

The Nevada Hydro Company (Nevada Hydro) has reviewed the presentations and has the following comments:

Comments on the September 25, 2013 Day 1 Presentation:

- 1 In Slide 25 of Mr. Chen's presentation with regard to SDG&E assessment results, "Alternative A" precisely describes Nevada Hydro's Talega-Escondido/Valley-Serrano 500 kV Interconnect Project (TE/VS Interconnect). SDG&E and the CAISO are well aware of this project and of the actual benefits it provides. Nevada Hydro is submitting this project to the CAISO's Request Window.
- 2 Mr. Sparks presentation regarding "non-conventional solutions" to address local needs in the TPP appears to Nevada Hydro as a request that Nevada Hydro submit its 500 MW Lake Elsinore Advanced Pumped Storage (LEAPS) project to the CAISO's Request Window. Please advise Mr. Sparks that Nevada Hydro is filing LEAPS to the current TPP Request Window.

Comments on the Day 2 Presentation on September 26, 2013:

1. Alternative 2A, on page 11 of the presentation with note 1 again precisely describes Nevada Hydro's TE/VS Interconnect. Nevada Hydro has undertaken an extensive amount of work on this connection, it has been reviewed by the CAISO on numerous occasions, and is being submitted once again to the Request Window. Nevada Hydro notes that its TE/VS Interconnect could be in service in 2016 and would cost less than half the \$1.6 billion to \$1.9 billion estimated by SDG&E.
2. The Imperial Valley Flow Control project has not been shown by SDG&E to be able to solve the listed "Driving Factors". It appears to be an opening idea presentation without background support.
3. The cost estimates for the reactive support-voltage control equipment presented do not appear to match the equipment described. Much more detail in pricing and contingency

- testing is required before this proposal should be seen as real.
4. (See Pages 47 to 54 of Presentation) Testing of the L-1-1 of loss of Imperial Valley-Miguel and Imperial Valley-Suncrest was not reported to have been conducted by SCE. Initial testing by Nevada Hydro of the 500 kV loop-in to Mesa showed that for this contingency, the entire L.A. Basin area and SDG&E load area will suffer a voltage collapse.

Finally, as Nevada Hydro has done quite a bit of independent analysis on the situation in Southern California with the demise of SONGS, Nevada Hydro is including for consideration by the parties to this proceeding a number of extensions to Nevada Hydro's TE/VS Interconnect, which, in Nevada Hydro's view, solve many of the issues the CAISO has identified in a far easier and less costly manner than the grandiose schemes identified in these presentations. These suggestions may be found in the attached PowerPoint.

Nevada Hydro looks forward to the opportunity to review the comments of other participants, and is available to answer questions.

Thank you very much,

David Kates
For The Nevada Hydro Company