

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

October 1, 2007

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 October 1, 2007, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Werner Janssen, Randy Smith and Dennis S. Bolz. President Gutzwiler was excused from the meeting. In attendance were General Manager Richard Riazzi, Staff Attorney Karen Wiggum and Clerk of the Board Melisa McPherren. Various staff members were also in attendance.

Others in attendance: Scott Parsons, Thai Rojunasthien, Ricky Esquivel, Marcelo Giles, Aaron Gale, Bill Stokes, Jim Baxter, Tom Clark and Christine Pratt (Wenatchee World).

A special meeting of the Commission was officially noticed for September 27, 2007 for the Leavenworth Customer Partnership Group meeting. Commissioners Smith and Bolz attended the meeting but no quorum was present and thus no minutes required.

Security Division Director Dick Robert led the Pledge of Allegiance and provided a safety minute.

Acting President Congdon informed the Board that the Balanced Scorecard discussion was removed from the agenda and will be discussed at a later date when all five Board members are present.

Commissioners discussed seven draft principles to protect and enhance the role that hydropower should play in climate change policy and thanked staff for being proactive on the issue. Following discussion and proposed changes to the principles, Commissioner Janssen moved to adopt the Climate Change Principles with the changes as stated by the Board. Commissioner Smith seconded the motion and it was unanimously passed to adopt the following principles:

- Hydropower is renewable and should be included as an eligible renewable resource under a national renewable portfolio standard
- Demonstrable increases in incremental hydropower, including equipment and operational efficiency improvements, should be encouraged as “offsetting” greenhouse gases
- Emissions legislation must include all sectors of the economy and protect our ratepayers
- Emissions legislation should allocate allowances to assure future investments in renewable energy, efficiency improvements and conservation

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- Emissions legislation should credit utilities for their past accomplishments in renewables, energy efficiency, and customer conservation and support the development of new technologies
- Government grants, loans and incentives should be available to promote renewable efficiency improvements
- Tax-based or other incentives for the development and deployment of renewable and clean energy facilities and programs should be provided on a comparable basis to all electric industry sectors including public power

Commissioners received an update from Engineering and Technology Division Director John Smith on the District's fiber-optic program. Staff reported that revenues are at around \$3 million year-to-date, with \$4.2 million projected for the year, and that 22,000 customers have fiber-optic service available to them. Through August, about 6,200 have signed up for service through local service providers. In 2008, more rural areas including Plain, Lake Wenatchee and the Entiat Valley are planned to receive service.

Customer Service Director John Stoll reported to the Board that starting next year, the first batch of electric meters in Chelan County could be read automatically over the District's fiber-optic network or with other technology. Mr. Stoll discussed the benefits of an automated system, including increased reliability, decreased outage times, increased bill accuracy and reduced emissions from vehicles now on the road to read about 45,000 meters each month manually. Customers could also have up-to-the-minute information about their power use, encouraging conservation. The automated meters would send a signal to District substations over existing power lines. Then the signal could speed to District offices over fiber or other technology for billing or troubleshooting. The District could also send a signal to the customer meter. For example, with the touch of a button, staff could turn off power at a customer's request, or switch on power for a new service. If approved by Commissioners, a full build-out of the project could cost \$12.5-15 million and take about four years. Mr. Stoll recommended to the Board that the District test the system in 2008 with a small substation in the county, requiring about \$1.5 million in the 2008 budget. Commissioners won't decide on the budget until December. Automated water meters were installed for all PUD water customers last year, and could tie into an automated electric system

Kris Pomianek, the PUD's United Way Committee Campaign Chair, discussed the 2007 United Way fund-raising campaign with Commissioners.

Under such other matters, Chelan resident Tom Clark asked the Board to consider a number of policy changes surrounding fish recovery, expansion of the trail network and replacement of the underground cable at Antoine Creek for increased reliability.

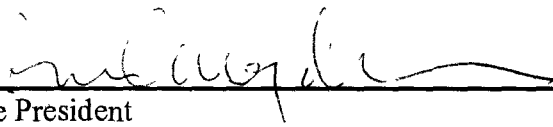
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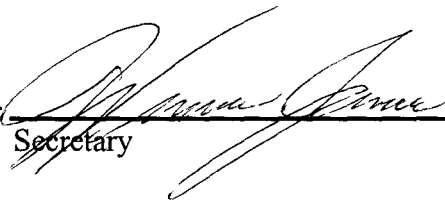
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There being no further business, the meeting was adjourned at 3:27 p.m.

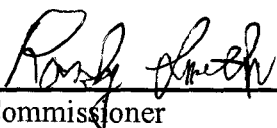
President



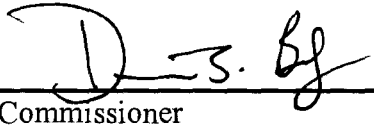
Vice President



Secretary



Commissioner



Commissioner