

March 28, 2012

BY E-MAIL

Lamont Jackson
Office of Electricity Delivery and Energy Reliability
Mail Code: OE-20
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Re: OE Docket No. RRTT-IR-001

Dear Mr. Jackson::

This letter is submitted on behalf of PPL Electric and Public Service Electric and Gas Company (“PSE&G”)¹, (referred to herein as “the Companies”) with respect to the Susquehanna-Roseland Transmission Project (S-R Project) to be constructed in Pennsylvania and New Jersey. This letter responds to the above-captioned Request for Information (RFI) issued by your office on February 27, 2012, presenting questions related to permitting of transmission lines.

The RFI is concerned principally with Incongruent Development Times, defined in the RFI as the time differential in the permitting of new generation and related new transmission lines involving lands and resources under federal jurisdiction, and measures to make the development times for transmission and generation more aligned with each other. The S-R Project, by contrast, is being built to respond to a reliability mandate issued by the independent, Mid-Atlantic regional grid operator and planner, PJM Interconnection, L.L.C. (“PJM”). The S-R Project is an upgrade of an existing segment of the transmission grid that long pre-dates the establishment of the relevant federal lands crossed by the line (the “NPS Units”), and does not involve creation of a new infrastructure corridor across federal lands. The Companies are seeking permits and approvals from only two federal agencies, the National Park Service (NPS) and the U.S. Army Corps of Engineers. The Corps permitting involves only minor impacts to wetlands and waters of the United States. The issues associated with the Corps permitting process are not significant and, thus, are not the focus of this letter, which will focus on the process involving the NPS.

The experience and perspective of the Companies are likely to be somewhat different from the experiences and perspectives of the developers of those transmission projects specifically intended to move certain types of generation resources. Many of the questions posed in the RFI are not directly applicable to the S-R Project. That said, the Project’s history includes situations that showcase

¹ The PSEG Companies, including PSE&G, are also submitting separate comments today in this proceeding

challenges to development of new, and even reconstructed, transmission infrastructure requiring approvals by federal land managers.

The Companies were directed by PJM in 2007 to upgrade the grid connection between the Susquehanna, PA and Roseland, NJ substations to ensure reliability. The Companies determined that the optimal approach to upgrade the grid in that location would be to add a new 500 kV circuit to the existing 230 kV facilities between those substations (major portions of which have been in continuous operation since the early 1930s) with a double-circuit 500 kV line occupying primarily the same corridor across eastern Pennsylvania and Northern New Jersey. This approach was accepted by PJM as the optimal solution to maintain reliability.

The existing line crosses the Delaware River near Bushkill, PA. In 1965, Congress established the Delaware Water Gap National Recreation Area in the portion of the Delaware River valley crossed by the line. The NPS acquired for public use roughly 70,000 acres of privately held land in the Delaware River valley immediately north and south of the existing transmission line, without seeking to acquire or modify the easements held by PPL and PSEG for the existing line. The line and the national recreation area have co-existed since 1965.

For all practical purposes, the new line would run in the same place as the existing line and have the same types of impacts as the existing line. But the new project will replace 100' lattice towers with 200' monopoles. Although the footprint of the new project will be the same as the existing project, the new towers will be visible from more locations over a greater distance. Project construction will cause temporary impacts.

PJM ordered the Companies to have the new line in operation by June, 2012. The Companies applied to state regulators for approval in 2009. Each state's process involved public hearings, consideration of alternative routes, and extensive testimony on need for the project, environmental and other public resource impacts. The state hearings were well attended by environmental and other stakeholder groups and were open to the NPS and other federal agencies. The NPS filed comments in the state siting proceedings. State utility regulators granted approvals in 2010 specifically endorsing the Companies' proposal to re-use the existing corridor for the new, upgraded transmission infrastructure.

The Companies applied to the NPS in November, 2008 for permits to perform construction activities needed to remove the existing towers and conductors from the corridor adjacent to the NPS lands, and to construct new towers and string new lines. The NPS required this permit, even though Applicants have existing easement rights granting them the right to reconstruct their lines. The Companies also applied to the NPS requesting that it grant a right-of-way permit to widen a 0.8 mile-long segment of the existing right-of-way by 50 feet.

The NPS is analyzing the Companies' requests by preparing an Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA). The NEPA process started in March, 2009. The NPS decided to use the NEPA review to study, in addition to the route proposed by the companies (i.e., the existing corridor), alternative routes for the project that would involve creating new corridors connecting the Susquehanna and Roseland substations and would require the companies voluntarily to abandon the existing corridor and de-construct the Line.

The NPS issued a Draft EIS in December, 2011 without identifying a preferred alternative. The Companies provided extensive comments on the DEIS. As of this writing, the Companies do not yet know whether the NPS will grant the approvals requested from the agency. The agency has stated its intention to issue a Record of Decision (“ROD”) by October 1, 2012.

The Companies intend to continue to engage collaboratively with the NPS to complete the NEPA process. The Companies understand that the NPS is deeply committed to the stewardship of the lands and resources entrusted to it by Congress. The Companies respect the challenge facing the NPS when having to decide how properly to accommodate a neighboring owner of lands long used by that owner for important commercial purposes, especially when those uses are of a character that the NPS does not routinely consider from a management or regulatory perspective.

The Companies are committed to build and operate the S-R Project in a manner that, wherever possible, avoids adverse impacts to public resources and, in all cases, minimizes and compensates for any unavoidable impacts. The Companies have proposed, and are awaiting NPS comments on, a specific methodology for compensatory mitigation that would include land conservation in the area of the NPS lands. The Companies look forward to receiving from the NPS a critique of our proposed methodology to mitigate for the S-R Project’s unavoidable impacts on public resources, and the Companies are aware that the amount of compensation required may increase.

To date, the NPS has invoiced the companies \$6 million for costs associated with the agency’s NEPA analysis, and final costs are likely to be more. If the NPS decides to approve the Companies’ request, and if the agency grants its approval by October 2012, the line would not be in service until June, 2015. In other words, as matters stand, the S-R Project will be in service three years later than ordered by PJM. The Companies are working with PJM to apply short-term measures to maintain the reliability of the grid until the S-R Project is in operation.

It is premature to draw final lessons from the experience of the S-R Project, but some guideposts emerge from the terrain we have covered so far. Federal land managers, irrespective of agency or location, should pursue awareness of transmission infrastructure in the areas adjacent to or crossing the lands they manage. The reciprocal is also true: grid operators and transmission owners would be well advised to gain a good awareness of the management of the federal lands used or affected by the infrastructure of concern to them. Federal land managers should seek to gain an awareness of the potential need for grid owners to repair, replace or upgrade existing infrastructure; the information is directly relevant to the managers’ planning responsibilities. It is incumbent on grid managers to share information with relevant land managers; perhaps the RRTT could consider how to facilitate the appropriate dialogue.

The Companies also believe that the efficiency of the process used by the federal government for review of future projects would benefit from a more timely and robust sharing of information between all parties, taking full advantage of the opportunities afforded by the NEPA process for information sharing. The Companies respectfully suggest that the NEPA process, at least as applied to transmission siting by the private sector, would be well served by an administrative process calibrated to emphasize timely, robust and reliable exchange of substantive information, including real-time dialogue to address questions, evolving understandings, and emergent perceptions.

We hope this information is helpful to your work. If you require further information, or clarification of any matter raised here, please do not hesitate to contact the undersigned.

Sincerely,

Thomas C. Jensen

Thomas C. Jensen
Counsel to PPL and PSE&G