

February 10, 2012

Mr. Walter George
Bureau of Land Management Project Manager
Gateway West Transmission Line Project
Bureau of Land Management
5353 Yellowstone Road
Cheyenne, WY 82009

RE: Gateway West Update

Dear Mr. George:

As discussed in our conference call with the Wyoming and Idaho Bureau of Land Management State Directors on Nov. 28, Rocky Mountain Power is in the process of preparing a revised SF299 for the Gateway West project. This will include updates to the scope of the project, purpose and need, and project description. While this is not meant to be a complete list of the changes that will accompany the revised SF299, the following are the key changes:

• **Segment 1:**

The need for electricity for our customers continues to grow and the company's Gateway West transmission project will help to provide for those needs.

Today Rocky Mountain Power is announcing changes to this project in the segment between the Windstar and Aeolus substations in eastern Wyoming.

- The existing 230 kV line (1W(c)) will be rebuilt between the existing Windstar and the future Aeolus substations (as originally planned).
- Development will continue to move forward on the planned 230 kV line to the west (known as the 1W route), paralleling the existing 230 kV line, using the 1E-A alternative as the companies' proposed route from Windstar to mile post 20.
- The proposed 2nd eastern 230 kV line will be removed from the plan. The company is asking that the eastern routes 1E and 1E-B be dropped from further consideration.

Overall the purpose and need for this project has not changed., The Company's obligation, as an essential service provider, continues to be providing safe, reliable, reasonably priced electricity to meet the current and future needs of our customers. The changes announced today do not detract in any way from that requirement.

- Through the planning process for Gateway West the company determined a second new 230 kV line will no longer be needed.

- This decision-making process was focused on meeting customer needs and included:
 - assessing the ongoing needs and objectives of this project,
 - the location and availability of future resources throughout our system,
 - identifying the best plan of service that strikes a balance between cost and risk for our customers, and
 - consideration of public policy decisions and directives

Again, this configuration change to the Gateway West project will enable the company to meet its obligation to serve our customer's needs in a way that better balances cost and risk. As customer needs change and as state and national energy policy developments occur, the company will continue to adjust its plans accordingly.

- **Elimination of one of the Segment 2, 3, and 4 electrical circuits**

Adoption of one single-circuit 500-kV transmission line for Segments 2, 3, and 4. This alternative is described in the Draft EIS as the first phase of the Schedule Variation and therefore is fully evaluated in that document. The difference between the Schedule Variation and the Project as described herein is that the second phase would not be built. Elimination of the second circuit between Aeolus and Populus Substations removes the Creston and Bridger 230-kV Substations from the plan and reduces some equipment in the Aeolus and Anticline Substations. Overall the two station sizes do not change materially.

- **Elimination of one of the Creston Substation**

At this time the demand electrical energy to serve oil and gas field facilities has not materialized in this specific area. The Creston Substation is no longer a current requirement of the plan and therefore has been removed. However, the location continues to be used as the terminus for Segments 2 and 3, whose routing was determined by the WWEC and by the Wyoming Governor's EO-2010-4.

- **Segment 2**

Companies have adopted Alternative 2C based on public comment during the Draft EIS review process as well as compliance with the Governor's Executive Order on sage grouse and will be changing our proposed route to reflect that change.

- **Segment 4**

Companies have adopted Alternative 4A based on public comment during the Draft EIS review process and will be changing our proposed route to reflect that change.

- **Segment 5**

Rocky Mountain Power is interested in preserving the Segment 5C alternative across the Fort Hall Indian Reservation as an alternative to the company's proposed route. This will now be part of the "phased construction" and be constructed at a future date dependent on load requirements. Rocky Mountain Power will initiate discussions with the Fort Hall Business Council immediately.

In addition I want to make you aware of a couple of other changes:

- Rocky Mountain Power is in negotiations with Bonneville Power Administration's interest in portions of Gateway West to serve their SE Idaho load requirements. This effort currently underway only strengthens the purpose and need for the project through Idaho and increases the regional significance of the project overall
- A recent contract change between Idaho Power and PacifiCorp has changed the project management arrangement between the Companies. The Companies have appointed PacifiCorp to serve as Project Manager for the Gateway West project. Idaho Power will continue in a supportive role.

While the companies are formalizing these changes in much more detail in a revised SF299, these changes in no way reduce the need for schedule certainty and successful completion of the permitting process. The companies request that the Bureau of Land Management schedule the remaining resolution meetings in Cassia County, Power County, and Kemmerer at your very earliest convenience. Please let me know if you have any questions.

Sincerely,



Pam Anderson

Rocky Mountain Power Project Manager

Cc:

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