

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

November 2, 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 November 2, 2009, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Dennis Bolz, Randy Smith and Carnan Bergren. Commissioner Norm Gutzwiler was excused. 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: Jim Huffman, Allison Williams, Bob Huber and Christine Pratt (Wenatchee World).

Connie Tovar-Mendez and Doug Lewis 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 October 19, 2009 (special meeting) and October 26, 2009 (study session) were presented for approval.

The Auditor's memorandum, dated October 27, 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 \$5,118,702.85;
2. Approval of Customer Deposit Returns payment dated October 27, 2009 in the amount of \$10,204.75; and
3. Approval of the net Payrolls, Warrant Nos. 223285 through 223372 and Advice Nos. 500082 through 500730 for the period ending 10/11/2009 in the amount of \$1,437,846.43.

MINUTES OF REGULAR MEETING OF THE COMMISSION

November 2, 2009

Page 2

Resolution:

RESOLUTION NO. 09-13500 AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 07-58, SCHEDULE A, CABLE TOOL WELL DRILLING WITH IRRIGATION TECHNOLOGY AND CONTROL INC. OF EAST WENATCHEE, WASHINGTON AND APPROVING FIELD WORK ORDER NO. 1 AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER SCHEDULE C, WATERLINE INSTALLATION WITH PIPKIN CONSTRUCTION INC. OF EAST WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE

RESOLUTION NO. 09-13501 APPROVING FIELD WORK ORDER NOS. 1 THROUGH 5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 08-50 WITH EBENAL GENERAL INC. OF BELLINGHAM, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE IT SECONDARY DATA CENTER CONSTRUCTION

RESOLUTION NO. 09-13502 APPROVING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 08-09 WITH CANADIAN OVERHEAD HANDLING, INC. OF BOISBRIAND, QUEBEC, CANADA AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE REHABILITATION OF THE LAKE CHELAN POWERHOUSE BRIDGE CRANE

Motion was made by Commissioner Smith, seconded by Commissioner Bolz and carried adopting the Consent Agenda consisting of the minutes of the meetings held on October 19, 2009 (special meeting) and October 26, 2009 (study session) the above listed vouchers and Resolution Nos. 09-13500 through 09-13502, which are on file in the offices of the District.

Next, Commissioners considered items listed in the Regular Agenda.

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF WENATCHEE, WASHINGTON TO ESTABLISH GUIDING PRINCIPLES TO FACILITATE THE CITY OF WENATCHEE IN CREATING AND EXECUTING A LOCAL REVITALIZATION FINANCING DISTRICT (LRFD)

Commissioners requested staff work with city of Wenatchee staff to modify the language in the memorandum of understanding (MOU) to include a clearer statement about future operations and hold harmless provisions regarding the proposed marina by the City. A motion was made by Commissioner Smith to table the resolution and to set a date of November 16, 2009 to reconsider the MOU. The motion was seconded by Commissioner Bergren and passed.

## MINUTES OF REGULAR MEETING OF THE COMMISSION

November 2, 2009

Page 3

Next, General Manager Rich Riazzi presented information on current and proposed pumped storage locations throughout the United States. (See [www.chelanpud.org](http://www.chelanpud.org), agendas, November 2, 2009, Pursuing Opportunities for Water Supply – Agreement in Principle for the complete presentation) He stated that pumped storage is a way to provide clean, renewable hydropower to complement additional wind and solar projects that are being developed.

Derek Sandison, Director of the Office of the Columbia River, told Commissioners through RCW 90.90, the Washington State legislature directed the Washington State Department of Ecology, Office of the Columbia River (OCR) to pursue new sources of water. The legislation created the opportunity for OCR to work with other entities, such as the District, to develop new or incremental storage projects that provide multiple benefits including the ability to issue new water rights, provide for additional in-stream flow for aquatic resources during critical time periods, increase generation from non green-house gas emitting sources and to firm other non-firm renewable generating sources such as wind and solar.

Managing Director of Energy Resources Gregg Carrington stated that local development of new or incremental water storage either at or adjacent to District projects would provide additional water rights for local needs, increase generation to keep rates low and stable, support local job market, protect our environmental resources and provide energy storage to offset price volatility. Two primary storage methods discussed included: (1) Raising the elevation of the reservoir behind Rocky Reach Dam by 1 to 3 feet and releasing the stored water during low-flow periods (late summer and fall) as needed for increased downstream flows for fish or out-of-stream uses such as irrigation; and (2) pumping water out of the Columbia River or Lake Chelan during high-flow periods and storing it in suitable locations (reservoirs) where it could then be returned to the river when needed (known as pumped storage) to generate electricity.

Staff recommended that the Board authorize the General Manager to sign an Agreement in Principle between the District and OCR that outlined the general parameters for collaboration on the potential investigation of new water storage opportunities. Commissioners postponed the decision to authorize the General Manager to sign the Agreement and set a date to discuss the Agreement further at the next regular meeting scheduled for November 9, 2009.

Commissioners reported on the various meetings each attended during the weeks of October 19, 2009 and October 26, 2009.

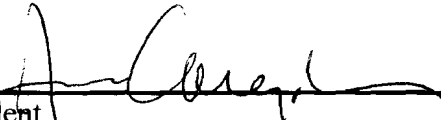
Treasury Analyst Brian Bjorklund provided Commissioners the 3<sup>rd</sup> quarter investment report as of September 30, 2009. The average rate of return during the third quarter decreased 51 basis points to 2.65% on an average invested balance of \$387,690,375. The year-to-date average is 3.15%. Total agencies remain below policy limits at 15.45%. Upon request of Commissioner Gutzwiler, he also provided Commissioners a break down by time to maturity and type of security as well as a chart on the historical District investment yields.

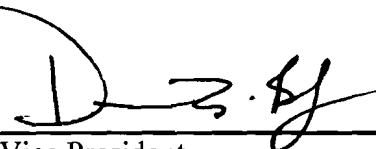
MINUTES OF REGULAR MEETING OF THE COMMISSION

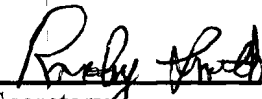
November 2, 2009

Page 4

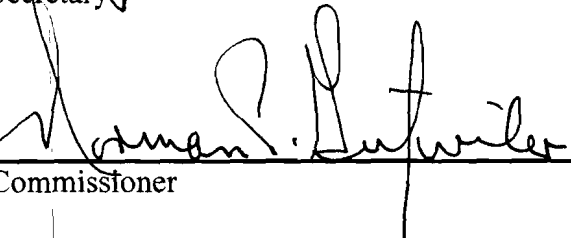
There being no further business, the meeting adjourned at 2:43 p.m.

  
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President

  
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Vice President

  
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Secretary

  
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Commissioner

  
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