THE HYDRO COMPANY, INC.
DBA THE NEVADA HYDRO COMPANY, INC.

April 22, 2014

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RE: Lake Elsinore Advanced Pumped Storage Project
FERC Project Number P–14227

Dear Sir or Madam:

The Lake Elsinore Advanced Pumped Storage (LEAPS) project is a 500 MW generation/600 MW load advanced pumped storage facility proposed to be located adjacent to Lake Elsinore in Southern California. The LEAPS project was being licensed by Federal Energy Regulatory Commission (FERC) in Docket P–11858, and is now under limited additional review in FERC Docket P–14227.

In its review of the project in the former docket, FERC published a Final Environmental Impact Statement (FEIS) in 2007. The Nevada Hydro Company (Nevada Hydro) has reapplied to FERC for the identical project and FERC issued its preliminary permit in the new docket in late 2012.

FERC has requested that we, as the project's sponsor, contact resource agencies and inquire what if anything in the 2007 FEIS the agency believes may need to be updated in order for FERC to issue a license for the facility.

The FERC FEIS is available for review at the following web address:
https://www.dropbox.com/sh/h8esqz0uj483ar8/9szk3x4IDt

Additional information about it and its sister high voltage connection, known as the Talega–Escondido/Valley–Serrano 500 kV Interconnect, may be found on the website of the California Public utilities Commission at:
http://www.cpuc.ca.gov/Environment/info/aspen/nevadahydro/talega_escondido_valley_serrano.htm

Given the State's exacting clean energy policies, there is an unquestionable need for the electric power system in California to move toward an environmentally sustainable future, while still maintaining highly reliable and efficient service at the least possible cost. Given this policy imperative, there can be no doubt that LEAPS is the very best facility that could be developed in the region in order to meet the challenges of:

- The ever-increasing need for highly flexible resources;
- The ever-expanding reliance in the region on variable renewable resources;
- The evident and hidden limitations on power flows into the region;
- The long-term imperative for California to move away from carbon-based energy resources; and,
- The permanent shutdown of SONGS nuclear powerplant.

2416 Cades Way • Vista, California 92081 • U.S.A. • (760) 599–0086 • Fax (760) 599–1815

I would be please to meet personally to discuss the project with you. FERC requests that any comments you may have be submitted to them by July 1, 2014.

Thank you very much.

Sincerely,

David Kates
Project Manager

Name	Company1	company2	street	city
Chief	Army Corps of Engineers	San Francisco District Office	333 Market Street, Floor 8	San Francisco, CA 94105-2102
Mark Durham, Chief	Army Corps of Engineers	South Coast Section, Regulatory Branch	P.O. Box 532711	Los Angeles, CA 90053-2325
Area Director	Bureau of Indian Affairs		2800 Cottage Way	Sacramento, CA 95825-1846
Fred Allgaier	Bureau of Indian Affairs		3000 Youngfield Street. Suite 230	Lakewood, CO 80215-6551
Director	Bureau of Land Management	California State Office	2800 Cottage Way, Suite W1834	Sacramento, CA 95825-1886
Regional Director	Bureau of Reclamation	Attn: LC 705	P.O. Box 61470	Boulder City, NV 89006-1470
	California Air Resources Board		P.O. Box 2815	Sacramento, CA 95812-2815
Director	California Department of Water Resources		P.O. Box 942836	Sacramento, CA 94236-0001
Environmental Analyst	California Deptartment of Conservation	MS 24-01	801 K Street	Sacramento, CA 95814-3500
	California Dept. of Fish and Game	Water Rights & FERC Coordinator	P.O. Box 944209	Sacramento, CA 94244-2090
Curt Taucher	California Dept. of Fish and Game	Regional Manager, Region 6	4949 Viewridge Ave	San Diego, CA 92123
Larry L. Eng, Ph.D.	California Dept. of Fish and Game	Regional Manager, Region 5	4949 Viewridge Ave	San Diego, CA 92123
Mike Meinz	California Dept. of Fish and Game	FERC Relicensing Coordinator	1701 Nimbus Road, Suite A	Rancho Cordova, CA 95670-4503
Regional Manager	California Dept. of Fish and Game		1234 E. Shaw Ave.	Fresno, CA 93710-7802
Resource Mgmt. Division, Chief	California Dept. of Parks & Recreation		P.O. Box 942896	Sacramento, CA 94296-0001
Environmental Services Division	California Fish & Game Commission		1416 9th Street	Sacramento, CA 95814-5511
Cherilyn E. Widell, Director	California Office of Historic Preser.		P.O. Box 942896	Sacramento, CA 94296-0001
Dave Woelfel	California Regional Water		42347 Dusty Trail	Murrieta, CA 92562-

	Quality Control Board			5213
Mark G. Adelson, Chief	California Regional Water Quality Control Board	Regional Planning Programs Section	3737 Main Street, Suite 500	Riverside, CA 92501-3348
Director	California State Lands Commission	Suite 100-South	100 Howe Ave.	Sacramento, CA 95825-8202
Supervisor, FERC Coordination	California Water Resources Control Board		P.O. Box 2000	Sacramento, CA 95812-2000
Samantha K. Olson, Staff Counsel	California Water Resources Control Board		P.O. Box 100	Sacramento, CA 95812-0100
Darrell Vance, District Ranger	Cleveland National Forest		1147 E. 6th Street	Corona, CA 92879-1616
William Metz, Forest Supervisor	Cleveland National Forest		10845 Rancho Bernardo Road, Suite 2000	San Diego, CA 92127-2107
Ronald L. Tippets, Chief	County of Orange	Environmental Planning Division	P.O. Box 4048, 300 N. Flower Street	Santa Ana, CA 92702-4048
Jack Gipsman, Attorney	Department of Agriculture	Office of General Counsel	33 New Montgomery Street, Floor 17	San Francisco, CA 94105-4506
Jennifer L. Frozena	Department of the Interior		1849 C Street NW, Mailstop 6557	Washington, DC 20240-0001
Willie R. Taylor, Director	Department of the Interior	Office of Env. Policy & Compliance	1849 C Street, NW, MS 2342 – MIB	Washington, DC 20240
	Department of Transportation	State of California	464 W. Fourth St., 6th Floor	San Bernardino, CA 92401
	Department of Transportation	State of California	P.O. Box 231	San Bernardino, CA 92403
David P. Schmidt, CMD-2	Environmental Protection Agency	Region 9 - Federal Activities Office	75 Hawthorne Street	San Francisco, CA 94105-3920
Edward J. Perez	Federal Energy Regulatory Commission		101 SW Main Street Suite 905	Portland, OR 97204-3217
Regional Engineer	Federal Energy Regulatory Commission	Portland Regional Office	101 S.W. Main Street, Suite 905	Portland, OR 97204-3217
Field Supervisor	Fish and Wildlife Service	Room W-2605	2800 Cottage Way	Sacramento, CA 95825-1846
Regional Director	Fish and Wildlife Service	Attn: FERC Coordinator	911 NE 11th Ave	Portland, OR 97232-4169
Supervisor	Fish and Wildlife Service	ARCATA FWO	1655 Heindon Road	Arcata, CA 95521-

				4573
Supervisor	Fish and Wildlife Service		2493 Portola Rd Suite B	Ventura, CA 93003-7726
Larry Rannals	US Marine Corps Camp Pendleton		Box 555010	Camp Pendleton, CA 92055
Regional Director	National Marine Fisheries Service		501 W Ocean Blvd, Suite 4200	Long Beach, CA 90802-4221
Brandi L. Bradford, Hydro Program Coordinator	National Park Service		1111 Jackson Street, Suite 700	Oakland, CA 94607-4807
Southern California Hydro Coordinator	National Park Service		1111 Jackson Street, Suite 700	Oakland, CA 94607-4807
Randy Moore, Regional Forester	U.S. Forest Service	Pacific SW Region 5, MRM-Lands Staff	1323 Club Drive	Vallejo, CA 94592
Gary P. Dubois, Cultural Resources Director	Penchanga Indian Reservation	Pechanga Cultural Resources	Post Office Box 2183	Temecula, CA 92592
State of California	Resources Agency of California	Room 1311	1416 9th Street	Sacramento, CA 95814-5511
FERC Coordinator	U.S. Geological Survey		Placer Hall—6000 J Street, Suite 2012	Sacramento, 95819-6129

United States Department of the Interior

FISH AND WILDLIFE SERVICE
Ecological Services
Palm Springs Fish and Wildlife Office
777 East Tahquitz Canyon Way, Suite 208
Palm Springs, California 92262

In Reply Refer To:
FWS-WRIV-06B0012-14TA0355

JUL - 3 2014

David Kates
Nevada Hydro
2416 Cades Way
Vista, California 92081

Subject: Request for Comments Regarding the Lake Elsinore Advanced Pumped Storage Project (FERC Project Number P-14227)

Dear Mr. Kates:

This letter responds to your request for comments on the 2007 Final Environmental Impact Statement (2007 FEIS) for the proposed Lake Elsinore Advanced Pumped Storage Project (FERC Project Number P-14227). Specifically, you requested comments on potential environmental conditions that may have changed since issuance of the 2007 FEIS due to your reapplication for a Federal Energy Regulatory Commission (FERC) license in 2012. The reapplication involves the same project as proposed in the 2007 FEIS. The proposed project would consist of: 1) a new upper reservoir (Morrell Canyon) with a 180-foot-high main dam and a gross storage volume of at least 5,500 acre-feet, at a normal reservoir surface elevation of 2,880 feet above mean sea level; 2) a powerhouse with two reversible pump-turbine units with a total installed capacity of 500 megawatts; 3) the existing Lake Elsinore to be used as a lower reservoir; 4) about 30 miles of 500 kilovolt transmission line connecting the project to an existing transmission line owned by Southern California Edison located north of the proposed project and to an existing San Diego Gas and Electric Company transmission line located to the south, including substations and associated appurtenant facilities; and 5) local distribution facilities.

We offer the following comments and recommendations regarding potential changes since the 2007 FEIS based on our knowledge of declining habitat types and species within western Riverside County. We provide these comments in keeping with our agency's mission to work "with others to conserve, protect, and enhance fish, wildlife, and plants and their habitats for the continuing benefit of the American people." Specifically, we administer the Endangered Species Act of 1973 (Act), as amended (16 U.S.C. 1531 *et seq.*), and provide comments in accordance with the provisions of the Fish and Wildlife Coordination Act (48 Stat. 401 as amended, 16 U.S.C. 661 *et seq.*). We also provide comments on public notices issued for a Federal permit or license affecting the Nation's waters pursuant to the Clean Water Act.

To facilitate evaluation of the proposed project from the standpoint of biological resources, the following updates should occur:

1. There are new designated critical habitats for the federally endangered Munz's onion (*Allium munzii*), Quino checkerspot butterfly (*Euphydryas editha quino*), arroyo toad (*Anaxyrus californicus*), and southwestern willow flycatcher (*Empidonax traillii extimus*) and the federally threatened thread-leaved brodiaea (*Brodiaea filifolia*), California red-legged frog (*Rana draytonii*), and coastal California gnatcatcher (*Polioptila californica californica*) since the 2007 FEIS. The 2007 FEIS document should be updated to reflect the changes in these critical habitats and discuss any potential effects.

2. The 2007 FEIS is based on surveys conducted from 2001-2006. Given the long timeframe since completion of the 2007 FEIS and the potential for changes due to wildfires and other activities, we recommend completing updated surveys and habitat assessments for federally listed species and other biological resources and updating the description of potential impacts to habitats. We especially recommend updated surveys for Quino checkerspot butterfly and for any areas affected by wildfires since 2006 surveys.

3. We were informed after release of the 2007 FEIS by Nevada Hydro that retrofitting of additional powerlines in San Diego County was necessary to make the project feasible. We are not certain of the specific location of these potential activities. The FEIS should be updated to fully describe any interdependent activities that are not included and disclose the following information:

    - Quantitative and qualitative assessments of the biological resources and habitat types that will be impacted by the proposed project and its alternatives. An assessment of direct, indirect, and cumulative project impacts to fish and wildlife associated habitats, including growth-accommodating effects of the project (e.g., increased population, increased development, and increased traffic). All facets of the project (e.g., construction, implementation, operation, and maintenance) should be included in this assessment. Proposed developments in the surrounding area should be addressed in the analysis of cumulative impacts.

    - This assessment should include a list of Federal candidate, proposed, and listed species; State-listed species; and locally sensitive species that are on or near the project site, including a detailed discussion of these species and information pertaining to their local status and distribution. We are particularly interested in any and all information and data pertaining to potential impacts to populations of federally listed species. The analysis of impacts to biological resources and habitat types should include detailed maps and tables summarizing specific acreages and locations of all habitat types, as well as the number and distribution of all Federal candidate, proposed, and listed species; State-listed species; and locally sensitive species, on or near the project site that may be affected by the proposed project or project alternatives.

- A detailed analysis of impacts of the proposed project on movement of wildlife, and proposed measures to avoid and minimize impacts, and mitigate unavoidable impacts to wildlife movement.

- An assessment of potential impacts to wetlands and jurisdictional waters of the United States. Section 404 of the Clean Water Act prohibits the unauthorized discharge of dredged or fill material into such waters, including wetlands. This section also provides that the U.S. Army Corps of Engineers (Corps) may issue permits for discharges of dredged or fill material into jurisdictional waters and wetlands. Potential areas of Corps jurisdiction should be evaluated and wetlands should be delineated using the methodology set forth in the Corps' Wetland Delineation Manual (Environmental Laboratory 1987). The updated FEIS should disclose all impacts to jurisdictional waters and wetlands, and proposed measures to be taken to avoid and minimize impacts, and mitigate unavoidable impacts.

- A detailed discussion of the consistency of proposed biological resource impacts with the provisions of any existing habitat conservation planning efforts.

We appreciate the opportunity to comment on the referenced 2007 FEIS. If you have any questions regarding these comments, please contact Jesse Bennett of my staff at (760) 431-9440 extension 305.

Sincerely,

Kennon Corey
Assistant Field Supervisor

cc: Cleveland National Forest (Attn: Kirsten Winter)
Federal Energy Regulatory Commission (Attn: Kimberly D. Bose)

CALIFORNIA
Water Boards

EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIQUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

JUN 30 2014

Honorable Kimberly D. Bose
Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Secretary Bose:

REQUEST FOR COMMENTS ON THE 2007 FINAL ENVIRONMENTAL IMPACT STATEMENT FOR THE LAKE ELSINORE ADVANCED PUMPED STORAGE PROJECT, LAKE ELSINORE, RIVERSIDE COUNTY

By letter dated April 22, 2014, The Nevada Hydro Company, Inc. (Nevada Hydro or Applicant) requested comments on the existing 2007 Final Environmental Impact Statement (FEIS) for the Lake Elsinore Advanced Pumped Storage Project (LEAPS or Project). The Project was undergoing licensing by the Federal Energy Regulatory Commission (FERC) under project number 11858 before the license application was denied by FERC on July 12, 2011. Nevada Hydro has reapplied to license the identical Project under FERC project number 14227. The 2007 FEIS was developed for the Project under FERC project number 11858 and FERC intends to update the 2007 FEIS to consider issuing a license for the Project under project number 14227. Comments on the adequacy of the 2007 FEIS were requested to be submitted to FERC by July 1, 2014.

On November 19, 2013, the State Water Resources Control Board (State Water Board) and FERC approved a Memorandum of Understanding (MOU) to coordinate pre-application activities for project licensing. The goal of the MOU is to coordinate pre-application activities leading to issuance of environmental documents that satisfy the legal requirements of the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) and otherwise meet FERC's and the State Water Board's needs.

State Water Board staff have reviewed the 2007 FEIS and are providing the following comments:

1. Sections 2.3.1 and 2.4.3.1, describe a concrete-lined emergency spillway and a low-level outlet at the upper reservoir. FERC recognizes in Section 3.3.2.2, Effects of Operation on Surface Water, that the information provided by the Applicant is conceptual and more information remains to be submitted. The FEIS should include an analysis of the impacts to Decker or Morel canyons watersheds from water discharged through those emergency release features, and include mitigation measures for any resulting impacts including erosion.

2. Daily water-level fluctuation at Lake Elsinore. The 2007 FEIS states that for Lake Elsinore, typical daily water-level fluctuation would be one foot, with lake levels fluctuating about 1.7 feet during the course of a full week cycle. While the vertical cycle may only be 1.0-1.7 feet per day, the 2007 FEIS does not describe the area of relicted lakebed that would result from such a drop. Given the shallow and sloping nature of the lakebed, the FEIS should include an assessment based on bathymetry data that discloses the extent of the expanding shoreline due to project operations at various foreseeable lake levels including a series of drought years. This analysis should identify any potential impacts of project operations on shoreline recreation, increased evaporation rates in the area of relicted lakebed, and water temperature.

3. Proposed Environmental Measures. Section 2.3.6 of the 2007 FEIS includes "protection, mitigation, and enhancement measures" proposed by the Applicant. These proposals are very broad and non-specific (e.g., conduct additional geotechnical studies). State Water Board staff recommends the Applicant should conduct more project specific assessments and pursue appropriate mitigation development that can be included in the FEIS.

4. Groundwater and spring systems. Morrell Canyon groundwater and spring system would be impacted by the depth of excavation of the proposed upper reservoir, penstock and tunnel system. Developing a subsurface reservoir seepage collection system that can return the full seepage volume before reaching groundwater has not been demonstrated to be feasible. Additional groundwater studies need to be done for the Decker Canyon site (Staff Alternative/Preferred Alternative) due to the fact that only geologic reconnaissance assessments for groundwater were completed for this site. The FEIS should require the groundwater management plan to be approved by federal and state agencies before the Applicant can start construction.

5. Spoil storage and disposal. Storm water runoff management and spoil stabilization measures should be described in the FEIS. The FEIS should also describe how the construction spoil material will be disposed of if found unsuitable for use as the reservoir's perimeter dike.

6. Soil toxicity assessment. The FEIS should include soil toxicity assessments to determine the effects of construction of the intake structure on water quality and the potential need to transport and dispose of 200,000 cubic yards of spoils at an approved disposal facility.

7. Cofferdam type and materials. The FEIS should disclose the type and materials to be used in the proposed cofferdam used in the construction of the tailrace/intake structure and analyze its impacts to water quality and beneficial uses, including recreation and fisheries.

8. Dam breach and dike failure. The 2007 FEIS proposes to provide an incremental hazard evaluation in a later Emergency Action Plan. A report on dam break analysis in the license application notes that a dam breach at the Morrell Canyon upper reservoir would generate a flood wave that would cause overbank flow along San Juan Creek for about 15 miles. The flood area would include campgrounds and residential commercial buildings. State Water Board staff recommends the Applicant should further develop the Emergency Action Plan identifying appropriate mitigation that can be included in the FEIS.

9. Water quality in Lake Elsinore. Cycling of water through the tailrace and intake structures could potentially stir up lake bed sediment if the volume and/or direction of water discharged to the lower reservoir creates sufficient turbulence to reanimate sediments, nutrients, and particulates. Increasing turbidity and/or nutrient concentrations in the water column, particularly any phosphorus that is bound to the sediments, would negatively affect the water quality and could cause increased algae blooms and decreased dissolved oxygen, resulting in negative effects on the fish population, including fish kills. Whether the operation of the Project will improve water quality of Lake Elsinore is unknown. The FEIS should support any conclusion with factual information.

   The FEIS should also require the evaluation of potential water quality impacts in the upper reservoir and groundwater due to contact with construction spoils above the liner. An upper reservoir water quality management plan needs to be developed to ensure discharges to Lake Elsinore do not negatively affect water quality or beneficial uses.

10. Aquatic resources. The FEIS should address the consequence of lake fluctuation and the exposure of near shore littoral habitats in order to support the Lake Elsinore Fishery Management Plan is a self-sustaining fishery. Many of the game fish such as bass and sunfish (Centrarchids) would be spawning in the littoral habitat. The rise and fall of the lake may expose these near shore spawning habitats and could impact the ability of these species to provide self-sustaining sport-harvest populations.

We respectfully submit the comments above for the 2007 FEIS and look forward to working with FERC staff to improve the information available to the agencies and the public. If you have any questions regarding this comment letter, please contact me at (916) 323-9397 or by email at Oscar.Biondi@waterboards.ca.gov. Written correspondence or inquiries should be addressed as follows:

State Water Resources Control Board
Division of Water Rights
Attn: Oscar Biondi
P.O. Box 2000
Sacramento, CA 95812-2000

Sincerely,

Oscar Biondi
Water Resource Control Engineer
Water Quality Certification Program
Division of Water Rights

cc: David Kates
The Nevada Hydro Company, Inc.
2416 Cades Way
Vista, CA 92081

Timothy J. Welch
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426