

MINUTES OF SPECIAL MEETING (TRI-COMMISSION) OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

October 13, 2009

The special meeting of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held at the Chelan PUD Board Room, 327 North Wenatchee Avenue, Wenatchee, Washington, on October 13, 2009, at the hour of 2:00 p.m., for the joint Commission meeting between Chelan County PUD (District), Chelan County (County) and the Port of Chelan County (Port) commissioners, pursuant to proper notice thereof.

Chelan County PUD Commissioners present were Ann Congdon, Dennis Bolz, Randy Smith, Carnan Bergren and Norm Gutzwiler. Chelan County Commissioners present were Keith Goehner and Doug England. Port Commissioners present were JC Baldwin, Mike Mackey and Craig Larsen.

Others in attendance: 12th District Legislators Senator Linda Evans Parlette, Representative Mike Armstrong and Representative Cary Condotta. Also in attendance were Mark Urdahl, Judy Bradford, Jeff Smith, Ron Slabaugh, Suzanne Grassell, Donna Lee Moore, Wayne Wright, Carol Wardell, Kirk Hudson, John Stoll, John Janney, Joe Jarvis, and Sheila Salmon.

Commissioner Norm Gutzwiler led the Pledge of Allegiance.

Legislators gave an overview of the 2010 legislative session. Going into the sixty day session, the state budget is currently at a deficit of \$1,200,000,000 and could be as much as \$1,700,000,000 going into session. Legislators emphasized the need to improve on current government policies and revise those that are not working. They look forward to spending time looking into how government is run. They agreed that they would like to see a balance of time spent on policy to be able to set an appropriate budget.

Keith Goehner commented he is concerned by the growth of the government over the years and the addition of agencies and the jurisdiction given to those agencies. He suggested as Legislators spend time on government policy they take the opportunity to realize that some things have not worked and roll back some of those policies that have been put in place.

Next, the three commissions presented items of interest for discussion.

- **Recreational Use Statute Amendment:**
Governmental Affairs Manager Suzanne Grassell told the group that the District would be requesting an amendment to the Recreational Use Statute again this year for liability

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protection for white water boating. Senator Parlette noted she has a meeting schedule with the trial attorneys this week. Senator Parlette expects that the bill is ready to go as it stood at the end of the last session.

- **Energy Independence Act:**
Director of External Affairs Jeff Smith asked Legislators if there is any potential for action during the session to modify the Energy Independence Act. Legislators expect the momentum from last year to continue. Representative Armstrong said new ideas particularly related to portfolio standards would be welcomed. Commissioner Smith said the District is comfortable with provisions of the current law and does not see the need to amend in 2010. It would be the District's goal in 2011 to include a provision that protects utilities from having to construct new generation resources until they are needed to serve load.
- **Biomass/Forest Practices:**
Port Commissioner Mike Mackey reported that the Port is in the process of working with the EED to apply for a grant through the Department of Energy for a study to determine the amount of biomass fuel available in the national forests and facilities available to process it. The Port's motivation for this project is to reduce the wild land fires in the valley that destroys recreational areas in the valley. County Commissioner Keith Goehner state the County supports the process. Representative Condotta interjected that the value of the project is the preservation of the National Forest.
- **Lake Chelan Dredging:**
Port Commissioner Mike Mackey reported that the Port is working with Pacific Northwest Waterways to submit a proposal to the Army Corps of Engineers to dredge the Stehekin landing, Lucerne landing, Fields Point landing and Manson Bay. The purpose of dredging is to prevent flooding at the Stehekin landing area cause by a build up at the main mouth of the river and to provide large water craft access into each area.
Senator Parlette informed the group of a meeting schedule for Monday, October 19, 2009 at 7:00 p.m. in the chambers of the Chelan City Hall. The purpose of the meeting is to look at the current regulated rate structure used by the Lady of the Lake. The rate structure is regulated by the Washington Utilities and Transportation Commission (WUTC). The meeting is a result of an amendment on a bill passed last year to allow WUTC to hold public meetings to evaluate the rate structure in relationship to business economy.
- **Wenatchee River Water Quality Study:**
Water Resources Manager Ron Slabaugh told Legislators that the State Department of Ecology (DOE) conducted a total maximum daily load study of the water in the

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Wenatchee River and has found that it does not meet water quality standards required by the Clean Water Act. The study indicated that the phosphorus level exceed limits. High phosphorus levels promote algae growth which in turn changes the pH of the water. Mr. Slabaugh stated that the District will work with a consulting firm to devise a plan to reduce phosphorous discharge from the Dryden and Peshastin wastewater plants by 2019. He noted that the District, Chelan County and the cities of Leavenworth and Cashmere will be applying for future funding and asked for legislative support. Senator Parlette recommended when applying for grants, it would be beneficial to give each of the Legislators a draft letter to be reviewed and signed.

Commissioner Congdon excused herself from the remainder of the meeting at 3:00 p.m.

Commissioner Gutzwiler told Legislators that the Washington Public Utility District Association (WPUDA) will most likely bring back to the 2010 session the issue of fiber retail authority. He said that the District would prefer to continue to sell fiber at wholesale to local ISP providers in the valley and is not requesting action on Chelan PUD's behalf. However, if a bill does start to move through and there is retail authority granted, the District would like to have the option of having retail authority as well.

Other topics touched on included Jay Manning's move from the Department of Ecology to Chief of Staff for the Governor, democratic staff changes within the Senate, Department of Commerce organizational changes, Growth Management appeals and reorganization of the Department of Natural Resources.

The next Tri-commission meeting will be held on a date and location to be determined.

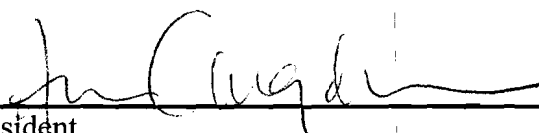
A motion was made by Commissioner Bergren to cancel the October 19, 2009 regular meeting scheduled for 1:00 p.m. and to set a special meeting for October 19, 2009 at 6:00 p.m. at the Adante, 113 Emerson, Chelan, Washington for the purpose of the Mid-C Commissioner / Managers meeting. The motion was seconded by Commissioner Smith and approved.

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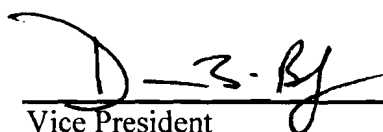
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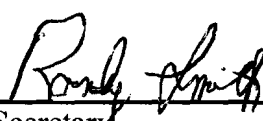
There being no further business, the meeting was adjourned at 2:40 p.m.



President



Vice President



Secretary



Commissioner

Commissioner