

**Northern Illinois Hydropower, LLC
801 Oakland Avenue
Joliet, IL 60435**

March 31, 2009

VIA ELECTRONIC FILING

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

Northern Illinois Hydropower, LLC; Dresden Island Hydroelectric Project (FERC No. 12626) – Application for Initial License

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission (FERC or Commission) Order Issuing Preliminary Permit (Issued April 12, 2006), Northern Illinois Hydropower, LLC (NIH or Applicant), hereby submits its application for license for the proposed Dresden Island Hydroelectric Project (FERC No. 12626) (Project). The Applicant requests consideration of a fifty year license as permitted by statute and as warranted by the investments required to develop a renewable energy project while conforming to the environmental requirements of state and federal agencies. As summarized herein, NIH prepared the enclosed license application following a process and study schedule aimed at completing the license application before the close of the 36 month Preliminary Permit term. The Applicant does not intend to seek PURPA benefits.

PRE-FILING APPLICATION PROCESS

In compliance with the terms of the above referenced Preliminary Permit order, NIH submitted to the Commission periodic progress reports pertaining to the resource studies and steps in the licensing consultation process. All pertinent major documents emanating from the process have been filed and are included on the FERC docket pertaining to this project. Among the key milestones reflected on the record are the following:

- July 17, 2008: NIH issued its Notice of Intent (NOI), Pre-Application Document (PAD) and request to use the TLP.
- August 14, 2008: NIH submitted its Request for Designation as the Commission's Non-Federal Representative for Informal Consultation under Section 106 of the National Historic Preservation Act.

- August 20, 2008: FERC issued a letter order authorizing NIH to use the Traditional Licensing Process. NIH henceforth conducted the pre-filing consultation process in compliance with the Commission's regulations at 18 CFR §4.38.
- August 21, 2008: FERC issued public notice of NIH's NOI to license the Dresden Island Project and initiated informal consultation with: (a) the U.S. Fish and Wildlife Service under section 7 of the Endangered Species Act; and (b) the Illinois State Historic Preservation Officer, as required by section 106, National Historical Preservation Act, and the implementing regulations of the Advisory Council on Historic Preservation at 36 CFR 800.2. to use the Traditional Licensing Process.
- October 13-14, 2008: NIH conducted the initial consultation joint agency/public meetings and site visit.
- December 19, 2008: NIH completed its draft license application responding to comments resulting from the initial consultation meetings and distributed the draft application to resource agencies and consultation participants.
- March 17, 2009: NIH held a meeting to review the Draft Application and comments with the consulting agencies.
- March 18, 2009: NIH held a meeting with the Army Corps of Engineers (ACOE) to review the draft license application and the proposed design of the project and to review ACOE process in relation to FERC process.
- March 31, 2009: NIH concluded the 90 day draft application review period, modified its draft application to address comments received and completed its final license application enclosed herewith.

SUMMARY OF THE LICENSE APPLICATION NUANCES

NIH prepared the enclosed license application in conformance with the Commission's regulations at 18 CFR §4.51 (Major Project Existing Dam) with the exception of Exhibit E where NIH elected to use the more expansive Environmental Report format in accordance with 18 CFR §4.41 (Major Unconstructed Project) regulations. The consultation record and copies of all pertinent correspondence are appended to Exhibit E. The Applicant revised the final proposed project development scheme and proposed project operations described in Exhibits A and B respectively to address public and agency input stemming from the consultation process. Exhibit E, See Appendix B, contains copies of all relevant agency and stakeholder consultation.

As indicated in NIH's consultation record, there are no outstanding resource agency disagreements pertaining to the proposed project as of this filing. The proposed project also would not be inconsistent with State and Federal Comprehensive Plans included in FERC's published comprehensive plan list.

As Exhibit E indicates, there are five studies or modeling analyses that require completion subsequent to this application submittal: 1) Dissolved Oxygen Study – Data collection continues in 2009, report available November 2009; 2) Water Quality (DO) Modeling – Modeling dependent on data collection and final configuration of turbines, report likely late fall 2009; 3) Sediment Transport Analysis – Analysis dependent on final configuration of powerhouse, report likely Fall 2009; 4) Flow Velocity and Trashrack Analysis – Analysis dependent on final powerhouse and intake design and additional consultation with Illinois Department of Natural Resources, report likely late summer 2009; 5) Indiana Bat Survey – Survey to be conducted prior to construction, data collection likely to take place in the summer of 2010, report in fall 2010. These outstanding studies are all contingent on additional data collection or additional powerhouse design components and consequently could not be completed prior to the Preliminary Permit expiration date; however, these studies do not have a material affect on the proposed development scheme or the environmental protection measures proposed in the application. The Applicant will submit the results of these studies to the Commission upon completion.

As the enclosed application indicates, the proposed project is located at the ACOE Dresden Island Lock and Dam situated on the Illinois River immediately downstream of the confluence of the Des Plaines and Kankakee Rivers. NIH's proposed project scheme is aimed at minimizing the project's encroachment on federal lands. Accordingly, NIH estimates that the Project will affect approximately 7.1 acres of federal lands. Further consultation with the ACOE will be necessary to complete the final design of the proposed generation and transmission facilities associated with the Dresden Island Project. Consequently, the final configuration may result in slight changes to the Project Boundary shown in Exhibit G of the enclosed application; therefore NIH respectfully requests that the Commission waive any requirement for the Exhibit G Project Boundary to include GIS referencing and the signature of a registered land surveyor at this time. In light of these circumstances, NIH proposes to submit its final Exhibit G drawing, including the requisite project boundary details and registered surveyor signature in conformance with as-built conditions, after the project is constructed.

CRITICAL ENERGY INFRASTRUCTURE INFORMATION (CEII)

NIH requests that Exhibit F of the Dresden Island Project License Application be given privileged treatment because the drawings associated with this Exhibit contain Critical Energy Infrastructure Information (CEII). Therefore, Exhibit F has been separated from the rest of the enclosed application and is being filed with the Commission in accordance with 18 CFR §388.112(b).

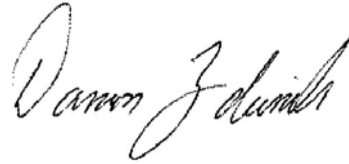
PUBLIC INFORMATION AND NOTICE PROCEDURES

The enclosed application includes completed study reports referenced in Exhibit E. The Applicant will make these reports and the enclosed application and other related documents publicly available on-line at NIH's website www.NIHydropower.com. Hard copies can be viewed at the following locations: Morris Area Public Library, 604 Liberty Street, Morris, Illinois and the Joliet Public Library, 150 N. Ottawa, Joliet Illinois. The Applicant previously provided copies of these reports to the consulted agencies and active participants.

Attached hereto is NIH's proposed draft tendering notice for Commission use in accordance with 18 CFR §4.32(b)(7). If there are any questions pertaining to this submittal, please do not hesitate to contact the undersigned.

Sincerely,

Northern Illinois Hydropower, LLC

A handwritten signature in black ink that reads "Damon Zdunich". The signature is written in a cursive style with a large initial 'D'.

Damon Zdunich
President

Enclosures

cc: Attached Distribution List

APPLICANT DRAFT

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Northern Illinois Hydropower, LLC

Project No. 12262-

**NOTICE OF APPLICATION TENDERED FOR FILING WITH THE COMMISSION,
SOLICITING ADDITIONAL STUDY REQUESTS, AND ESTABLISHING
PROCEDURAL SCHEDULE FOR LICENSING AND DEADLINE FOR SUBMISSION OF
FINAL AMENDMENTS**

(April XX, 2009)

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection.

- a. Type of Application: Initial License
- b. Project No.: 12262-
- c. Date Filed: March 31, 2009
- d. Applicant: Northern Illinois Hydropower, LLC
- e. Name of Project: Dresden Island Project
- f. Location: U.S. Army Corps of Engineers Dresden Island Dam on the Illinois River, in the Town of Morris, Grundy County, Illinois. The project will affect approximately 7.1 acres of federal lands.
- g. Filed Pursuant to: Federal Power Act 16 USC 791 (a)-825(r)
- h. Applicant Contact: Damon Zdunich, Northern Illinois Hydropower, LLC, 801 Oakland Avenue, Joliet, IL 60435, (312) 320-1610
- i. FERC Contact: To be determined
- j. Cooperating agencies: We are asking Federal, state, local, and tribal agencies with jurisdiction and/or special expertise with respect to environmental issues to cooperate with us in the preparation of the environmental document. Agencies who would like to request cooperating status should follow the instructions for filing such requests described in item l below. Cooperating agencies should note the Commission's policy that agencies that cooperate in the

preparation of the environmental document cannot also intervene. See, 94 FERC ¶ 61,076 (2001).

k. Pursuant to section 4.32(b)(7) of 18 CFR of the Commission's regulations, if any resource agency, Indian Tribe, or person believes that an additional scientific study should be conducted in order to form an adequate factual basis for a complete analysis of the application on its merit, the resource agency, Indian Tribe, or person must file a request for a study with the Commission not later than 60 days from the date of filing of the application, and serve a copy of the request on the applicant.

l. Deadline for filing additional study requests and requests for cooperating agency status: May 28, 2009.

All documents (original and eight copies) should be filed with: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

Additional study requests and requests for cooperating agency status may be filed electronically via the Internet in lieu of paper. The Commission strongly encourages electronic filings. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site (<http://www.ferc.gov>) under the "eFiling" link.

m. This application is not ready for environmental analysis at this time.

n. The Applicant proposes to construct: a) a 75-ft by 125-ft concrete powerhouse between headgate sections 10 through 16 immediately below the existing U.S. Army Corps of Engineers Dresden Island dam; b) a 50 ft by 50 ft switchyard adjacent and to the north of the powerhouse building; c) the proposed powerhouse would contain three 3.35-m runner diameter Bulb-type Kaplan turbines coupled to a 3,780 KVA rated, 0.9 PF, 3-phase, 60 Hz, 2.3 kV, 150 rpm synchronous type generator with a combined maximum generating capacity of 10.2 MW; and d) a new transmission line 08 miles long (voltage subject to receiving utility requirements). The proposed powerhouse would generate an estimated annual energy production of 60,000 MWh.

o. A copy of the application is available for review at the Commission in the Public Reference Room or may be viewed on the Commission's website at <http://www.ferc.gov> using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at 1-866-208-3676, or for TTY, (202) 502-8659. A copy is also available for inspection and reproduction at the address in item h above.

You may also register online at <http://www.ferc.gov/docs-filing/esubscription.asp> to be notified via email of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

- p. With this notice, we are initiating consultation with the Maine State Historic Preservation Officer (SHPO), as required by section 106, National Historic Preservation Act, and the regulations of the Advisory Council on Historic Preservation, 36, CFR at section 800.4.
- q. Procedural schedule and final amendments: The application will be processed according to the following Hydro Licensing Schedule. Revisions to the schedule will be made as appropriate. The Commission staff proposes to issue one environmental assessment rather than issue a draft and final EA. The assessment for NIH’s application for license for the Dresden Island Hydroelectric Project (FERC No. 12626) may be included with the Dresden Island EA. Comments, terms and conditions, recommendations, prescriptions, and reply comments, if any, will be addressed in an EA. Staff intends to give at least 30 days for entities to comment on the EA, and will take into consideration all comments received on the EA before final action is taken on the license application.

Issue Acceptance Letter/Additional Information Requests	June 2009
Issue Scoping Document.....	July 2009
Additional Information Response Due	October 2009
Notice of Application is Ready for Environmental Analysis	November 2009
Comments, Recommendations, Prescriptions Due	January 2010
Notice of Availability of the EA.....	June 2010

Final amendments to the application must be filed with the Commission no later than 30 days from the issuance date of the notice of ready for environmental analysis.

Kimberly D. Bose,
Secretary

DRESDEN ISLAND LICENSE APPLICATION

AGENCY DISTRIBUTION LIST

Federal Emergency Management Agency
Regional V
Lee Traeger
536 South Clark Street, 6th Floor
Chicago, IL 60605

Federal Energy Regulatory Commission
Chicago Regional Office
Regional Engineer
Federal Building
230 S Dearborn Street, Suite 3130
Chicago, IL 60604-1695

Federal Energy Regulatory Commission
Hydro East Branch 1, Room 61-27
Vince Yearick
Chief (OEP)
888 First Street, NE
Mail Code: PJ-14.1
Washington, DC 20426

Illinois Department of Natural Resources
Illinois Natural History Survey
1816 South Oak Street
Champaign, IL 61820

Illinois Department of Natural Resources
Office of Resource Conservation
John Buhnerkempe
One Natural Resources Way
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Illinois Department of Natural Resources
Wildlife Resources Division
One Natural Resources Way
Springfield, IL 62702-1271

Illinois Department of Natural Resources
Office of Land Management
One Natural Resources Way
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Illinois Department of Natural Resources
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Office of Water Resources, Resource
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Illinois Environmental Protection Agency
Watershed Management Section, Bureau of
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Bruce Yurdin
Manager
P.O. Box 19276
Springfield, IL 62794-9276

Illinois Historic Preservation Commission
Division of Preservation Services
Anne Haaker
1 Old State Capitol Plaza
Springfield, IL 62701-1512

National Park Service
Midwest Region
Regional Director
601 Riverfront Drive
Omaha, NE 68102

National Park Service
Midwest Region - Rivers and Trails
Diana Banta
25 East Washington, Suite 1650
Chicago, IL 60602

NOAA Fisheries
Northeast Regional Office
Patricia Kurkul
Regional Administrator
One Blackburn Drive
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DRESDEN ISLAND LICENSE APPLICATION

AGENCY DISTRIBUTION LIST

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111 North Canal, 6th Floor
Chicago, IL 60606-7206

US Army Corps of Engineers
Rock Island District
Jim Bartek
Clock Tower Building 205
P.O. Box 2004
Rock Island, IL 61204-2004

US Army Corps of Engineers
Rock Island District
Michael Cox
537 N. State Street
Geneseo, IL 61254

US Bureau of Indian Affairs
Office of Trust Responsibilities
MS: 4513 MIB
1849 C Street, NW
Washington, DC 20240-0001

US Bureau of Land Management
Eastern States-Milwaukee Office
District Manager
626 E. Wisconsin Avenue, Suite 200
Milwaukee, WI 53201-0631

US Environmental Protection Agency
Region V
Julie Guenther
Regional Administrator
77 West Jackson Boulevard
Chicago, IL 60604-3507

US Fish and Wildlife Service
Office of Environmental Policy and
Compliance
Michael Chezik
Regional Environmental Officer
Custom House, Room 244
200 Chestnut Street
Philadelphia, PA 19106-2904

US Fish and Wildlife Service
Chicago Field Office
Jeffrey Mengler
1250 South Grove, Suite 103
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US Fish and Wildlife Service
Regional Office
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FERC Coordinator
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Fort Snelling, MN 55111-4056

US Fish and Wildlife Service
Rock Island Field Office
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Moline, IL 61265

US Fish and Wildlife Service
Chicago Illinois Field Office
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1250 South Grove Ave
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Barrington, IL 60010

US Fish and Wildlife Service
Rock Island Ecological Services Field Office
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US Geological Survey
District Chief
1201 W. University Avenue, Suite 100
Urbana, IL 61801

DRESDEN ISLAND LICENSE APPLICATION

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1100 Pennsylvania Avenue, NW, Suite 809
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Ana Koval
President and CEO
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Lockport, IL 60441

City of Braidwood
Jim Hubbard
City Clerk
141 Main Street
Braidwood, IL 60408

City of Joliet
Office of the City Manager
Tom Thanas
City Manager
150 West Jefferson St.
Joliet, IL 60432

City of Morris
John Enger
City Clerk
320 Wauponsee Street
Morris, IL 60450

City of Wilmington
Wilmington City Hall
Sheila Long
City Clerk
1165 S. Water Street
Wilmington, IL 60481

Grundy County Commissioners Office
Francis E. Halpin
County Board Chairman
1320 Union Street
Morris, IL 60450

Illinois House of Representatives
Grundy County District #75
Careen M. Gordon
House Representative
760 East Division
Coal City, IL 60416

Joliet Public Library
150 N. Ottawa
Joliet, IL 60432

Morris Area Public Library
604 Libertery Street
Morris, IL 60450

United States Senate
The Honorable Richard J. Durbin
Senator
309 Hart Senate Office Building
Washington, DC 20510

United States Senate
The Honorable Barack Obama
Senator
713 Hart Senate Office Building
Washington, DC 20510

Village of Channahon
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Joe Cook
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Village Administrator
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Marian Gibson
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Village of Mokena
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Mokena, IL 60448

DRESDEN ISLAND LICENSE APPLICATION

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