



Lake Wenatchee Community Meeting

June 6, 2009

Lake Wenatchee Recreation Club

Attendees: Chuck Warnock, Carl Stockamp, Paul Gray, John Grubbs, Jim & Ann Blanchard, Dan & Sharon Hall, Joe & Jesslyn Winter, **Dave Neir**, William Hoaglan, Bruce & Barbara Harris, Rhonda Taylor, Norma Simon, M.J. Griffith, Kevin Smith, Dick Nicklas, Burley Packwood, Jerry Becker, Rod Mendenhall, Michael, Conkle, Larry Polk, Ray & Judy Busse, Clarice Christofferson, Phil Leatherman, Reggie Egger, Larry & Gloria Lydil, Don Bottoms, Cleve Borth, Steve May, Stan Fishburn, Michael Brunelle, William & Adell Bloom, Lois Faust, Garry Horvitz, Lynn-dee Schwarz, Pat Bohn, Ann Congdon, Randy Smith, Carnan Bergren, Dennis Bolz, Joe Jarvis, John Janney, Jeff Smith

The following is a summary of the meeting discussion, but is not intended to be all-inclusive:

- **Impacts of the national financial crisis** – Financial market volatility and stagnant credit resulting from Wall Street’s uncertainty are impacting the PUD. Falling wholesale power prices, lower interest earnings on investments and prospects for below normal runoff this year are also concerns. While the District remains financially sound, contingency plans have been developed as protection from unexpected events. Chief Financial Officer, John Janney, reported the 2009 budget that was adopted by the Board of Commissioners Dec. 15th showed a reduction in capital spending from \$106 million that was proposed earlier to \$89 million, and an operations and maintenance budget that was projected at 6% above 2008 levels but reduced to 3%. That has been reduced by a combined \$27 million. During a public hearing at Confluence Technology Center April 13th, staff proposed an 18% electrical rate surcharge for up to 12 months, effective May 1st. The Board considered that proposal and accepted customer input

during the April 20th and April 27th meetings. At the conclusion of the April 27th meeting, the Board approved a 9% surcharge.

- **Snowpack status** – The June 1st forecast for Columbia River runoff was 86% of average. The actual runoff for 2008 was 95% of average. The Wenatchee River forecast is 82% of normal. The forecast for the Lake Chelan drainage basin is 75 % of average. Generation at the Chelan Falls powerhouse will be 50% of normal through at least August due to modernization of one generating unit. Spill down the Chelan Gorge began today (Monday) and may be needed throughout June and July to manage lake levels.
- **Fiber buildout approach for 2009** – Among the 2009 budget reductions was discontinuation of the fiber buildout this year. Instead, the focus will be on filling in those areas where fiber was previously extended. There will be pockets of customers even within those areas that won't have fiber because the electrical service is provided by direct bury cable (no conduit) and construction is expensive. A preliminary analysis for extending fiber to the White River area estimated the cost at \$900,000. With the District currently projecting financial losses through 2011, there's nothing certain about the future of the fiber buildout, including the White River Road area. Check the District's fiber website to determine the status of construction in your area. Contact the service provider of choice if you have fiber in your neighborhood and want services. PUD contractors you will see include PowerCom (overhead construction) and Dial One (distribution system splicing). The fiber drop to your home or business is provided by PUD personnel. Fiber has been extended to 2,381 homes and businesses in the Lake Wenatchee/Plain area. 375 customers are currently connected.
- **Lake Wenatchee water quality studies** – You're probably aware of the water quality meeting last Saturday. Our environmental staff wasn't able to participate today, but did provide a summary of last week's discussion (attached). Water samples were collected last year from July through early November at six locations from one end of the lake to the other. The results indicated that phosphorus and nitrogen levels were no higher near the net pens than any other sampling sites. Testing will continue this year.

- **Initiative-937** – The District is developing a plan to meet the requirements of Initiative-937. The initiative requires all utilities with over 25,000 customers to meet standards for conservation and use of renewable energy sources, or face monetary penalties. There are three standards to meet:
 1. Each utility is required to undertake “cost effective, reliable and feasible” conservation measures, and work toward a rolling 10-year target for acquiring power from conservation.
 2. Renewable sources must represent at least 3% of utilities’ load after January 1, 2012. That increases to 9% in 2016 and 15% by 2020. “Renewable sources” include wind, solar, geothermal, tidal, landfill and sewer gas, biodiesel and biomass.
 3. Utilities can become compliant with the initiative by spending at least 4% of their annual power acquisition budget on the incremental cost of renewable resources (the difference between energy from renewable sources and non-renewable sources).

Hydropower will not count toward I-937’s renewable mandate, with the exception of efficiency improvements to existing hydro projects.

- Thanks for attending!