

November 30, 2009

Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

***RE: Public Utility District No. 1 of Okanogan County  
Shanker's Bend Hydroelectric Project, FERC Project No. 12804  
Second Six-Month Preliminary Permit Progress Report***

Dear Secretary Bose:

On December 18, 2009, the Federal Energy Regulatory Commission ("FERC" or "Commission") granted the Public Utility District No. 1 of Okanogan County ("District") a preliminary permit for the Shanker's Bend Hydroelectric Project, FERC Project No. 12804 ("Project"), to investigate the feasibility of the Project located at Shanker's Bend on the Similkameen River in Okanogan County, Washington. In accordance with Article 4 of the preliminary permit, the District hereby files this progress report for the second six-month period of the permit.

#### **Similkameen River Appraisal Level Study**

In the first preliminary permit progress report period, the District completed an appraisal level (pre-feasibility) evaluation of three options to develop water storage on the Similkameen River, the Similkameen River Appraisal Level Study ("SRALS"). The SRALS report detailed three alternative Similkameen Water Storage and Power Projects on the Similkameen River. A downloadable version of the final SRALS report has been posted on the District website, located at <http://www.okanoganpud.org/Similkameen/SimilkameenStudy.htm>.

#### **SRALS Consultation**

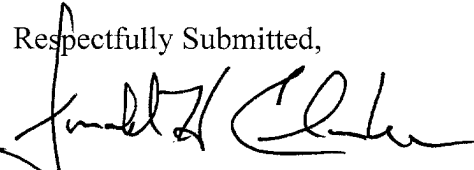
In the second preliminary permit progress report period, on July 9, 2009 in Ellensburg, Washington, the District staff provided a presentation of findings and conclusions from the SRALS report to the Washington State Department of Ecology Columbia River Policy Advisor Group ("PAG"). Members of the PAG include: Confederated Tribes of the Colville Nation, Association of Washington Business, Washington State Conservation Commission, American Rivers, Bureau of Reclamation, City of Kennewick, Yakima County Commission, Grant County PUD, Confederated Tribes of the Umatilla, Yakama Nation, Klickitat County, Columbia Basin Development League, Irrigation Districts, Washington Department of Fish and Wildlife, East Columbia Basin Irrigation District, Grant County Commission, Washington Farm Bureau, and Bonneville Power Administration.

On July 14, 2009, the District held a workshop for the Okanogan County Board of Commissioners (“Board of Commissioners”) on the SRALS report. The workshop included a detailed discussion on the elements of the report, and concluded with recommendations on data gaps for the Board of Commissioners to consider. The Board of Commissioners provided direction to hold a public informational meeting in Oroville, Washington, closer to the project area. On August 24, 2009, the District held an informational meeting on the SRALS report in Oroville, Washington. More than 450 interested US and Canadian parties agencies, tribes, media and landowners were sent notification of the meeting. The meeting was attended by approximately 130 people, who provided relevant testimony. In response, the District compiled the questions and comments for future considerations of the project.

**NEXT STEPS:**

The District is working toward assessing feasibility studies that would establish a more thorough description of the environmental setting and identify potential environmental and social impacts, and potential mitigation measures for any significant effects. Any studies may include, but are not limited to, water use and quality, aquatic, botanical, wildlife, cultural, archaeological and historical resources, impacts on special status species and habitats, as well as recreation studies, land use and socio-economic studies.

Should you have any questions or comments regarding this report, please contact the undersigned or the District’s Director of Regulatory and Environmental Affairs, Dan Boettger at (509) 422-8425.

Respectfully Submitted,  
  
Donald H. Clarke

Counsel to the Public Utility District No. 1  
of Okanogan County

## CERTIFICATE OF SERVICE

I hereby certify that I have on this day served the foregoing document by email or first class mail postage prepaid upon each person designated on the official service list compiled by the Secretary of the Commission in this proceeding.

Dated at Washington, DC this 30<sup>th</sup> day of November 2009.

*Manuel Sandoval*

Legal Assistant

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