

**STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE  
THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350**

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*Secretary*

October 19, 2012

**Via E-Mail**

Hon. Michelle Phillips, ALJ  
Department of Public Service  
Three Empire State Plaza, 3rd floor  
Albany, New York 12223

Hon. Kevin Casutto, ALJ  
Department of Public Service  
Three Empire State Plaza, 3rd floor  
Albany, New York 12223

RE: Case 10-T-0139 – Application of Champlain Hudson Power Express, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII of the PSL for the Construction, Operation and Maintenance of a High Voltage Direct Current Circuit from the Canadian Border to New York City.

Dear Judges Phillips and Casutto:

The Staff of the Department of Public Service designated to represent the public interest in this proceeding (Staff) submits this letter as our supplemental reply brief as authorized in Your Honors' October 10, 2012 ruling.

In our pleadings in this proceeding, Staff has expressed our view that the Facility described in the Joint Proposal will enhance system reliability by increasing delivery capability into the City of New York (CNY). By increasing the import capability into CNY, the Facility will provide increased reliability and reduce the existing dependence on local generation. Moreover, the Facility will provide capacity and energy benefits into the future, given that its useful life will extend well beyond the date when new capacity is estimated to be needed to meet CNY's minimum capacity requirements.

The final 2012 Reliability Needs Assessment (RNA) of the New York Independent System Operator (ISO) was incorporated into evidence by reference by the October 10 ruling. The RNA directly addresses future needs for additional installed capacity in CNY and surrounding areas. As such, it provides material evidence regarding one factor supporting the finding of need for the Facility that the Commission must make, contrary to the claims of the Independent Powers of New York, Inc. and

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Central Hudson Gas and Electric Corporation. That evidence is telling because the RNA was prepared by an independent entity with no commercial interest in this proceeding.

Very truly yours,

*/s/*

Steven Blow  
Assistant Counsel  
Department of Public Service

cc: Secretary Brilling  
All Parties