



Eagle Crest
Energy Company

STATE WATER RESOURCES
CONTROL BOARD
2008 SEP 26 AM 11:38
DIV. OF WATER RIGHTS
SACRAMENTO

September 26, 2008

Camilla Williams, C.E.G.
Chief, Water Rights Processing Unit
State Water Resources Control Board
1001 I Street, 14th Floor
Sacramento, California 95814

Re: Eagle Crest Energy, Eagle Mountain Pumped Storage Project, Request for Jurisdictional Determination for Application for Water Quality Certification

Dear Ms. Williams:

Consistent with its obligations under the regulations of the Federal Energy Regulatory Commission (FERC), Eagle Crest Energy Company submits its application to the State Water Resources Control Board (Board) for Water Quality Certification pursuant to §401 of the Clean Water Act for the Eagle Mountain Pumped Storage Hydroelectric Project. A copy of our draft Application for License in the FERC licensing proceeding was previously provided to the Board at our meeting August 25, 2008, to accompany this request.

As we have discussed in meetings with you and your staff on August 25 and September 19, the Eagle Mountain Pumped Storage Project is a 1,300 MW electrical generation project that will be constructed beneath Eagle Mountain in the California Desert at the old Eagle Mountain Mine site. Former mine pits will form the upper and lower reservoirs, which will be linked by subsurface tunnels to convey water through four reversible turbines (325 MW each) to alternately pump water to the upper reservoir, and release water for power generation. The lower reservoir will be initially filled from groundwater (25,000 acre-feet), and the system will operate as a closed loop. Annual make-up water ($\pm 2,400$ acre-feet) will be added to compensate for seepage and evaporation losses. The project is unique in that it does not involve any surface

One El Paseo West Building
74-199 El Paseo, Suite 204
Palm Desert, California 92260
Phone: (760) 346-4900 / Fax: (760) 346-4911

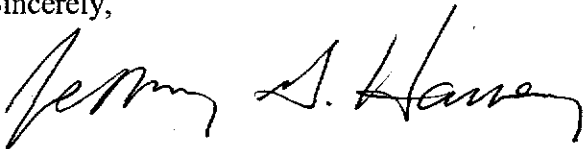
water system (stream, lake or wetland), and has no discharge off-site. The transmission line does cross dry desert washes which will be completely avoided by locating the towers on upland areas and spanning the channels. The switchyard and interconnection substation will also be located in upland areas and will not encroach on any wetlands or channels.

As mentioned in our September 19, 2008 meeting, whether this unique project presents a jurisdictional premise for Board certification under §401 of the Clean Water Act is a significant issue. In order to assure clear communication with FERC, we do request that in taking action on this application the Board clearly state its determination with respect to the jurisdictional issue.

Our check to cover the required application fee assessment for a 1,300 MW project is enclosed in the amount of \$170,000. Our sincere thanks to you and your staff for your time and thoughtful advice thus far. We appreciate your consideration of this matter and look forward to your determination at your earliest convenience.

Please don't hesitate to call me at (916) 799-6065, or Eagle Crest Energy's President Art Lowe at (760) 346-4900, if you have any questions or need additional information.

Sincerely,



Jeffrey G. Harvey, Ph.D.
Project Director and Owner's Representative

Attachment: Check No. 1203