



April 13, 2017

Dear City Council Members:

As we all remember, flooding from Hurricane Sandy caused our City's substations on the western side of the City to fail. This left many residents without electricity for two weeks or more. The PSE&G substation improvement project before the Council is critical to making sure this never happens again and that Hoboken's energy system is more resilient and reliable into the future. Combined with Rebuild by Design, our flood pumps, resiliency parks, and other flood mitigation projects, this project will greatly reduce the City's vulnerability to flood risk and greatly limit the time needed to recover from any future hazardous events.

In total, PSE&G will be investing over \$175 million to acquire the necessary property, modernize and elevate the consolidated substation, and improve transmission infrastructure to the site. The project will greatly reduce the vulnerability of the existing substations and greatly improve the likelihood that power will remain accessible to Hoboken residents through and following extreme weather events. In addition, Hoboken's substations are more than 50 years old. The old age of this infrastructure and the risk from flooding makes this energy infrastructure project essential to ensuring a reliable energy system for Hoboken for the long term.

The Madison Street Substation project reflects extensive negotiations between PSE&G, the Board of Public Utilities, and the City of Hoboken. Any delay will jeopardize the ability for PSE&G to meet the tight schedule deadline awarded by the Board of Public Utilities to complete implementation of the project. This agreement was based on the Council's authorization of the Letter of Intent in September 2016.

The PSE&G improvements proposed as part of this project include:

- \$106 million for redundant and more reliable 69 kV transmission lines to the consolidated site
- \$68 million for distribution infrastructure that will consolidate the current Marshall and Madison Street substations at the Madison Street site and elevate the new substation above the floodplain
- \$1,245,000 for the acquisition of the Madison Street Site
- \$275,250 annually, for "loss of use" payments; payable in monthly installments (\$22,937.50) between the closing of title to the Madison Street Substation property and the closing of title to the Marshall Street Substation property
- The Marshall Street Substation property (valued at \$3,670,000)

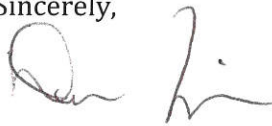
- Remediation of the Marshall Street property for future use

This is not the first action that PSE&G has taken to improve the reliability and resiliency of Hoboken's energy system. Since Hurricane Sandy, PSE&G has invested approximately \$130 million to elevate and modernize the 16th St. Substation. PSE&G also replaced 60% of the gas mains in the city that were impaired by salt water intrusion during Hurricane Sandy. The project included 31,000 linear feet of high pressure gas lines and 2,500 individual services over the course of 2 years. As a community at risk from future severe storm events, PSE&G will be making more than \$300 million in energy resiliency investments in Hoboken in addition to the gas line investments.

In addition, we have the opportunity to design a new substation that integrates with the urban landscape of our neighborhood rather than keep the current substation at Marshall and Madison Streets, which are eyesores on our community.

We have a tremendous opportunity to improve the reliability, redundancy and resiliency of energy systems within the City of Hoboken through the consolidation and elevation of the Madison Street Substation. As you consider the impact and potential benefit for our most at risk residents in the Housing Authority as well as all of our residents and businesses that rely on a reliable energy system for their safety and in their daily lives, I hope you will strongly support this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dawn Zimmer', written over a light blue horizontal line.

Dawn Zimmer