



FILED

12-01-11
12:20 PM

ANG/acr 12/1/2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of The Nevada Hydro Company for a Certificate of Public Convenience and Necessity for the Talega-Escondido/Valley-Serrano 500 kV Interconnect Project.

Application 10-07-001
(Filed July 6, 2010)

**ADMINISTRATIVE LAW JUDGE'S RULING
REQUIRING COMMENT ON DISMISSING APPLICATION**

Summary

On November 10, 2011, I convened a prehearing conference (PHC) in Phase 2 of this proceeding. Several parties have stated that the financial viability of the Nevada Hydro Company (Nevada Hydro) continues to be a critical threshold issue in this proceeding. In addition, Nevada Hydro has requested a 90-day stay in the proceeding in order to replace testimony that has previously been submitted. The Division of Ratepayer Advocates (DRA) has raised several questions regarding the calculation of costs and benefits for the Talega-Escondido/Valley-Serrano Interconnect Project, as a stand-alone project. DRA has also raised concerns regarding modeling assumptions. By this ruling, I direct parties to file and serve comments on whether or not the Commission should dismiss Application (A.) 10-07-001 and, if it is dismissed, whether or not the application should be dismissed with prejudice.

Procedural Background

On July 6, 2010, the Nevada Hydro Company (Nevada Hydro) filed an application requesting that the Commission issue a certificate of convenience and necessity (CPCN) for the construction and operation of the Talega-Escondido/Valley-Serrano 500 kilovolt Interconnect transmission line. Decision (D.) 09-04-006 dismissed similar Applications (A.) (A.07-10-005 and A.09-02-012) because Nevada Hydro had not included a complete Proponent's Environmental Assessment that addressed concerns identified by the Commission's Energy Division staff.

On July 28, 2011, the Commission issued Decision (D.)11-07-036. This decision, among other things, required Nevada Hydro to post a surety or performance bond of \$550,000 to ensure that funds are available to compensate eligible intervenors who the Commission determines to have made a substantial contribution to the proceeding, in the event that a CPCN is not issued. Ordering Paragraphs 2 and 3 required Nevada Hydro to post the bond within 30 days of the effective date of the decision. On August 22, 2011, Nevada Hydro requested a 60-day extension of time from the Executive Director. This request was granted on August 25, 2011. On October 28, 2011, Nevada Hydro filed a motion for acceptance of a bond and cashier's check made payable to the California Public Utilities Commission. At my direction, on November 9, 2011, Nevada Hydro filed a petition for modification of D.11-07-036 to request that a letter of credit with cash backing be accepted in lieu of the bond.

Questions at the PHC

At the PHC held on November 10, 2011, in response to my questions regarding financial viability, Nevada Hydro explained that the witnesses associated with the Siemens Company are no longer available and requested a

90-day stay in the proceeding in order to prepare and submit that testimony. The testimony that must be replaced addresses costs and reliability and feeds into the testimony of other witnesses who relied on the previously-submitted testimony. DRA raised certain concerns with the cost calculations in the previously-submitted testimony and requested that calculations of costs and benefits be done on a stand-alone basis, i.e., not associated with the Lake Elsinore Advanced Pumped Storage Project. DRA also raised questions regarding Nevada Hydro's modeling assumptions. San Diego Gas & Electric Company stated that the application is still deficient and that Nevada Hydro has not complied with Rules 2.3 and 3.1(g), in particular. Southern California Edison Company raised concerns regarding the collection of the transmission access charge, whether the California Independent System Operator approval is required in order for Nevada Hydro to collect such a charge, and suggested that Nevada Hydro file a compliance filing to prove that it has the financial wherewithal to go forward. Elsinore Valley Municipal Water District concurred with this suggestion and agreed with DRA's statements regarding costs and benefits. The Center for Biological Diversity agreed that the application remains deficient and stated that the application should be dismissed with prejudice. The Santa Ana Mountains Task Force of the Sierra Club and the Friends of the Forest (Trabuco District) and the Santa Rosa Plateau pointed out that the issue of the Southern terminus remains an open question, and that this issue was a key reason the previous applications were dismissed. Forest Residents Opposed to New Transmission Lines suggested that a technical workshop be convened in the impacted area to discuss modeling and cost issues. Several parties concurred with this recommendation.

Given the many questions that have arisen, as well as the significant resources that have already been devoted to this proceeding, rather than continuing to grant stays and delays in this proceeding, I am inclined to recommend that the Commission dismiss this application. No later than December 16, 2011, parties shall file and serve comments on whether or not this application should be dismissed and, if so, whether the application should be dismissed with prejudice.

IT IS SO RULED.

Dated December 1, 2011, at San Francisco, California.

/s/ ANGELA K. MINKIN

Angela K. Minkin

Administrative Law Judge