

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of The
Nevada Hydro Company for a Certificate
of Public Convenience and Necessity for
the Talega-Escondido/Valley-Serrano 500
kV Interconnect

Application _____

(June 15, 2010)

**APPLICATION OF
THE NEVADA HYDRO COMPANY FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

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Dated: June 15, 2010

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Pursuant to §§ 1001, *et seq.* of the California Public Utilities Code, the Commission’s General Order 131-D (“GO 131-D”), and the Commission’s Rules of Practice and Procedure,¹ The Nevada Hydro Company (“NHC”) respectfully requests that the Commission issue a Certificate of Public Convenience and Necessity (“CPCN”) for the construction and operation of the Talega-Escondido/Valley-Serrano 500 kV Interconnect (“TE/VS Interconnect”). The TE/VS Interconnect is necessary in order to serve the following objectives:

1. 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 1,000 MW of additional import capacity to SDG&E system at all times to enhance San Diego load area’s access to renewable resources available through the WECC/CAISO transmission grid.
3. Provide at least 1,000 MW incremental transmission import capability for SDG&E under G-1/N-1 conditions to satisfy reliability criteria and to reduce the cost to SDG&E ratepayers of CPUC Resource Adequacy capacity.

¹ Cal. Admin. Code tit. 20 (2007).

4. Provide SDG&E with the first 500 kV interconnection with SCE and thus to the CAISO 500 kV network and thereby enhance the integration and operational reliability of the CAISO transmission grid.
5. 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.
6. Fortify and/or enhance localized electrical facilities and systems in order to better serve electrical demands and enhance local reliability within the Lake Elsinore area.
7. 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.

As a result, the TE/VS Interconnect will become an integrated and integral part of the transmission grid in California. The TE/VS Interconnect will be constructed and operated by NHC. NHC anticipates that upon energization, NHC would transfer control of the TE/VS Interconnect to the California Independent System Operator (“CAISO”) while NHC recovers its costs plus a reasonable rate of return through the CAISO Transmission Access Charge. NHC would become an “electrical corporation” within the meaning of Section 218 of the Public Utilities Code and thus be subject to the Commission’s jurisdiction.

NHC is a co-applicant with The Elsinore Valley Municipal Water District (“EVMWD”) to the Federal Energy Regulatory Commission (“FERC”) for a license under the Federal Power Act to construct and operate the Lake Elsinore Advanced Pumped Storage (“LEAPS”) facility at Lake Elsinore (FERC Project Number P-11858) and related entitlements. That application is for a license to include the LEAPS pumping facility, the line from that facility to the TE/VS Interconnect, and the TE/VS Interconnect. This Application, however, addresses only the TE/VS Interconnect as well as certain upgrades in the SCE and SDG&E high voltage systems.

I. INTRODUCTION

The Nevada Hydro Company is a corporation organized under the laws of the State of Nevada. NHC's business is the development, construction, and eventual ownership and operation of the TE/VS Interconnect and LEAPS. In accordance with the Commission's Rule 2.1(a), NHC states that its principal place of business is 2416 Cades Way, Vista, CA, 92081. Its organizing documents are included as **Appendix A**.

In accordance with the Commission's Rule 2.1(b), all correspondence concerning this matter should be addressed to:

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This Application is organized as follows. First, the Application describes the proposed TE/VS Interconnect (Section III) and its regulatory history (Section IV). The Application then addresses the proposed California Environmental Quality Act ("CEQA")² review process (Section V). Section VI provides information required by the Commission's rules and orders for CPCN applications, including information on the proposed project's purpose and need, the project cost and ratemaking, alternatives to the proposed project, public and agency involvement, and competing utilities. Section VII of the Application proposes categorization of and a

² Public Resources Code, Sections 21000-21177.

schedule for this proceeding. Section VIII provides a chart indicating the location in the Application of all of the various information and documents provided to satisfy the legal requirements for CPCN applications. Finally, the Application describes the environmental impact report deposit required (Section XI).

For convenience of staff, included with each of the 7 copies filed with the Commission is a CD-ROM containing a complete electronic copy of this filing.

II. BACKGROUND

On October 9, 2007, NHC filed A.07-10-005, requesting that the Commission authorize the issuance of a CPCN for the TE/VS Interconnect. NHC worked diligently with Commission staff to provide the required environmental documents that comply with General Order 131-D and the Commission's Rules of Practice and Procedure. Nonetheless, in March 2009, the Commission issued a Proposed Decision in A.09-02-012 and A.07-10-005 ("Decision") in which NHC's application was dismissed without prejudice. In that Decision, the Commission recognized that "the Project may have potential benefits and we encourage Applicant to take the time and invest the necessary resources to develop an updated application that includes a complete Proponent's Environmental Assessment that fully addresses all of our concerns."

On March 12, 2009, Commission staff provided a review of the application for completeness ("Staff Review") in which it identified the remaining issues that it required NHC resolve in order for the application to be accepted for filing with the Commission.

Since then, NHC has followed the directives contained in the Decision and has resolved the issues identified in the Staff Review. As a result, NHC is now able to file its Application for a CPCN for the Project that meets the requirements identified in the Decision and Staff Review.

NHC this day is, therefore, filing this complete application with a complete Proponent's Environmental Assessment" ("PEA") that complies with the Commission's submittal requirements including those for conducting requisite California Environmental Quality Act ("CEQA") analysis. So as to not increase the reviewing burden on Commission staff, NHC's previously reviewed February 2009 application, has not been subjected to a wholesale revision. Rather, changes made to this February 2009 application have been limited to those necessary to conform that application to changes made to the Proponent's Environmental Assessment ("PEA") in response to the Commission's Staff Review and Decision. These comments required modifications to the PEA generally and the project description specifically.

The PEA submitted herein is also the PEA filed in February 2009, amended in response to these comments. Changes made to the February 2009 PEA have generally been limited to those required to conform the document to the specific deficiencies raised in the Staff Review and include minor editing revisions as well. In deeming the February 2009 PEA as incomplete, the Decision noted that "several previously-identified deficiencies remain uncorrected. Most importantly, as noted in the [Staff Review], 'the Project description provided in the PEA lacks sufficient detail regarding critical project elements to allow a clear and comprehensive understanding of all aspects of the proposed Project.'" With guidance from Commission Staff, these last remaining deficiencies have now been resolved.

In order to facilitate review by the Commission, each of the two issues from the Staff Review is identified below, and NHC's resolution for each follows.

A. The March 12, 2009 Staff Review

The Staff Review identified two problems with the February 2009 filing:

1. The location of the proposed 230/500 kV Case Spring Substation was not fully settled; and,
2. The Project's proposed 115 kV project components were not adequately described.

As more thoroughly described in this application, presented below is NHC's response to those previously identified items.

1. Location of the 230/500 kV Case Springs Substation

The Staff Review noted that although the FERC and United States Forest Service's ("USFS") Final Environmental Impact Statement ("FEIS") for the Lake Elsinore Advanced Pumped Storage ("LEAPS") project (FERC PN-11858) identified a site under United States Department of the Navy - United States Marine Corps ("USMC") control as the location for the Case Springs Substation, Commission rules required that, "NHC must demonstrate by a written communication from the USMC to NHC that the Case Springs Substation site can be used as proposed or that there is another agreed upon site."

NHC and the USMC have been working together since before FERC brought the parties together during the FERC hydroelectric licensing proceeding for the LEAPS. As a result of this long established cooperative relationship, NHC had no objection when the Commission requested this siting concurrence from the USMC as a condition to NHC's filing its CPCN Application in A.07-10-005.

However, for reasons not fully understood by NHC, the USMC has delayed responding to Commission's request. As a result, NHC approached Commission staff to discuss the potential for siting the Case Springs substation directly within the existing 300 foot wide right-of-way ("ROW") for the Talega-Escondido 230 kV transmission line.

NHC had evaluated a number of alternative substation sites in a report provided to the USMC. A number of sites that NHC identified were within this ROW. When Commission staff affirmed the practicality of shifting the location of the proposed Case Springs Substation from USMC property to the ROW, NHC and Commission staff agreed to adopt this revision and include it in the Project. The proposed Case Spring Substation's identified ROW site is located a short distance from the previous identified Project site, and has been thoroughly evaluated in the amended PEA. The substation's revised location continues to fully satisfy the siting assumptions and analyses presented in the FEIS.

As a result of this understanding with Commission staff, NHC has modified Chapter 3 (Project Description) in the attached PEA to reflect this minor shift in location. Section 3.6.1.4.3 (Case Springs Substation) has been revised to account for this change. The route shown on Panel 22 of Figure 3.1.1-4 (Talega-Escondido/Valley-Serrano 500 kV Interconnect Project) has been modified as well. Figure 3.6.1-15 (Case Springs Substation Site) and Figure 3.6.1-16 (Case Springs Substation – Conceptual Site Plan) have also been revised accordingly.

Chapter 6 of the PEA (Detailed Discussion of Significant Impacts) has also been slightly modified to account for a minor repositioning of the proposed alternative location for the Case Springs substation again, within the ROW. This modification has been made to the discussion of “Alternative No. 6 - “Alternative Case Springs Substation Site” in Section 6.2.4.3 (“Alternative Facility Siting” Alternative).

2. Proposed 115 kV Project Elements

The Staff Review noted that the description of proposed 115 kV facilities connecting the proposed Santa Rosa Substation and the existing Elsinore and Skylark

Substations was inadequate, noting that, “NHC must provide a complete description of the locations, specifications, tower types, detailed construction requirements and methods, excavation material disposal, and impacts associated with those facilities. This information must be on a par with the level of information required for other aspects of the TE/VS project.”

As a result, NHC revised Chapter 3 (Project Description) in the attached PEA to provide a much greater level of detail with regard to these facilities than had been previously provided. Previous references to “wooden poles” have been eliminated. These revised sections include Section 3.1 (Introduction), Section 3.6.3.1.2 (Upgrades to Local 115 kV System), Section 3.8.5.1 (115 kV Santa Rosa – Skylark – Elsinore OHL), Section 3.8.6 (Construction Workforce and Equipment), and Section 3.9.3 (115 kV Operation, Inspection and Maintenance). In addition, Figure 3.1.1-5 (115 kV Corridor Plan) and Figure 3.6.3-1 (Typical 115 kV Steel Poles) have also been modified.

B. Conclusion to Background Information

The Talega–Escondido/Valley–Serrano 500 kV Interconnect Project is a project of critical Statewide and national importance. The Project has been designated as a critical statewide transmission resource since the California Energy Commission’s (“CEC”) published their 2007 “Strategic Transmission Investment Plan, CEC-700-2007-018-CMF” and the Project remains in the current strategic plan. In these reports, the CEC advised that this, and other recommended projects “are strategic resources that require specific, swift, and priority consideration by State regulators.” Further, the federal government, under the authority granted to it in Section 1221(a) of the Energy Policy Act of 2005, has identified that area of Southern California in which the Project is located as a “National Interest Electric Transmission Corridor.”

In so doing, the federal government has determined that the area is “experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers.”

The Project will, for the first time, provide San Diego with a direct path to access renewable resources to its north and east and to the State’s 500 kV backbone. By doing so, the Project will help alleviate reliability concerns within San Diego, further the objectives of California’s Renewable Portfolio Standards (“RPS”) and help San Diego meet its RPS goals. The Project will be one of the first that will demonstrate the significance of State’s and Commission’s Renewable Energy Transmission Initiatives (“RETI”). By providing for a connection for LEAPS into the grid, the Project will also assist the State in meeting its renewable goals, as LEAPS, as a rapid response energy storage asset, will become an essential tool in that effort. Because LEAPS can store and manage off-peak power, including wind and geothermal energy, the facility’s operation will further the State’s RPS goals and greenhouse gas (“GHG”) emission-reduction standards.

Further the huge environmental record produced in the LEAPS licensing proceeding at FERC combined with the extensive analysis of the Project already completed by the Commission in connection with the Project’s designation as the environmentally preferred transmission project in the Sunrise Powerlink proceeding, presents the Commission with an opportunity to consolidate these findings, and conclusions drawn therein, and process this application quickly and in accordance with its own transmission project review streamlining directives.

Pending the completion of the CEQA process, the State is hindering FERC's ability to issue a hydropower license for LEAPS as the needs only a State water quality certification in order to act on the license.

Finally, and on a more pragmatic note, direct employment associated with these projects is expected to provide about 4.92 million total hours of employment. Indirect labor hours may result in another 10 million hours of employment. These jobs are critical in a region facing adverse economic circumstances.

In summary:

- The CEC's 2007, 2008 and 2009 Strategic Transmission Investment Plans advises that the Project requires "specific, swift, and priority consideration by state regulators".
- Section 1221(a) of the Energy Policy Act of 2005 points out the importance of the Project to the Federal government.
- The Project will be an essential element in the State's efforts to meet its RPS and GHG goals and will help with the State's and Commission's RETI proceedings.
- FERC has a complete environmental record and a FEIS the Commission can directly utilize and/or draw upon.
- The Commission itself has created a complete environmental record and a Final Environmental Impact Report, in connection with its analysis of the Project in the Sunrise Power Link proceeding that the Commission can directly utilize and/or draw upon.
- The Project will provide nearly 5 million hours of direct employment for the region, and an additional 10 million hours of indirect employment.
- After extensive consultation, the precise transmission alignment, facility sites, access roads, and construction staging areas located on National Forest System ("NFS") and other federal lands have been completed and found acceptable by the USFS.

NHC has addressed each of the Commission's earlier comments and has fully complied with the directives provided by the Commission. NHC believes that the proposed Project is thoroughly described and that all issues raised by the Commission have been sufficiently addressed in order to allow the Commission, without further delay, to process this Application, accept the PEA as complete, and expeditiously advance the project in order to allow the State to obtain the energy, environmental, and ratepayer benefits of these critical assets.

III. PROJECT DESCRIPTION

The TE/VS Interconnect is a proposed approximately 32 mile, 500 kV alternating current regional interconnection transmission line with a nominal design capacity of 1,500 MW. The TE/VS Interconnect would extend northward from SDG&E's existing 230 kV Talega-Escondido transmission line in northern San Diego County to SCE's existing 500 kV Valley-Serrano transmission line in western Riverside County. The interconnection with SDG&E would be between SDG&E's existing Talega and Escondido substations at a new substation in the vicinity of United States Marine Corps Camp Joseph H. Pendleton ("Camp Pendleton"), and the interconnection with SCE would be at a point between SCE's existing Valley and Serrano substations at a new switchyard in the vicinity of Lee Lake. At roughly midway between these two existing lines, the TE/VS Interconnect will connect into a proposed Santa Rosa substation that would be located adjacent to the Proposed LEAPS powerhouse³ to serve local load in the

³/ LEAPS is a proposed 500-MW advanced pumped storage facility and has an estimated cost of approximately \$650 million. It will have a pumping capacity of 600 MW provided by two single-stage reversible Francis-type pump turbine units operating under an average net head of approximately 1,600 feet. LEAPS will firm and store renewable energy (much of which is otherwise inherently interruptible), primarily wind energy, and will be one of the most efficient storage facilities in the nation, rated at 82%. This efficiency rating means that for every 100 MWh of electricity withdrawn from the grid to operate the pumps to refill the LEAPS water reservoir, 82 MWh of electricity will be returned to the grid when LEAPS is operated to convert the storage to electricity. NHC and the EVMWD submitted an application to the FERC for a hydropower license for LEAPS in February 2004, in FERC Docket No. P-11858. In that application, it was proposed that LEAPS be connected to the grid over a

immediate Lake Elsinore area. For most of its route alignment, the TE/VS Interconnect would be located on the federal lands located within the Cleveland National Forest, Trabuco Ranger District, and within Camp Pendleton.

In addition to the above-described transmission facilities which would be constructed by NHC, LEAPS and the TE/VS Interconnect would require the following network upgrades to be constructed by SDG&E and SCE:

1. Upgrades to SDG&E's existing 230 kV single circuit Talega-Escondido transmission line in northern San Diego County.
2. Upgrades to SDG&E's existing Talega and Escondido Substations. Substation modifications would occur in areas that are already graded and surfaced. As proposed, an approximately 52 mile long second (double circuit) 230 kV transmission line, Talega-Escondido No. 2, will be installed along existing support structures (already containing one 230 kV circuit) connecting SDG&E's Talega and Escondido Substations. In addition, approximately 8 miles of existing 69 kV transmission line would be removed from the existing towers and installed on new wooded or steel poles within the existing SDG&E right-of-way.
3. Upgrades to SCE's existing 500 kV and 230 kV system.

route that is identical to that proposed by NHC in this Application for the TE/VS Interconnect. The licensing of LEAPS is exclusively within the jurisdiction of the FERC and no CPCN for the construction and operation of LEAPS is sought in this Application. As explained herein, NHC requests that the Commission issue and certify an EIR (or Mitigated Negative Declaration) pursuant to CEQA with respect to both LEAPS plant facilities including the line to the TE/VS Interconnect, and the TE/VS Interconnect, under the California Environmental Quality Act.

4. Upgrades to SCE's existing Vista, Mira Loma, San Bernardino, Serrano, and Valley Substations.
5. Upgrades to SCE's existing Etiwanda generating station.⁴

In conjunction with this requested approval for the TE/VS Interconnect and the above-described upgrades to the SCE and SDG&E systems, an additional component requiring Commission approval involves the addition of distribution level (115 kV) additions to the SCE system, at the proposed Lake switchyard and Santa Rosa substation. These 115 kV facilities will be constructed by NHC and turned over to SCE upon completion. This may also involve upgrades to SCE's Elsinore and Skylark substations. NHC is in the process of finalizing the Large Generator Interconnection Agreements ("LGIAs") with SCE, and has finalized its LGIA with SDG&E and the California Independent System Operator ("CAISO") regarding the above-described network upgrades.⁵

Chapter 3 of the **Proponent's Environmental Assessment ("PEA")** submitted herewith describes in greater detail all of the TE/VS Interconnect and LEAPS facilities, as well as the network upgrades. **Appendix B** to this application contains the Project Implementation, Design and Construction, and Cost Control information required by Cal. Pub. Util. Code §§ 1003(b) and (e).

⁴ SCE currently is restudying the necessary network upgrades in light of the recent decision by the Arizona Corporation Commission which failed to approve its proposed Palo Verde – Devers 2 transmission project.

⁵ NHC's use of the LGIA procedures is without prejudice to its position before FERC in Docket No. ER06-278 that LEAPS qualifies as a transmission asset under Section 1223 of the Energy Policy Act of 2005, Pub. L. No. 109-58, §1223, 118 Stat. 594, 953 (2005), and should be eligible for cost recovery through the CAISO's transmission access charge ("TAC"). This issue remains pending before the FERC and is not material to the instant application before this Commission.

IV. REGULATORY BACKGROUND

With regard to the federal hydroelectric license proceedings, FERC accepted for filing the Final License Application as of January 25, 2005, and is processing the application under the Federal Power Act (“FPA”) as FERC Project No. 11858 (Docket No. P-11858). Because portions of the TE/VS Interconnect lies in the Cleveland National Forest, special use permit applications have been filed with the United States Forest Service (“USFS”) on June 24, 2003, and July 12, 2005, seeking a right-of-way in which to construct, operate, and maintain the projects.

Most significantly, FERC and USFS coordinated to develop an Environmental Impact Statement (“EIS”) on LEAPS and the TE/VS Interconnect in accordance with the National Environmental Policy Act. FERC and the USFS issued the Final EIS (“FEIS”) for LEAPS and the TE/VS Interconnect for public comment on January 30, 2007. Adoption of the FEIS by FERC and the USFS will complete the Federal environmental review process.

Several other Federal agencies have been involved in the Federal review of the project, mainly under the auspices of a Memorandum of Understanding⁶ that coordinates Federal review of electricity infrastructure projects. Of particular importance is a Programmatic Agreement among the EVMWD, the California State Historic Preservation Office, the affected federal landowners, NHC, and all potentially affected California Indian Reservation Tribal governments.⁷ NHC requests that the Commission find that this document, included in

⁶ United States Departments of Energy, United States Department of Defense, United States Department of Agriculture, United States Department of the Interior, United States Department of Commerce, Federal Energy Regulatory Commission, United States Environmental Protection Agency, the Council on Environmental Quality, and Advisory Council on Historic Preservation, Memorandum of Understanding on Early Coordination of Federal Authorizations and Related Environmental Reviews Required in Order to Site Electric Transmission Facilities, August 8, 2006.

⁷ FERC Document 20070215-0152, Docket No. P-11858-002. February 21, 2007.

Appendix C, satisfies the requirement under Section IX-A-1-g of General Order 131-D to provide notice to California Indian Reservation Tribal governments.

As a result of the above-described proceedings, we understand that FERC requires only a single action from the State of California before issuing its final decision: issuance by the State Water Resources Control Board of its water quality certification under Section 401(a) of the Federal Clean Water Act.

Under the Federal Power Act, a hydropower license issued by FERC must include all of the facilities necessary for the proper operation of the project, including the project's primary facilities or lines transmitting the project's power to the point of junction with the interconnected primary transmission system. No determination has been made in the FERC docket as to whether the TE/VS Interconnect would be primary lines with respect to LEAPS and therefore within the scope of the hydro license (there is no dispute that the line from the LEAPS plant to the TE/VS Interconnect should be included within the license).⁸ If the FERC were to consider the TE/VS Interconnect part of LEAPS primary facilities, the FERC license would apply to both LEAPS and the TE/VS Interconnect. The FEIS also indicates that NHC, at its option, may seek to remove portions of the primary lines from the scope of the hydro license. In due course, FERC will decide the scope of the hydro license and the conditions, if any, applicable to that license. Regardless of whether the TE/VS Interconnect facilities are considered "primary lines" within the scope of the federal hydro license, NHC files this Application to ensure that all necessary regulatory approvals and environmental reviews for the TE/VS Interconnect and the

⁸ Federal Energy Regulatory Commission, Final Environmental Impact Statement for Hydropower License – Lake Elsinore Advanced Pumped Storage Project, FERC Project No. 11858, FERC/EIS-0191F, January 2007, Appendix B.

associated network upgrades are completed as soon as possible and that various arguments about what facilities are primary facilities do not delay issuance of needed regulatory approvals.

A full list of all government agencies potentially involved in reviewing the TE/VS Interconnect and LEAPS is available in **PEA Chapter 3.1.3**. To the extent that those agencies have commented on the project, those comments may be found in **Appendix F of the FEIS**.

V. PROPOSED CEQA PROCESS

In addition to requesting that the Commission issue a CPCN authorizing the TE/VS Interconnect, NHC requests that the Commission consider how an Environmental Impact Report (“EIR”) (or Mitigated Negative Declaration) pursuant to CEQA will be processed.

Under the LGIA procedures set forth in the CAISO Tariff, both SCE and SDG&E have identified upgrades needed for their existing transmission system assets in order to accommodate the interconnection and operation of the TE/VS Interconnect and LEAPS. These upgrades will require that each company obtain approval from the Commission in the form of individual CPCN filings. Thus, the document should address (1) the TE/VS Interconnect, (2) LEAPS, and (3) the necessary network upgrades to be constructed by the utilities under the LGIAs.

Under the CEQA guidelines, “[w]hen a project will require compliance with both CEQA and NEPA, state or local agencies should use the EIS or Finding of No Significant Impact rather than preparing an EIR or Negative Declaration if” (1) the EIS is already prepared, and (2) the EIS complies with the CEQA guidelines.⁹ NHC will defer to the Commission’s expertise as to the extent to which the FEIS developed by FERC and the USFS complies with the CEQA guidelines. The FEIS and this Application, including the attached PEA, address substantially the

⁹ 14 Cal. Code Reg. § 15221(a) (2007) (Implementing 13 Cal. Pub. Resources Code § 21083.5).

same projects, and the FEIS represents FERC's extensive scoping and outreach efforts. In addition, the environmental review record, of which the FEIS is a part, includes a wide array of technical studies, including studies submitted by NHC, analyses performed by FERC, and correspondence submitted in response to the various notices required under the federal hydropower licensing process and NEPA compliance procedures. NHC respectfully requests, therefore, that the Commission utilize the information and analyses presented in the FEIS and its accompanying environmental review record to the maximum extent that the Commission deems feasible.

NHC also notes that the Commission has completed an extensive CEQA analysis in connection with the Sunrise Powerlink project proposed by SDG&E,¹⁰ and that this analysis includes a review of the TE/VS Interconnect as a CEQA alternative to the Sunrise project.¹¹ Because NHC understands that the two projects receive a similar level of scrutiny and review, NHC respectfully requests that the Commission also make use of the Sunrise FEIR to avoid duplication of effort when developing the DEIR for the TE/VS Interconnect. In this way, the Commission will be in a position to expedite the processing of this Application, reduce the burden on interested parties, and conserve Commission resources.

Additional detail on the state environmental review process may be found in attached **PEA**. The PEA is sponsored by Peter Lewandowski, whose testimony is attached in **Appendix D, §1**.

¹⁰ In the Matter of the Application of San Diego Gas & Electric Company for a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project, Application 06-08-010.

¹¹ The TE/VS Interconnect was identified as the "environmentally superior project" in this proceeding.

VI. OTHER REQUIREMENTS

The remainder of the Application provides additional support for the TE/VS Interconnect, in accordance with the Commission's CPCN rules and orders.

A. Purpose and Need

Pursuant to GO 131-D § IX-A-1-c and Rule 3.1(e), this subsection explains how the TE/VS Interconnect will provide cost-effective access to additional electric generation resources and will enhance grid reliability. Appendix B of the FEIS also presents FERC staff's view concerning the purpose and need of the project. In addition to the FEIS, NHC is providing testimony pertaining to the economic benefits and other benefits of the project in the attached **Appendix D §§ 3, 4.**¹²

In the Draft Joint Committees Report prepared by the California Energy Commission ("CEC") concerning the "Strategic Transmission Investment Plan" for the 2007 Integrated Energy Policy Report Proceeding (06-IEP-1F),¹³ the CEC Electricity Committees find that "[b]oth the transmission and generation that comprise the LEAPS project could provide significant benefits to California" and "[g]eneration and transmission should be treated separately and The Nevada Hydro Company, CPUC, California ISO, SCE, and SDG&E should proceed expeditiously on permitting issues related to the transmission portion of the project."¹⁴

¹² NHC anticipates filing supplemental testimony in the near future which describes the benefits of the LEAPS plant and TE/VS Interconnect under additional scenarios.

¹³ http://www.energy.ca.gov/dockets/docket_redesign.php?docketNo=06-IEP-1F.html.

¹⁴ August 2007 Report at 99. Available at <http://www.energy.ca.gov/2007publications/CEC-700-2007-018/CEC-700-2007-018-CTD.PDF>.

The project (both LEAPS and TE/VS Interconnect) were among the five new transmission projects recommended for the *2007 Strategic Plan*.¹⁵

Once constructed, the TE/VS Interconnect will perform a network transmission function allowing for additional bulk power transfers within and to the CAISO-managed transmission grid. Accordingly, the TE/VS Interconnect will provide greater access to additional sources of electric energy and therefore will lower the cost of electricity for Californians. In particular, the TE/VS Interconnect will provide the San Diego area access to renewable resources located throughout the Western United States. In turn, this increased access to additional, lower-cost energy sources should enhance competition among energy suppliers, and facilitate both SDG&E's and SCE's procurement strategies as approved in their respective Long-Term Procurement Plans. By connecting with SCE's existing Valley-to-Serrano line segment, the TE/VS Interconnect will allow the SDG&E control area to access generation resources to the north and west that would otherwise be impractical to access. The State's existing 500 kV bulk transmission "backbone" runs from the Oregon border through the SCE service territory but does not connect with the San Diego area. San Diego currently has only two sets of connections with the rest of the Nation's grid: via 230 kV lines running north through the San Onofre Nuclear Generating Station ("SONGS")¹⁶ and a single 500 kV line running east to Imperial Valley.

NHC has determined the energy and reliability benefits of the TE/VS Interconnect using the CAISO's Transmission Economic Assessment Methodology ("TEAM"). Employing

¹⁵ *Id.* at 7.

¹⁶ SCE and SDG&E are currently interconnected at the SONGS switchyard. SCE owns the north half of the SONGS switchyard and the four 230 kV transmission lines to the SCE service area. These four SCE lines comprise what is known as Western Electricity Coordinating Council ("WECC") Path 43 or the "north of SONGS path." SDG&E owns the south half of the switchyard and the 230 kV lines to its service area. These five SDG&E lines comprise what is known as WECC Path 44 or the "south of SONGS path."

this methodology, NHC has determined that the 2015 annualized benefit of the TE/VS Interconnect project (as compared to a 2015 base case developed by CAISO) is \$148 million per year, with levelized costs of \$51.3 million per year, resulting in an annualized net benefit of \$98 million per year for southern California electricity consumers. Testimony supporting these determinations and conclusions is included in the attached **Appendix D §§ 3, 4**.

The FEIS states that the TE/VS Interconnect also will enhance grid reliability.¹⁷ The CAISO has indicated that SDG&E's service area has "insufficient transmission" and that such "[r]eliability constraints limit SDG&E's ability to import additional power into the San Diego area over the next few years and have raised the concerns that SDG&E may not be able to reliably serve its customers in 2010 and beyond."¹⁸

SDG&E has released studies showing that, without additional transmission, it will violate the CAISO's "G-1/N-1" criteria by 2010, meaning that the San Diego area will no longer be able to withstand the simultaneous outage of its largest generating unit and largest interconnection, and be able to withstand the next most critical transmission outage, without dropping load.

California's existing transmission system links power generation resources with customer loads in a complex electrical network that must balance supply and demand on a moment-by-moment basis. An efficient and robust transmission system is required not only to help deliver the lowest-cost generation to consumers but also to stimulate competitive behavior in energy markets, pool resources for ancillary services, and provide emergency support in the

¹⁷ FEIS. Op. Cit. at Appendix B.

¹⁸ Initial Testimony of the California Independent System Operator Corporation, Part I, *In Re Application of San Diego Gas & Electric Company (U-902) for a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project*, A.06-08-010, at 4 (Jan. 26, 2007).

event of unit outages or natural disasters. Some of the problems facing the transmission system in the area of LEAPS include congestion on major paths, which prevents optimal economic operation of the system, and constraints such as power flow restrictions, which affect both the economic and reliable operation of the system, in major load centers such as San Diego.

San Diego is the Nation's eighth largest city and the Nation's sixth largest county, with an economy producing in excess of \$70 billion of goods and services per year. Yet it depends on a single 500 kV line and a single set of 230 kV lines tied to the largest transmission network outside the San Diego area to obtain the electricity imports needed to support its economy. Among the large electric service areas in the State, only the San Diego region is so underserved.

As far back as the proposed Valley Rainbow Project, State agencies and regional planning groups such as Southwest Transmission Expansion Plan ("STEP"), the CEC, the CAISO, and this Commission have been aware of the need for additional import capacity from the North into the SDG&E area. SDG&E's long-term resource plan submitted in its Sunrise Powerlink CPCN application identifies a need for a *second* 500 kV transmission interconnection to meet the grid reliability requirements of the CAISO in 2010.¹⁹

The TE/VS Interconnect therefore is crucially important to meet the needs of the growing San Diego area. Both CAISO²⁰ and the CEC²¹ have stated that the TE/VS Interconnect,

¹⁹ San Diego Gas & Electric Company, In the Matter of the Application of San Diego Gas & Electric Company for a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project, Application 05-12-014, Amended Application of San Diego Gas & Electric Company (U 902-E), Vol. I, August 4, 2006.

²⁰ CAISO, Motion to Intervene and Comments of the CAISO in Support of Lake Elsinore Advanced Pumped Storage Project, Docket No. P-11858-002, April 2, 2004, p. 3.

²¹ Op. Cit., Strategic Transmission Investment Plan, CEC 100-2005-006CTF, p. 68.

or TE/VS Interconnect in conjunction with the LEAPS capabilities, will significantly improve system reliability.

B. Project Cost and Ratemaking

The estimated cost of the TE/VS Interconnect project is \$353 million (2007 dollars), which includes a new northern 500 kV substation and a new southern 500/230 kV substation, as well as transmission lines and upgrades to both the SCE and SDG&E systems. Cost details compatible with GO 131-D § IX-A-1-d, Rule 3.1(f), and Public Utilities Code § 1003(c) are included in **Appendix D, § 2, and Appendix E.**

Section 1005.5 of the Public Utilities Code provides that, when issuing a CPCN for a project costing in excess of \$50 million, the Commission is to establish a maximum reasonable and prudent construction cost. However, as an interstate (wholesale) transmission facility, the TE/VS Interconnect will be subject to FERC's jurisdiction for ratemaking purposes, and FERC ultimately will determine the reasonableness of costs. Although the Commission must comply with the statutory requirements, the maximum reasonable cost established under Section 1005.5(a) will not necessarily establish the cost which will ultimately be reflected in the FERC-jurisdictional rates. If the Commission decides to establish a maximum reasonable cost, NHC proposes the use of deflation factors to convert actual expenditures in future years to their equivalent value in 2007 dollars. NHC believes the deflation factors should be calculated using an index such as the Handy-Whitman Index of Public Utility Construction Costs and considering other factors that have significant influence on the cost of the projects. NHC's estimated cost of constructing the TE/VS Interconnect project may change due to permitting and environmental requirements, final design criteria, changes in the operational start date, inflation and deflation factors, and unforeseen events. NHC requests that any Commission order granting the CPCN

include an ordering paragraph authorizing the use of the Commission's advice letter process so that after the CPCN has been issued, NHC may apply to the Commission to adjust the maximum cost to reflect changes in the cost estimates, if necessary, as provided by Section 1005.5(b).²²

NHC has submitted a Participating Transmission Owner ("PTO") application for the TE/VS Interconnect to the CAISO.²³ NHC received conditional approval from FERC under Docket ER06-278. Once the TE/VS Interconnect is placed in service, NHC intends to turn control of the facilities over to the CAISO and to recover its costs through the CAISO's Transmission Access Charge ("TAC"). The TAC is derived from a formula which uses the transmission revenue requirement ("TRR") of each of the CAISO PTOs as inputs. A PTO's TRR is adopted through the PTO's FERC-filed tariff. Certain issues related to NHC's TRR are currently pending in FERC Docket No. ER06-278. Pursuant to Rule 3.1(h), NHC will promptly provide appropriate information on such proceedings when it becomes available.

C. Alternatives to the Proposed Project

Before selecting the proposed project, NHC analyzed routing alternatives to the TE/VS Interconnect based on three primary criteria: maximize the use of existing, previously-disturbed transmission line right-of-ways to minimize the effects on previously-undisturbed land and resources; select route and tower locations with the lowest potential for environmental impacts while meeting project objectives; and select the shortest feasible route to minimize

²² Pub. Util. Code § 1005.5(b) specifies that "After the certificate has been issued, the corporation may apply to the Commission for an increase in the maximum cost specified in the certificate. The Commission may authorize an increase in the specified maximum if it finds and determines that the cost has, in fact, increased and the present or future public convenience and necessity require construction of the project at the increased cost; otherwise, it shall deny the application."

²³ NHC submitted a PTO application for the combined TE/VS and LEAPS facilities to the CAISO in February 2007. Although an application solely for the TE/VS Interconnect would not prejudice this earlier application, a revised tariff to address only the TE/VS Interconnect was filed in April, 2009.

potential environmental impacts and project costs. This analysis was further refined by the FEIS as part of the Federal hydropower licensing process. The alternatives are discussed in depth in the **FEIS** and in **§ 2 of the PEA**.

The TE/VS Interconnect and the Sunrise project proposed by SDG&E and recently approved by the Commission are complementary. Both links will be needed if the State is going to meet its long-held goals of (1) connecting San Diego into the rest of the California grid and (2) completing the backbone transmission grid around San Diego.

The alternatives are discussed in depth in the FEIS and in Chapter 3, “Projects Description,” and Chapter 9, “Alternatives Analysis,” of the PEA.

D. Public and Agency Involvement

Pursuant to Section IX-A-1-g of GO 131-D, **FEIS § 1.5** provides a listing of the governmental agencies with which proposed route reviews have been undertaken. The Programmatic Agreement (**Appendix C**) and **FEIS Appendix E** serve as the written agency responses.

Before preparing its DEIS on the project, the FERC and USFS staff conducted a public scoping process to identify issues and alternatives. FERC issued its DEIS for licensing of the LEAPS Project on February 17, 2006.²⁴ As part of its proceedings and under its rules, FERC requested comments on the document and conducted additional public meetings. In **Appendix E to the FEIS**, FERC summarized the written comments received, provided responses to those comments, and indicated, where appropriate, how FERC modified the text in the FEIS from that appearing in the DEIS.

²⁴ FERC Docket No. P-11858.

E. Competing Utilities

Rule 3.1(b) requires the applicant to list all entities with which the proposed construction is likely to compete, and the cities or counties within which service will be rendered in the exercise of the requested certificate. As indicated above, the TE/VS Interconnect will lie predominantly within the Cleveland National Forest in Orange County and will interconnect with SCE and SDG&E in Riverside and Orange Counties, respectively.

NHC does not intend to operate the TE/VS Interconnect (or LEAPS) in a manner that would compete with any other utilities, corporations, persons, or other entities.²⁵ NHC intends to have the CAISO operate the line and determine access for the entire foreseeable life of the line pursuant to the CAISO Tariff. By providing a new interconnection between the service territories of SDG&E and SCE, NHC believes that the TE/VS Interconnect will enhance transmission service to both markets, and therefore will enhance competition among energy suppliers.

VII. PROPOSED CATEGORIZATION, NEED FOR HEARINGS, AND SCHEDULE

As required by Rule 2.1(c), NHC proposes that the Commission categorize this proceeding as rate-setting until such time as the Commission determines that rules applicable to one of the other categories are best suited to the proceeding. This proceeding involves the Commission's (i) environmental review of the proposed project in compliance with CEQA (Public Resources Code §§ 21000, *et seq.*) and the Commission's GO 131-D, and (ii) issuance of

²⁵ See Rule 3.1(b).

a CPCN authorizing NHC to construct and connect the project. NHC anticipates that hearings will be required.

The chart below is the “proposed schedule for certification ... of the facilities” required by GO 131-D § IX-A-1-a and the “schedule showing the program of right-of-way acquisition and construction” required by GO 131-D § IX-A-1-f. **Appendix F** provides the “proposed schedule for ... construction and commencement of operation of the facilities” required by GO 131-D § IX-A-1-a.

The schedule assumes the Commission will approve the final CEQA document prior to the first Commission Meeting following the expiration of the one-year period following the Commission’s acceptance of a complete application as required by Public Resources Code § 21100.2.

**Table 1
PROPOSED SCHEDULE**

Event	Duration	Expected End Date	Running Days
PEA Submission		June 4, 2010	0
Data Adequate/Schedule	14	June 18, 2010	14
Notice of Preparation (NOP)	1	June 19, 2010	15
Notice of Availability (NOA)	7	June 26, 2010	22
Prehearing Conference	10	July 6, 2010	32
File Testimony	14	July 20, 2010	46
Rebuttal Testimony	14	August 3, 2010	60
Reply Testimony	14	August 17, 2010	74
Hearings Start	14	August 31, 2010	88
Hearings End	14	September 14, 2010	102
Initial Brief	21	October 5, 2010	123
Reply Brief	14	October 19, 2010	137
Proposed Decision	21	November 9, 2010	158
Final CPCN -- CEQA Certification	30	December 9, 2010	188

Assuming that the CPCN is granted, NHC may not need separate eminent domain hearings before it may commence acquisition of rights-of-way through private property. “An

electrical corporation may condemn any property necessary for the construction and maintenance of its electric plant.”²⁶ The term “electric plant” includes transmission lines.²⁷ NHC is aware that “[a] public utility that offers competitive services may not condemn any property *for the purpose of competing with another entity in the offering of those competitive services*, unless the Commission finds that such an action would serve the public interest.”²⁸ NHC will not be offering competitive services on the TE/VS Interconnect, however, as NHC intends to have the CAISO operate the line and determine access pursuant to the CAISO Tariff. Although the precise alignment for the TE/VS Interconnect is subject to separate entitlements from Federal agencies, NHC will give notice to those property owners most likely to be affected by the current alignment as required by GO 131-D § XI-A.

VIII. ITEMS REQUIRED UNDER CPCN RULES AND ORDERS

For the Commission’s reference, NHC provides below a table identifying the various requirements applicable to a CPCN application for transmission facilities and where the information and documents satisfying those requirements are located within this Application and the attached Appendices.

Requirement	Authority	See
Project Description	GO 131-D §IX-A-1-a Rule 3.1(a)	§II; PEA §2; FEIS §2
Proposed Schedule	GO 131-D §IX-A-1-a	§VI; App. F
Map of Proposed Routing	GO 131-D §IX-A-1-b Rule 3.1(c)	PEA Figs. 2-3, 2-8, 2-10; FEIS Figs. 1, 2, 5, 8, 16; FEIS §F
Public Convenience and Necessity	GO 131-D §IX-A-1-c	§V.A

²⁶ Cal. Pub. Util. Code § 612.

²⁷ Cal. Pub. Util. Code § 217.

²⁸ Cal. Pub. Util. Code § 625 (emphasis added).

Requirement	Authority	See
Statement	Rule 3.1(e)	
Cost Estimate	GO 131-D §IX-A-1-d Rule 3.1(f) PUC §1003(c)	Apps. D §2; E
Reasons for Route Selection	GO 131-D §IX-A-1-e	PEA §9; FEIS §§2.5.3, 5.1
Schedule of Right-of-Way Acquisition	GO 131-D §IX-A-1-f	§VI
Reviewing governmental agencies	GO 131-D §IX-A-1-g Rule 3.1(d)	App. C ; PEA §1.8; FEIS §E
EMF Management Plan	GO 131-D §X-A	App. G
Public Notice	GO 131-D §XI-A	§VI; App. H
Statement of Relief Sought	Rule 2.1	Preface
Legal Name	Rule 2.1(a)	§I
Correspondence and Communications	Rule 2.1(b)	§I
Proposed Category and Need for Hearing	Rule 2.1(c)	§VI
Organizing Documents	Rule 2.2 PUC §1004	App. A
Financial Statements	Rules 2.3, 3.1(g)	App. I
CEQA Compliance	GO 131-D §IX-A-1-h Rule 2.4	PEA; App. D §1
Environmental Impact Report Deposit	Rule 2.5	§VIII
Competing Utilities	Rule 3.1(b)	§V.E
Proposed Rates	Rule 3.1(h)	§V.B
Disclosure of Interests	Rule 3.1(i) GO 104-A	App. J
Engineering & Design	PUC §1003(a)	PEA §2
Project Implementation, Design & Construction, Cost Control Plan	PUC §1003(b) PUC §1003(e)	App. B
Comparative Cost Analysis	PUC §§1002.3, 1003(d)	App. D §§ 3,4

IX. FEE AND DEPOSIT

As required under Public utilities Code §1904(a) a CPCN filing fee is included with this application.

Using the formulae provided in Rule 2.5(a) and estimating capital cost of the TE/VS Interconnect to be \$353 million, NHC's total fee deposit for recovery of costs in preparing the

EIR is \$262,000. As allowed under Rule 2.5(c), NHC is providing an advance deposit of \$87,333 to the Commission with this filing.

X. CONCLUSION

NHC respectfully requests that the Commission: (1) expeditiously process this Application; (2) grant the certificate of public convenience and necessity requested herein; and (3) grant such other and further relief as the Commission finds to be just and reasonable.

Respectfully submitted,

David Kates, for
THE NEVADA HYDRO COMPANY

VERIFICATION

I, David Kates, am authorized to make this verification on behalf of applicant corporation. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 15, 2010, at Santa Rosa, California.

David Kates
For The Nevada Hydro Company

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of The
Nevada Hydro Company for a Certificate
of Public Convenience and Necessity
Concerning the Talega-
Escondido/Valley-Serrano 500 kV
Interconnect Project

Application No. _____

Dated: _____

**APPLICATION OF
THE NEVADA HYDRO COMPANY FOR
A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

APPENDICES

- A. Organizing Documents
- B. Project Plan
- C. Programmatic Agreement
- D. Prepared Testimony (provided to Chief ALJ per Rule 1.7(b))
- E. Cost Estimate
- F. Schedule of Construction
- G. EMF Management Plan
- H. Public Notice
- I. Financial Statements
- J. Disclosure of Interests

Appendix A

ARTICLES OF INCORPORATION

FOR

TALEGA-ESCONDIDO/VALLEY-SERRANO 500KV INTERCONNECT

PROJECT

APPENDIX A

**ARTICLES OF INCORPORATION FOR
TALEGA–ESCONDIDO/VALLEY–SERRANO 500KV INTERCONNECT
PROJECT**

A copy of the Articles of Incorporation and certificate of good standing follow. TNHC (or a successor company) intends to own 100 percent (100%) of the assets comprising the project, and to recover the cost of those assets in transmission access charge administered by the CAISO.

Articles of Incorporation
(PURSUANT TO NRS 78)
STATE OF NEVADA

Filing Fee.

Receipt #:

FEB 21 1997

No. C3507-97

STATE OF NEVADA
Secretary of State

Dean Heller
DEAN HELLER, SECRETARY OF STATE

IMPORTANT: Read instructions before completing this form.
TYPE OR PRINT (BLACK INK ONLY)

1. NAME OF CORPORATION: The Hydro Company

2. RESIDENT AGENT: (designated resident agent and his STREET ADDRESS in Nevada where process may be served)

Name of Resident Agent: Nevada Corporate Services, Inc.

Street Address: 1800 East Sahara Suite 107 Las Vegas, Nevada 89104
Street No. Street Name City Zip

3. SHARES: (number of shares the corporation is authorized to issue)

Number of shares with par value: _____ Par value: _____ number of shares without par value: 25,000

4. GOVERNING BOARD: shall be styled as (check one): Directors Trustees

The first board of directors shall consist of 2 members and the names and addresses are as follows:

Harold Mitchell 73550 Allessandro Drive, Ste., 400, Palm Desert, CA 9226
Name Address City/State/ZIP

Arnold B. Podgorsky 1200 G St., N.W., Ste. 600, Washington, D.C. 20005
Name Address City/State/ZIP

Name Address City/State/ZIP

5. PURPOSE (optional--see instructions): The purpose of the corporation shall be:

6. PERSONAL LIABILITY (pursuant to NRS 78.037) (check one): Accept Decline See attached sheet.

7. OTHER MATTERS: Any other matters to be included in these articles may be noted on separate pages and incorporated by reference herein as a part of these articles: Number of pages attached 1

8. SIGNATURES OF INCORPORATORS: The names and addresses of each of the incorporators signing the articles: (signatures must be notarized)

Arnold B. Podgorsky

Name (print) 1200 G St., N.W., Ste. 600, Washington, D.C. 20005

Address City/State/Zip

Signature *Arnold B. Podgorsky*

Name (print)

Address City/State/Zip

Signature

Subscribed and sworn to before me this 6th day of February 19 97

Charles J. Linder
Notary Public

My Commission Expires
April 30, 1999

Name (print)

Address City/State/Zip

Signature

9. CERTIFICATION OF ACCEPTANCE OF APPOINTMENT OF RESIDENT AGENT

I, Nevada Corporate Services, Inc. hereby accept appointment as Resident Agent for the above named corporation.

Arnold B. Podgorsky
Signature of Resident Agent

February 7, 1997 Date

BUSINESS LICENSE

The person, firm or corporation named below is granted this certificate pursuant to the provisions of the City Business Tax Ordinance to engage in, carry on or conduct the business, trade, calling, profession, exhibition or occupation described below. Issuance of certificate is not an endorsement, nor certification of compliance with other ordinances or laws, nor an assurance that the proposed use is in conformance with the city zoning regulations. This certificate is issued without verification that the taxpayer is subject to or exempt from licensing by the State of California.

CITY OF VISTA

Business License Department
600 Eucalyptus Avenue
Vista, CA 92084
(760) 639-6174

*This License has been extended by the City of Vista
Business Ordinance No. 75-58*

BUSINESS NAME: The Hydro Company

BUSINESS OWNER: Rexford Wait

BUSINESS LOCATION: 2416 Cades Way
Vista, CA 92081

RECEIVED

THE HYDRO COMPANY
2416 CADES WAY
VISTA, CA 92081

JUL 21 2009
BY: 

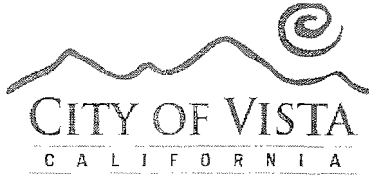
Business License Number: BL-00021088

Effective Date: June 29, 2009

Expiration Date: June 30, 2010

TO BE POSTED IN A CONSPICUOUS PLACE

NOT TRANSFERABLE



Date: June 04, 2010

The Hydro Company
2416 Cades Way
Vista CA 92081

RECEIVED

JUN 08 2010

BY: [Signature]

SUBJECT: Change in Business License Renewal Date - License BL-00021088

Dear Business Owner:

The City Council recently took action to change the date that your business license renewal tax is due. Your business license previously expired on June 30 each year and under the new ordinance, the license will expire on September 30.

The reason we are making this change is to handle the license renewals in a more efficient manner. Some licenses will continue to be due on June 30, but most have been moved to the new date.

In August you will receive your business license renewal form and the payment will be due October 1. Penalties will begin accruing at the beginning of November.

Please keep this letter with your business license as evidence of the expiration date change. Your new expiration date is September 30, 2010.

Closed? If your business is closed, please return this letter to us with the date it closed and the name and contact information for the new owner for the business (if there is one).

New Address for City Hall: If your business uses computer generated checks, please be aware that the City's address has changed to 200 Civic Center Drive, Vista, CA 92084. Changing the address in your payment software will ensure we receive the payment without delay.

Feel free to call the business license office at (760) 639-6174 if you have any questions about this.

Business License Office
Finance Department
City of Vista

(PROFIT) ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT AND STATE BUSINESS LICENSE APPLICATION OF:

FILE NUMBER

C3507-1997

THE HYDRO COMPANY
NAME OF CORPORATION

FOR THE FILING PERIOD OF 2/2010 TO 2/2011



****YOU MAY FILE THIS FORM ONLINE AT www.nvsos.gov****

The entity's duly appointed registered agent in the State of Nevada upon whom process can be served is:

110101

THE CORPORATION TRUST COMPANY OF NEVADA (Commercial Registered Agent)
6100 NEIL ROAD SUITE 500
RENO, NV 89511 USA

A FORM TO CHANGE REGISTERED AGENT INFORMATION IS FOUND AT: www.nvsos.gov

(This document was filed electronically.)
ABOVE SPACE IS FOR OFFICE USE ONLY

USE BLACK INK ONLY - DO NOT HIGHLIGHT

Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all officers and directors. A President, Secretary, Treasurer, or equivalent of and all Directors must be named. There must be at least one director. An **Officer** must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional officers, attach a list of them to this form.
- Return the complete form with the filing fee. Annual list fee is based upon the current total authorized stock as explained in the Annual List Fee Schedule For Profit Corporations. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$200.00. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A **copy fee of \$2.00 per page** is required for **each additional copy** generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

CHECK ONLY IF APPLICABLE

- Pursuant to NRS, this corporation is exempt from the business license fee. Exemption code:
- Month and year your State Business License expires: 20
- This corporation is a publicly traded corporation. The Central Index Key number is:
- This publicly traded corporation is not required to have a Central Index Key number.

Section 7(2) Exemption Codes

- 001 - Governmental Entity
- 002 - 501(c) Nonprofit Entity
- 003 - Home-based Business
- 004 - Natural Person with 4 or less rental dwelling units
- 005 - Motion Picture Company
- 006 - NRS 680B.020 Insurance Co.

NAME PETER LEWANDOWSKI	TITLE(S) PRESIDENT (OR EQUIVALENT OF)		
ADDRESS 26051 VIA CONCHA	CITY MISSION VIEJO	STATE CA	ZIP CODE 92691
NAME REXFORD WAIT	TITLE(S) SECRETARY (OR EQUIVALENT OF)		
ADDRESS 2416 CADES WAY , USA	CITY VISTA	STATE CA	ZIP CODE 92083
NAME REXFORD WAIT	TITLE(S) TREASURER (OR EQUIVALENT OF)		
ADDRESS 2416 CADES WAY	CITY VISTA	STATE CA	ZIP CODE 92083
NAME PETER LEWANDOWSKI	TITLE(S) DIRECTOR		
ADDRESS 26051 VIA CONCHA , USA	CITY MISSION VIEJO	STATE CA	ZIP CODE 92691

I declare, to the best of my knowledge under penalty of perjury, that the above mentioned entity has complied with the provisions of sections 6 to 18 of AB 146 of the 2009 session of the Nevada Legislature and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X REXFORD WAIT
Signature of Officer

Title
SECRETARY

Date
1/12/2010 2:01:00 PM

Results Detail

A Statement of Information for this corporation was recently submitted for filing. Another statement cannot be submitted for filing at this time.

Corporation		
THE HYDRO COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA AS THE NEVADA HYDRO COMPANY		
Number: C2013657	Incorporation Date: 6/13/1997	Status: Active
Jurisdiction: NV	Type: Foreign Stock	
Address		
2416 CADES WY, VISTA, CA 92083		
Agent For Service Of Process		
REXFORDJWAIT 2416 CADES WY, VISTA, CA 92083		

Please review this information to determine if you have located the correct corporation.

[Search Results](#)[New Search](#)



State of California

Secretary of State

Confirmation of Receipt of Document / Receipt for Payment

Transaction ID:	7C4CB862-D379-493F-B12D-ED7F89F7FA72
Confirmation #:	015125
Charge Description	E-file Statement of Information for C2013657
Name:	REXFORD w
Address:	2416 CADES WAY
Address Line 2	
City/State/Zip:	VISTA, CA 92081
Phone:	760-599-0086
Email:	bbbs@controltechnology.org
Amount:	25
E-File Session:	1799457
AVS Response:	Y
Date/Time:	6/15/2010 10:17:52 AM

Note: Confirmation of receipt does not constitute an approved/accepted filing. We recommend that you print or save this screen as a record of your E-file transaction and credit card payment.

If you are representing a business, we want you to be aware of a deceptive solicitation sent to many companies implying they have to go through a private, third party vendor – and pay an exorbitant fee – in order to file official documents with our office.

These solicitations are asking for fees of up to \$495 to file various documents with our office – documents that, in most cases, have a filing fee of \$25 for Statements of Information at most and \$0 for termination documents.

A Customer Alert on our website at www.sos.ca.gov/business/be/alert-misleading-solicitations.htm has more details about these deceptive ploys, as well as information on how you can file documents directly with our office and contact the Attorney General if you have been victimized.

[Return to Main Page](#)



State of California

Secretary of State

STATEMENT OF INFORMATION

(Foreign Corporation)

Fees \$25.00.

IMPORTANT - Read instructions before completing this SI-350 form.

Copies of e-filed statements are not provided at the time of filing. Therefore, you may wish to print the completed pages for your records prior to submission.

Copies of filed documents may be requested using our Business Entities Records Order form.

1. CORPORATION NUMBER, NAME AND ADDRESS OF RECORD

C2013657

THE HYDRO COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA AS THE
NEVADA HYDRO COMPANY
2416 CADES WY
VISTA , CA 92083

2. If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and **proceed to Item 12.**

If there have been any changes to the information, or no Statement of Information has been previously filed, the form must be completed in its entirety.

3. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE (DO NOT USE PO BOX)

ADDRESS

CITY

STATE ZIP CODE

COUNTRY

UNITED STATES

4. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY (DO NOT PO BOX)

ADDRESS

CITY

STATE ZIP CODE

CA

5. MAILING ADDRESS OF THE CORPORATION, IF DIFFERENT THAN ITEM 3 IN CARE OF/ATTENTION

ADDRESS

CITY STATE ZIP CODE COUNTRY
UNITED STATES

LIST THE NAMES AND COMPLETE ADDRESSES OF THE OFFICERS (The corporation must have these three officers.)

6. CHIEF EXECUTIVE OFFICER

FIRST MIDDLE LAST

ADDRESS

CITY STATE ZIP CODE COUNTRY
UNITED STATES

7. SECRETARY

FIRST MIDDLE LAST

ADDRESS

CITY STATE ZIP CODE COUNTRY
UNITED STATES

8. CHIEF FINANCIAL OFFICER

FIRST MIDDLE LAST

ADDRESS

CITY STATE ZIP CODE COUNTRY
UNITED STATES

9. CHECK THE APPROPRIATE PROVISION BELOW AND NAME THE AGENT FOR SERVICE OF PROCESS

	AN INDIVIDUAL RESIDING IN CALIFORNIA AGENT'S FIRST MIDDLE LAST
	A CORPORATION WHICH HAS FILED A CERTIFICATE PURSUANT TO CALIFORNIA CORPORATIONS CODE SECTION 1505. NAME OF CORPORATE AGENT View List

10. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL ADDRESS

CITY STATE ZIP CODE
CA

11. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION

12. THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT. ENTER THE NAME, TITLE OF THE PERSON COMPLETING THIS STATEMENT.

DATE	TITLE	FIRST	MIDDLE	LAST
6/15/2010	BOOKKEEPER	MARILYN	L	HENSLEE

October 30, 2007

Denise Schuhart
WRIGHT & TALISMAN, P.C.
1200 G ST, NW
Suite 600
Washington DC 20005-3802

Re: Order #: 7061452 SO
Customer Reference 1: None Given
Customer Reference 2:

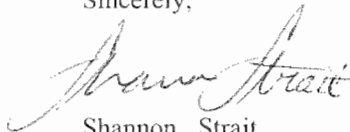
Dear Denise Schuhart:

In response to your request regarding the above referenced order, your filing(s) has been completed as indicated below:

Nevada amendment to the Articles of Incorporation filing.

If you have any questions concerning this order, please contact me. Thank you for this opportunity to be of service.

Sincerely,



Shannon Strait
Associate Customer Specialist
Shannon.Strait@wolterskluwer.com

STATE OF NEVADA

ROSS MILLER
Secretary of State



SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Filing Acknowledgement

October 29, 2007

Job Number
C20071029-0517

Corporation Number
C3507-1997

Filing Description

Amendment

**Document Filing
Number**

20070734001-24

Date/Time of Filing

October 29, 2007 08:00:56
AM

Corporation Name

THE HYDRO COMPANY

Resident Agent

CORPORATION TRUST COMPANY OF
NEVADA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recordings Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

A handwritten signature in black ink, appearing to read "Ross Miller".

ROSS MILLER
Secretary of State

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138

STATE OF NEVADA



ROSS MILLER
Secretary of State

SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

October 29, 2007

Job Number: C20071029-0517
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20070734001-24	Amendment	1 Pages/1 Copies

Respectfully,

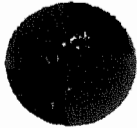
Handwritten signature of Ross Miller in black ink.

ROSS MILLER
Secretary of State

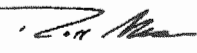
By Handwritten signature of Mary Ni Pitterman in black ink.

Certification Clerk

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138



ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684 5708
Website: secretaryofstate.biz

Filed in the office of 
Document Number
20070734001-24
Filing Date and Time
10/29/2007 8:00 AM
Entity Number
C3507-1997
Ross Miller
Secretary of State
State of Nevada

Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

The Hydro Company

2. The articles have been amended as follows (provide article numbers, if available):

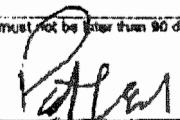
Article 7 is amended to delete item no. 2 of such Article (which presently states, "stockholders shall have preemptive rights") in its entirety.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the* articles of incorporation have voted in favor of the amendment is:

4. Effective date of filing (optional):

(must not be later than 90 days after the certificate is filed)

5. Officer Signature (Required):

X 

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State AM 78.385 Amended 2007
Revised on: 01/01/07

2013657

State of California

SECRETARY OF STATE

CERTIFICATE OF QUALIFICATION

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That on the 13TH day of JUNE, 1997,

THE HYDRO COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA

AS THE NEVADA HYDRO COMPANY,

a corporation organized and existing under the laws of NEVADA,
complied with the requirements of California law in effect on that date for the
purpose of qualifying to transact intrastate business in the State of California, and
that as of said date said corporation became and now is fully qualified and
authorized to transact intrastate business in the State of California,

SUBJECT HOWEVER, TO:

- (a) any licensing requirements otherwise imposed by the laws of this state, and
- (b) that subject corporation shall transact all intrastate business within this State under the above fictitious name elected by it.

IN WITNESS WHEREOF, I
execute this certificate and
affix the Great Seal of the
State of California this

16TH day of JUNE, 1997

Bill Jones
Secretary of State



**BY-LAWS
OF
THE HYDRO COMPANY, INC.**

ARTICLE 1. OFFICES

1.1. REGISTERED OFFICE. The corporation shall maintain a registered office and registered agent in the State of Nevada, subject to change in the manner prescribed by law.

1.2. OTHER OFFICES. The corporation may have such other offices and places of business within or without the State of Nevada as the Board of Directors shall determine.

ARTICLE 2. STOCKHOLDERS

2.1. TIME AND PLACE. All meetings of Stockholders for the election of directors shall be held at such time and place, either within or without the State of Nevada, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place either within or without the State of Nevada as shall be stated in the notice of the meeting or in a duly executed waiver of notice of the meeting.

2.2. ANNUAL MEETING. Annual meetings of stockholders shall be held for the purpose of electing a Board of Directors and transacting such other business as may properly be brought before the meeting.

2.3. SPECIAL MEETINGS. Special meetings of the stockholders for any purpose may be called by the Board of Directors, the president, or the secretary and must be called at the written request, stating the purpose of the meeting, of stockholders owning not less than one-fifth of the stock then outstanding and entitled to vote or otherwise as may be provided by law.

2.4. NOTICE OF MEETINGS. Annual Meeting Notice stating the place, day and hour of the meeting shall be delivered to each stockholder entitled to vote not less than ten nor more than sixty days prior to the meeting.

Special Meeting Notice stating the time, place, and purpose thereof and by whom called shall be delivered to each stockholder entitled to vote not less than ten nor more than sixty days prior to the meeting.

2.5. LIST OF STOCKHOLDERS. The officer in charge of the stock ledger of the corporation or the transfer agent shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in

alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at a place within the city where the meeting is to be held. Such place, if other than the place of the meeting, shall be specified in the notice of the meeting. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting and may be inspected by any stockholder who is present.

2.6. VOTING. Each stockholder entitled to vote in accordance with the provisions of the Articles of Incorporation and these By-Laws may cast one vote, in person or by proxy, for each share of stock entitled to vote and registered in his name, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period.

2.7. QUORUM AND ACTION. At any duly held meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of the votes shall constitute a quorum, except as otherwise provided by law or the Articles of Incorporation.

A majority of the votes cast at a duly held meeting of stockholders at which a quorum is present (stockholders represented by proxy shall be deemed present) shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless a greater vote or voting by classes is required by law, the Articles of Incorporation, or these By-Laws, and except that in elections of directors those receiving the greatest number of votes shall be deemed elected even though not receiving a majority.

2.8. ADJOURNED MEETINGS. Any duly called meeting of stockholders may, by announcement made at such meeting, be adjourned to a designated time and place by the vote of the holders of a majority of the shares present and entitled to vote even though less than a quorum is so present. An adjourned meeting may reconvene as designated, and when a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9. ACTION BY WRITTEN CONSENT IN LIEU OF MEETING OF STOCKHOLDERS. See Section 7.6 of these By-Laws.

ARTICLE 3. DIRECTORS

3.1. NUMBER. The number of directors comprising the full Board of Directors of the corporation shall be three directors, who shall hold office until their successors are elected. Directors need not be stockholders. The number of directors may be increased or decreased from time to time by amendment to these By-Laws, but shall never be fewer than one.

3.2. POWERS. The management of all the business, property and affairs of the corporation shall be vested in the Board of Directors. The Board of Directors may exercise all of the powers of the corporation and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers, and the management of the corporation) as it may deem proper, consistent with statute, the Articles of Incorporation and these By-Laws and not thereby conferred upon or reserved to the stockholders.

3.3. MEETINGS. The annual meeting of the Board of Directors may be held without notice immediately following the annual meeting of the stockholders. Regular meetings may be established by the directors. Special meeting of the Board may be called by the Chairman of the Board (if any) or the President, and shall be called at the written request of one or more directors. Five days' notice of special meetings shall be given by mail, or two days' notice personally, or by telegraph, telefacsimile, or cable to each director. Special meetings of the Board may be held at any place within or outside the State of Nevada.

3.4. QUORUM AND ACTION. A majority of the Board of Directors shall constitute a quorum for the transaction of business. At any duly held meeting at which a quorum is present, the affirmative vote of a majority of the directors present shall be the act of the Board of Directors on any question, except where the act of a greater number is required by these By-Laws, the Articles of Incorporation, or statute.

3.5. ACTION BY WRITTEN CONSENT IN LIEU OF MEETING OF DIRECTORS. See Section 7.6 of these By-laws.

3.6. VACANCIES, REMOVAL. (a) Any vacancy occurring in the Board of Directors by reason of an increase in the number of directors comprising the Board shall be filled by the stockholders at an annual meeting or at a special meeting thereof, notice of which shall announce said purpose. Any vacancy occurring from any other cause may be filled by a majority vote of the remaining directors, though less than a quorum, or such vacancies may be filled by the stockholders at any meeting thereof.

(b) Any director may be removed either for or without cause at any time by vote of the stockholders holding a majority of the outstanding stock of the corporation entitled to vote, present in person or by proxy, at any regular or special meeting of the stockholders.

3.7. RESIGNATION. Any director may resign at any time by giving written notice to the Chairman of the Board, the President or the Secretary of the corporation, or, in the absence of all of the foregoing, by notice to any other director or officer of the corporation. Unless otherwise specified in such written notice, a resignation shall take effect upon delivery to the designated director or officer. It shall not be necessary for a resignation to be accepted before it becomes effective.

ARTICLE 4. COMMITTEES

4.1. COMMITTEES OF DIRECTORS. The Board of Directors may, by resolution passed by a majority of the whole board, designate one (1) or more committees, each committee to consist of one (1) or more directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have power or authority to amend the Certificate of Incorporation, adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution, elect or remove officers or directors, or amend the By-laws of the corporation; and, unless the resolution or the Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of directors.

4.2. MINUTES OF COMMITTEE MEETINGS. Unless otherwise provided in the resolution of the Board of Directors establishing such committee, each committee shall keep minutes of action taken by it and file the same with the Secretary of the corporation.

4.3. QUORUM. A majority of the number of directors constituting any committee shall constitute a quorum for the transaction of business, and the affirmative vote of such directors present at the meeting shall be required for any action of the committee; provided, however, that, when a committee of one (1) member is authorized under the provisions of Section 4.1 of this Article, such one member shall constitute a quorum.

4.4. VACANCIES, CHANGES, AND DISCHARGE. The Board of Directors shall have the power at any time to fill vacancies in, to change the membership of, and to discharge any committee.

4.5. COMPENSATION. The Board of Directors, by the affirmative vote of a majority of the directors then in office and irrespective of the personal interest of any director, shall have authority to establish reasonable compensation for committee members for their services as such and may, in addition, authorize reimbursement of any reasonable expenses incurred by committee members in connection with their duties.

ARTICLE 5. OFFICERS

5.1. EXECUTIVE OFFICERS. The executive officers of the corporation shall be a President, one or more Vice-Presidents, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board. In addition, the Board of Directors may elect a Chairman. Except for the offices of President and Secretary, any two or more offices may be held by one person. All vacancies occurring among any of the offices shall be filled by the Board of Directors. Any officer may be removed or replaced at any time by the affirmative vote of a majority (unless the Articles of Incorporation require a larger vote) of the directors present at a regular meeting or at a special meeting called for that purpose.

5.2. OTHER OFFICERS. The Board of Directors may appoint, remove and replace such officers, including assistant officers and agents, with any powers and duties it shall deem necessary. The Board may by resolution authorize the President to appoint and remove such other officers.

5.3. THE CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and stockholders, if the directors so resolve, and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors or the Executive Committee, if any.

5.4. THE PRESIDENT. The President (who may but need not be a director) shall, in the absence or nonelection of a Chairman of the Board, preside at all meetings of stockholders and directors. When the Board of Directors is not in session, he shall have general management and control of the business and affairs of the corporation.

5.5. THE VICE-PRESIDENT. The Vice-President or, if there be more than one, the senior Vice-President, as determined by the Board of Directors, shall in the absence or disability of the President exercise the powers and perform the duties of the President, and each Vice-President shall exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

5.6. THE TREASURER. The Treasurer shall have custody of all funds, securities, and evidences of indebtedness of the corporation. He shall receive and give receipts and acquittances for moneys paid in on account of the corporation and shall pay out of the funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity. He shall enter regularly in books to be kept by him for that purpose full and accurate accounts of all moneys received and paid out by him on account of the corporation. He shall deposit all moneys and other valuables in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He shall perform all other duties incident to the office of Treasurer and as may be prescribed by the Board of Directors.

5.7. THE SECRETARY. The Secretary shall keep the minutes of all proceedings

of the Board of Directors and stockholders. He shall attend to the giving and serving of all notices to stockholders and directors or other notice required by law or these By-Laws. He shall affix the seal of the corporation to deeds, contracts, and other instruments in writing requiring a seal, when duly signed or when so ordered by the Board of Directors. He shall have charge of the certificate books, stock books and such other books and papers as the Board may direct. He shall perform all other duties incident to the office of Secretary and as may be prescribed by the Board of Directors.

5.8. SALARIES. The salaries, if any, of all officers shall be fixed by the Board of Directors, and the Board has the authority by majority vote to reimburse expenses and to establish reasonable compensation of all directors for services to the corporation as directors, officers, or otherwise.

ARTICLE 6. CAPITAL STOCK

6.1. FORM AND EXECUTION OF CERTIFICATES. The shares of the corporation shall be represented by certificates of stock in the form required by the law of the State of Nevada and as shall be adopted by the Board of Directors. They shall be numbered and registered in order issued, shall be signed by the President or a Vice-President and by the Secretary or an Assistant Secretary, and shall be sealed with the corporate seal or a facsimile thereof. When such certificate is countersigned by a transfer agent or registered by a registrar, the signatures of any such officers may be facsimile.

6.2. TRANSFER. Transfer of shares shall be made only upon the books of the corporation by the registered holder in person or by attorney, duly authorized, and upon surrender of the certificate or certificates for such shares properly assigned for transfer.

6.3. LOST OR DESTROYED CERTIFICATES. The holder of any certificate representing shares of stock of the corporation may notify the corporation of any loss, theft or destruction thereof, and the Board of Directors may thereupon, in its discretion, cause a new certificate for the same number of shares to be issued to such holder upon satisfactory proof of such loss, theft, or destruction and the deposit of indemnity by way of bonds or otherwise in such form and amount and with such surety or sureties as the Board may require to indemnify the corporation against loss or liability by reason of the issuance of such new certificate.

6.4. RECORD DATE. In order to make a determination of stockholders for any proper purpose, the directors may close the stock transfer books for a stated period not to exceed sixty days; and if the purpose of the closing is to determine stockholders entitled to notice of or to vote at a meeting of stockholders, the books shall be closed for at least ten days immediately preceding such meeting.

In lieu of closing the books, the directors may fix in advance a record date for determination of stockholders for any proper purpose, such date to be not more than thirty days, and in the case of a meeting of stockholders not less than ten days, prior to the date on which the

particular action, requiring such determination of stockholders, is to be taken.

In the absence of such closing or fixed record date, the date for determination of stockholders entitled to notice of or to vote at a meeting of stockholders, to receive a dividend, shall be the close of business on the day on which (i) notice of the meeting is mailed, or (ii) the Board of Directors resolved to declare such dividend.

ARTICLE 7. MISCELLANEOUS

7.1. **DIVIDENDS.** The Board of Directors may declare dividends from time to time on the outstanding shares of the corporation from the surplus or net profits legally available therefor.

7.2. **SEAL.** The Board shall provide a corporate seal stating the corporate name, state, and the year of incorporation. The seal shall be in charge of the Secretary and shall be used as authorized by the By-Laws.

7.3. **FISCAL YEAR.** The corporation's fiscal year shall consist of twelve months, which shall close annually on such date as the Board of Directors shall determine.

7.4. **CHECKS.** All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent or agents, of the corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

7.5. **NOTICE AND WAIVER OF NOTICE.** Any notice of meetings required to be given under these By-Laws to stockholders and directors may be waived in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein.

All notices required by these By-Laws shall be printed or written, and shall be delivered either personally or by telegraph, telefacsimile, cable or mail. If mailed, the notice shall be deemed delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder or director at his address as it appears on the records of the corporation.

7.6. ACTION BY WRITTEN CONSENT IN LIEU OF MEETINGS.

(a) Any action required or permitted to be taken at a meeting of stockholders or of the Board of Directors or of any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by stockholders entitled to vote with respect to the subject matter thereof or by members of the Board or of such committee, as the case may be, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all stockholders, members of the Board of Directors or of such committee having a right to vote thereon were present and voted and shall be delivered to the

corporation by delivery to its registered office in this State, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

(b) Every written consent shall bear the date of signature of each stockholder, member of the Board of Directors or committee who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent, delivered in a manner required by Section 7.6(a) of these Bylaws.

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given those stockholders, members of the Board of Directors or committee, who have not consented in writing. In the event that the action which is consented to is such as would have required the filing of a certificate by law, if such action had been voted on by stockholders or by members at a meeting thereof, the certificate shall state that written consent has been given in accordance with the provisions of the law of the State of Nevada.

7.7. DIRECTOR PARTICIPATION BY CONFERENCE TELEPHONE. Any and all directors may participate in a meeting of the Board of Directors or a committee of the Board by means of conference telephone or by any means of communication by which all persons participating in the meetings are able to hear one another, and such participation shall constitute presence in person at the meeting.

7.8. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

(a) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, stockholder, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, except in such cases as involve gross negligence or willful misconduct.

(b) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, stockholder, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonable incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of

any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, stockholder, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Article.

7.9. AMENDMENTS. These By-Laws may be altered, amended or repealed by a majority of the entire Board of Directors at any regular or special meeting thereof.

Adopted by the Board of Directors of THE HYDRO COMPANY, INC. as of September 14, 1998.

j:\thc\bylaws2

APPENDIX B

PROJECT PLAN FOR

TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT

PROJECT

APPENDIX B

PROJECT PLAN FOR TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT PROJECT

1.0 INTRODUCTION

This document is a part of The Nevada Hydro Company (“TNHC”) Talega-Escondido/Valley-Serrano 500 kV Interconnect Project (“TE/VS Interconnect”) application to the California Public Utilities Commission (“CPUC”) for a Certificate of Public Convenience and Necessity (“CPCN”). This document contains the materials required by California Public Utilities (“Pub. Util.”) Code §§1003 (b) and (e).

The “preliminary engineering and design information” required by Pub. Util. Code §1003(a) may be found in the project Proponent’s Environmental Assessment (“PEA”), Chapter 2, “Project Description”, submitted with the TE/VS Interconnect project application.

2.0 PROJECT IMPLEMENTATION PLAN

2.1 Introduction

Construction of the TE/VS Interconnect will be managed by TNHC, with Siemens Power and Transmission Distribution Company (“SPTD”) serving as the General Contractor under an Engineering, Procurement, and Construction contract. TNHC will have complete oversight and responsibility for the project plan while SPTD will be responsible for the schedule, budget, and scope of work. TNHC and SPTD will continue to prepare, develop, and deliver the documents to be used in project licensing filings.

Because of the large scope and cost of this project and the required construction period, major procurement will not begin until all regulatory approvals and permits are obtained.

2.2 Project Management Team (“PMT”)

TNHC will have the overall responsibility and commensurate authority for successful completion of the project, while SPTD will handle project-specific management on day-to-day project advancement and milestones. Responsibilities of TNHC include: planning, obtaining regulatory approvals, cost, scheduling and the overall quality of the project. Project work will be managed and controlled using a matrix-based project schedule and costing model. All construction, site, and supervisory personnel assigned to the project will report to the SPTD Project Director. The SPTD Project Director in turn will report to TNHC’s Project Manager.

The PMT will consist of a number of teams and support personnel with special areas of expertise. Because of the changing nature of the needs as the project progresses through the project development, regulatory approval, and construction phases, the PMT will also change to meet the project needs.

For example, during the present project development and regulatory approval phase, a variety of individuals and organizations are involved. During the project design and construction phase, the PMT consists of PM, Project Engineer, Construction Superintendent, Project Controller, Project Analyst, and Project Licensing Engineer. Representatives from other specialties will be called upon as required.

The PMT will be responsible for the successful developing and constructing TE/VS within the designated budget and within the approved schedule. It is responsible for tracking costs, scope changes, schedules, and construction performance. The PMT

will have regular meetings to discuss project status, review performance, and identify any special needs or significant concerns.

2.2.1 Roles and Responsibilities of the PMT

- **Project Manager (“PM”)** – TNHC’s project representative will be responsible for the execution of the Project including overall budget, scope of work, and schedule. The PM will schedule daily, weekly, and monthly review meetings for management, control, and proactive measures in meeting Project milestones. The PM will be responsible for communications to investors, as well as federal, state, and local agencies and essentially all parties outside of the EPC arrangement.
- **Project Director (“PD”)** – SPTD’s project representative will be responsible for the day-to-day Project Plan, specifications, purchase orders, third-party contracts, and all codes and regulatory requirements. The PD will review and evaluate bids; make awards or award recommendations; and review and evaluate all major equipment design, purchases, and requests for engineering and/or construction field change orders, including schedule changes. The PD also will review and approve all requests for invoice payments under the EPC Contract.
- **Project Engineer** – The Project Engineer will report functionally to the PM and will be responsible for providing project design criteria, scope of work, technical specifications, and the conduct of all engineering services. The Project Engineer will oversee all engineering activities for the Project and provide the technical interface.
- **Project Analyst** – The Project Analyst will report to the PM and will be responsible for: providing administrative support to the PMT; creating and

maintaining a file system containing key project documentation; and communicating, implementing, and coordinating acquisition of ministerial permits.

- **Project Licensing Engineer – Project Scheduler** – This individual will report functionally to the PM and will be responsible for planning and coordinating all TNHC activities necessary to obtain the regulatory approvals required to license the project. Specific responsibilities will include: identifying the applicable regulatory agency approvals required for a project, overseeing the preparation of the regulatory applications and environmental documentation, coordinating participation in agency regulatory processes, and ensuring that necessary licensing and regulatory approvals are obtained in a timely manner.
- **Project Controller** – This individual will report functionally to the PM and will be responsible for the administration and reporting for all project controls related to scope, cost, schedule, and change control. Major responsibilities will include:
 1. Task authorization administration (opening, monitoring, closure of accounts);
 2. Compliance with reporting standards using: templates, trend system, scheduling systems, and other Project Controls System (“PCS”) tools;
 3. Production of periodic cost/schedule (status, variance, and earned value) reports; and
 4. Management of financial/accounting closure of project in accordance with corporate and regulatory requirements.
- **Construction Manager** – This individual will report functionally to the PM and will manage all construction, startup, and testing work. Specific responsibilities will include construction plan and schedule development, constructability review of engineering designs, construction procurement and quality control, construction safety, environmental compliance, and safety and security.

- **Environmental** – Responsible for coordinating environmental assessments, including preparation of the PEA. Lead responsibility for all project environmental issues and resource agency contacts on environmental matters.
- **Real Estate** – Lead responsibility for all property rights acquisitions and provision of property data and survey and mapping support. Serves as the primary interface with governmental agencies that manage or own lands for which property rights are required for the project.
- **Legal** – Responsible for the preparation of the application for a CPCN to the CPUC, review of the PEA, and all project-related legal documents and issues. CPCN-related activities include testimony and witness preparation for all regulatory agency hearings. Also takes the lead in the review of property rights and all condemnation proceedings.
- **Regulatory Policy and Affairs** – Primary regulatory interface with the CPUC, the Federal Energy Regulatory Commission (“FERC”), and other agencies.
- **Transmission and Interconnection Services** – Responsible for system interconnection planning. Serves as the technical interface for: California Independent System Operator (“CAISO”), Western Electricity Coordinating Council (“WECC).
- **Resource Planning and Strategy** – The primary interface with the CAISO for economic studies.
- **Grid Contracts** – Responsible for negotiating and obtaining third-party participation agreements.

- **Public Affairs** – Responsible for being the TNHC “interface” with the general public, local and regional government, and special interest groups. Region Managers are assigned to individual communities and help identify local issues, needs, and concerns. Public Affairs, in conjunction with the PMT, develop and implement the project Public Involvement Plan.
- **Corporate Communications** – Responsible for developing and implementing the project communication plan. Responsible for preparing media notices, outreach advertisements, and communications. Lead and coordinate interviews with the news media.
- **Electric and Magnetic Field (“EMF”) Group** – Responsible for EMF studies, interfacing with the public on EMF issues, and preparing the project EMF Field Management Plan.
- **Procurement and Material Management** – Responsible for engineering, material and equipment procurement, and construction contracts.

2.3 Project Design Management

The design management organization was previously discussed under PMT member roles and responsibilities. The Project Engineer serves as the primary design management control mechanism. By having similar responsibility and authority over project design that the PM has over the entire project, the Project Engineer has the ability to resolve any potential differences among the various supporting engineering and design organizations.

2.4 Project Construction Management Plan

TNHC and SPTD are now in the planning phase of developing an Engineering, Procurement, and Construction (“EPC”) Contract. This contract will govern SPTD’s resources and expertise in the most effective manner. The contract will include specifications for an EPC contractor to perform engineering, design, and construction. TNHC and SPTD will review contractor costs and progress on a regular basis.

3.0 Cost Estimate

The cost estimate required by Pub. Util. Code §1003(c) is shown in **Appendix E** of the application. This estimate is being refined by SPTD with support from TNHC.

4.0 Cost Control Plan

The project Cost Control Plan will be set forth in the contract covering engineering, procurement activities and construction of the project (“EPC Contract”) and will be comprised of the project schedule, progressive milestones, and cross-referenced budget allowances. A schedule of values consistent with the Work Breakdown Structure (“WBS”) will serve as the basis for progress payments made to the contractor. The EPC Contract will submit for TNHC’s review and approval its payment request, together with all required supporting documentation, for all work performed in the subject period. Included in the required supporting documentation will be resource and cost plots that graph weekly, monthly, and cumulative craft labor as well as a cash–flow plot. The plots shall be based on dates from the EPC’s cost and resource loaded schedule. TNHC shall choose the specific items to be plotted (e.g., craft labor trades, equipment or material).

The Contract Price may only be changed by a Change Order approved by the PM, or by order of the Commission pursuant to its authority under the Public Utilities Code.

The value of any work covered by a Change Order will be determined by one of the following methods:

- Where the work involved is covered by unit prices contained in the Contract Documents, the unit prices will be multiplied by the respective quantities of the items;
- By a mutually agreed lump sum, itemized and supported by substantiating data; or
- Actual cost of the work plus a Contractor's fee.

APPENDIX C

COPY OF
PROGRAMMATIC AGREEMENT AMONG
THE FEDERAL ENERGY REGULATORY COMMISSION
AND THE
CALIFORNIA STATE HISTORIC PRESERVATION OFFICERS

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FEDERAL ENERGY COMMISSION

**PROGRAMMATIC AGREEMENT
AMONG
THE FEDERAL ENERGY REGULATORY COMMISSION
AND THE
CALIFORNIA STATE HISTORIC PRESERVATION OFFICERS
FOR
MANAGING HISTORIC PROPERTIES THAT MAY BE AFFECTED
BY ISSUING A LICENSE TO THE
ELSINORE VALLEY MUNICIPAL WATER DISTRICT
AND
THE NEVADA HYDRO COMPANY
FOR THE OPERATION OF THE
LAKE ELSINORE ADVANCED PUMPED STORAGE PROJECT
IN RIVERSIDE COUNTY, CALIFORNIA
(FERC No. 11858-002)**

WHEREAS, the Federal Energy Regulatory Commission or its staff (hereinafter, "Commission") proposes to issue a license to the Elsinore Valley Municipal Waster District and The Nevada Hydro Company (hereinafter, "Licensees") to operate the proposed Lake Elsinore Advanced Pumped Storage Project (hereinafter, "Project") as authorized by Part I of the Federal Power Act, 16 U.S.C. Sections 791(a) through 825(r) *as amended*; and

WHEREAS, The Commission has determined that issuing such a license may affect properties included in or eligible for inclusion in the National Register of Historic Places (hereinafter, "historic properties"); and

WHEREAS, The associated "Final Environmental Impact Statement, Lake Elsinore Advanced Pumped Storage Project, FERC Project No. 11858", dated January 2007, and the "Lake Elsinore Advanced Pumped Storage Project (LEAPS) and Talegra-Escondido Valley-Serrano 500kV Interconnect Project Historic Properties Management Plan, FERC No. 11858-002-California", dated February 2005, provide descriptions of the Elsinore Valley Municipal Waster District and The Nevada Hydro Company's proposal for constructing, maintaining, and operating the Project, area of potential effects, historic properties, and anticipated effects identified as of the date of this Programmatic Agreement; and

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California

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WHEREAS, the U.S. Forest Service, Cleveland National Forest (hereinafter, "CNF"), U.S. Bureau of Land Management (hereinafter, "BLM"), U.S. Marine Corps, Marine Corp Base at Camp Pendleton (hereinafter, "USMC") manages lands within the Project, and have responsibilities for the issuance of permits under the Archeological Resources Protection Act (16 U.S.C. 470aa to 470ll; hereinafter, "ARPA") to the Licensees for archeological work on their lands;

WHEREAS, the Commission has consulted with the California Historic Preservation Officer (hereinafter, "SHPO") pursuant to 36 C.F.R. Section 800.14(b) of the Advisory Council's on Historic Preservation (hereinafter, "Council") regulations (36 C.F.R. Part 800), implementing Section 106 of the National Historic Preservation Act (16 U.S.C. 470f; hereinafter, "Section 106"); and

WHEREAS, the Licensees have participated in the consultation and have been invited to concur in this Programmatic Agreement; and

WHEREAS, the CNF, BLM, and USMC have agreed to participate in the Section 106 consultation regarding the Project under the terms of this Programmatic Agreement, and have been invited to concur in the Programmatic Agreement; and

WHEREAS, the Project may affect lands important to the Pechanga Band of Mission Indians, Pala Band of Mission Indians, Rincon Band of Mission Indians, San Luis Rey Band of Mission Indians, Puama/Yuima Band of Mission Indians, Juaneno Band of Mission Indians of San Juan, Juaneno Band of Mission Indians of Santa Ana, Juaneno Band of Mission Indians-Acjachemen Nation of San Juan, Agua Caliente Band of Cahuilla Indians, Gabrielino/Tongva Tribal Council of San Gabriel and the La Jolla Band of Mission Indians (hereinafter, "Tribes"), and where the Bureau of Indian Affairs (hereinafter, "BIA") has tribal trust responsibilities, and the Tribes and BIA have participated in the consultation and have been invited to concur in this Programmatic Agreement; and;

WHEREAS, the Commission will require the Licensees to implement the provisions of this Programmatic Agreement as a condition of issuing a new license for the Project;

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NOW THEREFORE, the Commission and the SHPO agree that the Project will be administered in accordance with the following stipulations in order to satisfy the Commission's Section 106 responsibilities during the term of the Project's license.

STIPULATIONS

The Commission will ensure that, upon issuing a license for this Project, the Licensees implement the following stipulations. All stipulations that apply to the Licensees will similarly apply to any and all of the Licensees' successors. Compliance with any of the following stipulations does not relieve the Licensees of any other obligations they have under the Federal Power Act, the Commission's regulations, or its license.

I. HISTORIC PROPERTIES MANAGEMENT PLAN

- A. Within one year of issuing a license for this Project, the Licensees will file for the Commission's approval a final Historic Properties Management Plan (hereinafter, "HPMP") specifying how historic properties will be managed in the Project's area of potential effects, as defined in 36 C.F.R. Section 800.16(d), during the term of this license. During development of the final HPMP, the Licensees will consult with the SHPO as defined in 36 C.F.R. Section 800.2.¹ The Licensees will seek concurrence of the SHPO, CNF, BLM, USMC, BIA, and Tribes in the final HPMP.
- B. "Archeology and Historic Preservation: Secretary of the Interior's Standards and Guidelines" (*Federal Register*, September 29, 1983, Vol. 48, No. 190, Part IV, pp. 44716-44740; hereinafter, "Secretary's Standards") and the Council and Commission's "Guidelines for the Development of Historic Properties Management Plans for FERC Hydroelectric Projects" (issued May 20, 2002) will be taken into account in developing the final HPMP. The final HPMP will be developed by or developed under the direct supervision of a person or persons who

¹ All consulting parties need to respond within 30 days of receipt of a request for review of a finding or determination involving the HPMP and during the interim period prior to completion and implementation of the HPMP.

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meet, at a minimum, the professional qualifications standards for architectural history and archeology in the Secretary's Standards (48 *Federal Register* 44738-39).

- C. The final HPMP will, at a minimum, address the tasks listed below. The final HPMP will also specify how each task will be carried out and when it will be completed.
1. Completion of identification of historic properties within the proposed Project's area of potential effects, as described in Lake Elsinore Valley Municipal Waster District and The Nevada Hydro Company's license application for the proposed Project, in addition to any modifications to the proposed Project made by the Commission, including lands or properties outside the Project boundary where project operation or project-related recreational development or other enhancements may cause changes in the character or use of historic properties, if any historic properties exist;
 2. Protection and preservation of historic properties threatened by project construction and other related ground disturbing activities;
 3. Protection and preservation of historic properties threatened by shoreline erosion, water conveyance breaches, other project-related ground-disturbing activities, looting, and vandalism during project operation and maintenance;
 4. Consideration and, where appropriate, adoption of prudent and feasible project alternatives that would avoid adverse effects on historic properties;
 5. Consideration and implementation of appropriate treatment that would mitigate any unavoidable adverse effects;
 6. Consultation with the SHPO regarding identification and evaluation of historic properties, determination of effects, and ways to avoid, minimize or mitigate adverse effects;

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- 7. Action plan for unanticipated discoveries during project construction.**
- 8. Treatment and disposition of any human remains that may be discovered, taking into account applicable state, local laws, and the Native American Graves Protection and Repatriation Act (NAGPRA; Section 3001 of 25 U.S.C.) on federal land;**
- 9. Discovery of previously unidentified properties during project operations;**
- 10. Public interpretation of the historic and archeological values of the Project;**
- 11. Identification and proposed treatment, avoidance, or mitigation of effects to traditional cultural properties through the development and implementation of a traditional cultural properties treatment plan after consultation with the Tribes and SHPO; and**
- 12. Coordination with the SHPO, CNF, BLM, USMC, BIA, and Tribes during implementation of the final HPMP.**

II. HPMP REVIEW AND IMPLEMENTATION

- A. The Licensees will submit the final HPMP, along with documentation of the views of the SHPO, CNF, BLM, USMC, BIA, and Tribes, to the Commission for review and approval.**
- B. If the SHPO, CNF, BLM, USMC, BIA, and Tribes have concurred in the final HPMP, and the Commission determines that the final HPMP is adequate, the Commission will forward a copy of the final HPMP, along with the views of the concurring parties, to the Council for filing.**
- C. If the SHPO, CNF, BLM, USMC, BIA, and Tribes have not concurred in the final HPMP, or the Commission finds the final HPMP inadequate, the Commission will consult with the objecting party and seek agreement on the final HPMP. If**

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concurrence is not reached within 45 days, the Commission will request that the Council enter into the consultation to seek agreement on the final HPMP.

1. If agreement is reached on the final HPMP, the Commission will forward a copy of the revised final HPMP to the Council for filing.
2. If agreement on the final HPMP cannot be reached among the Licensees, Commission, SHPO, CNF, BLM, USMC, BIA, Tribes and the Council; the Commission will request that the Council comment pursuant to Stipulation IV.B of this Programmatic Agreement;

D. The Licensees will, within 30 days on every anniversary of the license issuing, file a report with the SHPO, CNF, BLM, USMC, BIA, and Tribes of activities conducted under the implemented final HPMP. The report will contain a detailed summary of any cultural resources work conducted during the preceding year; if no work was completed, a letter from the Licensees will be prepared to that effect, and will satisfy the intent of this stipulation.

III. INTERIM TREATMENT OF HISTORIC PROPERTIES

- A. All consultation under this stipulation will be in accordance with 36 C.F.R. Sections 800.4 and 800.5 with the Licensees acting as the Agency Official.
- B. After a license for the Project has been issued, but before the final HPMP has been approved by the Commission (hereinafter, "the interim"), the Licensees will consult with the SHPO, CNF, BLM, USMC, BIA, and Tribes regarding the effect on historic properties related to any project-related action, including any ground disturbing activity, that may be implemented in the interim.² The Licensees will consult with the SHPO to apply the criteria of adverse effect, pursuant to 36 C.F.R. Section 800.5(a)(1).

² Depending on undertaking's scope or location, or types of historic properties affected, the Licensees needs to consult only with the appropriate parties among the whole group of consulting parties listed in this Programmatic Agreement.

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- 1. If the Licensees and SHPO agree that the activity will not adversely affect historic properties, the Licensees may proceed in accordance with any agreed-upon treatment measures or conditions. If the Licensees and the SHPO do not agree, the matter will be resolved in accordance with Stipulation IV of this Programmatic Agreement.**

- 2. If either the Licensees or SHPO determines that the activity may have an adverse effect, they will consult with the other appropriate parties to develop a strategy for avoiding, minimizing, or mitigating adverse effects. If the Licensees and SHPO can reach agreement, the Licensees will implement the agreed-upon strategy. If they disagree, the Licensees will submit the matter to the Commission in accordance with Stipulation IV of this Programmatic Agreement.**

IV. DISPUTE RESOLUTION

- A. If at any time during implementation of this Programmatic Agreement and the resulting final HPMP, the SHPO, CNF, BLM, USMC, BIA, Tribes or the Council object to any action or any failure to act pursuant to this Programmatic Agreement or the final HPMP, they may file written objections with the Commission.**
 - 1. The Commission will consult with the objecting party, and with other parties as appropriate, to resolve the objection. The Commission may initiate on its own such consultation to remove any of the Commission's objections.**

- B. If the Commission determines that the objection cannot be resolved, the Commission will forward all documentation relevant to the dispute to the Council and request that the Council comment. Within 30 days after receiving all pertinent documentation, the Council will either:**
 - 1. Provide the Commission with recommendations, which the Commission will take into account in reaching a final decision regarding the dispute; or**

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2. Notify the Commission that it will comment pursuant to 36 C.F.R. Section 800.7(c)(1) through (c)(3) of the National Historic Preservation Act, and proceed to comment.
- C. The Commission will take into account any Council comment provided in response to such a request, with reference to the subject of the dispute, and will issue a decision on the matter. The Commission's responsibility to carry out all actions under this Programmatic Agreement that are not the subject of dispute will remain unchanged.

V. AMENDMENT AND TERMINATION OF THIS PROGRAMMATIC AGREEMENT

- A. The Commission, Licensees, SHPO, CNF, BLM, USMC, BIA, Tribes, or the Council may request that this Programmatic Agreement be amended, whereupon these parties will consult in accordance with 36 C.F.R. Section 800.14(b) to consider such amendment.
- B. The Commission or the SHPO may terminate this Programmatic Agreement by providing 30 days written notice to the other parties, provided that the Commission, Licensees, SHPO, CNF, BLM, USMC, BIA, Tribes, and the Council consult during the 30-day notice period in order to seek agreement on amendments or other actions that would avoid termination. In the event of termination, the Commission will comply with 36 C.F.R. Sections 800.3 through 800.7(c)(3), with regard to individual actions covered by this Programmatic Agreement.

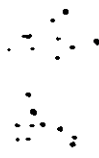
Execution of this Programmatic Agreement evidences that the Commission has satisfied its responsibilities pursuant to Section 106 of the National Historic Preservation Act, *as amended*, for all individual actions carried out under the license. Provided, however, that unless and until the Commission issues the license for the Project and this Programmatic Agreement is incorporated by reference therein, this Programmatic Agreement has no independent legal effect for any specific license applicant or Project.

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FEDERAL ENERGY REGULATORY COMMISSION

By: Ann F. Miles Date: Feb. 8, 2007
Ann F. Miles
Director, Division of Hydropower Licensing



**Programmatic Agreement
Project No. 11858-002
California**

CALIFORNIA STATE HISTORIC PRESERVATION OFFICER


By: _____ Date: _____

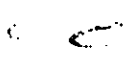
**Milford Wayne Donaldson
California State Historic Preservation Officer**



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CONCUR: THE NEVADA HYDRO COMPANY

By:  Date: 2/19/07
Rexford Wait
Vice President



Programmatic Agreement
Project No. 11858-002
California

CONCUR: ELSINORE VALLEY MUNICIPAL WATER DISTRICT

By: _____ Date: _____

Ronald Young
General Manager

Programmatic Agreement
Project No. 11858-002
California

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CONCUR: U.S. FOREST SERVICE, CLEVELAND NATIONAL FOREST

By: _____ Date: _____

Tina Terrell
Forest Supervisor

Programmatic Agreement
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**CONCUR: U.S. BUREAU OF LAND MANAGEMENT, CALIFORNIA STATE
OFFICE**

By: _____ Date: _____

Mike Pool
State Director

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CONCUR: U.S. MARINE CORPS, MARINE CORP BASE, CAMP PENDLETON

By: _____ Date: _____

Col. John C. Coleman
Commanding Officer



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CONCUR: U.S. BUREAU OF INDIAN AFFAIRS, PACIFIC REGIONAL OFFICE

By: _____ Date: _____

Clay J. Gregory
Regional Director

Programmatic Agreement
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CONCUR: PALA BAND OF MISSION INDIANS

By: _____ Date: _____
Robert Smith
Chairperson



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CONCUR: RINCON BAND OF MISSION INDIANS

By: _____ Date: _____
John Currier
Chairperson

Programmatic Agreement
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CONCUR: SAN LUIS REY BAND OF MISSION INDIANS

By: _____ Date: _____

Richard Estrada
Chairperson

Programmatic Agreement
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CONCUR: PAUMA/YUTMA BAND OF MISSION INDIANS

By: _____ Date: _____
Christobal C. Devers
Chairperson

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CONCUR: JUANENO BAND OF MISSION INDIANS, ACJACHEMEN NATION

By: _____ Date: _____

Sonia Johnston
Tribal Chair

Programmatic Agreement
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CONCUR: AGUA CALIENT BAND OF CAHULLA INDIANS

By: _____ Date: _____

Richard Milanovich
Chairperson

Programmatic Agreement
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CONCUR: LA JOLLA BAND OF MISSION INDIANS

By: _____ Date: _____
Tracy Lee Nelson
Chairperson

Programmatic Agreement
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CONCUR: JUANENO BAND OF MISSION INDIANS

By: _____ Date: _____

David Belardes

Chairman

Programmatic Agreement
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CONCUR: JUANENO BAND OF MISSION INDIANS, ACJACHEMEN NATION

By: _____ Date: _____

Anthony Rivera
Chairman



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CONCUR: GABRIELENO/TONGVA TRIBAL COUNCIL OF SAN GABRIEL

By: _____ Date: _____
Anthony Morales
Tribal Chairperson

APPENDIX D
APPLICANT'S PREPARED DIRECT TESTIMONY
FOR
TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT
PROJECT

As required by Commission Rule 1.7 (Scope of Filing), subsection (b) states:

(b) Except as otherwise required or permitted by these Rules or the Commission's decisions, general orders, or resolutions, prepared testimony shall not be filed or tendered to the Docket Office. If prepared testimony is issued in support of a filing at the time the filing is made, it shall be served (i) on the service list together with the filing, and (ii) on the Administrative Law Judge or, if none is yet assigned, on the Chief Administrative Law Judge.

Consequently, testimony is excluded from this volume.

APPENDIX E

ESTIMATE OF PROJECT COSTS FOR

TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT

PROJECT

APPENDIX E
TE/VIS INTERCONNECT
ESTIMATED PROJECT COSTS

Component	Estimated Cost (millions)
Substations	\$200.00
Overhead Transmission Lines	\$80.00
Underground Transmission Lines	\$20.00
Land Rights	\$15.00
Technical, Environmental, Land, Project Management, and Legal Support	\$15.00
Subtotal	\$330.00\$
Allowance for Funds Used During Construction (AFUDC)	\$23.50
Total Project Cost	\$353.50

APPENDIX F

**PROPOSED SCHEDULE FOR CONSTRUCTION FOR
TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT
PROJECT**

APPENDIX F PROPOSED SCHEDULE FOR CONSTRUCTION

The chart below is the “proposed schedule for ... construction and commencement of operation of the facilities” required by GO 131-D §IX-A-1-a.¹

On “Day 0”, the day that the Commission issues the CPCN for TE/VS, this chart assumes that all other permits and approvals required for TE/VS have been obtained and that the Engineering, Procurement, and Construction (“EPC”) Contract has been executed.

Project Segment	Commencement (Days after Approval)	Duration (Days)
Phase I - Execution	0	474
Phase I - Commissioning & Testing	475	505
Limited Commercial Operation - No Phase Shifters	505	0
Phase II - Execution (Installation of Phase Shifters)	506	150
Phase II - Commissioning & Testing	656	20
Commercial Operation	676	

¹ The “proposed schedule for certification” required by GO 131-D §IX-A-1-a and the “schedule showing the program of right-of-way acquisition and construction” required by GO 131-D §IX-A-1-f are in the body of the application at §VI.

APPENDIX G

**ELECTRIC AND MAGNETIC
FIELDS MANAGEMENT PLAN FOR
TALEGA-ESCONDIDO/VALLEY-SERRANO 500 kV INTERCONNECT
PROJECT**

APPENDIX G

ELECTRIC AND MAGNETIC FIELDS MANAGEMENT PLAN FOR TALEGA- ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT PROJECT

The Nevada Hydro Company (“TNHC”) is proposing to construct a new 32-mile, 500 kilovolt (“kV”) alternating current regional interconnection that would link Southern California Edison’s (“SCE’s”) Valley-Serrano 500-kV transmission line in western Riverside County with San Diego Gas & Electric Company’s (SDG&E’s) 230-kV Talega-Escondido transmission line in northern San Diego County. Confirmed impact and facility studies on operation of the proposed line would require upgrades be made to some of SCE’s and SDG&E’s electrical transmission facilities in California. The proposed line and transmission facility upgrades are known as Talega–Escondido/Valley–Serrano 500 kV Interconnect (“TE/VS”) Project.

1.0 BACKGROUND

1.1 The California Public Utilities Commission

The Commission’s General Order 131–D, Section X, addresses “Potential Exposure to Electric and Magnetic Fields (EMF)” and requires applicants for a CPCN to “describe the measures taken or proposed by the utility to reduce the potential exposure to electric and magnetic fields generated by the proposed facilities.”

In the Final Environmental Impact Report (“FEIR”) issued for SCE’s Devers–Palo Verde No. 2 transmission line project, the FEIR characterizes the issue as follows:¹

¹/ At Section ES–3

Recognizing that there is a great deal of public interest and concern regarding potential health effects from exposure to electric and magnetic fields (EMFs) from power lines, the EIR/EIS provides information regarding EMF associated with electric utility facilities and the potential effects of the Proposed Project related to public health and safety. Potential health effects from exposure to electric fields from power lines (effect produced by the existence of an electric charge, such as an electron, ion, or proton, in the volume of space or medium that surrounds it) are typically not of concern since electric fields are effectively shielded by materials such as trees, walls, etc., therefore, the majority of the following information related to EMF focuses primarily on exposure to magnetic fields (invisible fields created by moving charges) from power lines. However, the EIR/EIS does not consider magnetic fields in the context of CEQA or NEPA and determination of environmental impact. This is because (a) there is no agreement among scientists that EMF does create a potential health risk, and (b) there are no defined or adopted CEQA or NEPA standards for defining health risk from EMF. As a result, EMF information is presented for the benefit of the public and decision-makers.

After several decades of study regarding potential public health risks from exposure to power line EMF, research results remains inconclusive. Several national and international panels have conducted reviews of data from multiple studies and state that there is not sufficient evidence to conclude that EMF causes cancer. Most recently the International Agency for Research on Cancer (IARC) and the California Department of Health Services (DHS) both classified EMF as a possible carcinogen. The information included in EIR quantifies existing EMF exposures within the community — these exposures are widespread and cover a very broad range of field intensities and duration.

Presently there are no applicable regulations related to EMF levels from power lines. However, the California Public Utilities Commission has implemented a decision (D.93-11-013) requiring utilities to incorporate “low-cost” or “no-cost” measures for managing EMF from power lines up to approximately 4 percent of total project cost. Using the 4 percent benchmark, SCE has incorporated low-cost and no-cost measures to reduce magnetic field levels near schools along the proposed route (including deeper burial of underground lines combining several existing 230 kV circuits onto double-circuit transmission line structures and changing phase configuration). There are additional potential measures for reducing magnetic fields, mostly beyond the no-cost/low-cost parameters (including increasing distance from conductors, reducing conductor spacing, converting single-phase to split-phase circuits, or placing proposed transmission lines underground and minimizing current), which are described for the benefit of the public and decision-makers in reviewing the Proposed Project.

Most recently the CPUC issued Decision D.06-01-042, on January 26, 2006, affirming the low-cost/no-cost policy to mitigate EMF exposure from new utility transmission and substation projects. This decision also adopted rules and policies to improve utility design guidelines for reducing EMF. The CPUC stated “at this time we are unable to determine whether there is a significant scientifically verifiable relationship between EMF exposure and negative health consequences.” The CPUC has not adopted any specific limits or regulation on EMF levels related to electric power facilities.

1.2 The FERC’s View

In the Final Environmental Impact Statement (“FEIS”) for the project,² FERC stated the following, relative to EMF:

Some studies, while inconclusive, have purported to find a positive relationship between electromagnetic fields and certain diseases or conditions in animals, including humans (World Health Organization, 2002). However, studies conducted by the National Research Council, Commission on Life Sciences (1997), National Institute of Environmental Health Sciences (NIEHS, 1998) and Department of Health Services (DHS) (2002), among others, had equally inconclusive findings, which led the U.S. Department of the Interior (2003) to state, “~~th~~ere is a consensus among the medical and scientific communities that there is insufficient evidence to conclude EMF causes adverse health effects.”

Regardless of these findings, which indicate a lack of evident harm not only to people but to animals and plants as well, the World Health Organization (WHO) has stated that there is “sufficient evidence” to apply a “precautionary principle” to both power and high-frequency electromagnetic fields to help protect from uncertain risks. WHO supported its position by stating:

‘...If the risk is eventually found not to exist, it may be that any measures undertaken will not have protected health and some resources will have been spent unnecessarily. However, this outcome is often more acceptable than one where public health measures were delayed or neglected because a risk was thought not to exist, but was eventually shown to be both real and substantial.’

²/ Final Environmental Impact Statement for Hydropower License – Lake Elsinore Advanced Pumped Storage Project, FERC Project No. 11858, FERC/EIS-0191F

To provide additional context for our evaluation of potential EMF effects from the co-applicants' proposed and staff transmission lines, we reviewed many documents concerning EMF effects. The following points, summarized from the draft EIR/EIS prepared for Southern California Edison's proposed Antelope-Pardee 500-kV Transmission Project (CPUC/USFS, 2006) provide some useful perspective for our analysis:

- The International Radiation Protection Association, in cooperation with the World Health Organization, has published recommended guidelines for magnetic field exposure that would limit the general public to exposures less than 833 mG.*
- A 1999 report to Congress by the National Institute of Environmental Health Sciences suggested the evidence supporting EMF exposure as a health hazard was insufficient to warrant aggressive regulatory action. The report suggested the power industry continue its practice of siting lines to reduce public exposure to EMF and to explore ways to reduce the creation of magnetic fields around lines.*
- Florida and New York, the only states that currently limit the intensity of magnetic fields from transmission lines, limit magnetic fields to 200 to 250 mG at the edge of the right-of-way. The magnetic field limits were based on an objective of preventing field levels from increasing beyond levels currently experienced by the public and were not based upon any link between scientific data and health risks (Morgan, 1991, as cited in CPUC/USFS, 2006)*
- Several agencies and municipalities have adopted a concept of "prudent avoidance", which has been defined as "...limiting exposures which can be avoided with small investments of money and effort." (Morgan, 1991, as cited in CPUC/USFS, 2006)*
- In January 1991, the California Public Utility Commission began an investigation of the potential health effects that their electric utility power lines might cause by generating EMFs. The study considered potential health effects that included childhood cancer and chronic lymphocytic leukemia. The study also explored potential mitigation measures for reducing potential public health impacts. Following input from interested parties, the California Public Utility Commission implemented a decision that requires that utilities use "low-cost" or "no cost" mitigation measures for facilities requiring certification under General Order 131-D. The California Public Utility Commission did not adopt any specific numerical limits or regulation on EMF levels related to electric power facilities.*
- In January 2006, the California Public Utility Commission issued Decision D.06 01 042, which affirmed the low-cost/no-cost policy. The*

decision stated that “at this time we are unable to determine whether there is a significant scientifically verifiable relationship between EMF exposure and negative health consequences.”

- *Research on ambient magnetic fields in homes and buildings found average magnetic field levels within most rooms of about 1mG, while in rooms with appliances present, the measured values ranged from 9 to 20 mG (Severson et al. 1988 and Silva, 1988, as cited in CPUC/USFS, 2006). Typical magnetic fields measured within 12 inches of household appliances range from less than 1mG to 250 mG, with maximum strengths of up to 20,000 mG from common appliances such as can openers and hair dryers (Gauger, 1985, in CPUC/USFS, 2006).*

- *Measurements of ambient magnetic field strengths associated with the proposed Antelope-Pardee 500-kV line found pre-project field strengths at the edge of the right-of-way to be 0 to 12.5 mG, while model estimates of post-project field strengths ranged from about 2 to 23 mG. In undeveloped areas with no existing transmission or electrical distribution lines, the increase associated with the project was generally in the range of 14 to 18 mG. In more developed areas where the proposed line would share right-of-way with existing lines, the change ranged from 0.2 mG to 11.7 mG.*

Based on the foregoing information and analysis, the California Public Utility Commission and USFS determined that EMFs from the proposed Antelope-Pardee 500-kV transmission line would have no effect.³

2.0 TNHC’s EMF POLICY

TNHC is aware of the public's concerns about the potential health effects of power-frequency electric and magnetic fields. Notwithstanding the health, safety, and economic benefits of electricity, TNHC recognizes and takes seriously its responsibility to address these EMF concerns. In order to understand fully electric and magnetic fields and to respond to the current uncertainty, TNHC will continue to:

- Assist the CPUC and other appropriate local, state, and federal governmental agencies in the development and implementation of reasonable, uniform regulatory guidance.

^{3/} Ibid., at page 3–204 et. seq.

- Provide balanced, accurate information to employees, and public agencies, including providing EMF measurements and consultation as required.
- Take appropriate “no-cost and low-cost” steps to minimize field exposures from facilities.

2.1 Transmission and Subtransmission Design with Magnetic Reduction

TNHC and its contractor, Siemens Power, Transmission and Distribution have adopted as “best accepted practices”, the methods and techniques used by SCE in their “EMF Design Guidelines for New Electrical Facilities: Transmission, Substation, Distribution” manual.⁴ Using these guidelines, “no-and low-cost” measures to reduce fields will be implemented wherever available and practical in accordance with the 1993 CPUC Decision. The criteria will be based on the following processes, recommendations and assumptions.

Priority in the design of any electrical facility is public and employee safety. Without exception, design and construction of an electric power system must comply with all federal, state, and local regulations, applicable safety codes, and state utility construction standards. Furthermore, power lines and substations must be constructed so that they can operate reliably at their design capacity. Their design must be compatible with other facilities in the area. The cost to operate and maintain the facilities must be reasonable. These, and other requirements, are included in the existing CPUC regulations. As a supplement to this, the CPUC directed all investor-owned utilities in the state to take “no-cost and low-cost” magnetic field reduction measures for new and upgraded electrical facilities (1993 CPUC Decision). Any possible “no-cost and low-cost” magnetic field measures, therefore, must meet these requirements.

^{4/} *EMF Design Guidelines for New Electrical Facilities; Transmission, Subtransmission, Distribution*, Southern California Edison, December 2003.

TNHC defines “no-cost and low-cost” magnetic field reduction measures as follows:

- “No-cost” measures include any design changes that reduce the magnetic field in public areas without increasing the overall project cost; and
- “Low-cost” measures are those steps taken to reduce magnetic field levels at reasonable cost. The 1993 CPUC Decision states:

"We direct the utilities to use 4 percent as a benchmark in developing their EMF mitigation guidelines. We will not establish 4 percent as an absolute cap at this time because we do not want to arbitrarily eliminate a potential measure that might be available but costs more than the 4 percent figure. Conversely, the utilities are encouraged to use effective measures that cost less than 4 percent."

The CPUC agreed that a “low-cost” measure should achieve some noticeable reduction, but declined to specify any numeric value.

TNHC’s transmission line, utilizing Siemens state-of-the-art technology will be used to engineer, design and construct the TE/VS Interconnect project which will ultimately take into account all EMF reduction measures as well as other safety and operational concerns to be implemented in final design.

TNHC is using state-of-the-art technology called Gas – Insulated Switchgear (“GIS”) and Gas – Insulated Transmission Line (“GIL”) coupled with Siemens concept of Flexible AC Transmission Systems (“FACTS”) to engineer, design, install and construct “world class” transmission line with a truly remarkable performance. FACTS provides fast voltage regulation, increased power transfer over long AC lines, dampening of active power oscillations and load flow control in meshed systems. The TE/VS Project will be the first transmission line in the United States to run GIL for approximately 2 - 3 miles underground. GIL results in much smaller electromagnetic fields than with conventional power transmission systems. In fact, this technology can be used close to

telecommunications equipment, hospitals, residential areas or flight monitoring systems and similar as it meets the most stringent magnetic flux density requirements, for example the Swiss limit of 1 microtesla.

3.0 TE/VS INTERCONNECT PROJECT

3.1 Project Description

The TE/VS Interconnect is a proposed approximately 30-mile, 500 kilovolt (“kV”) alternating current regional interconnection that would link Southern California Edison’s (SCE’s) Valley-Serrano 500-kV transmission line in western Riverside County with San Diego Gas & Electric Company’s (SDG&E’s) 230-kV Talega-Escondido transmission line in northern San Diego County. The TE/VS Interconnect would connect between SCE’s existing Valley and Serrano substations at a new substation to be constructed at Lee Lake, with a new substation to be constructed between SDG&E’s existing Talega and Escondido line near Camp Pendleton, California, located approximately 9 miles west of the location of the proposed Valley-Rainbow project proposed by SDG&E. For most of its route alignment, the TE/VS Interconnect would be located within the Trabuco Ranger District of the Cleveland National Forest. The estimated cost of constructing the TE/VS Interconnect for an operating date of late 2009, including the upgrades and other project elements described in this application, is \$350 million (2007 dollars and excluding Allowance for Funds Used During Construction (“AFUDC”). This cost-estimate may change due to permitting and environmental requirements, final design criteria, and changes in the project start date, inflation and deflation factors, and unforeseen events.

TNHC and SPTD engineers considered magnetic field reduction measures early in the design phase for this project. Therefore, the total project cost includes "low-cost" field reduction options incorporated in the project design.

3.2 Alternatives to Proposed Project

Alternatives to the TE/VS Interconnect were considered as part of the Federal licensing process. The USFS required consideration of the use of "non-public lands" before accepting an application. The main private routes under consideration at that time were those routing alternatives associated with SDG&E's proposed Valley-Rainbow project. In addition, a number of alternative routings were considered by the USFS before selecting the current route. Because one of the purposes for the project is to connect the LEAPS project to the grid, the TE/VS interconnect needed to be adjacent to that facility's proposed site.

In addition, TNHC proposed to the FERC number of alternative end points and routings. These included different locations for the northern and southern substations, and different routes through the Cleveland National Forest. After extensive analysis and public input, FERC and the USFS selected the current project routing.

TNHC is also working with SCE to provide a number of 115 kV connections at the northern (Lee Lake) substation as SCE firmly believes this will save it both time and money to enhance the local distribution system.

4.0 EFFECTS OF TE/VS INTERCONNECT OPERATION ON EMF

The project proposes to place some sections of the transmission line underground, which has the effect of reducing EMF exposure in those areas because of magnetic field cancellation. Also, the very fact that TNHC is utilizing Siemens FACTS, as noted above,

results in better technology for deterring EMF fields and ultimately exposure due to operations.

Operation of the proposed project would contain several elements that would generate EMFs, including the substation at the Santa Rosa site, the transmission line along the northern and southern segments of the proposed transmission alignment, and the proposed substations along the proposed transmission alignment. The EMF strengths that would be generated would be typical for similar generation and transmission facilities.

However, because the literature to date provides little evidence supporting the contention that EMFs from high-voltage transmission lines have adverse effects on wildlife, plants, or humans, TNHC and the FERC⁵ expect that there would be no adverse effects associated with the EMF intensities at the proposed transmission alignment.

⁵/ Project FEIS at page 3-207.

APPENDIX H

FORMS OF NOTICE FOR

TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT

PROJECT

**NOTICE OF APPLICATION FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND PUBLIC NECESSITY**

PROJECT: Talega–Escondido/Valley–Serrano 500 kV Interconnect Project

REFERENCE: CPUC Application No. 09–XX–XXX

Date: _____

1.0 Proposed Project:

The Nevada Hydro Company proposes to construct a new approximately 32 mile, 500 kilovolt (“kV”) alternating current regional interconnection that would link Southern California Edison’s (SCE’s) Valley-Serrano 500 kV transmission line in western Riverside County with San Diego Gas & Electric Company’s (SDG&E’s) 230 kV Talega-Escondido transmission line in northern San Diego County. The project would connect between SCE’s existing Valley and Serrano substations at a new switchyard to be constructed at Lake, with a new substation to be constructed between SDG&E’s existing Talega and Escondido near Camp Pendleton, California, located approximately 9 miles west of the location of the Valley-Rainbow project previously proposed by SDG&E. For most of its route alignment, the project would be located within the Cleveland National Forest.

Operation of the proposed line would require that upgrades be made to some of SCE’s and SDG&E’s existing electrical transmission facilities in California. The proposed line and transmission facility upgrades are known as the Talega–Escondido/Valley–Serrano 500 kV Interconnect Project (“TE/VS Interconnect”). The TE/VS Interconnect will be constructed within a new right-of-way designated by the Federal Energy Regulatory Commission (“FERC”), the US Forest Service and the California Public Utilities Commission (“CPUC”). Construction of TE/VS Interconnect will add transmission facilities necessary to improve system reliability and import renewable energy into the San Diego basin.

1.1 Transmission Line Facilities

The TE/VS Interconnect will extend for about 32 statute miles (SM), generally running north to south through the Cleveland National Forest and linking SCE’s and SDG&E’s transmission systems. The upgraded 230 kV transmission line will extend for about 52 SM, generally running east to west between SDG&E’s existing Talega

substation (33000 Avenida Pico, San Clemente, San Diego County) and SDG&E's existing Escondido substation (2037 Mission Avenue, Escondido, San Diego County).

Final tower designs and specifications will be determined in cooperation with the California Independent System Operator ("CAISO") and with SCE and SDG&E. As now proposed, new 500 kV single-circuit transmission towers would be erected between SCE's existing Valley-Serrano transmission line and the Applicant's proposed new Case Springs substation adjacent to Camp Pendleton. Except where noted, typical four-legged transmission towers will be constructed of full galvanized lattice steel angle members connected with steel bolts. The structure would carry the electrical conductors in either a horizontal or delta configuration. Towers, which will generally vary in heights between 150 and 178 feet, will be located along the centerline of a new 500 foot wide right of way ("ROW") designated by FERC. The line's nominal rating will be 1,500 MW.

Transmission towers will consist of tangent (suspended) type structures, where the conductors approach and depart the structures in a straight line, and heavier structures, including both angle structures that suspend the conductors and allow limited changes in line direction and dead-end structures which allow for more substantial changes in line direction. Based on the nature of the existing terrain and requirements for adequate ground clearance, tower-to-tower spacing for new steel lattice towers will range between a minimum spacing of approximately 400 feet to a maximum spacing of about 1,600 feet. The exact quantity and placement of the transmission structures will be determined during the final design phase.

Typical structure foundations will require four to eight augured, cast-in-place concrete piles. The size and number of piles, which will vary based on the type of structure, load, and soil conditions encountered at each tower site, would be approximately three feet in diameter for the lattice structures planned (four foundations per structure). For the larger angle or dead-end structures, foundation holes would likely be larger in diameter because of the additional loads and tension.

With the exception of new transition towers and the adjoining towers located adjacent to the proposed Case Springs substation, an approximately 47 mile long second (double circuit) 230 kV transmission line (Talega-Escondido No. 2) will be constructed on and installed along existing support structures (already containing one 230 kV circuit) connecting SDG&E's Talega and Escondido substations. The conductor type for the second 230 kV circuit, between the Talega and Escondido substations, is proposed as 3M Company Composite Conductor Part Number 3M1033-T13, or equivalent, with the upgraded conductor nominally rated at 1,500 MW with overload at approximately 2,000 MW.

SDG&E's existing Talega-Escondido 230 kV transmission line was originally licensed and constructed using double circuit structures with only one circuit installed. The existing SDG&E 230 kV Talega-Escondido lines (Talega-Escondido No. 1) will be upgraded to loop in/out (adding a second conductor). An additional single circuit (Talega-Escondido No. 2) will be added to the existing spare tower steel pole supports,

extending in each direction. This re-conductoring and added circuit would bring the SDG&E 230 kV Talega-Escondido conductor rating to approximately 1,500 MW.

In order to accommodate the second conductor, it will be necessary to rebuild a 7.7 mile section (interconnecting SDG&E's existing Pala and Lilac substations) of the existing 69 kV transmission circuit on new 69 kV wood and steel pole structures adjacent to the existing 230 kV line within the existing 300 foot wide Talega-Escondido right-of-way. Subject to SDG&E specifications, the existing 7.7 miles of conductors used in the 69 kV circuit may remain on the 230 kV support structures and will be incorporated into the new 230 kV circuit.

In addition to the proposed short-tap, an approximately 2.7 mile segment of the proposed transmission line will be placed in an underground vault, rather than on overhead structures. The underground circuits are gas-insulated lines (GIL), rated at 4,000 amps (A) continuous and 63 kiloamps (kA) short circuit. transition stations between the GIL and the overhead line (OHL) will be constructed at the northern and southern terminus of the GIL vault.

Finally a new 115 kV Santa Rosa-Elsinore circuit will extend between the Applicant's new Santa Rosa Substation and SCE's existing 115 kV Elsinore Substation (Spring Street at Pottery Street, Lake Elsinore); and a new 115 kV Santa Rosa-Skylark circuit will extend between the Applicant's new Santa Rosa Substation and SCE's existing Skylark 115 kV Substation (Cordyon Street at Cereal Street, Lake Elsinore).

1.2 Substations

New substations/switchyards will be constructed near the proposed points of juncture with SCE's existing transmission system on the north and SDG&E's existing transmission system on the south. In addition, a new substation will be constructed at roughly the midpoint between the two endpoints known as the Santa Rosa Substation. Each of the proposed substations/switchyards is described below.

1.2.1 Northern (Lake) substation.

The northern connection and 500 kV switchyard will be located near Lee Lake (Corona Lake), in the unincorporated area of Alberhill in Riverside County. The new Northern (Lake) substation (500 kV and 13.8 kV station power) will be located on the northern side of the Interstate 15 (I-15) Freeway, in close proximity to SCE's existing 500 kV Valley-Serrano line. This new substation will occupy two pads with a total area of about 14 acres and consist of a new breaker and a half configuration. The loop in/out will be approximately half-way between SCE's existing Serrano substation (East Carver Lane, Orange, Orange County) and Valley substation (Menifee Road and Highway 74, Romoland, Riverside County).

1.2.2 Midpoint (Santa Rosa) substation.

The new Midpoint substation will be located south of Grand Avenue in the unincorporated Lakeland Village area of Riverside County. The proposed substation will occupy an area of about 40 acres. The distance between the Lake substation and the Santa Rosa substation (500 kV, 115 kV ties) is about 12.7 SM.

The substation will serve two local 115 kV circuits reinforcing SCE's Skylark and Elsinore Substations. The approximate load is 100 MW per circuit, for a total of 200 MW of new load served. The load served is the Lake Elsinore area both incorporated and unincorporated Riverside County. In addition, two 12.5 kV circuits will provide a direct connection to the Elsinore Valley Municipal Water District (EVMWD) to provide for their pumping needs.

The proposed Santa Rosa substation will enclose a breaker and a half, 500 kV configuration. The primary components of the switchyard include a switchyard control building, circuit breakers and disconnect switches, switchyard buses and structures, and microwave/telecommunication facilities.

1.2.3 Southern (Case Springs) substation.

The approximately 37 acre new Case Springs substation will be located near the SDG&E's existing 230 kV transmission lines on publicly owned lands near the northern border of Camp Pendleton and the southern border of the CNF. SDG&E's existing 230 kV transmission lines extend between SDG&E's existing Talega and Escondido substations. The distance between the new Case Springs substation (500 kV, 230 kV, 69 kV upgrades/voltage support) and the new Santa Rosa substation is about 16.5 SM. The new Southern substation will include flow control. Three phase-shifting transformers, sized for nominal operation at 25-30 degrees with a southern flow of 1,500 MW, are proposed.

2.0 Environmental Assessment:

TNHC has prepared a Proponent's Environmental Assessment (PEA) which includes analysis of potential environmental impacts that could be created by the construction and operation of the proposed project. The PEA concludes that all potential environmental impacts associated with the proposed project would be mitigated to less than significant levels through the implementation of mitigation measures.

Associated with TNHC's PEA is the FEIS prepared by FERC.

3.0 EMF Compliance:

The California Public Utilities Commission ("CPUC") requires utilities to employ "no cost" and "low cost" measures to reduce public exposure to electric and magnetic

fields (“EMF”). The TE/VS Interconnect is designed in accordance with the SCE "EMF Design Guidelines for New Electrical Facilities: Transmission Substation and Distribution", filed with the CPUC in compliance with CPUC Decision No. 93-1 1-01 3. TNHC will implement the measures for this project described in the Final Environmental Impact Statement prepared by FERC.

4.0 Public Review Process:

TNHC has applied to the CPUC for a Certificate of Public Convenience and Necessity for this project. Pursuant to the CPUC Rules of Practice and Procedure, any affected party may, within 30 days of the date on this notice, protest and request that the CPUC hold hearings on the application. If the CPUC as a result of its investigation determines that public hearings should be held, notice shall be sent to each person or entity who is entitled to notice or who has requested a hearing.

All protests must be mailed to the CPUC and TNHC concurrently and should include the following:

1. Your name, mailing address and day-time telephone number.

Reference to the CPUC Application Number and Project Name identified above.

A clear and concise description of the reason for the protest. Protests for this Application must be mailed within 30 CALENDAR DAYS to:

California Public Utilities
Commission
Docket Office, Room 2001
505 Van Ness Avenue
San Francisco, CA 94102

AND

The Nevada Hydro Company
Law Department
2416 Cades Way
Vista, CA 92081

AND

California Public Utilities
Commission
Director, Energy Division
505 Van Ness Avenue
San Francisco, CA 94102

For assistance in filing a protest, please call the CPUC Public Advisor in San Francisco at (415) 703-2074, or in Los Angeles at (21 3) 576-7057. To review a copy of TNHC’s Application, or to request further information, please contact:

Table H-1
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
CEQA Lead Agency	California Public Utilities Commission Attn: Paul Clanon, Executive Director 505 Van Ness Avenue San Francisco, California 94102 (415) 703-2782
State Clearinghouse	Governor's Office of Planning and Research - State Clearinghouse Attn: Terry Roberts, State Clearinghouse Director 1400 Tenth Street, Room 222 (P.O. Box 3044) Sacramento, California 95814 (Sacramento, California 95812-3044) (916) 445-0613
Regional Clearinghouse	Southern California Association of Governments Attn: Mark A. Pisano, Executive Director 818 W. Seventh Street, 12th Floor Los Angeles, California 90017 (213) 236-1800
Applicants	Elsinore Valley Municipal Water District Attn: Ronald Young, General Manager 31315 Chaney Street Lake Elsinore, California 92531 (951) 674-3146 The Hydro Company, Inc. (dba The Nevada Hydro Company, Inc.) Attn: Rexford Wait, Vice President 2416 Cades Way Vista, California 92083 (760) 599-0086
Participating Transmission Organizations	Southern California Edison Attn: Leslie E. Starck, Director of Federal Regulation and Contracts 2244 Walnut Grove Rosemead, California 91770 (626) 302-4883
Investor-Owned Utilities	San Diego Gas & Electric Attn: E. Gregory Barnes, Legal Counsel 101 Ash Street HQ 13D San Diego, California 92112 (619) 696-2000
California Independent System Operator	California Independent System Operator Attn: Yakout Mansour, President and Chief Executive Officer P.O. Box 639014 Folsom, California 95763-9014 (916) 608-1113

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
 ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
Potential Responsible Agencies	Elsinore Valley Municipal Water District Attn: Ronald Young, General Manager 31315 Chaney Street Lake Elsinore, California 92531 (951) 674-3146
	California Energy Commission Attn: B.B. Blevins, Executive Director 1516 Ninth Street Sacramento, California 95814-5512 (916) 654-4996
	California Fish and Game Commission Attn: John Carlson, Jr., Executive Director 1416 9 th Street, Room 1320 Sacramento, California 95814 (916) 653-4899
	California Department of Fish and Game, Region 5 Attn: Larry Eng, Regional Manager 4949 Viewridge Avenue San Diego, California 92123 (858) 467-4201
	California Department of Water Resources Attn: John L. Vrymoed, Acting Chief Division of Safety of Dams 1416 Ninth Street (P.O. Box 942836) Sacramento, California 94236-0001 (916) 653-5791
	California State Water Resources Control Board Attn: Russ J. Kanz 1001 I Street, 14 th Floor Sacramento, California 95814 (P.O. Box 2000, Sacramento, California 95812-2000) (916) 341-5341
	Regional Water Quality Control Board, Santa Ana Region (8) Attn: Gerald J. Thibeault, Executive Officer 3737 Main Street, Suite 500 Riverside, California 92501-3339 (951) 782-4130
	Regional Water Quality Control Board, San Diego Region (9) Attn: John Robertus, Executive Officer 9174 Sky Park Court, Suite 100 San Diego, California 92123-4340 (858) 627-3929
	California Department of Transportation, District 8 Attn: Michael Perovich, District Director 464 W. Fourth Street, 6 th Floor San Bernardino, California 92401-1400 (909) 383-6327

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
Potential Responsible Agencies (Continued)	California Department of Transportation, District 12 Attn: Mili Lim, Branch Chief 3337 Michelson Drive, Suite 380 Irvine, California 92612-8894 (949) 724-2167
	California Department of Parks and Recreation Office of Historic Preservation Attn: Milford Wayne Donaldson, State Historic Preservation Officer 1416 9 th Street, Room 1442 Sacramento, California 95814 (P.O. Box 942896, Sacramento, California 94296-0001) (916) 653-6624
	South Coast Air Quality Management District Attn: Barry R. Wallerstein, Executive Officer 21865 Copley Drive Diamond Bar, California 91765 (909) 396-2000
	San Diego Air Pollution Control District Attn: Dick Smith, Director 10124 Old Grove Road San Diego, California 92131 (858) 586-2600
	California Department of Industrial Relations Division of Occupational Safety and Health Attn: Len Welsch, Acting Chief 1515 Clay Street, Suite 1901 Oakland, California 94612 (510) 286-7000
	County of San Diego – County Administrative Office Attn: Walter F. Ekard, Chief Administrative Officer 1600 Pacific Highway, Room 209 San Diego, California 92101 (619) 531-5880
	County of Orange – County Administrative Office Attn: Thomas Mauk, County Executive Officer 10 Civic Center Plaza, 3 rd Floor (Building 10) Santa Ana, California 92701 (714) 834-2345
	County of Riverside – Riverside County Executive Office Attn: Jennifer Sargent, Senior Management Analyst 4080 Lemon Street, Fifth Floor Riverside, California 92501 (951) 955-1110
	Riverside County Flood Control and Water Conservation District Attn: Warren D. Williams, General Manager – Chief Engineer 1995 Market Street Riverside, California 92501 (951) 788-1200

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
Potential Responsible Agencies (Continued)	Riverside Local Agency Formation Commission Attn: George J. Spitiotis, Executive Officer 3850 Vine Street, Suite 110 Riverside, California. 92507-4277 (951) 369-0631
	City of Lake Elsinore Attn: Robert A. Brady, City Manager 130 S. Main Street Lake Elsinore, California 92530 (951) 674-3124
	Lake Elsinore Unified School District Attn: Mike Sattley, Director of Facilities Services 545 Chaney Street Lake Elsinore, California 92530 (951) 253-7000
	Eastern Municipal Water District Attn: Anthony J. Pack, General Manager 2270 Trumble Road Perris, California 92572-8300 (951) 928-3777
	California Coastal Commission San Diego Coast District Office Attn: Sherilyn Sarb, Deputy Director 7575 Metropolitan Drive, Suite 103 San Diego, California 92108-4402 (619) 767-2370
Potential Federal Agencies	Federal Energy Regulatory Commission - Hydro West Branch 2 Attn: Timothy J. Welch, Chief 888 First Street, NE Washington, DC 20426 (202) 502-6095
	United States Department of Energy Attn: Samuel W. Bodman, Secretary of Energy 1000 Independence Ave., SW Washington, DC 20585 (202) 586-6210
	United States Department of Agriculture – United States Forest Service Cleveland National Forest - Supervisor's Office Attn: Tina Terrell, Forest Supervisor 10845 Rancho Bernardo Road, Suite 200 San Diego, California 92127-2107 (951) 678-3700

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
 ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
Potential Federal Agencies (Continued)	United States Army Corps of Engineers, Los Angeles District Office Attn: Col. Alex C. Dornstauder, District Commander P.O. Box 532711 Los Angeles, California 90053-2325 (213) 452-3908
	United States Department of the Navy Office of the Secretary of the Navy Attn: The Honorable Dr. Donald C. Winter, Secretary 1000 – Navy Pentagon Washington, D.C. 20350-1000
	United States Department of the Navy, Southwest Division Attn: Lowell Martin, Planning/Business Team Lead Naval Facilities Engineering Command/Camp Pendleton Focus Team 1220 Pacific Highway San Diego, California 92132 (619) 532-4746
	United States Marine Corps – Camp Joseph H. Pendleton Attn: Larry Rannals, Community Plans & Liaison Officer Commanding General (Attn: CPL0) Box 555010 MCB Camp Pendleton, California 92055-5010 (760) 725-6513
	United States Environmental Protection Agency, Region 9 Attn: Wayne Nastri, Regional Administrator Office of the Regional Administrator 75 Hawthorne Street San Francisco, California 94105 (415) 947-8702
	United States Fish and Wildlife Service, Carlsbad Field Office Attn: Jim Bartel, Field Supervisor 6010 Hidden Valley Road Carlsbad, California 92011 (760) 431-9440
	National Marine Fisheries Service – Southwest Regional Office Attn: Rodney McInnis, Regional Administrator 501 West Ocean Boulevard Long Beach, California 90802-4213 (562) 988-4000
	Bureau of Land Management – Palm Springs South Coast Field Office Attn: Gail Acheson, Field Manager 690 W. Garnet Avenue (P.O. Box 581260) North Palm Springs, California 92258-1260 (760) 251-4800
	Advisory Council on Historic Preservation Attn: John M. Fowler, Executive Director 1100 Pennsylvania Avenue, MW, Suite 803 Old Post Office Building Washington, DC 20004 (202) 606-8503

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
 ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
	United States Bureau of Indian Affairs, Pacific Regional Office Attn: Clay J. Gregory, Regional Director 2800 Cottage Way Sacramento, California 95825 (916) 978-6000
Potentially Participating Municipal Utility Districts	City of Anaheim – Public Utilities Department Attn: Marcie Edwards, General Manager 201 South Anaheim Boulevard Anaheim, California 92803 (714) 765-3300
	City of Azusa – Light & Water Department Attn: Joseph F. Hsu, Director of Utilities 729 North Azusa Avenue (P. O. Box 9500) Azusa, California 91702 (626) 812-5225
	City of Banning – Electric Department Attn: James Earhart, Electric Utility Director 176 East Lincoln (P.O. Box 998) Banning, California 92220 (909) 922-3260
	City of Colton – Public Utilities Department Attn: Jeannette Olko, General Manager 650 North La Cadena Drive Colton, California 92324-2823 (909) 370-5099
	City of Riverside – Utilities Department Attn: David Wright, Public Utilities Director 3900 Main Street Riverside, California 92522 (909) 782-5781
Potential Trustee Agency	California Department of Fish and Game, Region 5 Attn: Larry Eng, Regional Manager 4949 Viewridge Avenue San Diego, California 92123 (858) 467-4201
	California State Lands Commission Attn: Paul D. Thayer, Executive Officer 100 Howe Avenue, Suite 100 South Sacramento, California 95825-8202 (916) 574-1800

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
Tribal Governments (Recognized)	<p>Agua Caliente Band of Cahuilla Indians Attn: Richard Milanovich, Chairperson 600 E. Tahquitz Canyon Palm Springs, California 92262 (760) 325-3400</p>
	<p>Juaneno Band of Mission Indians, Acjachemen Nation Attn: Anthony Rivera, Chairperson 31411-A La Matanza Street San Juan Capistrano, California 92675 (949) 488-3484</p>
	<p>La Jolla Band of Mission Indians Attn: Tracy Lee Nelson, Chairperson 22000 Highway 76 Pauma Valley, California 92061 (760) 742-3771</p>
	<p>Pala Band of Mission Indians Attn: Robert Smith, Chairperson 35008 Pala Temecula Road, PMB 50 Pala, California 92059 (760) 591-0926</p>
	<p>Pauma/Yuima Band of Mission Indians Attn: Chistobal C. Devers, Chairperson P.O. Box 369 Pauma Valley, California 92061 (760) 742-1289</p>
Tribal Governments (Unrecognized)	<p>Pechanga Band of Mission Indians Attn: Mark A. Macarro, Chair P.O. Box 1477 Temecula, California 92593 (909) 676-2768</p>
	<p>Rincon Band of Mission Indians Attn: John Currier, Chairperson P.O. Box 68 Valley Center, California 92082 (760) 749-1051</p>
	<p>Gabrieleno/Tongva Tribal Council of San Gabriel Attn: Anthony Morales, Tribal Chairperson P.O. Box 693 San Gabriel, California 91776 (626) 286-1632</p>
	<p>Juaneno Band of Mission Indians Attn: Anthony Belardes, Chairman 31742 Via Belardes San Juan Capistrano, California 92675 (949) 493-4933</p>

Table H-1 (Continued)
**AGENCIES, ORGANIZATIONS, AND INDIVIDUALS
 ASSOCIATED WITH THE PROPOSED PROJECTS**

Association	Contact
Tribal Governments (Unrecognized) (Continued)	Juaneno Band of Mission Indians Attn: Sonia Johnston, Chairperson 27001 La Paz Road, Suite 330 Mission Viejo, California 92691 (949) 462-0710
	San Luis Rey Band of Mission Indians Attn: Richard Estrada, Chairperson 1042 Highland Drive Vista, California 92083

Table H-2
DISCRETIONARY PERMITS, APPROVALS, AND CONSULTATION

Federal Agencies¹	
Federal Energy Regulatory Commission Hydro West Branch 2 888 First Street, NE Washington, DC 20426	Federal hydropower license
Secretary of Energy United States Department of Energy 1000 Independence Ave., SW Washington, DC 20585	Consultation
United States Forest Service Cleveland National Forest Trabuco Ranger District 1147 E. Sixth Street Corona, California 92879	Forest Plan amendment SUP authorization Easements or other real property conveyances Forest plan amendment or interpretation Timber settlement sale
Bureau of Land Management Palm Springs South Coast Field Office 690 W. Garnet Avenue (P.O. Box 581260) North Palm Springs, California 92258-1260	Easements or other real property conveyances
U.S. Environmental Protection Agency, Region 9 75 Hawthorne Street San Francisco, California 94105	Conformity determination Prevention of significant deterioration permit
United States Department of the Interior United States Fish and Wildlife Service Carlsbad Field Office 6010 Hidden Valley Road Carlsbad, California 92011	Section 7 consultation Take authorization
National Marine Fisheries Service Southwest Region - Habitat Conservation Division 501 West Ocean Boulevard, Suite 4200 Long Beach, California 90802	Section 7 consultation Take authorization
United States Department of the Interior Office of the Secretary of the Interior 1849 "C" Street N.W. Washington, DC 20240	Notification of impending loss of archaeological resources
United States Department of the Interior San Francisco Region 600 Harrison Street, Suite 515 San Francisco, California 94107-1376	Notification of impending loss of archaeological resources
United States Army Corps of Engineers Los Angeles District 911 Wilshire Boulevard P. O. Box 2711 Los Angeles, California 90053-2325	Section 404 individual or nationwide permit Section 10 permit
United States Department of the Navy Office of the Secretary of the Navy 1000 – Navy Pentagon Washington, D.C. 20350-1000	License for non-federal use of real property
United States Department of the Navy Southwest Division 1220 Pacific Highway San Diego, California 92132	License for non-federal use of real property

Table H-2 (Continued)
DISCRETIONARY PERMITS, APPROVALS, AND CONSULTATION

Federal Agencies (Continued)	
United States Marine Corps Camp Joseph H. Pendleton Natural Resources Department Box 555010 Camp Pendleton, California 92055-5010	License for non-federal use of real property Base Commander General consultation
Federal Aviation Administration Western-Pacific Region - Air Traffic Division 1500 Aviation Boulevard Hawthorne, California 90250	Notice of proposed construction or alteration (Form 746001)
National Park Service Pacific West Region 600 Harrison Street, Suite 600 San Francisco, California 94107	Section 106 consultation
Advisory Council on Historic Preservation 1100 Pennsylvania Avenue, MW, Suite 803 Old Post Office Building Washington, DC 20004	Section 106 consultation
United States Bureau of Indian Affairs Pacific Regional Office 2800 Cottage Way Sacramento, California 95825	Section 106 consultation
State Agencies	
California Public Utilities Commission 505 Van Ness Avenue San Francisco, California 94102	Certificate of public convenience and necessity Permit to construct CEQA Certification and Finding
California Energy Commission 1516 Ninth Street Sacramento, California 95814-5512	Electric transmission corridor designation (SB1059)
California Independent System Operator P.O. Box 639014 Folsom, California 95763-9014	Acceptance of operational control
California Department of Water Resources Southern District 770 Fairmont Avenue Glendale, California 91203	Certificate of approval of plans and specifications
California Department of Water Resources Division of Safety of Dams 2200 "X" Street, Suite 200 Sacramento, California 95818-2502 P. O. Box 942836 Sacramento, California 94236-0001	Certificate of approval of plans and specifications
California Department of Fish and Game South Coast, Region 5 4949 Viewridge Avenue San Diego, California 92123	Streambed alteration agreement
California Department of Fish and Game Eastern Sierra and Inland Desert Region, Region 6 3602 Inland Empire Boulevard, Suite C-220 Ontario, California 91764	Streambed alteration agreement

Table H-2 (Continued)
DISCRETIONARY PERMITS, APPROVALS, AND CONSULTATION

State Agencies (Continued)	
California Fish and Game Commission 1416 9th Street, Room 1320 Sacramento, California 95814	Application for fishway
State Water Resources Control Board Division of Water Rights 1001 "I" Street P.O. Box 2000 Sacramento, California 94814	Statement of water diversion and use Permit to appropriate water Section 401 water quality certification
California Regional Water Quality Control Board Santa Ana Region (8) 3737 Main Street, Suite 500 Riverside, California 92501	Section 401 water quality certification NPDES and associated storm water permits Storm water pollution prevention plan
California Regional Water Quality Control Board San Diego Region (9) 9174 Sky Park Court, Suite 100 San Diego, California 92123-4340	Section 401 water quality certification NPDES and associated storm water permits Storm water pollution prevention plan
California Department of Transportation, District 8 464 W. Fourth Street, 6 th Floor San Bernardino, California 92401-1400	Highway crossing permit Right-of-way easements Encroachment permit
South Coast Air Quality Management District 21865 E. Copley Drive Diamond Bar, CA 91765	Permit to construct Permit to operate
San Diego County Air Pollution Control District 9150 Chesapeake Drive San Diego, CA 92123-1096	Permit to construct Permit to operate
California Department of Industrial Relations Division of Occupational Safety and Health 1515 Clay Street, Suite 1901 Oakland, California 94612	Construction activities permit Tower cranes permit Helicopter operations permit Tunneling permit
California State Lands Commission 100 Howe Avenue, Suite 100 South Sacramento, California 95825-8202	Lease or permit for use of non-tidal navigable waters
Local Agency Formation Commission 3850 Vine St, Suite 110 Riverside, California, 92507-4277	Change of organization
California Coastal Commission San Diego Coast District Office 7575 Metropolitan Drive, Suite 103 San Diego, California 92108-4402	Consultation
Local Agencies	
Elsinore Valley Municipal Water District 31315 Chaney Street Lake Elsinore, California 92531	Operating agreement Water purchase agreement
Eastern Municipal Water District 2270 Trumble Road Perris, California 92572-8300	Water purchase agreement

Table H-2 (Continued)
DISCRETIONARY PERMITS, APPROVALS, AND CONSULTATION

Local Agencies (Continued)	
County of Riverside Planning Department 4080 Lemon Street P.O. Box 1409 Riverside, California 92502-1409	MSHCP permit General plan amendment and zone change Tentative map, easement, or lot line adjustment Dedication and acceptance Conditional use permit NPDES and associated storm water permits Stormwater pollution prevention plan
County of Riverside Flood Control and Water Conservation District 1995 Market Street Riverside California, 92501	Development review Flood hazard report and conditions Cooperative agreement Encroachment permit Site plan review
Riverside County Health Department Environmental Health Services 4065 County Circle Drive, Room 123 Riverside, California 92503	Drilling permit (water well)
County of San Diego Planning and Land Use Department 5201 Ruffin Road, Suite B San Diego, California 92123	Tentative map, easement, or lot line adjustment NPDES and associated storm water permits Stormwater pollution prevention plan Building permits
County of San Diego Department of Environmental Health Land and Water Quality Division P.O. Box 129261 San Diego, California 91221-9261	Drilling permit (water well)
City of Lake Elsinore Community Development Department 130 S. Main Street Lake Elsinore, California 92530	Tentative map, easement, or lot line adjustment Rezoning and annexation General Plan amendment and zone change Shoreline buffer zone Dedication and acceptance Design review
Metropolitan Water District of Southern California 700 North Alameda Street Los Angeles, California 90012-2944 P.O. Box 54153 Los Angeles, California 90054-0153	Real property conveyance or encroachment permit Water purchase agreement
Western Riverside County Regional Conservation Agency 4080 Lemon Street, Twelfth floor Riverside, California 92501	Real property conveyance or encroachment permit Joint project review
Western Riverside County Regional Conservation Agency 4080 Lemon Street, Twelfth floor Riverside, California 92501	Real property conveyance or encroachment permit Joint project review
Lake Elsinore Unified School District 545 Chaney Street Lake Elsinore, California 92530	School or facilities agreement

Table H-2 (Continued)
DISCRETIONARY PERMITS, APPROVALS, AND CONSULTATION

Tribal Governances	
Agua Caliente Band of Cahuilla Indians 600 E. Tahquitz Canyon Palm Springs, California 92262	Section 106 consultation
Juaneno Band of Mission Indians Acjachemen Nation 31411-A La Matanza Street San Juan Capistrano, California 92675	Section 106 consultation
La Jolla Band of Mission Indians 22000 Highway 76 Pauma Valley, California 92061	Section 106 consultation
Pala Band of Mission Indians 35008 Pala Temecula Road, PMB 50 Pala, California 92059	Section 106 consultation
Pauma/Yuima Band of Mission Indians P.O. Box 369 Pauma Valley, California 92061	Section 106 consultation
Pechanga Band of Mission Indians P.O. Box 1477 Temecula, California 92593	Section 106 consultation
Rincon Band of Mission Indians P.O. Box 68 Valley Center, California 92082	Section 106 consultation
Gabrieleno/Tongva Tribal Council of San Gabriel P.O. Box 693 San Gabriel, California 91776	Section 106 consultation
Juaneno Band of Mission Indians 31742 Via Belardes San Juan Capistrano, California 92675	Section 106 consultation
Juaneno Band of Mission Indians 27001 La Paz Road, Suite 330 Mission Viejo, California 92691	Section 106 consultation
San Luis Rey Band of Mission Indians 1042 Highland Drive Vista, California 92083	Section 106 consultation
Participating Investor-Owned Utilities	
Southern California Edison 2244 Walnut Grove Rosemead, California 91770	Power purchase agreement
Southern California Gas & Electric Attn: E. Gregory Barnes, Legal Counsel 101 Ash Street HQ 13D San Diego, California 92112	Power purchase agreement

Table H-2 (Continued)
DISCRETIONARY PERMITS, APPROVALS, AND CONSULTATION

Participating Municipal Utility Districts	
City of Anaheim - Public Utilities Department 201 South Anaheim Boulevard Anaheim, California 92803	Power purchase agreement
City of Azusa - Light & Water Department 729 North Azusa Avenue (P. O. Box 9500) Azusa, California 91702	Power purchase agreement
City of Banning - Electric Department 176 East Lincoln (P.O. Box 998) Banning, California 92220	Power purchase agreement
City of Colton – Public Utilities Department 650 North La Cadena Drive Colton, California 92324-2823	Power purchase agreement
City of Riverside - Utilities Department 3900 Main Street Riverside, California 92522	Power purchase agreement

jaa@cpuc.ca.gov	Joseph A. CASE	Abhulimen ADMINISTRATION	CALIF PUBLIC UTILITIES COMMISSION	ELECTRICITY PLANNING & POLICY BRANCH	505 VAN NESS AVENUE	SAN FRANCISCO	CA	94102-321-
case.admin@sce.com	RUTH PHILIPPE	ATKINS AUCLAIR	SOUTHERN CALIFORNIA EDISON COMPANY	LAW DEPARTMENT, ROOM 370	2244 WALNUT GROVE AVENUE, ROOM 370	ROSEMEAD	CA	91770
jaratkin@verizon.net	JACQUELINE YVONNE	AYER BANER			15237 LAKE TRAIL CIRCLE	LAKE ELSINORE	CA	92530
philha@astound.net	ROBERT	BANOCZI			11 RUSSELL COURT	WALNUT CREEK	CA	94598
AirSpecial@aol.com	Blillie C. BOB & MARY	Blanchard BOEM	CALIF PUBLIC UTILITIES COMMISSION	ENERGY DIVISION	2010 WEST AVENUE K, NO. 701	LANCASTER	CA	93536
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tbo@cpuc.ca.gov	JOHN GARRY	BROWN BROWN	CALIF PUBLIC UTILITIES COMMISSION	LEGAL DIVISION	38275 VIA HUERTA	MURRIETA	CA	92562
john.brown@bbklaw.com	JOHN KEITH E.	COLE	BEST BEST & KRIEGER		505 VAN NESS AVENUE	SAN FRANCISCO	CA	94102-321-
Garry@coastkeeper.org	ARTHUR F. CASE	COON	ORANGE COUNTY COASTKEEPER		42890 AVENIDA PERRIS	MURRIETA	CA	92562
jbuse@biologicaldiversity.org	LINDA SUSAN	COPPOLA	CENTER FOR BIOLOGICAL DIVERSITY		505 VAN NESS AVENUE	SAN FRANCISCO	CA	94102-321-
jane.lee.cole@sce.com	Robert MRS. CHARLES T.	Elliott FEENEY			3750 UNIVERSITY AVENUE, SUITE 400	RIVERSIDE	CA	92502
afc@msrlegal.com	JULIE L. JERRY	FRICK	MILLER, STAR & REGALIA		3151 AIRWAY AVE. SUITE F-110	COSTA MESA	CA	92626
regrelcpucases@pge.com	STEVE CHRISTINE A.	GIRALDIN	PACIFIC GAS AND ELECTRIC COMPANY		5856 S. DORCHESTER AVE. NO 3	CHICAGO	IL	60637
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jfieber@flk.com	JENNIFER JENNIFER R.	HASBROUCK HASBROUCK			2244 WALNUT GROVE	ROSEMEAD	CA	91770
gfrick@cosmoaccess.net	Gregory TALLY	Heiden HOFFMAN			1331 NO. CALIFORNIA BLVD., FIFTH FLOOR	WALNUT CREEK	CA	94596
FGolden@Aspeneg.com	MICHAEL & JOANN DAVID	JUHA KATES			PO BOX 770000; MC B9A	SAN FRANCISCO	CA	94177
igrau@energy.state.ca.us	Victoria S ED & GERT	Kolakowski LA FASO	CALIF PUBLIC UTILITIES COMMISSION		1311 PAJERO DRIVE	CORONA	CA	92882
Jennifer.hasbrouck@sce.com	PAUL C. GAYLE	LACOURCIERE LARSSON			37961 CALLE DE LOBO	MURRIETA	CA	92562
gxh@cpuc.ca.gov	CLARE RICHARD	LAUFENBERG LEE	CALIF PUBLIC UTILITIES COMMISSION	ENERGY DIVISION	505 VAN NESS AVENUE	SAN FRANCISCO	CA	94102-321-
dkates@sonic.net	SUSAN V. JANE	LEE			38835 AVENIDA LA CRESTA	MURRIETA	CA	92562
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placourciere@thelenreid.com	Chloe HARRIET	Lukins MICHLIN			20047 CORTE FLORENIA	MURRIETA	CA	92562
Claufenb@energy.state.ca.us	LOULENA A. MARISA	MILES MITCHELL	THE NEVADA HYDRO COMPANY		4271 BAGGETT DR	RIVERSIDE	CA	92505
slee@aspeneg.com	GREGORY M. PAUL S.	MURPHY	CALIF PUBLIC UTILITIES COMMISSION		39100 VISTA DEL BOSQUE	MURRIETA	CA	92562
jane.lee.cole@sce.com	KEVIN ANNIE & ALAN	O'BEIRNE OMENS			40080 VIA CABALLOS	MURRIETA	CA	92562
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clu@cpuc.ca.gov	HAROLD LEE	RAMSER REEDER			1516 NINTH STREET MS-46	SACRAMENTO	CA	95814-551-
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annie.omens@gmail.com	PAUL A. PHYLLIS	SZYMANSKI TAYLOR			38632 VIA MAJORCA	MURRIETA	CA	92595
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Podgorsky@wrightlaw.com	REXFORD JACK R.	VELYVIS WAIT			444 SOUTH FLOWER STREET, SUITE 2400	LOS ANGELES	CA	90071
Lee@jewaterkeeper.org	BOB KEVIN	WINN WOODRUFF			20855 AVENIDA CASTILLA	MURRIETA	CA	92562
jennifer.hasbrouck@sce.com	Michael RONALD E	Yeo YOUNG, P.E., DEE			8330 CENTURY PARK COURT, CP32D	SAN DIEGO	CA	92123
merilr@verizon.net					41955 AVENIDA LA CRESTA	MURRIETA	CA	92562
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mrw@mrwassoc.com					38000 VIA BAYA	MURRIETA	CA	92562
					101 ASH STREET HQ 12	SAN DIEGO	CA	92101
					27325 VIA CAPRI	SAN JUAN CAPISTRANO	CA	92675
					1200 G STREET, N.W., SUITE 600	WASHINGTON	DC	20005
					38351 VIA MAJORCA	MURRIETA	CA	92562
					505 VAN NESS AVENUE	SAN FRANCISCO	CA	94102-321-
					1331 NORTH CALIFORNIA BLVD	WALNUT CREEK	CA	94596
					2416 CADES WAY	VISTA	CA	92081
					21285 AVENIDA INSOOK	MURRIETA	CA	92562
					21410 AVENIDA DE ARBOLES	MURRIETA	CA	92562-910-
					1100 K STREET, SUITE 204	SACRAMENTO	CA	95814
					505 VAN NESS AVENUE	SAN FRANCISCO	CA	94102-321-
					31315 CHANEY STREET	LAKE ELSINORE	CA	92531-300-
					425 DIVISADERO ST. SUITE 303	SAN FRANCISCO	CA	94117-224-
					1814 FRANKLIN STREET, SUITE 720	OAKLAND	CA	94612

List of Newspapers Receiving Notice

Section XI-A of General Order 131-D requires the applicant to notify the public of its filing “within ten days of filing the application,” by, among other means, newspaper advertisements “in the county or counties where the proposed facilities will be located,” plus at least one more advertisement in each publication a week later. TNHC is publishing notice in the following newspapers:

Newspaper	Area Served
Press-Enterprise	Riverside County
Orange County Register	Orange County
North County Times	San Diego County

Declaration of Posting

I, Rexford Wait, on June 17, 2009, will post the Talega–Escondido/Valley–Serrano 500kv Interconnect Project route with the Notice of an Application for a Certificate of Public Convenience and Necessity with the California Public Utilities Commission in accordance with General Order 131-D, Section XI.A.3.

I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge.

Executed this ____ day of _____, 2009, at _____, California.

APPENDIX I

**FINANCIAL STATEMENTS FOR
TALEGA-ESCONDIDO/VALLEY-SERRANO 500 kV INTERCONNECT
PROJECT**

APPENDIX I

FINANCIAL STATEMENTS FOR TALEGA-ESCONDIDO/VALLEY-SERRANO

500 KV INTERCONNECT PROJECT

Rule 3.1(g) requires that an Applicant for a CPCN provide “Statements or exhibits showing the financial ability of the applicant to render the proposed service together with information regarding the manner in which applicant proposes to finance the cost of the proposed construction or extension.”

On May 20, 2009 Nevada Hydro engaged CIT Capital Securities LLC (“CIT”), a subsidiary of CIT Group (New York), to raise development capital to complete the development of TE/VS and to raise project capital to finance the construction and permanent operation of the TE/VS Interconnect. CIT serves as a financial advisor and lender to power and industrial projects throughout North America. Its principals have several decades of experience raising development and project capital for construction project financings.

CIT has analyzed available financial structures and anticipates the construction and permanent operation of the TE/VS Interconnect to be financed with non-recourse project debt and project equity predicated on expected cash flows from project operations. CIT contemplates project financing for TE/VS to be arranged at an operating company level (“OpCo”) and at a holding company level (“HoldCo”). Debt financing at OpCo would be based on FERC’s capital structure for the Project (currently 50/50% debt/equity during construction). Project Equity and additional debt are expected to be raised at the HoldCo level.

APPENDIX J

**DISCLOSURE OF INTERESTS FOR
TALEGA-ESCONDIDO/VALLEY-SERRANO 500 kV INTERCONNECT
PROJECT**

APPENDIX J
DISCLOSURE OF INTERESTS FOR
TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT
PROJECT

Rule 3.1(i) and GO 104-A require that TNHC report the material financial interests of its directors, members, partners and/or any associated or affiliated company, in transactions connected to the construction of the TE/VS transmission project.

Affiliates include “any company or person whether or not engaged in public utility operations that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the utility.”

At this time, TNHC has no such interests to report.