ATTACHMENT 1

STATE OF CALIFORNIA
ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 16, 2007

Mr. David. Kates, Project Manager
The Nevada Hydro Company, Inc.
2416 Cades Way
Vista, CA 92083

RE: Review of the Nevada Hydro Company's Pre-filing Draft Proponent's Environmental Assessment for the Lake Elsinore Advanced Pumped Storage Generation Project and the Talega-Escondido/Valley-Serrano 500 kV Interconnect Transmission Project.

The Energy Division of the California Public Utilities Commission (CPUC) has performed an initial review of the Nevada Hydro's Draft Proponent's Environmental Assessment (PEA) for the Lake Elsinore Advanced Pumped Storage (LEAPS) Project and the Talega-Escondido/Valley-Serrano (TE/VS) 500 kV Interconnect Transmission Project.

Section 15100 of the California Environmental Quality Act (CEQA) requires the agency responsible for the certification of a proposed project to assess the completeness of the project proponent's PEA. The Energy Division uses the CPUC's Information and Criteria List (See Attachment B) as guide to determine the completeness and adequacy of PEAs.

After performing its review of Nevada Hydro's draft PEA for the LEAPS and TE/VS project, the Energy Division finds that the information contained in the environmental assessment is incomplete in several respects. Attached is a review that identifies the issue areas of the application that were found to be deficient (See Attachment A). Additional information submitted in accordance with the Energy Division's deficiency request should be filed as supplements to the above application.

Upon receipt of the supplemental information, the Energy Division will perform a second review of the data submitted--a determination of the adequacy of the application will once again be issued.

The Energy Division reserves the right to request additional information at any point in the process. Questions relating to the project should be directed to Jensen Uchida at (415) 703-5484.

Sincerely,

Jensen Uchida

Jensen Uchida
Energy Division

California Public Utilities Commission

CC: Sean Gallagher
Ken Lewis
Chloe Lukins
Victoria Kolakowski
Billie Blanchard
Nicholas Sher

Attachment A

Application 07-10-005 / Proponent's Environmental Assessment

- In A.07-10-005, Nevada Hydro Company describes the proposed project as the Talega-Escondido/Valley-Serrano (TE/VS) 500-kV Interconnect project. In contrast, the project description in the Proponent's Environment Assessment (PEA) describes the project as two separate but interrelated energy projects identified as the Lake Elsinore Advanced Pumped Storage (LEAPS) project and the TE/VS Interconnect project. The project descriptions within the application and the PEA must clearly describe the relationships between the transmission and generation segments of the project. In addition, Nevada Hydro should clearly explain the reason or reasons why it is limiting its CPCN application to the TE/VS segment of the project only.

- Although the application identifies system upgrades to: (1) SDG&E's 230 kV Talega-Escondido transmission line; (2) SDG&E's Talega-Escondido substations; (3) SCE's 500 kV 230 kV system; (4) SCE's Valley and Serrano substations; and (5) SCE's Etiwanda generating station, the PEA does not appear to include these upgrades as a part of the project description; nor does the PEA identify the possible impacts and associated mitigation measures that would be needed because of these segments of the project.

- Under CEQA, a lead agency may not split a single large project into small pieces in order to avoid environmental review of the entire project. 14 California Code of Regulations, section 15378 (a) defines a "project" as "the whole of an action, which has the potential for resulting in a physical change in the environment, directly or ultimately." The PEA should analyze the LEAPS project, the TE/VS transmission lines, and the various system upgrades as a whole action.

Proponent's Environmental Assessment

1.0 Introduction.

- Rule 5.7 of the CPUC's Information and Criteria List (IACL) sets the standard format for all PEAs to follow. The PEA should be revised to reflect the document format required for all PEAs under Rule V.7.

- The Introduction should include a project summary that identifies the conclusions, major issues, and areas of controversy as required under IACL Rule V.9.

- The PEA occasionally refers to the document as a "Draft Environmental Impact Report". The entire document should be

revised to indicate that the document is a Proponent's Environmental Assessment or PEA.

- The PEA occasionally refers to the Elsinore Valley Municipal Water District or EVMWD as the Lead CEQA Agency for this project. The entire document should be revised to indicate that the California Public Utilities Commission will be the Lead Agency.

2.0 Project Description

- **Section 2.3 .** The section states that Figure 2-3 identifies the geographic location of the of the LEAPS/TE-VS projects. However, the actual facilities are not superimposed on the maps. IACL Rule V. 11 detailed maps to identify the precise location and boundaries of the project. The section should include large-scale maps that: (1) Clearly identify the location of the LEAPS & TE/VS projects; (2) Superimposes the projects over the political jurisdictions (federal lands/counties/cities) it will affect; (3) Indicate the areas of the TE/VS line that will follow existing ROW or require new ROW; and (4) Indicate the environmental setting and existing land uses surrounding the LEAPS & TE/VS project areas.

- **Section 2.4.2.** This section describes the Talega-Escondido/Valley-Serrano project. The section indicates that additional information will be provided. Please provide an explanation regarding the type of information that is currently missing and include the information in the forthcoming data response.

- **Section 2.6.1.** This section relates to the LEAPS project. The section indicates that additional information will be provided. Please provide an explanation regarding the type of information that is currently missing and include the information in the forthcoming data response.

- **Section 2.6.2.** This section relates to the TE/VS project. The section contains no information. Please provide an explanation regarding the type of information that is currently missing and include the information in the forthcoming data response.

5.0 Environmental Setting

- **Section 5.2, Figure 5-4 (1 thru 3).** Figure 5-4 Illustrates the Williamson Act parcels in the project region. However, the proposed project is not superimposed over the maps, making it difficult to determine if any important agricultural lands will be impacted. Please provide a map or maps that illustrate the location of the project as it relates to any important agricultural lands in the area.

- **Section 5.5. Cultural Resources.** The PEA is missing the following information and should include: (1) Record search information; (2) Letters verifying contacts with the Native American Heritage Commission (NAHC) to conduct a Sacred Lands File search for the project area to identify Traditional Cultural Properties; (3) Letters to individuals identified by the NAHC that needed to be contacted to provide additional cultural resource information for the project area; and (4) Historic evaluations of any structures within the project area.

- **Section 5.7. Hazards.** The PEA fails to discuss the potential for transmission/energy generation equipment to cause fire hazards in the project area. Based on the recent history of wildfires in the region, the PEA should identify the fire dangers potentially created by locating, constructing, and operating the project in the area. The PEA should also identify any mitigation measures that may be needed to minimize these impacts.

Appendices

- IACL Rule V.15 requires all PEAs to include the names and mailing addresses of all owners of land over, under, or on which the project, or any part of the project, may be located, including owners of land adjacent thereto. Please provide the requested information.

Attachment B

WELCOME TO THE
CALIFORNIA PUBLIC
UTILITIES COMMISSION

Information and Criteria List

The following is excerpted from: Decision No. 89905, January 30, 1979. Contact the CPUC Environmental Review Team for a complete version: (415) 703-2126

O P I N I O N

Assembly Bill 884 (AB 884) (Chapter 1200, Statutes of 1977) amended the California Environmental Quality Act of 1970 (CEQA) in several major respects. AB 884 was enacted to reduce regulatory delays in processing applications for development projects. It establishes an entirely new procedure for the processing of applications for development projects. Among its provisions are specific time limits for different steps in the project evaluation process and a mandate to all state agencies to specify in advance the information which will be required in each type of project application the agency may receive. This information must be made available to the public in "information and criteria lists."

APPENDIX B
STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION
INFORMATION AND CRITERIA LIST

The California Public Utilities Commission has adopted this "Information and Criteria List" in order to determine whether applications for projects are complete. This list specifies the information required from any applicant for a project subject to the California Environmental Quality Act (CEQA), Cal. Pub. Res. Code Secs. 21000 through 21176, or for a development project subject to Cal. Gov. Code Secs. 65920 through 65957. Submission of this information is necessary before an application can be determined to be complete.

Within 30 days after receiving an application, the Commission will advise the applicant in writing whether the application is complete. If an application is deemed incomplete, the Commission will notify the applicant of what additional information needs to be provided. Upon resubmission of an application, a new 30-day review period will begin. All applicants are subject to all requirements of this "Information and Criteria List" regardless of whether all information listed has been provided or included in the application accepted as complete. Any time prior to final approval or disapproval of the project, the Commission may require the applicant to clarify, amplify or correct the information provided in the application, or supplement such information with additional information, explanation, analysis, data or studies required by the applicable information and criteria list.

Many of the information requirements included in this list are also required by the Commission's Reules of Practice and Procedure. Such requirements have been included with appropriate citation for ease of reference.

I. GENERAL APPLICATION REQUIREMENTS. All applications and pleadings are subject to the following general requirements.

Article 1. General Provisions

1.1 (Rule 1.1) Ethics

1.2 (Rule 1.2) Construction

1.3 (Rule 1.3) Definitions

1.4 (Rule 1.4) Participation in Proceedings

1.5 (Rule 1.5) Form and Size of Tendered Documents

1.6 (Rule 1.6) Title Page Requirements

1.7 (Rule 1.7) Scope of Filing

1.8 (Rule 1.8) Signatures

1.9 (Rule 1.9) Service Generally

1.10 (Rule 1.10) Electronic Mail Service

1.11 (Rule 1.11) Verification

1.12 (Rule 1.12) Amendments and Corrections

1.13 (Rule 1.13) Tendering and Review of Documents for Filing

1.14 (Rule 1.14) Computation of Time

1.15 (Rule 1.15) Filing Fees

1.16 (Rule 1.16) Daily Calendar

Article 2. Applications Generally

2.1 (Rule 2.1) Contents

2.2 (Rule 2.2) Organizations and Qualification to Transact Business

2.3 (Rule 2.3) Financial Statement

2.4 (Rule 2.4) CEQA Compliance

2.5 (Rule 2.5) Fees for Recovery of Costs in Preparing EIR

2.6 (Rule 2.6) Protest, Responses, and Replies

2.7 (Rule 2.7) Copy of Document on Request

Article 3. Particular Applications

3.1 (Rule 3.1) Construction or Extension of Facilities

3.2 (Rule 3.2) Authority to Increase Rates

3.3 (Rule 3.3) Certificate to Operate

3.4 (Rule 3.4) Abandon Passenger Stage Service

3.5 (Rule 3.5) Debt and Equity

3.6 (Rule 3.6) Transfers and Acquisitions

3.7 (Rule 3.7) Public Road Across Railroad

3.8 (Rule 3.8) Alter or Relocate Existing Railroad Crossing

3.9 (Rule 3.9) Railroad Across Public Road

3.10 (Rule 3.10) Railroad Across Railroad

3.11 (Rule 3.11) Light-Rail Transit System Crossings

3.12 (Rule 3.12) Exemption from Undergrounding Rules

IV. OTHER APPLICATIONS AND PETITIONS

Applications and petitions relating to projects not specifically mentioned in these lists shall comply with the requirements of Sections I and V, and all applicable Commission, Rules, General Orders, and Decisions.

V. ENVIRONMENTAL INFORMATION REQUIREMENTS

This section shall apply to all projects subject to CEQA for which Commission approval is required by law, except projects for which an application must be filed with the California Energy Resources Conservation and Development Commission pursuant to Public Resources Code, Section 25500.

1. PEA REQUIREMENT

The proponent of any project subject to this section shall include with the application for such project an environmental assessment which shall be referred to as the Proponent's Environmental Assessment (PEA).

2. PURPOSE

The PEA is intended to be the means by which the Commission can quickly focus upon any environmental impacts of a project. Where the Commission is the Lead Agency under CEQA it may be used as an aid in preparing the Commission's Initial Sutyd to determine whether to prepare a Negative Declaration or an Environmental Impact Report. The PEA reviewed, corrected, amended and independently evaluated and analyzed by the Commission staff may become the Commission's Draft EIR.

3. CONTENT

If it can be seen with certianty that there is no possibility that the project in question may have a significant adverse effect on the environment , the PEA for the project should be limited to a statement of this conclusion and any additional explanation or information which may be necessary for an independent evaluation of such assertion by the Commission. If it cannot be seen with cetainty that there is no possibility that the project in question may have a significant adverse impact on the environment, then the PEA shall include all information and studies required by Sections V, 7 through V, 13.

The PEA should succintly describe the environment of the area or areas which will be or may be affected by the project and project alternatives under consideration. The description shall be no longer than is necessary to understand the potential impacts.

The PEA shall analyze in depth all and only those impacts which are significant or potentially significant. It shall identify and eliminate from detailed study impacts which are not significant. Effort and attention shall be devoted to important issues rather than verbose descriptions of the project itself or the environmental setting. The Environmental Impact Assessment Summary form, a copy of which is attached, shall be employed to more accurately define the required scope and detail of PEAs for particular projects.

4. SIGNIFICANCE

There is no strict criteria for determining the significance of an impact. The determination ultimately requires the exercise of reasoned judgment taking into account the nature of the project and environmental setting. Opinions may differ, but where there is, or can be anticipated to be, a substantial body of opinion that considers or will consider the impact to be significant and discussed in detail in accord with Section V, 13.

In evaluating significance both primary or direct and secondary or indirect effects shall be considered. Primary effects are those immediately related to the project. Secondary effects are consequences associated more closely with the primary effects than to the project itself. New suburban growth may be a primary effect of an electric transmission line extension for example, whereas possible effects, such as traffic congestion and consequent air pollution, would be secondary effects.

Impacts of a project may be both adverse and beneficial. All significant adverse effects shall be discussed in detail in accord with Section V, 13, even though the proponent may be of the opinion that on balance the beneficial effects outweigh the adverse impacts.

Temporary effects are not necessarily insignificant, although the duration of the effect is relevant to the issue of significance.

A project must be considered to entail a significant effect on the environment if:

(a) The project has the potential to degrade the quality of the environment, substantially reduce the habitat of a fish and wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory.
(b) The project has the potential to achieve short term environmental goals to the disadvantage of long-term environmental goals.
(c) The project has possible environmental effects which are individually limited but cumulatively considerable. As used in the subsection, "cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.
(d) The environmental effects of a project will cause substantial adverse effects on human beings, either directly or indirectly.

5. INCORPORATION BY REFERENCE.

The PEA may incorporate material by reference when to do so would reduce bulk without impeding agency or public review. Any such incorporation shall, however, include a summary of the matter to which reference is made and an explanation of its relevance to the project. No material may be incorporated by reference unless it is reasonably available, or is made reasonably available for inspection by the Commission and potentially interested members of the public. All or any part of any Environmental Impact Statement (EIS) prepared pursuant to the National Environmental Policy Act of 1969 (NEPA), or any EIR or Master Environmental Assessment prepared pursuant to CEQA, may be submitted in lieu of all or any part of the PEA required by this rule, provided the requirements of all applicable sections of these Information and Criteria Lists are fully satisfied. The PEA on a project for which the Commission is a Responsible Agency under CEQA shall, whenever possible, incorporate by reference the Lead Agency's Initial Study and Negative Declaration or Environmental Impact Report.

6. FILING REQUIREMENTS.

The PEA shall be filed as a separate exhibit accompanying the application or pleading. It need not be physically attached thereto. The proponent shall file an original, twelve conformed copies, and such additional copies as may be required by the Commission to process the appliction.

7.FORMAT.

The following standard format for a PEA should be followed for all projects for which it cannot be seen with certainty that there is no possibility that the project may have a significant adverse impact on the environment:

(a) Cover sheet
(b) Table of Contents
(c) PEA Summary
(d) Project Purpose and Need
(e) Project Description
(f) Environmental Setting
(g) Environmental Impact Assessment Summary
(h) Detailed Discussion of Significant Impacts

(i) Appendices (if any)

8.COVER SHEET.

The cover sheet shall consist of a single sheet containing the title "Proponent's Environmental Assessment," the caption of the proceeding for which the PEA has been prepared, the docket number of the proceeding, and the name, address, and telephone number of the project proponent.

9.PEA SUMMARY.

Each PEA shall contain a summmary which shall briefly state the major conclusions, areas of controversy, and major issues which must be resolved (including the choice among reasonably feasible alternatives and mitigation measures, if any). The summary should normally be two to ten pages in length, but may be shorter or longer depending upon the complexity of the project and the number and significance of the project's impacts.

10. PROJECT PURPOSE AND NEED.

All PEAs shall contain an explanation of the objective or objectives of the project. This shall be accompanied by an analysis of the reason why attainment of these objectives is necessary or desirable. The analysis should normally not exceed a page or two in length except where significant or potentially significant project impacts have been identified in the Environmental Impact Assessment Summary required by Section V, 13. Where such impacts have been identified, the analysis of project purpose and need must be sufficiently detailed to permit the Commission to independently evaluate the project need and benefits in order to accurately consider them in light of the potential environmental costs. This requirement may be satisfied by reference to specific portions of the project application which address this issue.

11.PROJECT DESCRIPTION.

The description of the project shall contain the following information, but should not supply extensive detail beyond that needed for evaluation and review of the environmental impact.
(a) The precise location and boundaries of the project shall be shown on a detailed map, preferably topographic. The location shall also be shown on a regional map.
(b) A general description of the project's technical, economic, and environmental characteristics considering the principal engineering proposals and supporting public service facilities.
The requirements of this section may be satisfied by reference to specific portions of the project application which address these issues and include this information.

12.ENVIRONMENTAL SETTING.

The PEA must include a description of the environment in the vicinity of the project and within the potential range of impact as it exists before commencement of the project. Both local (site-specific) and regional perspectives must be provided. The description should include some discussion of the topography, land use patterns, and general biological environment. Detailed descriptions should be limited to those elements of the environment which may be subject to a potentially significant impact. The setting must, however, be sufficiently described to permit an independent evaluation by the Commission of elements which could be impacted by the project.

All elements of the environmental setting necessary to fully understand impacts identified as significant or potentially significant in the Environmental Impact Assessment Summary required by Section V, 13 shall be described in detail.

13.ENVIRONMENTAL IMPACT ASSESSMENT SUMMARY.

Every PEA shall contain an Environmental Impact Assessment Summary in the form attached. This summary shall be employed as an aid in determining the scope and detail of the environmental setting and impact analyses. All impacts identified as significant or potentially significant must be explained in detail in accord with the criteria stated in Section V, 14. All elements of the environmental setting necessary to fully understand such impacts shall be described in detail in accord with Section V, 12. All other answers provided on the form should be briefly explained in the space provided or on additional

sheets attached to the Summary as necessary. These brief explanations should contain no detailed studies, research, or analysis.

Each enumerated question shall be answered "yes," "no," "potential," or "unknown" in column 1 labelled "IMPACT" to indicate whether the project involved will result either directly or indirectly in any impact of the type identified. If it is felt that there will or may be an impact of the type listed, an attempt to quantify the impact must be made by the proponent and indicated in column 2 labelled "SIGNIFICANCE." If it can be seen with certainty that the impact or potential impact will be significant the answer "significant" shall be given. If the impact or potential impact is difficult to quantify but a substantial body of opinion can be expected to consider the impact to be significant, the answer "potentially significant" shall be given. If despite good faith efforts the proponent is unable to provide any reasonable estimate of the significance of the impact the answer "unquantified" shall be given. If it can be seen with certainty that the impact or potential impact under consideration will not be significant the answer "insignificant" shall be given.

14.DETAILED DISCUSSION OF SIGNIFICANT IMPACTS.

The PEA shall include a detailed discussion of all project impacts and potential impacts of significance. The cumulative effect of the project's impacts shall also be discussed in detail where such cumulative effect is significant. Impacts should be discussed in the order of importance or significance. Any data and analyses shall be commensurate with the importance of the impact, with less important material summarized, consolidated, or incorporated by reference in accord with Section V, 5. Distinctions between factual findings and assumptions or subjective judgments should be made clear.

In addition to the analyses of individual project impacts, the PEA for all projects which may have a significant effect on the environment shall address the following:

(a) Mitigation Measures Proposed to Minimize the Significant Effects. Describe significant, avoidable, adverse impacts, including inefficient and unnecessary consumption of energy, and measures to minimize these impacts. The discussion of mitigation measures shall distinguish between the measures which are proposed by project proponents to be included in the project and other measures that are not included but could reasonably be expected to reduce adverse impacts. This discussion shall include an identification of the acceptable levels to which such impacts will be reduced, and the basis upon which such levels were identified. Where several measures are available to mitigate an impact, each should be discussed and the basis for selecting a particular measure should be identified. Energy conservation measures, as well as other appropriate mitigation measures, shall be discussed when relevant.

(b) Alternatives to the Proposed Action. Describe all reasonable alternatives to the project, or to the location of the project, which could feasibly attain the basic objectives of the project, and why they are rejected in favor of the ultimate choice. The specific alternative of "no project" must also always be evaluated, along with the impact. The discussion of alternatives shall include alternatives capable of substantially reducing or eliminating any significant environmental effects, even if these alternatives substantially impede the attainment of the project objectives, and are more costly.

(c) The Growth-Inducing Impact of the Proposed Action. Discuss the ways in which the proposed project could foster economic or population growth, either directly or indirectly, in the surrounding environment. Included are projects which would remove obstacles to population growth (a major expansion of a waste water treatment plant might, for example, allow for more construction in service areas). Increases in the population may further tax existing community service facilities so consideration must be given to this impact. Also, discuss the characteristics of some projects which may encourage and facilitate other activities that could significantly affect the environment, either individually or cumulatively. It must not be assumed that growth in any area is necessarily beneficial, detrimental, or of little significance to the environment.

(d) Organizations and Persons Consulted. The PEA shall include a list of persons, and their qualifications, responsible for compiling the detailed information for each area of environmental concern, and a discussion of the methods used to produce such information.

15. AFFECTED PROPERTY OWNERS.

Where the Commission is the Lead Agency under CEQA, the names and mailing addresses of all owners of land over, under or on which the project, or any part of the project, may be located, and owners of land adjacent thereto, shall be listed in an appendix to the PEA.