

PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY WELLS HYDROELECTRIC PROJECT – FERC NO. 2149



RELICENSING UPDATE JULY – SEPTEMBER 2007

BACKGROUND

The Public Utility District No. 1 of Douglas County's (Douglas PUD) federal license to operate the Wells Project expires on May 31, 2012. The Wells Hydroelectric Project includes the Wells Reservoir, forebay, tailrace, dam, project lands and two 230 kV transmission lines. Wells Dam is the principal component of the Wells Project. It is located at river mile 515.6 on the Columbia River in the State of Washington, 30 river miles downstream of the Chief Joseph Project, owned and operated by the US Army Corps of Engineers, and 42 miles upstream of the Rocky Reach Project, owned and operated by Chelan PUD. Wells Dam includes ten generating units with a nameplate rating of 774.3 MW and a peaking capacity of 840 MW. The design of Wells Dam is unique in that the generating units, spillways, switchyard and fish passage facilities are combined into a single structure referred to as the hydrocombine. The Wells Reservoir is 29.5 miles long. The Methow and Okanogan rivers are tributaries of the Columbia River within the Wells Reservoir. The Wells Project Boundary extends 1.5 miles up the Methow River and 15.5 miles up the Okanogan River and includes approximately 2,140 acres of shoreline lands above the ordinary high water mark.

RECENT ACTIVITIES

Douglas PUD filed its Proposed Study Plan (PSP) Document with FERC on May 16, 2007. The PSP Document includes a collection of 12 study plans that were mutually developed and agreed upon with voluntary resource work groups (RWGs) that began meeting in November 2005. Over 150 issues or concerns were originally addressed and consolidated throughout the course of 35 separate RWG meetings. The study plans address Cultural, Recreation, Terrestrial, Aquatic and Water Quality issues designated by the groups as appropriate for study during the ILP study period. In addition to the 12 proposed study plans, the PSP Document includes Douglas PUD's responses to stakeholder study requests and a schedule for conducting its study plan meeting.

In accordance with the schedule proposed in the PSP, Douglas PUD held its Study Plan Meeting on June 14, 2007 in East Wenatchee, Washington. At the Study Plan Meeting, all of the study plans proposed by Douglas PUD and all of the stakeholder study requests were discussed by representatives from FERC, federal and state agencies, affected Indian tribes, the public, local

communities and Douglas PUD. Stakeholder comments on the PSP were due August 15, 2007. Only three stakeholders filed PSP related comments. No federal or state agencies filed comments on the PSP.

Douglas PUD revised five of the 12 study plans contained within the PSP per comments collected at the Study Plan Meeting, per comments collected from stakeholders during outreach efforts and based upon comments received by the August 15th deadline. Douglas PUD will file the Revised Study Plan Document on September 14, 2007. FERC will issue their Study Plan Determination on the Revised Study Plan by October 15, 2007. Upon FERC's issuance of its Study Plan Determination, Douglas PUD will initiate the formal study process. After the study period is completed, Douglas PUD will evaluate results from studies, resolve resource issues and complete management plans to be included into the Draft License Application due in late 2009.

Information on Wells Project Relicensing is available at www.douglaspud.org/relicensing. Douglas PUD's relicensing website describes the Wells Project, existing FERC license and the Relicensing Process. It also includes a relicensing calendar, work group information, compliance reports, baseline study reports, Pre-Application Document, Scoping Document 1, Scoping Document 2, Proposed Study Plan Document, minutes from various relicensing meetings and general relicensing correspondence.