



THE HYDRO COMPANY, INC.

DBA THE NEVADA HYDRO COMPANY, INC.

DOCKET

09-IEP-1

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November 4, 2009

Docket Office
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

RE: **2009 Integrated Energy Policy Report Proceedings -Docket 09-IEP-1**
The Lake Elsinore Advanced Pumped Storage and
Talega-Escondido/Valley-Serrano 500 kV Interconnect Projects
FERC Dockets: P-11858, ER06-278, ER08-654, AD09-8

Dear Sirs,

The Nevada Hydro Company ("NHC") appreciates the opportunity to thank the California Energy Commission ("Commission") for its continuing support for NHC's Lake Elsinore Advanced Pumped Storage ("LEAPS") project and its related transmission line, known as the Talega-Escondido/Valley-Serrano 500 kV Interconnect ("TE/VS Interconnect") project. We are particularly grateful to note the Commission's continuing support expressed in:

- **The 2009 Strategic Transmission Investment Plan, Draft Joint Committee Report, CEC-700-2009-011-CTD**
- **The 2009 Integrated Energy Policy Report, Draft Committee Report, CEC-100-2009-003-CTD**

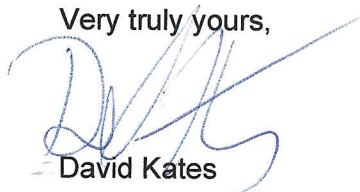
As we noted in our comments to the 2007 Integrated Energy Policy Report, the inclusion of our Projects in the final Plan reinforces the Federal Energy Regulatory Commission's ("FERC") independent findings of the need for and benefits to be derived from these Projects. The construction of new transmission and pumped storage hydroelectric ("PSH") facilities within the southern California load center will enhance grid reliability and greatly assist the State of California in its quest to deliver new renewable resources. This is critical to ratepayers, to attain the goals established under the renewable portfolio standards, and to aggressively reduce greenhouse gas emissions associated with conventional fossil-fuel power sources.

While the Commission has continued to do a stellar job in assessing and planning for expansions to the state's electrical system, NHC is concerned about the trend, at other State agencies, to discourage projects proposed by so-called "independent transmission companies" (like NHC), no matter the benefits they may offer the State and its ratepayer's. The Commission's commitment to "ensure reliable, secure, and diverse energy supplies; enhance the state's economy; and protect public health and safety" provides a model that other State agencies should emulate.

Finally, and as you may be aware, for the past several years, FERC's ability to issue a permit that will allow construction of the LEAPS project has been stymied by a single agency: the State Water Resources Control Board ("Board"). Although the project has received high marks from the local water board, the state Board has simply refused to act. This delay stands in the face of the Commission's directives to expedite processing, and has prevented the over 4 million labor hour required to build the projects from coming into being, this in an area desperately in need of quality (and largely union) jobs.

TNHC supports the Commission's planning endeavors and efforts to address the State's energy needs. We trust that other state agencies will view the continuing inclusion of LEAPS and TE/VS Interconnect Projects in the above referenced Reports as a reminder to do their jobs for the benefit of the State's ratepayers rather than to benefit special interests.

Very truly yours,



David Kates