

June 2, 2010

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  
Third 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 third six-month period of the permit.

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

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") also evaluates the potential of each option to generate hydroelectric power and provide flood control benefits. The study was funded by a grant of \$325,000 from the Washington State Department of Ecology as part of its Columbia Basin Program. The United States Army Corps of Engineers contributed matching funds and developed a Similkameen River Hydrology and Water Availability Study. A downloadable version of the final SRALS report has been posted on the District website, located at <http://www.okanoganpud.org/Similkameen/SimilkameenStudy.htm>.

### **Consultation**

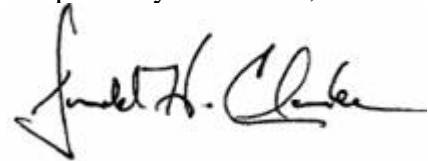
The District continued to provide information on the potential for hydroelectric generation, flood control and water storage at the Project. On March 12, 2010, the District provided a presentation to the Oroville Chamber of Commerce.

### **Next Steps**

The District has identified data gaps that require further investigation to establish the feasibility of the options, and is considering next steps, which may include performing a feasibility study. Any feasibility study would establish a more thorough description of the environmental setting and identify potential environmental and social impacts, and mitigation measures. 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. The District has included two million dollars in the 2010 budget for additional studies and is in the process of identifying potential consultants with competencies necessary to conduct the next level of analysis.

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,

A handwritten signature in black ink, appearing to read "Donald H. Clarke". The signature is fluid and cursive, with a large initial "D" and "C".

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 2<sup>nd</sup> day of June 2010.

Manuel Sandoval  
Legal Assistant  
Law Offices of GKRSE  
1500 K Street, NW, Suite 330  
Washington, DC 20005