

Mission: To safely provide utility services that enhance the economy and quality of life in Chelan County.

PUD PROFILE

Chelan County PUD owns and operates one of the nation's largest nonfederal, publicly owned hydroelectric generating systems.

The District's three hydroelectric dams have a combined total generating capacity of about 2,000 megawatts of low-cost, clean, renewable power.

Chelan County PUD uses approximately 45 percent of its generating capacity to serve local customers, including part of Alcoa's Wenatchee aluminum smelter. The remainder is sent to the PUD's four principal power purchasers, utilities which serve more than 7 million customers throughout the Pacific Northwest.

WIND STORM

On Jan. 7, 2007, Chelan County experienced a devastating wind storm with gusts up to 100 mph that downed trees and power lines. Twenty thousand customers were without electricity. Power was restored to all customers in five days. The overall damage to Chelan County PUD electric, water and fiber systems was approximately \$2 million.

FISH SPILL

As a result of Chelan County PUD's habitat conservation plans, fish spill in 2007 at both Rocky Reach and Rock Island dams will be reduced due to positive results from previous years' fish survival studies.

NEW SERVICE FEES

Effective May 1, 2007, new electric and water/wastewater connection fees will go into effect. The new fees were established to address increased costs for the equipment and installation of electric meters and transformers, water meters and vaults, and wastewater tanks.

CASHMERE ELECTRIC SYSTEM

An offer of \$3.5 million was extended to the city of Cashmere for the purchase of its electric distribution system. By the end of the year, if all contingencies are met, the Cashmere electric system will become part of the Chelan County PUD system.

PUD'S FUTURE

The third in a series of strategic planning meetings was conducted to develop guiding principles for the future direction for Chelan County PUD. For future meeting information please visit the PUD's Web site.

FINANCIAL HIGHLIGHTS

As of March 31, 2007, Chelan County PUD recorded income before capital contributions of \$3.4 million. This is a decrease of \$3.5 million from the income before capital contributions of \$6.9 million for the same period in 2006. The decrease is primarily due to additional operating and maintenance expenses incurred as a result of the January wind storm.

As of March 31, 2007, Utility Services' unrestricted cash and investments totaled \$204.1 million.



Joe O. Jarvis
Chief Financial Officer/Executive Manager - Finance Group

**CHELAN COUNTY
PUBLIC UTILITY DISTRICT NO. 1
P.O. BOX 1231
WENATCHEE, WASHINGTON 98807-1231**



CHELAN COUNTY
POWER

www.chelanpud.org

**CONDENSED COMBINING STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS (Unaudited)**

Three months ended March 31, 2007

(in thousands)

	Rocky Reach	Columbia River- Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra- District Transactions (1)	3 Months Ended 03/31/07	3 Months Ended 03/31/06
OPERATING REVENUES	\$ 18,359	\$ 17,179	\$ 1,157	\$ 41,227	\$ -	\$ 3,748	\$ (21,523)	\$ 60,147	\$ 56,954
OPERATING EXPENSES	14,369	11,041	981	39,810	-	3,210	(21,523)	47,888	39,206
NET OPERATING INCOME	3,990	6,138	176	1,417	-	538	-	12,259	17,748
OTHER INCOME (EXPENSE)	(4,429)	(5,676)	(209)	1,670	(49)	(203)	-	(8,896)	(10,813)
CAPITAL CONTRIBUTIONS	-	-	-	695	-	-	-	695	657
CHANGE IN NET ASSETS	\$ (439)	\$ 462	\$ (33)	\$ 3,782	\$ (49)	\$ 335	\$ -	\$ 4,058	\$ 7,592

CONDENSED COMBINING BALANCE SHEETS (Unaudited)

March 31, 2007

(in thousands)

ASSETS	Rocky Reach	Columbia River- Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra- District Transactions (1)	03/31/07	03/31/06
CURRENT ASSETS	\$ 9,927	\$ 4,177	\$ 294	\$ 197,710	\$ 78	\$ 9,768	\$ -	\$ 221,954	\$ 90,283
RESTRICTED ASSETS - CURRENT	11,438	48,428	6,910	2,052	65,428	9,947	-	144,203	162,317
TOTAL CURRENT ASSETS	21,365	52,605	7,204	199,762	65,506	19,715	-	366,157	252,600
NET UTILITY PLANT	400,907	282,700	40,301	226,479	-	39,084	-	989,471	1,059,673
RESTRICTED ASSETS - NONCURRENT	371	2,542	318	209	7,130	1,013	-	11,583	29,151
DEFERRED CHARGES & OTHER ASSETS	22,066	7,842	343	31,970	942	1,083	-	64,246	107,089
TOTAL ASSETS	\$ 444,709	\$ 345,689	\$ 48,166	\$ 458,420	\$ 73,578	\$ 60,895	\$ -	\$ 1,431,457	\$ 1,448,513
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	\$ 6,619	\$ 24,254	\$ 711	\$ 17,129	\$ 5	\$ 17,140	\$ -	\$ 65,858	\$ 63,481
LONG-TERM DEBT	315,077	389,315	25,957	67,879	69,251	40,338	-	907,817	920,681
DEFERRED REVENUES	-	-	-	89,000	-	-	-	89,000	-
OTHER LIABILITIES	-	362	8,590	-	-	-	-	8,952	221
TOTAL LIABILITIES	321,696	413,931	35,258	174,008	69,256	57,478	-	1,071,627	984,383
TOTAL NET ASSETS	123,013	(68,242)	12,908	284,412	4,322	3,417	-	359,830	464,130
TOTAL LIABILITIES & NET ASSETS	\$ 444,709	\$ 345,689	\$ 48,166	\$ 458,420	\$ 73,578	\$ 60,895	\$ -	\$ 1,431,457	\$ 1,448,513

ELECTRIC	2007	2006
As of March 31		
Number of Customers	44,644	43,850
Number of Residential Customers	33,621	32,911
Average Rate per Residential Customer (Cents/kWh)	2.94	2.92

POWER GENERATION (MWh)	2007	2006
12 months ended March 31		
Lake Chelan	454,791	391,379
Rocky Reach	6,075,640	5,499,758
Rock Island	2,891,172	2,673,045

HYDROELECTRIC SALES OF ENERGY	2007	2006
Sales for Resale (000's)		
12 months ended March 31		
Lake Chelan	\$ 5,031	\$ 5,150
Rocky Reach	\$ 73,444	\$ 67,501
Rock Island	\$ 68,481	\$ 64,998

AVERAGE PRICE/KWH SOLD (Cents/kWh)	2007	2006
12 months ended March 31		
Lake Chelan	1.11	1.32
Rocky Reach	1.21	1.23
Rock Island	2.37	2.43

NOTES TO CONDENSED STATEMENTS

(1) Intra-District transactions are eliminated.

Chelan County Public Utility District No.1 (Chelan County PUD) has prepared condensed financial statements in accordance with generally accepted accounting principles. Condensed financial statements should be read in conjunction with the notes to the financial statements included in the Chelan County PUD's Annual Report as of December 31, 2006.