

News from the regular meeting of the Chelan County Public Utility District Board of Commissioners held on Monday, Oct. 24.

Financial forecast continues to improve

Power sales revenue continues to come in better than forecast, which means Chelan County PUD will likely end 2005 with cash reserves of about \$93 million.

Joe Jarvis, chief financial officer, and Steve Fisher, power manager, provided a budget update for PUD commissioners Monday.

Fisher said continuing high power prices mean the District is likely to end 2005 with \$50 million from surplus sales. It budgeted \$40 million. More water to generate power and the rising market price of power resulted in the increase.

Jarvis said PUD staff continues to review and trim the 2006 budget. At this point it appears that cash reserves will be stable through next year, ending at about \$90 million.

No electric rate increase is recommended for 2006.

In a related matter, District Auditor Stacey Jagla and Diane Cooper, Accounting director, presented the 2004 state audit results. It was a clean audit for the PUD with no issues reported.

Key opinion on Lake Chelan relicensing received

Federal fisheries managers delivered their review of the proposed new license for the Lake Chelan Dam.

Gregg Carrington, PUD hydro services director, said the long-awaited biological opinion from NOAA Fisheries has arrived. The PUD submitted a settlement package for a new, 50-year license for the Lake Chelan Dam in May 2004. The dam has been operating on an annual license from the Federal Energy Regulatory Commission (FERC).

Carrington said the NOAA opinion is consistent with the terms of the settlement agreement, but FERC will still do its own analysis. He estimate that could take six more months, and the outcome isn't certain because of a recent shift in policy on relicensing issues by FERC staff and commissioners.

That shift has also affected the Rocky Reach Dam relicensing. Last week a delegation from the PUD met with FERC staff in Washington, D.C., to discuss recreation and wildlife issues.

"The bottom line is any (proposed) enhancements must be in the project boundary," Carrington said. The next step is to work with the community and agencies involved in the Rocky Reach relicensing to repackage the rejected proposals, he said.

The District has proposed spending about \$395 million on mitigation measures to relicense the dam – about half for ongoing costs and the balance for new measures over 50 years. All but about 3 percent of the spending was endorsed by FERC, including measures related to the PUD's landmark Habitat Conservation Plan for fish protection. However, two recreation measures and six wildlife proposals weren't included in the FERC draft response.

Board to discuss general manager selection on Tuesday

PUD commissioners will meet at 9 a.m. Tuesday, Oct. 25, in the commission boardroom to discuss the process for finding a new general manager.

Charlie Hosken, PUD general manager since late 2001, announced last week he has taken a job with a large California irrigation district.

Commissioners will begin the Tuesday meeting in open session to talk about the selection process, but will move to executive session for any discussion of possible candidates for interim manager.

Alan Moen of Entiat urged PUD commissioners to conduct a wide-ranging search for a new PUD general manager, with input from the public.

In other business, commissioners:

- Amended the 2004 power sales contract with Alcoa to pay the aluminum smelter the cash received from the sale of its share of Rocky Reach Dam power during the months of September, October and November, the time that Potline 5 will not be in full production due to a power outage at McKenzie Switchyard. Instead of about \$5 million going into a credit account to cover future power costs, Alcoa will receive the cash and agree: to get the potline back in full production (about one-third of the line is running now); maintain full employment; and that the PUD is not liable for any possible damages related to the Sept. 4 breaker failure and fire at the switchyard. Bob Wilt, Wenatchee Works manager, thanked the PUD for its cooperation in restoring power, noting the payment helps ease the pain of lost production. Carol Wardell, PUD general counsel, said the move is a good solution for both parties.
- Approved agreements for design of three water system projects. A third pump needs to be added at both the Hawley Street and Skyline pump stations in Wenatchee, explained PUD engineer Ron Slabaugh. The two pumps at both stations are being used during peak summer demand, meaning there's no backup if a pump fails. Gray and Osborn of Yakima was hired to design additional capacity for the Skyline station at a cost not to exceed \$80,000. RH2 of East Wenatchee will do design for the Hawley Street station at a cost not to exceed \$105,000. Commissioners also approved a loan agreement with the state for design of a new well for the Chelan Ridge water system. Up to 85 percent of the estimated \$125,000 cost of design and permitting will be available at .5 percent interest with payback in five years.
- Congratulated Randy Noland on his new job as PUD Leavenworth-area manager. Noland lives in Leavenworth and has worked as a PUD lineman and foreman for 17 years. He started his new job Monday.

Commissioners adjourned the meeting and reconvened Monday evening for a dinner with other Mid-Columbia PUD commissioners in East Wenatchee. They will reconvene at 9 a.m. Tuesday, Oct. 25, to discuss the process for finding a new general manager. Following Tuesday's meeting, they will reconvene at 8 a.m., Wednesday, Oct. 26, for a Northwest Open Access Network (NOANet) meeting at Douglas County PUD in East Wenatchee.

The next regular meeting of the PUD Board of Commissioners is at 10 a.m. on Monday, Oct. 31, in the PUD boardroom at 327 N. Wenatchee Ave.

Most PUD commission meetings are recorded, and a link to the audio is available on the PUD's home page [at www.chelanpud.org](http://www.chelanpud.org).