

**LONG ISLAND POWER AUTHORITY
MINUTES OF THE 148th MEETING
HELD ON NOVEMBER 14, 2002**

Pursuant to notice dated November 7, 2002, the Long Island Power Authority (the "Authority") was convened for the one hundred and forty-eighth time at 10:07 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
Harvey Auerbach
Thomas A. Doherty
Edna Gerrard
Robert S. Maimoni
Nancy Nugent
Vincent Polimeni**

Also representing the Authority were Stanley Klimberg, General Counsel, Edward Grilli, Chief of Staff, Seth Hulkower, Chief Operating Officer, Anastasia Song, Acting Chief Financial Officer, Edward Murphy, Chief Administrative Officer, 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 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:

608. 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 10:08 a.m. the open session of the Board of Trustees was temporarily adjourned and an executive session of the Board of Trustees was convened.

At 11:05 p.m. the executive session was adjourned and the open session was reconvened.

After noting that no votes were taken in the executive session, Chairman Kessel stated that the first item on the agenda is approval of the minutes of the September 26 Board meeting. Upon motion duly made and seconded, the following resolution was approved with Deputy Chairman Steinberg abstaining:

609. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE SEPTEMBER 26, 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 September 26, 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.

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Chairman Kessel indicated that the next item on the agenda is Board consideration of resolutions adopting negative declarations under SEQRA for proposed power projects at sites in Far Rockaway and North Bellport, and granting the authority for the Chairman or his designees to negotiate and enter into power purchase agreements and take other necessary actions to effect the projects.

Chairman Kessel stated that currently LIPA would not have enough power to supply its customers if LIPA were to lose a major generation plant or transmission line, despite the installation of ten fast track generation units for the summer of 2002. The Chairman indicated that LIPA's sales and peak load increased this past summer, exceeding 5,000 MW on two occasions. He continued that this level of usage was not projected until 2013, and the sale of electricity increased by ten percent from the summer of 2001 to the summer of 2002. He added that there is no certainty the Cross-Sound cable will be operational next summer, considering the differences between the State of Connecticut and the Army Corps of Engineers.

Chairman Kessel stated that the 200 MW in temporary generation supplied by General Electric this past summer will not be available for next summer, although this may be offset by the full restoration of a transmission line. The Chairman again highlighted that while LIPA has made significant expenditures on energy efficiency and conservation, LIPA cannot guarantee that the supply of electricity will be sufficient if there is a loss of a major power plant or transmission line.

Chairman Kessel stated that the resolutions concern proposals for a 54 MW plant in Far Rockaway and a 79 MW facility in North Bellport, for a total of 133 MW. He indicated that there may be a similar proposal to the Board in the future if LIPA still expects a capacity shortage for next summer. He indicated that, with two qualifications, LIPA does not expect to need additional plants before a new base-load power plant is installed (hopefully) by 2005, such as KeySpan's proposed project for the Spagnoli Road site, ANP's proposed project for the Yaphank site, or another proposal. The Chairman stated that the first qualification is final approval and operation of the Cross-Sound cable, and the second qualification is for load growth not to continue at ten percent per summer.

Chairman Kessel requested that Mr. Kass report on the environmental assessment regarding the proposed projects. Mr. Kass stated that he is a member of Carter, Ledyard & Milburn, the environmental counsel to the Authority in connection with these projects. He reported that the matter under consideration has been intensively reviewed with respect to site acquisition, leasing, permitting by Federal and State government agencies, permitting by New

York City for the Far Rockaway point, and certain authorizations and approvals from the NY PSC. He further reported that LIPA is acting as the lead agency.

Mr. Kass reported that the firm of Allee, King, Rosen & Fleming has conducted an environmental review for LIPA in conjunction with the Departmental of Environmental Conservation, which is currently conducting the air review. He continued that a negative declaration is appropriate for both projects.

Deputy Chairman Foye asked whether approval of the SEQRA resolutions will financially obligate or require LIPA to go forward with the projects. Mr. Kass answered that it would not.

Chairman Kessel asked how the issue of particulate emissions has been dealt with in the environmental review. Mr. Kass reported that an extensive analysis of such emissions for the facilities (individually and cumulatively) was conducted, and the impact will be trivial.

Chairman Kessel thanked Queens Borough President Helen Marshall, former Queens Borough President Claire Schulman, Assemblywoman Audrey Pheffer and Brookhaven Supervisor John LaValle for their leadership and foresight in working with LIPA on these projects.

Mr. Kass added that the Suffolk County Department of Health would also review the proposed North Bellport project.

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

610. APPROVAL OF NEGATIVE DECLARATION FOR JAMAICA BAY ENERGY CENTER PROJECT UNDER SEQRA

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

WHEREAS, the Long Island Power Authority (“LIPA”) staff has concluded that LIPA needs at least an additional 200 MW of new generating capacity to be operational by summer 2003 on Long Island and in Far Rockaway, Queens in order to meet customer needs, ensure system reliability and satisfy reliability criteria during summer 2003 and thereafter; and

WHEREAS, over the past several months, LIPA’s staff has prepared, with the assistance of environmental engineers, consultants and counsel, a comprehensive Environmental Assessment of the potential environmental impacts of the proposed Jamaica Bay Energy Center Project in order to determine, under the State Environmental Quality Review Act (“SEQRA”), whether that Project would or might have any significant adverse environmental impacts; and

WHEREAS, LIPA has advised all other potentially involved agencies that LIPA proposes to serve as “lead agency” under SEQRA in connection with the environmental review of the Project, and all such agencies have consented to LIPA’s serving in such capacity; 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 Jamaica Bay Energy Center Project under the State Environmental Quality Review Act, (b) approves and adopts the comprehensive Environmental Assessment, dated November 2002, 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 Jamaica Bay Energy Center in Far Rockaway, Queens as described in the Environmental Assessment and the carrying out of the Project will not, either individually or cumulatively with other LIPA projects, 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 the Chairman or his designee is directed to prepare, file and publish 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.

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

611. APPROVAL OF NEGATIVE DECLARATION FOR NORTH BELLPORT ENERGY CENTER PROJECT UNDER SEQRA

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

WHEREAS, the Long Island Power Authority (“LIPA”) staff has concluded that LIPA needs at least an additional 200 MW of new generating capacity to be operational by summer of 2003 on Long Island and in Far Rockaway, Queens in order to meet customer needs, ensure system reliability and satisfy applicable reliability criteria during summer 2003 and thereafter; and

WHEREAS, over the past several months, LIPA’s staff has prepared, with the assistance of environmental engineers, consultants and counsel, a comprehensive Environmental Assessment of the potential environmental impacts of the proposed North Bellport Energy Center Project in order to determine, under the State Environmental Quality Review Act (“SEQRA”), whether that Project would or might have any significant adverse environmental impacts; and

WHEREAS, LIPA has advised all other potentially involved agencies that LIPA proposes to serve as “lead agency” under SEQRA in connection with the environmental review of the Project, and all such agencies have consented to LIPA’s serving in such capacity; 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 North Bellport Energy Center Project under the State Environmental Quality Review Act, (b) approves and adopts the comprehensive Environmental Assessment, dated November 2002, 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 North Bellport Energy Center Project in Suffolk County, Long Island, including the installation of a 69 kV electric transmission line and a natural gas transmission pipeline, as described in the Environmental Assessment, and the carrying out of the Project will not, either individually or cumulatively with the other LIPA projects, 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 the Chairman or his designee is directed to prepare, file and publish 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.

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Chairman Kessel stated that the next item on the agenda is Board consideration of resolutions authorizing the Chairman or his designees to enter into power purchase agreements and take other necessary actions to carry out the proposed projects in Far Rockaway and North Bellport. Deputy Chairman Foye requested that the proposed resolutions be amended to include the clarification that the Chairman be authorized to negotiate power purchase agreements be subject to Board approval. The Chairman agreed.

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

612. AUTHORITY TO NEGOTIATE POWER PURCHASE AGREEMENT AND UNDERTAKE RELATED ACTIVITIES IN CONNECTION WITH THE JAMAICA BAY ENERGY CENTER PROJECT

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

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

WHEREAS, in order to meet the electricity needs of LIPA’s customers and statewide and location generation requirements established by the New York Independent System Operator (“NYISO”) and the New York State Reliability Council, it is necessary to secure additional sources of power supply from generation located within LIPA’s service area, to be in operation by the summer of 2003; and

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

WHEREAS, by separate Resolution, the Trustees have determined that the Jamaica Bay Energy Center Project will not have any significant adverse environmental impacts and, accordingly, have adopted a Negative Declaration for such Project pursuant to the State Environmental Quality Review Act;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or his designee be and hereby are authorized to negotiate a power purchase agreement with Jamaica Bay Peaking Facility, LLC regarding its Jamaica Bay Energy Center Project, subject to the approval of the Board of Trustees.

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

613. AUTHORITY TO NEGOTIATE POWER PURCHASE AGREEMENT AND UNDERTAKE PREPARATIONS TO ACQUIRE AND LEASE SITE IN CONNECTION WITH NORTH BELLPORT ENERGY CENTER PROJECT

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

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

WHEREAS, in order to meet the electricity needs of LIPA's customers and statewide and location generation requirements established by the New York Independent System Operator ("NYISO") and the New York State Reliability Council, it is necessary to secure additional sources of power supply from generation located within LIPA's service area, to be in operation by the summer of 2003; and

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

WHEREAS, by separate Resolution, the Trustees have determined that the North Bellport Energy Center Project will not have any significant adverse environmental impacts and, accordingly, have adopted a Negative Declaration for such Project pursuant to the State Environmental Quality Review Act;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or his designee be and hereby are authorized to negotiate a power purchase agreement with PSE&G Development LLC regarding its North Bellport Energy Center Project, subject to the approval of the Board of Trustees; and be it further

RESOLVED, that the Chairman or his designee is authorized to undertake preparations necessary to acquire the North Bellport site for the project by purchase, eminent domain, or transfer or jurisdiction, including obtaining the assistance of NYPA and/or the Commissioner of the NYSDOT, subject to the approval of the Board of Trustees.

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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 11:30 AM.

Respectfully submitted,

Stanley B. Klimberg