PUD PROFILE
Chelan County PUD owns and operates one of the nation’s largest nonfederal, publicly owned hydroelectric generating systems. The District’s three hydroelectric dams have a combined total generating capacity of about 2,000 megawatts of low-cost, clean, renewable power. Chelan County PUD uses approximately 45 percent of its generating capacity to serve local customers, including part of Alcoa’s Wenatchee aluminum smelter. The remainder is sent to the PUD’s four principal power purchasers, utilities which serve more than 7 million customers throughout the Pacific Northwest.

RENEWABLE ENERGY BONDS SOUGHT
Chelan County PUD will seek up to $37.7 million in federal, interest-free Clean Renewable Energy Bonds to finance modernization work at Lake Chelan and Rock Island dams. Congress has made $250 million available to government entities for renewable energy projects in the second phase of a program started in 2005.

CLIMATE CHANGE
Chelan County PUD commissioners adopted seven principles to protect and enhance the role that hydropower should play in climate change policy. The principles will provide a foundation as the PUD is drawn into policy discussions at many levels. To view the principles please visit the PUD’s Web site, www.chelanpud.org.

PROPOSAL TO EXTEND ALCOA ENERGY SUPPLY
PUD commissioners are reviewing terms for a proposed long-term energy supply agreement for the Alcoa Wenatchee aluminum smelter. The new agreement would replace an existing agreement that expires in 2011 and would extend power sales to Alcoa through October 2028. The proposed agreement would provide the PUD with coverage of a portion of hydro project costs while allowing enough energy to be reserved for local load growth in the future.

PUD’S FUTURE
Following more than a year of public meetings, Chelan County PUD commissioners approved across-the-board rate increases that will take effect Jan. 1, 2008. Electric rates will rise by 5 percent; water and sewer rates by 9 percent; and the wholesale fiber-optic rates charged to service providers by 2 percent. The new increases will be considered annually as part of the PUD budget.

FINANCIAL HIGHLIGHTS
As of Sept. 30, 2007, Chelan County PUD recorded income before capital contributions of $26.8 million. This is an increase of $6.7 million from the income before capital contributions of $20.1 million for the same period in 2006. The increase is due primarily to improved wholesale power sales compared to 2006.

As of Sept. 30, 2007, Utility Services’ unrestricted cash and investments totaled $218.7 million.
Operating Revenues

Operating Expenses

Net Operating Income

Other Income (Expense)

Capital Contributions

Change in Net Assets

Condensed Combining Balance Sheets (Unaudited)

September 30, 2007

(Thousands)

Assets

Liabilities and Net Assets

Notes to Condensed Statements

[1] Intra-District transactions are eliminated.

Chelan County Public Utility District No. 1 (Chelan County PUD) has prepared condensed financial statements in accordance with generally accepted accounting principles. Condensed financial statements should be read in conjunction with the notes to the financial statements included in the Chelan County PUD’s Annual Report as of December 31, 2006. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decisions by current or prospective investors.