

Board Policy on Construction of Transmission and Distribution Projects Annual Report

September 25, 2019

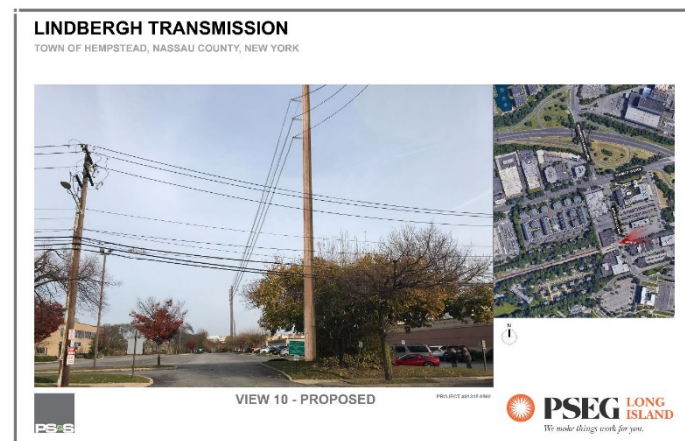
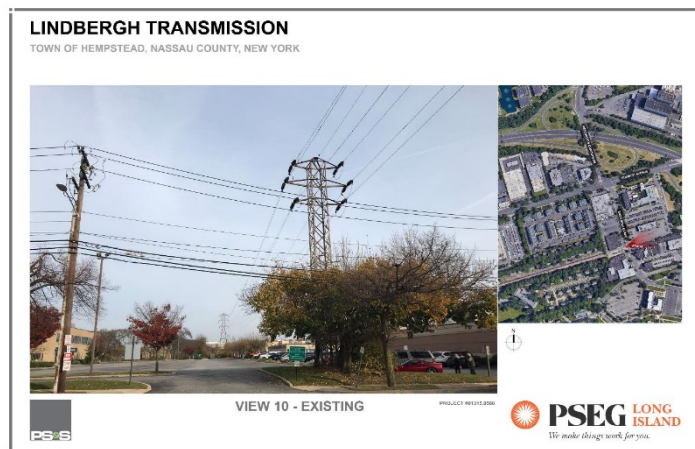
Board Policy on Construction of Transmission and Distribution Projects

2018-2019 Projects with Pre-Construction Reports

Lindbergh Substation

Project Description: \$65M Load growth project to support the development and expansion of the area surrounding the Nassau Coliseum. The new substation requires the reconductoring of approximately 1.75 miles of existing 69 kV transmission conductor in two sections

- 4,600 foot section on both sides of Ellington Avenue E and LIRR ROW in Uniondale
 - Replacing existing structures, removing existing steel poles, and installing new steel poles
- 4,500 foot section traversing Eisenhower Park in Salisbury
 - Removing existing structures, installing new steel poles, and replacing existing poles with steel poles



Board Policy on Construction of Transmission and Distribution Projects

Lindbergh Substation

- Summary of Lindbergh Substation Pre-Construction Report
 - Project satisfies, through the application of overhead and underground design criteria, the requirements of the LIPA Board Policy on Construction of Transmission and Distribution Projects for design, engineering, environmental review, selection of construction type, development and public outreach
- State Environmental Quality Review was completed with the approval of LIPA on 7/31/19
- Existing transmission structures were inadequate to support upgraded conductors required to serve the additional load
 - Affected lattice towers to be replaced with monopoles
 - Poles treated with a NATINA finish over the galvanizing finish improve aesthetics

Board Policy on Construction of Transmission and Distribution Projects

Lindbergh Substation

- Robust outreach campaign
 - Municipal Outreach
 - Nassau County approved land use
 - Public Outreach
 - Open House held 3/27/19
 - Employed customer feedback survey
 - Letters sent to approximately 16,000 customers
 - Website posting with project facts
 - Targeted Social Media campaign to area customers
- Status of Construction
 - Construction has commenced on the substation and portions of the distribution feeders
 - Overhead transmission work is scheduled to commence in the Q4 2019



Projects Anticipating Pre-Construction Reports

Projects	Description	Proposed In-Service Date	Town	Village
New 69 kV line from Ruland Rd to Plainview	New 69kV transmission line from Ruland Road Substation to Plainview Substation (~3.7 miles) which will later be tapped with the new Round Swamp Road Substation.	Jun-21	Huntington, Oyster Bay	Bethpage
Reconductor Elwood to Pulaski 69-670	Required to interconnect proposed Poseidon offshore wind cable to Ruland Road. Reconductor ~ 2.6 miles of Elwood to Pulaski 69-670 overhead transmission line. In-service date of project is dependent on the construction schedule for Poseidon.	Jun-21	Huntington	Northport
Reconductor Indian Head to Deposit 69-675	Required to interconnect proposed Poseidon offshore wind cable to Ruland Road. Reconductor ~ 0.8 miles of Indian Head to Deposit 69-675 overhead transmission line. In-service date is dependent on the construction schedule for Poseidon.	Jun-21	Huntington, Smithtown	Northport
Reconductor Port Jefferson to Stonybrook 69-870	Required system upgrade following interconnection of recent solar and battery projects. Reconductor ~ 3.7 miles of Port Jefferson to Stony Brook 69-870 overhead transmission line.	Jun-22	Brookhaven	Port Jefferson
Berry Street Transmission Reconductoring Project	Reconductor Berry St. to South Farmingdale 69-654 (~2.3 miles).	Jun-23	Babylon	Farmingdale, Lindenhurst, Amityville

Municipal Interest in Burying Overhead Facilities

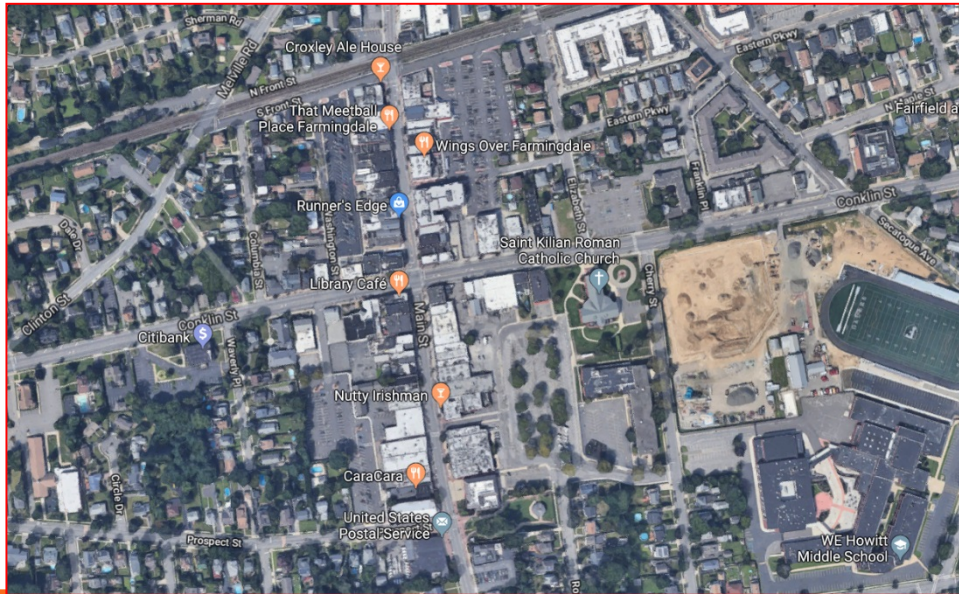


**Farmingdale, Westhampton Beach
and Noyac (Town of Southampton)**

Municipal Interest in Burying Overhead Facilities:

Farmingdale

The Incorporated Village of Farmingdale has expressed an interest in burying overhead facilities along Main Street in Farmingdale. The project would encompass the undergrounding of overhead facilities along the portion of Main Street from Conklin Street to S. Front Street. Customers' services would also be converted from overhead to underground. Timing, scope, cost and financing are under discussion



Municipal Interest in Burying Overhead Facilities

Westhampton Beach

The Incorporated Village of Westhampton Beach has inquired about the feasibility of placing the electric facilities underground as part of a proposed sewer and drainage pipe replacement project along Main Street. Customers' services would also be converted from overhead to underground. The Village has completed licensing and permitting and has hired a general contractor. The Village has expressed interest in LIPA financing the project and recovering through rates for participating customers



Municipal Interest in Burying Overhead Facilities

Long Beach Road, Noyac

The Noyac Project would convert (10) sections of overhead distribution to underground along Long Beach Road between Harbor Road and the Long Beach Road parking area. This project is being funded by the Town of Southampton. The Town will recover these costs through a special tax district



FOR CONSIDERATION

September 25, 2019

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Approval of the Annual Report and Amendments on the Board Policy on the Construction of Transmission and Distribution Projects

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to adopt a resolution: (i) finding that the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA (collectively the “Authority” or “LIPA”) have complied with the Board Policy on the Construction of Transmission and Distribution Projects (the “Policy”); (ii) approving the annual report for the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as **Exhibit “A”**.

Background

By Resolution No. 1383, dated September 27, 2017, the Board adopted the Policy with the purpose of supplementing existing requirements and practices and 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. The Policy was last reviewed, and amendments approved by Resolution No. 1449, dated December 19, 2018.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy for the period since the last review of the Policy last year.

The Policy requires that the Chief Executive Officer annually report to the Board on compliance with the key provisions of the Policy. The key provisions of the Policy require that LIPA and PSEG Long Island:

“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 102¹”:

- In 2019, PSEG Long Island proposed to construct a new Lindbergh Substation together with certain transmission and distribution work in the area around the Nassau Coliseum

¹ LIPA’s standardized criteria for evaluating eligible projects is included as an attachment to the Policy.

in Uniondale and East Meadow in the Town of Hempstead. As part of the project, two sections of an existing 69kV overhead transmission circuit totaling approximately 1.75 miles were proposed to be upgraded. In compliance with the Policy, PSEG Long Island prepared the [Lindbergh Substation Report](#) (the “Report”) that evaluated the system-wide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by other New York utilities.

- With respect to outreach, the Report stated that “[o]utreach for the [project] was conducted during several meetings in accordance with PSEG Long Island’s outreach standards. Outreach was conducted with the Town of Hempstead, various Nassau County agencies, including the Executive’s Office and the Legislature, the Department of Public Service staff, Nassau County Community College and a significant number of customers in the vicinity of the Proposed Action.”
- The Report concluded that the selection of construction type (i.e. maintenance as an overhead circuit) and outreach satisfied the Policy. The Report was provided to the Board, as well as the Department of Public Service, in accordance with the Policy.
- Certain other transmission projects may require a similar type of preconstruction report pursuant to the Policy. These projects may include: (i) construction of a new 69kV transmission line from the Ruland Road substation to the Plainview substation; (ii) reconductoring of an existing 69kV transmission line from the Elwood substation to the Pulaski substation; (iii) reconductoring of an existing 69kV transmission line from the Indian Head substation to the Deposit substation; (iv) reconductoring of an existing 69kV transmission line from the Port Jefferson substation to the Stony Brook substation; and (v) reconductoring of an existing 69kV transmission line from the Berry Street substation to the South Farmingdale substation. Currently, the proposed projects are expected to be in-service within the next several years.

“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”:

- As previously reported to the Board, in December 2017, the Board adopted changes to the Authority’s Tariff for Electrical Service (the “Tariff”) to create a municipal financing program that allows the Authority to apply a charge to customers in municipalities where the municipality has requested the incremental undergrounding of T&D facilities in lieu of overhead construction where overhead construction is the appropriate method.
- The Tariff provisions allow the requesting municipality the option of paying either the full incremental cost of undergrounding in advance of construction or paying the cost in the form of an incremental consumption charge for a period of 20 years.
- Pursuant to these Tariff provisions, PSEG Long Island has begun discussions with the Village of Farmingdale and the Village of Westhampton Beach to underground certain distribution facilities in commercial areas. The final details of these projects remain pending. The status of those projects will be reported to the Board as part of the next annual review.

“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”:

- PSEG Long Island outreach is integrated into capital project planning, design and construction.
- Project scoring with outreach tiers is assigned based on various factors, including, project need, community impact, governmental impact, media landscape, permitting and regulatory requirements, aesthetic impacts, and environmental, historical, cultural and construction considerations. An outreach plan is developed for each specific project. The outreach tiers are used as a guideline, and outreach tools are then tailored to each project’s specific circumstances.
- Tier 1 project activities may include: (i) developing collateral materials; (ii) conducting media and regulatory audits to determine the outreach landscape and identification of stakeholders; (iii) briefing impacted officials; and (iv) notifying impacted customers.
- Tier 2 project activities may include: (i) all Tier 1 activities; (ii) mailings or door hangers to impacted customers; (iii) follow-up with impacted officials; and (iv) sharing project information on the PSEG Long Island’s website and social media accounts.
- Tier 3 project activities may include: (i) all Tier 1 and 2 activities; (ii) engaging in early design discussions; (iii) conducting early outreach and partnering with elected officials; (iv) hosting open houses; (v) collaborating with third-party experts; (vi) implementing a print and/or broadcast media communications plan; and (vii) email updates to impacted customers.
- Since the last annual report to the Board, the new Montauk substation was designated as a Tier 3 project. Tier 2 projects included both the Lindbergh and Hempstead substations and associated transmission and distribution line projects, the LIRR pole replacement project, as well as several others started in 2019.

Annual Review of the Policy

Staff proposes the following changes to the Policy:

- Clarifications to distinguish the sections of the Policy that apply to transmission projects as compared to those portions of the Policy that apply to distribution projects.
- Certain other non-material wording changes as set forth in **Exhibit “B”**.

Recommendation

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

Attachments

<u>Exhibit “A”</u>	Resolution
<u>Exhibit “B”</u>	Policy (redline)
<u>Exhibit “C”</u>	Policy (clean)

RESOLUTION APPROVING THE ANNUAL REPORT AND AMENDMENTS ON THE BOARD POLICY ON THE CONSTRUCTION OF TRANSMISSION AND DISTRIBUTION PROJECTS

WHEREAS, the Board Policy on the Construction of Transmission and Distribution Projects (the “Policy”) was originally approved by the Board of Trustees Resolution No. 1383, dated September 27, 2017; and

WHEREAS, the Policy was last amended by the Board pursuant to Resolution No. 1449, dated December 19, 2018; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with and the changes to the Policy recommended herein are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that the Authority has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the changes to the Policy that are reflected in **Exhibit “B”** are hereby approved.

Dated: September 25, 2019

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

Policy Type: **Operating Policies**

Monitored by: **Oversight and REV Committee**

Board Resolution: **#1383, approved September 27, 2017**
#1449, amended December 19, 2018
[xxxx], amended September 25, 2019



Board Policy on Construction of Transmission and Distribution Projects

It is the policy of the Long Island Power Authority to (i) make choices for the ~~construction of its~~ the transmission and distribution system in a consistent manner that balances cost for all customers with local concerns; ~~and~~ (ii) to conduct public outreach prior to the beginning of construction in accordance with certain principles described herein; and (iii) to accommodate local preferences for underground construction in circumstances where system-wide benefits are insufficient to justify the incremental expense by providing mechanisms for local choice and local funding.

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)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.

~~Policy Objectives~~

This Policy supplements ~~existing~~ these legal and regulatory requirements ~~so as to~~ 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~~

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.

~~(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 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.² ~~As a~~ In general matter, ~~O~~verhead 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~~ feasibility³ or to address factors 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:

- For transmission projects designed for voltages 65 kV and above that are not subject to Article VII, prepare a pre-construction report containing an advantage-disadvantage analysis using ~~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 102⁴; such report to be done sufficiently far in advance of construction to inform the public outreach and project planning process⁵;
- For all transmission projects designed for voltages below 65 kV, as well as all distribution projects, consider the criteria set forth in the attachment to this Policy, as applicable.⁴
- ~~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~~⁵;
- 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 Area⁶;

² LIPA's electric grid contains ~~over~~ approximately 10,000 miles (9,000 distribution and 1,000 transmission) of overhead lines and 5,200~~0~~ miles (4,800 distribution and 400 transmission) of underground lines.

³ 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.

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

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

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

- ~~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
- ~~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~~ LIPA 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~~ many 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 ~~implementations~~ over time.

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 LIPA and its ~~the~~ Service Provider ~~and LIPA~~, and in consultation with the Department of Public Service⁷.

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;

⁷ 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~~ CEO dated June 23, 2014.

- 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 as described 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- facilities⁸ 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.

⁸ 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, [but may be prepared if appropriate](#), 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.

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

Policy Type: **Operating Policies**

Monitored by: **Oversight and REV Committee**

Board Resolution: **#1383, approved September 27, 2017**
#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 (i) make choices for the construction of the transmission and distribution system in a consistent manner that balances cost for all customers with local concerns; (ii) to conduct public outreach prior to the beginning of construction in accordance with certain principles described herein; and (iii) to accommodate local preferences for underground construction in circumstances where system-wide benefits are insufficient to justify the incremental expense by providing mechanisms for local choice and local funding.

Regulatory Requirements

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.

This Policy supplements these legal and regulatory requirements to guide consistent decision-making.

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.

Selection of Construction Type

LIPA's electric transmission and distribution system is predominantly an overhead system.² In general, 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 considered when necessary to address issues of feasibility³ or to address factors 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:

- For transmission projects designed for voltages 65 kV and above that are not subject to Article VII, prepare a pre-construction report containing an advantage-disadvantage analysis using 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 102⁴, such report to be done sufficiently far in advance of construction to inform the public outreach and project planning process⁵;
- For all transmission projects designed for voltages below 65 kV, as well as all distribution projects, consider the criteria set forth in the attachment to this Policy, as applicable⁴.
- 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 Area⁶;
- 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 LIPA 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.

² LIPA's electric grid contains approximately 10,000 miles (9,000 distribution and 1,000 transmission) of overhead lines and 5,200 miles (4,800 distribution and 400 transmission) of underground lines.

³ 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.

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

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

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

LIPA's Service Provider implements many 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 projects over time.

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 LIPA and its Service Provider, and in consultation with the Department of Public Service⁷.

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:
 - 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, evaluated as described 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.

⁷ 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 CEO dated June 23, 2014.

**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 facilities⁸ 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

⁸ 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.

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, but may be prepared if appropriate, 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.