

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 12690-000--Washington
Admiralty Inlet Tidal Energy Project
Public Utility District No. 1 of
Snohomish County, Washington

MAR 13 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 permit for the project listed above requires you to submit a progress report every six months. 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 permit.

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

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

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 permit does not authorize construction of any project works.

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

Sincerely,



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

Enclosure: Standard article 4