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Lower St. Anthony Falls Hydroelectric Project

SAF Hydroelectric LLC

Renewable Development Fund

Contract EP-34

Reporting period: 1/1/07 to 2/28/07

Date: 3/26/07

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SAF Hydroelectric LLC
c/o Brookfield Power
225 Greenfield Parkway
Suite 201
Liverpool, NY 13088

Project Title: Lower St. Anthony Falls Hydroelectric Project

Contract Number: EP-34

Report Date: March 1, 2007

Reporting Period: 1/1/07 – 2/28/07

Principal Investigator: Robert P. Larson

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Congressional District of Corporate Office: New York Congressional District #25. (Note that this is a change. With the addition of Brookfield Power as a partner in SAF Hydroelectric, LLC, the corporate offices were moved to 225 Greenfield Parkway, Suite 201, Liverpool, NY 13088)

Congressional District of Project: Minnesota Congressional District #5

MILESTONE SUMMARY REPORT

Executive Summary:

Milestone 1 – Receipt of FERC License and Xcel Energy PPA approved by MPUC.

Milestone has not been achieved. While the FERC hydroelectric license has been received by SAF and the definitive power purchase agreement (“PPA”) with Xcel Energy has been signed, the approval of the PPA by the Minnesota Public Utilities Commission has not occurred.

Milestone 2 – Receipt of USACE executed MOA.

Milestone has been achieved. A MOA with the Corps of Engineers covering the development of the Project and the right to use and possess the Project site was signed on September 28, 2006. There has been no delivery of the required Deliverable.

Milestone 3 - Receipt of Design Report from Rizzo.

Milestone has been achieved. Paul C. Rizzo Associates, Inc. has submitted a Design Report. There has been no delivery of the required Deliverable.

Milestone 4 - Delivery of a Project Critical Path Schedule.

Milestone has not been achieved. A revised Critical Path Schedule has not been submitted to Xcel Energy.

Milestone 5 - Delivery of an interconnect agreement with NSP.

Milestone has not been achieved. The interconnection agreement with NSP has not been agreed upon. Draft proposals for such an agreement were received by SAF from NSP and are currently under consideration.

Milestone 6 - Delivery of the turbine/generator contract

Milestone has been achieved. A contract with the turbine generator supplier to perform engineering and develop specifications for installations of the turbine generator equipment for the Project has been signed by all parties. There has been no delivery of the required Deliverable.

Milestone 7 - Delivery of a copy of Corps or FERC approval of the regulating plan under Article 311 of FERC License satisfactory to RDF representative.

Milestone has not been achieved.

Milestone 8 – Closing on Project Financing; specifications complete and turbine generator equipment order placed.

Milestone has been achieved. The financial closing occurred on February 27, 2007 and the turbine generator equipment was subsequently ordered. There has been no delivery of the required Deliverables.

Milestone 9 – Completion of the cofferdam and dewatering of the auxiliary lock chamber.

Milestone has not been achieved. The cofferdams have not been installed and therefore no dewatering has occurred.

Milestone 10 – Delivery of turbine generator equipment to Project site and construction of Project at least 50% complete.

Milestone has not been achieved.

Milestone 11 – Project has achieved in-service status.

Milestone has not been achieved.

Specific Project Progress Issues:

Technical Progress: Technical progress with the design, construction and installation of the project components continues with no known breakthroughs or delays:

- The design of project civil works has moved to the final phase.
- The final architectural and design related to the two project buildings is on-going.
- The site utility survey has been completed.
- The Contractor, VATech and their crane supplier are conducting the final crane design effort.

Additional Milestones: No additional milestones have been developed or evolved.

Project Status: The Project is on schedule to be in service before August 1, 2009 and is currently on budget.

Appendix: None at this time.