

Peak Hour Power, LLC

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October 25, 2012

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

**RE: First Six Month Progress Report
Silver Creek Pumped Storage Project
FERC Project # 14336**

Dear Ms. Bose:

On May 5, 2012, FERC issued the subject Preliminary Permit to Peak Hour Power, LLC for the proposed Silver Creek Pumped Storage Project located in Blythe Twp., Schuylkill County, Pennsylvania. In accordance with Article 4 of the Permit, Peak Hour Power, LLC hereby submits its first six month progress report.

During the first six months the following activities occurred:

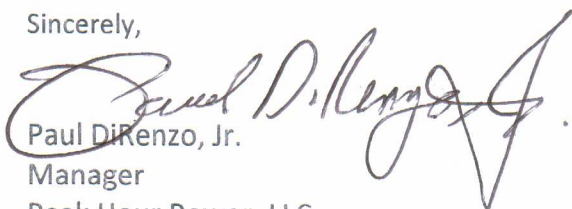
- Further research and investigation was conducted into the creation of the lower reservoir by and through surface mining and reclamation of proven Anthracite coal reserves on site. Variations in open pit length, width, and finished depth were analyzed so as to optimize coal recovery and post-mining reservoir volume. This work indicates adequate water storage capacity and head can be developed to support generation output of at least 250MW. Furthermore, more precise calculations of the volume of waste rock and earth (by)produced from surface mining shows that far more than enough of this material is available for use in construction of the upper reservoir's semi-circular dam/dike. Consequently, consideration is being directed to the possibility of maximizing upper reservoir volume beyond the needs of pumped storage and to the augmentation of the regional water supply. Area elevation surveys show that many surrounding communities could be served from the upper reservoir by gravity.

- Geologic investigations are underway by the collection and review of the many studies, maps, and reports available due to past mining at the site and surrounding area. Geology in the Anthracite coal region is well studied and understood.
- Contact was made with Pennsylvania-based Voith hydropower. Voith confirmed that it manufactures pump-turbines in the size range estimated for Silver Creek, and does so at its York, PA location...less than 90 miles from the site. These facts substantially multiply benefits the proposed project offers to the regional economy.
- A third party development / investment group has expressed interest in the Silver Creek Pumped Storage Proposal. Due diligence, discussions, and negotiations are ongoing.
- Preliminary cost estimates were conducted by comparing costs associated with similar sized pumped storage projects in operation or under construction. Future work in this area will focus on estimating the cost reduction impact surface mining will have on overall pumped storage costs through the recovery of coal and relatively low cost supply of earth and rock.
- With respect to the adequacy of the local power grid, some insight was gained by information available from the PJM-RTO (Regional Transmission Operator). This topic will be studied further in the coming months.

In summary, initial evaluation of principle concepts, components, and assumptions relating to sizing, construction, infrastructure, and surface mining integration is underway and planned to continue through the next six month period. All work proceeds to the goal of preparing the Notice of Intent (NOI) and Pre-Application Document (PAD) documents in accordance with 18 C.F.R. sections 5.5 and 5.6

Should there be any questions or comments regarding this first six month progress report, please contact the undersigned at the location above.

Sincerely,



Paul DiRenzo, Jr.
Manager
Peak Hour Power, LLC