

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

947



FROM: Executive Office

SUBMITTAL DATE:
July 15, 2008

SUBJECT: Lake Elsinore Advanced Pumped Storage (LEAPS) Project

RECOMMENDED MOTION: That the Board of Supervisors receive and file the update on the Lake Elsinore Advanced Pumped Storage (LEAPS) Project.

BACKGROUND: The Executive Office is responsible for providing updates to the Board of Supervisors on a quarterly basis concerning the LEAPS Project.

(Continued)

Departmental Concurrence

Michael R. Shetler

Michael R. Shetler, Senior Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/2009

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

Gary M. Christmas

County Executive Office Signature

Gary M. Christmas, Deputy CEO

- Consent
- Policy
- Consent
- Policy

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 2.14 on 10/2/07, 2.4 of 1/8/08, 2.2 of 4/1/08 | District: 1 | Agenda Number:

2.4

PAGE 2

BACKGROUND CONTINUED:

In April of 2008, an Elsinore Valley Municipal Water District (EVMWD) board member inadvertently released a 2006 confidential economic analysis developed by Economic Insight, Inc., on behalf of the EVMWD, to the press. The contents of the report cast doubts on the financial viability of the project.

In May of 2008, the Federal Energy Regulatory Commission (FERC) made a licensing agreement ruling, in which the commission wrote that the project "is really two separate projects with distinct benefits and attributes."

The EVMWD opposes a lines-only project because it would not benefit the ratepayers. The pumped-storage facility, however, would help improve lake quality and stabilize lake levels.

On June 26, 2008, the Board of Directors for EVMWD held a public hearing to evaluate whether EVMWD should cancel all contracts and licensing requests related to the proposed Lake Elsinore hydroelectric plant and power lines. A decision was made by the EVMWD Board to have their staff attorney further investigate the liability associated with such an action and provide a report on possible options.

EVMWD is a co-applicant with Nevada Hydro, Inc on the FERC license request and a permit request with the U.S. Forest Service to run lines through the Cleveland National Forest. The impact of a potential pullout by EVMWD on these permits is unclear.

No final decisions have been made by the FERC or the California Public Utilities Commission (CPUC) on the LEAPS Project.

The Executive Office will continue to monitor the LEAPS Project and provide a supplemental update if any significant new information or pressing issues need to be addressed between now and the next quarterly reporting period.