



PUBLIC UTILITY DISTRICT NO. 1 *of* CHELAN COUNTY

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February 12, 2008

VIA ELECTRONIC FILING

Honorable Kimberly D. Bose, Secretary
FEDERAL ENERGY REGULATORY COMMISSION
888 First Street, NE
Washington, DC 20426

Re: **Lake Chelan Hydroelectric Project No. 637-022**
Request for Time Extension - Minimum Flows in Chelan River and Reach 4 Stream
Channel Improvements

Dear Secretary Bose:

The Public Utility District No. 1 of Chelan County, Washington (Chelan PUD or Licensee) hereby files a request for a two-year extension of time to November 6, 2010, to complete the construction of facilities for a minimum flow release system in the Chelan River and Reach 4 stream channel improvement in accordance with the Federal Energy Regulatory Commission's (Commission) "Order on Offer of Settlement and Issuing New License"¹ (License) and "Order on Rehearing"² for the Lake Chelan Hydroelectric Project (Project) on November 6, 2006, and April 19, 2007, respectively. Appendix D of the new license, the water quality certification, as well as the *Threatened and Endangered Species Protection Plan* approved by Commission staff pursuant to Article 408 require that construction of these facilities be completed within two years of the date of the license order.

Chelan PUD recently completed design of the facilities for a minimum flow release system in the Chelan River and Reach 4 stream channel improvements, including designs for 1) a low level outlet at the dam, 2) Reach 4 hydraulic control structure and enhanced stream channel, 3) powerhouse tailrace channel improvements, and 4) a pump station to deliver water into the

¹ 117 FERC ¶ 62,129

² 119 FERC ¶ 61,055

Reach 4 stream channel. Design documents were submitted to the Commission's Regional Engineer on November 30, 2007 for approval.

Accordingly, updated construction schedules have identified the need for more time to complete these items than originally anticipated in the Comprehensive Settlement Agreement submitted as part of the License Application on October 8, 2003. Pending Commission approval of the design documents, Item 3, powerhouse tailrace fish habitat improvements, is currently scheduled to be completed by November 6, 2008.

Reason for Request

Design and bidding documents for construction of the facilities to provide the minimum flow in the Chelan River, a hydraulic control structure and stream channel in Reach 4, and improvements for fish habitat in the powerhouse tailrace have recently been completed and permits are pending. The current estimated schedule for completing the system for minimum flow in the Chelan River, Reach 4 stream channel, and pump station is September 2009, one year beyond the current deadline.

However, Chelan PUD is requesting a two-year extension, to November 2010, due to the short available annual in-water work window and unpredictability of spill in the Chelan River due to annual snow pack and run-off conditions. The in-water work for pump station construction and Reach 4 habitat enhancements is estimated to take 12 weeks. The current August 1 to September 30 in-water work window is only eight weeks. Consequently, Chelan PUD will request from the appropriate fish management agencies to increase the length of the in-water work window to accommodate the 12-week construction schedule. Another component that may affect the Chelan River Project construction schedule is spill occurring in the Chelan River. If snow pack is high in 2008 and 2009, spill could be necessary to control lake level into July, thus reducing the amount of time in that particular year to conduct construction activities. Therefore, if spill is required during July 2009, final construction activities could be pushed into 2010.

Consultation Completed

Chelan PUD has consulted with the Chelan River Fishery Forum (CRFF) comprised of the following agencies: Washington State Department of Ecology, Washington State Department of Fish and Wildlife, United States Forest Service, National Park Service, United States Fish and Wildlife Service, National Marine Fisheries Service, Confederated Tribes of the Colville Reservation, Confederated Tribes and Bands of the Yakama Nation, Confederated Tribes of the Umatilla Indian Reservation, City of Chelan, Lake Chelan Sportsman's Association.

Chelan PUD met with the CRFF four times during 2007 to review and discuss design drawings for the Reach 4 hydraulic control structure and stream channel enhancements, powerhouse tailrace habitat enhancement, pump station, and low level outlet at the dam. The CRFF construction schedule and need for time extension was discussed during the June 28 and October 16, 2007 meetings. The CRFF supports the request for an extension of time and the documentation of correspondence is included in the consultation package as Exhibit A of this submittal.

Chelan PUD also met with Patrick Regan, Ed Perez, Doug Boyer, and Erich Gaedeke, Commission's Portland Regional Office staff, on July 24, 2007, and Hossein Ildari and other Commission Washington DC staff on December 5, 2007 to discuss the projects and need for a time extension.

Accordingly, Chelan PUD respectfully requests an extension, to November 6, 2010, of the deadline to complete the construction of facilities for a minimum flow release system in the Chelan River and Reach 4 stream channel improvements per License Article 408. In accordance with license Article 405, Chelan PUD will file with the Commission a status update regarding associated construction activities for the minimum flow release system and Reach 4 stream channel improvements in the Annual Flow Report due February 28, 2009. The filing will include comments and/or recommendations from the consulted agencies and Chelan PUD's response to any comments.

Please contact me or Steve Hays (509-661-4474) of my office regarding any questions or comments regarding this request.

Sincerely,

Michelle Smith
Licensing and Compliance Manager
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cc: Hossein Ildari, FERC Washington DC
Erich Gaedeke, FERC Portland Regional Office
Jon Miyashiro, FERC Portland Regional Office

Attachments:

Exhibit A – Consultation Package