

- 3.1.2 Review from time to time the rates and fees charged for the transportation services, recommend appropriate rate revisions to Company, prepare, and upon prior approval by Company, file, execute and prosecute rate change filings.
- 3.1.3 Provide or cause to be provided the day-to-day operating and maintenance services, administrative liaison and related services to Company, including, but not limited to, customer support, legal, accounting, electronic bulletin board, engineering, construction, repair, replacement, inspection, operational planning, budgeting, tax and technical services, and insurance and regulatory administration.
- 3.1.4 Prepare and/or cause to be prepared the engineering design, specifications and construction for the Facilities.
- 3.1.5 Prepare financing plans for the Company (but not for the individual Members) and negotiate for Financing Commitments, if any, to be entered into by the Company for the construction of the Facilities; provided, however, that each Member shall be entitled to be present and participate in such negotiations.
- 3.1.6 Negotiate and, subject to Section 3.1.24 below, execute contracts for the purchase of services, materials, equipment and supplies necessary for the Operation of the Facilities.
- 3.1.7 Prepare, negotiate and, subject to Section 3.1.24 below, execute in the name of Company rights-of-way, land in fee, permits and contracts, and, unless otherwise directed by Company, initiate, prosecute and settle (if applicable) eminent domain condemnation proceedings, necessary for construction, operation and maintenance of the Facilities, and resist the perfection of any involuntary liens against Company property.
- 3.1.8 Construct and install, or cause to be constructed and installed, the Facilities.
- 3.1.9 Make reports to and consult with the Management Committee regarding all duties, responsibilities and actions of the Operator under this Agreement in the form and at the times reasonably requested by the Management Committee.
- 3.1.10 Maintain accurate and itemized accounting records for the Operation of the Facilities, together with any information reasonably required by Company relating to such records, consistent with the applicable provisions of the LLC Agreement.
- 3.1.11 Prepare the financial reports set forth in the LLC Agreement.

- 3.1.12 Cause the Operation of the Facilities to be in accordance with all applicable laws, statutes ordinances, safety codes, regulations, rules and authorizations and requirements of all Governmental Authorities having jurisdiction, including, but not limited to, local, state and federal environmental laws and the requirements of the United States Department of Transportation set forth in 49 CFR Parts 192 and 199, and in accordance with sound, workmanlike and prudent practices of the natural gas industry and the Company's FERC Gas Tariff, and provide or cause to be provided such appropriate supervisory, audit, administrative, technical and other services as may be required for the Operation of the Facilities.
- 3.1.13 Prepare and file all necessary federal and state income tax returns and all other tax returns and filings for Company. Each Member shall furnish to the Operator all pertinent information in its possession relating to Company operations that is necessary to enable such returns to be prepared and filed. The Operator shall pay on behalf of Company such taxes as are required to be paid by Company.
- 3.1.14 On behalf of Company, maintain and administer bank and investment accounts and arrangements for Company funds, draw checks and other orders for the payment of money, and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements. Company's funds shall not be commingled with funds belonging to the Operator.
- 3.1.15 Negotiate, execute and administer the Gas Transportation Contracts in accordance with Company's FERC Gas Tariff, including, but not limited to, the preparation and collection of all bills to the Shippers for services rendered thereunder; provided that the Operator shall execute Gas Transportation Contracts for discounted firm or interruptible transportation services only to the extent the discounts are in accordance with Company's discounting policy in effect from time to time, and provided further that any Gas Transportation Contracts which require the construction of additional Facilities for the performance thereof shall be subject to the prior approval of the Management Committee.
- 3.1.16 Receive requests for service from Shippers and potential Shippers and issue confirmations for service in accordance with Company's FERC Gas Tariff.
- 3.1.17 Propose to Company such procedures as may be reasonable and appropriate to comply with or to obtain an exemption from the marketing affiliate rules set forth in Part 161 of the FERC's regulations (as the same may be amended or superseded), and seek to implement such procedures as are approved by Company.

- 3.1.18 Dispatch and allocate daily scheduled nominations for, and effectuate the physical receipt and delivery of, the natural gas quantities to be received, transported and/or delivered on behalf of the Shippers in accordance with Company's FERC Gas Tariff.
- 3.1.19 Utilize electronic flow measurement equipment for volume determinations and natural gas chromatographs as deemed appropriate by the Operator for heating value determinations at applicable metering points, as further described in Company's FERC Gas Tariff.
- 3.1.20 Except as otherwise provided by applicable laws or governmental regulations or as otherwise directed by Company, retain all books of account and Company tax returns for three (3) years from the date of completion of the activity to which such records relate.
- 3.1.21 The Operator shall procure and furnish on behalf of Company all materials, equipment, supplies, services and labor necessary for, and shall perform, Repairs to Company's facilities; provided, however, that the Operator shall obtain the approval of Company prior to undertaking any such action with respect to any Repair having an estimated cost greater than \$200,000.
- 3.1.22 Notwithstanding Section 3.1.19, in the event of an Emergency, the Operator shall take such steps and incur such expenses as in its reasonable opinion are required to deal with such Emergency. The Operator shall report to Company the existence of any Emergency as promptly as practicable.
- 3.1.23 Subject to Section 3.1.22 below, perform such other duties as are reasonably necessary or appropriate in the Operator's discretion and enter into such other arrangements as reasonably requested by Company to discharge the Operator's responsibilities under this CO&M Agreement.
- 3.1.24 The approval by Company of a budget prepared in accordance with Section 5.2 hereof shall constitute authorization for the Operator to incur the costs, expenses and expenditures (for purposes of this Section collectively referred to as "Costs") set forth in such budget and to incur Costs up to the greater of ten percent (10%) or \$25,000 in excess of the amount set forth for any line item in such budget; provided that the total of all such Costs in excess of budgeted line item amounts shall not exceed five percent (5%) of the total amount of such budget. Except as stated in the foregoing sentence and as otherwise expressly provided in this CO&M Agreement, the Operator shall not incur Costs which are not set forth in a Company-approved budget. The right of the Operator to incur such Costs shall include, without limitation, the right to bind Company to obligations under which such Costs are or

will be incurred. Further, the Operator shall notify the Members as soon as practicable of any occurrences or other circumstances which the Operator has reason to believe may (i) cause any line item in the most recently approved budget to be exceeded by the greater of ten percent (10%) or \$25,000, or (ii) cause the total amount of such budget to be exceeded by five percent (5%) or more. Notwithstanding the foregoing, in no event shall this Section 3.1.22 obviate, alter or supersede the Operator's obligations to comply with the terms and provisions of the LLC Agreement or this CO&M Agreement

- 3.2. Claims. Any and all claims against Company instituted by anyone other than the Operator arising out of the Operation of the Facilities that are not covered by insurance in accordance with Section 8 of this CO&M Agreement shall be settled or litigated and defended by the Operator in accordance with its best judgment and discretion except when (a) the amount involved is stated to be (or estimated to be, as the case may be) greater than \$200,000, (b) criminal sanction is sought, or (c) the claim is in regard to environmental matters. The settlement or defense of any claim described in (a), (b) or (c) above shall be decided by the Members pursuant to the LLC Agreement. The Operator shall provide written notice to Company as soon as practicable of any claims instituted against Company (regardless of the amount or nature of the claim). The Operator shall not commence any litigation against another party without the prior consent of Company; provided, however, that unless otherwise directed by Company, the Operator need only provide written notice to (and shall not be required to obtain the consent of) Company prior to commencing eminent domain condemnation proceedings pursuant to Section 3.1.7 of this CO&M Agreement.

4. Employees, Consultants and Subcontractors.

- 4.1 Operator's Employees, Consultants and Subcontractors. The Operator shall employ or retain and have supervision over the Persons (including consultants and professional service or other organizations) required or deemed advisable by the Operator to perform its duties and responsibilities hereunder in an efficient and economically prudent manner, and all in accordance with the best interests of Company. The Operator shall pay all reasonable expenses in connection therewith, including compensation, salaries, wages, overhead and administrative expenses incurred by the Operator, and if applicable, social security taxes, workers' compensation insurance, retirement and insurance benefits and other such expenses. The compensation for the Operator's employees shall be determined by the Operator, provided that the amount and terms of such compensation shall be comparable to those prevailing in the natural gas industry where Operator's employees are located for similar work. Subject to the other provisions of this CO&M Agreement, including but not limited to Section 5.1.2, all authorized expenses pursuant to this

Section 4.1 shall be reimbursed to the Operator by Company as provided in the Accounting Procedure.

- 4.2 Use of Affiliates or Independent Contractors. In addition, the Operator may utilize, as it deems necessary or appropriate and in the best interests of Company, the services of any independent contractors or of its or any Member's Affiliates; provided, however, that such services of the Operator's or any Member's Affiliates must be utilized on terms no less favorable to Company than those prevailing at the time for comparable services of nonaffiliated independent parties.
- 4.3 Standards for Operator and its Employees. The Operator shall perform its services and carry out its responsibilities hereunder, and shall require all of its employees and consultants, and contractors, subcontractors and materialmen furnishing labor, material or services for the Operation of the Facilities, to carry out their respective responsibilities in accordance with sound, workmanlike and prudent practices of the natural gas pipeline industry and in compliance with Company's FERC Gas Tariff and with all applicable laws, statutes, ordinances, safety codes, regulations, rules, authorizations and requirements of Governmental Authorities having jurisdiction applicable to Company's facilities. The Operator shall take reasonable measures to monitor the compliance of such employees and consultants, and contractors, subcontractors and materialmen, to these standards.
- 4.4 Non-Discrimination and Drugs. In performing under this CO&M Agreement, the Operator shall not discriminate against any employee or applicant for employment because of race, creed, color, religion, sex, national origin, age or disability, and will comply with all provisions of Executive Order 11246 of September 24, 1965 and any successor order thereto, to the extent that such provisions are applicable to the Operator or Company. Neither Company nor the Operator shall condone in any way the use of illegal drugs or controlled substances. Any person known by the Operator to be in possession of any illegal drug or controlled substance will be disciplined by the Operator and/or removed in accordance with the Operator's policies and procedures. In addition, the Operator shall meet all the applicable requirements imposed by the Department of Transportation as specified in 49 C.F.R., Parts 40 and 199. Furthermore, upon request and to the extent permitted by law, the Operator will furnish Company copies of the records of employee drug test results required to be kept under the provisions of 49 C.F.R. Part 199. The provisions of this Section 4.4 shall be applicable to any contractors, consultants and subcontractors retained in connection herewith, and the Operator shall cause the agreements with any contractor, consultant or subcontractor to contain similar language.

4.5 Employee Benefit Plans. Notwithstanding the foregoing, Company shall not adopt, assume or otherwise become responsible for, either primarily or as a successor employer, any assets or liabilities of any employee benefit plans, arrangements, commitments or policies currently provided by the Operator or any Affiliate of the Operator; and if and to the extent that Company is deemed by law or otherwise to be liable as a successor employer for such purposes, the Operator shall indemnify Company for the full and complete costs, fees and other liabilities which result. In particular, but without limiting the generality of the foregoing, Company shall not assume liability for any group health continuation coverage or coverage rights under Internal Revenue Code Section 4980B and ERISA Section 606 which exist as of the Effective Date or which arise as a result of the Operator's dissolution and/or termination of its or any of its Affiliate's group health plan or plans, and if and to the extent that Company is deemed by law or otherwise to be liable as a successor employer for such group health continuation coverage purposes, the Operator shall indemnify Company for the full and complete amount of any resulting costs, fees and other liabilities.

5. Financial and Accounting.

5.1 Accounting and Compensation.

5.1.1 The Operator shall keep a full and complete account of all costs, expenses and expenditures incurred by it in connection with its obligations hereunder in the manner set forth in the Accounting Procedure, and shall otherwise keep a full and complete account of all accounts that Company is required to maintain, or that are otherwise contemplated, under the LLC Agreement.

5.1.2 Subject to Sections 3.1.24 and 5.2 of this CO&M Agreement, the Operator shall be reimbursed by Company at the rate and in the manner set forth in the Accounting Procedure for all costs and expenses of the Operator incurred in accordance with this CO&M Agreement and in connection with the Operation of the Facilities or otherwise to fulfill the Operator's duties under this CO&M Agreement; provided, however, that costs incurred by the Operator pursuant to Section 7.2 of this Agreement shall not be reimbursed by Company.

5.2 Budgets and Reports. The Operator shall prepare and deliver to Company for approval, on a quarterly basis during the Pre-Completion Period and thereafter on an annual basis (or more frequently if directed by Company), a budget reflecting the estimated costs to be incurred for Operation of the Facilities during the ensuing twelve (12) Month period. Such budgets shall be prepared in sufficient detail to satisfy the requirements of any lending institution providing financing for Company's

facilities. If requested by a Member, the Operator shall also prepare and deliver to each of the Members an explanation of any specific expenditure. The Operator also shall prepare and deliver to each Member such forecasts, cash flow projections and financial and operating reports with respect to Company as from time to time may be reasonably requested by Company or any Member, including fiscal year reports for Members who report financial results on a basis other than the calendar year.

- 5.3 Disputed Charges. Company or any Member may, within the audit period referred to in Section 5.4 hereof, take written exception to any bill or statement rendered by the Operator for any expenditure or any part thereof on the ground that the same was not appropriate for reimbursement under the terms of Section 5.1.2 above. Company shall nevertheless pay in full when due the amount of all statements submitted by the Operator. Such payment shall not be deemed a waiver of the right of Company to recoup any contested portion of any bill or statement. If the amount as to which such written exception is taken or any part thereof is ultimately determined in accordance with Section 11.2 of this CO&M Agreement not to be appropriate for reimbursement under the terms of Section 5.1.2 of this CO&M Agreement, such amount or portion thereof (as the case may be) shall be refunded by the Operator to Company, together with interest thereon at a rate (which in no event shall be higher than the maximum rate permitted by applicable law) equal to two percent (2%) per annum over the prime rate of Citibank, N.A. (or its successor) from time to time publicly announced and in effect, during the period from the date of payment by Company to the date of refund by the Operator.
- 5.4 Audit and Examination. Company or any Member, after fifteen (15) business Days' notice in writing to the Operator, shall have the right during normal business hours to audit or examine, at the expense of Company or the requesting Member as the case may be, all books and records maintained by the Operator, including support for costs charged by the Operator's contractors, relating to the Operation of the Facilities; provided, however, that the total number of full audits commenced in any Year pursuant to this Section 5.4 shall not exceed one. Prior to any Member conducting such an audit or examination, such Member shall notify all other Members of the first Member's desire to conduct the audit or examination. In such event, Company shall have sixty (60) days from the date the last Member received such notice within which to elect to conduct an audit or examination. If Company elects to conduct an audit or examination, the Member originally providing notice shall not be permitted to conduct its own audit or examination. The right to conduct an audit or examination shall include the right to meet with the Operator's internal and independent auditors to discuss matters relevant to the audit or examination. Company or any Member shall have two (2) Years after December 31 of a Year in which to make an audit of the Operator's records for such Year; provided, however, that any audits relating to construction costs may be made up to twenty four (24) Months after the

in-service date of the Facilities (not including any Modifications or Extensions) or after the date that construction of the Modification or Extension in question was completed, as certified in writing by the Operator, in the case of a Modification or Extension. Absent fraud or intentional concealment or misrepresentation by the Operator, and except for any adjustments which may arise from FERC compliance audits, the Operator shall neither be required nor permitted to adjust any item unless a claim therefor is presented or adjustment is initiated within twenty-four (24) Months after December 31 of the Year under audit or within twenty-four (24) Months after the in-service date of the Facilities or completion of a Modification or Extension, and in the absence of such timely claims or adjustments, the books and records rendered by the Operator shall be conclusively established as correct. If Company or a Member has commenced an audit within the 24-Month period but has been unable to complete the audit despite its good faith efforts to do so, then Company or the Member may request a reasonable extension of time to complete the audit and such request will not be unreasonably denied by the Operator.

6. Confidential Information; Proprietary Inventions and Techniques

- 6.1 Confidential Information. The Operator agrees that it will utilize any confidential information received from Company or a Member (other than a Member which is an Affiliate of the Operator) solely in connection with the performance of its duties hereunder and that it will be subject to and bound by the provisions set forth in Section 3.06 of the LLC Agreement with respect to that confidential information as if it were a Member. Upon termination of this CO&M Agreement or removal of the Operator as operator, the Operator shall return all confidential information (and cease all further use and disclosure of such confidential information) that has been provided to it, together with all reproductions thereof in the Operator's possession, to Company or the Member from whom it obtained such confidential information.
- 6.2 Proprietary Inventions and Techniques. Each Member on its own behalf and not on behalf of Company hereby grants to the Operator an irrevocable, royalty-free, non-exclusive and non-assignable license to use, during the term of this CO&M Agreement, any proprietary inventions, processes and techniques provided to Company or the Operator by said Member and specifically designated as such by said Member. As a condition precedent to the effectiveness of such license to use, the Operator hereby expressly agrees that it will utilize such proprietary inventions, processes and techniques solely in connection with the performance of its duties hereunder. Upon termination of this CO&M Agreement or removal of the Operator as operator, such license shall terminate and the Operator shall return to the appropriate Member or Company all inventions, processes or techniques that are proprietary to such Members or Company. Any techniques, inventions or processes developed or invented by the Operator during the term of this CO&M Agreement, (a) if developed or invented specifically and exclusively for Operation of the Facilities, shall

be the sole property of Company, and the Operator shall execute all documentation necessary to place ownership into Company, or (b) if developed or invented at the express direction of the Management Committee jointly for the Operation of the Facilities and other facilities not owned by Company, shall be the joint property of Company and the Operator, and Company shall have a royalty-free, non-exclusive right to use such proprietary inventions, processes and techniques for any facilities owned by Company; provided, however, that Company's property rights in and to any such techniques, inventions or processes shall not be or become effective unless and until all reasonable costs and expenses incurred by the Operator to develop or invent such techniques, inventions or processes, or in the case of (b), Company's share of such costs and expenses, shall have been reimbursed by Company to the Operator pursuant to this CO&M Agreement.

**7. Indemnification.**

- 7.1 Company agrees to indemnify, hold harmless and defend the Operator and its Affiliates and their respective officers, directors, employees and agents (but not including any Member of Company, in its capacity as such) ("Operator Indemnified Parties") from and against, and the Operator Indemnified Parties shall have no liability to Company for, any and all Liabilities incurred, arising out of or relating to this CO&M Agreement or the Operation of the Facilities, regardless of cause, including Liabilities attributable to the sole, joint or concurrent negligence of the Operator Indemnified Parties hereunder; provided, however, that Company shall not be required to indemnify or hold harmless the Operator Indemnified Parties from or against any Liabilities attributable to Prohibited Conduct by the Operator or the gross negligence or willful misconduct of the other Operator Indemnified Parties. Company shall reimburse the Operator Indemnified Parties for the costs of any Liabilities incurred by the Operator Indemnified Parties for which indemnification is applicable under this paragraph; such reimbursement shall be made promptly upon notice therefor, but Company shall not be required to make such reimbursement prior to such costs becoming due and payable by the Operator Indemnified Parties.**
- 7.2 Operator agrees to indemnify, hold harmless and defend Company, its Members and its and their Affiliates and the respective officers, directors, employees and agents of each ("Company Indemnified Parties") from and against, and the Company Indemnified Parties shall have no liability to Operator for, any and all Liabilities incurred, arising out of or relating to this CO&M Agreement or the Operation of the Facilities attributable to Prohibited Conduct by the Operator and/or gross negligence or willful misconduct of the other Operator Indemnified Parties. The Operator shall reimburse the Company Indemnified Parties for the costs of any**

**Liabilities incurred by the Company Indemnified Parties for which indemnification is applicable under this paragraph; such reimbursement shall be made promptly upon notice therefor, but the Operator shall not be required to make such reimbursement prior to such costs becoming due and payable by the Company Indemnified Parties.**

**7.3 In the event applicable law limits in any way the extent to which indemnification may be provided to an indemnitee, this Section 7 shall be automatically amended, in keeping with the express intent of the parties hereto, as necessary to render all the remainder of this CO&M Agreement valid and enforceable and to provide that the indemnifications provided herein shall extend and be effective only to the maximum extent permitted by such law.**

**7.4 With respect to any claim against any indemnified party for which indemnification may be sought hereunder, Company or the Operator, as the case may be, shall not, without the indemnified party's prior written consent, settle or compromise such claim or consent to entry of any judgment in respect thereof which imposes any future obligation on the indemnified party or which does not include, as an unconditional term thereof, the giving by the claimant or the plaintiff to the indemnified party a release from all liability in respect of such claim. Company or the Operator, as the case may be, (a) shall have the right to defend, at its cost and expense, such claim in all appropriate proceedings, and (b) shall have full control (including choice of counsel) of such defense and proceedings, including any compromise or settlement thereof (subject to the foregoing provisions of this Section 7), and the indemnified parties shall cooperate in such defense in all reasonable ways. Neither Company nor the Operator shall be required to provide indemnification pursuant to this Section 7 to the extent, if any, that the Liabilities in question are not borne or incurred by the indemnified parties because of the availability of insurance coverage under the insurance required in Section 8.1 of this CO&M Agreement to the indemnified parties.**

**8. Insurance.**

**8.1 Required Insurance.** The Operator shall carry and maintain, or cause to be carried and maintained, for the benefit of and on behalf of Company and the Operator, with insurance companies and deductibles and retentions selected by the Operator (unless otherwise required by Company), the insurance described below. The parties agree that they shall cooperate reasonably with one another in an effort to reduce insurance costs hereunder.

**8.1.1 All-Risk Property insurance covering any major river crossings and meter stations and any other above-ground property at major locations of the Facilities on a**

replacement cost basis during the construction, commissioning, testing and start-up, and while in transit or in storage. This insurance will include coverage for earthquake and flood, and, if applicable, boiler and machinery.

- 8.1.2 Prior to commencement of construction of the Facilities or any related activity, and at all times thereafter, General and/or Excess Liability insurance with limits of not less than \$10,000,000 per occurrence for bodily injury and property damage combined. Limits in excess of \$10,000,000 will only be procured with Company approval. This insurance will include coverage for non-owned automobile liability, pollution liability, personal injury, contractual liability, broad form property damage, independent contractors, products/completed operations, cross liability, explosion, collapse and underground hazards. Except as set forth herein, the Operator and each Member at all times shall be responsible for insuring its own liability exposures with regard to Company and Company's facilities and the operation, maintenance and construction thereof.
  - 8.1.3 At all times during the Operation of the Facilities and covering all employees of the Operator, (a) Workers' Compensation insurance complying with the laws of the state(s) having jurisdiction over each employee, and (b) Employer's Liability insurance with limits of not less than \$1,000,000 per accident. To the extent permitted by applicable law, the Operator may self-insure the Workers' Compensation and Employer's Liability insurance required herein.
  - 8.1.4 At all times during the Operation of the Facilities, Automobile Liability insurance with a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage, including coverage for all owned, non-owned and hired vehicles, covering all vehicles owned or used by or on behalf of the Operator.
  - 8.1.5 Any other insurance deemed necessary or appropriate by the Operator and approved by Company.
- 8.2 Conditions. The following conditions shall apply to the foregoing insurance provisions:
- 8.2.1 For the insurance required in Sections 8.1.1 and 8.1.2 above, (a) Company and the Operator will be named insureds under the policies, (b) the Affiliates of the Operator and the Members will be additional insureds with respect to Company and the Operation of the Facilities, (c) the insurance will be primary for such named insureds and additional insureds, and (d) the Operator will provide certificates of insurance to any Member upon request.

- 8.2.2 For the insurance required in Section 8.1.1 above, Company will be the sole loss payee, and any loss proceeds under the policies will be used to repair or replace the damaged Facilities, unless otherwise directed by Company.
- 8.2.3 For the insurance required in Section 8.1.3 above, the policies will provide for a waiver of all rights of subrogation in favor of Company, the Operator and the Members and their respective Affiliates.
- 8.2.4 For the insurance maintained pursuant to Sections 8.1.3 and 8.1.4 above, the Operator will provide a certificate of insurance to the Members upon request.
- 8.2.5 For the insurance required in Section 8.1.4 above, Company, the Operator and the Members and their Affiliates will be additional insureds under the policies with respect to Company and the Operation of the Facilities. Such insurance will be primary for such additional insureds.
- 8.3 Waiver of Certain Rights. Except as otherwise provided in this CO&M Agreement or in the other documents, including, without limitation, the indemnification provisions hereof or thereof, the Operator, Company and the Members hereby waive all rights of recovery against one another and their respective Affiliates with respect to damage to or loss of property that is a part of Company's facilities (collectively referred to as "Damages"). Such waiver of recovery shall be effective regardless of the cause of the Damages, including any Damages attributable to the sole, joint or concurrent negligence of the party causing the Damages, but excluding any Damages attributable to the gross negligence or willful misconduct of the party causing the Damages if not covered by insurance described in Section 8.1 above. In addition, the Operator's and each Member's general liability insurance (including excess liability insurance) policies, if any, shall provide for a waiver of all subrogation rights in favor of the Operator, Company and the Members and their respective Affiliates, except as to damages arising from matters for which recovery is excluded under this Section 8.3.
- 8.4 Reimbursement. The costs for premiums, deductibles and retentions for the insurance maintained by the Operator pursuant to this CO&M Agreement shall be reimbursable costs pursuant to Section 5 of this CO&M Agreement. In addition, in the event that the Operator self-insures the Workers' Compensation and/or Employer's Liability insurance required above, the Operator shall be reimbursed as provided in Section 3.10 of the Accounting Procedure.
9. Term and Termination.

9.1 Term. This CO&M Agreement shall be effective as of the date hereof and shall continue for the term of Company unless terminated sooner pursuant to Section 9.2 below.

9.2 Termination.

9.2.1 Continuing Default by Operator. Unless caused by an event of "force majeure" as defined in or pursuant to Company's FERC Gas Tariff, if the Operator materially defaults in the performance of its obligations under this CO&M Agreement and such material default continues for a period of 45 Days after notice thereof by Company to the Operator, Company may, by notice to the Operator, terminate this CO&M Agreement; provided, however, that no such termination shall occur if the Operator has initiated action to cure such material default but, despite its good faith efforts, has been unable to complete such cure within such 45-Day period, and the Operator's actions to complete such cure continue in good faith beyond the end of the 45-Day period until such cure is completed. If, during the 45-Day period, an Emergency or other situation requiring prompt action arises and the Operator is not reasonably responding in a prompt fashion, Company shall have the right to take such remedial action as it deems appropriate, provided that Company shall use all reasonable efforts to notify the Operator prior to the taking by Company of such action.

9.2.2 Continuing Default by Company. Unless caused by an event of "force majeure" as defined in or pursuant to Company's FERC Gas Tariff, if Company materially defaults in the performance of its obligations under this CO&M Agreement and such material default continues for a period of 45 Days after notice thereof by the Operator to Company (and its lenders, if required by any Financing Commitments or related agreements), the Operator may, by notice to Company, terminate this CO&M Agreement; provided, however, that no termination shall occur if Company has initiated action to cure such material default but, despite its good faith efforts, has been unable to complete such cure within such 45-Day period, and the actions of Company (or its lenders) to complete such cure continue in good faith beyond the end of the 45-Day period until such cure is completed.

9.2.3 Additional Events of Termination. In addition to termination in accordance with Sections 9.2.1 and 9.2.2, this CO&M Agreement shall terminate if (a) Company is dissolved and terminated without being continued under the terms of the LLC Agreement, (b) Company and the Operator mutually agree to terminate this CO&M Agreement, or (c) either Party, upon one (1) year prior written notice to the other Party, terminates this CO&M Agreement.

10. Survival of Obligations. Section 7 shall survive the termination of this CO&M Agreement. Company shall continue to be liable to the Operator until payment has been made to the

Operator for costs associated with the Operation of the Facilities, as provided in this CO&M Agreement, incurred prior to such termination.

11. Law of the Contract and Dispute Resolution.

11.1 Law of the Contract. THIS CO&M AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

11.2 Dispute Resolution. The Parties and the Members agree to use reasonable efforts to negotiate with one another to amicably resolve any and all disputes between them regarding this CO&M Agreement. In the event a Party or a Member determines that a dispute has arisen between them regarding this CO&M Agreement, the parties agree to utilize the Dispute Resolution procedure set forth in Section 12.1 of the LLC Agreement to resolve said dispute.

12. Special and Consequential Damages. The indemnification provided in Section 7 of this CO&M Agreement shall include without limitation claims made by any Person for special, indirect, consequential or punitive damages; otherwise, neither Party shall have any liability hereunder to the other Party for any special, indirect, consequential or punitive damages.

13. General.

13.1 Effect of Agreement; Amendments. This CO&M Agreement and the LLC Agreement reflect the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, among the Parties with respect to the subject matter hereof. This CO&M Agreement can be amended, restated or supplemented only by the written agreement of the Operator and Company.

13.2 Notices. Unless otherwise specifically provided in this CO&M Agreement, any notice or other communication shall be in writing and may be sent by (a) personal delivery (including delivery by a courier service), (b) telecopy to the following telecopy numbers (until changed in accordance with this Section 13.2) or (c) registered or certified mail, postage prepaid, addressed as set forth below (or at such other address as may be designated in accordance with this Section 13.2):

If to the Operator:

Duke Energy Islander East Pipeline Company, L.L.C.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention:

Telecopy number:

If to Company, to each of the Members as set forth in the LLC Agreement.

Notices shall be deemed given upon receipt, and a notice to Company shall be deemed given when received by the last Member to receive same. The Operator may change its address and/or telephone number for notice purposes by providing notice of such change to the Members. The Members may change their address and/or telephone number as provided in the LLC Agreement.

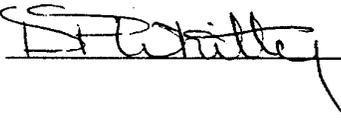
- 13.3 Counterparts. This CO&M Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 13.4 Waiver. No waiver by either Party of any default by the other Party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirement herein, nor shall such waiver be deemed to be a waiver of, or in any manner a release of, the other Party from future performance of the same provision, condition or requirement. Any delay or omission of either Party to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter.

- 13.5 Assignability; Successors. This CO&M Agreement, and the rights, duties, and obligations hereunder, may not be assigned or delegated by either Party without the written consent of the other Party, except with respect to delegation by either Party of all or a portion of its rights and obligations hereunder to its Affiliates so long as such Party remains responsible for all obligations (including any liability resulting from any defaults) of said Affiliates; provided, however, that such consent shall not be withheld unreasonably; provided, further, that this CO&M Agreement may be pledged by Company without the consent of the Operator in connection with any Financing Commitment. This CO&M Agreement and all of the obligations and rights herein established shall extend to and be binding upon and shall inure to the benefit of the respective successors and permitted assigns of the respective Parties hereto. Unless consent to the assignment has been obtained, any assignment of this CO&M Agreement shall not relieve the assigning Party of any of its obligations hereunder.
- 13.6 Third Persons. Except as otherwise provided in this CO&M Agreement or the LLC Agreement nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a Party hereto (other than the Members) any rights, remedies or obligations under or by reason of this CO&M Agreement.
- 13.7 Laws and Regulatory Bodies. This CO&M Agreement and the obligations of the Parties hereunder are subject to all applicable laws, rules, orders and regulations of Governmental Authorities having jurisdiction, and to the extent of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.
- 13.8 Section Numbers; Headings. Unless otherwise indicated, references to Section numbers are to Sections of this CO&M Agreement. Headings and captions are for reference purposes only and shall not affect the meaning or interpretation of this CO&M Agreement.
- 13.9 Severability. Any provision of this CO&M Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction.
- 13.10 Further Assurances. Each Party agrees to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be reasonably necessary more fully to effectuate the terms and provisions of this CO&M Agreement.

IN WITNESS WHEREOF, the Parties have caused this CO&M Agreement to be executed by their duly authorized representatives as of the date first above written.

OPERATOR:

DUKE ENERGY ISLANDER EAST PIPELINE  
COMPANY, L.L.C.

By:  

COMPANY:

ISLANDER EAST PIPELINE COMPANY L.L.C.  
By each of its Members:

By:   
Name: D. Patrick Whitty  
Title: Vice-President  
Duke Energy Islander East Pipeline  
Company, L.L.C.

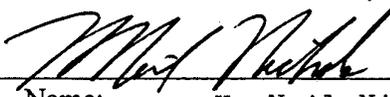
By:   
Name: H. Neil Nichols  
Title: President  
KeySpan Islander East Pipeline Company, L.L.C.

EXHIBIT A  
TO  
CONSTRUCTION, OPERATING AND MAINTENANCE AGREEMENT

ACCOUNTING PROCEDURE

ARTICLE I  
General Provisions

- 1.01 Statements and Billings. The Operator shall bill Company on or before the tenth Day of each Month or as soon as reasonably possible thereafter for the costs and expenses for the prior Month, including any adjustment that may be necessary to correct prior billings. If requested by Company or any Member, the Operator will promptly provide reasonably sufficient support for the costs and expenses to be incurred for the Month. Bills will be summarized by appropriate classifications indicative of the nature thereof and will be accompanied by such detail and supporting documentation as Company may reasonably request.
- 1.02 Payment by Company. Company shall pay all bills presented by the Operator as provided in this CO&M Agreement on or before the fifteenth (15th) Day after the bill is received. If payment is not made within such time, the unpaid balance shall bear interest until paid at a rate (which shall in no event be higher than the maximum rate permitted by applicable law) equal to two percent (2%) per annum over the prime rate of Citibank, N.A. (or its successor) from time to time publicly announced and in effect. Payment by or on behalf of Company shall not be deemed a waiver of the right to recoup any amount in question.
- 1.03 Financial Records. The Operator shall maintain accurate books and records in accordance with Required Accounting Practice covering all of the Operator's actions under this CO&M Agreement, and as otherwise required or contemplated by the LLC Agreement.
- 1.04 Purchase of Materials. It is contemplated that all material, equipment and supplies will be owned by Company and purchased or furnished for its account. So far as is reasonably practical and consistent with efficient, safe and economical operation as determined by the Operator, only such material shall be obtained for Company's facilities as may be required for immediate use, and the accumulation of surplus stock shall be avoided. To the extent reasonably practicable, the Operator shall take advantage of discounts available by early payments and pass such benefits on to Company.
- 1.05 Interest-Bearing Account. To the extent practicable, the funds of Company will be held in one or more interest-bearing accounts.

ARTICLE II  
Capital Items

To the extent the Operator or any of its Affiliates owns real and/or personal property necessary or desirable for the Operation of the Facilities that (a) under Required Accounting Practice, might be capitalized, and (b) the Operator or such Affiliates in its sole discretion is willing to transfer for consideration to Company, the Operator or such Affiliates may, if approved by Company, so transfer such property to Company. In the event of such a transfer, the Operator may charge Company the net book value thereof (as reflected on the books of the Operator or such Affiliates on the date of transfer).

The cost of natural gas utilized for installation, purging, testing and line pack of the Initial Facilities shall be a capital item. Any major modification to information systems requiring information processing and/or programming services shall be a capital item.

ARTICLE III  
Costs and Expenses

Subject to the limitations hereafter prescribed and the provisions of this CO&M Agreement, the Operator shall charge Company for all reasonable costs and expenses provided for in Section 5.1.2 of this CO&M Agreement, including, but not limited to, the following items, to the extent reasonable and actually incurred or allocated:

3.01 Rentals. All rentals paid by the Operator.

3.02 Labor Costs. All applicable personnel generating the following labor costs shall keep time sheets so that the portion of their salaries and wages chargeable under this CO&M Agreement may be supported and calculated, and only such proportionate part of such labor costs shall be charged pursuant to this Section 3.02:

- (a) Salaries and wages of employees of the Operator and its Affiliates engaged in connection with the Operation of the Facilities and, in addition, amounts paid as salaries and wages of others temporarily employed in connection therewith. Such salaries and wages shall be loaded to include the Operator's actual costs of bonuses, holiday, vacation, sickness and jury service benefits and other customary allowances for time not worked paid to persons whose salaries and wages are chargeable under this Section 3.02(a).
- (b) Expenditures or contributions made pursuant to assessments imposed by Governmental Authority that are applicable to salaries, wages and costs chargeable under Section 3.02(a) above, including, but not limited to, FICA taxes and federal and state unemployment taxes. Such costs shall be charged on the basis of a percentage assessment on the amount of salaries and wages chargeable under Section 3.02(a) above.

- (c) The costs of plans incurred by or on behalf of the Operator for workers' compensation, employers' group life insurance, hospitalization, disability, pension, retirement, savings and other benefit plans, that are applicable to salaries and wages chargeable under Section 3.02(a) above. Such costs shall be charged on the basis of a percentage assessment on the amount of salaries and wages chargeable under Section 3.02(a) above.
- 3.03 Programming and Information Processing. All costs incurred relating to programming and information processing actually and reasonably incurred or allocated on behalf of Company in compliance with, and in furtherance of, the terms of this CO&M Agreement.
- 3.04 Reimbursable Expenses of Employees. Reasonable personal expenses of employees whose salaries and wages are chargeable under Section 3.02(a) above. As used herein, the term "personal expenses" shall mean out-of-pocket expenditures incurred by employees in the performance of their duties and for which such employees are reimbursed. The Operator shall maintain documentation for such expenses in accordance with the standards of the Internal Revenue Service.
- 3.05 Material, Equipment and Supplies. Material, equipment and supplies purchased or furnished from the warehouse or other properties of the Operator's Affiliates, priced at cost plus the Affiliate's appropriate purchasing and stores overhead ordinarily in use by the Affiliate.
- 3.06 Transportation. Transportation of employees, equipment and material and supplies necessary for the Operation of the Facilities.
- 3.07 Services. The cost of contract services and utilities procured from outside sources.
- 3.08 Legal Expenses and Claims. All costs and expenses of handling, investigating and settling litigation or claims arising by reason of the Operation of the Facilities or necessary to protect or recover any Facilities or property, including, but not limited to, attorneys' fees, court costs, costs of investigation or procuring evidence and any judgments paid or amounts paid in settlement or satisfaction of any such litigation or claims; excluding, however, costs incurred by the Operator pursuant to Section 7.2 of this CO&M Agreement. All judgments received or amounts received in settlement of litigation with respect to any claim asserted on behalf of Company shall be for the benefit of and shall be remitted to Company.

- 3.09 Taxes. All taxes (except those measured by income) of every kind and nature assessed or levied upon or incurred in connection with the Operation of the Facilities or on Company's facilities or other property of Company and which taxes have been paid by the Operator for the benefit of Company, including charges for late payment arising from extensions of the time for filing that are caused by Company, or that result from the Operator's good faith efforts to contest the amount or application of any tax.
- 3.10 Insurance. Net of any returns, refunds or dividends, all premiums, deductibles and retentions paid and expenses incurred for insurance required to be carried under this CO&M Agreement. In the event that the Operator self-insures any of the insurance required or permitted under this CO&M Agreement, the Operator shall be reimbursed only for the amount equivalent to the standard premium(s) which would have been paid had such insurance been acquired, and the Operator shall not be reimbursed for the costs associated with any claims paid by the Operator as an insurer under such self-insurance.
- 3.11 Permits, Licenses and Bond. Cost of permits, licenses and bond premiums necessary in the performance of the Operator's duties on behalf of Company as herein contemplated.
- 3.12 Administrative and General and Overhead Costs. Administrative and general and overhead costs, including salaries and wages, bonuses and expenses of personnel of the Operator and/or the Operator's Affiliates (excluding the personnel referred to in Section 3.02 of this Article III) who render services for the benefit of the Operator (in the performance of its obligations hereunder) or Company, office supplies and expenses, office rentals and other space costs. The costs under this section shall be charged as follows:
- Pre-Completion Period: two percent (2%) of direct labor costs.  
Thereafter: thirty-five percent (35%) of direct labor costs.
- 3.13 Changes in Cost Determination and Allocation. The Operator may request a change in the cost components or the determination of the cost components set forth in this Exhibit A. Any requested change in a cost component or in the determination of a cost component must be reviewed and approved by Company prior to the implementation of such change by the Operator.

End of Exhibit A.

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT N**

REVENUES, EXPENSES AND INCOME

**Islander East Pipeline Company, L.L.C.**  
**Pro Forma Revenues, Expenses and Income**

Line No.	(1) Description	(2) Construction	(3) 2003	(4) 2004	(5) 2005
1	Operating Revenues		\$33,748,257	\$33,748,257	\$33,748,257
2	<u>Operating Expenses</u>				
3	O&M Expense		\$5,785,149	\$5,424,474	\$5,448,854
4	Depreciation Expense		\$5,984,800	\$5,984,800	\$5,984,800
5	Taxes Other Than Income		<u>\$3,299,715</u>	<u>\$3,332,828</u>	<u>\$3,366,274</u>
6	Total Operating Expenses		\$15,069,664	\$14,742,102	\$14,799,928
7	Operating Income		\$18,678,593	\$19,006,155	\$18,948,329
8	<u>Other</u>				
9	Equity AFUDC	\$4,386,661			
10	<u>Interest Charges</u>				
11	Interest Expense	\$5,539,339	\$8,378,720	\$7,820,139	\$7,261,557
12	Less Debt AFUDC	<u>\$5,539,339</u>			
13	Subtotal	\$0	\$8,378,720	\$7,820,139	\$7,261,557
14	<u>Income Taxes</u>				
14	Federal		\$3,424,245	\$3,246,539	\$3,045,488
15	State		<u>\$825,375</u>	<u>\$782,541</u>	<u>\$734,080</u>
16	Total Income Taxes		\$4,249,620	\$4,029,080	\$3,779,568
17	Net Income	\$4,386,661	\$6,050,253	\$7,156,936	\$7,907,204

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT O**

DEPRECIATION AND DEPLETION

Depreciation

Islander East proposes to set its depreciation rate at 4% per year, for all of its pipeline facilities.

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT P**

RATES AND TARIFF

**Rates and Tariff**

**Table of Contents**

Schedule

Explanatory Notes	1
Cost of Service and Rate Design	2
Operation and Maintenance Expenses	3
Depreciation Expenses and Other Taxes	4
Rate Base and Return	5
Federal and State Income Taxes	6
Rate of Return	7
Tariff	8

Explanatory Notes

Rate Derivation

Islander East has calculated its maximum rates for firm transportation service as shown at the bottom of schedule 2 of this Exhibit P. Islander East's maximum rates were developed, using the Commission's SFV methodology. The maximum reservation rate for FTS service was calculated by dividing the total cost of service calculated on schedules 2 through 7, by a volume determinant equal to Islander East's capacity of 285,000 dth per day, times 12 months.

The rate for authorized overrun service under rate schedule FTS, has been set equal to the 100% load factor rate for firm service.

The rate for unauthorized overrun service under rate schedule FTS, has been set equal to the 90% load factor rate for firm service.

The rate for interruptible ITS service has been set equal to the 100% load factor FTS rate.

Because Islander East expects to have only 260,000 dth/d of its total of 285,000 dth/d of capacity under firm FTS contract by its in-service date, it is proposing to assign the costs associated with the 25,000 dth/d of unsubscribed capacity (approximately \$3 million), for recovery under ITS and short-term FTS services.

Explanatory Notes

Cost of Service

Islander East's cost of service is based on its total capital cost as presented in Exhibit K herein.

Islander East proposes to use a 4% depreciation rate as described in Exhibit O.

Islander East's proposed 9.80% rate of return was calculated on schedule 7 of this Exhibit P, based on the company's proposed 70% debt and 30% equity capital structure. A debt cost of 8% was applied, as described in Exhibit L herein.

A return on equity of 14% is being requested, based on Islander East's level of business and financial risk. The Commission has recently approved returns on equity at the 14% level for new startup pipeline projects similar to Islander East. The Gulfstream Natural Gas System, L.L.C. received authority to use a 14% ROE rate on a 70% debt/30% equity capital structure, in its initial rates, in an a Commission order issued April 28, 2000 in Docket No. CP00-6-000 (91 FERC 61,119).

Income taxes have been calculated as shown on schedule 6, using a 35% federal income tax rate and a 7.78% state income tax rate, which is a composite rate for the states of New York and Connecticut.

Ad valorem taxes were developed, as shown on schedule 4, by applying separate ad valorem factors to the gross plant balances in each state. The factors were developed based on the individual assessment ratios and tax rates in each taxing jurisdiction.

An estimate of operation and maintenance was included which incorporates a component for administrative and general expenses based on 160% of estimate direct operation and maintenance expenses. The 160% factor is the historical ratio of administrative and general expense, to direct operation and maintenance expense, for the pipeline affiliates of Islander East's operating company, Duke Energy Islander East Pipeline Company.

Also, included in the operation and maintenance component of Islander East's cost of service, is the total cost of its lease of Algonquin capacity as described in the application text. Per the lease agreement Islander East will pay a fixed monthly lease fee, plus separate charges to reimburse Algonquin for the operation and maintenance costs and for its Ad Valorem taxes on the leased facilities.

Explanatory Notes

Islander East Tariff

Included in Exhibit P hereto is the *pro forma* FERC Gas Tariff whereby Islander East will provide transportation service. The terms and conditions of the tariff are structured to conform to the requirements of the Commission's Order Nos. 636, *et seq.* and Order No. 637. The tariff includes the proposed Rate Schedule FTS, under which Islander East will render firm transportation service to the Islander East Customers and the proposed Rate Schedule ITS, under which Islander East will render interruptible transportation service. The tariff also provides for the ability to negotiate rates.

**Islander East Pipeline Company, L.L.C.**  
**Cost of Service and Rate Design**

Line No.	(1) Description	(2) <u>2003</u>	(3) <u>2004</u>	(4) <u>2005</u>
1	Operation and Maintenance Expense	\$5,785,149	\$5,424,474	\$5,448,854
2	Depreciation Expense	\$5,984,800	\$5,984,800	\$5,984,800
3	Taxes Other than Income	\$3,299,715	\$3,332,828	\$3,366,274
4	Federal Income Taxes	\$3,424,245	\$3,246,539	\$3,045,488
5	State Income Taxes	\$825,375	\$782,541	\$734,080
6	Return	<u>\$14,428,973</u>	<u>\$13,658,917</u>	<u>\$12,787,692</u>
7	Total Cost of Service	<u>\$33,748,257</u>	<u>\$32,430,099</u>	<u>\$31,367,188</u>
8	<u>FTS Reservation Rate</u>			
9	Capacity (dth/d)	285,000		
10	Design Determinant	<u>3,420,000</u>		
11	Reservation Rate (\$/dth)	\$9.868		
12	FTS Authorized Overrun Rate (\$/dth)	\$0.3244		
13	FTS Usage-2 Rate (Reservation Rate at 90% Load Factor) (\$/dth)	\$0.3605		
14	ITS Usage Rate (\$/dth)	\$0.3244		

**Islander East Pipeline Company, L.L.C.**  
**Operation and Maintenance Expenses**

Line No.	(1) Description	(2) <u>2003</u>	(3) <u>2004</u>	(4) <u>2005</u>
1	<u>Direct O&amp;M</u>			
2	Labor	\$128,205	\$130,769	\$133,384
3	Material & Other	\$256,410	\$261,538	\$266,769
4	<u>AGT Lease Costs</u>			
5	Fixed Lease Fee	\$4,009,620	\$4,009,620	\$4,009,620
6	O&M Reimbursement	\$387,690	\$395,444	\$403,353
7	Ad Val Tax Reimbursement	<u>\$387,840</u>	<u>\$391,718</u>	<u>\$395,636</u>
8	Total Lease Costs	\$4,785,150	\$4,796,782	\$4,808,608
9	Administrative and General @ 160%	<u>\$615,384</u>	<u>\$627,692</u>	<u>\$640,246</u>
10	Total O&M	\$5,785,149	\$5,424,474	\$5,448,854

**Islander East Pipeline Company, L.L.C.**  
**Depreciation Expense and Other Taxes**

Line No.	(1) Description	(2) <u>2003</u>	(3) <u>2004</u>	(4) <u>2005</u>
1	<u>Depreciation Expense</u>			
2	Depreciable Plant	\$149,620,000	\$149,620,000	\$149,620,000
3	Depreciation Rate	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>
4	Depreciation Exp.	<u>\$5,984,800</u>	<u>\$5,984,800</u>	<u>\$5,984,800</u>
5	Taxes Other than Income:			
6	<u>Gross Plant</u>			
7	Connecticut	\$68,049,677	\$68,049,677	\$68,049,677
8	New York	\$81,570,322	\$81,570,322	\$81,570,322
9	Reserved	\$0	\$0	\$0
10	<u>Ad Valorem Taxes</u>			
11	Connecticut 1.20%	\$816,596	\$824,762	\$833,010
12	New York 3.03%	\$2,471,581	\$2,496,297	\$2,521,260
13	Reserved 0.00%	\$0	\$0	\$0
14	Total Ad Valorem Taxes	\$3,288,177	\$3,321,059	\$3,354,269
15	<u>Payroll Taxes</u>			
16	Labor Cost	<u>\$128,205</u>	<u>\$130,769</u>	<u>\$133,384</u>
17	Payroll Taxes 9.00%	\$11,538	\$11,769	\$12,005
18	Total Taxes Other than Income	<u>\$3,299,715</u>	<u>\$3,332,828</u>	<u>\$3,366,274</u>

**Islander East Pipeline Company, L.L.C.**  
**Rate Base and Return**

Line No.	(1) Description	(2) <u>2003</u>	(3) <u>2004</u>	(4) <u>2005</u>
1	<u>Rate Base</u>			
2	Gas Plant in Service	\$149,620,000	\$149,620,000	\$149,620,000
3	Accumulated Depreciation	<u>(\$2,992,400)</u>	<u>(\$8,977,200)</u>	<u>(\$14,962,000)</u>
4	Net Plant	\$146,627,600	\$140,642,800	\$134,658,000
5	<u>Working Capital</u>			
6	Materials & Supplies @ 0.60%	\$897,720	\$915,674	\$933,988
7	Accum. Deferred Income Taxes	<u>(\$290,902)</u>	<u>(\$2,181,768)</u>	<u>(\$5,105,337)</u>
8	Total Rate Base	\$147,234,418	\$139,376,707	\$130,486,651
9	Return @ 9.80%	<u>\$14,428,973</u>	<u>\$13,658,917</u>	<u>\$12,787,692</u>

**Islander East Pipeline Company, L.L.C.**  
**Federal and State Income Taxes**

Line No.	(1) Description	(2)	(3)	(4)
		2003	2004	2005
1	Return	\$14,428,973	\$13,658,917	\$12,787,692
2	<u>Adjustments</u>			
3	Interest and Debt Expense	(\$8,245,127)	(\$7,805,096)	(\$7,307,252)
4	Amortization of Equity AFUDC	<u>\$175,466</u>	<u>\$175,466</u>	<u>\$175,466</u>
5	Total Adjustments	(\$8,069,661)	(\$7,629,630)	(\$7,131,786)
6	Net Taxable Income	\$6,359,312	\$6,029,287	\$5,655,906
7	Federal Income Tax @ 35.00%	\$3,424,245	\$3,246,539	\$3,045,488
8	Pre-FIT (Lines 6 and 7)	\$9,783,557	\$9,275,826	\$8,701,394
9	State Income Tax @ 7.78%	\$825,375	\$782,541	\$734,080

**Islander East Pipeline Company, L.L.C.**  
Rate of Return

<u>Line No.</u>	(1) <u>Description</u>	(2) Capitalization <u>Ratios</u>	(3) Component <u>Cost</u>	(4) Return <u>Component</u>
1	Long-Term Debt	70.00%	8.00%	5.600%
2	Equity	<u>30.00%</u>	14.00%	<u>4.200%</u>
3	Total	100.00%		9.800%

ISLANDER EAST PIPELINE COMPANY, L.L.C.

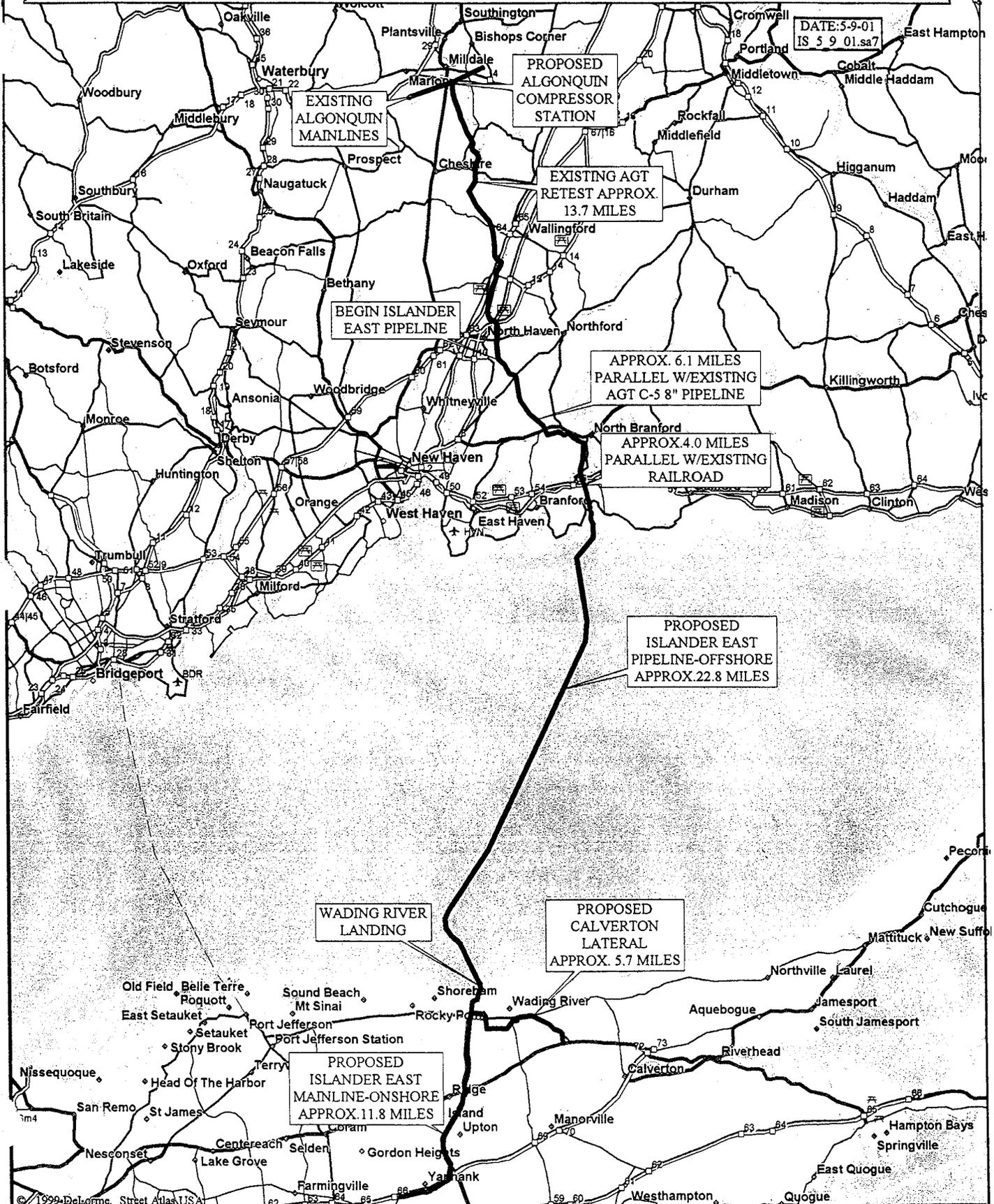
**EXHIBIT Z**

DOCUMENTATION OF PUBLIC MEETINGS

PROJECT MAP

# ISLANDER EAST PROJECT MAP

DATE: 5-9-01  
IS 5 9 01.sa7



MEETING HANDOUTS



<b>Overview</b>	Islander East Pipeline Company L.L.C. (Islander East) is proposing to construct an interstate natural gas pipeline to initially transport approximately 250,000 dekatherms per day of needed supplies of natural gas to energy markets in Connecticut, Long Island and New York City.
<b>Need</b>	Demand for natural gas is growing at a greater rate in these markets than anywhere else in the country. Growth rates in these areas have far exceeded the national average for the past several years. Demand is expected to continue to increase as more homes convert to natural gas and as proposed natural gas-fired electric generating plants are built to generate electricity for the region.
<b>Sponsors</b>	Islander East is an equally owned, limited liability company formed between subsidiaries of Duke Energy Corporation (Duke Energy) and KeySpan Energy (KeySpan).
<b>Customers</b>	During its recent Open Season, Islander East received nominations for transportation services from 15 entities seeking 1.2 billion cubic feet per day of natural gas. The nominations were received from electric generators, local distribution companies and natural gas marketers.
<b>Benefits</b>	<p>Islander East will benefit natural gas consumers in Connecticut and New York by providing new, cost-effective supplies of fuel ensuring greater energy reliability, flexibility and security. The pipeline will:</p> <ul style="list-style-type: none"><li>• Deliver high-pressure natural gas to meet the load of new, efficient gas-fired electric generating plants as well as the older, existing facilities that may convert to natural gas</li><li>• Supply enough natural gas to heat 600,000 homes and meet local distribution company growth in Connecticut, Long Island and New York City</li><li>• Fully integrate market access between New York and New England</li><li>• Enhance access to virtually every major supply basin in North America, including recently developed natural gas reserves near Sable Island off the coast of Nova Scotia through proposed interconnections with the Maritimes &amp; Northeast Pipeline</li></ul>
<b>Facilities</b>	<p>The Islander East mainline pipeline will extend from Connecticut across Long Island Sound to the vicinity of Yaphank, New York, with a lateral proposed to be constructed to Calverton, New York. The Islander East facilities will consist of approximately 50 miles of new 24-inch diameter pipeline. Additionally, the Islander East project will include certain upgrades to the Algonquin Gas Transmission Company (a Duke Energy subsidiary) system in Connecticut. Approximately 13.7 miles of existing parallel pipelines will be upgraded, and a new compressor station will be constructed in Cheshire, Connecticut.</p> <p>The proposed Islander East mainline route will traverse the Connecticut communities of North Haven, East Haven, North Branford and Branford. Upon crossing Long Island Sound, the mainline pipeline will come ashore in Wading River, New York, on property owned by KeySpan. The proposed pipelines will extend from Wading River, New York, to Yaphank, New York, and to Calverton, New York.</p>
<b>Schedule</b>	Islander East is expected to be in service in 2003.



Duke Energy Corporation  
422 South Church Street  
P.O. Box 1244  
Charlotte, NC 28201-1244

Jan. 29, 2001

CONTACTS: John P. Sheridan, Duke Energy  
Phone: 617/560-1444  
24-Hour: 704/382-8333

Edward Yutkowitz, KeySpan  
Phone: 718/403-2503

### **ISLANDER EAST PIPELINE ANNOUNCES OPEN SEASON**

BOSTON AND BROOKLYN, N.Y. – Islander East, a proposed 40-mile pipeline that will bring natural gas from Connecticut to Long Island, N.Y., has announced an open season for transportation services.

An equally owned, limited liability company formed between subsidiaries of Duke Energy and KeySpan Corporation, Islander East Pipeline L.L.C. will accept from interested parties non-binding nominations from Jan. 29, 2001, to Feb. 28, 2001. The firm transportation services offered will be provided on a non-discriminatory, open-access basis.

Originating from Algonquin Gas Transmission Company's system, Islander East will consist of approximately 40 miles of 24-inch diameter and 30-inch diameter pipeline extending from Connecticut across Long Island Sound, to Wading River, N.Y., and other points on Long Island. Algonquin is a unit of Duke Energy Gas Transmission (DEGT).

Islander East will enhance access to virtually every major supply basin in North America, including recently developed natural gas reserves near Sable Island off the coast of Nova Scotia in Atlantic Canada through Algonquin's proposed interconnection with Maritimes & Northeast

Pipeline. Supplies from Atlantic Canada are expected to become the major source of incremental natural gas for the northeastern United States.

Islander East will connect with KeySpan Energy Delivery Long Island, a principal subsidiary of KeySpan Corporation. The pipeline, expected to begin operating in 2003, initially will provide 250,000 dekatherms/day of vital gas capacity – enough to heat 600,000 homes – to the Long Island and New York City energy markets.

"Islander East enhances KeySpan's position as a major energy supplier in the Northeast. The pipeline will dramatically increase and diversify our access to gas supplies, enhance the competitive price of gas for our customers in the Northeast, and help reduce the cost of electric-power production," said Robert B. Catell, chairman and chief executive officer of KeySpan. "It will also mean greater energy reliability, flexibility and security for energy consumers on Long Island and in the New York City area."

"Demand for natural gas in Long Island and New York City is growing at a greater rate than anywhere else in the country and Islander East will deliver critical supplies of natural gas to those areas," said Robert Evans, president of DEGT, which will be the project manager for Islander East. "This growth is expected to continue over the next several years as more homes convert to natural gas and as gas-fired electric generating plants are built on Long Island."

A member of the S&P 500, KeySpan Corporation (NYSE: KSE) is the largest distributor of natural gas in the Northeast, with 2.4 million gas customers and more than 13,000 employees. KeySpan is also the largest investor-owned electric generator in New York State and operates Long Island's electric system under contract with the Long Island Power Authority for its 1.1 million customers. With headquarters in Brooklyn, Boston and Long Island, KeySpan also manages a portfolio of service companies. They include: KeySpan Energy Delivery, the group of regulated natural gas utilities; KeySpan Home Energy Services, a full-service energy company for residential and small commercial customers; and KeySpan Business Solutions, a full-service energy company for business customers. KeySpan also has strategic investments in natural-gas

exploration and production, pipeline transportation, distribution and storage, as well as Canadian gas processing and fiber-optic cable. For more information about the company, visit KeySpan's Web site at: <http://www.keyspanenergy.com>

Duke Energy Gas Transmission manages 12,000 miles of natural gas pipelines including East Tennessee Natural Gas Co., Texas Eastern Transmission Corp., Algonquin Gas Transmission Co. and with other partners, Maritimes & Northeast Pipeline. DEGT also owns natural gas salt cavern facilities in Texas and Louisiana with a total storage capacity of 23 billion cubic feet.

Duke Energy, a diversified multinational energy company, creates value for customers and shareholders through an integrated network of energy assets and expertise. Duke Energy manages a dynamic portfolio of natural gas and electric supply, delivery and trading businesses -- generating revenues of more than \$49 billion in 2000. Duke Energy, headquartered in Charlotte, N.C., is a Fortune 100 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: [www.duke-energy.com](http://www.duke-energy.com)

###

# Islander East Pipeline Company



## Frequently Asked Questions

**Q1. *What is an interstate natural gas transmission pipeline?***

- A1. An interstate natural gas transmission pipeline is used to transport large volumes of natural gas through various states over long distances to major markets. Natural gas is introduced into the pipeline transmission system in a gaseous state at processing plants near the gas fields and compressed to make it move at high pressure through the underground pipe. In the case of Islander East, gas is being delivered from the Algonquin Gas Transmission Company pipeline system in Connecticut, which will provide access to gas supplies from the Gulf of Mexico, Western Canada, and a new gas supply basin off the coast of Nova Scotia, Canada.

**Q2. *What is the purpose of this pipeline?***

- A2. Islander East will help address the growing demand by providing new, cost-effective supplies of fuel that will ensure greater energy reliability, flexibility, and security to natural gas consumers in Connecticut and New York. The Islander East project will fully integrate the natural gas transmission system between New York and New England, enhancing access to virtually every major supply basin in North America, including recently developed natural gas reserves off the coast of Nova Scotia through proposed interconnections with the Maritimes & Northeast Pipeline.

The Islander East pipeline will deliver high-pressure natural gas to meet the demand from new, efficient gas-fired electric generating plants as well as from older, existing facilities that may convert to natural gas. Additionally, the pipeline will supply enough natural gas to heat 600,000 homes and meet local distribution company growth.

**Q3. *What is the exact route the pipeline will take?***

- A3. The exact route of the proposed pipeline has not been determined. The Federal Energy Regulatory Commission (“FERC”) will ultimately make that decision. We have established a general study corridor which primarily follows existing roadways, railroads, and electric transmission corridors. In order to assess the feasibility of the project and find the best route for the pipeline, we have asked for your permission to conduct surveys on your land. This will help us to determine the location of the pipeline so as to

minimize impacts to landowners and the environment. We will need to evaluate this general study corridor regardless of the alternative locations that may be considered in order to compare one with the other.

**Q4. *Who are the customers for the natural gas?***

A4. A number of customers in the market have expressed strong initial interest in obtaining new natural gas supplies from the Islander East Project. We are currently in negotiations with these customers and expect to obtain contractual commitments in the second quarter of 2001. Based on the volume of gas these customers desire to transport on the pipeline, Islander East will then finalize its system design and file the FERC application soon after, and then file the appropriate federal and state permit applications late in September of 2001.

**Q5. *Is the pipeline safe?***

A5. Public safety is Islander East's top priority. According to National Transportation Safety Board statistics, the interstate natural gas pipeline system is the safest energy delivery system in the nation. The pipeline is designed, governed, constructed, and operated to meet or exceed the safety requirements exclusively governed by the United States Department of Transportation ("U.S. DOT").

*Since pipeline safety is a concern raised in many of instances, the following is information about interstate natural gas transmission pipelines and how they are safely designed and operated:*

The pipeline is built of high strength carbon steel that is coated with a corrosion resistant, non-conductive, inert material. During construction, each joint of pipeline is welded and each weld is x-rayed to verify its integrity. The pipeline is cathodically protected when placed in the ground. Cathodic protection is the process of applying a safe, low voltage direct current to all surfaces of the pipeline to protect it from the effects of corrosion. Additionally, the pipeline is hydrostatically tested at high pressure to ensure its structural integrity prior to being placed into service. During hydrostatic testing, the pipeline is filled with water and pressurized to at least 150% of the maximum allowable operating pressure. That pressure is held for approximately 8 hours to confirm the integrity of the pipeline.

Once the pipeline is installed at least three feet beneath the surface, and the surface is restored to its pre-existing contours, Islander East will install above-ground markers to indicate the location of the buried pipeline. These markers, required by U.S. DOT regulation, are placed in line-of-sight intervals as the buried pipeline crosses private and public property and they are also installed at each and every road crossing. Markers are designed to enhance public safety and alert anyone planning any excavation of the pipeline's presence in the area. The markers contain a decal which indicates Islander East's name and the telephone number for assistance.

An important key to public safety is leak prevention and detection. Islander East operating personnel regularly perform visual inspections of their pipeline to identify potential problems. These inspections are done on foot, by vehicle and air. Aerial inspections of the entire pipeline route are done at least once each week. The rights-of-way are routinely viewed by vehicles at road crossings. An on-the-ground inspection is conducted annually by walking the entire pipeline route.

Government statistics cite "outside forces" as the primary cause for reportable incidents on natural gas pipelines, with "human error" in equipment usage comprising approximately 75% of these events. Most of these cases involve excavating without first contacting a gas company to mark the location of the pipeline. For this reason, Islander East adheres to strict guidelines regulating activities within the right-of-way. For the protection of the public and the pipeline, Islander East must approve any physical work on the right-of-way. Islander East supports third party awareness by promoting pipeline safety and public awareness. This is accomplished by community liaison meetings and mailings throughout the areas where the pipeline is located.

Islander East is an advocate of the One Call programs in Connecticut (Call Before-U-Dig) and New York (Long Island One Call Center). Through these One Call programs, Islander East is informed of planned excavations, which allows us to monitor activities around the right-of-way to protect the pipeline. Before any type of excavation work may be done within the right-of-way, the program operator and Islander East must be contacted. Islander East will then mark the location of its facilities and requires that an inspector be present during the excavation to monitor the work. In most instances, we provide that inspection at no cost to the contractor or landowner.

Once the pipeline is in-service, a Gas Control Center electronically monitors the operations of the pipeline. The Gas Control Center is staffed 24 hours a day, 365 days a year and uses a state of the art computerized gas monitoring system ("SCADA System") to read pressures along the pipeline on a continuous basis every 60 seconds or less.

**Q6. *How do you respond to emergencies?***

A6. In Answer 5, Islander East described its promotion of community awareness about the pipeline. Part of that effort includes our public liaison program (which is also a U.S. DOT requirement). Islander East establishes liaisons with state and municipal public safety officials to provide them with emergency response information and training. Mock emergency drills will be conducted periodically to prepare operators, personnel and community emergency services. An Emergency Response Plan will be prepared and will include the names and telephone numbers of agencies and persons to be contacted in the event of an emergency.

In the unlikely event of a pipeline leak, Islander East personnel will act in accordance with the Emergency Response Plan, notifying and working with appropriate public safety officials. Islander East will be responsible for controlling the flow of the natural gas and

repairing any damage to the pipeline. That flow can be isolated by activating remote control valves and by repairing any damage to the pipeline. Public safety officials working with Islander East personnel would be responsible for the public safety effort and for ensuring a safe and secure area.

**Q7. *In the event of a gas leak, how will the remote control valves work?***

A7. Islander East plans to install remote control capability on all of these mainline valves. With the remote operating capability, the Gas Control Center can immediately begin a safe shutdown and isolation of a section of pipeline in the event of an emergency. As stated previously in Answer 5, Islander East operating personnel will respond as soon as possible in coordination with local public safety officials.

**Q8. *How much pressure will be in this proposed line?***

A8. It is planned that the pipeline design pressure will be for a Maximum Allowable Operating Pressure (“MAOP”) of 900 psig. The pipeline will be hydrostatically tested to at least 150% of the MAOP as described in Answer 5.

**Q9. *How far away is considered a safe distance for a house to be from the Pipeline?***

A9. Islander East has no minimum distance standards between homes and the pipeline, outside of the permanent right-of-way boundaries. New homes or structures can be built adjacent to, but not on, pipeline rights-of-way. The U.S. DOT pipeline design criteria anticipates the occupation of dwellings along and adjacent to the right-of-way and incorporates those factors into the design, construction, and operating requirements. The pipeline is strictly designed, built, and operated to those criteria.

**Q10. *What distance is needed between the electrical utilities and natural gas pipelines as a safety factor?***

A10. Pipelines and powerlines can be safely located within the same corridor. Any risk resulting from this co-location is mitigated by the installation of an AC voltage mitigation system. This mitigation system carries any discharged electricity away from the pipeline. Pipelines are located and continue to be safely operated within electric transmission corridors throughout New England and the U.S. The U.S. DOT requires a minimum of one foot of separation between the pipeline and any other underground facility horizontally crossing the pipeline.

**Q11. *Why are weekly “fly overs” over the pipeline corridor necessary?***

A11. The primary reason for weekly aerial patrols of the right-of-way is to identify areas where activity is occurring adjacent to the right-of-way to prevent third party damage. The weekly aerial patrol also identifies encroachments that should be removed or any activity that was not reported through the One Call program. Additionally, the pilot reviews the surface of the right-of-way for any unusual conditions that could negatively affect the

facility. The patrol plane flies at altitudes in accordance with Federal Aviation Administration regulations in performing these patrols.

**Q12. *Can the pipeline withstand the ground shaking resulting from earthquakes?***

A12. As previously stated, Islander East's pipeline will be built according to U.S. DOT safety standards. Specific site conditions, including earthquake forces are considered in the design criteria for pipelines. A welded steel pipeline is highly resistant to earthquake forces because of its configuration and design. In fact, studies have been made on the performance of natural gas pipelines in Southern California, the major earthquake area in the United States. Those studies reported that there is no known case of a buried, modern, welded steel pipeline which has experienced a break or a leak as a result of earthquake-shaking forces or ground deformation.

**Q13. *Are pesticides used along the pipeline corridor to control growth of vegetation?***

A13. Pesticides and herbicides are not used by Islander East on the pipeline right-of-way.

**Q14. *Would the gas escaping from a pipeline contaminate drinking water or aquifers?***

A14. Islander East does not expect any adverse impacts to water supplies in the unlikely event natural gas would escape from the pipeline. Since natural gas is in a gaseous form, is lighter than air and is not soluble in water, natural gas would bubble to the surface of the water and dissipate into the atmosphere.

**Q15. *What is the width of the corridor needed during the construction period? When completed, how much of the corridor becomes permanent?***

A15. In general, the width of the construction right-of-way is comprised of 25 feet of temporary workspace and 50 feet of permanent easement. Additional temporary workspace will be necessary in certain areas where existing physical geographical features or construction techniques necessitate the movement of greater quantities of earth to create a safe working area. Some of the typical areas where additional temporary workspace is needed to support pipeline construction are in agricultural areas to accommodate the separation of top soil, at road crossings, at stream crossings and in wetland areas or where the ground topography is steep and/or sloping.

**Q16. *What is done to protect wetlands in the pipeline construction corridor?***

A16. Islander East will comply with several federal and state regulations that apply to wetland areas. Permits to install the pipeline through wetlands will have to be obtained from the FERC, Army Corps of Engineers, and all the applicable state and/or regional agencies. Through the routing phases of the pipeline, Islander East will attempt to minimize or avoid wetland areas to the extent feasible. In some instances minor route adjustments are considered to avoid particularly sensitive wetland.

The FERC has prepared *Wetland and Waterbody Construction and Mitigation Procedures* that are designed to minimize wetland and waterbody impacts. In addition, Islander East has detailed soil erosion and sediment control guidelines that address construction procedures through wetlands and identify specific erosion control devices that will be utilized during construction. All wetlands along the route are field delineated by qualified wetland ecologists. The locations of the wetlands are surveyed and plotted on to alignment sheets that are used during pipeline design and permitting.

When wetlands are encountered, special considerations are given to the type of construction, restoration and long-term maintenance techniques used. Some of these specialized construction techniques involve limiting the amount of equipment that actually enters the wetland areas. If equipment works in saturated wetlands, then equipment mats (swamp mats) are utilized to reduce impacts to the wetlands. When constructing in wetlands, only tree stumps directly over the trenchline are removed and the topsoil in the same area is segregated, saved and replaced. As the result of abundant organic nutrients in the topsoil, wetland vegetation is quickly reestablished. Restoration activities include careful attention to replacing the grade through the wetland area to maintain the hydrology. These types of techniques will be further defined and finalized by the appropriate agencies through permits and authorizations. With these specialized techniques and mitigation requirements, the impact of pipeline construction through wetlands is generally considered temporary in nature.

**Q17. *If my well is damaged during construction, how will your company supply water to my home?***

A17. Typically water wells within 200 feet of the construction right-of-way are tested before and after construction. These wells will be surveyed prior to and after construction. If a well is damaged, water is provided by various means until the well can be repaired or replaced. Islander East is responsible for any costs associated with damaged wells resulting from construction.

**Q18. *If my septic system is damaged during construction, how will your company remove waste from my home and how quickly will you have it repaired?***

A18. Typically septic systems within 200 feet of the construction right-of-way are tested before and after construction. If a system is damaged, necessary accommodations will be provided as soon as possible until the system can be repaired or replaced. Islander East is responsible for any costs associated with damaged septic systems resulting from construction.

**Q19. *Does driving or walking over the pipeline have any effects?***

A19. Walking over the pipeline has no impact on the pipeline. Driving over the pipeline should be limited to areas designated for such activities. Additional depth of cover or

other protective measures will be taken at road crossings where crossing by heavy vehicles exists or is anticipated.

**Q20. *Can property owners fence the easement on their property, and also can they erect any type of structure over the easement?***

A20. Property owners can fence off their easement on their property provided they allow for Islander East's access to the easement via gates.

In general, permanent structures are prohibited on the easement because the company's ability to access the pipeline in an emergency is impaired. Driveways, roads, parking lots and underground utilities may be permitted with the prior written approval of Islander East in order to protect the pipeline during construction of those items. Shrubs and bushes may be planted on the right-of-way provided the mature height of the plants do not exceed 4 feet and are not planted within 10 feet of the pipeline. Gardens and agricultural crops may be replanted over the right-of-way. Most other recreational and residential uses of the property by the landowner are permitted.

**Q21. *What is the life expectancy of the pipeline?***

A21. The pipeline is designed, constructed, and operated to virtually last forever with proper on-going maintenance practices. Natural gas transmission pipelines have been operating safely in New England for over 50 years.

**Q22. *When will I have the opportunity to give input and to participate in the project?***

A22. The project is in its preliminary development stages. Nonetheless, your input is important to us now. There will be many opportunities for the public to receive more information and participate in the review process.

The company will hold public informational open houses prior to filing an application with the FERC for a certificate of public convenience and necessity. FERC typically schedules public scoping meetings in the general area of the proposed pipeline to identify issues for its environmental review of the project. After the FERC application is filed, Islander East will file with the appropriate state and local applications. These agencies will conduct their respective reviews which may include informational meetings and hearings. The company encourages your input in all of these processes. In addition, the company will send periodic updates and will continue to work with landowners and public officials.

**Q23. *When does the company plan to start construction?***

A23. Following the filing of the appropriate application and the issuance of the approvals, at this time we plan on constructing in phases starting in the winter of 2002/2003 and during the summer of 2003.

**Q24. *Who should I call with questions about the project?***

A24. If you have any questions, please call the toll free number, 1-800-516-9997.

PUBLIC NOTICES OF MEETINGS



## Islander East Pipeline Company

will host an

### Informational Open House

for its proposed pipeline project  
on

**Monday, May 21, 2001**

**6:00 p.m. - 9:30 p.m.**

**Longwood Junior High School Cafeteria**

**198 Longwood Road**

**Middle Island, NY 11953**

(West of William Floyd Parkway)

**The open house will offer information on pipeline construction and operation, environmental and permitting processes, land acquisition, and other aspects of the project.**

**The public is invited and all interested persons are encouraged to attend.**



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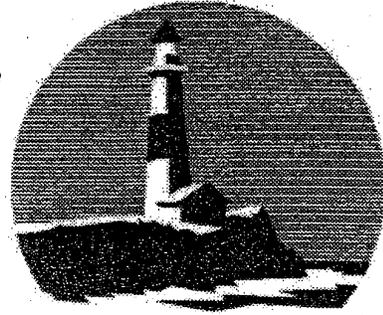
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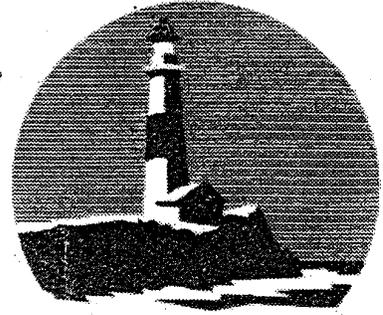
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**7:00 p.m. - 9:00 p.m.**

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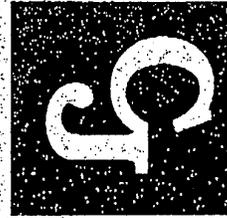
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# JOURNAL

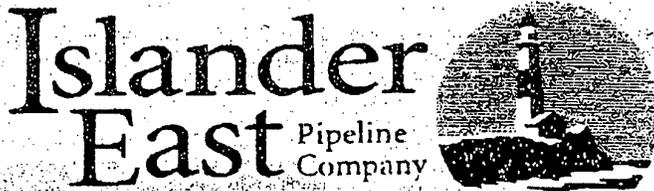
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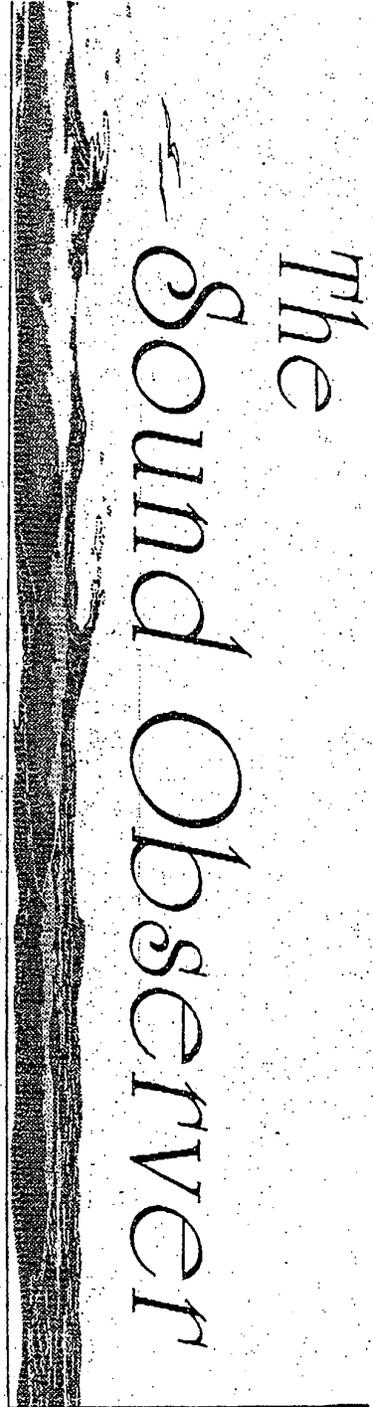
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# People in the News

**Ballard Nosed**  
 Sponsorship for 'Love Mothers' Dream Tours  
 Diana Ballard, President of the local Counseling Group, Cheshire, has been asked to sponsor for the 'Love Mothers' Dream Tours to be held in Bradford, June 14 through 24.

The Dream Tours will begin at Hospital of Hope, the first American Hospital, as it celebrates the centennial for the 21st Century in its new specialty hospital by the sea. Building 11 will be the House of Hope, a 3-1000-sq-foot beach-appropriate dream home that will be set on a barge. The home and the hospital will be open for public tours from June 15 through 25 at Bradford Harbor. Transportation between the two locations will be available by both land and sea.

Diana Ballard was chosen as spokesperson for her ability and expertise in hospital and health-care, and in the course. A more recent strategy turned concept, Diana has over two decades of experience in social management, including serving as a corporate vice president for a major health-care system. In addition to her duties as owner of her own consulting group, she practices health care law with the firm of Sweeney, Duffy & Spillolli in New Haven. Diana serves on various faculty at Adelphi University and Yale University School of Nursing, among others. She is also President of the Connecticut League for Nursing, which recently won national case program finalist by the Connecticut Hospital.

Volunteers are needed for the event. For donations and information, call 262-483-4327, ext. 323.

**Bradford Resident on Dean's List at Berklee**  
 Berklee College of Music announced that Stephen Parnell of Bradford has earned placement on the Dean's List for the fall semester of the 2001 academic year. To be eligible for this honor, a full-time student must achieve a grade point average of 3.4 or above; a part-time student must achieve a grade point average of 3.6 or above.

The Berklee curriculum focuses on practical career preparation for today's music industry. Four-year degrees are offered in Performance, Jazz Composition, Music Production & Engineering, Film Scoring, Music Business/Management, Composition, Music Therapy, Contemporary Writing & Production, Music Education, Integrating Music Therapy and Pedagogical Music.

**Katherine Ann Schmidt Enters the World**  
 Thomas and Dana Schmidt of 15 Hampton Park, Bradford, announce the birth of their first child, Katherine Ann. She was born on April 23 at Yale-New Haven Hospital weighing 8 lbs. 4 oz. Katherine Ann was welcomed home by her mother and two sisters, Erin, Collin, and Courtney McBurney. Her paternal grandfather is Robert Schmidt of New Haven and her maternal grandmother is Christine York of East Haven.

## James Maynard To Wed Debra Perry



James B. Maynard, son of James and Jean Maynard, will wed Jordan B. Perry, daughter of Carlton and Debra Perry of Canterbury on July 20, 2001.

The bride groom is a 1993 graduate of Colford High School. He later earned his degree in Business at Concord Community College in Maryland. Mr. Maynard is currently a financial services representative at MetLife Financial Services.

The groom bride is a 1994 graduate of Glenwood Junior/Senior High School. She earned her degree in Elementary Education at Central Connecticut University. Ms. Perry currently teaches first grade at the Wightwood School in Bradford.

**Arts Award Winners**  
 Jordan Stambach and Max Norman have received the Arts Award from the Connecticut Association of Schools. Both were judged by the school to receive the award, which was given at a statewide awards banquet held at the Aqua-Turf in Southington. They were awarded for their outstanding ability in the performing or visual arts.

**KHAKI & BLACK**

**May is Osteoporosis Prevention Month**  
 Call for a FREE Bone Density Screening

**ROBERT LANG, M.D., P.C.**  
**OSTEOPOROSIS DIAGNOSTIC & TREATMENT CENTER**

11 Woodland Road, Madison (203) 318-6200  
 60 Washington Ave., Hamden (203) 248-4262

Are you a candidate for Osteoporosis?  
 Key Risk Factors for Osteoporosis:

- Female
- Caucasian ethnicity
- Family history of osteoporosis
- Fall risk
- History of fracture
- Low height
- No estrogen after menopause
- BMI 6 or less
- Smoking
- Early menopause
- Small bone mass
- Little exercise
- Northern European heritage
- Previous fractures

Call for an appointment and mention this ad for your FREE screening. (Valid through the month of May)

## Shoreline Foundation Offerings

The Shoreline Foundation is located at 2415 Boston Post Road in Colford. It is open to students from the shoreline and elsewhere.

**Fitness**  
 Fitness Eight-week series, June 11th through July 24th, Monday evening 7:00-8:00 p.m. and/or Tuesday 6:30-7:30 p.m. One night a week \$25 membership; two nights a week, \$35 membership; four nights a week, \$50 membership.

**Open Eight-week series, June 24th through July 24th, Tuesday from 6:30-7:30 p.m. and/or Wednesday from 7:00-8:00 p.m. One day per week \$25 membership; two days per week, \$35 membership; four days per week, \$50 membership.**

**Self Defense Course for Women** Free Demonstration, Wednesday June 6 at 7:30 p.m. Eight-week course Wednesday evening July 11 7:30 p.m. \$25.00 membership; \$45.00 nonmember.

**Preppage**  
 Wholesome in Nature 2001! Especially good to children aged 8 to 12 with a strong interest in nature, the Shoreline Foundation now has application packets for its Wholesome in Nature Summer 2001 program.

Increased and expanded by the American Camping Association, Shoreline Foundation membership is required.

**Wholesome in Nature 2001** If your child is between four and ten years old, the Shoreline Foundation has an exciting summer camp, Monday through Friday, between June 25 and August 17. An overnight camp in your back yard. Let your children learn confidence, water safety, and swimming skills where they feel comfortable with family and friends in a neighborhood pool. Pled at least eight children with beginning to advanced swimming ability and we will provide the instruction.

**Swim to June 23 to July 6 (no July 4th class), \$67 per child**  
**Swim to July 23-Aug 17, \$75**  
**Swim to July 23-August 3, \$75**  
**Swim to August 6-17, \$75**

In conjunction with Neighbor hood Swim, Shoreline Foundation often sponsors for swimming lessons in "our" backyard. It goes to us between June 23 and July 26. Classes are small (maximum 6), meeting individual needs.

**Swim to June 23 to July 6 (no July 4th class), \$67 per child**  
**Swim to July 23-Aug 17, \$75**  
**Swim to July 23-August 3, \$75**  
**Swim to August 6-17, \$75**

## Going Up?

Continued from page 1.  
 not present, Bradford would get \$2,446,435, nearly \$2 million more.

"In the long run it would help them, but the percentage coming to Bradford at this stage of the game is low," said Pitt School Committee Anthony "Tad" Drake. "We'd only get a couple hundred thousand. The ECS funds has been successful in so much that it's not even to really know what it is."

In a letter that went to several towns in Connecticut, Superintendent of Schools Dr. Bruce P. Stone agreed that the "best" proposal from the Governor is the most promising.

"It is the least controversial and least expensive to implement," Stone said. "It allows all communities, with no community starting less than their current funding. The 'best' guarantee that no town would receive a grant less than 10 percent of its total local regular educational costs."

The Bradford Board of Education is working on to present a resolution in efforts to show the capital how important the issue is to be discussed, and to express support for additional funding.

Edward Strout, Board of Education member said in a letter written to the state's public administrator that has been sent to more than 50 other towns, "any potential solution of this problem must be through collective action on the part of all town communities."

Publics were to be sent to the session on May 16 and depending on the outcome, a vote of the public is tentatively planned for May 23. It is hoped that 100 citizens from each of the 77 affected communities will possibly attend.

"This is an uphill battle to the something happens this year, Connecticut on our own overnight," said Andrius. "And it doesn't occur to us by accident."

For more information about the July 23 or on July 23, call Edward Strout at 262-431-2953 or contact local legislators to show your concern for ECS funding.

**Islander East Pipeline**

Islander East Pipeline Company will be holding Informational Open Houses for its proposed pipeline project.

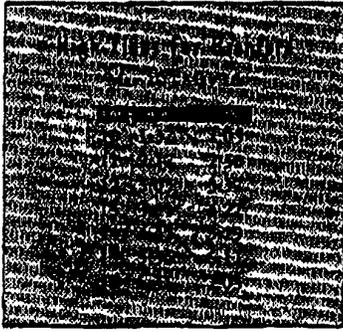
**Tuesday, May 22, 2001**  
 7:00 p.m. - 9:00 p.m.  
 Jerome Harrison Elementary School, 355 Faxon Road, Route 80 North Bradford

**Wednesday, May 23, 2001**  
 7:00 p.m. - 9:00 p.m.  
 Canoe Brook Senior Center, 11 Cherry Hill Road, Tintonet Room, Bradford

**Thursday, May 24, 2001**  
 7:00 p.m. - 9:00 p.m.  
 Mildred A. Walkley Community and Recreation Center 7 Linsley Street, Room 1 East North Haven

The Open House will offer information on pipeline construction and operation, environmental and permitting processes, land acquisition, and other aspects of the project. The public is invited and all interested persons are encouraged to attend.

# Announcements



### Branford Spring Leaf Collection Schedule

Spring leaf collection is now underway. Leaves must be in bags, brown paper leaf bags or lime in a garbage can. Leaf pickup is every other week in the spring on each neighborhood's regular recycling day. This year's collection is scheduled for the week of May 11 - 14.

If any resident has leaves already raked and prepared for collection, please call 418-8334, ext. 122 on March 29 by 3 p.m. and leave your name, address and phone number. The Town will then schedule a leaf collection by appointment only on March 30.

Bring your leaves to the collection site behind the transfer station during regular business hours from 7:15 a.m. - 1:30 p.m. on weekdays and 7:15 a.m. - 2:30 p.m. on Saturdays. A \$100 fine per-ton overage is required.

### Shoreline Foundation Annual Golf Classic

The Shoreline Foundation is pleased to announce the Golfed for the Bath and Whittemore Mutual Home Loans, Inc. has once again as the lead sponsor for our Annual Golf Classic, to be held at the Clinton Country Club on Monday, May 21.

The day begins with registration at 11 a.m., then lunch at 11:30 a.m. followed by a shotgun start at 1 p.m. The rounds start at 1:30 p.m. concludes the event.

Proceeds from the Classic are used to support the Shoreline Foundation's "Share the Sunshine" vision scholarship fund, which last year provided 104 units of financial assistance and a similar amount to 51 children from the shoreline. Local business are also invited by becoming Tim or Green sponsors at by contributing a table price. There are also 5176 per person and includes green fee, lunch, dinner and more.

For more information, please contact Carolyn DeWitt at 207-491-4612.

### Saving Your Skin Could Save Your Life

The Connecticut Cancer Network, Yale School of Medicine, and the Connecticut Cancer Network are sponsoring a free skin protection program presented by Yale-New Haven Hospital's Dermatology Department. The program is called "Sun Protection: Could Save Your Life as a Skin Cancer Prevention." The program is a 21-page brochure. Yale Medical School Department of Dermatology and Dr. Sharon Brown, Clinical Dermatology, a panel discussion will focus on prevention, treatment and a free skin check for all ages and skin types. Refreshments served by The Office of Cancer Prevention and Control. For more information, please contact Karen Anderson at 203-255-3283, YHWH Medicine Patient Education Office, or send email to KarenAnderson@yale.edu.

The program will also be held on Tuesday, May 22 from 7 p.m. - 9 p.m. with registration at 6:45 p.m. at The B. George Catholic Church Hall, 33 Whitefield Street, Guilford.

### Y-ME Presents Open Door Lecture

Y-ME of Connecticut Area Cancer Organization invites you to a special open door lecture, "Learning to say No," with Lynn Murphy, Attorney, C.A.S. L.P.C. on Thursday, May 14 at 7 p.m. in the First Congregational Church Hall Auditorium, 1009 Main Street (on the Green), Branford.

Make your calendar now to have this dynamic, witty and thought-provoking speaker. Lynn is a psychoanalyst who works with the "doubtful self." Her lecture will focus on "How to say no without guilt" and "How to say no and still have family and friends on your side." Being a friend, a volunteer is free. Refreshments are served.

For further information, call the Y-ME office in Branford at (203) 444-2240, or toll-free in Connecticut 1-800-333-4742.

Directions: US-1 to Branford, exit 54 (Center Street exit). Turn right at stop sign onto Center Street and continue to end. Turn left onto Main Street. Go approximately 1/4 mile. The Congregational Church is the only brick building in the middle of the green, on the right. Parking is on Main Street, in front of Town Hall (next door), or behind the church.

**BLISS ESTABLISHED 1916**

**BLACK CARPENTER ANTS**  
AND DAMAGE YOUR HOME

Black Carpenter Ants are a common pest that is hard to spot in a timely manner and can do serious damage to your home. They are a major pest for many homeowners and can be a real headache. Call us today for a free inspection and quote.

PHONE: **824-1244**

**BLISS**

THE QUALITY AND INTEGRITY OF OUR SERVICE IS OUR PRIORITY. WE ARE PROUD TO BE A PART OF YOUR HOME.

### Shoreline School of Art and Music, Inc.

Registration is now underway at the Shoreline School of Art and Music, Inc. Registrations are open through May 31 for students in and outside camp, with increasing fees for all ages, adult enrichment classes in drawing, painting, advertising design and illustration, non-approval award-winning diploma day or evening programs, which are scheduled to begin in June.

The 16th Open House Day is being held through Sunday from 9 a.m. to 7 p.m. Call 203-481-4430 or 1-877-985-5144 on website for an appointment. The school is located at 621 East Main St. (Rt. 1), Branford between exit 27 and 34 off I-95.

### Branford Historical Society Meeting

The Branford Historical Society will hold its annual dinner meeting on Thursday, May 17 at the Courtyard Inn in Indian Neck. A cash bar will open at 5:30 p.m. and dinner begins at 6:00 p.m. The dinner program will begin at 7:00 p.m.

A special dinner will feature a program titled "Coming to America - Immigrants' Voice" featuring the dinner. A Music Supper will follow a program titled "Coming to America - Immigrants' Voice" featuring the dinner. A Music Supper will follow a program titled "Coming to America - Immigrants' Voice" featuring the dinner.

Guests and the public are welcome to attend the dinner meeting. There are \$10 per person. Reservations also may be made. Contact the Branford Historical Society at 203-481-4430, 31 Town Hall Road, Branford 06405.

### Star Gazing

The Astronomical Society of New Haven presents Free Public Star Gazing (weather permitting) Young Park, Route 146, Branford

Springtime (April 20) Approved by the Young's Park Committee (IMPORTANT): The annual astronomy display at Young Park will be held for the following nights for the purpose of accommodating their public viewing sessions.

NOTE: While stars are always visible, the weather must be clear, or temperatures drop after dark.

Sunday, May 13, observing begins at dusk (approx. 8pm)

Monday, May 14, observing begins at dusk (approx. 8pm)

NOTE: While stars are always visible, the weather must be clear, or temperatures drop after dark.

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### Deep Lake Camp Has Openings

Openings are available in the 1st and 2nd grades of the Shoreline Foundation's popular Day Camp at Deep Lake.

Situated on over 100 acres of forest and fields with a swimming lake for swimming and boating, Deep Lake Camp also offers programs in tennis, art and crafts, archery and many more under the direction of skilled staff.

Enroll for the 2001 registration program now. Family night and overnight for summer scheduled June 17-18 and 24-25. Deep Lake Camp also offers programs in tennis, art and crafts, archery and many more under the direction of skilled staff.

### Well Water Service Prompt - Professional HUNGERFORDS

Preventive Maintenance Check-ups • Repairs, replacements and installations • Water conditioning systems • Well pump pull ups • Emergency Service

Water Without Worry™ Modern Ditch 241-4780 North Haven 06341 248-5341 www.hungerfordsc.com

### Saturday, May 12th, 9 am - 4 pm

Early Register 8 am - 9 am 214.00

85 Quality Golfers from 9 States

Sponsored by ROTARY CLUB OF MADISON

BATH OR SHINE BOOTH

For info call 118 MacCarter Blvd Branford 203-481-4131

Refreshments Provided 100% of profits go to the charity

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### CAPTAIN MORGAN'S BAIT & TACKLE Connecticut Shoreline's Full Service Fishing Outfitter

Live & Frozen Bait • Large Selections of Quality Tackle • Accessories • Gifts • Customized Gear • Kayaks • Lifejackets • Flies & Fly Fishing Materials • Boots • Vests • Charts • Maps • Tents • Coolers • Boat Seats • Boat Covers • Boat Pumps • Boat Batteries • Boat Motors • Boat Repairs

1000 Main Street, Rt. 1 Branford, CT 06405 (203) 245-8665



### Islander East Pipeline Company will be holding Informational Open Houses for its proposed pipeline project.

Tuesday, May 22, 2001 7:00 p.m. - 9:00 p.m. Jerome Harrison Elementary School, 335 Foxon Road, East 80 North Branford

Wednesday, May 23, 2001 7:00 p.m. - 9:00 p.m. Cancer Break Scalar Center, 11 Cherry Hill Road, Totter Room, Branford

Thursday, May 24, 2001 7:00 p.m. - 9:00 p.m. Mildred A. Winsley Community and Recreation Center, 7 Linsley Street, Room 1 East North Haven

The Open Houses will offer information on pipeline construction and operation, environmental and permitting processes, land acquisition, and other aspects of the project. The public is invited and all interested persons are encouraged to attend.

**Celebrate Mother's Day With Us!**

**Friday, May 11 @ 6:35P**

**TV GIVEAWAY \$60WELL**

**Saturday, May 12 @ 6:35P**

**NETWORKS**

**Sunday, May 13 @ 1:00P**

**Mother's Day Diamond Dig!**

For more information call 782-1600 or visit us online at www.fairway.com



**Islander East Pipeline Company**

will be hosting an

**Informational Open House**

for its proposed pipeline project  
on

**Monday, May 21, 2001**

**6:00 p.m. - 9:30 p.m.**

**Longwood Junior High School Cafeteria**

**198 Longwood Road**

**Middle Island, NY 11953**

(West of William Floyd Parkway)

**The Open House will offer information on pipeline construction and operation, environmental and permitting processes, land acquisition, and other aspects of the project. The public is invited and all interested persons are encouraged to attend.**



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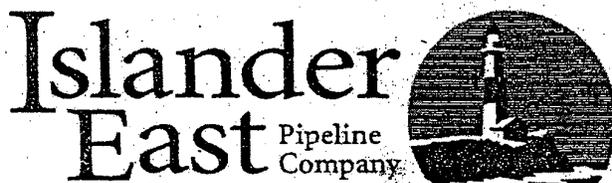
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**SAMPLE LETTERS SENT TO GOVERNMENT OFFICIALS AND MEDIA  
AND CONTACT LISTS**

**GROSSMAN**  
S T R A T E G I E S  
Government & Public Relations

March 28, 2001

DELIVERED VIA MAIL AND FAX (631) 854-1603

Hon. Martin Haley  
Suffolk County Legislator  
725 Route 25A  
Miller Place, NY 11764

SAMPLE

Dear Legislator Haley: *Marky* —

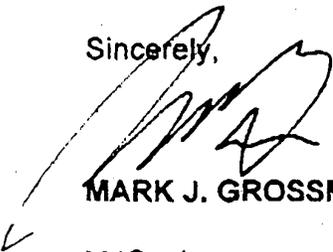
As you might be aware through news reports, KeySpan Corporation, in collaboration with Duke Energy Corporation, is proposing the construction of a pipeline to transport natural gas from Connecticut to locations in Yaphank and Calverton here in Suffolk County. Called Islander East Pipeline Company, it will cross the Sound to landfall at the Long Island Power Authority property in Wading River. A brochure summarizing the project is enclosed.

In preparation for applications that will be filed with the Federal Energy Regulatory Commission (FERC), Islander East will be sending letters to landowners in the coming days where the pipeline is proposed. The letter, a sample copy of which is enclosed, informs them of the project and the need to perform some preliminary on-site survey work. While much of the proposed pipeline path includes public right-of-ways and institutional properties, some residential property owners will receive a letter, which may generate inquiries to your office.

So that you and your staff can respond appropriately to any constituent calls, I would like to schedule a briefing on the project at your office and at your earliest convenience. That way, you can learn the details of the project and how it will benefit Long Island by providing a reliable, efficient, and cost-effective energy resource for our region.

If you have any questions, or to schedule a meeting, please call me at (631) 654-7848 ext. 104, or Sara Reed-Erickson at ext. 103. I look forward to meeting with you soon.

Sincerely,

  
MARK J. GROSSMAN

MJG:mjg  
enclosures

## Islander East Long Island Government Officials Outreach List

**Acampora, Hon. Patricia**  
**(Assemblywoman**  
**Acampora)**  
 Assemblywoman  
 400 W Main Street #201  
 Riverhead, NY 11901

Business (631) 727-1364  
 Fax (631) 389-3869

---

**Caracciolo, Hon. Michael J.**  
**(Legislator Caracciolo)**  
 County Legislator  
 County of Suffolk  
 633 East Main Street  
 Riverhead, NY 11901

Business (631) 852-3200  
 Fax (631) 852-3203

---

**Cooper, Ms. Resi (Resi)**  
 Senator's LI Regional  
 Representative  
 Office of US Senator Hillary  
 Clinton  
 780 Third Ave  
 Suite 2601  
 New York, NY 10174

Business (212) 888-6262  
 Fax (212) 688-7444  
 Home (516) 647-3057

---

**Eddington, Ms. Patricia**  
**(Assemblywoman**  
**Eddington)**  
 Assemblywoman  
 State of New York  
 38 Oak Street  
 Patchogue, NY 11772

Business (631) 207-0073  
 Fax (631) 207-2006  
 Albany (518) 455-4901  
 Fax Albany (518) 455-5908

eddingp@assembly.state.ny.u  
 s

**Gaffney, Hon. Robert J.**  
**(County Executive Gaffney)**  
 Suffolk County Executive  
 H. Lee Dennison Bldg.  
 100 Veterans Memorial  
 Highway, 12th floor  
 Hauppauge, NY 11788

Business (631) 853-4000  
 Fax (631) 853-4818

---

**Grucci, Hon. Felix J.**  
**(Supervisor Grucci)**  
 Congressman  
 District 1 - NY  
 31 West Main Street  
 Suite 306  
 Patchogue, NY 11772

Business (631) 758-4600  
 Fax (631) 758-6776

rep.felix.grucci@mail.house.g  
 ov

---

**Hahn, Hon. Christopher**  
**(Chris)**  
 Long Island Regional  
 Representative  
 Office of US Senator Charles  
 Schumer  
 2 Greenway Plaza  
 145 Pinelawn Road, Suite  
 300 North  
 Melville, NY 11747

Business (631) 753-0978  
 x0994  
 Fax (631) 753-0997  
 Car (516) 551-5841

Internet:  
 christopher\_hahn@schumer.  
 senate.gov

**Haley, Hon. Martin**  
**(Legislator Haley)**  
 Suffolk County Legislator  
 725 Route 25A  
 Miller Place, NY 11764

Legislator  
 725-3 Route 25A  
 Miller Place, NY 11764

Business (631) 854-1600  
 Fax (631) 854-1603  
 Office (631) 821-2235  
 Pager (631) 436-8383

---

**Halsey, Mr. Steve (Steve)**  
 Governor's Suffolk  
 Representative  
 Office of Governor Pataki  
 NY State Office Building  
 Veterans Highway  
 Hauppauge, NY 11788

Business (631) 952-6583  
 Fax (631) 952-7910

---

**Kozakiewicz, Hon. Robert**  
 Supervisor  
 Town of Riverhead  
 200 Howell Avenue  
 Riverhead, NY 11901

Business (631) 727-3200  
 x251  
 Fax (631) 727-6712  
 Private (631) 727-3239

---

**LaValle, Hon. John J.**  
**(Supervisor LaValle)**  
 Town Supervisor  
 Town of Brookhaven  
 3233 Route 112  
 Medford, NY 11763

28 North Coleman Road  
 Centereach, NY 11720

Business (631) 451-6955  
 Fax (631) 451-8447  
 Home (631) 732-2742  
 Pager (631) 464-0117

**Islander East Long Island Government Officials Outreach List**

**LaValle, Hon. Kenneth**  
**(Senator LaValle)**  
State Senator  
State of New York  
325 Middle Country Road  
Suite 4  
Selden, NY 11784

Business (631) 696-6900  
Fax (631) 696-2307  
Albany (518) 455-3503

---

**Thiele, Hon. Fred**  
**(Assemblyman Thiele)**  
Assemblyman  
P.O. Box 3062  
Bridgehampton, NY 11932

Business (631) 537-2583  
Fax (631) 537-2836

---

**Towle Jr., Fred W.**  
**(Legislator Towle)**  
County Legislator  
County of Suffolk  
2 Corraci Blvd Ste 11  
Shirley, NY 11967

Business (631) 852-1300  
Fax (631) 852-1303  
Home (631) 281-3882

---

**Trunzo, Hon. Caesar**  
**(Senator Trunzo)**  
State Senator  
State of New York  
NYS Office Building - Room  
3B41  
Veterans Memorial Highway  
Hauppauge, NY 11788

Business (631) 360-3236  
Fax (631) 360-3386

Internet:  
[trunzo@senate.state.ny.us](mailto:trunzo@senate.state.ny.us)

**GROSSMAN**  
**S T R A T E G I E S**  
Government & Public Relations

April 24, 2001

Mr. Patrick Dolan  
News Director  
News 12 Long Island  
One Media Crossways  
Woodbury, NY 11749

SAMPLE

Dear Pat:

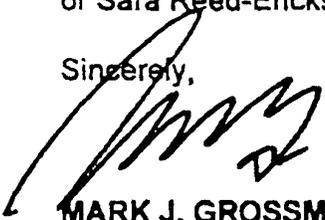
As you might be aware of, KeySpan Corporation, in collaboration with Duke Energy Corporation, is proposing the construction of a pipeline to transport natural gas from Connecticut to locations in Yaphank and Calverton here in Suffolk County. Called Islander East Pipeline Company, it will cross the Sound to landfall at the Long Island Power Authority property in Wading River. A brochure summarizing the project is enclosed.

In preparation for applications that will be filed with the Federal Energy Regulatory Commission (FERC), Islander East recently mailed landowners to those who own property in the proposed pipeline path. The letter informs them of the project and the need to perform some preliminary field survey work. Much of the proposed pipeline path includes public right-of-ways and institutional properties.

So that you and your editorial staff can learn about this proposal — and how it will benefit Long Island by providing a reliable, efficient, and cost-effective energy resource for our region — I would like to schedule a briefing at your office at your earliest convenience.

If you have any questions, or to schedule a meeting, please call me at (631) 654-7848 ext. 104, or Sara Reed-Erickson at ext. 103. I look forward to meeting with you soon.

Sincerely,



**MARK J. GROSSMAN**

MJG:mjg  
enclosures

**Islander East Long Island Media Outreach List**

**Community Journal**

Kronin, Ms. Bernadette  
(Bernadette)  
Publisher and Editor  
Community Journal  
Dogwood Drive  
PO Box 619  
Wading River, NY 11792

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UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

ISLANDER EAST PIPELINE  
COMPANY, L.L.C.

) Docket No. CP 01 - \_\_\_\_\_

**NOTICE OF APPLICATION**

Take notice that on June 15, 2001 Islander East Pipeline Company, L.L.C. ("Islander East") filed in the captioned docket an abbreviated application for a certificate of public convenience and necessity ("Application") and all other necessary authorizations for Islander East: (i) to construct, install, own, operate and maintain a new natural gas pipeline and ancillary facilities to be located in Connecticut and New York ("Islander East Pipeline Project"), (ii) to lease pipeline capacity on facilities owned by Algonquin Gas Transmission Company ("Algonquin"), and (iii) to charge initial recourse rates for certain open access transportation services to be rendered by Islander East. Islander East will commence at the terminus of the existing Algonquin C-1 and C-1 L pipeline systems in North Haven, Connecticut, pass through southern Connecticut, traverse the Long Island Sound, and terminate in Brookhaven, New York on Long Island. Islander East will initially make available up to 285,000 dekatherms per day of new, cost-effective natural gas transmission capacity to markets in Long Island and New York City and potential future markets in Connecticut.

The proposed in-service date for the project is November 1, 2003. Islander East requests that the Commission issue a preliminary determination on non-environmental issues by December 19, 2001, with a final certificate order by July 15, 2002.

The name, address, and telephone number of the person to whom correspondence and communications concerning this Application should be addressed is:

Steven E. Tillman, Director of Regulatory Affairs  
Islander East Pipeline Company, L.L.C.  
P.O. Box 1642  
Houston, Texas 77251-1642  
(713) 627-5113  
(713) 627-5947 (FAX)

Any person desiring to be heard or to protest with reference to said Application should, on or before \_\_\_\_\_, 2001, file a motion to intervene or protest with the Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Sections 385.214 and 385.211 of the Commission's Rules of Practice and Procedure and the Commission's regulations under Section 7 of the NGA (18 C.F.R. § 157.10). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of the Application are on file with the Commission and are available for public inspection in the Public Reference Room.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Commission by Sections 7 and 15 of the NGA and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on this Application if no petition to intervene is filed within the time required herein or if the Commission on its own review of the matter finds that a grant of the Application is required by the public convenience and necessity. If a petition for leave to intervene is timely filed, or if the Commission, on

its own motion, believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Islander East to appear or be represented at the hearing.

David P. Boergers  
Secretary

**ISLANDER EAST PIPELINE COMPANY, L.L.C.**

**TARIFF  
FOR THE  
ISLANDER EAST PROJECT**

**VOLUME III**