

**LONG ISLAND POWER AUTHORITY  
MINUTES OF THE 187th MEETING  
HELD ON FEBRUARY 26, 2008**

Pursuant to notice dated February 26, 2008, the Long Island Power Authority (the "Authority") was convened for the one hundred and eighty-seventh time at 11:13 AM at the Omni Teleconference Center, in Uniondale, NY.

The following Trustees of the Authority were present:

**James Larocca, Chairman  
Howard Steinberg, Vice Chairman  
Michael Affrunti  
Lawrence Elovich  
John Fabio  
Michael Fragin  
James Herrmann  
Nancy Nugent  
Jonathan Sinnreich  
Suzette Smookler**

Also representing the Authority were Kevin S. Law, President and Chief Executive Officer; Lynda Nicolino, Acting General Counsel, Elizabeth McCarthy, Chief Financial Officer, and Michael Hervey, Vice President-Operations. Also present were; Michael Deering, Vice President-Environmental Affairs, Edward Dumas, Vice President-Communications; Bruce Germano, Vice President-Retail Services; and Patricia Alberti, Acting Secretary to the Board of Trustees.

**Chairman Larocca addressed the audience, called the meeting to order, and commented that the notice requirements for the meeting have been met.**

**The Chairman then requested that a moment of reflection be observed in recognition of our status as a nation at war. (A moment of reflection is taken).**

**After leading the audience in the Pledge of Allegiance, the Chairman stated that the Finance and Audit Committee met prior to this meeting to address the matter of municipal bond insurance. The Chairman continued that in addition, the Board of Trustees have resolutions before it dealing with: variable rate debt that is affected by the municipal bond insurance market, the matter of an authorization with the New York Power Authority relating to the import of power from the north; a resolution addressing LIPA's tariff; and a resolution regarding the Southampton project. He noted that there are a number of announcements as well.**

**Chairman Larocca stated that the reassignment of the leadership of the Board has been completed. The Chairman continued that Trustee Elovich will continue to chair the Personnel and Compensation Committee and that Vice Chairman Steinberg has agreed to step in as the Chairman of the Finance and Audit Committee. He indicated that Trustee Damianos will chair the newly formed Energy Efficiency and Environmental Committee and the Governance Committee will be chaired by Trustee Fabio. He added that LIPA is making progress in these areas.**

Chairman Larocca asked for a review of the minutes of the January 24, 2008 meeting of the Board of Trustees.

Upon a motion duly made and seconded, the following resolution was approved unanimously:

**849. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JANUARY 24, 2008 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY**

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**RESOLVED**, that the Minutes of the meeting of the Authority held on January 24, 2008 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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Chairman Larocca stated that the next item on the agenda is the President's report, to be delivered by President Law.

President Law stated that in light of the crowd, and to move the meeting along, he will be brief. He continued that the Board will dispense with the Finance and Operations reports to push the agenda along, and he will try to consolidate some of the comments from both, in his report.

President Law stated that LIPA has commenced the process for performing the repowering study for the Northport and Port Jefferson plants. He further stated that National Grid had agreed to do this with LIPA last year, once their merger with KeySpan was approved. He indicated that National Grid is primarily

paying for that study, and the Board had authorized LIPA to contribute up to \$250,000 towards it.

President Law reported that LIPA decided to create a stakeholders Committee, which includes members of the Port Jefferson and Northport communities, some elected officials, school board members and village officials, as well as some civic folks in those areas. He continued that the purpose is to keep them abreast of the study, obtain their input and make sure that LIPA addresses their concerns. He indicated that the first meeting was held last Friday and the LIPA staff did a terrific job, along with National Grid, in putting together an informative package. He added that Newsday also did a terrific job explaining all of the complicated issues that LIPA faces in a repowering analysis.

President Law pointed out that Senator LaValle had expressed a concern at the meeting, that one of the consultants being used on the repowering study may have had a history with the Shoreham Nuclear Power Plant. He continued that National Grid conducted a procurement process that complied with New York State requirements as well as their own business requirements. He indicated that the resulting selection was a company known as the Shaw Group, which had acquired another company, Stone and Webster, the company that had previously been involved with Shoreham. He noted that the two women who will be the primary leaders on this analysis were probably in elementary school at that time and that LILCO was calling the shots and running the show then. He added that he promised the Senator that it would always be the Authority that would be directing policy on this study, not the engineers.

President Law reported that the process is underway, and there will be a tour of the two plants with the committee on March 7<sup>th</sup>. He stated that LIPA is also continuing its due diligence on the four plants that it has the option to purchase from National Grid, namely the Barrett facility, the Far Rockaway facility, the Shoreham facility and the Wading River facility. He indicated that the option to purchase those plants expires in May of this year, and he hopes that LIPA will be in a position to come back to the Board in April with its analysis and recommendations.

President Law reported that the reason that LIPA is exercising that option is for repowering purposes, and it is relevant to the study of the Port Jefferson and Northport plants that LIPA is performing. He continued that some of the information that LIPA will glean from the analysis may, in fact, help LIPA in its decision on those four facilities. He noted that National Grid, not LIPA, owns the Port Jefferson and Northport facilities, and that LIPA does not have an option to purchase those.

President Law reported that LIPA is involved in a new item of an ambitious nature, the preparation of a new energy master plan for Long Island. He continued that LIPA has shared an outline with the Board and the community, as well as put it on LIPA's website. He indicated that LIPA is looking for feedback, and LIPA will hold public hearings in both Nassau and Suffolk Counties to solicit input from the public on the energy master plan.

President Law reported that he had shared some information on LIPA's Energy Efficiency Program, and to the extent that the Board had any comments, or questions he requested that they be shared with him.

President Law reported that last month he went to Washington, D.C. with Congressman Steve Israel, and they met with the Assistant Secretary of Energy, who agreed to work with LIPA on some matters. He indicated that they have agreed to do a postmortem on the offshore wind farm that he shelved for Jones Beach. He further indicated that Delaware also recently shelved their offshore wind farm, and they are looking to see what they can learn from the process, and what they can take away from it and share with others. He added that the LIPA staff will also be meeting with the Department of Energy staff to try to get money for the Smart Metering Program that LIPA hopes to include in the capital budget that will be submitted in April.

President Law reported that yesterday, Lieutenant Governor Paterson released his report on the Renewable Energy Task Force, of which President Law is a member and in which the LIPA staff has participated. He continued that many good initiatives came out of that report, and LIPA is one of the few entities that can implement some of the recommendations in that report. He indicated that nothing is mandatory for LIPA, but LIPA will strive to implement some of the recommendations that are consistent with its policies and budget parameters.

President Law reported that with respect to LIPA's Clean Energy Program, he has sent a letter to Tom King, the President of National Grid, asking for an

internal audit of this program that National Grid administers on behalf of LIPA. He indicated that he has not been happy with some of the things that he has learned since he became President in October, and he has been taking steps to improve the management of the program by creating the position of Vice President of Environmental Affairs with the support of the Board. The President noted that he has issued some executive directives which address the amount of research and development projects that LIPA can do and requires that those matters be brought to the Board for monitoring and for information. He stated that he also put a position in the budget to hire a financial manager to oversee expenditures of that program. He added that while LIPA has taken steps of its own, he also wanted National Grid to perform an audit of the program, which he has requested from President King.

President Law reported that LIPA had issues last summer with the Long Island Railroad regarding some power outages that caused delays for the Railroad. He stated that LIPA has put together a task force, along with the Railroad, and LIPA committed and invested approximately three million dollars to improve LIPA's equipment along the lines. He noted that LIPA has a good relationship with the Railroad, which is LIPA's largest customer and which provides approximately two percent of LIPA's revenues.

President Law reported that with respect to all of the issues that were raised, the MTA's Inspector General was critical of the Railroad, but acknowledged that LIPA worked with the Railroad to address the deficiencies that were cited last year. He indicated that he believes that the issue is now under

control. He further indicated that he and LIPA staff met recently with Helena Williams, the President of the Long Island Railroad, and her top staff. He stated that they committed to meeting regularly to ensure that the issues that were cited in the report do not arise again.

President Law reported that the Board will be taking up some public finance issues concerning municipal bond insurance, which has been feeling the significant impact of the sub-prime mortgage market. The market has legs that continue to affect industries that nobody thought it would. He continued that LIPA is situated much better than most municipalities and most authorities in the state, however, there are risks that LIPA has been taking steps to minimize. He indicated that he, Ms. McCarthy and the LIPA staff have recently met with both Moody's and Standard & Poors. He further indicated that he believes that they will meet next week with Fitch. He added that they want to get a sense of his management style and a feeling from him about LIPA's budget and where things are going. He noted that both meetings went very well, and they were very impressed with the steps that he has taken to try to reform the Authority, cut out some of the fat and be proactive in his management style when it comes to planning for the future.

President Law reported that the Authority was looking for rate increases from both Moody's and Standard and Poors, but given the municipal bond insurance market issues, he is not sure what will happen. He continued that it will be important, because of the agenda item that LIPA has coming up. He indicated that the rating agencies will need to be rating LIPA as it tries to

restructure some of its debt that is being impacted by the municipal bond insurance crisis.

President Law reported that several RFP's are pending. He continued that all of the responses have been submitted with respect to the RFP for a commercial real estate broker that LIPA is looking to retain to assist it in assessing its space needs, and deciding whether it makes sense to consolidate and extend LIPA's current office space, or to move into less expensive quarters, maybe in Suffolk County. He indicated that LIPA is evaluating the nine responses. He added that LIPA's lease runs through 2011, so he is in no rush, but he is trying to plan for the future.

President Law reported that LIPA has two other pending RFP's concerning the Power Supply Management Agreement and a Renewable Energy Agreement. He continued that the responses have been received and interviews will be held over the next week and a half. He indicated that LIPA staff will be coming back to the Board with recommendations on those RFP's probably at the March meeting.

President Law stated that it has been a busy four weeks since the Board last met, and there have been some noteworthy meetings that took place since then. He continued that Ms. McCarthy, Ms. Nicolino, Mr. DeJesu and himself went to the Public Service Commission (PSC) to meet with the new PSC Chairman, Gary Brown, and his staff, in order to establish a working relationship with the PSC. He stated that Ms. Nicolino and he met with Attorney General Cuomo and his staff to establish a good working relationship, and he is trying to get the

**Attorney General to play a more active role in LIPA to allow LIPA to reduce its outside legal expenses and use the Attorney General's office when it can.**

**President Law stated that he also participated in the Long Island Energy Summit with Congressman Israel, Nassau County Executive Thomas Suozzi and Suffolk County Executive Steve Levy, and LIPA has agreed to work with the municipalities on expanding LIPA's energy efficiency programs. He further stated that Hofstra, Dowling and the Suffolk Community Colleges have all approached him lately to talk about helping their campuses become more energy efficient. He indicated that LIPA is looking to do something at SUNY Stony Brook, and they are not on LIPA's system because they have their own co-generation plant. He further indicated that LIPA has agreed to work with the Dormitory Authority of the State of New York and NYPA to help SUNY Stony Brook on their Southampton campus.**

**President Law stated that he and Mr. DeJesu met with Assemblyman Brodsky, the Chairman of the Authorities Committee, to discuss some of the initiatives that he has been trying to implement at LIPA. He continued that Assemblyman Brodsky was very impressed with the reforms that President Law has brought to LIPA. He indicated that Assemblyman Brodsky is trying to get the approval of some reform legislation over the last two sessions, and he is impressed with LIPA leading the way to improve its operations before it is mandated.**

**President Law reported that there has been no issue that has taken up more time over the last month than working with the community in Southampton**

and trying to come up with a solution with regard to the transmission lines. He continued that there have been numerous meetings with some of the Town Board members. He thanked Councilman Chris Nuzzi, Assemblyman Thiele and Senator LaValle for their leadership on this. He indicated that he also had several conversations with Supervisor Kabot and Councilwoman Throne-Holst. He added that he has worked tirelessly with the Town and the State to try to figure out a solution to the concerns raised.

President Law stated that the number of people present at this Board meeting shows that there are concerns in the community. He continued that he has heard and been sensitive to them, and that LIPA is trying to work with them.

President Law reported that Matt Cohen, the Long Island representative for Senator Schumer, has agreed to come in as LIPA's Director of Government Relations to replace Mr. Davidson, who moved on last year. He further stated that Mark Gross from News 12 has agreed to join Mr. Dumas' Communications team to replace Mr. Lowndes, who retired last May. He indicated that he just hired Ms. Kimberly Bregenzer to be the Public Financial Management person for all of LIPA's energy efficiency programs, a new position that he put in the budget to make sure that somebody is watching over all of the money going in and out, since there is a lot of money being spent. President Law added that LIPA is still trying to make progress in other areas, including compliance officer, and he will keep the Board up to date on those. President Law then concluded his report.

Chairman Larocca stated that when President Law spoke about Stony Brook, it reminded him that back in the 60's when that campus was begun or built into its modern form, they installed a groundwater storage system to store cold water and use it in the summer cooling above ground. The Chairman continued that it never worked, but that every five or six years it has been looked at against the current economics of technology. He indicated that it might be part of that inquiry to see if that has come of age.

Chairman Larocca stated that what President Law has indicated, in abbreviated form, is that it has been a very busy time, and he hopes that what he heard from the President's report, is that there is a lot of time that is being spent building bridges from this utility to the communities that LIPA serves.

The Chairman continued that he and President Law both feel that it is a very high priority in the conduct of this work and in the work that has to be done going forward, so long as President Law is able to put in those eighteen or twenty-hour days. He indicated that you will see a lot of President Law around town.

Chairman Larocca stated that the Operating and Financial reports will be skipped, and he asked the Board if there were any questions for President Law or the officers with respect to any of these matters.

Trustee Fragin asked whether Mr. Hervey would run through the new protocols with the Long Island Railroad and outline the reduction in the response time or out-of-service time for the Long Island Railroad trains. Mr. Hervey

answered that with regard to the two incidents occurring early in the spring of 2007, and LIPA's response, what LIPA saw is that there was no common incident command structure between LIPA and the Railroad. He continued that LIPA was managed separately from the Railroad, so they did not have one point of communication for these types of problems. He added that the Railroad had different priorities than LIPA, and they needed to get together, and they have since agreed upon how to do that.

Mr. Hervey stated there is a Memorandum of Understanding in draft form, which has been implemented. He continued that the memorandum tells LIPA and the Railroad how to prioritize those jobs, how LIPA will respond, what levels of supervision they will put in the field for such an incident and which agency will take leadership on specific types of instances.

Mr. Hervey stated that two fairly low-level events took place, the first occurred in October and the second occurred last month. He indicated that LIPA exercised this new protocol in each, and LIPA had the proper people on site in a very short amount of time and was able to coordinate with the leadership of the Railroad at the site. He further indicated that for one of the events, the prioritization determined that it was not an issue, and the trains were able to restart their operation within fifteen to twenty minutes. He added that from an operations department standing, the Railroad was very pleased with LIPA's response and the new protocols that LIPA put into place.

Mr. Hervey stated that LIPA is scheduled to meet with the Railroad on a quarterly basis in order to make any necessary changes. He indicated that this is a vast improvement over the process or lack of processes in place with the Railroad in the past. He added that it is open to further improvement going forward.

Trustee Fragin asked what percentage of the electrified rail is overhead wires. Mr. Hervey answered that in this case, the issues were not with the electric wires that are serving the Railroad. He continued that the Railroad system has the third rail, not an overhead system as you might see on an Amtrak line in the northeast. He indicated that the issues that LIPA had in the spring were in transmission lines along the Railroad that were taken over from the Railroad in the early 1970's that primarily, but not exclusively, serviced the substations for the Railroad.

Mr. Hervey stated that in southwestern Nassau County, about 100 percent of the Railroad lines in that area have these transmission lines along them, and from the time that LILCO took those over in the 1970's, LILCO and now LIPA has not seen those type of failures that LIPA saw in quick succession last year. He continued that LIPA's reaction was to inspect one hundred percent of the facilities on or along the railroads and crossings on the railroads on Long Island, and prioritize those. He indicated that anything that was a critical repair, LIPA has since completed. He further indicated that so far, the repairs scheduled throughout the year are not critical repairs, but these are approximately 300 miles

of transmission and distribution electric lines along the railroad, and most feed not only the Railroad, but also other customers.

Trustee Smookler asked what the recent fire in the Port Jefferson power plant was and whether it affected operations in any way. Mr. Hervey answered that the plant is owned by National Grid, and it is their responsibility to do the remediation and additional work that needs to be done to bring the plant back on-line, but the fire inside the plant did cause that plant to shut down. He continued that as most people know, LIPA operates the electric system in interconnected fashion, meaning one plant does not connect directly to customers, rather all of the plants connect to all of the customers through what is commonly referred to as a grid. He indicated that LIPA had no customer outages as a result of that, but in the event that the incident had escalated, LIPA was prepared to take that plant completely offline had LIPA needed to isolate it from the system. However, it was not necessary.

Mr. Hervey stated that this was a fuel oil fire, and the investigation of the exact cause of that is ongoing. He continued that it caused an extensive amount of damage to the plant. He indicated that the damage is in the process of being assessed and the work being put together to repair all of that damage.

Chairman Larocca stated that the next item on the agenda is the consideration of approval of an authorization for a plan of finance relating to LIPA's variable rate debt portfolio, which will be presented by CFO Ms. McCarthy.

**Ms. McCarthy stated that LIPA has an approximately \$2.3 billion variable rate debt portfolio, of which approximately \$1.5 billion is insured by municipal bond insurers. She continued that over the course of the last few years, some of the municipal bond insurers have gotten into broader markets than simply insuring municipal bond, and did get involved in collateralized debt obligations and credit derivative products. She indicated that as a result of exposure to those markets, which are often times referred to as the sub-prime market, some of them have come under pressure on their credit ratings, which are directly translated to the credit ratings of LIPA's variable rate bonds that they insure. She further indicated that in recent weeks, several of the bond insurers have been downgraded by rating agencies, or have been put on credit watch. She added that because of concerns for one particular sector of this market, known as the Auction Rate Market, about the ability of holders of those securities to get their money out, there were a series of events which have led to rising interest rates for LIPA and have created what are referred to in the market as "Auction Failures."**

**Ms. McCarthy stated that LIPA is monitoring this situation and has been working on the appropriate steps for LIPA to take with respect to how to protect its customers from this increasing interest rate environment. She continued that starting on February 12, 2008, the Municipal Auction Rate market did start to have some failures in it, which is not unique to LIPA and has nothing to do with LIPA's credit, but which is affecting LIPA as well as the full \$300 billion Auction Rate Market. She indicated that LIPA has seen some of those failures, and the implication of that to LIPA is that its variable auction rate bonds are selling at a**

formula maximum auction rate ranging around 3.9 percent to 4.6 or 4.7 percent, depending on the security. She further indicated that to put that into perspective, the LIPA budget, which the Board approved in December, assumed that LIPA's variable rate debt portfolio would have an interest rate of four percent, and this is approximately half of that portfolio. She stated that the remainder of LIPA's portfolio is well below that four percent level, so while there is pressure on LIPA, it is a manageable amount, given the budget that LIPA has.

Ms. McCarthy stated that LIPA wants to nonetheless move forward to address this issue as quickly as possible, and LIPA has taken certain actions already. She continued that LIPA has already put a redemption notice out on \$200 million of the Auction Rate securities that LIPA felt were most exposed, and LIPA is using existing cash on hand to redeem that debt. She indicated that LIPA is also evaluating its options under its existing authorities to effectuate possible conversions of LIPA's debt. LIPA staff is asking the Board for the remaining items that are important to have in its tool kit to address this issue fully and rapidly.

Ms. McCarthy stated that LIPA is specifically asking for the authorization to issue up to \$975 million, aggregate principal amount, of Electric System General Revenue Bonds for the purpose of refunding certain outstanding bonds and lowering the risk associated with the marketability of certain insured bonds, funding the cost of system improvements and to cover any cost of issuance. She continued that LIPA staff is also looking for the execution and delivery of one or more interest rate swaps. She added that LIPA would limit the portion of this that

would be considered “New Money Bonds” or amount used to fund or replenish treasury of fund capital expenditures to \$205 million.

Ms. McCarthy stated that LIPA staff is also requesting that the Board of Trustees grant the authority to supplement one of the Authority’s bond resolutions relating to outstanding variable rate debt for the purpose of adding additional interest rate modes, including weekly and daily rate modes for such bonds, and giving LIPA staff the authority to execute those agreements. She continued that finally, LIPA staff is asking for the terms of the new bonds to be substantially in the form of the Authority’s existing bonds, as set forth in the Twelfth Resolution.

Ms. McCarthy noted that LIPA staff already has specific delegated authority from the Board with respect to interest rate swaps. She indicated that LIPA staff has asked, in this resolution, for the authority to use interest rate swaps up to an aggregate principal amount of approximately the full \$975 million, but more specifically, the ability to enter into a swap of up to \$500 million with any single counter-party. She further indicated that upon discussion with the Finance and Audit Committee, LIPA will limit any authorization on that to a situation where LIPA staff has otherwise consulted with the Finance and Audit Committee.

Ms. McCarthy stated that LIPA has been working on this issue over the last several months. She continued that LIPA has worked with its financial advisor, Bear Stearns, and LIPA has been apprising the Finance and Audit Committee on a

regular basis. She indicated that on this basis, LIPA staff recommended this going forward.

Chairman Larocca then called for a motion on the resolution, which was seconded. Next, the Chairman invited comment from the Trustees and then from the public.

The Chairman stated that this is a complicated matter, but it is very important because it has a direct and immediate bearing on the cost of money and cost of work that LIPA does. He indicated that the irony is that LIPA, like any number of municipal issuers, have turned to municipal bond insurance as a way of enhancing its credit worthiness. This became the practice by which Wall Street and others looked to public bodies to further enhance their credit worthiness.

Chairman Larocca stated that the situation is now reversed, and the very insurance purchased to enhance our credit worthiness is having the equal and opposite effect of injuring our credit worthiness. The Chairman continued that one could debate how that all happened, including where the regulators were, but that is a discussion for another day. He indicated that the resolution before the Board is a strong and immediate response to minimize the effects of all of this, and he is pleased with the proposal. He added that it is very timely and important that it is here today.

Trustee Fragin asked how much the failed Auctions of the adjustable rate securities is costing LIPA in its inability right now to have them reset in the

market. Ms. McCarthy answered that when measured against the rate LIPA received prior to the auctions, it is running around \$100,000 per week.

Trustee Fragin asked whether that is directly tied to the insurance on the bonds. Ms. McCarthy answered that those are the insured auction rate securities, but in the context of the budget and of the total authority, LIPA staff believes that this is a manageable number at this time, but LIPA does want to act quickly.

Trustee Fragin stated that LIPA's finance staff should be commended for being ahead of this. He indicated that he has read in the paper that Nassau County, New York City and other entities are paying well in excess of ten percent, and in some cases, in excess of fifteen percent on their adjustable rate bonds, so LIPA is way ahead of the curve. Chairman Larocca agreed and stated that it has been a very good response to a very difficult situation.

Public comment was then heard, after which the following resolution was approved unanimously:

## **LONG ISLAND POWER AUTHORITY**

### **RESOLUTION**

**850. ADOPTING RESOLUTIONS RELATING TO THE ISSUANCE OF ELECTRIC SYSTEM GENERAL REVENUE BONDS FOR THE PURPOSES OF REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING AUTHORITY BONDS AND FUNDING THE COST OF SYSTEM IMPROVEMENTS, THE MODIFICATION OF THE TERMS OF CERTAIN OUTSTANDING BONDS, AND THE EXECUTION OF ONE OR MORE INTEREST RATE SWAP AGREEMENTS**

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**WHEREAS, Long Island Power Authority (the “Authority”) is authorized by the Long Island Power Authority Act (the “Act”) to issue its bonds for any purposes authorized thereby and to adopt bond resolutions establishing the contract with its bond and note holders; and**

**WHEREAS, on May 13, 1998 the Authority adopted its Electric System General Revenue Bond Resolution (the “General Resolution”), which, consistent with the Act, authorizes bonds of the Authority, designated as “Electric System General Revenue Bonds” (the “Bonds”), as special obligations of the Authority in accordance with the terms thereof for, among other purposes, refunding other Bonds and other obligations of the Authority and funding the Cost of System Improvements (as defined in the General Resolution); and**

**WHEREAS, the Authority may sell Bonds on a negotiated basis to one or more underwriters for resale to the public or by private placement to one or more investors at such price or prices as the Authority shall determine; and**

**WHEREAS, Section 205 of the General Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Bonds; and**

**WHEREAS, the Authority wishes to authorize the issuance of (i) Bonds (the “Refunding Bonds”) for the purpose of refunding all or a portion of the Authority’s outstanding variable rate senior and subordinated bonds (the “Specified Bonds”) and (ii) Bonds (the “New Money Bonds” and collectively with the Refunding Bonds, the “Authorized Bonds”) for the purpose of funding the Cost of System Improvements and for various related purposes, which Authorized Bonds shall be in an aggregate principal amount not to exceed \$975,000,000, of which no more than \$205 million shall be New Money Bonds; and**

**WHEREAS, in order to achieve such purposes there has been prepared and submitted to the Trustees a form of Twelfth Supplemental Resolution (the “Twelfth Supplemental General Resolution”); and**

**WHEREAS, the Authority has determined that it may also be beneficial to add certain interest rate modes and make other revisions to the Authority’s outstanding variable rate bonds in order to facilitate their remarketing on favorable terms: and**

**WHEREAS, in order to achieve such purposes there has been prepared and submitted to the Trustees a form of Thirteenth Supplemental Resolution (the “Thirteenth Supplemental General Resolution”); and**

**WHEREAS, the General Resolution permits the Authority to enter into Financial Contracts (as defined therein), which include interest rate caps or collars and forward rate, future rate and certain swap agreements with Qualified Counterparties (as defined therein); and**

**WHEREAS, the Authority has determined that the use of such swap agreements is appropriate in certain circumstances but recognizes that certain risks can arise in connection with their use and the Authority has adopted guidelines (the “Guidelines”) for the use of such agreements in order to assure that such agreements are used for appropriate purposes and to assure that the risks potentially associated with such agreements are effectively managed and minimized; and**

**WHEREAS, under current market conditions the Authority has determined that it may achieve debt service savings by entering into one or more such interest rate swap agreements in an aggregate notional amount of up to \$500,000,000 with any single counterparty relating to all or a portion of the Authorized Bonds, the Specified Bonds or any of the Authority’s outstanding variable rate bonds pursuant to which the Authority and the counterparties thereto would agree to make payments to one another based principally upon certain indices, formulae or methods to be specified therein; and**

**WHEREAS, the Authority has entered into interest rate swap agreements relating to certain of the Authority’s outstanding variable rate bonds (including the Specified Bonds) and, to the extent that such Specified Bonds are refunded or any other variable rate bonds are converted to a fixed interest rate, it is anticipated that such interest rate swap agreements will either be reallocated to other bonds of the Authority or terminated, as determined by the President or Senior Vice President and Chief Financial Officer; and**

**WHEREAS, the decision as to which specific strategy or strategies to be employed in connection with such new or existing interest rate swap agreements and the indices, formulae or methods to be used in calculating payments to be made to the Authority or the counterparties will be made by the President or Senior Vice President and Chief Financial Officer, taking into account market conditions and the advice of the Authority’s Financial Advisor, with the intention of lowering the effective rate of interest payable in connection with the Authority’s indebtedness consistent with interest rate and other risk considerations;**

**NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE LONG ISLAND POWER AUTHORITY, AS FOLLOWS:**

**1. The Twelfth Supplemental General Resolution, in the form presented to this meeting and made a part of this resolution as though set forth in full herein, is hereby approved and adopted. The President of the Authority is hereby authorized to deliver the Twelfth Supplemental General Resolution to The Bank of New York, as the Trustee for the Bonds, with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the President, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.**

**2. The Thirteenth Supplemental General Resolution, in the form presented to this meeting and made a part of this resolution as though set forth in full herein, is hereby approved and adopted. The President of the Authority is**

hereby authorized to deliver the Thirteenth Supplemental General Resolution to The Bank of New York, as the Trustee for the Bonds, with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the President, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

3. The President and the Senior Vice President and Chief Financial Officer of the Authority are, and each of the them hereby is, authorized to sell all Bonds issued pursuant to the Twelfth Supplemental General Resolution and all Bonds which may be converted to a different interest rate mode pursuant to the Thirteenth Supplemental Resolution either on a negotiated basis (i) to one or more underwriters for resale to investors or (ii) by private placement to one or more investors at such price or prices as they shall determine to be the most cost effective and advantageous for the Authority.

4. Each Authorized Representative (as defined in the General Resolution) is hereby authorized with respect to each series of the Authorized Bonds or any outstanding variable rate bonds converted to a different interest rate mode, to execute and deliver a Bond Purchase Agreement in substantially the form of the bond purchase agreement executed by the Authority in connection with the issuance of the Authority's Electric System General Revenue Bonds, Series 2006F, with such modifications thereto as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, which approval shall be conclusively evidenced by the execution thereof by such Authorized Representative.

5. Each Authorized Representative is hereby authorized and directed to execute and deliver any and all documents, including but not limited to the execution and delivery of one or more official statements or other disclosure documents and instruments and to do and cause to be done any and all acts necessary or proper for carrying out each Bond Purchase Agreement, the issuance, sale and delivery of the Authorized Bonds and for implementing the terms of each Bond Purchase Agreement, and the transactions contemplated thereby, the Twelfth Supplemental General Resolution, the Thirteenth Supplemental General Resolution and this resolution.

6. The President and the Senior Vice President and the Chief Financial Officer of the Authority are, and each of them hereby is, after consultation with the Finance and Audit Committee, authorized to enter into interest rate swap agreements in an aggregate notional amount of up to \$500,000,000 with any one counterparty relating to the Authorized Bonds or the Specified Bonds with such Qualified Counterparties (as defined in the General Bond Resolution) as such officers may select in accordance with the Guidelines, which agreements shall (i) relate to a notional amount of not more than \$975,000,000 in the aggregate, provided that, in applying such aggregate limit, basis swaps entered into in connection with or after entering into other interest rate swaps shall not be taken into account, (ii) commence on such date or dates as the President or Senior Vice President and Chief Financial Officer specifies, (iii) have a term ending on or prior to the anticipated final maturity of the bonds to

which they relate, as the President or Senior Vice President and Chief Financial Officer specifies, (iv) provide for payments to the Authority determined based upon such index, formula or method as may be approved by the President or Senior Vice President and Chief Financial Officer, and (v) otherwise be in accordance with the Guidelines and substantially in the form of interest rate swap agreements entered into by the Authority in relation to other interest rate swap transactions, with such changes and additions to and omissions from such form as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. In connection with the authorizations herein set forth, the Authority has determined, after consideration of the risks inherent in the use of interest rate swap agreements, including those outlined in the General Counsel's memo submitted to the Trustees relating thereto and the advice of the Authority's financial advisor relating to the use of the proposed interest rate swap agreements, that (a) the use of such interest rate swap agreements will, in the judgment of the Authority, result in lowering the effective rate of interest payable in connection with the Authority's indebtedness, (b) the risks of the proposed interest rate swap agreements are both manageable and reasonable in relation to the potential benefits; and (c) the proposed interest rate swap agreements are necessary or convenient in the exercise of the power and functions of the Authority under the Act.

7. As and to the extent that Refunding Bonds are issued for the purpose of refunding Specified Bonds or any outstanding variable rate bonds are converted to a fixed interest rate with respect to which there are existing interest rate exchange agreements, the President and Senior Vice President and the Chief Financial Officer of the Authority are, and each of them hereby is, authorized to allocate such interest rate swap agreements to such other outstanding Authority bonds or to terminate such agreements as such officer may determine appropriate so as to permit the Authority to obtain the benefit of such interest rate exchange agreements or to minimize the cost associated with the refunding or conversion.

8. Each Authorized Representative (as defined in the General Bond Resolution) is hereby authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out and implementing the terms of, and the transactions contemplated by the proposed interest rate swap agreements and this resolution and each of the documents authorized thereby and hereby.

9. This resolution shall take effect immediately.

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Chairman Larocca stated that the next item on the agenda is Board consideration of a resolution authorizing the execution of a Memorandum of Understanding with the New York Power Authority, to be presented by Ms. Nicolino.

Ms. Nicolino stated that the Trustees are requested to authorize the President and CEO, or his designee, to execute a Memorandum of Understanding with the New York Power Authority, pursuant to which NYPA would act as agent for LIPA in connection with negotiating, executing and administering energy supply agreements from Canadian power suppliers on behalf of LIPA. She continued that pursuant to LIPA's enabling statute, LIPA is precluded from entering into any agreement or any negotiation for the purchase of power from the Dominion of Canada or any political subdivision, public authority or private corporation therein. She indicated that the LIPA statute does provide that purchases of Canadian power may be made by NYPA on LIPA's behalf, through an agreement between the two authorities, and LIPA believes that it may be desirable to add Canadian power to its energy portfolio at this time. She added that in this regard, NYPA has extensive experience in negotiating such power supply agreements with both Ontario Hydro and Hydro Quebec, two large Canadian governmental power producers, in addition to other independent Canadian energy suppliers.

Ms. Nicolino stated that Canadian energy is, to a great extent, produced by hydro facilities, but its portfolio will soon be increased to include renewables such as wind and biomass. She added that with the volatile cost of fossil fuels and their impact on the environment, it is important for LIPA to avail itself of

opportunities to stabilize the energy costs incurred by its ratepayers and increase the mix of renewable energy in its generation portfolio.

Ms. Nicolino stated that the proposed Memorandum of Understanding would provide LIPA with the only opportunity to secure such power for its ratepayers from such Canadian resources, and the LIPA staff believes that this will provide cost predictability going forward. She continued that pursuant to the Memorandum of Understanding, NYPA would, at LIPA's request only, negotiate, execute and administer power purchase agreements with Canadian entities designated by LIPA. She indicated that these services would be provided to LIPA at no cost and would follow the guidelines similarly used in previous experiences with NYPA acting as LIPA's agent. She added that the Memorandum of Understanding would become effective upon approval by the New York State Comptroller and would remain in effect for ten years, unless otherwise agreed to by and between NYPA and LIPA, and LIPA staff is requesting that the Trustees approve this resolution.

Chairman Larocca then asked for a motion to be made, which was so made and then seconded, after which comment was heard from staff and the Trustees.

President Law stated that as he mentioned earlier, Ms. Nicolino, Ms. McCarthy and he went to Albany and met with the PSC. He continued that LIPA made a request for the PSC to play some type of role with LIPA last summer, and the PSC said that they could not do so without state legislation giving them that authority. He indicated that LIPA has been working on some draft legislation to that effect. He added that since LIPA was working on the legislation, LIPA should

also take a look at other items in the statute that created LIPA that may need some amending.

President Law stated that one of the things that he noticed was that there is this prohibition against LIPA obtaining power directly from Canada, therefore one of the provisions in the draft legislation is to eliminate that prohibition. He continued that until then, the only way to obtain power from Canada is through NYPA, which is why this resolution is needed. He indicated that LIPA is also looking to address the longer term problem because he would like nothing better than to bring cheap hydropower from Canada down to Long Island. He noted that Upstate New York gets almost all of the hydropower from there especially from the Niagara and St. Lawrence facilities. He added that the new legislation will allow LIPA to bring some down to Long Island from Canada, but until that time, LIPA needs this agreement, because the only way to do so is through NYPA.

Trustee Sinnreich asked why LIPA has not availed itself of this resource earlier and whether there is something that in the past prevented LIPA from wanting to avail itself of this right and this resource. President Law answered that he was not with LIPA and thus, he does not know the answer to why it has not been addressed in the past. He continued that when the State Legislature created LIPA, there were some issues about creating this Authority to take over a private utility and what powers the Authority would have and how it might compete for power. He indicated that it is his understanding that there were some upstate/downstate politics in play, and to get the upstaters to support the creation of a downstate public utility, there were prohibitions put on LIPA, and

one of those prohibitions addressed the fears that the greedy Long Islanders were going to suck up all the hydropower from Upstate New York, so they put a prohibition in LIPA's enabling statute. He added that LIPA gets none of the preferential hydropower that is distributed in New York.

President Law stated that the cost for power in Buffalo is about two cents per kilowatt while LIPA's is almost twenty cents, but there had to be some negotiating back and forth in terms of getting the Authority created. He continued that NYPA has acted for LIPA in the past, and it is prudent to do so now. He indicated that LIPA is entertaining RFP's for renewable power that could lend itself to the arrangement with NYPA as proposed in this resolution, and so it is important for LIPA to act on that. He added that he does not know what happened in the past, but he knows where he would like to take this in the future.

Trustee Sinnreich stated that he congratulates President Law and Chairman Larocca because it is obviously past time that LIPA availed itself of this.

Trustee Fragin stated that this is just a Memorandum of Understanding that allows LIPA to go ahead and purchase power. He asked at what point LIPA will actually be putting purchasing into effect.

Chairman Larocca stated that he does not think that you can put a hard number on it today, and there are several different types of power for which the pricing is subject to all kinds of matters. The Chairman continued that LIPA

operates on an economic purchasing concept, which is, if LIPA can put the right mechanism in place, and at any given opportunity, if it compares favorably to the other alternative, that is when the purchases get made. He indicated when a lot of this happened years ago, a lot of the Canadian power and the power from the Niagara and St. Lawrence at the time was not especially cheap, relative to other power.

Chairman Larocca stated that Congress, which played a role because the two plants were international, required New York to sell that power into Ohio, Pennsylvania and New England. The Chairman continued that as a result, part of that power produced in New York, entirely at New York's expense, is still available to LIPA's neighboring states at a rate somewhere in the two cent neighborhood while LIPA struggles against its higher rates. He indicated that the initiative that President Law and LIPA have taken is a very good one and gives LIPA an opportunity which has been closed to it for a long time.

Trustee Fragin asked whether the idea of this agreement would be to increase LIPA's general pool of power and give LIPA other sources to relieve stress on the grid, or whether LIPA is looking at this as the potential to reduce LIPA's cost significantly. President Law answered that it should be all of the above.

Chairman Larocca accepted public comment on the matter, after which the following resolution was approved unanimously:

**851. AUTHORIZATION TO EXECUTE MEMORANDUM OF UNDERSTANDING WITH THE NEW YORK POWER AUTHORITY**

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**WHEREAS, the Long Island Power Authority (“LIPA”) is precluded by its enabling legislation from directly purchasing power from Canadian power suppliers; and**

**WHEREAS, LIPA’s enabling legislation provides that LIPA may enter into an agreement with the New York Power Authority (“NYPA”) under which NYPA would purchase Canadian power on LIPA’s behalf; and**

**WHEREAS, it is important for LIPA to avail itself of opportunities to stabilize the energy costs incurred by its ratepayers and increase the mix of renewable energy in its generation portfolio, including Canadian power; and**

**WHEREAS, LIPA and NYPA have negotiated a Memorandum of Understanding (“MOU”) under which NYPA would, at LIPA’s request, negotiate, execute and administer power purchase agreements with Canadian power suppliers designated by LIPA for LIPA’s benefit; and**

**WHEREAS, the services under the MOU would be provided to LIPA at cost, including, among other things, salaries, benefits and other out-of-pocket expenses;**

**NOW, THEREFORE BE IT RESOLVED, that the President and Chief Executive Officer or his designee be and hereby is authorized to execute and effect an MOU with NYPA for ten years, unless otherwise agreed by the Parties, under which NYPA would, upon request by LIPA, negotiate, execute and administer power purchase agreements with Canadian power suppliers designated by LIPA for LIPA’s benefit.**

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**Chairman Larocca stated that the next item on the agenda is a resolution to revise LIPA’s tariff for Electric Service, to be presented by Ms. Nicolino.**

**Ms. Nicolino stated that the Trustees are being requested to approve revisions to LIPA’s tariff for electric service related to first, the designation of certain authority to the President and Chief Executive Officer; second, the reclassification of a rate code; and third, the repeal of a tariff leaf regarding**

LIPA's former charitable contributions program. She continued that with the adoption of the Public Authorities Accountability Act, LIPA is now subject to additional statutory requirements, including the requirement that the offices of the Chairman and the President and CEO not be held by the same person. She indicated that LIPA has been revising its policies and procedures to reflect this separation of title and function.

Ms. Nicolino stated that the proposal provides that the tariff be revised to designate certain decision-making and other related authority to the President and CEO, instead of the Chairman, for certain service matters related to the resale, redistribution and sub-metering of electricity, LIPA's customer complaint procedures and certain energy service company direct retail customer licensing matters. She further stated that based upon LIPA's current by-laws and operating structure, the authority for those matters is more appropriately vested in the President and CEO. She indicated that the proposal also provides for a ministerial change to the tariff which would reclassify electric rate code 277 as rate code 273, in order to classify and distinguish it from National Grid's gas service rate code 277 in the customer service billing system. She added that the proposal provides for the repeal of tariff leaf No. 29A related to LIPA's charitable contributions program, which expired in May 2007, and which should be removed to avoid customer confusion and more accurately reflect LIPA's current practices.

Ms. Nicolino stated that a public notice appeared in the State Register for the tariff changes and two public hearings were held on February 11, 2008. She

indicated that the public comment period was held open until February 18, 2008, and no public comment was received. She further indicated that based on the forgoing, she recommends the approval of the requested action.

Chairman Larocca then asked for a motion to be made, which was so made and then seconded, after which he invited comment from staff and the Trustees. Chairman Larocca noted that this is an administrative “clean-up,” and LIPA is continuing the process of clarifying the authority as between the President and the Chairman, which was in the past a combined executive function.

Trustee Fragin asked whether this has to pass through the Governance Committee, now that LIPA has one. Ms. Nicolino stated that this would not have been fodder for the Governance Committee because it is with respect to LIPA’s tariff, and the Governance Committee would more appropriately review things such as LIPA’s by-laws and internal operations, as opposed to LIPA’s customer tariff.

There having been no public comment, the following resolution was approved unanimously:

**852. APPROVAL OF REVISIONS TO THE LONG ISLAND POWER AUTHORITY  
TARIFF FOR ELECTRIC SERVICE**

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WHEREAS, in December 2007, the Long Island Power Authority (“LIPA”) issued a Notice of Proposed Rulemaking inviting public comment on LIPA staff’s proposal to revise its Tariff for Electric Service related to: 1) the designation of certain authority to the President and Chief Executive Officer; 2) the reclassification of an electric rate code; and 3) the repeal of tariff leaf no. 29A regarding LIPA’s Charitable Contributions program (the “Proposal,” attached hereto); and

**WHEREAS, public notice of the proposed action was published in the State Register on December 26, 2007, two public hearings were held on February 11, 2008, the public comment period has expired, and no comments have been received by LIPA;**

**NOW, THEREFORE, BE IT RESOLVED, that the Proposal is approved; and be it further**

**RESOLVED, that the attached revised tariff leaves reflecting our action herein are approved.**

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**Chairman Larocca stated that the next item on the agenda is Board consideration of approval of lead agency findings under the State Environmental Quality Review Act (SEQRA) related to the Southampton-Bridgehampton Transmission Line project, to be presented by Ms. Nicolino.**

**Ms. Nicolino stated that the Trustees are being requested to approve a resolution adopting the lead agency findings statement for the Southampton-Bridgehampton transmission line and expansion of the Bridgehampton Substation project. She continued that LIPA staff is also asking for the authorization for the President and CEO to adopt the route and file and distribute the Findings Statement, as required under SEQRA. She requested that LIPA's outside counsel, Mr. Steven Russo, from the firm of Sive, Paget and Riesel, brief the Board on the lead agency Findings Statement and the status of this project.**

**Mr. Russo stated that the Board is being asked to approve the SEQRA Findings Statement, which culminates the SEQRA review process for this project. He continued that if you consider the Final Environmental Impact Statement**

**(“FEIS”), which the Board accepted last month, as the “hard look” that is required under New York Law, the Findings Statement would be the required reasoned elaboration or basis for LIPA’s determination. He indicated that by adopting the SEQRA Findings Statement, the Board is culminating the SEQRA process and authorizing LIPA to move forward with the chosen route and the configuration proposed in the Findings Statement.**

**Mr. Russo stated that there are a couple of minor revisions to the document in the Board materials. Ms. Nicolino noted that the changes were provided to the Trustees in their Board materials this morning.**

**Mr. Russo stated that the Findings Statement first describes the project’s need and it is appropriately based upon the FEIS that the Board adopted last month. He continued that after reviewing the project purpose and need, it describes where the project is and sets forth a route, which is known as the Direct Route Alternative, which was the preferred alternative in the FEIS. He indicated that it also includes a configuration of approximately 55 percent underground and 45 percent overhead, which is what the Board would be approving. He further indicated that it recites the procedural history of the entire SEQRA review, and it describes all of the alternatives that were reviewed in the Environmental Impact Statement but were not adopted and the reasons for that.**

**Mr. Russo stated that the Findings Statement then goes through the cost of the project chosen and the differences between installing a line underground as opposed to overhead, based on detailed information in the FEIS, and a lot of that**

information was more detailed in the FEIS in response to public comments regarding the respective costs. He continued that the Findings Statement then goes through the environmental impacts of the project and each and every one of the sections that were examined in the FEIS. He noted that with regard to the potential for visual impacts, one of the areas of greatest interest during the public review process, the Findings Statement makes the point that in the 55/45 configuration, out of 105 potential sensitive visual resources, only from fifteen of them would the transmission line even be visible. This means that from the other 90, the line is not even visible. The conclusion of the Findings Statement is that given that there are already distribution poles of thirty to thirty-five feet in that same area, there would be no significant visual effect. He added that LIPA is only proposing to replace those poles with new poles that are forty-eight feet above grade, except for twenty-two poles that will be fifty-six feet above grade. He indicated that the Findings Statement also reviews other points raised during the review process based on the Environmental Impact Statement.

President Law asked whether Mr. Russo meant two poles when he indicated that there were twenty-two taller poles. Mr. Russo answered that the EIS makes the point that the configuration proposed has only two riser poles, which are fifty-six foot poles that were deemed the most visually intrusive, but at the road crossings of that line, there also have to be slightly taller poles, and the EIS makes the point that there are twenty of those. He indicated that there are approximately 144 poles, so over 120 of them would be the forty-eight foot poles. Mr. Russo then concluded his remarks.

After entertaining a motion to approve the Findings Statement, which was seconded, Chairman Larocca stated that there will be a process of Trustee comment and discussion, and then public comment and discussion. The Chairman further stated that it has been LIPA's hope from the very beginning to say "yes" to the concerns of the community, and he thinks that LIPA has made enormous progress in the course of this effort. He indicated that LIPA is at a critical juncture now where the additional cost questions have been addressed in a fairly acceptable manner between the Authority and the affected governments, and LIPA is dealing with some residual issues. He added that he would like everyone to think about the process going forward, and that LIPA is here to find a solution to a matter that is of concern to many.

The Chairman commented that back in 1977 there were a series of storms, and the Governor ordered a study of undergrounding the Long Island Lighting Company system, and the figure then was approximately eight billion dollars, which was prohibitive. He indicated that in an ideal world, this would be an underground system and every opportunity that LIPA had to underground it would occur, but it is not an ideal world and the numbers are substantial. He further indicated that each project has to be evaluated in terms of all of the variables, including LIPA's statutory obligation to provide for reliability at the most reasonable and achievable rate, so LIPA is in the process of trying to balance these issues. He added that LIPA made a very substantial effort to find a way, and he hopes that as the discussion goes forward they will talk about that way.

Trustee Smookler asked that the number of poles be reviewed again, addressing how many poles are an exact replacement in size and height for what currently exists, and how many are wider and taller. Mr. Russo answered that the Findings Statement indicates that there are currently 270 existing wood distribution monopoles along the entire Direct Line Alternative route, including the portion where the underground cable will be installed, that are between thirty and thirty-five feet above grade and approximately sixteen inches in diameter at the base. He continued that approximately 126 existing wood distribution poles out of the 270 will be replaced, leaving about 144 existing poles remaining in place in the areas where the transmission line will be installed underground. He indicated that no new poles will be introduced in the one area of the route where poles do not currently exist, as that portion will be installed underground.

Mr. Russo stated that the wooden replacement poles, which would be installed in lieu of the existing distribution poles, will be approximately twenty-two inches in diameter at the base, which is six inches wider than the poles they are replacing and will be about forty-eight feet above grade. He further stated that two taller wood poles that are about fifty-six feet above grade and twenty-two inches in diameter will be utilized for riser poles. He added that at the approximately ten road crossings, there will be twenty poles along the route that are fifty-six feet above grade

Vice Chairman Steinberg stated that he has an open mind about the ultimate outcome of this issue, but this has to be put in context, and the right context for this is that the Trustees represent all of the ratepayers of the Long

Island Power Authority and they have a responsibility to all of them. He continued that this means that the process has to be viewed to be fundamentally fair to all ratepayers across the Island. He indicated that people should understand that the average rate of growth of electricity use on Long Island has been two percent, except for the Southampton and East End communities, for which the rate of growth is seven percent, and the reason for that is the very large houses being built, which are enormous consumers of electricity that drive up the growth. He added that as a result, LIPA is in the position that it has to continue to supply increased levels of electricity to support the large homes being built on that end of the Island.

Vice Chairman Steinberg stated that there has to be a clear perception and understanding that LIPA is fair to all of its ratepayers, and LIPA cannot be in a position where its least affluent ratepayers are subsidizing its most affluent ratepayers. He continued that the context of anything the Board does has to consider that there is no additional cost of any kind that impacts LIPA's other ratepayers who are not benefiting from this. He noted that eighty-five percent of the Island is populated with overhead lines, and there are many beautiful communities where overhead lines have been around for seventy-five years or longer, including his own. He added that a lot of people on Long Island live near overhead lines and in many beautiful areas that have claims to uniqueness and natural beauty.

Trustee Sinnreich stated that he endorses Vice Chairman Steinberg's comments, and he wants to put a little of this in historical context, which is

important. He further stated that he is not a foe of undergrounding, and he is the only Trustee who voted to underground the entire North Fork expansion from Riverhead to Jamesport at ratepayer expense. He indicated that one year earlier, at the cost of \$70 million, LIPA buried the entire expansion from Riverhead to Southampton Town, but LIPA was not prepared to do that for the people of the North Fork, which troubled him enormously. He added that the perception and possibly the reality that favored treatment is being afforded to LIPA's most affluent and potentially powerful segments of its service territory is something that is of great concern to LIPA.

Trustee Sinnreich stated that there is the suggestion that LIPA can address this issue by permitting a segment of its service territory to bear the cost themselves, and that by itself somehow addresses and resolves the economic justice issue. He continued that he is open to that, but he has a number of very serious concerns. He indicated that he does not believe that this possibility has been addressed in a systematic and thoughtful way in terms of the precedent that it would set and general policy considerations that would be raised by permitting this kind of local segment-by-segment change in LIPA's tariff structure. He added that it troubles him that LIPA would be adopting "on-the-fly," under pressure, a policy that has not been thought out and that has general long-term implications, and it will be difficult for him to support that kind of approach without a systematic look at the overall policy consideration by LIPA's staff and appropriate consultants.

Trustee Sinnreich stated that he is troubled by the direct payment idea the Chairman Larocca and President Law have been working on which has taken the form of LIPA being the bill collector. He continued that he would be a lot less troubled if the responsible local communities who support this were prepared to pay for it directly and bear the political and public cost of seeing their tax rates go up directly. He indicated that what is suggested here is that for the next twenty to thirty years, the added cost would be reflected on LIPA's bills. He added that it is no answer to say that the Town Board of the Town of Southampton voted to ask for this, because memories are short, as LIPA saw with the fuel surcharge issue where direct costs that LIPA legitimately had to pass onto ratepayers caused significant public adverse comment about LIPA, even if the municipalities want to bear it and LIPA can find a policy way to make it happen. He indicated that there is something disingenuous about the excuses the towns have used for wanting to pass that burden onto LIPA.

Trustee Sinnreich stated that with respect to the indemnification issue, even if he could get over all of those concerns, at the end of the day a promise by the local municipalities or portions of the ratepayers to actually bear this cost for the next twenty or thirty years is only valid and binding if LIPA is indemnified against any such costs, which can arise in any number of ways by the almost inevitable litigation. There will be ratepayers who choose not to pay or are unable to pay their portion. He continued that without indemnification, the local municipalities and ratepayers are not really committed to paying the full cost of this. He indicated that a lot of these concerns could be addressed had LIPA had

time to rationally and in a careful way consider this, but the problem is that LIPA is being pressed to make this decision under enormous time pressure.

Trustee Sinnreich asked Michael Hervey how serious the reliability issue would be if LIPA did not do the project this year, whether it could be put off for some realistic period of time so that the Board could address a lot of the concerns and come to a beneficial conclusion. Mr. Hervey answered that LIPA is under a time constraint because in 2006, LIPA saw a very large increase from season-to-season in the electric consumption on the East End, in general. He continued that the largest growth on the East End is in the Southampton Town area. He noted that LIPA has to think of the electric system on the East End, including a good portion of Riverhead and anything east of Riverhead, as part of the same electric system, so if there are problems on one portion, it affects all of the other towns on the East End.

Mr. Hervey stated that as of this past summer LIPA had enough transmission capacity to serve all of the customers on a normal day with all of its equipment in service and all of the East End generators running. He continued that this is a tenuous position because if any one of those transmission lines or any one of those generators are not operable on a normal peak summer day, LIPA would have to shed load. He indicated that this was the case this past summer, although this summer was a cooler one and that exposure was only several hours. He further indicated that exposure to those types of problems goes up with each year, and next year LIPA would not be able to reliably service all of that load on a peak summer day.

Mr. Hervey stated that if the system fails in such a way that is not controllable, the system itself will take over and start to shed load automatically, and LIPA had two such incidents in the last two years. One just last month causing loss in all of the Orient area, a good portion of Southold and Bridgehampton, and LIPA was able to recover it. He further stated that at summer peak time, LIPA would not be able to cover that until the summer load would come down, which would typically be several hours after LIPA had a problem. He indicated that LIPA always tries to design the transmission and distribution so that it can absorb at least one failure, but the unfortunate thing is that with the load that is going to be on the South Fork and East End in general this summer, LIPA would not be able to tolerate that single failure.

Mr. Hervey stated that it is always LIPA's job to make sure that it is operating the system as reliably as possible, and deferring this project would have the effect of choosing to have outages on some portion of the South or North Fork with approximately a ten to twenty percent probability that those outages would occur. He continued that they would tend to occur at the most busy time on the East End, which would also have the largest economic impact on traffic and emergency services. He added that for that reason, LIPA staff recommends that LIPA proceed with this project as quickly as it can in order not to put its East End customers at this level of risk.

Trustee Smookler asked whether LIPA can equate the supply of power to the degree of temperature, where for example, if the temperature reaches ninety-

five degrees, the lights may not stay on, and whether there is any intermediate way to allow for a more comprehensive review. Mr. Hervey answered that the intermediate way to do that would be to add generation to the East End, which is possible, but it would be a large and very costly installation. He continued that it would be impracticable to do that for the footprint that it would actually take, and there would be an environmental impact that would have to be considered. He indicated that the exposure in 2008 would be approximately between the months of May and October, which he cannot narrow down to specific hours, and which is not just the peak times but any time that normal summer load comes up and persists.

Trustee Smookler asked whether the possibility of having a referendum in the affected areas has been looked into to give a wider viewpoint of whether or not this is being accepted by these residents. Chairman Larocca stated that constitutionally in New York, there are some provisions for referendum, and on a sub-state level there are even fewer. He continued that putting service and reliability to a vote would be a dangerous and probably unwieldy process, and he knows of no legal basis to do that.

Trustee Fabio stated that the action that the Board is asked to consider is to adopt the Findings Statement and the recommended Direct Route Alternative, which would call for fifty-five percent underground and 45 percent overhead. He continued that there are other issues, but they are not topics for the vote today. He indicated that a core issue revolves around the visual impact that the project

would have, and the Findings Statement indicates that in the worst case scenario of having everything overhead, there would be no negative visual impact.

Mr. Russo, stated that the SEQRA terminology would be that all overhead lines would have no significant adverse impact.

Trustee Fabio asked on what basis that statement can be supported. Mr. Russo answered that the basis is set forth in the EIS as well as the SEQRA Findings Statement, and the accepted method used was a general guidance document that the New York State Department of Environmental Conservation uses to assess visual impacts of structures and government actions. He continued that it is also used by other agencies in assessing the potential for visual impacts as a benchmark to determine whether something is significant. He indicated that the focus is not on private property, but on public resources such as public parks, scenic areas, historic areas and the like. He further indicated that the identification of 105 of those public resources was performed pursuant to the DEC guidance document, which were assessed one-by-one in the EIS for an all overhead alignment.

Mr. Russo stated that the determination in the EIS was that because overhead lines are predominant throughout this area for any of these routes looked at, while there would be an impact due to a taller pole or an extra line, using the DEC criteria, it was determined by professionals in this area that the impact would not be a significant adverse one under SEQRA, and that was the conclusion in the EIS. He noted that the FEIS that was approved last month,

contemplated only two different configurations for the route that is being considered, the one hundred percent underground and the fifty-five percent underground/forty-five percent overhead configuration, as a basis for the Findings Statement.

Trustee Fabio stated that he supports the comments of Vice Chairman Steinberg and Trustee Sinnreich, but he has a slightly different view. He continued that everyone would probably not quibble with the fact that underground looks nicer than overhead, and there is a movement amongst other utility companies across the country to move in that direction. He indicated that it ought to be LIPA's goal as well, although he sees it more in terms of a broader, more comprehensive, long-term program lasting ten or twenty-years because the costs are staggering. He added that undergrounding should be considered in a well thought out manner with reliability as a priority, not on an ad hoc basis, and it cries out for some degree of economic justice. He stated that to walk down that road now will perhaps solve two short-term problems, but will create a much larger, long-term problem for LIPA.

Trustee Fabio stated that LIPA's fiduciary responsibility is to all of its ratepayers and for the future direction and energy needs of this lovely Island, so he has serious concern about the specific approach that LIPA is taking with this project. He further stated that if there was a modification to this project, it would have to come back to the Board subsequently for another vote, and more dialogue and discussion. He indicated that while he commends the efforts on the part of Chairman Larocca and President Law, he just wants to state the concerns

he has about doing these particular types of projects on an ad hoc basis without an overall comprehensive capital plan that addresses the entire service territory over a significant amount of time. He added that if LIPA can engage in a model of public/private partnership or municipal partnership to offset some of the cost, LIPA should look at that, and LIPA should learn from the experience of other utilities across the country that have done this type of work.

Trustee Fragin stated that as far as the timeline is concerned, LIPA followed the appropriate procedure. He continued that this project has been under consideration for approximately one year, and a lot of the public discussion and tension has come about only in the last couple of months. He asked whether LIPA is really pressed because the community outcry came about somewhat late in the process from LIPA's perspective.

Chairman Larocca stated that this went into the public domain in approximately February 2007, and the public began to be heard on the matter very close to that time. The Chairman indicated that the matter has been out there as a public controversy, debate and discussion for a lot longer than a couple of months.

Trustee Fragin stated that he wanted to clarify that LIPA feels comfortable with the process that it followed. He continued that the actual negotiation has been over the last two to three months with the Town.

Chairman Larocca stated that at the Board's last meeting it was suggested that it was impossible for LIPA to engage with local government last year

because there was an election on and LIPA had to wait until that process was over. The Chairman continued that he was troubled by the idea that you cannot deal with the public's business in an election year. He indicated that the effort by the President and this Authority to address these matters with Town government goes back well before the election and well back into 2007, so it is not a recent effort. He added that the Town government has been reacting and interacting with LIPA to address the problem, both before and after the election, and some progress was made.

President Law stated that after he started the job of President and CEO on October 9, 2007, and pretty much from day one, he met with officials to negotiate this. He further stated that it started out that the local Assemblyman and State Senator were going to introduce some state legislation to create a property taxing district, and it evolved to where they are today. He indicated that Trustee Sinnreich mentioned short memories, and it would be great in the best of all worlds if LIPA does not proceed as Mr. Hervey is indicating that it needs to. However, in the summertime when LIPA is facing blackouts and brownouts, nobody is going to remember that the Town needed more time to figure this out. He added that they will be attacking LIPA for not keeping the lights on.

President Law stated that what the Board is being asked to do is to adopt the Findings Statement for the 55/45 proposal, and the analysis also looked at totally undergrounding the project. This allows LIPA to put the project out to bid and to then continue to try to resolve issues with the Town, reargue the indemnification and other issues. He added that it allows LIPA to stick to Mr.

Hervey's schedule of starting construction by the end of March, and to the extent that more time is needed to resolve this, the nine-mile transmission project is in sections, and LIPA could actually begin construction on both ends where it will be underground. The project then has to be tied together in the middle. The community wants to see it tied together in the middle underground. LIPA's proposed plan is to have it overhead.

President Law stated that he is not making promises other than the commitment that he demonstrated for three months in trying to work with the Town, Assemblyman Thiele and Senator LaValle. He continued that there are issues that are not easy, such as the indemnification issue. He indicated that he understands the concerns raised by the Board members, and he has his own fiduciary duties to LIPA's 1.1 million customers. He further indicated that he understands the potential for a precedent to be set, but LIPA was thrown into this and it has never done this before. He added that it would be nice if LIPA had a well thought out policy and plan, but LIPA is not there, and that does not mean that LIPA should not try to work something out now and establish a plan going forward to address these issues.

President Law stated that LIPA should not give up trying to resolve the issues, but LIPA must stay focused, and he thinks that there is still time to resolve it. He continued that even though the community would probably prefer that the Board not vote on this today, it is necessary to preserve LIPA's options. He added that the 55/45 resolution allows LIPA to put it out to bid, stick with the

construction schedule and still work with the Town and the community to figure out how to bury the rest of the line, if the Board so chooses.

Chairman Larocca stated that to underscore that, if the Board adopts the Findings Statement, and LIPA can go to the bid process, over the next couple of weeks, LIPA will have a much fuller picture of its final options. The Chairman continued that he has taken comfort in the fact that there seems to be agreement on the money issue, with the exception of the indemnification issue. He indicated that this does not mean that all of the Board is there yet, but the process is going forward, and nothing precludes the resolution that the community is seeking, which is a full underground line. He added that it means that LIPA has a lot to accomplish between now and then, and it preserves LIPA's duty to provide, as well as the possibility of sorting this out, including the complicated indemnification question.

Trustee Fragin stated that he has a lot of sympathy on this issue, but it was mentioned at the last meeting that LIPA not do the project. He indicated that he heard the need for the project, but he wanted to get clarification as far as LIPA's statutory responsibility under the LIPA Act to keep the lights on. He indicated that it is important for LIPA to have the available power on the East End, even if the people decide that they do not want it, and he wants to be clear that this is not an option to consider.

Mr. Hervey stated that it is important to understand that LIPA's product has a public health and safety aspect to it, and although it has been suggested in the

community that there just be blackouts, he is not so sure that this is the informed opinion of the police and fire services, hospitals and businesses. He continued that it is important to keep the lights on, and it has a huge economic impact. He noted that the South Fork peak load is very often the Fourth of July weekend, and that is what is driving LIPA's schedule. He added that if the East End is known for unreliable electric power, it could also have long-range economic impacts, and it is LIPA's job to make sure that any adverse public health, safety and economic impacts are all addressed by a reliable electric system.

Trustee Fragin stated that with regard to "burying the lines," there is no discussion on the table to bury the distribution lines, which will remain along the route. He indicated that he is not sure that the community fully understands that they are not discussing the distribution lines that currently exist. President Law stated, that this was correct and Chairman Larocca agreed.

Trustee Herrmann stated that with regard to precedent, when this came up relating to the North Fork at a public meeting, he suggested to the Supervisor at the time that he get the community to pay for it, and LIPA would consider it, and the Supervisor laughed and said, "No." He continued that it is important that when you talk about precedent, that this situation is not exactly the same. Chairman Larocca added that if it has precedential value, it might be in that direction.

**Mr. Russo stated the adoption of the Findings Statement would be a final agency action that would authorize the project to move forward, but which could be reopened at a subsequent meeting.**

**Chairman Larocca then entertained public comment.**

**Southampton Town Councilman Christopher Nuzzi stated that he is present with Councilwoman Anna Throne-Holst and Ms. Becky McGrory from Assemblyman Thiele's office, and he will defer to Councilwoman Throne-Holst for some initial comments.**

**Southampton Town Councilwoman Throne-Holst stated that she is a member of a very diverse and wonderful community that cares deeply about the environment, the history and character of the community. She continued that they are a large community with a broad cross-section of people. She indicated that the Town has received more than 2,000 written comments, phone calls and emails on this issue, and they have taken their role as Town representatives very seriously. She further indicated that the Town has worked with President Law, Mr. Hervey, Mr. Dumas and others and she thanks LIPA for the effort that it has put forth.**

**Councilwoman Throne-Holst stated that they are comfortable with the solution at hand, which represents a usage-based charge which covers a broad group, where people have some control over the bill and the lion's share is pushed to large users. She continued that the Town held public hearings on the**

issue and there were large crowds who attended. She added that the response has been overwhelmingly in support of this solution.

Councilwoman Throne-Holst stated that this does set an important example of precedent where a community of caring people can work with a utility and come up with a solution that sets a good example that is both socioeconomically sensitive and also shifts the costs burden. She indicated that it may set a precedent for how LIPA may want to address issues like this, going forward. She noted that she drives along the route to go to work and she and her children will thank LIPA every day if LIPA will kindly bury the lines.

Southampton Town Councilman Nuzzi noted that the amount of concern in the community can be seen from the number of people present at this meeting. He continued that they certainly are aware that the reason that they are here is because of the vision of President Law, Chairman Larocca, the Board and the LIPA staff. He indicated that it is important to build bridges and it is uncomfortable to weigh the varying interest groups in an attempt to best serve the public, and he respects the job that the Board does, and their willingness to listen and openness to communicate. He added that there is a perception that the Hamptons represent a lifestyle of the rich and famous more than the average, middle-class working people, but LIPA is dealing here with the very same people that it deals with throughout its service area. He noted that they will personally invest in what they feel is right.

Councilman Nuzzi stated that there is more to this project than just property values and vistas. He indicated that there are reliability concerns and concerns about the fact that the South Fork is somewhat constrained in terms of routes of ingress and egress and this is a major side route within the Town. He further indicated that he understands LIPA's obligation to provide power and to do so in a way that is affordable, but he sees the situation as not being very different from many situations in the past where LIPA made decisions to bury lines. He added that they are not requesting that LIPA absorb this cost, the community will pay for it, but it has been the Town's position for a variety of reasons that this is something best left to LIPA to sort out or assess on its bill.

Councilman Nuzzi stated that LIPA will have no less than five municipal resolutions or letters of support from elected officials saying to LIPA that it should impose a tax or put a surcharge on their bills for this purpose. He further stated that should LIPA move forward, they hope that the option is still open for a full burial of the lines, and that they are eager and willing to continue to work with LIPA on the indemnification and other issues. He indicated that they are open to creatively find a solution that is satisfactory to the Board of Trustees, including the indemnification issue. He added that LIPA not continue forward with this project, and think of the fact that there is a greater policy issue here that LIPA will have to address again and again.

Ms. McGrory stated that she is appearing on behalf of Assemblyman Thiele who unfortunately is in Albany today, but he sent her to read a prepared statement.

**(Assemblyman Thiele's prepared statement is read by Ms. McGrory)**

**Assemblyman Thiele thanked President Law and the LIPA Board for working with the Town, community leaders and elected officials to find consensus on the transmission line issue. He indicated that the community feels strongly and has worked hard to resolve this issue, but that the only acceptable resolution of this matter is 100 percent burial of the transmission line. The other alternative will result in unacceptable adverse impacts to the environment and the region. He continued that it will impact the visual and aesthetic resources in the heart of Southampton's agricultural corridor and will be a blight upon the Town's resources that the Town has invested to preserve. He further stated that there is near unanimous consensus that the line needs to be buried and the only issue is how to pay for it.**

**He indicated that he appreciates LIPA's offer to bury the lines and to develop several options for paying the additional cost. Assemblyman Thiele stated that there is strong local support for the alternative defining the benefited areas as east of the Shinnecock Canal excluding Tuckahoe, Shinnecock Hills and the Shinnecock Indian Reservation and there is also strong support for an assessment based on electric usage. He confirmed that it is understood that the local share would not exceed ten million dollars but could be less based on the actual bid, and that the contribution is limited to capital construction cost and not ongoing maintenance.**

He stated that the issue of indemnification by the Town remains unresolved. He urged that a successful conclusion should not be derailed because of a slim chance that the proposed assessment could be challenged successfully. He stated that he remains committed to working with LIPA and the Town to achieve a resolution of this issue, and that while the resort to litigation is not in the best interests of LIPA or the public, he assured that all steps would be taken to protect the rural character of the Town's farm country.

President Law thanked Councilman Nuzzi and Councilwoman Throne-Holst. He stated that he also thanks Assemblyman Thiele, who is a true leader. He indicated that he needs to clarify that this Board will establish whatever the cost will be. He indicated that Southampton's elected leaders do their constituents well, are responsive to their concerns and are strong advocates on their behalf.

Chairman Larocca then called for and entertained further public comment, after which the following resolution was approved unanimously:

**853. APPROVAL AND ADOPTION OF LEAD AGENCY FINDINGS STATEMENT FOR THE SOUTHAMPTON-BRIDGEHAMPTON TRANSMISSION LINE AND EXPANSION OF THE BRIDGEHAMPTON SUBSTATION PROJECT**

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**WHEREAS, the Long Island Power Authority ("LIPA") is committed to providing reliable electric service to its customers on Long Island; and**

**WHEREAS, the growing Long Island economy, increased development and other factors have resulted in an increasing demand for electricity on the North and South Forks of Long Island, Suffolk County ("East End of Long Island") that is projected to continue into the foreseeable future; and**

**WHEREAS, the South Fork is currently served by an existing 69-kilovolt (kV) capacity double circuit transmission line which runs between the Southampton and Bridgehampton substations; and**

**WHEREAS, in order to meet current and future service needs of LIPA's customers and ensure system reliability on the East End of Long Island, LIPA has identified the need to add increased transmission line capacity between the Village of Southampton and the Bridgehampton hamlet by the summer of 2008, and to expand the existing Bridgehampton Substation (the "Project"); and**

**WHEREAS, the Southampton to Bridgehampton Transmission Line Project would add a new 69-kV transmission line that provides for future growth and increased reliability for residents and businesses in the Village and Town of Southampton as well as for residents and businesses across the East End of Long Island; and**

**WHEREAS, given the scope of and public interest in the Project, LIPA determined that the Project might result in one or more significant adverse impacts on the environment, and accordingly issued a Positive Declaration under the State Environmental Quality Review Act ("SEQRA") on July 10, 2007; and**

**WHEREAS, since LIPA's issuance of the Positive Declaration, LIPA has advised all other potentially involved agencies that LIPA proposes to serve as "lead agency" under SEQRA in connection with the environmental review of the Project, and all such agencies have consented (or have failed to object) to LIPA's serving in such capacity, except for the Town of Southampton Planning Board, which challenged LIPA's designation as lead agency to the New York State Department of Environmental Conservation ("NYSDEC"), and NYSDEC has rejected that challenge and confirmed that LIPA properly designated itself as lead agency for the Project; and**

**WHEREAS, to ensure adequate public participation, LIPA, with the assistance of environmental engineers, consultants and counsel, prepared a Draft Scope for the Draft Environmental Impact Statement ("DEIS") and released that Draft Scope on August 27, 2007, held a public hearing on that draft scope on September 18, 2007 and has received public comment on such Draft Scope through and including October 2, 2007; and**

**WHEREAS, LIPA, with the assistance of environmental engineers, consultants and counsel, has prepared a written response to all verbal and written comments received on the Draft Scope and issued a Final Scope on October 25, 2007; and**

**WHEREAS, in accordance with the Final Scope, the DEIS describes the Project and Project Site and examines all areas of potential environmental concern; and**

**WHEREAS, the DEIS also describes three alternative routes for the transmission line component of the Project, in addition to the route studied in the**

DEIS, and examines all areas of potential concern for those alternative routes; and

WHEREAS, on December 4, 2007, the LIPA President and Chief Executive Officer determined that the DEIS was complete for the purpose of commencing public review of that document and authorized LIPA staff to publish a Notice of Completion of the DEIS and circulate the DEIS for public review in accordance with SEQRA's regulations; and

WHEREAS, two public hearings were held on the DEIS on December 18, 2007 and January 7, 2008, and the public comment period was extended through January 17, 2008 for the receipt of written comments; and

WHEREAS, on January 24, 2008, LIPA adopted a Final Environmental Impact Statement ("FEIS") that fully responded to each substantive oral and written comment received on the DEIS, and which described and analyzed a precise configuration along the Direct Route Alternative that provides for approximately 55% of the route to be installed with underground transmission cable, and approximately 45% of the route with aboveground transmission lines (the "proposed configuration"); and

WHEREAS, the FEIS included additional photo simulations of the aboveground portion of the proposed configuration, as well as photo simulations of the locations of the two riser poles required under the proposed configuration; and

WHEREAS, on January 24, 2008, the Trustees accepted the FEIS, and LIPA then filed and distributed the FEIS for review by all involved agencies and the public over a period exceeding the 10 calendar days required by SEQRA; and

WHEREAS, comments on the FEIS were received and reviewed and a draft SEQRA Findings Statement, based on the FEIS, was prepared by LIPA's environmental counsel and reviewed and revised by LIPA staff and outside environmental consultants; and

WHEREAS, the Trustees have received and reviewed the proposed Lead Agency Findings Statement dated February 2008;

NOW, THEREFORE, BE IT RESOLVED that, having considered the DEIS and the FEIS and the facts and conclusions set forth therein, LIPA hereby approves and adopts the Lead Agency Findings Statement for the Southampton to Bridgehampton Transmission Line Project; and be it further

RESOLVED, that LIPA hereby finds and certifies that, consistent with social, economic and other essential considerations from among the reasonable alternatives, the Direct Route Alternative for the Project is one that avoids adverse environmental impacts to the maximum extent practicable; and be it further

**RESOLVED, that LIPA hereby authorizes the President and Chief Executive Officer or his designee to file and distribute a copy of the Lead Agency Findings Statement as required by SEQRA.**

**\*\*\***

**After taking public comment, Chairman Larocca entertained a motion to go into executive session to discuss litigation issues.**

**Upon a motion duly made and seconded, the following resolution was approved unanimously:**

**854. EXECUTIVE SESSION - PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW**

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**RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing litigation and personnel matters.**

**\* \* \***

**At approximately 2:24 p.m. the open session of the Board of Trustees was temporarily adjourned and an executive session of the Board of Trustees was convened.**

**After noting that no votes were taken in the executive session, Chairman Larocca entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 3:30 p.m.**

**Respectfully submitted,**

**Lynda Nicolino**