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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

In the Matter of the Application of SOUTHERN) Application No. 07-06-031
CALIFORNIA EDISON COMPANY (U 338-E)) (Filed June 29, 2007)
for a Certificate of Public Convenience and)
Necessity Concerning the Tehachapi Renewable)
Transmission Project (Segments 4 through 11))

**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON THE
PROPOSED DECISION DENYING THE CITY OF CHINO HILLS' PETITION FOR
MODIFICATION OF DECISION 09-12-044 REGARDING SEGMENT 8A OF THE
TEHACHAPI RENEWABLE TRANSMISSION PROJECT AND RELEASING STAY**

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Dated: **July 1, 2013**

TABLE OF CONTENTS

	<u>Page</u>
I. THE PD, ALTHOUGH ULTIMATELY REACHING THE RIGHT CONCLUSION, DEPARTS FROM ESTABLISHED COMMISSION PRECEDENT BY CONSIDERING THE SUBSTANTIVE MERITS OF CHINO HILLS’ PETITION FOR MODIFICATION IN THE ABSENCE OF COGNIZABLE NEW FACTS	2
II. WHILE THE PD NEED NOT ADDRESS THE MERITS OF CHINO HILLS’ PETITION, THE PD CORRECTLY CONCLUDES THAT CHINO HILLS’ REQUEST FOR UNDERGROUNDING SHOULD BE DENIED BECAUSE CHINO HILLS IS NOT UNIQUE AND BECAUSE UNDERGROUNDING IS PROHIBITIVELY EXPENSIVE	4
A. The PD Correctly Concludes That Chino Hills Is Not Unique.....	5
B. The PD Properly Concludes That The Substantially Increased Cost Of Undergrounding Is Not In The Public Interest	5
C. The Actual Costs Of Constructing UG5 Would Be Much Higher Than The PD’s Estimate.....	6
III. ADDITIONAL REASONS SUPPORT A DENIAL OF CHINO HILLS’ PETITION FOR MODIFICATION	10
A. The Substantial Risk Of Delay Further Supports Denial Of Undergrounding	10
B. CEQA Findings.....	11
IV. CONCLUSION.....	12

TABLE OF AUTHORITIES

Page

COMMISSION DECISIONS

D.03-10-057 3

D.08-09-024 3

D.09.11-007 4

D.09-02-032 3

D.09-12-044 1, 4

D.10-10-036 3

D.97-04-049 3

COMMISSION RULES

Commission Rule of Practice and Procedure Rule 16.4 1, 2

Commission Rule of Practice and Procedure Rule 16.4(b) 3

Commission Rule of Practice and Procedure Rule 16.4(d) 3

Pursuant to Rule 14.3 of the California Public Utility Commission's (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) respectfully submits these comments on the Proposed Decision Denying the City of Chino Hills' Petition for Modification of Decision 09-12-044 and Requiring Undergrounding of Segment 8A of the Tehachapi Renewable Transmission Project (TRTP or Project), issued June 11, 2013 (PD).

SCE strongly supports the PD's conclusion that Chino Hills' request for undergrounding should be denied because the substantial increase in cost is not warranted and would harm customers, and that Chino Hills is not unique vis-à-vis other similarly situated communities. However, SCE is concerned by the precedent the PD would set by creating a new, previously unrecognized ground that parties may use in the future to avoid the threshold requirement of demonstrating new or changed facts to justify the extraordinary remedy of modifying a Commission decision. To avoid the unintended consequences that such a significant change in policy and application of Rule 16.4 may have on the certainty of future Commission orders, the PD should clarify that there are no new facts that warrant modifying D.09-12-044, and even assuming, *arguendo*, that there were new facts, undergrounding is not appropriate here.

Moreover, the true cost of removing the overhead constructed structures and placing the transmission line underground are higher than the PD estimates, which further underscores that undergrounding should not be implemented. While the PD focuses on the cost issue, SCE respectfully submits that there are many other additional reasons warranting denial of Chino Hills' request. In particular, the Commission should consider that undergrounding would create a substantial risk of delay, as it is highly unlikely that UG5 could be completed in time to meet an in-service date of late 2015 or early 2016. This delay could have ramifications throughout

California. For all of these reasons, SCE respectfully requests that the Commission adopt ALJ Vieth's PD with the modifications discussed below.

I. THE PD, ALTHOUGH ULTIMATELY REACHING THE RIGHT CONCLUSION, DEPARTS FROM ESTABLISHED COMMISSION PRECEDENT BY CONSIDERING THE SUBSTANTIVE MERITS OF CHINO HILLS' PETITION FOR MODIFICATION IN THE ABSENCE OF COGNIZABLE NEW FACTS

The PD correctly determines that the relief requested by Chino Hills should be rejected, but in reaching that conclusion improperly sidesteps Rule 16.4, which governs Petitions for Modification. Chino Hills clearly failed to comply with the requirements of Rule 16.4, and its petition should be denied on that basis alone. The Commission must hold Chino Hills to the same standard as other parties seeking modification. Here, Chino Hills has presented *no evidence* of new facts or sufficient explanation for its late petition.¹ The construction of exactly what was designed, analyzed, and approved is not a changed fact.² The photographs submitted by Chino Hills are consistent with photographs and simulations in the Final EIR. That the approved structures are now constructed is *not* a materially changed fact that would justify granting the extraordinary relief of demolishing the almost completed overhead structures and undergrounding the transmission line, unnecessarily costing ratepayers hundreds of millions of dollars.

The Commission's ability to modify an issued decision at the request of a party is rooted in Public Utilities Code Section 1708. The Commission "has long recognized that this broad authority should be exercised with great care and justified only by *extraordinary* circumstances"

¹ See SCE Opening Brief at 32-50; SCE Reply Brief at 8-16.

² This is especially true given that the Commission knew what impact to expect from the height of these towers based on the Commission's prior approval of numerous other structures throughout California of the same or similar height.

(emphasis added).³ Extraordinary circumstances are particularly necessary if the request would modify a prior decision that a party has relied upon to develop a major infrastructure project, “with substantial investments of time, money, and other resources.”⁴ The Commission is very reluctant to disturb prior decisions unless properly justified.⁵

Under Rule 16.4(b), petitions for modification shall “concisely state the justification for the requested relief.” Allegations of new or changed facts must be supported by a declaration or affidavit.⁶ The petitioning party bears the burden of justifying its requested modification.⁷ The failure to demonstrate changed facts or circumstances warranting a modification and the attempt to re-litigate issues that have already been considered and rejected are grounds to reject a petition for modification.⁸

Moreover, Rule 16.4(d) requires that, when more than one year has elapsed since the effective date of the decision, a petitioner must explain why the petition could not have been presented within one year of the effective date of the decision. Commission precedent provides that petitions for modification can be dismissed if a compelling rationale is not put forward.⁹

The PD discounts these rules and precedents that are meant to preserve the certainty of

³ D.09-02-032 at 8 (citing D.03-10-057); D.97-04-049 at 13 (“as a matter of policy, this authority should only be exercised in extraordinary circumstances”).

⁴ D.97-04-049 at 16-17 (extraordinary circumstances required “particularly where, as here, one or more parties have relied on decisions granting authority to construct a major generating facility, with substantial investments of time, money, and other resources.”).

⁵ D.03-10-057 at 17 (“By its very nature, Section 1708 provides the possibility of an extraordinary remedy. Res judicata principles are among the most fundamental in our legal system, protecting parties from endless relitigation of the same issues. Section 1708 represents a departure from the standard that settled expectations should be allowed to stand undisturbed.”).

⁶ *Id.*

⁷ *See* D.08-09-024 at 3.

⁸ D.09-02-032 at 8 (“[Section 1708] gives us the discretion to reject any attempts to re-litigate issues that have already been considered and rejected.”).

⁹ Rule 16.4(d). *See* D.10-10-036 at 19 (denied motion to reopen record where petitioner did not provide adequate explanation for why information could not be presented earlier); cf. D.09.11-007 (finding reasonable justification for delay where petitioner went through a judicial appeal of a permit denial before seeking modification).

Commission decisions, and instead chooses to re-review the substantive merits of Chino Hills' concerns about the overhead option.¹⁰ Because Chino Hills failed to meet either requirement of Rule 16.4, there was no need to engage in the substantive review. To avoid the unintended consequences of such a significant change in policy regarding the application of Rule 16.4 would have, the PD should clarify that there are no new facts that warrant modifying D.09-12-044, and even assuming, *arguendo*, that there were new facts, undergrounding is not appropriate.

In sum, the PD need not have reanalyzed the merits of this case because Chino Hills failed to meet the initial threshold requirements for reopening the matter. SCE accordingly respectfully requests that the PD be clarified to reflect that the Petition for Modification is denied based on Chino Hills' failure to demonstrate new facts, and that the PD's analysis in this case should not be read as diluting the Commission's rules and standards for modifying final decisions.

II. WHILE THE PD NEED NOT ADDRESS THE MERITS OF CHINO HILLS' PETITION, THE PD CORRECTLY CONCLUDES THAT CHINO HILLS' REQUEST FOR UNDERGROUNDING SHOULD BE DENIED BECAUSE CHINO HILLS IS NOT UNIQUE AND BECAUSE UNDERGROUNDING IS PROHIBITIVELY EXPENSIVE

The PD correctly finds that Chino Hills is not uniquely situated vis-à-vis other similar communities that TRTP passes through, and that the burdens faced by Chino Hills cannot be rationally distinguished from those faced by other communities. The PD also correctly finds that the cost of undergrounding here is prohibitively expensive, warranting denial of the petition for modification. SCE strongly concurs with these conclusions. SCE respectfully requests that the PD be clarified to reflect the higher costs expected to be incurred by undergrounding, further supporting the PD's ultimate conclusion.

¹⁰ PD at 14-15.

A. The PD Correctly Concludes That Chino Hills Is Not Unique

The PD properly concludes that Chino Hills is not unique.¹¹ The PD discusses similarly situated communities in the cities of Chino, Duarte, and Ontario, noting that in fact on a home per mile basis, other communities are more heavily burdened than Chino Hills. In addition to these examples, there are many other communities in California outside of SCE's service territory that are similarly affected by large transmission infrastructure.¹² The PD properly recognizes that the width of the right-of-way is a red herring, when in fact the more relevant factor is the distance of transmission towers to residences. The PD rightly notes other communities in which customers are located just as close if not closer to structures of similar height as in Chino Hills. The PD correctly finds that there is no justifiable basis to conclude that Chino Hills is unique or deserving of special treatment.

Chino Hills claims, on one hand, that it is so uniquely impacted that granting its request will not create a wave of requests from other communities impacted by overhead structures, yet urges the Commission, on the other hand, to make a fundamental policy shift favoring a communities' preference for undergrounding over statewide concerns.¹³ Chino Hills cannot both be unique, as well as the exemplar for other similarly-situated communities crossed by transmission lines in California. The PD correctly concludes that Chino Hills is *not* unique, and that the increased cost of undergrounding is unwarranted.

B. The PD Properly Concludes That The Substantially Increased Cost Of Undergrounding Is Not In The Public Interest

The PD is correct that the substantially increased cost of undergrounding a single circuit in Segment 8A is neither reasonable nor in the public interest, particularly compared to the

¹¹ PD at 21.

¹² See SCE's Request for Official Notice, dated June 24, 2013.

¹³ See CH-Day, Tr. Vol. 17 at 2838:14-17 ("And it's really time for the Commission to stand up and say now we're going to take a look at case-by-case situations."); Peevey, Tr. Vol. 17 at 2797:19-24.

dramatically lower \$4 million needed to complete the approved double-circuit overhead route through Chino Hills.¹⁴ The PD finds that by comparison, “adding more than a quarter of a billion dollars” to construct UG5 is unwarranted.¹⁵ SCE fully agrees with the PD’s conclusion that the substantially higher costs of undergrounding is not warranted, particularly in light of the approximately \$2 billion currently estimated in overall costs for TRTP to date.

C. The Actual Costs Of Constructing UG5 Would Be Much Higher Than The PD’s Estimate

While SCE strongly agrees with the PD’s conclusion that undergrounding should be denied because the costs are simply too high, the true cost of undergrounding is actually much higher than the PD’s estimate. As the voluminous record evidence submitted by SCE shows, the cost of undergrounding will be substantially greater than \$296 million, which is the lowest PD cost estimate for a feasible solution. The lower cost estimate of \$268 million, which does not include costs for reactive compensation, is for an unreliable option.

As a preliminary matter, the PD focuses on UG5, a two-cable per phase, single-circuit option that falls short of the capability of the overhead transmission line. For the reasons outlined below, SCE believes that focusing on the cost of UG5 understates the costs of a prudent long-term underground option, UG2, which would cost approximately \$533 million to construct. UG5 is insufficient for prudent transmission planning, and to the extent the PD assesses the merits of undergrounding at all (which it need not do), the PD’s analysis should consider the costs and feasibility of UG2.¹⁶

Viewing the costs associated with UG5 in isolation also does not create an apples-to-apples comparison to the approved overhead double-circuit line. The PD erroneously downplays

¹⁴ PD at 48-49.

¹⁵ *Id.* at 48.

¹⁶ See SCE APD Comments at Section IV.B.

the need for a second circuit to match the capability of the overhead transmission line at this time.¹⁷ The second circuit could be needed by 2021, *if not earlier*. Just last month, SCE announced the permanent retirement of its San Onofre Nuclear Generating Station (SONGS), and replacement energy is likely to come from a combination of sources, including renewable generation in the Tehachapi area.¹⁸ In addition, the Commission should also bear in mind the additional generation resources in the Tehachapi area in the CAISO interconnection queue, potential increases to RPS requirements, further in-basin generation retirements, and system load growth that will drive the need for additional transmission capability.¹⁹

The Mesa 500 kV upgrade is the next logical transmission upgrade, as reflected by CSRTP-2006, which would trigger the second circuit through Chino Hills.²⁰ Matching the double-circuit overhead configuration would cost as much as \$726 million—reflecting the true long-term cost of deciding to underground in a less than four-mile transmission corridor through Chino Hills.²¹ This \$722 million increase over the \$4 million it would cost to complete the overhead line would place an even greater burden on ratepayers (in addition to the time, resources, and costs associated with yet another round of proceedings associated with the ROW

¹⁷ PD at 38.

¹⁸ See SCE Reply Brief at 29. SCE has requested official notice of the SONGS retirement under Commission Rule of Practice and Procedure 13.9. SCE's Request for Official Notice, dated June 24, 2013.

¹⁹ SCE Reply Brief at 29-30.

²⁰ SCE Reply Brief at 30-31, 42. Chino Hills and DRA fundamentally misunderstand the impacts of the Mesa 500 kV upgrades on the transmission grid. Despite record evidence to the contrary, Chino Hills incorrectly claims that the Mesa 500 kV transmission upgrade alone will alleviate conditions to eliminate the need for the second circuit. Chino Hills-Day, Tr. Vol. 17 at 2835:6-18. This statement is false and is yet another example of the faulty and baseless transmission planning underlying Chino Hills' case. There is no evidence in the record that supports a case that the Mesa Substation upgrade alone will alleviate conditions that would drive the need for the second circuit; rather, the second circuit would be needed to maximize the transmission capability the Mesa Substation upgrade would provide. See SCE Reply Brief at 42.

²¹ Heiss, Ex. SCE-106R at 71, Table 2. Taking present value revenue requirements into consideration, the difference between UG5 and UG2 to ratepayers is relatively minimal. Peters, Ex. SCE-104 at 72-73, including Table 7.

in Chino Hills that SCE anticipates it would need to start in the very near future).²²

In addition to focusing only on UG5, the minimum design, the PD then lowers SCE's estimate for UG5 to \$296 million for the feasible option where costs for reactive compensation are included.²³ The PD's cost estimate understates the cost of UG5 by erroneously discounting several necessary items from SCE's UG5 cost estimate, as discussed further below. Because UG5 will cost even more than the PD estimates as explained in further detail below, the true cost further reinforces the conclusion that the cost of undergrounding is prohibitive.

Reactive Compensation. There is ample evidence in the record regarding the need for reactive compensation and SCE describes this in its comments on the APD.²⁴ For these reasons, the PD's cost estimate for UG5 should include the additional \$23 million in costs for reactive compensation.

Environmental Costs. The PD also discounts the environmental costs to a factor of 13%, from SCE's estimated 26%.²⁵ The PD's rationale for doing so is inconsistent with the facts. First, the environmental work done to date on TRTP does *not* reduce the additional environmental work needed for UG5. Environmental costs that are common to large transmission structures are far more extensive than the pre-approval environmental documentation. A large portion of environmental costs is the extensive mitigation regime the

²² And, if undergrounding of the second circuit was then subsequently approved by the Commission in the next round of proceedings, this would trigger a second round of intensive excavation and construction in the Chino Hills right-of-way. These additional impacts are further reason to deny the Chino Hills' Petition for Modification.

²³ PD at 47.

²⁴ PD at 44-45, SCE APD Comments at Section III.A.

²⁵ PD at 43-44.

Commission imposes when it approves these transmission projects, as outlined in SCE's advice letter filing on the Devers-Colorado River Project.²⁶

Pursuant to the Commission's directives in the TRTP CPCN, SCE must comply with over 100 mitigation measures in the construction of TRTP.²⁷ The Addendum confirms that all of these mitigation measures would also apply to an undergrounding project, and adds *additional* mitigation requirements, including but not limited to possibly housing Chino Hills residents during construction to mitigate for noise impacts during the up to 100-month construction cycle.²⁸ Also, the cost of underground materials is *not* included in SCE's environmental cost estimates; rather, the cost estimates are based on construction personnel and construction equipment.²⁹ The PD does not explain the basis for its selection of 13% as the proper estimate for environmental costs, and SCE respectfully submits that there is no basis in the record for this figure.

Contingency. The PD reduces the contingency to 20% from SCE's 35% proposal. As explained in detail in SCE's briefing³⁰ and in its comments on the APD, a 35% contingency is appropriate and supported by the record. This is a first-of-its-kind project with significant risk and uncertainties.

²⁶ Advice Letter 2804-E at p. 2-3 ("environmental factors are the single largest driver of the cost increases"), p. 9, n. 21 (additional costs associated with bird nesting buffers), Appendix B (impact of environmental requirements, and in particular mitigation and conservation measure implementation, on overall Project costs) (November 2, 2012), available at <https://www.sce.com/NR/sc3/tm2/pdf/2804-E.pdf>. As this real-world analysis shows in Figure B-1, the cost of monitoring and implementing environmental measures *in the field during construction* is what drives the very large costs for environmental mitigation, and these costs are significantly larger than costs associated with environmental documents. *See also* Heiss, Ex. SCE-106R at 90:6-9; Heiss, Ex. SCE-104R at 69:9-16; Leung, Ex. SCE-106R at 88:3 to 89:9.

²⁷ *See* Final EIR at G-1 to G-89.

²⁸ Addendum at A.3-84 to A.3-85. The Addendum would also require *moving* the eastern transition station in the event that fault lines are identified in the vicinity of the transition station. Such relocation, if necessary, would add to the cost of the Project and substantially delay its completion. Addendum at A.3-58.

²⁹ SCE APD Comments at Section III.A.

³⁰ SCE Opening Brief at 164-70; SCE Reply Brief at 127-30.

Corporate Overhead. The PD does not include an allowance for SCE's 6.5% corporate overheads in its cost estimate for UG5.³¹ For the reasons stated in SCE's comments on the APD, these overhead costs should be accounted for here to accurately reflect the cost burden of undergrounding on ratepayers.³²

Chino Hills Contributions. The PD does not assign a value to Chino Hills' purported contributions, but correctly determines that their value is much more modest than Chino Hills' estimate.³³ As detailed in SCE's briefing, the record is clear that any cost reduction from Chino Hills' proposed contribution would be extremely small and inconsequential compared to the substantial costs of undergrounding.³⁴ In light of SCE's \$372 estimate for UG5, a contribution by Chino Hills of less than \$3 million dollars is less than 1% of the total project costs.

III. ADDITIONAL REASONS SUPPORT A DENIAL OF CHINO HILLS' PETITION FOR MODIFICATION

A. The Substantial Risk Of Delay Further Supports Denial Of Undergrounding

The PD erroneously suggests that UG5 would be completed on a timely basis.³⁵ SCE has been clear, however, that a number of ambitious and optimistic assumptions must materialize for the schedule to be met.³⁶ The PD does not address several of these assumptions, including: no delays due to nesting birds, no delays due to acquisition of real property in the ROW, and assurances that SCE would be allowed to work extended hours and weekends. Without these significant assurances, UG5 cannot be completed by late 2015 or early 2016.³⁷

³¹ PD at 47.

³² SCE APD Comments at Section III.A.

³³ PD at 46-47.

³⁴ See SCE Opening Brief at 170-88.

³⁵ PD at 38-40.

³⁶ SCE APD Comments at Section II.

³⁷ Given that the PD denies the petition and supports completing the environmentally superior feasible overhead route, the PD does not contain the same fatal flaw that the Alternate Proposed Decision does requiring new engineering, design, and evaluation of modified materials as a theoretical alternative to reactive compensation.

This grave risk of delay and the associated economic harm further weighs against granting Chino Hills' request for undergrounding considering the Project's importance to California's renewable energy goals, and the PD should expressly acknowledge this as another reason for denying Chino Hills' request. As described in SCE's comments on the Alternate Proposed Decision, a delay in the in-service date of Segment 8A increases the risk of curtailment of renewable energy in the Tehachapi area.³⁸ Although Chino Hills claims that curtailment will not occur, it has balked at compensating renewable developers for losses associated with delays to the completion of Segment 8A associated with undergrounding.³⁹ In fact, Chino Hills' model inputs and assumptions are riddled with errors, and cannot be relied upon.⁴⁰ The PD should recognize Chino Hills' model for what it is: a smoke-and-mirrors exercise designed to induce the Commission into erroneously believing that undergrounding will not cause significant economic harm to California. There is simply too much at stake to gamble on Chino Hills' fundamentally flawed model results, and the risk of delay and substantial economic harm is yet another basis for denying Chino Hills' request.

B. CEQA Findings

The PD recognizes that CEQA does not require the Commission to undertake environmental review before rejecting Chino Hills' undergrounding proposal.⁴¹ Thus, admitting the Addendum into the record is unnecessary in light of the PD's ultimate conclusion. Admitting the Addendum unnecessarily confuses the record on Segment 8A. Additionally, as discussed in

Thus the certain infeasibility of meeting the schedule imposed in the APD is not at issue in the PD's analysis, but the reliance on the Addendum's failure to provide flexibility still poses significant risk of schedule delay.

³⁸ See SCE APD Comments at Section II.

³⁹ Chino Hills-Fleager, Tr. Vol. 16 at 2704:22-23 ("I do not believe we should be held accountable for those costs."). Surely if Chino Hills believed that there truly would be no delays, it would not hesitate to guarantee reimbursing the generators for lost profits associated with delay.

⁴⁰ SCE Reply Brief at 51-58.

⁴¹ PD at 49.

SCE's comments on the APD, the Addendum contains many legal and factual errors that it should not be included in the administrative record.⁴²

IV. CONCLUSION

SCE's suggested minor modifications and additions to the PD's Findings of Fact and Conclusions of Law are attached in Appendix A. For the foregoing reasons, SCE respectfully requests that the Commission adopt ALJ Vieth's PD and reject the APD.

Dated: July 1, 2013

Respectfully submitted,

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/s/ Laura A. Godfrey

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⁴² SCE APD Comments at Section VI, Appendix B.

APPENDIX A
PROPOSED MODIFICATIONS

APPENDIX A PROPOSED MODIFICATIONS

SCE recommends that the following changes be made to the text of Findings of Fact and Conclusions of Law of the Proposed Decision Denying the City of Chino Hills' Petition for Modification of Decision 09-12-044 Regarding Segment 8A of the Tehachapi Renewable Transmission Project issued in A.07-06-031 on June 11, 2013. Added language is indicated by underline; removed language is indicated by ~~strike through~~.

Proposed Modifications and Additions to Findings of Fact

1. Chino Hills' October 28, 2011 petition for modification of D.09-12-044 contends that the actual impacts on the City and its residents of the partially constructed, new tubular steel pole towers and even taller, new lattice towers in the 150 foot wide City ROW constitute "new facts." The towers ~~approach 200 feet tall~~ were depicted in the Final EIR.

2. Chino Hills' application for rehearing of D.09-12-044 is pending.

3. ~~The FEIR provides factual data for reassessment of the multiple variables that contribute to visual impact at a particular point along the Project ROW; similarities and differences among impacts of overhead transmission infrastructure in Chino Hills; are similar to those in Duarte and Chino/ Ontario are instructive.~~ The FEIR confirms that the ROW in Chino Hills is the narrowest; the route also is the longest and affects the most residential structures. Housing density is greater elsewhere and likewise, ~~elsewhere~~ the tower cross arms are closer to the edge of the ROW.

4. The fact that the Chino Hills' community, or at least part of it, has been extremely vocal in its opposition to the approved Project design in Segment 8A is not a basis, without more, for deciding the merits.

5. Chino Hills recommends UG5 (single circuit, 2 cables/phase); SCE does not support undergrounding but if the Commission orders a design change in Segment 8A, SCE recommends UG2 (single circuit, 3 cables/phase).

6. No party contends that it is technically impossible to construct a 500 kV transmission line utilizing XLPE cable technology, underground in conduit, in the Chino Hills' ROW.

7. Construction of an XLPE 500 kV underground transmission line is feasible. However, such construction would result in substantially higher costs and increase reliability risks as compared to the approved overhead route.

8. High voltage XLPE cable technology transmission lines of 400 kV and 500 kV are operational in Europe, Russia and Asia; high voltage lines of 345 kV and less are operational in the United States at present. Most of these operational lines ~~and~~ appear to have been built to solve specific locational problems (river crossings, access to urban zones, etc.)

9. Splice joints and other cable accessories tend to pose the primary risk for failure of high voltage underground technology using XLPE cable, not the cable itself. CIGRE Bulletin 379 lists the average repair time for land installations of 220 to 500 kV lines in ducts/troughs/tunnels as 45 days.

10. Separate assessments by Chino Hills and SCE establish that a single circuit line is adequate to meet near term energy and capacity demands for Segment 8A, including the interconnection of 4,500 MW of new wind generation in the TWRA-, but the permanent retirement of SONGS, additional generation resources in the Tehachapi area, potential increases to RPS requirements, in-basin generation retirements, and system load growth will require increased transmission capability in the near future.

11. On balance, the evidence establishes that the double circuit 500 kV above ground design for Segment 8A was intended to serve at least two different objectives: reduction in Corona (Audible Noise, Radio Interface, etc.) and EMF (both Electric and Magnetic field

effects), as well as low-cost, future transmission expansion such as the future, potential upgrade of the Mesa Substation to 500 kV.

~~12. While how long a single circuit in Segment 8A will be adequate is a point of heated disagreement, SCE forecasts no need to actually bring an operational, second circuit online before 2021.~~

12. Due to the recent retirement of SONGS, upgrading the transmission system in Southern California is increasingly important. The need for the second circuit online may be needed earlier than anticipated and possibly before 2021.

13. Both parties ultimately concede that a single circuit line could carry at least 2000 amps under normal conditions.

14. The record offers three analyses of curtailment risk, each very different in content, approach and underlying objectives. SCE's evidence includes two ~~simplistic~~ studies that warn of the potential for significant near-term curtailment without Segment 8, ~~but do not assess curtailment risk with Segment 8 operational~~. Chino Hills' evidence includes a ~~sophisticated~~ production cost study (~~not without~~ with significant input or and modeling errors) that finds no curtailment attributable to Segment 8A in 2016 and very little in 2022, though some curtailment occurs in the Tehachapi area as a whole.

15. ~~While the~~ The record indicates confirms that some curtailment has occurred in the Tehachapi area recently, ~~the reasons are unclear~~. Specifically, Terra-Gen has experienced \$28 million in curtailment-related losses due to transmission congestion.

16. ~~While the~~ The record does not persuasively answer how long a single circuit Segment 8A will suffice, the only logical conclusion is that SCE agrees with Chino Hills that

~~under current planning forecasts, an operational, single circuit Segment 8A will not cause curtailment before 2021, particularly with the recent permanent closure of SONGS.~~

17. ~~The~~It is unlikely that the capacity needed in the near term in Segment 8A could be constructed underground in time for the Project to reach commercial operation in late 2015 or early 2016.

18. The SCE and Chino Hills costs estimates for the various underground options, including UGS, are not based on an “apples to apples” comparison of direct and indirect costs

19. SCE’s bid process included a Request for Information and Request for Proposal process that resulted in firm, fixed price bids in response to detailed cable and civil specifications; the bids, received sometime in December 2012, contain fixed prices, good for 180 days from their receipt. Chino Hills’ costing process, admittedly much less formal, was not designed to produce bid documents nor obtain bids ~~but to provide an independent test of SCE’s numbers~~ and are less reliable than SCE’s estimates.

20. Chino Hills’ Reply Brief, Confidential Attachment B, shows that Chino Hills accepts SCE’s cost estimates in three areas: contract management support/ overhead (as specified in the attachment), uncontested items (miscellaneous costs specified in the attachment) and tower removal. The Commission has also previously approved corporate overhead costs as part of TRTP in D. 09-12-044 at 68, 102 (Ordering Paragraph 3); these costs must be added to any evaluation of project costs.

21. Chino Hills is not persuasive that SCE's use of 35% contingency is too high and should be reduced to 20%, ~~which is still greater than the 15% D.09-12-044 authorizes for the Project.~~ This is a first-of-its-kind project with significant risk and uncertainties. It requires a higher contingency than the approved overhead route. Thus, a 35% contingency is appropriate.

22. Chino Hills does not establish that SCE's costs for cable construction are inflated. Among other things, Chino Hills has not shown that SCE's estimates should be based upon 4000 kcmil cable rather than 5000 kcmil, or that a different choice would greatly reduce total costs, or that SCE's design should eliminate two sets of two sets of splice vaults, the restraint vaults and telecommunications vaults.

23. Chino Hills is not persuasive that 26% is an excessive multiplier factor (applied to all labor and equipment) to estimate environmental compliance costs, ~~given the environmental work done to date and the substantial familiarity with the 3.5-mile ROW~~; we conclude that a factor of about half that, or 13%, should be 26% is adequate, as it is based on historical environmental costs on TRTP and other similar overhead transmission projects with comparable environmental mitigation requirements.

24. The record reflects that reactive compensation would be necessary for a safe and reliable underground transmission system on Segment 8A; the costs associated with reactive compensation are also reasonable.

~~24. SCE concedes that a Basic Insulation Level standard could be used instead of reactive compensation (which it costs at close to a quarter of a million dollars) at the transition station but does not provide a timeline for developing the standard or implementing it as an alternative.~~

~~25. Quantitatively (with reference to Confidential Attachment B to Chino Hills' reply brief, which reflects cost figures drawn from SCE's exhibits), adjusting SCE's estimate to reduce its environmental compliance factor to 13% and then adding a 20% contingency, reduces SCE's estimate to just under \$296 million (before any allowance for SCE' corporate overhead). Were we also to exclude SCE's estimate for reactive compensation before applying the 13%~~

~~environmental compliance multiplier and then adding a 20% contingency, the estimate would drop to approximately \$268 million (without corporate overhead).~~

25. ~~26.~~ The total cost difference between the Chino Hills and SCE estimates on the four lowest cost items (as shown in Confidential Attachment B to Chino Hills' reply brief) is a little more than \$10 million. But even presuming that all of that \$10 million should be used to further reduce SCE's UG5 estimate, which we do not find, the result would be still be much higher than Chino Hills' UG5 estimate. Chino Hills' estimate that UG5 can be built for \$147 million is not realistic.

26. ~~27.~~ The actual economic offset against undergrounding costs of Chino Hills' proposed financial contributions is much smaller than Chino Hills's estimate of \$81,718,338. Only the proposed transfer to SCE of real property in fee (the land for the transition stations and the two-thirds of the ROW that Chino Hills owns) has the potential to reduce the capital costs to ratepayers of undergrounding Segment 8A through a modest, ~~but real,~~ cost reduction.

27. ~~28. Depending upon the need for reactive compensation, an~~ The record supports SCE's \$372 million estimate for construction of the single circuit UG5 and \$726 million for the full project comparable to the approved double circuit overhead route. An undergrounding cost of either \$268372 million or \$296 million (without allowance for SCE's corporate overhead)for UG5 provides, on a per mile basis, a low of about \$77 per mile and a high of about \$85approximately \$100 million per mile. To the extent that undergrounding costs elsewhere in California provide a benchmark of sorts, the cost to underground UG5 is significantly higher.

28. ~~29.~~ On the cost record developed, it is ~~neither reasonable nor~~ prohibitively expensive and not in the public interest to underground Segment 8A, when it will cost just \$4 million to complete the approved overhead route through Chino Hills.

~~30. Because construction of underground options UG1 through UG5 would not trigger any of the conditions set forth in CEQA Guidelines §15162, preparation of an Addendum is appropriate pursuant to CEQA Guidelines §15164.~~

~~31. The Addendum to the Final EIR for the Tehachapi Renewable Transmission Project, October 2009, should be identified Reference Exhibit C.~~

Proposed Modifications and Additions to Conclusions of Law

1. ~~Precedent establishes that the Commission has not applied the justification and timing requirements of Rule 16.4 and its predecessor, Rule 47, in a mechanical way if that would thwart justice; thus, even where the Commission has determined that a petition was not the appropriate procedural remedy, on occasion and for public policy reasons, it has considered the substantive merits and after that review, has either granted or denied the petition.~~ Chino Hills must show new facts or changed circumstances in support of its Petition for Modification.

2. ~~Chino Hills' petition for modification of D.09-12-044, filed on October 28, 2011, meets~~ fails to meet the procedural requirements of Rule 16.4 of the Commission's Rules of Practice and Procedure, as interpreted by Commission precedent, and should be ~~considered on the merits~~ denied.

3. As petitioner, Chino Hills has the threshold burden of proof to establish new facts or changed circumstances. Once Chino Hills satisfies its threshold burden, it then has the burden to establish by a preponderance of the evidence that its petition, filed October 28, 2011, should be granted; accordingly, Chino Hills must show that the design D.09-12-044 approved for Segment 8A should be changed to require construction of Chino Hills' preferred alternative instead.

4. Because we find that Segment 8A is not dissimilar from several other sections along the Project route, that undergrounding Segment 8A will unreasonably delay needed transmission infrastructure, and that undergrounding Segment 8A at ratepayer expense is ~~not reasonable~~ prohibitively expensive, Chino Hills' petition, filed October 28, 2011, should be denied. Because we deny the October 28, 2011, petition, Chino Hills' subsequent petition (the additional request for a stay), filed October 31, 2011, should be denied also.

~~5. The Addendum to the Final EIR was prepared consistent with CEQA, should be approved and should be received as Reference Exhibit C.~~

~~5.~~ ~~6.~~ The construction stay on Segment 8A should be released.

~~6.~~ ~~7.~~ This order should be effective immediately to avoid delay in completion of the TRTP.