

Kenai Hydro, LLC

3977 Lake Street
Homer, AK 99603

March 31, 2010

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

- FILED ELECTRONICALLY -

**RE: Third Six Month Progress Report for the Falls Creek (Project No. 13211)
and Grant Lake (Project No. 13212) Hydroelectric Projects, October 2009 –
March 2010**

Dear Secretary:

Kenai Hydro, LLC (KHL) hereby submits its third six month report for the period of October 1, 2009 to March 31, 2010 for the Falls Creek and Grant Lake hydroelectric projects, pursuant to Article 4 of the Preliminary Permits issued on October 7, 2008.

ACTIVITIES DURING THE REPORTING PERIOD

Engineering and Environmental Studies

The following reconnaissance level engineering and environmental efforts were initiated:

- Prepared draft study plans for the various resource areas
- Finalized the 2009 Baseline Environmental Field Study Report

Stakeholder Outreach and Consultation

KHL held its joint meeting of agencies, public and tribes on November 12, 2009 and invited public comment on the project. This meeting was held in Seward, Alaska approximately 25-miles from the project site.

KHL also held a meeting in Moose Pass on January 13, 2010 to invite public comment on the project. The content of this meeting was identical to the November 12 presentation with additional slides detailing comments already received from the public.

Comments received as a result of the November 12, 2009 and January 13, 2010 meetings have been summarized and filed with FERC.

KHL provided presentations at the following public meetings:

- Alaska Department of Fish & Game Advisory Committee Meeting, January 11, 2010 at the Central Peninsula Sports Center in Soldotna, Alaska.

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- Kenai River Special Management Area Board Meeting, January 14, 2010 at the Kenai River Center, Soldotna, Alaska.
- National Hydropower Association, Alaska Regional Meeting, March 11, 2010 in Juneau, Alaska.

KHL Partnership Update

Alaska Wind Energy withdrew from the Kenai Hydro, LLC partnership in early February 2010, leaving Homer Electric Association as the sole owner of the business entity. KHL updated contact information with FERC following this change.

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 will be determining what field studies to conduct during the 2010 field season. Funding constraints may limit the scope of studies this year. If KHL can afford the full scope of study work, KHL will notify FERC so that it may begin the Early Scoping process.

Stakeholder Outreach and Consultation

KHL will continue consultations as necessary with agencies, tribes and the public.

License Application Determination

KHL will endeavor to 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,

Brad Zubeck
Project Engineer