



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY

P.O. Box 1231, Wenatchee, WA 98807-1231 • 327 N. Wenatchee Ave., Wenatchee, WA 98801
(509) 663-8121 • Toll free 1-888-663-8121 • www.chelanpud.org

June 6, 2008

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

**Re: Rocky Reach Hydroelectric Project No. 2145
Application for Approval of Exchange of Project Lands**

Dear Secretary Bose:

The Public Utility District No. 1 of Chelan County, Washington (Chelan PUD), licensee for the Rocky Reach Hydroelectric Project No. 2145 (Project), hereby requests the Federal Energy Regulatory Commission (Commission) to approve an exchange of approximately 0.5 acres owned by Chelan PUD from the Project boundary for 8.53 acres owned by the City of Entiat (Entiat), which is currently part of Entiat Park and the Project's Exhibit R and within the Project boundary. The project is located on the Columbia River in the City of Entiat, Chelan County, Washington.

Background and description of the City of Entiat's land (Parcel A)

Chelan PUD developed the Entiat Park as a part of Chelan PUD's Exhibit "R" requirements for the Project. The park consists of three parcels of land. The two parcels on each end of the park are owned by Chelan PUD. The center parcel (Parcel A) is owned by the City of Entiat (Entiat) and is an area of 8.53 acres (see Exhibits A and B). Parcel A and the two parcels owned by Chelan PUD were developed together and function as one park. Currently, Chelan PUD has a lease and operating agreement with Entiat for the park (see Exhibit G). The acquisition of Parcel A will give Chelan PUD ownership of the entire Entiat Park.

Parcel A is located on the Columbia River at approximately river mile 484. It is located 11 miles upstream from the Project and has approximately 1280 linear feet of shoreline. Parcel A is portions of Government Lot 3, Section 16 and Government Lot 6, Section 9, Township 25 North, Range 21, EWM (see Exhibit E).

Parcel A is a portion of an established park and the Project's Exhibit R and entirely within the Project boundary. No revisions will be necessary to the Project's Exhibit R or boundary.

Description of Chelan PUD's lands (Parcel B and C)

Chelan PUD owns two parcels of waterfront land located approximately 1,500 feet northeasterly of Entiat Park. The total acreage of these two parcels equals 8.53 acres (see Exhibit A). The combined area of Parcels B and C within the Project boundary is approximately 0.5 acres.

- Parcel B is 7.0 acres and includes approximately 17,309 square feet (or 0.4 acres), which is within the Project boundary (see Exhibit C). The parcel is located on the Columbia River at approximately river mile 485. It is located approximately 12 miles upstream from the Project and has approximately 1,460 linear feet of shoreline. Parcel B is a portion of Government Lots 2 and 3, Section 9, Township 25 North, Range 21, EWM (see Exhibit E).
- Parcel C is 1.53 acres and includes approximately 4,266 square feet (or 0.1 acre), which is within the Project boundary (see Exhibit D). The parcel is located on the Columbia River at approximately river mile 486. It is located approximately 13 miles upstream from the Project and has approximately 250 linear feet of shoreline. Parcel C is a portion of Government Lot 8, Section 4, Township 25 North, Range 21, EWM (see Exhibit E).

Parcels B and C are bare land and have no specific value for Project purposes. Chelan PUD will retain the rights necessary for the operation and management of the Project by acquiring flowage easements to the 712.5-foot flood elevation level on both Parcels B and C. The form of the flowage easements is attached as Exhibit F.

No revision to the Project boundary will be necessary.

Documentation of consultation with appropriate agencies

Chelan PUD consulted with the Rocky Reach Recreation Forum and Rocky Reach Wildlife Forum (established in the Rocky Reach Project Comprehensive Settlement Agreement for relicensing) to ensure their concurrence with the proposed land exchange. These entities agreed with the land exchange. On May 7, 2008, comments were requested from the Confederated Tribes and Bands of the Yakama Indian Nation and the Colville Confederated Tribes. No comments were received from the Tribes. (See Exhibit H).

Land exchange justification

The proposed land exchange would give Chelan PUD ownership of the entire land within the Exhibit R's Entiat Park and the area would be consistent with the recreational purposes of the Project. The area would remain inside the Project's Exhibit R and Project boundary.

Please contact Tim Larson at (509)661-4240 or me if you have any questions or need any further information.

Sincerely,

PUBLIC UTILITY DISTRICT NO. 1
of CHELAN COUNTY, WASHINGTON



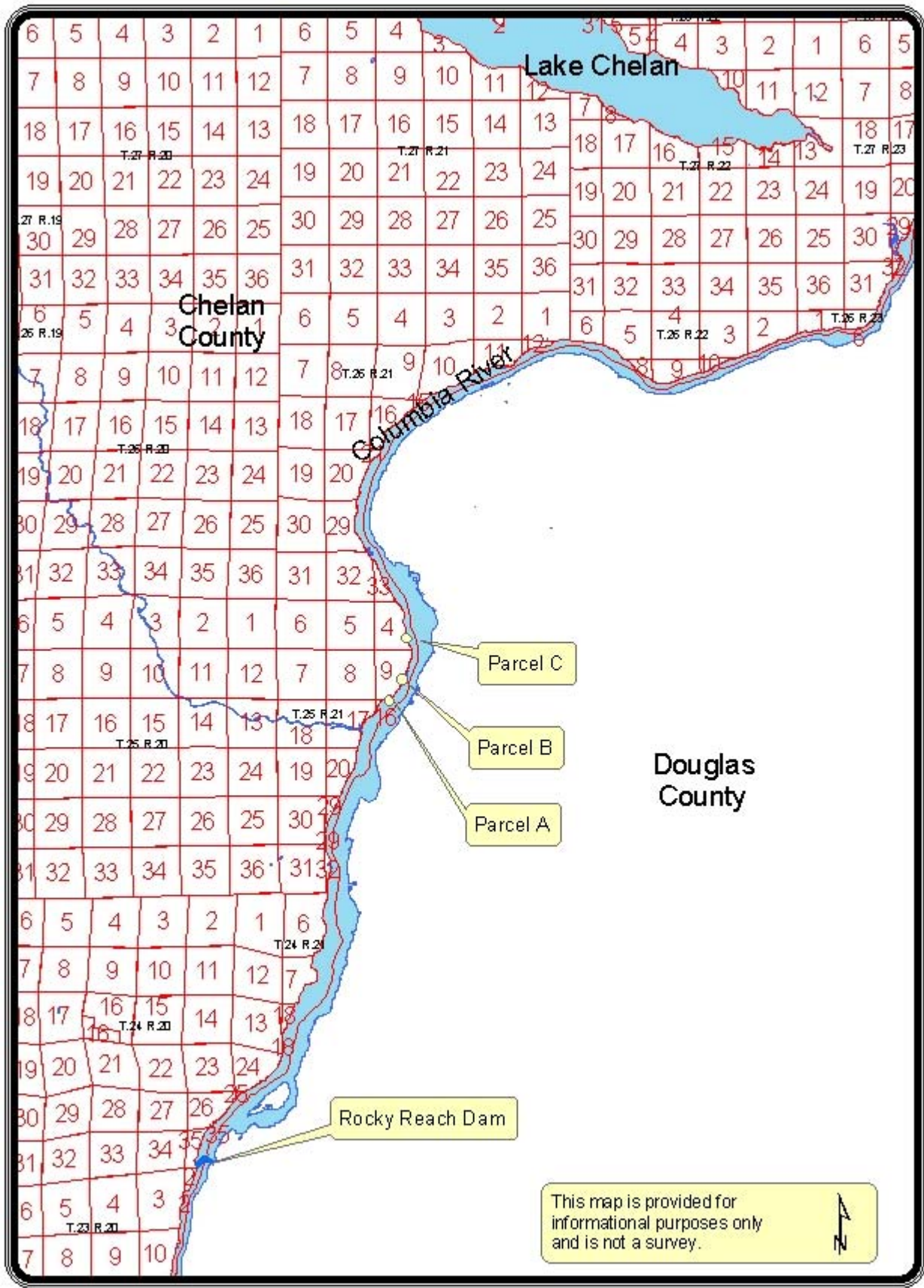
Michelle Smith
Licensing and Compliance Manager
michelle@chelanpud.org
(888)663-8121, Ext. 4180

cc: Erich Gaedeke, FERC Portland Office
Tim Larson, Real Estate Services, Chelan PUD

Enclosures:

- Exhibit A – Vicinity Map
- Exhibit B – Parcel A
- Exhibit C – Parcel B
- Exhibit D – Parcel C
- Exhibit E – Full Legal Description of Parcels A-C
- Exhibit F – Flowage Easements of Parcels B and C
- Exhibit G – Agreement
- Exhibit H - Consultation Documentation

Exhibit "A" - Vicinity Map



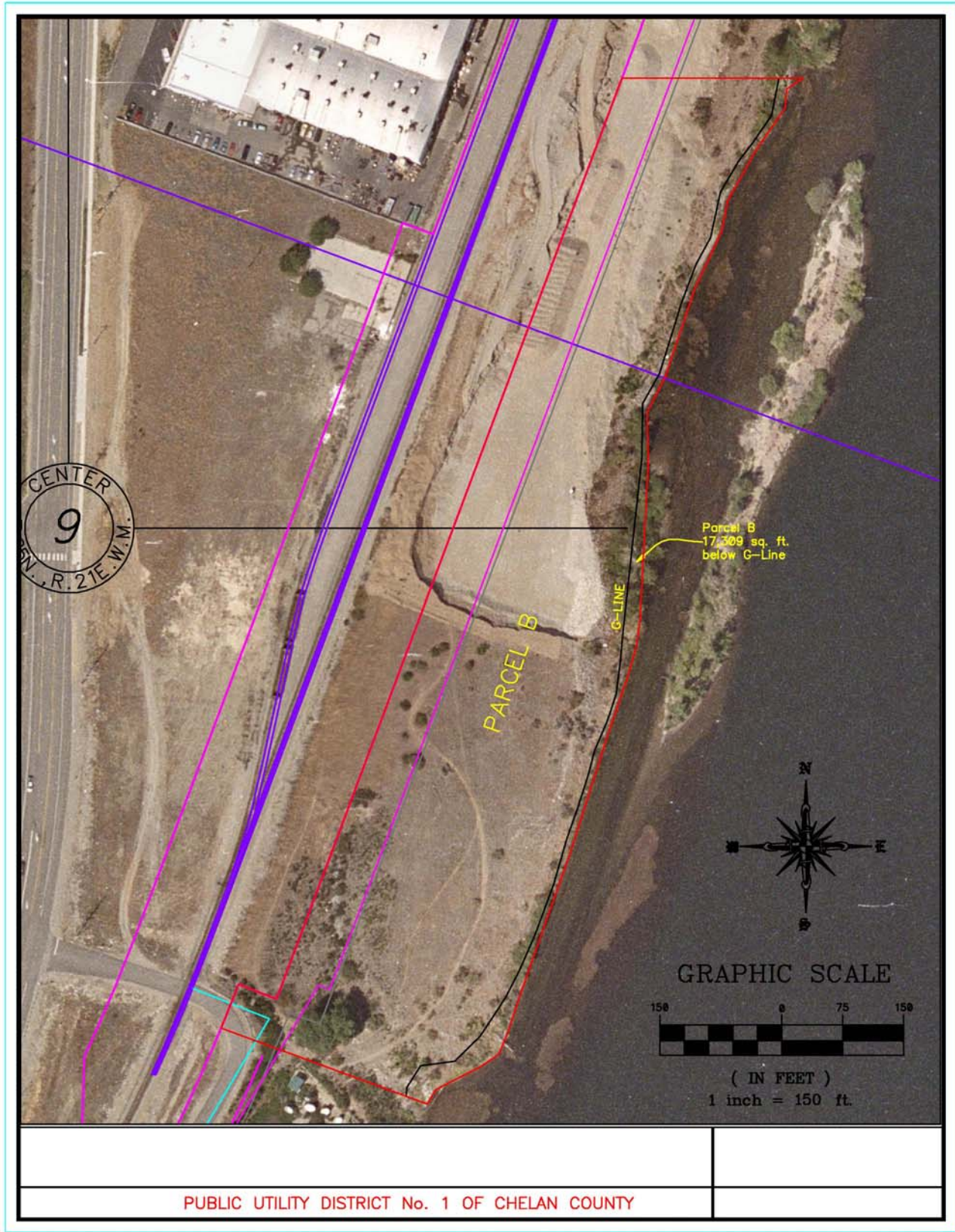
This map is provided for informational purposes only and is not a survey.



Exhibit "B" - Parcel A



EXHIBIT C – PARCEL B



PUBLIC UTILITY DISTRICT No. 1 OF CHELAN COUNTY

EXHIBIT D – PARCEL C

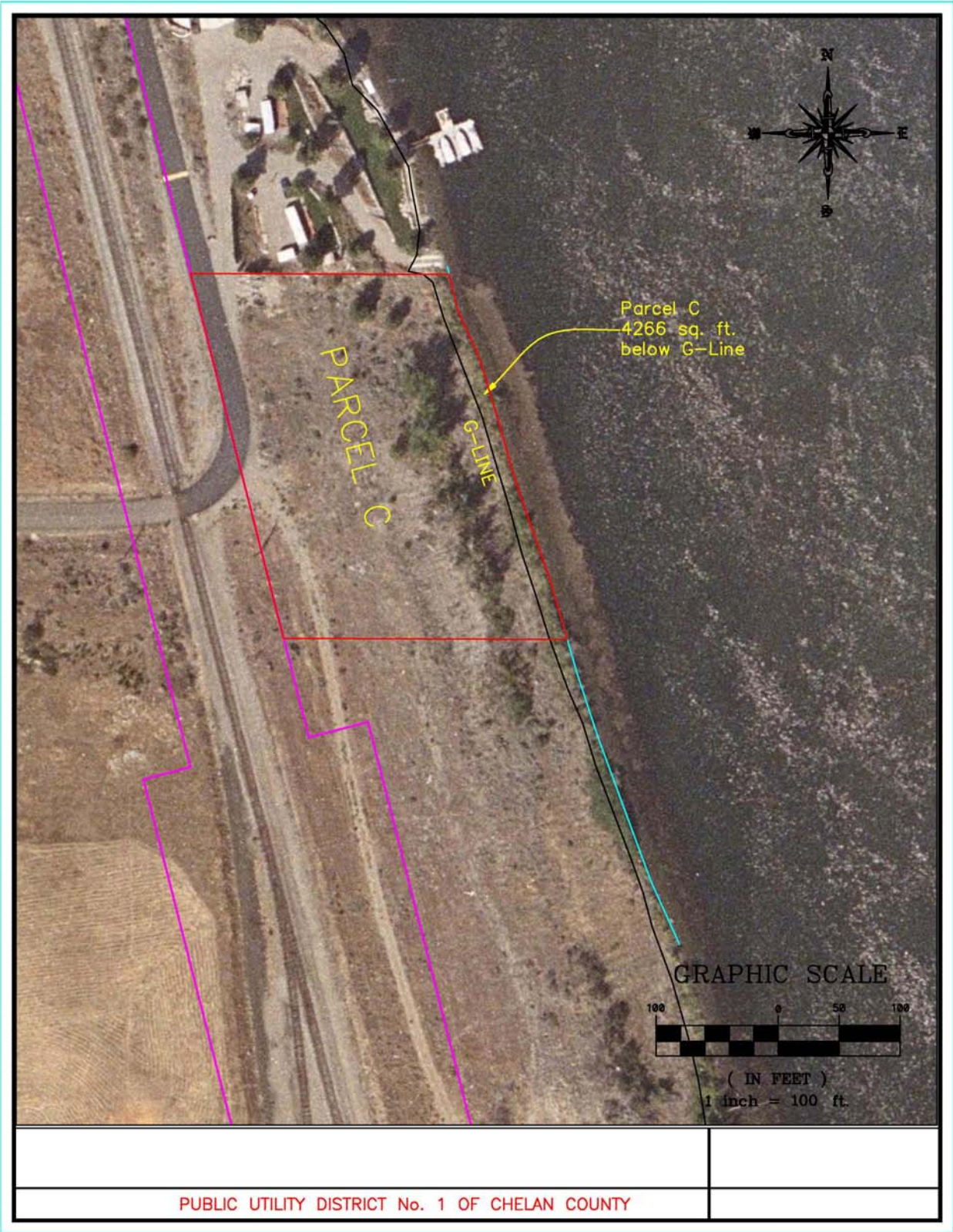


EXHIBIT E – FULL LEGAL DESCRIPTIONS FOR PARCELS A-C

PARCEL A

All that part of Lots 7, 8, 9, 10 and 11, Block 3, Plat of Entiat Fruitlands, Chelan County, Washington, and Lot 1, Block 2, Plat of Entiat Delta Orchards lying Westerly of Ordinary Highwater, lying Southeasterly of the right of way of the relocated Great Northern Railway Company's Railway, as shown on sheet 24 of 40 sheets, Plan and Profile for Railway and Highway Relocation, Chelan County, Rocky Reach Hydroelectric Project, and by this reference made a part hereof, and Northeasterly of the Southwesterly line of said Lot 1, Block 2, Plat of Entiat Delta Orchards, and Westerly of a line, which is parallel to and 225 feet Easterly from the west line of said Lots 7, 8 and 11, and Northwesterly of Primary State Highway #10 as it existed on January 1, 1959.

PARCEL B

A parcel of land situated in Township 25 North, Range 21 East, W.M., lying in the East Half of Section 9, Chelan County, Washington, being more particularly described as follows: That portion lying easterly of the railroad right-of-way, per sheets 22 and 23 of 40 Railroad Relocation Plans of the Rocky Reach Hydroelectric Project, North of the northerly boundary line and the extension thereof as per deed recorded in Book 646, Page 98, records of said county, West of the Columbia River and South of a line drawn parallel with and 2080.12 feet southerly of the North line of Section 9. Containing 7.00 acres, more or less.

PARCEL C

The North 299.20 feet of Government Lot 8, Section 4, Township 25 North, Range 21 East, W.M., lying Easterly of the former Great Northern Railway Wenatchee to Oroville spur line as shown on the Rocky Reach Railroad Relocation Deed Prints, Book 1, Page 53-B-4, as filed on February 18, 1969, under Document No. 688004, in Volume 691 at Pages 1663 and 1664, records of Chelan County, and Westerly of the Columbia River. Containing 1.53 acres, more or less.

EXHIBIT F – FLOWAGE EASEMENTS FOR PARCELS B AND C

(Parcel B)

FLOWAGE EASEMENT

The Grantor, CITY OF ENTIAT, a municipal corporation, hereinafter “Entiat”, in consideration of Ten Dollars (\$10), in hand paid and other valuable consideration, conveys and quit claims to PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, a municipal corporation, whose principal offices are at 327 North Wenatchee Avenue, Wenatchee, Washington, hereinafter “District”, and its successors and/or assigns, a perpetual easement as herein below described upon, under, over and across the following described real property (the “Subject Property”) located in Chelan County, Washington:

A parcel of land situated in Township 25 North, Range 21, EWM, lying in the East Half of Section 9, Chelan County, Washington, being more particularly described as follows: That portion lying easterly of the railroad right-of-way, per sheets 22 and 23 of 40 Railroad Relocation Plans of the Rocky Reach Hydroelectric Project, North of the northerly boundary line and the extension thereof as per deed recorded in Book 646, Page 98, records of said county, West of the Columbia River and South of a line drawn parallel with and 2080.12 feet southerly of the North line of Section 9. Containing 7.00 acres, more or less.

Said easement is for the following purposes and in accordance with the following terms and conditions:

1. **GRANT OF EASEMENT.** Grantor conveys and quit claims to the District, and its successors and assigns, a perpetual right and easement to impound upon, overflow and submerge the Subject Property and to raise the water level of the Columbia River and the water level and water table under, over and adjacent to the Subject Property to whatever elevation or elevations and for whatever duration or durations as the District in its sole discretion determines are necessary, including without limitation, for flood control purposes and other requirements or conditions to which the District is subject, but at no time shall said waters be permanently raised above 712.50 feet above sea level USC&GS Datum.

The Grantor also conveys and quit claims to the District, and its successors and assigns, the perpetual right and easement, without recourse upon or against the District, or its successors and assigns, to damage, temporarily, permanently, repeatedly or in any other manner or with any other frequency, the Subject Property, together with any and all improvements, appurtenances and personal property of any kind kept or maintained under, upon, adjacent to or appurtenant to the Subject Property,

and to damage, temporarily, permanently and/or repeatedly, the adjoining land by seepage, erosion or similar causes and to damage or contaminate the water supply appurtenant to the Subject Property, all as may be caused by overflow, erosion, seepage and/or similar causes, by the raising of water or water table whether artificially, naturally, temporarily or permanently.

TOGETHER with the perpetual right and easement in the District, its successors and assigns, to enter upon the Subject Property and to ingress and egress to and from the Subject Property across adjacent lands of the Grantor, for any purpose related to the District's operations, including, without limitation, construction, maintenance and operation of the Rocky Reach Hydroelectric Power Project.

TOGETHER with the perpetual right in the District to remove from the Subject Property all trees, debris, brush and structures then remaining on the Subject Property below 712.50 feet above sea level USC&GS Datum which may, in the reasonable judgment of the District, interfere with or be incompatible with the District's operations including, without limitation, construction, maintenance and operation of the Rocky Reach Hydroelectric Power Project.

TOGETHER with the perpetual right in the District to prohibit the construction and/or maintenance of any building, structures or improvements upon the Subject Property below 712.50 feet above sea level USC&GS Datum which may, in the reasonable judgment of the District, interfere with or be incompatible with the District's operations including, without limitation, the construction, maintenance and operation of the Rocky Reach Hydroelectric Power Project.

2. GRANTOR'S RELEASE OF DISTRICT. The Grantor in consideration aforesaid, does hereby release the District, and its successors and assigns, from all claims for damages that have accrued or may hereinafter accrue to the Grantor and/or to any or all of the Subject Property by reason of the impoundment, overflowing or flooding of water occasioned by the District's operations, including, without limitation, the construction, operation and/or maintenance of the Rocky Reach Hydroelectric Power Project on the Columbia River, Washington, or by the exercise of any or all of the rights, powers, privileges and easements hereinabove granted.

3. DISTRICT'S ACCEPTANCE. The District, and its successors and assigns, accept this Grant of Easement and hereby agree that there is reserved to the Grantor, and Grantor's successors and assigns, all such rights and privileges in and to the Subject Property as it may be used or enjoyed without interfering with or abridging the rights and easements hereinabove conveyed and which, in the reasonable judgment of the Commission of the District, are not detrimental to the District's operations, including, without limitation, the construction, operation and/or maintenance of the Rocky Reach Hydroelectric Power Project and/or are not in violation of the conditions of the District's license for the construction, operation and/or maintenance of the Rocky Reach Hydroelectric Power Project.

DATED this ____ day of _____, 200_.

CITY OF ENTIAT

KEITH W. VRADENBURG
MAYOR

State of _____)
) ss.
County of _____)

I certify that I know or have satisfactory evidence that KEITH W. VRADENBURG signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the MAYOR of the CITY OF ENTIAT to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature: _____

Notary Public

Commission expires: _____

(Parcel C)

FLOWAGE EASEMENT

The Grantor, CITY OF ENTIAT, a municipal corporation, hereinafter “Entiat”, in consideration of Ten Dollars (\$10), in hand paid and other valuable consideration, conveys and quit claims to PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, a municipal corporation, whose principal offices are at 327 North Wenatchee Avenue, Wenatchee, Washington, hereinafter “District”, and its successors and/or assigns, a perpetual easement as herein below described upon, under, over and across the following described real property (the “Subject Property”) located in Chelan County, Washington:

The North 299.20 feet of Government Lot 8, Section 4, Township 25 North, Range 21, EWM, lying Easterly of the former Great Northern Railway Wenatchee to Oroville spur line as shown on the Rocky Reach Railroad Relocation Deed Prints, Book 1, Page 53-B-4, as filed on February 18, 1969, under Document No. 688004, in Volume 691, at Pages 1663 and 1664, records of Chelan County, and Westerly of the Columbia River. Containing 1.53 acres, more or less.

Said easement is for the following purposes and in accordance with the following terms and conditions:

4. **GRANT OF EASEMENT.** Grantor conveys and quit claims to the District, and its successors and assigns, a perpetual right and easement to impound upon, overflow and submerge the Subject Property and to raise the water level of the Columbia River and the water level and water table under, over and adjacent to the Subject Property to whatever elevation or elevations and for whatever duration or durations as the District in its sole discretion determines are necessary, including without limitation, for flood control purposes and other requirements or conditions to which the District is subject, but at no time shall said waters be permanently raised above 712.50 feet above sea level USC&GS Datum.

The Grantor also conveys and quit claims to the District, and its successors and assigns, the perpetual right and easement, without recourse upon or against the District, or its successors and assigns, to damage, temporarily, permanently, repeatedly or in any other manner or with any other frequency, the Subject Property, together with any and all improvements, appurtenances and personal property of any kind kept or maintained under, upon, adjacent to or appurtenant to the Subject Property, and to damage, temporarily, permanently and/or repeatedly, the adjoining land by seepage, erosion or similar causes and to damage or contaminate the water supply appurtenant to the Subject Property, all as

may be caused by overflow, erosion, seepage and/or similar causes, by the raising of water or water table whether artificially, naturally, temporarily or permanently.

TOGETHER with the perpetual right and easement in the District, its successors and assigns, to enter upon the Subject Property and to ingress and egress to and from the Subject Property across adjacent lands of the Grantor, for any purpose related to the District's operations, including, without limitation, construction, maintenance and operation of the Rocky Reach Hydroelectric Power Project.

TOGETHER with the perpetual right in the District to remove from the Subject Property all trees, debris, brush and structures then remaining on the Subject Property below 712.50 feet above sea level USC&GS Datum which may, in the reasonable judgment of the District, interfere with or be incompatible with the District's operations including, without limitation, construction, maintenance and operation of the Rocky Reach Hydroelectric Power Project.

TOGETHER with the perpetual right in the District to prohibit the construction and/or maintenance of any building, structures or improvements upon the Subject Property below 712.50 feet above sea level USC&GS Datum which may, in the reasonable judgment of the District, interfere with or be incompatible with the District's operations including, without limitation, the construction, maintenance and operation of the Rocky Reach Hydroelectric Power Project.

5. GRANTOR'S RELEASE OF DISTRICT. The Grantor in consideration aforesaid, does hereby release the District, and its successors and assigns, from all claims for damages that have accrued or may hereinafter accrue to the Grantor and/or to any or all of the Subject Property by reason of the impoundment, overflowing or flooding of water occasioned by the District's operations, including, without limitation, the construction, operation and/or maintenance of the Rocky Reach Hydroelectric Power Project on the Columbia River, Washington, or by the exercise of any or all of the rights, powers, privileges and easements hereinabove granted.

6. DISTRICT'S ACCEPTANCE. The District, and its successors and assigns, accept this Grant of Easement and hereby agree that there is reserved to the Grantor, and Grantor's successors and assigns, all such rights and privileges in and to the Subject Property as it may be used or enjoyed without interfering with or abridging the rights and easements hereinabove conveyed and which, in the reasonable judgment of the Commission of the District, are not detrimental to the District's operations, including, without limitation, the construction, operation and/or maintenance of the Rocky Reach Hydroelectric Power Project and/or are not in violation of the conditions of the District's license for the construction, operation and/or maintenance of the Rocky Reach Hydroelectric Power Project.

DATED this ____ day of _____, 200_.

CITY OF ENTIAT

KEITH W. VRADENBURG
MAYOR

State of _____)
) ss.
County of _____)

I certify that I know or have satisfactory evidence that KEITH W. VRADENBURG signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the MAYOR of the CITY OF ENTIAT to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature: _____
Notary Public

Commission expires: _____

EXHIBIT G - AGREEMENT

AGREEMENT

THIS ENTIAT PARK MAINTENANCE AND OPERATION AGREEMENT entered into this ___ day of _____, 2004 by and between Public Utility District No. 1 of Chelan County, Washington (hereinafter "District") and the Town of Entiat (hereinafter "Entiat"), sometimes collectively hereinafter referred to as "Parties".

WITNESSETH

The District is required by the Federal Energy Regulatory Commission ("FERC") to provide recreational facilities as provided in the District's FERC License for the Rocky Reach Hydroelectric Project No. 2145 ("Rocky Reach Project");

The recreational use plan set forth in the District's FERC License for the Rocky Reach Project, includes real property described as Entiat Park Site No. 6 ("Entiat Park").

Entiat owns certain real property more fully described at Exhibit "A", attached hereto and incorporated herein by this reference, and improvements thereon, that are within Entiat Park.

The District owns certain real property more fully described at Exhibit "B", attached hereto and incorporated herein by this reference, and improvements thereon which are part of the Entiat Park.

Entiat is specially qualified and equipped to provide operation maintenance services for recreational facilities and by resolution has certified its willingness and capability to provide administration, operation and maintenance of certain recreation aspects related to the Entiat Park in cooperation with the District.

The Parties desire to enter into an agreement to provide for the joint operation and maintenance of the Entiat Park.

NOW, THEREFORE for and in consideration of the mutual covenants, agreements, provided herein, the Parties agree as follows:

1. Definitions.

- a. FERC - Federal Energy Regulatory Commission and its successors or assigns.
- b. “FERC License” - The FERC License for the Project, as such license is hereinafter amended, superseded or replaced.
- c. “Park Premises” - The real property identified at Exhibit “A” and “B”, including, inter alia, that real property upon which the Entiat Park has been developed.
- d. “Person” - is any individual, company, association, partnership or corporation.
- e. “Project” - is the Rocky Reach Hydroelectric Project No. 2145.
- f. “Entiat Park” - is the park located on Park Premises and described in the District’s FERC License as Entiat Park Site No. 6.
- g. “Agreement” - Is this Entiat Park Maintenance and Operation Agreement, together with any and/or all exhibits, addenda, and/or revisions thereto.

2. Use of Park Premises. The Parties, subject to the rights and obligations set forth in or as a result of the District’s FERC License, shall have the right to use the Park Premises and all facilities thereon for the purposes necessary or appropriate for the administration, operation and maintenance of the Entiat Park. Such use shall be subject to and in accordance with the provisions of any and all leases, permits, deeds, covenants, and/or other documents or agreements related to the real property which comprise the Park Premises copies of which documents are incorporated herein as part of this Agreement by this reference.

Entiat hereby expressly grants and allows the District and its agents, employees and contractors the right to enter upon the property owned by Entiat, described in Exhibit “A”, attached hereto, and to improve, construct, alter, maintain, repair and/or improve the property and/or improvements upon said property as deemed necessary, in the District’s discretion, for the construction, improvement, operation, maintenance, and/or repair of Entiat Park.

3. Management and Operation. The parties shall jointly administer, operate and maintain the Entiat Park and the Park Premises in accordance with the terms and conditions of this Agreement, the documents referred to in Section 2 “Use of the Park Premises”, and in accordance with the uses and purposes provided in the District’s FERC license.

4. Term. Unless terminated pursuant to the terms of Agreement, this Agreement shall be in effect from the day and year above first written and for the duration of the District's FERC License as modified or amended, together with any extensions or re-licenses thereof, whichever period is longer.

5. Ownership. All fixtures, improvements and facilities presently in place on that portion of the Park Premises owned by the District and all fixtures, improvements and facilities furnished by the District for the Entiat Park shall remain the property of the District. Any improvements, alterations, repairs, replacements to existing property and/or any new facilities, subject to Section 6 hereof, placed on that portion of the Park Premises owned by the District by or at the direction of Entiat shall become the property of the District at the expiration or termination of this Agreement, whichever shall first occur.

Any improvements, alterations, repairs, replacements to existing property and/or any new facilities, subject to Section 6 hereof, placed by Entiat on that portion of the Park Premises owned by Entiat shall become the property of Entiat at the expiration or termination of this Agreement, whichever shall first occur.

6. Alterations, Improvements and/or New Facilities. Entiat shall not make any alterations and/or improvements, including the placement and construction of new facilities, to the Park Premises and/or the Entiat Park without first submitting a written proposal to the District and obtaining the prior written approval of the District. Any and all alterations, improvements and/or new facilities shall fully comply with 1) the terms and conditions of this Agreement, 2) any and all applicable local, county, state and federal laws, rules, regulations, ordinances, conditions and requirements, 3) the District's FERC License, 4) the documents referred to Section 2 hereof, and 5) any additional conditions deemed appropriate by the District in its sole discretion as a condition of approval said alterations, improvements and/or new facilities. Unless otherwise agreed in writing, the allocation of and responsibility for all costs, fees, including application fees, expenses, studies, inspections, plans, preconditions, and the cost of construction related to any alteration, improvement and/or new facility shall be governed by Section 9, Management Program.

7. Development and Landscaping. The Parties agree that all development and landscaping performed on the Park Premises and/or the Entiat Park shall be in accordance with plans approved in advance by the District and shall be in conformance with all appropriate building and health codes and any and all local, county, state, and federal laws, rules, regulations, ordinances, conditions and requirements.

8. Compliance with Law. The Parties agree that in fulfilling their obligations hereunder they shall conform to and comply with all laws, rules, regulations, conditions and/or restrictions promulgated by FERC or any other federal, state, county or local agency having jurisdiction over the Project, the Park Premises and/or Entiat Park.

9. Management Program. The Parties shall jointly manage, administer, maintain and operate the Entiat Park and the Park Premises in accordance with an annual Management Program to be mutually agreed upon between Entiat and the District. (Hereinafter “Management Program”). The Management Program for each year will be clearly labeled as such and will be attached to this Agreement as Exhibit “C” and incorporated herein as a part of this Agreement. With the consent of both Parties the annual Management Program may be amended from time to time as may be necessary. The annual Management Program shall include, but shall not be limited to, the following:

- a. Plan for management, administrative, maintenance and operations of activities of the Park Premises and Entiat Park to be undertaken 1) solely by Entiat, 2) solely by the District, and/or 3) jointly by the District and Entiat, including capital improvements and other facilities to be constructed altered and/or repaired, if any.
- b. Annual report on the management, administration, budget, maintenance, capital development and other accomplishments, and problems, for the preceding year.
- c. Proposals for modification of management policies or procedures, or any other part of the annual management program.
- d. The systematic recording system reflecting public use of the facility.
- e. A budget approved by the District and Entiat to enable them to carry out the joint management, administration, maintenance and operation responsibilities for the next year.

10. Facilities, Services, Concession Agreements. The Parties shall, either directly or through agreements with third parties, provide the services, personnel and equipment necessary to make the improvements and facilities of Entiat Park available to the public in accordance with public demand. All agreements between the Parties, or either of them, and third parties shall expressly state that they are granted subject to all terms and conditions of this Agreement, the FERC license, the documents referenced in Section 2, and any and all local, county, state, and/or federal laws, rules, regulations, ordinances and/or restrictions and no such agreement shall be effective until the terms and conditions thereof are expressly approved in writing by the District.

11. Admission or User Fees. Admission, entrance, or user fees may only be charged by the Parties for entrance to or use of the Park Premises or facilities constructed thereon, in accordance with the Management Program and provided prior written approval of the District is obtained.

12. Use of Revenues from Concessions and User Fees. Subject to the appropriation by their governing bodies, the Parties agree to expend on the Park Premises and/or Entiat Park for maintenance, operation and development, the amounts set out in the current year's Management Program (Exhibit "C"). Expenditures shall be at least equal to any fees and charges received from concessions, admissions, or user fees. Any monies not so utilized by Entiat, or programmed for utilization within a reasonable time, shall be remitted to the District for use, improvement and/or operation and maintenance for this or any other recreational site provided by the District.

13. Right of Re-Entry and Access. The District reserves the rights for its officers, agents, and employees, to enter upon land and water areas, referred to in this Agreement at any time for any purpose necessary or convenient, in the District's sole discretion, to its operation of the Rocky Reach Project. The District expressly reserves the right to make such other use of the Park Premises and Entiat Park as may be necessary in connection with the Rocky Reach Project. If the District elects to re-enter and re-take any part of the land for any lawful purpose, connected with the Rocky Reach Project, Entiat shall have no claim for damages of any character on account thereof against the District or any of its agents, officers or employees and hereby expressly waives any and all such claims.

14. Liability Insurance. The Parties shall at all times during the term of this Agreement at their sole expense, keep in force the following minimum insurance coverages or equivalent self-insurance.

a. Commercial general liability insurance in the standard form covering the Park Premises as well as each respective party's administration, operation, and maintenance of the Park Premises and the Entiat Park and insuring against liability of any Party, including without limitation the District, Entiat, their agents, employees, and officers for bodily injury, personal injury and death and property damage occasioned by accident or disaster in the amount of not less than One Million Dollars (\$1,000,000.00) with respect to any one accident or disaster and Two Million Dollars (\$2,000,000.00) aggregate. Said insurance shall provide "occurrences" coverage not "Claims Made" coverage and verification of the "occurrences" coverage must be indicated on the Certificate of Insurance or letter of self insurance.

b. Each party will carry and maintain automobile liability insurance covering any auto, truck or other motor vehicle used by said party and/or any of its employees, agents, officers, or representatives in connection with the fulfillment of said party's obligations under this Agreement, including without limitation, said party's use, operation, maintenance and administration of the Park Premises and/or the Entiat Park. Such coverage

shall have a combined single limit per occurrence for bodily injury and property damage of not less than One Million Dollars (\$1,000,000.00).

- c. All policies and insurance required by this Agreement shall include the District, as the owner of the property identified at Exhibit “B”, and an additional insured. If coverage is placed commercially, a copy of the additional insured endorsement shall be submitted with the Certificate of Service. The coverage afforded to the District as an additional insured shall be primary and not excess or contributing to any other insurance held by the District or any District self-insured program. The insurance provided shall apply separately to each insured. The separate coverage requirement may be met by cross liability clause, a severability of interest clause, or an acceptable definition of the term “insured”. Evidence of primary coverage and cross liability clause shall be included on the Certificate of Insurance.
- d. The Parties will provide one another with written evidence of insurance certifying compliance with the provisions of this section.
- e. All liability insurance policies shall include a provision to the effect that the insurance policy shall not be subject to cancellation, lapse, or to reduction in the required limits of liability or amount of insurance until notice has been mailed to the District by the insuring company stating the date of such cancellation, lapse or reduction shall be effective, which date shall not be less than 30 days after the mailing of such notice. It is Entiat’s sole responsibility to insure that evidence of insurance (in the form of either a letter of insurance or certificate of self insurance) is provided to the District and kept current for the duration of this Agreement.
- f. Entiat shall not cause any insurance policy required under this Agreement to cancel or permit any such policy to lapse.
- g. Entiat shall require in every contract, permit and/or agreement under which work will be performed or services provided on the Park Premises and/or Entiat Park that any contractor, service provider, user and/or permittee and any sub-contractors carry and maintain liability insurance with minimum limits as specified above for the duration of the construction project. Entiat shall require that the District and Entiat be named as additional insureds under the contractor’s (or any sub-contractor’s) liability insurance policies in connection with any construction project.

h. These insurance requirements shall be reviewed periodically by the Parties and adjusted as deemed appropriate by the District.

15. Worker's Compensation Insurance. In addition to such other insurances as may be required under this Agreement, the Parties, at their sole expense, shall also maintain Worker's Compensation Insurance in an amount and type required by law for all employees under this Agreement who may come within the protection of the Worker's Compensation laws. Entiat shall maintain employer's liability insurance in an amount and form and with a company and agency satisfactory to the District for the benefit of all employees not protected by Worker's Compensation laws. Verification of Worker's Compensation insurance and employee liability coverage will be included in a certificate of insurance and evidence thereof shall be provided to the District. Entiat hereby waives subrogation against the District for any Worker's Compensation claims arising from or connected to this Agreement. Entiat shall provide similar insurance similar to Worker's Compensation insurance expressly for the purpose of covering volunteer workers.

16. Insurance Shall Not Limit Liability. The insurance coverage, limits and benefits required by this Agreement, or in any other Agreement related to the use, operation, maintenance, or alteration or improvement of the Park Premises and/or the Entiat Park, shall not be deemed to limit any party's liability to the other party or to any third party.

17. Property Insurance. The District assumes no responsibility for the real and personal property of Entiat on the Park Premises or Entiat Park. Insurance for said property is the sole responsibility of Entiat.

18. Indemnification. Entiat expressly assumes the risk of all use of, or activities related to, District lands, including without limitation the Park Premises and the Entiat Park and its facilities, for the use, improvement, installation, operation or maintenance of the Park Premises and/or the Entiat Park. The District assumes no responsibility for loss or damage to any party resulting from the use, improvement, installation, operation and maintenance of the Park Premises or the Entiat Park by Entiat, its agents, employees, officers, and/or representatives, or for any loss or damage arising out of or in anyway related to Entiat's fulfillment of its obligations under this Agreement, regardless of the cause. Entiat expressly agrees to indemnify, defend, and hold harmless the District against any and all claims, demands, expenses, costs or judgments (including attorney's fees and costs) arising from the loss or damage to the Park Premises, the Entiat Park (including any now existing or future facilities, improvements and/or alterations), personal property and equipment, fixtures, or injury to or death of any person or persons occurring directly or indirectly from Entiat's employees, agents, invitees, or any third party's use, alteration, and/or maintenance of the Park Premises, the Entiat Park, and/or any of the Park facilities or improvements during the term of this Agreement. Entiat shall also be responsible for the payment of all fees, costs, and expenses reasonably incurred by the District, its agents, officers, and employees, in defending against any claim or action heretofore specified, except for District negligence. Entiat shall

include language in any construction contracts connected with the use, operation, and maintenance of the Park Premises and/or the Entiat Park or the fulfillment of any obligations required or permitted under this Agreement that the contractors and any sub-contractors will indemnify, defend and hold harmless the District and Entiat from any and all claims, demands, expenses, costs and judgments (including attorneys fees) arising from or in anyway related to the work or activities of the contractor, any sub-contractor, and/or any employee, agent, officer, or representative of the same.

This indemnification includes, without limitation, any liability for injury to the person or the property of Entiat, its agents, officers, employees, invitees, contractors or sub-contractors. Entiat specifically waives any immunity provided by Title 51 RCW, Washington's Industrial Insurance Act. The provisions of this section shall survive the expiration or termination of this Agreement.

19. Encumbrances. This Agreement is subject to all existing easements, and all easements subsequently granted by the District for purposes consistent with the duties and obligations of the District under its FERC License as granted by FERC to the District for the operation of the Rocky Reach Project. The District expressly reserves the right to grant any and all such easements which, in its sole discretion, it deems necessary. This Agreement shall in no way limit the District from granting such easements.

20. Assignability of Rights and Delegation of Duties. Neither Entiat's rights nor its duties hereunder shall be delegable without prior written approval of the District.

21. Non-Discrimination. Neither Entiat nor its concessionaires, employees, agents, officers or representatives shall discriminate against any person or persons because of race, creed, color, sex or national origin in the management, administration, operations or maintenance of the Park Premises and/or the Entiat Park. Entiat and its employees, agents, officers and representatives shall comply with all local, county, state and federal statutes, laws, regulations and ordinances regarding discrimination and equal protection.

22. Termination. This Agreement may be terminated by either Entiat or the District at any time by giving at least twelve (12) months prior notice to the other party in writing. In addition, the District may terminate this Agreement on Entiat's default of any provision of this Agreement, provided that any such default continues and is not remedied to the District's satisfaction within thirty (30) days of Notice of Default.

23. Effect of Termination. On or before the date of the expiration of this Agreement Entiat shall vacate the Park Premises and Entiat Park and return the same to the District in good condition, normal wear and tear excepted. In the event that the District gives notice of termination as provided herein. Entiat shall vacate and restore the Park Premises and Entiat Park on or before the effective date of termination or at such later time as designated by the District. If however, this Agreement is terminated by the District for Entiat's default then

Entiat shall vacate the Premises and restore the Premises within such time as designated by the District. In the event Entiat fails or neglects to remove property and restore the Premises, then all property not removed shall become the property of the District without compensation and no claim for damages against the District or its officers or agents shall be created or made on account thereof.

24. Inventory/Equipment. As of the date of the commencement of this Agreement, the Parties shall provide for an inventory and condition report of all District owned and Entiat owned property and equipment to be included as part of the Park Premises and/or the Entiat Park. Such inventory and condition report shall be attached hereto as Exhibit "D". Upon the expiration, relinquishment or revocation of this Agreement, a similar inventory and condition report shall be prepared by the Parties so as to provide a basis for settlement by the Parties for any property shown to be lost, damaged or destroyed. This inventory and condition report shall be updated from time to time as improvements are placed upon the Park Premises or Management Program to be furnished by the District as supplied or replaced.

25. Equipment. The Parties shall, as part of the Management Program, Exhibit "C", designate the personal property and Equipment ("Equipment") that shall be available for use in the operation and maintenance of the Park Premises and Entiat Park. The Management Program shall provide which Parties shall have access to said equipment and on what notice and conditions, provided, however that in every case the Party using equipment at the time of damage shall be responsible for the costs of repair of said damage.

26. Delay Beyond Control of the Parties. Neither of the Parties hereto shall be liable to the other party on account of any delay or inability to perform any obligation hereunder when the delay or inability is due to a cause beyond the control of the party in default. If any delay caused for a reason beyond the control of the Party in default, the other Party shall have the power to extend the time for performance of any act required by the other Party.

27. Notification. All notices to be given pursuant to this Agreement shall be addressed to:

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY:

TOWN OF ENTIAT:

Notice shall be deemed to have been given when enclosed in a properly sealed envelope or wrapper addressed as above set forth and deposited, post pre-paid, in a post office or branch post office of the United States Government. In the event land and water

conservation funds or Washington State Interagency Committee for Outdoor Recreation funds have been used on the project, notification pursuant to this Agreement shall include those agencies at addresses established by those agencies. The agency utilizing such funds shall be responsible for initial notification to all affected parties.

28. Modifications. This Agreement can only be modified in writing signed by the authorized representative of each party.

29. No Partnership. This Agreement shall not interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligations or liability on either party. Further, no party shall have right, power or authority to enter into any contract or commitment for or on behalf of, to act as or be an agent or representative of or to otherwise bind the other party.

30. Entire Agreement Modification. This Agreement constitutes the entire Agreement between the Parties and supersedes all previous communications between the Parties, either verbal or written, with respect to the operation and maintenance of the Park Premises and/or the Entiat Park, except as otherwise provided herein. No modifications of this Agreement shall be binding upon the parties or either of them unless such modifications are in writing signed by each party.

31. Binding Effect. This Agreement shall be binding upon the Parties and their successors and assigns.

32. Conflict and Precedence. This Agreement and the Exhibits hereto are complementary and what is called for by any one of them shall be as binding as if called for by all. In the event there are any provisions or requirements contained in the Exhibits to this Agreement that conflict with the provisions of this Agreement, the provisions of this Agreement shall take precedence.

33. Application Law - Venue. This Agreement shall be governed by the laws of the state of Washington, and in the event of the legal action becomes necessary to enforce any provision hereof venue shall be Chelan County, Washington.

34. Attorney's Fees. In the event it is necessary for either party to utilize the services of an attorney to enforce any of the terms of this Agreement such enforcing party shall be entitled to compensation for its reasonable attorneys fees and costs. In the event of litigation regarding any of the terms of this Agreement the substantially prevailing party shall be entitled, in addition to other relief, to such reasonable attorneys fees and costs as determined by the court.

IN WITNESS WHEREOF the Parties have hereunto set their hands and seals on the day and year above first written.

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY

By _____
Charles J. Hosken, Manager
Chief Executive Officer

CITY OF ENTIAT

By _____
Its: _____

EXHIBIT H – CONSULTATION DOCUMENTATION

ROCKY REACH RECREATION FORUM

Comments requested on Land Exchange
Rocky Reach Recreation Forum

Consultation Responses received by June 2, 2008

Rocky Reach Recreation Forum Members:

Steve Lewis, US Fish and Wildlife Service
Bill Fraser, Washington State Parks
Bob Huber, Alcoa
Bob Whitehall, City of Entiat
Dennis Beich, Washington Department of Fish and Wildlife
Jim Harris, Washington State Parks
Jim Eychaner, Resource Conservation Office (formally IAC)
Keith Vradenburg, City of Entiat
Neal Hedges, Bureau of Land Management
Susan Rosebrough, US Parks Service

The following e-mail was sent to Rocky Reach Recreation Forum Member on
May 8, 2008:

Good afternoon,

I am attaching a letter describing 2 land exchanges on which Chelan PUD would like to request approval from FERC. As a member of the Rocky Reach Recreation Forum, your comment on these two land exchanges on the Rocky Reach Reservoir is requested. If I do not hear back from you within 30 days, we will proceed with this request from FERC.

As always, if you have comments or questions, they are welcome. You can contact me by return e-mail or by calling me at 509-661-4186.

Thank you!
Kris Pomianek
Recreation Resources Administrator

As of June 2, 2008, the following responses have been received:

Jim Harris:

Washington State Parks is supportive of the land exchanges requested by Chelan County PUD, as described in the attached document.

May 8, 2008

Keith Vradenburg:

I am in favor of the two land changes.

May 9, 2008

Bill Fraser:

Thanks for the maps. The proposed land exchanges look fine to me.

May 8, 2008

Jim Eychaner

I am supportive of the two land exchanges.

May 12, 2008

ROCKY REACH WILDLIFE FORUM

Sokolowski, Rosana

From: Osborn, Jeff
Sent: Friday, June 06, 2008 12:39 PM
To: Sokolowski, Rosana
Subject: FW: FW: Proposed Land Exchanges on Rocky Reach Reservoir



RR Land
<changes.doc (31 Ki

FYI.

Jeff Osborn
License Program Coordinator
Natural Resources Programs
Public Utility District No. 1 of Chelan County
327 North Wenatchee Avenue
PO Box 1231
Wenatchee, WA 98807-1231
Phone: 509-661-4176
FAX: 509-661-8203
Email: jeff.osborn@chelanpud.org

-----Original Message-----

From: Joseph J Kastenholtz [mailto:jkastenholtz@fs.fed.us]
Sent: Monday, June 02, 2008 1:25 PM
To: Osborn, Jeff
Cc: Robert A Martinez; Philip R Archibald; Philip R Archibald
Subject: Re: FW: Proposed Land Exchanges on Rocky Reach Reservoir

Jeff, none of these lands have any FS connection, So I'm not aware of any FS concerns. Since your turn around time is so short I'll respond to you and if any other FS folks see concern I missed, please say your peace. Thanks Joe

"Osborn, Jeff"
<jeffa@chelanpud.org>

06/02/2008 01:13
PM

"Tony Eldred"
<eldredte@dfw.wa.gov>, "Carl
Merkle" <carlmerkle@ctuir.com>,
"Dennis Beich"
<beichdvh@dfw.wa.gov>, "Joe
Kastenholtz"
<jkastenholtz@fs.fed.us>, "Mike
Kaputa"
<Mike.Kaputa@CO.CHELAN.WA.US>,

To

"Monda Matt" <mondamjm@dfw.wa.gov>,
"Neal Hedges" <nhedges@blm.gov>,
"Ron Bruno"
<ron.bruno@verizon.net>, "Steve
Lewis" <Stephen_Lewis@fws.gov>,
"Tracy Hames"
<tracyhames@yakama.com>, "Osborn,
Jeff" <jeffa@chelanpud.org>,
"Patrick Tonasket"
<Patrick.Tonasket@colvilletribes.co
m>, "Pope, Von"
<Von.Pope@chelanpud.org>

cc

"Sokolowski, Rosana"
<rosana@chelanpud.org>, "Bitterman,
Deborah"
<Deborah.Bitterman@chelanpud.org>,
"Smith, Jeff"
<jeffs@chelanpud.org>, "Moloney,
Terry" <Terryj@chelanpud.org>

Subject

FW: Proposed Land Exchanges on
Rocky Reach Reservoir

Dear Rocky Reach Wildlife Forum members: We have had a change in project schedule, and would like to send our Change of Status of Land within the Project Boundary for Necessary Flowage Easements and Revised Exhibit G letter to FERC by the end of this week, June 6, 2008. Please have any comments on the proposed action to me no later than Friday, June 6, 2008. My apologies for the short notice.

Jeff Osborn
License Program Coordinator
Natural Resources Programs
Public Utility District No. 1 of Chelan County
PO Box 1231
Wenatchee, WA 98807-1231
Phone: 509-661-4176
FAX: 509-661-8203

Email: jeff.osborn@chelanpud.org

-----Original Message-----

From: Osborn, Jeff

Sent: Tuesday, May 13, 2008 1:41 PM

To: Tony Eldred; Carl Merkle; Dennis Beich; Joe Kastenholz; Mike Kaputa; Monda Matt; Neal Hedges; Ron Bruno; Steve Lewis; Tracy Hames; Maureen Murphy; Osborn, Jeff; Pope, Von; Steve Judd

Cc: Smith, Michelle; Bitterman, Deborah; Moloney, Terry

Subject: Proposed Land Exchanges on Rocky Reach Reservoir

Dear Rocky Reach Wildlife Forum members: Attached is a memo outlining two land exchanges being proposed by Chelan PUD. As outlined in the memo, these land exchanges involve parcels along the Rocky Reach reservoir. As stated at the bottom of the memo, if there are any questions or concerns about the proposed land exchanges, then please contact me. If no comment is received within 30 days or receipt of this email, then we will be sending a letter to FERC requesting their approval for both land exchanges.

Jeff Osborn
License Program Coordinator
Natural Resources Programs
Public Utility District No.1 of Chelan County
PO Box 1231
Wenatchee, WA 98807-1231
Phone: 509-661-4176
FAX: 509-661-8203
Email: jeff.osborn@chelanpud.org
(See attached file: RR Land Exchanges.doc)

May 13, 2008

Memo to: Rocky Reach Wildlife Forum

From: Jeff Osborn

Regarding: Chelan County PUD Proposed Land Exchanges:

- Goodfellow Living Trust
- City of Entiat

As part of our consultation process that is required by FERC for our Rocky Reach license, I am asking for your comments on two land exchanges on the Rocky Reach Reservoir. The following is a description of the request:

Chelan County PUD (District) is seeking comments on the following proposed actions:

- 1) Land exchange between the District and Goodfellow Living Trust
- 2) Land exchange between the District and the City of Entiat

The first proposal involves exchange of a small District parcel lying between two Goodfellow parcels located along the west side of the Columbia River, approximately 3 miles south of Wells Hydroelectric Project, for essential flowage easements along 2/3rds of a mile of shoreline owned by Goodfellow.

The District parcel is unbuildable due to the Project Boundary Flood Line and is landlocked with no legal access rights. The District has reached an agreement with Goodfellow to exchange the parcel for necessary expanded flood rights over the adjoining riverfront land. The District is required by the Federal Energy Regulatory Commission (FERC) to acquire the expanded flood rights over the adjoining land to ensure adequate flood rights for a major flood event.

A flowage easement will be retained over the District's parcel, keeping it undevelopable below the Project Boundary Line. Simultaneously, the District will also acquire needed Amended Supplemental Easements over 2/3rds of a mile of adjoining Goodfellow land, which will also keep these lands undevelopable below the District's Project Boundary Line.

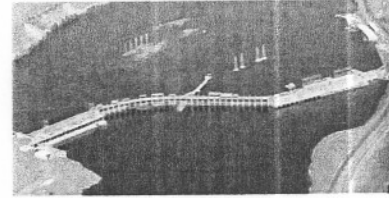
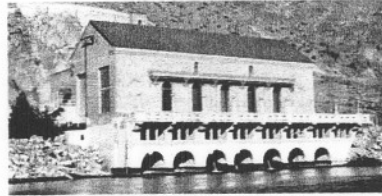
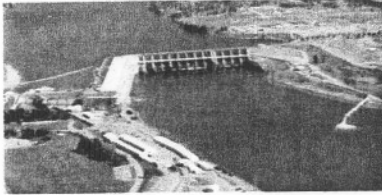
The second proposal consists of a land exchange between two parcels near the City of Entiat. The District developed the Entiat Park as a part of Exhibit "R" requirements for the Rocky Reach Hydro Project. The park consists of three parcels of land. The two parcels on each end of the park are owned by the District. The center parcel is owned by the City of Entiat and is an area of 8.53 acres. This parcel (parcel A) and the two parcels owned by Chelan PUD were developed together and function as one park. Currently, the District has a lease and operating agreement with Entiat for the park. The acquisition of this parcel will give the District ownership of the entire Entiat Park.

The District owns a parcel of waterfront land located approximately 1,500 feet northeasterly of Entiat Park. Two sections of this property have been surveyed and together equal 8.53 acres (parcels B and C). The District plans to exchange Parcel A for Parcels B and C.

The District will retain the rights necessary for the operation and management of the Rocky Reach Hydroelectric Project by acquiring flowage easements on both Parcels B and C.

If there are any questions or concerns about the proposed land exchanges please contact me. If no comment is received within 30 days of receipt of this letter, we will be sending a letter to FERC asking for their approval for both land exchanges.

TRIBES



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY

P.O. Box 1231, Wenatchee, WA 98807-1231 • 327 N. Wenatchee Ave., Wenatchee, WA 98801
(509) 663-8121 • Toll free 1-888-663-8121 • www.chelanpud.org

May 7, 2008

Mr. Johnson Meninick
Cultural Resources Manager
Confederated Tribes and Bands of the Yakama Indian Nation
PO Box 151
Toppenish, WA 98948

Re: Chelan PUD Proposed Land Exchanges: Goodfellow Living Trust and City of Entiat

Dear Mr. Meninick,

Chelan Public Utility District (the District) is seeking comments on the following proposed actions:

- 1) Land exchange between the District and Goodfellow Living Trust
- 2) Land exchange between the District and the City of Entiat

The first proposal involves exchange of a small District parcel lying between two Goodfellow parcels located along the west side of the Columbia River, approximately 3 miles south of Wells Hydroelectric Dam for essential flowage easements along 2/3rds of a mile of shoreline owned by Goodfellow (Exhibit A and B).

The District parcel is unbuildable due to the Project Boundary Flood Line and is landlocked with no legal access rights. The District has reached an agreement with Goodfellow to exchange the parcel for necessary expanded flood rights over the adjoining riverfront land. The District is required to acquire the expanded flood rights over the adjoining land to ensure adequate flood rights for a major flood event.

A flowage easement will be retained over the District's parcel, keeping it undevelopable below the Project Boundary Line. Simultaneously, the District will also acquire needed Amended Supplemental Easements over 2/3rds of a mile of adjoining Goodfellow land, which will also keep it undevelopable below the District's Project Boundary Line.

The second proposal consists of a land exchange between two parcels near the City of Entiat, Washington (Entiat). The District developed the Entiat Park as a part of Exhibit "R" requirements for the Rocky Reach Hydro Project. The park consists of three parcels of land. The two parcels on each end of the park are owned by the District. The center parcel (Parcel A) is owned by the City of Entiat and is an area of 8.53 acres (Exhibit B and C). Parcel A and the two parcels owned by Chelan PUD were developed together and function as one park. Currently, the District has a lease and operating agreement with Entiat for the park. The acquisition of Parcel A will give the District ownership of the entire Entiat Park.

The District owns a parcel of waterfront land located approximately 1,500 feet northeasterly of Entiat Park. Two sections of this property (Parcels B and C) have been surveyed and together equal 8.53 acres (Exhibit C). The District plans to exchange Parcel A for Parcels B and C.

The District will retain the rights necessary for the operation and management of the Rocky Reach Hydro Project by acquiring flowage easements on both Parcels B and C.

Both of the proposed land exchanges involve project area that has been previously investigated for cultural resources. Investigations include the 1981-2 Washington State University survey and site evaluations in the reservoir (Schalk and Mierendorf 1983); survey and evaluations conducted by archaeologists from AHS/Eastern Washington University (Boreson 1992; Galm 1990); re-survey of the reservoir in 2001 (Hartmann and Schumacher 2003); and a Traditional Cultural Properties study (Hart 2004). None of these areas were recommended as eligible for the National Register of Historic Places.

If there are any questions or concerns about the proposed land exchanges please contact me or Michelle Smith at (509) 663-8121. If no comment is received within 30 days of receipt of this letter, District staff will draft a letter to FERC seeking approval for both land exchanges.

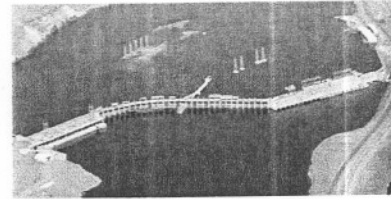
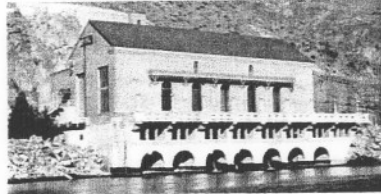
Sincerely,



Jennifer Burns
Environmental Coordinator
jennifer.burns@chelanpud.org
509 661-4474

Cc: Robert Whitlam, SHPO

Enclosures



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY
P.O. Box 1231, Wenatchee, WA 98807-1231 • 327 N. Wenatchee Ave., Wenatchee, WA 98801
(509) 663-8121 • Toll free 1-888-663-8121 • www.chelanpud.org

May 7, 2008

Ms. Camille Pleasants
Tribal Historic Preservation Officer
Colville Confederated Tribes
PO Box 150
Nespelem, WA 99155

Re: Chelan PUD Proposed Land Exchanges: Goodfellow Living Trust and City of Entiat

Dear Ms. Pleasants,

Chelan Public Utility District (the District) is seeking comments on the following proposed actions:

- 1) Land exchange between the District and Goodfellow Living Trust
- 2) Land exchange between the District and the City of Entiat

The first proposal involves exchange of a small District parcel lying between two Goodfellow parcels located along the west side of the Columbia River, approximately 3 miles south of Wells Hydroelectric Dam for essential flowage easements along 2/3rds of a mile of shoreline owned by Goodfellow (Exhibit A and B).

The District parcel is unbuildable due to the Project Boundary Flood Line and is landlocked with no legal access rights. The District has reached an agreement with Goodfellow to exchange the parcel for necessary expanded flood rights over the adjoining riverfront land. The District is required to acquire the expanded flood rights over the adjoining land to ensure adequate flood rights for a major flood event.

A flowage easement will be retained over the District's parcel, keeping it undevelopable below the Project Boundary Line. Simultaneously, the District will also acquire needed Amended Supplemental Easements over 2/3rds of a mile of adjoining Goodfellow land, which will also keep it undevelopable below the District's Project Boundary Line.

The second proposal consists of a land exchange between two parcels near the City of Entiat, Washington (Entiat). The District developed the Entiat Park as a part of Exhibit "R" requirements for the Rocky Reach Hydro Project. The park consists of three parcels of land. The two parcels on each end of the park are owned by the District. The center parcel (Parcel A) is owned by the City of Entiat and is an area of 8.53 acres (Exhibit B and C). Parcel A and the two parcels owned by Chelan PUD were developed together and function as one park. Currently, the District has a lease and operating agreement with Entiat for the park. The acquisition of Parcel A will give the District ownership of the entire Entiat Park.

The District owns a parcel of waterfront land located approximately 1,500 feet northeasterly of Entiat Park. Two sections of this property (Parcels B and C) have been surveyed and together equal 8.53 acres (Exhibit C). The District plans to exchange Parcel A for Parcels B and C.

The District will retain the rights necessary for the operation and management of the Rocky Reach Hydro Project by acquiring flowage easements on both Parcels B and C.

Both of the proposed land exchanges involve project area that has been previously investigated for cultural resources. Investigations include the 1981-2 Washington State University survey and site evaluations in the reservoir (Schalk and Mierendorf 1983); survey and evaluations conducted by archaeologists from AHS/Eastern Washington University (Boreson 1992; Galm 1990); re-survey of the reservoir in 2001 (Hartmann and Schumacher 2003); and a Traditional Cultural Properties study (Hart 2004). None of these areas were recommended as eligible for the National Register of Historic Places.

If there are any questions or concerns about the proposed land exchanges please contact me or Michelle Smith at (509) 663-8121. If no comment is received within 30 days of receipt of this letter, District staff will draft a letter to FERC seeking approval for both land exchanges.

Sincerely,

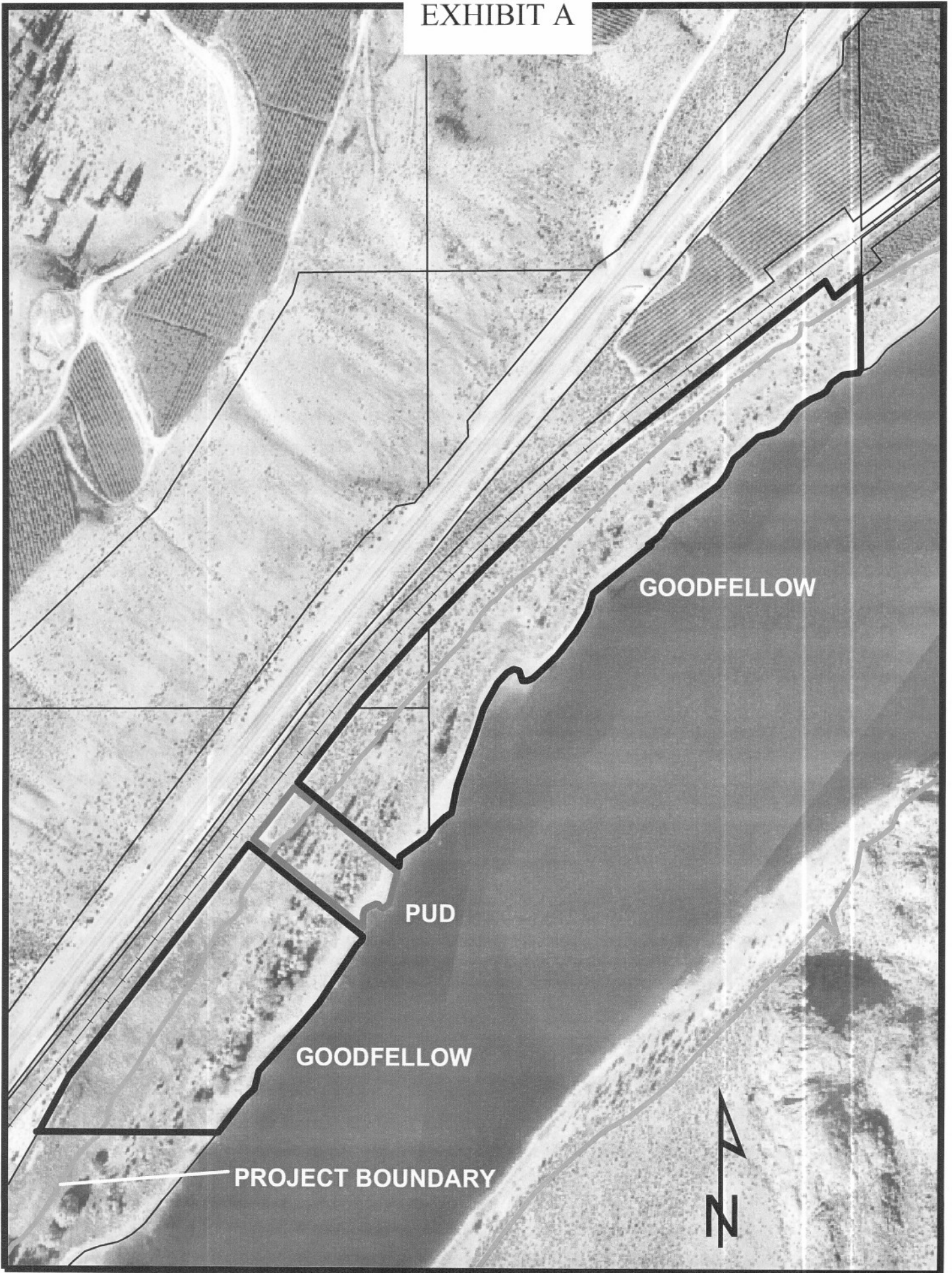


Jennifer Burns
Environmental Coordinator
jennifer.burns@chelanpud.org
509 661-4474

Cc: Robert Whitlam, SHPO

Enclosures

EXHIBIT A



GOODFELLOW

PUD

GOODFELLOW

PROJECT BOUNDARY



EXHIBIT B

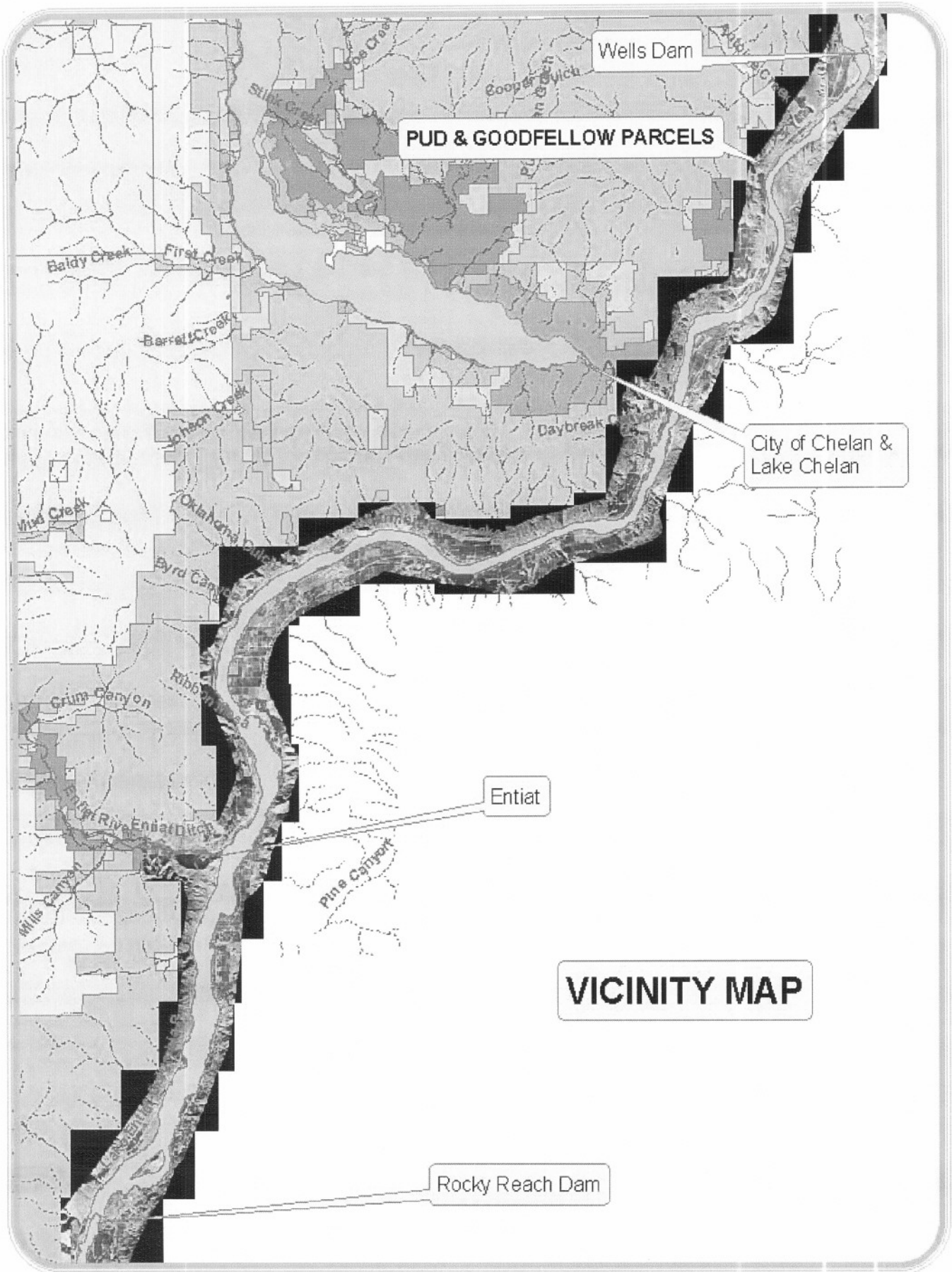


Exhibit "C"

5

Parcel C -
Chelan PUD will
grant to Entiat

Parcel B -
Chelan PUD will
grant to Entiat

Rocky Reach Exhibit G
Project Boundary

Parcel A - Chelan PUD will
acquire from Entiat

This map is provided for
informational purposes only
and is not a survey.

