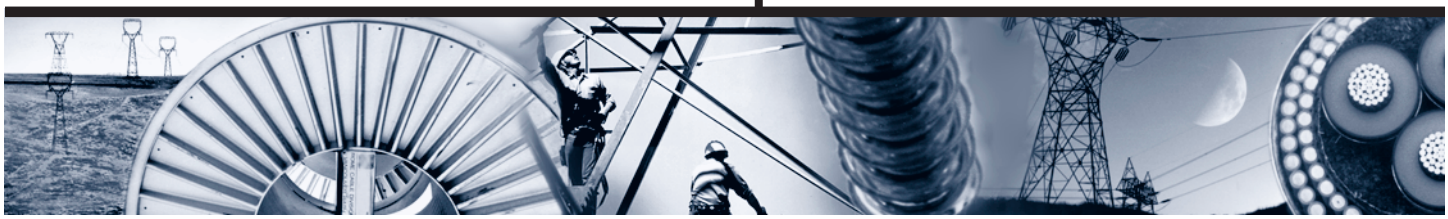


Schultz-Wautoma

500-kV Transmission Line Project

The Bonneville Power Administration is committed to providing reliable power to the Northwest region. BPA is proposing to build new infrastructure projects to improve the distribution of power to meet existing and future power needs. The Schultz-Wautoma project is needed to ease electricity flows in the I-5 corridor and over the intertie to California while increasing transmission capacity in the Hanford area during spring and summer months. This is one of several critical projects BPA has planned to solve power reliability problems in the Northwest.

Project Description

BPA began construction on the main Schultz-Wautoma (formally Schultz-Hanford) 500-kilovolt transmission line in March 2004. The new transmission line will be about 64 miles long and add additional capacity to the heart of BPA's electric grid in central Washington. The line will connect BPA's Schultz Substation near Ellensburg, Wash., to a new substation at Wautoma, currently under construction.

The line will:

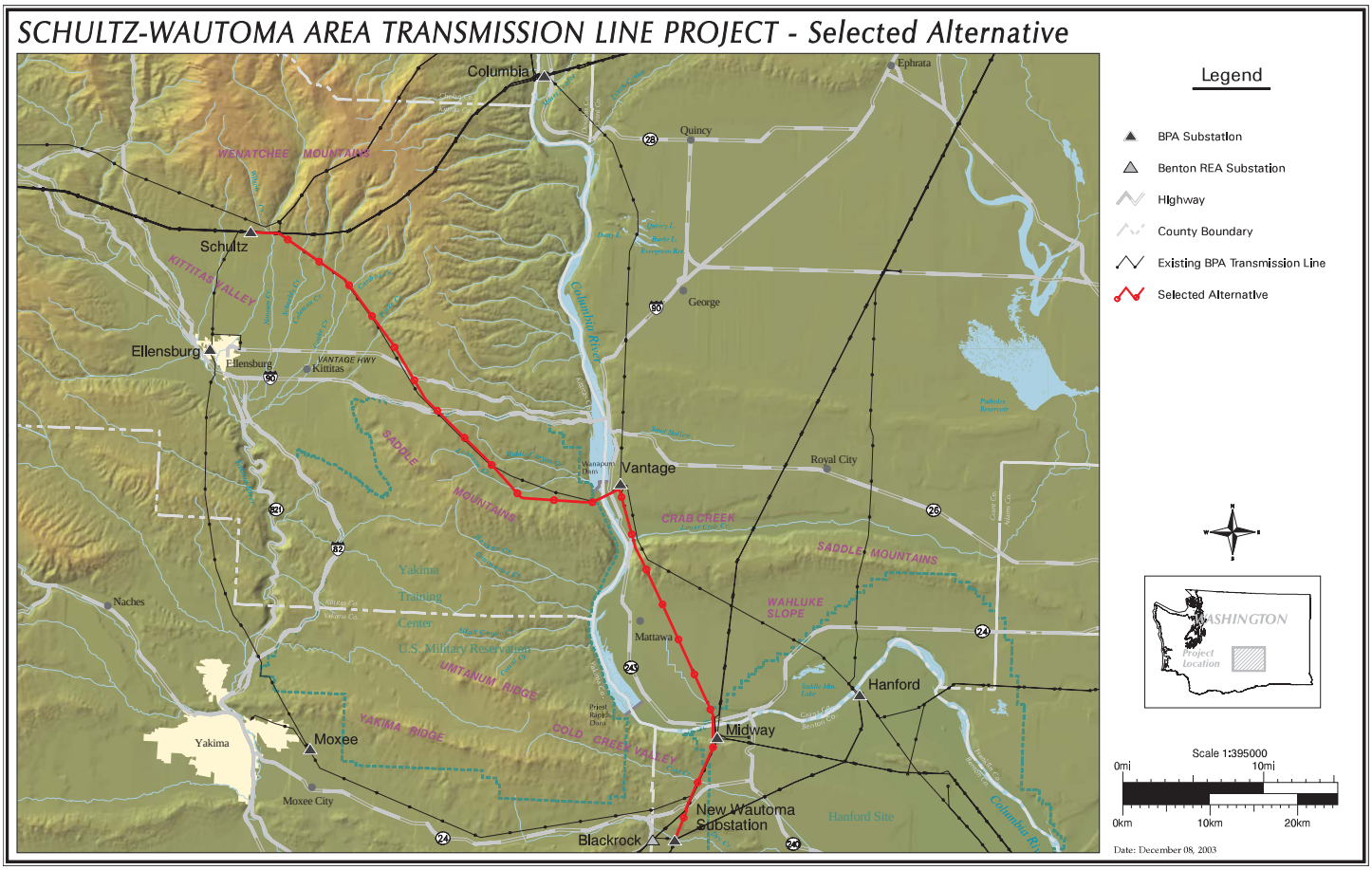
- Run up the middle of the Columbia River Basin.
- Cross the very western end of the Hanford Reach National Monument and the U.S. Army's Yakima Firing Range.
- Increase transmission capacity north of Hanford and allow additional power to move through this area during the spring and summer months.

Working with the Community

This project involves crossing the Columbia River twice, Crab Creek, the Hanford Reach National Monument and the U.S. Army's Yakima Training Center. It also involves constructing new towers and stringing conductors and fiber on public and private properties, some of which contain agricultural crops, wetlands and cultural sites. BPA is committed to working with public agencies, interest groups, tribes and private property owners to minimize construction impacts.

Selected Alternative

BPA analyzed four transmission line routing alternatives in the final Environmental Impact Statement (EIS) released early 2003. BPA's preferred alternative was option one, a new 500-kV line parallel to the existing Vantage-Hanford 500-kV line 1,200 feet to the north, terminating at Hanford Substation. Due to landowner concerns, BPA changed its preferred alternative to option two of the Sickler-Schultz reroute (see map on page two). The new 500-kV transmission line is being built between the Schultz Substation north of Ellensburg, Wash. and the new Wautoma Substation, two miles south of Highway 24 in Benton County, Wash. The selected alternative will loop the existing Hanford-Ostrander 500-kV and Hanford-John Day 500-kV transmission lines through the new Wautoma Substation. New right-of-way will be used for primarily 500-kV single-circuit steel lattice structures.



This map shows the route for the new 500-kV transmission line.

Environmental Planning

As BPA designed this project, special attention was focused on minimizing disruption to people, habitat and farm production. An EIS was developed for this project to look at alignment alternatives and mitigation issues. The EIS focuses on protecting, restoring and enhancing the natural environment and requesting public input on project alternatives. Some of the key project milestones are listed below:

- **Scoping.** BPA conducted public meetings and met with state and federal agencies, and concerned tribes in January 2001.
- **Draft Environmental Impact Statement.** The DEIS was released in February 2003.
- **Final Environmental Impact Statement.** The FEIS was released Jan. 29, 2003.
- **Decision.** The record of decision was released March 17, 2003.

Funding and Schedule

BPA financed construction of the Schultz-Wautoma project in part through a lease-purchase agreement with Northwest Infrastructure Financing Corp., a subsidiary of J.H. Management, which issued $119 million in taxable bonds in March 2004 to finance and own the project. The portions of the project to be financed under the lease-purchase will relate to fixtures (towers and lines). Other parts of the project (substation, roads, rights-of-way) will be owned and financed by BPA using traditional U.S. Treasury borrowing. The total cost of the project, including substations, is approximately $175 million.

Construction on the new Wautoma Substation began in April 2003 and will be complete by late fall 2005. Line construction began in March 2004 and is scheduled to be energized by November 2005.

Questions or Comments

If you have questions or would like more information about the project, please contact BPA Project Manager Lou Driessen toll free at 1-888-276-7790 or visit TBL's Web site at *www.transmission.bpa.gov/PlanProjTransmission_Projects/*. If you have real estate or easement questions or would like BPA to meet with you on site, please call Mari Rosales 509-321-2226.