

LIPA Board of Trustees Seeks Public Comment on Proposed Policy for the Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects

Interested members of the public are invited to submit comments on the draft policy (enclosed) to the LIPA Board of Trustees by Wednesday, September 20, 2017 via email at boardoftrustees@lipower.org or by mail to Attn: Board Undergrounding Policy, 333 Earle Ovington Boulevard, Suite 403, Uniondale, NY 11553.

The Board of Trustees expects to consider such comments at its regularly scheduled meeting on Wednesday, September 27, 2017.

Background

LIPA's construction of transmission and distribution facilities must comply with criteria in several statutes and regulations. The proposed policy supplements existing practices and is intended to guide and affirm consistent decision-making related to:

- (i) the evaluation of system-wide benefits and costs for underground construction of projects where such benefits may exceed their costs,
- (ii) public outreach prior to construction of major projects, and
- (iii) accommodating local preferences for underground construction if constructed with local funding.

Selected Comments on the Proposed Policy

Suffolk County Executive Steve Bellone said, "LIPA's policy offers local communities more information on costs and visual concerns prior to major utility upgrades."

Tom McAteer, Vice Chair of the LIPA Board of Trustees said, "LIPA and PSEG Long Island are affirming the values of fairness, transparency and local control in making aesthetic decisions related to construction projects. A consistent, statewide standard will determine whether projects should be overhead or underground and give local communities the opportunity to go beyond those statewide standards. Any community that wants to make a local aesthetic choice should have the opportunity to do so provided they pay the incremental cost of underground construction. That's fair to all of our customers and helps keep electric rates affordable."

Tom Falcone, LIPA CEO said, "As we invest a record \$2.8 billion in a more reliable and resilient electric grid for Long Island, LIPA and PSEG Long Island want to assure our customers that each project is evaluated fairly for aesthetic and other considerations. For communities that want to go beyond those standards at their own expense, we will make financing tools available to fund the incremental cost of underground construction locally."

Daniel Eichhorn, PSEG Long Island's incoming President and Chief Operating Officer said, "The undergrounding policy from the LIPA affirms consistency and uniform standards for underground electric service construction while providing the community additional information and addressing local concerns."

Gordian Raacke, Executive Director of Renewable Energy Long Island said, "A standardized process with outreach to affected communities, officials, and civic leaders ahead of construction of transmission and distribution lines, as well as providing benefit-cost analyses makes sense. We commend LIPA and PSEG Long Island for developing a draft policy and making it available for public review and comment before adoption."

Mitch Pally, Chief Executive Officer of the Long Island Builders Institute (LIBI) said, "LIPA's policy creates a level playing field and uniform standard on underground construction that will not increase cost for all customers to benefit an individual community that looks to underground lines. This policy eliminates confusion on where it's appropriate to underground on Long Island by making the New York State standard the Long Island standard."

Sammy Chu, Chief Innovation Officer for Unites States Green Building Council, Long Island Chapter said, "USGBC-LI appreciates LIPA and PSEG Long Island recognizing and listening to communities with enhancements to better assure a transparent, smart, and responsible plan to address local concerns, maintain high reliability in a consistent and fair manner for individual communities and all customers."

Board Policy: **Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects**



Policy Type: **Operating Policies**

Monitored by: **Oversight Committee**

Board Resolution: **[Resolution #, approved date of resolution]**

Board Policy on Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects

LIPA's construction of transmission and distribution facilities must comply with criteria contained in several statutes and regulations, including:

- Article VII of the New York Public Service Law (Article VII)¹,
- State Environmental Quality Review Act (SEQRA), Environmental Conservation Law (ECL) Article 8,
- 6 NYCRR 617 (SEQRA implementing regulations),
- 21 NYCRR 10052 (LIPA's SEQRA implementing regulations), and
- Smart Growth Public Infrastructure Policy Act, ECL Article 6.

LIPA has complied with these and all other legal requirements in undertaking projects to maintain, enhance, and improve the electric transmission and distribution system serving Long Island.

The electric transmission and distribution system is predominantly an overhead system. Overhead construction with a robust tree-trim program provides the best balance between reliability and cost of service for LIPA's customers.

Underground facilities may be necessary in certain circumstances to address issues of technical feasibility² or other considerations, such as those identified in certain state regulations (see, for example, Title 16 NYCRR Part 102).

This Policy supplements existing requirements and practices and is intended to guide and affirm consistent decision-making related to (i) the evaluation of systemwide benefits and costs for underground construction of projects where such benefits may exceed their costs, and (ii) public outreach prior to construction of major projects.

¹ Article VII applies to electric transmission facilities with a design capacity of 100 kilovolts (kV) or more extending for at least 10 miles, or 125 kV and extending more than one mile.

² For example, where dictated by interference with existing facilities or lack of space to site an overhead line.

Additionally, LIPA seeks to accommodate local preferences for underground construction in circumstances where systemwide benefits are insufficient to justify the cost allocation of the additional expense throughout the Service Area, if constructed with local funding.

LIPA's Policy provides for the construction of the transmission and distribution system in a manner that balances cost for all customers with local concerns by:

- Utilizing standardized criteria for evaluating the systemwide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by New York utilities subject to Title 16 of the New York Codes, Rules and Regulations (NYCRR) Part 102⁴;
- Conducting outreach to affected public officials, civic leaders, and communities in advance of the construction of major projects in a manner appropriate to each project, consistent with industry best practices, as mutually agreed upon by the Service Provider and LIPA, and in consultation with the Department of Public Service⁵;
- Maintaining a special tariff for undergrounding to provide a financing mechanism that allows local communities to pay for the additional cost of undergrounding all or a portion of a transmission or distribution project that has insufficient systemwide benefits to justify cost allocation throughout the Service Area⁶;
- Undergrounding new residential subdivisions at the developer's expense in accordance with similar criteria used by New York utilities subject to 16 NYCRR Part 100; and
- Undergrounding customer-owned facilities at customer expense.

The Chief Executive Officer will report annually to the Board on:

- the results of applying the standardized criteria for evaluating systemwide benefits of undergrounding to applicable projects;
- the quantitative and qualitative results of the Service Provider's public outreach practices;
- and other elements of compliance with this Policy.

Att: LIPA's Standardized Criteria for Evaluating Systemwide Benefits of Underground Transmission Facilities

⁴ NYCRR Part 102 applies to transmission facilities 65 kV or higher for distances of one mile or longer, excluding facilities subject to Article VII of the Public Service Law; the construction of all other such transmission facilities in Priority Areas shall be reported to the Board no less than annually.

⁵ The Department of Public Service's responsibilities in reviewing such capital projects are pursuant to the LIPA Reform Act as addressed by letter dated June 23, 2014.

⁶ Local communities may also pursue other financing mechanisms, such as an undergrounding district.

LIPA's Standardized Criteria for Evaluating Systemwide Benefits of Underground Transmission Facilities

The evaluation of whether to construct overhead versus underground transmission facilities⁷ shall include:

1. Any Priority Areas (defined below) affected by the subject Project where the advantages of underground transmission construction to the public *throughout the Service Area* may outweigh the disadvantages (i.e., an advantage-disadvantage analysis);
2. An inventory of other potentially affected areas in categories identified below; and
3. An explanation of why the proposed transmission facility or portion thereof should be placed overhead or underground.

The categories of areas shall be updated as 16 NYCRR Part 102 may change from time to time.

I. Priority Areas for Advantage-Disadvantage Analysis

Priority Areas for an advantage-disadvantage analysis that evaluates whether the advantages of underground construction outweigh the disadvantages to the public *throughout the Service Area* are:

1. National and State parks, preserves, reservations, landmarks, and monuments formally so designated and acquired for their natural, scenic or cultural value by appropriate State and Federal agencies. (Included would be historic landmarks, national landmarks, national monuments and trails, and wild and scenic rivers.)
2. Historic sites formally so designated by National or State agencies but without acquisition of rights or ownership sufficient for the purpose of preservation.
3. Central Business Districts (as defined below) in cities and villages.
4. Developed and partly developed residential areas with an existing density of one or more dwelling units per acre, as shown on approved Subdivision (as defined below) maps, occupying a minimum contiguous area of 20 acres, all or a portion of which would be traversed by the proposed transmission facility right-of-way.

⁷ Transmission facilities 65 kV or higher for distances of one mile or longer, excluding facilities subject to Article VII of the Public Service Law; the construction of all other such transmission facilities in Priority Areas shall be reported to the Board no less than annually.

II. Definitions

(a) Central Business Districts are:

1. The centrally located, prime commercial district of a municipality, the focus of main traffic arteries and mass transit composed of retail trade, offices (including governmental functions), light manufacturing and commercialized recreational activities with few or no dwellings.
2. Normally, a town or village has only one central business district, but metropolitan districts may have more than one. Commercial areas essentially one lot deep along a thoroughfare are more aptly described as strip developments and not central business districts.

Central business districts occupy a relatively small proportion of the urbanized area -- not over four percent even in the smallest cities and only 0.4 percent in the largest.

(b) Subdivisions are a tract of land divided into lots for residential buildings the plan for which has been approved by governmental authorities having jurisdiction.

III. Exemption from Completion of Full Report Consistent with 16 NYCRR 102

A full report consistent with the provisions of 16 NYCRR 102 is not required for upgrading or rebuilding transmission facilities on existing right-of-way provided that all of the following conditions are met:

1. No additional rights-of-way are required;
2. There is no increase in the number of structures on the right-of-way;
3. The resulting structures do not carry more than two circuits;
4. No substantial modification will be made to existing vegetative cover on the right-of-way; and
5. The height of a new tower does not exceed the height of a replaced tower by more than 10 feet.

IV. Elements of the Advantage-Disadvantage Analysis for Priority Areas

The advantage-disadvantage analysis for Priority Areas is meant to provide a framework by which the features or facts which support one or another mode of construction are identified clearly. Circumstances that reduce or enhance the benefits or affect the costs of underground construction, identified in the advantage-disadvantage analysis, will provide the basis for decision. Examples of factors which may affect a decision to underground would include the availability of suitable existing corridors, or the likelihood of pronounced visual impact.

Data and/or all pertinent information for each item shall be presented for both the underground and overhead alternative. The analysis of cost should be made on a present-worth basis for both alternatives over a period long enough to allow for appropriate incremental construction.

The advantage-disadvantage analysis for Priority Areas shall include:

1. Availability of existing corridors suitable for additional transmission facilities. (The availability of suitable existing corridors through a Priority Area, for example, may reduce the relative benefits of underground construction.)
2. Capital construction costs. (Costs that may be capitalized under the uniform system of accounts.)
3. Construction expense costs. (Costs that may not be capitalized.)
4. Right-of-way acquisition costs.
5. Anticipated total operation and maintenance costs including power losses for the depreciable life of the plant, discounted to present-worth, when the present worth of such losses is significant in comparison to other costs (such as (i) there is no increase in the number of structures on the right-of-way; (ii) the resulting structures do not carry more than two circuits; or (iii) no substantial modification will be made to existing vegetative cover on the right-of-way).
6. Relevant technological considerations.
7. The relative effect on vegetation, wildlife, soils, erosion, streams, and other such natural features (as noted in biological surveys, water quality ratings, and land management policies and practices) of the construction methods proposed.
8. The relative visual impact including incremental impact compared to existing surroundings.
9. Relative availability of right-of-way for other uses: e.g., parks, recreation, farming, transportation.

V. Other Areas to Be Inventoried

Other areas which should be inventoried, but for which an advantage-disadvantage analysis is not required, are:

1. Areas of outstanding natural or scenic value which are preserved by non-profit private agencies but which have not been formally so designated by national or State agencies.
2. Areas of outstanding cultural value (e.g., attractive pastoral scenes, locations of noteworthy architectural and/or social import both within and outside specific sites) that have been formally designated by the appropriate governmental authority.
3. Existing local (city, town, village and county) parks and open space areas that have been formally established by governmental or private authorities.

4. Public and semipublic facilities such as cemeteries, educational, correctional and medical facilities and military installations.
5. Existing light industrial and commercial areas (e.g., industrial parks, shopping centers, office building complexes).
6. Partially developed residential areas where the Subdivision will have an eventual population density of one or more dwelling units per acre, as shown on approved Subdivision maps, comprising a minimum contiguous area of 20 acres or a portion of which is traversed by the proposed transmission facility right-of-way.
7. Areas of outstanding cultural value (e.g., attractive pastoral scenes, locations of noteworthy architectural and/or social import both within and outside specific sites that lend attractiveness to a neighborhood or community) that have not been formally designated by governmental or private authority.
8. Residential areas with less population density than those specified in preceding categories.
9. Planned and zoned undeveloped light industrial, commercial and residential areas.
10. Managed woodlands (e.g., commercial and other productive forests).
11. Agricultural districts established in accordance with article 25-AA of the Agriculture and Markets Law, and other farmlands.
12. Existing and planned heavy industrial areas.
13. Woods and open lands other than those included within areas specified in any Priority Area above.