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TACOMA PUBLIC UTILITIES

November 29, 2006

Mr. Keith Kirkendall
Chief, FERC and Water Diversions Branch
U.S. Department of Commerce
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
Hydropower Division
1201 NE Lloyd Boulevard, Suite 1100
Portland, OR 97232-1274

Re: *City of Tacoma, Washington, dba Tacoma Power, Tacoma Narrows Tidal Energy Project, FERC Project No. 12612*
Response to National Marine Fisheries Service's Comments of November 3, 2006

Dear Mr. Kirkendall:

On November 3, 2006, the National Oceanic and Atmospheric Administration National Marine Fisheries Service ("NMFS") submitted comments related to the City of Tacoma, Washington, *dba* Tacoma Power ("Tacoma"), July 31, 2006 progress report for the proposed Tacoma Narrows Tidal Energy Project, FERC Project No. 12612. We have reviewed NMFS comments and conferred with you by telephone. This letter will confirm our response to NMFS' comments, for the benefit of the Federal Energy Regulatory Commission and interested stakeholders.¹

As described in detail in Tacoma's July 31, 2006 progress report, Tacoma, in conjunction with the Electric Power Research Institute, has completed its Phase I concept-level evaluation for both a pilot installation and a commercial scale plant. We are currently in Phase II, which entails deciding whether to proceed with installation of a pilot tidal energy unit in the Tacoma Narrows, and if a decision is made to proceed, moving forward with site engineering, consultation to address environmental concerns and permitting. An important component of Phase II will involve evaluating the available tidal turbines and determining the one best suited for the pilot installation; first considering site constraints, the potential affects on the natural environment, and the tidal currents. If Tacoma decides to proceed based upon information gathered and consultation with the resource agencies and other stakeholders during Phase II, Phase III would involve installation and monitoring of a pilot project.

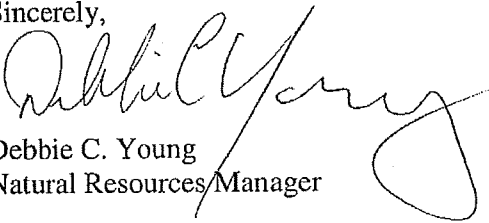
¹ Tacoma understands that the Washington Department of Ecology, Puyallup Tribe of Indians and Tulalip Tribes of Washington have each filed motions for late intervention in FERC Project No. 12612. While there is no ongoing proceeding in which intervention is necessary or appropriate, inasmuch as the Commission granted Tacoma's permit application on February 22, 2006, the instant response should also allay the more immediate concerns expressed in those filings. In addition, Tacoma will add these entities to its list of interested stakeholders for purposes of future consultations, as further discussed in this letter.

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Consistent with Tacoma's phased approach to its evaluation of the Tacoma Narrows Project, we are presently evaluating responses to a request for proposals to assist with Phase II evaluation. Completion of Phase II evaluation will determine if we proceed to permit a pilot plant and the type of device that would be tested. We wish to clarify that installation of a pilot project or commercial scale plant will not proceed without appropriate consultation with agencies and stakeholders and receipt of necessary permits or approvals from applicable authorities.

As Tacoma commences Phase II of its evaluation of the Tacoma Narrows Project, we look forward to engaging interested agencies and stakeholders in reviewing the anticipated benefits of the Project and in resolving potential concerns associated with the Project. Please contact Chris Robinson at (253) 502-8282 or me at (253) 502-8340 with any questions or concerns regarding the Project.

Sincerely,



Debbie C. Young
Natural Resources Manager

CC: The Honorable Magalie R. Salas, Secretary, Federal Energy Regulatory Commission
Distribution List (attached)

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FERC NO. 12612**

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