



Juneau Hydropower, Inc.
PO Box 22775
Juneau, AK 99802
www.juneauhydro.com
Telephone: (907) 789-2775
Fax: (907) 375-2973

August 22, 2012

RE: ALP Progress Report P-13563 Sweetheart Lake Hydroelectric Project

Below sets forward an update to Juneau Hydropower Inc.'s Alternative Licensing Process Progress report for the period ending August 15, 2012

This ALP progress report is to supplement the 6 month Preliminary Permit reports required by the Federal Energy Regulatory Commission for all preliminary permit applicants.

Per our approved ALP Communications Protocol, JHI shall provide:

An updated log of oral and written communications;

- *Descriptions of all major action taken on the project;*
- *Copies of all comment letters and other written correspondence, including those with the Commission staff;*
- *Copies of all meeting summaries and teleconferences call records, including those with Commission staff;*
- *Schedule for the next 6-month licensing period, including action items;*
- *Other information pertinent to the licensing.*

1. An updated log of oral and written communications.

JHI has had oral and written communications with stakeholders and agencies related to the filing of study plans and six month reports.

JHI has had oral communications with USFS personnel related to special use permits related to surveying, installation of weather station and camp operations.

JHI and contractors have met with USFS personnel related to wildlife, botanical and cultural studies.

JHI and contractors have had oral communications with DIPAC personnel on various hatchery and water quality related issues.

JHI and contractors have met with in with Army Corp personnel related to wetland issues.

JHI has had oral communications with Juneau based ADFG personnel related to Fish and Game concerns to be incorporated in Wildlife, Terrestrial and Aquatic studies.

JHI with ADFG personnel flew goat surveys in the spring of 2012.

JHI has had oral and written communications with ADFG staff in preparing, submitting and gaining approval for a 2012 Research Fisheries Permit.

JHI has met with USFWS personnel on wildlife and aquatic study plans

JHI has met with NOAA/NMFS personnel on aquatic study plans.

2. Description of all major actions taken on the project.

Since the last reporting period:

JHI initiated major and minor contracts with contractors for all study plans based on scoping meeting and Scoping Document 2.

Submitted and received 2012 ADFG Research Fisheries Permit

JHI established a base camp for environmental studies at Sweetheart Lake in accordance with JHI USFS Special Use Permit.

JHI conducted 2 online surveys. One survey for all registered and permitted personal use fishers for the Sweetheart Creek personal use sockeye fishery and the second survey for all USFS registered guides and outfitters that were listed as using the project area.

JHI conducted a 100% face to face interview/survey of all Juneau helicopter and fixed wing air charter operators to determine use and frequency of travel to and from project locations. Interviews included operators who have multiple sites in Southeast Alaska as flights to the project area could originate outside the Juneau Airport.

JHI conducted interviews with fishermen who collectively harvest 40,000 lbs of fisheries annually from Gilbert Bay.

JHI initiated a wind wave study to analyze wind and current in Gilbert Bay with information to be used to develop JHI marine facilities.

Conducted land surveys of proposed dock, access road to powerhouse, powerhouse and tailrace, damsite, mobilization areas. Land surveys were conducted in accordance with JHI USFS Special Use Permit.

Made several trips to project location to record and take information from stream gages in Lower Sweetheart Lake and Sweetheart Creek

Continued to conduct fisheries and aquatic life studies as permitted under our ADFG Research Fisheries Permit to include a spring and summer study of fisheries presence in Lower Sweetheart Lake, recording stream and lake temperature gages, taking water samples and photo documenting all stream habitat that enter Lower Sweetheart Lake.

JHI installed weather station at Lower Sweetheart Lake at the Sweetheart Lake camp location in accordance with JHI Special Use Permit. Below is a picture of JHI Sweetheart Lake camp with installed weather station.



Sweetheart Lake base camp and weather station.

JHI made application for water rights on Sweetheart Lake and Sweetheart Creek with the Alaska Department of Natural Resources, Division of Mining, Land and Water.

JHI had two geologists for two weeks analyze potential powerhouse site, analyze potential portal sites, and analyze damsite. Our detailed geologic information supplements previous studies and governmental geologic data. Updated geologic information is being used to develop our preliminary design for power generation infrastructure. Geologic work was conducted in accordance with JHI USFS Special Use Permit.

Lidar was flown for the project and transmission line. This data is being integrated into our licensing application exhibits.

3. Copies of all comment letters and other written correspondence, including those with the Commission staff;

JHI written correspondence that JHI has received or sent is related to our USFS special use permits, ADFG Fisheries Research Permit, USFS Special Use Permit. Six months reports and study plan documents were filed with FERC, sent to stakeholders and filed with the Juneau Public Library. All documents can be found on FERC E-Library under P-13563-001 of the same date. This same information can be found at Juneau Hydropower Inc.'s website.

4. Copies of all meeting summaries and teleconferences call records, including those with Commission staff;

On March 30, 2012 held meeting with ADFG wildlife personnel and JHI contractor Kai Environmental to discuss bear and goat habitat and make plans for site visits and goat reconnaissance at Sweetheart Lake.

On May 3, 2012 held meeting with USFS personnel to discuss 2012 amendment to JHI USFS Special Use Permit.

On May 12, 2012 had telephone meeting with NPS personnel related to recreational surveys, air charter surveys and recreational/aesthetic issues.

On May 25, 2012 held meeting with ADFG fishery personnel and JHI contractor Kai Environmental to discuss aquatic study plans.

On June 14, 2012 held meeting with NOAA/NMFS personnel and JHI contractor Kai Environmental to discuss aquatic study plan component.

On June 19, 2012 held meeting with Douglas Indian Association board members and management and JHI contractor Walking Dog Archaeology to consult with federally recognized tribe.

On June 21, 2012 held meeting with ADFG fishery personnel with JHI contractor Aquatic Science Inc. to discuss aquatic study plans.

On June 27, 2012 held meeting with USFS wildlife personnel and JHI contractor Kai Environmental to discuss wildlife study plans.

On July 11, 2012 held meeting with USFWS personnel with JHI contractor Kai Environmental to discuss wildlife study plan and T&E species.

On July 23, 2012 held meeting with USFWS personnel and JHI contractor Aquatic Science Inc. to discuss aquatic study plans and T&E species.

On July 23, 2012 telephone conversation with FERC personnel regarding FERC licensing process.

On August 3, 2012, held meeting with USFS personnel and JHI road and dock Contractor, Western Marine Construction to brief and review project road alternatives

On August 7, 2012, JHI staff met with ADNR personnel to turn in water rights application and to brief and review project road alternatives.

On August 8, 2012 telephone conversation with FERC personnel regarding project boundaries and usual customary boundary considerations.

On August 15, 2011, JHI Business Manager had telephone conversation with Monte Miller to discuss ADF&G and JHI water rights areas of mutual interest. It was agreed that JHI would send a follow up letter.

5. Schedule for the next 6-month licensing period, including action items;

JHI will continue to execute and complete study plans in order to submit a draft license application and preliminary draft environmental assessment and license application in September 2012 and a license application on November 30, 2012. These schedule for action items include: completion of cultural study plan, completion of wildlife study plan, completion of wetland delineation, completion of aquatics study plans, completion of botanical study plans, continued stream gage monitoring and discharge measurements; terrestrial and wildlife study investigations; aquatics and fisheries study investigations; geology and engineering plan/infrastructure refinements; computer generated modeling.

6. Other information pertinent to the licensing.

JHI is on track and on schedule to submit an applicant prepared environmental assessment and license application for the Sweetheart Lake Hydroelectric Project at the end of the preliminary permit period.

Sincerely,

A handwritten signature in black ink, appearing to read 'Duff W. Mitchell', written over a horizontal line.

Duff W. Mitchell
V.P. and Business Manager