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BY ELECTRONIC FILING

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D. C. 20426-0002

Re: Islander East Pipeline Company, LLC
Docket No. CP01-384-000

Algonquin Gas Transmission Company
Docket No. CP01-387-000

Dear Secretary Salas:

Brookhaven Energy Limited Partnership (“Brookhaven Energy”) wishes to express to the Commission and its Staff Brookhaven Energy’s appreciation for the timely preparation and issuance of the Final Environmental Impact Statement (“FEIS”) for the Islander East Pipeline Company, L.L.C. and Algonquin Gas Transmission Company Projects proposed in these proceedings (collectively referred to herein as “the Islander East Project”).

In addition, Brookhaven Energy wishes to inform the Commission of a recent development of direct and substantial importance to the Islander East Project: on August 14, 2002, the New York State Board on Electric Generation Siting and the Environment (“the Siting Board”) issued a Certificate of Environmental Compatibility and Public Need for the construction and operation of the 580 MW Brookhaven Energy Facility at Brookhaven, New York.¹

In issuing this certificate, the Siting Board found that failure to approve Brookhaven Energy’s proposal “would only serve to delay the environmental and public interest benefits of adding this state-of-the-art, natural gas fuel power plant to the Long Island Power grid at a time of projected capacity shortfalls and during the formative years of the Long Island and State-wide

¹ Case 00-F-0566 – Brookhaven Energy Limited Partnership, Opinion and Order Granting Certificate of Environmental Compatibility and Public Need (New York Siting Board, Aug. 14, 2002). A copy of this 105 page order may be downloaded from the following location: <http://www.dps.state.ny.us/fileroom/doc12088.pdf>.

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competitive market for electricity.”² As Brookhaven Energy noted in its comments on the Draft Environmental Impact Statement (“DEIS”) submitted on May 17, 2002, the environmental benefits of this project include reductions in harmful emissions of nitrogen oxides and sulfur dioxide on Long Island of 1,283 tons per year and 678 tons per year, respectively.

Prompt approval of the Islander East Project is essential to the attainment of these environmental benefits and to Brookhaven Energy’s ability to provide the additional generating capacity required to meet growing load on Long Island. Brookhaven Energy has signed a precedent agreement with Islander East for firm transportation on the Islander East Project for deliveries to the site of its Brookhaven Energy Facility. None of the alternative proposals examined in the FEIS proposal can provide Brookhaven Energy with the dependable source of natural gas supplies required for the viability of its project.

As Brookhaven Energy pointed out in its comments on the DEIS, alternative projects that would involve the expansion of the existing pipeline serving eastern Long Island could jeopardize the viability of the Brookhaven Project by subjecting it to the prospect that its output may be involuntarily curtailed by the Long Island Power Authority (“LIPA”) in periods of high load, when LIPA’s ability to meet electric load on Long Island might otherwise be jeopardized in the event of a disruption of the only current source of gas supply to the substantial amount of gas-fired generation located in eastern Long Island.³ If the Brookhaven Energy Project cannot be assured of the ability to operate at full output in such high demand periods, when the Location-Based Marginal Prices (“LBMP”) for electricity can be expected to be relatively high, the financial viability of that project may be jeopardized.

Thus, any short term environmental benefits produced by expanding existing pipeline facilities on the Long Island Sound, rather than constructing a separate new pipeline as Islander East proposes, may be more than offset by the loss of the environmental and other benefits of the Brookhaven Energy Project. Although this point was overlooked by the authors of the FEIS, Brookhaven Energy urges the Commission to recognize that any temporary environmental benefits stemming from the expansion of existing pipeline facilities under the Long Island Sound must be weighed against the substantial and continuing adverse environmental and public interest impacts that would result if Brookhaven Energy were unable to proceed with its project.

For these reasons, Brookhaven Energy urges the Commission to find that there are no viable alternatives to the Islander East Project and that the ongoing environmental and public interest benefits of providing the infrastructure required for the construction and operation of the Brookhaven Energy Facility far outweigh any temporary environmental disruption that may be

² Id., slip op. at 13.

³ As Brookhaven Energy pointed out in its Comments on the DEIS, the Reliability Rules of the New York State Reliability Council (“NYSRC”) expressly authorize LIPA to propose changes to its current procedures for curtailing electric generation by gas-fired plants on Long Island in response to changes in system conditions and other circumstances on Long Island.

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caused during the construction of that project. This is particularly true in light of the finding in the FEIS that such temporary disruption can be adequately mitigated.

Accordingly, Brookhaven Energy Limited Partnership urges the Commission to issue the certificates requested in these proceedings at its next session meeting.

Very truly yours,

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cc: All parties of record in Docket Nos. CP01-384-000 and- CP01-387-000