

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.

RENEWABLE ENERGY BONDS SOUGHT

Chelan County PUD will seek up to \$37.7 million in federal, interest-free Clean Renewable Energy Bonds to finance modernization work at Lake Chelan and Rock Island dams. Congress has made \$250 million available to government entities for renewable energy projects in the second phase of a program started in 2005.

CLIMATE CHANGE

Chelan County PUD commissioners adopted seven principles to protect and enhance the role that hydropower should play in climate change policy. The principles will provide a foundation as the PUD is drawn into policy discussions at many levels. To view the principles please visit the PUD's Web site, www.chelanpud.org.

PROPOSAL TO EXTEND ALCOA ENERGY SUPPLY

PUD commissioners are reviewing terms for a proposed long-term energy supply agreement for the Alcoa Wenatchee aluminum smelter. The new agreement would replace an existing agreement that expires in 2011 and would extend power sales to Alcoa through October 2028. The proposed agreement would provide the PUD with coverage of a portion of hydro project costs while allowing enough energy to be reserved for local load growth in the future.

PUD'S FUTURE

Following more than a year of public meetings, Chelan County PUD commissioners approved across-the-board rate increases that will take effect Jan. 1, 2008. Electric rates will rise by 5 percent; water and sewer rates by 9 percent; and the wholesale fiber-optic rates charged to service providers by 2 percent. The new increases will be considered annually as part of the PUD budget.

FINANCIAL HIGHLIGHTS

As of Sept. 30, 2007, Chelan County PUD recorded income before capital contributions of \$26.8 million. This is an increase of \$6.7 million from the income before capital contributions of \$20.1 million for the same period in 2006. The increase is due primarily to improved wholesale power sales compared to 2006.

As of Sept. 30, 2007, Utility Services' unrestricted cash and investments totaled \$218.7 million.



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

**CHELAN COUNTY
PUBLIC UTILITY DISTRICT NO. 1
P.O. BOX 1231
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CHELAN COUNTY
POWER

www.chelanpud.org

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

Nine months ended September 30, 2007

(in thousands)

	Rocky Reach	Columbia River- Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra- District Transactions (1)	9 Months Ended 09/30/07	9 Months Ended 09/30/06
OPERATING REVENUES	\$ 54,738	\$ 49,427	\$ 3,753	\$ 124,767	\$ -	\$ 11,728	\$ (64,037)	\$ 180,376	\$ 167,692
OPERATING EXPENSES	43,381	33,281	3,240	103,603	-	9,544	(64,037)	129,012	119,268
NET OPERATING INCOME	11,357	16,146	513	21,164	-	2,184	-	51,364	48,424
OTHER INCOME (EXPENSE)	(12,877)	(16,573)	(743)	6,558	(309)	(578)	-	(24,522)	(28,365)
CAPITAL CONTRIBUTIONS	-	-	-	3,135	-	-	-	3,135	3,269
CHANGE IN NET ASSETS	\$ (1,520)	\$ (427)	\$ (230)	\$ 30,857	\$ (309)	\$ 1,606	\$ -	\$ 29,977	\$ 23,328

CONDENSED COMBINING BALANCE SHEETS (Unaudited)

September 30, 2007

(in thousands)

ASSETS	Rocky Reach	Columbia River- Rock Island	Lake Chelan	Utility Services	Financing Facilities	Internal Services	Intra- District Transactions (1)	09/30/07	09/30/06
CURRENT ASSETS	\$ 7,973	\$ 3,277	\$ 231	\$ 132,889	\$ 19	\$ 11,353	\$ -	\$ 155,742	\$ 191,238
RESTRICTED ASSETS - CURRENT	9,657	35,192	5,062	22,839	54,049	6,113	-	132,912	159,419
TOTAL CURRENT ASSETS	17,630	38,469	5,293	155,728	54,068	17,466	-	288,654	350,657
NET UTILITY PLANT	395,885	288,673	41,331	236,153	-	37,177	-	999,219	1,076,684
RESTRICTED ASSETS - NONCURRENT	960	4,221	498	1,262	18,472	2,385	-	27,798	14,711
DEFERRED CHARGES & OTHER ASSETS	21,991	7,685	376	110,121	672	4,465	-	145,310	92,798
TOTAL ASSETS	\$ 436,466	\$ 339,048	\$ 47,498	\$ 503,264	\$ 73,212	\$ 61,493	\$ -	\$ 1,460,981	\$ 1,534,850
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES	\$ 6,594	\$ 24,964	\$ 613	\$ 14,953	\$ (1,806)	\$ 17,717	\$ -	\$ 63,035	\$ 63,493
LONG-TERM DEBT	307,940	383,214	25,584	87,824	70,956	39,088	-	914,606	902,200
DEFERRED REVENUES	-	-	-	89,000	-	-	-	89,000	89,000
OTHER LIABILITIES	-	1	8,590	-	-	-	-	8,591	291
TOTAL LIABILITIES	314,534	408,179	34,787	191,777	69,150	56,805	-	1,075,232	1,054,984
TOTAL NET ASSETS	121,932	(69,131)	12,711	311,487	4,062	4,688	-	385,749	479,866
TOTAL LIABILITIES & NET ASSETS	\$ 436,466	\$ 339,048	\$ 47,498	\$ 503,264	\$ 73,212	\$ 61,493	\$ -	\$ 1,460,981	\$ 1,534,850

ELECTRIC		
As of September 30	2007	2006
Number of Customers	45,121	44,293
Number of Residential Customers	34,039	33,347
Average Rate per Residential Customer (Cents/kWh)	2.99	2.98

POWER GENERATION (MWh)		
12 months ended September 30		
	2007	2006
Lake Chelan	462,747	450,688
Rocky Reach	6,256,729	6,060,965
Rock Island	2,855,786	2,890,803

HYDROELECTRIC SALES OF ENERGY		
Sales for Resale (000's)		
12 months ended September 30		
	2007	2006
Lake Chelan	\$ 5,011	\$ 4,858
Rocky Reach	\$ 74,216	\$ 68,323
Rock Island	\$ 67,292	\$ 65,109

AVERAGE PRICE/KWH SOLD (Cents/kWh)		
12 months ended September 30		
	2007	2006
Lake Chelan	1.08	1.08
Rocky Reach	1.19	1.13
Rock Island	2.36	2.25

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. This information is provided for general information. Not all the information is intended for nor should it be relied upon for making investment decisions by current or prospective investors.