

**LONG ISLAND POWER AUTHORITY
MINUTES OF THE 163rd MEETING
HELD ON SEPTEMBER 29, 2004**

Pursuant to notice dated September 22, 2004, the Long Island Power Authority (the "Authority") was convened for the one hundred and sixty-third time at 11:15 AM at the Omni Teleconference Center in Uniondale, NY.

The following Trustees of the Authority were present:

**Richard M. Kessel, Chairman
Patrick Foye, Deputy Chairman
Howard Steinberg, Deputy Chairman
Michael Affrunti
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, Bruce Germano, Vice President – Retail Services, 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.

Chairman Kessel stated that he wishes to welcome Mr. James Shuart to LIPA's Board of Trustees. The Chairman continued that Trustee Shuart is a long-time friend, a great Long Islander and the former President of Hofstra University, and LIPA is fortunate to have his expertise and knowledge. He added that Hofstra grew to be one of the great universities in this country under Trustee Shuart's leadership.

Chairman Kessel indicated that the first item on the agenda is the adoption of the minutes of the June 23, 2004 Board meeting.

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

704. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 23, 2004 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on June 23, 2004 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 LIPA's T&D system experienced difficulty last night, due to significant rainfall and winds that impacted the entire region. The Chairman continued that LIPA experienced two of its most challenging weather-related events recently: the remnants of Hurricanes Ivan and Jeanne. He indicated that LIPA had between 10,000 and 14,000 outages since early yesterday morning, but most service has been restored.

Chairman Kessel indicated that the successful restoration during the torrential downpours was due to LIPA's skilled workforce who fight outages, climb poles, and deal with downed trees in dire conditions. The Chairman continued that LIPA is thankful for the extraordinary work of its highly-motivated and talented workforce. He commended Mr. Ranghelli and the workforce for their extraordinary work, including their work at the call center.

Chairman Kessel stated that LIPA's service area has been affected by four hurricanes this summer, which is extraordinary. The Chairman continued that LIPA prepared for several hurricanes this summer that damaged Florida and a number of southern states but fortunately did not hit Long Island. He indicated that LIPA has a very good relationship with Florida Power and Light (FP&L) and LIPA has assisted and continues to assist the storm recovery in Florida as LIPA crews are freed up. Chairman Kessel thanked Hawkeye, William Haugland and the contractors who made crews available. The Chairman indicated that a number of them are still in Florida, and they may be there for several more weeks. He added that at one point there were more than forty crews in Florida.

Chairman Kessel stated that Mr. Lewis Hay, III, the Chairman and CEO of FP&L, gives his thanks for the great work the LIPA crews have done and continue to do in Florida. The Chairman indicated that LIPA has relationships with many other utilities for mutual aid when there are storms, but the help to Florida involved a more direct relationship between LIPA and FP&L. He added that he is thrilled to have received e-mails thanking LIPA from FP&L customers who were former Long Islanders and New Yorkers.

Chairman Kessel stated that the utilities are mutually dependent on each other, and FP&L and other utilities will aid LIPA if Long Island is ever impacted like Florida was. The Chairman continued that Florida and many other states gave great help to New York after the tragedy of September 11th. He added that it is critically important to continue the mutual assistance and help people in need.

Chairman Kessel stated that LIPA is comfortable that it is prepared for another hurricane, although there are none that currently threaten the East Coast or Long Island. The Chairman continued that the hurricane season, which has been one of the most active ever, has about one more month to go, and LIPA will continue to monitor the weather and prepare for hurricanes.

Chairman Kessel indicated that the reliability of the electric system on Long Island is as good as LIPA has seen in many years. The Chairman further indicated that the number of customer interruptions for the first eight months of 2004 is the lowest in thirty-eight years, and there were far fewer customers

previously. He added that since last year LIPA has seen extraordinary improvement regarding the number and duration of customer interruptions.

Chairman Kessel stated that much of the credit for the improvements goes to LIPA's workforce. The Chairman continued that the Board also deserves credit for investing more than \$1 billion to maintain and upgrade the electric system. He indicated that since the mid-1980's to the present, the service on Long Island has gone from worst to first.

Chairman Kessel stated that LIPA is a business whose continued operation depends on fossil fuels. The Chairman continued that higher oil and natural gas prices have devastating consequences to the bottom line at LIPA and other utilities. He added that oil prices may soon exceed fifty dollars per barrel.

Chairman Kessel stated that nearly ninety-five percent of all of the electricity produced on-Island comes from oil and natural gas, and an increase in fuel prices has significant consequences for LIPA's finances. The Chairman continued that the Neptune Cable project if approved by the Board will be helpful. He added that the Neptune Cable would diversify LIPA's portfolio and reduce dependence on foreign oil, which is critically important.

Chairman Kessel stated that LIPA is very fortunate to have Ms. McCarthy as its CFO. The Chairman continued that she helped LIPA get an upgrade of its ratings, and her work has been extraordinary. He indicated that she is a highly capable CFO, and LIPA owes her a lot.

Chairman Kessel stated that after consulting with Ms. McCarthy and understanding LIPA's commitment to end the year with a \$20 million net income, LIPA will increase its fuel surcharge by one percent, effective October 1, 2004. The Chairman continued that the increase is necessitated by the skyrocketing cost of oil and natural gas, which impacts LIPA's fuel and purchased power cost. He added that he hopes that after the one-percent increase, LIPA can freeze the surcharge and electric bills until at least January of 2006, absent a worldwide energy emergency.

Chairman Kessel stated that it is important for LIPA to try to give customers some protection from the skyrocketing cost of oil and natural gas. The Chairman indicated that LIPA will be required to make some difficult budgetary decisions. He added that LIPA will be as helpful as possible.

The Chairman indicated that even with the 1% increase, LIPA electric bills will still remain lower than LILCO's were six years ago, which is extraordinary. He added that LIPA's bills are much lower than LILCO's bills would be today, because unlike LIPA, LILCO would have increased rates and passed through all of its higher fuel costs. He stated that the difference between where LILCO's rates would be today and LIPA is huge, possibly in excess of forty percent.

Chairman Kessel stated that LIPA is one of the few utilities in the nation that does not pass through one-hundred percent of its fuel costs. He continued that LIPA will not pass through all of its higher fuel costs for this year. The

Chairman indicated that LIPA is required to end the year with a \$20 million net income balance, which will be accomplished.

Chairman Kessel stated that LIPA is hoping to present a budget in November, which will reflect the surcharge increase and the bill freeze. The Chairman continued that LIPA will work very hard to bring expenses down in order to maintain the freeze. He indicated that reductions will have to be made from within to deal with financial pressures, because LIPA intends to not raise its bills next year at all.

Deputy Chairman Foye stated that it is important to note that it remains LIPA's goal in 2004 and 2005 to reach the target of revenues over expenses of \$20 million. Chairman Kessel agreed.

Chairman Kessel stated that LIPA is reviewing whether the \$20 million target should be increased. The Chairman continued that LIPA is discussing the matter with the rating agencies. He added that the one percent increase is designed to achieve the \$20 million net income target.

Deputy Chairman Steinberg asked whether LIPA is receiving cooperation as hoped from KeySpan in these cost reduction efforts. Chairman Kessel responded that LIPA has made progress in working with KeySpan on a number of budgeting issues, and LIPA's relationship with KeySpan has improved from a contractual and financial perspective. The Chairman continued that LIPA recently negotiated a settlement regarding the Power Supply Agreement (PSA), which

avoided litigation and will give LIPA some financial relief. He noted that LIPA will need KeySpan's continued cooperation.

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

Mr. Hulkower reported that the Long Island Control Area peak demand was 4,709 MW, against a forecast of 5,025 MW. He continued that if the weather had been as expected LIPA would have seen approximately 5,074 MW. He indicated that the forecast and the weather normalization peaks are almost the same.

Mr. Hulkower reported that LIPA's energy sales were approximately two percent below forecast for June through August 2004. He indicated that the sales figures were almost exactly as forecasted for residential customers; and were greater than forecasted for commercial and industrial customers, which is encouraging.

Mr. Hulkower reported that Long Island experienced one of its mildest summers in the past thirty years. He continued that the temperature and humidity index on LIPA's peak day was only 74.5 degrees. He added that cooling degree days were five percent below the normal summer expectation, which accounts for lower energy sales.

Mr. Hulkower stated that LIPA has experienced fewer interruptions and reliability has increased. He indicated that the reliability increase is due to LIPA's

efforts including aggressive tree trimming. He added that LIPA is also seeing results from its Hazardous Tree Removal program, in which LIPA removes trees that will likely fall down due to high winds or heavy rain.

Mr. Hulkower reported that 2004 operations with respect to transmission and distribution substations improved significantly.

Deputy Chairman Foye asked how the numbers compare if they are extended back to 2002. Mr. Hulkower responded that 2004 is a better year for transmission and distribution than LIPA had in the last several years and LIPA improved in all of its major areas regarding distribution. He added that LIPA improved from a third to first place ranking in the System Average Interruption Frequency Index (SAIFI) for the period June 2003 to June 2004.

Trustee Gerrard asked whether LIPA's public relations for energy conservation played a role. Mr. Hulkower answered that LIPA's customers have become more conscientious concerning their energy use, but they were not put to the test due to the mild summer. Trustee Gerrard asked how the industrial usage differed in comparison to the residential usage regarding LIPA's conservation programs. Mr. Hulkower responded that the commercial and industrial customers are more capable of controlling their load. He indicated that LIPA has received a good response from its commercial customers, but it is harder to obtain the same response from residential customers. Trustee Gerrard asked whether the energy conservation program was working, and Mr. Hulkower responded that he believes so.

Trustee Nugent asked whether the method of comparison and categorization of customer interruptions by major causes are the same from year to year. Mr. Hulkower answered that he does not believe there are any inconsistencies, and that there are six leading categories used from year to year to measure the reductions in customer interruptions. He indicated that interruptions due to trees may change from year to year, partly due to the number and severity of storms. He further indicated that in the category of animal interruptions, LIPA has taken action by putting more animal guards on transformers, which has reduced the number of interruptions.

Trustee Nugent asked whether there have been affirmative actions taken on the part of LIPA to reduce the interruptions. Mr. Hulkower answered “definitely”. He indicated that the improvements are attributable to LIPA’s programs in the areas that LIPA has some control.

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 eight month period ended August 31, 2004, LIPA has a deficit of \$7 million, since LIPA is \$22 million below its budget of \$15 million excess of revenues over expenses. She continued that revenues are at three percent or \$50 million above budget, due primarily to the higher fuel cost recovery as a result of the adjustments to the fuel surcharge. She added that

residential sales revenues are higher by about 1.1 percent despite the cooler weather.

Ms. McCarthy indicated that Fuel and Purchased Power costs are \$45 million or five percent above budget, driven primarily by commodity price increases. She continued that operations and maintenance expenses are six percent above budget, driven primarily by LIPA's need for temporary generation this summer in connection with the potential unavailability of the Cross-Sound Cable, and the timing of LIPA's expenses incurred under the Management Services Agreement with KeySpan.

Ms. McCarthy reported that administrative and general costs are below budget due to timing issues and LIPA expects it to reach budgeted amounts by the end of the year. She continued that interest expense is higher than budgeted, due to some amortization of bond refinancing costs not included in the budget.

Deputy Chairman Steinberg asked when the one percent fuel surcharge adjustment will become effective. Ms. McCarthy responded, "October 1st". Deputy Chairman Steinberg asked whether it is anticipated LIPA will achieve the \$20 million target by the end of the year, and Ms. McCarthy responded yes.

Deputy Chairman Foye stated that he commends Ms. McCarthy for the continued development of LIPA's Finance Department and the continuing comfort provided regarding internal controls, reporting, hedging and other matters.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution approving the selection of the Neptune Cable Project as one of several projects in response to LIPA's May 30, 2003 request for Proposals. The Chairman continued that since the June Board meeting, LIPA's staff under the direction of Mr. Grilli has negotiated the terms of an agreement under which Neptune will design, construct, own or lease, operate and maintain the Neptune Cable Project. He added that it would be a 67-mile merchant transmission cable running to Long Island from Sayreville, New Jersey.

Chairman Kessel stated that Neptune would make available to LIPA and LIPA would generally purchase all of the firm transmission capacity of the cable. The Chairman continued that the target date for commercial operation would be June 30, 2007, and the agreement would have a base term of twenty years from that target date. He stated it is significant that the agreement would be a pay-for-performance contract and that LIPA would not be responsible for making payments to Neptune unless the project goes into commercial operation. He noted that the project has all permits in place other than the Army Corps of Engineers permit, which is pending.

Chairman Kessel stated that Neptune would be responsible for payment of the cost to upgrade the transmission system in the PJM (Pennsylvania, Maryland and New Jersey) region to enable 660 MW to be delivered. The Chairman continued that LIPA would construct, own, operate and maintain the interconnection facilities necessary for interconnecting the cable with LIPA's electric system. He added that Neptune would pay monthly service charges to

LIPA for the cost of installing the interconnection facilities up to a total of \$20 million, and for their operation and maintenance and station service.

Chairman Kessel stated that with oil reaching \$50 per barrel, this project represents the most important power supply project ever on Long Island, because it begins the process of diversifying the mix of fuels used by LIPA. The Chairman continued that Long Island is too dependent upon fossil fuels in generating electricity, since approximately 95 percent of all electricity generated on-Island comes from oil and natural gas. He added that he believes there must be dependable on-Island generation, but LIPA must also focus on adding to the transmission links to Long Island as a way to reduce the dependence on oil and natural gas.

Chairman Kessel indicated that when you compare the fuel mix in the PJM territory to Long Island, it is clear that Neptune Project is critically important to the reliability and economics of LIPA's power supply and to the diversification of resources. The Chairman continued that once the project is completed, LIPA will have created an energy corridor on the eastern seaboard from Canada through New England and to Long Island and Mid-Atlantic States. He added that for the first time in history, electricity will move freely up and down the east coast in a way that lowers prices and provides a more reliable electric supply to Long Island.

Chairman Kessel stated that Long Island will no longer be an "island" with respect to electric supply when the Neptune project begins commercial operation

in conjunction with the Cross-Sound Cable. The Chairman continued that this will be the most significant energy achievement by LIPA, other than the initial takeover of the Long Island Lighting Company. He thanked Mr. Grilli, Mr. Klimberg and the LIPA team for their great job in working on the project.

Chairman Kessel stated that in the future, LIPA will issue an RFP for another cable to further diversify LIPA's resources and their fuel mix. The Chairman continued that this planned additional cable would come on line after the Neptune cable is operational. He indicated that the most important thing LIPA can do is to diversify its resources and fuel mix, and another cable similar to Neptune is the best way to accomplish that.

Chairman Kessel stated that LIPA is still negotiating contracts for two other projects, the Caithness baseload generating plant and the off-shore wind park. The Chairman continued that he hopes LIPA will complete those negotiations before the end of the year. He added he is confident that agreements will be presented to the Board for both projects.

Mr. Grilli stated that he wishes to underscore that Mr. Klimberg and his team worked to the early morning hours to negotiate and put the finishing touches on the Neptune agreement. He continued that Ms. McCarthy helped with the financing issues and made it possible to meet a deadline so that the project will be operational by 2007, with LIPA being on a tight schedule. He added that the agreement will be forwarded to the State Comptroller's Office, and upon

approval Neptune will be able to spend the type of money necessary to get the project in on schedule.

Chairman Kessel stated that he wants to thank Neptune for their hard work, including cooperating and meeting with public officials to make sure that the community is involved and benefits from the project.

Trustee Fabio asked what the comparison in cost is between the Neptune Cable and constructing 660 MW of on-Island generation. Mr. Grilli responded that the Neptune project was by far the most cost effective of the fourteen proposals LIPA received. He added that compared to the cost of building additional 79.9 MW combine cycle plants, the Neptune agreement will benefit LIPA by more than one billion dollars.

Deputy Chairman Foye indicated that prior to this meeting there were multiple briefings with a portion of the LIPA Board at which there was extensive discussion of this and other proposals, which is important. He asked whether the economics of the Neptune cable project have materially changed from prior reports, and whether LIPA will take development risks on the project. Mr. Grilli responded that the economics are basically the same as when the proposal was submitted in response to LIPA's RFP, and LIPA is not taking any development risks.

Deputy Chairman Foye asked whether the transmission facility upgrades will be done by union labor. Mr. Grilli answered affirmatively.

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

705. AUTHORIZATION FOR CHAIRMAN TO ENTER INTO FIRM TRANSMISSION CAPACITY PURCHASE AGREEMENT (“FTCPA”) WITH NEPTUNE REGIONAL TRANSMISSION SYSTEM, LLC (“NEPTUNE”) FOR NEPTUNE CABLE PROJECT

WHEREAS, at its June 2004 meeting, the Board approved the selection of the Neptune Cable Project in response to LIPA’s May 30, 2003 Request for Proposals to Provide Capacity, Energy and Ancillary Services (“Baseload RFP”), and authorized the negotiation of terms of an FTCPA with Neptune; and

WHEREAS, LIPA staff has negotiated the terms of the FTCPA under which, among other things, Neptune would design, construct, own or lease, operate and maintain a merchant off-Island transmission cable running 67 miles from New Jersey under the Atlantic Ocean to Long Island (“Off-Island Cable”), and linking LIPA to out-of-state resources; and LIPA would purchase all of the firm transmission capacity of the cable up to 660 MW; and

WHEREAS, for the reasons discussed in the preceding Memorandum, the proposed FTCPA and Neptune Cable Project are in LIPA’s best interest;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or his designee be and hereby are authorized to execute and effect an FTCPA with Neptune for the Off-Island Cable 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 carry out the FTCPA and Neptune Cable Project referred to above.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to authorize the Chairman or his designee to enter into an agreement with Northeast Utilities Service Company (NUSCO) on behalf of Connecticut Light and Power Company for construction of a new Long island Sound cable to replace the existing electric cable system beneath Long Island

Sound between Norwalk, Connecticut and Northport, Long Island (NUSCO Cable); and an agreement with Nusco for use, operation and maintenance of the replacement cable; and to undertake other activities related to these agreements. The Chairman continued that the cable is jointly owned by LIPA and NUSCO.

Chairman Kessel stated that thanks to the extraordinary efforts of Governor Pataki, LIPA reached an historic agreement with the State of Connecticut on June 24 to allow for commercial operation of the Cross Sound Cable. The Chairman continued that the settlement agreement provides for the immediate energization and commercial operation of the Cross Sound Cable subject to several conditions, including negotiations by LIPA and NUSCO of all contracts and arrangements necessary for the removal and replacement of the NUSCO Cable by October 1, 2004. He added that LIPA and NUSCO have negotiated the terms of the construction agreement for the de-energizing, removal or other disposition of the NUSCO Cable, which is fluid-filled, and the construction and installation of three solid dielectric cables, each with a capacity of 150 MW.

Chairman Kessel stated that NUSCO would manage the procurement for the project and, following an RFP, would select a construction contractor satisfactory to LIPA. The Chairman continued that NUSCO would also manage the project. He added that the cable would be approximately twelve miles long, with LIPA to own the portion in New York, and LIPA and NUSCO would share the cost of the project in proportion to the length of the replacement cable located in each state.

Chairman Kessel stated that LIPA and NUSCO have also negotiated the terms of a facilities use agreement, pursuant to which transmission service over the replacement cable from Connecticut to New York would be available through the New England Independent System Operator, and transmission service over the replacement cable from New York to Connecticut would be available through the New York Independent System Operator. The Chairman continued that NUSCO would be responsible for operating, maintaining and repairing the replacement cable, subject to cost sharing by the parties in proportion to the length of the replacement cable located in each state. He indicated that pursuant to the request of Governor Pataki, as a related activity, LIPA will bear one-third or \$2 million of the \$6 million environmental fund to be established to benefit Long Island Sound, with NUSCO and the Cross-Sound Cable Company each bearing \$2 million.

Chairman Kessel indicated that this replacement cable project has been discussed since LIPA has been in existence, and the NUSCO Cable has been a constant source of problems. The Chairman further indicated that the cable has been damaged in a number of incidents, including several anchor drags that took part of the cable out of service and caused oil to leak into Long Island Sound. He added that LIPA agreed to negotiate this matter in connection with the Cross-Sound Cable settlement agreement, which has allowed LIPA to operate the Cross-Sound Cable for more than ninety days and save LIPA's customers nearly \$5 million.

Chairman Kessel commended Mr. Grilli, Mr. Klimberg, Mr. Bolbrock and the rest of the LIPA team that worked on the project for their great contributions and hard work. The Chairman indicated that the agreements would enable the faulty cable to be replaced by a new technology cable buried under Long Island Sound and not subject to leaks. He added that the project is economic and will enhance the reliability of the power flowing between Connecticut and Long Island.

Chairman Kessel stated that the project is also a win for the environment and the long-term health of Long Island Sound, which is a great accomplishment. The Chairman continued that establishing a solid relationship between New York and Connecticut is important for future projects from electric, environmental and economic perspectives.

Mr. Grilli stated that in June 2004 LIPA was confronted with the lifting of the Department of Energy emergency order regarding the Cross-Sound Cable, and there was no long-term solution to the problem. He continued that he and Mr. Klimberg contacted Connecticut officials to arrange meetings, and this ultimately resulted in a global settlement. He indicated that he was pleasantly surprised to see that Connecticut was as frustrated as LIPA.

Mr. Grilli stated that he thinks LIPA makes out well with these agreements. He indicated that this is just one phase of the settlement agreement that allows LIPA to go forward with the Cross-Sound Cable in continued commercial operation.

Trustee Auerbach asked whether LIPA will contribute one-third of the environmental fund and whether LIPA will pay for its share of the construction of the NUSCO Cable that is in New York State. Mr. Grilli answered affirmatively. Trustee Auerbach asked what the construction cost will be. Mr. Grilli responded that the estimate is approximately \$80 million, and LIPA's share will be approximately \$40 million.

Deputy Chairman Foye indicated that this matter was the subject of multiple briefings. He asked whether Mr. Grilli would confirm that the replacement cable is a superior alternative from both capacity and energy perspectives, and that in addition to being part of the settlement, the agreements on their own terms are a secure and economic alternative. Mr. Grilli responded that LIPA's Power Markets Department, in particular Mr. Parmelee, have examined the issue extensively, and it has been determined that based upon capacity credit alone it was worth proceeding with the settlement. Mr. Parmelee confirmed that the agreements were economic from capacity and energy perspectives.

Chairman Kessel stated that LIPA timed the NUSCO Cable issue well by making it part of the Cross-Sound Cable negotiation. The Chairman continued that LIPA was pressured, but thanks to the terrific advice of Mr. Grilli, Mr. Klimberg, Mr. Bolbrock and other team members, the timing could not have been better.

Regarding the environmental fund, Trustee Fabio asked how project selection and funding will be organized. Mr. Grilli responded that the fund was

established by Governor Pataki and Connecticut, and will be administered by the DEC and DEP commissioners in New York and Connecticut respectively and EPA commissioners in the two regions. He continued that the monies will not be disbursed until all permits are received in connection with the NUSCO Cable. He added that LIPA will not have a direct input towards the use of the monies, but will have indirect input through the DEC of New York State.

Trustee Fabio asked whether there is a list of projects to which the money will be allocated. Mr. Grilli indicated that there has been no specific designation other than that the monies will be used for various studies and the cleanup of natural resources in and around the Long Island Sound.

Chairman Kessel stated that the original purpose of the fund was to do testing and other activities to determine how to improve the life in the Long Island Sound. The Chairman continued that he has spoken with Ms. Crotty, the New York State DEC Commissioner, and understands that both states are working on a list of projects, which could be supplied to the Board at a later date. He added that while LIPA will not administer the fund, LIPA has a terrific relationship with the DEC, and LIPA will have input.

Trustee Fabio noted that the Towns of Oyster Bay and North Hempstead have a joint committee to look at the environmental concerns. Chairman Kessel indicated that LIPA will be glad to put that committee in contact with the DEC, since the Long Island Sound environment is very important to LIPA.

Deputy Chairman Steinberg asked when the replacement cable project will be completed. Mr. Grilli responded that it is aggressively scheduled for May 2007, but the schedule will depend upon the issuance of required permits and meeting certain deadlines in order to have the opportunity to perform the necessary work in the Sound. He indicated that if something should slip, the May of 2007 date could become problematic, but LIPA has already spoken to the Public Service Commission, obtained the cooperation of the DEP, and all permits should be in place by the third quarter of 2005. He added that an RFP will be issued for the construction and installation of the cable, and this aspect will be handled by NUSCO.

Trustee Affrunti asked whether the existing cable will remain functional until the new cable is installed. Mr. Grilli answered that the NUSCO cable is continuing to operate. Trustee Affrunti asked whether there are any problems with the current cable depth. Mr. Grilli responded that most of it stays on the seabed, and there have been problems with anchor drags. He added that all of the environmental agencies are happy that the new cable will be below the seabed surface.

Deputy Chairman Steinberg asked how LIPA is handling the \$40 million of funding. Ms. McCarthy stated that it is part of LIPA's full capital program, and a portion will be internally financed and a portion will be funded through LIPA's external capital. Deputy Chairman Steinberg asked whether this will be reflected in LIPA's 2005 capital budget. Ms. McCarthy responded that it will be in the 2005 and 2006 capital budgets.

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

706. AUTHORIZATION FOR CHAIRMAN TO ENTER INTO CONSTRUCTION AND FACILITIES USE AGREEMENTS WITH NORTHEAST UTILITIES SERVICE COMPANY (“NUSCO”) AND UNDERTAKE RELATED ACTIVITIES REGARDING NEW LONG ISLAND SOUND CABLE TO REPLACE 1385 CABLE

WHEREAS, LIPA entered into a June 24, 2004 Settlement Agreement to resolve the outstanding issues associated with the Cross Sound Cable (“CSC”), which agreement provided for the immediate energization and commercial operation of the CSC subject to, among other things: the negotiation by LIPA and NUSCO of all contracts and agreements necessary for the removal and replacement of the existing 1385 Cable; the development and implementation by LIPA and NUSCO of a plan for such replacement on a schedule approved by the Connecticut Department of Environmental Protection; and the establishment of a \$6 million environmental fund for Long Island Sound; and

WHEREAS, in furtherance of the Settlement Agreement, LIPA and NUSCO have negotiated the terms of a Construction Agreement for the de-energizing, removal or other disposition of the 1385 Cable and the construction and installation of a Replacement Cable consisting of three solid dielectric cables each having a capacity of approximately 150 MW; and

WHEREAS, LIPA and NUSCO have also negotiated the terms of a Facilities Use Agreement covering the use, operation and maintenance of the Replacement Cable; and

WHEREAS, for the reasons discussed in the preceding Memorandum, the Construction and Facilities Use Agreements are in LIPA’s best interest;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or his designee be and hereby are authorized to execute and effect the Construction Agreement and Facilities Use Agreement and other related agreements and arrangements, including the funding by LIPA of \$2 million of the \$6 million environmental fund for Long Island Sound provided for in the June 24, 2004 Settlement Agreement, 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 carry out the June 24, 2004 Settlement Agreement and the project referred to above including removal as appropriate of the 1385 Cable and installation of the Replacement Cable.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to approve and adopt, among other things, a

determination that the siting, construction and operation of two wind turbines within the decommissioned Shoreham Nuclear Power Station property will not have a significant adverse impact on the environment and will not require the preparation of an Environmental Impact Statement; the issuance of a Negative Declaration with respect to such action; and authorization for LIPA to proceed with the project. The Chairman continued that the proposed wind turbines are part of LIPA's Clean Energy Initiative, and LIPA is proposing the construction of the turbines in line with Governor Pataki's executive order concerning renewable energy and the recent PSC decision to encourage renewable energy technologies, and in cooperation with the Shoreham community.

Chairman Kessel stated that the project would involve the installation of two Atlantic Orient Corporation Model AOC 15/50 wind turbines, which are each capable of producing up to approximately 100,000 kWh of electricity each year. The Chairman continued that the Environmental Assessment concludes that the project will not have a significant adverse impact on the environment and thus that the preparation of an environmental impact statement under SEQRA is not required. He added that no other agency approvals are required.

Chairman Kessel indicated that this is another series of wind projects that LIPA is undertaking to help promote wind energy, reduce emissions and meet the new standard set out by Governor Pataki to provide up to 25 percent of the State's and Long Island's energy through renewable resources and technologies.

Chairman Kessel stated that this is a small step forward compared to LIPA's Offshore Wind Project. The Chairman continued that he is proud to have received positive feedback on LIPA's other small wind projects. He added that the project is also important for the community of Shoreham, which has been tremendously cooperative with LIPA.

Deputy Chairman Foye asked why the Environmental Assessment includes no discussion concerning the effect on migratory birds. Ms. Brechter answered that the issue of impact to avian resources is discussed within the Natural Resources section, although it does not address migratory birds. Deputy Chairman Foye asked whether this should be addressed in the Environmental Assessment. Ms. Brechter answered that migratory birds were not seen to be a significant population in that area. She indicated that there were two threatened or endangered species of concern, the Piping Plover and the Osprey.

Deputy Chairman Foye asked whether the migratory bird issue should be looked at over the course of a number of seasons, given that this is a green initiative. Ms. Brechter responded that a search was conducted regarding this type of turbine, and these turbines have not resulted in any bird deaths, nor have LIPA's other wind projects resulted in bird deaths. Deputy Chairman Foye stated that he suspects it is a function of the location rather than the type of turbine. Ms. Brechter indicated that part of the assessment was that it was not on a significant migratory bird pathway. Deputy Chairman Foye asked whether that conclusion is in the report. Ms. Brechter answered that she does not think that it is specifically in the report, but it was part of the general assessment. She

indicated that LIPA can look at the issue further. Deputy Chairman Foye indicated that he wants the issue to be examined by LIPA. Trustee Nugent agreed.

Deputy Chairman Foye stated that each project should be considered on its own merit from an environmental, financial and engineering point of view. Chairman Kessel agreed and he indicated that the policy is for all of these assessments to be site-specific. He added that the Offshore Wind Project was selected in part due to the specifics of the site.

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

707. APPROVAL OF NEGATIVE DECLARATION FOR SHOREHAM WIND TURBINES PROJECT UNDER SEQRA AND AUTHORIZATION TO PROCEED WITH THE PROJECT

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 and other factors have resulted in an increasing demand for electricity that is projected to continue into the foreseeable future; and

WHEREAS, LIPA recognizes the need to meet that increasing demand for electricity through the use of alternative and renewable energy resources that not only provide for energy and fuel diversity but enhance LIPA’s renewable energy resources to meet future renewable portfolio standards over the next several years; and

WHEREAS, Governor Pataki’s Executive Order No. 111, “Green and Clean” State Buildings and Vehicles, mandates that State agencies such as LIPA increase their procurement of energy generated from technologies such as wind and solar thermal power; and

WHEREAS, LIPA's staff has prepared, with the assistance of environmental engineers, consultants and counsel, an Environmental Assessment of the potential environmental impacts of the proposed Shoreham Wind Turbines Project (the "Project") in order to determine, under the State Environmental Quality Review Act ("SEQRA"), whether the Project would or might have any significant adverse environmental impacts; and

WHEREAS, the Environmental Assessment finds that no significant adverse environmental impacts will result from the Project and, accordingly, that no environmental impact statement is required under SEQRA;

NOW, THEREFORE, BE IT RESOLVED, that LIPA hereby (a) confirms that it is the "lead agency" for the review of the Project under SEQRA, (b) approves and adopts the Environmental Assessment, dated September 2004, for the Project, and (c) for the reasons set forth in and on the basis of such Environmental Assessment, finds and determines that (1) the siting, construction and operation of the Shoreham Wind Turbines Project within the decommissioned Shoreham Nuclear Power Station property in Suffolk County, as described in the Environmental Assessment, and the carrying out of the project will not have a significant adverse effect on the environment and (2) an environmental impact statement need not be prepared in connection with such proposed action; and be it further

RESOLVED, that LIPA is authorized to proceed with the Project; and be it further

RESOLVED, that the Chairman or his designee is directed to prepare and file a Negative Declaration, effective immediately, for such proposed action in accordance with the requirements of SEQRA, 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.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to adopt revisions to the Nuclear Decommissioning Trust Fund Investment Provisions set forth in LIPA's Investment Guidelines. The Chairman continued that pursuant to Section 2925 of the Public Authorities Law, the Authority periodically reviews, amends and adopts investment guidelines that detail the Authority's operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Authority. He indicated that

staff proposes that the Authority's investment guidelines related to the Nuclear Decommissioning Trust Fund should be revised.

Chairman Kessel stated that the revisions have been recommended by the Authority's Cash Manager and Advisor for the Trust, the Asset Management Division of the Bank of New York, which has advised that investing in U.S. equity index funds would achieve greater portfolio diversification without incurring active manager risk. The Chairman continued that according to the Bank of New York, over the longer term, equities have helped to enhance portfolio returns and would create greater diversification in the trust to help achieve the decommissioning and dismantling goals. He indicated that pursuant to the LIPA Act, the Authority is permitted to acquire and hold shares or other securities.

Deputy Chairman Foye stated that this matter was discussed at the Finance and Audit Committee meeting as well as separate briefings with Trustees, and he moves to adopt the resolution.

Ms. McCarthy indicated that the recommended revisions are designed to enhance the returns in the Nuclear Decommissioning Trust over the long term and minimize the cost to LIPA's customers. She continued that LIPA staff recommends that 35 percent of the investments be targeted for equity investment in assets that replicate the S&P 500 Index. She added that this is a balanced approach from a risk and reward perspective given the long-term nature of the Nuclear Decommissioning Trust, and it provides diversification over the long term.

Deputy Chairman Steinberg asked what the 35 percent is up from today. Ms. McCarthy answered that LIPA is at zero today and the 35 percent compares to about 50 to 70 percent for investor-owned utilities, and thus represents a more conservative position. Deputy Chairman Steinberg asked whether the change would occur quickly or gradually. Ms. McCarthy responded that LIPA would work its way into 35 percent and then would propose a quarterly rebalancing.

Deputy Chairman Steinberg asked whether LIPA received input from any advisor other than the Bank of New York. Ms. McCarthy answered that LIPA went to an organization called NIPA, which tracks where nuclear decommissioning assets are invested, and from that source LIPA learned about the 50 to 70 percent target that is in most nuclear decommissioning trusts. She continued that LIPA also looked at investment guidelines at some utilities that have nuclear decommissioning trusts to see if LIPA's guidelines are consistent with those, and they are.

Deputy Chairman Steinberg asked what the anticipated return is going from zero equity to 35 percent. Ms. McCarthy answered that she does not have a specific number, but she can provide it later.

Deputy Chairman Foye asked what the time frame will be for decommissioning the plant. Ms. McCarthy responded that the time for decommissioning the plant as currently licensed will be 2026, and an application is pending for an extension of the license to 2046.

Chairman Kessel noted that the discussion concerns the Nine Mile Point 2 nuclear power plant for which LIPA holds an 18 percent share.

Upon motion duly made and seconded, the following resolution was approved, with Deputy Chairman Steinberg opposing.

708. APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY INVESTMENT GUIDELINES

WHEREAS, the Long Island Power Authority (the "Authority"), pursuant to Section 2925 of the Public Authorities Law, periodically reviews, amends and adopts investment guidelines that detail the Authority's operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Authority; and

WHEREAS, the Authority wishes to amend its Investment Guidelines relating to the Nuclear Decommissioning Trust Fund to reflect the Authority's current investment needs and practices;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth in the preceding Memorandum, the Authority hereby approves and adopts the "Long Island Power Authority Investment Guidelines (September 29, 2004)" in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that such Investment Guidelines as amended are to be effective with respect to all Permissible Investments set out in Appendix A purchased after the date hereof.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to approve revisions to LIPA's Tariff to extend and improve LIPA's existing Business Development programs. The Chairman continued that in June 2004, LIPA issued a Notice of Proposed Rulemaking that invited comments on LIPA staff's proposal to extend and improve LIPA's

Business Development programs, namely Business Attraction/Expansion, Manufacturing Competitiveness, Business Incubation, Empire Zones, Power for Jobs, and Service Classification 13.

Chairman Kessel stated that the recommended changes to LIPA's Tariff include extending the existing Business Development programs indefinitely, except for the New York State Power for Jobs Program; increasing the maximum load under the Business Attraction Program from 500 kW to 1000 kW in order to allow customers in that range to receive program benefits consisting of specific rate discounts and/or site location consultation; revising SC-13 to provide benefits to qualifying attraction customers with a minimum increase of 100 kW to a total load after expansion of at least 1500 kW; adjusting the maximum LIPA discount under the Manufacturing Competitiveness Program to twice the customer's cash contribution toward the outside consultant's cost; modifying the calculation of Power for Jobs revenues to reflect updates to the load sharing arrangement and the application of system losses; adding a new Statement of Energy and Peak Demand Losses; and clarifying Tariff language in several respects.

Chairman Kessel stated that a Public Notice was published in the State Register on June 23, 2004, two public hearings were held, and the public was given the opportunity to submit written comments.

Chairman Kessel stated that the changes would extend all of the programs that LIPA can extend on its own, and these programs are very important for

commercial and business customers who bring more jobs to Long Island in response to incentive programs. The Chairman indicated that the only program that LIPA cannot control is Power for Jobs, but there are discussions between the Governor's Office and the Legislature about extending that program.

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

709. APPROVAL OF TARIFF REVISIONS REGARDING BUSINESS DEVELOPMENT PROGRAMS

WHEREAS, the Long Island Power Authority ("Authority") staff issued a Proposal to make changes as follows to LIPA's Tariff for Electric Service to extend and improve LIPA's Business Development programs: extend those programs beyond July 2004 indefinitely (except the Power-for-Jobs (PFJ) program, which expires on December 31, 2005 under State law); redefine certain electric load restrictions within the existing programs to create more flexibility in assisting with business development and retention; reduce the scope of discounts available to participants in the Manufacturing Competitiveness and Empire Zone programs; modify the calculation of PFJ revenues to reflect updates to the load sharing arrangement and the application of system losses; create a new "Statement of Energy and Peak Demand Losses" applicable to both the PFJ program and the Long Island Choice program, and include appropriate references within the Tariff for SC-14 (Long Island Choice Energy Service Companies (ESCOs)); and modify Tariff language to clarify that certain components of each program and the benefits of only one program can apply to a given load; and

WHEREAS, following Public Notice in the State Register on June 23, 2004, two public hearings on the Proposal were held on August 24, 2004; the public was afforded the opportunity to submit written comments; no public comments on the Proposal have been received by the Authority; and the time period for submitting public comments has expired; and

WHEREAS, for the reasons set forth in the preceding Memorandum, the Proposal is in the public interest;

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

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

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution to approve revisions to LIPA's Tariff relating to charges for miscellaneous service. The Chairman continued that under the revisions, the Uncollectible Payment Handling Charge, Field Collection Charge and Reconnection Charge would be increased to reflect current costs; and a new Service Initiation Charge would be established applying only to non-residential customers.

Chairman Kessel stated that in June 2004, the Authority issued a Notice of Proposed Rulemaking, and two public hearings were held on August 24, 2004. The Chairman continued that, based upon his view as the presiding officer at those hearings, not enough notice was given and there was some public interest. He added that at his direction a further public hearing was held on September 14, 2004, and the Authority received oral comments from two members of the general public.

Chairman Kessel stated that the comments expressed concerns as to the financial impact of the Service Initiation Charge on non-residential customers. The Chairman continued that they were particularly concerned that when a commercial tenant vacates a building, and a second tenant moves into the same space, the second tenant would incur the \$162 Service Initiation Charge, although

there may be relatively little service initiation work performed by LIPA. He added that in cases where the landlord takes over the account before the new tenant moves in, the Service Initiation Charge would be incurred twice (by the landlord and the new tenant), which increases the landlord's cost of doing business.

Chairman Kessel stated that it is important to point out that the reason LIPA is increasing the charges is to raise them to what LIPA's costs are. The Chairman continued that there is no profit being made by LIPA. He added that people who give LIPA a bad check or have their service disconnected for non-payment and have it reconnected would pay the costs and not be subsidized by other customers.

Trustee Auerbach stated that it should be made clear the Service Initiation Charge only applies to commercial accounts, not residential. He continued that he wants to be certain that the charge will not apply to the transfer of a meter to an owner or landlord after a residential tenant vacates. Mr. Pallotta responded that the charge applies to commercial accounts only. Chairman Kessel stated that some of the other miscellaneous charges do apply to both residential and non-residential customers.

Trustee Fabio stated that LIPA has programs that exempt social service recipients and indigent persons from some of these charges. Chairman Kessel stated that LIPA has a staff of consumer advocates who work with them.

Trustee Sinnreich asked whether the two individuals who spoke at the hearing were representatives of trade or commercial groups. Mr. Pallotta stated that they represented the Tilles Organization.

Trustee Sinnreich asked in what manner LIPA received ABLI's comments. Mr. Pallotta stated that at the Chairman's request, to ensure adequate notice, LIPA reached out to them and other customers to help publicize the issue, and ABLI was already informed on the issue.

Deputy Chairman Steinberg asked what the anticipated aggregate revenue impact will be in 2005. Mr. Pallotta answered that for 2005 it is expected to be approximately \$2.8 million.

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

710. APPROVAL OF TARIFF REVISIONS REGARDING MISCELLANEOUS SERVICE CHARGES

WHEREAS, the Long Island Power Authority ("Authority") staff issued a Proposal to make changes to LIPA's Tariff for Electric Service regarding Miscellaneous Service Charges, which would: increase the Uncollectible Payment Handling Charge from \$14.50 to \$20; increase the Field Collection Charge from \$14 to \$59; increase the Reconnection Charge, which currently ranges from \$14 to \$38 depending on the reconnection point and time, to \$80 in all cases; and establish a new Service Initiation Charge of \$162 applying only to non-residential customers; and

WHEREAS, following Public Notice in the State Register on June 23, 2004, two public hearings on the Proposal were held on August 24, 2004 and an additional public hearing was held on September 14, 2004; the public was

afforded the opportunity to submit written comments; the comments received warrant modifications to the Proposal so that the Service Initiation Charge would be changed from \$162 to \$60 in all cases where LIPA does not have to perform service or meter connection work at the customer's site, provided that such \$60 fee will not be applied in situations where an account is transferred to a landlord pending establishment of service for a new tenant at the same location; and to \$220 when LIPA does have to perform service or meter connection work at the customer's site;

WHEREAS, for the reasons set forth in the preceding Memorandum, the Proposal with the aforesaid modifications to the Service Initiation Charge is in the public interest;

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

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

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution authorizing the Chairman or his designee to engage seven law firms to provide legal services in specified areas on an as-needed basis to the Authority and its subsidiary, LIPA. The Chairman continued that under these engagements, LIPA would only pay for services rendered.

Chairman Kessel stated that on September 12, 2003, LIPA issued an RFP for experienced law firms to provide legal services as needed by LIPA for a term of five years in the practice areas of Corporate and Securities, Real Estate, Litigation, Federal Government Relations, and State Regulatory. The Chairman continued that in October 2003, thirty-six firms responded. He indicated that a selection committee comprised of LIPA staff members first reviewed the

proposals for compliance with the terms of the RFP and then evaluated the qualifying proposals against the criteria set forth in the RFP.

Chairman Kessel stated that based on its evaluation of the proposals, the selection committee conducted interviews of sixteen firms for various services in late April and early May 2004. The Chairman continued that at its June 2004 meeting, the Board approved the retention of Thelen Reid & Priest to provide Corporate and Securities Counsel services. He indicated that LIPA's staff has finalized the evaluation of other proposals, and based on the written submissions, the interviews and an assessment of LIPA's needs, the selection committee concluded that the following firms should be selected: Berkman, Henschel, Peterson & Peddy for Real Estate; Thelen Reid & Priest for Complex Litigation; Lewis, John Avallone Aviles & Kaufman and Martello LaMagna Olivieri & Harrison for General Liability and Tort Litigation; Patton Boggs for Federal Government Relations; and Couch White, and Read and Laniado for State Regulatory.

Chairman Kessel stated that it is important to note that none of the firms are being engaged to do any business at this time but are only being approved to be part of LIPA's portfolio. The Chairman continued that the firms would be selected for work on an as-needed basis, based on LIPA's particular needs.

Deputy Chairman Foye stated that this is an expansion of the pool of eligible firms that LIPA has the right to retain, and LIPA already has a budgeted amount for professional advisors this current year and LIPA will budget for next

year. He indicated that LIPA's expectation and hope in both years is that personal service expenditures will be within budget, and the designation of these seven firms does not mean an expectation of significantly increased legal expenses.

Chairman Kessel stated that it only increases the field of knowledge and expertise that LIPA can call upon. The Chairman continued that last year, LIPA reduced its outside legal fees, and LIPA will take a look at it again this year in light of the previously announced bill freeze. He added that LIPA has an existing list of firms, and the list will continue. Mr. Klimberg concurred.

Deputy Chairman Steinberg asked whether a thorough conflicts of interest check of these firms was conducted to make sure there are no issues with their selection. Mr. Klimberg answered that an examination of conflicts of interest was undertaken. He continued that in this and other RFPs, LIPA asks proposers to respond to questions regarding potential conflicts of interest, and LIPA examines those responses closely and follows up during the interviews where there are any potential issues. He added that he is satisfied that none of the firms proposed for selection have any conflicts of interest.

Deputy Chairman Foye stated that this matter was the subject of a separate briefing, and the designation of the firms was done in accordance with the dictates of the Governor's recent executive order. Mr. Klimberg agreed.

Trustee Fabio asked whether the hourly rates of the respective firms would be considered to be within the range of normal charges for those types of services. Mr. Klimberg answered that the hourly rates are within the range of normal fees and the fee proposals were an important consideration in the committee's recommendation.

Trustee Fabio asked whether LIPA gets rates that are preferable compared to general public rates. Mr. Klimberg responded that all of the firms have proposed discounted rates from their standard commercial rates.

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

711. ENGAGEMENT OF LAW FIRMS TO PROVIDE REAL ESTATE, LITIGATION, FEDERAL GOVERNMENT RELATIONS AND STATE REGULATORY SERVICES

RESOLVED, that the Chairman be, and hereby is, authorized to engage the following additional law firms to provide legal services in the following principal practice areas on an as-needed basis to the Authority and LIPA, with the contract terms to be five years:

Real Estate – Berkman, Henoch, Peterson & Peddy, P.C.

Complex Litigation – Thelen Reid & Priest LLP

General Liability/Tort Litigation – Lewis Johns Avallone Aviles & Kaufman LLP; Martello LaMagna Olivieri & Harrison, P.C.

Federal Government Relations – Patton Boggs LLP

State Regulatory – Couch White LLP; Read and Laniado, LLP.

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:

712. 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.

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At 1:05 PM the open session of the Board of Trustees was temporarily adjourned and an executive session of the Board of Trustees was convened.

At 1:57 PM the executive session was adjourned and the open session was reconvened.

Chairman Kessel entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 1:58 PM.

Respectfully submitted,

Stanley B. Klimberg