

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

September 8, 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 September 8, 2009, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Dennis Bolz, Randy Smith, Carnan 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).

Customer Accounts Specialist Pat O'Hara 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 meetings held on June 11, 2009 (board retreat), August 24, 2009 (regular meeting) and August 25, 2009 (Tri-commission meeting) were presented for approval.

The Auditor's memorandum, dated September 1, 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 \$6,854,467.51;
2. Approval of Customer Deposit Returns payment dated September 1, 2009 in the amount of \$1,519.48;
3. Approval of the net Payrolls, Warrant Nos. 222925 through 223016 and Advice Nos. 497428 through 498105 for the period ending 8/30/2009 in the amount of \$1,483,684.66; and
4. Approval of Charge-offs to Uncollectible Accounts in the Amount of \$5,752.69 for the period ending August 2009.

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Resolution:

RESOLUTION NO. 09-13490 APPROVING FIELD WORK ORDER NOS. 1, 2, 3 AND 5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 05-40 WITH HAWKEYE CONSTRUCTION OF TROUTDALE, OREGON AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE DUE TO PROVIDE ELECTRICAL DOCK CREWS.

Motion was made by Commissioner Smith, seconded by Commissioner Bergren and carried adopting the Consent Agenda consisting of the minutes of the meetings held on June 11, 2009 (board retreat), August 24, 2009 (regular meeting) and August 25, 2009 (Tri-commission meeting) the above listed vouchers and Resolution No. 09-13490, which are on file in the offices of the District.

Next, Commissioners considered items listed in the Regular Agenda.

RESOLUTION NO. 09-13491 AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH THE CITY OF ENTIAT TO PROVIDE FOR UPGRADES TO THE CITY'S WASTEWATER TREATMENT PLANT, ONGOING OPERATIONS AND MAINTENANCE OF THE PLANT AND WASTEWATER SERVICES FOR THE DISTRICT'S ENTIAT PARK THROUGH THE TERM OF THE ROCKY REACH LICENSE

RESOLUTION NO. 09-13492 AUTHORIZING AMENDMENT NO. 1 TO SERVICES AGREEMENT (SA-TA NO. 09-030) WITH HDR ENGINEERING, INC. TO PROVIDE TRANSMISSION AND DISTRIBUTION ENGINEERING SUPPORT

A motion was made by Commissioner Gutzwiler, seconded by Commissioner Bergren and carried adopting Resolution Nos. 09-13491 and 09-13492, which are on file in the offices of the District.

Manager of Regulatory Compliance and Policy Development Lisa James gave a status report on the District's compliance with reliability standards adopted by the Federal Energy Regulatory Commission (FERC). She told Commissioners that the standards were applicable to all entities connected to the bulk electric system (transmission and generation) in the United States and were made mandatory by FERC in June of 2007. The Western Electricity Coordinating Council (WECC), responsible for the enforcement of the standards in 14 western states, audited the District for compliance with 45 standards in August 2007. The audit resulted in a finding of non compliance with two standards. The District also self reported two instances of non compliances in 2008 and 2009. Two settlement agreements were presented to the Board for approval settling all issues related to these four instances of non compliance. Ms. James told Commissioners that it is recommendation of District staff to settle these issues with WECC and pay the settlement amount of \$42,000. General Manager Rich Riazzi and General Counsel Carol Wardell supported

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the recommendation to settle with WECC.

A motion was made by Commissioner Bolz to approve and authorize the General Manager to execute two settlement agreements with WECC for submittal to NERC and FERC for approval and authorizing payment of a total settlement amount of \$42,000. The motion was seconded by Commissioner Gutzwiler and passed.

Commissioners reported on the various meetings each attended during the weeks of August 24, 2009 and August 31, 2009.


General Manager Rich Riazzi reported that the District's claim filed in bankruptcy court against Lehman Brothers Commodity Services and Lehman Brothers Holdings Inc. for prior energy purchases was sold. Commissioners, by a motion made on July 27, 2009, authorized the General Manager to sell and assign the District's claim for an amount and under terms and conditions as deemed appropriate by the General Manager. The District's claim of \$440,084 was sold for \$191,920. Internal staff negotiated the agreement in the best interest of the District to minimize expense and potential legal cost to pursue the claim.

General Counsel Carol Wardell mentioned that three or more Commissioners will be attending the Washington Public Utility District Association Meetings on September 16 through 18, 2009 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.

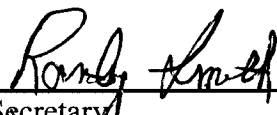
There being no further business, the meeting adjourned at 1:45 p.m.



President



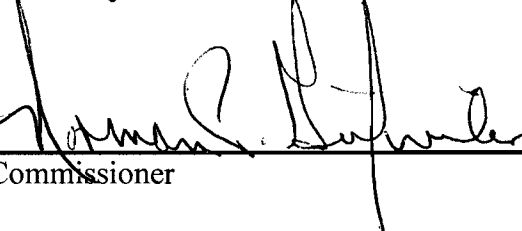
Vice President



Secretary



Commissioner



Commissioner