

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

December 10, 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 December 10, 2007, at the hour of 9:30 a.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Ann Congdon (via telephone), Werner Janssen, Randy Smith and Dennis S. Bolz. In attendance were General Manager Richard Riazzi, General Counsel Carol Wardell and Clerk of the Board Melisa McPherren. Various staff members were also in attendance.

Others in attendance: Wilfred Woods, Bob Parlette, Rich Congdon, William Layman, Jim Baxter and Christine Pratt (Wenatchee World).

Project Energy Services Engineer Jim White led the Pledge of Allegiance and provided a safety minute.

Commissioners discussed the motion tabled by Commissioner Janssen during the December 3, 2007 meeting to approve the Terms of Reference Document between Chelan County/Chelan County PUD/Port of Chelan County. Commissioner Janssen expressed concern that the working group would make decisions without input from the various Commissions. Commissioner Smith explained that the working group would work within the recognized limitations and that the group has no authority to take action without first bringing the issue back to their respective Board's for approval. Following discussion on the motion, Commissioner Smith moved to approve the Terms of Reference Document between Chelan County/Chelan County PUD/Port of Chelan County. The motion was seconded by Commissioner Bolz and unanimously approved.

Customer-owners Bob Parlette, Wilfred Woods, Rich Congdon and Bill Layman made a request to the Commissioners to change the name of the Rock Island Hydro Park to the Kirby Billingsley Hydro Park. The community members outlined the accomplishments of Billingsley, a former PUD General Manager and Commissioner, citing his pivotal involvement in public power in the region, the funding and construction of Rocky Reach Dam, and the creation of Chelan County PUD's parks system, among other accomplishments. When presenting the request to Commissioners, Mr. Parlette noted that Billingsley's impact on the Columbia River was huge. "He was a giant in the struggle for public power," he said. Mr. Layman added, "Kirby really inspired people to dream something incredibly big, incredibly grand for all of us as citizens of this community. This is the least we can do to pay homage to a man who had such a profound effect on all of us." The PUD policy is to limit renaming its parks and facilities, but Commissioners felt this was a good exception. Commissioner Congdon made a motion to move forward and take the necessary steps to rename the Hydro Park after Kirby Billingsley. The

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motion was seconded by Commissioner Janssen. Following further discussion, Commissioner Janssen moved to amend the motion to state that the name of the park would be the Kirby Billingsley Hydro Park. Commissioner Bolz seconded the amendment and it was approved. The Commission then voted on the amended motion and it passed to move forward and take the necessary steps to rename the Hydro Park the Kirby Billingsley Hydro Park. Commissioner Congdon stated that it's important for the District to have policies, but this was one case where an exception should be made. Echoing Commissioner Congdon's sentiment, Commissioner Smith said, "I think this is a marvelous opportunity to recognize a true leader in development in Chelan County."

Commissioner Congdon ended her telephonic appearance at 10:27 a.m.

A recent telephone survey of Chelan County PUD customers found that 97 percent report being satisfied with the overall service of the PUD - the same satisfaction percentage as 2006. Bill Robinson, whose firm conducted the survey, and Steve Lachowicz, PUD Communications director, outlined the results from the customer survey conducted in October and November. Robinson Research of Spokane contacted 400 PUD customers spread among the greater Wenatchee, Leavenworth and Chelan-Manson areas. It is the 12th customer survey done for the PUD since 1989. Mr. Robinson said the 2007 results show similar results to 2006, and 2006 results showed major improvements from 2002, the previous survey taken. "Chelan County PUD has a fabulous image," said Mr. Robinson. "It's astonishing, the connection between the citizens of this county and this PUD are really tight." Customers listed "keeping rates low" as the top issue facing the PUD (25 percent), followed by "keeping up with population/industry increases" (8 percent) and "ensuring enough energy/power is available" (8 percent). A question added last year, "Should hydropower be considered a renewable, along with wind and solar," received a response of 87 percent "yes." When asked how likely they would be to spend an additional \$5,000 to add conservation measures when building a new home, 63 percent said yes, up from 59 percent last year. And 53 percent said they would invest in energy-saving measures if they PUD paid a portion of the cost.

Commissioner Janssen made a motion to approve Commissioner Congdon's attendance at the December 10, 2007 meeting via the telephone. The motion was seconded by Commissioner Smith and unanimously approved.

General Counsel Carol Wardell noted that currently, Governance Policy No. 7 provides that there will be "regular" meetings every Monday (with provisions for holidays and other exceptions). A "regular" meeting includes both "business" and "study" sessions. The problem is that the Policy also states that "the second Monday in January" of each year and every other Monday thereafter shall be a study session. Attorney Wardell noted that it would be best to just leave the meetings on a normal rotating schedule and take up business as needed at the beginning of each year.

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Commissioner Smith made a motion to revise Policy No. 7 to delete the words from the second bullet item that the “second Monday in January of each year shall be a study meeting.” The second bullet of Policy No. 7 would then provide that “every other week the Board’s regular meeting may be a study meeting pursuant to the published schedule.” Commissioner Janssen seconded the motion and it was unanimously carried.

President Gutzwiler publicly announced that the Commission would convene an executive session commencing at 11:10 a.m. for the purpose of discussing with legal counsel litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). He stated that he anticipated the executive session would conclude at approximately 11:30 a.m.

By motion made by Commissioner Smith at 11:04 a.m., seconded by Commissioner Janssen and carried unanimously, an executive session was convened after a six minute recess. The notice of such executive session, including the purpose of the session and the estimated time the session would conclude was properly posted by the Clerk of the Board.

Reconvening into regular session at 11:20 a.m., the Commissioners reported that they discussed with legal counsel litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). No action was taken.

There being no further business, the meeting recessed at 11:22 a.m.

The meeting continued at 1:30 p.m. at the Chelan County Commission Chambers for the Chelan County/Chelan County PUD Joint Commission Meeting.

Chelan County PUD Commissioners present were Norm Gutzwiler, Werner Janssen, Randy Smith and Dennis S. Bolz. Chelan County Commissioners present were Ron Walter, Keith Goehner and Buell Hawkins.

Others in attendance: Port of Chelan County Commissioner JC Baldwin, Mark Urdahl, Jeff Smith, Kurt Hammond from Representative Condotta’s office, Senator Linda Evans Parlette, Rich Riazzi, John Guenther, Representative Mike Armstrong, Melisa McPherren, Jack Winter, Gregg Carrington, Suzanne Grassell, Carol Wardell, Ryan Bentley, Yvette Davis, Donna Lee Moore, Wayne Wright, Steve Lachowicz, Ron Johnston-Rodriquez and Jim Baxter.

Commissioners met with the Chelan County Commissioners to discuss items of mutual interest. Representatives of the Port of Chelan County also attended as part of an ongoing effort to have all three agencies work together to improve communication and find ways to be more efficient in serving county residents. The three agencies also shared priorities about the upcoming legislative

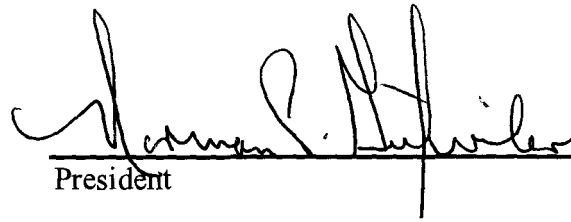
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session with Senator Linda Evans Parlette, Representative Mike Armstrong and Representative Cary Condotta (represented by aide Kurt Hammond), who all attended the meeting.

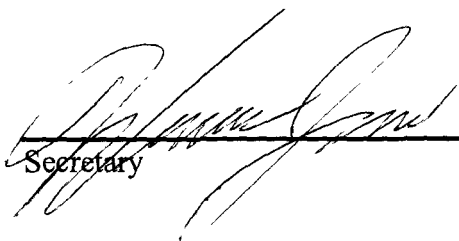
There being no further business, the meeting was adjourned at 2:44 p.m.



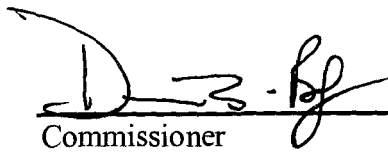
President



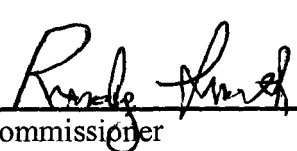
Vice President



Secretary



Commissioner



Commissioner