

**LONG ISLAND POWER AUTHORITY
MINUTES OF THE 170th MEETING
HELD ON JUNE 23, 2005**

Pursuant to notice dated June 16, 2005, the Long Island Power Authority (the "Authority") was convened for the one hundred and seventeenth time at 11:15 AM at the Brookhaven Town Hall in Farmingville, NY.

The following Trustees of the Authority were present:

**Richard M. Kessel, Chairman
Patrick Foye, Deputy Chairman
Michael Affrunti
Nancy A. Akeson
Harvey Auerbach
John Fabio
Edna Gerrard
Nancy Nugent
James M. Shuart
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, Bruce Germano, Vice President – Retail Services, 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.

Chairman Kessel stated that the first item on the agenda is the adoption of the minutes of the Board's last meeting held on May 26, 2005.

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

**741. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE
MAY 26, 2005 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 26, 2005 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 thanked Brookhaven Supervisor John LaValle and the Town Board for giving LIPA the opportunity to utilize Brookhaven's beautiful facility. The Chairman indicated that LIPA and Brookhaven have worked together on a number of clean energy projects including a windmill at Brookhaven Town Hall.

Chairman Kessel stated that on June 14, 2005, LIPA's peak load was 5008 MW, the third highest in Long Island's history. The Chairman continued that it

occurred on a hot, but not overly hot day. He added that despite demand of more than 5000 MW, LIPA had an additional supply of approximately 1000 MW.

Chairman Kessel stated that in 2001 or 2002, if LIPA were confronted with such demand, it would have been on the verge of brownouts and blackouts. The Chairman continued that LIPA has come a long way, and LIPA's capacity for this summer is 6136 MW. He indicated that this is the first time LIPA has more than 6000 MW for the entire summer. Chairman Kessel stated that it is an extraordinary accomplishment for LIPA to have gone from a severe shortage to the best shape in the State.

The Chairman continued that the generating units in the Pinelawn Project in Babylon and the Calpine Bethpage 3 Project will go into commercial operation next week. He noted that LIPA has added approximately seventeen new generating facilities across Long Island, which in conjunction with the Cross Sound Cable, have added 1111 MW to the system.

Trustee Auerbach observed that there are no emergency generators. Chairman Kessel noted that LIPA does not have any emergency generators other than the Cummins units, which LIPA needs for a multi-year period.

Chairman Kessel stated that LIPA's most significant accomplishment has been taking Long Island into a new era of sufficient electric supply. The Chairman continued that the supply is now enough not just to meet the highest demand days or the potential of an extreme heat condition, but LIPA now could

lose a major unit and still be able to keep the lights on. He indicated that it is critically important to have those resources.

Chairman Kessel stated that the generating units and the Cross Sound Cable were built at a time when it was difficult to build anywhere in New York, and especially on Long Island. The Chairman continued that it is an extraordinary accomplishment to have built the units across Long Island and in Queens with the cooperation and help of public officials. He thanked those public officials who have shown great leadership in working with LIPA to get the projects up and running, including New York State Assemblywoman Audrey Pheffer, Oyster Bay Supervisor John Venditto, Nassau County Legislator Edward Mangano, Babylon Supervisor Steven Bellone, New York State Senator Owen Johnson, Brookhaven Supervisor John LaValle and Village of Greenport Mayor David Kapell.

Chairman Kessel stated it is also important to point out that this was accomplished at a time when, for the most part, there has been no Article 10 State regulatory process in effect to license generating plants. The Chairman continued that, other than the LIPA units, he believes there are only two power plants being built across the entire State.

Chairman Kessel stated that LIPA has a long-term plan that includes the Caithness baseload generating plant, the Florida Power & Light offshore wind project, and the Neptune cable, which together will add 1000 MW over the next three years. The Chairman continued that these projects will ensure a sufficient supply of electricity for another ten years and, as a result, LIPA is in excellent

shape today. He added that LIPA has not only done the short-term work needed to keep the lights on, but LIPA has a long-term plan in place to ensure a sufficient supply of electricity for another decade.

Chairman Kessel stated that it is critically important to continue LIPA's program of energy efficiency and conservation. The Chairman continued that a combination of events could occur that would put LIPA on the precipice, including a breakdown of a major line or generating plant, or several consecutive days of hot weather. He indicated that Long Island now leads the rest of the State in supply margin, which is an extraordinary accomplishment.

Chairman Kessel stated that LIPA's peak load reduction programs have been successful. The Chairman thanked Mr. Germano and Mr. Bolbrock for their great work. He further thanked Mr. Grilli and the LIPA staff who worked on those projects that are critically important to Long Island's future.

Chairman Kessel stated that at the Board's next meeting in the fall, he hopes that Trustee Akeson will present to the Board an option or several options for an advisory panel to LIPA. The Chairman continued that LIPA agreed to create such a panel when LIPA took over LILCO, and LIPA has worked closely with Assemblyman Robert Sweeney and Senator Kenneth LaValle on the matter. He expressed his hope that as early as the September Board meeting, LIPA will have a public hearing, and that LIPA will bring a formal proposal to the Board at the November meeting. Chairman Kessel stated that LIPA wants to encourage public participation where possible. The Chairman continued that he will ask

Trustee Akeson to set up a meeting with himself and any interested Trustees to put together a proposal. He indicated that LIPA ought to deliberate on the issue and approve the proposal by the end of the year.

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 is close to meeting its total year-end targets for sales and marketing load and revenue growth and retention. He continued that LIPA is projecting 40.29 MW against a goal of 42 MW.

Mr. Hulkower stated that 30,892 LIPA Edge thermostats have been installed, against a goal of 29,942 units. He indicated that this gives LIPA a potential coincident peak load reduction of 32.49 MW.

Mr. Hulkower stated that LIPA's customer care programs are making good progress in promoting online billing. He continued that the LIPA "Manage My Account" web site registration is at 94,882 registrants, against a goal of 94,500.

Mr. Hulkower stated that in May 2005, there were 34 percent fewer outages and customer interruptions as compared to May 2004, and 48 percent lower than the previous five-year average. He indicated that this has helped LIPA's overall reliability statistics.

Mr. Hulkower reported that since January 2004, LIPA's total arrears have gone from approximately \$72 million to \$77 million. He continued that during this period, the arrears were as low as \$65 million and as high as \$95 million. He indicated that during the same period, LIPA's revenues have risen from \$2.66 billion to \$3.05 billion, which is significant.

Mr. Hulkower reported that since January 2004, the arrears greater than 180 days have risen by 19 percent or approximately \$2 million. He indicated that arrears greater than 180 days as a percentage of revenues have been fairly constant at approximately one-half percent. He added that LIPA's write-offs ranging from .40 to .45 percent have compared favorably to KeySpan.

Mr. Hulkower reported that LIPA is focusing on the arrears greater than 180 days, which represent the problem accounts. He indicated that there is particular difficulty and LIPA concern regarding some municipal accounts, hospitals, a few manufacturing accounts, and residential accounts. He added that each of these categories accounts for approximately \$2 million, corresponding to the increase in the 180-day arrears over the 17 month period since January 2004.

Mr. Hulkower stated that LIPA is increasing the major account executive involvement with these customers. He continued that LIPA holds weekly status meetings with Mr. Arthur Abbate, Manager of Credit and Collections, and his staff to discuss what is being done with respect to particular customers. He indicated that, at times, either he or Mr. Germano will be personally involved with the

customers, and LIPA has also stepped up some legal approaches, such as placing liens on a delinquent customer business.

Deputy Chairman Foye asked what conclusions may be drawn from the data regarding the trends in arrears. Mr. Hulkower responded that arrears are related to total revenues, and LIPA has neither lost significant ground nor made a lot of headway. He continued that on an overall basis, LIPA's arrears level and write-off level are very good compared to the industry, and there is not as much room to improve as compared to other utilities.

Trustee Sinnreich asked whether there are particular categories of municipalities that have been problematic. Mr. Hulkower answered that LIPA has had problems with some housing authorities and towns. Trustee Sinnreich asked if there are any political issues involved. Mr. Hulkower stated that there are no political issues, just payment issues. Trustee Sinnreich asked whether LIPA has the power to impose interest on municipalities. Mr. Hulkower responded that LIPA can impose interest on some governmental accounts. Trustee Sinnreich stated that he supports collecting interest on arrears where it is not a hardship.

Mr. Hulkower reported that the Public Service Commission (PSC) asked all of the utilities in the State to adopt a more generous policy to customers this past winter during cold weather periods, and in light of the high gas prices. He continued that the PSC requested that no turnoff procedures be initiated if there were a forecast that the weather would be below freezing at any time within a 72

hour period. He indicated that since there was a lot of cold weather, LIPA did not initiate collections for much of the winter.

Deputy Chairman Foye asked what LIPA's policy is with respect to charging interest. Mr. Hulkower answered that LIPA charges interest to commercial customers on late payments. Deputy Chairman Foye asked what the industry practice is for residential customers. Mr. Hulkower responded that industry practice is varied, and a lot of utilities do not charge interest to residential customers.

With respect to customers who fall behind and seem to catch up at the 180-day point, where they avoid a cut-off of service, Chairman Kessel asked whether those customers are economically challenged or whether they know that they can get away with not paying their bills for a certain period of time. Mr. Hulkower answered that it runs the gamut, including people of various economic means who run the accounts out for a period of time. Mr. Abbate stated that LIPA works with customers who are challenged, and with Departments of Social Services and other support organizations to customize payment plans.

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

Ms. McCarthy reported that for the five months ended May 31, 2005, LIPA had a deficit of \$101 million, which is approximately \$11 million less than projected. She continued that revenues for the period were approximately \$6.6

million or one percent below budget, driven primarily by extremely mild weather during May. She added that LIPA has experienced lower commercial and industrial sales, due in part to increased participation in LIPA's Customer Choice Program.

Ms. McCarthy reported that Fuel and Purchased Power costs were approximately five percent below budget, driven by lower bundled sales related to increased Customer Choice participation and by lower commodity prices.

Ms. McCarthy reported that operations and maintenance expenses were approximately three percent or \$7 million over budget, mostly due to timing of LIPA's Management Services Agreement costs. She continued that LIPA experienced increased costs related to the Nine Mile Point Two power plant and the Power Supply Agreement.

Ms. McCarthy reported that PILOTs were approximately six percent above budget, due to higher school and town tax increases than were included in the budget. She indicated that LIPA expects to be approximately \$6 million over budget this year.

Ms. McCarthy reported that cash at May 31, 2005 was \$433 million, with \$250 million in LIPA's rate stabilization plan, and the remaining \$183 million in LIPA's operating funds. She indicated that the cash is invested in a variety of instruments, with ninety percent having a maturity date of three months or less.

Trustee Akeson thanked Ms. McCarthy and her staff for their thorough presentation to the Finance and Audit Committee before the Board meeting, and for their service. The Chairman indicated this is a critically important committee, and represents one of the restructuring and management improvements at LIPA. He added that it involves a lot of effort, and he thanked the Trustees who have participated in the process.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to accept the Final Environmental Impact Statement ("FEIS") for the Caithness Long Island Energy Center, and to authorize the Chairman or his designee to file and distribute the FEIS as required under the State Environmental Quality Review Act ("SEQRA"). The Chairman continued that LIPA recognizes the need for additional power to be generated on Long Island and/or transmitted to Long Island from off-Island sources. He added that LIPA's staff projects the peak demand will grow each year by approximately 80 MW between now and 2012.

Chairman Kessel stated that LIPA also recognizes the need to increase competition within its service area, and to diversify its base of suppliers. The Chairman continued that on June 23, 2004, the Trustees selected the Caithness Long Island Energy Center, proposed by Caithness Long Island, LLC in response to LIPA's RFP dated May 30, 2003. He added that Caithness has proposed to site, install and operate a combined cycle combustion turbine generator with an output of approximately 350 MW.

Chairman Kessel stated that in view of the magnitude of the project, on November 18, 2004, the Trustees approved a resolution for the issuance of a Positive Declaration by LIPA determining that the project might result in one or more significant impacts to the environment. The Chairman continued that the Trustees also authorized the preparation of a Draft Environmental Impact Statement (“DEIS”) for the project under SEQRA.

Chairman Kessel stated that in early December 2004, LIPA released a Draft Scope of Work for public review, describing the types of studies that LIPA as lead agency would conduct in order to prepare the DEIS. The Chairman continued that LIPA held a public meeting on January 5, 2005, and accepted written comments on the Draft Scope through January 12, 2005. He added that Caithness prepared, with the assistance of LIPA’s staff and consultants, a DEIS dated March 2005.

Chairman Kessel stated that on March 24, 2005, the DEIS was found by the Trustees to be adequate with respect to its scope and content for purposes of commencing public review under SEQRA. The Chairman continued that LIPA distributed copies of the DEIS, and gave public notice of its availability, which commenced the public comment period. He added that public hearings were held on April 20, 2005, and the public comment period was extended through May 25, 2005 at the request of the Town of Brookhaven and others.

Chairman Kessel stated that the FEIS fully describes the project and site and it examines all areas of potential environmental concern. The Chairman

continued that the FEIS concludes that the operation of the project will not, either individually or cumulatively with other LIPA-sponsored projects or nearby sources, have a significant adverse impact on the environment.

Chairman Kessel stated that construction of the project could result in some significant traffic delays for approximately three months, but such traffic delays would occur over a relatively short time period. The Chairman indicated that the FEIS concludes that the projected construction impacts will not be significant, and no mitigation is required. He added that LIPA staff recommends that the Trustees accept the FEIS, and make it publicly available for ten days before the Trustees issue written findings.

Chairman Kessel stated that Caithness has filed applications with the New York State Department of Public Service, the United States Environmental Protection Agency and the Town of Brookhaven for approvals to construct and operate the project. The Chairman continued that public hearings are expected to be held this summer at a location near the proposed site of the facility. He added that he recommends the Board approve the FEIS as described in the resolution.

Chairman Kessel requested that Ms. Brechter, LIPA's Manager of Environmental Affairs, answer any questions concerning the FEIS. Deputy Chairman Foye stated that he wants to ensure LIPA does not have a deficient Environmental Impact Statement, as was done by one of LIPA's consultants on the Riverhead project. Ms. Brechter responded that the FEIS meets all professional standards, and exceeds them in many instances.

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

742. ACCEPTANCE OF FINAL ENVIRONMENTAL IMPACT STATEMENT FOR THE CAITHNESS LONG ISLAND ENERGY CENTER UNDER THE STATE ENVIRONMENTAL QUALITY REVIEW ACT

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

WHEREAS, the growing Long Island economy and other factors have resulted in an increasing demand for electricity that is projected to continue into the foreseeable future; and

WHEREAS, in order to meet the electricity needs of LIPA’s customers and statewide and vocational generation requirements established by the New York Independent System Operator (“NYISO”) and the New York State Reliability Council, it is necessary to secure additional sources of power supply from generation located within LIPA’s service area, to be in operation in or around the summer of 2008; and

WHEREAS, the maintenance of a continuous and reliable supply of dependable electric power and energy is an essential matter of urgent public concern and requires action at this time; and

WHEREAS, after analyzing all responses to its May 30, 2003 Request For Proposals to Provide Energy, Capacity and/or Ancillary Services (the “Baseload RFP”), LIPA selected the Caithness Long Island Energy Center proposed by Caithness Long Island, LLC (the “Project”) to help provide the needed additional electrical supply required by LIPA to meet customer needs and NYISO requirements; and

WHEREAS, in view of the size and scope of the Project, LIPA, as the lead agency, 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”); and

WHEREAS, LIPA released for public review a Draft Scope of Work in December 2004 and a Final Scope of Work in January 2005; and

WHEREAS, Caithness Long Island, LLC submitted and LIPA accepted for public review and comment a Draft Environmental Impact Statement (“DEIS”), dated March 2005; and

WHEREAS, a public hearing on the DEIS was held on April 20, 2005 and the public comment period was held open through May 25, 2005 for the receipt of written comments; and

WHEREAS, LIPA has caused the preparation of a Final Environmental Impact Statement (“FEIS”), dated June 2005, to assess the environmental impacts

of the Project in accordance with the requirements of SEQRA and to respond to the written and oral comments made by interested and involved agencies and the public on the DEIS;

NOW, THEREFORE, BE IT RESOLVED, that LIPA hereby (i) accepts the FEIS for the Project; (ii) authorizes the Chairman or his designee to prepare, file and publish a notice of completion of the FEIS and distribute copies of the FEIS in accordance with SEQRA for purposes of commencing the time period for consideration of the FEIS before issuing written findings or taking any action on the Project; and (iii) authorizes the Chairman or his designee 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 authorizing the Chairman or his designee to enter into an agreement with the New York Power Authority (“NYPA”) under which NYPA would retain a portion of debt service savings from a partial refinancing of the Y-49 electric transmission cable in order to provide, on behalf of LIPA, support to the Brookhaven National Laboratory (“BNL”). The Chairman continued that LIPA and NYPA are parties to the Sound Cable Project Facilities and Marketing Agreement, under which NYPA installed, owns, operates and maintains the Y-49 cable. He added that NYPA is responsible for financing the cable, and NYPA has issued related bonds in the past.

Chairman Kessel stated that Governor Pataki asked NYPA and LIPA to work with the Empire State Development Corporation to try to help BNL retain and expand its operations, in order to preserve and increase jobs on Long Island. The Chairman continued that to support the BNL initiative and lower LIPA’s costs, NYPA plans to take advantage of its present opportunity to refund a

portion of its Series 2000A bonds that it issued to finance the Y-49 cable. He indicated that NYPA currently is considering refunding the bonds in a straight refinancing, involving a new bond issuance that would reflect current favorable interest rates.

Chairman Kessel stated that under this agreement, LIPA and NYPA would provide significantly needed financial support to BNL. The Chairman continued that BNL has a contract with NYPA for electric service with a substantial discount from market rates, and that contract expires on June 30, 2005. He indicated that if BNL were to take electric service at market rates, BNL's costs would likely increase to an extent that would seriously undermine its ability to compete for science projects and U.S. Department of Energy technology investments.

Chairman Kessel stated that this could result in 500 to 600 people being laid off at BNL, which would have devastating effects on Long Island's economy. The Chairman continued that to prevent such devastating effects and help BNL continue with its current projects, the Governor has asked a number of State agencies, including LIPA, NYPA and the Empire State Development Corporation, to work together to provide BNL with a near-term economic development package to partially offset BNL's sharply higher electric costs. He added that the New York State Senate, led by Senator Kenneth LaValle, has put together a package at the Governor's request to provide BNL with annual benefits for a three-year period of \$5.8 million from NYPA, \$1.5 million from LIPA, and \$350,000 through a one-time State appropriation at the Senate's initiative.

Chairman Kessel stated that such assistance and benefits would enable BNL to continue with current research, and to compete for new research and technology projects and investments. The Chairman indicated that NYPA's refinancing would enable a savings of approximately \$10 million in present value to be realized in the costs of financing the Y-49 cable, and those savings would be passed on to LIPA. He added that under the proposed agreement, NYPA would be authorized to retain from the refinancing-related savings an amount sufficient to provide BNL with \$1.5 million per year for three years as LIPA's share.

Chairman Kessel stated that this is an instance where LIPA needed to step in to help a critically important institution. The Chairman indicated that Governor Pataki personally asked him to assist, and LIPA has worked closely with the head of the Empire State Development Corporation, Mr. Charles Gargano. He added that LIPA and NYPA increased their contributions slightly at the Governor's request, and this is a critically important package when joined with the Senate appropriation.

Chairman Kessel stated that as a result of this package, BNL would not only be able to retain jobs, but actually expand a number of jobs on Long Island. The Chairman indicated it is expected that with some of the contributions from the recent appropriations bill in Congress, BNL will be able to enter into some new high-technology projects critically important to the nation and helpful to the Long Island economy. He added that he commends Governor Pataki, Mr.

Gargano and NYPA for working with LIPA on this particular project, because it is important for the future of BNL and Long Island.

Trustee Sinnreich stated that he supports this package, but he is concerned about the short-term nature of this three-year subsidy. He asked whether there is any ongoing plan to make this critically important institution more self-sufficient. Chairman Kessel answered yes. Trustee Sinnreich asked what LIPA's role will be. Chairman Kessel answered that there will be a more long-term approach to BNL, which may include, in addition to financial support from the State, some federal support and some clean energy programs from NYPA and LIPA that may assist BNL. The Chairman continued that discussions are being held at the staff level at the Governor's Office, and Mr. Germano has participated for LIPA. He added that right now it is critically important to help BNL, so they can obtain grants and keep jobs.

Trustee Nugent stated that in addition to the jobs that will be retained, the nature of the work that will be preserved by virtue of tremendous State support, led by Governor Pataki, is very germane to what LIPA does. She continued that the Relativistic Heavy Ion Collider ("RHIC") will benefit LIPA directly, due to the potential to create renewable clean energy. She added that the RHIC does not employ nor emit ionizing radiation, and BNL's research is very important locally, nationally and globally.

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

743. AUTHORIZATION OF CHAIRMAN TO ENTER INTO AGREEMENT WITH NEW YORK POWER AUTHORITY REGARDING SUPPORT OF BROOKHAVEN NATIONAL LABORATORY

WHEREAS, LIPA and the New York Power Authority (“NYPA”) are parties to the Sound Cable Project (“SCP”) Agreement dated August 26, 1987, under which NYPA installed and owns, operates and maintains the under-Sound Y-49 electric transmission cable (“Y-49 Cable”); and under the SCP Agreement, NYPA is responsible for financing that cable, and the costs of such financing are passed through to LIPA in proportion to the allocation of the cable’s capacity to LIPA; and

WHEREAS, NYPA, which is not obligated to undertake any refinancing of the Y-49 Cable, plans to take advantage of current favorable market interest rate conditions and partially refinance that cable, to support the BNL initiative and to lower LIPA’s costs; and

WHEREAS, LIPA is part of a concerted New York State effort to provide Brookhaven National Laboratory (“BNL”) with economic development assistance necessary for BNL to continue with current research and compete for new research and technology projects, in order for BNL to retain a significant full-time work force on Long Island and avoid substantial layoffs that would seriously damage Long Island’s economy; and

WHEREAS, LIPA staff proposes to enter into an agreement with NYPA (“Agreement”) under which NYPA would retain a portion of the cost savings from the above-noted refinancing in order to make on behalf of LIPA contributions to BNL of \$1.5 million per year for three years;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth in the preceding Memorandum and herein, the Chairman or his designee be and hereby are authorized to execute and effect the Agreement 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 assure 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 authorizing the Chairman to engage five firms to provide Fuel Advisory, Fuel Forecasting and Market Analysis Consulting Services on an as-needed basis to the Long Island Power Authority and LIPA, with the

contract term to be four years. The Chairman continued that the Authority issued an RFP for these services in March 2005, and in April 2005, thirteen firms submitted written responses.

Chairman Kessel stated that a selection committee comprised of Authority staff members carefully examined each proposal for compliance with the terms of the RFP, and then the committee evaluated the proposals against the scoring criteria in the RFP. The Chairman continued that the committee selected five firms to be recommended to provide the needed consulting services, namely Levitan & Associates, Inc., Global Energy Decisions, Inc., TYR Energy, Inc., Foster Associates, Inc., and New Energy Associates, LLC.

Chairman Kessel stated that Levitan & Associates, Inc. and Global Energy Decisions, Inc. have extensive knowledge and experience in the Fuel Advisory, Fuel Forecasting and Market Analysis fields, and Levitan & Associates, Inc. has previously provided extremely valuable service to LIPA in these areas. The Chairman continued that TYR Energy, Inc. has extensive fuel advisory knowledge and experience, and Foster Associates, Inc. has extensive fuel forecasting knowledge, and a vast energy database and library. He continued that New Energy Associates, LLC has more than thirty years experience in energy market analysis, and this firm is an industry leader in these consulting services and simulation software development. Chairman Kessel stated that he recommends that the five firms be selected by the Board to provide Fuel Advisory, Fuel Forecasting and Market Analysis Consulting services to LIPA.

Trustee Sinnreich asked whether there are concerns that consultants are working simultaneously for LIPA and its competitors, and if so, whether there are any protections in place so that consultants do not play one company off against another. Mr. Klimberg answered that LIPA's RFPs request that proposers identify any potential conflicts, and LIPA scrutinizes carefully any potential conflicts that are identified. Mr. Klimberg continued that when LIPA considers assigning a particular consultant to undertake particular work, LIPA considers whether there are any conflicts associated with that work. He indicated that the value of having multiple consultants on retainer to perform work for LIPA is, in part, to assure that LIPA has available consultants with no conflicts. He added that conflicts are always a concern to LIPA, and LIPA continues to evaluate potential conflicts as LIPA uses its consultants.

Mr. Hulkower stated that LIPA also has termination rights in its contracts. He continued that LIPA may terminate a contract after providing thirty days notice, which gives LIPA effective leverage. Deputy Chairman Foye asked whether the consultants are required to provide LIPA with thirty days notice of termination. Mr. Hulkower responded that he believes so.

Chairman Kessel stated that these consultants will be used on an as-needed basis, and when they will be used in a particular project, LIPA will vet whether there are any conflicts. The Chairman continued that if there were a conflict, LIPA would not use that consultant, and if the consultant was not of use in any other project, LIPA would not use them at all. Mr. Klimberg noted his agreement with these points.

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

744. ENGAGEMENT OF FIRMS TO PROVIDE FUEL ADVISORY, FUEL FORECASTING AND MARKET ANALYSIS CONSULTING SERVICES

RESOLVED, that the Chairman be, and hereby is, authorized to engage the following firms to provide Fuel Advisory, Fuel Forecasting and Market Analysis Consulting Services as needed by the Authority and LIPA, with the contract terms to be four years:

**Levitan & Associates, Inc.
Global Energy Decisions, Inc.
TYR Energy, Inc.
Foster Associates, Inc.
New Energy Associates, LLC**

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Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution authorizing the Chairman to engage twelve firms to provide Utility Consulting Services on an as-needed basis to the Authority and LIPA, with the contract term to be four years. The Chairman continued that in March 2005, LIPA issued an RFP for experienced firms to provide Utility Consulting Services, and thirty-five firms responded in April 2005. He added that a selection committee comprised of Authority staff members carefully examined each proposal.

Chairman Kessel stated that based upon the written submissions, the interviews and an assessment of the Authority's and LIPA's needs, it was determined that twelve firms should be recommended for selection, namely

Applied Energy Group, Inc., Black & Veatch Corporation, DMJM Harris, GAI Consultants, Inc., GE Energy, KEMA, Incorporated, Levitan & Associates, Inc., Navigant Consulting, Inc., Sargent & Lundy, LLC, Siemens (New Energy Associates/Power Technologies, Inc.), Stone & Webster Management Consultants, Inc., and TransEnergie US, Ltd. The Chairman continued that the number of firms selected in any given category of the RFP was generally determined based upon the need for deeper, more varied and/or highly specialized resources. He added that the firms were chosen for their expertise in particular areas, and he recommends that these twelve firms be selected.

Chairman Kessel stated that the RFP process is a good one. The Chairman indicated that LIPA is not utilizing firms indefinitely and letting them get comfortable, and that the RFP and contracts give firms a long enough time period to do adequate and thorough work for LIPA. He added that having a competitive process each time helps LIPA obtain the highest quality service and the best price, and minimize conflicts.

Trustee Sinnreich stated that he opposes the resolution because there is one consultant that he cannot in good conscience vote for, and the resolution proposes the consultants as a package.

Upon motion duly made and seconded, the following resolution was approved, with Trustee Sinnreich opposing:

RESOLVED, that the Chairman be, and hereby is, authorized to engage the following twelve firms to provide Utility Consulting Services in the areas identified below, as needed by the Authority and LIPA, with the contract terms to be four years:

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| 1. Applied Energy Group, Inc. | Distributed Generation, Retail Markets, and Clean Energy Initiative |
| 2. Black & Veatch Corporation | Retail Markets, Transmission and Distribution |
| 3. DMJM Harris | Generation and Resource Development, Distributed Generation, and Contractual Support |
| 4. GAI Consultants, Inc. | Transmission and Distribution |
| 5. GE Energy | Transmission Planning |
| 6. KEMA, Incorporated | Transmission and Distribution, and Transmission and Distribution Management Information |
| 7. Levitan & Associates, Inc. | Power Markets, Generation and Resource Development |
| 8. Navigant Consulting, Inc. | Power Markets, Transmission Planning, Generation and Resource Development, Distributed Generation, Retail Markets, Transmission and Distribution, Financial Support, Contractual Support, Clean Energy Initiative, and Transmission and Distribution Management Information |
| 9. Sargent & Lundy, LLC | Generation and Resource Development |
| 10. Siemens
(New Energy Associates/
Power Technologies, Inc.) | Transmission and Distribution Management Information |
| 11. Stone & Webster Management
Consultants, Inc. | Power Markets, Clean Energy Initiative |
| 12. TransEnergie US, Ltd. | Transmission Planning |

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution authorizing the Chairman to engage five firms to provide Environmental Consulting Services on an as-needed basis to the Long Island Power Authority and LIPA, with the contract term to be four years. The Chairman continued that in March 2005, the Authority issued an RFP for Environmental Consulting Services, and twenty-four firms responded in April 2005. He indicated that a selection committee comprised of Authority staff members carefully examined each proposal.

Chairman Kessel stated that based upon the written submissions, the oral presentations, and an assessment of the Authority's and LIPA's needs, it was determined that five firms are best suited to fulfill those needs, namely: AKRF, Inc., Black & Veatch Corporation, Dvirka & Bartilucci Consulting Engineers, EEA, Inc., and ERM-New England, Inc. The Chairman continued that all five firms are recognized leaders in the environmental field, and they have extensive knowledge and experience in the areas for which LIPA requires services. He added that AKRF, Inc., Dvirka & Bartilucci Consulting Engineers, and EEA, Inc. have previously provided valuable environmental services to the Authority, and they are very familiar with the Authority's needs.

Chairman Kessel stated that EEA, Inc. has excellent wind project experience and has been a key part of LIPA's wind effort to date. The Chairman continued that Black & Veatch Corporation has considerable experience in T & D operations, siting and permitting, and compliance. He added that ERM-New

England, Inc. is a global leader with broad experience in all area of environmental engineering and management, including power plant and transmission line permitting and review.

Upon motion duly made and seconded, the following resolution was approved, with Deputy Chairman Foye and Trustee Sinnreich opposing:

746. ENGAGEMENT OF FIRMS TO PROVIDE ENVIRONMENTAL CONSULTING SERVICES

RESOLVED, that the Chairman be, and hereby is, authorized to engage the following firms to provide Environmental Consulting Services as needed by the Authority and LIPA, with the contract terms to be four years:

AKRF, Inc.
 Dvirka & Bartilucci Consulting Engineers
 EEA, Inc.
 Black & Veatch Corporation
 ERM - New England, Inc.

Chairman Kessel entertained a motion to go into executive session to discuss litigation and personnel issues.

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

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

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 12:15 PM. the open session of the Board of Trustees was temporarily adjourned and an executive session of the Board of Trustees was convened.

At 12:59 PM the executive session was adjourned and the open session was reconvened.

After noting that no votes were taken in the executive session, Chairman Kessel entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 1:00 PM.

Respectfully submitted,

Stanley B. Klimberg