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FEDERAL ENERGY
REGULATORY COMMISSION

1150 18th Street N.W., Suite 800
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May 17, 2002

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Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Room 1A
Washington, DC 20426

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Re: Islander East Pipeline Company, L.L.C.
Docket No. CP01-384-000 and
Algonguin Gas Transmission Company
Docket No. CP01-387-000

Kelly A. Daly
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Dear Ms. Salas:

Enclosed for filing is an original and 14 copies of the Comments of the Public Service Commission of the State of New York on the Draft Environmental Impact Statement in the above captioned proceeding. Pursuant to a Letter Order of the Secretary of FERC, an additional copy has been marked to the attention of Gas Group 2, PJ-11.2 to ensure that these comments will be received in time and properly recorded.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

STINSON MORRISON HECKER LLP



Kelly A. Daly

Enclosures

KAD:cw

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Islander East Pipeline Company, L.L.C.
Algonquin Gas Transmission Company**

**Docket Nos. CP01-384-000
CP01-387-000**

**COMMENTS OF THE
PUBLIC SERVICE COMMISSION OF THE STATE OF NEW YORK
ON THE DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Pursuant to the procedural dates established in a Letter Order issued by the Secretary of the Federal Energy Regulatory Commission (Commission) in the above captioned proceeding, the Public Service Commission of the State of New York hereby files its comments to the Draft Environmental Impact Statement (DEIS).

In March 2002, the Commission issued its DEIS on the proposed Islander East Pipeline Project (Islander East). Islander East proposes to construct pipeline facilities that would cross Long Island Sound (Sound) to provide 285,000 dekatherms per day of firm transportation capacity to eastern Long Island, New York.

The DEIS concludes that with Islander East's proposed mitigation and adoption of measures recommended in the DEIS, construction and operation of the proposed facilities would have limited adverse environmental impact. The Commission also seeks comments on a system alternative which utilizes the Iroquois proposal for its eastern Long Island (ELI) extension project.

The ELI Project or the Islander East proposed routing would meet eastern Long Island's need for additional capacity by providing an additional delivery point to eastern Long Island where significant load growth has been experienced

and is expected to continue in the future. However, in evaluating these two alternative routes, the competitive market and downstream system impacts are important considerations which should weigh heavily in the decision of which route to certify. A critical downstream consideration is the extent to which the route will increase the diversity of gas supply delivery to Long Island. While the Iroquois ELI Project routing is slightly shorter, it uses a portion of the existing Iroquois Long Island Sound crossing. The Islander East proposal provides contingency protection for both the gas and electric systems because it would include a separate Sound crossing. This separate pipeline would provide protection against total loss of supply if damage were to occur to the Iroquois line upstream of the interconnection to the ELI facilities.

Load on Long Island, both electric generation and core gas markets are already heavily dependent upon deliveries through the Iroquois system. The New York State Reliability Council rules require that the bulk power system be operated so that the loss of a single gas facility does not result in the loss of electric load. Because of Long Island's dependence on the delivery of significant volumes of gas for electric generation from a single pipeline (Iroquois), the number of gas fired generators must be limited when electric load is above critical system load levels. Consequently, specific dual fuel capable units must be switched to oil burning when loads are above those levels. Similarly on the gas side, the Long Island market is heavily dependent on deliveries over the Iroquois system. Diversifying the gas delivery system by selecting a route that is totally independent of the existing Iroquois Sound crossing will enhance the reliability of the energy infrastructure to Long Island. Additionally, to the extent operational constraints are reduced and increased gas firing does not create a reliability risk, environmental impacts of stack emissions will also be reduced.

CONCLUSION

Islander East's proposed route should be certified if only one line is built. It will add another source of delivery to Long Island, which will provide contingency protection and improve reliability. We urge the Commission to certify the route proposed by Islander East.

Respectfully submitted,

THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK



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Its Attorneys

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document by first class mail upon each party on the official service lists compiled by the Secretary in these proceedings.

Dated at Washington, D.C., this 17th day of May 2002.


