

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric & Gas Corporation and
Rochester Gas and Electric Corporation

Cases 25-E-____; 25-E-____

June 30, 2025

Direct Testimony of:

Electric Capital Expenditures
Panel

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DIRECT TESTIMONY OF THE ELECTRIC CAPITAL EXPENDITURES PANEL

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DIRECT TESTIMONY OF THE ELECTRIC CAPITAL EXPENDITURES PANEL

1 I. INTRODUCTION

2 Q. Please state the names of the members on the
3 Electric Capital Expenditures Panel (the
4 "Panel").

5 A. We are Jon S. Fairchild, Yvette O. LaBombard,
6 and Christopher F. Malone.

7 Q. Mr. Fairchild, please state your title and
8 business address.

9 A. I am the Senior Manager of Project Development
10 for New York State Electric & Gas Corporation
11 ("NYSEG") and Rochester Gas and Electric
12 Corporation ("RG&E" and, together with NYSEG
13 collectively, the "Companies" and individually,
14 the "Company"). My business address is 1300
15 Scottsville Road, Rochester, New York 14624.

16 Q. Please summarize your work experience and
17 educational background.

18 A. I have worked in the electric utility business
19 for 12 years. My utility engineering experience
20 has been split between the Project Development
21 Group, within the Companies' Integrated System
22 Planning Organization, and the Projects
23 Organization as a Lead Substation Engineer. For
24 the last four years I have served in the role of

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1 Manager / Sr. Manager - Project Development. In
2 this role, I manage the development of
3 comprehensive planning analyses with a focus on
4 project feasibility, project alternatives,
5 detailed needs assessments, cost estimates and
6 construction sequences. My team also works to
7 ensure all projects in planning or in execution
8 are fully justified and in support of the
9 capital investment plans for NYSEG and RG&E. I
10 received my undergraduate and master's degrees
11 from South Dakota School of Mines & Technology
12 (SDSM&T) in Civil Engineering. My Curriculum
13 Vitae ("CV") is set forth in Exhibit __ (ECE-
14 01).

15 Q. Have you previously testified in other
16 proceedings before the New York State Public
17 Service Commission ("Commission") or any other
18 state or federal regulatory agency?

19 A. No.

20 Q. Ms. LaBombard, please state your title and
21 business address.

22 A. I am the Senior Director - Gas Engineering and
23 Hydro Engineering/Operations. My business

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1 address in 1300 Scottsville Road, Rochester New
2 York 14624.

3 Q. Please summarize your work experience and
4 educational background.

5 A. My work experience and educational background
6 are summarized in the Gas Capital Expenditures
7 Panel testimony. My CV is set forth in Exhibit
8 ____ (GCE-01).

9 Q. Have you previously testified in other
10 proceedings before the Commission or any other
11 state or federal regulatory agency?

12 A. Yes, please see the Gas Capital Expenditures
13 Panel testimony for a description of the
14 proceedings in which I have testified.

15 Q. Mr. Malone, please state your title and business
16 address.

17 A. I am the Senior Director of the NY Integrated
18 System Planning Group overseeing all planning
19 activities for NYSEG and RG&E. My business
20 address is 180 Marsh Hill Road, Orange,
21 Connecticut 06477.

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1 Q. Please summarize your work experience and
2 educational background.

3 A. I have worked in the electric utility business
4 for 18 years. Most of my engineering-based
5 experience has been in the field of transmission
6 planning. For the last several years, I have
7 been responsible for Project Development, Asset
8 Management, Non-Wires and Non-Pipes
9 Alternatives, and Transmission & Distribution
10 Planning activities for NYSEG and RG&E. In my
11 role, I am responsible for overseeing
12 comprehensive planning analyses, which include
13 the identification of all disparate needs (e.g.,
14 Transmission, Substation, Distribution),
15 developing cost-effective solution alternatives
16 to address those needs, and memorializing those
17 analyses in the most appropriate format in
18 support of the Companies' capital investment
19 plans. I received my undergraduate degree from
20 SUNY Buffalo in the field of Electrical
21 Engineering. I also have an MBA from University
22 of New Haven, and a Master of Engineering degree
23 in the field of Power Systems from Worcester

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1 Polytechnic Institute. My CV is set forth in
2 Exhibit __ (ECE-01).

3 Q. Have you previously testified in other
4 proceedings before the Commission or any other
5 state or federal regulatory agency?

6 A. Yes. I testified in the Companies' last rate
7 case proceedings, Cases 22-E-0317 et al. (the
8 "2022 Rate Case").

9 **II. OVERVIEW OF TESTIMONY & CURRENT STATE ASSESSMENT**

10 Q. How is the Panel's testimony organized?

11 A. The Panel's testimony is organized as follows:
12 Section I is the introductory section; Section
13 II provides an overview and current state
14 assessment of the Panel's Testimony; Section III
15 identifies the exhibits used to support the
16 Panel's testimony; Section IV provides an
17 overview of the planning process and electric
18 project origination; Section V explains each of
19 the principal categories of the Companies'
20 capital plans for the years 2025-2031; Section
21 VI provides an overview of the Companies'
22 electric capital investment strategy; Section
23 VII describes the major areas of electric
24 capital investments under each category; Section

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1 VIII provides an overview of generation assets
2 and describes the major areas of generation
3 investments; Section IX discusses an initiative
4 to insource additional resources and Section X
5 is the conclusion.

6 Q. Would the Panel please describe the timing of
7 the Companies' Five-Year Capital Investment Plan
8 ("Five-Year Plan") and how that filing relates
9 to the Panel's capital investment plan presented
10 in these rate proceedings?

11 A. The original date for the Companies' Five-Year
12 Capital Investment Plan filing was April 1,
13 2025. However, given the timing of these rate
14 filings, the Companies were granted an extension
15 to file the Five-Year Plan by June 30, 2025.

16 Q. Are the principal categories, discussed in
17 Section V of your testimony, consistent with the
18 categories that will be utilized by the
19 Companies in their upcoming Five-Year Plan
20 filing?

21 A. Yes. The Panel's discussion of principal
22 categories is consistent with what will be
23 presented in the NYSEG and RG&E Five-Year Plan.

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1 Detailed category descriptions will be addressed
2 later in our testimony.

3 Q. Is the amount of capital investment that will be
4 proposed in the upcoming Five-Year Plan
5 completely aligned with the Electric Capital
6 Expenditures presented in your testimony?

7 A. No, due to timing differences. The Five-Year
8 Plan will address capital expenditures spanning
9 the period 2025-2029, whereas the proposed
10 expenditures being advanced by the Panel's
11 testimony in these proceedings spans the next
12 five rate years starting on May 1, 2026, through
13 April 30, 2031 (calendar years 2026-2031).
14 Although the total capital expenditure levels
15 differ across these data sets (i.e., five
16 calendar years verses seven calendar years), the
17 total level of expenditures, and itemized
18 allocation to individual projects/programs are
19 intended to be very similar, if not identical,
20 within the initial five-year calendar span.

21 Q. Please provide an overview of the Panel's
22 testimony.

23 A. The Panel identifies and supports \$16.1 billion
24 in electric capital expenditures for the period

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1 2025 through 2031 to address the Companies'
2 critical electric capital needs and to position
3 the Companies to continue to provide safe and
4 adequate service to customers. Of this amount,
5 the Companies are proposing \$11.0 billion at
6 NYSEG and \$5.1 billion at RG&E. These capital
7 investments are intended to improve overall
8 system reliability and resiliency measures,
9 address asset condition needs, and meet the
10 needs of our customers based on New York State
11 ("NYS") load growth projections through 2031.
12 The investment plan also identifies investment
13 projects that position the Companies to advance
14 projects to achieve targets laid out in the
15 Climate Leadership and Community Protection Act
16 ("CLCPA"). Finally, the Companies' capital
17 investment plan identifies incremental
18 transformational investments described later in
19 our testimony. Exhibit __ (ECE-02), Table 1 and
20 Table 2, provide investment forecast summaries
21 for NYSEG and RG&E respectively. Investments
22 are summarized at the macro level, at the
23 category level (e.g., Asset Condition,

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1 Reliability), and at the project/program level
2 later in our testimony.

3 Q. The Panel referenced earlier "macro level"
4 categorizations. Is the Panel proposing a new
5 categorization for the purpose of this
6 testimony?

7 A. Yes. The Panel presents the Companies' electric
8 capital investments utilizing three new macro
9 level categories: (1) Base, (2) CLCPA, which the
10 Companies also refer to as Powering NY ("PNY")
11 and (3) Transformational.

12 Q. Why is the Panel presenting these new macro
13 level categories?

14 A. The three new macro level categories provide a
15 useful "big picture" view of the Companies'
16 capital investment plans. This view helps to
17 explain and highlight where the Companies are
18 making capital investments that meet their most
19 important needs. For example, the macro level
20 categories demonstrate on a high level that the
21 Companies' electric capital investment is first
22 and foremost focused on essential Base category
23 investments.

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1 Q. Please describe in more detail the types of
2 investments that fit within the "Base" category.
3 A. Investments categorized within "Base" are those
4 considered to be core to the Companies' needs to
5 serve customers and address immediate and known
6 system needs such as facility replacement
7 programs, incremental capacity upgrade projects,
8 and programs that facilitate the connection of
9 new customers on the grid. This is the largest
10 category of investment at approximately \$7.9
11 billion at NYSEG and \$2.7 billion at RG&E.
12 Investments in this category are necessary to
13 maintain the integrity of the Companies
14 fundamental power delivery infrastructure, which
15 must be reliable and resilient to serve
16 customers as the power deliver infrastructure
17 provides the critical network backbone that
18 supports power delivery and innovation,
19 renewable energy technologies and
20 electrification efforts. Further discussion
21 regarding the importance of maintaining the
22 reliability of the Companies' electric system is
23 set forth in the Electric and Hydro Operations
24 Panel.

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1 Q. What types of investments are included in the
2 "CLCPA" or "PNY" category?

3 A. Investments categorized within this category are
4 those designated as CLCPA Phase 1 Transmission
5 and Substation ("T&S") Projects. For the
6 avoidance of confusion, we note that CLCPA Phase
7 II projects are not included in this category.
8 The costs of the CLCPA Phase II projects will be
9 allocated to all statewide load serving entities
10 through the NYISO tariff, as further detailed in
11 Case 20-E-0197. However, this category would
12 encompass other investments intended for the
13 purpose of meeting NYS or local municipal clean
14 energy objectives.

15 Q. Please describe the types of capital investments
16 the Panel has included in the Transformational
17 category.

18 A. Investments categorized within the
19 Transformational category are those needed to
20 improve outdated and unreliable system
21 topologies, convert legacy assets currently
22 operating at inadequate voltage levels, and
23 right-sizing equipment in a scalable manner to
24 accommodate load growth (capacity) projections

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1 within the NYSEG and RG&E service territories.
2 For example, The Comprehensive Area Study
3 ("CAS") for Plattsburgh evaluated both immediate
4 and long-term system needs within a prioritized
5 sub-area, proposing comprehensive solutions to
6 address these needs. The proposed solutions aim
7 to mitigate issues related to capacity, asset
8 condition, resiliency, and reliability over a
9 defined period (up to 2040). In some cases, CAS
10 solution proposals may include the use of
11 targeted undergrounding, the retirement of
12 legacy substations, retrofitting existing
13 transmission substations to serve distribution
14 load, and introducing enhanced resiliency
15 concepts such as distribution switching stations
16 to achieve full N-1 distribution circuit
17 redundancy. This area-wide study approach was
18 adopted by the Companies in 2023, following the
19 completion of the Lancaster 21st Century Study,
20 and is essential to prepare the grid for the
21 anticipated significant load growth from now
22 until 2040.

23 Q. Did placing the Companies' capital investments
24 in projects or programs into the macro level

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1 categories of Base, CLCPA, and Transformational
2 require the Panel to exercise its informed
3 judgement?

4 A. To a certain extent, yes. The three enumerated
5 macro level categories are not perfectly
6 amenable to a numerical bright line selection
7 methodology. While the vast majority of the
8 Companies' planned investment programs or
9 projects fell squarely within one of the three
10 macro level categories, a limited number could
11 arguably fit in more than one category. For
12 these projects or programs, the Panel utilized
13 its judgment to identify the category that was
14 the most appropriate fit.

15 Q. Has the Panel prepared an exhibit that
16 identifies the projects that were assigned to
17 each of the three Marco Level categories?

18 A. Yes. Please see Exhibit __ (ECE-02).

19 Q. What is the breakdown of total NYSEG and RG&E
20 capital investments among the three macro level
21 categories of Base, CLPA, and Transformational?

22 A. Of NYSEG's approximately \$11.0 billion of
23 capital investment, \$7.9 billion is categorized
24 as Base, \$1.5 billion is categorized as CLCPA,

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1 and \$1.7 billion is categorized as
2 Transformational. The portion of investments
3 associated with the electric generation category
4 total \$189 million and are included within the
5 Base categorization. Of RG&E's approximately
6 \$5.1 billion of capital investment,
7 approximately \$2.7 billion is categorized as
8 Base, \$2.5 billion is categorized as
9 Transformational, and there are no planned
10 investments under the CLCPA category. The
11 portion of investments associated with the
12 electric generation category total \$165 million
13 and are included within the Base categorization.
14 Table 3 and Table 4, set forth in Exhibit ____
15 (ECE-02), provide a breakdown among the three
16 macro level categories in tabular format for
17 both NYSEG and RG&E, respectively.

18 Q. What immediate conclusions can be drawn from
19 Exhibit ____ (ECE-02)?

20 A. First, that the Base category is by far the
21 largest of the three macro level categories.
22 Second, the CLCPA category is, at this time,
23 closely aligned with the Companies CLCPA Phase 1
24 projects. Finally, the Transformational

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1 category has expected investment starting in
2 2027.

3 Q. Since projects or programs included by the Panel
4 in the Transformational category will be
5 initiated in 2027 and are not forecast to go
6 into service until well beyond the Rate Year,
7 why did the Panel expend the resources and time
8 needed to identify and quantify this macro level
9 category?

10 A. The Transformational category capital
11 expenditures would greatly benefit the
12 Companies' electric system and customers,
13 particularly over the longer term. Projects
14 under this category are designed to provide full
15 N-1 redundancy at the transmission and
16 distribution voltage levels, increase overall
17 capacity, and renew assets that are deemed to be
18 beyond their useful operating life. It should
19 also be noted that projects within this category
20 are generally designed to be scalable to both
21 limit initial investment levels and future
22 retrofits if additional load were to materialize
23 in the future. Should the Commission ultimately
24 determine that all or certain Transformational

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1 projects should be implemented at this time, and
2 if sufficient incremental rate support is
3 provided, the Companies would be well-positioned
4 to undertake such Transformational projects.

5 **A. CURRENT STATE ASSESSMENT**

6 Q. Turning to the current state assessment, have
7 the Companies identified new electric capital
8 investments required in response to an increase
9 in customer demand or a change in electric
10 system conditions?

11 A. Yes. Over the past several years, the Companies
12 have experienced a significant increase in the
13 number of customer load interconnection requests
14 ("spot loads") and overall loads (Mega-Watts or
15 MW) associated with these customer requests.
16 Summaries of load requests, by year, from 2022-
17 2024 as well as the sum-total of load (kVA)
18 requested by division and OpCo are set forth in
19 Exhibit __ (ECE-02) Figures 1 through 5. Based
20 on these historical trends, current load
21 forecasts (through 2040) for NYS, projected
22 economic development activities, and many of the
23 clean energy policies and technology transitions
24 being pursued by NYS, local municipalities, and

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1 its residents indicate to the Companies that
2 this trend is likely to continue.

3 Q. Would the Panel please discuss the key takeaways
4 for the data summarized in Exhibit __ (ECE-02),
5 which sets forth the various NYSGE and RG&E load
6 interconnection request figures?

7 A. Yes. The data show a significant increase in
8 the number of customer load requests, and the
9 sum of load (kVA) proposing to be
10 interconnected. Both the number of customers
11 and requested load amounts results in
12 significant impacts to overall grid reliability.
13 For perspective, between 2022 and 2024, NYSEG
14 received an approximate total of 426 MVA of load
15 interconnection requests, which represents 14.1%
16 of load relative to NYSEG's total 2022 native
17 load levels (NYSEG actual 2022 system-wide load
18 levels were approximately 3,030 MVA). For RG&E,
19 between 2022 and 2024, an approximate total of
20 120 MVA of load interconnection requests were
21 received which represents 7.8% of load relative
22 to RG&E's total 2022 native load levels (RG&E
23 actual 2022 system-wide load levels were
24 approximately 1,523 MVA). As we will discuss

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1 throughout the Panel's testimony, these
2 increased load levels create significant system
3 impacts requiring large levels of grid
4 infrastructure investment to accommodate these
5 loads.

6 Q. Does the increased number of load
7 interconnection requests, paired with existing
8 grid capacity constraints, have the potential to
9 impact the Companies' ability to easily connect
10 new customers to the grid (i.e., connect without
11 major system upgrades being required)?

12 A. Yes. The significant increase in the number of
13 customer load interconnection requests, coupled
14 with existing capacity constraints and native
15 load increases, have together manifested in the
16 form of newly identified system needs, further
17 exacerbating existing system needs and other
18 needs previously identified as marginal.

19 Q. Would the Panel please provide an example to
20 help illustrate this condition and describe how
21 the Companies are addressing these types of
22 emergent needs?

23 A. Yes. Beginning in 2023, NYSEG's Liberty
24 Division has been subjected to an unforeseeable

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1 and dramatic increase in new load requests that
2 has had a significant impact on the Company's
3 ability to easily connect prospective customers.

4 Q. Please explain further the developments in the
5 Liberty Division and why they were
6 unforeseeable.

7 A. In 2022, the Company only received a total of
8 eight new load requests within the Liberty
9 Division. This figure more than doubled to
10 eighteen load requests received in 2023 before
11 increasing once more to forty-nine new load
12 requests received in 2024. These 75 new load
13 requests within the Liberty Division, all
14 received between 2022 and 2024, represent a
15 total of about 26 MVA of incremental load in a
16 division with a coincident summer peak load of
17 about 189 MVA (an approximately 14% increase).

18 Q. What impact has the increase in the number of
19 load interconnection requests had on the Liberty
20 Division?

21 A. While the Liberty Division had seen marginal
22 capacity constraints prior to 2022, the increase
23 in interconnection requests exhausted the
24 capacity that remained, or which could be

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1 achieved with minor system upgrades. With
2 available capacity depleted on numerous circuits
3 and substations, new load requests, even
4 relatively small ones, have frequently been
5 unable to proceed without requiring major
6 network upgrades. Based on the combination of
7 native load growth and new load
8 interconnections, several electric facilities in
9 the Liberty Division were identified to be at a
10 significant risk of overloading during the 2025
11 summer peak load period (June-September).

12 Q. What is NYSEG doing to mitigate these capacity
13 needs?

14 A. To mitigate the risk to reliability and electric
15 infrastructure posed by this condition, the
16 Company has taken action to deploy an
17 operational solution (i.e., a mobile substation
18 to form a temporary 115/12.5 kV substation
19 adjacent to the existing Ferndale Substation) as
20 well as to construct the most urgently-needed
21 distribution network upgrades identified by
22 Integrated System Planning (i.e., system
23 topology upgrades and voltage conversions to
24 allow for load to be transferred to the mobile

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1 substation). This emergent capacity upgrade
2 project is expected to be in-service by June
3 2025 and will allow customers in-queue to
4 connect to the grid. The daily operational
5 challenges in Liberty reflect what other
6 divisions have been and are likely to experience
7 in the near future. Please see Exhibit __ (ECE-
8 03) for more information regarding this emergent
9 project.

10 Q. Have the Companies recently observed changes in
11 the number of system needs that involve T&S
12 upgrades?

13 A. Yes, system capacity constraints are now more
14 commonly resulting in the need to upgrade T&S
15 facilities, which requires a higher level of
16 investment versus distribution system upgrades.
17 In the past, typical distribution system
18 upgrades such as reconductoring and other
19 limiting element replacements were more common
20 for single load interconnection requests.
21 However, over the past several years the number
22 and size (MW) of these requests, across the
23 Companies' service territory, has caused
24 additional strain on the T&S system.

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1 Q. In consideration of these electric capacity
2 challenges, how have the Companies approached
3 the development of prospective solutions?

4 A. To provide customers with the most cost-
5 effective solution(s), Integrated System
6 Planning reviews possible available alternatives
7 that are not as capital intensive, such as
8 distribution field-tie switching (to neighboring
9 circuits and/or substations), distribution line
10 extensions, installation of substation
11 transformer fans, and in limited instances, has
12 entertained post-contingency (N-1) load-shedding
13 options with customers. However, in many cases
14 these types of solutions are unavailable or
15 infeasible, and as a result, large capital
16 investments are needed to interconnect these
17 loads.

18 Q. Has the recent surge in load interconnection
19 requests and observed increases in native load
20 over the past several years led to a change in
21 the Companies' electric investment strategy as
22 compared to the 2022 Rate Case?

23 A. Yes. Although the Companies had proposed
24 targeted investments to alleviate system thermal

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1 and voltage constraints (i.e., Capacity), in the
2 2022 Rate Case, the strategy at the time was
3 heavily focused on resolving outage risks (i.e.,
4 system average interruption frequency
5 ("SAIFI")), renewing existing assets (i.e.,
6 Asset Condition), advancing clean energy
7 initiatives such as CLCPA, and improving
8 resiliency measures to provide Operators with
9 the tools necessary to restore customers' power
10 as quickly as possible. Programs designed to
11 address capacity needs, as identified in the
12 2022 Rate Case, included the Distribution Load
13 Relief Program, Comprehensive Area Studies, and
14 the Transmission Reinforcement Program.

15 Q. How have emergent project opportunities been
16 managed and how are system needs balanced within
17 the Companies to ensure that priority projects
18 are included in the capital plan?

19 A. Regular discussions are held within the
20 Companies to address emerging needs, and
21 decisions are made to incorporate these needs
22 into the capital plan if they are deemed higher
23 priority than other projects. For mandated
24 projects, such as breaker failure replacements

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1 (i.e., 22-unit replacements in 2024) or
2 substation (power) transformer failures (e.g.,
3 Cobble Hill in December 2022), the Companies
4 identify financial offsets from lower priority
5 items and promptly execute on asset replacement
6 projects. For other emergent needs that are not
7 mandated, the Companies first conduct
8 comprehensive needs and solution analyses, then
9 develop and approve technical materials to
10 identify the selected solution alternative.
11 Annually, during the development of the
12 subsequent year's five-year plan, the electric
13 capital portfolio undergoes a prioritization
14 exercise to determine whether emergent needs
15 should be included and offset by other in-
16 progress projects. With finite resources and
17 competing priorities, this effort is challenging
18 for the Companies. However, the annual electric
19 capital planning process allows the Companies to
20 align planning needs with the strategic
21 objectives and priorities of the Companies.

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1 Q. In consideration of these challenges, are the
2 Companies proposing new or modified strategies
3 to mitigate known system needs?

4 A. Yes. The Companies will continue to pursue
5 projects and programs with the intention of
6 improving overall system reliability and
7 resiliency, and meeting CLCPA objectives. In
8 parallel, the Companies will make significant
9 investments to mitigate existing and anticipated
10 capacity needs in support of CLCPA goals and
11 electrification initiatives throughout the NYSEG
12 and RG&E territories. The newly established
13 Customer Cost Allocation Program ("CCAP"), CAS
14 Program, along with the existing Distribution
15 Load Relief Program, and Transmission
16 Reinforcement Program will allow the Companies
17 to address known, emergent, and anticipated
18 capacity needs. In addition, specific projects
19 such as RG&E Station 255 (Henrietta) and NYSEG
20 Ferndale (Liberty) are designed to mitigate
21 known capacity constraints and enable new
22 customer connections within these communities.
23 Section VI provides more detail regarding the
24 overall electric capital planning strategy in

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1 support of the proposed portfolio. Projects
2 being advanced to meet these strategic
3 objectives will be described in more detail
4 later in the Panel's testimony.

5 Q. How is the capital investment associated with
6 Generation expenditures presented?

7 A. The Generation category provides the capital
8 requirements to replace obsolete, damaged, and
9 aged infrastructure, addresses items included in
10 Federal Energy Regulatory Commission ("FERC")
11 licensing requirements, and capital expenditures
12 to improve these electric capital assets.

13 Q. Due to the number of competing priorities across
14 the electric portfolio, how did the Companies
15 effectively prioritize electric capital
16 investments to achieve an optimal outcome for
17 NYSEG and RG&E customers?

18 A. Portfolio prioritization is not specific to
19 electric expenditures, and therefore
20 prioritization was applied across the entire
21 portfolio of NYSEG and RG&E capital investments.
22 The NYSEG and RG&E portfolio prioritization
23 methodology will be included in the Companies'
24 upcoming Five-Year Plan and is further described

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1 within the testimony of the Investment Planning
2 and Common Capital Expenditures Panel.

3 **III. IDENTIFICATION OF EXHIBITS**

4 Q. Is the Panel sponsoring any exhibits?

5 A. Yes. This Panel is sponsoring the exhibits
6 identified below.

7 1) Exhibit __ (ECE-01): Panelist CVs

8 2) Exhibit __ (ECE-02): Electric Capital
9 Expenditures Panel Summary of Figures and
10 Tables

11 3) Confidential Exhibit __ (ECE-03): Ferndale
12 Phase 1 Distribution Upgrades Project
13 Workpaper

14 4) Exhibit __ (ECE-04): Electric CAPEX Project
15 Binders

16 5) Confidential Exhibit __ (ECE-05): NYSEG
17 Ferndale Substation Expansion Project
18 Workpaper

19 6) Exhibit __ (ECE-06): Full Time Equivalents

20 7) Exhibit __ (ECE-07): NYSEG and RG&E Spare
21 Transformers Program Workpaper

22 8) Confidential Exhibit __ (ECE-08): NYSEG and
23 RG&E Distribution Load Relief Workpaper

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1 9) Exhibit __ (ECE-09): NYSEG and RG&E Customer
2 Cost Allocation Program (CCAP) Workpaper

3 10) Confidential Exhibit __ (ECE-10): NYSEG and
4 RG&E Comprehensive Area Studies Program

5 11) Exhibit __ (ECE-11): NYSEG and RG&E
6 Comprehensive DAC Project Matrix

7 Q. How are each of the project and program exhibits
8 structured?

9 A. Each of the project exhibits, at minimum,
10 include a project whitepaper that summarizes
11 components such as the project description,
12 scope of work, project benefits, project risks,
13 project alternatives, basis for cost estimates,
14 and a cost estimate by resource class and by
15 year. In addition, stand-alone projects equal-
16 to-or-greater-than \$40.0 million dollars from
17 2026-2031, include a summarized cost estimate(s)
18 highlighting major material costs in support of
19 the project. Detailed cost estimates for
20 programs are not provided because it is
21 difficult to provide precise estimates for
22 reactive-type programs, which are not pre-
23 planned, and those planned beyond 2027.
24 Typically, sub-projects within proactive

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1 programs are defined the year before they are
2 executed, using information such as outage and
3 capacity data to determine where best to invest
4 in the grid. In certain instances, supplemental
5 source materials such as study reports, project
6 presentations, and workpapers have been included
7 to further support the need for the project.
8 Programs, which are generally represented as a
9 collection of smaller sub-projects, were treated
10 in a similar manner and include the same level
11 of documentation as stand-alone projects. Sub-
12 projects, within programs, that exceed \$0.5
13 million in investments were broken out
14 individually from their parent program to
15 provide visibility on the specific investment
16 being made. Sub-project level granularity was
17 not available for investments beyond end-of-year
18 2027 since, as stated above, many of these
19 programs rely on updated reliability and loading
20 statistics as the basis for their development.
21 As more information becomes available through
22 subsequent planning analyses, it allows for
23 periodic updates to sub-project breakdowns to
24 occur. This provides the Companies with

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1 additional flexibility in future years to
2 effectively prioritize new investment
3 opportunities in line with each program's core
4 objective and prioritization methodology.

5 Q. Can the Panel please provide an example of how
6 additional flexibility is provided in future
7 years?

8 A. Yes. On an annual basis, the Distribution Load
9 Relief Program assesses emerging system
10 constraints and prioritizes study work based on
11 those facilities with the greatest need for
12 intervention. These needs and solutions
13 assessment studies result in proposed project
14 opportunities to meet program objective(s).
15 However, considering electrification of
16 transportation and buildings, evolving economic
17 development opportunities and other calls for
18 local and regional growth, there is no reliable
19 way to anticipate precisely where these local
20 constraints will occur beyond 2027. Therefore,
21 program expenditure levels beyond 2027 are
22 represented within the parent program and will
23 be broken-out in future years once a defined
24 plan has been established.

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IV. PLANNING PROCESS AND ELECTRIC PROJECT ORIGINATION

3 Q. Specific to electric capital investments, please
4 provide a detailed description of the technical
5 portion of the Companies' capital planning
6 process.

7 A. At its core, the inception of any project idea
8 arises from an individual or organization
9 performing their routine tasks and identifying a
10 system need that requires attention. This need
11 can emerge from various activities, such as
12 routine maintenance inspections, emergency
13 system outages, or analytical planning and/or
14 compliance studies. Once identified, the need
15 is then grouped with other similar needs
16 originating from the same input source (e.g.,
17 inspections, study work, etc.). After system
18 needs are categorized into their respective
19 work-streams, further efforts are made to
20 prioritize these needs. Subsequent studies are
21 then conducted to ensure that the proposed
22 project addresses any additional needs as
23 identified. Alternatives, including
24 opportunities for non-wires alternatives, are
25 then developed and evaluated with the final

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1 selection being informed by various factors,
2 including but not limited to, cost-
3 effectiveness, execution feasibility, and post-
4 project system performance (e.g., SAIFI
5 improvement, capacity enhancement, asset
6 renewal). Project alternative selection,
7 whether a single project or within a program, is
8 unique and is based on the stated objective of
9 the project or program in question.

10 Q. Does the Panel have an example of how the
11 planning process is applied in practice to the
12 development of an electric capital program?

13 A. Yes. A description of the typical planning
14 process using the NYSEG and RG&E Circuit Breaker
15 Replacement Program is a useful illustrative
16 example.

17 Q. Why is the Circuit Breaker Replacement Program a
18 good example?

19 A. Circuit breakers are critical pieces of
20 substation infrastructure that protect thousands
21 of customers from experiencing long-duration
22 outages and protect other substation equipment
23 from dangerous situations when an outage does
24 occur. The Companies' fleet of circuit breakers

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1 is increasingly exposed to failures as the
2 circuit breaker asset class continues to age.
3 Over the past five years, circuit breaker
4 failures have increased by 20%, with an average
5 of 2,328 customers affected per each breaker
6 failure. At NYSEG, the Company has identified
7 847 circuit breakers that are beyond their
8 useful operating life and in need of replacement
9 with 516 being identified in "very poor"
10 condition. There are 438,416 customers
11 currently connected to the circuit breakers that
12 are in poor condition, and 89,641 customers
13 currently connected to circuit breakers in very
14 poor condition.

15 Q. Please continue with your explanation of how the
16 Planning Process applies to the Circuit Breaker
17 Replacement Program.

18 A. On an annual basis, the circuit breaker fleet is
19 assessed against a pre-determined health and
20 risk algorithm. This assessment is then used to
21 inform the development of a list of poor/very
22 poor performing breakers that are deemed to be
23 beyond their useful operating life and in need
24 of replacement. Please note, that the Poor and

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1 Very Poor designations are health-level
2 designations assigned as part of Asset
3 Management's annual circuit breaker assessment
4 report. Poor and Very Poor scores correlate to
5 Level 4 (of 5) and Level 5 (of 5), respectively.
6 The circuit breakers that fall into the Poor and
7 Very Poor categories are considered to be in
8 need of urgent attention and, typically,
9 replacement. The risk portion of the circuit
10 breaker assessment algorithm was improved in
11 2023 to include a more precise consequence of
12 failure calculation that considers customer
13 outage exposure upon the potential circuit
14 breaker failure under study. The risk portion
15 of this analysis is then used to prioritize
16 additional study work to be done at facilities
17 determined to be most at-risk. Supplemental
18 needs, associated with the breaker under study,
19 are identified and included in the scope of work
20 at the facility. Items such as in-line switch,
21 insulator, and/or foundation replacements are
22 typically included within the overall scope of
23 work since these components are often considered
24 integral to the success of any single sub-

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1 project. This example helps to illustrate how
2 study-work and sub-project development is
3 prioritized within a program to ensure that the
4 Companies are maximizing SAIFI benefits at the
5 lowest cost possible (i.e., minimizing scope to
6 meet the stated objective within the program).
7 This approach allows the Companies to address
8 the maximum number of system needs, across
9 numerous facilities, to improve system SAIFI
10 statistics more effectively.

11 Q. Would the Panel also provide an example of how
12 the planning process is applied to the
13 development of another type of electric capital
14 project?

15 A. Yes. Another good example is the typical
16 planning process using a generic transmission
17 line project that was initiated by an analytical
18 planning study. In this example, a targeted
19 compliance or area study was conducted which
20 resulted in the identification of a thermal need
21 on a transmission line facility which is
22 considered as the "origination" ("IP1") stage to
23 authorize provisional inclusion into the capital
24 investment plan. Subsequent study work is then

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1 conducted to identify any additional needs such
2 as terminal limitations and/or existing
3 structural limitations on the transmission line
4 under study. Following the completion of a
5 comprehensive needs assessment, solution
6 alternatives are developed and evaluated against
7 numerous factors such as cost, time of
8 execution, construction sequencing
9 considerations, and system performance.

10 Q. What follows next?

11 A. The alternatives' assessment is then used to
12 make an informed decision on the selected
13 alternative which is used to obtain technical
14 approval (i.e., "Technical" or "IP2" stage which
15 serves to memorialize technical agreement and
16 approval among electric network area
17 stakeholders) and later prioritized within the
18 larger capital investment portfolio. Figure 6,
19 set forth in Exhibit __ (ECE-02), provides a
20 high-level illustration of a project's typical
21 evolution from the origination through execution
22 phases.

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1 Q. When and how do the Companies complete their
2 technical review process for newly established
3 electric capital investments?

4 A. On a monthly basis, a New York System Review
5 Group ("NYSRG") meeting is held which consists
6 of numerous stakeholders from System Planning,
7 Investment Planning, System Operations,
8 Protection and Control, Projects, and other
9 relevant areas. The primary purpose of these
10 monthly NYSRG meetings is to ensure that all
11 electric projects and programs are appropriately
12 vetted, the full suite of needs have been
13 identified, alternatives have been developed and
14 evaluated, Non-Wires Alternatives ("NWAs") were
15 considered, and the analyses are appropriately
16 documented in a consistent fashion. Projects
17 that receive origination (i.e., IP1) or
18 technical approval (i.e., IP2), at the NYSRG,
19 are then incorporated within the larger electric
20 capital portfolio and prioritized among the
21 overall portfolio in accordance with the
22 Companies' Investment Planning Prioritization
23 Methodology, as referenced in Section IV.

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1 Q. In what manner do the Companies evaluate
2 projects to determine NWA eligibility for those
3 projects being submitted for technical approval?

4 A. All newly established projects, seeking NYSRG
5 technical (IP2) approval, must submit an NWA
6 screening form. This form evaluates the needs
7 driving the project and the specific timing
8 related to anticipated capacity limitations
9 (i.e., time of need), if applicable. For
10 projects initiated solely due to capacity needs,
11 where the time of need is 36 months or more in
12 the future, the Companies would require an NWA
13 Request for Proposal ("RFP") to solicit cost-
14 effective solution(s) to avoid or defer the
15 traditional "wires" solution. If the identified
16 NWA solution is deemed cost-effective, based on
17 the Societal Cost Test ("SCT"), the NWA project
18 would be considered as the preferred solution
19 and proceed to implementation. If unsuccessful,
20 the traditional wires solution would be
21 submitted for full IP2 technical approval.
22 Please note that NWA screening forms are not
23 required for IP1 Project Origination since the
24 full project scope of work remains pending at

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1 this stage gate and is subject to a more
2 comprehensive needs and solutions assessment
3 (i.e., IP2 analyses).

4 Q. In what way do the Companies screen for the
5 cost-effectiveness of NWA Projects?

6 A. The Companies currently utilize the NYSEG/RG&E
7 Benefit Cost Analysis ("BCA") Handbook Version
8 4.0, which was filed as part of the 2023
9 Distributed System Implementation Plan ("DSIP").
10 The BCA is used for all NWA projects to compare
11 the present value of the net costs and benefits
12 of an NWA project versus the present value of
13 the net costs and benefits of a traditional
14 infrastructure project. The handbook outlines
15 three relevant cost-effectiveness tests: the
16 SCT, the Utility Cost Test ("UCT"), and the Rate
17 Impact Measure ("RIM"). The SCT is the primary
18 test, as it evaluates the overall impact on
19 society. If a project passes the SCT with a BCA
20 over one, the project will move forward. The
21 UCT and RIM are used to assess the preliminary
22 impact on utility costs and ratepayer bills. If
23 an NWA project passes the SCT but does not
24 satisfy the UCT and RIM test the project would

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1 not be rejected unless the magnitude of the
2 impact is defined as unacceptable as defined by
3 the BCA Order in Case 14-M-0101.

4 Q. Have the Companies identified NWA opportunities
5 resulting from this NWA screening process step?

6 A. Since the establishment of the NYSRG (2020), the
7 Companies have only identified one new project
8 that meets the screening criteria.

9 Q. What are the key reasons behind the limited
10 number of NWAs being identified as part of the
11 monthly NYSRG screening process?

12 A. Due to the current condition of the NYSEG and
13 RG&E system assets, the Companies have observed
14 few opportunities where proposed upgrades are
15 limited solely to capacity (load relief or
16 reliability) needs that are at least 36 months
17 in the future and do not require additional
18 upgrades, such as addressing asset condition
19 needs within the facility under study.

20 Q. Have the Companies taken steps to accelerate the
21 identification of potential NWA opportunities?

22 A. Yes. In response to the observed trend of
23 limited NWA opportunities, the NWA Team
24 conducted a proactive 2023 screening assessment.

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1 This assessment targeted facilities expected to
2 have a capacity need at least 36 months in the
3 future and in adequate condition, requiring no
4 additional upgrades. The results of this
5 assessment will be used to inform subsequent
6 planning activities, enabling the advancement of
7 future NWA opportunities. This initiative,
8 combined with the existing NYSRG screening
9 requirement, will better position the Companies
10 to identify and advance NWA project
11 opportunities moving forward.

12 Q. Did the proactive screening process result in
13 the Companies' identification of any NWA
14 opportunities?

15 A. Yes. The Companies plan to pursue an NWA
16 solution to complement the Ferndale Substation
17 Expansion Project being pursued in NYSEG's
18 Liberty Division. This initiative is
19 distinctive due to its integration of both an
20 NWA solution and a traditional wires approach.
21 The NWA component aims to reduce peak load at
22 NYSEG's Hilldale and Swan Lake Substations
23 within the Liberty Division, while the
24 traditional solution addresses urgent

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1 transmission, substation, and distribution
2 capacity constraints in the Liberty Area.
3 Additionally, this project offers long-term
4 benefits to disadvantaged communities.
5 Additional information on this project can be
6 found in Exhibit __ (ECE-04) and Exhibit __
7 (ECE-05).

8 Q. Is the Panel proposing any additional NWA
9 projects?

10 A. In 2027, the Companies plan to restart the Java
11 Microgrid Project, located in Wyoming County
12 (NYSEG Lancaster Division). This project will
13 address an identified reliability need resulting
14 from an (N-1) substation transformer contingency
15 loss through the installation of a Microgrid
16 utilizing a Battery Energy Storage System
17 ("BESS"). This investment is an innovative
18 solution with planned ownership by NYSEG to gain
19 integration and operational experience with
20 these types of technologies. Additional
21 information on this project can be found in
22 Exhibit __ (ECE-04). In addition to the Java
23 Microgrid Project, the Companies' also plan to
24 release an RFP for Holland Substation located in

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1 NYSEG's Lancaster Division. The Companies
2 originally proposed this project as a
3 Distribution Load Relief project opportunity,
4 but based on NWA screening, it was deemed
5 eligible for NWA consideration. If successful,
6 the proposed NWA project would defer the need
7 for a substation upgrade. Procuring an NWA
8 solution will help to improve reliability,
9 extend equipment life, improve efficiency, and
10 maintain better power quality. Additional
11 information on this project can be found in
12 Exhibit __ (ECE-04).

13 **V. PROJECT & PROGRAM CATEGORIZATION**

14 Q. What principal categories were used for each of
15 the projects and programs listed within the
16 Panel's testimony and associated exhibits?

17 A. As noted earlier in our testimony, we have
18 presented investment projects and programs
19 categorized and grouped at a macro level (i.e.,
20 Base, CLCPA, and Transformational). However,
21 the Companies also continue to utilize various
22 categories that are more granular in nature such
23 as Asset Condition, Reliability, Resiliency,
24 Compliance (electric only), Electric Clean

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1 Energy, Customer Focus, Modernization, and
2 Innovation, as described later in our testimony.

3 Q. Are each of the macro level groupings (Base,
4 PNY, and Transformational) limited to a certain
5 number of specific project types or
6 categorizations?

7 A. No. The macro level groupings are not tied to
8 any single project category or type. For
9 example, a project classified under the
10 Transformational grouping could include projects
11 which are categorized, at the granular level, as
12 reliability, resiliency, or any other defined
13 category. The primary factor for determining a
14 project's macro level grouping designation
15 involves a qualitative assessment of investments
16 and their respective time-of-need. For example,
17 the Comprehensive Area Studies Program,
18 categorized under the Transformational grouping,
19 is designed to address immediate system needs
20 and those expected to occur later in the
21 planning horizon (2034 and beyond). While many
22 of the needs identified in this program are
23 considered near-term, a significant portion of
24 needs and related investments are informed by

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1 the Companies' latest load forecast data, based
2 on New York Independent System Operator
3 ("NYISO") zonal projections. While these
4 investments are critical for future grid
5 expansion and for our customers overall, it is
6 difficult to prioritize these over competing and
7 immediate system needs that often affect
8 customers already connected to the grid.

9 Q. Before the Panel explains the categories that
10 are applied across the portfolio of projects and
11 programs, are there any points you would like to
12 make?

13 A. Yes, we would note that these categories are not
14 listed or identified in any order of priority.
15 Moreover, while a project could have aspects of
16 one-or-more categories, a project has been
17 assigned to one and only one project specific
18 category that reflects the most predominant
19 underlying system need being addressed.

20 Q. Please continue your description of the specific
21 project level categories.

22 A. The categories can be defined and described as
23 follows:

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1 Asset Condition - This category includes those
2 projects and programs that are needed to address
3 assets deemed to be beyond their useful
4 operating life expectancy. These projects and
5 programs are identified based on various
6 Planning studies, ongoing Maintenance programs,
7 and immediate needs identified by System
8 Operations. Addressing asset condition needs
9 will allow the Companies to proactively mitigate
10 the risk of customer outage exposure prior to an
11 equipment or facility failure, thus avoiding
12 future SAIFI impacts to our customers
13 Reliability - This category includes those
14 projects and programs that are needed to address
15 immediate and long-term system needs such as
16 thermal overloads, and voltage violations. In
17 addition, this category of projects includes
18 investments that are targeted to address system
19 facilities with a history of repeat SAIFI
20 impacts and single element loss-of-load
21 violations. It is important to note that the
22 Companies have historically categorized thermal,
23 voltage, and SAIFI improvement-based projects
24 under the Reliability category. In recent

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1 years, the term "Capacity" has been used to
2 describe projects and programs aimed at
3 addressing thermal and voltage needs. To
4 maintain consistency with past practices, and
5 avoid disrupting historical trending analyses,
6 the Companies have decided not to create a new
7 stand alone "Capacity" category.

8 Resiliency - This category encompasses projects
9 and programs aimed at reducing restoration costs
10 and outage durations, while enhancing
11 reliability after unplanned transmission and
12 distribution contingencies. These unplanned
13 transmission and distribution events are often
14 triggered by severe weather events, which are
15 expected to intensify due to the change in
16 climate as concluded in the Companies' most
17 recent Climate Change Resiliency Plan ("CCRP").
18 These initiatives improve resilience through
19 various methods, such as hardening or relocating
20 assets, and boosting system capability and
21 flexibility. This includes enabling automatic
22 or remote-controlled system reconfiguration to
23 quickly restore power and minimize customer
24 impact following a contingency event.

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1 Compliance (Electric Only) - This category
2 includes those projects and programs that are
3 needed to address compliance
4 requirements/criteria (e.g., NERC Requirements),
5 mandates, orders, or other regulatory or
6 governmental direction.

7 Electric Clean Energy - This category includes
8 those projects and programs that are needed to
9 enhance system capabilities and accommodate an
10 increased level of renewable resource
11 penetration and support proposed New York State
12 and local municipality grid modification
13 initiatives (e.g., "electrification"). This
14 category includes the suite of New York CLCPA
15 Transmission Projects (Phase I and Phase II)
16 that were recently developed in support of the
17 CLCPA and filed in two separate petitions in
18 Case 20-E-0197. In addition to the CLCPA
19 projects, potential NWA projects also play a
20 role within this category.

21 Customer Focus - This category includes those
22 projects and programs that are needed to meet
23 specific needs of the customers. For example,
24 it includes initiatives such as new connections,

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1 state and municipal projects, and customer
2 lighting.

3 Modernization - This category includes those
4 projects and programs that are needed to enhance
5 the Companies' ability to operate the system in
6 a more effective and efficient manner. For
7 example, it includes projects and programs
8 designed to address outdated business systems or
9 metering infrastructure.

10 Innovation - This category includes projects
11 that introduce a new or significantly improved
12 products or process, new marketing methods, or
13 new organizational methods in support of
14 business practices, workplace organization, or
15 external relations.

16 **VI. ELECTRIC CAPITAL INVESTMENT STRATEGY**

17 Q. How are the Companies' annual study plans
18 derived and what factors are considered to
19 inform their prioritization / development?

20 A. On an annual basis, System Planning, Electric
21 Operations, and other electric organizations
22 determine where best to focus their engineering
23 resources to advance study work (i.e., Project
24 Origination). This focus allows the engineering

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1 teams to perform needs and solutions studies
2 necessary to develop project opportunities to
3 mitigate system needs that are determined to be
4 most impactful to system performance and to
5 customers in general. Given the current state
6 of the Companies' grid infrastructure and future
7 load growth projections, which are showing an
8 upward trend, it is necessary that study plans
9 consciously consider the balance between
10 immediate system needs and mid- to long-term
11 needs.

12 Q. What are the differences between an immediate
13 and mid- to long-term system need?

14 A. The difference is best illustrated utilizing the
15 following example. An immediate system need may
16 be a distribution circuit that has a high
17 customer count, no available circuit ties, and a
18 history of outages caused by numerous initiating
19 factors such as equipment failures and tree
20 contacts. Conversely, a long-term need may be
21 in the form of a 2035 capacity need (thermal or
22 voltage violation) identified by performing
23 routine area studies which leverage the most
24 current NYISO load forecast data.

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1 Q. Please explain how the Companies' study plans
2 are organized and how work is appropriately
3 distributed to ensure that the proper balance
4 between the evaluation of immediate and long-
5 term needs is met.

6 A. Generally, immediate needs are grouped within
7 specific annual program buckets and prioritized
8 in accordance with the program's stated
9 objective and approach. For example, the
10 Distribution Line Deficiency ("DLD") program is
11 used to remediate distribution deficiencies
12 (e.g., leaning poles, cracked cross arms, etc.)
13 and to proactively replace distribution poles,
14 cross-arms, and other ancillary equipment to
15 avoid outage risks caused by distribution
16 equipment failures. It should be noted that the
17 number of known deficiencies across the
18 Companies' territory is quite significant, and
19 therefore, annual prioritization within this
20 program is performed to ensure that the
21 Companies are targeting the most critical
22 facilities. Long-term needs assessments can be
23 informed by any number of factors such as
24 mandatory compliance obligations (e.g., NERC TPL

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1 Requirements), area study boundaries (e.g.,
2 NYSEG/RG&E division boundaries), public policy
3 mandates (e.g., CLCPA), and other related
4 initiatives.

5 Q. What happens after completion of the long-term
6 area assessments?

7 A. Upon completion of these long-term area
8 assessments, specific projects and project
9 groupings are identified and broken out as
10 individual projects since they are typically
11 higher-cost projects (i.e., $\geq$ \$1.0 million),
12 span multiple years, and require a dedicated
13 project team to execute on the proposed scope of
14 work. While long-term needs are often initially
15 included in programs as order-of-magnitude
16 placeholders, once individual projects receive
17 technical (IP2) approval, they are subsequently
18 listed as separate line items within the capital
19 plan. These prioritized work plans and
20 resulting outputs are used as conduits for
21 inclusion into the capital investment plan and
22 serve as new project opportunities to mitigate
23 known and anticipated (future) system needs.

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1 Q. Can you please further expand on the Companies'
2 overall electric capital investment strategy
3 that the Panel referenced earlier in its
4 Overview of Testimony discussion?

5 A. Yes. For the electric teams, the annual study
6 work plans aim to prioritize facilities and/or
7 areas with the most critical and largest number
8 of system needs. The overall electric capital
9 investment strategy must address the full
10 spectrum of the Companies' respective needs
11 while balancing other non-electric priorities.
12 This capital investment strategy is designed to
13 allocate capital resources using a consistent
14 and objective methodology. After reviewing all
15 system needs and associated capital investment
16 requests (e.g., Electric, Gas, Common),
17 Investment Planning applies a prioritization
18 methodology across the portfolio. This
19 overarching evaluation determines the best
20 allocation of resources to meet customer needs
21 and other strategic initiatives within the
22 Companies. The Investment Planning and Common
23 Capital Panel Testimony describes this
24 prioritization methodology in greater detail.

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1 Q. What additional information is evaluated when
2 considering the advancement of projects or
3 programs to mitigate immediate system needs?

4 A. When evaluating annual study plan development,
5 which is used to yield project opportunities,
6 the Companies closely examine areas or
7 individual facilities that, if upgraded, would
8 provide benefits such as overall system SAIFI
9 improvements and/or alleviate known and
10 measurable capacity constraints. For example,
11 over the past two years (2023 - 2024), NYSEG has
12 observed that its SAIFI indices have somewhat
13 stabilized at 1.29 in 2023 and 1.30 in 2024. As
14 discussed in the testimony of the Electric
15 Operations Panel, these SAIFI statistics are
16 notwithstanding continued impacts from non-
17 utility-controlled events, such as third-party
18 make ready work, customer felled trees and tree
19 deaths caused by the invasive Emerald Ash Borer.
20 This improvement is partly due to targeted
21 investments in facilities that experience
22 repeated outages. These results are a slight
23 decrease from the previous three years (2020 -
24 2022), where SAIFI indices were 1.38, 1.46, and

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1 1.45, respectively. Although this five-year
2 trend is promising, increased levels of
3 investment, included herein, that target SAIFI
4 improvements are critical to continuing NYSEG's
5 improved SAIFI trajectory. Accordingly, Wood
6 Pole Inspect and Treat ("WPIT"), Distribution
7 Line Deficiencies ("DLD"), Resiliency,
8 Distribution Automation, and other annual
9 programs are designed to evaluate system
10 deficiencies that are deemed most impactful to
11 system SAIFI performance and to develop cost-
12 effective plans to address these needs. A
13 similar type of annual evaluation is done to
14 target study areas or individual facilities
15 where capacity constraints exist or are
16 determined to be imminent.

17 Q. What are the capital investment strategies and
18 goals for the generating assets that are owned
19 and operated by NYSEG and RG&E?

20 A. The capital investment strategy and goal for
21 these assets is to prioritize and efficiently
22 execute projects that continue to improve public
23 safety and the safety of personnel, protect the
24 environment, and extend the life of the asset

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1 while continuing to meet regulatory requirements
2 and commitments. By reinvesting and extending
3 the life of the generating assets and associated
4 structures, NYSEG and RG&E will continue to
5 improve electric generation available capacity
6 and operational reliability in support of New
7 York State's clean energy goals and initiatives.

8 **VII. MAJOR AREAS OF ELECTRIC CAPITAL INVESTMENTS**

9 Q. Would the Panel briefly describe the Companies'
10 electric capital investment requirements for
11 each of the categories shown in Table 1 and
12 Table 2 within Exhibit __ (ECE-02)?

13 A. The following sub-sections of the Panel's
14 testimony discuss key projects and programs
15 included within each category as identified
16 within Exhibit __ (ECE-02) Table 1 and Table 2.

17 Q. Please provide a high-high level summary of the
18 incremental resources necessary to execute on
19 the Panel's proposed capital plan and to support
20 projects and programs already in progress during
21 the Companies' existing rate plan term.

22 A. To continue advancing projects in the queue,
23 develop annual work plans to address immediate
24 reliability, resiliency, and capacity needs,

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1 create executable plans for future system
2 requirements, support the advancement of clean
3 energy projects, and maintain safe and adequate
4 service for existing customers, the Companies'
5 are seeking to internalize 36 positions within
6 the Integrated System Planning Organization with
7 the expectation that these positions would be
8 filled by end-of-year 2025. The Companies are
9 not proposing a revenue requirement change from
10 the historic test year for this effort at this
11 time. Open roles, associated with these
12 proposed resource additions were removed from
13 the revenue requirement calculation to avoid
14 duplication. Other positions to support
15 planning are considered incremental to the
16 historic test year. Specifically, the Companies
17 are proposing twelve incremental Full Time
18 Equivalents ("FTEs") within the Integrated
19 System Planning Organization to support ongoing
20 CLCPA Projects, Coordinated Grid Planning
21 Process ("CGPP") studies, and additional
22 planning workload expected to occur during the
23 Rate Year and over the proposed five-year rate
24 period. Details associated with the twelve

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1 incremental positions are set forth in Exhibit
2 ____ (ECE-06) .

3 **A. ASSET CONDITION**

4 Q. Turning back to the major areas of electric
5 capital investment, what are the projected
6 capital investments in the Electric Asset
7 Condition category for the Companies?

8 A. The capital forecast for the Electric Asset
9 Condition category from 2025-2031 for NYSEG and
10 RG&E can be found in Table 5 and Table 6
11 respectively set forth in Exhibit ____ (ECE-02) .

12 Q. Please provide a summary of key projects and
13 programs that are attributable to the items
14 listed in Table 5 and Table 6 related to the
15 Electric Asset Condition category.

16 A. While we will provide brief descriptions of key
17 programs, selected for their significant
18 contribution to the proposed Asset Condition
19 investment, we note that individual projects
20 have been excluded from this section as they are
21 uniquely defined and do not align with high-
22 level program objectives. As stated previously
23 in our testimony (in Section III), the Panel has
24 included whitepapers for the entire range of

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1 Asset Condition Investments. For more details,
2 please refer to Exhibit __ (ECE-04). Turning
3 back to the specific programs by title:

4

5 Transmission Line Deficiency ("TLD") Program

6 Each year, the Companies conduct several types
7 of transmission line inspections (e.g.,
8 crossarm, aerial, infrared, ground line, and
9 visual inspections) to identify transmission
10 line asset condition needs at NYSEG and RG&E.
11 These needs are prioritized based on factors
12 such as TLD severity, the number of TLDs per
13 line segment, voltage level, and connected
14 customers. Once prioritized, individual project
15 scopes are developed to address these
16 deficiencies. Generally, this program employs
17 an in-kind replacement strategy, adhering to the
18 latest National Electric Safety Code ("NESC")
19 and NYSEG/RG&E structural requirements, focusing
20 on needs identified through previous inspection
21 surveys. In some cases, additional scoping is
22 necessary to address secondary needs like
23 conductor sag and span length violations.

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1 Distribution Line Deficiency ("DLD") Program

2 The DLD Program consolidates distribution
3 notifications generated from several pole
4 inspection programs that the Companies routinely
5 perform (i.e., distribution infrared inspections
6 and distribution line visual inspections).
7 These notifications identify needs such as
8 cross-arm, insulator, guy wire, and pole
9 deficiencies. These identified needs are then
10 grouped and prioritized for action based on
11 their severity level (i.e., Level I, Level II,
12 and Level III), number of DLDs per segment, and
13 connected customers. It is important to note
14 that Level I DLD needs are immediately
15 prioritized and addressed at the division level.

16

17 Wood Pole Inspect and Treat ("WPIT") Program

18 Each year, the Companies conduct a Wood Pole
19 Inspect & Treat Program to address the growing
20 number of asset condition needs identified among
21 NYSEG's and RGE's fleet of wooden-type
22 distribution and transmission poles as part of
23 routine field inspections. Field inspections
24 are performed across all NYSEG and RG&E

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1 divisions, on a yearly basis, to identify wood
2 poles that are deemed in need of replacement or
3 repairs. Inspections include ground line
4 evaluations to identify instances of wood decay,
5 excavation, and boring techniques to identify
6 decay at-or-below ground line, and "Sounding"
7 the pole, which includes striking the pole with
8 a mallet and listening for signs of a hollow
9 structure. This program employs an in-kind
10 replacement strategy, adhering to the latest
11 National Electric Safety Code ("NESC") and
12 NYSEG/RG&E structural requirements.
13 Notifications are prioritized based on
14 reliability impact for NYSEG and RG&E, by the
15 number of customers downstream of the specific
16 location, the historical customer impact, the
17 device type, and the historical incident count.

18
19 Transmission and Substation Asset Condition
20 Program

21 The main objective of the T&S Asset Condition
22 Replacement Program is to conduct system-wide
23 T&S facility surveys, to determine the overall
24 health of the NYSEG and RG&E systems and develop

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1 a long-term mitigation strategy (projects) to
2 enhance the condition of these assets. The
3 Companies' five-year plan is to comprehensively
4 assess underground cable facilities at RG&E and
5 NYSEG, prioritize needs based on risk of failure
6 and impacts to customers, and develop projects
7 to replace underground cable that is deemed
8 beyond its useful operating life with a high
9 risk of failure and customer exposure. In
10 addition to replacement, the plan includes
11 rejuvenation of cables that are still within
12 their useful life but show signs of aging. To
13 conduct these specialized cable assessment
14 studies, the Companies' investment plan includes
15 small expenditures in 2026 and larger
16 investments in 2027 and beyond to be used for
17 specific underground replacement and
18 rejuvenation projects as identified.

19 Q. Would the Panel elaborate on the significance of
20 ongoing investments in these specific asset
21 condition programs, as well as the overall asset
22 condition portfolio?

23 A. Yes. Continuing to invest in asset condition
24 programs and projects is critically important

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1 because they are designed to proactively replace
2 deteriorated assets before equipment failures
3 occur, thereby avoiding future outage risks - a
4 reality that has unfortunately affected many of
5 our customers in recent years. The ongoing
6 evaluation and development of mitigation
7 strategies around deteriorating infrastructure
8 is not a temporary effort and is considered
9 fundamental to the Companies' mission. All
10 equipment ages and eventually reaches the end of
11 its service life. Addressing this fact is not a
12 discretionary issue; it is an inherent
13 obligation, particularly relating to the
14 underlying infrastructure, which is considered
15 as the backbone within the power delivery
16 business. These investments are multi-faceted,
17 as renewing deteriorated assets to current
18 standards not only strengthens the system
19 (resiliency) but also helps prevent future
20 equipment failures (reliability). Over time,
21 this will lead to improvements in system
22 reliability indices which will have direct
23 benefits for NYSEG and RG&E customers.

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1 Q. Are there any other projects or programs that
2 the Panel would like to highlight that are
3 important to the overall Asset Condition
4 category of investments?

5 A. Yes. Over the past several years, the Companies
6 observed a trend of power transformer failures
7 within the NYSEG and RG&E service areas. As a
8 result of these observations, the Integrated
9 System Planning Team analyzed the existing
10 population of power transformers and developed a
11 Spare Transformers Program. This program
12 utilizes a newly developed process that
13 objectively predicts the prioritization of spare
14 transformer purchases based mainly on number of
15 units, within the population, and health and
16 risk statistics leveraging established Asset
17 Management algorithms. This program aims to
18 better prepare the Companies to address long-
19 term customer outage risks associated with
20 substation-connected power transformers. Since
21 2019, the Companies have experienced ten
22 substation power transformer failures, with
23 seven occurring on or after 2022. For more
24 details associated with this program, please

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1 refer to Exhibit __ (ECE-04) and Exhibit __
2 (ECE-07).

3 **B. RELIABILITY**

4 Q. What are the Companies' projected capital
5 investments in the Electric Reliability
6 category?

7 A. The capital forecast for the Electric
8 Reliability category from 2025-2031 for NYSEG
9 and RG&E can be found in Table 7 and Table 8,
10 respectively set forth in Exhibit __ (ECE-02).

11 Q. Please provide a summary of key projects and
12 programs that are attributable to the items
13 listed in Table 7 and Table 8 related to the
14 Electric Reliability category.

15 A. Below are descriptions of key programs, selected
16 for their significant contribution to the
17 proposed Reliability investment. Individual
18 projects have been excluded from this section as
19 they are uniquely defined and do not align with
20 high-level program objectives. As noted earlier
21 in our testimony, the Panel has included
22 whitepapers for the entire range of Reliability
23 Investments. For more details, please refer to
24 Exhibit __ (ECE-04).

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1 Distribution Load Relief Program

2 The Distribution Load Relief Program comprises
3 sub-projects aimed at addressing immediate or
4 imminent capacity needs across the NYSEG and
5 RG&E fleet of substations and selected
6 distribution circuits. Each year, the
7 Integrated System Planning Team conducts a
8 system-wide study to prioritize facilities most
9 affected by distribution-level capacity
10 constraints. These prioritized facilities are
11 further evaluated to identify additional
12 capacity needs, including those on sub-
13 transmission or transmission facilities.
14 Solution alternatives are developed and compared
15 based on various factors, such as cost,
16 execution duration, and post-project headroom
17 (MW) availability. After an internal technical
18 review and approval process, selected project
19 alternatives are separated from the program
20 level and executed as individual sub-projects.
21 The program's objective is to mitigate known
22 capacity needs in the most effective and timely
23 manner while avoiding additional scope that
24 could increase project costs and duration. The

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1 Companies rely on this program as a short-term
2 strategy to address capacity needs, ensuring
3 system operators can manage the system under
4 "all-lines-in" N-0 conditions. Since its
5 establishment in 2023, the Companies have
6 completed five load relief projects, currently
7 have 13 in execution, and plan to invest in 30-
8 40 projects over the next five years. Of the 13
9 in execution, nine projects are expected to be
10 in-service in 2025 and the remaining four
11 projects have in-service dates ranging from
12 2026-2030. Exhibit __ (ECE-08) includes more
13 information associated with this program.

14

15 Customer Cost Allocation Program

16 The CCAP is a newly established initiative aimed
17 at supporting emergent system capacity needs
18 initiated by customers wishing to connect to the
19 NYSEG and RG&E systems. As noted by the Panel
20 earlier in its testimony, NYSEG and RG&E have
21 seen a significant increase in load
22 interconnection requests, many of which require
23 substantial T&S upgrades that are more costly
24 than distribution-only upgrades. The Companies

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1 have observed that, upon completing these load
2 interconnection studies and reviewing tariff
3 requirements, interconnecting customers are
4 often responsible for some or all the upgrade
5 costs. Without a dedicated funding source, the
6 Companies are faced with the difficult decision
7 to delay a prioritized project within the
8 portfolio or propose that the customer fund
9 these upgrades. Both scenarios are undesirable,
10 as they disrupt the capital plan and may lead to
11 prospective customers canceling their projects
12 and/or relocating elsewhere in or outside of New
13 York. The CCAP will enable the Companies to
14 fund their portion of emergent capacity-driven
15 projects, allowing new customers to connect to
16 the NYSEG and RG&E grid. The portion of the
17 Companies' investment will be objectively
18 determined based on the unique characteristics
19 of the project and in consideration of the NYSEG
20 and RGE tariff procedures. In some cases, this
21 will bring economic opportunities, housing, and
22 access to electrification infrastructure within
23 the NYSEG and RG&E territories. Exhibit ____

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1 (ECE-09) provides more information associated
2 with this newly established program.

3

4 Comprehensive Area Studies Program

5 The CAS Program consists of sub-divisional area
6 solutions aimed at addressing all system needs
7 within the studied area. Areas within the
8 Companies' 17 divisions are prioritized based on
9 the sum of current and future (10- and 20-year
10 forecasted) capacity needs at the distribution-
11 level, as well as other factors like known T&S
12 asset condition needs and distribution line
13 deficiencies. While areas may include known and
14 near-term system needs, the primary objective of
15 this program is to transform the system and
16 position the Companies to develop a 21st-century
17 grid model that improves resiliency,
18 reliability, and capacity. Ultimately, the
19 grouping of area projects is designed to
20 accommodate NYISO load growth projections
21 through 2040, with winter demand expected to
22 double within 20 years due to electrification
23 and ongoing load growth. The Companies will
24 make significant investments in 11 sub-areas

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1 (four RG&E and seven NYSEG) and will continue to
2 conduct studies across their territories to
3 support future customer demands and CLCPA goals.
4 Notably, in 2023, NYSEG developed its first CAS-
5 type area project, the Lancaster 21st Century
6 Project. This project, comprising 18 different
7 sub-project components, aligns with the
8 Companies' overall objectives and will serve as
9 a model for future transformational studies.
10 Exhibit __ (ECE-10) provides more information
11 associated with sub-area projects being proposed
12 as part of this program.

13

14 Transmission Reinforcement Program

15 The Transmission Reinforcement Program aims to
16 address system reliability needs identified
17 through periodic NYSEG and RG&E transmission
18 reliability assessments, known as Local Area
19 Studies ("LAS"). These assessments, last
20 completed in 2023, identify existing and future
21 thermal, voltage, and loss-of-load needs across
22 the Companies' territories and propose pre-
23 conceptual (electrical-only) solution
24 alternatives to mitigate these needs. A key

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1 distinction between the CAS Program and the
2 Transmission Reinforcement Program is in study-
3 area prioritization. Transmission area
4 constraints do not always align with the
5 Companies' distribution limitations. In cases
6 of overlap, the Integrated System Planning
7 Organization develops comprehensive solutions to
8 address all transmission, substation, and
9 distribution needs. However, the Transmission
10 Reinforcement Program focuses on advancing
11 project opportunities that impact transmission-
12 only elements which are capacity constrained or
13 pose a single element contingency loss-of-load
14 risk to customers. Starting in 2028, the
15 Companies will make significant investments in
16 the transmission system under this program. The
17 prioritization strategy focuses first on loss-
18 of-load risks, which support short-term SAIFI
19 improvements and can be executed more quickly
20 and at lower costs compared to larger system
21 capacity upgrades. The next priority will be
22 projects designed to mitigate thermal and
23 voltage (a.k.a., capacity) needs, including line

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1 reconductoring, line rebuilds, substation
2 upgrades, and capacitor bank installations.

3

4 Circuit Breaker Replacement Program

5 The Circuit Breaker Replacement Program is an
6 annual initiative focused on replacing
7 transmission and distribution circuit breakers
8 that have exceeded their useful operating life.
9 As detailed earlier in our testimony (Section
10 VI), the Companies annually select specific
11 substation locations where breakers are deemed
12 most impactful to customer outage exposure or
13 future SAIFI risks. Although the Asset
14 Management circuit breaker health and risk
15 algorithm informs scoring based on field data
16 inputs, the prioritized list of sub-project
17 opportunities considers substation topology,
18 networked versus radial facilities, downstream
19 customer count, and construction challenges
20 within the existing substation yard. For
21 example, if a Risk Index 5 (RI-5) breaker is
22 identified at a 115 kV breaker-and-a-half
23 substation and the connected line is networked
24 with no direct customer exposure, the Integrated

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1 System Planning Team would not consider this an
2 immediate priority. Instead, prioritization
3 would focus on RI-4 or RI-5 breakers connected
4 radially on distribution circuits or sub-
5 transmission circuits connecting to neighboring
6 substations without automatic isolation
7 capabilities, which would have direct SAIFI
8 impacts if the breaker under study were to fail.
9 Most current circuit breaker data for the
10 Companies indicates that 37% of NYSEG breakers
11 and 29% of RG&E breakers are in poor/very poor
12 condition. Although this program could fall
13 under the asset condition category, the
14 Companies believe the program offers significant
15 reliability benefits (i.e., SAIFI avoidance) and
16 therefore it belongs within the reliability
17 category. Moreover, changing the category now
18 may disrupt historical trend analyses across
19 project categories.

20 Q. Would the Panel like to provide any additional
21 details to reinforce the importance of the
22 proposed investments within the Reliability

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1 category and the significance of advancing these
2 types of projects and programs?

3 A. Yes. Exhibit __ (ECE-02) includes three figures
4 (Figures 7-9) that illustrate the current
5 transmission and distribution capacity
6 constraints across the Companies' territories
7 and the Companies' strategy to address near-
8 term, emergent, and long-term capacity
9 challenges. Figure 7 is a pie chart showing all
10 NYSEG and RG&E transformers identified as
11 constrained or unconstrained. These constraints
12 can occur at the transmission level, substation
13 level, distribution level, or any combination of
14 these. The data indicate that 46% of NYSEG's
15 substation transformers are constrained, with
16 35% due to transmission constraints, 7% due to
17 distribution constraints, and 4% due to both
18 transmission and distribution constraints. For
19 RG&E, 45% of substation transformers are
20 constrained, with 37% due to transmission
21 constraints, 6% due to distribution constraints,
22 and 2% due to both transmission and distribution
23 constraints. Figure 8 is a pie chart showing
24 all NYSEG and RG&E distribution circuits

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1 identified as constrained or unconstrained. The
2 data indicate that 2% of NYSEG's distribution
3 circuits are constrained, while 6% of RG&E's
4 distribution circuits are constrained. The data
5 suggests that most constraints are upstream from
6 the distribution system and require transmission
7 and substation upgrades to mitigate these needs.
8 It should be noted that these existing capacity
9 constraints are expected to worsen over time as
10 New York State and its residents continue their
11 efforts to further electrify. Figure 9
12 illustrates the Companies' strategy to mitigate
13 capacity constraints in the near-term and long-
14 term. High-level descriptions of programs to
15 address these challenges are provided above, and
16 detailed whitepapers can be found in Exhibit ____
17 (ECE-04).

18 **C. RESILIENCY**

19 Q. What are the projected capital investments in
20 the Electric Resiliency category for the
21 Companies?

22 A. The capital forecast for the Electric Resiliency
23 category from 2025-2031 for NYSEG and RG&E can

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1 be found in Table 9 and Table 10, respectively
2 set forth in Exhibit __ (ECE-02).

3 Q. Please provide a summary of key projects and
4 programs that are attributable to the items
5 listed in Table 9 and Table 10 related to the
6 Electric Resiliency category.

7 A. Below are descriptions of key programs, selected
8 for their significant contribution to the
9 proposed Resiliency investment. Individual
10 projects have been excluded from this section as
11 they are uniquely defined and do not align with
12 high-level program objectives. As noted
13 previously in our testimony (Section III), the
14 Panel has included whitepapers for the entire
15 range of resiliency Investments. For more
16 details, please refer to Exhibit __ (ECE-04).

17

18 Distribution Automation Program

19 The Distribution Automation Program is an annual
20 initiative designed to address distribution
21 circuits experiencing customer outages across
22 the NYSEG and RG&E service territories. Each
23 year, the Companies identify the most negatively
24 impacted distribution circuits from a SAIFI

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1 perspective using three years of historical
2 SAIFI data. This process ensures that
3 investments are prioritized on circuits with
4 higher levels of criticality. Solutions
5 typically involve the deployment of reclosers
6 and SCADA switches on identified circuits, using
7 customer count criteria (i.e., 500 customer
8 pockets) as the basis to inform the design of
9 each circuit. Since its inception, this program
10 has successfully reduced customer outage
11 exposure, particularly for faults occurring
12 downstream from the substation circuit breaker.

13

14 Resiliency Program

15 The Resiliency Program is an annual initiative
16 aimed at addressing distribution circuits with
17 the highest levels of customer outages across
18 the NYSEG and RG&E service territories,
19 identified using three years of historical SAIFI
20 data including those from storms. For those
21 circuits under study, Integrated System Planning
22 conducts a comprehensive needs and solutions
23 assessment to ensure all electrical and asset
24 condition needs are identified. This assessment

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1 informs the development of complete solutions to
2 address all identified needs. Solutions may
3 include upgrades to system topologies (e.g., new
4 distribution tie points), hardening of pole and
5 wire infrastructure, and the deployment of
6 automation devices based on established criteria
7 from the Distribution Automation Program (i.e.,
8 500 customer pockets). Although new projects
9 are identified annually, the circuit-level sub-
10 projects are more complex and require extensive
11 engineering and material procurement as compared
12 to the Automation Program. Consequently, it is
13 not uncommon for these sub-projects to span
14 multiple years.

15 **D. COMPLIANCE**

16 Q. What are the projected capital investments in
17 the Electric Compliance category for the
18 Companies?

19 A. The capital forecast for the Electric Compliance
20 category from 2025-2031 for NYSEG and RG&E can
21 be found in Table 11 and Table 12, respectively
22 set forth in Exhibit __ (ECE-02).

23 Q. Please provide a summary of key projects and
24 programs that are attributable to the items

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1 listed in Table 11 and Table 12 related to the
2 Electric Compliance category.

3 A. Below are descriptions of key programs, selected
4 for their significant contribution to the
5 proposed Compliance investment. Individual
6 projects have been excluded from this section as
7 they are uniquely defined and do not align with
8 high-level program objectives. As noted earlier
9 in our testimony (Section III), the Panel has
10 included whitepapers for the entire range of
11 Compliance Investments. For more details,
12 please refer to Exhibit ____ (ECE-04).

13

14 NERC BES Program

15 The NERC BES Program aims to identify and
16 address system deficiencies on the portion of
17 the Bulk Electric System ("BES") owned by NYSEG
18 and RG&E, in line with mandatory NERC
19 reliability standards. The criteria and
20 performance requirements for the BES are
21 outlined in NERC's TPL-001 standard. Each
22 transmission owner must demonstrate through
23 planning studies that their portion of the BES
24 complies with all mandatory NERC requirements.

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1 If unacceptable reliability performance is
2 detected, a documented Corrective Action Plan or
3 Project must be developed to mitigate the
4 identified deficiencies. To achieve compliance
5 with NERC TPL-001 requirements, a comprehensive
6 planning assessment was conducted, resulting in
7 the development of multiple projects to address
8 system reliability needs.

9 **E. ELECTRIC CLEAN ENERGY**

10 Q. What are the projected capital investments in
11 the Electric Clean Energy category for the
12 Companies?

13 A. The capital forecast for the Electric Clean
14 Energy category from 2025-2031 for NYSEG and
15 RG&E can be found in Table 13 and Table 14
16 respectively set forth in Exhibit __ (ECE-02).

17 Q. Please provide a summary of key projects and
18 programs that are attributable to the items
19 listed in Table 13 and Table 14 related to the
20 Electric Clean Energy category.

21 A. Below are descriptions of key programs, selected
22 for their significant contribution to the
23 proposed Electric Clean Energy investment.
24 Individual projects have been excluded from this

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1 section as they are uniquely defined and do not
2 align with high-level program objectives. As
3 noted previously in our testimony (Section III),
4 the Panel has included whitepapers for the
5 entire range of Electric Clean Energy
6 Investments. For more details, please refer to
7 Exhibit __ (ECE-04).

8 CLCPA Phase 1

9 Q. What is the objective of the CLCPA Phase 1
10 Program?

11 A. The objective of the CLCPA Phase 1 Program is to
12 execute on BES facility upgrades to unlock
13 capacity headroom which will serve to enable the
14 interconnection of renewable energy resources.
15 This program is composed of 15 T&S projects
16 across NYSEG's service territory.

17 **F. CUSTOMER FOCUS**

18 Q. What are the projected capital investments in
19 the Electric Customer Focus category for the
20 Companies?

21 A. The capital forecast for the Electric Customer
22 Focus category from 2025-2031 for NYSEG and RG&E

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1 can be found in Table 15 and Table 16,
2 respectively set forth in Exhibit __ (ECE-02).

3 **G. MODERNIZATION**

4 Q. What are the projected capital investments in
5 the Electric Modernization category for the
6 Companies?

7 A. The capital forecast for the Electric
8 Modernization category from 2025-2031 for NYSEG
9 and RG&E can be found in Table 17 and Table 18,
10 respectively set forth in Exhibit __ (ECE-02).

11 **H. INNOVATION**

12 Q. What are the projected capital investments in
13 the Electric Innovation category for the
14 Companies?

15 A. The capital forecast for the Electric Innovation
16 category from 2025-2031 for NYSEG and RG&E can
17 be found in Table 19 and Table 20, respectively
18 set forth in Exhibit __ (ECE-02).

19 **VIII. GENERATION OVERVIEW AND INVESTMENT FORECAST**

20 Q. Does NYSEG own and operate generating
21 facilities?

22 A. Yes, NYSEG currently owns and operates six
23 active hydroelectric generating facilities and
24 four small fossil-fueled facilities with a total

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1 nameplate capacity of approximately 69.5 MW
2 (61.4 MW hydro and 8.1 MW fossil). The
3 hydroelectric and fossil-fueled generating
4 facilities are in the Plattsburgh,
5 Mechanicville, and Adirondack regions. All
6 active NYSEG hydroelectric facilities are under
7 License of FERC. All active hydroelectric
8 generating facilities are operated as run-of-
9 river, which means that upstream river (water)
10 flow that enters the facility cannot be stored
11 but is used to produce energy that is available
12 at the time. NYSEG has one hydroelectric
13 facility (Keuka) that is retired from service,
14 which includes the dam. NYSEG has continued
15 responsibility to maintain the powerhouse and
16 operate and maintain the dam, which is under the
17 jurisdiction of the NYS Department of
18 Conservation. NYSEG's Rainbow Falls
19 hydroelectric facility is the only NYSEG
20 hydroelectric facility located in a designated
21 Disadvantaged Community ("DAC").

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1 Q. Please provide a brief overview of NYSEG's four
2 small fossil-fueled generating facilities.

3 A. NYSEG presently has four fossil-fueled standby
4 diesel generators, with a total combined
5 capacity of 8.1 MW. The diesel generators are
6 located at Harris Lake, Blue Mountain and Long
7 Lake substations in the Adirondack region. The
8 diesel generators are dispatched to generate
9 electric energy to serve NYSEG customers as
10 needed upon loss of National Grid's 46-kV
11 transmission line, which supplies NYSEG's
12 service area.

13 Q. What is the nature of the generating facilities
14 that RG&E owns and operates?

15 A. RG&E owns and operates three active
16 hydroelectric generating facilities, located in
17 the city of Rochester, with a total nameplate
18 capacity of 57.1 MW. All active RG&E
19 hydroelectric facilities are under License of
20 FERC. RG&E has two hydroelectric facilities
21 (Station 160 & Station 170), which are in the
22 southern tier region and are retired from
23 service. RG&E has continued responsibility to
24 maintain the dams, which are under jurisdiction

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1 of NYS Department of Conservation. RG&E's
2 Station 2, 5, 26 and 160 hydroelectric
3 facilities are located in a designated DAC.

4 Q. Does RG&E own any fossil-fueled generating
5 facilities?

6 A. No. RG&E does not own or operate any fossil-
7 fueled generating facilities.

8 Q. What is the forecasted capital investment in
9 NYSEG's and RG&E's Generation portfolio?

10 A. The forecasted capital investment between 2025
11 and 2031 for NYSEG's and RG&E's Generation
12 portfolio is provided in Table 21 and Table 22
13 for NYSEG Electric and RG&E Electric,
14 respectively set forth in Exhibit __ (ECE-02).

15 Q. What are the key projects at NYSEG that are
16 being undertaken as part of the Generation
17 investment portfolio?

18 A. There are currently four major Generation
19 projects at NYSEG that make up approximately 34
20 percent of the proposed capital investment plans
21 from 2025 through 2031. The projects are NYSEG
22 Kent Falls Capital, Kent Falls Internal Riser
23 Shaft and Tank, Upper Mechanicville Intake

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1 Upgrade and Upper Mechanicville Unit 1 Turbine-
2 Generator Major Overhaul.

3 Q. Please describe further the NYSEG Kent Falls
4 Capital and Internal Riser Shaft and Tank
5 Projects.

6 A. The Kent Falls Capital Project involves the
7 removal of an existing section of water
8 conveyance penstock, installation of a new
9 section of water conveyance penstock, and
10 associated structures, coating the penstock
11 trifurcation and relining of three individual
12 penstocks to extend the life of the facility and
13 assets. The water conveyance penstock(s)
14 provides river water from upstream of Kent Falls
15 dam to the hydroelectric turbine-generating
16 units for the generation of electricity. The
17 Kent Falls Internal Riser Shaft and Tank Project
18 involves removal of the existing surge tank and
19 internal riser shaft, which connects to the
20 water conveyance penstock, and removes water
21 surge from the system during the generation of
22 electricity. The infrastructure identified for
23 replacement and upgrade in both projects are at
24 end-of-life.

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1 Q. What is the nature of the NYSEG Upper
2 Mechanicville Intake Upgrade and Unit 1 Turbine-
3 Generator Major Overhaul Projects?
4 A. The Upper Mechanicville Intake Upgrade Project
5 involves replacement and installation of new
6 intake trash racks, which are necessary to
7 prevent river debris from entering and damaging
8 the turbine-generating equipment, along with
9 replacing the current equipment used to clean
10 and remove debris that accumulates on the (under
11 water) trash racks during generation of
12 hydroelectric energy. The Unit 1 Turbine-
13 Generator Major Overhaul Project involves the
14 disassembly, inspection, and overhaul of the
15 8.265 MW generating unit. As a requirement of
16 NYSEG's new 50-year FERC Hydropower operating
17 license, effective April 1, 2021, which includes
18 new federal and state regulatory requirements,
19 NYSEG is required to increase the protection and
20 survivability of aquatic species, specifically
21 American Eels, at the Upper Mechanicville
22 hydroelectric facility. The Unit 1 Turbine-
23 Generator Overhaul Project involves upgrading
24 and outfitting the turbine-generating unit with

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1 a new fish-friendly runner at the time of unit
2 reassembly to comply with this requirement. The
3 intake trash racks, trash rack raking equipment,
4 and Unit 1 turbine-generator runner and
5 associated equipment are original to the
6 facility and were installed circa 1981 - 1983.
7 Additional details regarding these electric
8 generation projects are set forth in Exhibit ____
9 (ECE-04).

10 Q. What are the key projects at RG&E that are being
11 undertaken as part of the proposed Generation
12 investment portfolio?

13 A. There are currently five major Generation
14 projects at RG&E that make up approximately 45%
15 of the proposed capital investment plans from
16 2025 through 2031. The projects are RG&E
17 Station 2 Modernization, Station 5 Water
18 Conveyance (Tunnel) System, Station 5 Surge Tank
19 Expansion, Station 5 Penstock Relining Upgrade,
20 and Station 5 Unit 3 Turbine-Generator Isolation
21 Valve.

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1 Q. Please describe the RG&E Station 2 Modernization
2 Project.

3 A. The RG&E Station 2 Modernization Project
4 involves the installation of a new and larger
5 water conveyance penstock for increased water
6 supply to Unit 1 turbine-generator and for the
7 future addition of a second hydroelectric
8 generating unit. The current penstock is at
9 end-of-life and does not allow future expansion
10 of the hydroelectric facility. Installation of
11 the new and larger penstock is required to
12 comply with FERC's Station 2 License Amendment.

13 Q. Please explain the four major projects at RG&E's
14 Station 5 hydroelectric facility.

15 A. RG&E Station 5 Water Conveyance (Tunnel) System,
16 Surge Tank Expansion, Penstock Relining Upgrade
17 and Unit 3 Turbine-Generator Isolation Valve
18 Project are four separate projects that involve
19 different construction work scopes throughout
20 the water conveyance system. The water
21 conveyance system is a conduit that allows river
22 water from upstream of Station 5 Headgates Dam
23 to flow to the Station 5 Powerhouse for use in
24 generating hydroelectric energy.

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1 Q. Why are all four separate projects scheduled for
2 construction around the same time?

3 A. All four projects require the water conveyance
4 system to be isolated from the Genesee River and
5 dewatered. Due to the significant effort,
6 resources, time, and cost associated with
7 isolating the water conveyance system, it is
8 most efficient to align all four projects to
9 maximize the benefit of the work activities and
10 effort involved in gaining access to the water
11 conveyance system (including dewatering) once,
12 rather than doing so for each individual
13 project.

14 Q. Would the Panel please provide additional
15 information regarding these proposed projects?

16 A. Yes. Additional information and details
17 regarding Generation's proposed capital
18 investment projects and programs at RG&E are
19 included in Exhibit __ (ECE-04).

20 **IX. RESOURCE INSOURCING INITIATIVE**

21 Q. Do the Companies currently rely on outside
22 vendor resources as well as internal resources

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1 to support the Companies' capital planning and
2 capital projects?

3 A. Yes. Currently these functions are performed
4 using a combination of in-house resources and
5 outside vendor resources.

6 Q. What type of functions and tasks are performed
7 by external resources?

8 A. The bulk of external resources have been used to
9 perform routine analytical planning tasks such
10 as load and generator interconnection studies,
11 the development of hosting capacity maps, and
12 general planning support to supplement our
13 internal staff.

14 Q. Did the Companies insource or internalize FTEs
15 into the Integrated System Planning Organization
16 in 2024?

17 A. As we testified previously, in 2024, the
18 Companies began efforts to internalize 36
19 positions within the Integrated System Planning
20 Organization with the expectation that these
21 positions be filled by end-of-year 2025.

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1 Q. Are the Companies proposing to further modify
2 the existing balance between internal resources
3 and external resources?

4 A. Yes. Given the increasing importance of capital
5 planning, implementation and oversight, the
6 Companies are pursuing an initiative to insource
7 additional critical roles, capabilities, and
8 functions in the electric capital area. Adding
9 incremental internal FTEs that are highly
10 skilled, internally supervised, and fully
11 integrated will enhance the Companies' ability
12 to directly support capital related activities
13 and functions.

14 Q. Please provide an example of how this would
15 enhance the Companies' abilities in this area.

16 A. As we testified earlier, the Companies have seen
17 a substantial increase in load interconnection
18 requests. This highlights a need to transfer
19 external staffing resources to internal
20 resources so that the Companies have enough
21 employees possessing the necessary engineering
22 and leadership qualifications to perform this
23 essential work in an effective and sustainable
24 manner. This strategic change to internalize

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1 Transmission and Distribution Interconnections
2 staffing would also allow the Companies to
3 conduct load studies internally and to expedite
4 the process, thereby helping to reduce the queue
5 time for customers.

6 Q. Does the Panel have any additional emerging
7 issues it wishes to discuss?

8 A. Yes. One issue that the Companies are looking
9 to address, along with other utilities
10 throughout the region and the country, is how to
11 grapple with the emerging and growing threat of
12 wildfires. The reduction of risk from the
13 impacts of wildfires is a multi-faceted and
14 long-term initiative. The Companies continue to
15 explore appropriate methodologies to reduce the
16 Companies' long-term risk from wildfires and
17 other climate-related hazards. Examples of
18 possible risk reduction methodologies include
19 the integration of risk assessment results into
20 secondary project prioritization, the
21 utilization of materials and standards that
22 lower the risk of ignition during high-risk
23 conditions, and the further investment in
24 infrastructure modernization and vegetation

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1 management. For more information about the
2 Companies' overall wildfire prevention and
3 response strategy, please see the Electric
4 Operations Panel testimony.

5 Q. Does the Panel wish to provide any additional
6 exhibits in support of its testimony.

7 A. Yes. Exhibit __ (ECE-11) is a matrix outlining
8 all electric projects and indicates whether each
9 is located within a DAC.

10 Q. Does the Panel have any additional emerging
11 issues to discuss?

12 A. Yes, the Companies recently received an update
13 on the projects they submitted in the
14 Commission's Proactive Planning Proceeding. By
15 its Order Establishing Proactive Planning
16 Proceeding issued on August 15, 2024 in case 24-
17 E-0364 ("August 15 Initiating Order"), the
18 Commission initiated the Proactive Planning
19 Proceeding, with the purpose of developing a
20 framework for the planning and approval of
21 electric infrastructure upgrades to address
22 increased system demand from transportation and
23 building electrification in accordance with
24 State policy goals. In its August 15 Initiating

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1 Order, in addition to other measures, the
2 Commission created an opportunity for Urgent
3 Upgrades to be proposed by the Companies in
4 instances where project construction must begin
5 prior to the conclusion of the envisioned
6 Proactive Planning process that was to be
7 developed as part of the proceeding. Of the ten
8 Urgent Upgrade proposals submitted by the
9 Companies in their November 26, 2024, filing,
10 two were approved by the Commission in its Order
11 Addressing Urgent Upgrade Filings (the "Urgent
12 Upgrade Order"), issued June 12, 2025 in the
13 Proactive Planning Proceeding.

14 Q. Which of the Companies' Urgent Upgrade proposals
15 were approved?

16 A. In the Urgent Upgrade Order, the Commission
17 approved one NYSEG project, named "Proactive
18 Planning - Kents Falls". The Commission also
19 approved one RG&E project, named "Proactive
20 Planning - Station 124."

21 Q. Are the capital expenditures for these projects
22 included in the Companies' respective Revenue

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1 Requirements and Accounting Panel testimony
2 capital forecasts?

3 A. The Kents Falls Project is not included in
4 NYSEG's electric capital forecast. The Station
5 124 Project is included in RG&E's electric
6 capital forecast, however, the project start
7 date, as represented in the forecast, is not
8 consistent with the start date included within
9 the Proactive Planning Proceeding.

10 Q. Why do these discrepancies exist?

11 A. The Commission's Urgent Upgrade Order approving
12 the two Urgent Upgrade projects was issued on
13 June 12, 2025. At the time that the capital
14 investment forecasts were finalized for this
15 filing, the Companies were still reviewing the
16 Urgent Upgrade Order and there was not
17 sufficient time to revise the capital forecast.

18 Q. Do the Companies intend to update their project
19 plans for the two approved Urgent Upgrade
20 projects?

21 A. Yes. The Companies will continue to evaluate the
22 Urgent Upgrade Order, and as part of their
23 update submittal filed in these proceedings, the
24 Companies will incorporate the two approved

Case 25-E-____; Case 25-E-____

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1 Urgent Upgrade Projects within the capital
2 forecast and also include any other necessary
3 information or updates based upon further
4 analyses of the Urgent Upgrade Order.

5 **X. CONCLUSION**

6 Q. Does this conclude the Panel's testimony at this
7 time?

8 A. Yes.