



The Deputy Secretary of Energy

Washington, DC 20585

April 5, 2012

Mr. Michael Skelly
President
Clean Line Energy Partners LLC
1001 McKinney, Suite 700
Houston, Texas 77002

Dear Mr. Skelly:

The Department of Energy (the Department) has reviewed Clean Line Energy Partners' (Clean Line) application for consideration of the Plains and Eastern Project (the Project) as a qualifying project under section 1222 of the Energy Policy Act of 2005 (section 1222). The Project proposes to provide transmission of renewable generation from Oklahoma to the Southeast, which has limited native renewable generation resources, and is consistent with the Department's goals of promoting renewable energy and strengthening the Nation's infrastructure. After initial review of the Project for consistency with statutory criteria, the Department is willing to accept funds and enter into an Advanced Funding Agreement to begin National Environmental Policy Act (NEPA) review.

Before the Department would commit to participate in the Project beyond entering into an Advanced Funding Agreement for NEPA review, it would need assurance that conditions including, but not limited to, the following are met:

- Clean Line will have a sufficient percentage of its line subscribed to support the Project's financial viability;
- Clean Line will pay in advance all of Southwestern's estimated costs associated with the Project;
- Clean Line must be legally and financially able to assume all Project liabilities, both contingent and actual. If the Department cannot be assured that Southwestern's potential liabilities can be assumed by Clean Line, the Department will not participate under section 1222;
- Clean Line will, through letters of credit or other means satisfactory to the Department, including Southwestern, guarantee that any financial obligations incurred by Southwestern or the Department, including but not limited to NEPA review, planning, land acquisition costs, and liability associated with Southwestern's ownership of any Project facilities, will be indemnified by Clean Line should this Project terminate at any time;



- Clean Line will agree that the Department will select and oversee the work of the NEPA contractor;
- Clean Line will agree that eminent domain authority would be used only as a last resort after negotiations in good faith have concluded with all affected landowners;
- Clean Line will agree that the Department will retain the option to select and oversee any land acquisition company required for the Project; and
- The Department will reserve the right to terminate its participation in the Project at any time if it determines that the Project will not meet the requirements of section 1222 or for any reason, and Clean Line will agree that any funds advanced to the Department, Southwestern, or its contractor that have been utilized to pursue the Project shall not be reimbursed to Clean Line.

My staff and I look forward to working with you on this Project.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Daniel B. Poneman', with a long horizontal flourish extending to the right.

Daniel B. Poneman