

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 121st MEETING

HELD ON FEBRUARY 29, 2000

Pursuant to notice dated February 22, 2000, the Long Island Power Authority (the "Authority") was convened for the one hundred and twenty first time at 11:45 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
NancyAnn Akeson
Harvey Auerbach
Michael Faltischek
Harriet Gilliam
Rupert Hopkins
Robert Maimoni
Vincent Polimeni
Jonathan Sinnreich**

Also representing the Authority were Seth Hulkower, Chief Operating Officer, Stanley Klimberg, General Counsel, David Warren, Chief Financial Officer, Edward Murphy, Vice President and Controller, David Feldman, Budget Director, Ellen Markowski, Special Assistant to the Chairman, William Davidson, Director – Government Affairs, Richard Bolbrock, Vice President – Power Markets, Bert Cunningham, Vice President – Communications, Christopher Furlong, Director –

Customer Relations, Bruce Germano, Vice President – Retail Services, Campbell Ayling, Associate General Counsel, Laurie Leat, Secretary to the Board, Alan Elberfeld, Manager – Retail Access & ISO Relations and Michael Lowndes, Manager – Media Relations.

Upon determining that a quorum was present, the Chairman called the meeting to order.

Chairman Kessel stated that the first item on the agenda is approval of the minutes of the February 3 Board Meeting.

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

474. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE FEBRUARY 3, 2000 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on February 3, 2000, 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 the next item on the agenda is his report

providing updates on some LIPA activities. He indicated that LIPA had a very successful year in 1999 both financially and operationally, due in large part to the cooperative efforts of this Board, the LIPA staff and the Keyspan work force serving LIPA. He stated that the positive financial results were due to a combination of factors, including the strong economy on Long Island, price elasticity from the twenty percent rate reduction, and relatively high demand from the hot summer weather which led to increased revenues. He also particularly commended the employees under contract serving LIPA for their outstanding job and unparalleled dedication.

Chairman Kessel stated that the Public Service Commission is meeting in Albany today to consider approving LIPA's request to build the new transmission line in Southampton, which is a critical project to meet energy needs. He stated that he is hopeful PSC approval will be granted so that construction can begin immediately and the project can be completed by June.

Chairman Kessel indicated that, as a result of a request from the Governor, he has asked LIPA's financial team to examine whether LIPA can extend the rate freeze beyond the five years LIPA previously committed to.

Chairman Kessel stated that he is closely monitoring the possibility of Nassau County proposing a tax increase on energy, including electricity. He stated

that he might call upon other members of the Board to oppose such a proposal.

Chairman Kessel stated that he just received a message that the PSC has approved today LIPA's application for the new transmission line in Southampton. He stated that LIPA can move forward on this project tomorrow. He thanked Mr. Furlong, Mr. Hulkower, Mr. Bolbrock and everyone else who worked on this project for a job well done.

Chairman Kessel stated that the next item on the agenda is the operating report. He asked Mr. Hulkower to present the report to the Board.

Mr. Hulkower stated that LIPA has set new goals for economic opportunity, including higher targets for expansion/attraction and for retention/revitalization than in 1999.

Mr. Hulkower stated that revenue collections are continuing at about the same rate.

Mr. Hulkower stated that the call answer rate of 98.1 percent in January was very good. He indicated that there were no major storms that month.

Mr. Hulkower reported that the Customer Average Interruption Duration

Index (CAIDI) is down to sixty-eight minutes, a superb figure. He stated that it is becoming more difficult to compare LIPA to utilities in the rest of the State. He indicated that the PSC has stopped collecting much of the data from the other utilities because the PSC staff has been focused on Y2K matters.

Mr. Hulkower stated that in reference to the new transmission line project in Southampton, three important items need to be considered: an archeological site; a grasslands site with a protected species of juniper berry; and questions on configuration of the substation in the Village of Southampton. He indicated that he will undertake a further examination of the substation and offer some alternative proposals to the community to minimize impacts from the substation.

Mr. Hulkower then addressed the Momentary Average Interruption Frequency Index (MAIFI), where momentary interruptions are defined as outages of less than five minutes. He reported that LILCO's electric customers in 1996 experienced, on average, twelve-and-half momentary interruptions. He stated that in 1996 LILCO started a program to reduce the momentary outages and LIPA continued that program through efforts including installation of digital feeder protection relays (DFP) on the worst performing lines. He indicated that by the end of 1998, the performance of circuits having DFPs was almost indistinguishable from other circuits. He stated that at that point LIPA ramped down the number of DFPs installed each year; and to improve the MAIFI LIPA has focused on specific customer

factors. In this regard, Mr. Hulkower continued, LIPA has targeted manufacturing facilities with sensitive processes that contribute to momentary interruptions. He indicated that LIPA's program has been successful in reducing the MAIFI to about 7.8 per year.

Deputy Chairman Foye asked what the input was from industrial customers, and stated he assumed it was very positive. Mr. Hulkower replied that the input was very positive and industrial customers want to know why they do not each have their own DFP.

Deputy Chairman Foye asked how much capital has been invested on an annual basis for the past couple of years. Mr. Hulkower replied that he will obtain that information.

Trustee Akeson asked if the direct pay program has contributed to the decrease in thirty-day arrears. Mr. Hulkower stated that the direct pay program has just started and that he expects it will improve the payment schedule.

Trustee Akeson asked when LIPA turns off the electricity for non-payment. Mr. Furlong described the general collection process and indicated that for a customer in arrears for the first time, the electricity may be turned off for nonpayment typically between seventy and ninety days after the bill is rendered.

Trustee Akeson asked if LIPA has an arrangement allowing a customer to pay a few months in advance. Mr. Furlong indicated that LIPA makes available a budget billing arrangement under which the monthly bills are levelized, but that LIPA does not seek to collect money in advance because under LIPA's tariff interest must be paid on amounts outstanding to customers over thirty days.

Trustee Sinnreich asked if LIPA is more aggressive with respect to turnoff policies for commercial or industrial customers as compared to residential customers. Mr. Furlong stated that LIPA has a formal policy to be more aggressive with business customers, giving them forty days before action is taken.

Trustee Maimoni asked if there is a special arrangement for people on social services. Mr. Furlong replied that LIPA has a cold weather disconnect policy, under which LIPA will not turn off service from November 1 to April 1 in the case of customers registered as having young children, elderly people or people with health problems in the residence. He stated that field collectors have explicit instructions to err on the side of safety if there is any type of health problem, and LIPA refers such cases to the social services agency. Mr. Hulkower stated that the revenue collection program works very actively with the Department of Social Services (DSS). He indicated that DSS pays LIPA directly on behalf of customers who are not able to manage their money. Mr. Furlong indicated there is another program under which

LIPA will conduct a financial check on customers in arrears. He stated that if it is shown those customers have the means to pay, e.g., they are paying their other bills on time, LIPA may send those customers a letter indicating that LIPA plans to pursue legal action if the electric bills remain unpaid.

Deputy Chairman Foye asked if LIPA will aggressively promote the direct pay program. Mr. Furlong replied yes. Chairman Kessel stated that LIPA is considering other programs for the future such as online payment. Deputy Chairman Foye asked how much it costs LIPA to process a bill and how much will LIPA save with the direct pay program. Mr. Furlong stated that with direct pay the savings is about fifty cents per bill. He stated that the larger savings will come when LIPA offers Internet billing. Deputy Chairman Steinberg asked who is looking into this program for LIPA and how much is budgeted for it this year. Mr. Hulkower stated that the cost of the preliminary work is built into the costs to LIPA under the Management Services Agreement, and that KeySpan is obligated to do this work on behalf of LIPA. Trustee Affrunti asked if there is an incentive for ratepayers to participate in this program. Mr. Furlong replied that the incentive is convenience. Deputy Chairman Steinberg encouraged LIPA to actively pursue the Internet billing program.

Chairman Kessel asked Mr. Warren and Mr. Murphy to deliver the financial report.

Mr. Warren stated that today LIPA is closing its books for 1999. He stated that final reports will be assembled and a more detailed plan will be submitted in advance of the March meeting.

Mr. Warren stated that LIPA's cash position remains strong, with approximately \$510 million invested. He stated that working capital is approximately \$350 million.

Mr. Warren stated that the Public Authorities Control Board approved the resolution authorizing the sale of the Series 2000A bonds. He stated that the defeasance of certain LILCO debentures addressed at the previous Board of Trustees meeting will take place over the next two days. He indicated that LIPA will settle the transaction in two days. He stated that LIPA will follow through with filing a notice with the SEC to suspend LIPA's requirements under the 1934 Act to produce separate 10Q and 10K reports for the subsidiary.

Deputy Chairman Steinberg asked Mr. Warren what he is projecting in terms of total amounts to be issued this year and next for new bonds and what he is projecting for defeasance for this year and next. Mr. Warren replied that right now he would see LIPA selling up to \$250 million worth of debt this year for capital projects. He stated that with respect to the retirement question, he would need to

look up the exact figures but he thinks the figures are probably somewhere in the \$60 to \$80 million range for scheduled retirements this year. With respect to optional retirements, he indicated that he expects LIPA will be able to retire a larger amount than the \$110 million that was projected for this year.

Deputy Chairman Steinberg stated that he would love to see LIPA retire more. Mr. Warren agreed and indicated that the retirements will ramp up over time.

Deputy Chairman Steinberg asked if LIPA is at a comfortable level in terms of the rating agencies. Mr. Warren replied yes.

Deputy Chairman Steinberg asked what the financial impact is on LIPA from rising oil prices. Mr. Murphy replied that LIPA has completed an analysis for the year 2000 regarding the tariff fuel adjustment clause, and no adjustment is expected to be required as a result of projecting for the twelve months ending December 31, 2000. He indicated that in the year 2000, LIPA is committed to trying to do everything reasonably possible to avoid having to raise rates as a result of the oil price increases. He stated that the fuel adjustment clause includes a dead band of \$10 million and that to help offset fuel price increases, LIPA has set aside from 1998 an additional amount of \$22 million, which was recorded as a favorable fuel adjustment. Chairman Kessel credited the Board for its prior wise decisions to keep that \$22 million in reserve; and for avoiding the need for LIPA to increase rates like

other utilities have done using a fuel adjustment clause.

Trustee Maimoni asked how it works to LIPA's benefit to pay back debt incurred at favorable interest rates, while borrowing additional money at higher interest rates. Mr. Warren replied that sometimes when LIPA has dollars to invest in terms of repaying debt, LIPA is not necessarily ready to use such funds for capital projects. He stated that in some cases LIPA also receives significant credit from the financial community for buying down debt.

Chairman Kessel stated that the next item on the agenda is a resolution to terminate LIPA's two-phased RFP process for the evaluation and construction of an electric transmission cable to be interconnected between New Haven, Connecticut and the Shoreham site by May 2002. He stated that LIPA staff and TransEnergie have concluded that there would likely be more desirable transmission connection alternatives to meet LIPA's and TransEnergie's needs. He indicated that LIPA has gained much useful information from the RFP process, and it is desirable to issue one or more RFPs to take advantage of new technologies that are becoming available.

Deputy Chairman Steinberg asked whether LIPA expects to receive more responses to future RFPs, considering that LIPA received one response to the prior RFP regarding a Cross-Sound cable. Chairman Kessel responded that since new

technologies and further knowledge have been developed, additional responses may be forthcoming.

Trustee Sinnreich stated that he agrees with the decision to terminate this RFP process. He expressed concerns whether this decision could have been arrived at earlier, whether LIPA is getting the best possible service from its consultant, and whether LIPA is adequately staffed in the technical and operational areas so as to avoid undue reliance on that consultant. He stated that LIPA has a superb staff, so that his concern on staff focuses on quantity, not quality.

Chairman Kessel stated that LIPA needs more technical staff, which will reduce reliance on consultants. He stated that it is difficult to attract the necessary qualified people given the below-market salary levels LIPA offers as a State public authority.

Trustee Polimeni stated that LIPA should not hire employees for one-time projects, since the employees will not be needed once the projects are completed. Chairman Kessel indicated that there are so many projects that there is a need to hire more staff.

Deputy Chairman Foye stated that LIPA should establish a reasonable timetable for staff to respond to the Board on some of the questions and policy

concerns that Trustee Sinnreich has raised. Chairman Kessel agreed. Mr. Hulkower added that workshops are being set up for the Board to review staffing levels.

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

475. RESOLUTION APPROVING THE RECOMMENDATION TO TERMINATE THE CROSS-SOUND CABLE RFP PROCESS COMMENCED IN JANUARY 1998

WHEREAS, in January 1998, in response to Long Island's need to secure additional sources of electric power supply by the year 2002, LIPA commenced a two phase Request for Proposals ("RFP") process for the evaluation and potential development of an electric transmission cable to be interconnected between New England and Long Island for operation by May 2002 ("Cross-Sound Project" or "Project");

WHEREAS, the first phase of the Project ("Phase I") consisted of an evaluation of the economic, technical and environmental feasibility of constructing the Project and the second phase ("Phase II") contemplated the construction, development and private ownership of the Project;

WHEREAS, TransEnergie U.S. Ltd. ("TransEnergie") was selected to perform Phase I of the Project and submitted its evaluation study to LIPA on October 1, 1999, confirming that the Cross-Sound Project is technically, economically and environmentally feasible and could be in operation by May 2002;

WHEREAS, based on the findings contained in the Phase I evaluation, LIPA issued the Phase II RFP seeking proposals for the development of a 600 MW, HVDC technology based cable to interconnect between New Haven, Connecticut and the Shoreham site, on a merchant basis, to be in service by May 2002;

WHEREAS, on December 8, 1999, LIPA received one proposal in response to the Phase II RFP, from TransEnergie;

WHEREAS, prior to LIPA's final recommendation to the Trustees regarding Phase II of the Project, TransEnergie withdrew its proposal, and thus there are currently no proposals in response to LIPA's Phase II RFP;

WHEREAS, LIPA believes, and TransEnergie acknowledges in both its proposal and

its letter withdrawing its proposal, that there would likely be more desirable transmission interconnection alternatives available to meet LIPA's need for future power;

WHEREAS, it is not in the best interests of LIPA's ratepayers to proceed with the Project as described in the RFP issued in January 1998;

NOW, THEREFORE, BE IT RESOLVED that the Cross-Sound Cable Project, as contemplated by the RFP process commenced in January 1998, is terminated.

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Chairman Kessel stated that the next item on the agenda is a resolution to adopt amended Investment Guidelines.

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

476. APPROVAL OF LONG ISLAND POWER AUTHORITY INVESTMENT GUIDELINES

WHEREAS, the Long Island Power Authority (the "Authority") is required by Section 2925(6) of the Public Authorities Law, as amended, to annually review and approve investment guidelines which 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 existing Investment Guidelines to reflect the Authority's current investment needs and practices, to conform certain provisions with the terms of the Authority's bond resolutions and to make certain other amendments;

NOW THEREFORE IT IS RESOLVED, that the Authority hereby approves and adopts the "Long Island Power Authority Investment Guidelines (February 29, 2000)" 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 Investment Securities, as defined in such Investment Guidelines, entered into after the date hereof.

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Chairman Kessel stated that the next item on the agenda is a resolution to approve an underwriting syndicate for Series 2000A Bonds for the purpose of funding the Shoreham Settlement. He stated that implementation of the settlement will not move forward before Nassau County signs the Shoreham Settlement Agreement.

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

477. RESOLUTION APPOINTING UNDERWRITERS FOR THE PROPOSED SALE OF AUTHORITY BONDS, SERIES 2000 A

WHEREAS, the Long Island Power Authority (the "Authority") was created by the Long Island Power Authority Act (the "Act"), constituting title 1-A of Article 5 of the Public Authorities Law of the State of New York; and

WHEREAS, the Act empowers the Authority, among other things, to issue its bonds for any purposes authorized hereby; and

WHEREAS, the Authority intends to issue bonds to fund the payment of credits to all LIPA customers, in accordance with the Shoreham Settlement Agreement; and

WHEREAS, the Authority will need to employ the services of qualified investment banking firms to assist in the sale of such bonds to the public; and

WHEREAS, the Authority, pursuant to a Request for Proposals (RFP) issued in January 1998, selected several qualified firms to provide underwriting and investment banking services to the Authority, including the sale of Authority bonds to finance the acquisition of the Long Island Lighting Company, capital improvements to the LIPA system and other projects consistent with the Authority's purpose; and

WHEREAS, firms selected through the 1998 RFP process are eligible to serve for an unspecified period of time, at the discretion of the Authority; and

WHEREAS, the Authority may appoint an underwriter syndicate from the firms selected through the 1998 RFP; and

WHEREAS, Goldman, Sachs, having served as Financial Advisor to the Authority in 1998, offers special expertise and superior qualifications that will assist the Authority in the sale of its bonds;

NOW THEREFORE BE IT RESOLVED, that the Authority appoint Bear Stearns & Co. Inc., Lehman Brothers and Salomon Smith Barney to serve as senior managing underwriters for the sale of the Authority's Series 2000A Bonds and that Bear Stearns & Co. Inc. serve as the book-running senior manager for such sale; and

BE IT FURTHER RESOLVED, that the Authority appoint Dain Rauscher, Inc., First Albany Corporation, Goldman, Sachs, Merrill Lynch & Co., J.P. Morgan & Co. and Paine Webber Incorporated to serve as senior co-managing underwriters for the sale of the Authority's Series 2000A Bonds; and

BE IT FURTHER RESOLVED, that the Authority appoint the following firms to serve as co-managing underwriters on the sale of the Authority's Series 2000A Bonds:

**ABN AMRO Inc.
Advest, Inc.
M. R. Beal & Company
J. C. Bradford & Co.
CIBC Oppenheimer
A. G. Edwards & Sons, Inc.
Fleet Securities, Inc.
Raymond James & Associates, Inc.
Key Capital Markets, Inc.
Lebenthal & Co., Inc.
David Lerner Associates, Inc.
Prudential Securities
Samuel A. Ramirez & Co., Inc.
Roosevelt & Cross, Inc.
William E. Simon & Sons Municipal Securities, Inc.; and**

BE IT FURTHER RESOLVED, that this resolution shall take effect when the Shoreham Settlement Agreement has been executed by all parties, and that the Shoreham Settlement Agreement will not be implemented before it has been

executed by all parties.

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Chairman Kessel stated that the next item on the agenda is a resolution approving the Third Supplemental Bond Resolution and Issuance of Series 2000A Bonds. The Chairman stated that the bonds will not be issued before Nassau County signs the Shoreham Settlement Agreement.

Upon motion duly made and seconded, the following resolution was approved with Trustees Maimoni, Hopkins and Polimeni opposing:

478. ISSUANCE OF CERTAIN ADDITIONAL ELECTRIC SYSTEM GENERAL REVENUE BONDS AND APPROVAL OF CERTAIN RELATED AGREEMENTS AND INSTRUMENTS

WHEREAS, Long Island Power Authority (the "Authority") was created by the Long Island Power Authority Act (the "Act"), constituting title 1-A of Article 5 of the Public Authorities Law of the State of New York; and

WHEREAS, the Act empowers the Authority, among other things, to issue its bonds for any purposes authorized thereby; and

WHEREAS, the Act authorizes the Authority to adopt bond resolutions establishing the contract with its bond and note holders; and

WHEREAS, on May 13, 1998 the Authority adopted its Electric System General Revenue Bond Resolution (the "General Bond Resolution"), which, consistent with the Act, authorizes bonds of the Authority, designated as "Electric System General Revenue Bonds" (the "Bonds"), as special obligations of the Authority in accordance with the terms thereof for, among other purposes, funding a program of customer rebates and credits associated with the Property Tax Settlement (as defined therein); and

WHEREAS, Section 205 of the General Bond Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental

resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Bonds;

WHEREAS, that there has been prepared and submitted to the Trustees a form of Third Supplemental Resolution (the "Third Supplemental Bond Resolution") for the purpose of authorizing the issuance, sale and delivery of Electric System General Revenue Bonds, Series 2000A of the Authority (the "Series 2000A Bonds") in order to refinance certain outstanding debt of the Authority's subsidiary and to finance certain other costs therein described; and

WHEREAS, the Authority has previously purchased and retired approximately \$148 million of Series 1998A Bonds as part of the Authority's program of retiring Acquisition Debt (as defined in the General Bond Resolution) and for the purpose of assisting the Authority in complying with the tax covenants relating to its Bonds and such Series 1998A Bonds were allocated for such purpose at the time of their purchase by the Chief Financial Officer;

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

1. The Third Supplemental Resolution, in the form presented to this meeting and made a part of this resolution as though set forth in full herein, is hereby approved and adopted. The Chairman of the Authority is hereby authorized to deliver the Third Supplemental Bond Resolution to the Trustee (as defined in the General Bond Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chairman, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

2. Each Authorized Representative (as defined in the Third Supplemental Bond Resolution) is hereby authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out the issuance, sale and delivery of the 2000A Bonds and for implementing the terms of, and the transactions contemplated by, the Third Supplemental Bond Resolution and this resolution and each of the documents authorized thereby and thereby.

3. The Chief Financial Officer is hereby authorized to evidence the retirement of a portion of the Acquisition Debt for purposes of the provisions of the General Bond Resolution by the delivery of a certificate to the Trustee under the General Bond Resolution. The allocation for tax purposes of the retired Series 1998A Bonds among the uses of the proceeds thereof by the Chief Financial Officer is hereby ratified and confirmed.

4. This resolution shall take effect when the Shoreham Settlement Agreement has been executed by all parties. The Shoreham Settlement Agreement will not be implemented before it has been executed by all parties.

* * *

With respect to the new transmission line project in Southampton, Chairman Kessel stated that an issue arose concerning KeySpan's dual roles as manager of the project, including related procurement, and as a party having an interest in a winning bid. He indicated that while at this time he does not believe that KeySpan did anything wrong or inappropriate, certain issues are raised relative to LIPA/Keyspan relationships pertaining to future projects. He indicated that such issues should be examined by a Special Committee.

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

**479. RESOLUTION ESTABLISHING A SPECIAL COMMITTEE ON
LIPA/KEYSPAN RELATIONSHIPS**

WHEREAS, a subsidiary of KeySpan Corporation is the Manager of LIPA's electric transmission and distribution system ("T&D Manager") pursuant to a Management Services Agreement ("MSA"); and

WHEREAS, the KeySpan T&D Manager, subject to the MSA, manages various projects involving the T&D system, including issuing requests for proposals seeking bids for work involving the T&D system; evaluating bids and responses submitted and making related procurement decisions; and assisting LIPA in procurements involving the T&D system; and

WHEREAS, KeySpan Corporation owns, controls and/or has interests in business units that may submit bids or proposals for work involving the T&D system; and

WHEREAS, KeySpan's multiple roles and potentially conflicting interests in matters involving the T&D system may raise legal and other questions;

NOW, THEREFORE, BE IT RESOLVED, that there is hereby established a Special Committee on LIPA/KeySpan Relationships to examine such questions and relationships between LIPA and KeySpan relating to future projects involving the T&D system, and to report back to the Authority Board of Trustees as soon as possible on this subject; and be it further

RESOLVED, that Michael Faltischek is appointed Chairman of that Committee, and NancyAnn Akeson and Jonathan Sinnreich are appointed members of that Committee, and that the Authority Chairman is empowered to make such changes to these appointments and to make such other appointments and changes thereto to that Committee as the Authority Chairman deems appropriate; and be it further

RESOLVED, that this resolution shall take effect immediately.

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Chairman Kessel stated that the next item on the agenda is a resolution to authorize the Chairman to enter into an employment agreement with the Chief Operating Officer, Mr. Hulkower, that would formalize the terms and conditions that Mr. Hulkower is currently working under. Deputy Chairman Foye stated that while this resolution is belated and does not reflect any compensation increase, it is a recognition that Mr. Hulkower has been doing a terrific job.

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

480. RESOLUTION AUTHORIZING ENTRY INTO EMPLOYMENT AGREEMENT WITH CHIEF OPERATING OFFICER

RESOLVED, that the Chairman is hereby authorized on behalf of the Authority to enter into an employment agreement with Seth D. Hulkower, Chief Operating Officer of the Authority.

* * *

Chairman Kessel stated that the last item on the agenda is a resolution approving the Authority's entry into a memorandum of understanding with the New York State Consumer Protection Board, pursuant to which the Authority would provide \$204,000 from its ratepayer advocacy fund to the CPB to assist in consumer advocacy activities designed to benefit Authority ratepayers.

Trustee Sinnreich asked if the CPB has made a commitment to LIPA to become involved with future LIPA proceedings and if LIPA has any other plans for the ratepayer advocacy fund. Chairman Kessel replied that the CPB has already participated in the Long Island Choice proceeding as well as in Authority budget activities, and that the CPB will be active on Long Island in working with LIPA and some community groups in a positive way. He stated that LIPA is working on guidelines for the ratepayer advocacy fund and has heard from other groups requesting funds.

Trustee Hopkins suggested that the resolution be amended to reflect that this is a one-time allocation of funds to the CPB that may be revisited on an annual basis. He emphasized that the ratepayer advocacy fund is not an entitlement program.

Upon motion duly made and seconded, the following amendment was

approved with Deputy Chairman Foye opposing:

481. RESOLUTION TO AMEND RESOLUTION APPROVING PROVISION OF FUNDS TO STATE CONSUMER PROTECTION BOARD FROM RATEPAYER ADVOCACY FUND

RESOLVED, that the proposed resolution approving provision of funds to State Consumer Protection Board From Ratepayer Advocacy Fund be amended to state that the provisions of \$204,000 to the CPB constitute a one-time allocation of funds that may be revisited on an annual basis.

* * *

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

482. RESOLUTION APPROVING PROVISION OF FUNDS TO STATE CONSUMER PROTECTION BOARD FROM RATEPAYER ADVOCACY FUND

WHEREAS, the Long Island Power Authority (“Authority”) previously established a one million dollar Ratepayer Advocacy Fund (“Fund”);

WHEREAS, the New York State Consumer Protection Board (“CPB”), a New York State agency within the Executive Department, has over the past thirty years represented the interests of residential and small business ratepayers throughout the State, and has been an active party in every Long Island Lighting Company (“LILCO”)–related electric and gas proceeding for the past twenty-five years;

WHEREAS, the CPB has requested funds from the Authority to assist the CPB in carrying out consumer advocacy activities intended to benefit LIPA’s residential and small business electric service ratepayers;

WHEREAS, in view of the CPB’s substantial experience and expertise in consumer advocacy activities including the electric utility industry in New York State, it would be appropriate and beneficial to LIPA and its ratepayers to provide \$204,000 to CPB from the Fund, which will help support the CPB in its advocacy activities designed to further those ratepayers’ interests;

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby approve the provision of \$204,000 from the Authority's Ratepayer Advocacy Fund to the CPB, which will assist the CPB in carrying out consumer advocacy activities designed to benefit LIPA's ratepayers; and be it further

RESOLVED, that this provision of \$204,000 to the CPB constitutes a one-time allocation of funds that may be revisited on an annual basis; and be it further

RESOLVED, that the Chairman and his designees are authorized to enter into and execute a Memorandum of Understanding between the Authority and the CPB in substantially the form of the attached draft MOU dated February 16, 2000, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chairman, to effect the executed MOU.

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Chairman Kessel entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 2:40 p.m.

Respectfully submitted,

Stanley B. Klimberg