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# UNDERGROUNDING POLICY

# T & D SYSTEM OVERVIEW

- ▶ **66% OVERHEAD (10,000 MILES)**
- ▶ **34% UNDERGROUND (5,200 MILES)**
  
- ▶ **OVERHEAD CONSTRUCTION WITH ROBUST TREE-TRIMMING PROVIDES THE BEST BALANCE BETWEEN RELIABILITY & COST**
  
- ▶ **LIPA HAS AN EXTENSIVE STORM HARDENING PROGRAM & CAN ACHIEVE NEARLY ALL OF THE RESILIENCY BENEFITS OF UNDERGROUND CONSTRUCTION AT A FRACTION OF THE COST**
  
- ▶ **REASONS TO UNDERGROUND:**
  - ▶ **TECHNICAL (LACK OF SPACE, INTERFERENCE, ETC.)**
  - ▶ **PRIORITY AREAS (NATIONAL & STATE PARKS, NATIONAL LANDMARKS, ETC.)**
  
- ▶ **SOME COMMUNITIES VALUE LOCAL AESTHETIC BENEFITS**

# PREDOMINANTLY OVERHEAD SYSTEM

- ▶ LIPA'S SYSTEM WILL REMAIN PREDOMINANTLY OVERHEAD DUE TO COST
- ▶ COST TO UNDERGROUND LIPA'S 10,000 MILE OVERHEAD SYSTEM: **\$46 BILLION**

## NEWSDAY EDITORIAL 3.27.14

“THE LONG ISLAND ELECTRICAL SYSTEM IS, IN GENERAL, AN OVERHEAD SYSTEM. WHEN IT MAKES SENSE TO BURY LINES TO PRESERVE UNSPOILED VISTAS, PREVENT SPECIFIC DANGERS, OR FOR ANY REASON RELATED TO SYSTEM RELIABILITY, ALL RATEPAYERS ISLANDWIDE SHOULD SHARE THE COST. WHEN STUDIES SAY THE LINES SHOULD GO OVERHEAD AND RESIDENTS IN PARTICULAR AREAS DISAGREE, THOSE RESIDENTS SHOULD PAY THE COSTS.”



# POLICY OVERVIEW

- ▶ LIPA COMPLIES WITH ALL LEGAL REQUIREMENTS AND REGULATIONS IN CONSTRUCTING PROJECTS
- ▶ PROPOSED SUPPLEMENTAL BOARD POLICY ON UNDERGROUNDING:
  - SAME CRITERIA FOR EVALUATING SYSTEM BENEFITS AND COST AS ALL OTHER NEW YORK UTILITIES
  - COST-BENEFIT ANALYSIS FOR PRIORITY AREAS WILL BE AVAILABLE TO THE PUBLIC AT LEAST 6 MONTHS IN ADVANCE OF CONSTRUCTION
  - OUTREACH TO AFFECTED PUBLIC OFFICIALS & COMMUNITIES DURING EARLY STAGE OF PLANNING PROCESS
  - SPECIAL FINANCING PROGRAM FOR COMMUNITIES TO FUND PROJECTS PROVIDING ONLY LOCAL VISUAL BENEFITS (I.E. NOT MEETING STATE-WIDE CRITERIA)

## NEWSDAY EDITORIAL 3.27.14

**“TO AVOID THIS CONFUSION AND CONTROVERSY, LIPA AND PSEG NEED TO HAVE FIXED AND CLEAR CRITERIA FOR WHEN THEY PUT LINES UNDERGROUND. DOING THIS ENTIRELY CASE BY CASE ONLY CREATES THE APPEARANCE THAT THE PROCESS IS ARBITRARY AND POLITICAL.”**



# PSEG LONG ISLAND: PRINCIPLES FOR OUTREACH

- ▶ LIPA'S \$2.8 BILLION 5-YEAR CONSTRUCTION PROGRAM HAS APPROXIMATELY DOUBLED THE HISTORICAL LEVEL OF CONSTRUCTION
- ▶ THERE IS NO "ONE SIZE FITS ALL" APPROACH TO PUBLIC OUTREACH FOR THE LARGE NUMBER OF WIDELY VARYING CONSTRUCTION PROJECTS EACH YEAR
- ▶ EACH PROJECT INCLUDES A REVIEW OF:
  - THE PROJECT NEED
  - COMMUNITY IMPACTS
  - GOVERNMENT DYNAMICS
  - PERMITS AND REGULATORY REQUIREMENTS
  - ANTICIPATED AESTHETIC IMPACTS
  - ENVIRONMENTAL IMPACTS
  - HISTORICAL/CULTURAL CONSIDERATIONS
  - CONSTRUCTION CONSIDERATIONS
- ▶ OUTREACH APPROPRIATE TO EACH PROJECT — PUBLIC OFFICIAL BRIEFINGS, MAILINGS, DOOR HANGERS, SOCIAL MEDIA, PUBLIC MEETINGS, ETC.

**HOW IS THE PROPOSED POLICY DIFFERENT FROM CURRENT PRACTICE?**

CURRENT PRACTICE

- ◉ NO BOARD POLICY GUIDANCE ON UNDERGROUNDING
- ◉ PROVIDE COMMUNITIES NOTICE OF MAJOR CONSTRUCTION PROJECTS PRIOR TO BEGINNING OF CONSTRUCTION

PROPOSED POLICY

- ◉ CONSISTENT DECISION-MAKING CRITERIA FOR UNDERGROUNDING PROJECTS THAT IS THE SAME AS USED BY THE REST OF NY STATE
- ◉ ADDITIONALLY, PROVIDE COMMUNITIES WITH A COST-BENEFIT REPORT ON QUALIFYING TRANSMISSION PROJECTS, INCLUDING VISUAL IMPACTS, AT LEAST 6 MONTHS BEFORE CONSTRUCTION



**SINCE THE POLICY ENABLES LOCAL COMMUNITIES TO PAY FOR LOCAL UNDERGROUNDING WHEN IT ISN'T NEEDED FOR SYSTEM-WIDE BENEFITS, DOESN'T THAT MEAN THE POLICY INHERENTLY FAVORS WEALTHIER COMMUNITIES WHO CAN AFFORD TO PAY FOR UNDERGROUNDING?**

**THE POLICY PROTECTS CUSTOMERS FROM SURCHARGES ON THEIR UTILITY BILLS TO PAY FOR THE AESTHETIC BENEFITS OF OTHER COMMUNITIES**

**WHY DOESN'T LIPA SET ASIDE 10% OF ITS CAPITAL BUDGET PER YEAR AND UNDERGROUND THE ELECTRIC GRID?**

**UNFORTUNATELY, SETTING ASIDE 10% PER YEAR (OR \$70 MILLION) TO UNDERGROUND THE ELECTRIC GRID WOULD INCREASE RATES ON ALL LONG ISLAND CUSTOMERS BY 2% AND TAKE OVER 660 YEARS TO COMPLETE – AT A TOTAL COST OF UP TO \$46 BILLION**

**LIPA SUPPORTS LOCAL COMMUNITIES MAKING AESTHETIC CHOICES FOR THEMSELVES, PROVIDED THE ADDITIONAL COST IS BORNE BY THE BENEFICIARIES**



**WHY ARE AREAS DESIGNATED FOR PROTECTION BY LOCAL VILLAGE, TOWN & COUNTY NOT CONSIDERED PRIORITY AREAS UNDER THE POLICY?**

**THE STATEWIDE STANDARDS ENSURE THE COST AND BENEFITS OF UNDERGROUNDING ARE ALLOCATED FAIRLY TO ALL CUSTOMERS IN THE SERVICE AREA**

**BY CONTRAST, IT WOULD BE UNFAIR TO ENABLE LOCALITIES TO IMPOSE ADDITIONAL COSTS FOR UNDERGROUNDING ACROSS LONG ISLAND FOR LOCAL BENEFIT**

**FOR CONSIDERATION**

September 27, 2017

**TO:** The Board of Trustees

**FROM:** Thomas Falcone

**SUBJECT:** Consideration of Approval of the Board Policy on the Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects

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Requested Action

The Board of Trustees of the Long Island Power Authority (“LIPA” or the “Authority”) is requested to adopt a resolution approving the Board Policy on the Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects (“Policy”), as further described below.

Board Policy on Underground Facilities and Public Outreach

LIPA’s construction of transmission and distribution facilities is subject to certain statutes and regulations concerning environmental review that are substantially similar to Public Service Commission (“PSC”) regulations governing construction by the State’s investor-owned utilities. The PSC’s regulations provide detailed guidance to investor-owned utilities on how to consider environmental impacts.

To provide assurance that LIPA’s construction of major projects is consistent with best practices followed statewide, Authority Staff recommends that the Board adopt the proposed Policy to document and supplement existing practices and guide consistent decision-making related to:

- (i) the evaluation of system-wide benefits and costs of 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.

Specifically, the Policy defines the process for reviewing PSEG Long Island’s decisions to construct overhead or underground facilities based on criteria similar to those used by all utilities throughout New York State.

These statewide undergrounding criteria require a higher level of diligence for “Priority Areas” when contemplating overhead construction. Such Priority Areas include:

- National or 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;
- Historic sites formally so designated by National or State agencies but without acquisition of rights or ownership sufficient for the purpose of preservation;
- Central Business Districts;
- Developed and partly developed residential areas with an existing density of one or more dwelling per acre, occupying a minimum of 20 contiguous acres, all or a portion of which would be traversed by the proposed transmission facility.

In such Priority Areas, an “advantage-disadvantage” analysis is required that evaluates such factors as the:

- Availability of existing corridors for additional transmission facilities;
- Construction costs;
- Lifecycle costs;
- Technological considerations; and
- Relative visual impact, including incremental impact compared to existing surroundings.

Furthermore, the Policy provides affected communities information sufficiently in advance of construction to have a meaningful opportunity to participate in project planning. Public officials, civic leaders and communities hosting and affected by proposed projects will benefit from early and substantive outreach that matches industry best practices, as mutually agreed upon by LIPA, the Service Provider, and the Department of Public Service. For all projects covered by the proposed Policy, an appropriately detailed report containing project plans will be prepared no later than six months prior to the planned construction date to give communities the opportunity to fully consider impacts and provide feedback during the planning process.

Finally, to the extent a host community desires the construction of underground facilities at a cost that exceeds those determined appropriate under the Policy, the Policy recognizes that the host community should have the ability to underground all or a portion of the facility by funding the incremental cost and affirms the Authority’s readiness to serve each community in a way that is fair to all customers.

#### Public Comments on Policy

On August 16, 2017, the Authority mailed and emailed the proposed Policy to various elected officials and stakeholders, posted the Policy on its website, and invited public comments through Wednesday, September 20, 2017. Thirty-two comments were received by letter and email.

Supportive comments of the proposed Policy included:

*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 by making the New York State standard also the Long Island standard."*

*Ron Bauer, Business Manager IBEW 1049, said "The LIPA Reform Act's \$2.8 billion investment to storm harden the electric grid for our Long Island neighborhoods has provided hundreds of local construction jobs and builds a stronger defense against extreme weather events. We support LIPA's policy to continue to invest in storm infrastructure and responsibly balance when and where to underground."*

*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."*

*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."*

*Dan Cahill, a resident of Montauk, New York, proposed undergrounding a specific section of utility lines on Old Montauk Highway and stated "our interests are completely aligned" as the "community will pay for the additional costs of burying the utility lines."*

Several commenters made suggestions regarding the (i) scope of analysis, (ii) methods for funding underground construction; (iii) clarification of certain terms used in the Policy; and (iv) public outreach efforts. A summary of such comments includes:

#### Scope of Analysis

*Comment: Supervisor Schneiderman, on behalf of the Town of Southampton,<sup>1</sup> proposed that the "advantage-disadvantage" analysis should consider impacts within a*

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<sup>1</sup> The Towns of Brookhaven and Southampton are parties to litigation against the Authority and its service provider regarding the recently rebuilt 7.1-mile 69kV Eastport-to-Riverhead transmission line. Additionally, Assemblyman Thiele and Senator LaValle advocate undergrounding in its entirety that line, which has been overhead since first installed in the 1960s. Because of the pending litigation, the Staff is limited in the extent to which it can address comments specifically about the Eastport-to-Riverhead transmission line.

*“reasonable radius around the project area” instead of the impacts to the public at large (i.e., the whole LIPA service area). The Town also seeks to include “Other Areas” within the scope of the analysis.*

*Comment: Andrea Spilka, on behalf of the Southampton Town Civic Coalition<sup>1</sup>, suggested that the policy “allow the community to have input to the criteria for the local advantages/disadvantages analysis”.*

Staff Response: Since the financial impact of additional underground construction would affect rates throughout the service area, it is both reasonable and consistent with statewide practice to consider the impact of the benefits and costs on the entire LIPA service area. As the intent of the Policy is to conduct the same analysis as other utilities in New York, it would be inconsistent to change the scope of the analysis to one whereby local aesthetic choices not meeting the statewide undergrounding standard would be paid for by all customers. The Policy provides local communities the opportunity to make such local aesthetic choices with local funds.

*Comment: Andrea Spilka, on behalf of the Southampton Town Civic Association<sup>1</sup>, concurred with comments of Southampton Town Supervisor Schneiderman<sup>1</sup> and comments of Assemblyman Thiele and Senator LaValle<sup>1</sup> (discussed below).*

*Additionally, Ms. Spilka, along with several commenters from Eastport, suggested that potential impacts of proposed projects on evacuation routes and on traffic safety be considered. Jolie Trueman-Honey suggested that poles along County Route 51 near Eastport be placed 15 or 20 feet back from the edge of the road<sup>1</sup>.*

*Furthermore, Ms. Spilka requested that the policy “clearly define the service area” and “include local parks, historic districts, etc. in the decision-making process, (not just those at the State or Federal level).*

*Comment: Jim Gleason, on behalf of East Moriches Property Owners Association, Inc.<sup>1</sup>, suggested that applying different standards for national and state protected areas on the one hand and ones protected by County and localities “is baseless”.*

Staff Response: Staff’s responses to the Thiele/LaValle comments appear below.

With respect to traffic safety, LIPA’s Service Provider coordinates with state, county and local traffic regulators throughout the project planning and construction process on traffic safety issues.

Additionally, LIPA’s service area is defined in the LIPA Act and LIPA’s tariff.

Finally, the proposed Policy requires that local parks, local historic districts and many other areas of potential local concern be inventoried in the planning report to be prepared

pursuant to the Policy and used in outreach for the project. The dichotomy mentioned by Mr. Gleason is consistent with State environmental and utility regulation applied to all other utilities in New York. That statewide standard ensures that the costs and benefits of undergrounding are allocated fairly to all customers in the service area. By contrast, it would be unfair to enable localities to impose additional cost for undergrounding across Long Island for local benefit.

*Comment: John Balsamo, among other comments addressed elsewhere in this memo, expressed concern with electromagnetic radiation (EMR) emitted by overhead transmission lines.*

Staff Response: EMR concerns associated with electrical facilities have been extensively studied and are reflected in engineering and industry standards with which LIPA's facilities comply. Where potential for EMR impact exists from a project, it is thoroughly analyzed prior to the project's authorization and construction.

### Funding

*Comment: Assemblyman Fred Thiele Jr.<sup>1</sup> and State Senator Kenneth LaValle<sup>1</sup> proposed an alternative approach whereby municipalities would cost-share underground construction in municipality-designated utility improvement districts, with 80% funding by LIPA that would come from a new set aside of at least 10% percent of the Authority's annual capital budget (approximately \$70 million per year) for undergrounding. If funding is insufficient for all projects, projects would be ranked by "degree of public interest."*

*Comment: The Town of Southampton<sup>1</sup> concurred with the Thiele-LaValle proposal and argued that giving communities the ability to pay for undergrounding if they wish would disadvantage 'low socio-economic communities'.*

*Comment: The Town of East Hampton concurred with the Town of Southampton's comments and the alternative Thiele-LaValle approach to system-wide funding of underground projects that do not meet the cost-benefit criteria applied in the rest of the state but have a "degree of public interest."*

*Comments: Jim Gleason, on behalf of East Moriches Property Owners Association<sup>1</sup>, Inc., suggested that imposing the cost of undergrounding on "a limited group of rateholders" penalized those in "lower economic areas".*

Staff Response: The Authority estimates that the legislators' proposal would increase electric rates, when fully implemented, by approximately 2 percent per year. Funding would be nearly sufficient to underground the 7.1-mile Eastport-to-Riverhead line immediately, as advocated by the legislators, but with more than 10,000 miles of overhead transmission and distribution lines in the service area, most communities would pay a cost but not see a benefit.

The proposed 2 percent rate increase for undergrounding would provide sufficient funding to underground the Authority's system over approximately 660 years, at a rate of 7 to 17 miles per year, depending on the type of line, and at a total cost in excess of \$46 billion in today's dollars.

Furthermore, the legislators' proposed "degree of public interest" standard for undergrounding would shift 80 percent of the additional cost of undergrounding to communities that do not share in its benefits.

By contrast, Staff believes that the proposed Policy protects socioeconomically-disadvantaged communities from having to subsidize local undergrounding investments that do not benefit them or the system, while providing communities that would like to underground lines for local rather than systemwide benefit the ability to do so at their own expense. One commenter, Dan Cahill, noted above, supported such a proposal in Montauk.

Finally, the Authority has undertaken a multi-year \$730 million storm hardening investment on behalf of all communities that provides reliability and resiliency benefits to all customers.

*Comment: Madelyn Lombardi of Huntington proposed undergrounding utility poles near her home for aesthetic reasons. Several commenters advocated "placing utility poles underground" for severe storms. Thirteen commenters requested that the recently reconducted transmission line in Eastport be buried.<sup>1</sup> Fred Orestuk suggested that the 37kV distribution line between Riverhead and Orient Point be buried to limit weather and terrorism risks.*

Staff Response: The proposed Policy provides communities with tools to make local aesthetic choices; however, as noted above, the electric system on Long Island has over 10,000 miles of overhead line and will remain primarily an overhead system. The cost to underground lines similar to those in front of Ms. Lombardi's home across the Island is approximately \$46 billion. To Messrs. Antoniello and Orestuk's requests, the Authority has undertaken a multi-year \$730 million storm hardening program that substantially improves reliability and resiliency for all customers using FEMA funding.

*Comment: The Department of Public Service suggested that the allowances required of investor-owned utilities by certain State regulations be available to LIPA customers who wish to underground their lines. Specifically, 16 NYCRR 100.1(b) requires that distribution and service lines and appurtenant facilities for buildings with four or more units or for planned subdivisions with six or more residential buildings be installed underground under certain circumstances. Furthermore, 16 NYCRR 98.2(e) provides that where the utility is required to provide underground residential service, the utility must bear the cost of up to a total of 100 feet of underground distribution, supply and service line required per unit and 16 NYCRR 98.2(f) provides that where the applicant for new service requests residential underground service line that is not required by 16 NYCRR 98.2(e), the utility must bear the portion of the cost of undergrounding*

*equivalent to the cost of installing the length of overhead service to which the applicant is entitled.*

Staff Response: The Authority's existing tariff incorporates the requirements of the referenced regulations relating to undergrounding and cost-bearing allowances. Ongoing conformity with these provisions has been added to the Policy as a policy principle.

#### Requests for Clarification

*Comment: The Towns of Brookhaven<sup>1</sup> and Southampton<sup>1</sup> proposed that the Policy include hamlets within its definition of a municipality, and that each central business district in a municipality with multiple business districts be recognized as a Priority Area.*

Staff Response: This is a reasonable suggestion that is in keeping with the spirit of the Policy. The Policy has been revised to include consideration of all central business districts and hamlets.

*Comment: The Towns of Brookhaven<sup>1</sup> and Southampton<sup>1</sup> sought clarification of several terms used in the Policy (e.g., relative visual impact).*

Staff Response: The Policy intends for all such terms to be interpreted in the same manner as the corresponding PSC regulations. Any attempt to further define such terms could introduce unintended inconsistency.

*Comment: LIPA Trustee Greenfield requested that all Trustees be provided with a copy of each report that will be prepared consistent with the provisions of 16 NYCRR 102.*

Staff Response: The Policy has been modified to accommodate this request.

#### Public Outreach

*Comment: Supervisor Romaine, on behalf of the Town of Brookhaven<sup>1</sup>, suggested that outreach include provision of photo simulations of the planned work "so that the community can actually view what is being planned and that outreach occur "during the planning process."*

*Comment: Supervisor Romaine, on behalf of the Town of Brookhaven<sup>1</sup>, additionally suggested that "outreach to public officials and the community ... [should] begin at the earliest stage of the planning process, prior to any determination or approval." Supervisor Romaine further stated that "outreach should require disclosure of the advantage-disadvantage analysis<sup>2</sup> contemplated by the policy... including photo*

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<sup>2</sup> The comment further enumerates various requirements already included in the advantage-disadvantage analysis.



*simulations” and that outreach should require “meetings, open and on notice to the public...”*

*Comment: Assemblyman Fred Thiele Jr.<sup>1</sup> and State Senator Kenneth LaValle<sup>1</sup> state that they “need specific procedures to guarantee the public will be adequately notified and afforded a real opportunity to participate in the planning process.”*

*Comment: Supervisor Larry Cantwell, on behalf of the Town of East Hampton, supported the points made by Southampton Town<sup>1</sup> and the alternatives proposed by Assemblyman Thiele and Senator LaValle.<sup>1</sup>*

*Comment: Andrea Spilka, on behalf of the Southampton Town Civic Coalition,<sup>1</sup> suggested that the policy “include a sincere goal of communicating with local officials and the community in a clear, timely and specific manner.”*

*Comments: Jim Gleason, on behalf of East Moriches Property Owners Association<sup>1</sup>, Inc., strongly agreed with the view of Senator LaValle and Assemblyman that the proposed policy be revised and suggested that the outreach provisions of the proposed policy are not sufficiently detailed.*

*Comments: Six individual commenters requested that adequate notice be given to hosting communities prior to construction.*

Staff Response: The Policy incorporates a policy principle of “conducting public outreach ... in advance of the construction of major process ... as mutually agreed by the Service Provider and LIPA, and in consultation with the Department of Public Service.” The Policy intends that information, including photo-simulations of visual impacts and the advantage-disadvantage analysis, if applicable, be provided for eligible projects during the planning process, in advance of a State Environmental Quality Review Act (“SEQRA”) determination.

LIPA’s Service Provider implements a large number of widely varying infrastructure projects each year. There is therefore no “one size fits all” approach to public outreach. However, there are consistent principles to guide the public outreach process. *LIPA’s Principles for Public Outreach Prior to Construction of Major Projects* have been appended to the Policy to further address public outreach concerns.

The Authority has nearly doubled its infrastructure spending since 2014, with record investments in reliability and resiliency. Corresponding with this increased investment has been a dramatic increase in the number of construction projects, including complex efforts with significant public outreach like the Southold-to-Shelter Island Cable. In addition, over the last two years, there have been over 20 projects with a level of complexity requiring a SEQRA determination.

Staff believes the proposed Policy enhances the existing outreach efforts, which are already substantial, including through directing the preparation of a report for eligible overhead

transmission line projects. The report will be available no later than six months prior to planned construction and provide affected communities with the opportunity to fully consider the impacts of overhead transmission during the Service Provider's planning process. The report includes a description of the contemplated project, the need, an advantage-disadvantage analysis, and the underground alternative.

Recommendation

Based upon the foregoing, I recommend the approval of the above requested action by adoption of a resolution in the form attached hereto as Exhibit A.

Attachments

- Exhibit A      Resolution re: Board Policy on the Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects
  
- Exhibit B      Board Policy on the Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects

**EXHIBIT A**

**APPROVAL OF BOARD POLICY ON EVALUATION OF UNDERGROUND  
FACILITIES AND PUBLIC OUTREACH PRIOR TO CONSTRUCTION OF  
MAJOR PROJECTS**

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RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Board Policy on the Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects in the form presented at this meeting.

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]**

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### **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, as they may be amended from time to time, including:

- Article VII of the New York Public Service Law (Article VII),<sup>1</sup>
- 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 and will continue to comply with these and all other legal and regulatory requirements in undertaking projects to maintain, enhance, and improve the electric transmission and distribution system serving Long Island.

LIPA’s electric transmission and distribution system is predominantly an overhead system<sup>2</sup>. Overhead construction with a robust tree-trim program provides the best balance between reliability and cost of service for LIPA’s customers. Underground facilities are only considered when necessary to address issues of technical feasibility<sup>3</sup> 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 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, and (ii) public outreach prior to construction of major projects.

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<sup>1</sup> 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.

<sup>2</sup> LIPA’s electric grid contains over 10,000 miles of overhead lines and 5,000 miles of underground lines.

<sup>3</sup> For example, where dictated by interference with existing facilities or where acquisition by condemnation of private property for a new right of way would be necessary to site an overhead line.

Additionally, LIPA seeks to accommodate local preferences for underground construction in circumstances where system-wide benefits are insufficient to justify allocation of the additional expense throughout the Service Area, by providing mechanisms for local funding of the incremental expense.

It is the therefore the Policy of the Long Island Power Authority to provide 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 system-wide 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 102<sup>4</sup>;
- Completing the advantage-disadvantage analysis for Priority Areas, in accordance with NYCRR Part 102, sufficiently far in advance of construction to inform the public outreach and project planning process<sup>5</sup>;
- Conducting outreach to affected public officials, civic leaders, and communities in advance of the construction of major transmission and distribution projects in a manner appropriate to each project, including visual representations of the proposed project as built, if appropriate, consistent with industry best practices, as mutually agreed upon by the Service Provider and LIPA, and in consultation with the Department of Public Service<sup>6,7</sup>;
- 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 where insufficient systemwide benefits exist to justify allocation of the incremental expense throughout the Service Area<sup>8</sup>;
- Undergrounding service to multiple occupancy buildings and new residential subdivisions at the developer's expense in accordance with similar criteria used by New York utilities subject to 16 NYCRR Part 100;
- Maintaining tariff provisions for the utility to provide cost allowances for undergrounding residential service where required or where requested by an applicant, consistent with Title 16 NYCRR Part 98 (e) and (f); and
- Undergrounding customer-owned facilities at customer expense.

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<sup>4</sup> LIPA's standardized criteria for evaluating eligible projects are included as an attachment to the Policy.

<sup>5</sup> The NYCRR Part 102 analysis for each project will be sent to the Trustees as an information item when completed.

<sup>6</sup> The Department of Public Service's responsibilities in reviewing such capital projects are pursuant to the LIPA Reform Act, as described in a letter from the DPS Chair dated June 23, 2014.

<sup>7</sup> LIPA's principles for public outreach prior to construction of major projects are included as an attachment to the Policy.

<sup>8</sup> Local communities may also pursue other financing mechanisms, such as an undergrounding district.

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

- 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:

- 1) LIPA's Standardized Criteria for Evaluating Systemwide Benefits of Underground Transmission Facilities
- 2) LIPA's Principles for Public Outreach Prior to Construction of Major Projects

## Attachment 1:

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

LIPA's Board Policy on the *Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects* requires "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 NYCRR Part 102."

Therefore, the evaluation of whether to construct overhead versus underground transmission facilities<sup>9</sup> 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 towns, cities, villages and hamlets.
4. Developed and partly developed residential areas with an existing density of one or more

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<sup>9</sup> 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.

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.

## **II. Definitions**

(a) Central Business Districts are:

1. The centrally located, prime commercial district of a municipality (which may be a town, city, village or hamlet), 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. 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.

## **Attachment 2:**

### **LIPA's Principles for Public Outreach Prior to Construction of Major Projects**

LIPA's Board Policy on the *Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects* requires "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 Service."

Public outreach is important to maintaining public acceptance and support for the infrastructure necessary to maintain reliable electric service to the 1.1 million customers served by the Authority and its Service Provider.

The electric grid is a complex system of generation and transmission that aims to ensure adequate levels of power reach customers at reasonable cost, with minimum impact to the environment and local community.

LIPA's Service Provider implements a large number of widely varying infrastructure projects each year. There is therefore no "one size fits all" approach to public outreach, and any process requires regular review, including to consider changing conditions or lessons learned from actual project implementation.

However, there are consistent principles to guide the public outreach process. These principles include:

- Evaluating the potential impacts of each major project for:
  - Project scope, development timeline, and alternatives;
  - Cost, including the cost of alternatives;
  - Community impact, including such factors as:
    - Local services,
    - Aesthetic concerns,
    - Tree canopy and vegetation,
    - Residential or commercial districts,
    - Height of poles,
    - Historic or cultural areas,
    - Environmentally sensitive areas;
  - Local, state and federal jurisdictions affected;
  - Permitting and regulatory requirements.
- Using tools for public outreach designed to ensure all relevant officials, stakeholders,

and customers are informed of project plans, and that all projects proceed transparently, including such tools as:

- Briefing officials in affected areas;
  - Meeting with civic groups and organizations, as appropriate;
  - Notifying affected customers, through mailings, door hangers, websites, outbound calls, open houses, and social media, as appropriate.
- Developing systematic outreach plans, particular and appropriate to each project, based on the potential impacts of the project, as described above.
  - Performing appropriate outreach for each project prior to any State Environmental Quality Review Act determination, if applicable.