under budget.

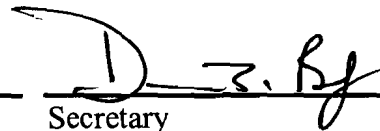
The tour included a look at the new transformers on Powerhouse 2, new trash racks waiting to be installed in front of the dam and a demonstration of a new trash rake that is used to clean debris from the trashracks.

There being no further business, the meeting was adjourned at 2:50 p.m.

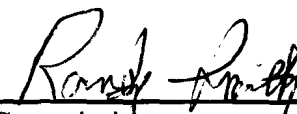


President

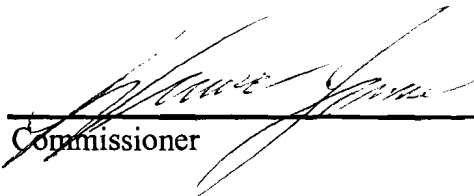
Vice President



Secretary



Commissioner



Commissioner