

Exhibit No. 3
Docket No. UE-06 _____

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

PACIFICORP,

For an Order Authorizing the Sale of Its
Interest in the Centralia Transmission Line

Docket No. UE-06 _____

APPLICATION

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

PACIFICORP

APPLICATION EXHIBIT NO. 3

Option Agreement Extension No. 1

January 2006

OPTION AMENDING AGREEMENT

This Agreement is made as of the 31st day of April 2001.

BETWEEN:

TRANSALTA CENTRALIA MINING LLC, a Washington limited liability corporation ("TransAlta")

-and-

PACIFICORP, an Oregon corporation ("PacifiCorp"), hereinafter collectively referred to as the "Parties".

WHEREAS the Parties entered into an Option Agreement on or about May 4, 2000 granting TransAlta an option to acquire a 230Kv (the "Agreement");

AND WHEREAS the option term contained in the Agreement expires May 4, 2001;

AND WHEREAS the Parties wish to amend the terms of the Agreement to extend the term of the option granted to TransAlta;

NOW THEREFORE in consideration of the premises and mutual covenants herein contained, the sufficiency and receipt whereof is hereby acknowledged by each of the parties, the parties agree as follows:

1. Unless the context otherwise requires or it is expressly stated otherwise, where capitalized terms are used herein without definition, the definition set out in the Agreement shall apply.
2. The Agreement is hereby amended by deleting Section 2 and replacing it with the following:

"2. Option Term. The period during which Optionee may exercise this Option (the "Option Term") shall commence on the Effective Date and shall expire at 5:00p.m., Pacific Time, on December 31, 2002. If Optionee has not exercised the Option during the Option Term, strictly in compliance with this Option Agreement, then the Option shall unconditionally terminate and no longer exist. Optionee shall not be entitled to any extension of the Option Term under any circumstances except as expressly agreed to in writing by Optionor."

3. All other terms and conditions of the Agreement shall remain in full force and effect and unamended.

4. This Amending Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Washington applicable to contracts made and to be performed wholly within the State of Washington. Any action or proceeding arising under this agreement shall be adjudicated in Seattle Washington.
5. The amendments set forth in this Option Amending Agreement shall take effect as of the date first written above.

IN WITNESS WHEREOF the parties have executed this Option Amending Agreement by the hands of their proper officers duly authorized on their behalf.

**TRANSALTA CENTRALIA MINING
LLC**

Per: *Murray A. Nelson*
Name/Title: MURRAY A. NELSON
PRESIDENT

Per: *E. Osler*
Name/Title: Elizabeth J. Osler
Corporate Secretary

Dated: April 30, 2001

PACIFICORP

Per: *Janet L. Seward*
Name/Title: VP Transmission
Systems

Dated: 5/23/01