

**LONG ISLAND POWER AUTHORITY
MINUTES OF THE 143rd MEETING
HELD ON APRIL 25, 2002**

Pursuant to notice dated April 18, 2002, the Long Island Power Authority (the "Authority") was convened for the one hundred and forty-second time at 7:15 PM at Omni Teleconference Center in Uniondale, NY.

The following Trustees of the Authority were present:

**Richard M. Kessel, Chairman
Michael Affrunti
Nancy A. Akeson
Harvey Auerbach
Thomas Doherty
Nancy Nugent
Vincent Polimeni
Jonathan Sinnreich**

Also representing the Authority were Stanley Klimberg, General Counsel, Edward Grilli, Chief of Staff, Seth Hulkower, Chief Operating Officer, Diana Taylor, Chief Financial Officer, Bert Cunningham, Vice President - Communications, William Davidson, Director of Government Relations, Christopher Furlong, Director of Customer Relations, 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 indicated that the first item on the agenda is approval of the minutes of the March 28 Board meeting.

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

588. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 28, 2002 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on March 28, 2002, 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.

* * *

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 has commitments of 31.26 MW of added load, against a goal of 38.06 MW. He indicated that LIPA is projected to reach only 35.75 MW by year-end, but it is still early in the year.

Mr. Hulkower reported that LIPA has 4,900 customers enrolled in the Direct

Load Control LIPA Edge Program against a goal of 14,262 participants. He stated that LIPA currently has more than 12 MW installed in this Program, and LIPA is currently installing units at a rate of 500 per week. He added that LIPA is optimistic that its 2002 goal will be achieved.

Mr. Hulkower reported that the Peak Reduction Program has a goal of 177 MW of controllable customer load. He stated that LIPA currently has attained 20.5 MW, and there is a long way to go to reach the goal, but LIPA has made terrific progress.

Mr. Hulkower reported that LIPA shows continued success with reliability performance. He indicated that due to favorable weather, LIPA's March results were good, with sustained customer interruptions nine percent lower than LIPA's five-year average.

Trustee Akeson asked whether LIPA was affected by the recent heat wave. Mr. Hulkower responded that there were a few thunderstorm related outages, effecting approximately 6,800 customers. He stated that last week was difficult due to the fact that LIPA had many generating units down for maintenance purposes. He indicated that April and October are normally months with moderate temperatures, and consequently little or no electrical heating load. He added that as many plants as possible are serviced during these months, and that LIPA is also limited by the fact that the Y-50 transmission line is not yet back in service.

Mr. Hulkower reported that as of last Thursday some gas turbines returned to service, and more power was brought across the Y-49 transmission line, but the previous short supply of electricity caused LIPA to activate its Communication and Mitigation Program. He noted that the activation of the Program was a good exercise, and it highlighted some of the communication issues that need to be addressed.

Chairman Kessel stated that LIPA made it through the heat wave, but not comfortably. The Chairman remarked that even though much of the equipment was down for servicing, LIPA came within a couple of hundred MW between its available supply and the demand on two successive days. He indicated that this demonstrates the need for an ample supply of electricity, since demand will continue to grow at a rapid pace despite some earlier indications and despite a pattern of mild months, which is demonstrated by the warmest winter ever, a draught and a heat wave in April. He stated that LIPA must be prepared for what lies ahead.

Chairman Kessel commended Mr. Hulkower, Mr. Cunningham and LIPA staff for their long and hard work during the heat wave. The Chairman stated that rolling blackouts could have occurred if one major plant had failed.

Trustee Akeson asked whether any customers were contacted in order to decrease load. Mr. Hulkower responded that the New York ISO initiated the

Emergency Demand Response Program, and some customers were asked to shed load.

Trustee Polimeni asked whether the Direct Load Control Program was radio controlled or hard-wired. Mr. Hulkower responded that LIPA controls the units via pagers. He indicated that the customer's thermostat can also be manually adjusted. He added that the paging system is currently used to adjust central air conditioning systems, but it is being expanded to include fuel pumps.

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

Ms. Taylor indicated that the proposed Energy Risk Management Policies and Guidelines will be distributed to the Board for review, and will be presented to the Board for action as early as the next meeting. She added that LIPA's Investment Guidelines are also being reviewed, and proposed revisions will also be distributed to the Board.

Ms. Taylor reported that LIPA had \$5 million of revenues over expenses for 2002 through the end of March, which was in excess of the budget. She stated that the excess was primarily due to lower fuel prices and LIPA hedging, with there being a fuel and purchased power expense variance of \$67 million under budget.

Ms. Taylor reported that other factors have contributed to the excess of revenues over expenses such as administrative expense timing issues, where some consulting fees which were scheduled to be paid earlier had not been paid as of the end of March 2002. She indicated that the timing of Payments in Lieu of Taxes was also somewhat different than what was projected, and interest expenses were lower than projected for the first two months of 2002.

Ms. Taylor reported that LIPA has recast its budget, from the approved budget showing a breakeven amount of \$500,000 at the end of the year to \$37.6 million due to LIPA's more favorable fuel cost projections.

Ms. Taylor noted that LIPA's results for the three months ended March 31, 2002 were significantly better than the same period in 2001, during which LIPA was almost \$67 million in the red.

Ms. Taylor reported that LIPA's unrestricted cash balance is approximately \$236 million after accounting for LIPA's Shoreham credits and the Rate Stabilization Fund of \$250 million.

Chairman Kessel commended Ms. Taylor, Mr. Kane, Mr. Feldman and LIPA's financial staff for their great work. The Chairman stated that although there has been good financial news and the financial projections are positive, there are many things occurring around the region, country and world that could change the outlook, such as fuel prices. He urged that LIPA continue to proceed

carefully, and that LIPA watch its expenses, including hiring and consultants.

Trustee Sinnreich inquired as to whether the lower projected capital outlays, which resulted in higher O & M costs, occurred because of a conscious choice by LIPA. Ms. Taylor responded that they occurred because KeySpan is behind in its capital program.

Trustee Sinnreich asked why KeySpan was behind in its capital program. Mr. Hulkower responded that it is partially a result of the manner in which the Capital Budget is spread across the year, and that LIPA expects to spend all that is budgeted. He noted that the NUSCO cable project has been delayed. He stated that the delay has been due to discussions with Northeast Utilities concerning the cable's proposed use, and the monitoring of the actions of the Connecticut Legislature, including the proposed moratoriums.

Trustee Sinnreich asked whether KeySpan could profit by manipulating the direction of LIPA's expenditures as either capital or O & M. Ms. Taylor responded that each month LIPA makes a payment to KeySpan which is a set amount for both capital and O & M expenses, and at the end of the year there is a true-up to ensure that KeySpan works closely with LIPA. She added that LIPA monitors the situation closely.

Chairman Kessel stated that the past Monday was Earth Day, and he was proud to report that due to the Governor's efforts underlying the creation of

LIPA's Clean Energy Initiative, LIPA has become a leader in the nation for green energy and alternative technologies. The Chairman remarked that the Clean Energy Initiative started off slowly, but it is working. He further noted that LIPA has received national attention for some of its projects.

Chairman Kessel stated that he was pleased to join with environmental leaders to announce a proposed offshore wind project. The Chairman indicated that the project, which he believed can and will be developed on Long Island, will provide 100 MW of clean energy by 2005 or 2006, with no emissions or fuel costs. He further noted that the project could be the first offshore wind project in North America. He stated that while many people may dismiss this idea, many also dismissed the idea that LIPA could successfully take over LILCO and lower electric rates, as LIPA has done. He indicated that it is one of the most exciting projects that Long Island has seen, and it will be a credit to LIPA's Board, LIPA, the Governor and the State of New York if the project can be launched quickly.

Chairman Kessel reported that LIPA is holding a meeting on the offshore wind project on June 25, and LIPA is inviting wind developers, all impacted governmental agencies, environmental groups and others to begin to organize the project. The Chairman indicated that LIPA intends to issue a Request for Proposals to developers no later than the end of 2002. He stated that based upon a meeting he had with Mr. Gupta of the Natural Resource Defense Council, the schedule may be achieved.

Chairman Kessel stated that the offshore wind project is economically competitive with traditional fossil fuel plants. The Chairman indicated that the estimates for the project are approximately \$150 million for 100 MW, with no variable cost for fuel. He noted that two LM 6000 units to be installed for this summer, which produce 79 MW of power, cost approximately \$100 million.

Chairman Kessel thanked Governor Pataki for promoting this offshore wind project and for indicating that he will commit State resources to the project. The Chairman also thanked the Citizens Advisory Panel, STAR and former Brookhaven National Laboratories President Marberger for their guidance and support.

Chairman Kessel reported that LIPA's 75 fuel cells manufactured by Plug Power have generated over 400,000 KWh of noiseless and odorless electricity, while producing no emissions except for water vapor. The Chairman continued that LIPA is advancing the technology by installing a new generation of fuel cells that will produce electricity and heat in different facilities throughout Long Island. He noted that LIPA may not only develop the first offshore windfarm in North America, but also the first fuel cell power plant producing in excess of 200 megawatts of electricity possibly before the end of this year.

Chairman Kessel commended LIPA's Clean Energy staff for their extraordinary job. The Chairman indicated that LIPA will be announcing several green projects during the next three to four months, and LIPA is leading not only

the State but also the nation in this area. Chairman Kessel thanked the Citizens Advisory Panel, the Sustainable Energy Alliance, NYPIRG, STAR and all of the environmental groups for their support.

Chairman Kessel reported that the Cross-Sound cable is being transported by ship to America from Europe, and it is expected to arrive in a week. The Chairman thanked the Board for adhering to the project, despite the fact that many questioned or opposed it. He indicated that it has been a battle to complete this project. He stated that the project would not have gone forward were it not for the intervention of Governor Pataki and Governor Rowland of Connecticut. The Chairman continued that the project would have died if Governor Rowland had not stood up to the baseless opposition and nonsense perpetuated in Connecticut. He noted that Governor Pataki has been in constant touch with Governor Rowland.

Chairman Kessel reported that barring a legal order, the Cross-Sound cable will be installed by the end of May 2002 and will provide Long Island, Connecticut and the region with the ability to ship 330 MW of power in both directions to bolster the reliability of the electric grid in the entire region. The Chairman noted that three lawsuits were filed and a moratorium was passed by the Connecticut Legislature, but it was heroically vetoed by Governor Rowland.

Chairman Kessel indicated that the Cross-Sound cable will be critical to Long Island's energy picture this summer, when supplies of electricity are tight,

and on the most oppressive days this summer the cable will allow LIPA to obtain more electricity and on a more competitive and less costly basis. The Chairman stated that the cable may also prevent blackouts from occurring in Connecticut.

Chairman Kessel reported that LIPA is aggressively moving to have constructed ten gas turbines in the Repowering Long Island projects involving four private developers. The Chairman commended Mr. Grilli and his team for the progress on the projects, and he noted that this has been an extraordinary accomplishment for LIPA, which is not a generation company. He indicated that at least half of the units will be completed before the end of June, and the first activation of one of the facilities may occur as early as the second week of May. He continued that the other five units may begin by late June or early July, so that LIPA will add 400 MW of reliable on-Island generation for this summer.

Chairman Kessel stated that if the Cross-Sound cable were to be installed, LIPA would have 700 additional MW of power for this summer, which would be an extraordinary accomplishment. The Chairman indicated that without the ten new gas turbines, LIPA would not be able to keep the lights on this summer given the growth in demand.

Chairman Kessel commended Governor Pataki for the behind-the-scenes work that he has done, even though the Governor has not sought any acclaim for it. The Chairman commented that the Cross-Sound cable project would not have progressed without the Governor's intervention. The Chairman again credited

Governor Rowland who stood up against opposition to the project during an election year. Chairman Kessel indicated that the cable will help Connecticut as much as New York and Long Island, although many may not realize this now.

Trustee Akeson also commended Governor Pataki, and she asked whether the report in The New Haven Register that the cable may not be completed within the allowed time frame was accurate. Chairman Kessel responded that the report was incorrect, since the cable will take only two weeks to install, and it will be completed before the deadline at the end of May.

Mr. Grilli stated that he was informed by TransEnergie that the ship will arrive with the Cross-Sound cable between May 4 and May 6 and it will take approximately two weeks to lay the cable. He indicated that the reporter for the newspaper had been reckless with his information.

Chairman Kessel indicated that efforts by State and Congressional legislators also contributed to the successful campaign for the Cross-Sound cable. The Chairman noted that Assemblyman Englebright volunteered to argue the scientific case that oysters would not be harmed by the installation of the cable. Chairman Kessel added that Senator Schumer worked with the Army Corps of Engineers to help get the permit expedited, and Senator Clinton arranged a meeting with Mr. Blumenthal, the Attorney General of Connecticut.

Chairman Kessel stated that he, Mr. Grilli and Mr. Klimberg met with Mr.

Blumenthal recently, and they could not reach an agreement concerning the matter. The Chairman indicated that the Cross-Sound cable was a difficult issue in Connecticut, but he noted that the worst thing for the environment would be for a power outage to occur.

Mr. Grilli highlighted that the outlook for the Cross-Sound cable project is positive. He indicated that TransEnergie presently is not sure exactly where they will begin to lay the cable, but they will know within a week of its arrival, and they will begin the installation immediately. He added that the Shoreham side will be energized by June 15 and that the cable will be able to transport electricity within 48 hours afterwards, if the tests are successful.

Trustee Polimeni inquired as to how the Cross-Sound cable would be installed. Mr. Grilli responded that it is 24 miles of continuous unspliced cable, which will be installed from one side of the Sound and run to the other side. Mr. Hulkower added that it is loaded straight onto the ship from the manufacturing plant. He added that it will come directly off of the ship as it is laid on the Sound floor.

Mr. Grilli reported that LIPA's other projects are progressing. He stated that the KeySpan project to install two LM 6000 units in Glenwood Landing has a completion deadline of June 1, but KeySpan has worked aggressively to complete the project earlier, and the generators are expected to first fire on May 4.

Mr. Grilli reported that KeySpan is also installing two LM 6000 units in Port Jefferson, which are scheduled to be completed by June 1. He continued that KeySpan has also moved aggressively on this project, and the units are predicted to be on line by June 14.

Mr. Grilli reported that one of the next units to be brought on line will be by Florida Power and Light in its Bayswater project, and that this unit was originally anticipated to be activated by June 1, but this is now projected for June 9. He noted that all of the projects are ramping up with as many as 200 people working at any given site.

Mr. Grilli reported that Calpine is also working feverishly on the Bethpage project, having started later than the other projects. He indicated that Calpine has made up for the lost time, and the completion deadline for the one unit is for July 1.

Mr. Grilli reported that the remaining four units are being developed by PP & L Global with two units at Shoreham and two at Brentwood, which are slightly behind schedule. He indicated that LIPA met with them recently to discuss the progress of the project, and PPL Global has ramped up the manpower significantly at both sites. He stated that the units will not be fully on line until approximately July 10, but they may be able to provide power earlier if needed by LIPA. Mr. Grilli commented that it would be a significant achievement

for LIPA to add 700 MW in a year.

Chairman Kessel stated that LIPA has worked with some of the companies to provide reasonable financial incentives to finish the units early. The Chairman noted that there may not only be a hot summer this year, but an early one. He added that the level of performance shown by the private developers in these projects may determine whether future projects are awarded to them.

Chairman Kessel stated that he wants to see the PP & L plants up before July 1, and he spoke to the Chairman of PP&L about the matter. The Chairman thanked Mr. Hulkower for his efforts to further some of the projects, particularly the Calpine project. He noted that although Calpine is installing just one 44 MW unit, it may be critical to keeping the lights on this summer. He also thanked Mr. Clemente and all of those helping with the projects who have worked to get the new plants on line.

Chairman Kessel indicated that the next item on the agenda is a proposal to update rates and charges under the New York ISO Open Access Transmission Tariff for service over LIPA's transmission facilities. The Chairman stated that LIPA participates in the New York ISO as a transmission owner offering wholesale transmission service. He recommended that the Trustees approve LIPA staff's proposal to update the three main components of the transmission service charge (TSC) as well as the overall wholesale TSC rate for use of LIPA's transmission facilities in order to reflect more recent cost data.

Chairman Kessel indicated that the result is a modest increase in LIPA's component of the wholesale TSC due to increased plant investment, transmission system improvements, wage increases and economic conditions. The Chairman noted that this change is to LIPA's component of the wholesale TSC, and it will not impact LIPA's rates under its tariff for electric service, including LIPA's rates under the Long Island Choice Program.

Mr. Klimberg stated that a correction is needed to the proposed resolution, namely the amount of \$4.481 MWh should be amended to read \$4.81 MWh. Chairman Kessel amended the proposal to reflect the amount of \$4.81 MWh.

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

589. APPROVAL OF AN UPDATE TO THE RATES AND CHARGES UNDER THE NYISO OPEN ACCESS TRANSMISSION TARIFF FOR SERVICE OVER LIPA'S TRANSMISSION FACILITIES

WHEREAS, as a member of the New York Independent System Operator ("NYISO"), LIPA coordinates with the NYISO for the provision of wholesale transmission service over LIPA transmission facilities which are identified in Appendix A-2 of the New York Independent System Operator/Transmission Owners Agreement dated November, 1999; and

WHEREAS, the Authority has considered staff's Proposal Concerning Adjustment of LIPA's Transmission Revenue Requirement and Certain Related Rates and Charges Under the NYISO Open Access Transmission Tariff ("OATT") (copy of this "Proposal" attached); and

WHEREAS, the Proposal recommends revisions to components of the wholesale transmission service charge (“TSC”) levied by the NYISO relating to wholesale transmission service offered over LIPA’s transmission facilities under the NYISO OATT; and

WHEREAS, such revisions will set LIPA’s Transmission Revenue Requirement under the NYISO OATT at \$88,483,094, LIPA’s Scheduling, System Control and Dispatch costs under the NYISO OATT at \$2,875,901, LIPA’s Annual Billing Units under the NYISO OATT at 18,889,822 megawatt hours (“MWh”) and LIPA’s overall wholesale TSC rate component under the NYISO OATT at \$4.81/MWh; and

WHEREAS, the above-noted revisions will not affect LIPA’s rates under its Tariff for Electric Service, including LIPA’s rates under the Long Island Choice Program; and

WHEREAS, notice of the Proposal was published in the State Register on February 20, 2002; public hearings were held on April 9, 2002 and no public comments have been received;

NOW, THEREFORE, BE IT RESOLVED, that the Proposal is hereby approved and LIPA is hereby authorized and directed to undertake such actions as are necessary to implement such approved revisions of LIPA’s component of the wholesale TSC under the NYISO OATT for NYISO wholesale transmission service over LIPA’s transmission facilities.

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Chairman Kessel stated that the next item on the agenda is a proposed resolution to facilitate the addition of vitally needed new generation capacity on Long Island by providing for certain community enhancement measures and commitments by LIPA in connection with power generation on the current or former grounds of the Pilgrim State Hospital in Brentwood. The Chairman added that one of LIPA’s critical projects is the PP & L Edgewood Energy facility where two gas-fired generation plants are being installed having a total capacity of 79.9 MW. He continued that in the process of siting those plants, LIPA has

conducted significant outreach with and received input from various civic groups and members of the community in the vicinity of those plants, who have raised some legitimate concerns.

Chairman Kessel stated that certain community enhancement measures should be taken by LIPA in order to secure the needed support of the civic groups and community members and avoid challenges to the project that could delay or inhibit its addition. The Chairman indicated that one of the measures is to have PP & L provide a buffer on the north side of the project site and also to have noise-attenuating materials in its construction of the plants. He further indicated that LIPA should enhance and maintain the integrity of the buffer behind the houses on Polo Street, and the integrity of the fire break on the north side of the project site. He continued that LIPA should make reasonable efforts to have the County of Suffolk restore and landscape the islands on the east and west sides of Commack Road from the Long Island Expressway to Polo Street and Pine Hill Lane, and to provide for the operation of the PP & L plants to be used as needed to meet demand up to the limits of the air permit issued by the New York State DEC. He added that LIPA should not build nor have built on its behalf, nor purchase power from any additional electric generating plants over and above the PP & L and NYPA plants and any co-generation plants on the current or former grounds of the Pilgrim State Hospital.

Chairman Kessel stated that LIPA has already committed to these requests, but the community has asked that LIPA include the conditions in a resolution.

Trustee Sinnreich stated that he has concerns about the resolution, since it sets a bad precedent to bring the matter before the Board, given that LIPA has numerous projects, and the Chairman can be entrusted to make such commitments. He indicated that it may be unwise for LIPA to commit never to buy power from a unit that can be located at one of the few remaining strategically placed and undeveloped parcels.

Trustee Nugent stated that with all due respect to Trustee Sinnreich, she disagrees. She continued that since its inception, LIPA has ensured that the community has been brought into the process, and LIPA cannot move forward without establishing an open dialogue that serves the interest of the ratepayers. She added that it is important for the public and the Board to know that LIPA serves the community, which is part of LIPA's public relations.

Chairman Kessel stated that he understood the concerns, but it would be a mistake not to vote on the matter. The Chairman continued that the likelihood of developing other projects at Pilgrim is virtually nil, especially because a large part of that property is being developed by private companies. He added that the projects are critical to LIPA, and they have progressed without any protest, which is extraordinary. He urged that the Board consider voting on the matter rather than tabling it.

Trustee Sinnreich stated that he would not stand in the way of the

resolution if he was the only Trustee troubled by it, but he believes that the resolution would set a bad precedent.

Mr. Grilli stated that the site was somewhat unique in that NYPA previously sited a turbine immediately adjacent to the property, which was opposed by the community. He continued that NYPA had given commitments that there would be no new generation at the site, but a year later LIPA found the location to be technically ideal to site its turbine project, which accounts for the community's distrust of commitments and their desire for a resolution. He added that the resolution is necessary to give the community the comfort that LIPA is serious about its commitment.

Trustee Sinnreich stated that he did not intend to stand in the way, but he would be less concerned if LIPA were only prohibited from building on the site. He continued that it is not known what the possibilities are of someone else developing power generation there that LIPA will want to buy, such as fuel cells.

Trustee Auerbach stated that he felt the same on this issue as Trustee Sinnreich, but he will vote for the resolution because of the pressure on the Board; however, he will not vote for any future restrictions placed on LIPA.

Trustee Doherty stated that he was concerned with the necessity of the resolution, and he hoped it did not set a precedent. He continued that matters such as landscaping are not appropriate for Board action. He added that it would

be appropriate to report it to the Board so that it becomes part of the minutes, but resolutions for all of such cases will slow LIPA's work.

Chairman Kessel acknowledged the concerns, and indicated that LIPA will try to keep such matters from the Board in the future. The Chairman stated that he felt that the resolution is helpful to advance the project, and in almost every instance the community has been cooperative.

Chairman Kessel stated that LIPA initially was not going to undertake the project after Assemblyman Flanagan pleaded against it. The Chairman indicated that he had to go back to the Assemblyman and request his help on the project, and although he was not happy about it, Assemblyman Flanagan worked with the community and helped get the project through.

Chairman Kessel noted that there was no opposition to the project as with NYPA's generation, due to the extensive outreach to the community and the fact that LIPA makes PILOT payments. The Chairman thanked Mr. Grilli, Mr. Davidson and Ms. Burgess-Levy for their work to gain the support of many of the elected officials.

Chairman Kessel stated that the community groups could have delayed the project significantly, but instead they agreed to work with LIPA. The Chairman also noted that Assemblyman Pfeiffer and former Queens Borough President Shulman supported the FP & L project in Bayswater after opposing

NYPA units in Queens. He added that outreach to the community takes a lot of work, and LIPA should do more, especially in the Rockaways.

Chairman Kessel stated that the community has shown itself to be incredibly responsible. He acknowledged the points that the Board has made, and he indicated that LIPA will try not to set a precedent.

Chairman Kessel credited Brookhaven Town Supervisor LaValle, who has been very helpful with the Port Jefferson and Shoreham projects, including helping with the community, the school boards, other elected officials and even with the Village of Poquott. The Chairman stated that elected officials, community groups and civic leaders have all tried to help because they recognize the importance of the projects.

Trustee Nugent stated that she meant to use the term “outreach” when she mentioned “public relations”, as the term “outreach” encompasses public education, whereas “public relations” has a more shallow connotation. She commended LIPA for its efforts.

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

590. RESOLUTION REGARDING LIPA's COMMUNITY ENHANCEMENT MEASURES AND COMMITMENTS IN CONNECTION WITH POWER GENERATION AT PILGRIM SITE

WHEREAS, to meet the immediate need for additional electric generating capacity on Long Island by the summer of 2002, LIPA is carrying out its Powering Long Island 2002 Program, including a project in Brentwood (Town of Islip) in which PPL Edgewood Energy, LLC is installing two gas-fired generation plants, for a total of 79.9 MW ("PPL plants"), to be owned and operated by PPL, with LIPA to purchase power from the PPL plants ("project"); and

WHEREAS, those PPL plants are being sited on land that is now owned by LIPA and was formerly owned by the State of New York as part of the grounds of the Pilgrim State Hospital; and

WHEREAS, in the process of siting the PPL plants and moving the project forward, LIPA has conducted outreach with and received input from various civic groups and members of the community in the vicinity of the PPL plants; and

WHEREAS, LIPA recognizes the concerns of those civic groups and community members and appreciates the cooperation it has received; and

WHEREAS, in order to secure the needed support of those civic groups and community members for the project and avoid challenges to the project that could delay and/or inhibit the addition of vitally important electric supply to serve LIPA's customers, it is necessary and appropriate for LIPA to undertake certain community enhancement measures and make certain commitments, as set forth below;

NOW, THEREFORE, BE IT RESOLVED, that to the extent permitted by law and existing LIPA agreements, LIPA will:

- 1) cause PPL to provide a buffer on the north side of the project site and to include noise-attenuating materials in its construction of the PPL plants;**
- 2) enhance and maintain the integrity of the buffer planted behind the homes on Polo Street, and the integrity of the fire break on the north side of the project site;**
- 3) make reasonable efforts to have the County of Suffolk restore and landscape the islands on the east and west sides of Commack Road from the Long Island Expressway to Polo Street and Pine Hill Lane;**
- 4) provide for the operation of the PPL plants to be used as needed to meet demand up to the limits of the air permit issued by the New York State Department of Environmental Conservation; and**

- 5) not build, nor have built on its behalf, nor purchase power from, any additional electric generation plants – i.e., over and above the PPL plants, and other existing generation plants including the 44 MW plant owned by the Power Authority of the State on New York and any co-generation plants, as maintained and/or repowered within those plants' capacities – sited on land now owned by the State of New York or LIPA on the current or former grounds of the Pilgrim State Hospital in Brentwood (Town of Islip).

* * *

Chairman Kessel requested Mr. Davidson to give a report concerning the restoration of trees in Southampton.

Mr. Davidson reported that in January of 2002, as part of a tree-trimming project, approximately one-hundred trees were removed in Southampton along Montauk Highway. He continued that most were diseased, but thirty or more of the trees were large, and their disappearance caused community consternation.

Mr. Davidson stated that LIPA has worked with Assemblyman Thiele, Supervisor Heaney, the Supervisor's staff, citizens advisory committees and Whitmore's Nursery to create a restoration plan. He continued that all parties have agreed on a plan that involves considerable replanting with wire-friendly trees and with some greater setbacks from the road for larger trees, so that they will not grow into the power lines.

Mr. Davidson reported that Whitmore's Nursery will be donating the trees, and LIPA will contribute the labor and will also contribute to the citizens advisory

committees in Bridgehampton and Watermill for beautification purposes. He added that LIPA and KeySpan will work to enhance the landscaping at the Bridgehampton Operations Center on Montauk Highway. He further reported that the planting will begin this week to coincide with Arbor Day, and that LIPA has received a positive reaction from the town regarding LIPA's cooperation.

Chairman Kessel thanked Mr. Davidson and his staff for their great work on this sensitive issue and he noted that he is pleased with the positive feedback LIPA has received for its efforts, which are part of LIPA's outreach to the community. The Chairman added that community outreach is sometimes difficult, but it pays dividends.

Chairman Kessel announced that Ms. Taylor will be leaving her position as Chief Financial Officer of LIPA to join Governor Pataki's staff, and she will oversee all of the State's public authorities, including LIPA. The Chairman commended Ms. Taylor for being an extraordinary CFO for LIPA, and he praised her ability to understand LIPA's issues, her knowledge of LIPA's finances and her practical financial sensibility. He indicated his regret that LIPA will lose her strength, knowledge and presence, but he expressed his happiness that LIPA will still be able to work with Ms. Taylor in her new position. He added that she deserves the promotion and position, and he thanked her for her service on behalf of LIPA and the Trustees.

Ms. Taylor thanked Chairman Kessel for his remarks. She stated that she

will not be going far away, and that she will be in frequent contact due to her new position.

Trustee Nugent wished Ms. Taylor the best of luck, and she stated that Ms. Taylor has been a role model for women in the business world.

Ms. Taylor again expressed her thanks to the Board members.

Chairman Kessel entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 8:45p.m.

Respectfully submitted,

Stanley B. Klimberg