



THE HYDRO COMPANY, INC.

DBA THE NEVADA HYDRO COMPANY, INC.

October 2, 2017

Kimberly D. Bose, Secretary
Nathaniel J. Davis, Sr., Deputy Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, D.C. 20426

RE: Project No. 14227-000
Lake Elsinore Advanced Pump Storage Project
Transmittal of Final License Application

Dear Secretary Bose:

In accordance with 18 C.F.R. § 4.41, Nevada Hydro Company Inc. (“Nevada Hydro” or “Applicant”) is hereby filing its Final License Application (“FLA”) with the Federal Energy Regulatory Commission (“FERC” or “Commission”) for an original license to construct, operate, and maintain the 500 megawatt Lake Elsinore Advanced Pumped Storage Project No. 14227 (“LEAPS” or “Proposed Project”). The proposed LEAPS Project would be located in Orange, Riverside, and San Diego Counties, California, and would provide a clean and reliable source of electricity for the State of California.

The FLA describes the existing environmental setting, the Proposed Project facilities and operations, and reflects information gathered and studies performed over the course of the last 15 years, as further described below. The Applicant’s proposed protection, mitigation, and enhancement measures for inclusion in the license are based on the Applicant’s consultation and correspondence with stakeholders over this period and the recommendations of resource agencies, Indian Tribes, and Commission staff in a prior proceeding (Project No. 11858) involving substantially similar project facilities. Differences between the project works proposed for Project No. 11858 and for LEAPS in the attached FLA are described in detail below.

I. Background

The Applicant initially filed an application for an original license on February 2, 2004, as a co-applicant with the Elsinore Valley Municipal Water District (“EVMWD”) (Project No. 11858), which application was substantially similar to the generation facilities proposed in the attached FLA and which proposed the option of a northern and/or southern primary transmission line to deliver project power to an interconnection with Southern California Edison Company (“SCE”) to the north and/or to an interconnection with San Diego Gas and Electric Company (“SDG&E”) to the south. To prepare that application, the Applicant conducted scoping and pre-filing

consultation with numerous agencies, Indian tribes and stakeholders, including the U.S. Department of Agriculture's Forest Service ("USFS"), the U.S. Department of the Interior's Fish and Wildlife Service ("FWS"), the California State Water Resources Control Board ("SWRCB"), the California Department of Fish and Wildlife, the California State Historic Preservation Officer ("SHPO"), and the Pechanga Indian Tribe and its Tribal Historic Preservation Officer, among others. During that proceeding, the Applicant conducted additional information gathering and studies, and responded to deficiency requests from Commission staff.

FERC staff issued a Final Environmental Impact Statement ("FEIS") for Project No. 11858 on January 30, 2007, that considered all environmental issues associated with the generation facilities and the northern and southern primary transmission lines. At the time, the Applicant considered the option of constructing an interstate transmission line between the SCE and SDG&E points of interconnection (referred to as the "TE/VS Line") instead of two primary transmission lines, the use of which is limited to Project-related power. The FEIS issued by FERC staff ultimately considered the environmental effects of the transmission alignment of all three options – the northern primary transmission line, the southern primary transmission line, and the TE/VS Line – because, in the event that the TE/VS Line was certificated through a California Public Utilities Commission ("CPUC") proceeding, the USFS would be able to rely on the FERC FEIS in order to issue a special-use permit to the Applicant for the majority of the TE/VS Line transmission alignment that crossed the Cleveland National Forest.

The Proposed Project in the attached FLA is substantially similar to the project alignment and facilities considered by FERC in its FEIS as the staff-recommended alternative for Project No. 11858, with the following distinctions:

- The Applicant is now proposing to develop two separate primary transmission lines – a northern primary transmission line that will connect the LEAPS powerhouse with the SCE interconnection point and a southern primary transmission line that will connect the LEAPS powerhouse with the SDG&E interconnection point. The primary transmission lines will carry only the Project power, except when in pumping mode and, during pumping, only one primary line can be in use at a time to ensure that no power from the interstate transmission grid can flow to and through the other primary transmission line to the other interconnection point. The alignment of the primary transmission lines is substantially similar to the alignment reviewed in the FEIS, except as described in the next bullet.
- In the Project No. 11858 proceeding, the substation at which the project would interconnect to the SDG&E transmission system (referred to as the "Case Springs" substation) was located on U.S. Marine Corps Base Camp Pendleton ("Camp Pendleton"). In the attached FLA, the Case Springs substation has been relocated to an adjacent site that is not located on Camp Pendleton and is instead located in the

Cleveland National Forest. This site was chosen in consultation with the USFS that occurred after the FEIS was issued.

- In the Project No. 11858 proceeding, the Applicant had considered a number of potential alternatives for siting of the generation facilities, including two potential reservoir sites, two potential powerhouse sites, and a number of conduit alignments. For purposes of the attached FLA, the Applicant is proposing to develop only the sites for the generation facilities recommended by Commission staff in the FEIS and presented in the FLA.

II. Ongoing Consultation By Applicant

Due to disagreements among the co-applicants over whether the project to be licensed in the Project No. 11858 proceeding should include a primary transmission line, two primary transmission lines, or a short gen-tie line to the TE/VS Line, the Commission dismissed Applicant's application in that proceeding. Since that dismissal, the Applicant applied for a certificate of public convenience and necessity at the CPUC to site the TE/VS Line. As a part of that proceeding, the Applicant conducted additional biological, hydrologic, aesthetic, and socio-economic analysis as well as significant additional engineering design sufficient to allow the CPUC to deem the application "complete" under California Environmental Quality Act ("CEQA") rules.

Ultimately, the effort to certificate the TE/VS Line was unsuccessful. The Applicant notes that the northernmost section of the northern segment of the TE/VS Line was moved to the north of the original proposed route during the CPUC proceeding at the request of CPUC staff. In this FLA, the alignment of the northern primary transmission line proposed in the attached FLA is the same as that proposed by the Applicant in the Project No. 11858 proceeding and reviewed by the Commission in the FEIS; it is not the same northern segment reviewed in the CPUC TE/VS Line proceeding.¹

On July 14, 2011, the Applicant applied for a preliminary permit to continue to study the feasibility of the Proposed Project and FERC issued the Applicant a preliminary permit on October 24, 2012,² for Project No. 14227, and extended the term of the permit until October 2,

¹ Several commenters on the draft license application filed by the Applicant on June 1, 2017, have expressed concern with the alignment of the northern transmission line north of the Interstate 15 freeway, as reviewed in the CPUC proceeding and inadvertently included by the Applicant in the maps included with the draft license application. Applicant clarifies that it intends to develop a northern primary transmission line that follows the alignment proposed in the Project No. 11858 proceeding, and considered by FERC in the FEIS. See Appendix F of the FEIS and Exhibit G of the FLA.

² *The Nevada Hydro Company, Inc.*, 141 FERC ¶ 62,071 (2012).

2017.³ On January 26, 2012, the Applicant filed in the Project No. 14227 proceeding a pre-application document to make available the Applicant's general proposal to all interested stakeholders. In addition, the Applicant engaged in additional scoping and consultation. The Applicant's consultant mailed 5,000 invitation cards to interested and affected parties, placed public notice display advertising in the three daily newspapers with general circulation in the region, and distributed notices to the email address list developed in connection with the proceeding at the CPUC. This was done in anticipation of a possible new license application that would include most of this alignment (except with the distinctions noted above) for the proposed primary transmission lines. The Applicant hosted the public meeting at the Murrieta Community Center on August 9, 2012, for over four hours. The meeting was attended by 3 resource agencies and 52 additional registered stakeholders. Also, in 2014, the Applicant distributed to each of the resource agencies identified in FERC's 2007 FEIS a letter requesting them to advise on issues that the resource agency believed needed to be updated or revised for purposes of preparing a license application for Project No. 14227. The FWS and the SWRCB responded with substantive comments.

The FWS, in a letter dated July 3, 2014, asked the Applicant to assess newly designated critical habitats for a number of species listed under the federal Endangered Species Act ("ESA"), to update surveys to account for wildfires and to provide more detailed information on the proposed primary transmission lines. The Applicant has included updated critical habitat information and some information on updated surveys in Section 2 of Exhibit E of the FLA. In addition, throughout the FLA, including Exhibit G, detailed information on the proposed northern and southern primary transmission lines are provided. Promptly after the filing of the FLA, the Applicant intends to reach out to the FWS to confirm whether any outstanding issues remain.

The SWRCB, in a letter dated June 30, 2014,⁴ requested an analysis of the impacts to Decker Canyon watersheds as a result of emergency releases of water, including proposed mitigation measures; a bathymetry assessment of the extent of expanding shoreline due to project operations at various lake levels, including any impact on evaporation and shoreline recreation; a soil toxicity assessment of the effects of construction of the intake; additional groundwater studies for Decker Canyon; a better description of runoff potential; a better description of the cofferdam and impacts on water quality, recreation, and fisheries; a better description of the effects of project operations on Lake Elsinore water quality; a better description of the effects of lake level fluctuation on aquatic resources; and, a number of plans, including a groundwater management plan and an Emergency Action Plan. Applicant has

³ / *Nevada Hydro Company, Inc.*, 152 FERC ¶ 62,163 (2015).

⁴ / The SWRCB also filed a letter on August 14, 2017, that raised similar issues.

included information in the FLA to address each of these issues, or, in the case of plans, has proposed to develop applicable plans as part of its protection, mitigation and enhancement measures. The Applicant intends to continue to engage the SWRCB and to file an application for a Section 401 water quality certification at the appropriate time (within 60 days of the Commission's ready for environmental analysis notice).

In addition, in response to the Applicant's June 1, 2017 filing of a Notice of Intent to File an Original License Application ("NOI") and a Draft License Application ("DLA"), a number of agencies, a tribe, and members of the public filed comments. A number of these comments are addressed in Section 12 of Exhibit E (Consultation) in the FLA. However, Nevada Hydro hereby clarifies some key issues raised by stakeholders:

- A neighborhood adjacent to the northernmost segment of the proposed northern primary transmission line objected to the alignment proposed in the DLA. The Applicant engaged the neighborhood's representatives (Forestar Toscana Development Company, LLC) and discovered that the wrong alignment for this short spur north of Interstate 15 had been provided in the DLA. The Applicant provided clarification to the neighborhood and has revised the FLA to include the correct proposed alignment for the northern primary transmission line. This is the same alignment proposed by the Applicant in the Project No. 11858 proceeding and the alignment considered by Commission staff in the 2007 FEIS with respect to the northern segment of the northern primary transmission line.
- A number of commenters raised the issue of the Applicant's water and other property rights. The Applicant fully intends to obtain all necessary water and property rights to operate its Proposed Project within five years of license issuance, in accordance with Standard Article 5 of the Commission's form articles.
- Several commenters have raised an issue with respect to the location of the interconnection point for the northern primary transmission line. The Applicant's Proposed Project works include a northern primary transmission line that carries power from the LEAPS powerhouse to the interconnection point with the SCE grid. There is a current pending proceeding with the CPUC for SCE to construct a substation called Alberhill in the vicinity of the Applicant's proposed northern primary transmission line. SCE and other stakeholders have raised concerns that the Lake substation identified in the DLA is not the substation referenced in the Applicant's Large Generator Interconnection Agreement ("LGIA") with SCE and the California Independent System Operator, Inc. For purposes of the FLA, the Applicant clarifies that its Proposed Project includes project works (i.e., a northern primary transmission line) that would deliver project power to (and receive pumping power from) SCE's Valley-Serrano transmission line. To the extent that the LGIA needs to be revised to accurately describe the point of interconnection, these discussions will occur on an as-needed basis at the appropriate

time with the counterparties to the LGIA. The Commission does not require a license applicant to demonstrate its execution of an LGIA (or any other operations-related agreement) in order to issue a license for a proposed project; therefore, the Project No. 14227 proceeding is not the appropriate venue in which to raise or resolve any issues associated with the Applicant's LGIA or the private contract negotiations related thereto.

III. Waivers and Process Forward

In its NOI, Nevada Hydro requested waiver of the Commission's pre-filing consultation regulations to allow it to proceed to filing an FLA during the term of its preliminary permit. As summarized herein and described in more detail in Section 12 of Exhibit E (Consultation) in the FLA, the Applicant has conducted extensive consultation and scoping over the course of the 15+ years during which it has been trying to develop the Proposed Project. Nevada Hydro submits that to the extent any resource agency, Indian tribe, or stakeholder believes additional information is required, this information is most likely to be incremental to that which has been collected to date.

Accordingly, the Applicant respectfully requests that the Commission process this application pursuant to the traditional licensing process ("TLP") and solicit any additional study requests in the Commission's tendering notice of the application. Pursuant to 18 C.F.R. § 4.32(b)(7), resource agencies, Indian tribes, and stakeholders are afforded 60 days from the date of the filing of the FLA to request any additional scientific studies that they believe should be conducted in order to form an adequate factual basis for a complete analysis of the application on its merits. The Applicant is prepared to address any such requests as appropriate.

In the NOI, the Applicant did not clearly identify under which licensing process it intends to move forward with its FLA. The Applicant hereby clarifies that it is requesting to use the licensing procedures of Part 4 of the Commission's regulations (i.e., the TLP regulations). The Applicant provides the following responses to the considerations identified in 18 C.F.R. § 5.3(c)(1)(ii)(A)-(F):

- A. The Applicant believes that a license could be timely issued in this proceeding, particularly because so much of the environmental work and engineering planning associated with the Proposed Project has already been completed as part of the Project No. 11858 proceeding, and updated to the extent possible for the FLA.
- B. The resource issues associated with the Proposed Project are not anticipated to be complex. The Proposed Project involves a closed-loop pumped storage project that will use an impaired lake as the lower reservoir. As described in the FLA, the operation of the Proposed Project is likely to improve the water quality in Lake Elsinore. In addition,

the construction of the upper reservoir and the primary transmission lines in the Cleveland National Forest are likely to cause minimal long-term impacts to resources associated with USFS lands.

- C. The Applicant does not anticipate a significant level of controversy associated with the Proposed Project once all stakeholders understand the actual proposed alignment of the primary transmission lines and benefits of the Proposed Project. As noted above, the Applicant itself provided incorrect information in the DLA with respect to the route of the northern transmission line. The FLA already incorporates a number of revisions to the initial project proposal in the Project No. 11858 proceeding that were adopted to resolve objections previously raised by stakeholders. For example, the route of the primary transmission lines has been revised since the Project No. 11858 proceeding to adopt Commission staff's recommended route in the FEIS by moving parts of the southern and northern primary transmission line underground and by adjusting slightly the route of the northern and southern primary transmission lines to avoid certain resources. In addition, the Applicant has selected the least controversial location for the upper reservoir and the powerhouse, based on the recommendations of Commission staff in the FEIS.
- D. In the case of the Proposed Project, the relative cost of the TLP is likely to be less than using the integrated licensing process ("ILP") to process the application because use of the ILP would in many cases be redundant to what the Applicant has already completed to date.
- E. The amount of available information about the environmental setting of the Proposed Project is significant, primarily because of the copious amount of information developed as a part of the Project No. 11858 proceeding. The Applicant acknowledges that incremental updates to some information may be required, but, overall, an unusual amount of baseline information has already been collected (and analyzed) to date regarding the Proposed Project.
- F. Because of the unusual nature of the posture of this application (i.e., being filed a second time after issuance of an FEIS for the first application), the Applicant believes that any outstanding concerns of resource agencies, Indian tribes, or stakeholders can be addressed more meaningfully through the flexibility inherent in the TLP, in contrast to the strict timelines of the ILP. Promptly after filing the FLA, the Applicant intends to reach out to key resource agencies and Indian tribes to address any such outstanding issues.

In the Project No. 11858 proceeding, the Applicant was authorized by the Commission to be its non-federal representative for purposes of consultation under section 7 of the ESA and to initiate consultation under section 106 of the National Historic Preservation Act (“NHPA”).⁵ In its NOI for the Project No. 14227 proceeding, the Applicant did not request additional authorizations with respect to ESA and NHPA consultation because it believed this was unnecessary given the fact that the project proposed in the DLA was substantially similar to the project proposed in the Project No. 11858 proceeding. However, to the extent the Commission believes this was in error, the Applicant respectfully requests that the Commission designate the Applicant as the non-federal representative for the purpose of any remaining informal consultation that may occur with the FWS under the ESA. Similarly, the Applicant respectfully requests authorization from the Commission to initiate consultation with the California SHPO pursuant to section 106 of the NHPA and to designate the Applicant as the Commission’s non-federal representative for the purpose of any remaining informal consultation under the NHPA.

IV. Compliance with Filing Requirements

The FLA consists of 12 volumes prepared pursuant to 18 C.F.R. § 4.41, the contents of which are included in the master table of contents which follows this transmittal letter. The FLA is being filed in compact disc (“CD”) format and complies with the Commission’s guidelines on filings submitted on electronic format. Each of the volumes and their sections are identified below and each section has been designated with the following security levels:

Volume	Description	Security Level
Volume 1	Initial Statement	Public
	Exhibit A – Project Description	Public
	Exhibit B – Project Operation and Resource Utilization	Public
	Exhibit C – Construction Schedule	Public
	Exhibit D – Project Costs and Financing	Public
	Exhibit E – Environmental Report	
	Section 1 – General Setting	Public
	Section 2 – Hydrology and Water Quality	Public

⁵ / In the Project No. 11858 proceeding, consultation with the FWS resulted in the issuance of a draft biological opinion by the FWS on March 19, 2008 and consultation with the SHPO and the Pechanga Indian Tribe resulted in an executed Historic Properties Management Plan.

Volume	Description	Security Level
	Section 3 – Fish, Wildlife and Botanical Resources	Public
	Section 4 – Historical and Archaeological Resources	Public
	Section 5 – Socioeconomic Impacts	Public
	Section 6 – Geological and Soil Resources	Public
	Section 7 – Recreational Resources	Public
	Section 8 – Aesthetic Resources	Public
	Section 9 – Land Use	Public
	Section 10 – Alternative Locations, Designs, and Energy Sources	Public
	Section 11 – Literature Cited	Public
	Section 12 – Consultation	Public
	Section 13 – Draft Historic Properties Management Plan	Privileged
	Exhibit F – General Design Drawings	CEII
	Exhibit G – Map of the Project	Public
Volume 2	Applicant Prepared Environmental Impact Report (CEQA)	Public
Volume 3	Reference Material	Public
Volume 4	Reference Material from Project No. 11858 Exhibits A, B, C, D, F, G Exhibit E - Consultation	Public
Volume 5	Reference Material from Project No. 11858 Technical Appendix to Exhibit E	Public
Volume 6	Reference Material from Project No. 11858 Exhibit E - Consultation	Public
Volume 7	Reference Material from Project No. 11858 Consultation Water Quality Related Reports	Public
Volume 8	Reference Material from Project No. 11858 Responses to FERC Deficiency Letters Volumes 1 & II	Public
Volume 9	Reference Material from Project No. 11858 Response to FERC Deficiency Letters Volume III	Public
Volume 10	Biological Reports	Public
Volume 11	Hydrology Reports Part 1	Public
Volume 12	Hydrology Reports Part 2 – Geotechnical Reports including Supporting Design Report	Public

Nevada Hydro will publish notice of the filing of the FLA in a daily or weekly newspaper of general circulation in Orange, Riverside, and San Diego Counties within 14 days.

Nevada Hydro will also make a copy of the public components of the FLA available at Nevada Hydro's offices and the following libraries:

The Nevada Hydro Company, Inc. 2416 Cades Way Vista, California 92081	Lake Elsinore Branch Library 600 W. Graham Ave. Lake Elsinore, CA 92530
San Juan Capistrano Library 31495 El Camino Real San Juan Capistrano, CA 92675	Oceanside Public Library 330 N Coast Hwy Oceanside, CA 92054

In addition, the Applicant has posted the FLA on its website, which is located at: www.nevadahydro.com

In accordance with 18 C.F.R. § 4.38(d)(1), the Applicant certifies that a CD copy of the FLA has been mailed to the following resources agencies, Indian tribes, other government offices, and certain members of the public:

Cleveland National Forest Trabuco Ranger District 1147 East 6 th Street Corona, CA 92879	California Department of Water Resources 1001 I Street Sacramento, CA 95814	U.S. Fish And Wildlife Service 777 East Tahquitz Canyon Way, Suite 208 Palm Springs, CA 92262
California Department of Fish And Wildlife 3602 Inland Empire Blvd., Suite C- 220 Ontario, CA 91764	Pechanga Cultural Resources PO Box 2183 Temecula, CA 92593	Mr. David Woelfel Santa Ana Regional Water Quality Control Board 3737 Main Street, Suite 500 Riverside, CA 92501-3348
Mr. Robert Kang Southern California Edison 2244 Walnut Grove Avenue Rosemead, CA 91770	Mr. Jonathan Evans Center for Biodiversity 1212 Broadway, Suite 800 Oakland, CA 94612	Kim Floyd Sierra Club San Gorgonio Chapter PO Box 5425 Riverside, CA 92517
Mr. Grant Yates City of Lake Elsinore 130 South Main Street Lake Elsinore, CA 92530	Glen Eden Corporation 25999 Glen Eden Road Corona, CA 92883	EHOF II Lakeside, LLC c/o Mitchell Chadwick 3001 Lava Ridge Court, #120 Roseville, CA 95661

Elsinore Valley Municipal Water District 31315 Chaney St Lake Elsinore, CA 92531	Forestar Toscana Development Company c/o Pillsbury Winthrop Shaw Pittman 1200 Seventeenth Street, NW Washington, DC 20036	
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In addition, the Applicant has notified via electronic mail (or regular mail if e-mail not available) the following lists (which include additional agencies, tribes, and members of the public) of the filing of the FLA and of the Applicant's licensing website:

- FERC Service and Mailing Lists for the Project No. 14227 proceeding.⁶
- FERC Service and Mailing Lists for the Project No. 11858 proceeding.
- CPUC Distribution List for the CPCN proceeding A, 10-07-001.
- List of participants from the August 9, 2012 public meeting.

Finally, as required by Section 4.32(a)(3)(i), the Applicant is sending via certified mail copies of Exhibit G to "every property owner of record of any interest in the property within the bounds of the project," and any other Federal, state, municipal or other local government agencies that there is reason to believe would likely be interested in or affected by the FLA.

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⁶ / Note that FERC has not yet solicited intervenors in this proceeding; however, some entities and individuals are identified on these lists because this docket began with the preliminary permit proceeding.

Kimberly D. Bose, Secretary
Nathaniel J. Davis, Sr., Deputy Secretary
October 2, 2017

page 12

The Proposed Project aims to provide valuable reliability benefits to Southern California and utilizes a cleaner form of generation than other generation alternatives in the area. In addition, the Proposed Project will directly benefit the local economy through significant construction and operations jobs and improvement to the water quality in Lake Elsinore, as well as the indirect benefits of employment related to the hospitality and service sector, municipal and state taxes and fees, and contributions through partnerships with community organizations. If you any questions regarding Applicant's FLA, please contact Rexford J. Wait at (760) 599-1813 or Rex@leapshydro.com or David Kates at (707) 570-1866 or David@leapshydro.com.

Sincerely,

Rexford J. Wait
Nevada Hydro Company, Inc.

Attachments: LEAPS Final License Application

cc: FERC, OEP Room 61-02
FERC, OGC-EP Room 101-56