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Chelan County PUD

2009 Contingency Planning Update

February 17, 2009



CHELAN COUNTY



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External Influences

Weak economy

- Falling electricity prices

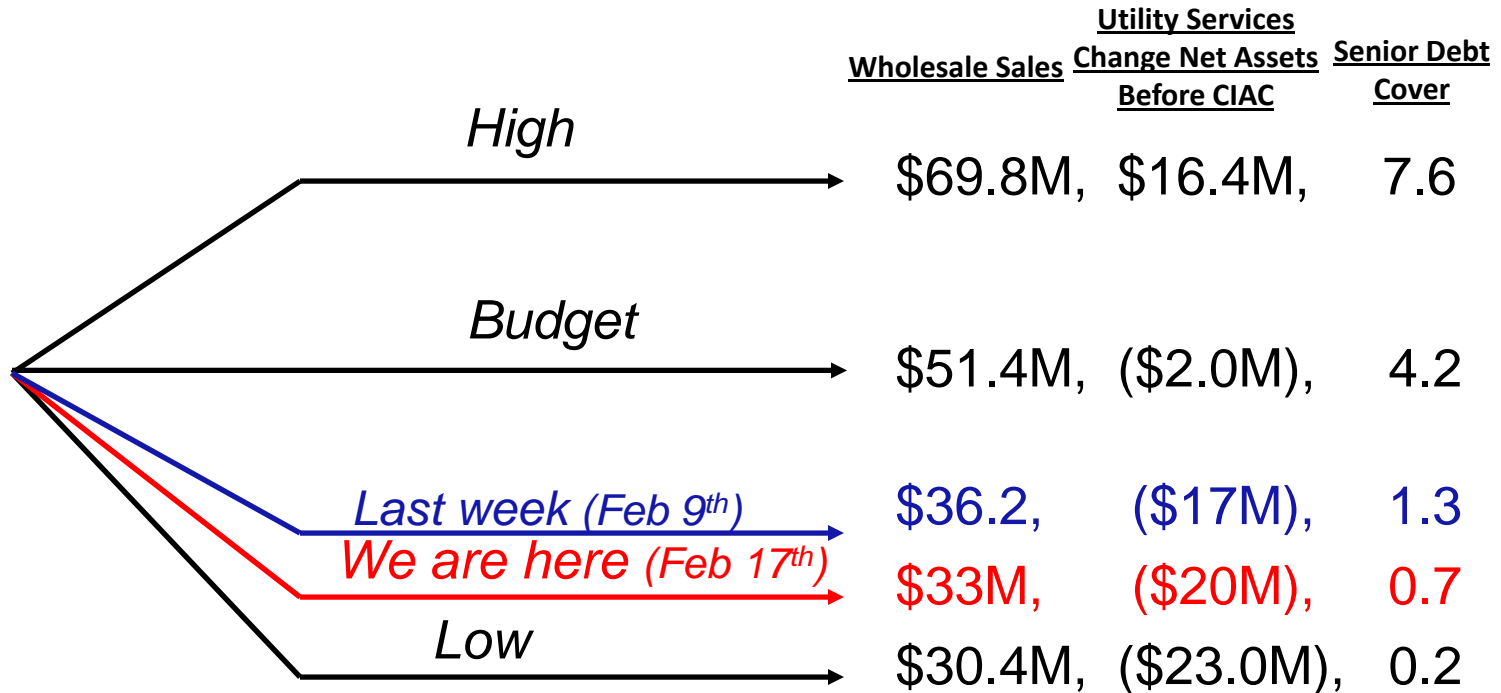
Financial market uncertainty

- Falling interest rates on investments

Weather

- Below average snowpack
- Cold January

2009 Budget with 2/12/09 Wholesale Projections



“High” revenue has a 10% probability of occurring

“Budget” revenue has a 50% probability of occurring

“Low” revenue has a 10% probability of occurring



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Contingency Plans

Last week's actions:

- Two capital plans on “hold”
 - Adjust pace of Networks build-out (\$4 million)
 - Delay Electric Automated Metering System (\$9.2 million)

This week's actions:

- Requesting Board approval to escrow annual senior debt service payments for 2009 and 2010
- Additional capital plans delayed and scaled back



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Escrow Senior Debt Service

- Resolution requesting Board approval
- “Prepay” annual senior debt service for 2009 & 2010 and consider 2011
- Relieve stress on senior debt coverage requirement




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- # Delay Additional Capital Projects
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System	Project	Amount (In 000's)
Electric	Electric Reconductor Upgrades	997
Electric	Substation Improvements	650
Electric	AY 115kV Terminations Improvements	500
RR	Breaker Upgrades	466
LC	Riverwalk Trail Extension	338



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- # Delay Additional Capital Projects
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System	Project	Amount (In 000's)
Electric	Okanogan substation	250
Water	Squilchuck Reservoir Trans. Main	200
All	Vehicles	288
All	Others < \$150,000	1,077
	Total additional projects to delay	4,766



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- # Contingency Plan - Capital Projects
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<u>Project</u>	<u>(in 000's)</u>
Delay Electric Automated Metering System	9,200
Adjust Pace of Networks build-out	4,000
Additional delays	4,766
Addt'l progress made in 2008 (reduce 2009 Budget)	<u>825</u>
Total Reductions to 2009 Capital Budget	<u>18,791</u>



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Next Steps

- Provide framework for O&M reductions
- Target O&M reductions
- Further capital project delays, if needed
- Impose surcharges (last resort)



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Communication Plan

- Evening public meetings in auditorium began in January (then as needed)
 - Held initial meeting on January 26th
 - Next evening meeting date – mid-March
- Employee information
- Will be back to the Board with O&M recommendations