

FEDERAL ENERGY REGULATORY COMMISSION
Office of Energy Projects
Division of Dam Safety and Inspections
Portland Regional Office
101 S.W. Main Street, Suite 905
Portland, Oregon 97204

JUN - 5 2007

In reply refer to:
P-637-WA
NATDAM-WA00004

Ms. Michelle Smith
License Compliance Manager
PUD No. 1 of Chelan County
P.O. Box 1231
Wenatchee, WA 98807-1231

Dear Ms. Smith:

This is to acknowledge your January 5, 2007 letter transmitting the report in accordance with the requirements of Article 302 of the Order on Offer of Settlement and Issuing New License for the Lake Chelan Hydroelectric Project, FERC No. 637. Article 302 requires submission of a report describing the effects of reservoir drawdown limitations imposed by the license on local flooding and spillway adequacy of the project dam.

We have reviewed the information and concur that the new license requirements will allow greater flexibility by accommodating the snow pack volume in a given year with reservoir storage. This will also reduce the likelihood of flooding upstream and downstream of the dam. Your filing adequately addresses Article 302. Thank you for your cooperation relative to project safety.

If you have any questions, please contact Mr. Jon Miyashiro at (503) 552-2732.

Sincerely,



Patrick J. Regan, P.E.
Regional Engineer