

## Kenai Hydro, LLC

3977 Lake Street  
Homer, AK 99603

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September 30, 2010

Secretary Kimberly D. Bose  
Federal Energy Regulatory Commission  
Attn: DHAC, PJ-12.2  
888 First Street, NE  
Washington, DC 20426

**- FILED ELECTRONICALLY -**

**RE: Fourth Six Month Preliminary Permit Progress Report for the Grant Lake (Project No. 13212) and Falls Creek (Project No. 13211) Hydroelectric Project, April 2010 – September 2010**

Dear Secretary Bose:

Kenai Hydro, LLC (KHL) hereby submits its fourth six month report for the period of April 1, 2010 to September 30, 2010 for the Grant Lake and Falls Creek hydroelectric project, pursuant to Article 4 of the preliminary permits issued on October 7, 2008.

### **ACTIVITIES DURING THE REPORTING PERIOD (APRIL 2010 – SEPTEMBER 2010)**

#### Engineering and Environmental Studies

The following environmental study efforts were conducted:

- A reconnaissance geological survey was conducted at the Grant Lake outlet in support of on-going engineering facilities design work.
- Preliminary engineering efforts continue to refine the operations and facilities proposal as outlined in KHL's August 13, 2010 submittal to FERC.
- Study plans for Terrestrial Resources, Aquatic Resources, Recreation and Visual Resources, Cultural Resources, and Water Resources were provided for agency and public review in May 2010.
- Field efforts as outlined in the Aquatic Resources study plan were conducted between May 2010 and July 2010.
- Wildlife and wetland surveys were conducted in the Project area in May and June 2010, as outlined in the study plans.
- Reconnaissance efforts to identify recreation uses and trail locations for the Recreation and Visual Resources study were conducted in June 2010.
- Hydrologic gaging stations were re-established at locations identified in the Water Resources study plan in May 2010.

#### Stakeholder Outreach and Consultation

In addition to participating in the formal scoping process hosted by FERC, KHL continued consultation regarding proposed licensing studies and Project facilities. These consultation activities included:

- KHL hosted an environmental site visit and participated in FERC's scoping meetings on June 2 and 3, 2010.
- KHL hosted a study plan review meeting with agencies and interested parties on June 3, 2010.
- KHL provided study plans identified above for a 60-day comment period.

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- KHL initiated consultation with the Alaska Department of Natural Resources and the U.S. Forest Service regarding the Iditarod National Historic Trail location in the Project vicinity.
- KHL held an instream flow and aquatic resources technical work group meeting in Anchorage, Alaska on June 22, 2010.
- KHL presented its Project proposal and timeline to the Kenai Peninsula Borough Assembly on June 22, 2010.
- KHL initiated consultation under Section 106 of the National Historic Preservation Act, and held a meeting to review the study plan and proposed Area of Potential Effect with consulting parties on June 24, 2010.

### **ACTIVITIES PROPOSED FOR THE NEXT REPORTING PERIOD (OCTOBER 2010 – MARCH 2011)**

KHL will continue resource study, engineering, and consultation efforts in support of its license application.

#### Engineering and Environmental Studies

KHL plans to process 2010 field study data, develop revised study plans, and respond to agency and public comments.

#### Stakeholder Outreach and Consultation

- KHL will continue consultation regarding the Iditarod National Historic Trail location in the Project vicinity.
- KHL will consult with agencies regarding revised study plans and an updated consultation schedule for license application development.

Please feel free to contact me (907.283.2375 or msalzetti@homerelectric.com) with any questions regarding this filing.

Sincerely,

/s/ Mike Salzetti

Mike Salzetti  
Project Manager  
Kenai Hydro, LLC

cc: Service List and Mailing List for Project Nos. 13211 and 13212