MEMORANDUM OF UNDERSTANDING
BETWEEN
CHelan COUNTY AND PUBLIC UTILITY DISTRICT NO. 1 OF CHelan COUNTY
REGARDING POWERLINE RELOCATION
FOR THE BENEFIT OF THE UPPER WHITE PINE HABITAT RESTORATION PROJECT

I. PARTIES
This Memorandum of Understanding (MOU) is entered into by and between Chelan County, (County), a municipal corporation pursuant to the laws and Constitution of the State of Washington, located at 400 Douglas Street, Suite 201, Wenatchee, WA 98801, and Public Utility District No. 1 of Chelan County, (PUD), a public utility district pursuant to the laws of the State of Washington, located at 327 N. Wenatchee Avenue, Wenatchee, WA 98801, sometimes collectively referred to herein as the Parties.

II. PURPOSE
The purpose of this MOU is to outline general principles of a possible subsequent agreement between the County, PUD and possibly other stakeholders relating to the proposed aquatic habitat restoration project located in Chelan County and known as the Nason Creek: Upper White Pine Habitat Restoration Project (the Project).

The parties acknowledge that any agreement would be conditioned upon, but not limited to, anticipated funding through the Bonneville Power Administration (BPA) and other funding sources; other conditions related to the planning, financing, permitting and facilitation of the possible relocation of the Transmission Line; and any associated work that may be required as a result of the relocation.

PUD’s Transmission Line is currently located in an easement acquired in 1930 and 1959, prior to the USFS acquiring the underlying property. As a potential Project alternative, the PUD has been requested to remove and relocate a portion the Transmission Line out of its existing and established easement and move it to right-of-way owned by the USFS.

III. INTRODUCTION AND PROPOSED PROJECT BACKGROUND
For the last few years, a multi-agency team known as the Nason Creek Upper White Pine Reach Team (NCUWPR), consisting of the Chelan County Natural Resources Department, the Yakama Nation, the Bureau of Reclamation and the United States Forest Service (USFS) have collaboratively studied and developed an aquatic habitat restoration plan. The proposed plan would include such actions to re-establish connectivity between Nason Creek and its floodplain, and restore and enhance stream channel, riparian vegetation and wetland habitat function in the Upper White Pine Reach of Nason Creek to benefit ESA-listed spring Chinook salmon, steelhead, and bull trout and for the restoration of ecological processes within Nason Creek between River Mile (RM) 12.8 to 14.0.

PUD has been actively engaged with the NCUWPR from its inception and has worked proactively to help identify viable alternatives and associated costs as part of the larger Project development.

USFS is the designated lead agency on the proposed Project for NEPA permitting purposes. A description of the Project is set forth in USFS Notice of Proposed Action (USFS
Notice) on the Project, attached hereto as Exhibit A. PUD's comments to the USFS Notice are attached hereto as Exhibit B.

The stream channel within the Upper White Pine Reach of Nason Creek is confined by U.S. Hwy 2 to the north, and the Burlington-Northern Santa Fe Railway (BNSF) to the south; additionally, Bonneville Power Administration (BPA) and PUD power line corridors are located within the riparian vegetation areas and floodplain.

Proposed project alternatives for restorative work are specifically described in the USFS Scoping Newsletter (Exhibit A) and in the PUD comments (Exhibit B).

IV. PRINCIPLES OF MOU
1. PUD is supportive of the proposed Project alternative that it move a portion of its Transmission line and poles out of its established easement to another location, provided:
   a. PUD is made financially whole for any and all costs associated with the Project;
   b. PUD retains its existing easement rights;
   c. the County secures funding for the Project either through BPA and/or other sources;
   d. PUD receives USFS permit for its entire McKenzie-Beverly transmission line and/or that portion of the Transmission Line proposed to be relocated to USFS property and/or right-of-way prior to construction; and
   e. Any Project design shall not include any required WSDOT franchises and/or any other type of design that implicates any other franchising entity.
2. The currently preferred restoration alternative evaluated by the USFS NEPA process requires relocation of PUD power lines within the Project area to White Pine Road. Engineering design and NEPA permitting are under way and are anticipated to be completed in 2014. County is working with regional salmon recovery partners, including the US Bureau of Reclamation, BPA, Rock Island Habitat Conservation Plan (HCP) Tributary Committee, Washington State Salmon Recovery Funding Board and others to fund the Project.
3. County would agree to the following general terms in order to recover all costs associated with the power line relocation and to make the PUD financially whole:
   a. County would work with USFS to obtain a new right of way suitable for 100 foot wide minimum, double circuit 115kV construction at some future time, at no cost to PUD. The USFS shall agree the right of way permit would be issued to PUD as set forth in Section IV.1.c above, before construction of the Project.
   b. Permitting and clearing of the new right of way will be implemented by the County with limited PUD involvement and at no cost to the PUD. The PUD, at its sole discretion, will utilize its engineering judgment to determine design parameters and material selection for the relocated line segment, including but not limited to, at a minimum, the use of steel poles. Design and construction of the line will be performed by the PUD and/or its contractors all at the County's cost.
4. The PUD will retain its original easement along with the express right to relocate the Transmission Line back to that alignment should it become necessary at some future point. USFS has indicated support for retaining the original easement.

5. County will fully reimburse the PUD for all costs associated with the Project, including, but not limited to, design, materials, equipment, labor, taxes, benefits and a standard administrative fee of 20% associated with PUD work.

6. The HDR, Inc., memorandum, dated January 27, 2014, is attached and incorporated herein as the estimate for power line relocation costs, however, it is acknowledged that depending on timing of Project permitting and other factors, all costs may be higher and reimbursement to the PUD will be for all Project costs.

7. County and PUD execute this MOU for the purpose of and securing financing for the Project and anticipate review and possible execution of a Project agreement upon confirmation of satisfactory financing, terms and conditions, which is anticipated to establish permitting, construction and scheduling of the Project. Nothing herein contemplates any construction work before a binding agreement is in place.

8. The Parties agree:
   a. that any and all reimbursement by County to PUD or funding by County is completely contingent upon agreements with BPA and other entities, none of which currently exist.
   b. that PUD relocation is completely contingent upon funding by the County and/or other entities.
   c. that PUD relocation is completely contingent upon USFS permitting of its McKenzie Beverly transmission line or that portion of the Transmission Line that lies within the proposed Project area prior to construction.
   d. that prior to any construction occurring on the Proposed Project, that a subsequent Project construction and funding agreement be entered into by the Parties containing, but not limited to the principles set forth in this MOU.

9. Except as provided herein, any decision by PUD to relocate the Transmission Line back to its original easement shall not be considered part of the Project and thus any and all costs associated therewith shall be borne by the PUD alone. Notwithstanding the above, if such relocation is determined to be necessary by PUD, within its sole discretion, due to curtailed or diminished funding as set forth in Section 10 below, all costs associated with PUD’s decision to relocate the Transmission Line back to its original easement shall be considered as part of the Project and in addition, shall not require further NEPA and/or SEPA action.

10. If at any time the funding available for this Project is curtailed or diminished or if at any time an entity, which is the source of funding for this Project, is curtailed or diminished, any and all obligations of the County to fund or reimburse the PUD shall cease immediately. In the event funding is curtailed or diminished, PUD may relocate its Transmission Line back to its original easement, which costs shall be borne by the County.

11. Approval and/or authorization by PUD and County Commissions is necessary to
execute this MOU and any and all other associated agreements.

V. DISPUTES
The Parties agree to try to make decisions by consensus under this MOU. If the Parties cannot agree on an issue after good faith discussions, any Party may withdraw from this MOU following notification to the other Party in writing of the issue under dispute, including a suggested resolution. The other Party receiving such a letter shall have the option to agree to the suggested resolution, offer an alternative resolution, or agree to dissolve the MOU after the 30 day notification required in Section VII. However, nothing herein precludes any Party from terminating its participation as set forth in Section VI. 10 below.

VI. OTHER PROVISIONS
1. Nothing in this MOU shall be construed as limiting or affecting in any way the authority or legal responsibilities of County or PUD.
2. Nothing in this MOU binds the Parties to perform beyond their respective authorities.
3. Nothing in this MOU requires any Party to assume or expend any funds in excess of available appropriations, authorized by law.
4. Nothing in this MOU shall be construed to amend, supersede, or in any way effect any franchise agreements between the Parties.
5. The Parties agree that the requirements, funding, personnel, permitting and other priorities of the Parties may affect their ability to fully implement all the provision identified in this MOU.
6. This MOU is neither a fiscal, credit, nor a funds obligation document. Specific activities that involve the transfer of money, services, or property between the Parties shall require execution of separate agreements or contracts.
7. Nothing in this MOU restricts the Parties from participating in similar activities or arrangements with other public or private agencies, organizations, or individuals.
8. Each and every provision of this MOU is subject to the laws of the State of Washington, the laws of the United States of America, and the delegated authority assigned in each instance.
9. Amendments or supplements to the MOU may be proposed by the Parties and shall become effective upon written approval of all Parties.
10. Any of the Parties may terminate its participation in this MOU at any time through written notification to the other Party at least 30 days prior to termination.
11. This MOU shall become effective upon signature by all Parties. This MOU may be executed in one or more counterparts, each of which will be considered an original document.
12. This MOU shall remain in effect until termination as set forth herein or entry into a subsequent agreement.

VII. CONTACTS
Primary points of contact for carrying out the provisions of this MOU are:

For the PUD:
Chad Bowman, Director
Transmission and Compliance
Public Utility District No. 1 of Chelan County
P.O. Box 1231
Wenatchee, WA 98801
(509)663-8121

With copy to the attention of General Counsel

For the County:
Mike Kaputa, Director
Chelan County Natural Resources Department
316 Washington Street, Suite 401
Wenatchee, WA 98801
(509)667-6584

VIII. AUTHORITY
County is authorized pursuant to federal and state laws including but not limited to Chapters 39.34, 43.21C, 77.85, 90.58 RCW and 7 U.S.C. § 136, 16 U.S.C. § 1531 et seq., to enter into this MOU.
PUD is authorized pursuant to federal and state laws to enter into this MOU.

IX. SIGNATURES
The Parties hereto have signed this MOU as of the dates shown below. The effective date of this MOU is the date of the signature last affixed to this page.

DATED at Wenatchee, Washington this __________ day of __________ 2014.

BOARD OF CHELAN COUNTY COMMISSIONERS

DOUG ENGLAND, CHAIR

RON WALTER, COMMISSIONER

KEITH W. GOEHNER, COMMISSIONER

Attest:
Carlye Dunning, Clerk of the Board
Dated: 4/21/14

Attest:
Mike Kaputa, Director, Natural Resources
Dated: 4/24/14
DATED at Wenatchee, Washington this 1st day of May, 2014.

PUD NO. 1 OF CHelan COUNTY

By: Steve Wright, General Manager
Introduction

The Wenatchee River Ranger District of the Okanogan-Wenatchee National Forest is soliciting comments on the proposed Nason Creek: Upper White Pine Reach Aquatic Habitat Restoration Project. The proposed project was developed, and would be implemented by the Nason Creek: Upper White Pine Reach (NCUWPR) Team which consists of the Yakama Nation, Chelan County Natural Resources Department, the Bureau of Reclamation, and the U.S. Forest Service.

The NCUWPR Team worked collaboratively to develop a restoration plan for the Upper White Pine Reach of Nason Creek (River Mile (RM) 12.8 to 14.0; see enclosed map). The restoration plan is available online at the link provided at the end of the document. The restoration plan includes an evaluation of historic and current geomorphic, hydraulic, and ecological processes within the reach and identification of proposed restoration actions for this project. The restoration actions were identified to address impaired aquatic habitat elements (i.e., floodplain connectivity, large wood presence and recruitment, and riparian vegetation).

This proposed action is a multi-agency, interdisciplinary approach to completing important aquatic habitat restoration actions for Endangered Species Act (ESA) listed threatened and endangered fish species, in addition to restoring ecological processes within Nason Creek. Please take time to review our proposal, and let us know what you think.

Thank you for your interest in the Wenatchee River Ranger District.

Jeff Rivera
District Ranger

Nason Creek:
Upper White Pine Reach
Aquatic Habitat
Restoration Project

Why Is The District Proposing This Project?

The purpose of this aquatic habitat restoration project is to re-establish connectivity between Nason Creek and its floodplain, and restore and enhance stream channel, riparian vegetation, and wetland habitat functions in the Upper White Pine Reach of Nason Creek from RM 12.8 to 14.0 to benefit ESA-listed spring Chinook salmon, steelhead, and bull trout.

The stream channel within the Upper White Pine Reach of Nason Creek is confined by U.S. Hwy 2 to the north, and the Burlington-Northern Santa Fe Railway (BNSF) to the south; additionally, Bonneville Power Administration (BPA) and Chelan PUD powerline corridors are located within the riparian vegetation areas and floodplain. Existing fish habitat in this reach of Nason Creek is degraded when compared to historic conditions, primarily as a result of past dredging and straightening of the stream channel to accommodate re-alignment of Nason Creek for the BNSF railroad prism; stream bank armoring associated with protection of transportation infrastructure located within the floodplain; and past and ongoing human-made alterations to riparian and floodplain vegetation to maintain powerline and transportation corridors.

These alterations to Nason Creek and its floodplain, have resulted in degraded aquatic habitat conditions and the need to:

➢ Reconnect side-channel, wetland, and floodplain habitats to Nason Creek.
➢ Increase habitat diversity and natural channel stability by increasing in-channel large wood structures.
➢ Restore riparian vegetation conditions to reduce water temperatures and to recover other lost riparian functions.
What Are The Proposed Actions?

The proposed project may involve the following restoration actions:

**Between RM 14.0 to 13.4**

- A levee breach or partial levee removal to reconnect the mainstem of Nason Creek to the historic floodplain. This action would be dependent on upgrading the existing powerlines in the current alignment and/or relocating one or more power poles.
- Stream channel re-location and instream actions, such as installation of large wood (LW) and/or boulders, to raise channel bed elevation and increase in-stream habitat.
- Culvert replacement under the BNSF railroad tracks to allow access for fish and wildlife between the mainstem of Nason Creek and a side channel.
- Side-channel habitat enhancement of the historic Nason Creek channel which may include excavation of the historic channel; installation of large wood habitat; and upgrading the culvert under the BNSF access road.

**Between RM 13.4 to 12.8**

- Shifting of approximately 500 feet of the stream channel away from the riprap bank by approximately 100 feet at RM 13.0 in order to establish a forested streambank between the river and Hwy 2. Large wood structures would be placed along the new edge to create pool scour, habitat cover, and complexity. The new riparian vegetation area would be planted with native riparian plant species.
- Construction of a large wood structure at the powerline corridor bend at river mile 13.15 in order to enhance habitat cover and complexity and to restore natural channel stability. The structure would be partially excavated into the riverbank and/or in the river bed.
- Side-channel habitat enhancement by excavation of a historic side channel at RM 12.6 in order to create additional habitat that is connected through surface and groundwater to the main river and is accessible to fish throughout the year. Large wood would be added to the side-channel area to provide cover and habitat complexity.
- Placement of LW for cover habitat in two areas along the channel edges in complexes of approximately two to six logs to mimic natural LW structures. Each treatment area would consist of multiple log structures. Treatment areas include: 1) between RM 13.2 and 13.3 (10-30 pieces of LW), and 2) between river mile 12.5 and 12.8 (30-60 pieces of LW).

What is the Desired Future Condition of Nason Creek?

- **Floodplains** that are connected to Nason Creek which would restore flood storage capacity and sediment deposition patterns. When the mainstem flows can access the floodplain, the system is more resilient to seasonal and annual fluctuations in water levels.
- **Riparian vegetation areas** that contain plant communities diverse in species composition and structure. Healthy riparian areas provide summer and winter temperature regulation; nutrient filtering; and moderate bank erosion and channel migration.
- **Aquatic habitats** that support spawning, migration, and rearing of salmon and steelhead. They provide complex side-channel and shallow water habitat; have a large amount of cover and complexity; and have clean and abundant spawning gravel and cool water refugia.
- **Improved salmon, steelhead, bull trout and native fish production** that are well distributed throughout Nason Creek.

Example of a side-channel habitat enhancement project. (Photo taken on the Entiat River)
How to Comment?

We welcome your comments on the proposed project! The proposed actions presented here represent the interdisciplinary team's initial proposal to address the purpose and need and resource concerns. Your personal knowledge of this area can help the interdisciplinary team identify issues and opportunities and develop alternative proposals. Specific comments have the greatest value to the alternative development process.

If you wish to submit a written response to this proposal, comments can be sent to the following:

By mail:  **Wenatchee River Ranger District**  
Attn: Nason Creek: UWP Comments  
600 Sherbourne  
Leavenworth, WA 98826

By email:  comments-pacificnorthwest-wenatchee-wrrd@fs.fed.us

To retain eligibility to object under the new CFR 218 Objection process, comments must be received between May 24th and June 24th, 2013. Please note that comments received in response to this request, including names and addresses, will be considered part of the project record and may be released under the Freedom of Information Act.

If you have questions, please contact:  
Catherine Willard  
Project Interdisciplinary Team Lead at:  
509-784-4620

Documents associated with this restoration project can be viewed at:  
www.fs.usda.gov/goto/okawen/projects

NOTE: Once at the website select the 'Nason Creek: Upper White Pine Reach Aquatic Restoration Project' from the list of Forest projects. This link leads to the project page where you will find the restoration plan.

**Proposed Timeline**

**Scoping:** May 24th to June 24th, 2013

**Develop Alternatives:** July 2013

**Complete Environmental Assessment:**  
Fall 2013

**Public Comment on Environmental Assessment:**  
Fall/Winter 2013

**Decision:** Winter 2014

**Implementation:** Summers of 2014 & 2015
EXHIBIT B
Chelan PUD Comments on
U.S. Forest Service Scoping Newsletter
July 9, 2013

Mr. Jeff Rivera
District Ranger
pacifcnorthwest-wenatchee-wrrd@fs.fed.us
Wenatchee River Ranger District
Attn: Nason Creek: UWP Comments
600 Sherbourne
Leavenworth, WA 98826

Re: Chelan County PUD Scoping Letter Comments
Nason Creek: Upper White Pine Reach Aquatic Habitat Restoration

Dear Mr. Rivera:

Thank you for the opportunity to provide comments on the Nason Creek: Upper White Pine Reach Aquatic habitat Restoration Project Scoping Letter. The Public Utility District No. 1 of Chelan County (Chelan PUD) has a vested interest in this project as our existing McKenzie-Beverly 115kv transmission line runs through the middle of the proposed project area. As I am sure you are aware, Chelan PUD staff have been active participants since the inception of this project, supporting alternatives that involve various alignments of the transmission line provided Chelan PUD retains its existing easement rights and is made financially whole for any new alignment. These provisions are necessary from the District's perspective to continue to providing reliable low cost electric service to the residents of Chelan County.

Chelan PUD has met several times with the USFS to proactively address its concern with retention of existing easement rights. Most recently the District proposed an equal value land exchange to the USFS as a mutually advantageous alternative for both agencies that would move the transmission line to accommodate this project. In response to this proposal, the USFS has stated that such an exchange cannot be accomplished. (see Attachments A and B) incorporated herein by this reference. For purposes of consultation, Chelan PUD reaffirms its preference to transmission line re-alignment take place via equal value land exchange, where Chelan retains its existing easement rights. Recognizing USFS has previously responded to this request, Chelan PUD is currently evaluating other possible alternatives, all of which would require Chelan PUD to be made financially whole, including but not limited to the following:

1) Enter into a long-term permit agreement with the USFS to relocate the transmission line on USFS property beyond the proposed project area and retain the current transmission corridor easement for potential future use. All costs associated with relocation would be fully funded by sources other than Chelan PUD. This is currently identified as Option 2 in the Scoping Documents. Chelan PUD does not support Option 1 as it makes access to the facility more
difficult for routine and emergency maintenance and also has the potential for right-of-way conflict with the BNSF railroad.

2) Keep the current transmission line location unchanged and investigate revisions to the habitat project design to avoid transmission structures.

From a biological perspective, the Scoping Letter effectively outlines the rationale for proposing the project, proposed actions, including potential restoration actions, desired future conditions for Nason Creek, and the process for public input. We appreciate the USFS taking the lead on this project and look forward to continued involvement in the process as the project develops. Please feel free to contact either of the undersigned or Jeff Osborn (509-661-4176) if you have any questions.

Sincerely,

Keith Truscott
Natural Resources Director

Chad Bowman
Director, Transmission and Compliance

cc: Kirk Hudson
Jeff Smith
Steve Currit
Jeff Osborn
Karen Wiggum
Attachment ‘A’
Rebecca Lockett Heath, Forest Supervisor
Okanogan-Wenatchee National Forest
215 Melody Lane
Wenatchee, WA 98801

Re: Proposed Land Exchange - Nason Creek Habitat Restoration Project

Dear Ms. Heath:

As part of a salmon habitat restoration and watershed planning effort conducted by Chelan County in 2011, Chelan County PUD ("District") received a request to consider relocating a portion of its McKenzie/Beverly 115KV transmission line in an area west of Leavenworth, Washington, referred to as the Upper White Pine Reach of Nason Creek. This would require the District to relocate 7 poles for a distance of approximately 3,800 feet. We understand the stream restoration project would be paid for through grant funding provided by BPA and could provide significant salmon habitat improvements.

Currently the District's line is located in an easement acquired/purchased in 1930 and 1959, prior to the Forest Service acquiring the property. The District's current easement provides significantly more security than does a permit. As we understand it, the District could have been required to relocate this line at its own expense if this had not been located in an easement. These rights are valuable to the District.

Recognizing the benefits to all parties, we have requested a land for land exchange with the Forest Service, which exchange would be valued less than $150,000 based on our internal appraiser's estimate.

As discussed last week with Bob Stoehr, Jeff Rivers, Scott Lynn and Kelly Underwood of the Wenatchee Forest Service office, the Forest Service wants the District rights at its current location (the easement) and we want the same rights associated with our current easement in the Forest Service proposed location (White Pine Road) that would provide the perpetual right to locate our lines in the new location. District counsel has opined and we understand that the Forest Service could exchange these rights based on the Forest Service Handbook 5409.13 Chapter 30 – Land Exchange, which specifically includes exchange of easements or rights-of-way.
The local Forest Service office representatives have indicated they could not utilize the Forest Service Handbook section identified previously because the easement is for a linear right of way that requires a different section of the handbook. The District is not asking for a permit or an easement under other sections of the Forest Service Handbook; it is our opinion that the clear and express language of the handbook authorizes this exchange in FSH 5409.12 Section 31.11.

We understand the land exchange process requires entry into a non-binding agreement with the Forest Service to exchange the land, Forest Service Public Notice, NEPA review (which could be conducted under the larger NEPA review just beginning on this project), appraisal of properties to ensure equal value, public interest determination and approval by the Regional Forester (assumingly less than $150,000). District counsel has opined that no state legislative action would be necessary on this exchange.

This project was the number one ranked habitat enhancement/ restoration project for the Upper Columbia Basin. A large list of entities gain benefit from the project including NOAA, BPA, U.S. Army Corps of Engineers, Chelan County Natural Resources Department, US Bureau of Reclamation, the Yakima Nation and the Forest Service. We believe utilization of this land exchange process is clearly in the public interest and would allow the Forest Service to have the benefit of the project, while allowing the District to remain whole. Your consideration of this request and written response would be appreciated.

Very truly yours,

Kirk Hudson
Managing Director - Generation & Transmission

cc: John Janney
    Jeff Smith
    Chad Bowman
    Keith Truscott
    Steve Curfit
    Jeff Osborn
    Karen Wiggum
    Clint Kyhl, Okanogan-Wenatchee National Forest Deputy Supervisor
Kirk Hudson
Managing Director – Generation & Transmission
Chelan County PUD
P.O. Box 1231
Wenatchee, WA 98807-1231

Dear Mr. Hudson,

I received your letter dated May 15, 2013 regarding the proposed Land Exchange associated with the Nason Creek Habitat Restoration Project. As you noted in your letter one of the proposed options for habitat restoration associated with the Upper White Pine Reach of Nason Creek involves relocating 7 poles of PUD’s McKenzie/Beverly line outside the historic boundary of the Nason Creek floodplain. In prior meetings with the Forest Service and in your letter you have requested that the Forest Service consider entering into a land exchange. The proposed land exchange would involve exchanging your existing easement for an equivalent interest in the lands where the PUD line would move under one of the options associated with the Nason Creek Habitat Restoration Project. In our meeting on May 9th we noted that we could not move forward with the proposed land exchange as it did not fit within Forest Service policy and direction.

The Forest Service recognizes that there are many benefits associated with the proposed stream restoration efforts in the Upper White Pine Reach of Nason Creek. The Forest values our partnership with Chelan County, The Bureau of Reclamation, Yakima Indian Tribe and other organizations involved in developing this project. The Forest, however, is obligated to follow Forest Service regulations and policies associated with any land transactions.

In this case the PUD has requested a land exchange to accomplish the relocation of the McKenzie/Beverly line. I understood from your letter that you would like further confirmation that a land exchange is not something that the Forest Service can move forward with to resolve the moving of the PUD line. I have consulted with our local and Regional Office Realty Specialists and they have concurred with our understanding of the land exchange authority. A land exchange would need to include the conveyance and acquisition of legal parcels on both sides of a transaction. After the above consultations, the proposed exchange is not within Forest Service authority. This decision is supported by regulation and policy. Therefore, I am hereby denying this proposal for a Land Exchange.

If the Chelan County PUD is able and willing to move forward with the restoration alternative that moves the McKenzie/Beverly line in order to accomplish relocation of Nason Creek in Reach 2, the Forest Service will move forward with the environmental analysis in conjunction
with our current efforts to issue a new permit for both new and previously permitted sections of this line. The section of realignment would be included in the new permit.

Should you have any further questions or comments, please feel free to call Scott Lynn at (509) 664-9323. If you would like further consultation directly with our Regional Office staff in Portland, you may contact NJ Erickson, Group Leader for Land Adjustments and Rights of way at 503-808-2421, or Jim Sauser, Program Manager for Special Uses at 503-808-2458.

Thank you for your continued coordination with us on this project. We are both in a business of public service and dedicated to those clients that we serve. We remain confident that our permit language, because it is standard and well vetted, should be workable and affordable to both agencies.

Sincerely,

[Signature]

REBECCA LOCKETT HEATH
Forest Supervisor