

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

December 1, 2008

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 December 1, 2008, at the hour of 11:00 a.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Ann Congdon, Dennis Bolz, Randy Smith and Werner Janssen. In attendance were General Manager Rich Riazzi, Staff Attorney Erik Wahlquist and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: Carnan Bergren and Christine Pratt (Wenatchee World).

Safety Training Program Administrator Dave Parkhill led the Pledge of Allegiance and provided a safety minute.

President Gutzwiler presented the Consent Agenda items for adoption. He 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 Gutzwiler presented the Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on November 17, 2008, November 18, 2008 (special meeting) and November 24, 2008 (study session) were presented for approval.

The Auditor's memorandum, dated November 25, 2008, 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 \$9,091,626.42;
2. Customer Deposit Returns payment and Bank of America District Credit Card payment dated November 25, 2008 in the amount of \$3,479.41 and \$4,443.68 respectively; and
3. Net Payrolls, Warrant Nos. 220903 through 221007 and Advice Nos. 484042 through 484714 for the period ending 11/09/2008 in the amount of \$1,423,101.43.

RESOLUTION NO. 08-13407 AUTHORIZING FINAL ACCEPTANCE OF

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PERFORMANCE UNDER BID NO. 07-58, SCHEDULE B, WITH BOART LONGYEAR OF MILTON, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE UNIT PRICE WATER WORK CONSTRUCTION SCHEDULE B SONIC DRILLING

RESOLUTION NO. 08-13408 APPROVING FIELD WORK ORDER NO. 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 06-03 WITH LONG PAINTING COMPANY OF KENT, WASHINGTON AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE DUE FOR THE ROCKY REACH HEAD GATE REFURBISHMENT PROJECT

RESOLUTION NO. 08-13409 APPROVING FIELD WORK ORDER NOS. 1 THROUGH 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 07-50 WITH BUNO CONSTRUCTION, LLC OF SNOHOMISH, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE DUE FOR THE MONITOR WATER SYSTEM

Motion was made by Commissioner Congdon, seconded by Commissioner Bolz and unanimously carried adopting the Consent Agenda consisting of the minutes of the November 17, 2008, November 18, 2008 and November 24, 2008 meetings, the above listed vouchers and Resolution Nos. 08-13407 through 08-13409, which are on file in the offices of the District.

Next, the Commission considered the matters listed in the Regular Agenda.

RESOLUTION NO. 08-13410 ESTABLISHING PROCEDURES FOR THE FORMATION OF LOCAL UTILITY DISTRICTS AND RESCINDING AND SUPERSEDING RESOLUTION NO. 05-12815

Motion was made by Commissioner Smith and seconded by Commissioner Congdon to adopt Resolution No. 08-13410. The motion unanimously carried to adopt Resolution No. 08-13410, which is on file in the offices of the District.

Next, the Commissioners reported on the various meetings each attended during the weeks of November 17, 2008 and November 24, 2008.

Motion was made by Commissioner Smith, seconded by Commissioner Bolz and unanimously carried to allow attendance via telephone for Commissioner Janssen at the December 8, 2008 meeting.

Commissioner Janssen presented Commissioner-elect Carnan Bergren and current Board members coffee cups to promote conservation and to be used at future meetings in lieu of paper cups.

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President Gutzwiler informed staff that the Washington Public Utility District Association (WPUA) plans to increase their budget for 2009 and fund the increase through an increase in membership dues. The vote on approval of the WPUA budget will occur in December 2008.

Director of Customer Service John Stoll apprised the Board the Leavenworth office will close between 11 a.m. and noon that starting in January 2009.

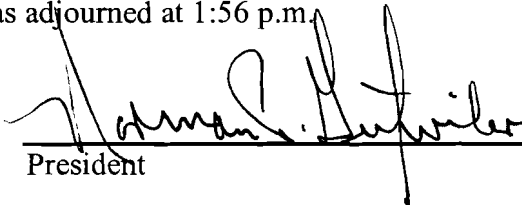
The meeting recessed at 11:48 a.m. for the purpose of lunch, to reconvene at 1:00 p.m. for the purpose of conducting the business of the District.

A public hearing was held on the Preliminary Budget for 2009 as advertised and scheduled. Budget Manager TJ Farrell presented Commissioners an update to the 2009 preliminary budget: controllable operations and maintenance budget is currently forecasted to be at a 3.7% growth rate; operating ratio at expected conditions is forecasted to be at 104%; change in net asset at a (\$2,000,000); surcharge potential at 0% (10.6% at a 10% probability); and Utility Services reserves at \$232,000,000. The net wholesale revenue is forecasted at \$51,400,000 and capital spending at is at \$90,300,000.

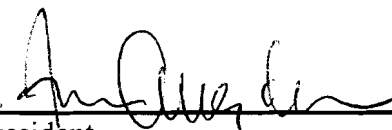
Director of Strategic Planning Kelly Boyd concluded the budget presentation by saying that the 2009 budget is significantly reduced from what is sustainable for the District. She assured the Board that the District is in strong financial standing and on track for 2009. She said staff plans to continue to refine contingency plan options to prepare for the potential of low wholesale revenues and the 2010 forecast which continues to be stressed beyond current targets in a down year.

A public hearing is scheduled for December 15, 2008 at 1:00 p.m. to approve the 2009 Budget.


There being no further business, the meeting was adjourned at 1:56 p.m.



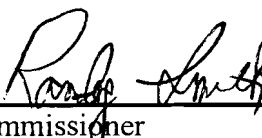
President



Vice President



Secretary



Commissioner

Commissioner