

March 31, 2006

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: Third 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.

Third Six Month Progress Report

The second six months involved the following work:

1. Encouraged and provided necessary justification for the State of Alaska and the British Columbia Transmission (BCTC) to perform individual feasibility studies for an Alaska-Canada transmission interconnection.
2. Subsequently, both the State of Alaska and BCTC performed feasibility studies and found the interconnection to be economically feasible.

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

1. Acquire the necessary information to complete a Pre-Application Document.
2. Consider the license processes and determine if a petition for a process other than the ILP is justified.
3. Install stream gauges to verify previous hydrological data.

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

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Sincerely,

Steven C. Marmon
Manager