

Kenai Hydro, LLC

2525 C Street, Suite 500
Anchorage, AK 99503

September 30, 2009

The Secretary
Federal Energy Regulatory Commission
ATTN: DHAC, PJ-12.2
888 First Street, NE
Washington, DC 20426

- FILED ELECTRONICALLY -

RE: Second Six Month Progress Report for the Falls Creek Hydro Project, FERC Project No. 13211, April 2009 – September 2009

Dear Secretary:

Kenai Hydro, LLC (KHL) hereby submits its second six month report for the period of April 1, 2008 to September 30, 2009 for the Falls Creek hydro project, pursuant to Article 4 of the Preliminary Permit issued on October 7, 2008.

ACTIVITIES DURING THE REPORTING PERIOD

Engineering and Environmental Studies

The following reconnaissance level engineering and environmental efforts were initiated:

- Field Investigation of Design Elements
- Finalized Baseline or Reconnaissance Level Environmental Field Study Plans
- Collected Baseline Aquatics Field Data (Study Plan Implementation)
- Continued Search & Review of Existing Information Available on the Project
- Applied for Water Rights
- Refined Conceptual Facility Arrangements and Alternatives as part of a combined project with Grant Lake hydro project, FERC No. 13212
- Obtained LiDAR topographic data
- Prepared Draft and Filed Final Notice of Intent (NOI) and Pre-Application Document (PAD) for the combined Grant Lake/Creek and Falls Creek hydro project

Stakeholder Outreach and Consultation

KHL conducted many individual consultations and public interactive meetings with the organizations and agencies listed below. The purpose of these consultations and meetings was to introduce the project concepts and solicit feedback to prepare study plans and inform the Pre-Application Document. A complete consultation record is available in the PAD filed with FERC on August 6, 2009.

- US Forest Service
- US Fish and Wildlife Service

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- US Army Corps of Engineers
- US National Parks Service
- Alaska Department of Fish and Game
- Alaska Department of Natural Resources
- Alaska State Parks
- NOAA Fisheries
- Kenai Peninsula Borough Lands Committee
- Kenai Area Fisherman's Coalition
- Kenai River Professional Guides Association

KHL actively maintains a web site to facilitate the exchange and update of information and calendar related to the project(s). The domain name registered for the site is www.kenaihydro.com.

ACTIVITIES PROPOSED FOR THE NEXT REPORTING PERIOD

Engineering and Environmental Studies

KHL expects to receive and review reports summarizing the engineering and field data collection from the summer's activities. KHL will also be preparing draft study plans for the 2010 field season for review and comment during the formal TLP consultation process over the winter.

Stakeholder Outreach and Consultation

Consultations and outreach activities will be formally conducted as part of the TLP process FERC approved for the project. Schedule details are still being confirmed, but the intent is to have formal study plans approved in advance of the spring 2010 field season.

License Application Determination

KHL filed the NOI and PAD for this project on August 6, 2009 to maintain a timely schedule for filing a license application within the term of the preliminary permit period; however, KHL continues to update and evaluate the project feasibility. If the project remains viable, it is expected that KHL would file a license application before the preliminary permit expires in October 2011.

Please feel free to contact me with any questions regarding this report or for additional information as needed.

Sincerely,



Steve Gilbert
Manager
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Anchorage, AK 99504
(907) 333-0810