March 9, 2010

VIA ELECTRONIC FILING

Honorable Kimberly D. Bose, Secretary, and
Nathaniel J. Davis, Sr., Deputy Secretary
FEDERAL ENERGY REGULATORY COMMISSION
888 First Street, NE
Washington, DC 20426

Re: Lake Chelan Hydroelectric Project No. 637-022
Article 408: Threatened and Endangered Species Protection Plan
Revised schedule for biological objectives status reports pursuant to 401 Water Quality Certification Condition IV.E. and article 7(c)(2) of the Settlement Agreement

Dear Secretary Bose and Deputy Secretary Davis:

The Public Utility District No. 1 of Chelan County, Washington (Chelan PUD or Licensee) hereby files a revised schedule for the Lake Chelan Hydroelectric Project (Project) biological objectives status report, pursuant to the Federal Energy Regulatory Commission’s (Commission) “Order on Offer of Settlement and Issuing New License”1 (License) and “Order on Rehearing”2 on November 6, 2006, and April 19, 2007, respectively.

Appendix D of the new license, the 401 Water Quality Certification Condition IV.E., as well as the Threatened and Endangered Species Protection Plan (approved by Commission staff on November 28, 2007) pursuant to Article 408 requires that a draft and final biological objectives status report be completed in years 4, 6, 8, and 10 of the license. The report includes summarizing the results of the monitoring and evaluation program implemented to document improvements in the Chelan River designed to increase usable spawning and rearing habitat for Chinook salmon and steelhead.

On November 28, 2007, the Commission issued an Order granting extension of time to November 6, 2010 to complete construction of the required facilities to provide the new minimum flow in the Chelan River and Reach 4, and improvements for fish habitat in the

1 117 FERC ¶ 62,129
2 119 FERC ¶ 61,055
powerhouse tailrace under Article 408 and the Washington Department of Ecology’s 401 Water Quality Certification.

On October 15, 2009, Chelan PUD completed construction of the above mentioned facilities including: 1) a minimum flow release system in the Chelan River and Reach 4 stream channel improvements; 2) a low level outlet at the dam; 3) a Reach 4 hydraulic control structure and enhanced stream channel and powerhouse tailrace channel improvements, and 4) a pump station to deliver water into the Reach 4 stream channel. An update reporting on the completion of the associated construction activities was submitted to the Washington Department of Ecology and the Commission in the annual flow report (under article 405) on February 26, 2010.

Accordingly, year 1 is defined as October 15, 2009 to December 31, 2010 and annually per calendar year (January to December) thereafter. The implementation schedule for submittal of the biological objectives status reports is being updated to correspond with the first year implementation of the completed Chelan River habitat improvements and the initiation of minimum flows.

**Revised Implementation Schedule**

As required under Article 408, Appendix D 401 Water Quality Certification Condition IV.E., and Settlement Agreement Article 7(c)(2), the draft and biological objectives status report will be submitted to the Chelan River Fisheries Forum (CRFF) and the Commission according to the following schedule:

<table>
<thead>
<tr>
<th>Report</th>
<th>Submittal Dates</th>
<th>Recipient</th>
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<tbody>
<tr>
<td>Draft biological objectives</td>
<td>February 28, 2013, 2015,</td>
<td>Chelan River Fisheries Forum</td>
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<tr>
<td>status report</td>
<td>2017, 2019</td>
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<td>status report</td>
<td>and 2019</td>
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**Consultation Completed**

On February 1, 2010, Chelan PUD provided a draft letter to the Chelan River Fishery Forum (CRFF) comprised of the following agencies: Washington State Department of Ecology (Ecology), Washington State Department of Fish and Wildlife, United States Forest Service (USFS), United States National Park Service, United States Fish and Wildlife Service, National Marine Fisheries Service, Confederated Tribes of the Colville Reservation, Confederated Tribes and Bands of the Yakama Nation, City of Chelan, Lake Chelan Sportsman’s Association. Chelan PUD received responses from the USFS and Ecology. All comments were incorporated.
Please contact me or Jeff Osborn (509-661-4176) of my office regarding any questions or comments regarding this request.

Sincerely,

Michelle Smith
Licensing and Compliance Manager
michelle.smith@chelanpud.org
(509) 661-4180

cc: Erich Gaedeke, FERC Portland Regional Office
    Charlie McKinney, Pat Irle, Washington Department of Ecology