SNOHOMISH COUNTY PUD PUBLIC UTILITY DISTRICT NO. 1

Providing quality water, power and service at a competitive price that our customers value

July 30, 2007

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Snohomish County PUD No. 1 Tidal Energy Project Progress Report #1

- Deception Pass Tidal Energy Project (P-12687)
- Rich Passage Tidal Energy Project (P-12688)
- Spieden Channel Tidal Energy Project (P-12689)
- Admiralty Inlet Tidal Energy Project (P-12690)
- Agate Passage Tidal Energy Project (P-12691)
- Sun Juan Channel Tidal Energy Project (P-12692)
- Guemes Channel Tidal Energy Project (P-12698)

Dear Ms. Bose:

On February 22, 2007 Public Utility District No. 1 of Snohomish County, Washington ("Snohomish") was issued preliminary permits for five tidal energy projects proposed in and around Puget Sound in the State of Washington: Rich Passage, P-12688; Spieden Channel, P-12689; Agate Passage, P-12691; San Juan Channel, P-12692; and Guemes Channel, P-12698. On March 1, 2007 and March 9, 2007 Snohomish was issued preliminary permits for the Deception Pass, P-12687, and Admiralty Inlet, P-12690, sites respectively. Per the FERC "strict scrutiny" requirements, Snohomish submitted its Schedule of Activities for all seven sites on April 13, 2007.

PROJECT ACTIVITY

Stakeholder Outreach

During the past six month period Snohomish has maintained or initiated contact with federal, state, and local agencies and governments, tribal representatives, and other interested stakeholders. In addition to informal email and telephone exchanges, these contacts have included:

- Several project overview presentations with a number of local community groups;
- Meeting with representatives from numerous state and federal agencies (see Appendix A for attendance list) on February 23, 2007;

- Delivered a project overview presentation at the Georgia Basin/Puget Sound Action Team Research Conference on March 26, 2007;
- Conducted a public meeting with residents of Camano Island on April 2, 2007;
- Met with representatives from the Governor's Office of Regulatory Assistance ("ORA") on April 5 and May 10, 2007 to discuss progress/activities resulting from the February 23, 2007 meeting;
- Sent a project update/status letter to over two hundred and fifty stakeholders on April 24, 2007;
- Conducted project strategic planning/working sessions with the Project Team and key consultants during the week of May 7th;
- Met with key Washington Department of Ecology managers on May 21, 2007 to provide a project overview and discuss information needs for the Pre-Application Document;
- Sent a project update letter and questionnaire soliciting input/information to facilitate development of the Pre-Application Document to approximately one hundred stakeholders on June 12, 2007;
- Hosted a meeting with representatives from Marine Current Turbines and representatives from several stakeholder groups (See Appendix A for attendance list) on June 15, 2007 to discuss environmental scoping activities related to Marine Current Turbine's planned installation of "Seagen" (a 1.2 MW tidal in-stream energy device) in Strangford Lough, Northern Ireland this summer;

  Presented a project overview at a meeting with Naval Station Everett leadership and public works managers on June 28, 2007;
- Conducted a PAD information gathering teleconference with consultants and representatives from the WA Departments of Natural Resources, Ecology, and Fish & Wildlife on July 11, 2007;
- Delivered a project overview presentation at the Pacific Northwest Economic Region Summit on July 25, 2007.

Project Studies and Site Investigation

On January 19, 2007, Snohomish submitted a Technical Proposal in response to a Bonneville Power Administration ("BPA") request for proposals for funding support for tidal energy exploration. Snohomish has established partnerships with the University of Washington and the Electric Power Research Institute ("EPRI") to execute its tidal energy studies this year. The Snohomish Proposal was ultimately chosen by BPA to receive a funding grant of approximately $220,000.

During the past six month period the following study related work has been initiated:

A site survey and characterization study has been initiated by Snohomish and EPRI for all seven project sites. This will include investigation of:

- Tidal current regime and resource estimation
- Sea bottom geology and bathymetry
- Shipping, fishing, recreational, and other multi-use issues
- Port facilities
- Grid interconnection infrastructure

Preliminary plant design and economic analysis

- A consultant has been retained to assist with environmental assessments, related information collection, and Preliminary Application Document preparation.
- A Request for Proposals process was conducted to select a consultant to conduct preliminary Acoustic Doppler Current Profiling. The consultant has been selected and the associated field work is being conducted during July - September 2007.
- A University of Washington team has initiated work to develop a suitable tidal current modeling program to facilitate plant design/optimization and the evaluation of potential environmental effects in the Puget Sound.
  Meetings were held with representatives from several leading tidal energy conversion device developers. Additional meetings with other technology developers are planned for the remainder of this year including a site visit to the European Marine Energy Center in the Orkney Islands, Scotland.

On May 22, 2007 Snohomish PUD submitted a second Technical Proposal for 2008 BPA fiscal year funding to support ongoing tidal project studies. On July 24, 2007 BPA notified Snohomish that its Proposal has been selected for negotiations which are currently pending.

Media Contacts

The Snohomish Tidal Project has also been the subject of a number of media occurrences during the past 6 months including the following:

- *PUD continues long wait for permission to study tidal power sites* – Seattle Times, January 31, 2007.
- *Tides hold promise of electricity* – Everett Herald, February 11, 2007.
- *PUD aims to explore tidal power* – Seattle Times, February 13, 2007.
- *Utilities' new tune: 'Under the Sea* – Tacoma Tribune, February 13, 2007.
- *PUD Explores Tidal Energy* – KOMO-TV (ABC Affiliate), February 13, 2007.
- *NW Utility Considers Tidal Energy* – SNL Renewable Energy Week, February 14, 2007.
- *Waves, tides draw energy notice in US* – National Nine News (Australia), February 15, 2007.
- *Giant turbines, power plant in Agate Passage?* – Bainbridge Island Review, February 16, 2007.
- *Utilities hope to investigate Puget Sound tidal power* – KGW News 8 (Oregon), February 16, 2007.
- *Port Townsend quietly puts in bid for tidal energy generation* – Peninsula Daily News, February 16, 2007.
- *Washington to study Puget Sound sites for tidal potential* – Greenwire, February 23, 2007.
- *Utility gets OK to start tidal-power study* – Seattle Times, February 23, 2007.
- *PUD can begin tidal power study* – Everett Herald, February 23, 2007.

- *Utility gets OK to start tidal-power study* – Seattle Times, February 23, 2007.
- *PUD can begin tidal power study* – Everett Herald, February 23, 2007.
- *Snohomish PUD gets FERC approval to study potential tidal energy sites* – Clearing Up, March 5, 2007.
- *Tidal Turbine Study OK'd* – Whidbey News-Tribune, March 5, 2007.
- *SnoPUD gets preliminary permits for six tidal s*ites– Relicensing Review, March 8, 2007.
- *Permit revs up tidal project* – Everett Herald, March 10, 2007.
- *A Different Kind of Hydropower* – Seattle Post-Intelligencer, March 12, 2007.
- *Entrepreneurs start testing waters for off-shore hydropower* – Greenwire, March 22, 2007.
- *PUD Moves to turn tide on green power sources* – Everett Herald Editorial, March 25, 2007.
- *Renewable Energy Bill Aids Tidal Energy R & D in U.S.* – Renewable Energy Access, April 25, 2007.
- *PUD begins hunt for tidal power* – Everett Herald, April 26, 2007.
- *PUD gets grant to study 7 tidal-energy sites* – Seattle Times, May 2, 2007.
- *PUD Studies Tidal Energy* – Washington Radio News Svc., May 7, 2007.
- *Utilities to explore power in the tides* – Seattle Post-Intelligencer, May 9, 2007.
- *UW (and PUD) to expand tidal power research* – The UW Daily, May 24, 2007.
- *Fishing For Tidal Power* – KUOW-FM (NPR), June 6, 2007.
- Snohomish PUD hosted a media briefing on tidal energy research and proposed renewable energy legislation on July 9, 2007. The utility was joined by U.S. Representative Jay Inslee, Washington State Senator Steve Hobbs, and researchers from the University of Washington. The tidal energy briefing was covered by several Seattle-area TV and print media outlets, including KOMO-TV, the Seattle Times, the Seattle PI, and the Everett Herald.
- *Snohomish County PUD Closer to Tide Power* – Everett Herald, July 10, 2007.
- *PUD to Begin Tidal Power Testing Near Admiralty Inlet* – Seattle Times, July 11, 2007.
- *PUD Moving Forward on Tidal Power Research* – Snohomish County Tribune, July 18, 2007.
- *Tidal Power Sites Sought* – Everett Herald, July 21, 2007.
- *Testing Begins for Tidal Energy at Deception Pass* – Whidbey News Times, July 21, 2007.

Please contact me if you have any questions regarding this report, or if you require any additional information on the status of the Snohomish Tidal Energy projects.

Sincerely,

Craig W. Collar
Senior Manager, Energy Resource Development

Appendix A

February 23, 2007 Meeting --Groups Represented:

- Washington Department of Ecology
- Washington Department of Fish and Wildlife
- Washington Department of Natural Resources
- Washington Governor's Office of Regulatory Assistance
- Washington Department of Community, Trade, and Economic Development
- Washington State Attorney General's Office
- Washington Energy Facility Site Evaluation Council
- U. S. Navy Region Northwest
- Federal Energy Regulatory Commission (Jim Hastreiter)
- National Marine Fisheries Service
- U. S. Army Corps of Engineers
- U. S. Department of Fish and Wildlife
- U. S. Environmental Protection Agency
- Puget Sound Action Team
- Tulalip Tribes of Washington
- Snohomish County PUD No. 1

June 15, 2007 Meeting – Groups Represented:

- Marine Current Turbines
- Washington Department of Ecology
- Washington Department of Fish and Wildlife
- Washington Department of Natural Resources
- Washington Governor's Office of Regulatory Assistance
- Washington Department of Community, Trade, and Economic Development
- Puget Sound Action Team
- Tulalip Tribes of Washington
- Suquamish Tribe
- Skagit River System Cooperative
- Snohomish County PUD No. 1

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing filing in accordance with Rule 2010 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission.

Dated at Everett, Washington, this 30th day of July, 2007.

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TIDAL ENERGY PROJECT
FERC No. P-12687, P-12688, P-12689, P-12690,
P-12691, P-12692, P-12698
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