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October 12, 2006

Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Re: ***Iroquois Gas Transmission System, L.P.***
Docket No. PF05-16-000
Broadway Energy LLC
Docket Nos. CP06-54-000
Broadway Pipeline LLC
Docket Nos. CP06-55-000; CP06-56-000

Dear Secretary Salas:

The October 10, 2006, letter of Paul Diehl, Senior Attorney for Iroquois Gas Transmission System, L.P. ("Iroquois") to the Federal Energy Regulatory Commission (the "Commission") compels a response on behalf of our client East End Property Company #1 LLC.

Mr. Diehl's comment that the Brookhaven Lateral Project is not related to the proposed Broadwater Energy Floating Storage Regasification Unit ("Broadwater FSRU") and Pipeline simply lacks credibility. If our identifying the relationship was "conjecture" as Mr. Diehl implies, his response would not have been necessary. Moreover, if our view of the relationship of these projects before the Commission is "erroneous" let Iroquois, Broadwater and the Long Island Power Authority ("LIPA") provide documentation to that effect.

One need only look at the Broadwater filings with the Commission, including documentation from Iroquois itself, to see that Broadwater is seeking approval to connect its pipeline to the existing Iroquois pipeline in Long Island Sound ("LIS") in order to get the natural gas from the Broadwater FSRU to users. The existing Iroquois pipeline already moves natural gas from Connecticut to Northport, Long Island. From Northport the gas is; a) used at the Keyspan Northport generating facility, b) piped back under LIS through the Iroquois Eastchester Extension, or, c) continues on Long Island through the Iroquois pipeline to its current terminus in South Commack. The Brookhaven Lateral Project is a 21.5 mile extension of the Iroquois pipeline to Yaphank. Therefore, since Broadwater states the purpose of its project is to supply Long Island the additional natural gas they say

Long island needs, it is only logical that Broadwater gas will flow through the Brookhaven Lateral Project. For that not to be the case, Broadwater would have to commit, which it has not, to; a) not supplying Long Island, but simply have its gas routed only to the Iroquois Eastchester Extension or b) terminate its gas flow at South Commack.

Mr. Diehl's comments also raise another question, to which Iroquois and the LIPA appear to have a different answer. That is, notwithstanding sworn statements from Iroquois, LIPA and Caithness, including the most recent affidavit of LIPA Chief of Staff Edward Grilli submitted to the Commission that there has been no decision to fuel the Caithness power plant by the Brookhaven Lateral Project, Iroquois continues to advise the Commission that is its purpose. Indeed Iroquois would have the Commission believe that it would be the only purpose of the Brookhaven Lateral. A position reiterated in Mr. Diehl's October 10, 2006 letter. This, of course, means LIPA would be responsible for the costs of the Brookhaven Lateral Project, estimated at $65,000,000. LIPA records, however, indicate that is not the case, as LIPA presumes the costs will be shared by other users (See Minutes of LIPA Board of Trustees meeting of January 26, 2005 annexed hereto as Exhibit "A").

Indeed, regarding the cost of the Iroquois Brookhaven Lateral, LIPA Chairman Richard Kessel stated to the LIPA Board of Trustees that:

> ". . .LIPA and other shippers using the lateral will reimburse Iroquois for their proportionate share of the permitting and construction costs pursuant to FERC approved rates and Iroquois would retain ownership and operating responsibility." Page 13, LIPA Board Meeting Minutes of January 26, 2005 annexed as Exhibit "A". (emphasis added)

Therefore, if LIPA intends on sharing the costs, the Brookhaven Lateral Project must be for other uses than for LIPA to fuel its proposed Caithness power plant. At the very least, the Commission must demand clarification of this point on the record. Importantly, as reported in our earlier communication to the Commission, the Brookhaven Lateral Project cannot proceed without direct input from LIPA, which is absent to date.

Here are just some of the open issues to be addressed:

1. Does Broadwater still intend to connect its pipeline from the FSRU to the Iroquois pipeline?

2. To the extent the Broadwater natural gas enters the Iroquois pipeline and comes onto Long Island will it stop at South Commack?

3. Is the Brookhaven Lateral Project solely to transport natural gas to fuel the proposed Caithness Power Plant?

4. If the Caithness Plant is not constructed, will LIPA still provide Iroquois use of the existing LIPA rights of way to construct and operate the Brookhaven Lateral Project?

5. If the Brookhaven Lateral Project is not constructed, how will the natural gas from Broadwater be transmitted for distribution on Long Island beyond South Commack?

Furthermore, we take exception to Mr. Diehl's attempt to dismiss East End's concerns by reporting they will be addressed ". . .if and when Iroquois submits its application for a certificate of public convenience and necessity for the Brookhaven Lateral Project". It is wrong for Iroquois to put off responding to these concerns properly raised in connection with the scoping while at the same time declaring that the project will have no significant impact and does not require the preparation of an environmental impact statement. We again ask the Commission to reject Iroquois' request in this regard and require Iroquois address East End's and the concerns of others raised and to be raised in the Scoping process in a complete environmental impact statement.

Finally, as the Commission has scheduled an additional Scoping meeting on October 25, 2006, for the Brookhaven Lateral Project, we request this submittal be made as part of the project Scoping record.

Very truly yours,

s/Michael E. White
Michael E. White

MEW:kp
Enclosure

D#515888F#046435

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 166th MEETING

HELD ON JANUARY 26, 2005

Pursuant to notice dated January 20, 2005, the Long Island Power Authority (the "Authority") was convened for the one hundred and sixty-sixth time at 11:10 AM at the Long Island Power Authority Assembly Center in Uniondale, NY.

The following Trustees of the Authority were present:

Richard M. Kessel, Chairman
Patrick Foye, Deputy Chairman
Howard Steinberg, Deputy Chairman
Nancy A. Akeson
Harvey Auerbach
John Fabio
Edna Gerrard
Nancy Nugent
James M. Shuart
Jonathan Sinnreich

Also representing the Authority were Stanley Klimberg, General Counsel, Edward Grilli, Chief of Staff, Seth Hulkower, Chief Operating Officer, Elizabeth McCarthy, Chief Financial Officer, Bruce Germano, Vice President – Retail Services, Bert Cunningham, Vice President – Communications, Kenneth Kane, Controller, and Kathleen Stella, Secretary to the Board of Trustees.

Upon determining that a quorum was present, Chairman Kessel called the meeting to order.

Chairman Kessel stated that the first item on the agenda is the adoption of the minutes of the Board's last meeting held on December 16, 2004.

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

727. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 16, 2004 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 16, 2004 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Chairman Kessel stated that the next item on the agenda is the Operations Report, to be delivered by Mr. Hulkower.

Mr. Hulkower reported that approximately 26,000 customers lost power last weekend due to the weather, and LIPA brought in additional workers to handle the outages. He indicated that by Sunday afternoon, LIPA had restored power to all but approximately 800 customers, and the average time for restoration was approximately 4.5 hours. He noted that LIPA was able to mobilize quickly for the storm.

Mr. Hulkower reported that LIPA exceeded its goals for "added load" with 42.04 MW added, against a 40 MW goal. He continued that overall, LIPA was on target with its goals, except for customer retention goals in its economic development programs.

Mr. Hulkower reported that for the Clean Energy Initiative, LIPA reduced peak load by 15.6 MW, against a 16.7 MW goal. He continued that LIPA achieved 70.1 MWh of savings, against a 66.7 MWh goal. He added that demand response programs were well in excess of LIPA's goals.

Mr. Hulkower stated that residential arrears have continued to exceed levels in previous years. He continued that the thirty-day arrears have not fallen as much as normal. He added that the ninety-day arrears have been a problem throughout the year, and LIPA will focus on this area in the next few months.

Mr. Hulkower stated that with respect to LIPA's tree-trimming program, six circuits have carried over from 2004 into 2005, but this will not affect the program. He continued that this is a multi-year program and the contractors are responsible for this work. He indicated that LIPA will try to keep this on schedule.

With respect to customer retention, Trustee Akeson inquired whether Photocircuits Corporation has decided to remain on Long Island. Mr. Hulkower responded that Photocircuits indicated they will remain, and LIPA is in the process of trying to finalize an agreement for electric rate relief.

Chairman Kessel stated that public hearings will be held on March 1, 2005 regarding the Photocircuits matter. The Chairman indicated that Governor Pataki issued a press release concerning Photocircuits' intention to stay, due chiefly to the rate relief that LIPA would grant. The Chairman continued that the matter will likely reach the Board's agenda in March.

Deputy Chairman Steinberg asked if the rate relief package for Photocircuits is a five-year proposal. Mr. Germano answered yes.

Deputy Chairman Steinberg asked whether LIPA is tracking short duration outages. Mr. Hulkower responded that LIPA tracks momentary interruptions, for which LIPA customers average fewer than five per year. He indicated that momentary interruptions are at the lowest level ever on Long Island.

Trustee Nugent asked whether LIPA has accounted for the increase in arrears that are more than three months. Mr. Hulkower answered that the increase in arrears is due, in part, to the increase in bills beyond what has been budgeted. He continued that some people test the system to see how long they can go without paying bills, and LIPA will increase its collections activity. Trustee Nugent asked whether the increase in arrears is also due to an increase in the consumption of energy and the fact that some individuals are having problems paying their bills across the board. Mr. Hulkower responded that it may also be related to people deciding that they have other bills to pay before their

LIPA bill. He indicated that LIPA is looking at options to make its bill a higher priority for customers.

Trustee Fabio asked whether charging interest on late payments is an option. Mr. Hulkower answered that charging interest is one of the options that LIPA will review.

Deputy Chairman Foye asked what the write-off rate has been in 2004, as compared to 2003. Mr. Hulkower answered that the write-off rate has been consistent since 1998 at approximately .4 percent to .5 percent, which is one of the best rates in the industry. Deputy Chairman Foye asked whether the total sixty-day or more residential and commercial arrears of approximately two percent of revenues are consistent with prior years. Mr. Hulkower answered that they are a little high and LIPA will be focusing on this in the future.

Deputy Chairman Foye asked whether LIPA's customer centers offer debt counseling services for customers. Mr. Hulkower indicated that LIPA provides a range of services, and LIPA also directs people to various assistance programs. Ms. DeMaio added that LIPA has consumer advocates who work with customers to arrive at a payment plan, and LIPA makes available a directory of organizations that can provide financial assistance to customers regarding their electric bills.

Trustee Gerrard asked whether LIPA, as a public authority, is permitted to impose penalties on delinquent accounts. Mr. Hulkower responded that he is not aware of a prohibition and LIPA imposes late payment charges on commercial accounts.

Chairman Kessel stated that the next item on the agenda is the Finance Report, to be delivered by Ms. McCarthy.

Ms. McCarthy reported that LIPA now has the unaudited results for the twelve months ended December 31, 2004, to be compared to the budget, and LIPA reached the budgeted goal of a surplus of $20 million. She continued that revenues were approximately five percent above budget, driven by the fuel surcharge increases by LIPA in June and October.

Ms. McCarthy reported that residential and commercial sales were approximately one percent above budget, with two-thirds coming from sales increases, and one-third related to weather impacts. She continued that while there were sales increases, there was no revenue impact, due to the increased participation of LIPA's commercial customer segment in the Long Island Choice Program. She added that the program is revenue neutral to LIPA, explaining that the net revenue did not affect LIPA's margin due to the corresponding lower fuel and purchased power costs.

Ms. McCarthy reported that fuel and purchased power costs are eight percent or approximately $100 million above budget, which is driven by higher commodity costs. She continued that operation and maintenance expense is five percent above budget, resulting from higher transmission and distribution operating costs through the Management Services Agreement and the cost of mobile generation. She added that the cost of the mobile generation was

incurred because it was uncertain whether the Cross-Sound Cable would be operational during the summer of 2004.

Ms. McCarthy reported that another large increase is in the area of interest expense, which was six percent or $18 million higher than budget. She indicated that the higher interest expense was due to a non-cash amortization of unbudgeted refinancing costs from the prior year. She further indicated that the increase was also due to the increased interest expense related to the financing in the summer of 2004 as a hedge for 2005 construction spending.

Ms. McCarthy reported that LIPA ended 2004 with cash of approximately $413 million and available commercial paper of $100 million, which met LIPA's liquidity target. She continued that $250 million is invested in LIPA's Rate Stabilization Fund, and the remaining $163 million is held in LIPA's operating funds.

Chairman Kessel commended Ms. McCarthy and LIPA's senior staff for their great work. The Chairman indicated that LIPA met with all three rating agencies, and LIPA submitted a strong report. He added that Moody's indicated they are happy with LIPA's progress from a financial and operational perspective. He stated that copies of the presentations to the rating agencies are available to the Trustees.

Trustee Akeson stated that on behalf of the Finance and Audit Committee, she thanks Ms. McCarthy and her staff for providing a thorough presentation and review of the financial status of the Authority.

Deputy Chairman Steinberg asked what the financial audit schedule is. Ms. McCarthy answered that LIPA expects the audit to be completed by the end of March, and she expects to have a report from KPMG by the March Board meeting. Deputy Chairman Steinberg asked if there are any significant unresolved accounting issues relating to the presentation. Ms. McCarthy answered that she is not aware of any, but the results are unaudited.

Chairman Kessel stated that the Cross-Sound Cable has been buried to the required 48 foot depth pursuant to a settlement agreement between LIPA, the State of Connecticut and certain entities within that State. The Chairman continued that the cable operated for six months under an agreement for temporary operation. He added that the cable was then taken out of service, repairs were made and permit conditions were met, and the cable is now back in commercial operation.

Chairman Kessel indicated that in accordance with the settlement agreement, LIPA forwarded a $2 million contribution to the Long Island Sound Fund, which will be applied to research and development in the protection of the environment of the Long Island Sound. The Chairman continued that once the Connecticut Department of Environmental Protection finalizes the paperwork, the transmission line to Long Island will be permanent. He noted that the Cross-

Sound Cable saved LIPA and its customers approximately $8 million in costs in the six months of operation, which is significant.

Chairman Kessel stated that the Cross-Sound Cable has become important for reliability purposes and economic reasons. The Chairman indicated that otherwise LIPA would have to increase the fuel and purchased power surcharge. He commended Cross-Sound Cable Company, the Connecticut State officials and the LIPA team who worked to accomplish this agreement, which was not an easy task.

Chairman Kessel commended Governor Pataki for intervening in the matter in order to get the project operational. The Chairman indicated that it is a critically important resource, and he hopes it will lead to a new spirit of cooperation between New York and Connecticut on future projects. He added that LIPA looks forward to working with various officials in Connecticut for ways to preserve the beauty of Long Island Sound.

Chairman Kessel thanked the Board for supporting the agreement. The Chairman indicated that he is thrilled LIPA can now move forward.

Chairman Kessel stated that a blizzard on Long Island this past weekend had a particularly hard impact on the East End. The Chairman continued that there were wind gusts of nearly sixty miles per hour. He indicated that the work force did an extraordinary job during terrible conditions.

Chairman Kessel stated that several days prior to the storm, LIPA held a press conference at a substation in North Bellmore where there were a number of workers. He indicated that he thanked those workers as well as the workers at other job sites. The Chairman continued that about three days later, Long Island was hit with the blizzard, which caused approximately 30,000 outages. He added that LIPA restored all but 800 outages within hours, and the work was done despite blinding snow, high wind gusts and freezing temperatures.

Chairman Kessel stated that the media has indicated that LIPA's workers are doing a great job, and the media has been surprised to see power restored so quickly. The Chairman indicated that it is a credit to the workers and the great job they do.

Chairman Kessel reported that a proposal has been advanced to build a gas facility in the Long Island Sound, called the Broadwater Proposal. The Chairman further stated that LIPA has not requested this project, although there is a need for additional natural gas supplies. He added that the issue concerns the best way to get the supply to Long Island and that this project has raised some concerns. The Chairman indicated that the Suffolk County Legislature voted to study it. He added that he has spoken with Suffolk County Executive Levy, and they are evaluating it.

Chairman Kessel requested that Trustee Shuart offer a report concerning the windmill dedication at Shoreham.

Trustee Shuart stated that he and Trustee Nugent were privileged to join Chairman Kessel and an impressive array of environmental leaders in attending the dedication of two new wind turbines at the site of the defunct Shoreham nuclear power plant. He continued that the windmills mark the dawn of a new day for Long Island, and they are a harbinger of exciting developments that will emanate from Governor Pataki's Clean Energy Initiative. He indicated that LIPA will lead the State of New York in realizing the goals of the Governor's Clean Energy Alternative Program.

Trustee Shuart commended Chairman Kessel for his bold thinking and courage to act. He also commended the Chairman for his foresight in turning around failed energy policies. Trustee Shuart indicated that the windmill project at Shoreham is a small start, but it truly is a sign of good things to come.

Chairman Kessel stated that it was extraordinary to have support at the event from some of the old-time activists, the environmental leaders and the Shoreham community leaders. The Chairman indicated that he was touched by the event which bridged the past and the future, and he invites all to go to Shoreham and see the windmills.

Chairman Kessel stated that the next item on the agenda is Board consideration of a resolution authorizing the Chairman or his designee to enter into an agreement with Iroquois Gas Transmission System, L.P. under which Iroquois would undertake the permitting phase for a 21.5 mile high pressure natural gas pipeline between South Commack and South Yaphank. The Chairman

stated that this gas lateral will be a major component of the fuel delivery system serving the Caithness Bellport, LLC proposed 350 MW power plant. He indicated that the plant will be fueled primarily by natural gas, with the use of distillate oil permitted up to thirty days per year.

Chairman Kessel stated that one of the conditions of the Trustees' selection of the Caithness project was adequate assurance of firm, reliable and economic gas delivery arrangements. He continued that LIPA staff has assessed the relative merits of a number of gas transportation options to serve new generation on Long Island. He stated that LIPA staff has concluded that this gas lateral is the best choice for serving the gas requirements of a new baseload power plant in Suffolk County.

Chairman Kessel stated that in June 2004, LIPA staff initiated discussions with Iroquois concerning the prospect of developing a lateral. The Chairman continued that Iroquois operates an interstate gas pipeline that extends to South Commack, Long Island from the Canadian border in upstate New York. He added that Iroquois recently performed a scoping and feasibility study on behalf of LIPA for the construction of a 24 inch diameter lateral, and the study included an analysis to determine the optimum route for the pipeline and a detailed capital cost estimate for the entire lateral. The Chairman stated that the study concludes the lateral is feasible. The Chairman continued that 11.5 miles of the primary route will parallel existing roads, and the remaining 10 miles will use existing LIPA transmission rights-of-way.

Chairman Kessel stated that the total construction cost of the lateral is estimated at $61.9 million. The Chairman continued that LIPA staff views the cost as reasonable, and an analysis by Levitan & Associates in connection with the May 2003 Baseload RFP arrived at approximately the same cost.

Chairman Kessel stated that if the lateral becomes commercial, LIPA and other shippers using the lateral will reimburse Iroquois for their proportionate share of the permitting and construction costs pursuant to FERC approved rates, and Iroquois would retain ownership and operating responsibility. The Chairman continued that Iroquois anticipates the lateral could commence service in November 2007, which is the first month that the Caithness plant will require natural gas for testing. He added that this projection assumes that an environmental permitting effort will begin in February.

Chairman Kessel stated that LIPA staff would commence immediate negotiation of an agreement with Iroquois under which Iroquois would conduct the permitting phase, which is estimated to cost approximately $3.1 million. The Chairman continued that during this phase, Iroquois would perform environmental field studies necessary for the filing of an application with FERC, and the agreement would allow for LIPA to approve Iroquois' expenditures in advance and on a periodic basis. He indicated that LIPA would not pay for the expenditures as incurred, but LIPA and any other shippers would reimburse Iroquois for the permitting and construction costs on a pro-rata basis according to rates approved by the FERC.

Chairman Kessel stated that in the event LIPA terminates the agreement before the permitting phase is completed, or decides not to proceed with the construction phase of the lateral, then LIPA would reimburse Iroquois for its pre-approved expenditures incurred up to the date of termination. He continued that a successive agreement under which Iroquois would construct the lateral is anticipated to be negotiated during the permitting phase. He added that it is also expected that the lateral would be constructed with some spare capacity since the incremental cost is not significant, and the extra capacity will provide LIPA with a valuable option to reliably fuel other generation assets.

Chairman Kessel stated that this is not a precursor to LIPA entering the wholesale gas business. The Chairman continued that it was determined it would benefit LIPA to enter into this project with Iroquois rather than use the present system.

Chairman Kessel stated that it is rare for a generation project to be hooked into the local gas distribution or delivery system. The Chairman indicated that the project is beneficial to Long Island, and it brings a supply of natural gas that will enable LIPA to commercially operate the first large baseload plant built on Long Island since the Northport plants. He added that at the same time, there will be spare capacity to use in the event other generation is needed along the lateral's route or in the area of the Caithness plant.

Chairman Kessel commended Mr. Grilli and the LIPA staff for putting together this complicated project.

Mr. Grilli stated that fuel costs typically account for approximately two-thirds of a plant's total cost. He continued that LIPA has assumed responsibility for securing the fuel supply and transportation for the Caithness project, and this was reflected in the modeling of the various proposals received through the RFP process. He indicated that this lateral is the most economic option for LIPA and its ratepayers, and provides firm and reliable gas for this particular project.

Chairman Kessel stated that Iroquois has proven to be a terrific partner with LIPA. The Chairman asked that the Board adopt the resolution to allow LIPA to proceed with phase two, including preparation of the environmental studies and the filing before FERC.

Deputy Chairman Foye asked what the cap is on LIPA's exposure for phase two. Mr. Grilli answered $3.1 million.

Deputy Chairman Steinberg stated that LIPA staff has done an excellent job in conducting briefings for the Trustees.

Trustee Auerbach asked whether the Board was voting to approve Iroquois as the transporter of natural gas to Caithness. Chairman Kessel answered that the resolution concerns the approval of expenditures for the permitting process for the lateral.

Trustee Fabio asked what the route of the lateral will be. Mr. Levitan, LIPA's advisor in the area of fuel strategy, responded that the 21.5 mile route will follow the Sunken Meadow Parkway to the Sagtikos Parkway to the North Service Road of the Long Island Expressway. He continued that it will zigzag within 10 miles of existing LIPA rights-of-way to the site of the proposed Caithness plant in Yaphank.

Deputy Chairman Foye asked for the safety issue to be addressed. Mr. Levitan stated that because of the high pressure of the pipeline and the proximity to residential subdivisions, the most stringent design requirements will be incorporated into the class of pipe selected by Iroquois, in order to ensure safety as well as meet the requirements for adequate pressure and deliverability. He continued that there will be aerial surveillance, cathodic protection against corrosion and other state-of-the-art mitigation measures undertaken by Iroquois to ensure there is no residual operating threat during the life of this project.

Mr. Levitan stated that this design is not uncommon and there are no unusual drilling or operating requirements. He indicated that there are still some details to be worked out with the Department of Transportation, due to the construction that will occur along the Long Island Expressway. He added that the transporter will follow relatively straightforward operating procedures that will pose no unusual threat or any risk that cannot be successfully managed by Iroquois.

Deputy Chairman Foye asked whether the pressurized pipeline is standard technology that has been used in this part of the country and elsewhere without risk to the public. Mr. Levitan answered that the maximum allowable operating pressure likely to be approved will be 1,440 psi, the level Iroquois currently is allowed to operate at in their main line from the Canadian border to South Commack. He indicated that the actual daily operating pressure will be roughly 600 psi, and other pipelines and laterals installed in the northeast and elsewhere in the country have also been certified up to 1,440 psi.

Trustee Fabio asked whether there is a greater risk due to the higher pressure. Mr. Levitan responded that there is no increase in risk from an engineering hydraulic standpoint, because Iroquois will implement the most aggressive and secure safety requirements for the maximum 1,440 pounds of pressure that is expected. He added that to the best of his knowledge Iroquois' record since its inception is unblemished. He noted that higher pressure allows for greater benefits in terms of providing adequate pressure for the advanced gas turbines selected by Caithness to power this project.

Trustee Fabio asked if there are KeySpan gas lines in close proximity to this proposed line. Mr. Levitan answered that the KeySpan line is on the other side of the Long Island Expressway, and there will not be any overlap. He indicated that the proposal lateral will be on a different right-of-way corridor that will accommodate the lateral's 11.5 miles parallel to the Long Island Expressway.

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

728. AUTHORIZATION FOR CHAIRMAN TO ENTER INTO AGREEMENT WITH IROQUOIS GAS TRANSMISSION SYSTEM, L.P. CONCERNING PERMITTING PHASE FOR PROPOSED GAS LATERAL

WHEREAS, in June 2004, the Trustees selected the Caithness Bellport, LLC proposed power plant (approximately 350 MW) to be constructed in South Yaphank ("Caithness Plant"), and one of the conditions of the Trustees' selection of that plant was adequate assurance of firm, reliable and economic gas delivery arrangements; and

WHEREAS, Iroquois Gas Transmission System, L.P. ("Iroquois") has proposed a 21.5 mile, high pressure natural gas pipeline between South Commack and South Yaphank (the "Lateral") that would serve the Caithness Plant; and

WHEREAS, after examining gas transportation options to serve new generation on Long Island such as the Caithness Plant, and related scoping and feasibility studies, it is LIPA staff's assessment that the Lateral is clearly the best option for securing firm, reliable and economic gas delivery arrangements to serve the Caithness Plant; and

WHEREAS, LIPA staff is prepared to proceed with negotiation of a proposed agreement with Iroquois under which Iroquois would conduct the permitting phase for the Lateral, and which agreement could be terminated by LIPA with reimbursement to Iroquois for its pre-approved expenditures incurred up to the date of termination; and

WHEREAS, for the reasons discussed in the preceding Memorandum, the aforementioned proposed agreement concerning the permitting phase for the Lateral is in LIPA's best interest;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or his designee be and hereby are authorized to execute and effect the aforementioned proposed agreement and other related agreements and arrangements and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chairman or his designee, to ensure that the permitting phase for the Lateral is effectively and efficiently carried out.

* * *

Chairman Kessel entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 12:08 PM.

Respectfully submitted,

Stanley B. Klimberg

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Submission Contents

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