



CATELLUS

July 27, 2000

VIA FAX (at (415) 955-4776) and VIA
CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Judith Iklé, CPUC
c/o Aspen Environmental Group
235 Montgomery Street, Suite 800
San Francisco, California 94104

Dear Ms. Iklé:

This letter is submitted on behalf of Catellus Development Corporation, developer of the Pacific Commons business park in Fremont, California. Pacific Commons is in the vicinity of a portion of the Northeast San Jose Transmission Reinforcement Project (the "Project") proposed by Pacific Gas and Electric Company ("PG&E").

We have reviewed the Draft Environmental Impact Report for the Project dated June 2000, SCH #2000042073 ("Draft EIR"), prepared by the California Public Utilities Commission ("CPUC") for consideration of PG&E's Application No. 99-09-029 for a Certificate of Public Convenience and Necessity for the Project from the CPUC.

We are aware of the concerns about the Project raised by the City of Fremont, California, in the direct testimony of David N. Millican, the City's Deputy City Manager and Chief Financial Officer, before the CPUC, and in the letter to you dated today from Jan Perkins, the City's City Manager. (Copies of the City's testimony and letter are enclosed with this letter.) We believe that the preferred solution of the City of Fremont--to underground the new transmission lines within already disturbed PG&E rights of way--warrants serious consideration by the CPUC and should be accepted.

~~Like many other California businesses, we believe that the secure and reliable transmission of electric power is vital to the economic stability of not only the Silicon Valley, but the entire Northern California region. It is our belief that the Project can help support the region's overall objective of maintaining a secure and reliable electric supply, but must do so in a manner that respects the interests of thoughtful community land planning. The visual blight from this Project as proposed would have significant adverse affects on the region for many years. We encourage further consideration of options that minimize and/or eliminate the visual impacts in key areas, such as the freeway frontage on I-880 next to our 8.3 million square foot business park and the new 390-acre habitat restoration area adjacent to our park on the south.~~

Thank you for the opportunity to comment on this Project.

Sincerely yours,

CATELLUS COMMERCIAL GROUP, LLC

By Don Little
Name: Don Little *by JJE*
Title: Senior Vice President

Encls.

C:\TEMP\Pacific Commons comment ltr_ doc

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

Application of Pacific Gas & Electric Company)
for a Certificate of Public Convenience and) A.99-09-029
Necessity Authorizing the Construction of the)
Northeast San Jose Transmission)
Reinforcement Project.)

**DIRECT TESTIMONY OF DAVID N. MILLICAN
THE CITY OF FREMONT**

City of Fremont
39100 Liberty Street
PO Box 5006
Fremont, CA 94537-5006
(510) 494-4771
Fax (510) 494-4836
dmillican@ci.fremont.ca.us

DIRECT TESTIMONY OF DAVE MILLICAN ON BEHALF OF THE CITY OF FREMONT, CALIFORNIA

Q. PLEASE STATE YOUR NAME AND PLACE OF BUSINESS.

R. My name is David N. Millican and I am the Deputy City Manager of the City of Fremont and its Chief Financial Officer. My address is 39100 Liberty Street, Fremont California 94537-5006.

Q. PLEASE STATE YOUR PROFESSIONAL QUALIFICATIONS.

A. I have received a Bachelor of Science degree in Accounting from the University of California at Berkeley. I am a licensed Certified Public Accountant in the state of California. I worked for six years as an industry audit specialist in government accounting for a major accounting firm and have served as the Chief Financial Officer of the Cities of Burlingame, South Lake Tahoe and Fremont for a total of 23 years. In addition I have served as an Assistant or Deputy City Manager for the City of Fremont since 1994. I am also the Assistant Executive Director and Chief Financial Officer of the Fremont Redevelopment Agency and serve as the Treasurer of the California Joint Powers Risk Management Authority. I have been responsible of all aspects of financial policy and operations for the City of Fremont and have provided supervisions to the heads of its Finance, Personnel, Information Systems and City Clerk departments. I have also served as the lead negotiator for land use entitlements for the Catellus Development Corporation 8.3 million square foot Pacific Commons project and the lead negotiator for fiscal agreements and facilities agreements related to the redevelopment agency's Industrial Redevelopment Project Area. The Northeast San Jose Transmission Reinforcement Project passes through both the Pacific Commons Project and the Industrial Redevelopment Project Area. I consult with the Economic Development Director and the City Manager of the City of Fremont regarding various issues relating to economic development. I also serve as the Acting City Manager of the City of Fremont in the absence of the City Manager.

Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

A. I am testifying on behalf of the City of Fremont. A significant portion of the

proposed project that is the subject of this proceeding is in the City of Fremont.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present to the Commission the concerns and positions of the City of Fremont regarding the proposed Pacific Gas and Electric Company ("PG&E") Northeast San Jose Reinforcement Project.

Q. WHAT IS FREMONT'S INTEREST IN THIS PROCEEDING?

A. The proposed project would commence at PG&E's Newark Substation (in the City of Fremont) and continue south to the Fremont City boundary on one of several possible routes and continue on into Santa Clara County and the City of San Jose. There are three alternate routes within Fremont, two of which would cause significant damage to the City; by negatively affecting its long-range plans for development. These plans are about to reach fruition. The facilities and structures proposed would also damage existing businesses, their employees and customers; Fremont's citizens; the commuting public; the Bay Area and perhaps the State.

The original route (now styled the Westerly Route Alternative and Upgrade Route) would have had little impact on Fremont at the time it was proposed by PG&E. The Westerly Route would have proceeded largely along the route of existing transmission lines and although not a desirable addition to the Don Edwards National Wildlife Refuge and the southern San Francisco Bay the transmission lines would have added little new visual blight. It would have followed an already disturbed route and would not have had a significant impact on Fremont's community values, aesthetics, businesses and future development opportunities.

The Application before the Commission now has taken the previous alternate (the Easterly Route) and made it the Proposed Route. Again the City of Fremont did not object given the lack of direct impact on the City and the fact that it generally avoided creating new visible blight.

However, during the review of the Draft EIR, dated June 2000 and more clearly at the July 8, 2000 meeting to review the Draft EIR it became clear that

PG&E's environmental consultants are supporting one of two alternatives they deemed the "Environmentally Superior Alternative." The City of Fremont believes that this last minute switch to largely unstudied, uncosted and highly damaging route is a threat to the City, its community values, aesthetics, business community and planning options. The development of this alternative has led Fremont to ask for ALJ Biren's permission to be a participant in the Application proceeding, which has been granted.

Q: WHAT IS THE CITY'S SPECIFIC CONCERN ABOUT THE IMPACT OF THE "ENVIRONMENTALLY SUPERIOR ALTERNATIVE"?

A. The City does not dispute the need for a project to increase power capacity in the northern Santa Clara County area. That area is a growing and developing part of the Silicon Valley. But so is the very area of the City of Fremont that the so-called "Environmentally Superior Alternative" would blight and despoil. The City strongly disputes the appropriateness of imposing the Project's significant and severe impacts on the people and businesses of the City of Fremont and the commuting public along I-880 so that another region may have its short term power problems solved.

The authors of the Draft EIR, and apparently the Applicant, wish to impose the negative impact of a route change intended to protect the Bay and the Don Edwards National Wildlife Refuge on the City and its business community. It would do this by creating a new corridor of visual blight through the City of Fremont and the refuge while avoiding the cost of undergrounding the facilities related to this project. Undergrounding provides a viable alternative for the applicant to mitigate the negative impacts of its "Environmentally Superior Alternative" on the City of Fremont and its citizens. For the City to suffer this blight of this route and for the route to be described as an Environmentally

Superior Alternative is ironic given the City's long-standing support of the Refuge and its consistent work through the last fifteen years to expand and protect the refuge.

**Q: WHAT SPECIFIC ELEMENTS OF THE SO-CALLED
"ENVIRONMENTALLY SUPERIOR ALTERNATIVE" WILL CAUSE
INJURY AND TO WHOM?**

A: Page ES-5 of the Draft EIR shows the so-called "Environmentally Superior Project." Page ES-3 shows that it has two components: the northerly portion of alternative I-880-A depicted in Green and alternate I-880-B depicted in Yellow. Along the route the transmission lines are adjacent to or pass nearby the following:

- a) The approved 8.3 million square foot Pacific Commons employment center project, including a future Hotel and conference center adjacent to the proposed route;
- b) the 390 acres of land to be improved to restore wetlands and to protect endangered species and species of special concern and to be dedicated by the Pacific Commons developer Catellus Development Corporation to enlarge the Don Edwards Wildlife Refuge;
- c) the beautifully landscaped and planned businesses of the Northrop Business Loop AND Cushing Parkway, including Lam Research Corporation;
- d) seven (7) hotels and motels along I-880 with 1,013 rooms, three (3) more within ½ mile with an additional 287 rooms;
- e) six hundred twenty (620) businesses west of I-880 with an estimated 22,700 employees;
- f) developed and vacant land in the Bayside Business Park including the site for the City's Fire Station on the west side of I-880;
- g) 5,431 employees across I-880 who work at NUMMI; and
- h) Motorists who make approximately 170,000 trips a day on I-880.

The photos in the Draft EIR barely touch the surface of the problems associated with so-called "Environmentally Superior Alternative." A study of the document shows that the alternative results in the loss of 430 trees; visually blights the views from businesses and hotel rooms; blights the views of the refuge for the passing commuters and motorists; places a powerful EMF source next to dozens of buildings with sensitive electronic equipment and thousands of people; and furthers the impacts of transmissions lines on Fremont, a city which endures an inordinate number of transmission lines and routes as it is.

Creation of a corridor of heavy industrial power infrastructure adjacent to land which will provide expansion space for New Economy businesses growing in Silicon Valley will reduce the competitiveness of the City of Fremont and of the region in attracting and retaining knowledge workers who value quality of life. Businesses are poised to invest billions of dollars in the City of Fremont relying on the scenic beauty and quality of life the City has planned for during its entire existence. The alternatives being proposed endanger the City of Fremont's ability to realize the benefits of that investment.

Q: FREMONT ALREADY HAS MANY TRANSMISSION LINES. WHY DO YOU OBJECT TO ONE MORE LINE?

A We estimate that Fremont already has 38.1 miles of transmission line corridors. There are nine corridor segments with multiple lines in most of the corridors. At Auto Mall parkway three sets of transmission lines cross I-880 to go to the Newark Substation. The visual blight is overwhelming. But no where in Fremont do the transmission lines run parallel along either interstate. They cross the interstate freeways creating a momentary impact then disappear for the driver. A transmission line **along** the interstate will block the views of the many new and attractive buildings Fremont has attracted at great expense and effort and the view of the refuge lands for the majority of those who will see them only from a passing car. It

will blight the view of the new Pacific Commons project and reduce its image and desirability. Enough is enough!

There are reasons of history, geography and timing that that have left Fremont with an abundance of visible, unsightly power facilities which benefit the entire region. But the Commission should, and PG&E must, recognize that the highest and best use for the land in Fremont is no longer as right-of-way for overhead transmission lines. The Silicon Valley needs expansion room and Fremont, and specifically the land west of I-880 in Fremont, is being viewed by the market as the next area for development. The City itself has invested millions of dollars of its redevelopment agency's funds on freeway interchanges and has worked with developers to assure that the citizens of Fremont receive the long awaited benefits of this growth. Developers will contribute half the cost of building freeway interchanges to facilitate this growth through payment of traffic impact fees.

Given the growing need for the business parks in Fremont to house the expansion of the Silicon Valley and the specific plan for over eight million square feet to house 25,000 employees of the Pacific Commons project, the addition of any overhead power lines in this area is a burden not only to Fremont but the Bay Area as an economic region and to the state of California as the leading builder and designer of technology in the world.

Q: WHAT IS FREMONT'S PREFERRED SOLUTION TO PG&E'S NEED TO PROVIDE ADDITIONAL CAPACITY TO NORTHERN SANTA CLARA COUNTY AND SAN JOSE?

A: The City would support a simple modification of the project alternatives that would resolve not only its concerns but also the concerns of other businesses in the area: **undergrounding the transmission lines.** We can not suggest the best route for the underground lines as only a segment of the route through Fremont has been

considered as an undergrounded alternative in the EIR. However, the success of undergrounding and the available technology for undergrounding transmission lines, suggest that a reasonable route could be arrived at relatively quickly, that would satisfy both the City's and individual businesses' need to be free of visual blight and EMFs. This would clearly become the true environmentally superior alternative.

Q: WHY SHOULD THE COMMISSION REQUIRE AN UNDERGROUND ALTERNATIVE THAT WOULD NOT BE THE LEAST COSTLY ALTERNATIVE?

A The actual cost of a transmission line designed to be underground throughout its run through the developed areas of Fremont has not been established. The only alternative considered in the Draft EIR which might be helpful in this area was the partial underground alternative in the Bayside Business Park which appears to have been proposed using trenching rather than boring, possibly a less costly alternative. But assuming that there are some additional costs associated with undergrounding why shouldn't the rate payers be expected to pick up that expense?

The costs to ratepayers of the "environmental" route alternative is not a cost imposed or supported by the City of Fremont. There is not even compelling evidence that the environmental impact of the "Environmentally Superior Alternative" is less than the impacts of other routes to the west. However, if the resource agencies with jurisdiction insist on the new alternatives the rate payers of the applicant should not be allowed avoid costs associated with meeting the environmental obligations of their power provider by imposing blighting conditions on the citizens and businesses of the City of Fremont.

Alternatives which result in adding overhead structures in a community already burdened with an excess of unattractive power system infrastructure will reduce land values and rents and will negatively affect the City's ability to position the City as an

excellent location for knowledge based businesses with employees concerned about quality of life. The reduction of economic potential will affect the City's ability to recoup its investments through tax increment financing. It will also affect the value of property and leaseholds and could affect the income potential and competitiveness of the citizens.

The indelible mark of the overhead facilities and their associations with heavy industrial development will affect the future business mix in the City of Fremont. It could reasonably be expected to shift future development and business occupancies from high value, high income software and e-business firms to manufacturing and warehouse businesses which pay lower wages and employ fewer people. These costs are not easy to analyze but the potential size of the impacts is staggering. The incremental costs of underground construction are likely to pale in comparison.

Q: HOW DOES UNDERGROUNDING IMPACT ON THE OTHER CONSIDERATIONS THAT THE COMMISSION MUST TAKE INTO ACCOUNT IN THIS APPLICATION ?

A: By requiring PG&E to underground these transmission lines the Commission would support 'aesthetics' by; a) avoiding virtually all of the visual impact except where the lines go under ground and come back up; b) avoiding the loss of 430 trees and significant amounts of landscaping; c) protecting the view of the Refuge. By requiring PG&E to underground these transmission lines the Commission would support environmental protection by avoiding all injury to birds and other creatures effected by overhead transmission lines including human beings. By requiring PG&E to underground these transmission lines the Commission would support Fremont's community values which include creating a community with high quality businesses in attractive business parks helping to provide a jobs /housing balance for the community. By requiring PG&E to underground these transmission lines the Commission would support Fremont's community values inherent in its designation

of I-880 as Scenic Highway and Corridor in its General Plan: By requiring PG&E to underground these transmission lines the Commission would support selecting the true lowest cost alternative by taking into account the direct costs and the indirect costs.

In addition, by requiring that PG&E mitigate the blighting impacts of the overhead alternatives, the Commission avoids the issue of unfair business preference. If the Commission allows PG&E to reduce the quality of the existing businesses and the viability and competitiveness of new developments in Fremont to help their competitors served by the Northeast Transmission line it would appear to be guilty of an unfair business practice.

Q: IS THAT THE END OF YOUR DIRECT TESTIMONY?

A: Yes.

Catellus attached the comment letter from the City of Fremont (see Comment Set 7).