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Chafing at a Plan to Add Power Lines to the Landscape

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When Congress passed the Energy Policy Act of 2005, the debate focused on ways to expand energy production to meet broad national needs. Little thought was given to cozy New York hamlets like Narrowsburg, Otisville or Callicoon-on-the-Delaware.

But these towns on bucolic byways stand right in the path of the new law, and they have become the setting for one of the first showdowns between new federal powers and longstanding state authority in determining where massive power transmission systems can go.

The battle here is over a proposed private commercial project that would run a 190-mile-long chain of high-voltage transmission towers from near Utica, within sight of parts of the ruggedly beautiful Upper Delaware River to Orange County, north of New York City.

When completed in 2011, the project, which would cost \$1.6 billion to build, would transport surplus electricity from upstate New York to downstate power companies to meet the city's growing energy needs.

But opponents say the towers, averaging 120 feet tall, would be an unsightly blight and hinder tourism in the region near the Upper Delaware, a federally designated wild and scenic river that is home to nesting bald eagles. They are also concerned about the effect on property values and the potential health effects of the high-voltage lines.

So far, one state official after another has come out against the power line, siding with the rural towns fighting a power system that would only benefit the city where the lights never go out. Now the project's best chances seem to lie with federal regulators using the broad powers given in the 2005 energy act.

"It looks like the final decision is going to be made at the federal level, and that makes me worried," said Michael D. Hornbuckle, owner of Otisville Hardware, a store in this Orange County town of about 1,000 residents, 70 miles northwest of New York City.

Like Otisville, communities elsewhere in the country will almost certainly be forced to contend with the same obscure provision tucked into the 1,700-page energy bill that was signed by President Bush last year.

That provision allows the Department of Energy to designate almost any area of the country a "national interest electric transmission corridor" if it determines that building new transmission lines there would eliminate congestion and relieve electricity bottlenecks. Within those corridors, federal regulators could pre-empt state jurisdiction in the siting of transmission lines and private builders could be granted the power of eminent domain to get the right of way on private property.

The Department of Energy has already received 10 applications for national corridor designation. Some cover densely populated areas like the San Francisco peninsula. But several others, like the one in New York, which was filed in March, would cross rural towns and villages as well as forests and farmland. One corridor would run about 400 miles from West Virginia coal country through southwestern Pennsylvania and across the lower Delaware River into New Jersey. New York City itself has filed an application for a corridor crossing the Hudson River into the city from New Jersey.

Most of the corridor applications are not yet linked to specific construction projects. But the one through upstate New York is well into the development stage.

Under the current proposal, a line of towers would run through Mr. Hornbuckle's property, parallel to the two-block-long Main Street, where no building is taller than 25 feet. Construction would displace the parking lot behind his store, along with a building he owns across the street that houses a real estate office and two apartments.

"It's going to divide the town directly in half," Mr. Hornbuckle said, "and I don't know of any benefit it will bring to the people of Otisville at all."

The transmission line project, called the New York Regional Interconnection, N.Y.R.I., would do far more than divide Otisville. As it was formally presented to the State [Public Service Commission](#) in late May, the 1,200-megawatt line would cross 154 streams or rivers, 155 mapped wetlands, 65 miles of farmland, seven counties, one city, seven villages and 30 towns.

Along Route 97, which follows the Delaware River the 71 miles from Port Jervis to Hancock, canoe carriers can outnumber cars, and placards opposing the power lines have sprouted on many lawns.

"Ironically, lots of New Yorkers come up here to get away from the city," said Patrick Carullo, president of the Upper Delaware Preservation Coalition, which opposes the project. Mr. Carullo and his wife, Marcia, moved to Narrowsburg after the Sept. 11 attacks.

The line would be the first major transmission project constructed in [New York State](#) since the [New York Power Authority's](#) 207-mile Marcy South line from Utica downstate to Dutchess County was completed in 1988 after a bitter legal battle.

The president of N.Y.R.I., Richard Muddiman, also led an earlier attempt in 2003 to build a 360-mile-long transmission line to the city that would have been underground. (Burying cables is vastly more expensive than building overhead tower lines.)

The project is financed by American Consumer Industries, an investment holding company with no connection to any existing power company, and other unnamed private investors.

[Rudolph W. Giuliani's](#) Washington law firm, Bracewell & Giuliani, is representing the company in the federal regulatory process.

William G. May, the project manager, said the need for the new line was clear. The state's electric grid is aging and becoming less reliable, he said. Less expensive surplus energy from the northwestern part of the state can provide a kind of electricity insurance to a big power user like New York City.

Conservation and load management efforts in the city over the last few years have helped to curb electricity consumption. But demand is growing, and there are times when existing transmission lines become congested, creating bottlenecks that can threaten the entire system.

"This is about a better transfer of power from upstate to downstate," Mr. May said. An added benefit is that surplus upstate power is cheaper and could provide energy cost savings in the city, but electricity prices upstate will probably increase as downstate users drive up demand.

Mr. May acknowledged that the project's opponents were very vocal, but there are eight million people in New York City who depend on a reliable energy system, he said. "The people in Callicoon do not live on an island," he said. "They benefit from an energy system in the state of New York, and when that system becomes unreliable, we all have an issue."

In May, a public meeting in Callicoon drew a boisterous crowd. The route of the transmission line was not known then, but many at the meeting feared that the company planned to use a 19th-century railroad right of way along the New York and Pennsylvania sides of the river for the towers. (About 90 percent of the line would be built within or adjacent to existing railroad, gas or electricity rights of way, according to the project's developers. Acquiring land or rights of way will cost \$70 million, Mr. May said, and the company will pay full property taxes, amounting to about \$30 million a year.)

N.Y.R.I. executives now say that the river route is not their preferred route, and have listed it in their application for approval of the project by the Public Service Commission as a required alternative to a more easterly route that comes close to the river at a few points but never touches it. Opponents have vowed to continue the fight.

The Public Service Commission, which will hold a series of public hearings on the project later this year, will balance public benefits against the perceived need and environmental impact, before deciding whether to approve it.

Richard J. Lippes, a Buffalo lawyer who will represent the preservation coalition and other opponents of the line before the Public Service Commission, said the outpouring of official opposition made approval unlikely.

Senators [Charles E. Schumer](#) and [Hillary Rodham Clinton](#), along with Representative Maurice D. Hinchey, who represents eight upstate counties including those in the Catskills, have raised questions about the project. The State Legislature passed a bill last month that strips N.Y.R.I.'s ability to use eminent domain under state law.

But in a rare open gesture of support for the interconnection project, Mayor [Michael R. Bloomberg](#) has urged Gov. [George E. Pataki](#) to veto the legislation, saying that such a law would discourage investors in energy infrastructure projects the city and state may need.

Gil C. Quiniones, chairman of the New York City Energy Policy Task Force, has tried to stay out of the fray. He said the city generally favored expansion of the electricity transmission system because it enhances reliability and reduces energy prices. But he was unwilling to say whether he thought the regional interconnection project should be built until the Public Service Commission hearings begin.

The final fight over the line might be held far from the city or the state. Under the 2005 law, the [Federal Energy Regulatory Commission](#), the agency that regulates the interstate transmission of electricity, natural gas and oil, has the power to issue construction permits that overrule state regulators who reject a project in a federally designated national interest corridor or make it economically unfeasible. Only the Texas electricity grid was exempted from the provision after elected officials from that state helped push through the 2005 law.

If federal regulators do get to decide the New York project's fate, they are expected to take into account the rancor it has caused locally. Kevin Kolevar, director of the Department of Energy's electricity delivery office, said he has heard complaints about the way the project management has treated local communities.

"To my experience," he said, "companies that don't respect local officials have a much harder time."

The N.Y.R.I. investors believed an early national corridor designation would help their chances of getting sufficient financing, according to their application.

But the Energy Department has deferred all decisions until it completes a national power grid congestion study next month. In the meantime, the New York transmission line is shaping up as a classic states' rights battle, said Ralph Cavanagh, co-director of the [Natural Resources Defense Council's](#) national energy program.

"This is stirring up a lot of concern and consternation everywhere in the country," he said, "except Texas."