

From: Hattevik, Kerry  
Sent: 12/23/2011 10:47:22 AM  
To: Simon, Jason (jason.simon@cpuc.ca.gov); Dan Douglass (douglass@energyattorney.com); Schultz, Adam (adam.schultz@cpuc.ca.gov)  
Cc: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); Gosselin, Dean (Dean.Gosselin@nexteraenergy.com)  
Bcc:  
Subject: Update on North Sky River project

Adam, Paul, and Jason,

In follow up to our meeting last week, I wanted to update you on the permitting and transmission approvals for the North Sky River project.

#### Federal Permits

Bureau of Land Management (BLM) issued a Finding of No Significant Impacts (FONSI) and a Decision of Record for the project on December 21, 2011. The process is complete. We are awaiting two documents from BLM. One is the Right Of Way grant where we still need a concurrence letter from LADWP. We are awaiting the Notice to Proceed soon and are working through the final details.

#### State Permits

There are three California permits we need to get before we can proceed - a stream crossing permit, the water quality certification, and an incidental take permit. We have all documents complete with the agencies and expect to get the final permits by the second or third week of January.

#### CPUC Approval for transmission construction

Transmission continues to be the main pacing item for the project timeline. There are two issues, both of which are with the CPUC's CEQA team. The first is the notice to proceed (NTP) with construction, which was expected on December 19th. That has been delayed due to some documentation issues surrounding the towers and visual impacts. We expect that to be straightened out by early January with construction able to proceed later that month.

The second issue is the ability to do gas pipeline protection within the scope of the existing environmental permit. On December 2, SCE filed an addendum to the existing CPUC license to proceed with the pipeline work within the scope of the existing permit. Last week energy division issued data requests to SCE for additional information regarding the impacts of the pipeline protection work. The answers to the data requests are due January 9th. After those are submitted, we should know if the work can be completed within the existing license via addendum. The EIR addendum process is the best path for the project because it does not reopen the proceeding or require a formal ruling by the Commission. The addendum approach is therefore lower risk to the project timing to make sure we can energize the transmission line by December 2012 before the federal production tax credit (PTC) expires. I will provide an update to you after January 9 regarding the status of the CPUC review.

Please let me know if you have any questions on the above items.

I wish you all a very happy holiday!

Kerry

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