

Canada / Pacific Northwest – Northern California Transmission Project

*Avista Corp
British Columbia Transmission Corporation
PacifiCorp
Pacific Gas and Electric Company*

December 19, 2008

Tom Green, Chair, Technical Studies Subcommittee (TSS)
Brian Silverstein, Chair, Planning Coordination Committee (PCC)

Dear Tom and Brian:

Attached is the Comprehensive Progress Report (CPR) for the Canada-Pacific Northwest-California Transmission Project (CNC Project) which presents the Preliminary Plan of Service (POS) for the Project and a proposed north-to-south rating. This Project is sponsored by Avista Corp, British Columbia Transmission Corporation, PacifiCorp, and Pacific Gas & Electric Company (PG&E).

The Preliminary POS involves (a) 500 kV HVAC facilities from Selkirk in southeast British Columbia to the proposed Northeast Oregon (NEO) Station with an intermediate interconnection at Devils Gap Substation in Spokane, (b) 500 kV HVDC facilities from NEO Station to Collinsville Substation in the San Francisco Bay Area with a possible third terminal at Cottonwood Area Substation in northern California (DC Segment), (c) voltage support at the interconnecting substations, and (d) remedial actions for project outages.¹ The proposed north-to-south rating for the two Project segments is 3000 MW. The project is expected to improve system reliability. The target operating date for the project is December 2015.

The Project Sponsors request that WECC members and project stakeholders review the CPR within the 60-day review period and submit any questions or comments to Ben Morris (PG&E consultant) at BenMorris@astound.net or 925-408-5437. The Project Sponsors will log all questions and comments received during this review period and address them as part of Phase 2.

Upon completion of the 60-day review process, the Project Sponsors request that the CNC Project be granted Phase 2 status. Parties interested in participating on the WECC Project Review Group for the CNC Project, should complete the attached form and return it to Merle Mercado of PG&E at MTM3@pge.com by February 2, 2009. Project

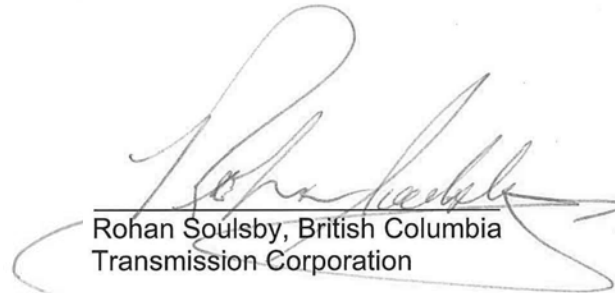
¹ The Phase 1 initiation letter, dated October 31, 2007 described a conceptual plan of service that included facilities from Selkirk Substation to Tesla/Tracy substations (southern terminus). The Preliminary POS establishes the southern terminus at Collinsville which is about 30 miles north of Tesla/Tracy. A transmission upgrade from Collinsville to Tesla/Tracy is required to achieve the 3000 MW north-to-south rating but this upgrade is not part of the Preliminary Plan of Service for the Project.

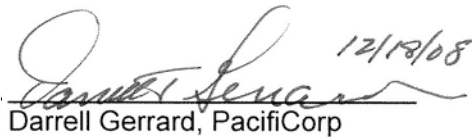
Review Group members will be contacted and informed of upcoming meetings after the CNC Project receives Phase 2 status.

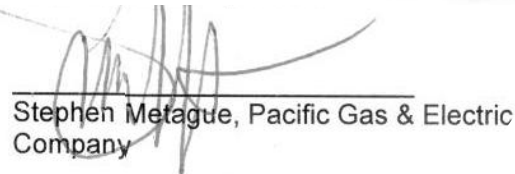
The Project Sponsors plan to coordinate Northwest study activities for Phase 2 through the Transmission Coordination Work Group (TCWG). The TCWG has served as a forum for coordination of this Project as well as ten other projects with terminations in the Pacific Northwest. It has been agreed that the TCWG will continue to provide this coordination for Phase 2. Project Review Group Members will be added to the TCWG distribution list and invited to TCWG meetings. California study activities will be handled through separate meetings.

Thank you,


Don Kopczynski, Avista Corporation


Rohan Soulsby, British Columbia
Transmission Corporation


Darrell Gerrard, PacifiCorp


Stephen Metague, Pacific Gas & Electric
Company

Copy: TSS Members
PCC Members
TCWG Members
CNC Stakeholder Group

Canada-Pacific Northwest-California Phase 2 Project Review Group

- I am interested in participating in the CNC Project Review Group
- I am **not** interested in participating in the CNC Project Review Group but would like to be included on the mail distribution list for Phase 2-related correspondence

Name: _____

Title: _____

Company: _____

Address: _____

Telephone: _____

E-mail: _____

Please e-mail or fax this form by February 2, 2009 to:

Merle Mercado
PG&E, Strategic and Technical Services Department
Fax: 415-973-8804
MTM3@pge.com