



Board Policy: **Construction of Transmission and Distribution Projects**

Policy Type: **Operating Policies**

Monitored by: **Oversight and REV Committee**

Board Resolution: **Resolution #1383, approved September 27, 2017**  
**Resolution #1449, amended December 19, 2018**

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## **Board Policy on Construction of Transmission and Distribution Projects**

It is the policy of the Long Island Power Authority to construct its transmission and distribution system in a consistent manner that balances cost for all customers with local concerns and to conduct public outreach prior to the beginning of construction in accordance with certain principles described herein.

### **Regulatory Requirements**

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.

### **Policy Objectives**

This Policy supplements existing legal and regulatory requirements so as 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 justify the additional costs, and (ii) public outreach prior to construction of transmission and distribution projects.

Additionally, LIPA seeks to accommodate local preferences for underground construction in circumstances where system-wide benefits are insufficient to justify allocation of the

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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.

additional expense throughout the Service Area, by providing mechanisms for local funding of the incremental expense.

### **Selection of Construction Type**

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).

To achieve the objectives of this Policy, LIPA and its Service Provider will:

- Utilize 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>;
- Complete an advantage-disadvantage analysis for Priority Areas, in accordance with its standardized criteria, sufficiently far in advance of construction to inform the public outreach and project planning process<sup>5</sup>;
- Maintain 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>6</sup>;
- Underground 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;
- Maintain 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
- Underground customer-owned facilities at customer expense.

### **Principles for Public Outreach**

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

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<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.

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

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

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

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.

To achieve the objectives of this Policy, LIPA and its Service Provider will:

- Conduct outreach to affected public officials, civic leaders, and communities in advance of the construction of 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>7</sup>.

LIPA's principles to guide the public outreach process 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; and
  - 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:
  - 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 evaluated in the method described

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<sup>7</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.

above.

- Performing appropriate outreach for each project prior to any State Environmental Quality Review Act determination, if applicable.

The Chief Executive Officer will report annually to the Board on compliance with the key provisions of this Policy.

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

LIPA’s Board Policy on the *Construction of Transmission and Distribution 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>8</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.

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<sup>8</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.

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 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.

Likewise, a full report is not required if construction of the facility in question must substantially be underground for technical reasons.

#### **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.