

**NOTICE OF INTENT TO FILE
LICENSE APPLICATION
LAKE CREEK PROJECT (FERC No. 2594)
NORTHERN LIGHTS, INC. (NLI)**

MAY 31, 2006

Northern Lights, Inc. (NLI) hereby gives notice, as licensee for, the Lake Creek Project (FERC No. 2594), of their intent to file an application for relicense.

1. The potential applicant or existing licensee's name and address:

Northern Lights, Inc.
P.O. Box 269
421 Chevy Street
Sagle, ID 83860-0269

2. Project number:

FERC No. 2594

3. License expiration date:

FERC issued the original license on December 16, 1981, with an effective date of December 1, 1961, and expiration on November 30, 2011. NLI will file their New License Application on or before November 30, 2009.

4. Applicant's statement of intention to file an application for a subsequent license:

Northern Lights, Inc. (NLI) hereby unequivocally declares its intent to apply for relicense of the Lake Creek Hydroelectric Project, FERC Project Number 2594. NLI requests that FERC conduct the relicensing using the Integrated Licensing Process (ILP).

5. Principal Project works include:

Lake Creek Dam: The dam is 268 feet long with a maximum height of about 44 feet. The crest of the dam has 13 spillway openings, with gates or stoplogs. Each opening is 8 feet wide and extends 5 feet below the top of the dam, for a fixed crest elevation of 2055.59 feet. Four of the openings near the left abutment contain steel lift gates. Two additional openings nearest the intake structure also contain steel lift gates. The rest of the spillway openings close with removable wooden stoplogs. In addition to the spillway gates are two deep bay sluice gates, designated as DB1 and DB2. NLI has a log boom in front of the dam. Immediately in front of the intake gates is a 9 x 20 ft wooden debris rack with clear spacing of approximately 6 inches. At the opening of the intake is a 21.5 ft x 9 ft steel trash rack constructed of 3/8-inch steel with a clear spacing of one inch. A mechanical automatic trash rack cleaner/conveyer keeps the trash rack free of debris.

Penstocks: The Project description in the 1981 Order Issuing License includes a 1,649 ft long flume. A prior Licensee replaced the open flume with a 10-ft diameter welded steel flowline in 1975. The intake at the dam supplies the flowline, which has a slight slope to

MAY 31, 2006

facilitate flow. At the end of the flowline is a surge chamber that protects the penstocks and hydros from high pressure due to mechanical failures or load rejection. A reinforced concrete substructure and a wooden superstructure enclose the surge chamber. A 5-foot diameter pipe routes any excess water discharged from the surge chamber and returns it to Lake Creek.

Separate penstocks descend steeply from the surge chamber to supply each of the two powerhouses at the project. Penstock 1, approximately 297 feet long, delivers water to the horizontal Francis unit in Powerhouse 1. This penstock is 60-inches in diameter and of riveted steel construction. The connection between the surge chamber and penstock is a 30-foot long section of welded steel pipe. Penstock 2 is a 102-inch diameter welded steel pipe with transition sections on each end. This penstock is nearly 441-ft long and delivers water to the vertical Francis unit in Powerhouse 2.

Powerhouse 1: Powerhouse 1 has a wooden superstructure with a concrete substructure. Powerhouse 1 contains one 1,800 horsepower horizontal Francis unit which drives a 1 MW generator at 600 rpm. The effective head on Unit 1 is 136 ft.

Powerhouse 2: Powerhouse 2 is mostly a post and beam wooden structure. Powerhouse 2 contains a 5,280 horsepower vertical Francis unit which drives a 3.5 MW generator at 360 rpm. The effective head on Unit 2 is 150 ft.

Project Transmission: The Project description in the 1981 Order Issuing License includes a 2.4-kV generator lead, a 7.2-kV generator lead, a 7.2/34.5-kV step-up transformer at Powerhouse 2, as well as a 150-foot long, 7.2-kV transmission line, an 100 ft long, 34.5-kV transmission line and appurtenant facilities. A 7.97/13.8 kV line along with other upgrades replaced the 100-ft. long 34.5-kV transmission line in 1995. Because of these upgrades, the Project no longer has any transmission except from the powerhouses to the non-Project substation adjacent to Powerhouse 2.

6. Project Location:

The Lake Creek Project is located two miles east of Troy, Lincoln County, Montana, on Lake Creek, a tributary to the Kootenai River.

7. Installed plant capacity:

Powerhouse 1 has a Francis-type, turbine-generating unit with a rated capacity of 1 MW. Powerhouse 2 has a Francis-type, turbine-generating unit with a rated capacity of 3.5 MW.

8. The names and mailing addresses of:

- a. Every county in which any part of the project is located, and in which any Federal facility that is used or to be used by the project is located:**

The Project is located entirely in Lincoln County, Montana.

MAY 31, 2006

Lincoln County - County Clerk's Office
Board of Commissioners
512 California Avenue
Libby, MT 59923

- b. (A) Every city, town, or similar political subdivision in which any part of the project is or is to be located and any Federal facility that is or is to be used by the project is located:**

The Project is located near the Town of Troy, Montana.

Town of Troy
P.O. Box 823
Troy, MT 59935-0823

There are no Federal facilities used by the Project.

- (B) That has a population of 5,000 or more people and is located within 15 miles of the existing or proposed project dam:**

There are no cities or towns with a population of 5,000 or more people within 15 miles of the Project.

- c. Every irrigation district, drainage district, or similar special purpose political subdivision:**

There are no such divisions pertaining to the Project.

- d. Every other political subdivision in the general area of the Project or proposed Project that there is reason to believe would be likely to be interested in, or affected by, the notification:**

There are no other political districts or subdivisions that are likely to be interested in or affected by the notification.

- e. Affected Indian Tribes:**

Kootenai Tribe of Idaho
Jennifer Porter, Tribal Chairman
P.O. Box 1269
Bonners Ferry, ID 83805

Confederated Salish and Kootenai Tribes
Fred Matt, Tribal Chairman
51383 Highway 93
P.O. Box 278
Pablo, MT 59855-0278

J:\1297\001\NOI\NOTICE OF INTENT TO FILE 052406.doc