

FEDERAL ENERGY REGULATORY COMMISSION

Washington, D.C. 20426

May 6, 2011

Office of Energy Projects

Project No. 11858-002—California
Lake Elsinore Advanced Pumped
Storage Project
Elsinore Valley Municipal Water District
The Nevada Hydro Company

Elsinore Valley Municipal Water District
P.O. Box 3000
Lake Elsinore, CA 92531
Attention: John Brown

The Nevada Hydro Company
2416 Cades Way
Vista, CA 92083
Attention: Rexford Wait

Reference: Request for Just Cause

Dear Mr. Brown and Mr. Wait:

Recent actions by The Nevada Hydro Company (Nevada Hydro) and Elsinore Valley Municipal Water District (Elsinore Valley) call into question the viability of the two entities' joint application for a license for the proposed Lake Elsinore Advanced Pumped Storage (LEAPS) Project.

On October 1, 2009, the California State Water Resources Control Board (State Board) denied an application for water quality certification (WQC) for the LEAPS Project. In response, Nevada Hydro asked the State Board to reconsider its action, while Elsinore Valley supported the board's denial of the application. On March 1, 2011, the State Board denied Nevada Hydro's petition to reconsider its denial. And on April 1, 2011, Nevada Hydro petitioned a California state court for a writ of mandate to direct the State Board to set aside and vacate its order and direct the State Board to either allow Nevada Hydro to withdraw and resubmit its application for water quality certification or hold an adjudicatory hearing. Currently, the state court has not taken action on Nevada Hydro's petition, and there is no other WQC application pending for the proposed project. To the best of our knowledge, Elsinore Valley has not supported Nevada Hydro's actions.

Furthermore, the divergent views of the co-applicants are otherwise apparent. For example, in a December 1, 2009, filing with the Commission, Elsinore Valley expressed concern that its expectations for a hydropower license are being frustrated by Nevada Hydro's independent pursuit of the Talega-Escondido/Valley-Serrano (TE/VS) transmission line on a stand-alone basis. Elsinore Valley's concerns stem from Nevada Hydro's application for a Certificate of Public Convenience and Necessity with the California Public Utilities Commission (CPUC) for the TE/VS transmission line, which the CPUC has accepted and is now processing.

In my November 17, 2010 letter, I recognized that the co-applicants appear to have interests that differ. These continuing differences raise the issue of whether it is in the public interest to continue to commit the Commission's resources, and those of other stakeholders, to processing the joint LEAPS application. Therefore, within 30 days of the date of this letter, please provide an explanation of why the license application for the LEAPS Project should not be dismissed. If you have any questions, please contact Jim Fargo at (202) 502-6095.

Sincerely,

Jeff C. Wright
Director
Office of Energy Projects

cc: Service List
Public Files

Document Content(s)

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