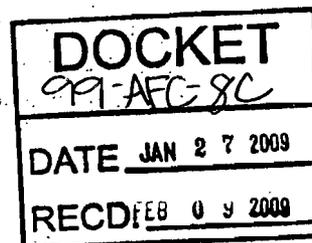


CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512

January 27, 2009

Gary L. Hickey
Project Manager
Blythe Energy, LLC
1152 Greenbrier Drive
Forsyth, IL 62535

**SUBJECT: BLYTHE ENERGY PROJECT TRANSMISSION LINE MODIFICATIONS
(99-AFC-8C) APPROVAL OF REQUEST OF THIRD INSIGNIFICANT
PROJECT CHANGE**

Dear Mr. Hickey:

On December 1, 2008, the California Energy Commission (Energy Commission) received a Request for Approval of Third Insignificant Project Change to the Blythe Energy Project Transmission Line Modifications (BEPTL) project from Blythe Energy, LLC (Blythe Energy). The proposed changes include a change in structure support for 17 structures by adding guy wires to safely support the conductor load; expansion of the Desert Center and Julian Hinds laydown yards; and minor communication system changes in the Southern California Edison system at the Blythe Energy Power Plant, Julian Hinds substation, and the California Capacitor Station.

The original Blythe Energy Project (BEP) was licensed by the Energy Commission on March 21, 2001 and started commercial operation in December of 2003. The BEPTL project was certified on October 11, 2006, amending the Energy Commission Decision and modifying the generation facility to develop two new transmission lines and a substation for the existing BEP located in the City of Blythe, Riverside County. An initial Request for Approval of Insignificant Project Change (IPC), requesting a minor route realignment and relocated connection for the BEPTL, was approved on July 17, 2007. A second Request for Approval of IPC, requesting changes that included the realignment of a number of transmission poles, a change in the location of the easternmost and westernmost laydown yards, and a request to change the approved two-conductor bundle configuration to a three-conductor bundle configuration was approved on September 25, 2008.

The original BEP Application for Certification was reviewed by Energy Commission staff and Western Area Power Administration (Western), the lead Federal agency. The subsequent major amendment (BEPTL) review was conducted by Energy Commission staff, Bureau of Land Management (BLM), and Western. BLM and Western acted as co-lead federal agency participants in the amendment review process and for National Environmental Policy Act (NEPA) compliance. The two federal agencies had control over portions of the existing BEP transmission system and a portion of the proposed right-of-way for the transmission lines. The Energy Commission and BLM were notified in February 2008 that Western would no longer be a participant in the BEPTL Project. Blythe Energy has made several changes to their proposed transmission line project, including the decision to eliminate an interconnection at Western's Buck Boulevard

Substation. With this change, Western no longer has an action to address under NEPA, or any other involvement with the proposed project.

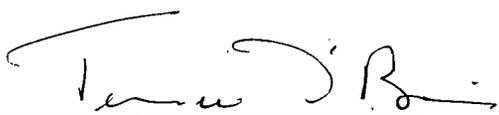
The BLM involvement is due to the need for portions of the BEPTL to be constructed on BLM administered public lands. Therefore, the BLM is responsible for reviewing the proposed insignificant project changes to ensure NEPA compliance. Blythe Energy has secured a right-of-way grant from the BLM allowing construction, use, and maintenance of an electrical transmission facility on BLM lands under terms and conditions specified in the grant.

The Commission is the lead agency for the purpose of California Environmental Quality Act (CEQA) compliance. The Bureau of Land Management (BLM) is the lead Federal agency for the purpose of NEPA compliance.

The Energy Commission's petition review process includes an evaluation of the consistency of the proposed changes with the Energy Commission's Decision and if the project, as changed, will remain in compliance with applicable laws, ordinances, regulations, and standards (Title 20, Calif. Code of Regulations, section 1769). Energy Commission staff mailed the enclosed "Notice of Insignificant Project Change" to the Energy Commission's post-certification project mailing list on December 12, 2008.

In accordance with the provisions of Title 20, California Code of Regulations, section 1769(a), Energy Commission staff, along with the BLM staff, has concluded, based on staff's review of the July 22, 2008 petition, that the proposed changes to the BEPTL would result in no significant impacts to the environment and that the proposed changes meet the criteria of section 1769(a)(2). Therefore, staff, and the BLM, recommends approval of the proposed insignificant changes.

If you have any questions, please contact the Energy Commission's Compliance Project manager, Mary Dyas, at (916) 651-8891, or send e-mail to mdyas@energy.state.ca.us.



TERRENCE O'BRIEN
California Energy Commission
Deputy Director
Siting Transmission and Environmental
Protection Division



JOHN KALISH
Bureau of Land Management
South Coast Field Manager
Palm Springs Office

Enclosure

cc: Jack Caswell, Compliance Program Manager, Energy Commission
Claude Kirby, Bureau of Land Management