

September 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: Fourth 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.

Fourth Six Month Progress Report

The fourth six months involved the following work:

1. A reconnaissance visit to the site to determine access and construction issues.
2. Worked for the passage of a 3.2 million dollar appropriation by the Alaska State Legislature to the Alaska Energy Authority for performing an extensive study into the engineering, economic and political factors for development of a transmission interconnection to British Columbia. AEA has now issued an RFP for this study and subsequent interconnection development.
3. Work with the British Columbia Transmission Corporation to study the extension of a 287KV transmission line to the Alaska Border.

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.

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

XC: Robert E. LeResche
Acting General Mgr.
The Four Dam Pool Power Agency
703 West Tudor Rd., Suite 102
Anchorage, AK 99503

Ronald L. Saxton
Jenny L Trieu
Ater Wynne LLP
222 SW Columbia, Suite 1800
Portland, OR 97201

General Manager
Thomas Bay Power Authority
P.O. Box 1318
Wrangell, AK 99929

Southeast Alaska Conservation Council
419 6th. St., Suite 200
Juneau, AK 99801