

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**11-03-09  
03:18 PM

November 3, 2009

Agenda ID #8993  
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 07-06-031

This is the proposed decision of Administrative Law Judge (ALJ) Kolakowski, previously designated as the presiding officer in this proceeding. It will not appear on the Commission's agenda sooner than 30 days from the date it is mailed. This matter was categorized as ratesetting and is subject to Pub. Util. Code § 1701.3(c). Upon the request of any Commissioner, a Ratesetting Deliberative Meeting (RDM) may be held. If that occurs, the Commission will prepare and publish an agenda for the RDM 10 days beforehand. When the RDM is held, there is a related ex parte communications prohibition period. (See Rule 8.2(c)(4).)

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Pursuant to Rule 14.3, opening comments shall not exceed 25 pages.

Comments must be filed either electronically pursuant to Resolution ALJ-188 or with the Commission's Docket Office. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Kolakowski at [vsk@cpuc.ca.gov](mailto:vsk@cpuc.ca.gov) and assigned Commissioner. The current service list for this proceeding is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

/s/ JANET A. ECONOME for  
Karen V. Clopton, Chief  
Administrative Law Judge

KVC:oma

Attachment

Decision **PROPOSED DECISION OF ALJ KOLAKOWSKI** (Mailed 11/3/09)

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

In the Matter of the Application of  
Southern California Edison Company  
(U 338-E) for a Certificate of Public  
Convenience and Necessity Concerning  
the Tehachapi Renewable Transmission  
Project (Segments 4 through 11).

Application 07-06-031  
(Filed June 29, 2007)

**DECISION GRANTING A CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY FOR THE  
TEHACHAPI RENEWABLE TRANSMISSION PROJECT  
(SEGMENTS 4-11)**

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**DECISION GRANTING A CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY FOR THE  
TEHACHAPI RENEWABLE TRANSMISSION PROJECT  
(SEGMENTS 4-11)**

**1. Summary**

This decision grants the application of Southern California Edison Company (SCE) for a Certificate of Public Convenience and Necessity (CPCN) to construct the Tehachapi Renewable Transmission Project (Segments 4-11) (Project) using the Environmentally Superior Alternative, and subject to the mitigation measures and other conditions, described herein. We also set a maximum reasonable and prudent cost (“maximum cost”) of \$1,522,920,000, in 2009 dollars, excluding allowance for funds used during construction (AFUDC). AFUDC is estimated at \$261.82 million, for an estimated total project cost of \$1,784,740,000.

The Project is a portion of the Tehachapi Renewable Transmission Project (TRTP). The TRTP is designed to provide access to up to 4,500 megawatts (MW) of renewable energy generation, primarily wind energy, from the Tehachapi Wind Resource Area in Kern County and to deliver it to load in Los Angeles and San Bernardino counties. We approved Segment 1 in Decision (D.) 07-03-012 and Segments 2-3 in D.07-03-045, which together form the Antelope Transmission Project (ATP), which will deliver approximately 700 MW of the total TRTP carrying capacity. The ATP is currently under construction, and the first portions will be energized this year.<sup>1</sup>

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<sup>1</sup> For purposes of this decision, we will use “TRTP” to refer to Segments 1-11 collectively, the “Project” to refer to Segments 4-11 and “ATP” to refer to Segments 1-3.

A statutory framework governs our review of this application. Pursuant to Pub. Util. Code § 1001,<sup>2</sup> before granting a CPCN we must find a need for the Proposed Project or an alternative evaluated in this proceeding. Section 1002(a) requires that we consider four additional factors: community values; recreational and park areas; historical and aesthetic values; and influence on the environment.

However, § 399.2.5 states that notwithstanding these provisions, an application for a CPCN is deemed necessary if the Commission finds “that the new facility is necessary to facilitate achievement of the renewable power goals established” under the Public Utilities Code. In a prior decision, D.07-03-012, the Commission established a three-prong test for reliance upon § 399.2.5: “(1) that a project would bring to the grid renewable generation that would remain otherwise unavailable; (2) that the area within the line’s reach would play a critical role in meeting the RPS goals; and (3) that the cost of the line is appropriately balanced against the certainty of the line’s contribution to economically rational RPS compliance.”<sup>3</sup>

SCE has demonstrated that it meets all three of these elements and therefore has established need for the Project.

While application of § 399.2.5 results in a determination of the need for the Project, § 1002 is relevant in determination of the specific route selected for the Project.

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<sup>2</sup> Unless otherwise expressly stated, all references to statutes are to the California Public Utilities Code.

<sup>3</sup> D.07-03-012 at 16. RPS refers to Renewables Portfolio Standards.

The review process established by the California Environmental Quality Act (CEQA)<sup>4</sup> has been the primary means of environmental review. CEQA requires a lead agency to identify and study potentially feasible alternatives and mitigation measures to reduce a project's significant environmental impacts. As the public agency with the greatest responsibility for approving the project, the Commission is the lead agency pursuant to CEQA and is responsible for preparation of an environmental impact report (EIR) in compliance with CEQA. As part of our review, we have evaluated the environmental impacts of the Proposed Project, eleven alternatives (five proposed by the City of Chino Hills), and a No Project Alternative.

The Final EIR identifies an Environmentally Superior Alternative, which we find to be feasible and consistent with the application of § 1002, and adopt herein as the approved route for the Project.<sup>5</sup> Although the Environmentally Superior Alternative results in significant environmental impacts that cannot be mitigated, we find below that there are substantial benefits that outweigh those impacts and which constitute overriding considerations under CEQA.

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<sup>4</sup> Pub. Res. Code § 21000, *et seq.* CEQA and its federal counterpart, the National Environmental Policy Act (NEPA, 42 USC § 4321, *et seq.*) require the preparation, respectively, of an environmental impact report (EIR) and an environmental impact statement (EIS) to identify alternatives to the proposed project, the potentially significant effects on the environment of the proposed project and its alternatives, and to indicate the manner in which those significant environmental effects can be mitigated or avoided.

<sup>5</sup> These alternatives are described in detail in Sections 6.3.1 and 7.3 herein.

## **2. Background**

### **2.1. Procedural History**

This proceeding commenced on June 29, 2007, when SCE filed Application (A.) 07-06-031 (Application), its request for a CPCN for authority to construct the Project, which included its Proponent's Environmental Assessment (PEA).

Protests were filed by the Commission's Division of Ratepayer Advocates (DRA); the Acton Town Council (Acton); Aero Energy LLC; the City of Chino Hills, California (Chino Hills); Richland Communities, Inc.; STG Communities II, LLC; and the Watershed Conservation Authority, all of which have been granted party status either at the PHC or by separate ruling. In addition, comments were filed by Californians for Renewable Energy, Inc. (CARE);<sup>6</sup> the City of Chino, California; the City of Ontario, California; the San Gabriel & Lower Los Angeles Rivers and Mountains Conservancy; Vincent Hill Community Alliance; and the Wildlife Corridor Conservation Authority.

On August 27, 2007, Administrative Law Judge (ALJ) Victoria S. Kolakowski held a Prehearing Conference in Pasadena, California, with Assigned Commissioner Dian M. Grueneich in attendance. A Scoping Memo issued after the Prehearing Conference, as required by statute.<sup>7</sup> The Scoping Memo established the scope of this proceeding and the schedule, coordinating the CPCN review with the timeline for the concurrent, parallel track

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<sup>6</sup> This proceeding has two organizations with the acronym CARE. We will refer to Californians for Renewable Energy, Inc. as "CARE" and the Citizens for Alternative Routing of Electricity, a group of Chino Hills residents, as "Citizens."

<sup>7</sup> *Assigned Commissioner and Administrative Law Judge's Joint Scoping Memo and Ruling (Scoping Memo)*, March 17, 2009.

CEQA/NEPA review. The Scoping Memo also designated ALJ Kolakowski as the presiding officer.

A Public Participation Hearing (PPH) was held in Chino Hills on March 19, 2009, with 50 individuals presenting testimony and attended by approximately 400 people. Commissioner Grueneich attended, along with representatives of the other Commissioners.

The schedule was revised in a ruling on April 1, 2009 at the request of Chino Hills, to grant additional time to prepare for evidentiary hearings.

Additional parties entered the proceeding after the issuance of the Scoping Memo and PPH. Aerojet-General Corporation (Aerojet), California State Parks Foundation (CSPF) and Hills for Everyone (HFE) were granted party status in a ruling dated April 29, 2009. ALJ Kolakowski notified the service list on May 14, 2009 that Puente Hills Landfill Native Habitat Preservation Authority (Puente Hills) would be granted party status; a ruling memorializing this determination and addressing other procedural matters issued on June 19, 2009.

Ten days of evidentiary hearings were held in July 2009. Parties filed a round of Opening and Reply Briefs following the evidentiary hearings.<sup>8</sup>

### **3. Standard of Review and Governing Law**

#### **3.1. Burden of Proof**

As the Applicant, SCE must demonstrate a need for the Commission to issue the CPCN.<sup>9</sup> The utility “has the burden of affirmatively establishing the

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<sup>8</sup> The following parties filed briefs: (1) Opening Briefs (on or about September 1, 2009): Acton, Aerojet, CARE, Chino Hills, DRA, HFE, Puente Hills and SCE; and (2) Reply Briefs (on or about September 15, 2009): Acton, Aerojet, CSPF, Chino Hills, DRA, HFE, Puente Hills and SCE.

reasonableness of all aspects of its application. Intervenors do not have the burden of proving the unreasonableness of [the utility's] showing."<sup>10</sup>

Evidence Code §115 defines burden of proof as follows:

“Burden of proof” means the obligation of a party to establish by evidence a requisite degree of belief concerning a fact in the mind of the trier of fact... The burden of proof may require a party to raise a reasonable doubt concerning the existence or nonexistence of a fact or that he establish the existence or nonexistence of a fact by a preponderance of the evidence, by clear and convincing evidence, or by proof beyond a reasonable doubt.

Except as otherwise provided by law, the burden of proof requires proof by a preponderance of the evidence.

The preponderance of the evidence is generally the default standard in civil and administrative law cases and we apply that standard in this decision.<sup>11</sup>

### **3.2. Section 1001 et seq.**

Section 1001 et seq. establishes the framework for a typical CPCN application. The components of that framework are §§ 1001 and 1002(a). Under these provisions, before we can authorize a CPCN, § 1001 mandates that we find that the “present or future public convenience and necessity require or will require its construction.” In reaching that ultimate determination, § 1002(a) mandates that we consider four factors: community values; recreational and park areas; historical and aesthetic values; and influence on the environment.

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<sup>9</sup> *Investigation into Methodology for Economic Assessment of Transmission Projects*, D.06-11-018 at 22 [“The Commission has long held that the applicant carries the burden of proof in a certification proceeding, and we reiterate those determinations today.”].

<sup>10</sup> *Southern California Edison Test Year 2006 General Rate Application*, D.06-05-016 at 7.

<sup>11</sup> *California Administrative Hearing Practice*, 2d Edition (2005), 365.

The Commission has concluded that § 1002 imposes a "responsibility *independent of CEQA* to include environmental influences and community values in our consideration of a request for a CPCN."<sup>12</sup> The Commission has determined that the fourth factor – consideration of a project’s “influence on the environment” – is appropriately addressed through the CEQA process.<sup>13</sup>

### 3.3. Section 399.2.5

Transmission projects that facilitate achieving the state’s renewables portfolio standards (RPS) goals are held to a different standard of need than other transmission projects. Section 399.2.5(a)<sup>14</sup> states that applications for a CPCN for new transmission facilities “shall be deemed necessary to the provision of electrical service for purposes of any determination made under § 1003 if the commission finds that the new facility is necessary to facilitate achievement of the renewable power goals established” in the RPS regulations.

A finding that the Project is necessary to achieve the state’s RPS goals will serve as a definitive determination of need under §§ 1001 *et seq.*, and will render further consideration of need based upon reliability or economic factors moot.

The Commission considered the application of § 399.2.5 in D.07-03-012. That decision recognized the extraordinary nature of the application of this provision, and established a three-prong test for reliance upon § 399.2.5: “(1) that

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<sup>12</sup> *Application of Southern California Edison for CPCN for Kramer-Victor Transmission Line*, (1990) 37 CPUC2d 413, 453.

<sup>13</sup> *Application of Lodi Gas Storage for CPCN for Gas Storage Facilities*, D.00-05-048, 28 [“[T]he appropriate place for the parties to address [the issue of a project’s influence on the environment] was in the EIR, so that the parties would not duplicate their efforts in both portions of the proceeding.”].

<sup>14</sup> Section 399.2.5 was previously numbered Section 399.25.

a project would bring to the grid renewable generation that would remain otherwise unavailable; (2) that the area within the line's reach would play a critical role in meeting the RPS goals; and (3) that the cost of the line is appropriately balanced against the certainty of the line's contribution to economically rational RPS compliance."<sup>15</sup>

We apply that three-prong test to the Project herein. As demonstrated below, the Project satisfies all three prongs, and meets the standard of review required under § 399.2.5.

#### **4. Need Pursuant to Section 399.2.5**

##### **4.1. Need Determination in this Case is for the Entire Project and Not Individual Segments**

A preliminary issue is presented by Acton's Opening Brief. One of Acton's primary arguments is that "substantial portions of the proposed TRTP project are NOT actually necessary to achieve the TRTP project objectives"<sup>16</sup> and that "substantial portions of the TRTP project do not qualify for approval under PUC 399.2.5."<sup>17</sup> This raises a key threshold question: do the elements demonstrating need apply to the entire Project taken as a whole, or to the individual elements or segments of the Project?

SCE presented three major arguments for why an element-by-element analysis would be both impossible and contrary to our stated policies: (1) neither the language of § 399.2.5 nor of the three-prong test in D.07-03-012 suggest such an analysis; (2) it is impossible to implement a requirement that all elements of

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<sup>15</sup> D.07-03-012 at 16.

<sup>16</sup> Acton's Opening Brief at 2.

<sup>17</sup> Acton's Opening Brief, heading for Section 3.0 at 13.

the project solely serve renewable generation under Federal Energy Regulatory Commission (FERC) regulations and would violate the CAISO's Tariff; and (3) the Commission has stated a pro-active policy supporting transmission development to serve the Tehachapi Wind Resource Area (TWRA).<sup>18</sup>

While SCE is correct that the explicit language of § 399.2.5 and of D.07-03-012 does not describe an element-by-element analysis, neither does it foreclose such an analysis. Inherent in both authorities is an expectation that the transmission project legitimately facilitates the state's RPS goals. Section 399.2.5 cannot be used as a regulatory shortcut to find need for transmission facilities that are not legitimately related to delivery of renewable generation simply by attaching those facilities to an otherwise necessary transmission project. Therefore we are reluctant to adopt a comprehensive statement that individual elements cannot be separately reviewed.

However, in this case there is sufficient evidence in the record to support a finding that all of the elements are part of a whole project, and that individual elements cannot be easily removed without disrupting the entire project. The transmission grid is a complex and interrelated network of facilities that must be appropriately balanced in terms of a variety of factors, including power flow, transient stability, and reactive voltage support.<sup>19</sup> The California Independent System Operator Corporation (CAISO) approved the Project in its entirety, after performing detailed electrical studies of the Project.<sup>20</sup> SCE's witness Chacon

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<sup>18</sup> SCE's Reply Brief at 11-17; D.04-06-010. See also D.07-03-012 and D.07-03-045.

<sup>19</sup> See SCE's Reply Brief at 24 for a discussion of studies of some of the factors

<sup>20</sup> Application at 2; SCE's Reply Brief at 18, citing the CAISO's Board of Governors' Approval of the Tehachapi Renewable Transmission Project (January 18, 2007), of which

*Footnote continued on next page*

testified that all elements were necessary to the entire Project.<sup>21</sup> Acton did not provide testimony on these technical factors to contest this evidence or to validate the electrical reliability of its proposed alternative (known as “TRTP Light”).

Based upon the evidentiary record before us, we find that all of the elements of the Project comprise a connected whole, and that an element-by-element need determination is inappropriate in this case.<sup>22</sup> However, Acton’s arguments regarding potential overbuilding of the Project is considered under the third prong of the test.

#### **4.2. The Three Prong Test of D.07-03-012**

As noted above, D.07-03-012 set forth three factors or prongs, each of which must be found in order for the Commission to apply § 399.2.5: “(1) that a project would bring to the grid renewable generation that would remain otherwise unavailable; (2) that the area within the line’s reach would play a critical role in meeting the RPS goals; and (3) that the cost of the line is appropriately balanced against the certainty of the line’s contribution to

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we take official notice pursuant to Rule 13.9 of the Commission’s Rules of Practice and Procedure.

<sup>21</sup> Hearing Transcript at 752:12-16.

<sup>22</sup> Any alternative studied and considered in the environmental process has been reviewed to determine whether it meets the electrical needs of the project and those which do not meet those needs have been screened out.

economically rational RPS compliance.”<sup>23</sup> We consider each of these factors in sequence below.<sup>24</sup>

DRA has proposed specific revisions to the test.<sup>25</sup> SCE recommends that these revisions be considered in a separate proceeding to allow all interested stakeholders to respond,<sup>26</sup> and we agree that the revisions of the test should be handled in a more general proceeding with broader participation.

#### **4.2.1. Project Brings Otherwise Unavailable Renewable Generation to the Grid**

SCE presents four major arguments in support of the Project fulfilling the first prong of the test, “that a project would bring to the grid renewable generation that would remain otherwise unavailable:”

(1) the Commission’s prior decisions regarding the TWRA support this conclusion, citing in particular D.04-06-010, D.04-12-007 and D.08-03-012;<sup>27</sup>

(2) the Commission’s Energy Division (ED) staff’s “33% Renewables Portfolio Standard Implementation Analysis Preliminary Results” report issued in June 2009 (33% RPS Staff Report) supports this conclusion;<sup>28</sup>

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<sup>23</sup> D.07-03-012 at 16.

<sup>24</sup> CARE questions the need for the TRTP on a holistic basis, arguing that SCE has not demonstrated that transmission is needed to support the renewable projects that it contends meet the “least-cost, best” fit requirements of § 399.14(3) (CARE’s Opening Brief at 4). This and similar arguments in CARE’s Opening Brief comprise collateral attacks on Commission approved RPS contracts and RPS procurement plans and are outside of the scope of this proceeding.

<sup>25</sup> DRA’s Opening Brief at 6-8.

<sup>26</sup> SCE’s Opening Brief at 10.

<sup>27</sup> SCE’s Opening Brief at 6-7.

<sup>28</sup> SCE’s Opening Brief at 8-9. This report is in the evidentiary record as CARE-03.

(3) regional transmission agencies have repeatedly concluded that TRTP is needed to interconnect renewable energy to the grid, citing reports of the California Energy Commission (CEC), the CAISO, and the Tehachapi Collaborative Study Groups;<sup>29</sup> and

(4) the CAISO interconnection queue for the TWRA area demonstrates this need.<sup>30</sup>

DRA agrees that the Project meets this prong of the test, but disagrees with SCE's reliance upon the CAISO interconnection queue as being appropriate for this test "because it provides little or no indication of the project's viability, financing status, developer experience, or contract status."<sup>31</sup> DRA instead relies upon Commission-approved RPS contracts, which it contends provide "a far better indicator of the amount of renewable generation that the TRTP would bring to the grid."

DRA notes that the Commission has approved nine RPS contracts that are estimated to produce a maximum of approximately 2300 megawatts (MW) of

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<sup>29</sup> SCE's Opening Brief at 11-19. Official notice is taken of the CEC's 2007 Strategic Transmission Investment Plan at <http://www.energy.ca.gov/2007publications/CEC-700-2007-018/CEC-700-2007-018-CMF.PDF>; the CEC's 2005 Integrated Energy Policy Report at <http://www.energy.ca.gov/2005publications/CEC-100-2005-007/CEC-100-2005-007-CMF.PDF> ; the First Tehachapi Collaborative Study Group Report (2005) at <http://docs.cpuc.ca.gov/Published/Graphics/48819.pdf> the Second Tehachapi Collaborative Study Group Report (2006) at <ftp://ftp.cpuc.ca.gov/tehachapi/> ; the CAISO South Regional Transmission Plan for 2006 at <http://www.caiso.com/18db/18dbaedf2cca0.pdf> ; and the RETI, Phase 1B Final Report at <http://www.energy.ca.gov/reti/documents/index.html>.

<sup>30</sup> SCE's Opening Brief at 9-11.

<sup>31</sup> DRA's Opening Brief at 3.

renewable energy to the grid.<sup>32</sup> DRA argues that without additional transmission capacity beyond the 700 MW provided by the ATP, 1590 MW of renewable generation would otherwise be unavailable if the Project was not constructed.<sup>33</sup>

DRA's rationale is simple and compelling, and we find that the TRTP is necessary to access Commission-approved renewable resources, and therefore reaffirm our prior decisions and find that the Project meets the first prong of the test. We do not reach the question of under what circumstances an applicant can rely upon the CAISO interconnection queue for determining need under § 399.2.5.

Acton does not dispute that the TRTP may access 4,500 MW of renewables, but has raised questions regarding whether: (1) significant portions of the capacity will actually serve non-renewable resources, such as the Palmdale Hybrid Power Plant, which may provide 570 MW of conventional generation along with 50 MW of renewables;<sup>34</sup> and (2) whether other proposed transmission projects may divert some of these renewables to northern California, thereby reducing the need to transfer them south.

Acton is correct that under FERC tariffs, all transmission is open access, and therefore is committed on a first-come, first-served basis. Nevertheless, the tests under § 399.2.5 and under the three-prong test of D.07-03-012 do not preclude non-renewable resources using the new transmission line. The key is whether the new transmission line is needed to prudently access new renewable

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<sup>32</sup> Exhibit DRA-1 at 3-4.

<sup>33</sup> DRA's Opening Brief at 4.

resources that are important to the state's RPS needs, and not whether other resources may also be accessed.

Acton has raised questions about the impacts of future projects, both related and unrelated to the Project. Those hypothetical projects need to be considered on their own merits, and are too speculative to be considered here.

#### **4.2.2. The Area Within the Project's Reach Plays a Critical Role for Meeting RPS Goals**

SCE relies upon its existing Commission-approved RPS contracts in support of the Project fulfilling the second prong of the test, "that the area within the line's reach would play a critical role in meeting the RPS goals."<sup>35</sup>

DRA argues that the Commission already has determined that the TWRA plays a critical role in meeting the state's RPS goals by approving Segments 1-3 in D.07-03-012 and D.07-03-045, and that the key remaining question is whether the additional increment of transmission capacity provided by the Project plays a critical role in meeting the RPS goals.<sup>36</sup> It contends that the increment can be defined either as the net new delivery capacity (4,500 MW less 700 MW for Segments 1-3) or the net RPS contracts not served by Segments 1-3 (2290 MW less 700 MW), and notes that under either definition, the Project plays a critical role.<sup>37</sup>

SCE and DRA have demonstrated that the area within the Project's reach plays a critical role in meeting California's RPS goals, and therefore we find that the second prong of the test is satisfied.

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<sup>34</sup> Acton's Opening Brief at 14.

<sup>35</sup> SCE's Opening Brief at 16-17.

<sup>36</sup> DRA's Opening Brief at 4.

<sup>37</sup> DRA's Opening Brief at 4.

#### **4.2.3. Cost of the Line is Appropriately Balanced Against the Certainty of the Line's Contribution to Economically Rational RPS Compliance**

SCE primarily relies upon many of the same authorities as the first prong in its analysis of the third prong, “that the cost of the line is appropriately balanced against the certainty of the line’s contribution to economically rational RPS compliance.” More specifically, SCE argues that the CAISO has approved the TRTP, that the CEC’s 2007 Strategic Transmission Investment Plan Commission Report found the TRTP to be one of five strategically important transmission projects, and that the Renewable Energy Transmission Initiative (RETI) Phase 1B Report showed the TWRA to be one of the most economically viable locations for providing new renewable resources with minimal environmental impacts.<sup>38</sup>

DRA compared the cost of the Project to the ATP and to San Diego Gas & Electric Company’s (SDG&E) Sunrise Powerlink Transmission Project (Sunrise Powerlink Project), and concluded that the Project was more cost effective on a dollar per MW basis than those other projects. In addition, DRA notes that with nine Commission-approved RPS contracts, that the area will likely “eventually provide access to a significant level of renewable energy.”<sup>39</sup>

DRA has raised a concern about the Project, noting that a single contract to Alta Windpower (Alta) accounts for about two-thirds of the currently approved contracted power. DRA recommends conditioning the CPCN on a requirement that SCE provide a “construction trigger” on the CPCN per the discussion in

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<sup>38</sup> SCE’s Opening Brief at 17-19.

<sup>39</sup> DRA’s Opening Brief at 5.

D.06-06-034, in which the Commission concluded that the decision of whether to apply such a construction trigger should be determined on an application-by-application basis.<sup>40</sup>

DRA's concerns are understandable, but we will not provide a construction trigger on the CPCN. First, the potential resources of the TWRA are large enough that even the failure of the Alta contract would not prevent other developers from tapping into this potential. Second, it would be inappropriate to condition the CPCN, even if indirectly, upon the actions of a single third-party developer, as that would bestow undue power onto that developer to delay the Project. Finally, we are concerned that such a trigger may impact the financing of the Project, and the record does not demonstrate that a potential impact on financing is outweighed by other considerations.

Acton challenges the cost-effectiveness of the Project, because Segments 6 and 11 will be built to 500 kV standards and only operated at 220 kV.<sup>41</sup> SCE has testified that they are building these segments at this level to avoid constructing a line that they may eventually need to tear down and construct at 500 kV.<sup>42</sup> Acton contends that this is wasteful and that there is no proof that additional capacity will ever be needed. Acton believes that the generation potential of the TWRA is overstated because prior studies do not properly consider the complementary generation characteristics of solar and wind generation. Also, Acton argues that Pacific Gas and Electric Company's proposed Central

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<sup>40</sup> DRA's Opening Brief at 5-6.

<sup>41</sup> Acton's Opening Brief at 8.

<sup>42</sup> See SCE's Reply Brief at 25-26; Hearing Transcript at 1274:25-28.

California Clean Energy Transmission Project transmission project will access the TWRA and thereby deplete the remaining capacity of the TWRA.<sup>43</sup>

The transmission lines of Segments 6 and 11 at issue pass through the Angeles National Forest (ANF). Construction in the ANF is particularly difficult due to terrain, requiring significant use of helicopters and potentially impacting biologically sensitive areas. Weighing the costs and benefits of additional structures to ensure relatively simple access to additional transmission capacity to access the TWRA against the difficulties of tearing down and rebuilding these lines, we conclude that SCE's proposal to build these segments to accommodate possible operation at 500 kV is reasonable and prudent.

In light of the above, we find that the cost of the Project is appropriately balanced against the certainty of the line's contribution to economically rational RPS compliance, and the third prong of the test is satisfied.

#### **4.2.4. The TRTP Satisfies the Three Prong Test**

The Project has satisfied each of the three separate prongs or elements of the test for application of § 399.2.5 set forth in D.07-03-012, and therefore we find that the Project is necessary to facilitate achievement of the renewable power goals set forth in § 399.11 et seq. Hence, under § 399.2.5, the Project is deemed to be necessary.

#### **4.3. Factors Considered Under Section 1002**

Section 399.2.5 explicitly supersedes § 1002 in determinations of need for a CPCN.<sup>44</sup> Nevertheless, parties were permitted to enter testimony regarding

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<sup>43</sup> Acton's Opening Brief at 9.

those elements of § 1002 not otherwise considered under CEQA, i.e., community values. Upon review of this testimony, we conclude that those other factors do not outweigh the need for the Project.<sup>45</sup>

It would be almost impossible to construct a transmission line of this length and capacity without impacting either residential communities or public lands set aside for conservation purposes. However, one of the key siting criteria used for determining potential routes for the Project was to maximize use existing rights-of-way (ROW) that already contain transmission lines, to minimize such impacts, consistent with statutory state policies known as the “Garamendi Principles.”<sup>46</sup>

The Garamendi Principles are statewide transmission siting policies that encourage the use of existing ROW by upgrading existing transmission facilities where technically feasible and economically justifiable.<sup>47</sup>

The Legislature and the Governor have also determined that development of renewable resources is vital to the environment of California and to address greenhouse gas problems. In the 33% RPS Staff Report, ED staff has identified the need for four new transmission lines, including the TRTP, to meet the

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<sup>44</sup> Section 399.2.5 begins “Notwithstanding any other provision in Section 1001 to 1013, inclusive...”

<sup>45</sup> See Section 7.3, discussing § 1002 in the context of determining the specific route selected for the Project.

<sup>46</sup> SCE-16 contains excerpts from the CEC Strategic Transmission Investment Plan of November 2007, referenced in fn. 29 above, which cites and applies the Garamendi Principles.

<sup>47</sup> Cal. Code of Regs. tit. 20, § 2320.

existing 20% RPS goals.<sup>48</sup> Any individual community's preference to avoid development of transmission infrastructure in its boundaries cannot outweigh these important statewide policy goals and the need for the Project.

This is consistent with our decision regarding the CPCN for SDG&E's Sunrise Powerlink Project, D.08-12-058, in which we found that the state statutes preserving wilderness areas such as the Anza-Borrego State Park embody community values under § 1002.<sup>49</sup>

Furthermore, we agree with CSPF's argument that adoption of Alternative 4CM would result in the Project setting a precedent of disturbing state parkland for the convenience of a small group of local residents who knowingly located next to an existing ROW with transmission facilities.<sup>50</sup>

## **5. Environmental Review Process**

Given the magnitude of the Project, Commission staff determined early on that the Proposed Project had the potential to have a significant impact on the environment, requiring preparation of an EIR. Many of the issues raised by protestants are within the scope of the environmental review, and were considered within the environmental review process described below. Section 1002 issues concerning "influence on the environment" were addressed through the environmental review process. Matters considered as part of the environmental review process were not be the subject of separate written

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<sup>48</sup> "33% Renewables Portfolio Standard Implementation Analysis Preliminary Results" (June 2009) at 6-7.

<sup>49</sup> D.08-12-058 at 205 and FOF 24.

<sup>50</sup> CSPF's Reply Brief at 2.

testimony or evidentiary hearings in this proceeding, having been considered fully within the environmental review process.

### **5.1. California Environmental Quality Act (CEQA)**

The Commission is the lead agency for purposes of preparing an EIR in compliance with CEQA.<sup>51</sup>

An EIR is an informational document designed to provide other governmental agencies and the public in general, with detailed information about of the environmental impacts of the proposed project, to indicate alternatives to the proposed project, and to identify ways in which significant impacts of the proposed project and alternatives can be minimized. The Final EIR has been admitted into the formal record as Reference Exhibit 3.

The environmental issue areas evaluated in the EIR include agricultural resources, air quality, biological resources, cultural resources, geology, soils and paleontology, hydrology and water quality, land use, noise, public service and utilities, socioeconomics, traffic and transportation, visual resources, wilderness and recreation, wildfire prevention and suppression, and electrical interference and hazards.

In addition to identifying mitigation measures, the EIR evaluates alternatives to the proposed project including alternative routes, the “no project” alternative, alternative system designs (i.e. undergrounding), and alternative construction methods (i.e. increased use of helicopters).

In response to comments received on the Draft EIR/EIS, the Final EIR has been revised to include the analysis of a modified version of Alternative 4C,

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<sup>51</sup> Pub. Res. Code § 21000, *et seq.*

discussed below, and to incorporate new information published by the CAISO regarding the need for Segment 8B (for all alternatives). The Final EIR also contains all comments received on the Draft EIR/EIS and written responses to all comments.

Additionally, the Final EIR addresses the recent Station Fire (August – October 2009), which affected portions of Segments 6 and 11 of the project, primarily in the ANF.<sup>52</sup> The Final EIR evaluates whether any changed conditions caused by the fire would result in new significant project-related environmental effects or call for new or revised mitigation measures.<sup>53</sup> This evaluation identifies minor modifications to mitigation measures to address certain effects created by the fire but concludes that there are no changed conditions caused by the Station Fire that require a recirculation for public review pursuant to CEQA.<sup>54</sup>

In making its final determination on the application, the Commission considers the information contained in the Final EIR as well as in the formal evidentiary record of this proceeding.

CEQA requires that, prior to approving the project or a project alternative, the lead agency certify that the EIR was completed in compliance with CEQA, that it reviewed and considered the EIR prior to approving the project or a project alternative, and that the EIR reflects the lead agency's independent

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<sup>52</sup> The Station Fire, the largest in the history of Los Angeles County, started on the ANF on August 26, 2009. The fire was declared contained on October 16, 2009, just prior to the publication of the Final EIR.

<sup>53</sup> See Final EIR, Appendix L.

<sup>54</sup> See CEQA Guidelines § 15088.5.

judgment.<sup>55</sup> The Commission cannot approve a proposed project or alternative unless it requires the project proponent to eliminate or substantially lessen all significant effects on the environment where feasible, and determines that any remaining significant effects found to be unavoidable are acceptable due to overriding considerations.

## **5.2. National Environmental Policy Act (NEPA)**

Because the Proposed Project or its alternatives would cross approximately 42 miles of federal-jurisdictional lands within the National Forest System, the United States Forest Service (USFS) is responsible for approval of that portion of the Proposed Project. As the federal lead agency under NEPA,<sup>56</sup> the USFS is responsible for preparation of an environmental impact statement (EIS). The United States Army Corps of Engineers (USACE) is a cooperating agency under NEPA, because the Proposed Project or its alternatives would cross USACE land.

In order to encourage a greater level of efficiency in reviewing this project request, USFS and the Commission prepared a joint Draft EIR/EIS.<sup>57</sup> This is both allowed and encouraged under state and federal law. Consistent with its normal protocols, USFS is conducting a detailed review of the impacts of the recent Station Fire and will determine how to proceed upon completion of that review. The USFS will not issue its Final EIS or Record of Decision (ROD) until that review is complete. The Commission and the USFS have agreed that this

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<sup>55</sup> Pub. Res. Code § 21082.1(c)(3), CEQA Guidelines § 15090.

<sup>56</sup> 42 USC § 4321, *et seq.*

<sup>57</sup> We will refer to the package of Draft EIR/EIS, Final EIR, and other associated environmental documents issued as part of the environmental review collectively as the “EIR/EIS.”

further review of post-fire conditions by the USFS does not need to delay the Commission's separate decision on the proposed Project.

### **5.3. Electro-magnetic Fields (EMF)**

The Commission's General Order (GO) 131-D contains rules relating to the planning and construction of electric facilities. Section X of GO 131-D requires that the applicant for a CPCN describe the measures taken or proposed by the utility to reduce the potential exposure to Electro-magnetic Fields (EMFs) generated by the proposed facilities.

### **5.4. Environmental Review History**

On August 31, 2007, the Commission and USFS issued their Notice of Preparation/Notice of Intent (NOP/NOI) for an EIR/EIS for the Project.<sup>58</sup> The NOP/NOI describes potential environmental effects of the proposed project and alternatives that were evaluated through the EIR/EIS process.

The Draft EIR/EIS was issued on February 6, 2009, and for purposes of NEPA, was noticed in the Federal Register on February 13, 2009. The public comment period on the Draft EIR/EIS ended on April 6, 2009.

The Final EIR was issued on October 30, 2009. It addresses the Station Fire in the ANF that impacted ROWs contained within the Project, and proposes mitigations measures that are equivalent or more effective than the existing mitigation measures, and therefore do not require recirculation of the Final EIR.<sup>59</sup>

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<sup>58</sup> The NOP, SCE's June 29, 2007 PEA, the Draft EIR/EIS and the Final EIR and other information about the environmental review process, are available at: [ftp://ftp.cpuc.ca.gov/gopher-data/environ/tehachapi\\_renewables/TRTP.htm](ftp://ftp.cpuc.ca.gov/gopher-data/environ/tehachapi_renewables/TRTP.htm).

<sup>59</sup> Cal. Code of Reg., tit. 14, §§ 15088.5 and 15074.1(c).

## **6. The Environmental Review Process Applied to the TRTP**

### **6.1. Project Objectives and Description**

The purpose of the Project according to SCE's PEA is to provide the electrical facilities necessary to integrate levels of new wind generation in excess of the 700 MW transmitted by the ATP and up to a total of approximately 4,500 MW in the TWRA for the combined TRTP.<sup>60</sup>

SCE also identified the following objectives for the Project in the PEA:<sup>61</sup>

- Construct the project to reliably interconnect new wind generation resources in the TWRA, and enable SCE and other California utilities to comply with California's RPS programs in an expedited manner.

- Comply with all applicable reliability planning criteria required by the North American Electric Reliability Council (NERC), the Western Electricity Coordinating Council (WECC), and the CAISO.

- Construct facilities in an orderly, rational and cost-effective manner to maintain reliable electric service, by minimizing service interruptions, during construction.

- Address the reliability needs of the CAISO controlled grid due to projected load growth in the Antelope Valley.

- Address the South of Lugo transmission constraints, an ongoing source of concern for the Los Angeles Basin.

- Maximize the use of existing transmission line ROW in order to minimize effects on previously undisturbed land and resources

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<sup>60</sup> SCE's PEA at ES-1.

<sup>61</sup> SCE's PEA at ES1 to ES-3.

- Minimize environmental impacts, through selection of routes, tower types and locations, while still meeting project objectives.
- Where existing ROW is not available, select the shortest feasible route that minimizes environmental impacts.
- Meet project needs in a cost-effective and timely manner.

In addition to the purpose of the Project described by SCE to provide electrical facilities needed to integrate new wind generation, the Project will also accomplish other important objectives related to increasing transmission system reliability in the Antelope Valley and resolving transmission constraints south of Lugo Substation, which is located in Hesperia, California. Therefore, for purposes of CEQA, the Project's three primary objectives are to:

- Provide the electrical facilities necessary to reliably interconnect and integrate in excess of 700 MW provided by the ATP and up to a cumulative total of approximately 4,500 MW of new wind generation in the TWRA currently being planned or expected in the future, thereby enabling SCE and other California utilities to comply with the California RPS goals in an expedited manner (i.e., 20 percent renewable energy by year 2010 per California Senate Bill 107).<sup>62</sup>
- Further address the reliability needs of the CAISO-controlled grid due to projected load growth in the Antelope Valley.

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<sup>62</sup> FERC Order No. 2003 requires all public utilities that own, control, or operate facilities for transmitting electric energy in interstate commerce to provide interconnection service to electric generating facilities having a capacity of more than 20 megawatts.

- Address the South of Lugo transmission constraints, an ongoing source of concern for the Los Angeles Basin.

Section 1.2.1 of the Final EIR provides background information on the RPS Requirements, the TWRA, Projected Load Growth and Transmission Constraints, and Executive Order 13212.

## **6.2. Description of the Studied Alternatives**

The environmental documents studied eleven alternatives, including with SCE's Proposed Project (Alternative 2), five proposed by the Chino Hills (Alternatives 4A, 4B, 4C, 4CM and 4D) and the No Project/ Action Alternative (Alternative 1).

### **6.2.1. The Proposed Project (Alternative 2)**

The Proposed Project (also denoted as Alternative 2 in the environmental documents) consists of a 173-mile transmission line crossing Southern California's Kern, Los Angeles and San Bernardino counties.<sup>63</sup> For descriptive purposes, the Proposed Project is separated into eight distinct segments, referred to as Segments 4 through 11.<sup>64</sup> Segments 4 through 8, as well as Segments 10 and 11 of the Proposed Project are transmission facilities, while Segment 9 addresses the addition and upgrade of substation facilities.

The Proposed Project's major components include:

- Two new single-circuit 220-kilovolt (kV) transmission lines traveling in parallel approximately 4 miles over new right-of-way

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<sup>63</sup> See Draft EIR/EIS, Sec. 2.2 for a more complete description of the Proposed Project.

<sup>64</sup> Segments 1-3 comprise the Antelope Transmission Project, which was addressed in A.04-12-007 and A.04-12-008 and approved in D.07-03-012 and D.07-03-045, as modified in D.09-09-033.

(ROW) to connect the proposed Cottonwind and Whirlwind Substations (the northern portion of Segment 4).

- A new single-circuit 500-kV transmission line, initially energized to 220 kV, traveling approximately 15.6 miles over new ROW from the proposed Whirlwind Substation to the existing Antelope Substation (the southern portion of Segment 4).
- Replacement of approximately 17.4 miles of the existing Antelope-Vincent 220-kV transmission line and the existing Antelope-Mesa 220-kV transmission line with only one new transmission line built to 500-kV standards in existing ROW between the existing Antelope Substation and the existing Vincent Substation (Segment 5).
- A rebuild of approximately 31.9 miles of existing 220-kV transmission line to 500-kV standards from the existing Vincent Substation to the southern boundary of the ANF. This segment includes the rebuild of approximately 26.9 miles of the existing Antelope-Mesa 220-kV transmission line and approximately five miles of the existing Rio Hondo-Vincent 220-kV No. 2 transmission line (Segment 6).
- A rebuild of approximately 15.8 miles of existing 220-kV transmission line to 500-kV standards from the southern boundary of the ANF to the existing Mesa Substation. This segment would replace the existing Antelope-Mesa 220-kV transmission line (Segment 7).
- A rebuild of approximately 33 miles of existing 220-kV transmission line to 500-kV standards from a point approximately 2 miles east of the existing Mesa Substation (the "San Gabriel Junction") to the existing Mira Loma Substation (Segment 8A). This segment would also include the rebuild of approximately 7 miles of the existing Chino-Mira Loma No. 1 line from single-circuit to double-circuit 220-kV structures (Segment 8B). A new circuit between Chino Substation and approximately 0.8 mile west of the Mira Loma Substation (6.4 miles) would also be installed on the new double-circuit 500-kV structures built as part of Segment 8A (Segment 8C).

- Construction of the new Whirlwind Substation, a 500/220-kV substation located approximately 4 to 5 miles south of the Cottonwind Substation near the intersection of 170th Street and Holiday Avenue in Kern County near the TWRA (part of Segment 9).<sup>65</sup>
- Upgrades to the existing Antelope, Vincent, Mesa, Gould, and Mira Loma Substations to accommodate new transmission line construction and system compensation elements (part of Segment 9).
- Construction of a new 500-kV transmission line traveling approximately 16.8 miles over new ROW between the new Windhub Substation<sup>66</sup> and new Whirlwind Substation (Segment 10).
- A rebuild of approximately 18.7 miles of existing 220-kV transmission line to 500-kV standards between the existing Vincent and Gould Substations. This segment would also include the addition of a new 220-kV circuit on the vacant side of the existing double-circuit structures of the Eagle Rock–Mesa 220-kV transmission line, between the existing Gould Substation and the existing Mesa Substation (Segment 11).
- Installation of associated telecommunications infrastructure.

### **6.2.2. West Lancaster Alternative (Alternative 3)**

This alternative was suggested by members of the public prior to the scoping period.<sup>67</sup> It would re-route the new 500-kV transmission line in Segment 4 along 115<sup>th</sup> Street West in West Lancaster rather than 110<sup>th</sup> Street West. This

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<sup>65</sup> It is anticipated that Cottonwind Substation will be permitted by Kern County and constructed by a wind developer.

<sup>66</sup> The construction of the Windhub Substation was approved in D.07-03- 045. It was referred to as Substation One in that decision.

<sup>67</sup> Portion of this Section appear in the DEIR/DEIS at 2-3 and 2-4.

3.4-mile re-route would increase the overall distance of Segment 4 by approximately 0.4 mile; however, the number of overall structures would decrease by one due to greater spacing between structures compared to the Proposed Project.

New access and spur roads would need to be created in the area of the re-routed portion of Alternative 3. SCE would attempt to use existing roads to the extent possible and would only need to build new access or spur roads where the existing roads do not provide the required access. Operations and maintenance of Alternative 3, including transmission line and substation components, would be identical to the Proposed Project.

**6.2.3. Chino Hills Alternatives (Alternative 4A, 4B, 4C, 4CM and 4D)**

Five variations from the route in Segment 8A were suggested by Chino Hills (collectively, Alternative 4 routes). All five to some extent reroute the Project from the existing ROW in Chino Hills to the Chino Hills State Park (CHSP) and surrounding properties.

Four routes were considered in the DEIR/DEIS:<sup>68</sup>

- Alternative 4A would place a new double-circuit 500-kV transmission line in Segment 8A through CHSP parallel to an existing double-circuit 220-kV transmission line. This alternative route would require construction of a new 500-kV switching station in CHSP, which would allow the new 500-kV transmission line to connect to existing 500-kV transmission lines located in this area that provide connections to the Mira Loma Substation.

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<sup>68</sup> These descriptions are found in the Final EIR at ES-8 and ES-9.

- Alternative 4B represents a refinement to Alternative 4A, in which a new double-circuit 500-kV transmission line in Segment 8A would be routed completely through CHSP parallel to an existing double-circuit 220-kV transmission line. This alternative route would require construction of a new 500-kV switching station, which would be located east of and outside of the CHSP, and would allow the new double-circuit 500-kV transmission line to connect to existing 500-kV transmission lines located in this area that provide connections to the Mira Loma Substation.

- Alternative 4C represents a refinement to Alternative 4A, in which a new double-circuit 500-kV transmission line in Segment 8A would be placed parallel to an existing double-circuit 220-kV transmission line up to CHSP (approximately 4.2 miles). At this point, this alternative route would turn east for approximately 1.5 miles, remaining just north of the CHSP boundary, to a new 500-kV switching station. A portion of the existing single-circuit 500-kV transmission lines within CHSP would be re-routed to tie into the new switching station, which would allow the new double-circuit 500-kV transmission line to connect to these existing 500-kV transmission lines to allow power flow to continue on to the Mira Loma Substation. In addition, a portion of the existing 220-kV transmission line within CHSP would be re-routed outside of CHSP, paralleling the new 500-kV transmission line from just west of the CHSP boundary to the new switching station, and would then re-enter CHSP paralleling the re-routed 500-kV transmission lines to reconnect with the existing 220-kV transmission line.

- Alternative 4D represents a refinement to Alternative 4A, in which a new double-circuit 500-kV transmission line in Segment 8A would be placed parallel to an existing double-circuit 220-kV transmission line up to CHSP

(approximately 4.2 miles). At this point, the alternative route would turn east and proceed to follow the northern boundary of CHSP for approximately 4.2 miles, then just east of Bane Canyon the alignment would turn southeast and cut across CHSP for approximately 1.3 miles, at which point the new 500-kV transmission line would turn northeast to parallel the existing transmission lines for approximately 0.5 mile (outside CHSP) before terminating at a new 500-kV switching station located immediately east of the boundary of CHSP (same location as Alternative 4B). This switching station would allow the new double-circuit 500-kV transmission line to connect to existing 500-kV transmission lines located in this area to provide connections to the Mira Loma Substation.

After the issuance of the DEIR/DEIS, Chino Hills proposed modifications to Alternative 4C. This modified alternative is referred to as Alternative 4C Modified (Alternative 4CM). Alternative 4CM is similar to the original Alternative 4C discussed above, with the exceptions that: (1) the new gas-insulated switching station would be located on Aerojet property approximately 2,500 feet northwest of the location proposed for the original Alternative 4C;<sup>69</sup> (2) transmission line configurations and access roads would be altered to account for relocation of the switching station; and (3) re-routing of the existing single-circuit 500-kV towers in CHSP to the new switching station would occur utilizing double-circuit 500-kV towers. As with the original Alternative 4C, Alternative 4CM would also diverge from the proposed Project Segment 8A at Mile 19.2, as well as re-route the existing 500-kV and 220-kV transmission lines from within CHSP, through a new switching station located north of CHSP.

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<sup>69</sup> The exact location of the switching station has varied as Chino Hills continued to refine the proposal.

The Aerojet property is a designated “RCRA” facility that is subject to regulations by the California Department of Toxic Substances Control (DTSC) under the federal Resource Conservation and Recovery Act (RCRA) as an “RCRA facility”.<sup>70</sup> The Aerojet property had previously been used for research and development of explosives, and for loading, assembling and testing of ordinance for the U.S. Dept. of Defense from approximately 1954 to 1995.<sup>71</sup>

The DTSC has not definitively resolved the issues of whether question of whether unexploded ordinance, known as “munitions and explosives of concern” (MEC) remains on the Aerojet Property in the portions that would be used by Alternative 4CM. The parties have offered differing opinions from DTSC in the evidentiary record regarding how long it would take to receive clearance from DTSC.<sup>72</sup>

All of the Alternative 4 routes would impact the CHSP. There has been substantial disagreement amongst the parties regarding whether these routes are consistent with the CHSP General Plan. SCE notes that the California Department of Parks and Recreation filed comments in response to the DEIR/DEIS agreeing with the conclusions of the DEIR/DEIS that Alternative 4 is not consistent with the CHSP General Plan.<sup>73</sup> Chino Hills argues that with

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<sup>70</sup> Aerojet Opening Brief at 2.

<sup>71</sup> Ibid.

<sup>72</sup> Exhibit Aerojet-8 states at least 11 months; Exhibit CH-84 states 45-60 days.

<sup>73</sup> Exhibit SCE-24 at 4: “we concur with the DEIR/EIS conclusion that implementation of the Chino Hills Alternative 4 is not consistent with the Chino Hills SP General Plan and would be considered a significant and unavoidable impact (Class 1).”

implementation of the 21<sup>st</sup> Century Proposal, Alternative 4 would be consistent with the CHSP General Plan.<sup>74</sup>

The Chino Hills alternatives were supported in the environmental review process by the 21<sup>st</sup> Century Green Partnership (21<sup>st</sup> Century), a group founded by Chino Hills and Citizens. In August 2008, 21<sup>st</sup> Century proposed a package of measures (The 21<sup>st</sup> Century Proposal), which it claimed were designed to offset the environmental impacts of the Alternative 4 routes. The 21<sup>st</sup> Century Proposal has four components:

- Land acquisition to expand the CHSP (referred to by 21st Century as Bio-Corridor Expansion);
- Removal of certain existing transmission lines in the CHSP (referred to as View Shed Enhancements);
- Habitat restoration within the CHSP (referred to as Habitat Enhancements); and
- Funding for new personnel (referred to as Operational Enhancements).

The 21<sup>st</sup> Century Proposal was studied in the Draft EIR/EIS and Final EIR. As stated therein, we does not consider this proposal to constitute mitigation as defined by CEQA because the measures do not reduce or avoid any significant adverse impacts caused by the implementation of the Proposed Project or by the implementation of the five versions of Alternative 4.<sup>75</sup> Further, we understand that SCE is committed to removing the existing de-energized transmission lines

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<sup>74</sup> Chino Hills' Opening Brief at 52-54.

<sup>75</sup> DEIR/DEIS at 5-44; Final EIR at 5-46.

in CHSP irrespective of the Project. Finally, compensatory benefits unrelated to Project benefits are outside the scope of CEQA.

More specifically:

- The land acquisition is not needed to mitigate impacts on biological resources, which are not significant;<sup>76</sup>
- The removal of the existing de-energized transmission lines in CHSP will be performed by SCE pursuant to an existing agreement, and therefore is not necessary as mitigation for Alternative 4.<sup>77</sup>
- Habitat restoration to below baseline conditions is not appropriate mitigation under CEQA and does not reduce any impacts of either the Proposed Project or Alternative 4 as defined under the applicable thresholds of significance.<sup>78</sup>
- Contributions of funds to unspecified future programs, improvements or actions is not appropriate mitigation under CEQA (*Anderson First Coalition v. City of Anderson* (2005) 130 Cal.App.4th 1173; *Save Our Peninsula Comm. v. Monterey County Bd. of Supervisors* (2001) 87 Cal.App.4th 99, 141.)<sup>79</sup>

#### **6.2.4. Partial Underground Alternative (Alternative 5)**

This alternative would utilize Gas-Insulated Line technology to place the proposed overhead lines underground along Segment 8A through the City of

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<sup>76</sup> Final EIR at 5-47.

<sup>77</sup> Final EIR at 5-48.

<sup>78</sup> Final EIR at 5-49.

<sup>79</sup> Final EIR at 5-50.

Chino Hills for approximately 3.5 miles to reduce significant visual impacts and address other community concerns.<sup>80</sup>

#### **6.2.5. Maximum Helicopter Construction in ANF Alternative (Alternative 6)**

This alternative would utilize helicopter construction within the ANF to the maximum extent feasible.<sup>81</sup> This alternative was requested by the USFS to reduce ground disturbance within the ANF by minimizing new road construction through the use of helicopter construction.

Helicopter staging/support areas have been identified in the vicinity of Segments 6 and 11 to provide for helicopter construction activities within the ANF. A total of 148 new 500-kV towers would be constructed by helicopter under this alternative: 92 along Segment 6 and 56 along Segment 11.

As with the proposed Project, Alternative 6 would traverse approximately 42 miles of USFS lands in the ANF and approximately 6.4 miles of lands that are owned by the USACE.

Invasive plant species will be surveyed for and controlled using manual techniques and approved herbicides within the Project area on USFS lands.

#### **6.2.6. 66 kV Subtransmission Alternative (Alternative 7)**

This alternative is comprised of four 66-kV subtransmission line elements, including the following: (1) Undergrounding the existing 66-kV subtransmission line on Segment 7 through the River Commons at the Duck Farm Project (Duck Farm Project) between MP 8.9 and MP 9.9 of Segment 7, in the planned Duck Farm Project area as requested by the Board of Supervisors County of Los

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<sup>80</sup> This description is found in the Final EIR at ES-10.

Angeles to minimize the Project's effects to passive recreation opportunities in the planned Duck Farm Project area; (2) Re-routing and undergrounding the existing 66-kV subtransmission line around the Whittier Narrows Recreation area along Segment 7 (S7 MP 11.4 to 12.025) to provide habitat enhancement for least Bell's vireos as identified by SCE; (3) Re-routing the existing 66-kV subtransmission line through the Whittier Narrows Recreation Area in Segment 7 (S7 MP 12.0 to 13.6) immediately north of the existing 220-kV ROW to reduce the number of structures required (20-foot expanded ROW required); (4) Re-routing the existing 66-kV subtransmission line around the Whittier Narrows Recreation Area along Segment 8A between the San Gabriel Junction at MP 2.2 and S8A MP 3.8 (2 routing options are provided in this area) to provide habitat enhancement for least Bell's vireos as identified by SCE.<sup>82</sup>

As with the proposed Project, Alternative 7 would traverse 42 miles of USFS lands in the ANF; however, this alternative would also traverse roughly 7.9 miles of lands that are owned by the USACE, which is approximately 1.5 miles more USACE lands than the proposed Project or other Project alternatives.

#### **6.2.7. No Project Alternative (Alternative 1)**

Selection of the No Project/ Action Alternative would mean that the Project, as proposed, would not be implemented.<sup>83</sup> None of the associated Project activities would occur and the environmental impacts associated specifically with the proposed Project would not occur. For example, SCE's

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<sup>81</sup> This description is found in the Final EIR at ES-10.

<sup>82</sup> This description is found in the Final EIR at ES-10.

<sup>83</sup> This Section appears in the DEIR/DEIS at 2-3 and 2-4.

existing Antelope-Vincent 220-kV line and the existing Antelope-Mesa 220-kV line would remain in place, as removal of these lines is specifically linked to construction of the proposed Project.

However, the objectives for the Project would remain unfulfilled under the No Project/ Action Alternative. For example, the electrical facilities necessary to reliably interconnect and integrate new wind generation in the TWRA that is currently being planned would not be constructed and therefore SCE and other California utilities may not be able to comply with California's RPS goals on schedule.

In the absence of the Project, SCE still would continue to operate and maintain the existing transmission structures, access, and spur roads for operations and maintenance purposes under a variety of agreements (with landowners and land managers) and permits (USFS and USACE). For example, within the ANF, approximately 80 miles of roads are currently being used to access the existing structures along Segments 6 and 11, which the use and maintenance of is authorized through existing roads permits issued by the USFS.

SCE would also be required to interconnect and integrate power generation facilities into its electric system, as required under Sections 210 and 212 of the Federal Power Act (16 U.S.C. § 824 [i] and [k]) and Sections 3.2 and 5.7 of the CAISO's Tariff. The Final EIR identifies two wind generation projects which had submitted applications to Kern County and others are in the advanced planning stage according to the CAISO Interconnection Queue and are expected to submit applications in the future.

Because of their location within SCE's service territory, these upcoming wind generation projects will need to interconnect to the SCE transmission system or find alternative means for transmitting their power to customers.

These wind generation projects cannot be interconnected to the SCE transmission system without new transmission infrastructure north of Antelope Substation to the TWRA and an increase in transmission capacity south of Antelope Substation. Transmission of power from the Antelope Valley area is currently constrained by the existing Antelope-Mesa 220-kV transmission line, which would be overloaded by the addition of new wind generation resulting in system-wide power flow and reliability problems due to overloading of the existing system, such as curtailed generation, thermal overload, and blackouts.

Therefore, without new transmission infrastructure (north of Antelope Substation) and upgrades to the existing system (south of Antelope Substation), SCE would not be able to interconnect new renewable generation facilities and therefore would not meet RPS requirements and the power needs of southern California.

Under the No Project Alternative, the following events or actions (scenarios) related to electricity generation and transmission are reasonably expected to occur in the foreseeable future:

- As currently conceived, some wind projects in the Antelope Valley and Tehachapi areas may require alternate means of transmitting their electricity, as SCE's capacity to transmit energy from the TWRA would be limited to the 700 MW already approved for the ATP. Any such alternative transmission projects would have to meet the same system reliability requirements.

- RPS goals may not be achieved as access to renewable energy from the Antelope Valley-Tehachapi region would either not be provided or would be delayed, and other sources of renewable energy would have to be developed.

- Other renewable energy resources would need to be identified and transmission studies would need to be conducted to connect these newly

identified sources to the transmission grid, which would likely further limit achievement of the RPS goal by the 2010 deadline.

- The conceptual plan recommended by the Tehachapi Collaborative Study Group would not be fully implemented. This plan is intended to collect power from Tehachapi area wind projects, interconnect facilities into the State's backbone grid, and upgrade the network to reliably deliver that power to load centers. The conceptual plan, which would allow for the transmission of over 4,000 MW of wind power, would not be fully achieved because as SCE's capacity to transmit energy from the TWRA would be limited to the 700 MW that would be carried under the ATP.

- Transmission providers such as SCE, PG&E, or Los Angeles Department of Water and Power would need to accommodate the power load by upgrading existing transmission infrastructure or building new transmission facilities along a different alignment and/or developers of wind generation facilities would need to build their own transmission facilities to connect to the transmission grid.

- The additional reliability needs of the CAISO-controlled grid due to projected load growth in the Antelope Valley would not be met and would have to be accommodated by other transmission upgrades to bring power into the area.

- The reliability issues of the existing Lugo-Mira Loma transmission lines within the Cajon Pass related to voltage collapse as a result of uncontrollable loss of load (in the event of wildfires or other natural disasters in the area) would persist.

As indicated above, under the No Project/ Action Alternative, some currently unspecified plan would need to be developed to provide the

transmission upgrades necessary to interconnect renewable generation projects in the Tehachapi area and to also address the existing transmission problems south of Lugo Substation. Similarly, other yet unspecified transmission upgrades would presumably be proposed in the future to provide the needed capacity and additional reliability to serve growing electrical load in the Antelope Valley. However, at this time, we do not know what alternative transmission might be proposed in the future to accomplish the project objectives if the Project is not implemented.

### **6.3. Findings of the Environmental Process**

#### **6.3.1. The Environmentally Superior Alternative**

The EIR/EIS evaluated the various alternatives for each of the eight segments (4-11). The Final EIR identified Alternative 2, the Proposed Project, as the environmentally superior alternative for all but two of the segments. For Segment 4, it identified Alternative 3 (West Lancaster Alternative) as the environmentally superior alternative. For Segment 7, it identified Alternative 7 (66 kV Subtransmission Alternative) as the environmentally superior alternative. We agree with these conclusions.

For Segments 6 and 11, Alternative 6 (Maximum Helicopter Construction in the ANF Alternative) was determined to be the environmentally superior alternative. Ultimately, however, the preferred method for construction in the ANF would be site-specific and would involve a balancing of the effects on helicopter construction against ground-based construction on sensitive resources. For instance, in areas where road construction would result in unacceptable impacts to sensitive species, such as in the Lynx Gulch area, helicopter construction would be preferred to the degree that it would avoid or minimize such impacts. In other locations, road construction to accommodate

construction vehicle access would be preferred to avoid the impacts associated with the establishment of helicopter staging areas. Therefore, the environmentally superior alternative for Segments 6 and 11 is a combination of the helicopter construction and ground-based construction methods, with the total number of helicopter constructed towers falling within the range characterized by Alternative 2 and Alternative 6 (33 to 148 towers). The USFS will need to determine the specific combination of Alternative 2 and Alternative 6 features that provides the least overall impact to Forest resources. This is basically a decision as to which transmission structures would best be demolished and constructed by helicopter versus by conventional ground-based construction methods. As indicated in Final EIR Section 4.3.2, the environmentally preferable alternative will be identified by the Forest Service in its Record of Decision (ROD).

The combination of each of these environmentally superior alternatives for the eight segments shall be designated as the Environmentally Superior Alternative. We authorize this route in Section 7.3 below.

### **6.3.2. Significant Environmental Impacts Not Mitigated**

Although the Environmentally Superior Alternative is the least environmentally damaging alternative, it does not mitigate all significant environmental impacts, as described below.<sup>84</sup>

#### **6.3.2.1. Air Quality**

Construction of the Environmentally Superior Alternative would result in short-term impacts to ambient air quality. Daily construction emissions from the

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<sup>84</sup> These impacts are described in the Final EIR at ES-11 to ES-14.

proposed Project and alternatives, including nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), volatile organic compounds (VOC), particulate matter (PM<sub>10</sub>) and fine particulate matter (PM<sub>2.5</sub>), even after implementation of all feasible mitigation measures, would remain above the South Coast Air Quality Management District (SCAQMD) daily significance thresholds and the Antelope Valley Air Quality Management District (AVAQMD) daily significance thresholds (except for PM<sub>2.5</sub> where there is no threshold recommended by AVAQMD). In addition, the NO<sub>x</sub> and PM<sub>10</sub> emissions from Environmentally Superior Alternative would remain above the Kern County Air Pollution Control District (KCAPCD) daily significance threshold values. Therefore, the daily regional emissions from the Environmentally Superior Alternative would cause significant and unavoidable temporary impacts to air quality in these three jurisdictions.

There are many areas along the Environmentally Superior Alternative where construction would be located near residences, schools, or other sensitive receptors. Construction of the Environmentally Superior Alternative would cause localized emissions above the SCAQMD Localized Significance Threshold values even after mitigating to the maximum extent feasible; therefore, construction of the Environmentally Superior Alternative would have a significant and unavoidable temporary impact on local sensitive receptors.

#### **6.3.2.2. Cultural Resources**

Direct impacts to cultural resources from the Environmentally Superior Alternative may be avoided through minor design modifications, and effects would be reduced to a less-than-significant level by avoidance and protection measures. However, it is important to note that if direct impacts to National Register of Historic Places (NRHP) properties eligible under Criterion d

(significant data potential) are unavoidable, mitigation through data recovery would reduce impacts. However, under the National Historic Preservation Act (NHPA) regulations, effects would still be considered adverse. Likewise, for properties eligible for the NRHP under Criteria a, b, or c, application of mitigation measures may not reduce impacts to a less-than-significant level, and effects still would be considered adverse.

#### **6.3.2.3. Noise**

Construction noise from the Environmentally Superior Alternative would substantially increase ambient noise conditions for sensitive receptors and increase noise levels within 200 feet of construction activities along the proposed Project and alternative ROWs. During construction, noise levels would violate local standards. Although construction noise would be temporary and would be reduced by implementation of applicant-proposed measures (APMs) and mitigation measures, significant construction-related noise impacts cannot be reduced to a less-than-significant level.

Permanent noise levels along the ROW would increase due to corona noise from operation of the transmission lines and substations in the vicinity of sensitive receptors. Corona noise generated by the Environmentally Superior Alternative would not be in compliance with noise standards of Los Angeles County, and the Cities of Chino, Monterey Park, and Whittier. Since no feasible mitigation exists to reduce or eliminate the corona noise that would be generated by the Environmentally Superior Alternative, the increase in corona noise levels would result in a significant and unavoidable impact.

#### **6.3.2.4. Visual Resources**

Short-term visual impacts on landscape character and visual quality of landscape views as seen from various vantage points due to construction of the

Environmentally Superior Alternative would be significant and unavoidable. There are no mitigation measures available to make vehicles, heavy equipment, helicopters, and other related components less visible during construction.

There is no mitigation available to make new transmission lines disappear or become inconspicuous as seen from the numerous vantage points from which the Environmentally Superior Alternative would be visible. The presence of new transmission line structures, conductors, access and spur roads, and new ROWs in landscapes that currently have no transmission line facilities would result in a significant and unavoidable adverse visual impact. However, the majority of the Project area would not experience this level of visual impact since structures already exist in many of the corridors, although impacts may still be considered significant due to the increase in structure size compared to the existing structures.

## **7. Certification of Final EIR, Project Authorization, Statement of Overriding Considerations, and Related Issues**

### **7.1. Certification of Final EIR**

Before approving an application for a CPCN, the Commission must certify the Final EIR.<sup>85</sup> We hereby certify that:

- The Final EIR has been completed in compliance with CEQA.
- The Final EIR was presented to the Commission, and the Commission has received, reviewed, and considered the information contained in the Final EIR.
- The Final EIR reflects the California Public Utilities Commission's independent judgment and analysis.

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<sup>85</sup> CEQA Guidelines § 15090.

**7.2. CEQA Findings of Fact**

Based upon the Final EIR, we have prepared a set of CEQA Findings of Fact (CEQA Findings) pursuant to CEQA Guidelines § 15091 regarding each significant impact associated with the authorized alternative, appended to this decision as Attachment 1. We find that the CEQA Findings accurately reflect the independent analysis contained in the Final EIR and are supported by substantial evidence in the administrative record. We adopt them as Findings of Fact in this decision and incorporate them by reference herein.

**7.3. Authorization of the Environmentally Superior Alternative**

For the Commission to select an alternative other than the environmentally superior alternative identified in the Final EIR, we must find that an environmentally superior alternative is infeasible.<sup>86</sup> In this case, we authorize the environmentally superior alternative and, therefore, are not required to consider the feasibility of the other alternatives.

Additionally, we find that the Environmentally Superior Alternative satisfies the totality of the criteria under § 1002 as compared to other potentially feasible alternatives.

**7.3.1. Section 1002 and the Environmentally Superior Alternative**

Section 1002 guides us in our selection of an appropriate alternative. Section 1002 identifies four factors that shall be considered in granting a CPCN: (1) community values; (2) recreational and park areas; (3) historical and aesthetic values; and (4) influence on the environment.

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<sup>86</sup> Public Res. Code § 21081(a)(3).

The only studied alternative to the Environmentally Superior Alternative which meets the basic project objectives and was the subject of active litigation in the evidentiary hearings by parties in this proceeding is Alternative 4CM, which is supported by Chino Hills. HFE supports Alternative 4CM with the caveat that it must be accompanied by the 21<sup>st</sup> Century Proposal.<sup>87</sup> Therefore, the Environmentally Superior Alternative is compared to Alternative 4CM herein.

#### **7.3.1.1. Community Values**

Community values may be instructive in determining a route amongst several alternatives, notwithstanding the discussion above regarding need.<sup>88</sup> In terms of the Project and the community of Chino Hills, there is a preference for Alternative 4CM over the Environmentally Superior Alternative.<sup>89</sup> However, as stated above in Section 4.3, there are overriding statewide values, e.g., the RPS program, which outweigh the community values interest in this case.

#### **7.3.1.2. Recreational and Park Areas**

Chino Hills argues that the Environmentally Superior Alternative would have an adverse impact on its local parks, two of which are transected by the Project.<sup>90</sup> However, as SCE notes, the Project will replace existing 220 kV lattice steel towers (LSTs) with 500 kV tubular steel poles (TSPs) that are already within these parks. Hence, the impacts on local parks, other than visual, are at most

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<sup>87</sup> Acton's TRTP Light proposal is not considered for the reasons set forth above in Section 4.1.

<sup>88</sup> See Section 4.3 above.

<sup>89</sup> Chino Hills' Opening Brief at 21-24. This is also supported by the comments of most of those who appeared at the March 19, 2009 PPH in Chino Hills.

<sup>90</sup> Chino Hills' Opening Brief at 25

incremental changes from impacts from structures that existed prior to the construction of these local parks.

On the other hand, Chino Hills' Alternative 4CM would route the 500 kV line through the CHSP, a state park which benefits the entire region<sup>91</sup> and not only the citizens of one city.

Chino Hills argues that Alternative 4CM actually benefits the CHSP, by rerouting existing transmission lines away from environmentally sensitive areas and through the application of the 21<sup>st</sup> Century Proposal.<sup>92</sup>

However, as explained above in Section 6.2.3, mitigation measures identified in the EIR will already reduce the relevant environmental impacts to a less-than-significant level, rendering the 21<sup>st</sup> Century Proposal unnecessary. (See *Los Angeles Unified School Dist. v. City of Los Angeles* (1997) 58 Cal.App.4th 1019, 1029.) Further, mitigation, as defined by CEQA, is intended to avoid, minimize, rectify, reduce, or compensate for the adverse effects of a project. Therefore, a "rough proportionality" or "nexus" must exist between the project's impact and the mitigation measure imposed by an agency under *Dolan v. City of Tigard*, 512 U.S. 374, 391 (1994) and *Nollan v. Cal. Coastal Comm'n*, 483 U.S. 825, 834-35 (1987). Both the nature and the extent of the mitigation measure must be reasonably related to the project's impact.<sup>93</sup>

We cannot legally impose the 21st Century Proposal as mitigation for Alternative 4CM under CEQA. The 21st Century Proposal does not appear to address the specific environmental impacts of Alternative 4CM, as discussed in

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<sup>91</sup> HFE's Opening Brief at 2-3.

<sup>92</sup> Chino Hills' Reply Brief at 56-68.

the Final EIR and in Section 6.2.3 above. In addition, Chino Hills did not offer into the evidentiary record a clear description of the 21<sup>st</sup> Century Proposal sufficient to establish that the “mitigation measures” were reasonably tailored to meet environmental impacts.

In addition, the lack of a nexus between the 21st Century Proposal and the Project creates a risk that FERC would disallow recovery of costs related to the Proposal from transmission charges. SCE ratepayers would then be responsible for approximately \$50 million in backstop cost recovery under § 399.2.5.

Therefore, we find that the factor of recreational and park areas supports the Environmentally Superior Alternative.

### **7.3.1.3. Historical and Aesthetic Values**

There is no apparent difference between the impacts of the Environmentally Superior Alternative and Alternative 4CM in terms of historical values. In terms of aesthetic values, the difference between alternatives rests in who is impacted by the visual differences. The Environmentally Superior Alternative, although designed to minimize visual impacts,<sup>94</sup> clearly has a greater impact on residents of Chino Hills than Alternative 4CM. However, the visual impacts within the CHSP are greater for Alternative 4CM than for the Environmentally Superior Alternative.<sup>95</sup>

The CHSP is an important regional resource serving at least 97,000 visitors each year.<sup>96</sup> One key purpose of parklands is to serve “as a natural respite for

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<sup>93</sup> *Dolan* at 391.

<sup>94</sup> SCE’s Reply Brief at 56-58.

<sup>95</sup> See discussion of the CHSP herein at Section 6.2.3.

<sup>96</sup> HFE’s Opening Brief at 2-3.

the area's human inhabitants,"<sup>97</sup> which clearly heightens the importance of visual impacts. Hence, visitors to parks would be more greatly impacted by visual impacts than similarly situated residents, and there are more visitors to the CHSP than there are residents of Chino Hills.<sup>98</sup> Finally, we note that the affected residents chose to purchase their homes alongside an existing ROW with transmission towers and wires, and therefore, have diminished expectation of a view without transmission lines.

We find that the aesthetic impacts of Alternative 4CM more directly impact the CHSP than the aesthetic impacts of the Environmentally Superior Alternative upon Chino Hills.

#### **7.3.1.4. Environmental Impacts**

As set forth in the Final EIR, the Environmentally Superior Alternative is superior to Alternative 4CM in terms of environmental impacts.<sup>99</sup>

#### **7.3.1.5. Conclusion**

Balancing these four factors, we conclude that the Environmentally Superior Alternative best satisfies the totality of the criteria under § 1002, and we select the Environmentally Superior Alternative.

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<sup>97</sup> HFE's Opening Brief at 2.

<sup>98</sup> There are roughly 79,000 residents of Chino Hills according to its website at: <http://www.chinohills.org/index.aspx?nid=94>.

<sup>99</sup> Chino Hills argues that Alternative 4CM is environmentally superior. Chino Hills' arguments regarding the relative merits of Alternatives 2 and 4CM were fully considered in the environmental review process, and we will not reconsider them here. However, we note that the Final EIR finds that Alternative 2 is the environmentally superior route for Segment 8A, that the 21<sup>st</sup> Century Proposal was found to be infeasible, and that Alternative 4CM is the only studied alternative that had significant, unmitigable fire safety risks (Final EIR at ES-29).

### **7.3.2. Feasibility of the Environmentally Superior Alternative**

Chino Hills argues that there are major risks that would render the Environmentally Superior Alternative infeasible. These risks are: (1) construction risks; (2) operational risks (tower collapse); (3) fire prevention and suppression risks; and (4) risk of delay. Puente Hills raises similar argument regarding fire risks in the Puente Hills Habitat.<sup>100</sup> Acton also raises similar arguments regarding fire risks in Acton.<sup>101</sup> SCE argues that these risks are overstated and do not render the Environmentally Superior Alternative infeasible.<sup>102</sup>

#### **7.3.2.1. Construction Risks**

Chino Hills contends that the construction of a 500 kV transmission line through a 150 foot ROW in a densely populated area is a dangerous “experiment,” citing the uncontested fact that only one other 500 kV transmission line in the United States is in a 150 foot ROW and in that case the transmission line was constructed prior to the neighboring structures,<sup>103</sup> as well as the fact that SCE has never before used a TSP tower for a 500 kV line.<sup>104</sup> In addition, SCE will not be testing every TSP, and the construction contractor might alter the design, engineering or location of the towers.<sup>105</sup>

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<sup>100</sup> Puente Hills’ Opening Brief at 1-4.

<sup>101</sup> Acton’s Opening Brief at 12-13.

<sup>102</sup> SCE’s Reply Brief at 59-64.

<sup>103</sup> Chino Hills’ Opening Brief at 8, citing Exhibit CH-49 and Hearing Transcript at 552:18-24.

<sup>104</sup> Chino Hills’ Opening Brief at 8.

<sup>105</sup> Chino Hills’ Opening Brief at 8-9.

Chino Hills further notes that SCE's PEA specifies a laydown area for construction of the poles of 200 feet by 200 feet, which would not be possible in the Chino Hills ROW.<sup>106</sup> SCE's witness Guditis testified that SCE prefers a 200 foot by 200 foot laydown area but can safely and efficiently use a smaller area of 200 feet by 70 feet, but Chino Hills questions whether such a large reduction in area is adequate.<sup>107</sup> Chino Hills notes that SCE's Guditis characterized the arrangement in his testimony as a "worse case condition"<sup>108</sup> and that SCE under "normal conditions of assembly don't do it that way."<sup>109</sup>

Chino Hills presents a similar argument regarding the wire pulling operations. SCE's Guditis testified that an area 185 feet by 100 feet would be sufficient for the wire pulling, while Chino Hills questions whether the area is adequate.<sup>110</sup>

Finally, Chino Hills notes that SCE's "Transmission Line Right of Way Requirements - SCE Easements" document requires clearances of "100-foot radius from face of tower footings" - a distance that clearly cannot be met within a 150 foot wide ROW.<sup>111</sup> Chino Hills contends that SCE's characterization of this document as belonging to the commercial management group constitutes the document being "disowned" by SCE.<sup>112</sup>

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<sup>106</sup> Chino Hills' Opening Brief at 9-10, citing the PEA, Section 3.3.1.4.3.

<sup>107</sup> Chino Hills' Opening Brief at 10.

<sup>108</sup> Hearing Transcript at 140:11-12.

<sup>109</sup> Hearing Transcript at 140:23-24.

<sup>110</sup> Chino Hills' Opening Brief at 10-11.

<sup>111</sup> Chino Hills' Opening Brief at 12, citing Exhibit CH-3, Attachment E at 1.

<sup>112</sup> Chino Hills' Opening Brief at 12.

SCE contends that construction within the existing ROW can be accomplished safely and effectively. SCE argues that its witness Guditis' written testimony presents detailed descriptions of how to remove the existing structures, construct the new TSPs, and conduct the stringing operations, all within the existing ROW.<sup>113</sup> SCE argues that Chino Hills' expert witness Gonen lacks the relevant experience relevant to the construction of the Project to credibly critique SCE's testimony.<sup>114</sup>

We find SCE's arguments credible and compelling. The document "Transmission Line Right of Way Requirements - SCE Easements" appears to govern commercial operations within existing SCE ROWs by third parties who may have no experience in dealing safely with transmission towers. It is not surprising that SCE would wish to restrict the operation of third parties near transmission towers, as those third parties are not subject to SCE's direction and control. The fact that SCE does not ordinarily permit third parties to operate

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<sup>113</sup> See SCE's Opening Brief at 34-40 for a recitation and analysis of these details.

<sup>114</sup> SCE's Opening Brief at 33. Specifically, SCE notes that Gonen has no experience in the construction of a 500 kV double circuit tubular steel pole. (Exhibit SCE-27 at 13.) During the evidentiary hearings, Gonen further acknowledged that: (1) he is neither a civil nor a structural engineer; (2) he has never personally participated in either the removal of a 220 kV transmission line or the erection of a 500 kV double circuit transmission line; (3) he has never personally participated in the construction of a 500 kV double circuit suspension steel lattice tower; (4) he has never participated in wire stringing of a 500 kV double circuit transmission line. (Hearing Transcript at 982:17-987:3.). SCE also refers to Exhibit SCE-27, Questions 1-13, 30-34, wherein Chino Hills acknowledges that Gonen has no experience constructing 220 kV, 345 kV, 500 kV or 765 kV transmission lines, and that Gonen's last transmission line construction experience - on a single 66 kV transmission line and single 154 kV transmission line - was over 40 years ago. (Hearing Transcript at 982:17-987 and 1026:23-1027:3.).

within 100 feet of a transmission tower does not mean that SCE or its contractors cannot safely do so.

A 150 foot wide ROW may not be ideal and SCE would likely prefer additional space for construction. Nevertheless, ideal conditions are not required to safely and effectively construct the towers in the ROWs in question.

SCE's witnesses have extensive experience with the design, construction, and maintenance of 220 kV and 500 kV transmission lines, while Chino Hills' witness Gonen has extensive experience with transmission line theory. After reviewing each of the exhibits as well as the cross-examination of the witnesses in the evidentiary hearings, we find SCE's witnesses to be more credible at determining safe construction techniques, and that construction of the Environmentally Superior Alternative through Segment 8A is feasible and can proceed safely.

### **7.3.2.2. Operational Risks**

SCE argues that Alternative 2 meets or exceeds the requirements of General Order (GO)-95,<sup>115</sup> which provides "for the State of California, uniform requirements for overhead electrical line construction, the application of which will insure adequate service and secure safety to persons engaged in the construction, maintenance, operation or use of overhead electrical lines and to the public in general."<sup>116</sup>

SCE contends that it uses conservative design it uses a combination of conservative design loads, safety factors, and testing to minimize any risk that its

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<sup>115</sup> SCE's Opening Brief at 41-50.

<sup>116</sup> GO-95, Rule 11 at I-3.

transmission lines and structures will fail.<sup>117</sup> The design loads for the various components of SCE's transmission lines are further improved by the incorporation of safety factors, ensuring that the line's components can actually withstand even greater-than-expected loads, typically by a magnitude of 150-300%, meeting or exceeding the requirements of GO-95.<sup>118</sup>

SCE cites several ways in which the Project will exceed the minimum requirements of GO-95:

(1) SCE mandates Grade A construction for all new 500 kV and 220 kV transmission line facilities in California, including the Project, which exceeds GO-95 requirements.<sup>119</sup> GO-95 construction grades dictate minimum design load cases and safety factors for transmission line elements, including wire tension limits and structural loading.<sup>120</sup> With regard to 500 kV transmission lines,<sup>121</sup> GO-95 requires Grade A construction only for those portions of the line that cross, conflict, or share a pole with Class C circuits (i.e., telecommunication lines)<sup>122</sup> or that cross major railways.<sup>123</sup>

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<sup>117</sup> Exhibit SCE-03 at 7:10-19:14; Exhibit SCE-05 at 3:3-6:9, 8:5-11:14. A design load is the maximum amount of something (e.g., wind or ice), that a structure is designed to withstand.

<sup>118</sup> SCE's Opening Brief at 50, citing Hearing Transcript at 593:13-595:2 and Exhibit SCE-10C, Confidential Exhibits R and T.

<sup>119</sup> Exhibit SCE-10, Confidential Exhibits R and T, Section 5.1 at 5-1 and 5.5.2 at 5-6; Hearing Transcript at 594:21-25.

<sup>120</sup> See GO-95 Rules 42-43.

<sup>121</sup> A 500 kV transmission line is classified as a "Class E circuit." GO-95 Rule 20.5-D1 at II-7.

<sup>122</sup> Class C Communication Public and Private Circuits are defined as circuits used for public or private communication service. GO-95 Rule 20.5-A at II-6.

(2) SCE will meet or exceed GO-95 structural loading requirements for wind, ice, and design loading by using project-specific meteorological studies and compares to GO-95 to use the most stringent requirements;<sup>124</sup>

(3) SCE will require structural safety factors that meet or exceed GO-95 requirements, providing larger margins of error;<sup>125</sup>

(4) SCE plans for conductor loading at only 35% of breaking strength rather than GO-95's 50% requirement;<sup>126</sup>

(5) SCE plans for additional safety factors in line clearances for the Project, resulting in clearances that meet or exceed GO-95's clearances;<sup>127</sup> and

(6) Although GO-95 has no such requirement, SCE requires full-scale pole testing and inspection for all new pole designs that have no representative test history.<sup>128</sup>

Chino Hills counters that no party is contesting the fact that SCE will construct the TSPs in conformance with the standards of GO-95, but that that conformance with GO-95 is not a guarantee against pole failure.<sup>129</sup> Chino Hills notes that SCE has experienced tower failures despite its conformance with GO-95.<sup>130</sup>

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<sup>123</sup> GO-95, Rule 42 at IV-5 and Table 3 at IV-6.

<sup>124</sup> SCE's Opening Brief at 45-47.

<sup>125</sup> SCE's Opening Brief at 47-48.

<sup>126</sup> SCE's Opening Brief at 48-49.

<sup>127</sup> SCE's Opening Brief at 49.

<sup>128</sup> SCE's Opening Brief at 49-50; Exhibit SCE-03 at 15:18-19; *see also* Hearing Transcript at 567:10-22.

<sup>129</sup> Chino Hills' Opening Brief at 17-19., and Hearing Transcript at 579:25 to 580:5.

<sup>130</sup> Exhibit SCE-19.

Chino Hills also notes that improved design does not eliminate the chance of pole failure, but merely reduces them. Chino Hills cites SCE testimony that indicates that its designs increase the standard 50-year “return period” associated with most pole designs to around 150 to 200 years.<sup>131</sup> Chino Hills contends that this equates to an annual probability of “pole failure” of 1 in 200.<sup>132</sup>

Chino Hills further notes that pole failure in a residential neighborhood may result in a 195 foot TSP falling over into adjacent property, potentially pulling along conductor into the property.<sup>133</sup> Chino Hills believes that this may result in threat to the lives, as well as the property, of those residents living along the ROW.

SCE contends that TSPs have a lower chance of collapse in a failure, and will instead fail by bending.<sup>134</sup> Finally, SCE contends that Chino Hills could not identify a single 500 kV TSP collapse anywhere in the world.<sup>135</sup>

Chino Hills is correct that improved design does not eliminate all possibility of pole failure. Nevertheless, it is not disputed that the Project will meet or exceed the requirements of GO-95. No specific defect in the Project designs has been alleged. The chances of such a collapse are exceedingly low, indeed unprecedented.

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<sup>131</sup> Exhibit SCE-05 at 5. The return period is the inverse of the yearly frequency which corresponds to the probability of exceeding a given event (e.g.) an event with a return period of 50 years has an annual probability of exceedence of 2%. Exhibit SCE-05 at 4.

<sup>132</sup> Hearing Transcript at 716:11-22.

<sup>133</sup> Chino Hills’ Opening Brief at 18.

<sup>134</sup> SCE’s Opening Brief at 58-59.

<sup>135</sup> SCE’s Opening Brief at 58.

After reviewing each of the exhibits as well as the cross-examination of the witnesses in the evidentiary hearings, we find SCE's witnesses to be more credible at determining the safe operation of the TSPs. We find that the Environmentally Superior Alternative meets or exceed all design requirements, and that operation of the Environmentally Superior Alternative through Segment 8A is feasible, and poses no undue operational risk.

### **7.3.2.3. Fire Prevention and Suppression Risks**

Chino Hills, Puente Hills and Acton have each raised concerns about fire prevention and suppression as risks that they claim render the Environmentally Superior Alternative infeasible.

Chino Hills argues that introducing 195 foot tall TSPs into a 150 foot ROW would severely hamper ground firefighting operations, as well as eliminate the opportunity to use aircraft within the ROW.<sup>136</sup> Puente Hills makes the same arguments regarding the Puente Hills Habitat,<sup>137</sup> and Acton makes the same arguments regarding Acton and the area surrounding the Vincent Substation.<sup>138</sup>

SCE contends that the physical characteristics of the 220 kV and 500 kV towers of the Environmentally Superior Alternative make them unlikely to create significant fire risk.<sup>139</sup>

SCE notes that the Project mostly replaces existing transmission facilities in SCE ROWs that are well known to firefighters and aviation authorities. SCE

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<sup>136</sup> Chino Hills' Opening Brief at 14-17.

<sup>137</sup> Puente Hills' Opening Brief at 1-4.

<sup>138</sup> Acton's Opening Brief at 12-13.

<sup>139</sup> SCE's Reply Brief at 59-60.

argues that the increased height and the existing ROW should provide minimal incremental impacts on both aerial and ground-based fire suppression.<sup>140</sup>

The Final EIR reviewed fire prevention and suppression, and found that the Environmentally Superior Alternative did not have unmitigable fire-related environmental impacts. Indeed, the only alternatives studied in the environmental process that did have such impacts were Chino Hills' Alternatives 4A-D and 4CM.<sup>141</sup>

After reviewing each of the exhibits as well as the cross-examination of the witnesses in the evidentiary hearings, we find that fire prevention and suppression risks do not render construction of the Environmentally Superior Alternative infeasible, nor will it pose undue risks in this area.

#### **7.3.2.4. Risk of Delay**

Chino Hills argues that construction of the Environmentally Superior Alternative would lead to "extensive delays" because Chino Hills has already initiated litigation before the San Bernardino County Superior Court, which has been stayed pending resolution of this proceeding.<sup>142</sup>

SCE responds that Chino Hills' lawsuit is without merit. The Superior Court lacks jurisdiction to block implementation of the Commission's decision pursuant to § 1759. SCE notes that even if Chino Hills prevails, that SCE can upgrade its easement rights through condemnation.<sup>143</sup> SCE notes that adoption of Alternative 4CM would also introduce delays due to the need to update the

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<sup>140</sup> SCE's Reply Brief at 60-61.

<sup>141</sup> Final EIR Section 3.16.8.

<sup>142</sup> Chino Hills' Opening Brief at 26-28.

<sup>143</sup> SCE's Reply Brief at 43-44.

CHSP General Plan as well as to site on the Aerojet property, both of which are addressed above.<sup>144</sup>

We are not persuaded by Chino Hills' argument that we should find the Environmentally Superior Alternative infeasible because Chino Hills chooses to delay the Project through its own litigation. By that standard, projects could never be built when opposed by interested parties with the resources to litigate. This would inevitably lead to project siting in locations where the local community did not have the same resources to litigate, or to a complete inability to site transmission lines in the State.

Furthermore, adoption of the 21<sup>st</sup> Century Green Partnerships' "mitigation plan" could lead to litigation by other parties, which would introduce similar delays. Adoption of Alternative 4CM would face its own delays due to need for approvals beyond our jurisdiction, i.e., DTSC approvals and amendments to the CHSP General Plan.<sup>145</sup> Hence, we find that approval of the Environmentally Superior Alternative would not introduce delay rendering it infeasible.

### **7.3.3. Relative Costs of the Environmentally Superior Alternative and Alternative 4CM**

Chino Hills contends that the Commission should adopt Alternative 4CM over the Environmentally Superior Alternative due to its determination that Alternative 4CM would cost \$14.9 million less than the Environmentally

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<sup>144</sup> SCE's Reply Brief at 44-45.

<sup>145</sup> See Section 6.2.3 above. Chino Hills contends that any delay of 8-12 months would fit within the TRTP schedule. Chino Hills' Opening Brief at 54. SCE contends that a delay of at least 8-12 months puts the completion schedule for the TRTP at risk. SCE's Opening Brief at 104.

Superior Alternative.<sup>146</sup> SCE contends that Alternative 4CM would cost at least \$69.3 million more than the Environmentally Superior Alternative, not including the \$50 million for the 21<sup>st</sup> Century Proposal and any costs for MEC cleanup activities on the Aerojet property.<sup>147</sup>

First, even if we accepted Chino Hills' estimate, Chino Hills acknowledges that Alternative 4CM would cost more than the Environmentally Superior Alternative if the 21<sup>st</sup> Century Proposal were also adopted. More specifically, Chino Hills estimates that if its anticipated savings were offset against the cost of the 21<sup>st</sup> Century Proposal, then the remaining cost of the 21<sup>st</sup> Century Proposal would be \$28.9 million.<sup>148</sup>

Ignoring the 21<sup>st</sup> Century Proposal, Chino Hills' estimate of the net cost of selecting Alternative 4CM is less than 1% of the total cost of the Project and less than 5% of the total cost of Segment 8, and is not sufficient to override our determination under § 1002 or to find the Environmentally Superior Alternative infeasible.

There is no requirement that the Commission adopt the lowest cost alternative, without regard to environmental and other factors, especially given the limited potential savings in this case. Thus, even if the net cost of Alternative 4CM were, in fact, less than the cost of the Environmentally Superior Alternative,

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<sup>146</sup> Chino Hills' Opening Brief at 56.

<sup>147</sup> SCE's Opening Brief at 84-85.

<sup>148</sup> Chino Hills' Opening Brief at 74.

this factor, by itself, would not provide a basis to override our selection of the Environmentally Superior Alternative.<sup>149</sup>

#### **7.3.4. Authorization for the Environmentally Superior Alternative**

Based on the considerations above, we authorize SCE to construct the Environmentally Superior Alternative as set forth in the Final EIR and described above in Section 6.3.1.

#### **7.4. Statement of Overriding Considerations**

As explained above, the authorized Environmentally Superior Alternative will have significant environmental impacts that cannot be mitigated. Therefore, the Commission must provide a statement of the overriding considerations that support approval of this CPCN pursuant to CEQA Guideline § 15093.

The Commission recognizes that significant and unavoidable environmental impacts will result from construction and operation of the Environmentally Superior Alternative. Having: (1) adopted all feasible mitigation measures; (2) adopted certain alternatives that reduce the impacts of the project as proposed; (3) recognized all significant, unavoidable impacts; and (4) balanced the benefits of the Environmentally Superior Alternative against its significant and unavoidable impacts, the Commission hereby finds that the benefits of the Project outweigh and override the significant unavoidable impacts for the reasons stated below.

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<sup>149</sup> Furthermore, assuming that Chino Hills has presented a best case scenario for cost savings from adopting Alternative 4CM and that the costs of constructing Alternative 4CM are higher than Chino Hills anticipates, the risks that the costs savings would not materialize do not justify its selection.

The Commission adopts and makes this statement of overriding considerations concerning the Environmentally Superior Alternative's unavoidable significant impacts to explain why its benefits outweigh its unavoidable impacts.

The Environmentally Superior Alternative will provide substantial benefits, including but not limited to facilitating California's policy goals of renewable procurement within a reasonable period of time at the lowest environmental cost, as well as provide the benefits of the Project's objectives set forth in Section 6.1 above. We set forth the reasons for finding these substantial benefits, with citations to the record, throughout this decision.

The Commission finds that the Environmentally Superior Alternative's unavoidable impacts are acceptable in light of these substantial benefits, which constitute an overriding consideration warranting approval of the project, despite each and every unavoidable impact. Each benefit set forth above and throughout this decision constitutes an overriding consideration warranting approval of the project, independent of the other benefits, despite each and every significant unavoidable impact.

#### **7.5. Mitigation Monitoring**

The Final EIR includes a proposed Mitigation Monitoring Plan (MMP) for the mitigation measures it recommends for the proposed project and all alternatives. MMP tables are presented in the Final EIR.<sup>150</sup> These tables, along with the full text of mitigation measures applicable to the Environmentally Superior Alternative, form the Mitigation Monitoring Plan. The Mitigation

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<sup>150</sup> Final EIR Appendix G.

Monitoring Plan is designed to ensure compliance with the changes in the project and mitigation measures imposed on the authorized project during implementation and recommends a framework for implementation of the Mitigation Monitoring Plan by this Commission as the CEQA lead agency. We adopt the Mitigation Monitoring Plan, which is appended hereto as Attachment 2.

### **7.6. Electro-magnetic Field (EMF) Issues**

The Commission has examined EMF impacts in several previous proceedings.<sup>151</sup> We found the scientific evidence presented in those proceedings was uncertain as to the possible health effects of EMFs,<sup>152</sup> and we did not find it appropriate to adopt any related numerical standards. Because there is no agreement among scientists that exposure to EMF creates any potential health risk, and because CEQA does not define or adopt any standards to address the potential health risk impacts of possible exposure to EMFs, the Commission does not consider magnetic fields in the context of CEQA and determination of environmental impacts.

However, recognizing that public concern remains, we do require, pursuant to GO 131-D, Section X.A, that all requests for a CPCN include a description of the measures taken or proposed by the utility to reduce the potential for exposure to EMFs generated by the proposed project. We developed an interim policy that requires utilities, among other things, to identify the no-cost measures undertaken, and the low-cost measures

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<sup>151</sup> D.06-01-042 and D.93-11-013.

<sup>152</sup> EIR/EIS Section D.10.21.

implemented, to reduce the potential EMF impacts. The benchmark established for low-cost measures is 4% of the total budgeted project cost that results in an EMF reduction of at least 15% (as measured at the edge of the utility right-of-way). Section 5.3.1.5 (Table 5.3-5) of the Final EIR sets forth the no- and low-cost mitigation SCE proposed to implement to mitigate EMFs for the Proposed Project. Consistent with its obligations under GO 131-D, SCE included, with its application and Proponent's Environmental Assessment, an EMF Field Management Plan.<sup>153</sup> In this plan, SCE proposes to incorporate various no-cost and low-cost mitigation measures to reduce field levels. The proposed plan does not analyze potential impacts across each of the various alternative route alignments identified in the Draft EIR/EIS and carried forward in the Final EIR.

As discussed elsewhere in this order, we authorize SCE to construct the Environmentally Superior Alternative along an alignment that differs in parts from that originally proposed by the utility in the Proposed Project. Given these modifications, SCE shall amend its EMF management plan as needed to apply its no-cost and low-cost EMF management techniques to the Environmentally Superior Alternative.

## **8. Compliance with Public Utilities Code Section 625**

Section 625 provides that a public utility that offers competitive services may not condemn any property for the purpose of competing with another entity unless the Commission finds that such an action would serve the public interest based on a hearing for which the owner of the property to be condemned has been noticed and the public has an opportunity to participate (§ 625(a)(1)(A)).

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<sup>153</sup> A.06-08-010, PEA Appendix G and EIR/EIS Appendix 7.

However, an exception is made for condemnation actions that are necessary solely for an electric or gas company to meet a Commission-ordered obligation to serve. In that circumstance, the electric or gas company is required to provide notice on the Commission Calendar if and when it pursues installation of facilities for the purpose of providing competitive services (§ 625(a)(1)(B)).

SCE proposed the Project to meet its obligation to serve its electric customers, and we authorize it for that purpose. In D.01-10-029, the Commission addressed the applicability of § 625 where the utility is implementing a project to meet its obligation to serve, but aspects of the project may have a competitive purpose later. We described that § 625 provides two different levels of notice and oversight and that, “The lesser standard requires that when condemning properties to carry out a commission-ordered obligation, § 625(a)(1)(B) is applicable, which only requires notice be provided to the Commission Calendar.” We conclude that the lesser standard of notice applies for the Project.

## **9. Specification of Maximum Reasonable and Prudent Cost**

While FERC ultimately will decide how much of the costs for this project SCE may recoup in transmission rates, we have jurisdiction pursuant to § 1005.5(a) and the responsibility to specify in the CPCN a “maximum cost determined to be reasonable and prudent” for the Project (maximum cost).

### **9.1. Maximum Direct Cost and Administrative Cost of the Project**

In setting the maximum cost, the Commission must take several factors into consideration, including the design of the project, the expected duration of construction, an estimate of the effects of economic inflation, the level and complexity of necessary environmental mitigation, and any known engineering difficulties associated with the project.

SCE has provided testimony that the total direct cost without contingency should be set at \$1,162,673,000.<sup>154</sup> The total cost of pension and benefits (P&B) costs, and administrative and general (A&G) costs is \$185,847,000.<sup>155</sup> No party contests these figures, except to the extent that they challenge the need for the Project in part or in whole.<sup>156</sup> These figures are supported by testimony that was subject to cross-examination at hearing and appears to be credible.

## **9.2. Contingency Costs**

SCE's estimate of total project costs for the Project includes "contingency costs." Contingency costs are project costs that SCE cannot accurately identify or estimate at this time because SCE has not yet designed the Project in detail, solicited bids, received quotes, or signed contracts. SCE has provided testimony establishing an estimate for the contingency costs, which DRA disputes.

### **9.2.1. Position of the Parties**

#### **9.2.1.1. SCE**

SCE's estimate for contingency costs is equal to 32% of total project costs excluding allowance for funds used during construction (AFUDC), P&B costs, and A&G costs. Depending on which route is selected, SCE estimates that contingency costs will be in the range of \$367 million - \$372 million in 2009 dollars.<sup>157</sup>

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<sup>154</sup> Exhibit SCE-2 at A-6.

<sup>155</sup> Exhibit SCE-2 at A-6.

<sup>156</sup> Acton does urge the Commission to limit the maximum costs to those necessary to achieve the goals of the Project and not to included costs for upgrades necessary to operate segments at higher voltages. As SCE has not requested such costs, they are not included in the total maximum cost.

<sup>157</sup> Exhibit SCE-02 at A-6.

SCE states that its estimate of contingency costs is based on (1) experience with previous transmission projects; (2) uncertainties in acquiring land and land rights; (3) errors and uncertainties in defining the scope of the project; (4) uncertainties regarding the amount of rework; (5) material price and quantity uncertainties; (6) labor cost uncertainties; (7) market conditions for contractors; (8) outage risk; and (9) environmental and cultural mitigation. SCE's estimate does not cover every unforeseen circumstance (e.g., workforce strikes) or catastrophic events (e.g., earthquakes).

SCE asserts that the Commission has approved similar levels of contingency costs other projects. For example, SCE contends that the Commission approved: (1) a contingency of 18.35% plus an adder of 10% for SDG&E's Sunrise Powerlink Project; and (2) a contingency and adder for SDG&E's Otay Mesa Power Purchase Agreement Transmission Project.

#### **9.2.1.2. DRA**

DRA argues that SCE's requested contingency of 32% is unreasonable and should be reduced to something in the range of 5% - 15%. DRA submits that a lower contingency is appropriate because SCE intends to maximize the use of existing transmission ROW for the Project. This should significantly reduce the level of uncertainty regarding the acquisition of land and easements, and for project planning, design, engineering, and construction.

DRA also asserts that SCE's requested contingency of 32% is significantly higher than what the Commission adopted for previous transmission projects. For example, DRA represents that D.08-12-058 adopted a contingency of 10% for

SDG&E's Sunrise Powerlink Project;<sup>158</sup> D.07-01-040 adopted a contingency of 15% for SCE's Devers-Palo Verde No. 2 transmission project; D.05-06-061, adopted a contingency of 5% for SDG&E's Otay Mesa transmission project;<sup>159</sup> D.01-10-029 adopted a contingency of 15% for PG&E's Tri Valley 2002 Capacity Increase Project; and D.01-12-017 adopted contingency of 11.76% for PG&E's Northeast San Jose transmission project.

### **9.2.2. Discussion**

The issue before us is the amount of contingency costs to include in the adopted maximum cost for the Project. It is reasonable to include some contingency costs because of the inherent uncertainty in forecasting the total costs for a project as large and complex as the Project. The amount of contingency costs included in the maximum cost should be based on the degree of uncertainty in the estimated costs for Project at this stage of the project's development. Factors that may be considered include: (1) pricing uncertainties for material and labor; (2) project execution uncertainties such as weather delays and equipment breakages; and (3) estimating uncertainties such as quantity calculations.

SCE requests contingency costs equal to 32% of total project costs excluding AFUDC, P&B, A&G costs. We believe this is too high for several reasons. First, the Project consists primarily of new transmission and substation

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<sup>158</sup> DRA disagrees with SCE's contention that D.08-12-058 adopted a contingency of 18.35% plus an adder of 10% for SDG&E's Sunrise Powerlink Project.

<sup>159</sup> DRA disagrees with SCE's contention that D.05-06-061 adopted a contingency plus an adder for SDG&E's Otay Mesa transmission project.

facilities. California electric utilities and their construction contractors have extensive experience with this type of project.

In light of the extensive experience of California electric utilities and their industry partners in constructing transmission lines and substations, we are not convinced that a contingency of 32% is reasonable. Generally, by the time an electric utility files an application for authority to construct a power line or substation, the utility should know the final cost of the proposed project to within 15%.<sup>160</sup> This is particularly true for the Project given that it will be constructed largely on existing rights of way. There should be little uncertainty regarding the cost to acquire land and rights of way for the project, and SCE has had access to most or all of route for planning, design, and engineering purposes.

Second, we believe that SCE's contingency of 32% is excessive in the current economic environment. A major purpose of SCE's contingency is to budget for the risk of significant increases in the cost of labor and materials. We believe this risk is small given that the unemployment rate in California is more 12% and construction activity in the State is at recessionary levels.<sup>161</sup> It is difficult

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<sup>160</sup> In SCE's Opening Brief, Table 3 at 26, SCE cites an article from the American Association of Construction Engineers' 1989 Transactions which states that reasonable contingency is 20-25% for the preliminary design stage and 10-20% for the budget stage. Notwithstanding SCE's contention that the project is at the preliminary design phase, its description of the budget phase as "Well defined scope, low risk of scope growth or change, task has been performed many times" more accurately fits the present situation.

<sup>161</sup> See (i) the California Employment Development Department's news release No. 09-055, dated September 18, 2009, which states the unemployment rate in California was 12.2% in August 2009; and (ii) the California Department of Finance's *Finance Bulletin* for September 2009, which states that permits for residential and non-residential construction for the first seven months of 2009 are down 52% and 48%, respectively, from the same months of 2008. We take official notice of these documents pursuant to

*Footnote continued on next page*

to imagine a credible scenario where the cost of labor and materials increases by 32% over the course of the Project. In our opinion, a contingency of 15% for labor and materials is sufficient under present economic circumstances.

Finally, a contingency of 15% is consistent with Commission precedent. For example, D.08-12-058 adopted a contingency of 18.35% for SDG&E's Sunrise Powerlink Project,<sup>162</sup> D.07-01-040 adopted a contingency of "almost 15%" for SCE's Devers-Palo Verde No. 2 Project,<sup>163</sup> and D.01-12-017 adopted a contingency of 14.6% for PG&E's Northeast San Jose Project.<sup>164</sup>

For the previous reasons, we decline to adopt SCE's proposed contingency of 32%. Instead, we adopt a contingency of 15%. A contingency of 15% applied to the total cost is \$174,400,000.

### **9.3. Allowances for Funds Used During Construction (AFUDC)**

AFUDC represents the estimated cost of debt and equity funds that finance utility plant construction. AFUDC is capitalized as part of the overall

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Rule 13.9 of the Commission's Rules of Practice and Procedure and California Evidence Code §452(h).

<sup>162</sup> D.08-12-058 at 92-33 and 274-275; and Exhibit DRA-3 at 75. See also *Comments of San Diego Gas & Electric Company on Alternate Proposed Decision of President Peevey (Comments)* submitted in A.06-08-010 at 3-5. Reading SDG&E's *Comments* together with D.08-12-058 and Exhibit DRA-3 demonstrates that (i) SDG&E requested a contingency of 18.35% plus an adder of 10% for the Sunrise Powerlink Project, and (ii) the Commission adopted SDG&E's requested contingency of 18.35%, but not SDG&E's requested adder of 10%. SCE's assertion that the Commission adopted a contingency of 18.35% plus an adder of 10% is incorrect, as is DRA's assertion that the Commission adopted a contingency of 10%. We take official notice of SDG&E's *Comments* pursuant to Rule 13.9 and Evidence Code §452(c).

<sup>163</sup> D.07-01-040 at 46 and 102.

<sup>164</sup> D.01-12-017 at 15 and 31. DRA is incorrect that D.01-12-017 adopted a contingency of 11.76%; the decision adopted a contingency of 14.6%.

cost of plant. Thus, when new plant goes into service, the total capital-related costs, including capitalized finance charges, are included in rate base.<sup>165</sup>

A utility may apply to FERC for Construction Work In Progress (CWIP) incentive rate treatment to recover financing charges in current rates while plant is under construction, in lieu of later collecting AFUDC. SCE typically seeks recovery at FERC through the CWIP mechanism, and such cost of capital will not be accrued through AFUDC. Recovering SCE's construction financing charges through CWIP in Rate Base replaces the actual AFUDC that otherwise would be accrued to the project.<sup>166</sup>

SCE has provided estimates for AFUDC of \$261.82 million, in nominal dollars.<sup>167</sup> No party contested this estimate, except to the extent that they contest the need for the entire Project. Consequently, we find that \$261.82 million, in nominal dollars, is a reasonable current estimate for AFUDC, and is an appropriate proxy for financing costs here.

We do not include this AFUDC estimate in the maximum cost. However, because the cost of financing is a significant portion of the costs of a transmission project which is ultimately recovered from ratepayers, and because if FERC fails to approve recovery, SCE may seek to recover these costs through the backstop cost recovery mechanism under § 399.2.5, we find that such financing costs, either in the form of CWIP or AFUDC, should be fully disclosed in Commission proceedings prior to project approval.

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<sup>165</sup> See D.09-09-033 at 11-12.

<sup>166</sup> Exhibit SCE-2 at 2.

<sup>167</sup> See Exhibit SCE-2 at 2.

#### **9.4. Maximum Cost**

Therefore, we find that the maximum cost that is reasonable and prudent for the Project is \$1,522,920,000, in 2009 dollars, without inclusion of AFUDC. AFUDC is estimated at \$261.82 million, for an estimated total project cost of \$1,784,740,000.

#### **9.5. Eligibility for Backstop Cost Recovery Under § 399.2.5**

SCE requested that the Commission establish that the backstop cost recovery mechanism of § 399.2.5(b)(4) be established for the Project.<sup>168</sup>

§ 399.2.5(b) states:

With respect to a transmission facility described in subdivision (a), the commission shall take all feasible actions to ensure that the transmission rates established by the commission. These actions shall include, but are not limited to:

(4) Allowing recovery in retail rates of any increase in transmission costs incurred by an electrical corporation resulting from the construction of the transmission facilities that are not approved for recovery in transmission rates by the Federal Energy Regulatory Commission after the commission determines that the costs were prudently incurred in accordance with subdivision (a) of Section 454.

DRA contends that since recovery under § 399.2.5(b)(4) does not occur until after FERC denies recovery in transmission rates, that SCE's request is

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<sup>168</sup> Application at 3.

premature.<sup>169</sup> DRA recommends that the Commission find that the Project is eligible for recovery under § 399.2.5(b)(4) but not guaranteed such recovery.<sup>170</sup>

SCE counters that the purpose of § 399.2.5(b)(4) is to provide certainty that prudently incurred costs incurred in pursuit of transmission that fulfills the RPS goals of § 399.2.5(a) will be recovered, if not from FERC-administered transmission rates, then from retail rates under Commission jurisdiction.<sup>171</sup>

Section 399.2.5(b)(4) provides the safeguards that DRA requests, by requiring the SCE demonstrate that the costs were “prudently incurred.” SCE is not requesting, nor are we granting, an automatic recovery mechanism for any and all costs associated with the Project. Recovery cannot be made without a prudence review, which should be in the form of an application before the Commission only if SCE fails to recover those costs before FERC.

The language of this provision is not discretionary – it provides a mandate upon the Commission to allow recovery in retail rates of any costs prudently incurred for a transmission project that meets § 399.2.5(a) that are not recovered through FERC-administered transmission costs.

Having found that the Project meets the three-prong test to establish eligibility under § 399.2.5(a), we conclude that the Project is eligible for the backstop cost recovery mechanism of § 399.2.5(b)(4).

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<sup>169</sup> DRA Opening Brief at 12-18.

<sup>170</sup> DRA Opening Brief at 18.

<sup>171</sup> SCE Reply Brief at 4-6.

**10. Testimony and Exhibits**

Evidentiary Testimony and Exhibits have been previously admitted into the record during the course of the evidentiary hearings, including exhibits accepted as sealed pursuant to D.06-06-066, and in a post-hearing ruling issued by ALJ Kolakowski on October 30, 2009. Chino Hills' motion to accept proposed exhibit CH-83 was denied by ALJ Jean Vieth in a ruling on October 29, 2009. We affirm those rulings.

The Public Scoping Report, Draft EIR/EIS, and Final EIR will be received into the record of this proceeding as Reference Exhibits A-C, respectively.<sup>172</sup>

The testimony is identified as follows and is received into evidence:

Reference Exhibit A - Draft Environmental Impact Report/Environmental Impact Statement issued February 13, 2009.

Reference Exhibit B - Final Environmental Impact Report issued October 30, 2009.

**11. Comments on Proposed Decision**

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by \_\_\_\_\_ on \_\_\_\_\_, and reply comments were filed by \_\_\_\_\_ on \_\_\_\_\_.

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<sup>172</sup> These documents are available for inspection on the Commission's website at: [ftp://ftp.cpuc.ca.gov/gopher-data/environ/tehachapi\\_renewables/TRTP.htm](ftp://ftp.cpuc.ca.gov/gopher-data/environ/tehachapi_renewables/TRTP.htm).

**12. Assignment of Proceedings**

Dian M. Grueneich is the assigned Commissioner and Victoria S. Kolakowski is the assigned ALJ in these proceedings.

**Findings of Fact**

1. SCE filed an application for a CPCN for authority to construct the Tehachapi Renewable Transmission Project, Segments 4-11 (Project), which included its PEA, on June 29, 2007.
2. Segments 1-3 of the Tehachapi Renewable Transmission Project were approved in D.07-03-012 and D.07-03-045.
3. On August 27, 2007, ALJ Kolakowski held a PHC in Pasadena, California, with assigned Commissioner Dian M. Grueneich in attendance.
4. A Scoping Memo was issued on March 17, 2009 after the PHC. The Scoping Memo established the scope of this proceeding and the schedule, coordinating the CPCN review with the timeline for the concurrent, parallel track environmental review pursuant to the CEQA and NEPA. The Scoping Memo also designated ALJ Kolakowski as the presiding officer.
5. A PPH was held in Chino Hills on March 19, 2009, with 50 individuals presenting testimony and attended by approximately 400 people. Commissioner Grueneich attended, along with representatives of the other Commissioners.
6. The schedule was revised in a ruling on April 1, 2009 at the request of Chino Hills, to grant additional time to prepare for evidentiary hearings.
7. Ten days of evidentiary hearings were held in July 2009.
8. All of the elements of the Project comprise a connected whole, and all elements are necessary to the entire Project.
9. The Commission has approved nine RPS contracts that are estimated to produce a maximum of approximately 2300 MW of renewable energy to the grid.

1590 MW of renewable generation would otherwise be unavailable if the Project was not constructed.

10. The Commission already has determined that the TWRA plays a critical role in meeting the state's RPS goals by approving Segments 1-3 in D.07-03-012 and D.07-03-045. Both the net new delivery capacity (4,500 MW less 700 MW for Segments 1-3) and the net RPS contracts not served by Segments 1-3 (2290 MW less 700 MW) demonstrate that the incremental capacity plays a critical role in meeting the RPS goals.

11. The CAISO has approved the Project, the California Energy Commission's 2007 Strategic Transmission Investment Plan Commission Report found the Project to be one of five strategically important transmission projects, and the RETI Phase 1B Report showed the TWRA to be one of the most economically viable locations for providing new renewable resources with minimal environmental impacts.

12. Energy Division staff's "33% Renewables Portfolio Standard Implementation Analysis Preliminary Results" issued in June, 2009 identified the TRTP as one of four transmission projects needed to meet the state's existing 20% RPS goals.

13. DRA compared the costs of the Project to the Antelope Transmission Project and to SDG&E Sunrise Powerlink Transmission Project, and concluded that the Project was more cost effective on a dollar per MW basis.

14. The Garamendi Principles are statewide transmission siting policies that encourage the use of existing ROW by upgrading existing transmission facilities where technically feasible and economically justifiable. SCE followed the Garamendi Principles in siting the Project.

15. The transmission lines of Segments 6 and 11 at issue pass through the ANF. Construction in the ANF is particularly difficult due to terrain, requiring significant use of helicopters and potentially impacting biologically sensitive areas. Segments 6 and 11 will be built to 500 kV standards and only operated at 220 kV.

16. The Commission and the USFS prepared a joint Draft EIR/EIS.

17. Consistent with its normal protocols, USFS is conducting a detailed review of the impacts of the recent Station Fire in the ANF and will determine how to proceed upon completion of that review. The USFS will not issue its Final EIS or ROD until that review is complete.

18. For purposes of CEQA, the Project's three primary objectives are to: (a) provide the electrical facilities necessary to reliably interconnect and integrate in excess of 700 MW and up to approximately 4,500 MW of new wind generation in the TWRA currently being planned or expected in the future, thereby enabling SCE and other California utilities to comply with the California RPS goals in an expedited manner (i.e., 20 percent renewable energy by year 2010 per California Senate Bill 107); (b) further address the reliability needs of the CAISO-controlled grid due to projected load growth in the Antelope Valley; and (c) address the South of Lugo transmission constraints, an ongoing source of concern for the Los Angeles Basin.

19. The 21st Century Proposal does not mitigate or avoid any significant adverse impacts caused by the implementation of the Proposed Project or by the implementation of the five versions of Alternative 4.

20. SCE is committed to removing the non-energized transmission lines in the CHSP.

21. The land acquisition proposed in the 21st Century Proposal is not needed to mitigate impacts on biological resources, which are not significant.

22. The habitat restoration proposed in the 21st Century Proposal would not reduce any impacts of either the Proposed Project or Alternative 4 as defined under the applicable thresholds of significance.

23. A set of CEQA Findings of Fact are attached as Attachment 1, and accurately reflect the independent analysis contained in the Final EIR and are supported by substantial evidence in the administrative record.

24. The Final EIR was issued on October 30, 2009.

25. The Final EIR identified Alternative 2, the Proposed Project, as the environmentally superior alternative for all but two of the segments. For Segment 4, it identified Alternative 3 (West Lancaster Alternative) as the environmentally superior alternative. For Segment 7, it identified Alternative 7 (66 kV Subtransmission Alternative) as the environmentally superior alternative.

26. For Segments 6 and 11, Alternative 6 (Maximum Helicopter Construction in the ANF Alternative) was determined to be the environmentally superior alternative. Ultimately, however, the preferred method for construction in the ANF would be site-specific and would involve a balancing of the effects on helicopter construction against ground-based construction on sensitive resources. For instance, in areas where road construction would result in unacceptable impacts to sensitive species, such as in the Lynx Gulch area, helicopter construction would be preferred to the degree that it would avoid or minimize such impacts. In other locations, road construction to accommodate construction vehicle access would be preferred to avoid the impacts associated with the establishment of helicopter staging areas. Therefore, the

environmentally superior alternative for Segments 6 and 11 is a combination of the helicopter construction and ground-based construction methods, with the total number of helicopter constructed towers falling within the range characterized by Alternative 2 and Alternative 6 (33 to 148 towers). The USFS will need to determine the specific combination of Alternative 2 and Alternative 6 features that provides the least overall impact to Forest resources. This is basically a decision as to which transmission structures would best be demolished and constructed by helicopter versus by conventional ground-based construction methods. As indicated in Final EIR Section 4.3.2, the environmentally preferable alternative will be identified by the Forest Service in its Record of Decision (ROD).

27. SCE's witnesses have more extensive experience with the design, construction and maintenance of 220 kV and 500 kV transmission lines than do Chino Hills' witnesses. SCE's witnesses' testimony is credible that the Environmentally Superior Alternative may be safely and effectively constructed within the existing ROW in Chino Hills.

28. The Environmentally Superior Alternative will be constructed with standards that meet or exceed General Order 95.

29. The Environmentally Superior Alternative can be safely and effectively operated.

30. The Environmentally Superior Alternative almost entirely replaces existing transmission lines with larger transmission structures, which will result in incremental impacts on fire prevention and suppression which do not render it infeasible.

31. The Environmentally Superior Alternative is feasible.

32. Alternative 4CM would cost more than the Environmentally Superior Alternative if the 21st Century Proposal is also adopted.

33. The best case relative savings over the Environmentally Superior Alternative for adoption of Alternative 4CM without the 21st Century Proposal would be \$14.9 million, which is less than 1% of the total cost of the Environmentally Superior Alternative. Alternative 4CM could potentially cost over \$69.3 million more than the Environmentally Superior Alternative.

34. The Final EIR was completed in accordance with CEQA.

35. The Final EIR was presented to the Commission, and the Commission has received, reviewed, and considered the information contained in the Final EIR.

36. The Final EIR reflects the Commission's independent judgment and analysis.

37. Significant and unavoidable environmental impacts will result from construction and operation of the Environmentally Superior Alternative; however, the Commission has adopted all feasible mitigation measures; adopted certain alternatives that reduce the impacts of the Environmentally Superior Alternative; recognized all significant, unavoidable impacts; and balanced the benefits of the Environmentally Superior Alternative against its significant and unavoidable impacts.

38. The benefits of the Environmentally Superior Alternative outweigh and override its significant and unavoidable impacts, for the reasons set forth in the statement of overriding considerations in Section 7.4 herein.

39. The proposed Mitigation Monitoring Plan in the Final EIR is designed to ensure compliance with the changes in the project and mitigation measures imposed on the authorized project during implementation and recommends a

framework for implementation of the Mitigation Monitoring Plan by this Commission as the CEQA lead agency.

40. Contingency costs are an appropriate element of the total estimated cost of Project.

41. A reasonable level of contingency costs for TRTP is 15% of the total estimated costs for Project excluding AFUDC, P&B, and A&G costs. SCE has not demonstrated that its requested contingency of 32% is reasonable.

42. The reasonable maximum cost for the Environmentally Superior Alternative pursuant to § 1005.5(a) is \$1,522,920,000 (in 2009 dollars), excluding AFUDC. AFUDC is estimated at \$261.82 million, for an estimated total project cost of \$1,784,740,000.

### **Conclusions of Law**

1. The Commission has jurisdiction over the proposed transmission project pursuant to § 1001 et seq.
2. The preponderance of the evidence standard, the default standard in civil and administrative law cases, is the applicable standard of review here.
3. An element-by-element need determination is inappropriate in this case, as the Project comprises a connected whole project.
4. SCE's proposal to build Segments 6 and 11 to accommodate possible operation at 500 kV is reasonable and prudent in light of the costs and benefits of additional structures to ensure relatively simple access to additional transmission capacity to access the TWRA compared to the difficulties of tearing down and rebuilding lines.
5. A finding that the Project is necessary to achieve the state's RPS goals under § 399.2.5 will serve as a definitive determination of need under §§ 1001 et

*seq.*, and will render further consideration of need based upon reliability or economic factors moot.

6. The Commission considered the application of § 399.2.5 in D.07-03-012. Recognizing the extraordinary nature of the application of this provision, it established a three-prong need test for reliance upon § 399.2.5: “(1) that a project would bring to the grid renewable generation that would remain otherwise unavailable; (2) that the area within the line’s reach would play a critical role in meeting the RPS goals; and (3) that the cost of the line is appropriately balanced against the certainty of the line’s contribution to economically rational RPS compliance.”

7. The Project will bring to the grid renewable generation that would remain otherwise unavailable.

8. The area within the Project’s reach, the TWRA, will play a critical role in meeting California’s RPS goals.

9. The cost of the Project is appropriately balanced against the certainty of its contribution to economically rational RPS compliance.

10. The Project meets the three-prong need test of D.07-03-012, as set forth in Conclusion of Law 6 herein.

11. Further review of post-fire conditions by the USFS should not need to delay the Commission’s separate decision on the Project or issuance of the Final EIR.

12. Compensatory benefits unrelated to project benefits are outside of the scope of CEQA.

13. Habitat restoration below baseline conditions is not appropriate mitigation under CEQA.

14. Contributions of funds to unspecified future programs, improvements or actions is not appropriate mitigation under CEQA.

15. The 21st Century Proposal may not be legally imposed as mitigation for Alternatives 4A, 4B, 4C, 4CM or 4D.

16. Chino Hills' argument that selection of the Environmentally Superior Alternative will introduce undue delay should be rejected, as the delay would be due to its own litigation, and does not adequately consider the potential delays from adopting Alternative 4CM, including potential changes to the CHSP General Plan, obtaining clearances to build on the Aerojet property, or potential litigation by others.

17. There is no requirement that the Commission adopt the lowest cost alternative, without regard to environmental and other factors.

18. The Final EIR has been completed in compliance with CEQA and should be certified.

19. The CEQA Findings of Fact in Attachment 1 should be incorporated into this decision.

20. Section 1002 guides the Commission in selection of an appropriate alternative.

21. The community values of an individual community should not outweigh statewide values, including the RPS program.

22. Balancing the factors of § 1002, the Commission should select the Environmentally Superior Alternative.

23. SCE should amend its EMF Management Plan as needed to apply its no-cost EMF management techniques to the Environmentally Superior Alternative.

24. The Mitigation Monitoring Program in the Final EIR should be adopted.

25. Consistent with our interpretation of § 625 in D.01-10-029, the appropriate standard of notice for Project is that prescribed by § 625(a)(1)(B), which only requires notice to the Commission Calendar.

26. The Commission has jurisdiction and responsibility pursuant to § 1005.5(a) to specify a “maximum cost determined to be reasonable and prudent” for the Project.

27. The Project is eligible for the backstop cost recovery mechanism of § 399.2.5(b)(4).

28. Application 07-06-031 should be closed.

## **O R D E R**

### **IT IS ORDERED** that:

1. The request of Southern California Edison Company for a certificate of public convenience and necessity to construct the proposed Tehachapi Renewable Transmission Project (Segments 4-11) is granted for the routing alternative identified in the Final Environmental Impact Report as the Environmentally Superior Alternative, subject to:

- a) Southern California Edison Company amending its Electro-magnetic Field Management Plan for the proposed Tehachapi Renewable Transmission Project (Segments 4-11) to apply its no-cost Electro-magnetic Field management techniques to the Environmentally Superior Alternative.
- b) all feasible mitigation measures identified in the Final Environmental Impact Report and the Mitigation Monitoring Program being imposed upon construction of the Environmentally Superior Alternative. The Mitigation Monitoring Program is adopted herein.

2. The Final Environmental Impact Report prepared for the Tehachapi Renewable Transmission Project (Segments 4-11) is certified.

3. We adopt as a reasonable maximum cost for the Tehachapi Renewable Transmission Project (Segments 4-11) pursuant to § 1005.5(a) of \$1,522,920,000 (in 2009 dollars), excluding allowance for funds used during construction. Allowance for funds used during construction is estimated at \$261.82 million, for an estimated total project cost of \$1,784,740,000.

4. The California Environmental Quality Act Findings of Fact for the Tehachapi Renewable Transmission Project (Segments 4-11) in Attachment 1 accurately reflect the independent analysis contained in the Final Environmental Impact Report and are supported by substantial evidence in the administrative record, and are incorporated as findings herein.

5. The documents that constitute the Final Environmental Impact Report for the Tehachapi Renewable Transmission Project (Segments 4-11) are received as Reference Exhibits on the effective date of this decision, as follows:

- (a) Draft Environmental Impact Report/Environmental Impact Statement – Reference Exhibit A; and
- (b) Final Environmental Impact Report – Reference Exhibit B.

6. Application 07-06-031 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

**INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated November 3, 2009, at San Francisco, California.

/s/ OYIN MILON

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Oyin Milon