



February 5, 2008

Town of Montgomery Planning Board
110 Bracken Road
Montgomery, New York 12549

Re: *Central Hudson Gas & Electric Corporation
WM Transmission Line Rebuild Project
Special Exception Use Permit and Site Plan Application*

Members of the Planning Board:

As you know, on or about April 17, 2007, Central Hudson Gas & Electric Corporation (CHG&E) submitted a Special Exception Use Permit and Site Plan Application to the Planning Board for its WM Transmission Line Rebuild Project (Rebuild Project). With the application, CHG&E also submitted a long Environmental Assessment Form (EAF) under the State Environmental Quality Review Act (SEQRA). The Planning Board has since agreed, after coordinating with other involved agencies, to be the lead agency under SEQRA.

CHG&E received a package of comments from the Planning Board in late June under cover of then Chairman John Brown's June 29, 2007 letter. These included comments from Mr. Brown, the Town Engineer (HDR), a landscape architect working for the Town (KALA), the Orange County Department of Public Works (DPW), the Orange County Planning Department (OCPD) and the Town of Montgomery Historic Preservation Commission (HPC). In response, on October 19, 2007, CHG&E submitted a binder of documents, including item by item responses to the above-referenced comment letters. CHG&E has also received, as has the Town, the final recommendation for approval from the OCPD dated November 14, 2007.

CHG&E subsequently (on December 13) received HDR's additional comment letter dated December 5, 2007 and the HPC's letter of November 28, 2007. On January 23, 2008, representatives of CHG&E met at a workshop session with two members of the Planning Board and a number of consultants for the Planning Board (including representatives from HDR and a representative from Ed Garling Associates, the Town Planner) to discuss the remaining issues presented in HDR's December 5 letter.

At the workshop meeting, we discussed a number of issues, many of which related to the open items identified in HDR's December 5 letter, but also discussed a number of issues related to CHG&E's proposal to obtain, as part of its Rebuild Project, a Right-of-Way (ROW) that would be 100 feet in width in most areas. This width is consistent with Industry Standards (based on our discussions with other utilities), the Public Service Commission's (PSC's) Order on ROW Management Practices (PSC ROW Order), and also the General Standards for issuance of a Special Exception Use permit (particularly the standard that states that there should be adequate buffer where necessary to protect adjacent properties). In our experience, we have found that where insufficient ROW width is utilized, encroachments are bound to occur, and this increases the potential for objects (including trees) that could pose a danger to transmission lines causing potential reliability issues. The rationale behind the PSC ROW Order is to prevent outages, not simply to react to outages once they occur. Indeed, from 1989-2006, the WM Line has shown an increase in permanent outages. Permanent outages are classified as an event that trips the breaker or equipment fails to reclose (unlike a transient outage where the line will reclose and continue to operate after the event). Permanent outages can result in extended times where the line is out of service. The one trend with the permanent outages is that the number of structure/conductor/equipment failures on the WM Line is increasing suggesting that the age of the WM Line is beginning to create problems.

It is CHG&E's responsibility to its customers, including those who reside in the Town of Montgomery, to take the necessary precautions to avoid outages. The best way to avoid or at least reduce the potential for outages is to obtain adequate ROW and to make sure that our transmission lines are properly maintained and updated. The WM line was constructed more than 60 years ago and there is a critical need to rebuild the line, but to do so with adequate ROW.

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At the workshop, Mr. Olsen requested a copy of CHG&E's submission to the PSC of May 31, 2005. However, the May 31 date was just Staff's recommendation and the PSC ROW Order was in fact issued after that date. The report, however, was required to be submitted by October 31, 2005 and a copy of the submitted report is attached. Please note that the "typical" ROW noted in the report for CHG&E's 69 and 115 kV lines is 100 feet.

Finally, although a sample offer letter that we send to landowners is provided with this submittal, we will not provide any specific information about negotiations with landowners as that information is confidential and also not relevant to the criteria the Planning Board must apply when deciding on whether to issue the approvals requested.

Included with this submission are the following documents:

1. CHG&E's responses to HDR's December 5 letter (using a table matrix format approved by HDR);
2. Draft Environmental Management and Construction Plan (EM&CP) drawings (which we believe provide the bulk of the information sought in HDR's latest comment letter) (submitted separately because of their size);
3. Revised Special Exception Use Application (Attachment A to the response matrix);
4. Revised EAF (Attachment B to the response matrix);
5. Village at Goodwill – Alternate Routes (Attachment C to the response matrix);
6. CHG&E Report dated October 31, 2005 submitted to PSC (Attachment D to the response matrix); and
7. Sample offer letter to landowners (Attachment E to the response matrix).

We believe with this information, the Planning Board has all that is required to schedule a public hearing. We ask that CHG&E's applications be placed on the February 25 agenda of the Planning Board (we discussed this at the workshop meeting) and at that meeting the Planning Board take the following actions: (1) Finalize SEQRA and issue a Negative Declaration; (2) Declare the Application to be Complete for Purposes of Public Review; and (3) Schedule a Public Hearing.

CHG&E needs to commence construction of the WM Rebuild Project in 2008 and, as we explained at our workshop meeting, there are lengthy lead times for ordering poles and other materials needed for the project as well as bidding for contracts for the work. Given the extensive review of these applications that has been undertaken, we ask that the Planning Board move into the final stages of what we hope to be an approval for the reconstruction of this existing line.

Very Truly Yours,

CENTRAL HUDSON GAS & ELECTRIC CORPORATION



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