



United States Department of the Interior

BUREAU OF RECLAMATION
Pacific Northwest Regional Office
1150 North Curtis Road, Suite 100
Boise, ID 83706-1234

IN REPLY REFER TO:

PN-1000
PRJ-18.0

OCT 17 2016

Cat Creek Energy, LLC
1989 S 1875 E
Gooding, ID 83330

Subject: Selection of the Preliminary Lessee for the Lease of Power Privilege for Pumped-Storage Hydropower Development at Anderson Ranch Reservoir, Boise Project, Idaho

To Whom It May Concern:

On September 8, 2016, Cat Creek Energy, LLC, submitted a proposal to the Bureau of Reclamation for pumped-storage hydroelectric power development at Anderson Ranch Reservoir, Boise Project, Idaho. In response to the submission, Reclamation assembled an internal proposal review board of staff with pertinent expertise. Based upon the review of the submitted proposal and the review board's recommendation, I am pleased to notify you that Cat Creek Energy, LLC (Cat Creek) has been selected as the preliminary lessee for this proposed lease of power privilege (LOPP) pumped-storage hydropower development project. Following this decision, the next steps in the process are as follows.

First, Cat Creek and Reclamation must enter into a cost-recovery agreement because Cat Creek is responsible for all Reclamation costs associated with the development of the LOPP beginning with receipt of this letter. Accordingly, enclosed is a draft Contributed Funds Act Agreement Contract No. 16-07-10-P0079 (agreement) for your review. Please provide the names of Cat Creek's signatories, as highlighted in the agreement, as well as any comments you may have on the agreement by November 2, 2016. Please recognize that the terms of the agreement are largely non-negotiable. Following receipt of the requested information, a mutually agreed upon final, hard-copy agreement will be provided to Cat Creek Energy for signature and return to Reclamation. If Cat Creek would like to discuss the draft agreement with Reclamation before signature, Reclamation will oblige, though the costs Reclamation incurs for that meeting will be retroactively charged to Cat Creek when the final agreement is signed.

After receipt of the signed agreement, Reclamation will develop a draft preliminary LOPP agreement and schedule the first planning meeting with Cat Creek.

Reclamation's management team members are:

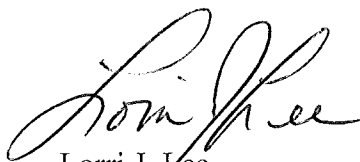
- Pacific Northwest Deputy Regional Director – Terry Kent/Rob Skordas
- Pacific Northwest Regional Power O&M Manager - Joe Summers
- Snake River Area Office Manager – Roland Springer
- NEPA Coordinator – Jim Taylor
- Project Manager - Craig Parker (Primary Contact – Phone No. 208-378-5317)

Please provide the names of the individuals that will serve on your management team, as well as their preferred contact information, to the Project Manager by November 2, 2016. Please indicate who will serve as the primary contact. The draft preliminary LOPP agreement will be provided to your primary contact approximately 10 days prior to the first planning meeting. The objective of this first meeting is to finalize a mutually agreed upon preliminary LOPP agreement before any further steps are taken.

As the selected preliminary lessee for this project, Cat Creek will have 5 years from the date of this notification letter to sufficiently address the following topics: National Environmental Policy Act compliance, operational coordination with Reclamation facilities, and necessary studies to provide sufficient detail proving the project's viability. Those obligations, among others, will be detailed in the preliminary LOPP agreement. Reclamation will work with FERC to coordinate timelines due to the dual Federal jurisdiction associated with this project.

We look forward to working with you towards the LOPP development of pumped-storage hydroelectric power at Anderson Ranch Reservoir. If you have questions, please contact Craig Parker, Project Manager, at 208-378-5317 or csarker@usbr.gov.

Sincerely,



Lorri J. Lee
Regional Director

Enclosure