June 29, 2011

VIA ELECTRONIC FILING

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

RE: Lake Chelan Hydroelectric Project No. 637 (Project)
   Monthly target lake level deviation notification - June

Dear Secretary Bose and Deputy Secretary Davis:

This letter is to provide you with Public Utility District No. 1 of Chelan County’s (Chelan PUD) follow-up information related to a monthly target lake level deviation that occurred on June 1, 2011. Notification was first made by email to the Federal Energy Regulatory Commission’s (Commission) Portland Office and Washington Department of Ecology’s Central Regional Office on June 2, 2011. No comments were received from Ecology.

Due to a colder and wetter than average spring (approximately 313% above average snow pack in the Chelan basin, as of June 1), Chelan PUD is managing lake levels as per License Article 302 Reservoir Drawdown Limitation and Safety Report and License Article 405 Operations Compliance Monitoring Plan. Two primary lake level objectives are currently influencing project operations, which are flood control and reducing high flows in the Chelan River.

These license articles allow Chelan PUD greater flexibility to delay monthly target lake levels in order to accommodate extremely high and late snowpack runoff conditions to significantly decrease the potential for high spillway flows and for flooding upstream and downstream of the dam. Therefore, the target lake level was not met on June 1 to ensure storage room in the lake for the anticipated high and late runoff. The license specifies a target lake level of 1,094 feet on June 1. Observed lake level was 1,089.47 feet, which is 4.53 feet below the June 1 target.

Chelan PUD will continue to manage the lake as per License Article 302 Reservoir Drawdown Limitation and Safety Report and License Article 405 Operations Compliance Monitoring Plan. Flood control and reducing high flows in the Chelan River will continue to influence project
operations. Chelan PUD will make reasonable efforts to bring the lake to target elevation 1,098 feet by July 1; however, actual lake levels will depend on weather and snowpack runoff.

As required by License Article 405(b), Chelan PUD will file with the Commission on or before February 28, 2012, the Annual Lake Level Report comparing monthly actual and target lake levels, and runoff volume forecasts and other factors influencing achievement of targeted lake levels. Chelan PUD will allow the resource agencies, Tribes, and non-governmental organizations specified under Article 405, 30 days to provide comments and/or recommendations on the report before filing with the Commission.

If you have any questions regarding this notification, please contact me or Waikele Hampton at (509) 661-4627.

Sincerely,

[Signature]

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

Enclosure: E-mail correspondence dated June 2, 2011

cc: Washington Department of Ecology
This email is to provide you notification regarding a lake level target deviation, which occurred on June 1.

Due to a colder and wetter than average spring (approximately 313% of average snow pack in the Chelan basin, as of June 1), Chelan PUD is managing lake levels as per License Article 302 Reservoir Drawdown Limitation and Safety Report and License Article 405 Operations Compliance Monitoring Plan. Two primary lake level objectives are currently influencing project operations, which are flood control and reducing high flows in the Chelan River.

The documents above allow for target lake levels to not be met under high and late runoff conditions; therefore, the target lake level was intentionally not met on June 1 to ensure storage room in the lake for the anticipated high and late runoff. The license specifies a target lake level of 1,094.0 feet on June 1. Observed lake level was 1,089.47, which is 4.53 feet below the June 1 target. A detailed report will be filed within 30 days.

If you have any questions or require additional information, please contact me or Waikele Hampton at (509)661-4627.

Thank you.