



Department of Energy
Washington, DC 20585

Mr. Branden Blum
Office of the Assistant General Counsel
for Ocean Services
National Oceanic and Atmospheric
Administration
U.S. Department of Commerce
1304 East West Highway
Silver Spring, MD 20910

Re: Appeal of Islander East Pipeline Company

Dear Mr. Blum:

This letter supplements my letter to you dated May 16, 2003 in this proceeding.

In August 2003, the region proposed to be served by the Islander East pipeline project was affected by the massive electricity blackout which impacted most the Northwest. Among other things, the blackout underscored the fact that power generation capacity on Long Island and the southwestern Connecticut maybe inadequate to meet the growing needs of that region. For environmental and economic reasons, most new generating capacity must be fueled primarily by natural gas. New natural gas pipeline infrastructure is necessary to meet the requirement, as well as the requirements of the region's growing population for natural gas as a heating fuel.

On February 4, 2002, Secretary Abraham stated that:

Our core mission is national security, which is itself founded in large part on energy security...Clearly, the defense side of our business fits well within this mission. But our other programs do as well. Our energy and science programs should be judged by whether they advance our Nation's energy – and hence, national security....The Department's energy programs will further our mission by providing a foundation for energy security.

Remarks by Spencer Abraham, FY 2003 Budget Rollout, February 4, 2002.

In the comments attached to my letter of May 16, 2003, we noted that:

FERC states that the Islander East pipeline project will "increase the flexibility and reliability of the interstate pipeline grid by offering greater access to gas supply sources with increased availability of



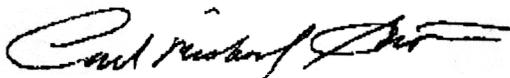
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gas for anticipated electric generation projects."...Currently, the Iroquois pipeline provides that only direct natural gas access to Long Island. The Department of Energy supports FERC's contention that the Islander East project will contribute to Long Island's energy support and security, and will provide needed competition."

In light of the August 2003 blackout, and in view of the fact that the Islander East pipeline project would provide a critical second, independent natural gas corridor to Long Island. It is our view that the Islander East project is necessary in the interest of energy security, and therefore necessary in the interest of national security. Specifically, we believe that the energy security of this important region, and therefore of the Nation, will be significantly impaired if the Islander East pipeline project is not permitted to go forward as proposed. See 15 C.F.R. §930.122.

Thank you for the opportunity to supplement our comments in this proceeding.

Sincerely,



Carl Michael Smith
Assistant Secretary
Office of Fossil Energy