

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

November 9, 2009

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 November 9, 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 Gutzwiller. In attendance were General Manager Rich Riazzi, Attorney Karen Wiggum and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: Bill Stokes and Christine Pratt (Wenatchee World).

Administrative Assistant Pat Smith led the Pledge of Allegiance and provided a safety minute.

Commissioners continued discussion begun at the November 2, 2009 regular meeting about a proposed Agreement in Principle between Chelan PUD and the Washington Department of Ecology (DOE). The Agreement outlines the basic principles of potential agreements to investigate and potentially implement new water storage opportunities. Managing Director of Energy Resources Gregg Carrington stated that preliminary studies must be completed before the technical feasibility of any water storage opportunities can be determined. He said staff will study the potential benefit to the District's customer-owners in terms of additional generation and revenue, as well as additional water availability in Chelan County.

A motion was made by Commissioner Smith to authorize the General Manager to sign the Agreement in Principle with DOE outlining the general parameters of potential agreements to investigate and potentially implement new water storage opportunities. The motion was seconded by Commissioner Bolz and passed.

Business Manager Jennifer Pickel and Business Advisor Felicity Saberhagen presented Commissioners three reports: Third Quarter Summary of Capital Item activity of overall spending compared to budget and changes/updates by department; Contract Activity Detail, January 01, 2009 through September 30, 2009; and a schedule of the Top 20 Projects. (See www.chelanpud.org, Board Agendas and Recordings for presentations)

Energy Planning and Trading Manager Janet Jaspers and Chief Financial Officer/Chief Risk Officer John Janney presented the 3rd Quarter 2009 Operating and Financial Results. (See www.chelanpud.org Board Agendas and Recordings for presentation) Net wholesale revenue forecast is down \$26,000,000 from the adopted budget of \$51,000,000. Staff expects a loss of \$21,000,000 in Utility Services net assets by the end of the year. CFO Janney recommended that the District maintain cash reserves of at least \$200,000,000 pending decisions which may require additional liquidity support.

Next, Commissioners held their quarterly update on meeting strategic objectives outlined in the Board's Balanced Scorecard. Each Commissioner gave a status update on their assigned strategy map objective(s).

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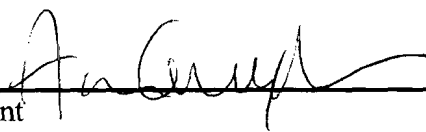
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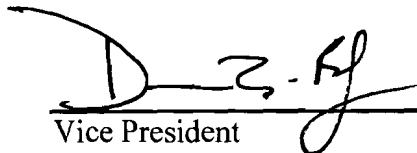
A motion was made by Commissioner Smith to change the meeting frequency targets under Strategic Objective G3 – Responsible Board Representation for American Public Power Association (APPA) to attend a total of two APPA meetings per year and for Northwest Public Power Association (NWPPA) to attend a total of two NWPPA meetings per year. The motion was seconded by Commissioner Bolz and passed.

A motion was made by Commissioner Bolz to change the meeting frequency target under Strategic Objective G3 – Responsible Board Representation for Energy Northwest (ENW) to attend a total of four ENW meetings per year. The motion was seconded by Commissioner Smith and passed.

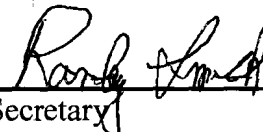
There being no other business, the meeting adjourned at 3:00 p.m.



President



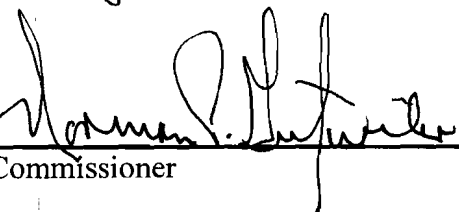
Vice President



Secretary



Commissioner



Commissioner