



November 24, 2015

Jensen Uchida, Project Manager  
Energy Division, CEQA Unit  
California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102-3298

**Re: Response to Information Request for the Southern California Edison's Application for a Certificate of Public Convenience and Necessity for the Riverside Transmission Reliability Project, CPUC Application No. A.15-04-013 dated September 23, 2015**

Dear Mr. Uchida:

## **INTRODUCTION**

We appreciate and thank the California Public Utilities Commission's (CPUC) Energy Division for its September 23, 2015 information request (the CPUC Request) to Lennar Homes of California, Inc. (Lennar) regarding Southern California Edison's (SCE) application for a Certificate of Public Convenience and Necessity (CPCN) for the Riverside Transmission Reliability Project (RTRP).

The CPUC Request seeks to resolve an apparent discrepancy in the number of parcels in conflict with SCE's proposed RTRP right-of-way (ROW) between Lennar's Protest -- stated to be 106 parcels -- and SCE's estimate of 78 parcels per SCE's July 2015 supplemental documentation by making three itemized requests. We are providing our responses to the itemized requests in this letter, and furthermore, we are providing additional information regarding our support for the Pats Ranch Rd. undergrounding alternative presented by SCE in their July 2015 desktop study.

## **RESPONSES**

Please excuse our re-arranging of the request and responses in a different order than requested, however we believe the order below will provide a logical sequence to our responses.

**CPUC Request 3. Details on the current construction and build-out schedule for the Riverbend project.**

**Response:**

Current Condition as of this letter:

Riverbend is actively undergoing site (or “horizontal”) development. As of this letter, the grading is approximately 80% complete, sewer/water/storm drain is approximately 50% complete, the 68<sup>th</sup> Street utility and street improvements are substantially complete, interior street improvements are 40% complete, and perimeter masonry and retaining walls are approximately 75% complete. Please see the two photographs of the site taken on November 13, 2015 below:



Photo 1: Looking north on Pats Ranch Rd. Cross street is 68<sup>th</sup> Street. The picture show walls under construction and streets ready for asphalt. The RTRP would cause the removal of the northwest cul-de-sac and its homes. [The RTRP proposed easement is shown in red (approximate)]



Photo 2: Looking east with 68<sup>th</sup> Street on the left. The picture show walls under construction and streets ready for asphalt. [The RTRP proposed easement is shown in red (approximate)]

Concurrent with site development we have: 1) obtained conceptual approval of architecture and submitted residential building plans to the City with permitting anticipated in December, 2015; 2) entered into a fee mitigation agreement with the Jurupa Community Services District (JCSD); 3) initiated Community Facilities District (CFD) formation with the City of Jurupa Valley, Corona-Norco Unified School District and Jurupa Area Recreation and Parks District (JARPD); 3) obtained conceptual approval of the City Park from the JARPD; 5) obtained substantial approval of the final map; and 6) recorded easements on the property to the benefit of JCSD.

Build-out Schedule:

Below is a table summarizing Riverbend's current build-out schedule:

Item	Date
<b>2015</b>	
Pave backbone streets	December 1, 2015
Start nine model homes	December 21, 2015
<b>2016</b>	
Streets and utilities to production areas	January, 2016
Record Covenants, Conditions and Restrictions (CC&Rs)	February, 2016
Start production homes	February, 2016
Start Sales	March, 2016
Trails/Landscaping on 68 <sup>th</sup> St.	January 2016
Complete balance of all utilities and streets	August, 2016
<b>First Occupancy</b>	<b>July, 2016</b>
Complete Public Park	December, 2016
<b>2017 and later</b>	
Turnover Trails and Parks	Q1, 2017
Final Occupancy & Project Close-out	Q3, 2019

**CPUC Request 2. A conceptual site development layout depicting how Lennar Homes would develop the site if the RTRP Project were built as depicted by SCE (i.e., any changes in parcel and road layout in relationship to the proposed SCE ROW). This is necessary because the reduction in building sites associated with a revised site design would likely not be identical to that depicted in the SCE conflict map for the current design.**

**Response:**

SCE's CPCN application submitted on April 15, 2015 (Revised April 30, 2015) anticipated an eminent domain process to begin and end in 2017 which assumed an immediate acceptance of their application, an expedited CPUC process and acceptance of SCE's 2013

EIR as certified by Riverside. However, as of this letter, SCE's CPCN application is still incomplete with additional studies required, major CEQA analysis will be required, and a typical CPUC process is anticipated. Below is a summary of the likely RTRP schedule.

Activity Name	Duration	Finish Date
SCE Completion of Application	4 to 6 months	Q1, 2016
Prepare and Circulate Draft Subsequent/Supplemental EIR	12 to 18 months	Q1, 2017
CPUC Notice of Determination	12 to 18 months	Q2, 2018
Transmission Engineering	13.5 months	Q2, 2019
Property Condemnation	8 months	Q1, 2020

Please note that this timeline assumes there are no CEQA challenges, CPUC appeals, or delays in the process as may be expected in highly contested projects such as the RTRP.

Within the context of the above schedule, Lennar will be nearly complete at Riverbend by the time SCE may be authorized to pursue property condemnation. More specifically, by the year 2020 Lennar will own little to no property at Riverbend and all streets, parks and trails will have been dedicated to the City, the Homeowners Association, JCSD, JARPD, or the two maintenance Community Facilities Districts.

Your Request No. 2 inquires as to what Lennar would do to modify its site plan should the RTRP be built as proposed by SCE. Since Lennar will have little to no interest in Riverbend in the year 2020, we respectfully suggest that the question be re-written as follows:

**2. A conceptual site development layout depicting how ~~Lennar Homes~~ SCE would develop might modify the site and actions required if the RTRP Project were built as depicted by SCE (i.e., any changes in parcel and road layout in relationship to the proposed SCE ROW). This is necessary because the reduction in building sites associated with a revised site design would likely not be identical to that depicted in the SCE conflict map for the current design.**

When SCE initiates the condemnation process for the homeowners/families, it will be forced to reconcile its theoretical aerial path through existing homesites with the requirements of a community plan that is dependent on those very homesites for a variety of purposes, such as access or utilities.

As observed from SCE's exhibit provided in your letter, the RTRP alignment eliminates access to all of the 464 homes at Riverbend from 68<sup>th</sup> Street. SCE typically acquires right of way in fee title or as an extremely broad easement that greatly restricts nearly all use by the fee owner<sup>1</sup> and the administrative record shows that SCE has not provided any statement or indication that they would allow for any rights of access under their proposed aerial line right-of-way despite full knowledge of the Riverbend development plans.

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<sup>1</sup> See *Southern California Edison Company Transmission Line Right of Way Constraints & Guidelines* at [www.sce.com](http://www.sce.com).

Nevertheless, for the purposes of this letter, we are assuming that SCE will wish to mitigate the damages at Riverbend and will concede four primary points of access across their proposed right of way.

However, the interior cul-de-sacs and homes under the proposed aerial alignment would need to be addressed in SCE’s final design and condemnation processes. In our estimation, SCE would need to:

<b>Action</b>	<b>Process</b>
Condemn occupied homes	Initiate the eminent domain process for each homeowner and pay fair market value of the home and improvements (such as pools, landscaping, etc.) Relocate owners (or tenants if present).
Buy-out solar power agreements	Lennar sells each home with solar panels installed standard. The panels are installed, operated, and owned by SunStreet Energy Group under a 20-year Power Purchase Agreement (PPA) with the homeowner. SCE would be required to buy-out the panels in accordance with the PPA. Current estimates indicate a buy-out cost of around \$18,000 for each home.
Buy-out Community Facilities District (“Mello Roos”) liens	CFD liens for Corona-Norco Unified School District and Jurupa Community Services District will need to be pre-paid at a minimum of \$44,000 per home. <i>(Please find the attached memo, Attachment A, from DPFPG describing the CFDs in detail)</i>
Address City of Jurupa Valley Maintenance CFD liens	This maintenance CFD provides for maintenance of the Riverbend lighting, streets, and right-of-way landscape. This CFD has no pre-payment clause, but would face shortfall in funding should the RTRP be constructed as proposed by SCE. <i>(Please find the attached memo, Attachment A, from DPFPG describing the CFDs in detail)</i>
Address Jurupa Area Recreation and Parks Maintenance CFD liens	This maintenance CFD provides for maintenance of the proposed public park and trails. This CFD has no pre-payment clause, but would face shortfall in funding should the RTRP be constructed as proposed by SCE. <i>(Please find the attached memo, Attachment A, from DPFPG describing the CFDs in detail)</i>

<b>Action</b>	<b>Process</b>
Compensate the Riverbend Homeowners Association (HOA)	The HOA would face a large budget shortfall due to a loss of a significant number of its members who would no longer participate in the HOA's maintenance, reserves, and insurance and management costs. SCE would have to fairly compensate the HOA for this loss in perpetuity.
Demolish homes in an existing neighborhood.	Obtain permits from the City, manage dust, haul routes, and noise. Negotiate with adjacent homeowners.
Fire Access	The County of Riverside Fire Dept. will not allow elimination of cul-de-sacs. The cul-de-sacs will need to be re-built outside of the proposed easement areas, requiring further loss of homes.
Relocate cul-de-sac utilities.	Active sewer, water and storm drain lines cross under the power lines. New easements will have to be obtained on adjacent occupied homes for fire hydrants and other above-ground facilities. Electric, phone, gas and cable utilities will also need to be relocated and new easements obtained.
Indirect Compensation for homes not taken by the aerial route	SCE would be required to compensate the remaining up to 349 homeowners at Riverbend for indirect losses due to devaluation of their property from the aerial lines. This would entail managing claims and potential litigation from up to 349 property owners.
Address Existing Water Well and JCSD water rights	There is an existing water well within the proposed aerial easement and within Riverbend. JCSD has plans to own the well, install a pump house, and integrate the water source into their system. Their facilities would have to be relocated and re-built and any water rights implications addressed.

We strongly believe the reconciliation and unwinding process as described above would be so cumbersome, complex, disruptive, and expensive that this option is practically *infeasible*. In fact, the RTRP's own Siting Study's<sup>2</sup> land use sensitivity levels calls for

<sup>2</sup> *Riverside Transmission Reliability Project Siting Study*, prepared by Power Engineers, dated August 31, 2006, Table 4-1.

*Exclusion* of existing residential homes (no removal) and *High Avoidance* for planned residential -- likely for the very reasons we articulate above.

**Request 3. An exhibit similar to the attached SCE exhibit which clearly demonstrates which parcels would be physically unusable due to the presence of the proposed ROW.**

**Response:**

Please find the attached Exhibit B which demonstrates which parcels are physically unable to exist or will be impacted due to the proposed ROW. Assuming SCE will allow four point of access over their proposed right-of-way (labeled 'A' on Exhibit B), we estimate that 115 homes will be physically impacted to varying degrees. At least 77 homes will be completely lost due to the footprint of the RTRP. An additional 38 homes or lots will need to be removed or modified due to re-configuration of the streets or lack of access caused by the RTRP.

For example, please reference Lot No. 234 on Exhibit B. Lot 234 will no longer have physical street access due to the RTRP even though it is not within the footprint of the proposed right-of-way so Lot 234 and its home will need to be condemned and removed. In the case of Lot 238 noted on Exhibit B, some of the lot will be truncated by the new cul-de-sac. If the area to be truncated coincides with the home's driveway, it will severely impact the value of the home or render it non-functional and conflict with the City's zoning requirements. At this point in time, considering the conceptual nature of the design from SCE, the need for utility relocation designs, and pending final design of the homesites and plotting, it is not possible to precisely determine how many of the 38 homes will be physically unusable to the street reconfiguration but we believe it will be a majority of the 38 homes.

For our purposes of estimating the impact, we are assuming that 106 homes (77 within the proposed easement plus 29 of the 38 which require reconfiguration) will be fully lost from the RTRP as proposed by SCE.

**ADDITIONAL INFORMATION**

We understand that your team would be interested in reviewing technical and informational documents that Lennar has prepared which support the Pats Ranch Rd. undergrounding alternative presented by Lennar and conceptually analyzed by SCE in their July 2015 desktop study. Attached are the following documents that we have prepared, and also have shared with SCE and Riverside Public Utilities (RPU).

1. *230-kV UG Transmission Line Segment RTRP Project Opinion of Probable Cost*, prepared by Proctor Engineering, dated October 22, 2015 (Attachment C)

2. *Valuation Services Relative to Residential, Commercial, and Industrial Land uses in Jurupa Valley, CA*, prepared by The Concord Group, dated November 24, 2015 (Attachment D)
3. Conceptual design of underground system, prepared by Utility Specialists (Attachment E)

## FINANCIAL ANALYSIS

We understand that the CEQA document will not address the financial viability of one project alternative versus another. However, we feel that a cost comparison analysis of the proposed overhead route against the Pats Ranch Rd. alternative will: a) demonstrate how the issues and costs presented in this letter fit into the overall cost comparison; b) show that the underground alternative deserves ample consideration and attention; and c) provide credibility and context to our Protest and other correspondence to the CPUC.

Attachment F presents the project cost comparison of SCE's proposed aerial route versus the Pats Ranch Rd underground alternative. The three left columns of the table show SCE's estimate of the proposed overhead route per the CPCN; the same aerial route but with updated real properties values estimated in year 2017<sup>3</sup>; and the same aerial route but with updated real properties values estimated in the year 2020<sup>2</sup>. We are comparing those overhead costs to the Pats Ranch Rd alternative in the right two columns by showing SCE's estimate; and the same alternative but using adjusted numbers for the underground cost per the Proctor Engineering report dated October 22, 2015 (provided in Attachment C) and revising the contingency to 15 percent.

As shown in Attachment F, using realistic land uses in the year 2017 along the route shows that the Pats Ranch Rd. underground alternative of \$419 million is cheaper than SCE's proposed overhead route of \$442 million -- unsurprisingly due to the immense real estate acquisition costs. The costs are even further in favor of undergrounding assuming an overall 15 percent contingency<sup>4</sup> and using a more typical transmission undergrounding design as presented in Attachment C; or using year 2020 real estate values which is approximately the year of the property condemnation.

## SUMMARY

As described above, the unwinding process that SCE would need to perform to construct the RTRP as proposed would be extremely difficult, time-consuming, disruptive to the

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<sup>3</sup> As estimated in the *Valuation Services Relative to Residential, Commercial, and Industrial Land Uses in Jurupa Valley, CA*, prepared by the Concord Group, dated November 24, 2015. The year 2017 land use assumes homes within Riverbend, Vernola Marketplace Apartments, and the Stratham parcel. The year 2020 land use assumes full build-out along the entire overhead alignment.

<sup>4</sup> SCE uses a 35% contingency (\$73 million) for the reactive compensation and undergrounding costs, despite very conservative assumptions of cable type, vault size and quantity, and recent undergrounding project experience. A normal 15% contingency would bring SCE's underground costs down by \$42 million for a revised total of \$379 million.



Mr. Jensen Uchida  
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community, litigation-inducing, expensive, and environmentally inferior. In fact, we strongly believe that the preferred alternative proposed by SCE is *infeasible*. In contrast, the Pats Ranch Rd. undergrounding alternative within Jurupa Valley is cost effective, environmentally superior, safer, faster, and fairer to the community.

We trust that these responses and additional information meet your needs and also work to positively further our on-going conversations with Riverside Public Utilities and SCE in the hopes of resolving these issues.

Please do not hesitate to contact me at (951) 817-3517 or [Geoffrey.Smith@Lennar](mailto:Geoffrey.Smith@Lennar) should you have any questions about the material herein or require additional information.

Sincerely,  
LENNAR HOMES OF CALIFORNIA, INC.



Geoff Smith  
Director of Operations

cc: Jeff Thomas, Panorama  
Donald Johnson, Southern California Edison  
Martin Mattes, Nosaman, LLP  
Girish Balachandran, Riverside Public Utilities

Attachments & Exhibits:

A - Memo from DPFPG, dated October 27, 2015

B – “Tract 36391 Riverbend SCE RTRP Impact Exhibit”, dated 10-28-15 prepared by Adkan Engineers

C – *230-kV UG Transmission Line Segment RTRP Project Opinion of Probable Cost*, prepared by Proctor Engineering, dated October 22, 2015

D – *Valuation Services Relative to Residential, Commercial, and Industrial Land uses in Jurupa Valley, CA*, prepared by The Concord Group, dated November 24, 2015

E - Conceptual design of underground system, prepared by Utility Specialists.

F – Project Cost Comparison Overhead (OH) vs. Pats Ranch Rd. Underground (UG) Alternative