

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE OVERSIGHT and REV COMMITTEE MEETING**

**HELD ON MAY 22, 2019**

The Oversight and REV Committee of the Long Island Power Authority (the "Authority") was convened at 10:45 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on May 17, 2019; and electronic notice posted on the Authority's website.

The following Trustees of the Authority were present:

**Mark Fischl, Committee Chair  
Sheldon Cohen, Committee Member  
Matthew Cordaro, Committee Member  
Peter Gollon, Committee Member  
Elkan Abramowitz  
Drew Biondo**

Representing the Authority were Thomas Falcone, Chief Executive Officer; Bobbi O'Connor, Vice President of Policy & Strategy and Secretary to the Board of Trustees; Rick Shansky, Vice President of Operations Oversight; James Miskiewicz, Deputy General Counsel and Justin Bell, Director of Rates and Regulation.

Representing PSEG Long Island were Paul Napoli, Vice President of Power Markets; John O'Connell, Vice President of Transmission and Distribution; Michael Voltz, Director of Energy Efficiency and Renewable Energy; and Louis Debrino, Manager of Emergency Preparedness.

Representing Navigant was Lon Huber, Director of North American Retail Regulatory Lead.

*Committee Chair Fischl welcomed everyone to the Oversight and REV Committee meeting of the Long Island Power Authority Board of Trustees and stated that the second item on the agenda would be presented first. The second item on the agenda was the Recommendation to Approve the Authorization to Execute a Second Amended and Restated*

*Operating Agreement with Exelon Generation for Nine Mile Point Unit 2 to be presented by Paul Napoli.*

*Mr. Napoli presented the Recommendation to Approve the Authorization to Execute a Second Amended and Restated Operating Agreement with Exelon Generation for Nine Mile Point Unit 2 and took questions from the Trustees:*

### **Requested Action**

The Oversight and REV Committee (the “Committee”) of the Board of Trustees of the Long Island Power Authority is requested to approve and adopt a resolution recommending that the Chief Executive Officer, or his designee(s), be authorized to execute a Second Amended and Restated Operating Agreement with Exelon Generation for Nine Mile Point Unit 2.

### **Background**

The Long Island Lighting Company d/b/a LIPA (“LIPA”) holds an 18% undivided interest in Nine Mile Point Unit 2; the other 82% is held by Constellation Energy Nuclear Group (CENG), a joint venture of Exelon Corporation and Electricite de France (EDF). Exelon Generation, a subsidiary of Exelon Corporation, has day to day operational responsibility for the plant. The unit has been operating since 1988 and was originally owned by Niagara Mohawk and four other investor-owned utilities, including the Long Island Lighting Company. The unit was initially operated by Niagara Mohawk under the terms of an Operating Agreement among the co-owners.

In 2001, all the co-owners except LIPA sold their interests to Constellation Energy, who became the unit’s operator. The Operating Agreement was then amended and restated to reflect these changes.

In 2012, Exelon Corporation acquired Constellation Energy, including its interest in Nine Mile Point Unit 2. Constellation continued as the operator until 2014 when operating responsibility was assigned to Exelon Generation (“Exelon”). Since 2014, management of LIPA’s interest in Nine Mile Point Unit 2 has been carried out by PSEG Long Island.

### **Discussion**

PSEG Long Island and Exelon have determined that the Operating Agreement should be updated to reflect the current ownership of the unit and to modify or eliminate terms that are superfluous, unnecessarily burdensome, inconsistent with industry practice, or not reflective of current conditions.

Of note, the Second Amended and Restated Operating Agreement would redefine the unit’s Management Committee to provide a forum for senior executives of the parties to meet on a quarterly basis for review of business plans and budgets, and for Exelon’s reporting to LIPA and PSEG Long Island on the unit’s operation and maintenance. The committee is also

intended as an avenue for LIPA and PSEG Long Island senior management to meet with their counterparts at Exelon to discuss matters of mutual concern. Consistent with standard practice, it would also change the billing and payment accounting from cash to an accrual basis. None of these changes would materially alter LIPA's rights or financial obligations under the operating agreement for the unit.

As the Second Amended and Restated Operating Agreement would clarify the parties' rights and responsibilities and facilitate more effective management of Nine Mile Point Unit 2, the Trustees are requested to authorize the execution of the Second Amended and Restated Operating Agreement.

### **Recommendation**

Based on the foregoing, I recommend approval of resolution in the form attached hereto as Exhibit "A".

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### **RESOLUTION RECOMMENDING AUTHORIZATION OF THE EXECUTION OF THE SECOND AMENDED AND RESTATED OPERATING AGREEMENT WITH EXELON GENERATION FOR NINE MILE POINT UNIT 2**

WHEREAS, the Long Island Lighting Company d/b/a LIPA ("LIPA") holds an 18% undivided interest in Nine Mile Point Unit 2; and

WHEREAS, the unit has been operating since 1988 and was originally owned by Niagara Mohawk and four other investor-owned utilities, including the Long Island Lighting Company; and

WHEREAS, in 2001, all the co-owners except LIPA sold their interests to Constellation Energy, who became the unit's operator, and the Operating Agreement was then amended and restated; and

WHEREAS, in 2012, Exelon Corporation acquired Constellation Energy, including its interest in Nine Mile Point Unit 2, and in 2014, the operating responsibility was assigned to Exelon Generation ("Exelon"); and

WHEREAS, since 2014, management of LIPA's interest in Nine Mile Point Unit 2 has been carried out by PSEG Long Island; and

WHEREAS, PSEG Long Island and Exelon have determined that the Operating Agreement should be updated to reflect the current ownership of the unit and to modify or eliminate terms that are superfluous, unnecessarily burdensome, inconsistent with industry practice, or not reflective of current conditions.

**NOW, THEREFORE, BE IT RESOLVED, that the Oversight and REV Committee of the Board of Trustees of the Long Island Power Authority hereby recommends that the Chief Executive Officer, or his designee(s), be authorized to execute the Second Amended and Restated Operating Agreement with Exelon Generation for Nine Mile Point Unit 2.**

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*Committee Chair Fischl then stated the next item would be the adoption of the minutes from the January 23, 2019 Oversight and REV Committee meeting.*

*Upon motion duly made and seconded, the minutes of the January 23, 2019 Oversight and REV Committee Meeting was approved unanimously.*

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*Chair Fischl stated that the next item on the agenda was an Update on the Implementation of Utility 2.0 Programs to be presented by Michael Voltz.*

*Mr. Voltz presented an Update on the Implementation of Utility 2.0 Programs and then took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda was a Briefing Update on the Value of Distributed Energy Resources to be presented by Justin Bell and Navigant's Lon Huber.*

*Mr. Bell and Mr. Huber presented the Briefing Update on the Value of Distributed Energy Resources and then took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda was a Briefing on Energy Storage on Long Island to be presented by Justin Bell.*

*Mr. Bell presented the Briefing on Energy Storage on Long Island and then took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda is a Review Annual Update to the Emergency Restoration Plan to be presented by Louis Debrino.*

*Mr. Debrino presented the Review Annual Update to the Emergency Restoration Plan and then took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda was the Summer Preparation for Power Supply and T&D to be presented by Paul Napoli and John O'Connell.*

*Mr. Napoli and Mr. O'Connell presented the Summer Preparation for Power Supply and T&D and then took questions from the Trustees.*

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*Chair Fischl stated that the last item on the agenda was the Discussion of the Management Audit Implementation Plans to be presented by James Miskiewicz.*

*Mr. Miskiewicz presented the Discussion of the Management Audit Implementation Plans and then took questions from the Trustees.*

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*Chair Fischl then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 11:12 a.m.*

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