

**LONG ISLAND POWER AUTHORITY
MINUTES OF THE 177th MEETING
HELD ON JUNE 22, 2006**

Pursuant to notice dated June 17, 2006, the Long Island Power Authority (the "Authority") was convened for the one hundred and seventy- seventh time at 11:05 AM at the Omni Teleconference Center, in Uniondale, NY.

The following Trustees of the Authority were present:

**Richard M. Kessel, Chairman
Howard Steinberg, Deputy Chairman
Nancy A. Akeson
Harvey Auerbach
John Fabio
Edna Gerrard
Harriet Gilliam
Robert Maimoni
Nancy Nugent
Jonathan Sinnreich**

Also representing the Authority were Stanley Klimberg, General Counsel, Edward Grilli, Chief of Staff, Seth Hulkower, Chief Operating Officer, Elizabeth McCarthy, Chief Financial Officer, Richard Bolbrock, Vice President – Power Markets, Bert Cunningham, Vice President – Communications, Kenneth Kane, Controller, and Kathleen Stella, Secretary to the Board of Trustees.

Upon determining that a quorum was present, Chairman Kessel called the meeting to order. The Chairman stated that the first item on the agenda is approval of the minutes of the May 24, 2006 meeting of the Board of Trustees.

Upon a motion duly made and seconded, the following motion was approved, with Deputy Chairman Steinberg and Trustee Maimoni abstaining:

781. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 24, 2006 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on May 24, 2006 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 Kessel stated that several weeks ago LIPA conducted an island-wide, voluntary "I am Ready Drill" to prepare for major emergencies and other events. The Chairman continued that the drill went very well, and Long Island is the only entity that holds such an exercise that includes the utilities, the county, state and local governments and the public. He added that this year, in addition to conducting the drill, the County is allowing access to their emergency room operations, and many of the towns are cooperating as well.

Chairman Kessel stated that LIPA asked the public to participate by reducing electric consumption between noon and 3:00 PM that day, and by registering on the web site to complete a survey that they are ready in their own homes or businesses should something happen. The Chairman continued that on

the electric consumption side, LIPA estimates that approximately 100 megawatts were reduced, although it was a cloudy day. He added that LIPA received great cooperation this year, in particular from the business community, and there were thousands of hits on LIPA's web site.

Chairman Kessel stated that many businesses across Long Island, including Allstate, King Kullen, "Newsday", Long Island Business News, Reckson and former trustee Polimeni cooperated this year, which was helpful. The Chairman indicated that the drill was a great success.

Chairman Kessel stated that LIPA recently held its Commit Drill, which is LIPA's drill for heat waves. The Chairman continued that it was a successful drill. He thanked Mr. Hulkower, Mr. Hervey and the KeySpan employees for their great work.

Chairman Kessel stated that LIPA recently issued a power report in terms of supply. The Chairman continued that LIPA has 6,170 megawatts of available energy on Long Island this summer. He added that LIPA's peak projection is about 5300.

Chairman Kessel stated that if there were a multi-day heat wave with high humidity, LIPA could see usage as high as 5800 MW this summer. The Chairman continued that he thinks that it is important to point out even under a heat scenario that would blackout whole portions of the east cost, LIPA would still have between 300 to 400 MW available should everything be working at the time.

He added that on a normal summer day with usage of approximately 5000 MW, LIPA should have capacity in excess of 1000 MW.

Chairman Kessel stated that during the heat wave in 2001, usage did not hit 5000 MW, nor did LIPA have 5000 MW of power. The Chairman continued that usage has grown extraordinarily, and LIPA has kept up with it by adding added close to 1200 megawatts in the last four or five years, which is an extraordinary accomplishment. He commended Mr. Grilli, LIPA's staff, and all the people who have participated in the planning that resulted in the resources that LIPA has added.

Chairman Kessel stated that LIPA cannot rest on its laurels, which is why LIPA needs to move forward on its other projects. The Chairman continued that the Neptune project is well underway, with the first cable coming next month and the second in the fall. He added that LIPA is on schedule to have Neptune available for next summer, which will be a 660 MW infusion into LIPA's system.

Chairman Kessel stated that there are issues concerning the Brookhaven Town Board's approval of the Caithness project. The Chairman continued that it is an important project for Long Island and to serve the community, but time is running out. He added that if LIPA does not get some positive movement in Brookhaven over the next few weeks, LIPA will have to move in another direction.

Chairman Kessel stated that the people of Brookhaven will lose out on significant community benefits if the project is not approved by the Town. The

Chairman continued that LIPA wants to keep Caithness in the mix, but there are certainly other alternatives, including issuing another RFP. He indicated that LIPA will have to make a decision on this, and he will be in touch with the Board.

Chairman Kessel stated that the next item on the agenda is the Operations Report, to be delivered by Mr. Hulkower.

Mr. Hulkower reported that LIPA's Clean Energy Initiatives are making progress in all areas. He continued that the Solar Pioneer Program already has 72 participants and .28 MW, against a goal of only 56 participants for this point in the year. He added that LIPA is already above its New York ISO Demand Response goals for the year with 463 MW, against a goal of 448 MW.

Mr. Hulkower reported that with respect to LIPA's Customer Care Programs, LIPA has more than 700,000 customers using electronic bill payments, against the year-end goal of 1.4 million electronic payments. He continued that he expects LIPA to exceed this goal.

Mr. Hulkower reported that LIPA still has very good reliability statistics, despite a tougher month of May this year, compared to May of 2005. He continued that there were 64 percent more interruptions in May of 2006, as opposed to 2005, which was only 2 percent higher than the prior five-year average, but LIPA is losing a very good month and getting a slightly worse than average month. He indicated that this has degraded LIPA's reliability statistics, but LIPA's customers

still average 14.5 months without outages and the average restoration time is 69 minutes, which are within the band width that LIPA has targeted.

Trustee Sinnreich asked whether LIPA is misestimating the number of participants in terms of the actual participants concerning the coincident peak reduction category, since LIPA appears to be way ahead of its midday goal, but behind the year-to-date goal. Mr. Hulkower answered that part of the problem is that some of the programs are not as productive, and some of these even out over the course of the year. He continued that the area where LIPA is lagging behind most is with respect to HVAC, and that becomes dependent on the type of installations. He added that the LIPA is also well behind in the area of new construction, with only 30 against a goal of 142, which is why LIPA is not making its complete goal for coincident peak reduction.

Trustee Sinnreich asked whether the participants were not really producing the anticipated savings. Mr. Hulkower answered that he believes that those who are participating are producing savings. He continued that some categories where LIPA is behind on the number of participants, including new construction and HVAC, will require greater focus and attention.

Deputy Chairman Steinberg stated that he thinks that the system reliability needs to be a continued priority for LIPA. He continued that while LIPA is within acceptable bandwidths, he would hate to see a trend where the budget declines and LIPA's numbers degrade in terms of reliability. He indicated that he just wants to emphasize the importance of keeping the system reliable. Mr. Hulkower

indicated that he would be happy to discuss how LIPA is addressing those concerns.

Chairman Kessel stated that he fully agrees with Deputy Chairman Steinberg. The Chairman continued that in reviewing next year's capital budget, he thinks that LIPA does need to ensure that LIPA keeps spending at levels that will provide at least the standard of service that LIPA is currently getting, because the service levels are just extraordinary. He added that LIPA has to maintain those levels, and when LIPA presents the capital budget to the Board, he wants to make sure that LIPA has a thorough briefing before the Board on the capital end.

Chairman Kessel stated that the next item on the agenda is the Finance Report, to be delivered by Ms. McCarthy.

Ms. McCarthy reported that for the five months ended May 31, 2006, LIPA had an excess of revenues over expenses of \$56 million, which is well ahead of budget, primarily as a result of lower than anticipated or budgeted fuel costs. She continued that Revenues for the period were \$32 million below budget or about 2.3 percent as a result of lower than budgeted sales, primarily driven by unseasonably mild weather in the five-month period, particularly in January and May. She added that there is also lower than budgeted residential sales growth in the five-month period.

Ms. McCarthy reported that LIPA has done an evaluation concerning where LIPA expects sales to be for the end of the year based on economic indicators,

and concerning the trend that LIPA had for the first five months of this year. She continued that right now the estimate is that LIPA will be approximately \$30 million below budget for the entire year, partially as a result of an expectation of slower growth in the commercial area and recovery of the growth in the residential sector. She added that fuel and purchased power costs are approximately \$109 million, 14 percent below budget, mostly as a result of lower than budgeted natural gas prices, but also lower than budgeted sales.

Ms. McCarthy reported that natural gas prices have been reduced significantly particularly in the last few months, in comparison to budget. She continued that this is due to increased supplies as a result of a very mild winter across the United States, which has pushed natural gas prices down. She continued that LIPA has taken advantage of that by switching all of the plants that have the capability to burn natural gas within LIPA's liability parameters.

Ms. McCarthy reported that LIPA expects that absent some sort of major supply crisis as a result of a hurricane or some worldwide event, LIPA will be able to maintain its fuel price adjustment clause at its current level for the remainder of this year. She continued that operation and maintenance is \$21 million or 7 percent below budget for the five-month period, driven by the restructuring of LIPA's managed services agreement, including the timing of some expenditures. She added that LIPA expects to under run the budget by about \$17 million as a result of the MSA restructuring.

Ms. McCarthy reported that LIPA plans to utilize that savings as part of LIPA's fuel reserve fund once the Ratepayer Protection Plan is adopted by the Board, and once LIPA has things settled out between LIPA, KeySpan and National Grid. She continued that LIPA is running under for its clean energy spending year-to-date, due primarily to timing. She added that the PILOTS are about 5 percent, or \$3 million below budget, as a result of lower than expected increases in the town and school taxes.

Ms. McCarthy reported that income and deductions is approximately \$4 million higher than budgeted, as a result of higher than budgeted investment balances and higher than budgeted investment earnings rates. She indicated that this is due to both LIPA's lower fuel costs, as well as LIPA's collateral position on hedges that LIPA is holding. She added that cash and securities for the period ended at \$512 million.

Ms. McCarthy reported that LIPA had \$100 million commercial paper availability, which gave LIPA a liquidity position of \$600 million. She continued that LIPA increased that commercial paper availability effective June 15th to \$200 million of available capacity, which will give LIPA incremental liquidity throughout the remainder of year. She added that 96 percent of that cash is invested in liquid securities of one month or less.

Deputy Chairman Steinberg asked whether LIPA is projecting that at year end LIPA will be in the \$30 million range in terms of excess of revenues over

expenses. Ms. McCarthy answered that LIPA expects revenues themselves to be \$30 million below budget for the year.

Deputy Chairman Steinberg asked what LIPA is looking at as the bottom line. Ms. McCarthy answered that LIPA expects to be in its target range of somewhere between \$25 million and \$125 million for the year.

Trustee Nugent asked if there is any way to determine if the ratepayers are employing any conservation methods, including whether they are intentionally trying to reduce their consumption or availing themselves of LIPA's programs. Ms. McCarthy responded that LIPA has seen both a combination of weather impact and demand reduction on the residential side for the first five months. She continued that this started to turn around in May when usage per customer exceeded 2005 in terms of the weather adjusted perspective. She added that for the remainder of the year LIPA is expecting residential consumption to be more in line with the budget, but there may potentially be some pressure upon the commercial sector.

Trustee Nugent asked if there is any way to look at this even further, and to determine if the demand reduction is due to economic factors concerning a class of ratepayers, or whether ratepayers are just trying to use less and conserve in order to lower their bills. Ms. McCarthy answered that LIPA has a better opportunity to do that with its commercial customers and major accounts, to whom LIPA is talking about their usage patterns, versus last year. She indicated that from a residential perspective, LIPA's forecasts do consider economic

indicators as well. She added that with respect to the forecast going forward for residential, LIPA believes that it will have settled out and come more in line with the very limited to modest growth that LIPA had projected for the year or the remainder of the year.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to adopt revisions to LIPA's Fuel and Purchased Power Cost Adjustment Tariff to Facilitate Reformatting LIPA's Bills. The Chairman continued that LIPA's tariff includes a base schedule of rates and charges by Service Classification and an FPPCA mechanism that provides for LIPA to adjust its bills to customers to reflect changes from the cost of fuel and purchased power embedded in LIPA's base rates. He added that this fuel price adjustment mechanism is designed to recover from customers an amount of actual fuel and purchased power and related costs not recovered in base rates, sufficient for LIPA to end the year with an excess of revenues over expenses of \$75 million for that year, plus or minus a tolerance band of \$50 million.

Chairman Kessel stated that the fuel price adjustment is presented as a separate line item on LIPA's electric bills. The Chairman continued that significant confusion and concerns have arisen on the part of the public over that adjustment, especially as skyrocketing fuel costs have necessitated increases. He indicated that some customers apparently have perceived the fuel price adjustment not as an inherent part of the electric bill, but as an inappropriate extra charge.

Chairman Kessel stated that LIPA staff recommends that a revision to the fuel price adjustment mechanism in the tariff should be made to allow for a reformatting of LIPA's bills to make them more clear and understandable to LIPA's customers. The Chairman continued that in an effort to make LIPA's bills simpler and more understandable to LIPA's customers and to conform more closely to the bill presentation used by other electric utilities in the state, the proposal would restructure the fuel price adjustment mechanism so as to move a fixed amount of fuel and purchased power costs from base rates to the fuel price adjustment. He added that the level of costs to be moved would consist of the base level of fuel and purchased power costs currently recovered through LIPA's base rates as determined at the time of LIPA's initial tariff, and this change would consolidate fuel and purchased power costs in the fuel price adjustment and would not increase customer bills.

Chairman Kessel stated that the purpose of the change is to provide the framework for LIPA to reformat the presentation of its electric bill to customers. The Chairman continued that the reformatted bill will be comprised of, generally, Delivery and System Charges and Power Supply Charges. He indicated that the Delivery and Systems Charges would be LIPA's base service charge, and the Power Supply Charges would represent a fuel cost and purchased power costs.

Chairman Kessel stated that he believes that these revisions are in LIPA's customers' interest. The Chairman continued that following the issuance of a public notice in the "State Register" on April 26th of this year, two public hearings on the Proposal were held on June 14th, and no comments have been

received from the public. He added that LIPA made minor additional changes to the tariff, which are consistent with the Proposal.

Chairman Kessel stated that some of the trustees have indicated concerns, not with the concept of the tariff change or bill reformatting, but the wording of it. The Chairman continued that as a result he has indicated that wording of the bill has nothing to do with this resolution. He added that LIPA will initially move to reformat the bill and as LIPA phases it in, LIPA will tweak some of the wording, but the proposed bill format itself is not changing.

Chairman Kessel stated that LIPA is not receiving any complaints about bill confusion, rather the complaint that LIPA is receiving is that people think that the fuel adjustment charge, which is the increase from last year is somehow separate from the permanent part of the bill. The Chairman continued that this is what LIPA is trying to correct. He added that at the same time there have been some suggestions made by some trustees that LIPA can help incorporate into the bill over the next few months.

Chairman Kessel stated that he will ask that Ms. DeMaio reach out to the trustees to ask for some minor suggestions to make the bill clearer or work better. The Chairman continued that this will be consolidated and brought to him and LIPA will then make some appropriate changes.

Trustee Fabio asked whether LIPA will clarify its bill in terms of what remains of the costs, since basically LIPA is going to move the fuel and

purchased power costs out of what is now in the base rates, and into where it should be. Ms. McCarthy answered that the one item that LIPA is not moving is the payments made by LIPA to KeySpan under the power supply agreement for the availability and capacity and operation of the plants. She continued that those charges will remain to be recovered in the base rate, but the base fuel number that was in the base rate is going to be allocated to the FPPCA tariff.

Chairman Kessel asked that Ms. McCarthy explain why those charges will remain in the base rate. Ms. McCarthy responded that the reason is that to try and move that out would create some issues with respect to LIPA's rate design in terms of summer versus winter rates and could give a mixed message for LIPA's customers. She continued that in a way, it is more of a fixed charge that LIPA is leaving behind in the base rate, as opposed to the fuel piece that LIPA is putting into the fuel and purchased power.

Trustee Akeson asked whether the bill reformatting will affect the Long Island Choice customers. Ms. McCarthy answered that Long Island Choice customers will get the same bill credit adjustment that they currently receive, so their net bill will be unaffected.

Trustee Akeson asked whether the Board could obtain copies of a draft of a bill. Chairman Kessel stated that he will ask Ms. DeMaio to provide that. The Chairman continued that the suggested changes to the bill are minor, and LIPA will incorporate those over the next couple of months. He indicated that the bill looks the same.

Chairman Kessel stated that all other electric companies in the State of New York have already restructured their bills the same way. The Chairman continued that LIPA is not hiding an increase in the surcharge.

Chairman Kessel stated that the bills will be much clearer, and the customers will know how much they are paying for fuel and purchased power. The Chairman continued that if LIPA changes the surcharge either up or down there will be a line that indicates that the bill was increased or decreased, which has always been the case. He added that LIPA puts a bill message right on the front of the bill which indicates that LIPA has either increased or decreased your bill.

Deputy Chairman Steinberg asked when the revised bills will be sent to LIPA's customers. Ms. McCarthy answered that it will be effective with bills issued July 7th of this year.

Deputy Chairman Steinberg asked whether LIPA needs approval for the tariff change. Mr. Klimberg answered, "No, we don't."

Chairman Kessel stated that LIPA will have to make some changes in the wording on the bill, but the bill itself will not change.

Deputy Chairman Steinberg stated that he thinks that the Authority should try to minimize that, and he does not think that it is a good practice to send

different formatted bills out every month. He continued that he appreciates the Chairman's efforts to work with the trustees to accommodate the issues, but he does have significant reservations because the average customer needs to be able to understand the bill. He indicated that LIPA's bill format is more complex than other bills he has seen.

Deputy Chairman Steinberg stated that there are several reasons for the complexity, and several are beyond LIPA's control. He continued that to the extent that LIPA has control over this issue, the test ought to be that the average customer understands the bill, and LIPA is not there yet. Chairman Kessel agreed, and he indicated that LIPA will conduct a major customer information campaign.

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

782. APPROVAL OF REVISION OF LIPA'S FUEL AND PURCHASED POWER COST ADJUSTMENT TARIFF TO FACILITATE BILL REFORMATTING

WHEREAS, LIPA's Tariff includes a base schedule of rates and charges by Service Classification and Fuel and Purchased Power Cost Adjustment ("FPPCA" or "fuel price adjustment") mechanism; and that mechanism is designed to recover from customers an amount of actual fuel and purchased power and related costs not recovered in base rates, sufficient for LIPA to end the year with an excess of revenues over expenses of \$75 million for that year, plus or minus a tolerance band of \$50 million; and

WHEREAS, the fuel price adjustment, which is presented as a separate line item on LIPA's electric bills, has been the subject of significant confusion and concerns on the part of the public, especially as skyrocketing fuel costs have necessitated increases; and

WHEREAS, in an effort to make LIPA's bills simpler and more understandable to its customers and conform more closely to the bill presentation used by other electric utilities in New York State, LIPA staff issued a Proposal to restructure the fuel price adjustment mechanism so as to move a fixed amount of fuel and purchased power costs from base rates to the fuel price adjustment, with the level of costs to be moved to consist of the base level of fuel and purchased power costs currently recovered through LIPA's base rates as determined at the time of LIPA's initial Tariff in 1998; and this change would consolidate fuel and purchased power costs in the FPPCA or fuel price adjustment and be revenue and bill neutral; and

WHEREAS, the purpose of the proposed change in the fuel price adjustment mechanism is to provide a framework for LIPA to reformat the presentation of its electric bill to customers to be comprised of, generally, "Delivery and System Charges" as represented by the base service charges, and "Power Supply Charges" as represented by the fuel price adjustment; and

WHEREAS, following the issuance of a public notice in the State Register on April 26, 2006, two public hearings on the Proposal were held on June 14, 2006; no comments have been received from the public, and the public comment period under the State Administrative Procedure Act has expired; and

WHEREAS, the Proposal with the modifications addressed in the preceding Memorandum is in the public interest;

NOW, THEREFORE BE IT RESOLVED, that for the reasons set forth herein and in the preceding Memorandum, the Proposal as modified is hereby adopted and approved; and be it further

RESOLVED, that the attached Tariff Leaves reflecting our action herein are approved.

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Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution approving the selection of and authorization to execute an agreement with Main.net Power Line Communications to provide Broadband Over Power Lines ("BPL") and Wireless Communications Demonstration Project. The Chairman continued that LIPA issued an RFP on February 21, 2006 for firms experienced in BPL and wireless communication technologies to conduct a Demonstration Project, which would involve 100 of

LIPA's residential customers and 5 of LIPA's commercial customers in the Hauppauge-Commack area. He indicated that the Demonstration Project would consist of a two-year test to assess the potential for large-scale application of BPL and wireless communication technologies to LIPA's electric T&D system to enhance service reliability and to evaluate the long-term potential for offering BPL and wireless-enhanced products and services to LIPA's customers.

Chairman Kessel stated that it is important to note that LIPA's customers will not be charged for their participation in the project. The Chairman continued that LIPA will not be providing the services, rather LIPA will make its T&D system available to Main.net for the limited project purposes. He indicated that LIPA received three proposals in response to the RFP, and after evaluating each proposal, the Selection Committee concluded that Main.net would best meet the terms of the RFP and LIPA's needs.

Chairman Kessel stated that some of the strengths of Main.net are that Main.net has an established track record as an experienced vendor of BPL solutions, it has proposed a proven technical solution and system design, it has dedicated and experienced personnel, and it has taken no exceptions to the terms and conditions of LIPA's form agreement. The Chairman continued that Main.net will be compensated at a fixed price of \$887,762, in addition to passing through to LIPA an estimated \$90,000 in costs for a third-party internet carrier. He indicated that LIPA's payments would be spread out over time, and they would be contingent upon Main.net completing specified project tasks.

Chairman Kessel stated that this is a Demonstration Project, but it may have great benefits to LIPA and its customers. The Chairman continued that if this Demonstration Project were successful, LIPA could provide a very competitive and practical product to its customers. He noted that LIPA will be able to detect faults in the T&D system earlier and to conduct automated meter reading, which could significantly reduce costs.

Chairman Kessel stated that it is important for LIPA to conduct this Demonstration Project to examine the pros and cons of this technology.

Trustee Fabio stated that the Trustees have been briefed by LIPA's staff, and they discussed a number of issues. He continued that concerns were raised by ham radio operators, and LIPA has addressed some of those concerns.

Chairman Kessel stated that part of this Demonstration Project is to assure the public that those concerns will be addressed. The Chairman thanked Mr. Germano and Mr. Pallotta for their hard work on this project.

Deputy Chairman Steinberg stated that it is his understanding that this is a stand-alone project, and that this does not put Main.net in a priority position for future work. He continued that he had raised a question as to why LIPA will pay for the Demonstration Project, as opposed to Main.net, and the reason is that if LIPA decides to go forward and implement a BPL system, Main.net will be in the same position as everyone else.

Chairman Kessel stated that if the Board decides to go forward on a commercial scale, there would be a new RFP process. The Chairman indicated that Main.net would have to start with everyone else who participates in the process.

Trustee Akeson asked that someone speak to the public about the Authority's and LIPA's tax exempt status, if LIPA went forward with the deployment of BPL and wireless technology on a commercial basis. Chairman Kessel answered that this is not an issue at this point, but LIPA is looking at this issue. The Chairman continued that LIPA will not go forward on a commercial basis without written assurance that it does not interfere with LIPA's tax exempt status in any way.

Mr. Klimberg stated that LIPA is looking at the potential for the Authority's tax exempt bonds to be effected by the use of LIPA's lines, which were financed with tax exempt debt. He indicated that there is a concept of "Private Use" of LIPA's facilities, and LIPA wants to make sure that to the extent that there was any use of LIPA's facilities, that the use was de minimis and that the Authority's bonds would not need to be called and reissued as taxable debt.

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

783. APPROVAL OF THE SELECTION OF AND AUTHORIZATION TO EXECUTE AN AGREEMENT WITH MAIN.NET POWER LINE COMMUNICATIONS, INC. TO PROVIDE A BROADBAND OVER POWER LINES AND WIRELESS COMMUNICATIONS DEMONSTRATION PROJECT

WHEREAS, LIPA has an interest in assessing the potential for large-scale application of Broadband over Power Lines (“BPL”) and wireless communications technologies to LIPA’s electric system to enhance service reliability, and in evaluating the long-term potential for offering BPL and wireless-enhanced products and services to its customers; and

WHEREAS, for said purpose, LIPA issued a Request for Proposals (“RFP”) on February 21, 2006, soliciting bids from firms experienced in BPL and wireless technologies to conduct a two-year Demonstration Project on those technologies; and

WHEREAS, LIPA’s Selection Committee has reviewed the proposals submitted in response to the RFP and has recommended the selection of Main.net Power Line Communications, Inc. (“Main.net”) to conduct the Demonstration Project; and

WHEREAS, for the reasons set forth in the preceding Memorandum, it is in LIPA’s interest to enter into an Agreement with Main.net to provide a Broadband over Power Lines and Wireless Communications Demonstration Project;

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby approve the selection of Main.net and its Demonstration Project proposal in response to the RFP, and authorize the Chairman or his designee to execute and effect an Agreement with Main.net substantially in the form of the agreement accompanying the RFP to provide a Broadband over Power Lines and Wireless Communications Demonstration Project, and other related agreements and arrangements, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chairman or his designee, to ensure that the foregoing is carried out.

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Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to add Wachovia Bank NA to the group of co-managing underwriters selected to serve on behalf of the Authority and its subsidiary, LIPA, for a period of four years, and authorizing the Chairman or CFO to negotiate and enter the appropriate agreements related to such services on an as-needed basis. The Chairman continued that at the May 24, 2006 meeting of the

Board of Trustees, the Board approved the selection of a pool of investment bankers, underwriters, swap counterparties and securities seller group members to serve the Authority's needs. He added that pursuant to that RFP process, it was intended that Wachovia Bank NA be recommended to provide both swap counterparty and co-managing underwriting services, but Wachovia was inadvertently listed only in the recommendations to provide swap counterparty services.

Chairman Kessel stated that he desires to remedy that omission from the Board's last meeting. The Chairman continued that he recommends that Wachovia be added to the group of firms available to provide co-managing underwriting services to the Authority.

Upon motion duly made and seconded, the following motion was approved, with Deputy Chairman Steinberg abstaining:

- 784. SELECTION OF WACHOVIA BANK, NA TO SERVE AS CO-MANAGING UNDERWRITER TO THE AUTHORITY, AND AUTHORIZATION OF THE CHAIRMAN OR THE CHIEF FINANCIAL OFFICER TO NEGOTIATE AND ENTER INTO APPROPRIATE AGREEMENTS WITH RESPECT THERETO, AS NEEDED**
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WHEREAS the Long Island Power Authority (the "Authority") was created by Title 1-A, Article 5 of the Public Authorities Law and is governed by the provisions contained in Public Authorities Law Section 1020 et seq., known as the LIPA Act (the "Act"); and

WHEREAS, the Act empowers the Authority, among other things, to issue bonds and use financial derivatives for any purpose authorized thereby; and

WHEREAS, the Authority deems it necessary and desirable to engage the services of investment bankers, underwriters, swap counterparties and securities selling group members in connection with various financings to be undertaken by the Authority to finance its capital program and/or refinance existing debt; and

WHEREAS, on April 18, 2006, the Authority issued a Request for Proposals (“RFP”) for Underwriting, Swap Counterparty and Investment Banking Services; and

WHEREAS, the Authority’s staff and advisors reviewed the proposals received in response to the RFP, interviewed certain of the firms and discussed its recommendations for selection of Senior Managing and Co-Managing Underwriters, Swap Counterparties and Securities Selling Group Members with the Board of Trustees; and

WHEREAS, firms selected through the April 2006 RFP process are eligible to serve for a period of four years, at the discretion of the Authority; and

WHEREAS, the Board of Trustees approved and adopted a resolution selecting and authorizing the Chairman or the Chief Financial Officer to negotiate and enter into appropriate agreements with firms to provide investment banking, underwriting, swap counterparty and securities selling group member services to the Authority from time to time at its May 24, 2006 meeting;

WHEREAS, Wachovia Bank, NA was listed as one of the firms selected to provide swap counter party services to the Authority, but was inadvertently omitted from the list of firms selected to provide Co-Managing Underwriting services to the Authority;

NOW, THEREFORE, BE IT RESOLVED, that Wachovia Bank, NA is hereby added to the group of Co-Managing Underwriters listed and selected to serve the Authority in the resolution dated May 24, 2006; and be it further

RESOLVED, that the Chairman of the Board of Trustees and the Chief Financial Officer are each hereby authorized to negotiate and enter into any contracts or other agreements necessary from time to time to engage or designate the services of Wachovia Bank, NA, and to take such other and further actions as the Chairman or the Chief Financial Officer deems necessary for the purpose of effectuating this resolution and assuring that such services are provided to the Authority, all upon such terms and conditions, including appropriate underwriting compensation, as the Chairman or the Chief Financial Officer determines to be appropriate and in the best interests of the Authority and LIPA; and be it further

RESOLVED, that this resolution shall take effect immediately.

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Chairman Kessel entertained a motion to adjourn. Upon motion duly

made and seconded, the Board voted unanimously to adjourn the meeting at 12:10 p.m.

Respectfully submitted,

Stanley B. Klimberg