

FOR CONSIDERATION

September 22, 2021

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 (the “Board”) of the Long Island Power Authority (“LIPA”) 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 on September 23, 2020.

Compliance with the Policy

LIPA 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”:

- The report to the Board in 2020 detailed the proposed 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. 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. That analysis led to the conclusion that substantial portions of the line had to be underground for technical reasons. The Plainview to Ruland construction is currently ongoing.

- PSEG Long Island has now proposed the construction of a new underground 69kV transmission cable from the Bridgehampton substation in the Town of Southampton to the Buell substation located in the Town of East Hampton (approximately 5.2 miles). The new underground cable is designed to be installed below grade. In compliance with the Policy, as part of the ongoing environmental review, PSEG Long Island will prepare the required analysis that evaluates the system-wide benefits and costs to the public of construction of overhead versus underground transmission projects.

“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.
- 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. A formalized process was also developed by PSEG Long Island with LIPA oversight to ensure the effective implementation of the Tariff provisions.
- A project was completed during 2021 in the Village of Westhampton utilizing the Tariff.

“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 Department of Public Service 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, there were seven T&D specific projects designated as Tier 2 projects, none at Tier 3 level. These Tier 2 projects included 2 new circuit projects in the Arverne and St. James/Stony Brook areas. Also, at the Tier 2 level were two conversion and reconductoring (C&R) projects in Fire Island and Woodsburgh/Hewlett Neck. Finally, there were 3 other projects at the Tier 2 level for various work in the Rockaway Beach, Glenwood Landing and East Garden City areas.

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, LIPA Staff believes this risk is adequately managed.

Annual Review of the Policy

LIPA Staff has completed its 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 reviewed by the Board pursuant on September 23, 2020; 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 the Authority has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

Dated: September 22, 2021