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TO THE FINANCIAL SERVICES SUBCOMMITTEE ON  
INSURANCE, HOUSING, AND COMMUNITY OPPORTUNITY  
UNITED STATES HOUSE OF REPRESENTATIVES

FOR THE FIELD HEARING OF APRIL 14, 2012

I very much appreciate the opportunity to share Southern California Edison Company's perspective on the Tehachapi Renewable Transmission Project Segments 4-11. My name is Les Starck, and I am Senior Vice President of Regulatory Affairs for SCE, an investor-owned utility that has been providing electric service for over 125 years. SCE serves nearly 14 million people and over 500,000 businesses in more than 250 communities in southern and central California.

***Project Background and Renewable Policies***

Transmission infrastructure investment by electric utilities in the United States has increased significantly in recent years due to the need to improve system reliability and increase access to renewable energy, and is expected to continue well into the future. Between 2010 and 2014, SCE is forecasting it will spend a total of \$5.5 billion on the transmission grid.

The Tehachapi Renewable Transmission Project Segments 4-11 (TRTP or Project) is the nation's largest renewable-related transmission project. It is a 173-mile project with approximately 850 transmission towers or poles and four new substations that will provide the transmission upgrades needed to safely and reliably interconnect up to 4,500 megawatts (MW) of new generation in the Tehachapi Area, the vast majority of which will be renewable.

TRTP's approved route crosses through numerous communities in Kern, Los Angeles, and San Bernardino Counties. TRTP will play a critical role in California's progress towards its aggressive renewable electricity goals, currently 33% by 2020. The federal government has also recognized the importance of reducing reliance on foreign oil and encouraging addition of clean, renewable generation to our nation's portfolio.

TRTP's importance in connecting renewable generation is demonstrated by the number of projects seeking to connect to the grid through this Project. At the time the California Public Utilities Commission (Commission) approved the construction of TRTP in December 2009, there were seven executed power purchase agreements between utilities and renewable generators for 1,594 MW to 1,840 MW of renewable energy in the Tehachapi area that would utilize TRTP.

Less than three years later, SCE, the California Independent System Operator (CAISO), and generators have now executed or are actively negotiating 18 interconnection agreements that would represent 4,575 MW of new renewable generation to connect to the grid in the Tehachapi area using the Project.

Similarly, as of April 11, 2012, SCE alone has 23 active, executed power purchase agreements with various renewable energy developers for a combined 2,672 MW of new renewable generation that will utilize TRTP. SCE is aware of other California utilities that have also executed agreements with renewable electricity generators in the Tehachapi area. These power purchase agreements were negotiated with the understanding that TRTP would be completed and ready to receive electricity on the generation project's commercial online date. In addition to the number of active interconnection agreements and power purchase agreements, the queue of developers seeking to connect to TRTP has approximately 10,300 MW as of March 31, 2012, far beyond the original 4,500 MW considered when CAISO approved TRTP. TRTP's timely completion is therefore important to ensure that renewable energy developers can contribute maximum value towards California's aggressive renewable energy goals.

### ***Project Approval Process, Community Involvement and Other Considerations***

In consideration of State and Federal policies encouraging the development of renewable energy resources, the Commission ordered SCE to file an application to build TRTP. Before filing its application for a Certificate of Public Convenience and Necessity (CPCN) to construct the Project, SCE analyzed several alternative routes and determined what was needed to safely and reliably deliver renewable resources from the Tehachapi area to customer load centers in the Los Angeles basin. In developing the routing for the Project, SCE followed California's legislative transmission siting policies, referred to as the Garamendi Principles, which encourage the use of existing rights-of-way by upgrading existing transmission facilities where technically feasible and economically justifiable. The route in the Chino Hills area complied with these terms, as SCE has had transmission infrastructure in the right-of-way since the 1940s.

SCE also engaged in a robust public outreach plan for TRTP. Because many renewable resources are in remote areas, SCE needs to construct transmission lines that cross communities to deliver this electricity to end users in urban areas. It is unavoidable in Southern California. However, SCE carefully considered the proposed route for TRTP and diligently communicated with communities along the route, including Chino Hills, as early as 2007. These communications included mailings to thousands of property owners along the route, multiple open houses, advertising through media, publications of project fact sheets and many meetings with local agencies. During this outreach process, SCE answered many questions from the residents of Chino Hills during the application process, met with and briefed the City Council and City Manager of Chino Hills, and conducted an Open House for the residents of Chino Hills.

In addition to SCE's extensive public outreach, the Commission completed a rigorous review process of SCE's CPCN applications. In this review process, the Commission complies with the California Environmental Quality Act (CEQA). CEQA also requires a rigorous, multi-step process that evaluates the environmental impacts of a proposed project, such as TRTP. First, the proposed project undergoes a scoping process in which the public is allowed an opportunity to communicate their concerns to the Commission. Next, the Commission drafts a Draft Environmental Impact Report (EIR) that analyzes potential impacts across multiple resource areas (e.g., aesthetics, biology, air quality, etc.) and also evaluates a reasonable range of alternatives. The Draft EIR is then published for public review and comment. After the close of the comment period, the Commission evaluates comments and responds to them in the Final EIR. In addition to the CEQA process, the Commission also has a parallel evidentiary

proceeding on the proposed project that can include testimony, hearings, briefing, and oral argument before a final decision on the CPCN application is made.

The Commission's evaluation of the TRTP was extensive and largely focused on the appropriate route in the Chino Hills area. The Commission's review began on June 29, 2007, when SCE submitted its CPCN application to the Commission. In August 2007, the City of Chino Hills filed a protest to SCE's application, specifically challenging the route through Chino Hills. The city was granted party status, and has participated in all aspects of the proceedings, which are outlined below:

- ***CEQA Scoping Process.*** During the scoping process for TRTP, the Commission explored several Chino Hills alternatives. As part of the scoping process, a total of nine public meetings were held in seven locations to discuss the Project and to take comments on the scope of the EIR, including potential alternatives and mitigation. At least two of these meetings were focused solely on alternative routes in the Chino Hills area, during which many residents expressed their opposition to SCE's use of the existing ROW in Chino Hills.
- ***Draft EIR/EIS.*** On February 13, 2009, the Commission published the Draft Environmental Impact Report/Environmental Impact Statement (Draft EIR/EIS). There, the Commission evaluated a range of reasonable alternatives for the Project. Of the ten alternatives considered for the Project in the Draft EIR/EIS, one was the No Project Alternative, one was the Proposed Project, three were related to other geographical areas, and five dealt only with Chino Hills. In other words, the route through Chino Hills was a clear focus for the Commission from the beginning. Of the Chino Hills Alternatives included in the Draft EIR, four alternatives proposed routing Segment 8A of TRTP (Segment 8A) outside of Chino Hills (referred to as Alternatives 4A, 4B, 4C, and 4D). Each of these alternatives routed the transmission line through the State Park and surrounding properties. The Draft EIR/EIS also evaluated an alternative that would place the transmission line underground in the existing ROW in Chino Hills (Alternative 5). The Draft EIR/EIS identified Alternative 2, routing the transmission line through SCE's existing ROW, as the Environmentally Superior Route.
- ***Comments on the Draft EIR/EIS:*** In addition to the five alternatives considered in the Draft EIR/EIS that focused solely on Chino Hills, the City submitted comments on the Draft EIR/EIS, and included another additional alternative route through the State Park for consideration, Alternative 4CM, for a total of **six** alternatives out of 11 that the Commission extensively considered that focused solely on Chino Hills issues.
- ***Evidentiary Hearings and Briefing.*** The Commission accepted hundreds of pages of prepared testimony and exhibits from over 30 witnesses, allowed cross-examination extending over ten days of evidentiary hearings held between July 6 and 28, 2009, and received over 400 pages of briefing by the interested parties in the fall of 2009. Chino Hills was given an opportunity to present its case for its proposed Alternative 4CM, and presented the testimony of 11 witnesses, including outside planners, engineers, and concerned citizens. Chino Hills submitted 164 pages of briefing to the Commission. The parties, including Chino Hills, addressed the Commission in person during an

banc meeting of the Commission, which lasted over an hour, and during final oral arguments to the full Commission, which lasted over two hours.

- ***The Final EIR's Determination of the Environmentally Superior Route.*** On October 30, 2009, the Commission issued a seven-volume Final EIR, which included over 1,500 pages of project analysis, 11 alternatives, and six Appendices evaluating and responding to nearly 500 public comments, including voluminous comments from Chino Hills. The Final EIR thoroughly evaluated the potential environmental impacts of numerous alternatives in the Chino Hills area, including the State Park alternatives and undergrounding alternative, and identified Alternative 2, which was SCE's proposed route, as the Environmentally Superior Alternative. Alternative 2 helped minimize new environmental impacts by routing the transmission line through SCE's existing ROW in Chino Hills that had supported transmission infrastructure since the 1940s.

The Commission adopted the route through Chino Hills based on several key considerations: (1) the Final EIR's recommendation of Alternative 2 as the Environmentally Superior Route after an extensive CEQA review; (2) California's aggressive RPS goals and the Project's critical role in progress toward achieving those goals; and (3) the use of existing ROW consistent with the Garamendi Principles. In approving the route through Chino Hills, the Commission made numerous findings relevant to this hearing:

- ***Safety.*** Whether SCE could safely construct 500 kV transmission lines in the existing 150-foot wide ROW was thoroughly analyzed in the Commission process. The Commission comprehensively explored Chino Hills' concerns that the 500 kV structures would collapse and harm residents. The Commission found that SCE presented "credible and compelling" arguments that construction within the existing ROW could be accomplished safely and effectively based on the expert testimony of witnesses with experience in the design, construction and maintenance of 220 kV and 500 kV transmission lines. The Commission also found that SCE would meet or exceed the minimum safety requirements of the Commission's General Order 95, which formulates uniform requirements for construction of overhead electrical lines to secure the safety of the general public and persons who work on and use the lines. Further, the Commission found that the chances of a structure collapsing were "exceedingly low, indeed unprecedented." Indeed, construction of the portion of Segment 8A in the existing 150-foot ROW in Chino Hills started in August 2010. SCE has safely completed construction of 12 of the 18 transmission structures in the Chino Hills area, and less than half of the 18 structures are directly behind residential neighborhoods. The constructed structures in Chino Hills are tubular steel poles. In sum, the Commission found "construction of the Environmentally Superior Alternative through [Chino Hills] is feasible and can proceed safely."
- ***Property Values.*** The Final EIR/EIS also analyzed the potential effects of the proposed Project on private property value. The EIR/EIS referenced several studies regarding the effects of transmission lines on property values, including the following:
  - "A Primer on Proximity Impact Research: Residential Property Values Near High-Voltage Transmission Lines" (Kennard and Dickey, 1995).

- “Transmission Lines and Property Values: State of the Science” (Electric Power Research Institute, 2003).
- “A Statistical Analysis of Transmission Line Impacts on Residential Property Values in Six Neighborhoods” (Pacific Consulting Services, 1991).
- “Analysis of Property Value Impacts of the Crockett Cogeneration Project, Appendix X, Crockett Cogeneration Project, 1992).

The studies conclude that:

- Proximity to a transmission line does not necessarily cause a reduction in value of surrounding private properties, and any decrease is usually small.
- Other physical and neighborhood qualities have a greater impact on property value determination.
- Any effects of a transmission line on sale prices of properties diminish over time and all but disappear in five years.
- There are many factors involved in purchasing a new home, including affordability, age, size, and schools; it has not been demonstrated that a view obstruction would be a major factor in a property value decline.

Based on these studies, the Final EIR concluded: “It is reasonable to assume that some aspect of the Project construction and/or operation and maintenance would potentially affect private property values . . . . However . . . the effects of transmission lines on property value are generally smaller in comparison to other relevant factors.”

### ***FHA-Insured Mortgages***

I would defer discussion on FHA policies regarding mortgage financing to the FHA representative testifying before the Committee. It is important for the Committee to realize, however, that the same issue regarding the “fall zone” existed prior to TRTP’s construction because the old 220 kV transmission structures that were constructed in the 1940s exceeded the height of the distance between the structure and the edge of right-of-way, and therefore there were potentially homes within the “fall zone.” Homes were subsequently constructed in the Chino Hills area around the easement beginning in the 1970s, and some were constructed as recently as the 1990s. TRTP should not, therefore, create a new impediment to FHA loan eligibility. In other words, whatever the policy of FHA mortgage lending, that policy and the position of homeowners did not change as a result of TRTP because the FHA policy would have been implemented in a consistent way with regards to the towers that existed before TRTP and which also created a “fall zone” outside of the ROW.

Further, Chino Hills bears no undue risk compared to other communities across California and the rest of the nation that live in proximity to transmission infrastructure. Transmission structures are often taller than the distance between the structure and the edge of the ROW. GO 95 contains no requirement that a structure’s height must be less than one-half the width of the ROW in which it is placed. Throughout California, high-voltage transmission lines and structures are routinely located in close proximity to residential neighborhoods. For example, in the nearby city of Ontario a double-circuit 500 kV structure is located 75 feet from the edge of

the ROW. Chino Hills therefore is not differently situated from many other communities throughout California that are impacted by transmission line projects, such as TRTP.

### ***Conclusion***

In closing, both the State and Federal Government have robust policies encouraging the development of renewable resources. If we want to reduce reliance on foreign oil and want to increase reliance on renewable resources, we must have the transmission system needed to deliver the energy to customer load centers. We must also timely and effectively get projects through the rigorous approval processes and built without last-minute attempts to redo the already extensive administrative process to the detriment of California ratepayers and California's progress towards renewable energy goals.

SCE's service territory includes vast renewable resources in the high and low desert areas. SCE is prepared to seek approval for and to build critical transmission projects, but we are concerned about the rates our customers must pay for California to meet its aggressive renewable goals. Currently, California's rates are already amongst the highest in the nation, and we are looking at ways to construct projects as cost-effectively and efficiently as possible to minimize the impacts to California's ratepayers. Building cost-effective overhead transmission lines, rather than expensive underground transmission lines, is part of that plan. A requirement that high-voltage transmission should be placed underground, with the additional costs socialized across all customer groups, will significantly impact our customers.

TRTP is a critical cornerstone to California's ability to achieve its aggressive renewable goals. As outlined in more detail above, the Commission's review of TRTP has been extensive, and largely focused on the appropriate route in the Chino Hills area. After developing this robust record, the Commission found in a unanimous and thorough 100-page decision that SCE's proposed route was environmentally superior, despite significant, unmitigable environmental impacts in Chino Hills. To support this conclusion, the Commission found that the risks associated with SCE's use of the existing right-of-way in Chino Hills were exceedingly low and that the value of properties adjacent to the right-of-way would not be significantly impacted.

In addition, SCE made every effort to communicate with Chino Hills and address the City's concerns to the extent possible, while still meeting the goals of state and federal renewable policy. We have continued to communicate with the City as the Commission's process has unfolded, including the Commission's recent call for updated submissions on the options for rerouting or reconfiguring the currently sited and partially constructed approved route through Chino Hills. We understand that some citizens in Chino Hills are unhappy about the route that the Commission selected for this project, but in order to interconnect renewable energy that California calls for, it will be necessary to construct and upgrade high voltage transmission lines. In some cases, this means projects like TRTP must traverse urban areas and not everyone will be happy with the choices that are necessary to make that happen. The Commission, after a thorough evaluation focusing on Chino Hills' concerns, made the difficult decision that TRTP's route through Chino Hills was a reasonable outcome and in the best interest of California. SCE should be able to rely on that determination to construct the transmission necessary to connect critical renewable generation to California's transmission grid.