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November 15, 2002

Ms. Virginia Stephens, Director
White House Task Force on Energy Project Streamlining
WH-1, Room 8E044
1000 Independence Avenue, SW
Washington, DC 20585

Re: Cross-Sound Cable Project

Dear Ms. Stephens:

Per the request of your staff, Cross-Sound Cable Company LLC hereby provides a brief description of the Cross-Sound Cable Project, its sponsors, and the agencies with jurisdiction over the project.

Cross-Sound Cable Company LLC is a joint venture of TransÉnergie U.S. Ltd., United Capital Investments and TransÉnergie HQ, Inc. TransÉnergie U.S. Ltd. is the U.S.-based project development subsidiary of TransÉnergie HQ, Inc., which is the transmission division of Hydro-Québec, the electric utility owned by the province of Québec. United Capital Investments, Inc. is an unregulated subsidiary of UIL Holdings Corporation, the parent company of United Illuminating Company, an electric utility in Connecticut.

The Cross-Sound Cable Project is a high voltage direct current (HVDC) submarine electric transmission and fiber optic cable system buried under the bottom of Long Island Sound to interconnect the electric transmission grids of New England and New York. More specifically the cable system will include two 4-inch diameter cables, one fiber optic cable and two AC/DC converter stations at each end of the cable to interconnect with the high voltage transmission systems at New Haven, Connecticut and Brookhaven, Long Island. The cable system already has been constructed and tested and can operate with no harm to the environment, fishing industry or local shipping.

The Cross-Sound Cable Project received approval for the Open Season auction of transmission rights from the Federal Energy Regulatory Commission on June 1, 2000; approval from the New York Public Service Commission under Article VII on June 27, 2001; approval from the Connecticut Siting Council on January 3, 2002; approval from the Connecticut Department of Public Utility Control on January 4, 2002; a permit from the Connecticut Department of Environmental Protection (CTDEP) on March 17, 2002; and a permit from the U.S. Army Corps of Engineers (ACOE) on March 19, 2002. The Project also has received all other necessary permits to operate, *i.e.*, the City of New Haven temporary building

permits, including sidewalk and excavation permits, and New Haven City Plan Commission coastal site plan approvals, including soil erosion and sediment control approvals.

The initial phase of the Cross-Sound cable installation process was conducted in May of 2002 using a remotely-operated water jetting installation tool. The cable was buried 6 feet below the seabed across Long Island Sound. However, the ACOE and CTDEP permits required deeper burial under the bottom of the federal navigation channel in New Haven Harbor in anticipation of possible deepening of the channel in the future. Thus, the permits require the cable to rest at a depth of 48 feet below the water surface (mean lower low water or MLLW), which is about 13 feet below the current bottom of the channel. Absent the - 48 ft. requirement relative to the water surface, the cable's burial 6 feet below the seabed throughout the channel would have sufficed under the ACOE and CTDEP permits

Following the cable laying and burial, Cross-Sound's contractor determined that several short sections of the cable under the New Haven Harbor federal navigation channel (comprising less than 10% of the cable length under the channel) were not installed to the burial depth set forth in the permits. Cross-Sound immediately notified the ACOE and CTDEP and began investigations to characterize the conditions that prevented the cable from reaching that depth. The results of the studies indicated that all but one of these cable sections were resting in areas of relatively soft sediments, *i.e.*, sands and clays. Cross-Sound is in the process of notifying the ACOE and CTDEP that work crews are mobilizing another jetting tool to achieve the permitted cable burial depth in these sections.

In one other area the cable is resting on hard rock. Additional characterization studies performed show that the subbottom is hard granite. Cross-Sound is currently seeking proposals from qualified contractors to determine whether and how the cable can be lowered to achieve a depth of 48 feet below MLLW .

As detailed in Cross-Sound's letter dated July 24, 2002 to CTDEP and copied to ACOE [copy attached], the cable in its current position poses no adverse environmental impacts with respect to: electromagnetic field effects on finfish and crustaceans; electromagnetic field effect on compass deflection; temperature effects on shellfish and finfish; and impacts to navigation, including through anchor strikes.

The cable has been tested successfully and is now capable of transmitting power in both directions upon Cross-Sound receiving permission to do so. During the August heat waves, Long Island Power Authority sought and received an Emergency Order from the U.S. Department of Energy to require operation of the cable in an electric emergency until the Order expired October 1, 2002. Although the cable is ready to operate, the ongoing permitting delays are costing Cross-Sound a substantial amount of money each day.

At a meeting on September 27, 2002, the staff of the ACOE-New England Office acknowledged to Cross-Sound representatives that even if Cross-Sound blasted the rock now to lower the cable to - 48 feet, that the ACOE would still have to blast the entire granite dome later if the channel is ever expanded. Therefore, depending on the final proposals from the contractors on November

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18th, Cross-Sound proposes to operate the cable on the granite dome 6 or more feet below the current channel bottom until the channel is expanded, thereby creating at most just one additional environmental event in the channel. Cross-Sound commits to finance further burial of the cable at that time.

Therefore, we respectfully request the assistance of the White House Task Force on Energy Project Streamlining to help resolve this issue expeditiously. We suggest that representatives of the ACOE, National Marine Fisheries Service and DOE would be interested in the outcome and thus likely will participate in the resolution of this matter. Given the heavy economic losses from not operating this approved cable and the lack of environmental impact from operating the cable in its current location, Cross-Sound respectfully requests that this issue be resolved by the end of the month so that a final approval can then be obtained from the CTDEP before the winter holidays when the lowering of the cable in the softer areas should be completed.

We are ready and willing to participate in meetings in Washington, D.C. or New England if either or both would be helpful. If you have any questions or require further information about the Cross-Sound Cable Project, please do not hesitate to contact me at (508) 870-9900 ext. 111 or (508) 245-7767.

Thank you very much for your assistance and attention to this matter.

Sincerely,



Michael D. Ernst
Director of Siting
TransÉnergie U.S. Ltd

cc: Ron Montagna