

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

October 23, 2007

The special 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 October 23, 2007, at the hour of 9:00 a.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Ann Congdon, 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 McPherrren. Various staff members were also in attendance.

Others in attendance: Jack Speer, Bob Wilt, Stefan Vogt, Jeff Campbell, Ti DeShazo, Don Poirier, Bob Huber, Bill Stokes, Rich Cole, Bart Clennon, Mike Walker and Richard Thompson.

Alcoa Wenatchee Works Plant Manager Stefan Vogt led the Pledge of Allegiance and provided a safety minute.

Alcoa managers and union employees offered the company's perspective on the proposed term sheet for a new 17-year power contract for the Wenatchee Works aluminum smelter that would provide enough electricity to run three pot lines through 2028. Bob Wilt, former Wenatchee plant manager and now Alcoa's vice president for energy development, told Commissioners the proposed contract terms offer benefits for the community, for the District's customer-owners and for the global aluminum maker. Mr. Wilt was joined in the presentation by Wenatchee Works Manager Stefan Vogt and union employees Tim DeShazo and Jeff Campbell. They responded to questions raised by Commissioners at the October 22, 2007 meeting on the contract terms and offered some of the financial information used by the company in determining its support for the terms. Economic analysis from an Alcoa consultant showed the economic impact to the community under the contract would be more than twice the gain of selling the power on the open market: \$228 million a year from the contract compared with \$110 million a year on the market. Alcoa placed the benefit to the community over the life of the contract at \$3.1 billion including wages and benefits, spending by Alcoa and its employees, local taxes and charitable contributions. Mr. Wilt noted that terms negotiated by District staff, if approved, will make the Wenatchee Works a must-run plant. Mr. DeShazo and Mr. Campbell said the proposed contract offers stability for the Alcoa workforce. Skilled laborers are already looking to Seattle or Spokane for jobs; a new power contract for Wenatchee would keep them here, they said. Mr. Wilt also asked Commissioners not to delay in acting on the contract proposal.

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Commissioners discussed the timeline for further discussion on the proposed term sheet with Alcoa and set two more meetings: a 5:30 p.m. session on November 5, 2007, at a location to be determined; and 9:00 a.m. on November 19, 2007 in the Board room. No date for a decision has been set.

During public comment, Bart Clennon of Wenatchee told the Board he'd like to see a matrix for evaluation of the terms before a decision is made. Mr. Clennon also agreed with a suggestion by Commissioner Bolz that protections for the workforce be included in the terms. Bill Stokes of Wenatchee questioned Alcoa's need for below-market-price electricity to be successful. Richard Thompson, a retired Alcoa worker from East Wenatchee, noted that the area needs Alcoa's jobs, and that the company can make money on more than just making aluminum.

There being no further business, the meeting recessed at 11:41 a.m.

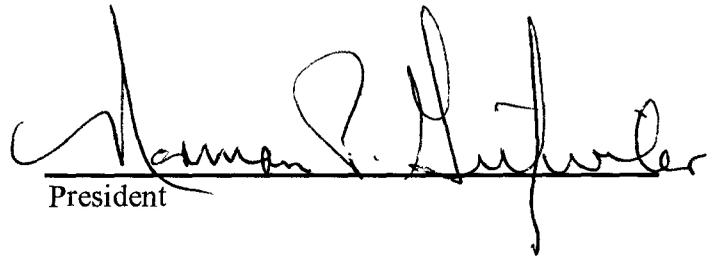
The meeting continued at 1:30 p.m. at the Confluence Technology Center for the joint Commission meeting between Chelan County PUD, Chelan County and the Port of Chelan County.

Chelan County PUD Commissioners present were Norm Gutzwiler, Ann Congdon, Werner Janssen, Randy Smith and Dennis Bolz. Chelan County Commissioners present were Ron Walter, Keith Goehner and Buell Hawkins. Port Commissioners present were JC Baldwin, Mike Mackey and Craig Larsen. Various PUD, County, and Port staff members were in attendance, as well as members of the public.

The Board met with Chelan County and Port of Chelan County Commissioners to discuss issues of mutual interest. The group discussed a revision to the Memorandum of Understanding that was previously signed by all parties to include a new Section 5 which states "The County, PUD and Port acknowledge that key benefits of this collaborative effort will be more consistent, efficient and cost-effective services to their mutual constituents." The participants also discussed a Values and Guiding Principles Document between the three parties. Each group will discuss these two items during their next respective Board meetings. Participants also agreed that each of the three Commissions would meet independently to confirm their participation in 1) beginning to develop an urban growth area for Peshastin and 2) sharing information about items of mutual legislative interest in Olympia and Washington, D.C. The Commissioners plan to hold another joint meeting in January to continue discussing mutual planning and development efforts.

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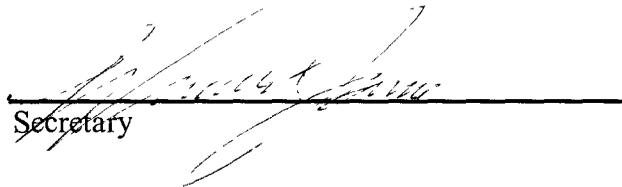
There being no further business, the meeting was adjourned at 3:12 p.m.



President



Vice President



Secretary



Commissioner



Commissioner