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2 LONG ISLAND POWER AUTHORITY

3 -----X

4 Public Hearing

5 Re: LIPA Draft Electric Resource Plan

6 -----X

7 Melville Marriott

8 1350 Old Walt Whitman Road

9 Melville, New York

10

11 April 7, 2009

12 7:06 p.m.

13

14

15

16 B e f o r e:

17

18

19 KEVIN S. LAW,

20 President/CEO, LIPA,

21 The Moderator

22

23

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2 A P P E A R A N C E S:

3 For Long Island Power Authority:

4 Mike Deering -

5 Vice President of Environmental Affairs

6 Jim Parmelee

7 Executive Director - Power Markets

8

9 A L S O P R E S E N T:

10 Other LIPA staff

11 The Public

12

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17

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19 Marc Russo

20 Reporter

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PROCEEDINGS

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THE MODERATOR: Can everybody hear

5 me?

6

VOICES: Yes.

7

THE MODERATOR: Well, thank you

8

all for coming.

9

My name is Kevin law. I'm the

10

President and CEO of the Long Island Power

11

Authority.

12

Hi, Fred. How are you? And thank

13

you for you coming.

14

This is our third of three public

15

hearings that we are having on the Draft Energy

16

Electric Resource Plan for LIPA and Long Island.

17

And we had two, one in Hauppauge

18

and one in Mineola over the last week. And this is

19

our evening session. You can never tell which ones

20

are going to be more populated so the bigger crowd

21

was at the first meeting. But that's not atypical,

22 but I thank you for coming nonetheless.

23 I'm going to say some brief

24 opening remarks and then I'm going to hand it over

25 to Jim Parmelee who's going to walk us through the

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2 draft plan. And then if you are interested in
3 speaking on the plan, if you could sign up and I'll
4 call you in the order in which you signed up if
5 you're interested in speaking.

6 So with that, you know, about
7 sixteen months ago when I took over the helm of
8 LIPA, I thought it was important for us to have an
9 updated energy master plan for the Island. So many
10 things have changed in the world and whether it's
11 the price of fuel or the economy in general. And
12 we need to make sure that we're planning and that
13 we're planning for the future.

14 An energy plan takes a long time
15 because we need to try to figure out and look eight
16 to ten years down the road where we see the demand
17 for electricity being here on Long Island, and then
18 how are we going to meet that demand. And it takes
19 a long time to get an energy project off the
20 ground.

21 For example, the most recent first

22 new large power plant that was built on Long Island

23 will be opening up in Brookhaven Town in June of

24 this year. And that, from the time it was

25 originated to the time it got all its approvals and

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2 then through construction, it took more than six
3 years. So energy planning takes a long time. But
4 nonetheless, it's for important for us to use the
5 best information that's available to us and try to
6 project and forecast out where we the see demand
7 going and how we're going to meet that demand and
8 that's what we've attempted to do with this plan.

9 And but for the last several
10 months, because of the lousy economy, the demand of
11 energy on Long Island has increased every year for
12 the last eight years. And it was increasing to the
13 tune of about a hundred megawatts a year.

14 And to put that in perspective,
15 the Port Jefferson Power Plant is 350 megawatts so
16 it means that every three-and-a-half years Long
17 Island is in need of a new resource.

18 And what our plan is concentrating
19 on are four primary areas. We believe our next and
20 best resource is the efficiency, a power plant that
21 we don't have to build, that we can become smarter

22 and more efficient with the energy that we use.

23 That is our first and best next resource. And so

24 the plan is relying heavily on energy efficiency.

25 There is also a big commitment to

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2 renewable power, whether wind or solar. And, you
3 know, everybody wants to go green. And while we're
4 trying to do that, the cost of going green is
5 actually more expensive than the power generated by
6 the fossil fuel plants. And so while it's nice to
7 do that, we are trying to do some of that.

8 The power plants here on Long
9 Island, which are fed by either oil or gas, we
10 don't burn any coal on Long Island, there is a need
11 for that. And so we need to also focus on
12 upgrading our plants because the power plants on
13 Long Island are approaching sixty years old and
14 those plants are not as not efficient as the new
15 one that I just referred to before being built in
16 Brookhaven. In fact, the plants today are twice as
17 efficient as the plants from fifty years ago
18 meaning we burn half the amount of fuel than the
19 older plants, which cuts down our cost and we have
20 half the amount of emissions than the older plants
21 which is good for our environment.

22 And so there is a focus on
23 repowering as well. And so those are really the
24 main elements of our plan and how we see we are
25 going to be meeting our additional future demand

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2 for energy through efficiency, through some
3 renewables and through some repowering of our old
4 plants.

5 And so we can't do everything at
6 once. We need to be cognizant of our customers'
7 ability to pay. And while everybody wants us to be
8 going green, the No. 1 request I get from
9 customers, whether it's commercial or business, is
10 to lower rates and not to be doing anything to be
11 increasing rates. And so I hear our consumers on
12 that issue as well.

13 And as Jim is going to discuss, we
14 just don't plan willy-nilly and we just don't
15 embark down new projects haphazardly. We try to do
16 one pursuant to a plan and we have federal and
17 state mandates and dictates that dictate how much
18 capacity we need here on Long Island and then we
19 need to demonstrate that we have that capacity.

20 And if we don't have it here on
21 Long Island, we need to import it either through

22 the cables that connect us to the New England power
23 grid or to the New Jersey, Pennsylvania and
24 Maryland power grid. And so we import power as well
25 as the power that's generated here on Long Island.

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2 And just one little bit more about
3 background information.

4 LIPA doesn't own any of the power
5 plants on the Island. Ten years ago when the state
6 decided that LIPA would take over LILCO, we took
7 over the transmission and distribution system here
8 on the Island. And the state decided that KeySpan,
9 which is now National Grid, would take over the
10 power plants.

11 And so we don't own power plants.
12 We pay for their maintenance. We pay for every drop
13 of oil or gas that's burned in there. And we pay
14 for our capital improvements to that. And we also
15 pay for all the property taxes that those plants
16 are required to pay to the municipalities.
17 Everything is a pass-through from KeySpan, now
18 National Grid, to us, and that was the way the
19 system was designed ten years ago.

20 Is that the best system? I'm not
21 so sure. It's something else we're taking a look

22 at. In addition to our infrastructure plan that
23 this plan will discuss, I'm also reviewing our
24 business model and looking at what is the model
25 that makes the most sense. You know, should we own

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2 the generation as well as the transmission that we
3 currently own? And then if we own the generation
4 and the transmission, should we also keep the
5 employees who work for National Grid who do all
6 their work for LIPA. Those are the things that I'm
7 looking at. And I will -- when we have that
8 analysis done, I will share that publicly as well.
9 And we'd like to get some feedback on that.

10 The only criteria that I'm using
11 for that business model examination is what model
12 makes the most sense for our ratepayers. And so
13 we'll take a look at that as well.

14 You know, we're all in this
15 together. It's a system that I inherited since I've
16 taken over. It's a system that we all inherited
17 and just because that's the way it is doesn't mean
18 that's the way it should be. And we shouldn't be
19 adverse to change if we can demonstrate that
20 there's a better way of doing it. So we're taking a
21 look at that at as well.

22 But that's the focus of the
23 hearing tonight. The hearing tonight is to brief
24 you on our Resource Plan, and then to hear from you
25 and get your comments.

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2 And again, after Jim gives his
3 presentation, we'll take comments from the people
4 who have signed up to speak.

5 So, again, thank you for coming
6 and now I'll introduce Jim Parmelee who's going to
7 walk us through the plan.

8 MR. JIM PARMELEE: Thank you,
9 Kevin.

10 I'm going to start off by
11 reviewing some of what Kevin already touched on
12 which is how our -- is this better? How our load
13 has grown in the past and where we project it to go
14 in the future.

15 This first line that should appear
16 here is the forecast of peak load that we had from
17 2001 to 2008. This is what we thought our load was
18 going to be when we looked out one year ahead, I'm
19 sorry, projected load growth.

20 When we looked at what happened in
21 reality, the load jumped all over the place. And

22 the main cause for this fluctuation is the fact

23 that weather has a huge impact on what our peak

24 load is. If you have a very hot summer, electricity

25 use is real high. If it's a cold summer,

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2 electricity use is low and it's very hard if you
3 try to plan against a load growth that looks like
4 this.

5 So what we do is what's called
6 weather normalization where we say, what if we had
7 had a normal summer instead of a hot summer, cold
8 summer and we recalibrated based on a statistical
9 analysis of our load data, what the load would have
10 been if the peak load had been a normal peak summer
11 day. And this dark blue line is what we call the
12 normalized peak load.

13 And as you can see, we were
14 growing a little faster than projected for a while
15 and then we'd been tracking pretty much on track,
16 a little bit above. And this is the 100 megawatt
17 per year that Kevin was talking about.

18 Then we take this normalized load
19 and we forecast what the normalized load would be
20 into the future. And up until this November, this
21 dark blue line projected out, is what we thought

22 our load -- how our peak load is going to grow over
23 time. Now, with the change in economic conditions
24 we had to adjust for that and with the current
25 recession rolled into the model, we've got this

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2 green line which is where we think load is going to
3 be. We expect for the next few years load will be
4 reduced by the economic conditions and then it will
5 go on a parallel track going out in the future.

6 Once we have this normalized load,
7 we have to take into account all sorts of
8 uncertainty. Again, the load growth could vary. The
9 weather conditions can be high or low. You've got
10 to adjust to that.

11 We have a program which encourages
12 our retail customers to use other people to supply
13 their electricity. So we have uncertainty on how
14 many customers are going to switch to other
15 suppliers or how many are going to come back.

16 We have an aggressive energy
17 efficiency program. The success of that can vary.
18 Sometimes we overachieve, but sometimes we
19 underachieve so that's uncertainty.

20 When you build new resources,
21 delays can happen. We need to account for that.

22 Even if there's a small delay of a plant, we still

23 need to keep the lights on.

24 Kevin mentioned how the New York

25 State Reliability Council sets standards and the

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2 New York ISO, that's the New York Independent
3 System Operator, sets standards on how much
4 capacity you must have and how much of that
5 capacity has to be on Long Island. And those
6 standards are adjusted annually. And we have to
7 guess at what those are and we plan for the
8 uncertainty of what those might be.

9 And then even our generating fleet
10 of the existing plants that are under contract,
11 their performance varies. If they have a string of
12 outages, their capacity value is decreased and that
13 means to meet these standards we have to add more
14 capacity. If their capacity performance is good,
15 then we get to take more credit for it. So we have
16 uncertainty in that area too.

17 How we deal with this uncertainty
18 is we use probability distribution. Where we can,
19 we measure statistically how these things have
20 changed in the past or we do estimates when there's
21 not enough information for statistical analysis.

22 And we plug it into a statistical model of supply and
23 demand markets and the resources and then we plan
24 to a specified level of uncertainty.

25 The two main standards are the New

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2 York State Reliability Council's Statewide
3 Installed Reserve Margin Standard which is IRM. And
4 when we do our planning, we plan to meet that
5 standard, the expected value or the average value
6 which means that some of the time we'll be below
7 that value. Some of the time is above.

8 We then evaluate the statewide
9 market which is -- we can use to purchase
10 short-term power from. And if that market looks
11 like it's strong and is going to have adequate
12 supplies, we'll plan to buy from that spot market.
13 And if it looks like it's going to be tight, then
14 we'll take corrective action by contracting for
15 some additional thermal capacity from the markets.

16 When it comes to Long Island --
17 the market is much smaller being an isolated area
18 and not having lots of transmission ties to the
19 neighboring systems -- we plan to a higher level of
20 reliability. And that's because if we don't have
21 it, it can't come from anywhere else. We can't rely

22 upon it. So we plan for an 80 percent probability
23 of success or achievement in achieving the New York
24 Independent System Operator Long Island Locational
25 Standard.

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2 And we look at not only the
3 resources under contract to use, but other Long
4 Island resources to see what the situation is.
5 When we're projecting a shortfall, we'll take
6 long-term contracts to corrective action.

7 Now, you're saying, well, that
8 means twenty percent of the time you're going to be
9 short. What we do there is, if we are projecting a
10 shortage of a short term, it's estimated we'll buy
11 temporary generators to fill that gap. And we find
12 that this level of planning is a good mix of
13 finding certainty and also protecting our
14 customers' rates.

15 So if we take a look at history,
16 I'm going to look at two different loads. These
17 peaks are being measured on what we use to serve
18 our customers directly. It excludes other suppliers
19 of power on Long Island like a municipal system or
20 people for us the Retail Choice program.

21 The record peak measure, that big

22 spike in the light blue line we saw on the first
23 slide, is 5294 megawatts in 2006. However, when you
24 get to those normalized loads, the record peak was
25 in the summer of 2008.

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This Statewide Installed Reserve

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Requirement, the projected load we had at that time

4

was 4,880 megawatts. The actual peak load measured

5

4,777. When we adjusted for the fact that 2008 was

6

a little bit cooler than normal, at the time of the

7

system peak the weather normalized load was 4840.

8

So we under forecast by -- over forecasted by about

9

40 megawatts or a little less than one percent.

10

The Installed Reserve Requirement

11

or the Statewide Reliability Council, asked us to

12

have 5612 megawatts to meet projected load. It's

13

more than what that peak is because if something

14

breaks, you need to have something else to rely

15

upon.

16

The natural resources we had under

17

our contract were 5336 and that meant that we had

18

to purchase a minimum of 276 megawatts to meet this

19

standard in 2008.

20

THE MODERATOR: Just to bring it

21

down a notch. There's a difference between capacity

22 and energy. The Reliability Council is telling us
23 how much capacity that we need to have available.
24 It doesn't mean we're using that much energy all
25 the time.

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Today, for instance, we're

3

probably using about, or we used today about 3,000

4

megawatts. But we have to have a system in place to

5

meet our peak demand which is in the summertime

6

when everybody's air conditioning is running and so

7

that is where it brings it up to 5800. But we may

8

only hit 5800 two days for the whole year, but we

9

need to have a system in place with that much

10

capacity to meet that, to be reliable even though

11

today or tomorrow we probably are only hovering

12

around 3,000.

13

MR. JIM PARMELEE: Now, when we

14

the projections go out to 2010, here we have a

15

number of contracts and the new Caithness power

16

plant that's being built on Long Island. We've got

17

the Markus Hook contract and we negotiated for

18

power supplies from New Jersey over the new cable

19

that we have built.

20

The Energy Efficiency Long Island

21

program, ELI, we're assuming that has gotten

22 implemented and then we have the most recent solar
23 RFP for a request of fifty megawatts or recommend
24 fifty megawatts of the contract we negotiated, we
25 assume that the projected portion which is going to

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2 be installed in 2010 actually is installed in 2010.

3 But if you look at what these

4 projected resources do and compare it to the

5 forecasted peak load, our peak load is projected to

6 be 5019 megawatts. The State Reliability Council

7 has changed the percentage requirement for load.

8 They've made it higher so it's now 5,847

9 megawatts. We're projecting with our resources,

10 5,851 megawatts, a surplus of about four megawatts.

11 So while it's ideal for load, we are at our below

12 this level. We had a tenth of a percent more

13 capacity than what we would have liked to have had.

14 Then you have to run this analysis

15 out for a long planning period. And you can see

16 with our projections here that almost every year

17 we're in a deficiency. And that's consistent with

18 our goal. As long as the New York market is

19 strong, our goal is stay at that or less than that

20 Installed Reserve Margin for the entire state.

21 Coming to Long Island it's a

22 different situation. Our goal here is always to
23 have more than the minimum locational requirement.
24 Our projections are that we'll meet that
25 requirement till 2016. And unless we do something

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2 to address these issues, the probabilistic
3 projections show that we need to build something in
4 2016. That established the need.

5 THE MODERATOR: And so if we
6 feel our next need is 2016, it sounds like a far
7 time off, but we're in 2009 now and trying to plan
8 for that next resource -- I told you the last
9 resource we planned for took more than six years to
10 get off the ground and that's a challenge - trying
11 to make decisions today that will be in place for
12 seven years or eight years from now.

13 MR. JIM PARMELEE: So in our
14 draft plan we have the Electric Resource Plan
15 document that's been posted on the website as well
16 as the sections outlined here, including the energy
17 efficiency plan, our environmental action plan,
18 transmission and distribution, fuel management of
19 electric resources.

20 And then we have a number of
21 appendices that are posted or will be posted in the

- 22 next week or two that give a detailed technical
- 23 analysis, an energy primer that sort of gives an
- 24 overview of the electric power system on Long
- 25 Island to get information.

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We had scoping hearings where we asked for input on what should be contained in the plan. We have a summary of those comments and a response to the comments that made the suggestion applicable to the plan. And then a slew of technical reports and appendices that also back up the plan.

The strategic objectives of our plan are five-fold:

Promoting a healthy environment;

Balancing the other objectives of this plan and the impacts on the customers' bills;

Maintaining high reliability with our power system. That's basically the generators and the transmission lines that are used to delivery the power from one place to another; and

Then maintaining of the high reliability of the distribution system which takes the electricity to the individual customer's homes.

And because of this uncertainty and change, we also

22 tried to position ourselves to able to respond to

23 change to manage the risks of those uncertainties.

24 We need to balance all of these

25 items against each other to come up with a good

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2 plan.

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The report provides a plan that

4

has four major focus areas that Kevin talked about:

5

Energy efficiency;

6

Renewable resources;

7

Upgrading the existing fleet; and

8

Improving our interconnections and

9

reliability.

10

Within the report we identified

11

which specific initiatives are committed, meaning

12

that our Trustees will have to approve them and we

13

have funding or authorization to proceed on which

14

ones are planned, which in essence means that the

15

management team believes that these things are

16

pretty certain to go, but we don't have approval

17

from the Trustees. And those are things that we are

18

actively studying to see if they can be

19

incorporated into the plan in a cost effective

20

manner.

21

The report details each of these

1

23

2 plan or is it compared to other alternative plans
3 or not? And we established a reference plan to be a
4 benchmark for comparison purposes.

5 And this benchmark is as close to
6 a do-nothing plan as we could come up with while
7 keeping the lights on. So it basically assumes we
8 don't do energy efficiency or renewables. And it
9 only expands the system of capacity as needed.

10 And we use the most basic new
11 power plants but from other power plants, the gas
12 fired, combined cycle unit and we assumed that they
13 were all on Long Island with no transmission
14 interconnection. And we put a number of them into
15 the plan. They're all similar to the Caithness
16 plant, but a little bit larger to create a
17 yardstick. And the hope was that the different
18 plans that we looked at would perform better than
19 that.

20 We came up with a drawing from the
21 items in the previous slide with a representative

22 plan. And since the Trustees have not made final
23 decisions on everything, some things are under
24 study and we basically said if we took from all
25 those elements and put them into the plan, what

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2 type of performance do we have?

3 Some of the features of the plan

4 is we meet the Governor's 45-by-15 targets. The

5 Governor has basically said that he wants 45

6 percent of the state's energy to come from both

7 renewable resources and energy efficiency. And

8 that goal has actually two subcomponents within it:

9 Energy efficiency, basically conservation of energy

10 by customers and in other parts of the power

11 delivery system is fifteen percent. And he wants

12 to achieve that by the year 2015. Thus, that's

13 where the 15-by-15 program comes from.

14 And then he wants thirty percent

15 of the state's energy to come from renewables.

16 And we already have a fair amount of renewables so

17 the goal here is to increase the amount of

18 renewable energy. So that's thirty percent of the

19 entire state's electric demand.

20 If you add the two together, 30

21 and 15, you get 45 percent and both targets have

22 the year of -- 2015 is the target year. So as part
23 of this, we concluded Long Island renewables, the
24 solar and assumed wind project, we've included
25 repowering of some of the larger steam units,

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2 retirement of some of the oldest power plants on
3 the Island, and also improving interconnections
4 with the neighboring system.

5 Then we measured the performance
6 of the two plants against each other. The top
7 graph shows the reference plan, our yardstick. And
8 the projected amount of capacity that we need to
9 have is that blue line. This is looking at the Long
10 Island locational requirement. Our goal here is to
11 be above this requirement each year.

12 And so we've got the solid blue
13 line on the top graph. It shows what we would need
14 to install. The green bars represent the existing
15 resources that we have under contract or are on
16 Long Island to provide that supply.

17 And then the light blue bars are
18 the additional resources that we have. And remember
19 in this reference plan, all those additional
20 resources were assumed to be new power plants like
21 the Caithness plant.

22 The representative plan has a
23 different strategy. It first uses energy efficiency
24 and it changes the projected need for capacity from
25 the blue line to the green line, reducing the

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2 amount of capacity significantly. And then we have
3 retirement of some of the older existing units or
4 repowering of the older existing plants, that makes
5 the green bars go down over time. So we're getting
6 rid of some of the old and we're bringing in some
7 of the new.

8 And then we still need to add new
9 resources, mostly renewables and also -- some
10 renewables and mostly repowering a few new power
11 plants in Long Island.

12 You'll note that the size of the
13 blue bars in the representative plan is smaller so
14 there's less money we have to invest in the power
15 plants and that's because we're investing money in
16 the most cost effective resource, energy
17 efficiency. And we meet those goals in every year
18 that the study period.

19 Now this is going to the statewide
20 requirement. And here our goal is to try to -- as
21 long as the target is strong, to have resources

22 that are slightly below or equal to the installed

23 requirement.

24 Same concept with the green, is

25 the existing contract. The blue bar is where we

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2 have resources. These were added for on Island
3 requirement. And then we have this gap that's there
4 but it's not too large compared to the total
5 resources.

6 Under the representative plan, the
7 same thing. The green line lowers our requirements.
8 We've got some retirements and repowering going on
9 and new resources added and we're below the year
10 target. So it meets this planning goal too. So it's
11 a balancing act between these two goals. And this
12 representative plan shows both of them.

13 Now we need to look at the
14 performance of the overall system with the power
15 supplies. And one thing that we look at is the
16 energy mix. We don't want to put all of our energy
17 eggs in one basket because if something goes wrong,
18 if gas prices go up or oil prices go up or there's
19 some sort of supply problem, you want to be able to
20 rely on other resources to help meet your needs.

21 And the actual energy mix in 2008

22 is in the upper right-hand corner of this slide.

23 You can see that natural gas is about 35 percent.

24 It's the largest source of energy for us and then

25 economy purchases. That's power purchased from the

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2 spot markets in New England, New York and also PJM
3 which is the New jersey, Pennsylvania and Maryland
4 and a bunch of other states systems to the west of
5 us make up the next largest share.

6 If we went to this reference plan,
7 you see how natural gas is shared and increased to
8 52 percent. We saw that as an unacceptable risk and
9 too much dependance on a single resource.

10 And in the representative plan,
11 the natural gas dependence actually goes down from
12 the 35 percent to 28 percent. The economy purchases
13 are still there in that big slice, but it's not as
14 big. And you see a significant growth in the energy
15 efficiency, that black slice and also renewable
16 energy, the dark blue slice, and then continue this
17 dependance on other resources also. So it's a much
18 more diverse system than the reference plan and
19 today's current system. And so we see that as an
20 improvement in the electric energy mix with the
21 system.

22 We also check the environmental
23 impact. We measure two different emissions for
24 carbon dioxide with is a contributor to greenhouse
25 gases. There's a regional gas, a greenhouse gas

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2 initiative which is basically allowances that are
3 allocated throughout the Northeast. New York State
4 gets a certain share of those. And as a target for
5 planning purposes, we assumed that we were going to
6 try to keep our additions at or below the target --
7 a proportionate share of the New York State
8 allowances were given for power plants.

9 We found that the reference plan
10 exceeds that target to 2015 and the representative
11 plan exceeds the target in 2024.

12 And you're saying, or some of you
13 may be saying, I thought this was a ten-year plan
14 from 2009 to 2018. And it is. The intent of the
15 plan is to guide our decisions in that ten-year
16 period. However, the decision and actions that need
17 to be taken towards the end of the period are
18 influenced what happens into the future.

19 So we're looking at beyond that
20 study period with an idea that it can inform the
21 actions taken during our planning period. So we're

22 looking at doing better in regional greenhouse

23 emissions.

24 The weakness of this goal,

25 however, is that it only counts for power plants

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2 that we own. And one way we can do this is to no
3 longer have contracts or one way to achieve it to
4 meet this target is to just sell all the power
5 plants. You'd have nothing. It's not good for the
6 consumer. So we wanted to look at a larger thing
7 which is the environmental footprint and count the
8 CO2 emissions not only of the plants that we have
9 under contract, but for the power that we buy from
10 the markets and from other sources that aren't
11 under long-term contracts.

12 Again, there's no standard that we
13 need to meet. There's no regulation that says we
14 need to meet any standard. But we adopted, as a
15 planning target, to see what we could do to reduce
16 emissions from now through the year 2020 by ten
17 percent below what our emissions were in 2005 and
18 by 2030 to reduce those emissions by twenty
19 percent. And the reference plan, the dark blue
20 line, shows that every year it fails to meet that
21 requirement.

22 And the representative plan, as we
23 crafted it for this draft plan, comes close in some
24 years and it falls short of meeting those targets
25 in other years. That means that we need to refine

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2 the plan to meet those targets. You can see the
3 first four or five years we're pretty close but
4 further out we need to be looking at a way to do
5 better. That's part of what we're going to be
6 working on before we issue the final plan.

7 We also looked at other pollutants
8 that -- nitrogen oxide emissions and there are
9 allowances that have been allocated to the power
10 plants. Under the reference plan we're in pretty
11 good shape for those years except for a couple.

12 And under the representative plan
13 we were well below the allowances that are
14 allocated to us. And that provides an opportunity
15 to sell those allowances into the market and
16 generate additional revenues to reduce our
17 customers bills.

18 Similarly SO₂, sulfur dioxide
19 emissions, both plans are well below the standards.
20 And the representative plan does better and creates
21 more allowances that can be sold to the market.

22 We looked at production and
23 efficiency. It shows underneath that line how the
24 projected load growth is reduced by using
25 efficiency. But we're also looking at how

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2 efficient is our power as a measurement of its
3 improvement. And in the last ten years, improved
4 the power fleet efficiency by ten percent compared
5 to 1990 levels.

6 Under the reference plan we would
7 project an additional nine percent. The
8 representative plan does even better, an additional
9 sixteen percent, meaning that over that third
10 period we made power production on Long Island
11 about 25 percent more efficient than it was in the
12 past.

13 In conclusion, some of the
14 benefits of the plan is:

15 It provides more diverse energy
16 sources;

17 It meets the 45-by-15 goals as
18 designed;

19 It results in lower CO2 emissions;

20 It meets the NOX, SO2 targets;

21 Electric reduction efficiency

22 improves;

23 Another effect is that customer

24 bills are lower over the planning period compared

25 to the reference plan.

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2 Some of the challenges that we
3 have: It's not a perfect plan yet. We need to
4 refine the plan to meet the CO2 footprint targets.
5 We need to secure funding to keep customer bills
6 under control in the near term while investing for
7 the future. And we need to make sure that these
8 energy efficiency programs are effective so that
9 all of our customers benefit.

10 And that's the conclusion of the
11 presentation of the plan.

12 Kevin.

13 THE MODERATOR: Thank you very
14 much.

15 I should have mentioned it
16 earlier. But we started the process last year,
17 about a year ago. We put together an outline for
18 the plan and we had some public hearings on the
19 outline and we received comments.

20 We've adopted a lot of the
21 comments in the plan. For those we didn't, we

22 explained why in the appendices. And now we have a
23 draft plan. And so what I said I would do is what
24 we're doing and hold some more public hearings on
25 the draft plan, get some more comments and then we

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2 are going to finalize the plan.

3 So, again, this is the third of

4 three public hearings and we will take comments

5 that we receive tonight, as well as the last two

6 days and address them in the final plan.

7 And Jim alluded to it at the end.

8 You know, a plan should be a guide. It should be

9 flexible. We should be willing to change as the

10 change dictates. The road has been upside down for

11 the past year and hopefully things are going to get

12 a little bit more stable. But we need to be able to

13 adapt to changes.

14 And a lot of these projects that

15 we like to do are expensive. And we need to figure

16 out how we're going to pay for them. And certainly

17 the lobbying of stimulus funds, you know, everyone

18 is talking stimulus these days. And the President

19 has put billions of dollars available for energy

20 efficiency programs and renewable energy programs.

21 And we're well positioned to access those dollars.

1

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2 And I do envision that we will get a decent fair
3 share of those funds because we are ready with a
4 plan and we do have shovel-ready projects, to the
5 extent that's the new buzz word these days.

6 And so we're excited about that
7 too and to pursue some of that funding to help us
8 implement parts of the plan.

9 So we are going to go into the
10 hearing. I'm going to ask -- I'm going to take the
11 names in the order in which they signed.

12 I will ask you to state your name
13 for the record and if you're affiliated with any
14 entity. And typically we try to keep comments to a
15 few minutes. It's not a big crowd tonight so I'll
16 have some flexibility, but I'll ask you to keep
17 your comments to the draft plan and that is why
18 we're here tonight.

19 So with that I'm going to go to
20 the first speaker, Klaus Feindler.

21 MR. KLAUS FEINDLER: I have a few

22 questions.

23 The first question concerns the

24 preface to the document and it says there that,

25 completed two combined cycle plants, constructed a

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2 new combined cycle plant. And I wonder, could you
3 identify these three plants?

4 MR. JIM PARMELEE: The first
5 two plants that were referred to were relatively
6 small, roughly eighty megawatt plants that are at
7 Pine Lawn.

8 And the second one is the Calpine
9 plant built in Bethpage. They're relatively small
10 units. The larger one is the Caithness unit which
11 is under construction right now.

12 MR. KLAUS FEINDLER: Thank you.

13 My other question concerns a
14 point, or paragraph 1.7, Long Island Power
15 Authority Business Advisory Panel.

16 I wonder if it would be possible
17 to add two members to this advisory panel, citizens
18 and ratepayers. Because it seems like there's all
19 kinds of other interests that are represented
20 there, as it stands now, but I don't find any
21 citizen's participation in this.

22 THE MODERATOR: Well, again, the
23 business advisory panel is taking a look and going
24 to our business model plan is what I referred to
25 earlier. And I have a mixture of elected officials,

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2 businesspeople. I believe there are some citizen
3 groups represented on there as well. But I'd be
4 happy to take some of your thoughts and comments on
5 that.

6 MR. KLAUS FEINDLER: Okay. Thank
7 you.

8 The last question or point I have
9 is: When you are projecting out the peak load, and
10 you pointed out that it was largely weather
11 dependent during the summertime, how have you or
12 how are you allowing for the effects of global
13 warming as you go out into the future?

14 MR. JIM PARMELEE: Global
15 warming is a really tricky thing. If the globe as
16 a whole warms, it doesn't really project what's
17 going to happen in a specific locality. Some areas
18 may see little effect. Other areas may see a
19 larger effect.

20 So the only thing we can do, given
21 the unknown and the inaccuracies of the current

22 models, is basically observe what is going on
23 today. Our hope is that if there is an effect of
24 global warming, its effects will be gradual enough
25 that we can adapt and change during our planning

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2 process.

3

THE MODERATOR: Thank you, Klaus.

4

The next speaker is Harry Smith.

5

MR. HARRY SMITH: Good evening.

6

My name is Harry Smith. I stand

7

here as a proponent for solar energy.

8

You're Newsday invitation to be a

9

part of the process is why I stand here tonight.

10

Your request for input on your nine-year plan has

11

given me the opportunity to present an idea which

12

may be useful.

13

After reviewing your draft energy

14

master plan and not seeing this idea, I offer this

15

suggestion: I hope to not be considered foolish.

16

I have a 130-megawatt system you can build here on

17

Long Island, own and control. Place solar panels

18

on your light poles to create electricity, to power

19

the grid, power the grid.

20

Place 48 square feet per light

21

pole, three tiers of 4 X 4 on half of your 535,000

22 light bulbs for 130 megawatts, and add transmission
23 lines, telephone poles, light poles on the
24 highways. The sound of these, the sound barrier on
25 the highway, and who knows, may be 500 megawatts. I

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2 know this is expensive. But what other solutions do
3 we have that are non-fossil?

4 Germany produces half of its
5 daytime electricity from solar. You, LIPA,

6 National Grid can own, use and control solar.

7 My idea.

8 Any questions?

9 THE MODERATOR: It's actually a
10 very interesting idea. Certainly not crazy, if
11 that was the word you used.

12 MR. HARRY SMITH: Foolish.

13 THE MODERATOR: Foolish. Certainly
14 not. In fact, New Jersey, PSE&G recently said they
15 are putting some solar panels on their poles and so
16 I'd ask our folks to take a look at that as well.

17 Does it make sense for us. And so I think we are
18 taking at look at that.

19 MR. HARRY SMITH: I appreciate
20 that.

21 THE MODERATOR: And, again, with

22 the solar, it's -- we just announced the largest

23 solar energy project in the state. It's still a

24 drop in the bucket in terms of our overall needs.

25 But we need to get in that direction and so we will

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2 take a look at it.

3 And thank you for coming down.

4 MR. HARRY SMITH: Thank you for
5 your time. And keep up the good work.

6 THE MODERATOR: Thank you,
7 Harry.

8 Fred Gorman.

9 MR. FRED GORMAN: I'm asking that
10 we change what we said before because I didn't
11 completely understand everything. And I guess the
12 sources that I was talking to didn't really know
13 what your plan entailed. We thought it was much
14 larger.

15 So I'm just going to reduce this
16 down to the points, just the bullet points because
17 it is late.

18 LIPA's current resources meets
19 demand with the addition of Caithness. You have
20 enough energy to meet your 2018 expectations
21 particularly if you're successful with your fifteen

22 percent reduction.

23 All those megawatts came off your

24 website, Mr. Law.

25 Now, LIPA estimates the refit of

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2 Island Park, Northport, and Port Jefferson will be

3 approximately 3.6 billion without the cost

4 purchasing of cleanup.

5 LIPA currently has 7 billion in

6 debt. That's just about the same amount of debt

7 that you had when you originally bought LILCO. All

8 right?

9 We just added \$600 million worth

10 of debt and it doesn't pay any principal to 2030.

11 Add 5 to 7 billion to pay no principal debt to buy

12 and cleanup, decommission, retrofit some National

13 Grid plants and build expensive green renewable

14 energy facilities, we can be looking at 12 to \$15

15 billion of perpetual debt.

16 I don't think that's advisable for

17 LIPA because eventually this no principal debt can

18 put you in a situation where you need money and

19 you're not going to be able to get it.

20 I suggest -- and understand, this

21 is just basically almost -- there's a lot of good

22 in here. Because really what you have to do is
23 decide exactly how much energy you need and which
24 one of the ten million or 10,000 megawatts you're
25 going to use or how you're going to put them

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2 together.

3 So we're suggesting, or I'm
4 suggesting that you consider trimming down the
5 green initiative. Consider retrofitting or maybe
6 have one Northport unit. That also has some
7 political value to it too, Island Park and maybe
8 Port Jefferson to meet your 2018 load. And that's
9 because of the increase in capacity in the plants
10 that you have there.

11 Now, you've got to clean up your
12 green initiative. Page two has been checked by, is
13 it Mr. Dormer in your organization? I'm just
14 forgetting his name. That guys that's the public
15 relations guy.

16 THE MODERATOR: Mr. Dumas.

17 MR. FRED GORMAN: Mr. Dumas.

18 Sorry.

19 Everything on page two he just
20 clarified. We asked him for this information in
21 February. He confirmed everything. What we're

22 basically saying is that it's unfair to make poor
23 people or people who don't have the open spaces to
24 develop the energy. They pay for the other guys.
25 They really do. It's just unfair and we want you to

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2 reconsider that.

3 And then I'm recommending, again
4 sort of half in humor, I'm recommending you offer
5 everybody free light bulbs. And that's a lot better
6 than giving someone \$129,000 for a home with you're
7 Energy Star installations which you got in your
8 figures.

9 And when you look at that, you
10 know, I see here the cost of light bulbs actually
11 cost LIPA \$3.68 for a \$2 credit. I said, why don't
12 you just give everybody free light bulbs just one
13 time around. Everyone gets a free light bulb for
14 every socket you have and perhaps you can do as
15 much of that as offering new homes under \$30,000.

16 That's all I have to say.

17 THE MODERATOR: Well, thanks,
18 Fred for coming down. And, you know, if you ever
19 want, I'd be happy to meet with you one-on-one. I
20 may have a lot of concerns, but my mutual friend,
21 Steve Levy, suggested that perhaps we should sit

22 down some day. And if you're ever interested, I'd

23 be happy do to so.

24 MR. FRED GORMAN: At this time

25 right now I have two other meetings to go to. I am

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2 organizing Breezy Point all the way out to Montauk
3 Point for these tea parties. We're hoping to have
4 maybe 40 or 50,000 people getting together. We're
5 trying to put together a new political pact.

6 At the same time my phone never
7 stops ringing. And some of the saddest calls I get
8 are from single moms. They call me up because they
9 said, can you help us? Can you get us some money?
10 We can't pay our lighting bills.

11 You've got to realize, it's not
12 all about National Grid. It's not all about these
13 guys who want green. It's not about Ms. Esposito.
14 It's not about me. It's not about you. It's about
15 those poor people that are hanging by their
16 fingernails that don't know how they can make it.

17 If you can just imagine a guy who
18 fought in World War II who is now in his late 70's
19 who struggles his entire life, who's done the right
20 thing by America and done the right thing and paid
21 his taxes every single year and now he's stuck

22 because he's flat and everything else keeps
23 increasing. That's why I got involved. If you
24 didn't hit us with a two-and-a-half percent tax
25 increase, you never would have heard from me. We

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2 would be continuing working on the school districts
3 rather than, you know, going at this now.

4 But those people are really
5 suffering. And you've got to go out there and see
6 it. You've got to feel it. You've got to taste
7 it. I mean it makes a big difference when you go
8 into someone's house and they're crying on their
9 bed while their kids are playing inside. You're
10 talking about buying their kids sneakers with
11 rollers on them.

12 You know, just think of a woman,
13 for example, her husband leaves her and now she's
14 stuck with two kids in a school district that
15 they're half way through and she in no way wants to
16 give them up. Those are the people that really need
17 help. And that's something you have to really think
18 about every time you spend another dollar.

19 Plus the fact, all this is, you
20 know, terrific borrowing without paying down
21 principal. That's making that debt perpetual.

22 That's not only affecting us, I can tell you it's
23 affecting our children, but it won't be affecting
24 our children because they can't afford to live
25 here. They'll be here in other states. I know that

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2 sounds sarcastic, but you just have no idea how
3 people suffer.

4 So we've done with everything that
5 we have to do. There's plenty of time to work on
6 this plan, as long as what you're thinking of doing
7 is maintaining energy literally at the level that
8 it is, but you're not looking to just expand and
9 become a giant power company. If you're looking to
10 control prices, fine. If you have to buy things,
11 fine. We understand that.

12 You know, a lot of people say, you
13 know, you're an antitax. We're not antitax. We're
14 anti unfair tax. And we're anti unfair. And we
15 think it's unfair that ratepayers, you know, are
16 the ones that get kicked in the curb constantly by
17 all these other groups that are going to come up
18 here and razzle dazzle you or all these engineers
19 who are going to justify everything that they're
20 going to tell you to do and then who winds up
21 paying the bills, us.

22 And even -- think of the stimulus,
23 your Governor. What are you doing with the
24 stimulus? You're stimulating this by taking 6 to
25 800 or \$1200 of your senior citizen out of every

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2 Long Island pocket. That's how we're stimulating
3 the economy.

4 So I mean when you take all that
5 together -- just think about what Barack Obama, our
6 wonderful President -- and by the way, I do respect
7 him and you'll see at all the tea parties we're not
8 disrespectful. You know, he wants to put an energy
9 tax on us. He wants to put an energy tax. The
10 Governor wants to -- the Governor, who asked you to
11 cut your expenses, says, hey, how about I charge a
12 little bit more? And then the poor guys who's
13 standing here with a fixed income, who by the way
14 I'm expecting any minute Social Security to cut him
15 a few more bucks, how is he supposed to live?

16 People right now -- you know, I
17 have a pocket full of money. I know you got a
18 pocket full of money. But just think, if you had a
19 lovely wife and you had to make a decision as to
20 whether or not you've got to medicate her today or
21 feed her, because that's really happening here.

22 We're in the most wonderful place in the world.

23 I mean I grew up on Long Island.

24 You grew up on Long Island. We have 120 miles of

25 beach. Life was a party. People used to barbecue.

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2 And now there's a giant cloud all over us. And that

3 cloud is government and that cloud is interest,

4 taxes and increased rates. And that's why I'm here.

5 And that's what really motivates me. Because I

6 offer no political power. I don't offer any of

7 that. I'm not interested in running for public

8 office. I'm not interested in serving on any of

9 those committees or building any kind of name.

10 I'm only interested in helping my

11 neighbors and that's how I started back in '92,

12 just helping the neighbors. And now my neighbors

13 are from Breezy Point down to Montauk Point. But

14 they are the ones that are hurting. They're the

15 ones that are not seen by government. Expect a

16 little by Steve.

17 Thank you.

18 THE MODERATOR: Thank you, Fred.

19 Augusto, can you state your name

20 for the record? I can't read what you wrote.

21 MR. AUGUSTO MORSEWI: My name is

22 Augusto Morsewi.

23 THE COURT REPORTER: Can you spell

24 your last name.

25 MR. AUGUSTO MORSEWI:

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2 M-o-r-s-e-w-i.

3 I have two short questions.

4 The first one is, what percentage
5 of energy saving on lighting do you estimate in
6 your efficiency plan? Talk about that for me.

7 MR. JIM PARMELEE: I don't have
8 those numbers off the top of my head. That's
9 something I can research and if you give me a card
10 or an address, I can get you the results.

11 MR. AUGUSTO MORSEWI: Thank you.

12 Second question: Do you partner
13 with private companies with efficiency technologies
14 to achieve these objectives, and what type of
15 incentives do you offer to your customers when
16 these technologies are implemented?

17 MR. JIM PARMELEE: We do offer
18 incentives. We do work with private companies.

19 THE MODERATOR: Most of the
20 incentives are in the form of rebates for both our
21 residential and commercial customers, either the

22 lighting, or appliances, cooling, HVAC.

23 And when it comes to new projects,

24 yes, we partner with the private sector. The

25 Caithness facility, for instance, that's a private

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2 entity and they build the plant and we've given a
3 contract to buy the power from that plant.

4 MR. AUGUSTO MORSEWI: So when you
5 talk about, for example, street lighting, office
6 building lighting and so on.

7 THE MODERATOR: Yes.

8 MR. AUGUSTO MORSEWI: And we can
9 find information on your site?

10 THE MODERATOR: Yes. There's
11 certain information on our website, lipower.org,
12 for that initiative.

13 MR. AUGUSTO MORSEWI: Thank you
14 for that.

15 THE MODERATOR: Well, thank you
16 very much.

17 Robert Benson.

18 MR. ROBERT BENSON: Hello. My name
19 is Robert Benson. And I have a question:

20 With the stimulus packing coming
21 out and going green, my neighbors and I get very

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2 is we're told three different things and nobody
3 knows the right answer. And I'd appreciate if you
4 could research and get back to the residents and
5 myself with the right answer. I'm not asking you to
6 answer it right away, but if you could get back.

7 And the first one is: With the
8 federal tax line of credit or a grant, we'd just
9 like to know, is it off the -- the solar electric,
10 is it off -- the federal, is it off the gross or
11 the net or is it going to be a grant?

12 THE MODERATOR: It will be a
13 credit off the gross.

14 MR. ROBERT BENSON: Credit off the
15 gross, 'cause I heard three different things.

16 Is there any possible way it can
17 happen off the grant? Because of my tax structure
18 it doesn't even come close to the credit, you
19 know,--

20 THE MODERATOR: You're looking
21 to put solar panels on your house?

22 MR. ROBERT BENSON: Yes.

23 THE MODERATOR: Do you have

24 electric heat now?

25 MR. ROBERT BENSON: Yes -- no. I

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2 have gas, but -- I have gas heat.

3 THE MODERATOR: You have gas

4 heat in the house. So there's two different

5 systems. There's solar for your electric needs.

6 MR. ROBERT BENSON: Right. That's

7 what I'm talking about.

8 THE MODERATOR: And then solar

9 thermal for your heat.

10 MR. ROBERT BENSON: Right.

11 THE MODERATOR: And you're looking

12 to do both or just the solar thermal for your heat?

13 MR. ROBERT BENSON: I just want to

14 do the solar electric, right.

15 THE MODERATOR: Solar electric.

16 Well, there's a couple of things. We have a Solar

17 Pioneers program where we give direct grants to the

18 customers, both residential and commercial. Then

19 you'll get a federal tax credit and you'll get a

20 state credit and you won't pay sales tax in either

21 Suffolk or Nassau County.

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2 cost, federal and state credits, no sales tax and a
3 direct grant rebate from LIPA.

4 And we'd be happy to walk you
5 through the process, there's an application
6 process, and share the information that you can
7 share with your neighbors.

8 MR. ROBERT BENSON: Okay. I just
9 wanted to let you know that I have a problem with
10 the -- even if it's off the gross, off the federal
11 gross, my -- I pay close to 3000 in federal a year,
12 but what is it, up to five years? Is that to
13 accumulate or is it two years?

14 MR. MIKE DEERING: The question
15 about whether the tax credit goes to the -- if I
16 understood your question -- the total price or if
17 it's after the rebates?

18 MR. ROBERT BENSON: Right, right.
19 Because LIPA pays like half. Let's say at 42,000
20 and LIPA's pays 21, is it off the 21,000 or is it
21 off the 42,000?

22 MR. MIKE DEERING: That's a
23 question we have not gotten clarification on yet.
24 There were still questions out there. If you talk
25 to different accountants, different accountants

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2 will tell you different things.

3 The IRS is, I believe, has been

4 requested to make a letter of opinion on that.

5 Intuitively it would seem that it's difficult to

6 take some tax credit on something that you are not

7 paying. So if you're getting \$35,000 from LIPA

8 towards your solar installation, it would be hard

9 pressed to, as a lay person, again, don't take

10 accounting advice from me, but getting a tax credit

11 for something that you're not paying for.

12 MR. ROBERT BENSON: It wouldn't

13 pay for me to do that because -- it's an eight

14 percent, almost eight-and-a-quarter percent

15 difference.

16 MR. MIKE DEERING: Yes. There's a

17 difference in terms of the rebate that you can get

18 or the tax credit that you can get back, but that's

19 something you need to speak directly to your

20 accountant --

21 MR. ROBERT BENSON: I did and I

22 would appreciate it if you could get back to me.

23 MR. MIKE DEERING: We are looking

24 into it. We have --

25 MR. ROBERT BENSON: And is there

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2 any way it can be a grant instead of --

3 THE MODERATOR: Well, from the

4 federal or state, but I don't think that's the

5 direction they're heading in. The way their

6 contribution is through the credit and that's just

7 expanding and extending it.

8 But based on the information we

9 received from the federal and the state is that

10 they are not heading in the direction of rebates.

11 MR. ROBERT BENSON: And one more

12 question.

13 Are you guys thinking about going

14 with co-generation, installing co-generation in

15 residential houses?

16 THE MODERATOR: We have some.

17 Oh, for residential?

18 MR. ROBERT BENSON: Yeah, only for

19 residential.

20 THE MODERATOR: Do you want to

21 answer that? I don't think so.

22 MR. JIM PARMELEE: We have not
23 -- no program for residential for co-generation at
24 this point. The technology appears to be, when we
25 looked at it, relatively expensive for small-scale

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2 things. If there's information that indicates that
3 it can be cost effective and it would save both our
4 costumers and LIPA customers as a whole money, we'd
5 certainly be willing to look into it. But right now
6 we see nothing that indicates that.

7 MR. ROBERT BENSON: Okay. Thank
8 you for that.

9 And if you could please just get
10 back to me on an e-mail.

11 THE MODERATOR: Robert, I'm going
12 to ask you to see the gentleman with the blue suit
13 on and tie. If you could get his card and we'll
14 have our solar folks walk you through everything,
15 at least that we can control without giving you tax
16 advice.

17 MR. ROBERT BENSON: All right.
18 Thank you very much for your time.

19 THE MODERATOR: Thank you.

20 The next speaker is Scott Carlin.

21 MR. SCOTT CARLIN: Hi.

22 THE MODERATOR: How are you?

23 MR. SCOTT CARLIN: Good. How are

24 you?

25 Just give me a second.

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2 So thank you for this hearing and
3 the opportunity to talk to you to tonight.

4 I have a range of different
5 questions. I'm not going to read through them all
6 here, but the general thrust of what I'm asking is
7 basically, where are you taking us with this plan
8 with respect to the reference that was made by
9 someone earlier that it's fifty percent solar now
10 in terms of their budget here in the United States
11 where we still are lacking any direction from
12 Washington.

13 In the context of no direction
14 from Washington, the Northeast states have tried to
15 put together a sense of where we could put together
16 an initial plan of where we need to go. And you
17 are kind of responding to that in terms of, well,
18 how well can we meet those REGGI requirements here
19 on Long Island.

20 But there's no real sense of how
21 any of that fits with, for example, the science

22 that is getting stronger and stronger about the

23 need for moving more rapidly off of fossil fuels.

24 So how can this plan be improved

25 so that we're tied more directly into more dramatic

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2 reductions in fossil fuel usage here?

3 THE MODERATOR: Well, we do try
4 to address the issue. You know, one of the things I
5 have to spend a lot of time doing is trying to
6 balance the desires for those who want us to reduce
7 our reliance on fossil fuels. And I am a supporter
8 of the concept of let's reduce our reliance on
9 Mid-East oil and let's reduce our carbon footprint
10 and let's become greater and introduce more
11 renewables into the portfolio of fuels that we use
12 here on Long Island.

13 But as you heard Mr. Gorman say
14 before, I get letters and e-mails and phone calls
15 everyday from customers who are saying, "stop, I
16 can't afford to pay any more utility bills."

17 And all of the renewable programs
18 -- and there are some good reasons why need to be
19 doing that -- have the green premiums associated
20 with them and that they're actually more expensive.
21 The power generated from them, at least initially

22 is, more expensive than the power that's generated

23 from the fossil fuel plants.

24 Now, you can't put a price tag on

25 all the environmental benefits and reasons for

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2 going there, but I need to have a balance with
3 trying to do all but also being sensitive to our
4 customers' ability to pay.

5 MR. SCOTT CARLIN: But last July
6 we saw there was huge run-ups in oil prices. It's
7 not clear that the plan really anticipates what
8 kinds of future run-ups in oil prices we might see
9 and how we might address that. It's not clear that
10 the plan addresses how we might be paying higher
11 premiums for carbon credits in the future. And so
12 if we anticipate those kinds of things, the cost
13 benefits start to shift --

14 THE MODERATOR: Absolutely.

15 MR. SCOTT CARLIN: -- a lot more
16 in the direction of those greener technologies that
17 may be a little bit more expensive today but will
18 actually save us an enormous amount of money longer
19 term.

20 THE MODERATOR: It's tough to
21 put a price tag on that. We do forecast out. We do

22 econometric models to try to figure out where the

23 price of fuel is going. And last year --

24 MR. SCOTT CARLIN: Not very good

25 models.

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2 THE MODERATOR: Not at all. But
3 you're right. It's a challenge, but we do take a
4 look at that. And you're right. I think if anybody
5 expects the cost of fuel to stay where it is today
6 forever, you know, that's not going to happen. It
7 may stay flat for the better part of this year.

8 MR. SCOTT CARLIN: So let me
9 conclude with this: I would like LIPA to recognize
10 that they have an opportunity to be national and
11 global leaders in terms of setting the course of
12 where we need to go.

13 I want LIPA to be able to say to,
14 you know, the future generations that are coming
15 down the pike that we made the right call now
16 because we listened to the scientific data and we
17 understood the world is changing in very dramatic
18 ways.

19 And I understand that the issues
20 of equity are enormous issues for us and that LIPA
21 made a commitment to tackle those simultaneously.

22 It's not like we're not a wealthy community here.

23 We have tremendous amounts of wealth. It's how that

24 wealth gets distributed. So we talk about that. And

25 we address that too, but we can't just push off

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2 these investments twenty years because that's
3 purely suicidal.

4 THE MODERATOR: No, it's a good
5 point. And actually the best time to invest in it
6 is now and I think LIPA has demonstrated that. I've
7 demonstrated that.

8 MR. SCOTT CARLIN: Right. I think
9 that demonstration is weak right now so I'm asking
10 you to redouble and triple that --

11 THE MODERATOR: Let's define
12 what is weak. LIPA has -- we just launched the
13 largest solar energy project in the State of New
14 York. We're doing the largest energy efficiency
15 program for any public utility in the country.

16 MR. SCOTT CARLIN: But where will
17 that get us?

18 THE MODERATOR: Let me finish,
19 please.

20 And we're exploring the largest
21 offshore wind project in the country right now. But

22 that's not good enough for some people.

23 MR. SCOTT CARLIN: Because we're

24 talking about a longer term plan.

25 THE MODERATOR: Well, I have to

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2 --

3 MR. SCOTT CARLIN: Okay. I'll sit
4 down. If I could just ask one question: Could we
5 just benchmark what it is we're going to achieve,
6 which right now isn't in the plan right now in
7 terms of the renewables? It talks about discussing
8 and researching offshore wind. It doesn't say,
9 we-will-build offshore.

10 Thank you.

11 THE MODERATOR: Scott, I don't
12 disagree with the points you're making. You don't
13 have to run away from me. I'm not trying to be mean
14 to you. I think you're a very intelligent person.

15 What I'm saying is I need to
16 balance our desires to be leaders in all these
17 areas and to be doing more than what has been done.
18 And we are doing more than any other utility in the
19 State of new York.

20 But I need to balance that with
21 our customers' ability to pay.

22 MR. SCOTT CARLIN: But you're
23 balancing against a baseline that keeps increasing
24 year over year so therefore by the time we get ten,
25 fifteen years out, we gain something but we haven't

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2 really gained where we need to go.

3 And my concluding paragraph talks

4 about the fact that global carbon concentrations in

5 the atmosphere will soon hit 400 parts per million.

6 There are scientists that will meet in Columbia

7 University next month to say we have to bring that

8 down to 350 parts per million.

9 Right now we and the rest of the

10 world are headed in the wrong direction. There are

11 countries like Germany that are really helping to

12 pioneer a different direction and right now we're

13 not following that leadership.

14 THE MODERATOR: Well, I think

15 I've demonstrated leadership. It may not be to your

16 satisfaction. I'm being criticized on the other

17 hand for taking us down this path as well.

18 So I understand I'm not going to

19 make everybody happy with the decisions that I

20 make. I'm trying to strike a balance. And, again,

21 we are showing leadership. It may not be as much as

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2 tag on; where the cost of fuel is going, where the
3 cost of carbon emissions allowances, for being able
4 to do that, is going and factor that into make the
5 cost of comparing renewables to fossil fuels
6 attractive.

7 MR. SCOTT CARLIN: Right.

8 THE MODERATOR: So thank you.

9 MR. JIM PARMELEE: Scott,

10 there's a couple of things:

11 I quickly scanned your printout of
12 the document. And some of the questions you've
13 asked are answered in, or will be answered in
14 Technical Appendix A when it's released. I think
15 you should take a look at that.

16 MR. SCOTT CARLIN: Thank you.

17 MR. JIM PARMELEE: Some of the
18 things that you mentioned are things that we
19 already studied in the table for the development of
20 the final plan to incorporate it into the document.

21 And I'd also be interested at some

22 point looking over the results of that technical

23 appendix with you to see how -- what ideas you can

24 bring to the table to make the plan better.

25 Because as I identified in the slides, we've got

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2 more work to do to meet the target looking out, as
3 well as if we want to go beyond those targets,
4 there's even more work to do and there's a lot I
5 think we can learn from a technical discussion.

6 MR. SCOTT CARLIN: I'd be happy to
7 do that. And the suggestion that light bulbs be
8 given out for free is a wonderful way with dealing
9 with these equity and efficiency issues
10 simultaneously. The efficiency benefits that we can
11 get with all kinds of different approaches are
12 really, we're just beginning to tap into that.

13 So thank you.

14 THE MODERATOR: Thanks, Scott.

15 The next speaker is Paul Lozowsky.

16 How you doing tonight, Paul?

17 MR. PAUL LOZOWSKY: Doing good,
18 Kevin. How you doing?

19 THE MODERATOR: Good, thanks.

20 MR. PAUL LOZOWSKY: Yes. Thanks
21 for the opportunity and the public to provide their

22 input.

23 And I did notice the notice in

24 Newsday. I didn't know if it was -- it would have

25 been great to have been publicized, you know, the

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2 public comments. You should expand it more, Channel
3 12 News, and you should have more regular hearings,
4 you know, so the public can present their feelings
5 about LIPA.

6 And I'd just like to begin with --
7 and I support wind power. But I'd like to see like
8 a smaller unit like say Jones Beach, maybe a couple
9 of wind units at Jones Beach at all public parks,
10 local government. I'd like to see that the public,
11 you know, sees the units and gets used to the unit.

12 You know, right now there's a lot
13 of fear because there's very few on Long Island so
14 I'd like to see, you know, even if it they put a
15 unit maybe in Jones Beach where they can be put up
16 and more readily taken down. They're not certainly
17 at risk for maybe a monster category 4 storm which
18 means you could -- I don't know if that's possible.

19 But they're also talking about
20 renovating the, I guess the Barrett plant. I mean
21 we need to -- that's going to be a billion dollars.

22 Is that the best way to spend a billion dollars?

23 You know, I'd like to see proposals. So you want to

24 spend a billion dollars. Maybe it's better to

25 provide loans and grants for businesses and homes

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2 which will offset more electricity than the
3 renovation of these power plants would bring.

4 Because ultimately what happens
5 is, these gas companies lobby and lobby, you know,
6 human beings, the decision makers and it's often
7 made in their best interest rather than in the
8 interest of the customer.

9 THE MODERATOR: Well, that's the
10 idea with our efficiency program. That's the power
11 plant we don't have to build.

12 MR. PAUL LOZOWSKY: Exactly.
13 Exactly.

14 Let's see. Well, that basically
15 covers like the part -- the big problem though as
16 we all know -- and, you know, I read the last -- I
17 think you were at one of the citizens meetings and
18 you talked about the LIPA debt. And the word I
19 think you used was monstrous. You used that word,
20 didn't you?

21 THE MODERATOR: I may have. It

22 wouldn't be an exaggeration.

23 MR. PAUL LOZOWSKY: Yeah, because

24 I saw -- you know, but you use these other words. I

25 don't know --

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2 THE MODERATOR: Well, I said
3 LIPA was built on a mountain of debt.

4 MR. PAUL LOZOWSKY: Mountain. It's
5 a mountain and monstrous. But -- and what you're
6 saying is that it's a debt that's so big that the
7 LIPA customers aren't able to pay for it. You know,
8 that's really what you're saying, but you're not
9 saying it publicly. You're not saying it to the
10 Governor. You're not saying it -- but I heard you
11 say you inherited this debt. That's true.

12 THE MODERATOR: We all did.

13 MR. PAUL LOZOWSKY: Huh?

14 THE MODERATOR: We all did.

15 MR. PAUL LOZOWSKY: Okay. But we
16 inherited it. But -- okay. Ten years ago when it
17 was LILCO and the Shoreham-related debt literally
18 brought them to \$2 a share, they were on the verge
19 of going bankrupt. Okay. And along steps in LIPA
20 and Frank Zarb. Okay. He orchestrates a deal that
21 takes -- you know, let's say you take a little

22 Shoreham debt, but they took the whole \$6.5

23 billion. They took it all.

24 And the fact that they did that, I

25 said at the time and I am saying it today. I

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2 consider that a worse ponzi scheme than Madoff. I
3 mean the Madoff ponzi scheme was basically, it was
4 supposed to be 50 billion. But LIPA has paid down
5 maybe 300 million of the debt that they took over
6 ten years ago. At that rate it's going to be 223
7 years before they pay down the debt to zero. And
8 with the principal and interest it compounds to
9 about \$139 billion. Okay. Again, Madoff is 50
10 billion. This deal is 139 billion.

11 And every time I hear you speak,
12 Kevin, I mean like the first one that I was here,
13 you said the LIPA debt was I think 6.65 billion.
14 And the last time I read it in the paper you said
15 it's now 7 billion. I mean did it just go up
16 another half a billion in the past ninety days?

17 THE MODERATOR: No. It went up
18 \$200 million in the last six months.

19 MR. PAUL LOZOWSKY: Okay. So --
20 but -- so this monstrous debt is not going down.
21 It's becoming more monstrous; is that right?

22 THE MODERATOR: Yeah, you know,

23 I understand where you're coming from. But let me

24 explain something.

25 MR. PAUL LOZOWSKY: Okay.

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THE MODERATOR: The debt

originally was \$6.9 billion.

MR. PAUL LOZOWSKY: Okay. Mostly
Shoreham.

THE MODERATOR: Half of it was
Shoreham related and the other half was buying the
transmission and distribution system from LILCO.

MR. PAUL LOZOWSKY: I think that's
a very small portion of the transmission. I think
it's like half a billion. I think it was. But
it's very small compared to the Shoreham debt.

Okay. Go ahead.

THE MODERATOR: And the debt today
is \$6.9 billion.

MR. PAUL LOZOWSKY: Okay.

THE MODERATOR: It's the same
thing. So no principal has been paid off in the
last ten years? No, that's not the case. First, a
lot of principal has been. But remember, we have a
50-plus year old system that needs constant

22 upgrades and repairs. There's expansions except for
23 the last six months on Long Island. A lot of
24 growth. Every time there's new growth LIPA has to
25 meet that demand with new substations, new

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2 transmission lines.

3 And so while over the last seven
4 years LIPA was paying most of their capital, new
5 capital costs with paying cash as opposed to
6 borrowing, they were not adding to the debt. But
7 there were several borrowings over the last ten
8 years for some of that capital.

9 And so not all of this is original
10 debt. Some of it is the new debt over the last few
11 years. Some of the principal has been paid off. But
12 you're right. Most of it was back-ended and this
13 allowed for artificial rate cuts ten years ago --

14 MR. PAUL LOZOWSKY: Right.

15 THE MODERATOR: -- to show that
16 maybe --

17 MR. PAUL LOZOWSKY: Double-digit
18 rate reductions.

19 THE MODERATOR: Right. But also
20 the debt was back-ended with principal and interest
21 coming towards the end of the debt.

22 MR. PAUL LOZOWSKY: Okay. But --

23 I mean your words are "monstrous debt." I mean what

24 are you doing about it? I mean -- okay. You know

25 what you should do? I consider this deal a crime.

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2 It's like it's a ponzi scheme. It's a
3 ratepayer-funded ponzi scheme crime. It's a crime
4 -- you know, it's billions of dollars worth of
5 crime, hundreds of billion dollars worth of crime.
6 Okay?

7 And, you know, Washington, the
8 State of Washington -- we were a public power
9 system twenty years ago. They built like six
10 nuclear plants and they were so messed up they
11 defaulted on 1.25 billion worth of bonds. Okay.
12 This is what we need to do. Okay. I mean because
13 you're using monstrous debt as -- it's never going
14 to be paid down. It's monstrous and you're saying
15 that's going to be on the books for hundreds of
16 years. When will this monstrous debt become
17 manageable? I don't think it's going to be. You're
18 really implying to the public it's monstrous. It's
19 gigantic.

20 And why don't you just go to the
21 Governor and say, you know, to be honest, this debt

22 cannot be paid. This debt is outrageous. You know
23 we can't -- I mean there's no money left to do all
24 these programs. It's kind of like just the boy with
25 the diaper. You know, every time you're trying to

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2 -- you put a solar thing and all of a sudden more
3 debt comes. And then you plug this thing and
4 plugging this thing more and you're running out of
5 fingers. You're really running out of fingers.

6 So don't say monstrous. Say we
7 can't pay. I mean I'd like to see you ask for a
8 rollback. Rollback the rates fifteen percent. Let
9 the chips fall. Okay. You're going to be floating
10 them bonds. But then let's -- if the Governor is
11 concerned about the credit worthiness of the
12 bondholders and the municipal bonds, then let him
13 step in and help the three million people on Long
14 Island and 100,000 businesses.

15 How would you respond to that,
16 Kevin?

17 THE MODERATOR: I'm a realist.

18 MR. PAUL LOZOWSKY: Huh?

19 THE MODERATOR: I am a realist.

20 Given the fact that the Governor is dealing with
21 that \$15 billion budget problem, --

22 MR. PAUL LOZOWSKY: Right.

23 THE MODERATOR: -- I don't expect

24 any relief from the state.

25 MR. PAUL LOZOWSKY: Yeah. But we

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2 have \$139 billion payback for this debt, you know
3 what I mean?

4 THE MODERATOR: Right. Listen,
5 the debt is very challenging. Seventeen cents of
6 every dollar that LIPA customers pay goes for
7 principal and interest on our debt.

8 MR. PAUL LOZOWSKY: The seventeen
9 -- what about taxes?

10 THE MODERATOR: Eleven cents.

11 MR. PAUL LOZOWSKY: So it's
12 seventeen not eleven.

13 THE MODERATOR: Well, actually
14 it's sixteen cents and eleven cents. So 27 --

15 MR. PAUL LOZOWSKY: Sixteen and
16 eleven. Okay.

17 THE MODERATOR: So 27 cents of
18 every dollar that people give to us goes just for
19 debt and taxes.

20 MR. PAUL LOZOWSKY: Okay. Well, I
21 mean to conclude this. I mean I just don't want to

22 hear you say the monstrous debt, the gigantic debt.

23 You really need to appeal that it's a debt that

24 Long Island -- especially as the price keeps on

25 going up as all these contracts, billion dollar gas

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2 contracts. The prices are going to be going up and
3 more people won't be either living on the Island
4 because it's more unaffordable or they're going to
5 be, you know, getting their own independent ways of
6 generating their own power. So it's just a matter
7 of time before LIPA simply cannot pay these bonds
8 back. So let it begin now.

9 THE MODERATOR: I'm working on
10 something. I don't have anything to share with you
11 at this point. It's the biggest noose around our
12 neck. It impacts every decision that we make. And
13 so yes, we are talking a look at what are some of
14 the opportunities for that.

15 MR. PAUL LOZOWSKY: All right.
16 Okay.

17 THE MODERATOR: All right, Paul.

18 MR. PAUL LOZOWSKY: Thanks, Kevin.

19 THE MODERATOR: Thank you for
20 coming down.

21 MR. PAUL LOZOWSKY: Thank you.

22 THE MODERATOR: There are no

23 other signed up speakers but I see some other

24 people in the room.

25 Do you have anything that you want

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2 to share?

3 Sir, do you want to come up and

4 state your name for the record?

5 MR. ART SANGESLIND: My name is

6 Art Sangeslind.

7 I've been doing energy

8 conservation --

9 THE COURT REPORTER: Can you spell

10 your last name.

11 MR. ART SANGESLIND:

12 S-a-n-g-e-s-l-i-n-d.

13 I've been doing energy

14 conservation work for about 35 years. The last

15 eighteen or so I'm retired. I do it for nonprofit

16 groups.

17 But like one guy was complaining

18 about our electric rates for our house. My house

19 costs me \$800 a year. Electric is the cheapest

20 thing I've got. My oil is probably like 2000 a

21 year. I pay 12,000 for taxes. I've got a very large

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2 25 percent as of the end of last year. That's a
3 \$15,000 savings. Our utility bill was 45,000. It
4 would have been 60,000. So we've done 25 percent.
5 Return on investment was about 35 percent.

6 THE MODERATOR: So efficiency
7 works.

8 MR. ART SANGESLIND: Very
9 efficient.

10 Right now our goal is a fifty
11 percent decrease. But now I'm dealing with items
12 that are over a five-year payback time. And that's
13 very tricky for a church school. But the potential
14 in our place is about 75 percent. It's really not
15 bad. There's so much that can be done quite easily
16 with energy conservation work.

17 I had originally done work at
18 Grumman. When I left there, we had saved \$125
19 million. It starts to be -- it starts to save after
20 a while, so a co-generation plant over there was
21 bought within the first month.

22 THE MODERATOR: So Art, you agree

23 with one of the premises of our plan, that

24 efficiency --

25 MR. ART SANGESLIND: You could do

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2 a tremendous amount of stuff with very cost
3 effective energy conservation items. It is like two
4 to four times more cost effective than the
5 alternate energy items. You've got to do those but
6 it's so much more cost effective just cleaning up
7 what we have. Very cost effective.

8 THE MODERATOR: Thank you for
9 coming down.

10 Anybody else?

11 MR. FRED GORMAN: Kevin?

12 THE MODERATOR: Fred.

13 MR. FRED GORMAN: Fred Gorman.

14 Before when that gentleman was
15 talking, you implied that you might be thinking of
16 something. I hope and pray you are not thinking of
17 doing anything close to defaulting on loans.
18 Because if you default on those loans, I guess you
19 realize that the homeowners of Long Island will
20 have to pick up that loss as will the state.

21 THE MODERATOR: Fred, you didn't

22 hear me respond to that part. I did not --

23 MR. FRED GORMAN: I thought I

24 heard you say that you had something in mind.

25 THE MODERATOR: I am trying to do

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2 something creative within being a responsible
3 fiduciary to the LIPA ratepayers.

4 MR. FRED GORMAN: Okay. Thanks.

5 THE MODERATOR: Thank you.

6 MR. FRED GORMAN: You just made me
7 a little nervous.

8 THE MODERATOR: No. If I did, I
9 didn't mean to. I wouldn't do something like that
10 because I am sensitive to the concerns that you
11 have. So thanks for that.

12 Ma'am, do you want to come up?

13 MS. LAURA JASINSKI: Yes.

14 My name is Laura Jasinski,

15 J-a-s-i-n-s-k-i.

16 Some of my concerns are probably a
17 little vain compared to some of the real issues
18 that people are talking about. But, you know, I
19 know you have to transmit more power and, you know,
20 bigger -- I guess the three phase lines are more
21 efficient. But they really look terrible. You

22 know, they were going to put some in my backyard.

23 But I live in Nassau County. My

24 property is small. And they were really going to

25 hang it right over my property. Is there any way

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2 to do more of these projects underground? I know
3 they're more expensive but you're going to wind up
4 saving money, you know, not having to prepare them
5 in bad weather. That kind -- those kinds of issues.

6 I mean compared to the bigger
7 issue I know, i know you have to --

8 THE MODERATOR: The aesthetic
9 issues.

10 MS. LAURA JASINSKI: Correct.

11 THE MODERATOR: And you raise a
12 very good point and it's another challenge that we
13 have. LIPA is an overhead utility meaning that
14 about, more than eighty percent of our system is
15 overhead. Where it's underground are new
16 developments, new subdivisions where it's required
17 to be. Unfortunately there's not a lot of land
18 left in Nassau County so there's not a lot of new
19 subdivisions going on there.

20 And we try to put all new certain
21 size transmission lines, 360 -- 345 Kv lines

22 underground. But the fact of the matter is, if we
23 tried to bury our entire system -- because people
24 have requested it. LIPA actually took a look at
25 that before I got there -- it would be over \$10

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2 billion. And everybody thinks it would be more
3 reliable. But actually, putting things underground
4 is aesthetically pleasing but it doesn't improve
5 reliability because once it's underground it gets
6 subjected to flooding, the roads and other issues
7 that impact the infrastructure underground.

8 And when you have an outage, it's
9 tougher to see and tougher to get the lights back
10 on because you don't know where exactly the problem
11 is. If it's overhead and the branch is on the line,
12 and it's in your backyard, we know exactly where
13 the problem is.

14 And so one of the other things
15 that we're measured on is our performance in
16 getting the lights back on. And so it adds to the
17 time to get your lights back on. It's not more
18 reliable in terms of the weather. And so it's
19 really just an aesthetic issue. And given all our
20 energy challenges, the building for solar or for
21 repowering, aesthetics would not come up there as

22 much as it you may believe it should.

23 MS. LAURA JASINSKI: Okay.

24 THE MODERATOR: In Southampton

25 recently we had to upgrade something there, a

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2 transmission line, and they wanted it buried
3 underground. And so what we did for them was fine,
4 if you want to bury it underground, you have to pay
5 for it. We'll pay for what we believe it would cost
6 for the overhead and not for the incremental cost
7 to bury it.

8 We agreed to do that and it was
9 nothing but headaches for us. If I had to do that
10 over again, I wouldn't have done it.

11 MS. LAURA JASINSKI: Are there
12 other lines that could be used that aren't these
13 big, you know, three phase ones? Like, can you just
14 -- I'm just saying for the future, can you get just
15 a line that transmits more power that is not --

16 THE MODERATOR: Well, before Jim
17 had mentioned about that we are -- technology is
18 improving. And we have this super conductor, a
19 pilot program in Holtsville in Suffolk County. And
20 it's a transmission line that is about what, a
21 third? A third of the size of it and it can

22 transmit more power on a smaller line. And so it's

23 still in the research and development stage.

24 So technology will ultimately get

25 there but we're not there yet.

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2 MS. LAURA JASINSKI: Okay. Thank
3 you.

4 THE MODERATOR: Thank you for
5 coming down.

6 Paul? Paul, hold on one second.

7 Is there anybody else who hasn't
8 spoken yet?

9 (No response.)

10 THE MODERATOR: Paul, you get one
11 more minute because you're such a nice guy.

12 MR. PAUL LOZOWSKY: I'd just like
13 to say that watching the public power system
14 default on \$1.25 billion bonds twenty years ago,
15 the municipal bond market recovered and the
16 ratepayers were protected. We need to be protected
17 too, Kevin.

18 Thank you.

19 THE MODERATOR: I hear you. I'm
20 not defaulting on anybody. I'm not applying for
21 bankruptcy.

22 MR. PAUL LOZOWSKY: Well, it's a

23 monstrous debt. It's a monstrous debt.

24 THE MODERATOR: Those two things

25 -- those two things will hurt ratepayers more. And

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2 so --

3 MR. PAUL LOZOWSKY: So we're going
4 to be spending this debt that will never be paid
5 down for the next 223 years.

6 THE MODERATOR: You know,
7 listen --

8 MR. PAUL LOZOWSKY: You have no
9 pay-down plan. You have no plan to pay down the
10 debt. Do you? Do you?

11 THE MODERATOR: We paid down \$300
12 million a year towards interest and \$200 million
13 towards principal. That's what's in our 2009
14 budget. So principal and interest --

15 MR. PAUL LOZOWSKY: In 1998 when
16 you took over the 7.2 billion, or the 7 billion,
17 it's not being paid down, Kevin. It's just smoke
18 and mirrors you're telling us. It's smoke and
19 mirrors.

20 THE MODERATOR: I wasn't there in
21 1998.

22 MR. PAUL LOZOWSKY: Okay. I was.

23 THE MODERATOR: Fine. We're all

24 in this together now. And so I have to correct

25 record. We are paying principal and interest now.

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2 Maybe they were paying principal in the early
3 stages after the takeover, but we do pay principal
4 and interest now. But I'm not going --

5 MR. PAUL LOZOWSKY: It's simple
6 math, Kevin. \$7.2 billion in '98. \$7 billion in
7 2009. It's simple math. It's not being paid down.
8 If you show me it being paid down and it will paid
9 back, I don't see it.

10 THE MODERATOR: How about if I
11 would share with you a debt schedule in the last
12 ten years which shows the amount of interest and
13 principal that we've paid down over the last ten
14 years and also we'll show you when LIPA borrowed
15 additional money for its infrastructure needs.

16 MR. PAUL LOZOWSKY: I'm looking at
17 the current debt. The current debt is \$7.2 --

18 THE MODERATOR: And I'm going to
19 show you the last ten years worth of debt history.

20 MR. PAUL LOZOWSKY: But we're
21 talking about today, not the future, not yesterday.

22 Where is the debt going?

23 THE MODERATOR: We have to know

24 where --

25 MR. PAUL LOZOWSKY: It's going up.

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2 THE MODERATOR: We have to look
3 at what happened in the past so we are ready to go
4 into the future.

5 MR. PAUL LOZOWSKY: No, but you
6 don't know where we're going in the future. The
7 debt is -- you're adding debt onto --

8 THE MODERATOR: No --

9 MR. PAUL LOZOWSKY: I mean the last
10 three -- three months ago, Kevin, it was a 6.7
11 billion debt. Now it's 7. It's not going down.

12 THE MODERATOR: I will show you
13 a debt schedule for the last ten years and what we
14 project over the next ten years.

15 MR. PAUL LOZOWSKY: Okay.

16 THE MODERATOR: Okay? All right,
17 Paul.

18 MR. PAUL LOZOWSKY: Thanks a lot.

19 THE MODERATOR: Listen, you've
20 come down about five, six times. I agree with a lot
21 of the things you say. I'm not going to agree with

22 everything you say so that doesn't mean I don't

23 like you.

24 MR. PAUL LOZOWSKY: Okay. I

25 understand. Okay. I appreciate that. Thanks a lot.

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2 Take care.

3 THE MODERATOR: Thanks, Paul.

4 Listen, so we're going take these
5 comments along with the comments from the prior
6 hearings. We'll address them in the draft plan and
7 then we will circulate a final plan hopefully in
8 the month of June and that's what the target is.

9 And what we will also do is any of
10 the appendices that are not ready now will be
11 posted on our website within the next two weeks.
12 And then I will extend the written comments for
13 thirty days after we post the last index on our
14 website to keep the written period open for a
15 while.

16 Thank you very much.

17 This will close the three public
18 hearings.

19 (At 8:39 p.m., the proceedings
20 were concluded.)

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CERTIFICATION.

STATE OF NEW YORK)

SS.

COUNTY OF NEW YORK)

I, MARC RUSSO, a Shorthand
(Stenotype) Reporter and Notary
Public within and for the State of
New York, do hereby certify that the
foregoing pages 1 through 88 taken
at the time and place aforesaid, is
a true and correct transcription of
my shorthand notes.

IN WITNESS WHEREOF, I have
hereunto set my name this 21st day
of April, 2009.

MARC RUSSO

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