

INITIAL STATEMENT

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BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

APPLICATION FOR LICENSE FOR AN EXISTING DAM MAJOR MODIFIED WATER POWER PROJECT

1. The Public Utility District No.1 of Okanogan County (District) applies to the Federal Energy Regulatory Commission (FERC) for a license for the Enloe Hydroelectric Project (FERC Project No. 12569) as described hereinafter in the attached exhibits. This Application has been prepared in accordance with the Hydroelectric Regulations under the Federal Power Act (18 CFR, Subpart G, Section 4.41).

2. The location of the project is:

State or territory: Washington
County: Okanogan
Nearby town: Oroville
River: Similkameen

3. The exact name and business address of the applicant is:

Public Utility District No.1 of Okanogan County
1331 Second Street North
Okanogan, Washington 98840
(509) 422-3310

The exact name, business address and telephone number of each person authorized to act as agent for the applicant in this application is:

John R. Grubich, General Manager
 PUD No.1 of Okanogan County
 Post Office Box 912
 Okanogan, Washington 98840
 (509) 422-8485
 (509) 422-4020 (fax)

Jeremy Pratt
 ENTRIX, Inc.
 200 First Ave. West, Ste. 500
 Seattle, WA 98119
 (206) 239-0287
 (206) 269-0098 (fax)

Dan Boettger, Director
 Regulatory & Environmental Affairs
 PUD No.1 of Okanogan County
 Post Office Box 912
 Okanogan, Washington 98840
 (509) 422-8425
 (509) 422-4020 (fax)

Don Clarke
 GKRSE
 1500 K Street NW, Suite 330
 Washington D.C. 20005
 (202) 408-5400
 (202) 408-5406 (fax)

4. The applicant is and operates as a municipality of the State of Washington (see Attachment 1 below) and is claiming preference under Section 7(a) of the Federal Power Act. The applicant does not exercise control over any other organization. It is not owned or controlled by any other entity.

5. (i) The statutory or regulatory requirements of the state in which the Project would be located that affect the Project as proposed with respect to bed and banks and to the appropriation, diversion, and use of water for power purposes, and with respect to the right to engage in the business of developing, transmitting, and distributing power and in any other business necessary to accomplish the purposes of the license under the Federal Power Act are shown following Table 1, which lists the permits and approvals required for the Enloe Hydroelectric Project. It is the intention of the applicant to comply fully with applicable statutory and regulatory requirements.

(ii) The steps which the applicant has taken or plans to take to comply with each of the laws cited above are:

- In 1989 the Bureau of Land Management (BLM) granted a right-of-way to the District as an interim measure for the existing facilities at Enloe Dam. In 2001 the right-of-way grant was finalized with a five year grant agreement. During the fall of 2007, the District renewed the grant agreement with the BLM through 2011. Once the Final License Application has been filed, the District will apply to amend the right-of-way grant to authorize the new improvements located on the BLM lands.
- In compliance with the Clean Water Act, an application for a Section 404 permit will be submitted to the Corps of Engineers Permit Section after the Enloe Hydroelectric Project License Application is accepted for filing by the FERC.
- Dam safety inspections and certification are required by the Washington Department of Ecology (Ecology) under Revised Code of Washington (RCW) 90.03. Field examinations by consulting engineers and Federal dam safety engineers have revealed no significant problems to preclude rehabilitation of the existing facilities.
- The applicant holds two certificates to divert water for power generation, one for 750 cubic feet per second (cfs) (S4-*01001ADJWRIS) and a second for 250 cfs (S4-*01001BDJWRIS). With priority dates of 1901 and 1905, there are no more senior water rights on the Similkameen River, and no water rights that would be affected by proposed project operations. For full development of the Project, the applicant would apply to Ecology for additional 600 cfs of non-consumptive water rights for power generation after the Enloe Hydroelectric Project License Application is accepted for filing by the FERC.
- Under RCW 90.16.050, the applicant has annually paid a power licensing fee based on an instantaneous diversion of 1,000 cfs, a gross head of 79 feet, and

a theoretical horsepower of 8,977. As set forth in Chapter 90.14 RCW, the applicant has made these payments to maintain an exemption from relinquishing its water rights for power development while the project has been decommissioned. Prior to generation from the Enloe Hydroelectric Project, the applicant will file a statement setting forth its claim with Ecology, as required under RWC 90.16.060.

- An application will be submitted to Ecology for a Section 401 Water Quality Certification after the Enloe Hydroelectric Project License Application is accepted for filing by the FERC.
- The proposed facility is within an established flood hazard zone mapped by the Federal Emergency Management Agency (FEMA), and therefore is within the area defined under RCW 86.16.051 as the basis for state and local flood regulation. Modifications to or work within the floodway for the Project will require a permit under Chapter 86.16 of the RCW.
- Under RCW 75.20.100, a Hydraulics Project Approval will be required for this project involving waters of the State of Washington. Applications for this approval will be submitted to the Washington State Department of Fish and Wildlife (WDFW).
- The applicant anticipates securing an Aquatic Use Authorization (permit) from the Washington Department of Natural Resources (WDNR) for use of bedlands and shorelands (to the original, pre-inundation Ordinary High Water Mark [OHWM] of the Similkameen River) above and below Enloe Dam. The application for the permit will be submitted to WDNR after the licensing decision has been made.
- An evaluation of the effect of the Project on cultural resources listed or eligible for the National Register of Historic Places (historic properties) is being prepared for this project under the requirement of 36 CFR Part 800 (revised

January, 2001). This evaluation will be submitted to the State of Washington, Department of Archaeology and Historic Preservation (WDAHP). The Advisory Council on Historic Preservation (ACHP) will also have an opportunity to comment on the undertaking. Additionally, a Historic American Engineering Record (HAER) was previously prepared for the dam and powerhouse.

- Pursuant to the requirements of the State Environmental Policy Act of 1971 (SEPA) Washington Administrative Code (WAC) 197-10, the applicant will prepare an Environmental Checklist and identify the expected SEPA lead agency. The applicant will submit the Checklist together with the FERC NEPA EIS to the expected SEPA lead agency at an appropriate time, in conjunction with an application for a required state permit, such as a water right. The SEPA lead agency will review the NEPA EIS and may adopt it if it meets their needs and requirements under SEPA. The SEPA lead agency may complete a supplement or addendum to the NEPA EIS if necessary. If the lead agency adopts the NEPA EIS, there would be no subsequent public comment period.
- Under the Shoreline Management Act of 1971 as amended, Okanogan County was granted authority to develop a Shoreline Management Master Program and to administer the provisions of that Act for projects within the County. Shoreline planning compliance will be accomplished through the Joint Aquatic Resources Permit Application (JARPA) process (see below).
- The District will apply through Okanogan County using the JARPA process to pursue approval required for shorelines management, hydraulics, and floodplain development, including:
 - U.S. Army Corps of Engineers: Section 10 and 404 permits
 - Washington Department of Fish and Wildlife: Hydraulic Project Approvals (HPA)

- Washington Department of Natural Resources: Use Authorizations for State-Owned Aquatic Lands
- Okanogan County Shoreline Conditional Use Permit and Shoreline Substantial Development Permit, and, if required, a shoreline variance

6. Brief project description:

- (i) Proposed installed generating capacity 9.0 megawatts (MW)
- (ii) Existing Dam, Major Modified Project (18 CFR Section 4.41)

The Project for which this application is made is known as the Enloe Hydroelectric Project. The Project consists of a dam constructed between 1919 and 1923 for power generation. The powerhouse, which is located on the west bank of the river about 850 feet downstream of the dam, initially contained one 1600-kilowatt (kW) hydroelectric turbine-generator unit. In 1924 a second 1600-kW unit was added. The original project was decommissioned in 1958 because lower cost energy was available from other sources.

It is considered economically feasible to redevelop the project with new generating facilities on the east bank, opposite to the original project location. All feasible power generation is needed to meet forecasted demand in the District service area. The new capacity is proposed to be 9.0 MW and the Project will generate about 47.3 gigawatt hours (GWh) annually. The nominal nameplate rating of the turbines and generators would be 4.5 MW each. The net average energy would be about 45.0 GWh per year. The redevelopment will consist of state-of-the-art equipment.

7. Lands of the United States affected (shown in Exhibit G):

BLM lands affected include a total of 35.47 acres in the E ½ of Section 11, the W ½ of Section 12, and the N ½ and the SE ¼ of Section 13, Township 40 N, Range 26 E, Willamette Meridian.

TABLE 1			
Applicable permits and approvals required by the ENLOE HYDROELECTRIC PROJECT			
AGENCY	STATUTE OR REGULATION	PERMIT OR APPROVAL	ACTION
FEDERAL			
U.S. Department of Interior, Bureau of Land Management	Federal Land Policy and Management Act	Right-of-Way Grant	Applicant to amend the ROW grant for the construction of new facilities.
U.S. Army Corps of Engineers	Federal Clean Water Act	Section 404 Permit	Included within JARPA process
STATE OF WASHINGTON			
Department of Ecology	RCW 90.03	Reservoir Permit and Dam Safety Approval	Dam safety is being coordinated with Ecology throughout the licensing process.
Department of Ecology	RCW 90.03	Permit to appropriate public waters (Water Rights)	Certificates issued for 1000 cfs appropriation; application will be submitted for additional 600 cfs
Department of Ecology	RCW 90.16.050 RCW 90.16.060 RCW 90.16.090	Power Production License Fees	Statement of claim and fees to be filed
Department of Ecology	Section 401 of Federal Water Pollution Control Act	Water Quality Certification	Application to be submitted
Department of Ecology	RCW 86.16	Flood Control Zone Permit	Included within JARPA process
Department of Fish & Wildlife	RCW 75.20.100	Hydraulic Project Approval	Included within JARPA process
Department of Natural Resources	RCW 79.125	Aquatic Use Authorization for bed & banks to OHWM	Application to be submitted and terms of agreement negotiated with WDNR
Department of Archeology and Historic Preservation	Executive Order 11593	Cultural Preservation Approval	Approval of mitigation described in HPMP and Programmatic Agreement
SEPA Lead Agency (to be identified)	RCW 43.21C WAC 197-10	State Environmental Policy Act of 1971	Review FERC NEPA document for possible adoption, supplement, or addendum under SEPA.
OKANOGAN COUNTY			
Okanogan County	RCW 90.58 WAC 173-14	Shoreline Management Permits	Included within JARPA process
Okanogan County	RCW 90.58 WAC 173-14	Substantial Development Permit	Included within JARPA process

ATTACHMENT 1
MUNICIPAL LEGAL AUTHORITY

Public Utility District No. 1 of Okanogan County was organized as a municipal corporation under Chapter I, Laws of Washington, 1931, with boundaries coextensive with the limits of Okanogan County, Washington. The District was formed by a county-wide vote in 1939 and began operation on May 11, 1945. Currently, the District's status as a municipal district of the State is defined by Chapter 54 of the Revised Code of Washington.

STATEMENT PURSUANT TO 18 CFR § 4.32(a)

In accordance with 18 C.F.R. § 4.32(a), the Public Utility District No. 1 of Okanogan County provides the following information:

1. Proprietary Rights:

The Applicant, Public Utility District No. 1 of Okanogan County, Washington, intends to obtain and will maintain any proprietary right necessary to construct, operate or maintain the Project. The Applicant is aware of no person, citizen, association of citizens, domestic corporation, municipality or state that has or intends to obtain such a proprietary right.

2. (i) County:

County of Okanogan
123 Fifth Avenue North, Suite 150
Okanogan, Washington 98840

There are no federal facilities that would be used by the proposed Project. Federal lands within the Project boundaries are described in Exhibit A.6 of the application.

(ii) City or town:

- a. The proposed Project would not be located within the limits of any incorporated city or town.
- b. There are no cities or towns within 15 miles that have a population greater than 5,000. The most populated town within 15 miles is Osoyoos, BC, Canada. Osoyoos, which is about 5 miles northeast of the Project, has an approximate population of 4,963.

(iii) Irrigation district, drainage district:

Oroville-Tonasket Irrigation District
516 11th Avenue
Oroville, WA 98844

Whitestone Reclamation District
P.O. Box B
901 Loomis Highway
Loomis, WA 98827

(iv) Political subdivision in the general Project area likely to be interested in or affected by the Project:

Okanogan County Conservation District
1251 2nd Ave S.
Okanogan, WA 98840

(v) Indian Tribes that may be affected by the Project:

Confederated Tribes of the Colville Reservation
P.O. Box 150
Nespelem, WA 99155-0150

As stated in the cover letter the District has sent an electronic copy of the public version of the license application to those listed on the Commission's official distribution list for this docket and to all resource agencies, Indian Tribes, other government offices, and consulted members of the public as required by 18 C.F.R. 4.32(b).

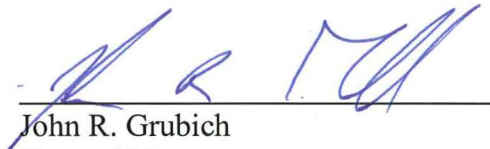
**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

This Application is executed in the

State of Washington)	Project No. 12569
)	
)	
County of Okanogan)	
)	

PUBLIC UTILITY DISTRICT NO.1 OF OKANOGAN COUNTY, WASHINGTON

By:



John R. Grubich
General Manager
Public Utility District No. 1 of Okanogan County
P.O. Box 912
Okanogan, WA 98840

VERIFICATION

John R. Grubich, being duly sworn, deposes and says that he is the General Manager of the municipal applicant in the foregoing application and that the contents of this application are true to the best of his knowledge or belief. The undersigned applicant has signed the application this 14th day of August, 2008.



John R. Grubich
General Manager,
Public Utility District No. 1 of Okanogan County

Notary Public:

Subscribed and sworn to before me, a Notary Public of the State of Washington, this 14th day of AUGUST, 2008.



Signature

TINA M. DE LAP

Printed Name

Notary Public Residing in MALOTT, WA
My Commission expires: 8-8-2011