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Email/Federal Express

West-wide Energy Corridor PEIS
Attention: Laverne Kyriss
Federal Energy Corridors Project Manager
Argonne National Laboratory
9700 S. Cass Avenue, Bldg 900 Mail Stop 4
Argonne, Illinois 60439

Client: Bright-Holland Co.
Subject: West-wide Energy Corridor Programmatic EIS
File: 48651.054

Please be advised my office represents Bright-Holland Co. ("Bright-Holland"), a Nevada corporation and Jackrabbit Properties, LLC ("Jackrabbit"), a Nevada limited liability company (collectively "BHC"). BHC owns approximately 74,000 acres and is a significant property owner in the planning area subject to the draft West-wide Energy Corridor Programmatic EIS ("PEIS"). The properties most severely affected by the PEIS are located in northwest Nevada and are shown on the attached maps (**Exhibits A and B**).

This letter will comment on the draft PEIS for the designation of energy corridors on federal land in 11 western states in accordance with Section 368 of the Energy Policy Act of 2005. Furthermore, pursuant to your request, our comments include suggested changes, sources, or methodologies and where possible, refer to a section or page number and not just our opinions and preferences. As a result, we appreciate a formal response to these comments from the appropriate agencies. We also understand the final PEIS is anticipated to be issued in late Spring 2008. We would also request a meeting to further clarify our position.

Although the energy corridor must be designated only on federal lands, the enclosed maps show the proposed corridor entering onto private lands and is aligned immediately adjacent to private lands and, therefore, will have a significant, adverse impact on these private lands. Specifically in this case, these private lands are zoned for large lot residential development and recreational uses and in many cases, contain unique and high value natural resources that would be adversely impacted by proposed corridor #16-104. As a result, a 3500 wide utility corridor with multiple energy projects will destroy the value of these properties. Accordingly, these comments request the 3500 foot wide corridor be realigned to minimize impacts on these residentially zoned and recreational properties on adjoining federal lands. Recommended corridor modifications and the rationale for recommended modifications are shown on the attached maps (**Exhibits A and B**) and are summarized later in this letter.

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Please note, Section 368 of the Energy Policy Act of 2006 ("EP Act") requires the Secretary of Agriculture, Secretary of Commerce, Secretary of Defense, Secretary of Energy and Secretary of Interior to consult with government agencies, utility industries, and other interested persons before designating oil, gas and hydrogen pipelines and electricity transmission and distribution facilities on federal land in the 11 contiguous western states after performing the required environmental reviews. Assuming the environmental reviews are completed, the stakeholders will then incorporate the designated corridors into the relevant agency land use plans, resource management plans or equivalent plans. Section 368 corridors should take into consideration the same type of environmental impact reviews similarly encountered during the NEPA process, otherwise, the designated corridor may not be sustainable. This PEIS must satisfy the NEPA process and address potential conflicts among the agencies and address environmental mitigation should it decide to establish corridors and preferred locations for energy transport projects. We understand if the respective agencies then amend their related land use plans, it will accelerate the approval process when applying for energy project right of ways and avoid the delays in obtaining a land use plan amendments for a specific project. Accordingly, the applicant will receive the benefit of the coordinated interagency application procedures established under Section 368 and amended land use plans when compared to proposing an energy project and right of way outside the designated energy corridor, which may not receive the benefit of this environmental analysis previously examined in the PEIS.

116-002

Section 7 of the Endangered Species Act ("ESA") requires any action authorized, funded or carried out by an agency, must determine that such action will not likely jeopardize the continued existence of any listed, threatened or endangered species or result in the destruction or adverse modification of critical habitat. In this case, the action agencies have determined the proposed action will have no effect on listed species or critical habitat. The action agencies made this determination because it concluded the administrative action of drawing lines on a map for designated energy corridors arguably should have no effect on listed species or critical habitat. According to the action agencies, to make this determination would be based largely on conjecture and speculation. Rather, the action agencies believe this determination should be made when a site specific proposal is presented and then determine the impacts from overhead electric transmission line or buried oil or gas pipeline, or some other combination of these energy uses. Therefore, Section 7 consultations will be made only when projects within the corridor are proposed, for example, when there is an application for a right of way permit. However, at the same time, it is not prudent to propose an energy corridor which will have an adverse effect on listed species or critical habitat or adversely affect adjoining private property, all of which will be later confirmed when there is a proposed energy project. It is clear NEPA requires federal agencies prepare a detailed statement for major federal action significantly affecting the quality of the human environment. Therefore, without some due consideration of these adverse effects, a final EIS may be approved for the energy corridor, however, when a specific project is later proposed, the project will fail once the agency examines the direct, indirect, and cumulative impacts of the corridor designation on the natural environment, social systems and the economy, thereby rendering the designated corridor with little or no value. Adverse impacts to adjoining private property owners and the environment will certainly be considered in the environmental review process when a specific project is proposed.

116-003

Similar to the extensive effort the agencies undertook when it initiated consultation with the federally recognized Indian tribes, the same consideration should be given to adjoining private property owners. The agencies recognized Section 368, Designation of Energy Corridors on Federal Lands, will have implications for Indian tribes beyond the current boundaries of Indian lands. This due consideration was given even though the Section 368 does not apply to Indian lands. The agencies undertook this consultation with the tribes to account for the interest of the tribes throughout the NEPA process. Therefore, the agencies should take into consideration the environmental, economic and social issues on private lands during the corridor identification

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process before it ultimately determines the location of the corridor. Particularly, because the Section 368 energy corridors will support multiple energy transport systems, the PEIS must consider the cumulative adverse effects on private property owners. For example, under the proposed action alternative, there will be approximately 6,055 miles of Section 368 energy corridors designated in the west. Pursuant to Table ES-1, Nevada will have 1,630 miles of the total energy corridor miles (i.e., 6,055), which includes 925,000 acres. However, the proposed action incorporates only 349 miles of existing utility right of way, 401 miles of existing transportation right of way, which equals only 46% of the 368 energy corridor which follows existing utility and transportation right of ways. If the proposed action is adopted, it will require the amendment of approximately 165 land management plans for federal lands where the corridors are located, all of which may require later amendments if the corridor is located in areas of conflict. The Section 368 energy corridor locations must be determined by avoiding sensitive resources and land uses and regulatory constraints to the fullest extent possible. Specifically, step 2 in the 3 step siting process, looked at the individual segments to avoid major known environmental, land use and regulatory constraints, such as topography, wilderness areas, cultural resources, military test and training areas and tribal and state natural and cultural resource areas.

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Specifically Table ES-2, which includes a summary of potential environmental impacts from Section 368 energy corridors on federal lands, specifically under land use, concludes there will be no direct impacts to non-federal lands, which is incorrect. Clearly, multiple projects developed in the same alignment and location over a period of time, will have a cumulative impact on the land uses and the environment. It is clear within the proposed action corridor, non-federal or private land will be crossed by individual projects. More specifically, under water resources, any projects developed within the designated corridors will likely cross about 285 streams and manmade channels, 26 lakes, reservoirs, wild and scenic rivers and additional surface water on private lands. This analysis does not include crossing private lands to construct and operate projects within the energy corridor.

The proposed action alternative under Visual Resources concludes there would be visual impact within 5 miles of the proposed corridor center lines and visual impacts are expected to occur on private lands which would be crossed by individual project right of ways. The attached maps identify the BHC properties that are most impacted by the energy corridor and provide specific corridor realignments that would reduce the adverse impacts described in the PEIS. It is clear the prevailing law requires the federal government to pay for, pursuant to the taking clause under the Constitution, any private property, which is adversely affected by such action. Accordingly, the energy corridor must provide sufficient buffer from private lands, otherwise, it will render such private lands useless.

My client has two critical areas of concern. They are as follows:

1. Duck Lake Area.

As proposed, corridor #16-104 would create a new utility corridor in the Duck Lake area on ± 17 miles of currently undisturbed federal land, on ± 4 miles of federal land following Highway 447 and on ± 1 mile of private land. Further, ± 2 miles of the ± 17 mile undisturbed federal land corridor segment parallels the BHC property line and actually includes BHC property within a portion of the 3500 foot wide corridor. The Duck Lake area is one of the most undisturbed scenic and wildlife inhabited areas in Northwest Nevada.

This corridor does not appear to have been selected based on natural or visual resource considerations. Exhibit A provides an alternative alignment for corridor # 16-104 that would

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reduce negative impacts on BHC property, on federal property and on the Duck Lake area in general. Specific benefits on the recommended realignment are outlined below:

- Mapping information on the PEIS web page identifies Duck Lake as a much smaller water body than it actually is especially on average to high precipitation years. As shown on Exhibit A, the proposed energy corridor actually crosses open water near the southern end of Duck Lake. The southern end of Duck Lake and the riparian habitat just south of Duck Lake support large populations of Pronghorn Antelope and other native species, which could be adversely and unnecessarily impacted by large-scale utility infrastructure development within the proposed energy corridor. This proposed corridor would also make it difficult to construct improvements due to open water and wetlands. Much of the area is swampy and not likely to be geotechnically sound for major improvements. Disturbances to the streams entering Duck Lake within the proposed corridor will also adversely impact BHC water rights downstream of the corridor, including, without limitation, the quality of its water. Finally, large-scale above ground utility construction would have a substantial negative impact on the scenic beauty of the Duck Lake area. The proposed realignment to the south avoids Duck Lake and the adjoining sensitive areas by crossing BHC property in a location that does not contain high value wildlife habitat or sensitive riparian areas. The recommended alignment has the added benefit of minimizing negative scenic impacts in the Duck Lake area.
 - In the Coppersmith Hills to the west of Duck Lake, the proposed corridor crosses a roadless area with deep canyons and steep hillsides. Future utility lines and access roads for those utilities would be very expensive to construct and the adverse scarring created by construction would create unnecessary visual impacts. The proposed alignment would also result in future power lines being highly visible from thousands of acres of BHC and federal property. The proposed realignment traverses south of the Coppersmith Hills to minimize construction-related scarring. The recommended realignment would also keep future power lines near the valley floor, which would dramatically reduce the area from which power lines could be seen.
 - East of Duck Lake, the proposed corridor follows Highway 447 at the scenic gateway into the Duck lake area. Future power lines along this segment of Highway 447 would adversely impact the scenic rural atmosphere in the Duck Lake area. As proposed, this would be the only segment of Highway 447 with overhead power lines. The proposed realignment provides a 1-2 mile buffer between corridor #16-104 and Highway 447. The realignment utilizes an additional segment of the existing DC Power Line near Fox Mountain before traversing west along a relatively flat corridor with convenient access from existing dirt roads. Visual impacts from Highway 447 would be limited to a single crossing and fewer streams would be impacted - ±10 stream crossings for the realigned corridor as opposed to ±15 stream crossings for the draft corridor. The realignment is similar to the way the existing DC power line is setback from Highway 447 between Duck Lake and Gerlach to the south.
2. Squaw Valley Reservoir Area.

As proposed, corridor #16-104 would expand the existing energy corridor containing a DC power line between Gerlach and Fox Mountain (Exhibit B). We support the utilization of existing energy corridors, but are concerned about the negative impacts of expanding the corridor to 3500 feet in width, especially in the Granite Mountain / Squaw Valley Reservoir area. Of critical concern is the visual and environmental impact that new power lines would

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have on Squaw Valley Reservoir and nearby riparian areas. Like the Duck Lake area, Squaw Valley Reservoir provides a scarce water resource and substantial wetland area for native wildlife, recreation and scenery. Squaw Valley is one of the most popular recreation areas in Northwest Nevada and would be substantially and adversely impacted by the proposed energy corridor. We recommend that the corridor be reduced to the narrowest possible width (no more than 1000 feet) and that all future power lines be located uphill (east) of the existing DC power line. The reduced corridor width is the only feasible option in the areas shown on Exhibit B.

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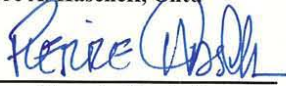
These are our short list of critical concerns regarding the significant negative impacts that the PEIS would have on BHC and federal property holdings in the planning area. We believe most of our concerns can be addressed with revisions to the PEIS.

BHC respectfully requests the right to supplement these comments and receive notices of any future developments. BHC also requests a meeting with the BLM to resolve these concerns in the planning document.

As always, should you have any questions, please feel free to contact my office.

Very truly yours,

Pierre A. Hascheff, *Chrtd*

By: 
Pierre A. Hascheff

PAH:njc
Enclosure
copy to: Todd/Sam Jaksick

