

May 25, 2005

Ms. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: FERC Project No. P-12495 (Cascade Creek Hydroelectric Project)
SUB: First Six Month Progress Report

Dear MS. Salas:

This letter is submitted in compliance to Article 4 of the preliminary permit for the above referenced project.

First Six Month Progress Report

The first six months involved the following work:

1. Procure, study & verify data from previous studies of the referenced project (Bureau of Reclamation – “Thomas Bay Project (1965), Hosey & Associates – “Thomas Bay hydroelectric project” (1985), R.W. Beck – “Thomas Bay Project”(1975).
2. Obtain transmission characteristic information from B.C. Transmission Corporation.
3. Obtain routing & permitting information (Presidential Permit).
4. Obtain generation information for the proposed “Forest Kerr” project in British Columbia to determine transmission capacity.

The next six month period will consist of the following work:

1. Perform a feasibility study of the generation project and subsequent transmission line construction & transmission upgrade.
2. Determine market potential in British Columbia and the NW U.S.

Cascade Creek, LLC
3633 Alderwood Ave., Bellingham, WA 98225
(360) 738-9999 ph (360) 733-3056 fax

If there are any questions or need for additional information, please call Richard Rosenberg at (360) 738-9999, ext. 129.

Sincerely,

Steven C. Marmon
Manager