

Board Policy on Construction of Transmission and Distribution Projects

Annual Report

Report to the Board of Trustees

September 23, 2020

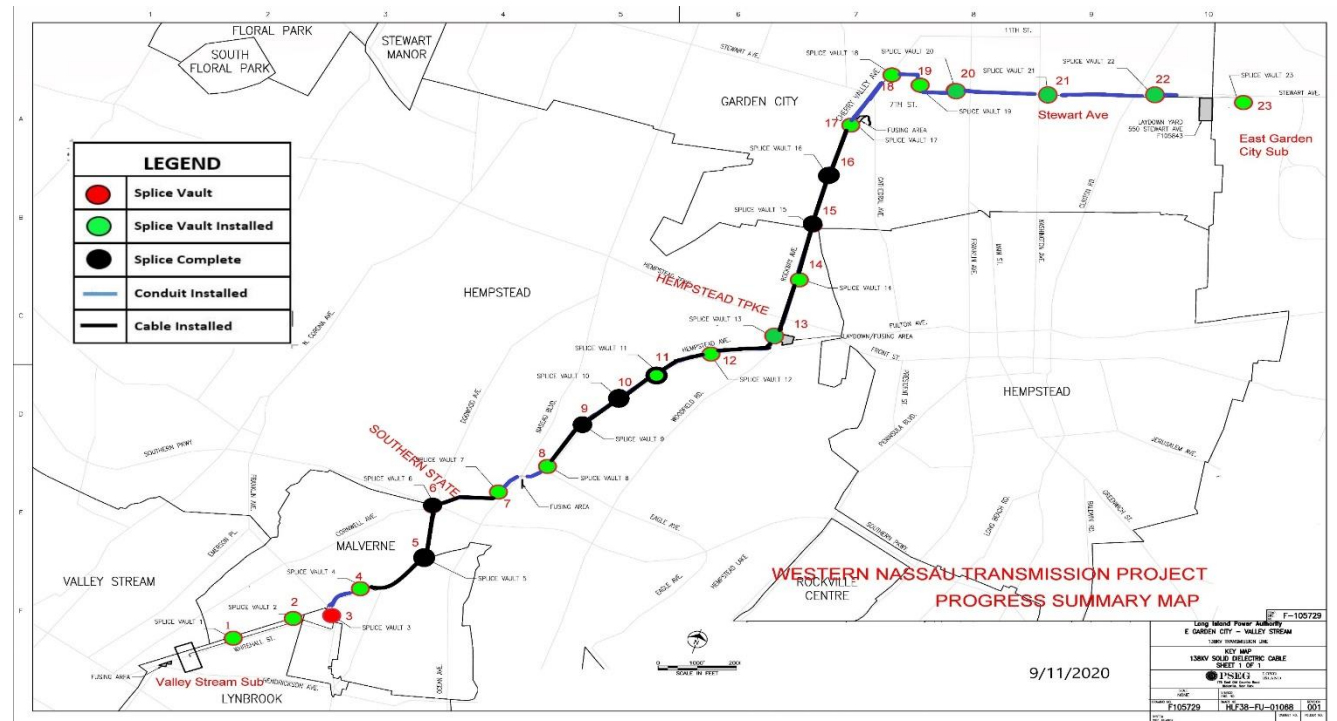
Board Policy on Construction of Transmission and Distribution Projects

2020-2021 Article VII Projects:

Western Nassau Transmission Project

Project Description: \$162M project to install a new underground 138kV transmission circuit from East Garden City Substation to Valley Stream substation to comply with NERC revised definition of bulk power facilities and meet N-1-1 reliability requirements for the Western Nassau load pocket.

- Article VII updated approval: – 9/19/19
 - EMCP Phase 1 approval 11/19/19
 - EMCP Phase 2 approval 3/20/20
- Project Status: On Schedule
- 22 of 23 new manholes installed and tied in
- 21,287 of 39,840 feet of cable installed
- 18 of 69 splices complete
- December 2020 in service date



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2020-2021 Article VII Projects:

Riverhead to Canal New 138kV Transmission Circuit

Description: \$99M project installs a new 138 kV cable between Riverhead and Canal substation with 38 new manholes utilizing existing spare conduit, a 2nd 138/69 kV transformer at Canal substation, and 3-138kV reactors at Riverhead substation. This project supports the South Fork Load growth needs.

- Article VII approval – 12/21/2009
 - EMCP approval 4/24/20
- Project Status: On Schedule
- 11 of 39 manholes installed and tied in
- Cable installation began 9/9/2020
- June 2021 in service date



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2020-2021 Article VII Projects:

Wildwood to Riverhead Upgrade 69kV Transmission Project to 138kV

Description: \$9.9M project to upgrade the existing 10.6 mile Wildwood to Riverhead 69 kV circuit to 138 kV. Existing overhead line constructed at 138 kV and currently operated at 69 kV, upgrades will include new insulators, termination structures at the Riverhead and Wildwood substations and a 900-foot 138 kV UG cable at Wildwood substation. This project supports the South Fork Load growth needs.

- Article VII updated approval – 7/12/12
 - EMCP approval: 7/3/14
- Project Status – In progress. All overhead work completed. Substation terminations and cable dip to be coordinated with the in service date for new Riverhead to Canal circuit

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Ruland-Plainview New 69kV Transmission Line:

Description: \$60M project to install a new 69kV transmission line from the Ruland Road to Plainview substations to resolve a transmission overload. The route selected for the new 69 kV line will allow this line to directly supply the new Round Swamp substation.

Configuration Analysis Selected Underground Construction:

- Advantage/disadvantage analysis, including costs of OH/UG alternatives
- Regulatory factors – environmental, legal and regulatory conditions impacting design, such as preliminary SEQRA assessment, Americans with Disabilities Act compliance etc.
- Technical limitations – engineering and technical considerations impacting design of the facility, including storm-hardening standards, availability of space, number of dips, etc.

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: September 14, 2020	Board Meeting Date: September 23, 2020
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For All Board Voting Items:

Title of Agenda Item: Approval of the Annual Report to the Board Policy on Construction of T&D Projects

Consent Agenda: Yes No

Accompanying Presentation: Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & Clean Energy

LIPA Presenter: Rick Shansky

PSEG Long Island Presenter: N/A

Enterprise Risk Management Discussion: Yes No

For Policy Reports Only:

Type of Policy / Report: Operating; Governance; Compliance; Mission

Date of Last Report: September 25, 2019

Compliance Since Last Report: Yes No

Proposed Changes to Policy: Yes No

Requested Action:	The Board is requested to adopt a resolution: (i) approving the annual report on the Policy; and (ii) finding that LIPA has complied with the Policy.
Summary: (include proposed amendments to Board Policies, if applicable)	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. 1491, dated September 25, 2019. Staff has completed its annual review of the Policy and has no suggested amendments at this time.

FOR CONSIDERATION

September 23, 2020

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Approval of the Annual Report 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) approving the annual report on the Board Policy on the Construction of Transmission and Distribution Projects (the “Policy”); and (ii) finding that LIPA has complied with 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. 1491, dated September 25, 2019.

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 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:

“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 process”:

- PSEG Long Island proposed the construction of a new 69kV transmission line from the Ruland Road substation to the Plainview substation, mainly located in the Town of Oyster Bay and partly located in the Town of Huntington. The project involves the construction

of a new electric substation, identified as the Round Swamp Road Substation, and installation of two underground (“UG”) 69kV transmission circuits and two UG 13kV distribution exit feeders. In compliance with the Policy, PSEG Long Island prepared the required analysis 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.

- The analysis led to the conclusion that substantial portions of the line had to be underground for technical reasons. On Round Swamp Road, the lower cost of an overhead line was balanced against numerous considerations, including high residential density, numerous inventoried areas, and tree impacts, among other things, and that portion of the line was determined to be best built as an underground facility consistent with the Policy. With respect to the portion of the line along Old Country Road, similar considerations as well as the risk of additional costs should the environmental review process be protracted (e.g., the cost of repaving should PSEG Long Island be unable to coordinate its construction schedule with the County’s scheduled repaving of the road), led to the decision in favor of underground construction.
- With respect to outreach for the Plainview to Ruland project, PSEG Long Island External Affairs conducted a series of meetings beginning in April 2018 through June 2020 with representatives from the local municipalities. Additionally, on July 8, 2020, a Transmission Notification letter was mailed to customers located within 500 feet of the Proposed Action to notify them of the upcoming activities. In accordance with the Policy, PSEG Long Island External Affairs also consulted with the Department of Public Service (“DPS”) on outreach for the Proposed Action.

“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 LIPA’s Tariff for Electrical Service (the “Tariff”) to create a financing program that allows a local community to request an overhead line be undergrounded.
- 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.
- Earlier this year, LIPA and PSEG Long Island prepared a [brochure](#) on the undergrounding program, which was electronically distributed to local elected officials and is available on both the LIPA and PSEG Long Island websites.

“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 Service”:

- PSEG Long Island outreach is integrated into capital project planning, design and construction and both LIPA and DPS review project scoring and outreach plans.
- PSEG Long Island scores each project scoring using outreach tiers 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 Round Swamp Road Substation and Ruland Road Substation to Plainview Substation New 69kV Transmission Circuit project was designated as a Tier 3 project, as was the Roslyn Substation Expansion project. Tier 2 projects included several distribution reconductoring project in areas across the service territory (Lake Success, North Hills, West Amityville, Massapequa, Rockaway Beach, Breezy Point) and the installation of voltage regulation equipment at the Whiteside substation.

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. There is one risk related to the Policy. That risk is: “Transmission and Distribution and generation capital projects could lead to controversy with stakeholders, negative public perception, and SEQRA and other litigation.”

This risk is rated as a medium level risk. LIPA mitigates this risk with concurrent oversight of PSEG Long Island’s project identification, planning and development process for significant projects and through its legal and external affairs teams working closely with PSEG Long Island’s External Affairs to monitor compliance with the Policy of the communication with towns and the

public for significant projects. Based on the mitigation actions in place, Staff believes this risk is adequately managed.

Annual Review of the Policy

Staff has completed its annual review of the Policy and has no suggested amendments at this time.

Recommendation

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

Attachments

Exhibit "A" Resolution

**RESOLUTION APPROVING THE ANNUAL REPORT 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. 1491, dated September 25, 2019; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.

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

Dated: September 23, 2020