

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 12688-000--Washington
Rich Passage Tidal Energy Project
Project No. 12689-000--Washington
Speiden Channel Tidal Energy Project
Project No. 12691-000--Washington
Agate Passage Tidal Energy Project
Project No. 12692-000--Washington
San Juan Channel Tidal Energy Project
Project No. 12698-000--Washington
Guemes Channel Tidal Energy Project
Public Utility District No.1 of
Snohomish County, Washington

MAR 06 2007

Mr. Steven Klein
General Manager
P.O. Box 1107
2320 California Street
Everett, WA 98206

Subject: Introductory Letter

Dear Mr. Klein:

Article 4 of the recently issued preliminary permits for the projects listed above requires you to submit a progress report every six months on the feasibility studies conducted for each permit. Enclosed for your convenience is a copy of article 4, which specifies the filing requirements. In addition to filing the progress reports, you are required to comply with the requirements of paragraph (D) shown in the ordering paragraph of the preliminary permits.

The first progress reports are due on July 31, 2007. Subsequent reports are due every six months. You should send four copies of the reports on each project to:

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

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Your preliminary permit may be cancelled if you fail to pursue diligently the required consultation and feasibility studies. Any license application for the project must be filed before the permit expires to maintain your priority of application for a license.

Please note that, pursuant to section 4.82 of the Commission's regulations, you must submit an application to amend your preliminary permit if you plan to change the project as proposed in your initial application. Also, please be advised that your preliminary permits do not authorize construction of any project works.

If you have any questions concerning this letter please call Ahmad Mushtaq at (202) 502-8833.

Sincerely,



for William Y. Guey-Lee
Division of Hydropower
Administration and Compliance

Enclosure: Standard article 4