

**CHAKACHAMNA HYDROELECTRIC PROJECT
FOURTH PROGRESS REPORT**

October 23, 2008

Project No. 12660-000 – Alaska

TDX Power, Inc.

1. General

This six-month progress report is prepared in accordance with the requirements of Article 4 of the Preliminary Permit issued to TDX Power (TDX) by the Federal Energy Regulatory Commission on 14 November 2006.

2. Liaison Officer

The Commission Liaison Officer for the Chakachamna Hydroelectric Project is:

Nicholas Goodman
TDX Power, Inc.
4300 B Street, Suite #402
Anchorage, AK 99503
(907) 278-2312

3. Schedule of Submitting License Application:

TDX anticipates that a license application for the project will be submitted pursuant to the project schedule shared with FERC staff on October 21, 2008.

4. Summary of Consultation during the Past Period

TDX Power continued to conduct meetings with parties that would have an interest in the Chakachamna hydropower project. The purposes of the meetings were to inform interested parties about the Chakachamna project, answer questions based on what is presently known about the project, and inform them of the FERC study process and how they can be included in all communications. The meetings also served as a forum to request pertinent information on the project that could be included in the information database for all to use.

In addition to the numerous agencies and special interest groups that TDX met with in the previous six month period regarding the project, it also made additional presentations to the following organizations during the present reporting period: Alaska Renewable Energy Project Board of Directors, U. S. Under Secretary of Energy Clarence Albright, U.S. Geological Survey, Matanuska Electric Association Rate Payers Alliance, Alaska Common Ground, Cook Inlet Keeper Board of Directors, Department of Natural Resources, Water Rights Division, and the Alaska Conservation Alliance Board of Directors. It also provided briefings at the REAP energy fair, and the State of Alaska sponsored Rural Energy Conference.

In addition to the last reporting period, TDX has had additional meetings with representatives from Tyonek Native Corporation to brief them further on the project and to learn of their concerns and mutual interests. TNC is the closest native group to the project and could be directly impacted by pre-licensing activities and project development. In addition to potential socioeconomic impacts, access roads and the project transmission line may directly impact TNC land.

Key TDX team members met with senior FERC management for the purposes of giving a summary progress report on the project and to lay out the schedule for completing the Pre-application Document, Notice of Intent, and completing field investigations that will support a license application.

In order to further facilitate the sharing of information on the project, TDX is nearing completion of a project web site that can be accessed by interested parties. The tentative domain name for the site is www.chakachamna-hydro.com. In addition to general information about the project, the web site will contain information on overall project schedule and status as well as detailed data files.

5. Studies Conducted During the Past Period:

During this past period, TDX has begun rounding out its technical team for completing requisite field studies. Long View Associates (LVA) has been retained for the duration of the FERC licensing process. LVA has concentrated their efforts on developing and implementing a strategy and schedule for advancing the licensing process. The LVA team also includes the services of Northern Ecological Services which has the key responsibility of formulating the critical studies associated with fisheries, aquatic, and terrestrial information needs, as well as those studies needed to address historical and cultural resources, recreational resources, visual impacts and socioeconomic effects of the project.

Execution of field programs is the responsibility of HDR. To date, HDR has been working with NES to identify and prioritize field studies needed for the project. Efforts of NES and HDR have focused on 1) sampling techniques, location, and overall habitat assessment; 2) the logistics and cost estimates for conducting the studies; and 3) a prioritization system for identifying when in the licensing schedule these studies will be completed. Ultimately this information will be used when working with agencies and interested parties in crafting an overall field program that will meet project and resource agency objectives.

In order to facilitate the scoping of the detailed field investigations, TDX has taken a deliberate approach to understanding the complex nature of the study area. During the course of the 2008 field season, HDR scientists conducted a number of field visits throughout the study area for the purpose of documenting the various hydrologic and bio-systems that may be impacted by the project. The intent of this program is to provide background information to the resources agencies that will be helpful in crafting the detailed investigations. The field program was designed to answer many of the questions that can be anticipated from the resource agencies during the development of the detailed field investigations. The HDR field investigations included spring, summer, and fall field trips. Numerous geo-referenced photographs were taken throughout the project area and keyed to Google earth mapping. Reports, photographs, and HDR and NES personnel will be available to meet with Resource Agencies in November 2008 for the purpose of fully briefing the

agencies in advance of collaborative meetings to develop the detailed field studies that will begin in 2009.

Also during this reporting period, TDX contracted with the U.S. Geological Survey to reactivate the stream gage station at the Chakachamna Lake outlet. This stream gage will provide continuous data gathering of annual streamflow and water temperature for at least a five year period. Data collected from this gage will be correlated with streamflow data collected over an eleven year period from 1962 through 1973. The entire period of record will be used to correlate with other area streams for the purpose of extending streamflow record for reservoir regulation analysis, in-stream flow studies, and other project purposes.

Recent engineering investigations by Hatch have indicated a number of areas where design changes can be made. Among others, these primary design changes include not only the elimination of the dam at Chakachamna lake outlet, but also the elimination of the complex fish ladder in deference to a natural channel and outlet structure to pass juvenile and adult salmon species both into and out of Chakachamna Lake. During this reporting period, HDR engineers and fisheries biologists have developed concept drawings of the outlet structure that will facilitate downstream passage of fish through the system over the full operating range of the project.

6. Outline of Engineering, Environmental, and Other Investigations to be Conducted During the Ensuing Six Month Period:

The ensuing six-month period will entail the upcoming winter season, and hence no additional field investigations will be conducted. Instead, TDX will conduct Agency Outreach meetings for the purpose of soliciting input from the agencies on what detailed investigations need to be conducted in support of a FERC license application. During this period, TDX will prepare a pre-application document, Notice of Intent, and initiate agency discussions that will lead to a FERC approved multi-year detailed study schedule. Also during this period, TDX will seek agency agreement on a detailed 2009 field study plan that will dove-tail into the long term detailed study plan.

7. Summary of Consultations That Will Take Place During the Ensuing Six Month Period:

Meetings with federal, state, and borough agencies with land use jurisdiction, as well as local landowners, the general public, and special interest groups will be continued.

8. Assessment of the Feasibility of the Project

Based on revised cost estimates and review of the area market, the project appears to be economically feasible when weighed against viable options. In the absence of Chakachamna, it is anticipated that a combination of coal, natural gas, and perhaps some wind and other renewable energy projects would be developed. No effort has been made at this early date to assess financial viability of the project.

Document Content(s)

ChakachamnaFourth.DOC.....1-3