



Forest
Service

Cleveland National Forest

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File Code: 2720
Date: June 29, 2018

The Nevada Hydro Company
2416 Cades Way
Vista, CA 92081
Attn: Rexford Wait

**Request for Clarifying Information of Lake Elsinore Advanced Pumped Storage Project
FERC No. 14227**

Dear Mr. Wait,

This letter is in response to the Commission's January 3, 2018 Notice of Deficiency of License Application and Request for Additional Information for The Nevada Hydro Company's (TNHC's) proposed Lake Elsinore Advanced Pumped Storage Project (LEAPS) Federal Energy Regulatory Commission (FERC) No. 14227¹. Within 90 days from the issuance of the Notice of Deficiency, FERC requested for TNHC to consult with the Forest Service to develop Decker Canyon alternatives consistent with the Roadless Area Conservation Rule. Additionally, FERC requested that TNHC provide a copy of a Special Use Proposal filed with the Forest Service for the current proposal, or documentation from the Forest Service showing they will use the previous proposal in the current proceeding. On April 3, 2018 TNHC submitted a response to FERC's Notice of Deficiency with a number of documents, some of which were submitted as "privileged" or Critical Energy Infrastructure and therefore unavailable for the public and the Forest Service to evaluate. Additionally, as we have recently become aware, TNHC filed a petition with FERC on March 9, 2018 seeking to declare LEAPS as a wholesale transmission facility under docket EL18-131. This letter provides the Forest Service's consultation history regarding TNHC's Special Use Proposal for LEAPS in P-14227, and requests clarification from TNHC and FERC on a number of outstanding questions and issues that are pertinent to licensing LEAPS. Specifically, we are requesting to clarify a number of jurisdictional and technical questions regarding the LEAPS proposal in P-14227; TNHC will need to acquire confirmation from FERC regarding what course of action it intends to take. Until such questions are answered, we are unable to process a Special Use Proposal for the project and believe that the current License Application remains deficient

Background

Nevada Hydro has advanced different versions of LEAPS from its inception to the present –

as (1) a generation-only project with two long primary lines in P-14227; (2) as a generation project in P-11858, but treating those primary lines as a single networked

¹ Federal Energy Regulatory Commission: Notice of Deficiency of License Application and Request for Additional Information for The Nevada Hydro Company's (TNHC's) proposed Lake Elsinore Advanced Pumped Storage Project (LEAPS) Federal Energy Regulatory Commission (FERC) No. 14227. Proceeding No. P-14227 (fld. 1/3/2018)



transmission line called the “TE/VS Interconnect Project”; and (3) as a wholesale transmission facility in EL18-131. The existence of these multiple versions makes it difficult to ascertain exactly which part of LEAPS is within the Commission’s jurisdiction to license, and which FERC-jurisdictional agreements will be needed. Accordingly, if the EL18-131 version of LEAPS is allowed to proceed, the Commission will need to clarify its licensing jurisdiction as to the various portions of the wholesale transmission facility as now proposed; but, at the least, the California Public Utilities Commission (CPUC) will have siting authority for the transmission lines, as shown by Nevada Hydro’s prior attempts to obtain a Certificate of Public Convenience and Necessity for the proposed networked, stand-alone, transmission line component that was part of Nevada Hydro’s very first LEAPS proposal in Docket No. P-11858.²

Given this history, it is difficult to accurately define LEAPS. P-14227 has been repackaged from TNHC’s prior proposals and analyses. Indeed, TNHC has repeatedly argued that this prior analysis is appropriate to use when evaluating P-14227, but such an argument misses the inherent differences between the previous proposals’ purpose and needs and those of the current License Application’s, and assumes that FERC takes a similar position.

Inventoried Roadless Areas Alternative Discussion

On February 28, 2018 staff from the Forest Service met with TNHC representatives at the Trabuco Ranger District Office to discuss concerns that the proposed location for Decker Canyon and associated roads were within an Inventoried Roadless Area (IRA) of the Cleveland National Forest. Road construction is prohibited within IRA, and therefore we requested that TNHC provide a construction and operation plan describing how they would build, operate, and maintain Decker Canyon without the use of roads. At the meeting, TNHC verbally proposed an alternative location that would fall partially within the IRA and would not need road construction. In their most recent May 4, 2018 Special Use Proposal submission, TNHC provided an updated schematic for their proposed Decker Canyon Reservoir. However, they failed to explain how the equipment necessary to excavate, construct, and access this feature (dam, reservoir, and spillway) would function without road construction and use. We are requesting that TNHC update their Final License Application to include this information.

Special Use Proposal for LEAPS

In addition to discussing the above-mentioned IRA issues at our February 28th meeting, TNHC also submitted a new proposal for Special Use for P-14227. TNHC’s prior Special Use Proposal was submitted in pursuit of both LEAPS (P-11858) and the Talega-Escondido Valley-Serrano Transmission Interconnection (TE/VS), which were dismissed without prejudice by both FERC and the CPUC, respectively. Forest Service staff reviewed THNC’s new Special Use Proposal for P-14227, but found it to be incomplete and insufficient to meet the initial screening criteria. As a result, the Forest Service denied THNC’s March 2, 2018 proposal. On March 26, 2018, the Forest Service provided both written and verbal guidance in a correspondence letter and in-

² *Southern California Edison: Southern California Edison Company’s Comments and Protest to the Nevada Hydro Company’s Petition for Declaratory Order*. Proceeding No. EL18-131-000 (fld. 4/13/2018)

person meeting, explaining the current proposal's deficiencies and providing instructions for submitting a new proposal. THNC submitted a new proposal on May 4, 2018. However, there is still a fundamental issue of clarity regarding the basics of this project, which prevent us from screening the proposal due to a lack of clear scope. Before the Forest can process any new Special Use Proposal for a LEAPS project, FERC will need to assist in answering a number of questions presented below.

Comments and Questions:

What information, decisions, or analysis from P-11858 and Application for TE/VS (before the CPUC) are relevant to the current proceeding, given that both Applications were denied for numerous technical and procedural reasons, and contain conflicting, unresolved, or outdated information?

Per FERC's September 29, 2017 approval of TNHC's request for waiver of pre-filing consultation³:

On June 1, 2017 TNHC filed a notice of intent to file a license application (NOI) and draft license application for the LEAPS project and requested a waiver of FERC's pre-filing license requirements allowing it to proceed directly to filing a final license application. In support of its waiver request, TNHC explains that FERC staff previously prepared a Final Environmental Impact Statement (Final EIS) in 2007 for essentially the same project proposal under Project No. 11858. Accordingly, Nevada Hydro asserts that consultation on the current project proposal has essentially already occurred under the prior proposal and should meet the intent of the FERC's pre-filing consultation requirements.

On August 23, 2017, staff issued a notice soliciting comments on TNHC's NOI and waiver request, with comments due by September 22, 2017. In response, numerous commenters state that additional consultation is needed due to new and planned development in the project area and changes to the project proposal. In addition, many commenters raise concerns related to potential project effects that may not have been previously considered under Project No. 11858, including, but not limited to, the route and need for two project transmission lines, the source of project water, acquisition of water and property rights, and the presence of additional federally listed plants and wildlife in the project area.

While TNHC's proposal and existing environment may have changed in various ways from that which Commission staff previously evaluated under Project 11858, staff believes that additional issues and project effects that may be identified in the current proceeding can be addressed through the Commission's post-filing process. We expect that any final license application filed with the Commission will address the comments noted above, including the identified additional issues and project effects filed in response to the NOI. (emphasis added)

³ Federal Energy Regulatory Commission's Reference: Waiver Request for the Lake Elsinore Advanced Pumped Storage Project. Proceeding No. P-14227 (fld. 9/29/2017)

In granting TNHC's request to waive the pre-filing consultation requirements for LEAPS, FERC appears to accept some of TNHC's assertion that the current proposal is the same project proposal as that under P-11858. While LEAPS, as outlined by TNHC in the current proceeding, shares many similarities with the prior proposal under P-11858, there are a number of critical differences that contradict TNHC's assertion that the project is materially the same. FERC's acceptance to waive the normal pre-filing consultation requirements appears to vastly understate these differences. Nor does it provide sufficient guidance for the use of prior documentation or conflicting information under P-11858, which was denied by FERC due to various procedural and technical issues, to evaluate the current proposal. However, FERC caveats this acceptance by stating that TNHC's final license application must address comments noted above (underlined portions), and any additional identified issues and project effects identified in response to the NOI. TNHC's most recent response to FERC's Notice of License Application Deficiency still does not answer these outstanding questions and concerns. Therefore, TNHC has not provided any publicly-available information to FERC that adequately responds to the requirements set forth in FERC's September 29, 2017 and January 3, 2018 letters and Notice of Deficiency.

Additionally, as Southern California Edison⁴ and other commenters have also pointed out on TNHC's NOI, TNHC uses records from other proceedings that, in their view, do not support expedited review. Specifically, TNHC's NOI and Final License Application (FLA) rely upon information developed as part of their application before the California Public Utilities Commission (CPUC) to construct TNHC's proposed Talega-Escondido/Valley-Serrano 500 kV Interconnection Project (TE/Vs). In that application process, the CPUC found the record to be incomplete, and upon substantive review dismissed the application. It is unclear to what extent the incomplete TE/Vs application can be used to support the current FERC LEAPS application in P-14227, especially since it contemplates the use of the LEAPS transmission line inconsistent with FERC's licensing authority.

We believe FERC must provide clearer guidance on the degree to which old documentation can be used to evaluate and support the current LEAPS proposal, especially information that conflicts with TNHC's current claims. As FERC has not yet ruled upon the adequacy of TNHC's response to the FLA deficiencies for P-14227, we are unsure how to interpret or reconcile prior determinations, findings, or jurisdictional questions that were raised during P-11858 up to and including FERC's 2007 FEIS & decision to dismiss the LEAPS project. The Forest Service believes that this issue must be addressed before FERC can continue processing TNHC's current license application and any subsequent special use permit.

TNHC has not clearly answered FERC's questions regarding the nature and use of the transmission line associated with LEAPS, and the description used by TNHC to describe the nature of the transmission line is misleading and/or contradictory.

In their July 24, 2017 letter to TNHC regarding LEAPS, FERC requested a detailed description of the proposed transmission lines and how they would be designed and operated.⁵ FERC staff

⁴ *Southern California Edison's Company's Comments to the Nevada Hydro Company's Notice of Intent to File Application (NOI), and on the Nevada Hydro's July 31, 2017 Letter, regarding Line Configuration.* Proceeding No. P-14227 (fld. 9/22/2017)

⁵ *Federal Energy Regulatory Commission's Reference: Lake Elsinore Advanced Pumped Storage Project.* Proceeding No. P-14227 (fld. 7/24/2017)

requested this information because, “As written, the project description in Exhibit A of the draft license application does not clearly state how the project’s transmission line would connect or operate.” FERC staff were concerned that the Commission had previously dismissed the LEAPS Project in P-11858, which included a nearly identical transmission line configuration to the current proposal, but that functioned as a transmission line interconnection for Southern California Edison (SCE), north of the project, to San Diego Gas and Electric (SDGE), south of the project, known as TE/VS, in addition to functioning as a “primary transmission” line for LEAPS. FERC staff were concerned as the Commission’s licensing authority extends only to primary transmission lines, or that which meet the Commission’s two-pronged technical test:⁶

The Commission uses a two-pronged technical test for determining whether a line is a primary transmission line: whether it is used solely to transmit power from a Commission licensed project to the interconnected distribution system, and whether without it there would be no way to market the full capacity of the project. Under this test, the line leading from a project ceases to be a primary line at the point it is no longer used solely to transmit all the power from its project to the interconnected grid. The Commission has recognized that this is at bottom a case-specific, factual inquiry.

In P-11858 the transmission lines were proposed to serve as both a grid transmission interconnection carrying non-project power (1000 MW of additional import capacity) between SCE and SDGE and as a line to transmit power from the hydro-generation component of LEAPS. Because FERC lacked jurisdiction over lines that would be used to carry non-project power, TNHC sought separate approval of TE/VS as a stand-alone transmission line from the CPUC. FERC’s 2007 EIS conducted a Needs Determination for TE/VS that, “reviewed available documentation about the need for the TE/VS transmission line between the two utilities, and determined if consensus existed among various stakeholders regarding the reliability of the economic need for this transmission line, its preferred location, and implementation timing.” Further, this assessment was used to “determine the portion of the TE/VS transmission line that would fall under the FERC definition of a project transmission line and therefore be included in the LEAPS Project’s license application, a determination of where the project’s point of junction occurs is necessary.”⁷ FERC concluded that, either a 230-kV or 500-kV voltage transmission line would be capable of transmitting the LEAPS projected generation of 500 MW, but that a 500-kV line would have the added benefit of providing the additional import capacity between the SCE and SDGE grids sought by the applicants. Upon review of the need for the proposed transmission line as a stand-alone interconnected line, or primary line ancillary to the hydropower project, FERC concluded that a primary line to service “the LEAPS Project would only require that the transmission line be constructed only in one direction, i.e. either north to SCE’s system or south to SDGE’s system. In review of the testimony and report findings..., the southern route (to SDGE) is the indicated choice.” Unfortunately, FERC’s 2007 FEIS never analyzed the Project impacts of a 230-kV configured transmission line, which would be consistent with servicing the generation needs of a hydro-only project under

⁶ Federal Energy Regulatory Commission’s Order Denying Rehearing for the LEAPS Project. Proceeding No. P-11858 (ls. 11/17/2011)

⁷ Federal Energy Regulatory Commission’s Final Environmental Impact Statement for the LEAPS Project. Appendix B Need Determination for 500-kV Transmission Line Proceeding No. P-11858 (ls. January 2007)

FERC's jurisdiction. The Forest Service believes the current LEAPS proposal should be configured to meet FERC's prior determination or at the very least, an alternative configuration utilizing a single 230-kV transmission line should be considered and scoped for evaluation.

TNHC states in their License Application for P-14227 that their selection of a 500-kV voltage line is *"for large-scale power delivery [among SDG&E and SCE grids and that upgrading these facilities to 500-kV] has been seen as an important replacement for 230 kV transmission."* Again, selection of a 500-kV line is well in excess of the need to market the full capacity of the project, and is/was predicated on the premise that the line would be operated to transmit additional power beyond LEAPS full capacity. In response to FERC's concerns about the nature of transmission lines being configured similarly to those proposed in P-11858 and potentially outside FERC's jurisdiction to permit, TNHC states that they do not intend to use them for the transmission of non-project power⁸. However, this statement is directly contradicted by TNHC's own Final Licensing Application in which they state⁹, *"the primary goals and objectives of the Project are to: [include both "pumped storage component" objectives and "transmission component" objectives] with "transmission component" objectives being defined as"*:

2.3.2. The objectives of the "transmission component" of the Project:

1. **Reduce congestion.** Provide additional high voltage transmission capacity to reduce congestion on the CAISO grid and thus reduce energy costs for CAISO consumers.
2. **Provide at least 1,100 MW of incremental transmission import capability to San Diego.** Provide at least 1,100 MW of additional import capacity to SDG&E system at all times (and without SONGS operating) to enhance San Diego load area's access to renewable resources available through the WECC/CAISO transmission grid.
3. **Provide at least 1,800 MW of incremental transmission import capability to San Diego under contingency conditions.** Provide at least 1,800 MW incremental transmission import capability for SDG&E under G-1/N-1 conditions (and without SONGS operating) and other major reliability challenges to satisfy reliability criteria and to reduce the cost to SDG&E ratepayers of capacity for CPUC Resource Adequacy requirements.
4. **Provide a high voltage interconnection between SDG&E and SCE transmission systems.** Provide SDG&E with the first 500 kV interconnection with the CAISO 500 kV network and thereby enhance the integration and operational reliability of the CAISO transmission grid.
5. **Further long-term infrastructure planning efforts.** Provide a potential future option for further expansion of the CAISO grid by contributing to the creation of a 500 kV link from Arizona-Imperial Valley-San Diego 500 kV facilities to the 500 kV network in the Los Angeles basin.

⁸ The Nevada Hydro Company's Response to July 24, 2017 Commission Letter Proceeding No. P-14227 (fld. 7/31/2017)

⁹ The Nevada Hydro Company's Final License Application Volume 2 Applicant Prepared Environmental Impact Report Chapter 2 Purpose and Need. Proceeding No. P-14227 (fld. 10/02/2017)

6. Provide access to the planned pumped storage facility. Provide the CAISO grid with access to the planned LEAPS pumped storage hydropower generation plant, a location constrained facility.

If LEAPS were operated in accordance with these objectives, objectives 1 through 5 would appear to fail FERC's primary line test, specifically that "*the line leading from a project ceases to be a primary line at the point it is no longer used solely to transmit all the power from its project to the interconnected grid.*" At the very least, TNHC needs to reconcile their conflicting statements over the nature, purpose, and use of the transmission lines in their current application. Moreover, TNHC should explain why they have retained the voltage design aspects of the TE/VS grid transmission interconnection, when they state that this line would not be used for non-project power transmission. Lastly, we believe TNHC should explain why the proposed project would need two separate grid interconnections, when a single connection would be sufficient to market the full capacity of the project, cost significantly less to construct and operate, and reduce the overall impact of the project on the environment. In addition to TNHC's obligations to clarify these issues, we believe FERC must answer whether the transmission line as currently proposed by TNHC meets FERC's definition of a primary transmission line, and if not, we believe FERC must assist TNHC in defining a project that falls within its licensing authority before accepting TNHC's licensing application as complete. In answering this critical question, FERC should clarify whether their prior determination about a southern only line configuration would be applicable to the current LEAPS project. It is difficult if not impossible to fully understand or define the scope of LEAPS, perform effective analysis or alternative development, or answer questions over whether LEAPS would be subject to FERC or CPUC jurisdiction until questions regarding the nature and use of the transmission line in P-14227 are fully resolved.

The Agreed-To Point-of-Interconnection for the LEAPS Northern Transmission Line with Southern California Edison has been denied by the CPUC.

Southern California Edison submitted comments to TNHC's NOI and sought to clarify a number of issues, including corrections to TNHC's agreed upon point of interconnection with SCE. In their comments¹⁰ SCE states, "*Per the parties' Large Generator Interconnection Agreement ("LGIA"), the correct point-of interconnection will be SCE's future Alberhill Substation, not Lake Switchyard. Nevada Hydro should update its application and environmental documents to reflect the correct point-of interconnection.*" On April 4, 2018 the CPUC issued a proposed decision denying a certificate of public convenience and necessity for SCE's proposed Alberhill Substation. If affirmed by the Commission (tentatively scheduled for hearing on June 21, 2018, now postponed to July) this denial would eliminate the agreed-upon location for the proposed northern interconnection with LEAPS. Without an agreed-upon northern interconnection point it is unclear how this aspect of the project could be constructed. Again, TNHC should explain why both a northern and southern transmission line are necessary for the project to operate, as well as provide alternative project configurations without a northern line if the proposed denial is

¹⁰ Southern California Edison's Company's Comments to the Nevada Hydro Company's Notice of Intent to File Application (NOI), and on the Nevada Hydro's July 31, 2017 Letter, regarding Line Configuration. Proceeding No. P-14227 (fld. 9/22/2017)

affirmed. Lastly, TNHC should update their FLA, which continues to incorrectly reference this interconnection point as the Lake Switchyard.

TNHC has not fully addressed questions pertaining to the economic viability of the project

In their License Application TNHC claims that LEAPS would be a valuable asset to meet various state renewable energy planning goals, regional energy needs, and transmission initiatives. TNHC concludes that LEAPS would provide a unique and superior electrical supply resource to other conventional generation means. However this conclusion generally ignores any substantive discussion over the estimated \$2 billion cost for the project, and whether the project could provide cost-competitive power in the current market or under a variety of potential operating scenarios. While the Forest Service generally does not comment on project economics, many others (including agencies for which TNHC cites supporting documents/studies) have raised significant questions about the economic viability of LEAPS and have generally disagreed with TNHC's conclusions about LEAPS's proposed benefits.¹¹ Based upon these unanswered questions, the Forest Service is concerned that TNHC may not have sufficient resources to operate and maintain the facility over the life of a license.

The Forest notes that since proposing LEAPS in P-11858, TNHC has tried unsuccessfully to gain a number of approvals for certain rate incentives to assist TNHC in financing various aspects of the project. In particular, FERC denied TNHC's previous request to have LEAPS operated by the California Independent System Operator and categorized as "transmission" for rate recovery purposes. Additionally, in 2010 TNHC filed an application with the CPUC for the TE/VS Interconnection as a subset of LEAPS, which was ultimately dismissed by the CPUC in 2012 due to TNHC's "inability to demonstrate adequate financing and adduce credible evidence as to whether the project was "viable, feasible, economic, and whether there [was] a need for the project."¹² Currently, TNHC has petitioned for FERC to declare LEAPS a "wholesale transmission facility" and entitle the project to certain cost recovery in Proceeding No. EL18-131-000. Given the conflicting information regarding the economic viability of LEAPS, TNHC should update their FLA to include new project economic simulations using a range of power values, operating conditions, and alternatives project configurations that reduce overall project cost (single/lower voltage transmission line) and improve project economics while meeting the project generation goals. Independent of whether TNHC provides this in an update to their FLA, TNHC will be required to provide this information to the Forest Service as part of a Financial Ability Determination in pursuit of a special use permit for LEAPS.

TNHC has not fully addressed questions regarding how they would obtain the water necessary to operate the project

Per FERC's Deficiency Notice, FERC requested that TNHC identify: *the sources and yearly amounts of water you plan to use to maintain Lake Elsinore above 1,240 feet, please provide the following: The specific source(s) of water you plan to use to maintain the operational level of Lake Elsinore above 1,240 feet. Consult with the sources of water you identify above to provide*

¹¹ See Protests of CPUC and CAISO and other Stakeholders in Proceeding No. EL18-131-000

¹² *California Public Utilities Commission Protest of the CPUC Regarding THNC's Petition for a Declaration Order that LEAPS is a Wholesale Transmission Facility and Entitled to Cost Recovery Under the CAISO's Transmission Access Charge*. Proceeding No. EL18-131 (fld. 4/13/2018)

an assessment of the availability of the water and how that availability varies during average, dry, and extremely dry water years. An agreement in principle with the water users you identify that describes the respective roles of each party and includes each parties concerns relative to entering into a long term water supply contract with Nevada Hydro.

In response, TNHC references information they submitted as a “privileged” disk. Because this information is not publically available, we are not able to verify if the provided documentation describes any contractual agreement to secure the water necessary to operate the project. Moreover, TNHC’s response to maintaining lake levels at Lake Elsinore suggests that no such agreement is in place as, *“TNHC is currently engaged in negotiations with EVMWD to obtain, convey, and store water in Lake Elsinore, and to ensure that TNHC has the necessary rights to construct, operate, and maintain LEAPS consistent with a Commission license. Further, TNHC would have full authority to maintain Lake Elsinore at levels necessary for the operation of the project by purchasing water in lieu or water from EVMDW, if that were to become necessary. TNHC has begun outreach to the City and fully anticipates a successful arrangement whereby TNHC can obtain the necessary rights to operate and maintain the LEAPS project.”* As far as the Forest can tell, TNHC has not identified the specific sources of water it plans to use to operate the project, consulted with, or provided an assessment of water availability to run the project in various water years, or provided documentation of an agreement specifying the parties roles in executing a long-term water supply contract for the project per FERC’s request. We are thus left to speculate as to whether sufficient water is available/securable to run the project. We are requesting that TNHC provide publically available water supply information in response to FERC’s Deficiency Notice in an updated FLA, so that we can evaluate project operations based upon what water may be available in various water years as well as to update project economic estimates to include any potential water purchases/operational constraints.

The Forest Service does not agree with THNC’s proposed solutions to our information needs and study requests

It is generally the Forest’s view that TNHC has inadequately addressed and been dismissive of both our and FERC’s information requests. When providing responses, TNHC does not include adequate evidence to address the notable deficiencies of their FLA. For example, FERC requested information regarding construction and operation of Decker Canyon and associated recreation impacts. FERC’s request states:

“So that we can evaluate your application please provide information on the number and type of all roads, trails, and recreation sites (both formal and informal) and observational data about the amount and type of current recreation use of the area. Provide an estimate of the amount of recreation use this area receives, so that we can understand impacts of the proposed project. If this information is not readily available, then submit your plan to obtain it for Commission approval.”

TNHC’s response states *“that information use about this area is not readily available”* and that they intend to perform a study. However, they immediately contradict themselves by stating that *“most activity in this area occurs in the spring and summer months,”* provides no evidence to support this claim. Although, TNHC then offered to conduct periodic spot checks and visual observations in the area from March to August. The Forest Service objects to this methodology, as it would not provide sufficient information to estimate of the level and type of recreation use

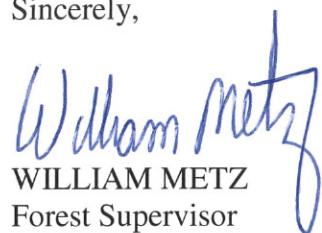
in this area. In addition, the Forest should be included in the design of any recreation study that addresses project impacts on National Forest System Lands and Resources. The Forest notes that we have not been consulted, nor would we recommend or consent to the plan proposed by TNHC to address the noted deficiency.

Conclusion

To date, there is a lack of clarity on the existing LEAPS project proposal. As described above, many questions remain regarding fundamental aspects of the project. This creates difficulty on the part of the Forest Service in analyzing the project in order to screen the Special Use Proposal, namely: to determine the feasibility of the proposed use or activity; any benefits to be provided to the public; safety issues associated with the proposal; the lands to be occupied or used; the terms and conditions to be included in the authorization; and the proposal's compliance with applicable laws, regulations and orders (36 CFR 251.54(d)(4)).

TNHC has an obligation to provide a clear understanding in their FLA of how their proposed LEAPS project would operate. FERC must ensure that this documentation accurately reflects and articulates the full scope and purpose of the project. At present, many key critical questions have not been satisfactorily answered that would allow for a complete understanding and analysis of LEAPS, and therefore, the FLA remains deficient. We believe both TNHC and FERC must provide answers to critical questions before this process can move forward, so that all parties involved can appropriately evaluate project scope, construction and operation, and any associated impacts. Until these issues are resolved the Forest Service is unable to process a Special Use Proposal for the Project.

Sincerely,



WILLIAM METZ
Forest Supervisor



United States
Department of
Agriculture

Forest
Service

Cleveland National Forest

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File Code: 2720
Date: June 29, 2018

The Nevada Hydro Company
2416 Cades Way
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Attn: Rex Wait

Dear Mr. Wait,

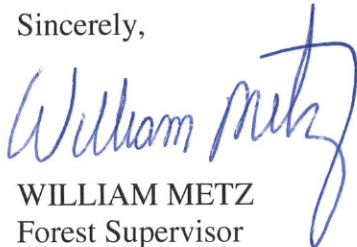
This letter is in response to The Nevada Hydro Company's (TNHC) Special Use Proposal (form SF-299) for the Lake Elsinore Advanced Pumped Storage (LEAPS) Project, dated May 1, 2018 (submitted May 4, 2018); LEAPS has also been proposed before the Federal Energy Regulatory Commission (FERC). Your May 4, 2018 submission is the most recent iteration of a proposal, which was returned in March of 2018 as incomplete and insufficient to meet the initial special uses screening criteria pursuant to 36 CFR 251.54(e). After initial review, Forest staff found that previously identified proposal deficiencies were not adequately addressed in the May 4, 2018 proposal. As such, the proposal does not meet the initial screening criteria and, therefore, must be denied and returned without further consideration. Denial of this proposal is not subject to administrative appeal (36 CFR 214.4 and 215.5).

Since receiving the current SF-299, we became aware that TNHC filed a number of petitions with FERC for the LEAPS project, reference dockets P-14227 and EL18-131. Forest staff found inconsistencies between the May 4, 2018 SF-299 and these petitions. The Forest Service concerns surrounding these inconsistencies, the ongoing FERC processes, and outstanding jurisdictional and technical questions are outlined the attached letter submitted to the licensing proceeding for LEAPS in P-14227. Until such questions are answered, the Forest Service will be unable to process any future special use proposals submitted by TNHC for the LEAPS project.

I encourage TNHC to resolve these outstanding questions with FERC and to reconcile the changing project description prior to submitting another special uses proposal to the Forest Service.

If you have any questions or concerns, please contact Darrell Vance, Trabuco District Ranger at (951) 736-1811, or by email at dvance@fs.fed.us.

Sincerely,



WILLIAM METZ
Forest Supervisor

Enclosed: Request for Clarifying Information, dated June 29, 2018



Document Content(s)

Request for Clarifying Info of LEAPS FERC.PDF.....1-10

LEAPS Proposal Response FERC JUNE 29 2018.PDF.....11-11