

RESOLUTION NO. 09-13464

A RESOLUTION AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO SELL THE NON-POWER ATTRIBUTES ASSOCIATED WITH THE DISTRICT'S HYDRO PROJECTS AND EXECUTE ALL NECESSARY DOCUMENTS

FACTUAL BACKGROUND AND REASONS FOR ACTION

A portion of the District's generation from its hydroelectric facilities is considered renewable and/or emission-free and there are various markets that are currently established as well as other markets that are developing in which the District could monetize the value of the non-power attributes associated with that generation. The District has participated in the non-power attribute markets, typically referred to as the renewable or carbon markets, which can be either voluntary or regulatory based. Other terminology used in these markets include carbon offsets, renewable energy credits, environmental attributes and other descriptive terms.

The Commission adopted Resolution No. 08-13406 authorizing the General Manager to sell past-generated non-power attributes associated with all of the District's hydroelectric facilities. The District has now received opinions from tax counsel that the sales of non-power attributes are not considered output of the projects for purposes of the tax limitations under certain circumstances. Thus, the District is no longer limited to selling only past-generated attributes, but may transact forward sales of non-power attributes under defined circumstances.

It is District staff's recommendation that it is in the best interest of the District to authorize the General Manager or his designee to sell as appropriate the non-power attributes associated with the District's hydro projects, and execute all documents necessary and to pay for all costs associated with such transactions. This delegated authority to sell non-power attributes is limited as follows: all transactions shall conform to the guidelines established in the Power Risk Management Policy and/or as approved by the Power Risk Management Committee; all sales must comply with terms of the applicable agreements as reviewed and approved by the District's General Counsel (or her designee); the non-power attributes shall only be sold one time (no double counting/selling); and all sales shall comply with advice from tax and bond counsel. Net funds received by the District from such sales will be separately tracked and used to support and enhance the District's environmental, conservation and/or system efficiency improvement programs.

The General Manager of the District has reviewed staff's recommendation and concurs in the same.

ACTION

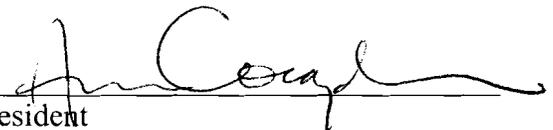
IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, as follows:

Section 1. The General Manager of the District or his designee is authorized to sell the non-power attributes associated with the District's hydroelectric facilities. This delegated authority to sell non-power attributes is limited as follows: all transactions shall conform to the guidelines established in the Power Risk Management Policy and/or as approved by the Power Risk Management Committee; all sales must comply with terms of the applicable agreements as reviewed and approved by the District's General Counsel or her designee; the non-power attributes shall only be sold one time (no double counting/selling); and all sales shall comply with advice from tax and bond counsel. Net funds received by the District from such sales/trades will be separately tracked and used to support and enhance the District's environmental, conservation and/or system efficiency improvement programs.

Section 2. The General Manager is authorized to execute all necessary documents and to pay all costs as appropriate in relation to the sale of the non-power attributes.

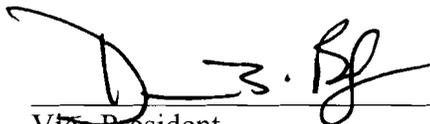
Section 3. Resolution No. 08-13406 is superseded.

DATED this 1st day of June, 2009.

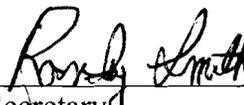


President

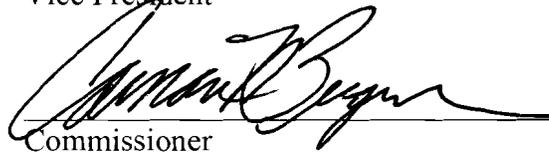
ATTEST:



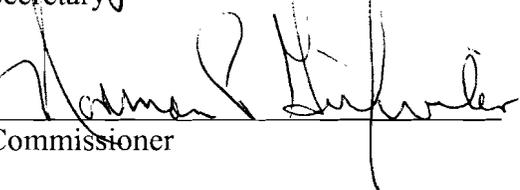
Vice President



Secretary



Commissioner



Commissioner

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