AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

THE IMPACT OF OVERHEAD HIGH VOLTAGE TRANSMISSION TOWERS AND LINES ON ELIGIBILITY FOR FEDERAL HOUSING ADMINISTRATION (FHA) INSURED MORTGAGE PROGRAMS

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON
INSURANCE, HOUSING AND
COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

APRIL 14, 2012

Printed for the use of the Committee on Financial Services

Serial No. 112–115

U.S. GOVERNMENT PRINTING OFFICE

75–087 PDF WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

HOUSE COMMITTEE ON FINANCIAL SERVICES

SPENCER BACHUS, Alabama, *Chairman*

JEB HENSARLING, Texas, *Vice Chairman*
PETER T. KING, New York
EDWARD R. ROYCE, California
FRANK D. LUCAS, Oklahoma
RON PAUL, Texas
DONALD A. MANZULLO, Illinois
WALTER B. JONES, North Carolina
JUDY BIGGERT, Illinois
GARY G. MILLER, California
SHELLEY MOORE CAPITO, West Virginia
SCOTT GARRETT, New Jersey
RANDY NEUGEBAUER, Texas
PATRICK T. MCHENRY, North Carolina
JOHN CAMPBELL, California
MICHELE BACHMANN, Minnesota
THADDEUS G. McCOTTER, Michigan
KEVIN McCARTHY, California
STEVAN PEARCE, New Mexico
BILL POSEY, Florida
MICHAEL G. FITZPATRICK, Pennsylvania
LYNN A. WESTMORELAND, Georgia
BLAINE LUETKEMEYER, Missouri
BILL HUIZENGA, Michigan
SEAN P. DUFFY, Wisconsin
NAN A. S. HAYWORTH, New York
JAMES B. RENACCI, Ohio
ROBERT HURT, Virginia
ROBERT J. DOLD, Illinois
DAVID SCHWEIKERT, Arizona
MICHAEL G. GRIMM, New York
FRANCISCO "QUICO" CANSECO, Texas
STEVE STIVERS, Ohio
STEPHEN LEE FINCHER, Tennessee

BARNEY FRANK, Massachusetts, *Ranking Member*
MAXINE WATERS, California
CAROLYN B. MALONEY, New York
LUIS V. GUTIERREZ, Illinois
NYDIA M. VELÁZQUEZ, New York
MELVIN L. WATT, North Carolina
GARY L. ACKERMAN, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
MICHAEL E. CAPUANO, Massachusetts
RUBÉN HINOJOSA, Texas
WM. LACY CLAY, Missouri
CAROLYN MCCARTHY, New York
JOE BACA, California
STEPHEN F. LYNCH, Massachusetts
BRAD MILLER, North Carolina
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
GWEN MOORE, Wisconsin
KEITH ELLISON, Minnesota
ED PERLMUTTER, Colorado
JOE DONNELLY, Indiana
ANDRÉ CARSON, Indiana
JAMES A. HIMES, Connecticut
GARY C. PETERS, Michigan
JOHN C. CARNEY, JR., Delaware

JAMES H. CLINGER, *Staff Director and Chief Counsel*

SUBCOMMITTEE ON INSURANCE, HOUSING AND COMMUNITY OPPORTUNITY

JUDY BIGGERT, Illinois, *Chairman*

ROBERT HURT, Virginia, *Vice Chairman*
GARY G. MILLER, California
SHELLEY MOORE CAPITO, West Virginia
SCOTT GARRETT, New Jersey
PATRICK T. MCHENRY, North Carolina
LYNN A. WESTMORELAND, Georgia
SEAN P. DUFFY, Wisconsin
ROBERT J. DOLD, Illinois
STEVE STIVERS, Ohio

LUIS V. GUTIERREZ, Illinois, *Ranking Member*
MAXINE WATERS, California
NYDIA M. VELÁZQUEZ, New York
EMANUEL CLEAVER, Missouri
WM. LACY CLAY, Missouri
MELVIN L. WATT, North Carolina
BRAD SHERMAN, California
MICHAEL E. CAPUANO, Massachusetts

CONTENTS

	Page
Hearing held on:	
April 14, 2012	1
Appendix:	
April 14, 2012	43

WITNESSES

SATURDAY, APRIL 14, 2012

Bennett, Hon. Art, Mayor, City of Chino Hills, California	5
Borland, Bobbi, Acting Branch Chief, Santa Ana Homeownership Center, U.S. Department of Housing and Urban Development	19
Genis, Joanne, Chino Hills resident	11
Goodwin, Robert, President, Hope for the Hills	8
Henderson, James L., SRA, J.L. Henderson & Company, on behalf of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers	33
Kreger, Fred, CMC, President-Elect and Government Affairs Committee Chairman, California Association of Mortgage Professionals	30
Proffitt, Marion, past President, Tri-Counties Association of REALTORS®, on behalf of the California Association of REALTORS®	31
Starck, Leslie, Senior Vice President, Regulatory Affairs, Southern California Edison, on behalf of the California Public Utilities Commission	29
Tyrrell, Denise, on behalf of the California Public Utilities Commission	20

APPENDIX

Prepared statements:	
Bennett, Hon. Art	44
Borland, Bobbi	49
Genis, Joanne	52
Goodwin, Robert	55
Henderson, James L.	58
Kreger, Fred	60
Proffitt, Marion	62
Starck, Leslie	65
Tyrrell, Denise	71

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Miller, Hon. Gary:	
Written statement of Stuart A. Gabriel, Professor of Finance and Arden Realty Chair; and Director, Richard S. Ziman Center for Real Estate at UCLA, UCLA Anderson School of Management	77
Written comments from residents of Chino Hills	85

THE IMPACT OF OVERHEAD HIGH VOLTAGE TRANSMISSION TOWERS AND LINES ON ELIGIBILITY FOR FEDERAL HOUSING ADMINISTRATION (FHA) INSURED MORTGAGE PROGRAMS

Saturday, April 14, 2012

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INSURANCE, HOUSING
AND COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., at the City of Chino Hills Council Chambers, 14000 City Center Drive, Chino Hills, California, Hon. Gary Miller of California presiding.

Present: Representatives Miller of California, and Royce.

Mr. MILLER OF CALIFORNIA [presiding]. This hearing will come to order.

Before we start, I would like to make some announcements for those who are joining us in the audience. This is an official congressional hearing. This is not a town hall meeting. There is a protocol we have to follow. We are going to have to follow it.

We would like to thank Financial Services Committee Chairman Bachus and Subcommittee on Insurance, Housing and Community Opportunity Chairwoman Biggert for granting the request to have this hearing today, holding it in Chino Hills.

This will be made a part of the congressional record. This issue will move forward in Congress as the issue is coming up throughout the State and throughout the country.

We were granted permission to convene a very important hearing today, and we would like to obligate the order and the quorum of the committee here. It is as if we were holding this hearing in Washington, D.C. So it is not a hearing where people can just jump up and talk or raise questions. We have to follow a normal protocol and form, and that is what we are doing today.

I know this issue is of great importance to the community here, and there are people in this hearing who are greatly impacted, and we want to let you know we understand that, but there are certain things we have to do today.

The comment sheets that you have are provided to you so that if you do have a question, you can submit those questions. They will be responded to, and they will be made a part of the official congressional hearing record. Only those present at the hearing

today will be issued those forms, and only people here today will be responded to.

So before the hearing proceeds, I would like to introduce a very good friend of mine with unanimous consent of the hearing. We would like to ask Assemblyman Curt Hagman to stand up.

[applause]

Mr. MILLER OF CALIFORNIA. Curt is a very good friend of ours. As you know, he has been a champion on this issue. If it was just a community hearing, he would be up here. It is not. It is Members of Congress only.

I would like to have the Mayor stand up, and please give him a round of applause.

[applause]

Mr. MILLER OF CALIFORNIA. The Mayor and the City Council have opened this great facility up to us and to the community to have this hearing. This is the first hearing of its type in the entire region. I am honored to have it here in my district in Chino Hills, and we would like to start the hearing.

As protocol allows, I am going to introduce myself for 5 minutes for an opening statement.

Today's hearing is focused on the impact of the high voltage transmission towers and lines on eligibility for FHA insured finance mortgage programs. The committee granted my request to have a hearing today about FHA eligibility here in Chino Hills because of the concern raised by residents about the high voltage transmission towers and power line structures being erected within the utility right-of-way, but in close proximity to many homes here in Chino Hills.

Homeowners have expressed their concern about how the new towers and power lines will negatively impact their home values, and their ability to access FHA mortgages. Under current California law, by the year 2020, electric utilities must produce 33 percent of the electricity they deliver to customers from renewable energy sources. In order to meet the State's mandate, Southern California Edison must upgrade its power lines and substations south of the Tehachapi Wind Resources Area. The Tehachapi Renewable Transmission Project, TRTP, would interconnect renewable wind energy to the existing electricity system in order to meet the State's renewable energy requirements.

To comply with State law, Southern California Edison is upgrading its infrastructure in the region, including the installation of new high voltage lines, towers, and power line structures within Chino Hills and other communities. Residents of Chino Hills whose homes are adjacent to these new power line structures are rightfully concerned about the economic impact of these new towers on their home prices. In addition, they have raised concerns about whether the Federal Housing Administration would allow FHA financing for their homes as a result of proximity to the new transmission towers to their homes.

Today's hearing is important for the House of Representatives because we oversee the Federal Housing Administration's Mortgage Insurance Program. The FHA is intended to be self-funded. Premiums paid by the homeowners for FHA mortgage insurance are used to pay for the cost of running the program and to cover losses

when homes default. The FHA guarantees nearly 40 percent of homes purchased and mortgages originated in the United States alone. The program currently issues more than $1 trillion worth of mortgages to more than 7 million homeowners.

Given the taxpayers' exposure to the FHA program, the Financial Services Committee is very concerned about the State's mandate that negatively impacts home values. That is why we are here today. We are concerned about the impact on the FHA insurance fund should the FHA insurance home loss value due to this project, an impact on individuals whose homes are impacted by this project. We are also concerned about the impact on the fund if home values in the neighborhoods go down because FHA is not available to other communities on this option.

The impact of FHA goes beyond those homes adjacent to the power lines. Lost value in the area could impact home values in the entire community. This could impact values on other FHA insured homes.

Today's hearing will give Congress the opportunity to hear from residents of Chino Hills, local elected officials, representatives from Southern California Edison, and the real estate industry about the FHA policies about insuring these homes, and we do look forward to their testimony today. They will give us understanding from industry professionals about the impact on FHA's insurance fund if the State mandates cause home values to decrease, as many residents are concerned about.

Originally, only witnesses who were invited today are here. We had communicated with the Public Utilities Agency, and until today we had not heard even a single comment. It was like a quiet radio. Multiple attempts were made from our office to invite them to the committee, and until this morning we didn't know they were going to be here.

In my opinion, this shows an arrogance from Sacramento. When Congress can approach an agency that they should respond to and we hear nothing until the day of the hearing, we don't even have their prepared statement in advance to know what they are going to talk about, and we were going to subpoena them to this hearing if we had more time. It got to that degree. Everybody else was willing to work with us. This one agency, at the last minute, decided to show up.

In conclusion, I want to make the point that this situation is another example of what happens when government runs amuck. We wouldn't be here today if Sacramento had not set a mandate on renewable energy and the targets they placed on our community.

While it sounds good and we all want to protect the environment, it is clear that adequate consideration was not made in Sacramento about the consequences of its mandate. Sure, we all want to protect the environment. Promoting renewable energy is a great talking point, but what about the impact on Californians and homeowners? What about their health, safety, and the impact on their pocketbooks? What about the economic impact that depressed home values have on local communities? These things were obviously not considered when they made this legislation intact.

These towers are a direct result of dictates from Sacramento to electric providers and how they must provide energy to the area.

It is not surprising that these residents and these homes that are located on easements adjacent to these power lines are extremely concerned about the impact of these new towers on their home prices.

Sacramento should have also been concerned when they passed the mandate in the first place, and Sacramento should be held basically accountable for what they have done to our communities. Further, U.S. taxpayers should be outraged because this misguided State action could impact home values that currently FHA is insuring, causing values to decrease below the amount of the loans. This would pose a great risk to the FHA fund, and we are here because Congress needs to think about what recourse we should use based on the impact placed upon you.

And I yield 5 minutes to my dear colleague, Ed Royce.

Mr. ROYCE. Thank you, Chairman Miller. I appreciate that.

I also would like to recognize Chairman Spencer Bachus for holding the hearing, and Subcommittee Chairman Gary Miller for chairing this hearing here today, and I certainly would like to welcome everyone here.

I think the impact this has had on the community is of importance, and the input of the people here today on the topics that are going to affect this community are important. I would also say that we hold a number of different hearings every week in Washington that affect the economy of the States, but from time to time, we are able to have the opportunity to get out to these field hearings and hear about the real-world impact on families here in Southern California, and this is one of those occasions.

I think the construction of the Chino Hills transmission lines has been devastating for the community. When you think about the reality of 200-foot towers, 60-feet wide, some of them 70 feet from people's backyards, there are roughly 1,000 homes within 500 feet of this project—1,000 homes. That means there are 4,000 people who are within 500 feet of this project, and the property values, as a result, have suffered in this area.

According to Mr. Bob Goodwin, a witness on the first panel today, property values throughout Chino Hills have dropped 17 percent, on average. That is since May of 2011, since this project became a reality. That is 17 percent throughout the City, but for many people who live close, who live adjacent to the project, the impact has been far more devastating than just the 17 percent drop.

Today, the government owns or guarantees 97 percent of all new mortgages throughout the country. With the government now playing such a large role in the mortgage market, it is critical that we understand the rules by which FHA and other government agencies underwrite these mortgages in areas like Chino Hills, which are located near high voltage transmission lines.

These rules often vary from agency to agency. For instance, the FHA requires an underwriter to obtain a letter from the owner of a tower noting a given dwelling as not being within the engineered fall zone of a given tower. What is the justification for the varying rules among the different agencies? How do these rules impact the loans being insured? What are the options for homeowners and communities such as Chino Hills? How would alternative routes,

such as Chino Hills State Park, or burying the power lines underground, as is done in Europe, impact property values here in Chino Hills?

I hope to raise these issues with Ms. Borland from the Department of Housing and Urban Development, who will present. She will be on the second panel here today, as well as with the other witnesses that we will hear from today. And in closing, I thank all of the members of the three panels for volunteering their time to be here today to present their case with us.

Again, I thank Chairman Gary Miller for chairing this hearing, and we look forward to the discussion here. And I yield back, Mr. Chairman.

Mr. MILLER OF CALIFORNIA. Thank you, Mr. Royce.

Congressman Joe Baca was also invited to attend. His schedule did not allow him to be with us today, but he was originally scheduled to be at the hearing.

I would like to recognize the first panel, if you would please come forward.

First, we have the Honorable Art Bennett, Mayor of the City of Chino Hills. Mr. Bennett has over 40 years of experience as a property tax consultant and corporate tax manager. He has been an instructor and an appraiser of real estate for property tax purposes and has testified in the capacity of an expert witness in State and Federal court hearings.

Second, Mr. Robert Goodwin is a resident of Chino Hills and president of Hope for the Hills, a nonprofit group of approximately 100 members who organized a response to the 2009 approval of the Tehachapi Renewable Transmission Project of the California Public Utility Agencies.

Third, Mrs. Joanne Genis is a resident of the City of Chino Hills, also. Mrs. Genis was a founding member of the Citizens for Alternative Routing of Electricity, CARE. In August of 2011, CARE changed its name to Hope for the Hills.

Your written statements will be made a part of the record, and you will each be recognized for 5 minutes to summarize your testimony.

Mayor Bennett, you are recognized for 5 minutes.

STATEMENT OF THE HONORABLE ART BENNETT, MAYOR, CITY OF CHINO HILLS, CALIFORNIA

Mr. BENNETT. Thank you, Congressman Miller, and Congressman Royce. I might add, thank you very much for succinctly mentioning and outlining what the major concern is of this community as a result of the placement of these TRTP Edison towers.

Again, Chairman Miller, Congressman Royce, and members of the Subcommittee on Insurance, Housing and Community Opportunity, thank you for the invitation to testify on behalf of the City of Chino Hills and our community. I am pleased to have the opportunity to provide our perspective on the impact of the overhead high voltage transmission lines and towers, as we will share on the active role the City of Chino Hills has played since 2007.

A high voltage power line proposed in California must go through a transmission planning process whereby the California Independent System Operator, also known as CAISO, must analyze the

cost-effectiveness and impact on grid reliability of the proposed line. For the project to proceed, the CAISO must agree that it will accept the completed line into its control system grid. When the CAISO undertook this process for the TRTP line, it specifically noted that alternate routes would have to be considered in a portion of the route near the City of Chino Hills.

The City of Chino Hills became aware of the TRTP project after Edison filed its application in June of 2007. The City immediately took a proactive approach in the CPUC siting process. We sought to explore the feasibility of alternate routes that would not involve towers nearly 200 feet tall in a narrow 150-foot-wide right-of-way, directly through the heart of the City of Chino Hills. The City did not oppose the green energy project itself, but instead attempted to develop a viable alternate route.

The City of Chino Hills assembled a team of transmission, environmental, and regulatory experts to explore alternate routes at a cost to date of nearly $2.8 million. The City held dozens of hearings over a period of nearly 2½ years with CPUC staff, SCE project personnel, numerous State agencies, landowners of property adjoining the various alternatives, and many environmental groups, particularly those with an interest in Chino Hills State Park. These meetings and the work of our own consultants enabled the City to propose several viable alternative routes for the CPUC's consideration and environmental review.

While our residents have been actively involved since the beginning of the process, only after SCE started putting up the towers did it become apparent the true enormous size and close proximity of the high voltage transmission towers. More and more people got involved, and they began a renewed campaign to stop the project's construction through their City. This grassroots campaign appealed to SCE's board of directors and to the CPUC commissioners directly. The City renewed its request to the CPUC to halt construction and filed a petition for modification with the CPUC, seeking to reopen the case.

All five CPUC commissioners made personal visits to see the tower construction at the invitation of the City. We believe these visits were extremely important. The CPUC issued an order staying construction of the project. In addition, the president of the CPUC issued a ruling ordering SCE to reopen the proceeding and provide testimony re-examining whether or not other alternatives could satisfy the needs of the project without having the negative impacts on the City of Chino Hills. SCE submitted this additional testimony earlier this year.

The City of Chino Hills and SCE engaged in a mediated alternative dispute resolution process to attempt to reach a settlement on a route design that would allow the project to proceed. The parties did not reach agreement.

The City of Chino Hills strongly supports a single circuit underground transmission alternative and has asked the CPUC to allow the City to present evidence in support of its alternative in evidentiary hearings.

The impact of the TRTP: The SCE transmission route places 195-foot-tall, 500kV towers in a narrow right-of-way, only 150 feet wide. This narrow right-of-way was designed for 75-foot-high,

230kV structures which have not been energized in decades. Nowhere else in the United States has a utility placed 500kV towers this tall in such a narrow right-of-way.

Some homes along the right-of-way are located only 75 feet from these towers. SCE has seen a substantial number of 500kV transmission towers fail in the past, and the risk of personal or property damage if any of these towers were to fail is extremely high because the right-of-way is so narrow. Residents also feel very concerned by the high EMF levels, as well as the proximity of such tall and overhanging structures so close to their homes and backyards.

The subcommittee is concerned about the impact of such transmission lines on property owners who may be ineligible for Federal loans if they are within a utility easement and within the "fall zone" of a tower. However, the towers SCE has built are so tall that many residents who are outside the easement are still in the "fall zone" and still at risk from tower failure.

The SCE towers increase the risk of fighting and suppressing fires as the height of the towers prevents firefighters from using helicopters or airplanes to drop fire retardant on residential and wildland fires near the transmission line route.

Central to the character of Chino Hills are zoning and land use restrictions that avoid ridgetop development to preserve views of the many hills and ridges in the community. The TRTP towers violate this key land use principle, and have forever changed the characteristics of the community.

In conclusion, the City of Chino Hills has participated constructively in the CPUC process for transmission line siting, but that process has failed the citizens of Chino Hills to date. No high voltage transmission towers as tall as 200 feet tall should be installed in such a narrow right-of-way in a densely populated community. The regulators should have adopted an alternative route, as they were warned from the very beginning of issues that would arise from trying to shoehorn a large high voltage line into a de-energized right-of-way intended for far smaller, lower voltage lines.

We applaud the CPUC for reopening the proceeding and taking additional evidence on alternative routes, and we are very encouraged that it appears that there are feasible and cost-effective underground construction techniques that will promote national interests and green technology and could eliminate many of the negative impacts of the tall towers that have threatened our community.

In closing, we urge the members of the subcommittee to express their views to the CPUC and help us convince the commissioners that an alternative route should be selected. Thank you very much.

[The prepared statement of Mayor Bennett can be found on page 44 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you, Mayor.

You might notice the timing system has green, yellow, and red lights.

[applause]

Mr. MILLER OF CALIFORNIA. I don't think you are liked very much here, are you?

Mr. BENNETT. I was going to ask—

Mr. MILLER OF CALIFORNIA. Because of the significance of this issue, we are going to be a little more generous with the time.

Mr. BENNETT. I sincerely appreciate that.

I was going to ask you, do you like my chair?

Mr. MILLER OF CALIFORNIA. I like your chair.

[laughter]

Mr. MILLER OF CALIFORNIA. But neither one of us will run for your seat, so you are good.

[laughter]

Mr. BENNETT. Okay. I am very, very comforted by that. But you look very nice sitting in that chair.

Mr. MILLER OF CALIFORNIA. Thank you very much.

Mr. BENNETT. And I love seeing Chino Hills behind you.

Thank you so much, Mr. Miller.

Mr. MILLER OF CALIFORNIA. Mr. Goodwin, you are recognized for 5 minutes.

STATEMENT OF ROBERT GOODWIN, PRESIDENT, HOPE FOR THE HILLS

Mr. GOODWIN. Good morning. I would like to thank Chairwoman Judy Biggert, Congressman Gary Miller, Congressman Ed Royce, Congressman Luis Gutierrez, and the members of the Subcommittee on Insurance, Housing and Community Opportunity for this opportunity to address the serious matter we have developing in Chino Hills.

My name is Bob Goodwin, and I speak on behalf of Hope for the Hills, a community group that was founded in May of 2011 to carry on the work of a previous organization, CARE, the Citizens for Alternative Routing of Electricity, which started in 2007 when this project was announced and unveiled. The purpose of both groups was and is to bring awareness to the tragedy unfolding in Chino Hills relative to the TRTP project being constructed by Southern California Edison.

This project, planned and built under the disguise of "green energy," is many things, but healthy and environmentally safe it is not. SCE promotes a policy of community partnership and caring, yet they have no problem with building and energizing 198-foot towers with 500,000-volt power lines within 70 feet of residences, and the lines as close as 40 feet in some cases. This is not only a safety matter. It also raises health concerns relative to EMF fallout and the consequences associated with prolonged EMF exposure. The consequences highlighted in a Department of Health Services report from October 2002 stated that, among other things, prolonged exposure to this type of an EMF field leads to an increased risk of developing brain tumors, childhood leukemia, ALS, more commonly known as Lou Gehrig's disease, and an elevated number of miscarriages.

When asked about this study, SCE repeatedly states that there is no empirical data that supports this 100 percent. I find that rather insulting to anyone and everyone who may have to live with this 24/7/365 if SCE is allowed to complete this portion of construction through Chino Hills.

One can argue that there is no empirical data that says it does not cause these health issues either. They even advised against

construction of our community center because cars would be parked under these very lines for extended periods, and they deemed that unsafe. Yet this company promotes "safety is top priority for our ratepayers."

How does this relate to why we are here today? To begin with, health and safety are directly related to property values. In Chino Hills alone, average property values are down 17 percent since this project started to become a reality in May of 2011. This number can be statistically proven by comparing the period 6 months prior to the towers going up, when there were 331 closed sales with an average sales price of $509,000. Since the towers went up, a total of 10 months, there have been 426 sales, with the average price of $421,452, or a loss of $87,549, a rate of 17.2 percent. In addition, the average number of sales has dropped from 55 to 42 per month. Many people have given up even trying to sell and some are just walking away from their homes. How is that possible in our society? How can a utility company not see that this is wrong?

While it is true that SCE has owned this right-of-way since 1941, no one, not even SCE, envisioned 198-foot towers on a 150-foot right-of-way. Keep in mind, in 1941 there were cows and coyotes, bugs and bunnies living in this area. Homes were added after the fact; and yes, people bought them knowing the right-of-way (ROW) was there. But they were told, many by SCE themselves, that this ROW was dormant. With that knowledge, people purchased homes with peace of mind, never dreaming a few months or years later their homes would be deemed worthless when the poles went up.

Today, we have several homes in the fall zone, where these towers have been erected. The average distance these homes sit from the towers is 71 feet. When you factor in the 60-foot cross arms, if the 500,000-volt lines are strung, these lines will be within 41 feet of some homes, 24/7/365, no reprieve, no break, no relief to the worry and emotional toll they will take.

It seems that the only agency with enough foresight to protect anyone is the Department of Education. They have specific guidelines that State towers of this magnitude must be a minimum of 350 feet from a public school. Yet today, we find ourselves looking at towers as close as 71 feet to homes and children's bedrooms. Again the question has to be asked, how is this possible? Who will ever buy our homes with a 198-foot power pole outside a bedroom window? In fact, FHA will not approve a loan for any of the homes inside the fall zone. They recognize the risk of having an investment so close to a safety hazard such as 500,000-volt power lines on 198-foot towers.

Chino Hills is suffering from much more than property value loss. From personal strain and emotional worry to physical illness, SCE has created a community of fear and trepidation. Many residents do not know what the future brings. Many have lost their equity and peace of mind. Many are looking for answers and not finding much hope.

If you were to simply ask each homeowner to speak, every one of them could tell you their personal story, from a daughter who begged her newly widowed mother to move to Chino Hills to be closer to her and her grandchild, only to finally move here and then shortly thereafter come home from surgery to see a monster power

pole going up outside their bedroom. Then there is the mother who spends every waking moment researching and fighting this while missing out on family outings, but not telling her children why because they are sick of her spending all her spare time on this fight instead of spending quality time with them, to the grandparents who have babysat their 18-month-old grandson only once since he was born because they have devoted every spare minute of their life to leading a group of dedicated, devoted citizens in this fight.

We come here today to hopefully be heard and taken seriously. How can this be happening to our City? How could this be happening to anyone in this country? Corporate greed comes to mind, "greed energy" versus "green energy." The City had provided a perfectly sound alternative that would have avoided this travesty. Alternative 4CM would have eliminated the problem all parties have encountered, but SCE decided it was not convenient. Chino Hills also provided an underground alternative which SCE essentially tried to price out of consideration. We are still hopeful that commonsense will prevail and this solution, going underground, will be the acceptable alternative.

SCE is adamant about going above ground at all cost. The amount of time, energy, cost, and legal fees they have spent to oppose the alternatives would have paid for the underground construction. We would also like to know, the estimated $3.6 million monthly SCE collects from just the Chino Hills residents, where is that money being spent? Why isn't that portion of their income directly applied to remedy this matter? How can our utility dollars support a project that so adversely impacts our community?

Since SCE's position is now and always has been about the cost, there is one question they have never answered. The proposed alternative through the State park would have been 10.5 miles shorter. It would have saved 10.5 miles of construction costs. So why didn't they consider this an acceptable alternative?

The question has been raised regarding notification from SCE relative to this project. Yes, people were notified. The approximately 300 residents along the right-of-way were advised. Did SCE notify all impacted residents? No. Were public hearings held? Yes. Was the public allowed to speak? Yes. Were their concerns taken into consideration? I think the results answer that question loud and clear, a resounding "no."

I want to make one thing perfectly clear: this is not a NIMBY—not in my backyard—issue. We adamantly oppose any project such as this that rapes a community and imposes such hardships on residents. Any and all utility companies, especially SCE, should be held to a much higher standard when it comes to community and environment safety. Let us be responsible for setting the precedent that states people must come before profitability and growth. We are all in favor of green energy. However, green energy should not hurt, and this green energy project is killing the Chino Hills we have come to know and love, all at the expense of profits versus people.

Why we are the only country that does not mandate projects such as this be required to go underground? Why does most every other civilized country construct high energy projects underground? Are they more technologically advanced than the United States? I

would think not. Why does it always come down to having to adopt a law to do the right thing? Why can't companies like SCE do the right thing without being told? Whatever happened to commonsense? When something looks good on paper but takes a whole different perspective in real life, why doesn't corporate America choose to do the right thing? We are better than that. We as a community are not afraid of taking on Goliath. Someone has to stand up and say this is flat out wrong and must be corrected.

Please help us here today, once and for all, right this wrong and do what is right for Chino Hills and its residents. Let us show corporate America that people do matter. Let's show the country that people and their elected officials can come together and make common-sense changes that will protect not only our future, but the future of our children and grandchildren.

I thank you for your time this morning. It has been an honor and a pleasure to address this committee.

[The prepared statement of Mr. Goodwin can be found on page 55 of the appendix.]

Mr. MILLER OF CALIFORNIA. As you can see, we are being a little generous with protocol, but I think that it is appropriate.

[laughter]

Mr. MILLER OF CALIFORNIA. Thank you, Mr. Goodwin.

Mr. GOODWIN. Thank you very much.

Mr. MILLER OF CALIFORNIA. I appreciate it. Thsoe were very nice words. Ms. Genis, please. You are recognized for 5 minutes.

STATEMENT OF JOANNE GENIS, CHINO HILLS RESIDENT

Ms. GENIS. Good morning, and thank you, Chairman Gary Miller, Congressman Ed Royce, and subcommittee staff, for the invitation to submit my testimony to the subcommittee on the subject of the Tehachapi Renewable Transmission Project, also known as the TRTP, and referred to as "the project" throughout my testimony.

My name is Joanne Genis. I am a mother, wife, and board member of Hope for the Hills, which is a community-based organization formerly known as CARE, Citizens for Alternate Routing of Electricity. I am a long-time resident of Chino Hills, and my husband and I moved here 23 years ago because we wanted to raise our family in a safe, friendly, youth-oriented City with a rural atmosphere. We love this City, and especially the beautiful view of the snow-capped mountains during the winter.

This project has not only affected the City due to the aesthetics, property value loss, and safety and health issues, but has also affected my life emotionally. It will be 5 years next month that I have been fighting this injustice served upon our City, and I cannot count the hours of sleep I have lost over worrying about what is going to happen to my nest egg and the safety of my family. My stomach has been in knots, and I am keeping TUMS in business. It has been an emotional rollercoaster not only for myself, but for many others in this community.

In April of 2007, SCE sent out notices to the residents within 250 feet of the easement, informing them about the TRTP. They stated they would be removing the existing 98-foot towers, 220kV lines, which have been de-energized since the early 1970s, and replacing them with 198-foot towers, 500kV lines in an easement only 150

feet wide, which is too narrow for this size of a project. This will place the towers as close as 70 feet to many homes; and, yes, my home is in the fall zone of one of these towers. This is not safe, especially since they are near several earthquake faults.

The DEIR/EIS's visual impact assessment is fatally flawed. The visual simulation photographs of the project did not provide a fair representation of the neighborhoods that have been impacted by the poles. On November 10, 2011, the commission made a comment that the towers had a visual and economic impact far more significant than envisioned at the time the Certificate of Public Convenience and Necessity was issued.

In May of 2009, the City of Chino Hills requested some data from SCE regarding the 195-foot TSP, which is the tubular steel poles, and the question was has SCE ever used 195-foot TSPs for the installation of a 500kV transmission line? Jerry Amalfitano, principal engineer at SCE, answered the question with "No." So basically, SCE will use Chino Hills as their lab rats or a petri dish for the testing of their towers.

In the final EIR, it concluded that there was no significant impacts on property values as the result of the construction of the project. It went on to state that the impact to nearby homes is very small and typically disappears within 5 years. I would like SCE to tell this to my neighbors, the Seagraves, who listed their immaculate and newly remodeled home in September of 2011 for $359,000, and after they had over 90 interested parties viewing the home and visually saw the tower directly behind it, these parties turned around and left. They have continued to drop the price, and the current listing is $317,000. According to the listing agent, it will probably drop down to the high $200,000s, which is about a 20 percent loss of value. And then there's the problem of trying to finance the loan with FHA.

As I am standing here, testifying before you today, the Seagraves are moving out. They are taking their two young children and walking away from their dream home that they have worked so hard for. The emotional toll has drained them beyond belief and they are done putting their lives on hold. How many more families are going through the same? I have documents I have submitted with my testimony that state where another neighbor's house fell out of escrow because of the project. So for Edison to state there is no property loss, I beg to differ.

I have addressed many more issues and concerns regarding EMFs, fire hazards, and additional property losses in the longer version of my testimony submitted to the committee. Yesterday, we had a terrific thunderstorm. It was reported by a reliable source that he actually saw the lightning strike the top of the tower behind Crossroads Park. Unfortunately, he did not catch it on film. Everything happened so fast. I have never seen a storm like this in Chino Hills. He was approximately 400 feet away from the tower, and he could feel the hair on his arms stand on end. What would happen if the lines had been strung? These monstrous towers are lightning rods and accidents waiting to happen.

The talk of expanding the right-of-way is not an option. I do not have plans or wish to move. There are over 1,000 homes within 500 feet of this project. So, if you buy out some, you are extending the

problem. The street I live on, Garden Court, has two ways in and out, and both of these roads will have 500kV lines run across them. We cannot avoid these lines. You might say we are trapped. When I entertain guests, this is usually the first words I am greeted with: "What in the heck is that?" And then the story begins. It's embarrassing to live near these towers. I see one right out my front door and a row of them out my upstairs bedroom window. I am surrounded.

When the City of Chino Hills took their lawsuit to the Appeals Court, I still remember the comment that Judge Jeffrey King made to Edison's lawyer. He told him that just because the CPUC gives you their blessings, you think you can do anything you want to? That judge got the picture.

The damage cannot be mitigated, and the emotional turmoil that many of the residents are facing due to losing their nest eggs or worrying about their families' health and safety is all due to SCE's need to put profit over people. I have been fighting for years now to try and stop this project from ruining so many lives and mutilating this City. I have listened to their heartfelt stories. I have shared tears with them. I have encouraged them to fight this injustice. I am standing before you today representing not only myself, but all of them, too. One good thing that came out of SCE's arrogance is that they truly have brought this community together. I am not against green energy, but when it's about the type of green that lines someone's pockets, that is the green I am against. Green energy shouldn't hurt.

I would like to thank the committee on behalf of the residents of Chino Hills for coming to California to hold this hearing and listen to our testimony, and I apologize for my emotions.

[The prepared statement of Ms. Genis can be found on page 52 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you very much.

Members of the committee will each be recognized for 5 minutes for questions in the same order as opening statements.

Mayor Bennett, can you please tell us how the City was involved in the process and the ultimate decision to build the power lines through Chino Hills?

Mr. BENNETT. We have been involved since roughly 2007, shortly after we found out that the TRTP lines were going to be put into the—be extending that power, bring that power from the Tehachapi area down to Southern California.

We initially responded to the fact that there had to be other alternatives. As both of these witnesses have spoken to, the existing right-of-way that they have chosen to put the power lines into contained roughly 75-foot-tall, 230kV lines that had been dormant for, as far as we could tell, around 30 years. No one who lived in that area ever thought that it would be any different.

Back in 2009, we thought we had come up with a viable alternative, Route 4CM, which would have taken the lines and would actually have moved them, and I cut this from my earlier presentation, but the preferred alternative, which was 4CM, would have interconnected the TRTP line to an existing 500kV line that crosses through the center of Chino Hills State Park. But by more efficiently aligning the transmission grid, there would have been fewer

transmission lines within the park than there are today if 4CM had been built.

This alternative would have also eliminated the need for all transmission towers within the City of Chino Hills. The City's alternate 4CM was supported by a variety of environmental groups, including the Sierra Club and Hills for Everyone, the group responsible for the creation of Chino Hills State Park.

So we tried, to no avail, to get an alternative that would have skirted the City of Chino Hills, and would have created far less transmission lines. The thought apparently—the feeling we received from that was there was more concern about animals in the State park than there was about the residents in the City of Chino Hills.

Mr. MILLER OF CALIFORNIA. I'm well aware of that sentiment.

Mr. BENNETT. So I hope that answers your question.

Mr. MILLER OF CALIFORNIA. Some of the questions to the audience might appear repetitive based on the opening statements, but they are very important for us to have these for the record.

Mr. Goodwin, what effect has the TRTP had specifically on your neighborhood?

Mr. GOODWIN. My neighborhood is not directly impacted by these towers. From the street that I live on, the residents—

Mr. MILLER OF CALIFORNIA. Associated neighborhoods that would be appropriate?

Mr. GOODWIN. It has had a significant impact on the neighborhoods. The neighborhoods have become less visited, less—people are—to Joanne's comment, when people come over, we end up spending the evening talking about the towers. Going around the neighborhoods visiting people, there are huge concerns—people aren't finishing construction projects, people are not finishing upgrading or painting. They are not making their home a home. They don't know what to expect. There is a fear of the uncertainty.

The impact it has had on residents City-wide is one of fear and trepidation, as I mentioned. Anybody you talk to, anybody who lives along the right-of-way, anybody who is impacted by these lines, they really don't know what to do. Their lives are virtually on hold.

Mr. MILLER OF CALIFORNIA. Your opinion seems to be they realize the current impact placed upon them, and they are very concerned about putting any more money into their home because they don't know what the impact in the future might be?

Mr. GOODWIN. Exactly. That is a statement of fact. We know several friends and residents who had begun to remodel their homes, but they have stopped.

Mr. MILLER OF CALIFORNIA. They have stopped, yes.

Mr. GOODWIN. And again, there are residents who have recently had—they refinanced their homes to find exactly what I stated in my testimony, that appraisals that they had done 12 to 18 months ago versus today are down 18 to 20 percent. That is a fact.

Mr. MILLER OF CALIFORNIA. Ms. Genis, do you know individuals specifically who have been impacted in trying to sell their house based on the TRTP?

Ms. GENIS. No. Well, I mentioned one, Tammy Seagraves, and my next-door neighbor who, actually the house sold for $283,000,

and it was originally—it was in my original testimony, I think, for $385,000. And now, actually, it is a rental.

The gentleman who bought the home knew about the project, and that is why it took quite a while to sell, and he actually came in after he saw the tower and he came up to me and he said, "Joanne, what can I do to help to get that tower out of here?" And that is when I told him, "Just join us."

I am a fine example of not spending any money on my home. I have a water leak. Half of my floor is torn up in my kitchen. Why do I want to bother to put—what do I put in? A 5-year warranty? A 25-year warranty?

Many other neighborhoods are the same as my neighbors. I am not going to Lowe's. The money. It is the economy. It is affecting Lowe's. I'm sure a lot of people are doing the same thing. They are holding onto the money, seeing what is going to happen here, do we want to invest any more, a dime? I don't want to put another penny into my home until I find out what is happening here.

Mr. MILLER OF CALIFORNIA. I understand.

Mayor Bennett, for the record, what is the current status of the project, and what would you like to see done?

Mr. BENNETT. The current status is I understand that there are going to be some meetings very soon, within the next couple of weeks. We will have some additional discussions with the CPUC staff, and hopefully with Southern California Edison.

We have come to the conclusion that there is really only one viable solution at this point in time, and that is to go ahead and go single circuit, single cable, or possibly even two cables, but single circuit underground to take care of this. That way, we eliminate much of the scarring that has eventually happened in our City.

We have a beautiful City. As I was mentioning about the hillsides and everything else, just envision a 150-foot-wide swath going 3½ miles right through the middle of our City, next to parks, churches, residences, and in each one of those cases, no one realized the severity and the enormity of this whole project until those first towers went up.

And that is the other thing. Those towers went up in a very, very short span of time. We really believe that because we had a case pending in appeals court, the idea was, let's get these towers up as quickly as we can before that decision comes down. And luckily we got one of the most hideous ones, which you can see right down the end of this street if you are going south on Peyton Drive, which is a lattice tower. That lattice tower is being put up on top of about a 60-foot knoll. So now, we are talking about 260 feet in the air if that thing were to be built, just because it is an angle point, because every time there is an angle in one of these lines, it has to have a lattice tower. It has totally not only physically but emotionally scarred this community.

We feel at this point in time that the CPUC, when they made their original findings and said it was okay to put up these 200-foot towers, no one could have perceived what it was going to actually be, not just visually but the impact financially and, again, emotionally. They have torn up our community.

We are really at the—right now, our future depends an awful lot on hearings like this and the CPUC to right this wrong. We are

not against green energy. We do not hate Southern California Edison. We know that they have to go and transmit this power. They have a mandate, as you mentioned in your opening statement. It is very unfortunate that a State can come in, create a mandate, and force a public utility. We have no choice in this area.

Mr. MILLER OF CALIFORNIA. I know that.

Mr. BENNETT. Southern California Edison is our provider.

Mr. MILLER OF CALIFORNIA. I know.

Mr. BENNETT. If we could put them in lieu of someone else, believe me, it would have happened a couple of years ago. But the reality is we need—

[applause]

Mr. BENNETT. No, no.

Mr. MILLER OF CALIFORNIA. We do need to have some protocol in the answer. I know you agree. We totally—and I am not trying to be rude. We really understand that, but we need to have some form of order in the audience.

Mr. BENNETT. But in conclusion, it is really up to us. Our future is in the hands of the CPUC, and hopefully they will look at the reasonableness of what we believe is an alternative that will take away this unsightly scar that has affected us and go underground. So, that is our ultimate goal at this point in time.

Mr. MILLER OF CALIFORNIA. And many of us remember when the City had one way to get to the 60 freeway?

Mr. BENNETT. Yes.

Mr. MILLER OF CALIFORNIA. Plus Carbon Canyon Road, and we were higher back then, and how it has changed. I remember getting about $6.8 million to improve Peyton, and now you have a good view of a tower.

Mr. BENNETT. Yes.

[laughter]

Mr. MILLER OF CALIFORNIA. That was really very nice.

Mr. BENNETT. Thank you so much.

Mr. MILLER OF CALIFORNIA. Congressman Royce, you are recognized for 5 minutes.

Mr. ROYCE. Thank you, Mr. Chairman.

Mr. Goodwin, Mayor Bennett testified as to the impact that this project has had in terms of lower home values, and one of the consequences of that, of course, is that it makes it very difficult, in some cases impossible, for people to refinance their homes, or even for some homeowners to sell their homes when you have that type of precipitous drop in value.

The consequences of that are the consequences of a mandate that came from Sacramento and the way in which that mandate has been implemented. But we are hearing also from those who say that the proximity of a home to transmission lines rarely impacts the value.

You have examined this issue, Mayor Bennett and Mr. Goodwin. I would like to give you the opportunity to respond for the record. When they argue that the effect on the value of homes is de minimis or tends to disappear over time, give me your observations on that. You have looked at the Tehachapi project. What do you say to that?

We will start with Mr. Goodwin.

Mr. GOODWIN. I say immediately today, we know that is not true. We know that homes are down 17 percent in the 10 months since this project has been started.

If you go back prior to the project starting, yes, home values were down because of the economy. Home values were down because of the market impact from 2008, I believe it was. But statistically, in the 10 months since the towers have been built, we know for a fact home values are down 17 percent. That is on average. We have some homes that would sell in the millions of dollars. We have some homes that would sell for $300,000, $400,000, $500,000. So, 17 percent is a relative number. But when you are talking about a family who has invested 20 years in the City, bought when the prices were lower, this was their retirement, and they they are now out of pocket an average of $85,000, that is a huge hit.

Ultimately what happens in cities like this, if homeownership diminishes, if it is looked at as an investment community or an investment opportunity, we go from a City like we are today to a much lower economically scaled community. That not only impacts the City finances, it impacts local sales, it impacts local shopping areas, it impacts the entire county, and ultimately, there are less tax dollars for the State.

So in the big picture, the perception that over time this goes away, this will not go away. You will not see a dramatic increase in property values if the market turns around, when the market turns around, to where it was 10 months ago, or even 18 months ago, before this project began. It is a huge impact. We see it. We talk to people. We know about it from personal stories. It is not pie in the sky science. It is factual situations that can be proven and shown. We have REALTORS® who can produce this data immediately.

Mr. ROYCE. And I will ask Mayor Bennett, the assertion here, are homes nearest to the towers adversely impacted? Do you agree with the assessment there of your colleague?

Mr. BENNETT. Yes. Most definitely, the properties that are adjacent to this right-of-way are most severely impacted. But as we have heard in the testimony so far today, this is a value issue that is actually going across-the-board, across our entire community. People are not going to want to live in an area, come to a new area that used to be able to entice so many people because of the rural atmosphere and all of the wonderful things that we have, the fine schools, the shopping, all of those issues. Many years ago, after incorporation, we were considered a bedroom community and we couldn't get developers to come here.

We subsequently—people woke up to the fact that our demographics, being the 6th highest median income in the United States, there are over 75,000 people, that we had the fiscal wherewithal to support most any business that wanted to come to town.

With business, you usually add rooftops. Developers, not only just because of the economy right now, but no one is building in this area. That is one thing. So you would think, okay, if there is no building, and supply and demand, people still want to move into the community, you would think there would be a higher price that would be brought for any sale or any home that is selling. But that is not happening.

It is not just because of the economy. How many times—look back at the interest rates. I have been in the property tax field for 41 years. Values right now should be on the rise because look at what has happened to the interest rates. We are at absolute historic low interest rates. People back in 1983 were paying 13, 15, 16 percent interest rates. Obviously, that was an impact on people buying and selling homes. Right now, people who were in apartments are moving out again and buying houses because the interest rates are so low.

So, yes, it is impacting not just the properties adjacent to the right-of-way.

One thing I would like to do, if I may have liberty, Congressman Royce, is I will put on my professional hat for a moment. I have been doing property tax work for 41 years. I testify in State and Federal court dealing with property tax valuation. Property tax valuation and market value, we have to find what is the market value of each one of those lien dates. There are three ideals and three things that affect value of property. There is economic, there is functional, and there is physical deterioration.

Economic obsolescence is factors outside of a property that have an adverse effect on the property. I am getting reductions from many of my clients right now. Because of the economy, their production is down based upon capacity. But in the case of single-family residential, things like this, anything that affects the value of a property or the perception, the perceived value of a property by virtue of the fact that this is a negative thing is economic obsolescence. Everybody knows it exists. The hard part is quantifying it.

But the long answer to your question is most definitely that these towers have had a very, very negative impact on the values. Who knows just what the total quantification will be. Their values are not going to go up anytime soon. If those towers start being built again and lines go up, the value is going to be cut even worse.

Mr. ROYCE. I have one last question for Mrs. Genis. Let me go back to your testimony. You mentioned that you were within the fall zone of the towers, and HUD says the engineered fall zone is not necessarily the height of the towers. Do you have a sense of whether your home is within the engineered fall zone of the towers? The reason it is important is because the potential fall zone can determine whether the FHA will—

Ms. GENIS. This is my house. If this tower falls, it will land on my property.

Mr. MILLER OF CALIFORNIA. That answers the question.

Mr. ROYCE. And how close is that tower to your house?

Ms. GENIS. It is approximately 125 to 130 feet.

Mr. ROYCE. And how tall is the tower?

Ms. GENIS. Two hundred feet.

Mr. ROYCE. Thank you very much.

I yield back, Mr. Chairman.

Mr. MILLER OF CALIFORNIA. Thank you, Mr. Royce.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for Members to submit written questions to these witnesses and to place their responses in the record.

I want to note that we do see the tears in the audience. So when we do try to preserve protocol, we want you to know that we do recognize that and we are not trying to be insensitive to that.

I want to thank our first panel.

Mr. BENNETT. Thank you very much.

Mr. GOODWIN. Thank you.

Ms. GENIS. Thank you.

[applause]

Mr. MILLER OF CALIFORNIA. Our second panel will please come forward.

Ms. Bobbi Borland is the Acting Branch Chief of the Santa Ana Homeownership Center under the purview of the U.S. Department of Housing and Urban Development. She is a real estate appraiser.

We had originally requested Mr. Paul Clanon, the executive director of the California Public Utilities Commission, to attend. He sent Denise Tyrrell as a representative to be with us today.

I ask the witnesses to come forward.

Ms. Borland, thank you for being with us today, and also Ms. Tyrrell. Without objection, your written statements will be made a part of the record. You will each be recognized for a 5-minute summary of your testimony.

I recognize Ms. Borland for 5 minutes.

STATEMENT OF BOBBI BORLAND, ACTING BRANCH CHIEF, SANTA ANA HOMEOWNERSHIP CENTER, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ms. BORLAND. Representative Miller, Representative Royce, and members of the subcommittee, thank you for the opportunity to testify today on the impact of overhead high voltage transmission towers and lines on eligibility for Federal Housing Administration (FHA) insured mortgage programs.

I would like to take the opportunity to explain FHA's guidelines regarding FHA insurance of single-family properties located near utility transmission lines.

In this case, based on FHA's current knowledge regarding the towers, and FHA's requirements applicable to this matter, properties that are near or abut the high tower transmission line easements would be eligible for FHA insured financing.

To the extent that homes are sited on or within the easement, the lender must obtain clearance from the utility that the home is not within the tower's fall zone.

The Homeownership Center Reference Guide provides the requirements which must be met in order to ensure eligibility for FHA mortgage insurance with regard to a number of issues, including proximity to overhead high voltage transmission towers and lines.

It may be helpful for me to cite explicitly relevant sections.

With regard to new FHA originations, the guide provides that "the appraiser must indicate whether the dwelling or related property improvements are located within the easement serving a high-voltage transmission line, radio/TV transmission tower, cell phone tower, microwave relay dish or tower, or satellite dish," which is radio, TV cable, etc.

"If the dwelling or related property improvement is located within such an easement, the DE Underwriter must obtain a letter from the owner or operator of the tower indicating that the dwelling and its related property improvements are not located within the tower's engineered fall distance in order to waive this requirement.

"If the dwelling and related property improvements are located outside the easement, the property is considered eligible and no further action is necessary. The appraiser, however, is instructed to note and comment on the effect of marketability resulting from the proximity to such site hazards and nuisances."

"In addition, if a property already had an FHA-insured mortgage and high voltage towers were subsequently installed, FHA insurance of the mortgage would continue."

Within the 91709 zip code, which comprises most of Chino Hills, approximately 3 percent of homes have mortgages insured through FHA. We do not have data to indicate the proximity of these homes to the transmission towers.

It has also been suggested that these transmission towers pose some risk to FHA. FHA insured mortgages are based on the appraised value of the property at the time of origination, as determined by an independent fee appraiser who appears on the FHA Roster and in accordance with FHA guidelines. And, as I noted, the appraiser must note whether the property is located within the transmission tower easement.

FHA does collect a limited amount of appraisal data but does not track valuation or home price trends to the zip code level.

In terms of assessing risks to FHA as a result of the transmission lines, it is important to note that payment default may have many causes, and there is simply no easy way to identify whether a default was driven by property value declines attributed to nearby transmission lines.

Thank you again for the opportunity to testify today. FHA is pleased to serve as a resource to help homeowners and real estate professionals understand FHA policy in this area, and I would be happy to answer any questions you may have.

[The prepared statement of Ms. Borland can be found on page 49 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you.

Ms. Tyrrell, you are recognized for 5 minutes.

STATEMENT OF DENISE TYRRELL, ON BEHALF OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION

Ms. TYRRELL. Good morning. First of all, thank you very much for allowing us to participate.

Mr. MILLER OF CALIFORNIA. Could you hold the microphone a little closer? I think we are having difficulty hearing you.

Ms. TYRRELL. Is that better?

Mr. MILLER OF CALIFORNIA. Thank you.

Ms. TYRRELL. I wanted to apologize and explain for my organization. We did speak to a Mr. Chase Burgess at your office on April 11th, and we did inform Mr. Burgess by email and phone that I would be coming in the executive director's stead.

My name is Denise Tyrrell. I am a Southern California representative for the Public Utilities Commission, and I received this invitation on the 11th. The materials I have are dated the 11th of April. So I apologize for any misunderstanding that may have taken place.

Mr. MILLER OF CALIFORNIA. There must have been a communication error on your side because we have been repeatedly—I don't want to take up your time, but we repeatedly requested.

Ms. TYRRELL. I apologize for that, sir.

Mr. MILLER OF CALIFORNIA. That's fine. I didn't mean to interrupt you.

Ms. TYRRELL. For my case, I found out about it on the 11th. So I am here, and I am gladly here, and I do agree that Chino Hills is an exceptionally beautiful community.

I do need to point out to you that we have an application for rehearing, and several petitions for modification of D09–12044 have been filed with the Commission that seek changes in the portion of the line that runs through Chino Hills, and the commissioners have stayed construction of the segment of the transmission lines. I point this out to you because it restricts—I cannot speak to that area because it is still under consideration by the commissioners.

I would like to give you a little background on what this whole entire project is about. The need for the transmission line arose from the mandates of the California Renewables Portfolio Standard, which at the time required investor-owned utilities to procure 20 percent of their total retail sales from renewable energy. That has since gone up to 33 percent.

New transmission facilities are required to interconnect remote areas of high renewable power generation, such as the Tehachapi Wind Resources Area, to areas of high load in order to assess the ability of the wind power to contribute toward meeting the State's mandated RPS goals.

The CPUC ordered the formation of the Tehachapi Collaborative Study Group to develop a comprehensive transmission plan. The decision also required SCE to file a certificate of public convenience and necessity.

SCE identified a phased development plan, called the Tehachapi Transmission Project. The TTP was implemented in separate phases. The three primary objectives are to provide the electrical facilities necessary to reliably interconnect and integrate in excess of 700 megawatts and up to approximately 4,500 megawatts. To put that in perspective, that would be the equal of approximately nine power plants. Further, to address the reliability needs of the California Independent System Operator, CAISO, controlled grid due to projected load growth in the Antelope Valley; and address the South of Lugo transmission constraints, an ongoing source of concern in the Los Angeles Basin.

SCE's application to the CPUC routed a portion of the segment through Chino Hills, taking advantage of an existing transmission right-of-way that traversed the City. The PUC worked diligently to develop and assess the alternatives, including a partial underground alternative through Chino Hills and various re-routes through Chino Hills State Park.

The EIR presented a clear comparison of these alternatives to SCE's proposed project and formulated mitigation to reduce the impacts of each alternative. In reaching its decision, the CPUC considered all information presented in the EIR and information presented during the proceedings, including testimony provided by the City of Chino Hills and other parties to the proceeding. In addition, public comments, including opposition expressed by Chino Hills residents, were given thoughtful consideration by the PUC.

The PUC's decision followed a long and extensive investigative process and was based on the results of substantial data collection and analysis. The commissioners considered a wide range of issues, including technical, environmental, social, and economic factors. As commonly occurs, not everyone agreed with the decision, but it was clearly based on careful consideration of a significant amount of information, analysis, and testimony.

[The prepared statement of Ms. Tyrrell can be found on page 71 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you very much.

For the record, and to clear up any confusion, the staff started contacting the CPUC at the beginning of the month, and it has nothing to do with you, Ms. Tyrrell. You are just here to testify. We sent repeated emails. We never received a response. We even sent a formal letter. We never received the truth-in-testimony form to let us know who was going to testify before us, as required by the committee rules. So just for the record, I needed to state that.

I have always had problems with unfunded mandates by government. That is when government passes a law or makes a rule or enforces some requirement on the private sector, whether it be a business or homeowners. When they do that, and they don't bear the cost and the burden placed on those individuals, I know Congressman Royce and I both have a real, real problem with that.

The question for FHA, Ms. Borland, we talked about the fall zone and the easement. If a home is outside of the easement area but within the fall zone, does that have an impact on FHA's ability to loan?

Ms. BORLAND. Our guidelines state that it does not impact the FHA loan. It would be up to the individual lender. We have our guidelines, and they have overlays that they may place on our guidelines. But as far as our guidelines, that would not—

Mr. MILLER OF CALIFORNIA. It doesn't stop you from making the loan?

Ms. BORLAND. Right.

Mr. MILLER OF CALIFORNIA. But in your testimony, I think the problem you have to acknowledge is the appraiser from FHA is going to go out there, and they have to recognize that tower, and they have to also recognize if it is in the fall zone, what impact that might have on the home. Is that a fair statement?

Ms. BORLAND. That is a fair statement. It would be an FHA roster appraiser, and they would have to discuss in their appraisal report any and all impact that would have on the property.

Mr. MILLER OF CALIFORNIA. So even though there might not be a legal preclusion from FHA making a loan, there is most likely a high probability of it having an impact on the value of that home, and the impact then would transfer to the lender, who is also going

to look at that, and their appraisers might also place additional impact. That is not an attack. Is that a factual statement?

Ms. BORLAND. I can't really comment on the lender's—

Mr. MILLER OF CALIFORNIA. Is that a possible serious—

Ms. BORLAND. It is possible. And I do want to clarify that FHA does not make loans. We insure loans.

Mr. MILLER OF CALIFORNIA. I understand that.

Ms. BORLAND. Okay.

Mr. MILLER OF CALIFORNIA. You are insuring the loan that is made by a lender.

Ms. BORLAND. Correct.

Mr. MILLER OF CALIFORNIA. But the process—perception becomes reality in many cases with an appraiser. So, an appraiser goes onsite, and they look at this monster that should be out of some science fiction movie behind a house, and they say that if something might occur—maybe it hasn't, maybe they have no record of that ever in the past, but things do happen. If that monster were to tip over, or you had a high wind in an area that caused the line to detach and that would be also in the swing or fall zone, that probably is going to be taken into consideration by some appraiser if they are a qualified appraiser. Is that a fair assumption?

Ms. BORLAND. That is a fair assumption.

Mr. MILLER OF CALIFORNIA. Okay. So although we might say that FHA is trying to do their job because they are trying to service the citizens of this country, but also then they have a liability associated with any loss that might occur to the citizens who pay taxes, and if a loan defaults, the insurance has to come forward, and if there is a situation that is occurring today in the housing market where home buyers have gone down, and even though FHA has the lowest default rate of any institution, whether it is Fannie or Freddie, or the private sector, the default rate isn't much lower, there still is an impact today occurring because of just the decline in the market.

So it makes me believe that the individuals in this room and in many other cities around California and other States have also experienced a decline in their home values. Now, when we go out to have a lender make a loan, the lender goes out with their appraiser and they say this house has already lost "X" amount of value due to market decline, and then we are going to look at these towers and ask, what additional impact on the home value will that tower have on this home? Is that a fair statement, would you say?

Ms. BORLAND. The appraiser would have to determine what type of impact the high tension towers would have on a home, or anything, backing into a railroad track, siting to a freeway, any external obsolescence they would have to comment on in their appraisal report.

Mr. MILLER OF CALIFORNIA. Does FHA require more information about easements up-front to ensure that future changes don't impact U.S. taxpayers?

Ms. BORLAND. We do require that the appraiser specifically comment on whether or not the property is located within the easement. We do require that the appraiser comment on the impact. I am not sure how Fannie Mae and Freddie Mac are doing things, but I can only speak for FHA.

Mr. MILLER OF CALIFORNIA. Yes.

Ms. BORLAND. And we do.

Mr. MILLER OF CALIFORNIA. You can only speak for FHA. I remember, Mr. Royce, when an individual from New York decided they wanted to change FHA standards, and I introduced an amendment in committee. We were in the Minority back then for a few years, and we lost, and it put a regional standard for appraisers where you really didn't have any local appraisers. The banks were not allowed to use their appraisers, who really know an area. I think I introduced a bill 5 months later showing the disaster that had caused, and Ed and I, my good colleague, voted with me on that and we changed the law.

But the problem you have is you have local appraisers who are qualified appraisers who understand the marketplace and who understand the individuals who own those homes and the value of that neighborhood. And the reason this room is full and the standing room outside is full is because those appraisers go out to these homes and the first thing they do is, like when you drive down Peyton and there is this monster tower and you say, oh my gosh, and an appraiser is going to go out to this home and they are going to stand in front of the house, and this tower is going to overpower the house that is right behind it, and I just don't believe any reasonable person would assume that appraiser is not going to take that into consideration.

That is not impugning FHA because you are trying to do your job, and you are trying to provide loans for these good people and make sure the economy can recover. Until the housing market in California starts to turn around, the economy in California is not going to turn around.

So we are looking at an impacted economy, and we are looking at the individuals who have specifically been impacted—and I am going to use a little license here as Chair—by stupidity from individuals in Sacramento. That is my license, and that does not impugn my good friend, Mr. Curt Hagman.

[applause]

Mr. MILLER OF CALIFORNIA. There are some champions out there like Curt. I am going to point him out. I have known this man since I endorsed him to run for City Council here in town, so he is a friend of mine, and I know his heart, and I know his actions and his deeds, and he is trying to help these people in the City. The reason Mr. Royce and I are here is that we feel the same way.

I am not going to sit up here and bash Southern California Edison, although I don't agree with what they are doing. But it is an unfunded mandate by government that forces the private sector to do something that impacts these good people, and I am sitting up here with Congressman Royce seeing the tears. I am seeing the passion, and I am seeing people try to control themselves in the hearing because they understand we are trying to deal with reasonable protocol, and it is very hard on them because it is a very passionate issue.

I think it is appropriate that we have this on the record today that, yes, they can make a loan, but is the appraiser going to have an impact on the value? I think the conclusion is without a doubt.

I have far exceeded my 5 minutes, and I would be happy to yield to my colleague, Mr. Royce, for 5 minutes.

[applause]

Mr. ROYCE. Thank you, Mr. Chairman.

I would like to start with a question of Ms. Tyrrell. We heard the argument put forward by Mayor Bennett as he explained that the SCE transmission route places 195-foot towers—actually, I think 198 was the figure I got from you in your testimony—in a narrow right-of-way that is set for 150 feet. Why was it set for 150 feet? Because the original towers, the 220kV towers, were 75 feet high. That is why the right-of-way was 150 feet, right?

Ms. TYRRELL. Yes, sir.

Mr. ROYCE. And so clearly in this case, if the right-of-way had followed previous protocol, that right-of-way would have been double 200 feet; it would have been 400 feet. It was not.

I am going to go through the specific argument he made. He said the narrow right-of-way was designed for 75-foot-high, 230kV structures which have not been energized in this community in decades. No other utility in the United States has placed 500kV towers this tall in such a narrow right-of-way. Is that factually correct, to your knowledge?

Ms. TYRRELL. My understanding is that there are towers of this nature in a smaller right-of-way in Georgia.

Mr. ROYCE. In Georgia, there is a situation.

Mr. MILLER OF CALIFORNIA. Another good State.

Mr. ROYCE. With 500kV towers this close to people's homes?

Ms. TYRRELL. That is my understanding, yes.

Mr. ROYCE. Okay. Let me ask you another question, because I am going to go to the testimony we just received, and you say in that testimony, "While many citizens of Chino Hills preferred the alternative 4C route, constructing the line to the park and through the park presented various challenges and environmental impacts. For example, the line would have had to depart from the project right-of-way and make use of a new right-of-way and cross several areas of sensitive animal and species habitat on its way to and through the park."

Let me ask you a question. Was there consideration of the impact on home values? We have the consideration here in terms of the impact on the species that would be underneath the power lines. Was there consideration of the impact on home values—

[applause]

Mr. ROYCE. —in this calculus?

Ms. TYRRELL. The environmental impact report does take into account the impact on home values.

Mr. ROYCE. It does?

Ms. TYRRELL. Yes, it does.

Mr. ROYCE. Let me ask you another question, then. Does it do a cost/benefit analysis in order to weigh what that impact would be on the community? We have heard the testimony as to the 17 percent drop overall in the community in home values. The impact of that on the tax basis here, on the tax base in the City and what the consequences of that would be in terms of revenues into the coffers of the State and local government, as well as the impact on the citizens here, how is that cost/benefit analysis calculated when

you are taking the impact on the endangered species or, what did you say, on sensitive animal and species habitats, as opposed to people's backyards on rights of way that were originally designed for towers which were 75 feet high? In case something happened to those towers, that right-of-way would be 150 feet high. Now, you have the right-of-way on towers which are 200 feet high.

Ms. TYRRELL. Economic impacts in that detail are not part of the EIR.

Mr. ROYCE. They are not part of the EIR. Then, let me ask you another question. Since we are going to cost, and you say cost was taken into account—

Ms. TYRRELL. Yes.

Mr. ROYCE. In order to avoid the principle that the shortest distance between two points is a straight line, in order to avoid going through the State park, which, as I understand it, was donated originally by this City to be a State park, it then required an additional 10 miles in order to navigate through the community, an additional 10 miles. What would the cost be in totality for an additional 10 miles, not considering what the liability costs might be ultimately for such a decision?

Ms. TYRRELL. I would like to point out to you further in the testimony that the line that would depart from the project west of Chino Hills is preferred by the Chino Hills population. It makes use of a new right-of-way across several areas of sensitive animal species habitat on its way through the park. The line would have to use a new right-of-way to cross private lands that contain hazardous and dangerous materials. That's the Aerojet property.

Mr. ROYCE. But there is a question, because in the totality of cost, the issue of addressing cleaning up the Aerojet property would seem to be de minimis relative to the cost of the impact on the community as a whole and the consideration that 1,000 homes are going to be within 500 feet.

[applause]

Mr. ROYCE. And that would be 4,000 people. So you would have on one hand the cost of cleaning up that site in order to go through that private property versus the impact on 4,000 people.

Ms. TYRRELL. There is also the electrical switching station that would have to be located on the side of a hill and undergo significant engineering support for that structure.

Mr. ROYCE. There probably are some engineering costs involved in putting something on the side of a hill.

Ms. TYRRELL. Significant engineering costs, and the Aerojet property is a severe hazardous waste site. It has actual bombs on the property.

Mr. ROYCE. It is time to clean it up, and it would be time to apply some of the savings—

[applause]

Mr. ROYCE. It would just seem logical. It could be considered that maybe for posterity, it would be time to address that and clean that up, and maybe in the interest of cost, even though it might cost more to engineer the power station on the slope on the hill, the resultant savings in not having to go through an additional 10 miles with the attendant costs to the community and with the liability issues given the fact, again, to return to the fact that origi-

nally this right-of-way was 150 feet, now that would imply that the right-of-way should now be 400 feet.

So to return to the Garamendi Principles, as you do in your testimony, and talk about use of existing right-of-way, I think the basic premise might be flawed here. The basic premise is that you had an existing right-of-way. You did, for a 75-foot tower. But the Commission approved it for a 200-foot or, to use your number, a 198-foot tower.

Do you think that might be problematic?

Ms. TYRRELL. My understanding is the engineering of the towers—I'm sure SCE can speak to this a little better than I can—is such that if the tower were to fail, the base of the tower goes 50 feet into the ground. But if the tower were to collapse, it would collapse inward, and the engineering has improved since the original towers were built.

Mr. ROYCE. I appreciate your testimony here. We will have an opportunity to ask about that.

Mr. Chairman, I yield back. I thank the witnesses for being here today.

Mr. MILLER OF CALIFORNIA. Now that I know it is going to fall straight down, I feel a lot better. How about you, Congressman Royce?

[laughter]

Mr. MILLER OF CALIFORNIA. Ms. Tyrrell, none of my comments were personal to you.

Ms. TYRRELL. Yes, sir.

Mr. MILLER OF CALIFORNIA. We are all a little frustrated.

Ms. TYRRELL. I appreciate the frustration, I really do. I am frustrated myself because I know that there are ongoing hearings that are taking place on this issue, and I can't speak to it, and I wish that I could share that information with you.

Mr. MILLER OF CALIFORNIA. Hopefully, you will go back and talk to people. Am I correct?

Ms. TYRRELL. Yes, we will.

Mr. MILLER OF CALIFORNIA. You will maybe give them some kind of an idea of a concern that Members of Congress might have who have jurisdiction over certain things, and that we hope commonsense prevails.

The frustration I have over dealing with the statement on the State park is that we have been trying for years to get the 71 connector to the 91 done.

[laughter]

Mr. MILLER OF CALIFORNIA. We even snuck language in, and we can't get the State to give us an easement on the edge of the park to just connect the 71 to a westbound connector to the 91. So when all of you get on the freeway and you wonder why is it all of a sudden a collector instead of a freeway with four lanes, two on each side, and a weird way to get onto the 91, thank the State of California, because the Federal Government was willing to fund it.

Anyway, the Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. And I would also ask that you submit your testimony electronically to us ASAP so we can make it a part of the record. That

is not impugning you. I am just officially requesting that to take place.

Without objection, the hearing record will remain open for 30 days for Members to submit written questions to these witnesses, and I would like to thank all of you.

Ms. Borland, you were very informative, and I think you have addressed some of the concerns that the community has, and maybe confirmed some of the concerns the community has, and the panel is dismissed. Thank you very much.

Ms. BORLAND. Thank you, Congressman Miller and Congressman Royce.

Mr. MILLER OF CALIFORNIA. Thank you.

Panel 3, would you please come forward?

Before I introduce the witnesses on this panel, I would like to point out that there was one witness scheduled to testify who was unable to attend today. Unfortunately, Stuart A. Gabriel, professor of finance at the UCLA Anderson School of Management, will not be able to join us today. He had an accident. Professor Gabriel was going to present information on the recent trends in the Southern California housing market, potential adverse residential property values, and effects on proximity to high voltage transmission lines. We wish Professor Gabriel a speedy recovery. We really appreciate the time he spent, and he did prepare work for this hearing today. Without objection, I would like to insert Professor Gabriel's written testimony in the record.

Without objection, it is so ordered.

I regret that he will not be here to testify. I know that Members would have really benefitted from his testimony.

Ms. Les Starck, senior vice president of regulatory affairs for Southern California Edison, is with us. Ms. Starck represents SCE's—pardon? Mr. Starck? You just cut your hair, didn't you?

[laughter]

Mr. STARCK. Yes, I did.

Mr. MILLER OF CALIFORNIA. Mr. Starck. I have been dealing with women all day. What can I tell you? I have them to the right of me, and two there.

Anyway, first, Mr. Starck, senior vice president of regulatory affairs for Southern California Edison. Mr. Starck represents SCE before the Public California Utilities Commission and the California Energy Commission. Mr. Starck has over 30 years professional experience with SCE, and I will state for the record that both Mr. Royce and I have had to call Southern California Edison in the past on issues in our districts that were important, and they have always been very timely and responsive to our concerns, and I am not trying to make them look good. I am just saying that when we called them, they have always been available. When we asked them to testify, they were absolutely forthright, and they returned a response immediately saying they would be here.

Second, Mr. Fred Kreger, certified mortgage consultant, is a branch manager for American Family Funding. He is an active member of the National Association of Mortgage Brokers, NAMB, as well as the California Association of Mortgage Brokers, CAMB. He is the president-elect and chairman of government affairs for CAMB.

Third, Ms. Marion Proffitt—I got that right this time—is the State director for the California Association of REALTORS® and past president of Tri-Counties Association of REALTORS®. Ms. Proffitt has over 20 years of professional experience in home office and ERA Prime Properties.

And fourth, Mr. James L. Henderson is founder of J.L. Henderson and Company. Mr. Henderson has 20 years of professional appraisal experience. He holds an SRA designation from the Appraisal Institute. Mr. Henderson has given testimony in the field of real estate property valuation in both Federal and State court.

Without objection, your written statements will be made a part of the record and we will recognize each of you for 5 minutes.

Mr. Starck, you are recognized first.

STATEMENTS OF LESLIE STARCK, SENIOR VICE PRESIDENT OF REGULATORY AFFAIRS, SOUTHERN CALIFORNIA EDISON, ON BEHALF OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION

Mr. STARCK. Good morning, Chairman Miller and Congressman Royce. Thank you for inviting me to participate in today's field hearing. I appreciate the opportunity to share Southern California Edison Company's perspective on the Tehachapi Renewable Transmission Project, segments 4 through 11. My name is Les Starck, and I am senior vice president of regulatory affairs for SCE, an investor-owned utility that has been providing electric service to this region for 125 years. Edison serves nearly 14 million people and over 500,000 businesses in Southern and Central California. Edison's investment in transmission facilities has increased significantly in recent years due to the need to improve system reliability and to increase access to clean, renewable energy resources, and this is expected to continue well into the future.

The Tehachapi project is the Nation's largest renewable-related transmission project. The approved route crosses through dozens of cities and numerous counties in Kern, Los Angeles, and San Bernardino Counties. The project, which is currently under construction, spans over 170 miles and will include approximately 850 transmission towers or poles and 4 new substations. When complete, the project will be capable of delivering 4,500 megawatts of electricity, which is enough to power 3 million homes.

My written testimony goes into great detail about the extensive outreach, planning, and CPUC approval process associated with the Tehachapi project. In the brief time that I do have, I would like to highlight a few key aspects of the outreach, the planning, and the approval process.

First, consistent with State policy, this project utilizes already-existing transmission corridors to the extent possible. In Chino Hills, transmission towers and lines have been in the right-of-way since the 1940s.

Second, both Edison and the CPUC conducted extensive public outreach. The interests of communities like Chino Hills were carefully considered. In fact, the CPUC considered 11 alternatives for the project, and 6 of these related to the route in Chino Hills.

And finally, the CPUC comprehensively assessed the impact on community and property values, they weighed environmental con-

siderations, including land use and safety, and considered the overall need for this project. The Commission found that the Tehachapi project was needed to make State goals and selected the current route as preferred and environmentally superior.

FHA issues were not specifically addressed in the Tehachapi review process, and I will defer discussion on FHA policies to the FHA representative testifying before this subcommittee. However, it is important to understand that the Tehachapi project would not create a new impediment to FHA loan eligibility. Like the newly-constructed towers, the height of the old transmission towers exceeded the distance between the base of the towers and the edge of the right-of-way. High voltage transmission lines and structures are routinely located in close proximity to residential neighborhoods throughout California. Chino Hills is no different.

In closing, if we want to expand and modernize the existing electricity grid to ensure reliability, provide access to renewable energy and other forms of generation, and reduce reliance on foreign oil, we must have the transmission system needed to deliver the energy to customer load centers. In some cases, this means projects like Tehachapi must traverse urban areas, and not everyone will be happy with the choices that are necessary to make that happen. But we must ensure that when projects emerge from the rigorous approval process, transmission construction can promptly move forward to meet the energy needs of California's rate payers.

I am happy to take any questions that the subcommittee may have today. Thank you for the opportunity to speak.

[The prepared statement of Mr. Starck can be found on page 65 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you very much.

Mr. Kreger, you are recognized for 5 minutes.

STATEMENT OF FRED KREGER, CMC, PRESIDENT-ELECT AND GOVERNMENT AFFAIRS COMMITTEE CHAIRMAN, CALIFORNIA ASSOCIATION OF MORTGAGE PROFESSIONALS

Mr. KREGER. Thank you. Good morning, Chairman Miller, Mr. Royce, and staff members. My name is Fred Kreger, and I am the president-elect and the Government Affairs Committee chair of the California Association of Mortgage Professionals, and a licensed mortgage loan originator in Santa Clarita, California. The California Association of Mortgage Professionals represents almost 2,000 mortgage professionals throughout California. Because of the large impact that the Federal Housing Administration, or FHA, insured mortgage programs have on our profession and our customers, we take special interest in anything that may affect the eligibility of these mortgage programs.

I was asked here today to address the impacts of high voltage transmission towers and lines on the eligibility of FHA insured mortgage programs. As background, the FHA loan limit in San Bernardino County is $500,000, and encompasses a large number of home mortgages within this particular region.

To be specific, in Chino Hills, the median listing price is around $419,000. With that being said, if the eligibility for FHA insured mortgage programs were to be affected within the Chino Hills area,

the potential for a large impact to be felt within the real estate market could be great and worthy of discussion.

However, through my 10 years of experience as a mortgage professional, I can safely say that the impact of high voltage transmission lines on property values and FHA eligibility has been somewhat minimal. On a monthly basis, I originate many loans within the surrounding cities and counties, of which FHA loans serve an important role for my particular clients. I have yet to have a customer encounter difficulties with their FHA eligibility due to high voltage power lines.

The specific homes located near the Tehachapi Renewable Transmission Project are located outside of the project's easement, which according to the U.S. Department of Housing and Urban Development Homeownership Center Reference Guide for new FHA mortgage originations, these properties are considered eligible and no further action is necessary. The appraiser, however, is instructed to note and comment on the effect on marketability resulting from the proximity to such sites and nuisances.

In my experience, the appraisers will note the presence of high voltage transmission lines. However, the effect on the marketability of the home value is minimal, if any. Over years of research and study, I have concluded that although community members and homeowners have negative feelings towards high voltage power lines, their presence is apparently not given sufficient enough weight by buyers and sellers of real estate to have any consistent, material effect on market value.

In fact, 20 years ago, I bought my first home in Santa Clarita that was located adjacent to power lines. I preferred this home to others because I was informed that the land surrounding the power lines could not be developed, meaning I had no neighbors in back of me or near the side of me. This opinion is also shared by some independent home appraisers who at times adjusted some of these property values up due to the undeveloped land that was adjacent to the buyer's property.

When discussing this issue with some home appraisers, I have learned about a study that was done actually in Santa Clarita of 9 housing tracks stemming from 2004 to 2008, encompassing about 864 homes that were sold within this time period. The study found that there were no valuation differences in those homes that were adjacent to the power lines from those that were not adjacent.

In closing, I believe that there is a lot of concern out there, but I see no problems in terms of eligibility of FHA insured mortgage programs. Thank you for your time, and I am open to any questions that the committee has here. Thank you.

[The prepared statement of Mr. Kreger can be found on page 60 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you.

Ms. Proffitt, you are recognized for 5 minutes.

STATEMENT OF MARION O. PROFFITT, PAST PRESIDENT OF TRI-COUNTIES ASSOCIATION OF REALTORS®, ON BEHALF OF THE CALIFORNIA ASSOCIATION OF REALTORS®

Ms. PROFFITT. Chairman Miller, Representative Royce, and members of the subcommittee, my name is Marion Proffitt. I have been

a REALTOR® for 20 years. I am a broker associate for ERA Prime Properties here in Chino Hills, and I am past president of the Tri-Counties Association of REALTORS®.

I am here to testify on behalf of the more than 150,000 members of the California Association of REALTORS® (CAR). We thank you for the opportunity to present our views at today's hearing on high voltage transmission towers and Federal Housing Administration, FHA, financing. It is an honor to be able to testify to the subcommittee on this important issue that will have a profound impact on so many homeowners and home buyers here in Chino Hills.

For 20 years, I have practiced real estate in this community, and while I do some work with investors, my primary clients are principal home buyers. This has provided me the opportunity to witness how the Chino Hills housing market is impacted by the availability and the absence of FHA financing. Over that time, I have also seen the impact that a home's proximity to the power lines can have on marketability and price.

I would like to start by addressing the question on what the impact would be if FHA financing were not available to certain neighborhoods in Chino Hills. Simply put, if FHA removes the ability of home buyers to utilize FHA financing on properties near the easements in question, those homes will be forced to sell at a discount to similar nearby properties that do qualify for FHA financing. My fellow agents and I know this to be a fact because we see it every day in the current condo market where many condo complexes have chosen not to become FHA approved because of burdensome and costly new FHA rules. The homeowners selling their condos in non-FHA approved complexes must sell their units for less than those in FHA approved complexes. Sellers of homes near these easements will face a similar fate should FHA remove eligibility.

We also believe other homeowners and sellers will suffer because these non-FHA approved homes may now be used as comparables for all homes in the area. Other fallout from the removal of FHA financing on a property would be to all but eliminate the ability of first-time home buyers to purchase that property, as FHA loans are now the preferred choice of financing for first-time home buyers.

A final point I would like to touch upon regarding FHA financing in Chino Hills is our loan limits. First, I would like to thank the Members here today and others in Congress for extending the FHA loan limits again. However, you may be surprised to know one of the struggles we face here in Chino Hills is our low FHA loan limit of $500,000. While more than adequate for some communities, the fact is home buyers looking in Chino Hills also look in Diamond Bar, located in Los Angeles County, and Brea, located in Orange County, and both benefit from a loan limit of $729,750. The higher loan limit is important because FHA is no longer just for first-time home buyers or people with less than stellar credit. Many move-up home buyers who otherwise would have used the equity in their current home as a downpayment on their next home now find themselves with little to no equity. FHA is the last safe and affordable low down-payment option for buyers.

Lastly, while CAR does not possess statistics to show what the impact on pricing may or may not be due to a home's proximity to the power lines, I can tell you from my 20 years of experience that

for some home buyers, it does matter. Just recently I took an investor to see a property that backed up to an easement, and its mere location next to that easement was enough for them to say no. However, this isn't the case for every buyer. Many have no problem living next to the power lines, but there are many buyers I have worked with who require a discounted sales price or who will refuse to buy one of the properties. I have spoken with many other REALTORS® in Chino Hills and they have shared similar experiences to mine.

I would like to close by emphasizing that Chino Hills is first and foremost a community that many families seek out because of its safe neighborhoods, excellent schools, and family-friendly atmosphere. My family has been fortunate to call Chino Hills home for the last 25 years, and we hope that the FHA and Congress will recognize how important safe and affordable home financing options like FHA are in maintaining this beautiful community.

Thank you again for holding these hearings and for inviting me to speak. I look forward to answering any questions the subcommittee may have.

[The prepared statement of Ms. Proffitt can be found on page 62 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you very much.

[applause]

Mr. MILLER OF CALIFORNIA. Mr. Henderson, you are recognized for 5 minutes.

STATEMENT OF JAMES L. HENDERSON, SRA, J.L. HENDERSON & COMPANY, ON BEHALF OF THE APPRAISAL INSTITUTE AND THE AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS

Mr. HENDERSON. Thank you, Chairman Miller, Congressman Royce, and members of the Subcommittee on Insurance, Housing and Community Opportunity. I thank you for the opportunity to share the perspectives of professional real estate appraisers on the valuation issues relating to residential properties with high voltage transmission lines on behalf of the 25,000 members of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers.

Appraisals of properties with transmission lines are similar to other appraisal assignments, but can be more complex. When an appraiser identifies and observes a high voltage transmission line, it is important to report to the client its existence and analyze any potential effects on value. This is consistent with the important role of real estate appraisers in assessing lender collateral risk.

Like many factors in real estate, the proximity of the line to dwellings and the impact on view will be case-by-case and market-specific. Proximity is a critical factor. When transmission lines are extremely close to the residence, the impact on marketability will be more severe.

Alternatively, some markets may show little to no resistance at all, or even place a premium if it creates open space or a greenbelt in the backyard. In other situations, the resistance may depend on the type of power line corridor that is involved. There are many po-

tential factors such as the size and type of tower, and the line capacity, just to name a few.

When analyzing potential market impacts, a common method is paired sales analysis. The paired sales approach attempts to match the characteristics of a subject property sold within a claimed area of impact, the subject area, with individual sales of similar properties sold outside the claimed area of impact, the control area. The issues here center on the availability of sales and the ability to identify sales that can be considered a match to the subject property.

Other methods, such as multiple regression analysis, can be utilized by appraisers and may be well suited to identify the independent effect of transmission lines, holding the other value-determining factors constant. However, this is only possible with a relatively large number of subject area and control area sales, which is often not available.

The Federal Housing Administration has specific policies relative to appraisals of properties with high voltage transmission lines. These policies are generally consistent with standard appraisal practices, but specifically require the appraiser to indicate whether the subject site, dwelling, or related improvements are located within the easement serving a high voltage transmission line. If the subject site, dwelling and improvements are located outside the easement, the property is considered eligible for funding and no further action is necessary. If the easement encroaches upon the subject property, it becomes the requirement of the lender to obtain a letter from the owner or operator of the tower stating that the subject improvements are not within the engineered fall distance of the tower. We note: this is not an appraisal issue, but one of agency policy and lender decision.

In either case, the appraiser is instructed to note and comment on the effect on marketability resulting from the proximity to the hazard. The appraiser's function is to provide information to the lender, and it is the lender and HUD that make the decision to reject if the situation warrants it. Otherwise, the appraiser accounts for the influence of the high voltage transmission line in the valuation of the property.

Currently, Fannie Mae and Freddie Mac will accept loans with transmission line proximity so long as the appraiser discloses the influence and provides comment if there is an adverse influence and loss in value. These policies are found in the Seller/Servicer Guidelines. However, one must also recognize that the FHA has a slightly different mission than Fannie Mae and Freddie Mac that includes health and safety considerations. These policies can be found in Handbook 4150.2 and the agency's Valuation Protocol, Appendix D.

Lastly, in regards to the Tehachapi Renewable Transmission Project and the question of whether or not property values of homes near the project have decreased, I recommend hiring a local, professional, designated appraiser, specifically one with residential experience relative to properties that have transmission line influence, to determine how much of a loss in value there is as a result of the power lines.

It's easy to assume that your property values will lose major value, but an unbiased, professional appraiser can analyze the market thoroughly to determine whether that is actually the case.

I thank you for the opportunity to testify today, and I am happy to answer any questions that you may have.

[The prepared statement of Mr. Henderson can be found on page 58 of the appendix.]

Mr. MILLER OF CALIFORNIA. Thank you very much.

I'm going to recognize the members of the committee for 5 minutes each for questions based on the order of opening statements.

Mr. Starck, I noticed the brevity of your statement. But I think your opening comments probably speak louder than anything else I could say. You said "consistent with State policy." I think the Members attending this hearing need to understand what that really means. They don't have a choice. But the difference in saying that there is a tower there now—and I acknowledge that, based on the base of the tower, if it did fall, it would hit outside the fall zone. But there is a difference between a tower hitting my rear wall and one falling on my home, ending up in my front yard, and I think you recognize that.

I know you are stuck, and there is not much you can say. But, yes, the original tower might fall outside of the easement, and I might lose my rear fence, but I didn't lose my house, and it doesn't stare at me in my front yard when people across the street see it hitting.

So that is a huge difference, in my opinion—75 feet versus 200 feet is an enormous difference.

I would like to ask you what led to the final determination to have these power lines located near the homes in Chino Hills. Was it the State mandate? Do you think you would be putting a 200-foot tower there right now if the State had not mandated that you bring the power from the Tehachapi? That is a pretty simple question.

Mr. STARCK. Congressman Miller, the State adopted the 33 percent RPS standard.

Mr. MILLER OF CALIFORNIA. I know that. I am saying, had they not done that, do you really think we would be putting 200-foot towers out there right now? You weren't even using the 75-footers.

Mr. STARCK. Please understand that this line, while it is required to deliver the renewable energy out of the Tehachapi area, is also needed to provide additional reliability to the grid. I think if you take a look at the record, we have a transmission—it is not a shortage so much, but we have some limits coming from our South of Lugo system that is down at Home Pass, and by putting in this additional double-circuit 500,000-volt line, that additional wire in the air provides a better—

Mr. MILLER OF CALIFORNIA. No, I understand.

Mr. STARCK. —better liability, and that is what one of the purposes of the project is.

Mr. MILLER OF CALIFORNIA. I recall back in the legislature in the 1990s, we discussed the cost of wind-generated power versus the cost of nuclear and other power and how much more expensive it was. Southern California Edison is a business, and no business is

going to go out and spend far more money for something that they could provide the same product for at a lesser rate.

So to assume that you would be doing this—you are in a very bad position. I wouldn't want to be in your chair right now, because you have those people in Sacramento listening to those people talking in Washington. That puts you in a very bad situation. So you don't really want to necessarily sit out there and say, "The suckers made me do it." That is really rather crude, but they made you do it.

That is a fact of life, and it is really sad when I talked about unfunded mandates. It reminds me of what we did—we tried to extend the 241 toll road down to South County. It ends up right now in Rancho Santa Margarita, and we wanted to have it go to San Clemente and all the way down so we could remove the impact on the 5 freeway because there is a bottleneck when you have the 91 and all these freeways leading into the 5. The lower you get down into San Diego and South County, if you are going in that direction from L.A., the easiest way is to go in that direction. But there is a huge bottleneck.

What we did a few years ago is, because we owned a Marine base down there, the Federal Government, we thought it would be nice to give an easement to the State of California to have a State park down there. So when we wanted to run the 240 toll road down, guess who wouldn't give us an easement through the State park that we let the State use? The State of California.

And when it came to the Chino Hills Park, the Federal Government also funded that with a grant. So, we have been bit 2 times for trying to do the right thing in California, and the citizens of this State seem to be suffering for it, and it is a sad statement.

But your opening statement speaks for itself and I will not question you any further because you are in a very difficult situation, consistent with State policy, and luckily we have an individual like Curt Hagman to fight for the people that they represent.

Mr. Kreger, do the people adjacent to the overhead high voltage transmission lines have difficulty maintaining mortgages, particularly with FHA, compared to people who aren't adjacent to those lines?

Mr. KREGER. In my previous testimony, what I said is that according to FHA standards, as long as it is outside of the easement, they do not. But again, it is up to the appraiser to basically comment on the marketability aspect.

Mr. MILLER OF CALIFORNIA. Don't you think that appraiser is going to look at that and say, "Oh my gosh!"

Mr. KREGER. Absolutely.

Mr. MILLER OF CALIFORNIA. Okay, that is what I thought.

Mr. KREGER. Right.

Mr. MILLER OF CALIFORNIA. Because you got kind of hissed at a little bit when you were just trying to make a statement, and I don't think we gave you enough time, but I think you were trying to get to that point, that there might not be a regulation against it or a requirement against it, but is there going to be an impact? Without a doubt. Is that a fair statement?

Mr. KREGER. Absolutely.

Mr. MILLER OF CALIFORNIA. Okay, that is what I thought you might say. Thank you for that comment.

Ms. Proffitt, describe your experience with FHA in Chino Hills and the California market in general. How does FHA insure individuals and take advantage of the FHA insurance mortgage program? Is it quite common?

Ms. PROFFITT. I feel it is very common. I don't have the facts and figures in front of me, but I would be happy to get back to you with that.

In my personal experience, I work with a lot of first-time home buyers, and I am also currently working with parents who are helping their children buy homes, and many times that FHA financing is what is making the difference between them being able to buy and not being able to take advantage of today's market.

Mr. MILLER OF CALIFORNIA. In today's marketplace, it is absolutely crucial to have that available.

Ms. PROFFITT. Absolutely.

Mr. MILLER OF CALIFORNIA. Mr. Henderson, you go through processes in appraising homes that are located near overhead high voltage lines. A 75-foot tower versus a 200-foot tower, give me your opinion of what the difference would be.

Mr. HENDERSON. I can't really give you an opinion as to value, which is what my opinion would be worth. But unfortunately, without seeing the data, it would be very difficult to give an actual value opinion.

Mr. MILLER OF CALIFORNIA. Let me make it easier for you.

Mr. HENDERSON. But I would think that it would be significant.

Mr. MILLER OF CALIFORNIA. If you went out to appraise a home and you looked at a 150-foot right-of-way, and there was a 75-foot tower back there, and it is going to fall pretty much—the top of it might hit the back fence, but it is pretty much going to be where it's at, and everybody knew that tower was there when they bought, and people coming in to buy probably have peace of mind that in their backyard, there is nobody looking over their fence, but the tower is at a safe distance.

But if you look and you think there is a 200-foot monster staring at you, would that influence your appraisal in any way, do you think?

Mr. HENDERSON. It would, yes, and let me try to—I have more than a minute, right?

Mr. MILLER OF CALIFORNIA. Go right ahead.

[laughter]

Mr. MILLER OF CALIFORNIA. I was the Chair last time I checked, so we are good.

Mr. HENDERSON. Okay. It would cause me to do more diligence on looking at the market to determine what the effect would be on that, probably more so than a 75-foot tower. I would do more research to see what the impact would be. I think any responsible appraiser would do that.

As far as what the number would be, I have no idea. But obviously it would be—and it would probably be more prominent in my report than it might be if it is a 75-foot tower. I am going to tell somebody that it is there. I am going to show them in photographs that it is there so that they are aware of it.

Mr. MILLER OF CALIFORNIA. I thank you for that.

Congressman Royce, you are recognized for 5 minutes.

Mr. ROYCE. Thank you. I was going to ask Mr. Starck a question.

Many have noted that under the current law, transmission lines—and we had that whole discussion that I brought up about the precedent of basically expanding an easement over the original 150-foot easement, or utilizing that 150-foot easement. Many have noted that transmission lines of this magnitude are not allowed within, I think, 350 feet of a public school, and that may even be for 230kV that they are not allowed within 350 feet of a school.

Is there conclusive evidence disproving any potential health risk?

Mr. STARCK. Congressman, you mentioned the Department of Education's guidelines. There is no mandate that schools need to be set back 350 feet away from a power line. They are merely advisories, okay? And, in fact, schools that do have sites that are near power lines are allowed to construct their schools there, but there are requirements that they have to go up and file electromagnetic field mitigation plans related to it, but there is no prohibition.

Mr. ROYCE. I must have mis-read that in terms of the requirements. But you are saying that what they have to do instead is, if they are within 350 feet, they have to file these mitigation plans. Why do you think they have to file these mitigation plans? What is the point?

Mr. STARCK. I think the PUC and other scientists are really having—there is no agreement, I guess I should say—

Mr. ROYCE. I understand that.

Mr. STARCK. On the scientific impact on people.

Mr. ROYCE. There may not be here. In Europe, high voltage power lines are usually buried. Maybe certainly in communities this close to homes, I think they are always buried, which brings me to another point. When it came to Anza-Borrego Desert State Park and the question of what to do about the power lines there that would run through the park, the decision was made to bury the lines in some areas. What do you think the impact was on the local community and the home values as a consequence of that alternative of making the decision to bury the lines, because one of the questions that came up was the totality of the impact?

This is the issue the City raises. What is the cost to the citizens in terms of the lost property value, to the City in terms of the lost revenue, to the State from the same calculus?

At some point in time, you begin to understand why maybe the Europeans made the calculation that, in urban areas, we are going to do the tradeoff and bury the power lines because of the other costs that would need to be taken into account.

Mr. STARCK. The Anza-Borrego project that was undergrounded is not a 500kV project. That is, I think, a 220kV project that was undergrounded.

Mr. ROYCE. Okay.

Mr. STARCK. I think it was in and around a State park, okay? But with respect to undergrounding 500kV lines here in Chino Hills, I would just like to add that there are no 500kV underground projects in the United States today. There are only two in the

world. One is in Shanghai, and the other is in Tokyo. Another is being built in Moscow.

Mr. ROYCE. And what is being done with those lines?

Mr. STARCK. Those are being undergrounded.

Mr. ROYCE. So in Shanghai, they are going to underground this. And in Moscow, they are going to underground it.

Mr. STARCK. Two are in operation, Shanghai and Tokyo, and Moscow is being built.

Mr. ROYCE. I see.

Mr. STARCK. We are not saying it can't be done. It really can be done.

Mr. ROYCE. Right.

Mr. STARCK. The technology is there.

Mr. ROYCE. Obviously, it has been done there.

Mr. STARCK. Yes, it has been.

Mr. ROYCE. And it has been done in Anza-Borrego.

Mr. STARCK. And we are not going to say that it can't be done. It would be something that would be a very expensive proposition for the State. And again, the thing that we have to worry about, I think, is in the future we believe there is going to be a lot of new transmission in Southern California. You take a look at the load growth in California, we believe there will be additional 500,000-volt lines coming in Southern California. And if the State decides to underground here in Chino Hills, then we believe it will be very likely that there will be other communities looking to underground, and it will result in millions and millions of extra dollars and—

[applause]

Mr. ROYCE. Let me ask you about that. What we are talking about is not undergrounding for the length of the project. Indeed, as it was discussed, there is a little over 10 miles that could have been saved had you gone directly through the State park here, in terms of construction cost. What we are talking about is in situations where the power lines are in people's backyards.

In those circumstances, where you are going to use an existing right-of-way and argue that though it was built for a 75-foot tower and you are now going to put up a 200-foot tower, we are talking about burying those lines given the fact that maybe the science is questionable. Maybe we give the benefit of the doubt here in terms of the impact. But what you are saying is that we have never had power lines carrying this amount of voltage, certainly not in the backyards of a community. There may be one in Georgia that has gone up, all right?

What you are also saying is that in other countries, in Russia and China, the decision has been made to bury it in these circumstances. We are also hearing that in San Diego, the decision was made, given the impact that it would have, to go ahead and do the tradeoff and bury the lines.

I just would ask you, what would the cost savings have been had you, for example, taken the 10 miles savings in distance and gone through the State park in terms of lower cost there? That would have been an alternative, an alternative that could have been maybe pushed more vigorously, or to go ahead with duplicating what is being done in Europe and elsewhere.

Mr. STARCK. We looked very hard at the State park alternatives. In fact, there were five alternatives evaluated. And under the commission's rules and processes, we evaluated the environmental impacts of the State park alternative, and we looked at biological impacts. There were problems with the DTSC. That's the Department of Toxic Substance Control. We reviewed the issues with respect to unexploded ordnance in the area. There were problems with the State park. We were concerned that we would not be able to get the State park to change the general plan. There were just a number of hurdles with this project. The geo-technical situation in that particular area, building the substation that was required, the switchyard, was going to be very challenging in this geological area.

And the commission at the end, after evaluating cost, biological impacts, all of these various factors, decided that it was the environmentally inferior route and decided that going and using the existing right-of-way, which was an already disturbed corridor, that was the environmentally superior route. And so, it was a very thorough evaluation, and that is how it was decided.

Mr. ROYCE. Let me just get back to the question I asked about the 10 miles.

Mr. STARCK. Okay.

Mr. ROYCE. How much would it have saved just in terms of construction cost, so I just have some idea of what I could weigh against the cost of the additional engineering for the power station on the hillside?

Mr. STARCK. Our estimate at the time—I don't have the numbers here in front of me, but when we estimated the cost of going through the State park, it was a higher cost than going with the existing right-of-way. The primary reason for that was you have to build that switchyard in the middle of the State park, and you were going to have to excavate tremendous amounts of dirt in building a GIS substation, that is a gas-insulated substation, which is very expensive, and that really increased the cost of the project. So it wasn't a cost savings to go through the State park.

Mr. ROYCE. This is interesting to me. The issue you make is about the property that had been contaminated and the cost that it would take.

Mr. STARCK. Yes.

Mr. ROYCE. I am certain that at the point in time that the decision was made not to do the due diligence that would have been required, maybe because of cost, in order to prevent that contamination, probably at that point in time not as much was known about the contamination of groundwater and everything else that can occur.

I wonder if we are in potentially the same circumstance today, where just as several decades ago, several generations ago, we might not have anticipated the long-term costs that would accrue and would impact the society if we didn't at the time put in place standards as to how we would handle hazardous waste. As a matter of fact, in this particular case we are saying just to go back and try to handle it and fix it today would be too costly.

Is it possible that our friends in Europe or in Russia or in China are anticipating that maybe it is worth the tradeoff given what we

don't know about electromagnetic fields and the consequences of that in the future?

[applause]

Mr. ROYCE. If we were just to weigh the scales here, looking back in time, thinking about what we didn't anticipate in terms of that hazardous waste, and then looking at what we don't know today about the science. As you say, it is arguable. But we do know that other societies are reaching a different conclusion than we are on this. Is it possible that should be weighed in the balance in order to protect and lower the costs long term? And could that still be done in consultation, mediation, and in an effort to work with the City in order to resolve the problem?

Mr. STARCK. The commission evaluated a number of factors and came to the decision that it did. I would only add that with respect to undergrounding, if the State decides that undergrounding is the way to go, we would want them to recognize that the cost of doing that policy will not be restricted here to Chino Hills if we do it here. It will go in a lot of other places throughout Southern California, at great expense, and as you know, California—

[applause]

Mr. STARCK. California has some of the highest rates.

Mr. MILLER OF CALIFORNIA. I ask that you hold your applause. We will get it.

Mr. STARCK. California has the highest electricity rates in the United States, and we believe prosperity in California is dependent upon affordable energy. And so, that is why we are concerned about doing things that will really raise rates.

Mr. ROYCE. Let me just close with this. One of the reasons California has the highest electrical rates is because of mandates like the one that the chairman alluded to that have been imposed upon this State that requires that this be done in a manner which is so much more costly. I think that should be recognized as well.

But at the end of the day, when we anticipate costs, I think we are failing to factor in an additional issue here that is going to make it, as we heard from the testimony here in terms of the home values, very difficult for people to get refinancing for their homes if they are proximate to these towers. We are going to have lower values there.

But long term, we also have that cost of the potential liability, and that could be addressed today by burying the lines or running them through an uninhabited area where it does not impact the citizens here.

I yield back, Mr. Chairman.

Mr. MILLER OF CALIFORNIA. Thank you.

Hopefully, based on the confusion we have had in the past, there has been some clarity on this issue. We have established a record, I believe, that hopefully will help resolve this issue in a positive way.

I want to thank the City for opening their great City Hall up to us, and the City Council for the testimony and for your generous, generous help and contribution in this, and I want to applaud you for representing the City who elected you.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing.

Without objection, the hearing record will remain open for 30 days for Members to submit written questions to these witnesses and to place their responses in the record.

This hearing is adjourned.

[Whereupon, at 12:40 p.m., the hearing was adjourned.]

A P P E N D I X

April 14, 2012

City of
Chino Hills

Testimony of Mayor Art Bennett

Prepared for the
House Committee on Financial Services
Subcommittee on Insurance, Housing, and Community Opportunity

April 14, 2012

I. Introduction of Mayor Bennett

- Chairman Biggert, Ranking Member Gutierrez, Chairman Miller and members of the Subcommittee on Insurance, Housing, and Community Opportunity, thank you for the invitation to testify on behalf of the City of Chino Hills and our community. I am pleased to have the opportunity to provide our perspective on the impact of the overhead high voltage transmission towers and lines, and will share information on the active role the City of Chino Hills has played since 2007.

II. The Process for Power Line Siting in California

- A high voltage power line proposed in California must go through a transmission planning process whereby the California Independent System Operator must analyze the cost effectiveness and impact on grid reliability of the proposed line. For the project to proceed, the CAISO must agree that it will accept the completed line into its control system grid. When the CAISO undertook this process for the TRTP line, it specifically noted that alternative routes would have to be considered in a portion of the route near the City of Chino Hills.

- Large high voltage power lines built by investor-owned utilities must be approved by the California Public Utilities Commission through the issuance of a Certificate of Public Convenience and Necessity. Such projects also require the CPUC to prepare an Environmental Impact Report in addition to issuing a decision determining a need for the project and calculating a cost cap for the project.

- As part of the CEQA process to develop an EIR, the utility proposing the project must submit the Proponent's Environmental Assessment (PEA), and in that document, the utility must explain how it identified and analyzed potential alternatives to the proposed project. For a power line such as the TRTP project, this means the utility must discuss alternative routes for the transmission line. Southern California Edison's PEA did discuss alternative routes through the Chino Hills State Park or undergrounding the transmission line within the City of Chino Hills, but dismissed these alternatives as infeasible.

City Council: Art Bennett Ed M. Graham W.C. "Bill" Kruger Gwenn E. Norton-Perry Peter J. Rogers
14000 City Center Drive, Chino Hills, CA 91709 • (909) 364-2600 • FAX (909) 364-2695 • www.chinohills.org

- Once the CPUC's consultant issues a Draft EIR, all interested parties have an opportunity to comment on the DEIR and to offer information about other alternatives not identified in the DEIR. After that, hearings are held on the need for the project and the feasibility of the alternatives, as well as other non-environmental issues.

- After the hearings, the Administrative Law Judge and Assigned Commissioner will issue a Proposed Decision in the case, and all parties will have the chance to comment on the Proposed Decision before the full Commission votes on a final decision. A party dissatisfied with the CPUC's decision may file for rehearing with the CPUC, and if rehearing is denied, it may file an appeal with the state courts.

III. The History of the Tehachapi Renewable Transmission Project - The City of Chino Hills Has Played an Active Role Throughout the Proceedings

- SCE filed its application to construct the TRTP on June 29, 2007.

- The City of Chino Hills became aware of the TRTP project after Edison filed its application. The City immediately undertook a proactive approach to participation in the CPUC siting process in order to explore the feasibility of alternative routes that would not involve towers nearly 200 feet tall in a narrow 150 foot wide Right of Way passing directly through the center of Chino Hills. The City did **not** oppose the TRTP project itself, and limited its participation to attempting to develop a consensus alternative to the proposed SCE route.

- At its own expense the City of Chino Hills assembled a team of transmission, environmental and regulatory experts to explore the viability of alternative routes for the transmission line.

- The City held dozens of meetings over a period of nearly two and a half years with CPUC staff, SCE project personnel, numerous state agencies, landowners of property adjoining the various alternative routes, and various environmental groups, particularly those with an interest in Chino Hills State Park. These meetings and its own consultants' work enabled the City to propose several alternative routes for the CPUC's consideration and environmental review.

- The City's preferred alternative, Alternative 4CM, would have interconnected the TRTP line to an existing 500 kV transmission line that crosses through the center of Chino Hills State Park (Park), but by more efficiently aligning the transmission grid, there would be fewer transmission lines within the Park after this alternative was built than there are today. This alternative would also eliminate the need for tall transmission towers within the City of Chino Hills. The City's Alternative 4CM was supported by a variety of environmental groups, including the Sierra Club and Hills For Everyone, the group most responsible for the creation of Chino Hills State Park.

- The Draft EIR was released for comment in February of 2009, and it declared the preferred environmental alternative to be SCE's proposed route.

- Ten days of evidentiary hearings were held in July 2009, in which the City of Chino Hills presented significant testimony to support the adoption of its alternative route.

- After an Oral Argument in front of all five Commissioners, a final decision granting the TRTP project, and adopting the SCE proposed route through the City of Chino Hills, was issued on December 24, 2009.

- The City of Chino Hills filed an application for rehearing of the decision, and the CPUC has yet not acted on this application, over two years after it was filed. As a result, the City has not yet filed an appeal of the decision in the Courts.

- The City did file a lawsuit in Superior Court challenging the adequacy of the SCE easements in the right of way. The Superior Court and the Court of Appeals found in favor of SCE in these proceedings, although the City contends that the issues still to be resolved in its rehearing before the CPUC would have induced the Court to reverse its decision.

- After SCE began construction of the portion of the transmission line within the City of Chino Hills, residents became extremely upset at the enormous size and proximity of the high voltage transmission towers and began yet another campaign to induce SCE to stop the project's construction through their City. This grassroots campaign appealed to SCE's Board of Directors, and to the CPUC Commissioners directly. The City reiterated its request to the CPUC to halt construction and filed a Petition for Modification with the CPUC, seeking to reopen the case.

- All five CPUC Commissioners made personal visits to see the tower construction at the behest of the City. We believe these visits were extremely important. The CPUC issued an order staying construction of the project (partly as a result of objections of the FAA which had other issues with the project). In addition, the President of the CPUC issued a ruling ordering SCE to reopen the proceeding and provide testimony re-examining whether other alternatives could satisfy the needs of the project without having the negative impacts on the City of Chino Hills that the adopted route was causing. SCE submitted this additional testimony in two segments, on January 10th and February 1st of 2012.

- The City of Chino Hills and SCE engaged in a mediated Alternative Dispute Resolution process to attempt to reach a settlement on a route design that could allow the project to proceed. The parties did not reach agreement.

- The City of Chino Hills strongly supports a single circuit underground transmission alternative, and has asked the CPUC to allow the City to present evidence in support of its alternative in evidentiary hearings.

IV. The Impact of TRTP on the City of Chino Hills and its Residents

- The SCE transmission route places 195 foot tall 500 kV towers in a narrow right of way, only 150 feet wide. This narrow right of way was designed for 75 foot high 230 kV structures which have not been energized in decades. No other utility in the United States has placed 500 kV towers this tall in such a narrow right of way.[1]

- Some homes along the right of way are located at the very edge of the easement, meaning that the SCE towers are only 75 feet from these residents' homes. SCE has seen a substantial number of 500 kV transmission towers fail in the past (fortunately all in remote areas), and the risk of personal or property damage if any of these towers were to fail is extremely high because the right of way is so narrow. Residents also feel very concerned by the high EMF levels that the transmission line will generate, as well as the omnipresent and threatening proximity of such tall and overhanging structures so close to their homes and backyards.

- The Subcommittee is concerned about the impact of such transmission lines on property owners who may be ineligible for federal home loans if they are within a utility easement and within the "fall zone" of a tower. However, the towers SCE has built are so tall that many residents who are ***outside*** the easement are still within the "fall zone," and still at risk from a tower failure.

- The SCE towers increase the risk of wildland fires in Chino Hills, as the height of the towers prevents firefighters from using helicopters or airplanes to drop fire retardant on fires near the transmission line route.

- Chino Hills has strict zoning and land use regulations to avoid ridgetop development that will significantly impact the views of and from the many hills and ridges in the community. This is central to the character of Chino Hills, but this key land use principle is permanently violated by such tall transmission towers located along a central ridge in the community.

- The City commissioned a study of the impact on real estate values of the tall transmission towers, and concluded, in 2009 dollars, that SCE would have to pay a minimum of $62 million to compensate commercial and residential landowners for the loss of use of their property, including what was necessary to create a safer, wider 200 foot right of way.

- The City is continuing to study real estate value impacts of the SCE project, and has anecdotal evidence that reduced property values due to the construction of the tall towers will drive down home values in the immediate proximity of the right of way, and that these "comparable sales" will further drive down property values throughout the entire City.

---

[1] There is one similar example in Georgia, but there the transmission line was built first and the local government allowed the apartments to be built later.

V. Present Status of the Case

- The CPUC is currently considering what procedural steps to take next. It may hold a hearing on the feasibility of the underground alternatives that the City is advocating.

VI. Conclusion

- Chino Hills has participated constructively in the CPUC process for transmission line siting, but that process has failed the citizens of Chino Hills to date. No high voltage transmission towers as tall as 200 feet should be installed in such a narrow right of way in a densely populated community. The regulators should have adopted an alternative route, as they were warned from the very beginning, due to the issues that would arise from trying to shoehorn a large high voltage line into a right of way intended for far smaller lines.

- We applaud the CPUC for reopening the proceeding and taking additional evidence on alternative routes, and we are very encouraged that it appears that there are feasible and cost effective underground construction techniques that could eliminate all of the negative impacts of the transmission line that have threatened our community.

- We urge the members of the Subcommittee to express their views to the CPUC and help us convince the Commissioners that it should not make the same mistake as it did in 2009, and that an alternative route should be selected.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

Written Testimony of Bobbi Borland
Acting Branch Chief, HUD Santa Ana Homeownership Center

Hearing before the Subcommittee on Insurance, Housing and Community Opportunity
U.S. House of Representatives Committee on Financial Services

on

"The Impact of Overhead High Voltage Transmission Towers and Lines on Eligibility for Federal Housing Administration (FHA) Insured Mortgage Programs"

Saturday, April 14, 2012

Chairman Biggert, Ranking Member Guttierez, Representative Miller and Members of the Committee, thank you for the opportunity to testify on "The Impact of Overhead High Voltage Transmission Towers and Lines on Eligibility for Federal Housing Administration (FHA) Insured Mortgage Programs."

HUD understands that many residents of Chino Hills, particularly those who reside near the Tehachapi Renewable Transmission Towers, are deeply concerned about the availability of FHA mortgage insurance coverage for their properties and the impact on their property values. I would like to take the opportunity to explain FHA's guidelines regarding FHA insurance of single family properties located near utility transmission lines.

FHA Guidelines Regarding Proximity to Overhead High Voltage Transmission Towers

The Homeownership Center (HOC) Reference Guide[1] provides the requirements which must be met in order to ensure eligibility for FHA mortgage insurance with regard to a number of issues including proximity to Overhead High Voltage Transmission Towers and Lines. Generally, the HOC Guide provides guidance and assistance to individuals and organizations involved in the FHA lending process and serves as a supplement to handbooks, mortgagee letters and other official HUD/FHA policy. Underwriters and appraisers are responsible for adherence to all policies contained in the HOC Guide which is updated regularly and published on the Internet on an ongoing basis in order to provide lenders and appraisers with changes in a timely manner.

With regard to the new FHA originations, the guide provides that:

[1] Available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ref/sfh1-18f

"The appraiser must indicate whether the dwelling or related property improvements are located within the easement serving a high-voltage transmission line, radio/TV transmission tower, cell phone tower, microwave relay dish or tower, or satellite dish (radio, TV cable, etc).

1) If the dwelling or related property improvement is located within such an easement, the DE Underwriter must obtain a letter from the owner or operator of the tower indicating that the dwelling and its related property improvements are not located within the tower's (engineered) fall distance[2] in order to waive this requirement.

2) If the dwelling and related property improvements are located outside the easement, the property is considered eligible and no further action is necessary. The appraiser, however, is instructed to note and comment on the effect on marketability resulting from the proximity to such site hazards and nuisances."

In addition, if a property already had an FHA-insured mortgage and high voltage towers were subsequently installed – and the towers would have made the property ineligible for FHA-insured financing had they been in place prior to the origination of the mortgage -- FHA insurance of the mortgage would continue. According to FHA guidelines, once a mortgage is endorsed for FHA-insured financing, and barring fraud or misrepresentation by parties to the transaction, subsequent events or conditions that had not occurred or were not in existence or publicly planned at the time of loan closing cannot invalidate the FHA mortgage insurance.

It is also important to note that the valuation and marketability of a property which is to be collateral for an FHA-insured mortgage could be impacted by proximity to high voltage transmission lines, but such determination would be made by an FHA Roster appraiser in accordance with FHA appraisal reporting standards and guidelines, and not by FHA itself.

Utilities, Property Values, and Risks to FHA

Based on 2010 census data, there are approximately 23,000 households within zip code 91709, which includes Chino Hills.Of these households, approximately 3%, or just over 700 mortgages are FHA insured. Data that would indicate proximity to the transmission towers is not available.

HUD understands that there is some concern that the proximity of the transmission towers may have impacted property values within Chino Hills, and as a result, potentially increased risks to FHA. HUD does not conduct periodic property assessments to measure property values over time. FHA insured mortgages are based on the appraised value of the property at the time of origination, as determined by an independent appraiser who appears on the FHA Roster[3] and in accordance with FHA guidelines. In terms of assessing risk to FHA it is important to note that payment default may

---

[2] The height of a tower is not necessarily the same as the fall distance due to modern engineering standards.

[3] Guidance on how to become an FHA Roster Appraiser can be found here: http://portal.hud.gov/hudportal/HUD?src=/groups/appraisers

have many causes, such as unemployment, divorce, and other life events. There is simply no easy way to identify whether a default was driven by property value declines attributable to nearby transmission lines.

There have also been some questions regarding the extent of notification to HUD of transmission line improvements by the California state utility commission. As with any infrastructure improvement process, there are often extensive periods of public input, but there is no formal notification to HUD regarding such projects. HUD would not track changes in property valuations as a result of the installation of utility lines, and would not issue changes to its guidelines as a result. As long as the guidelines outlined in the HOC guide are met, eligibility for FHA insurance does not change.

It is understandable that the installation of transmission lines in close proximity to existing housing, such as the Tehachapi Renewable Transmission Towers, can cause homeowners to be concerned and uncertain about their home values and future eligibility for FHA mortgage insurance. Therefore, I am grateful for the opportunity to testify today to provide greater clarity regarding FHA policies related to these issues. And FHA staff will be happy to serve as a resource in helping residents and mortgage industry professionals understand FHA policy in these areas.

Thank you again for inviting me to testify here today. I hope that the information I have presented has been helpful.

TESTIMONY OF
JOANNE GENIS
BEFORE THE HOUSE SUBCOMMITTEE
ON INSURANCE, HOUSING AND
COMMUNITY OPPORTUNITY OF
THE COMMITTEE ON FINANCIAL SERVICES

April 14, 2012

I want to thank Luis Gutierrez, Ranking Member, Madam Chair Judy Biggert, Committee Member Gary Miller, and Members of Committee for the invitation to submit my testimony to the House Subcommittee on Insurance, Housing and Community Opportunity of the Committee on Financial services on the subject of the Tehachapi Renewable Transmission Project also know as the TRTP.

I am a mother, wife, Board Member of Hope for the Hills; a community based organization formerly know as C.A.R.E.-Citizens for Alternate Routing of Electricity, and long-time residents of Chino Hills. My husband and I moved to Chino Hills 23 years ago, because we wanted to raise our family in a safe, friendly, youth-orientated city with a rural atmosphere. We love this city and especially the beautiful view of the snow capped mountains during the winter.

In April of 2007, SCE sent out notices to the residents within 200 ft. of the easement, informing them about the Tehachapi Renewable Transmission Project (TRTP). They stated they would be removing the existing 98 ft. towers, 220 kV lines, which have been de-energized since the early 1970's, and replacing them with 198 ft.+ towers, 500 kV lines in an easement of only 150 ft. wide. This will place the towers as close as 70 ft. to many homes and yes, my home is in the "Fall Zone' of one of these towers. This is not safe, especially since they are near several earthquake faults.

I attended SCE's workshops, to educate myself on some facts about the Project and SCE insured me that the Project was safe. I attended many CPUC scoping meetings, and participated in the CPUC Public Participate Hearing (PPH) in 2009. At this Hearing, there were many expert speakers in their field that addressed many legitimate concerns, i.e., engineering, fire safety, but after all was said, the PUC voted for SCE's preferred route through the right-of-way (ROW). It was noted that the preferred route was the "Environmentally Superior Route."

The DEIR/EIS's visual impact assessment is fatally flawed. The visual simulation photographs of the Project did not provide a fair representation of the neighborhoods that have been impacted by the poles. On Nov. 10, 2011 the Commission made a comment that the towers have a visual and economic impact far more significant than they envisioned at the time the Certificate of Public Convenience and Necessity (CPCN) was issued.

In May of 2009, the City of Chino Hills requested some data from SCE regarding the 195 ft. tubular steel poles (TSP). The question was:

- Has SCE ever used 195 ft. TSP's for the installation of a 500 kV transmission line?

Jerry Amalfitano, principal engineer at SCE answered the question with: NO.
So basically SCE will use Chino Hills as their lab rats for the testing of these towers.

Now I would like to discuss the issue of property loss. In the Final EIR it concluded that there were no significant impacts on property values as the result of the construction of the TRTP. It went on to state that the impact to nearby homes is very small and typically disappears within five years. I would like SCE to tell this to my neighbors, the Seagrave's who listed their immaculate and newly remodeled home in Sept. 2011 for $359k and after they had over 90 interested parties viewing the home and visually see the tower directly behind it, these parties turned around and left. They have continued to drop the price and the current listing is at $317k. According to the listing agent, it will probably drop down to the high $200k. As I am standing here, testifying before you today, my good neighborhoods, the Seagrave's, are moving out. They are taking their two young children and walking away from their dream home. The emotional toll has drained them beyond belief and they are done putting their lives on hold.

A similar home on the same street, sold before the towers were constructed in 2010 for $368k and was financed with a FHA loan. That is about a 20% loss in value. So, for Edison to say, there is no loss in property value, I beg to differ. I have documents I have submitted with my testimony, that shows where another neighbor's home fell out of escrow because of the Project.

The house next door to me sold for $283k, and was originally listed for $385k. The Project was disclosed and the home is located along the easement. That house is in the "Fall Zone" of one of the towers. Another good 20% + drop in value. There are many more stories of this nature, around the area of the easement. According to FHA guidelines, it states that, "No dwelling or related property improvement may be located within the engineering (designed) fall distance of any pole, tower or support structure of a high-voltage transmission line." I personally, have not been affected by this ruling, since I am not selling my home.

The electric and magnetic field, EMF – The CPUC and their draft EIR does not take EMF's into consideration because they say no link has been proven, but it hasn't been disproven either. In a testimony prepared in 2009 by a transmission engineer, Professor Turan Gonen, he has reported that SCE has significantly understated the potential maximum levels of the electric and magnetic fields along the ROW. To arrive at its calculation of magnetic fields at the edge of the ROW, SCE estimated the magnetic fields from the proposed line bases only upon the initial amount of electricity the lines are expected to carry in the near future. But the capacity of the lines is actually four times higher than the value SCE assumed in calculating the magnetic field.

In the future, as demand grows in Southern California, the transmission lines will likely carry electricity at their capacity. The result is that the people living next to the lines could be exposed to magnetic fields as high as 100 mG on a temporary or sustained basis rather then the 27 mG estimated by SCE. This is well above the accepted utility practice in the United States of limiting exposure to 10 mG at the edge of the ROW in residential areas, and even beyond the 100 mG threshold generally used for all other bordering uses. Further, the electric fields generated can charge non-grounded metal objects such as power tools or children's tricycles that would normally be used in the backyards of the residents living next to the power lines.

SCE has proposed no mitigation for the electric shocks residents will likely experience frequently from touching non-grounded metal objects. Although SCE is proposing to use a ROW only 150 ft. wide, a 200 ft. ROW is the minimum needed for new 500 kV high voltage lines through a residential neighborhood. SCE's own design and maintenance standards require a 100 ft. diameter clearance around poles.

We've all heard about increased cancer risks, and affects on health near power lines. When the Love Canal was built they thought that was safe and the same goes for the Titanic. Need I say more?

The talk of expanding the ROW is not an option. I do not have plans or wish to move. There are over 1,000 homes within 500 ft. of this Project. So, if you buy out some, you are just extending the problem.

A testimony prepared by past Chino Valley Independent Fire District Chief Paul Benson in 2009 he stated that the City's alternate route, which traverses part of the Chino Hills State Park, actually improves firefighting opportunities in the City's neighborhoods and in the State Park. Much of the City is in a high fire hazard area. In the residential area of the City that straddles the current SCE 150-foot ROW, the added height of the towers in the very narrow corridor would create a danger to firefighters during a fire, make access for fire equipment difficult, and would restrict airplanes and even helicopters from being able to safely drop water or retardant on a fire in the neighborhood.

The street I live on, Garden Ct., has only two ways in and out and both of these roads will have the 500 kV lines run across them. We cannot avoid these lines; you might say we are trapped.

The President of SCE stated that, "Our #1 priority is, and always has been, the health and safety of the public and our employees." I find this hard to believe, since they have been found guilty of overloading utility poles, found to be in violations with the FAA, which placed a halt on the construction in Chino Hills, they were fined $146M for falsifying data, and the stories continue. Why should I and the other residents believe that this project is safe for our city, when Edison continues to be found guilty of negligence?

When the City of Chino Hills took their lawsuit to the Appeals Court, I still remember the comment that Judge Jeffrey King made to James Arnone, SCE's lawyer; he told him, "that just because the CPUC gives you their blessings you think you can do anything you want to?" That judge got the picture.

I may not have an engineering degree behind my name, but I have enough common sense to know right from wrong, and just looking at these towers, you know that it is definitely a wrong decision.

The damage cannot be mitigated and the emotional turmoil that many of the residents are facing, due to losing their nest-eggs or worrying about their families health and safety, is all due to SCE's need to put "Profit over People." I have been fighting for almost 5 years now to try and stop this project from ruining so many people's lives and mutilating this city. I have listened to their heartfelt stories, I have shared tears with them, and I have encouraged them to fight this injustice. I am standing before you today representing not only myself, but all of them too. One good thing that came out of SCE's arrogance is that they truly have brought this community together. I am not against green energy, but when it's about the type of green that lines someone's pockets, that is the green I am against. Green energy shouldn't hurt.

I would like to thank the Committee on behalf of the residents of Chino Hills for coming to California to hold this Hearing.

Hope for the Hills
4195 Chino Hills Parkway #304
Chino Hills, CA 91709

April 14, 2012

Good Morning. I would like to thank Chair Judy Biggert, Congressman Gary Miller, the Honorable Luis Gutierrez and members of the Sub Committee on Insurance, Housing and Community Opportunity for this opportunity to address the serious matter we have developing in Chino Hills. My name is Bob Goodwin and I speak on behalf of Hope For The Hills, a community group that was founded in May of 2011 to carry on the work of a previous organization, C.A.R.E., which started in 2007 when this project was announced and unveiled. The purpose of both groups is and was to bring awareness to the tragedy unfolding in Chino Hills relative to the TRTP project being constructed by Southern California Edison.

This project, planned and built under the disguise of "green energy", is many things but healthy and environmentally safe it is not. SCE promotes a policy of community partnership and caring, yet they have no problem building and energizing 198ft towers with 500,000 Volt power lines within 70ft of residences with the lines as close as 40 feet in some cases. This is not only a safety matter it is also raises health concerns relative to EMF fallout and the consequences associated with prolonged EMF exposure. The consequences highlighted in a Department of Health Services report from October 2002 stated that, among other things, prolonged exposure to this type of an EMF field lead to an increased risk of developing brain tumors, childhood leukemia, ALS (more commonly known as Lou Gehrig's disease) and elevated number of miscarriages. When asked about this study, SCE repeatedly states that there is "no empirical data that supports this 100%". I find that to be rather insulting to anyone and everyone that may have to live with this 24/7/365 if SCE is allowed to complete this portion of construction through Chino Hills. One can also argue that there is no empirical data that says it DOES NOT cause these health issues either. They even advised against construction of a Community Center because cars would be parked under these very lines for extended periods and they deemed that unsafe. Yet this company promotes "Safety is top priority for our ratepayers".

How does this relate to why we are here today? For beginners, health and safety are directly related to property values. In Chino Hills alone, average property values are down 17% since this project started to become a reality in May of 2011. This number can be statistically proven by comparing the period six months prior to the towers going up when there were 331 closed sales with an average sales price of $509,000. Since the towers went up, a total of 10 months, there have been 426 sales with the average sale price of $421,452 or an average loss of $87,549, a rate of -17.2%. In addition, the average number of sales has dropped from 55 to 42 per month. Many people have given up even trying to sell and some are just walking away from their home. How is that possible in our society? How can a utility company not see that this is wrong?

While it is true that SCE has owned this right of way (ROW) since 1941 no one, not even SCE, envisioned 198 ft towers on a 150ft ROW. Keep in mind, in 1941 there were cows and coyotes, bugs and bunnies living in this area. Homes were added after the fact and yes, people bought them knowing the ROW was there but were told, many by SCE themselves, this ROW was dormant. With that knowledge people purchased homes with piece of mind, never dreaming a few months/years later their homes would be deemed worthless when the poles went up.

Hope for the Hills
4195 Chino Hills Parkway #304
Chino Hills, CA 91709

Today we have several homes in the "fall zone" where these towers have been erected. The average distance these homes sit from the towers is 71ft. When you factor in the 60ft cross arms, **IF** the 500,000 volt lines are strung, these lines will be within 41ft. of some homes. 24/7/365, no reprieve, no break, no relief to the worry and emotional toll that they will take.

It seems that the only agency with enough foresight to protect anyone is the Department of Education. They have specific guidelines that state towers of this magnitude must be a **MINIMUM of 350FT** from a public school. SCE has stated, in their safety guidelines, a recommendation that a **500FT** clearance is optimal. Yet we find ourselves today looking at towers as close as 71ft to homes and children's bedrooms! Again the question has to be asked, how is this possible? Who will ever buy our homes with a 198ft power pole outside a bedroom window? In fact, FHA will not even approve a loan for any of these homes inside the "Fall Zone". They recognize the risk of having an investment so close to a safety hazard such as 500,000 volt power lines on 198ft towers so close to homes.

Chino Hills is suffering from much more than property value loss. From personal strain and emotional worry to physical illness, SCE has created a community of fear and trepidation. Many residents do not know what the future brings. Many have lost their equity and peace of mind. Many are looking for answers and not finding much hope.

If you were to simply ask each homeowner to speak, every one of them could tell you their personal story. From a daughter who begged her newly widowed mother to move to Chino Hills to be closer to her and her grandchild only to finally move here and then shortly there after, come home from surgery to see a monster power pole going up outside her bedroom window. Then there is the mother who spends every waking moment researching and fighting this while missing out on family outings but not telling her children why because they are sick of her spending all her "spare" time on this fight instead of spending "quality" time with them, to the grandparents that have babysat their 18 month old grandson once because they have devoted every spare minute in their life leading a group of dedicated, devoted citizens' in this fight.

We come here today to hopefully be heard and taken seriously. How can this be happening to our City, to anyone in this Country? Corporate greed comes to mind, Greed Energy vs. Green Energy. The city had provided a perfectly sound alternative that would have avoided this travesty. Alternative 4CM would have eliminated the problems all parties have encountered but SCE decided it was not convenient for them. Chino Hills also offered and provided an underground alternative which SCE essentially tried to price out of consideration. We are still hopeful that common sense will prevail and this solution, going underground, will be the acceptable alternative at this time.

SCE is ADAMANT about going above ground at all cost. The amount of time, energy, cost and legal fees they have spent to oppose the alternatives would have paid for the underground construction. We as residents also would like to know how the estimated $3.6M monthly SCE collects from just the Chino Hills residential owners is being spent. Why that portion of their income isn't directly applied to remedy this matter? How can our utility dollars support a project that so adversely impacts our community?

Hope for the Hills
4195 Chino Hills Parkway #304
Chino Hills, CA 91709

Since SCE's position is now and has always been about the cost, there is one question they have never answered. The proposed alternative through the State Park would have been 10.5 miles shorter therefore saved 10.5 miles of construction costs so why didn't they consider this an acceptable alternative?

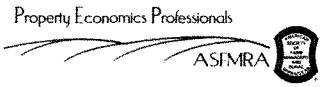
The question has been raised regarding notification from SCE relative to this project. Yes, people were notified. The approximately 300 residents along the ROW were advised. Did SCE notify all "impacted" residents, NO. Were public hearings held, YES. Was the public allowed to speak, YES. Were their concerns taken into consideration, I think the results answer that question loud and clear. A resounding NO!

I want to make one thing perfectly clear, this is not a NIMBY ("not in my backyard") issue. We adamantly oppose any project such as this that rapes a community and imposes such hardships on residents. Any and all utility companies, especially SCE, should be held to a much higher standard when it comes to community and environment safety. No community anywhere should have to endure what Chino Hills has had to go through. Let us be responsible for setting the precedent that states people MUST come before profitability and growth. We are all in favor of Green Energy, however, Green Energy should not hurt and this Green Energy project is KILLING the Chino Hills we have come to know and love. All at the expense of profits vs. people.

Why we are the ONLY country that does not mandate projects such as this be REQUIRED to go underground? Why does most every other civilized country construct high energy projects underground? Are they more technologically advanced that the United States? I would think not! Why does it always come down to having to adopt a LAW to do the right thing? Why can't companies like SCE do the right thing without being told? Whatever happened to common sense in this country? When something looks "good on paper" but takes on a whole different perspective in real life, why doesn't corporate America choose to do the right thing? We are better than that. We as a community are not afraid of taking on Goliath. Someone has to stand up and say this is flat out WRONG and must be corrected.

Please help us here today, once and for always, right this wrong and do what is right for Chino Hills and its residents. Let's show Corporate America that people DO MATTER. Let's show the country that people and their elected officials can get together and make common sense changes that will protect not only our future, but the future of our children and grandchildren.

I thank you for your time this morning. It has been an honor and a pleasure to address this committee.



Prepared Testimony

Of

James L. Henderson, SRA

On

The Impact of Overhead High Voltage Transmission Towers and Lines on Eligibility for Federal Housing Administration (FHA) Insured Mortgage Programs

Before the

House Committee on Financial Services
Subcommittee on Insurance, Housing and Community Opportunity

April 14, 2012

Chino Hills, California

Chairman Biggert, Ranking Member Gutierrez, Chairman Miller and members of the Subcommittee on Insurance, Housing, and Community Opportunity, I thank you for the opportunity to share the perspectives of professional real estate appraisers on the valuation issues relating to residential properties with high voltage transmission lines on behalf of the 25,000 members of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers.

Appraisals of properties with transmission lines are similar to other appraisal assignments, but can be more complex. When an appraiser identifies and observes a high voltage transmission line, it is important to report to the client its existence and analyze any potential effects on value. This is consistent with the important role of real estate appraisers in assessing lender collateral risk.

Like many factors in real estate, the proximity of the line to dwellings and the impact on view will be case by case and market specific. Proximity is a critical factor. When the transmission towers are extremely close to the residence, the impact on marketability will be more severe. Alternatively, some markets may show little to no resistance, at all, or even place a premium on it if it creates open space or a greenbelt in the backyard. In other situations, the resistance may depend on the type of power line corridor that is involved. There are many potential factors such as the size and type of tower, and the line capacity, to name a few.

When analyzing potential market impacts, a common method is "paired sales analysis." The paired sales approach attempts to match the characteristics of a subject property sold within a claimed area of impact (the subject area) with individual sales of similar properties sold outside the claimed area of impact (the control area). The issues here center on the availability of sales and the ability to identify sales that can be considered a match to the subject property.

Other methods, such as multiple regression analysis, can be utilized by appraisers and may be well suited to identify the independent effect of the transmission line, holding the other value-determining factors constant.

However, this is only possible with a relatively large number of (subject area and control area) sales, which is often not available.

The Federal Housing Administration has specific policies relative to appraisals of properties with high voltage transmission lines. These policies are generally consistent with standard appraisal practices, but specifically require the appraiser to indicate whether the subject site, dwelling or related property improvements are located within the easement serving a high-voltage transmission line. If the subject site, dwelling and improvements are located outside the easement, the property is considered eligible for funding and no further action is necessary. If the easement encroaches upon the subject property it becomes the requirement of the lender to obtain a letter from the owner or operator of the tower stating that the subject improvements are not within the (engineered) fall distance of the tower. We note – this is not an appraisal issue, but one of agency policy and lender decision.

In either case, the appraiser is instructed to note and comment on the effect on marketability resulting from the proximity to the hazard. The appraiser's function is to provide information to the lender, and it is the lender (and HUD) that make the decision to reject if the situation warrants it. Otherwise, the appraiser accounts for the influence of the high-voltage transmission line in the valuation of the property.

Currently, Fannie Mae and Freddie Mac will accept loans with transmission line proximity so long as the appraiser discloses the influence and provides comment if there is an adverse influence and loss in value. These policies are found in the Seller/Servicer Guidelines. However, one must also recognize that FHA has a slightly different mission than Fannie Mae and Freddie Mac that includes health and safety considerations. These policies can be found in Handbook 4150.2 and the agency's Valuation Protocol, Appendix D.

Lastly, in regards to the Tehachapi Renewable Transmission Project and the question of whether or not the property value of homes located near the project have decreased, I recommend hiring a local, professional designated appraiser, specifically, one with residential experience relative to properties that have transmission line influence, to determine if there's any loss in value as result of the power lines. It's easy to assume your property values will lose major value, but an unbiased, professional appraiser can analyze the market thoroughly, to determine whether that is actually the case.

Thank you for the opportunity to testify today, and I am happy to answer any questions you might have.

CAMP
CALIFORNIA ASSOCIATION OF
MORTGAGE PROFESSIONALS

1225 EIGHTH STREET, SUITE 425 I SACRAMENTO, CALIFORNIA 95814
916.448.8236 I 916.442.3616 (FAX) I WWW.THECAMPSITE.ORG

THE IMPACTS OF OVERHEAD HIGH VOLTAGE TRANSMISSION TOWERS AND LINES ON ELIGIBILITY FOR FEDERAL HOUSING ADMINISTRATION (FHA) INSURED MORTGAGE PROGRAMS
Saturday, April 14, 2012
Chino Hills, California
10:30 a.m.

Good morning, Members of the Committee. My name is Fred Kreger. I am the President-Elect and Government Affairs Committee Chair for the California Association of Mortgage Professionals and a licensed mortgage loan originator in Santa Clarita, California. The California Association of Mortgage Professionals represents almost 2,000 mortgage professionals throughout California. Because of the large impact that Federal Housing Administration (FHA) Insured Mortgage Programs have on our profession and our customers, we take special interest in any items that may affect the eligibility of these mortgage programs.

I was asked here today to address the impacts of high voltage transmission towers and lines on the eligibility of FHA insured mortgage programs. As background, the FHA loan limit for San Bernardino County is $500,000, which encompasses a large amount of the home mortgages within this region. To be specific to Chino Hills, the median listing price is around $419,000[1]. With that being said, if the eligibility for FHA insured mortgage programs were to be affected within Chino Hills the potential for a large impact to be felt within the real estate market could be great and worthy of discussion.

However, through my over 10 years of experience as a mortgage professional, I can safely say that the impact of high voltage transmission lines on property values and FHA eligibility has been minimal. On a monthly basis I originate many loans within the surrounding counties of which FHA loans serve an important role for my clients. I have yet to have a customer encounter difficulties with their FHA eligibility due to high voltage power lines.

The specific homes located near the Tehachapi Renewable Transmission Project are located outside of the project's easement. Which according to the U.S. Department of Housing and Urban Development Homeownership Center Reference Guide for new FHA mortgage originations, "[these properties are] considered eligible and no further action is necessary. The appraiser, however, is instructed to note and comment on the effect on marketability resulting from

---

[1] *Zillow*. Retrieved April 11, 2012, from http://www.zillow.com/local-info/CA-Chino-Hills-home-value/r_10815/#metric=mt%3D18%26dt%3D1%26tp%3D5%26rt%3D8%26r%3D10815%26el%3D0.

the proximity to such site hazards and nuisances."[2]

In my experience, the appraisers will note the presence of high voltage transmission lines; however the effect on the marketability of the home value is minimal, if any. Over years of research and study has concluded that although community members and home owners have negative feelings towards high voltage power lines, "their presence is apparently not given sufficient weight by buyers and sellers of real estate to have had any consistent, material effect on market value[3]." In fact, 20 years ago I bought my first home in Santa Clarita that was located adjacent to power lines. I preferred this home to others because I was informed that the land surrounding the power lines could not be developed. Meaning, I had no neighbors to the back of me nor to the side of my home. This opinion is also shared by independent home appraisers who at times adjusted some of these property values up due to the undeveloped land that was adjacent to the buyer's property. When discussing this issue with home appraisers I learned of a study done in the City of Santa Clarita of nine housing tracks stemming from 2004 to 2008 encompassing 864 homes that were sold within that time period. The study found that there we no valuation differences in those homes that were adjacent to the power lines than those that were not adjacent.

In closing, I believe that the affects of high voltage transmission towers and lines on the eligibility of FHA insured mortgage programs and home values in the Chino Hills area is minimal. Although a valid topic to explore, I must base my testimony on my experience within the real estate market and the statistical data that is used within the mortgage profession.

Thank you for your time and I am open to any questions the committee may have.

---

[2] HUD FHA HOC Reference Guide Hazards and Nuisances. *HUD.gov*. Retrieved April 11, 2012, from http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ref/sfh1-18f

[3] Chalmers, J.A. 2008, April. *Assessing the Impacts of High-voltage Transmission Lines (HVTL) on Property Values*.

CALIFORNIA ASSOCIATION OF REALTORS®

Written Testimony of

Marion O. Proffitt
California Association of REALTORS®

2012 OFFICERS

LeFrancis Arnold
President

Don Faught
President-Elect

Chris Kutzkey
Treasurer

Joel Singer
Chief Executive Officer/ State Secretary

Before the

United State House of Representative
Subcommittee on Insurance, Housing and
Community Opportunity

Hearing Regarding

The Impact of Overhead High Voltage Transmission
Towers and Lines on Eligibility for Federal Housing
Administration (FHA) Insured Mortgage Programs

April 14, 2012

REALTOR® is a federally registered collective membership mark which identifies a real estate professional who is a Member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics.

Executive Offices 525 South Virgil Ave. Los Angeles, CA 90020 Tel (213) 739-8200 Fax (213) 480-7724 www.car.org

Chairman Miller, Ranking Member, and members of the Subcommittee; my name is Marion Proffitt. I have a been a REALTOR® for 20 years, I am a Broker Associate for ERA Prime Properties here in Chino Hills, and I am past President of the Tri-Counties Association of REALTORS®.

I am here to testify on behalf of the more than 150,000 member of the California Association of REALTORS® (C.A.R.). We thank you for the opportunity to present our views at today's hearing on high voltage transmission towers and Federal Housing Administration (FHA) financing. It is an honor to be able to testify to the Subcommittee on this important issue that will have a profound impact on so many homeowners and homebuyers here in Chino Hills.

For twenty-years I have practiced real estate in this community, and while I do some work with investors, my primary clients are principal homebuyers. This has provided me the opportunity to witness how the Chino Hills' housing market is impacted by the availability and the absence of FHA financing. Over that time, I have also seen the impact that a home's proximity to the power lines can have on marketability and price.

I would like to start by addressing the question on what the impact would be if FHA financing were not available to certain neighborhoods in Chino Hills? Simply, if FHA removes the ability of homebuyers to utilize FHA financing on properties near the easements in question, those homes will be forced to sell at a discount to similar nearby properties that do qualify for FHA financing. My fellow agents and I know this to be fact because we see it every day in the current condo market where many condo complexes have chosen not to become FHA approved because of burdensome and costly new FHA rules. The homeowners selling their condos in non-FHA approved complexes must sell their units for less than those in FHA approved complexes. Sellers of homes near these easements will face a similar fate should FHA remove their eligibility.

We also believe other homeowners and sellers will suffer because these non-FHA approved homes may now be used as comparable for all homes in the area. Other fallout from the removal of FHA financing on a property would be to all but eliminate the ability of first-time homebuyers to purchase that property, as FHA loans are now the preferred choice of financing for first-time homebuyers.

A final point I would like to touch upon regarding FHA financing in Chino Hills is our loan limits. First, I would like to thank the members here today and others in Congress for extending the FHA loan limits again. However, you may be surprised to know one of the struggles we face in Chino Hills is

our low FHA loan limit of $500,000. While more than adequate for some communities, the fact is homebuyers looking at Chino Hills also look at Diamond Bar, located in Los Angeles County, and Brea, located in Orange County; and both benefit from a loan limit of $729,750. The higher loan limit is important because FHA is no longer just for first-time homebuyers or people with less than stellar credit. Many move-up homebuyers who otherwise would have used the equity in their current home as downpayment on their next home now find themselves with little to no equity. FHA is the last safe and affordable low downpayment option for buyers.

Lastly, while C.A.R. does not possess statistics to show what the impact on pricing may or may not be due to a home's proximity to the power lines; I can tell you from my twenty-years of experience that for some homebuyers it does matter. Just recently I took an investor to see a property that backed up to an easement and its mere location next to that easement was enough for them to say "no." However, this isn't the case for every buyer, many have no problem living next to the power lines, but there are many buyers I have worked with that require a discounted sales price or will refuse to buy one of the properties.

I would like to close by emphasizing that Chino Hills is first and foremost a community that many families seek out because of its safe neighborhoods, excellent schools, and family friendly atmosphere. My family has been fortunate to call Chino Hills home for the last twenty-five years and we hope the FHA and Congress will recognize how important safe and affordable home financing options like FHA is in maintaining this beautiful community.

Thank you again for holding these hearings and for inviting me to speak. I look forward to answering any questions the Subcommittee may have.

TESTIMONY OF LESLIE STARCK
SENIOR VICE PRESIDENT, REGULATORY AFFAIRS
SOUTHERN CALIFORNIA EDISON

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

FOR THE FIELD HEARING OF APRIL 14, 2012

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

Project Background and Renewable Policies

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

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

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

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

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

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

Project Approval Process, Community Involvement and Other Considerations

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

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

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

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

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

- ***CEQA Scoping Process.*** During the scoping process for TRTP, the Commission explored several Chino Hills alternatives. As part of the scoping process, a total of nine public meetings were held in seven locations to discuss the Project and to take comments on the scope of the EIR, including potential alternatives and mitigation. At least two of these meetings were focused solely on alternative routes in the Chino Hills area, during which many residents expressed their opposition to SCE's use of the existing ROW in Chino Hills.

- ***Draft EIR/EIS.*** On February 13, 2009, the Commission published the Draft Environmental Impact Report/Environmental Impact Statement (Draft EIR/EIS). There, the Commission evaluated a range of reasonable alternatives for the Project. Of the ten alternatives considered for the Project in the Draft EIR/EIS, one was the No Project Alternative, one was the Proposed Project, three were related to other geographical areas, and five dealt only with Chino Hills. In other words, the route through Chino Hills was a clear focus for the Commission from the beginning. Of the Chino Hills Alternatives included in the Draft EIR, four alternatives proposed routing Segment 8A of TRTP (Segment 8A) outside of Chino Hills (referred to as Alternatives 4A, 4B, 4C, and 4D). Each of these alternatives routed the transmission line through the State Park and surrounding properties. The Draft EIR/EIS also evaluated an alternative that would place the transmission line underground in the existing ROW in Chino Hills (Alternative 5). The Draft EIR/EIS identified Alternative 2, routing the transmission line through SCE's existing ROW, as the Environmentally Superior Route.

- ***Comments on the Draft EIR/EIS:*** In addition to the five alternatives considered in the Draft EIR/EIS that focused solely on Chino Hills, the City submitted comments on the Draft EIR/EIS, and included another additional alternative route through the State Park for consideration, Alternative 4CM, for a total of **six** alternatives out of 11 that the Commission extensively considered that focused solely on Chino Hills issues.

- ***Evidentiary Hearings and Briefing***. The Commission accepted hundreds of pages of prepared testimony and exhibits from over 30 witnesses, allowed cross-examination extending over ten days of evidentiary hearings held between July 6 and 28, 2009, and received over 400 pages of briefing by the interested parties in the fall of 2009. Chino Hills was given an opportunity to present its case for its proposed Alternative 4CM, and presented the testimony of 11 witnesses, including outside planners, engineers, and concerned citizens. Chino Hills submitted 164 pages of briefing to the Commission. The parties, including Chino Hills, addressed the Commission in person during an en

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

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

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

- ***Safety.*** Whether SCE could safely construct 500 kV transmission lines in the existing 150-foot wide ROW was thoroughly analyzed in the Commission process. The Commission comprehensively explored Chino Hills' concerns that the 500 kV structures would collapse and harm residents. The Commission found that SCE presented "credible and compelling" arguments that construction within the existing ROW could be accomplished safely and effectively based on the expert testimony of witnesses with experience in the design, construction and maintenance of 220 kV and 500 kV transmission lines. The Commission also found that SCE would meet or exceed the minimum safety requirements of the Commission's General Order 95, which formulates uniform requirements for construction of overhead electrical lines to secure the safety of the general public and persons who work on and use the lines. Further, the Commission found that the chances of a structure collapsing were "exceedingly low, indeed unprecedented." Indeed, construction of the portion of Segment 8A in the existing 150-foot ROW in Chino Hills started in August 2010. SCE has safely completed construction of 12 of the 18 transmission structures in the Chino Hills area, and less than half of the 18 structures are directly behind residential neighborhoods. The constructed structures in Chino Hills are tubular steel poles. In sum, the Commission found "construction of the Environmentally Superior Alternative through [Chino Hills] is feasible and can proceed safely."

- ***Property Values.*** The Final EIR/EIS also analyzed the potential effects of the proposed Project on private property value. The EIR/EIS referenced several studies regarding the effects of transmission lines on property values, including the following:

  - "A Primer on Proximity Impact Research: Residential Property Values Near High-Voltage Transmission Lines" (Kennard and Dickey, 1995).

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

The studies conclude that:

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

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

FHA-Insured Mortgages

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

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

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

Conclusion

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

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

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

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

Describe the history of the TRTP including the background and purpose for TRTP and its final determination to have the power lines located near homes in Chino Hills.

Background

The need for the TRTP arose from the mandates of the California Renewables Portfolio Standard (RPS), which requires investor-owned utilities to procure 20 percent of their total retail sales from renewable energy resources by 2010. However, in support of a more aggressive RPS goal of 33 percent renewable energy by the year 2020, Executive Order S-14-08 (issued November 17, 2008) included goals to identify transmission requirements necessary to achieve a renewable energy supply of 33 percent by the year 2020. The RPS standard for 33 percent of energy from renewable sources by 2020 was enacted by law with the passage of SB X1-2, which was signed by Governor Brown on April 12, 2011.

In order for SCE and other investor-owned utilities to satisfy the RPS target, new transmission facilities are required to interconnect remote areas of high renewable power generation, such as the Tehachapi Wind Resources Area (TWRA), to areas of high load, including portions of the Los Angeles and San Bernardino metropolitan areas that are within the SCE service area. In order to assess the ability of the TWRA to contribute toward meeting the State's mandated RPS goals, the CPUC issued Decision 04-06-010 which ordered the formation of the Tehachapi Collaborative Study Group (TCSG) to develop a comprehensive transmission development plan for wind energy in the TWRA (CPUC, 2004). This decision also required SCE to prepare and file a certificate of public convenience and necessity (CPCN) application for transmission upgrades in coordination with the recommendations of the TCSG (CPUC, 2004).

In conjunction with the TCSG, SCE identified a phased development plan, called the Tehachapi Transmission Project (TTP). The TTP was implemented in separate phases, where the TRTP is Phase 3. The approved Antelope-Pardee 500-kV Transmission Project or Antelope Transmission Project Segment 1 represents Phase 1 of the TTP, while the approved Antelope Transmission Project Segments 2 & 3 represents Phase 2 of the TTP.

Purpose of TRTP

The TRTP's three primary objectives are to: (1) 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); (2) Further address the reliability needs of the California Independent System Operator (CAISO) controlled grid due to projected load growth in the Antelope Valley; and (3) Address the South of Lugo transmission constraints, an ongoing source of concern for the Los Angeles Basin.

The CPUC assessed the purpose and need for the TRTP independent of SCE's application filings. Relevant documents issued by the CAISO, California Energy Commission (CEC), and Federal Energy Regulatory Commission (FERC) were reviewed to assess whether sufficient documentation exists to support the

need for the TRTP. Based upon the information contained in these documents, it was determined that there is ample support to justify the need for the TRTP.

Determination to locate near homes in Chino Hills

SCE's CPCN application to the CPUC routed a portion of Segment 8a of TRTP through Chino Hills, taking advantage of an existing transmission ROW that traverses the city. The CPUC worked diligently to develop and assess alternatives, including a partial underground alternative (through Chino Hills) and various re-routes through Chino Hills State Park (CHSP) as presented by the City of Chino Hills. The EIR prepared by the CPUC presented a clear comparison of these alternatives to SCE's Proposed Project (Alternative 2), and formulated mitigation to reduce the impacts of each of the alternatives. In reaching its decision on the Project, the CPUC considered all information presented in the Final EIR, and information presented during the proceeding, including testimony provided by the City of Chino Hills and the other parties to the proceeding. In addition, public comments, including opposition expressed by Chino Hills residents, were given thoughtful consideration by the CPUC. The CPUC's decision followed a long and extensive investigative process and was based on the results of substantial data collection and analysis. The Commissioners considered a wide range of issues, including technical, environmental, social, and economic factors. As commonly occurs, not everyone agreed with the decision, but it was clearly based on careful consideration of a significant amount of information, analysis, and testimony.

Provide background on the process used to determine the route of the power lines, including how many alternatives were considered, and the factors considered prior to selecting the final route.

Alternatives Process

To determine the alternatives that would be analyzed in detail in this EIR, an alternatives screening process was completed between October 2007 and June 2008. The results of this process are documented in the Alternatives Screening Report (ASR) provided in Appendix A of the Final EIR. In total, the alternatives screening process resulted in the identification and screening of 29 potential alternatives. The alternatives considered included: (1) design variations to SCE's proposed Project, such as different substation sites, reduced conductor voltage, single-circuit verses double-circuit structures, etc.; (2) minor routing adjustments to SCE's proposed route, such as re-routing Segment 10 along the Los Angeles Aqueduct; (3) entirely different transmission line routes for some segments of the proposed alignment; and (4) alternate system configurations. In addition to the 29 potential alternatives that were evaluated in the ASR, other ideas for potential alternatives were suggested by agencies and the public during the scoping period for the EIR (August-October 2007). Many of these suggestions were conceptual and were not offered as specific alternatives, but rather as ideas to be explored.

Based on the alternatives screening process, three of the alternatives considered in the ASR were carried forward to be analyzed along with the No Project/Action Alternative (Alternative 1) and SCE's proposed Project (Alternative 2). These three alternatives are the West Lancaster Alternative (Alternative 3), Chino Hills Route Alternatives (Alternative 4, Routes A through D), and the Partial Underground Alternative (Alternative 5). Following completion of the ASR, a new alternative was requested by the Forest Service to reduce ground disturbance within the ANF by minimizing new road

construction through the use of helicopter construction, which resulted in the development of the Maximum Helicopter Construction in the ANF Alternative (Alternative 6). A final alternative, the 66-kV Subtransmission Alternative (Alternative 7) was also developed following the completion of the ASR in response to requests from the County of Los Angeles Board of Supervisors and additional input from SCE. Finally, in response to a comment letter on the Draft EIR submitted by the City of Chino Hills, an additional route modification was considered as part of Alternative 4, which is Alternative 4C Modified. In total 31 alternatives were considered.

Factors Considered in Selecting the Final Route

In selecting the final project alternative, many factors were considered. In order to meet CEQA's requirement to identify an environmentally superior alternative, the EIR preparers primarily considered those resource/issue areas that have the greatest potential for resulting in long-term, significant impacts, which include visual resources, biological resources, land use, public recreation, noise, and wildfire prevention/suppression. Consideration was also given to community concerns, such as air quality, electrical interference/hazards, and socioeconomics. Impacts associated with construction (i.e., temporary or short-term) or those that are easily mitigated to less-than-significant levels were given consideration, but were considered less important than permanent impacts.

Within Chino Hills, the alternatives to routing the transmission lines along SCE's existing ROW included several routes through CHSP proposed by the City of Chino Hills. While there were originally 4 variations of the 'state park alternative', the one that was given the most attention was the route designated as Alternative 4C (ultimately refined to be Alternative 4C Modified). This alternative route would have situated the necessary electrical switching station on the Aerojet property north of CHSP. While many citizens of Chino Hills preferred the Alternative 4C route, constructing the line to the park and through the park presented various challenges and environmental impacts. For example, the line would have had to depart from the project right-of-way (ROW) west of Chino Hills, make use of new ROW, and cross several areas of sensitive animal and species habitats on its way to and through the park. The line would have to use new ROW to cross private lands that contained hazardous and dangerous materials (Aerojet property). The electrical switching station would have to be located on a side of a hill that would have had to undergo significant engineering to support the structure. The State of California generally encourages the use of existing ROW for new transmission lines over the use of new ROW. This policy is commonly referred to as the Garamendi Principle. The Commission analyzed all the project alternatives, including Alternative 4C, but the Commission ultimately chose the route through the City of Chino Hills after determining that the chosen route caused less of an environmental impact than the alternative routes.

Other factors considered by the CPUC included structure safety, ROW width, electric magnetic fields (EMF), and effects on property values.

Tower Safety. The TRTP line being constructed in the ROW through Chino Hills uses two kinds of towers: lattice steel towers (LSTs) and tubular steel poles (TSPs). The TSPs are approximately 198 feet tall. They are mounted on a cement core base that is eight feet wide and expends 50+ feet into the ground. These

poles are designed to meet rigid safety standards to withstand severe stresses caused by weather conditions and earth movements. The CPUC requires that all transmission towers comply with state and federal standards for pole safety. The TRTP transmission towers are in compliance with state and federal laws.

Use of 150-foot ROW. SCE's current Transmission Design specifications define the "typical 500-kV ROW" for double-circuit structures as 150 feet (Section 6.1, Line Design, of D-2005-198, Rev. 1). The specifications do not differentiate between residential and non-residential areas with respect to ROW width. Therefore, building the double-circuit 500-kV structures within the existing 150-foot ROW through Chino Hills as part of TRTP would be acceptable and appropriate.

Within the United States, there are many instances of transmission lines located in close proximity to permanent structures, including residences. One specific example occurs within Georgia Power's service territory where there is an existing double-circuit 500-kV transmission line in a 150-foot ROW. The existing 150-foot ROW originally contained a 220-kV transmission line until the early 1980s at which point Georgia Power needed to increase capacity to a new generating station. As a result, in 1988 the 220-kV transmission line was replaced with a double-circuit 500-kV transmission line, utilizing LSTs ranging in height from 130 to 200 feet tall. Land uses along this corridor include a mixture of multi-family residential, where multi-story apartments are located within 75 feet of the ROW centerline; single-family residential, where homes and yards are located at the edge of the ROW; commercial; retail; and rural agriculture.

Electric and Magnetic Fields. EMFs are created whenever electricity flows. Although no health impacts from EMFs have been established, the possibility of health impacts cannot be ruled out. As a result, the CPUC requires that all new or rebuilt electrical facilities, including transmission lines, must comply with the Commission's EMF policies by taking no-cost and low-cost steps to reduce EMFs. In general, the farther one is away from the transmission lines the lower the EMFs readings. SCE has taken low-cost steps to reduce EMF readings by configuring the arrangement of cables on the TRTP transmission line to reduce EMFs as much as possible. The CPUC has not received any comments from health agencies indicating that these transmission lines would present a health hazard.

Effects on Property Values. Homeowners near TRTP have expressed a concern about the impact of TRTP on property values. While the existence of transmission lines may effect property values, there is not a lot of research or survey data that supports a simple correlation between the existence of a transmission line and property value. A literature review prepared as part of the TRTP's EIR showed that property-specific factors, such as lot size, square footage, traffic and neighborhood features also come into play. It is reasonable to assume that some aspect of Project construction and/or operation and maintenance could potentially affect private property values; however, the effects of transmission lines on property value are generally smaller in comparison to other relevant factors.

Describe role of state regulators in this process. What factors were considered as the project was developed? Were home values and resident safety taken into account?

While the TRTP is proposed to integrate new wind generation in the TWRA, the need for this Project arose largely from the mandates of the California Renewables Portfolio Standard (RPS).

CPUC issued Decision 04-06-010 that required SCE to prepare and file a Certificate of Public Convenience and Necessity (CPCN) application for the first phase of Tehachapi transmission upgrades consistent with the its conceptual study and the Tehachapi Collaborative Study Groups (TCSG) recommendation; these transmission upgrades include the Antelope-Pardee 500-kV Transmission Project (Segment 1), Antelope-Vincent (Segment 2), and Antelope-Tehachapi (Segment 2) transmission lines.

According to the CEC's 2005 Integrated Energy Policy Report (IEPR), "California needs major investments in new transmission infrastructure to interconnect with remote renewable resources in the Tehachapi and Imperial Valley areas, without which it will not be able to meet its RPS targets". California RPS targets are required by Public Utilities Code Section 399.14. The IEPR further explains that the "Tehachapi area transmission projects" proposed by SCE, which include the proposed TRTP, are critical in order to facilitate the development of renewable energy resources required by the State RPS targets and recommends that these phases of the TTP should move forward "expeditiously."

See response above regarding factors considered, including safety issues and property values.

Describe interaction with residents and the City of Chino Hills.

Only interactions that were part of the EIR process are listed here. Additional interaction occurred as part of the general proceeding.

- CPUC met with representatives from Ontario, Chino, Chino Hills, and Whittier (8/1/07)
- Notice of Preparation (NOP) and notification of public scoping meeting sent to City of Chino Hills and residences located along the alignment (8/31/07)
- Scoping meetings held at the Chino Hills Council Chambers (9/20/07)
- Meeting with Chino Hills State Park, City of Brea, and Orange County at Brea City Hall (10/25/07)
- Discussion of the Chino Hills alternative with State Parks, CPUC Sacramento; Meeting on "connected actions" at CPUC's offices in SF (10/26/07)
- Chino Hills provides a CD of Chino Hills Proposed Routes A-D maps (files dated 11/13/07) and GIS data; Revised Proposed Route C and D maps (files dated 11/21/07); Tract Maps associated with the Chino Hills routes (files dated 11/07/07)
- Based on Chino Hills recommendation for alternative routes through Chino Hills State Park, an additional public meeting was held in Brea, CA (1/17/08)
- City of Chino Hills provided two maps indicating potential revisions to Route C, one moving the switching station north onto the Bonnett property and the other changing the routes for the existing 500-kV lines in/out of the switching station to avoid Raptor Ridge (2/1/08)
- Fax from Brad Torgan, CA Dept. of Parks and Recreation, providing a copy of Chino Hills' 21st Century Green Partnership Mitigation and Cost Recovery Plan (9/4/08)
- Notice of Availability (NOA) of the Draft EIR/EIS sent to the City of Chino Hills and residences; advertisements were also placed in the local newspaper (Champion Newspaper) (2/12/09)

- Alternative 4C Modified introduced for the first time in the letter received on the Draft EIR/EIS from Goodin, MacBride, Squeri, Day & Lamprey, LLP (4/6/09)
- A public workshop followed by a public participation hearing held at the City of Chino Hills, Council Chambers (3/19/09)
- Aspen site visit to Aerojet to look at Alt 4C Modified – ran into City of Chino Hills reps (5/5/09)
- Updated Alternative 4C (modified 2) map provided by City of Chino Hills (5/6/09)
- Second site visit to Aerojet to look at Alt 4C Modified (corrected switching station location) 5/14/09.
- Chino Hills provided a DVD of GIS files for Alt 4C Modified (6/5/09)
- Issue Final EIR – Responded to over 3,000 individual comments on the Draft EIR/EIS (10/30/09)

Was the effect on FHA-insured homes and the ability of future homeowners to obtain FHA insurance considered during the rulemaking process?

These issues were not discussed in the EIR. Under the California Environmental Quality Act (CEQA), social and economic effects cannot be considered significant, consistent with CEQA's focus on impacts to the physical environment.

Testimony

of

Stuart A. Gabriel

Professor of Finance and Arden Realty Chair

Director, Richard S. Ziman Center for Real Estate at UCLA

UCLA Anderson School of Management

Los Angeles, California

to

United States House of Representatives

Committee on Financial Services

Subcommittee on Insurance, Housing, and Community Opportunity

April 14, 2012

Chino Hills, CA 91709

My name is Stuart Gabriel and I am Arden Realty Chair and Professor of Finance at the UCLA Anderson School of Management. It is my pleasure to address the Committee on recent trends in Southern California housing markets. Further, as requested, I will provide brief discussion of effects of government regulation of housing markets. Finally, I will also speak to potential adverse residential property value effects of proximity to high-voltage transmission lines.

To begin, the boom and bust of house prices defined the opening decade of the 21st century. As widely reported, US national house prices recorded a decline of roughly 30 percent over the 2006 - 2010 period, about on par with the peak-to-trough contraction during the Great Depression. Implosion in house prices figured importantly in the 2007 meltdown in mortgage and capital markets and the downturn in the global economy. As is widely appreciated, the fall-off in house prices and related economic decline were especially severe in California.

In contrast to historical precedent, our research indicates that the recent boom-bust cycle in US housing markets was driven by unusually high levels of speculative activity.[1] Further, speculative motivations and related investment risk were especially pronounced in Southern California. In particular, high levels of exposure to housing market risk were evidenced inland areas, notably including San Bernardino and Riverside Counties.

Our research also has sought to characterize the magnitude, spatial incidence, and timing of US metropolitan house price fluctuations over the broader boom-bust cycle. That work provides evidence of aberrant and excessive swings in house prices among Southern

[1] See Karl Case, John Cotter, and Stuart Gabriel "Housing Risk and Return: Evidence from a Housing Asset-Pricing Model", Journal of Portfolio Management, Vol. 35, No. 5: pp. 89-109, 2011)

California metropolitan areas, relative to other localities in the United States. Further, we documented high levels of correlation in house price movements among Southern California metropolitan areas during the 2006-2007 upswing in valuations.[2] In market contrast, as the bubble burst, house price declines among coastal California cities were relatively less severe than the sheer implosion in prices evidenced in the inland areas.

The above analysis also showed that metropolitan house price fluctuations became much more sensitive of national economic fundamentals over the course of the recent boom-bust cycle. In other words, house prices across the country were increasing responsive of changes in monetary policy, household incomes, and other national factors. However, in California, that pattern changed as boom turned to bust and as performance of coastal markets diverged from that of the interior of the state. Indeed, in inland California areas (including the Central Valley, Inland Empire, and the like), house prices fell back markedly, consistent with the national economic recession and the overall weak housing market fundamentals. However, along the coast of California, house prices evidenced substantially less downward adjustment, despite weak national fundamentals, as localized factors came into play. Along the California coast, factors supporting house prices included lack of overbuilding and long-standing supply constraint, desirable natural amenities, and shorter commutes to sub-regional employment centers. As was broadly reported, Central Valley and Inland Empire cities collectively comprised the epicentre of the 2000s boom-bust cycle in California housing markets. Those areas were characterized by high levels of subprime lending to households maintaining little equity in the

[2] See John Cotter, Stuart Gabriel, and Richard Roll, "Integration and Contagion in US House Prices", Working Paper 2011-12, UCLA Ziman Center for Real Estate, 2011.

home, substantial overbuilding in the context of elastic land and housing supply, less desirable natural amenities, and longer commutes. In many cases, interior MSAs have limited local employment base (or local economies were disproportionately driven by residential construction) and function as outer-ring bedroom communities for employment centers located closer to the coast.

Recent data suggests that the housing markets of both interior and coastal areas have found their footing (albeit at substantially damped prices and very low levels of residential construction) and are poised for modest and gradual recovery. This assessment is based on review of the range of housing market indicators, including sales, prices, inventory levels, construction trends, and the like. For the State of California as a whole, sales of existing homes moved up from about 280,000 units in late 2007 to about 500,000 units in late 2011. The recent sales pace is about on par with 2006 levels. Similarly, inventories of existing homes for sale statewide have trended down to about 5 months supply at the current sales pace, close to levels traditionally associated with long-run equilibrium in the market. While sales have recovered to a significant degree, prices remain depressed. The median price of an existing home is currently about $300,000 for the state as a whole, well below the $560,000 recorded in 2006. However, while house prices drifted a bit lower in 2011, they are expected to move up modestly in 2012 in the context of stabilization and recovery of the statewide market.

Turning to the Inland Empire, note that the median price of an existing home has been roughly flat since late 2009 at about $170,000. At the same time, the first three quarters of 2011 witnessed substantially heightened sales activity. During this period, prices continued to

drift down in Los Angeles County to roughly $300,000 on average. Similar to the Inland Empire, Los Angeles has witnessed some rebound in existing home sales during the first three quarters of 2011.

In marked contrast to the usual order, housing is now a lagging rather than leading sector. The path of housing is now highly dependent on the timeframe and magnitude of the larger macroeconomic recovery. As is broadly appreciated, California was especially hard hit in the context of the global economic downturn and continues to suffer from low job creation, substantially elevated unemployment, and ongoing and significant cuts to public budgets at state and local levels. Inland areas remain threatened, as much of their boom economy was built on housing construction, an activity not likely to return en masse in the near-term. Inland areas are further threatened by the substantial hikes in the cost of gasoline and related commuting costs, coupled with ever-growing popularity of urban living, which threaten their traditional role as more-affordable bedroom communities. While the Federal Reserve has sought to reduce the cost of mortgage credit in efforts to stabilize and support the market, ongoing tightening of mortgage underwriting and credit conditions by major lenders has served to frustrate some of the Fed's intended stimulative effect. Pricing of residential mortgages is similarly adversely affected by lack of private residential secondary market liquidity. In sum, the forecast for Southern California housing markets is slow and gradual recovery, with little likelihood of surprises on the upside. For reasons discussed above, coastal, multifamily markets are expected to perform better than inland single-family markets in the short-term.

Beyond the status of Southern California housing, the Subcommittee also sought input on residential property value impacts (intended or unintended) of state and federal government regulation. In general, this is a broad and complex topic, as a myriad of government regulations impact property values, including those associated with banking regulation, mortgage lending, securities issuance and regulation, appraisal, brokerage, truth-in-lending, consumer protection, land use, and the like. Further, in recent years, property values have been markedly affected by demise of the residential secondary mortgage market and related insolvency and re-regulation under government conservatorship of the housing GSEs (Fannie Mae and Freddie Mac). Separating out the precise property value effects of these and other federal regulations is a difficult task.

That being said, a few examples may be worth noting. The pre-housing crisis regulator of the GSEs, known as OFHEO (Office of Federal Housing Enterprise Oversight), permitted the GSEs to meet their federally-mandated affordable housing loan purchase goals via purchase of subprime mortgage-backed securities. The GSEs accordingly undertook substantial purchases of senior subprime MBS tranches. The GSE purchases served to support the prices of such securities, in turn resulting in some downward pressure on subprime MBS yields and related subprime mortgage interest rates. As such, this feature of OFHEO regulation of the GSEs ultimately allowed more households to qualify for subprime mortgages. This in turn likely served to put some upward pressure on house values and contributed as well to the exacerbated boom-bust house price cycle in areas where subprime lending was prevalent (such as inland areas of Southern California). This regulatory effect was likely unintended (and

unrecognized), as OFHEO simply sought mechanisms to assist the GSEs in adhering to their affordable housing loan purchase goals.

In a similar vein, lack of proper federal regulator oversight of derivative mortgage-backed securities, notably including subprime mortgage-backed collateralized debt obligations (CDOs), may have contributed to the excessive swings in house prices. For example, in our recent research, we show that rapid capitalization and then abrupt implosion of the subprime-backed CDO market resulted in related swings in pricing of subprime mortgage-backed securities.[3] During the boom period, we link the surge in CDO issuance to higher subprime MBS issuance volumes and lower subprime mortgage interest rates, whereas the opposite is observed in the context of the housing bust. Here again we observe potential unrecognized and unintended effects of lax government regulation, whereby re-securitization of poorly rated subprime mortgage-backed securities into CDOs served to exacerbate subprime mortgage interest rate and house price swings.

In another example, an easing of regulatory oversight of mortgage lending likely resulted in qualification for home purchase by buyers that were ultimately unable to sustain their ownership in the home, in turn contributing to the epic bursting of the house price and homeownership boom. Arguably, the myriad of federal incentives associated with homeownership, importantly including mortgage interest and property tax write-off, GSE regulation, and the like, contributed to the boom-bust cycle.

---

[3] See Deng, Gabriel and Sanders, "CDO Market Implosion and the Pricing of Subprime Mortgage-Backed Securities", Journal of Housing Economics, Vol 20, Issue 2, pp. 68-80, 2011).

To close here, summary statements about the effects of state and federal regulation on house prices are difficult. The regulations are diverse, ever-evolving, imposed across industries, and at different levels of government. The intended (not to mention unintended or unrecognized) effects of regulation are not well documented. While some effects are salubrious, others are deleterious. Having said that, it is vital that we undertake related analyses, so as to better understand how government might intervene to reduce the likelihood of future damaging swings in housing asset values.

I now briefly turn to residential property value effects of proximity to high-voltage transmission lines. Note that adverse property value impacts may derive from perceived deleterious health effects of such proximity, regardless of whether such harmful effects are evidenced in epidemiological studies. To the extent the power lines in question are deemed safe on the basis of laboratory or field studies, every effort should be made to disseminate those results. Even in that case, however, there may be perceived adverse visual, sound or other impacts of such power lines that will be viewed as negatives by potential buyers. While transmission of electric power is a clear national priority, efforts should be made to mitigate health hazards and related adverse neighborhood house price effects pertaining thereto.

I thank the Committee for the opportunity to testify and am available for any questions.

United States House of Representatives
Committee on Financial Services
Subcommittee on Insurance, Housing and Community Opportunity
Comments from Field Hearing
"The Impact of Overhear High Voltage Transmission Towers and Lines on Eligibility for Federal Housing Administration (FHA) Insured Mortgage Programs:

April 14, 2012, Chino Hills

"I attended the Congressional hearing in Chino Hills on the TRTP. I wanted to thank you for hosting and stepping up to be the Chairman. I was very impressed on how you conducted yourself and your eloquent way of speaking to the crowd. As a homeowner right on the easement, words cannot describe what my family has been through over the last 4 years. My family's safety, health and property values are at risk. Now, you know why we are fighting so hard. The CPU has to be held accountable to the people. This project should go underground through the 3.5 stretch through Chino Hills. What you heard at the hearing through Bob Goodwin and Joanne Genis reflects what the people of Chino Hills are experiencing. The Emotional strain on us is taking its toll. If they allow this to go through then Congress should subpoena the CPU commissioners to answer to the people. They should be removed from office quite frankly. Like you said in the hearing, 'this is what happens when government runs amok'. Please continue to help us. "
-George Tejada, Chino Hills Resident

"Would or has the committee ever amended federal FHA/HUD guidelines to accommodate a State based utility company such as Southern California Edison especially as it relates to a large scale project as the TRTP?"
-Irene Udo, Chino Hills Resident

"SCE has not informed or published the EMF measurements that will be generated by the 500 KV lines. They should disclose to all the residents the levels to be expected under the lines and at 70' distances from the lines!"
-Jerome H. Cahill, Chino Hills Resident

"I have attached a photo from my kitchen looking up through our skylight. It shows how close we are to the 'monster' pole behind us. We had no choice in this at all. In October, 2005 we called Southern California Edison inquiring about future plans. They said, 'none'. Little did we know! Safe? I don't think so!"
-Ruth Dickie, Chino Hills Resident

"I would like to know how Southern California Edison was allowed to break ground and start construction of these towers without an approved environmental impact report as required by Federal Law. Part of the cost that is being argued would be required to move the towers was incorrect solely as a result of this failure to comply with the law."
-Robert Brainard, Chino Hills Resident

"As a member of 'Hope For the Hills', we do not oppose new energy sources or power lines, only that they are put safely underground, approximately 5 miles through Chino Hills.
-Joe Leyva, Chino Hills Resident

"We bought our home in 1995. The lines behind our home were inactive. We called SCE and they stated they would only be turned on in the event of an emergency. Since then we have put all our equity in our home. We have added 800 sq. feet to our home. We have also had 3 children. If these lines go up we will lose everything. Our children will be in danger, and the American dream will be lost

because of corporate greed. How does this happen in America today?? Who would even consider buying my home? The sound alone of these towers would scare anyone off. Please help our city. Who could even get a loan for my home? I am in the fall zone. Please don't let SCE get away with hurting thousands of people. Thank you"
-Bonnie Stratton, Chino Hills Resident

"As an owner of a mortgage brokerage in Chino Hills, property owner and resident, I believe that regardless of FHA's position on Insurability of FHA home loans located near power lines. The lenders making those home loans may have stricter guidelines and overlays. No lender will risk lending on property when there is always a risk of buyback on a property with a decreased marketability due to the proximity of these power lines. Not to mention health risks.
Question: How will FHA ensure that individual lenders will honor the position of FHA and not discriminate by choosing not to lend against properties within the proximity of these power lines? They can't do it with outer guidelines. They won't be able to do it with this issue."
-Josephine Taylor, Chino Hills Resident

"Our home appraise is for $510,000 in May 2011. We refinanced (closed in Feb) and the December appraisal was $450,000, a loss of $60,000 in 7 months. (Based on the December appraisal) How much more lower a value will we have to experience when the lines are installed and energized? And this does not include value loses caused by the economy going down."
-David Greene, Chino Hills Resident

"Please end this nightmare that SCE started from 2007. Their plans are absolutely absurd when they are and have willfully been ignoring the citizens of Chino Hills. Allowing SCE to go forward will jeopardize ours and the lives of our children."
-Theopilis and Cheryl Hester, Chino Hills Residents

"Since 2007, we have been questioning the safety and health as well as other concerns regarding these towers. We have never been against renewable energy. We wanted to work with SCE to find a viable alternate route and they refused. We worked with the environmentalists and agreed on a mutual route. It was the state park who did not want to change their general plan to accommodate the route. The CPUC held their hearing where their decision was based on the 33% renewable by 2020. SCE, with their arrogance, put up the towers. It was then it became apparent what the impact would be. The route should be 4cm. The residents cannot be mitigated. There has to be an independent study – NOT SCE or any other public utility company to do a health study – NOT with PEOPLE – to have data that will show the effects. Just like the tobacco industry denied any harmful effects. But decades later proved otherwise. If houses get abandoned our community diminishes.
My Questions

- Why, since 2007, didn't SCE work with the community to find a mutual alternative route?
- What about stray voltage?
    - During storms
    - Where homes have rod iron fencing
    - Where homes have swimming pools – what about the children?
- What about EMR?
    - What if you have a pace maker?
    - On oxygen?
    - Electric scooter?
    - Walking under the lines?
        - To walk your dog
        - Jogging w/iPods etc
        - When it rains holding an umbrella w/steel tip
- What happens when the lines fall?

    - I can't get out of my cul-de-sac
- What about fire?
    - My home burns, no access for fire department once the line is down
    - Will SCE be financially responsible?
- What about the noise?
    - We asked for the study and were never provided one but showed up on the EIR
    - Those who have hearing aids
    - No more quiet neighborhoods
    - No more nightly walks
    - Corona noise
    - Clearing wires that become dirty or wet (w/fog)
- What about the easement?
    - SCE does not own part of the row, the owners do their own weed abatement. Will SCE now be responsible?
    - Children use the easement as a shortcut to school
- What about the value of my home, life, health, my environment?"

-Jeanette Short, Chino Hills Resident

"Take these MONSTER TOWERS DOWN!! They are detriment to our community!!"
-Kelly Huie, Chino Hills Resident

"Please remove these monstrous poles and lines!!!!"
-Gail Smith, Chino Hills Resident

"Regarding comments by the Edison Rep: he stated that it was decided to use a right of way that was already established. The Chino Hills state park also all ready has a right of way with power lines in use. I sympathize with the environmental impact on the park wildlife, but when does the impact on human lives be taken into consideration?"
-Patricia Klems, Chino Hills Resident

"As you know, Chino Hills and Chino are w/in 10 miles from Chino Airport. Chino Airport has a collection of WWI and WWII aircraft. They fly these on weekends and military holidays. Few weeks ago a P-51 Mustang long a hinge supporting its elevator and killed 11 people on a crowd. Our home here in Chino Hills is w/in 80-ft from the 200-ft transmission towers and power lines. If one of these aircraft crash into these wires or poles (200 ft high) it will kill children playing and in their home. Therefore these towers are not safe. More over I think the CPUC should establish and adapt a new safety code for power companies for distance to their infrastructures to homes and children. This safety code should be part of the present building codes (c.bc and/or IBC) and applicable to all (public and private).

These power companies safety code should prevent issues in regard to negative impact to our growing communities.

Where home used to cost much because of scenic view from their community, now reduced because of row of 200-ft transmission towers that now dominates the view of the cities, mountain and landscape.

Should homes value w/open view to the cities and mountains beyond will not lose its value when row of 200-ft unsightly transmission towers dominate the scenery? I say not!"
-Federico Cabigas, Chino Hills Resident

"Remove the power poles – please, please, please"
-Evelyn Ignacio, Chino Hills Resident

"Question to representative of the CPUC:

She mentioned that in Georgia, 500kv lines were in close proximity to residential homes. Were the homes built after the power lines were installed, or before? Big difference if after the lines were already there."
-David Duffy, Chino Hills Resident

"As a resident of Chino Hills for almost 20 years, were deeply concerned for our health and safety. These 200ft towers and 500 thousand kv lines not only pose a great health risk to me and my family but also a great financial risk to the value these towers and reroute through Chino Hills State Park. Health and safety of people before green energy!!!"
-Joe and Teresa Carlos, Chino Hills Residents

"My concern is the Health impact the towers will have on my husband, self and 3 sons even if the towers were build underground I fear what this would do to the water we drink. We live within 300 ft or less from the nearest power line. I feel we will live in fear of developing cancer and other health issues which cannot even yet be imagined. The value of my home which we purchased over 19 years ago was once valued at $800,000 now its value is falling to the $300,000. Our dream of retirement and future life has been destroyed by the power lines! Move power lines to the state park, animals are important, but not more important than human life!"
-Joe and Teresa Carlos, Chino Hills Residents

"Building 200' towers within 70-100' of any home is just ridiculous in this world. Money is the only concern here. Southern California Edison (SCE) just wants to save money to do the project. I feel time is not an issue at all. SCE must take residents' health and safety into concern. We are proud to have Mr. Miller and Mr. Royce to hear us. The City of Chino Hills supports you. Below are the ridiculous items:

1. SCE studied more animal habitat impact than human impact
2. California Public Utilities Commission (CPUC) was not aware of what they approved and was fooled by SCE.
3. SCE build these towers through Chino Hills in a very short span of time. Behind this fact SCE hides some specific fear or reason.
4. United States is in danger since a greedy corporation is controlling politics. Democracy is costing so many people time and energy to fight for a common sense mistake
5. It is indeed ridiculous, but the citizens still have to listen to SCE where we pay our power bill.

-William Jia, Chino Hills Resident

"It is criminal to choose to run high voltage lines through highly densely populated areas when alternate options are available nearby (State Park or underground). 'Green Energy' should not come at the price of the future of children's welfare who may not be living nearby in the future. Choosing to spend valuable money in legal battles instead of using that funding to build a safe 'green' alternate route should be questioned and the parties making those decisions should lose their jobs. America has the knowledge and expertise to do this project right. Maybe we need to examine all of our bureaucratic governments that only take care of their elections and the appointments of their friends to 'cushy' jobs by totally incompetent lawyers. Is it time to fire the California Public Utilities Commission? Southern California Edison's statement of 'extensive' outreach to communities as part of their plan is a joke. I have lived in Chino Hills for over 20 years and did not receive notice of any hearing regarding the TRTP project. I only became aware of the problem when the towers went up."
-Deolinda DaVeiga, Chino Hills Resident

"How close are the power lines to the federally mandated maximum voltage per transmission lines? How much revenue is Southern California Edison losing as a result of having to place the lines an additional 10.5 miles?"
-Elba Owsley, Chino Hills Resident

"If lines are buried in Chino Hills, only those 500 KV lines must be routed in less than adequate easements would need to be buried. How many miles of lines fall in this category?"
-Jane Defrank, Chino Hills Resident

"I love my community. I planned on retiring and staying in my home in Chino Hills until a monstrous utility tower began construction within 50 feet of my back yard, right behind my pool. Please come and see it for yourself. If Southern California Edison (SCE) completes the project, I will have to move because I am already afraid and the tower is not even complete. I asked a realtor and was told it would be very difficult to sell my home with the tower there. I don't know what to do now. Can you imagine wires over your home in a very small easement? Please help! Who would put 500,000 towers that close to homes? If they fall, they fall right on our homes and in my pool. Even if my house value falls, I want to live in my home. I do not want to sell, but with the tower there, I cannot live there. Please help us!"
-Therese Turner, Chino Hills Resident

"Throughout this project, Southern California Edison (SCE) has provided and then revised cost figures to the California Public Utilities Commission (CPUC) and the City of Chino Hills that vary widely. The impression is that those figures are provided only to produce an effect beneficial to SCE. I urge the Committee to obtain the memos, e-mails and internal working documents from SCE which will expose the one-sided, obstinate, willful actions that have and will be detrimental to Chino Hills and it's residents."
-Floyd Zinner, Chino Hills Resident

"In regard to the easement area and width, why did Edison and the California Public Utility Commission not widen the easement by eminent domain prior to constructing the towers to mitigate the fall zone problem and compensate homeowners who have been financially impacted and compensated value prior to construction of the towers? Please bury the wires underground!"
-Roy Ritino, Diamond Bar Resident

"I would like to refute the claim of the California Public Utilities Commission representative on the building of similar towers in the State of Georgia. In that case, the towers were built first and the surrounding, essentially low income housing was built after. Those people chose whether to risk living that close. Here in Chino hills, we were not given a choice!"
-Kyle Tejada, Chino Hills Resident

"There were so many points raised at the hearing today to support the reason why the TRTP project going through Chino Hills is such a terrible idea. The impact on home values, the negative impact to the City, the health and safety issues are just a few. Please help us to change the outcome of this terrible project. Please help Chino Hills! Thank You!"
-Jodi Taylor, Chino Hills Resident

"The California Public Utility Commission (CPUC) states that 500 KV poles have been built within a narrow right of way. CPUC also states this occurred in the State of Georgia. We believe that this statement is incorrect. In George, the houses were built after the poles were already in place. Therefore, since the CPUC's representative's statement was untrue, can the subcommittee have the CPUC formerly acknowledge that their statement is factually incorrect and misleading? The CPUC states that one of the alternative areas for the towers had un-exploded ordinances. We believe that this is a false statement. That alternative project area in question has been clear of un-exploded ordinances.

Can the subcommittee have the CPUS formally acknowledge that the statement regarding un-exploded ordinances is incorrect and false?"
-Alberto Vela, Chino Hills Resident

"Sworn evidence has been presented today that homes in Chino Hills, despite an already depressed market, continue to lose value due to Southern California Edison's ill conceived route through the heart of our city. Not only are our homes losing value, they are not selling. People are simply walking away and the wires have not even been strung on the poles. My husband and I have worked hard all of our lives to build equity in our home. This was to be our nest egg for retirement. I beg you, please stop this dangerous insanity!"
-Melissa Lamb, Chino Hills Resident

"As a resident of Chino Hills, I am grateful that Congressman Miller and Congressman Royce held this hearing. I pray that the information presented today is passed on to the appropriate committees and individuals in Washington that can be effective on impacting an underground solution. Putting the wires underground in Chino Hills will help other communities avoid the health risks and financial damages as a result of these power poles. Thank you so much!"
-Dana James Lamb, Chino Hills Resident

"I would like to thank Congressman Gary Miller and Congressman Ed Royce for taking this issue that has a great impact on my home and family. With your leadership and the hard work of many, including myself and my family, I hope that we can stop Southern California Edison from doing any more damage to the City of Chino Hills. The benefit of renewable energy is not worth the cost, sacrifice and permanent degradation of this community."
–Nantana Paden, Chino Hills Resident

"It is clear that this project has had a large and significant impact well beyond the general decline in home values. Southern California Edison denies that such an impact on home values exists. It is time that the Committee assists the California Public utilities Commission to reverse its earlier approval since it makes no common sense to inflict this on our homeowners and community."
-Jim Case, Chino Hills Resident

"198 foot towers without transmission lines is already a travesty. If lines are strung, it will have a devastating effect on our community. These poles must be removed and lines never to be placed above ground in this segment of the TRTP project. The statement that 'Georgia has towers of this magnitude in a right of way that is of similar size' made by Mrs. Terrell of the California Utilities Commission shows that she has not done her research. In the State of Georgia, the apartment building was built after the lines were erected. The builder and the residents had a choice. Chino Hills residents did not have a choice."
-Carol Nelson, Chino Hills Resident

"The City of Chino Hills cannot build a recreation center because the location would have residents parking their cars under the power lines. Yet, people and families can live very close to the lines. Are animals more important than humans? If Europe, Russia and Singapore can put power lines underground, than why can's Southern California Edison (SCE)? Is
SCE worried about the stockholder's dividends?"
-Joe and Diane Bok, Chino Hills Resident

"I refinanced my home in June, 2010. It was appraised at $500,000.00. I applied for a home equity line of credit in August, 2011 and the home appraised for $423,000.00. The housing marking took its worst turn between 2008 and 2009. The only thing that changed was the installation of a 198' high TSP or 100' high hill next to my home. How can a 'for profit' entity be permitted to take those dollar values away

from homeowners without compensation? I have to comment on the Aerojet property. I was witness to a meeting with Southern California Edison (SCE), City of Chino Hills, Aerojet, and the Department of Toxic Substances & Control (DTSC) in approximately 2008. At that time, the representative from the DTSC stated that the portion of the property in question was substantially and predominately clear of all un-exploded ordinances. Aerojet intends to develop this property for residential housing. At least those homeowners would know what they are buying. When I purchased my home, an Edison representative assured me that the lines would only ever be activated in case of an emergency and only for the extent of that emergency. That is why I invested my life savings to purchase my retirement home. When the California Public Utilities Commission (CPUC) was studying this proposal, their representative originally responsible for the DEIR, Tom Flynn, presented his findings. Within 45 days, he became an employee of Southern California Edison. Does anyone truly believe his pending employment did not influence the outcome of that report?"
-Debra Hernandez, Chino Hills Resident

"My first observation after the 198 ft. towers were erected caused me to stop my care. As I nearly passed out with disbelief, I was physically and emotionally distraught and have continually lost sleep due to worry. How will I be compensated for my health?
-Karen Schmidt, Chino Hills Resident

○