

**ECONOMIC DEVELOPMENT**

**HIGHER EDUCATION**

**and**

**ENERGY COMMITTEE**

**of the**

**SUFFOLK COUNTY LEGISLATURE**

**Minutes**

A regular meeting of the Economic Development, Higher Education & Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Wednesday, **December 15, 2004**.

**MEMBERS PRESENT:**

Legislator Lynne Nowick • Chairperson

Legislator Angie Carpenter • Vice•Chair

Legislator Brian Foley

Legislator Jon Cooper

Legislator Jay Schneiderman

Legislator Vloria•Fisher

Legislator Peter O'Leary

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**ALSO IN ATTENDANCE:**

Mea Knapp • Counsel to the Legislature

Joe Schroeder • Budget Review Office

Joe Muncey • Budget Review Office

Ilona Julius • Deputy Clerk of the Legislature

Ben Zwirn • County Executive's Office

Jim Morgo • Economic Development and Workforce Housing

Hank Beck • GRIP

Richard Kessel • Chairman • LIPA

Peter Quinn

Mark Serotoff

All other interested parties

MINUTES TAKEN BY:

Donna Catalano • Court Stenographer

**(\* THE MEETING WAS CALLED TO ORDER AT 9:46 A.M. \*)**

**CHAIRPERSON NOWICK:**

Good morning, everybody. We're going to start with the Salute to the Flag led by Legislator O'Leary.

### **SALUTATION**

**CHAIRPERSON NOWICK:**

Good morning, and welcome to the Economic Development, Higher Education and Energy Committee. We have a kind of a full meeting going on today, so what I'm going to do is I'm going to bring up two of the presenters, I'm going to go the cards, then I'm going to go to the agenda and then Mr. Kessel will come up and talk to us. So Mr. Morgo, I promised you five minutes. All right, three. Five. What's it worth?

**MR. MORGO:**

Anticipating that, I'm assigning you some homework. Good morning. As you probably remember, two weeks ago, you asked Carolyn Fahey why I was not with you. Rather than bringing a note from the doctor, I thought I'd come and explain to you directly today.

Last •• two weeks ago, December 1st, I and several staffers from the Congressional offices and Hank Beck, who I'll introduce you to in a minute, went down to Washington, went specifically to the Pentagon and met with members of the Air National Guard and members of the active Air Force and members of the Department of Defense to advocate for the air rescue wing, the 106 Rescue Wing at the Gabreski Air Force Base in Westhampton. And I am not going to waste any of your time by telling you things you already know, the importance of this mission on Long Island.

One of the particular concerns of the administration is its economic impact, and it, indeed, does have an economic impact. It generates more than \$106 million directly from the base. With multipliers, it's well over \$200 million. There are more than 1300 jobs at the base, there's \$55 million in construction going on. And it's important, not just to the East End, but to the entire Long Island region and, indeed, the entire Metropolitan region from an economic point of view. One quick anecdote. I was speaking with \\_Phil Tiel\\_ recently, the head of Northrop Grumman on Long Island, and he was interested examining the possibilities of being part of a defense industry sector incubator in the industrial park, hopefully in the 48 acres Empire Zone. And he said there'd only be interest, there'd only be interest if the 106 were still at Gabreski.

And the process, the base realignment committee, the BRAC process, is getting underway this March. There will be members of the committee named. Our goal is to make •• and they will be receiving from the Department of Defense, they'll be receiving bases that the Department of

Defense wants them to consider for closing. Our hope is that the 106 never makes that list, and we're working very hard to make sure it doesn't. I said that there a lot of important economic impacts. Frankly, to the folks at BRAC, they don't matter. What matters is the military importance and the cost.

And also, I'm hoping against hope this is not the case, but I've been along enough to know that it may very well be the case, that politics are going to come into play as well. I'm sorry, Legislator, I don't wish to offend you particularly at this season, but I'm afraid that might be the case.

There has been a strong and active grassroots effort, and it's been led by the gentleman on my right, and I want to introduce him to you. His name is Hank Beck, and he is the driving force behind GRIP. And Hank will tell you what that acronym stands for.

**MR. BECK:**

My name is Hank Beck. And I actually wear a couple of hats. I'm here on behalf of GRIP, which stands for the Gabreski Rescue Initiative Partnership. It's a consortium of community leaders and community associations who see the value and the need to keep the 106 at the base. We've come together working with every Legislator and every elected official across the board on both sides of the gage. It's really a nonpartisan issue. You know, we had a meeting in Remsenberg in August where we had Senator Hillary Clinton, Steve Levy, Jay Schneiderman, Fred Theile, Ken LaValle, Colonel \\_Canders\\_ , Tim Bishop all together on the same stage at the same time with the same message. We had 400 people turn out. The issue in the community has shown tremendous, tremendous resonance, and we're growing and building that as we continue. We've get 12,000 letters to date from people signing on support the 106.

The economic issues, again, that Jim refers are critical, not only to our local area, but we feel to

the whole County and the whole region because of the economic multipliers that's involved. The Long Island Association has done a complete study, which Jim has used as our basis for this analysis. We have a local economic issue, which is a little more critical, which is the loss of fire protection at the airport, because the base provides complete fire protection for the whole airport. If they go, that cost gets picked up by the local fire unit. And I'm a taxpayer in that unit. It's one thing to spread those costs over the whole County, which is not the case, but another to spread those costs over the local economic area, and it's a tremendous economic impact for us locally. The costs have been estimated upwards of a million and a half dollars to replicate the skill sets and the equipment and the manpower that the firefighters represent.

So we're continuing to raise awareness across the County. I go out speaking, I'll talk to any group. Where two or more are gathered, I will speak to raise awareness. And we're working ourselves, what we call up•island, into the more heavily populated areas, Brookhaven Smithtown. We had a group from Woodmere come out to tour the base the other day. So we really are continuing that. And this is the strength of numbers that we're generating to keep support for the base. But Jim is right, we don't know the political impact of this yet, but we are trying to provide all the pressure we can possibly provide. And Fred Theile and Ken LaValle and Patty Acampora from •• have agreed to be part of our lead in providing pressure in Albany.

We have a three•pronged approach. We've been to Washington now twice. This last trip that we went, we were on the 106 exclusively. The last trip we went down, we were part of the New York delegation. We have a consulting firm that represents all of the A and G bases in New York State. And that was an omnibus presentation. This time is was the 106 we went down for. This was for us. This was our pressure and our time to do it. I don't want to take any more time. I can •• I know you've been very good to give us this time, so I want to say thank you very much for that.

**CHAIRPERSON NOWICK:**

Thank you. Thank you very much. Anybody have any questions?

**LEG. CARPENTER:**

I just want to thank you for your efforts. And I'm pretty sure you are aware, but if not, I just wanted to mention that this body has passed at least two Sense Resolutions that I'm aware of dating back quite a while when it was first rumored this might be happening. Part of my Legislative District is Fire Island, and for rescue purposes, it's very important that that presence is kept at Gabreski. So I just wanted to commend you for our efforts.

**MR. BECK:**

Thank you. That's true. I actually have a book with me which has every copy of every Sense Resolution. I really thank everybody on the Legislature for having taking that advanced time to do that for us.

**MR. MORGO:**

I was going to say, Legislator, we used that Sense when we were down at the Pentagon as well as the other efforts that have been made locally, as I said, I didn't want to go over things that I thought you already knew; the transfer of the 73 acres to the Air National Guard, the fact that the joint use agreement, the County only charges the 106 a dollar a year, where the average cost is 51,000 a year for other bases, LIPA whom you are going to be hearing from, is trying to provide patriot power at a lower cost to base. They're doing an energy audit at the base to save costs. We're making every effort, because the Defense Department is looking at cost and military worth of the base. But, yeah, we were aware of the Sense, and we used it.

**CHAIRPERSON NOWICK:**

Thank you very much.

**LEG. SCHNEIDERMAN:**

I just want to say, Hank, the next time you go down to the Pentagon, or to lobby in Washington, I'd like to join you guys, so if you could extend that invitation.

**MR. BECK:**

Thank you. That would be my pleasure. We'd be very happy. Jay has been very supportive of the efforts on the East End. I really appreciate that. We'd be glad to have you. Thank you.

**CHAIRPERSON NOWICK:**

Thank you.

**LEG. VILORIA • FISHER:**

Thank you.

**CHAIRPERSON NOWICK:**

Thanks again. Thank you, Jim. Have a good holiday.

**MR. MORGO:**

You too.

**CHAIRPERSON NOWICK:**

I'm going to ask if George Gatta wanted to come up quick. I know you wanted to address the pieces of legislation. Good morning, George.

**MR. GATTA:**

Good morning. Thank you. I wanted to provide a brief update on the College's plans for expansion in downtowns. There is a resolution on today, 2220, which would seek to transfer funds from the College's reserve fund to help with one of those proposals, specifically in downtown Sayville.

Earlier this year, the college, as I think you recall, solicited proposals from the private sector and/or other entities to provide space for the College as we sought to expand facilities to meet growing enrollment needs and also to provide facilities for certain specialized programs. Without getting into a lot of detail about all the proposals that were received, we did receive one from the Sayville School District for a totally renovated facility on Greene Avenue, a former junior high school, that's adjacent to the train station and about a block from Main Street in downtown Sayville.

Part of the criteria that the College put in place at the time was we wanted to make sure that we were wanted by the community, that we fit in with their plans and that there was local support. There's been a good outgrowth of support from the Sayville community, from the Chamber of

Commerce, from the local elected officials, from members of the town board, from all the businesses in that area. In fact, the school district put together a very attractive proposal to the College.

We also tried to identify how we could fulfill community needs. And in that instance, the community put forth health care and health care training as an area that there was a need in the area. They suggested linkages with Good Sam Nursing Home, which was in that vicinity, and they also suggested that we go beyond the nursing home and talk to the hospital themselves. Well we had, in fact, been talking with Good Sam. As Legislator Carpenter knows, the nursing shortage on the Island has been just horrendous over the past few years, and statistics show that it's going to be even more difficult over the next five years as more than 20% of our current nurses retire.

So there seemed to be a focus from a you standpoint, and there was community support, but we needed •• the College need to solicit funds to help with start•up costs. Anything that relates to training in the health care field entails the construction of laboratories, or the outfitting of laboratories, I should say, because that particular facility is basically a turn•key operation with the exception of laboratories, and laboratories are very expensive.

So we sought support from our elected officials and am pleased to report that Assemblywoman Fields has committed \$100,000 from funds in the Assembly. Likewise, Senator Trunzo has committed \$100,000 from a similar pot of funds in the Senate, State Senate. And the bill before you would seek to provide •• use the College's reserve funds for •• for this purpose.

In my discussions with Legislator Lindsay early on, I think he had first tried to identify an offset in the current Operating Budget, but came back and said that wasn't possible, that this is something that might be able to do right now, and that in '05, the reserve fund could then be

replenished. If we are to move forward with a facility that's based on health care, then we do need to identify funds that we can use for those start•up costs. With the funding that's in place from Assemblywoman Fields and Senator Trunzo, we would have sufficient funds to do an anatomy and physiology lab. But there is a need for additional equipment, computers, computer labs and also possibly a nursing simulation lab.

So there is a need. You know, our preference would be to have it come from other sources. That was the original intent, not to use college sources for it. But if that's not possible, at some point in the future, we would •• you know, we would be looking to work with you to identify what funds might be available to us if not through this mechanism.

**CHAIRPERSON NOWICK:**

George, just so I get this clear, the \$100,000 that we're looking for, and with this legislation it's out of the reserve fund, is that •• that's just to start up?

**MR. GATTA:**

That's just start•up costs.

**CHAIRPERSON NOWICK:**

It's a one time start up, or does that •• what about yearly thereafter to run this? Does that come out of your budget or do you need additional money?

**MR. GATTA:**

The operating expenses would be something that we would have to deal with in our Operating Budget. But corresponding with expenses, there would be revenues. There would be •• there will be additional students. Our enrollment is growing, it's been averaging, if you take the last five years, more than 3% a year. So there would be additional tuition revenue, there also would be additional base aid from the State University of New York through their FTE aid. And there would be other fees associated with it. So our objective is to have these facilities, you know, stand as cost centers and essentially break even if possible. There may be some slight amount that may be needed from the •• from our general fund budget, but ••

**CHAIRPERSON NOWICK:**

Okay. So our job is to get you that hundred thousand dollars and to get this underway, because I know there is a need for nurses. This is a wonderful project. I know we have one or two questions. Legislator Foley.

**LEG. FOLEY:**

Thank you, Madam Chair. George, thanks for the presentation on the background on this particular resolution. Just should be noted for the record, the College is will aware of it, but for the committee •• to make the committee aware of it, the fact that there are a number of downtowns that are interested in corroborating with the •• and working with the Community College in order to identify how the mission of the College can match the needs and mission of downtowns in different parts of the County.

Closer to Sayville, in my Legislative District, the Village of Patchogue has submitted the framework of a proposal to the College concerning the old Town hall, which has been vacated by the town. And under the terms of the original contract back in the 1930s, it was a WPA building, that once the building was vacated, the building would revert to the Village of Patchogue. So as we speak, the village has made the College aware of its intentions. Same time, the village has

been speaking with the township about the building, the condition of building needs some considerable capital improvements that the village is working with the town to move forward in that regard. But I just wanted to make this committee aware, since downtown revitalization is one of the signature issues of the committee, that as much as there is a need that has been identified and proposals submitted by one downtown that there's a nearby downtown as well that will be moving forward with a some •• with a proposal. And I know the college is well aware of it, and they've been working with the village on that particular proposal.

And it really is an illustration, Madam Chair, of how the County through the Community College can be part of the answer, not the whole answer, but part of the answer to revitalizing our downtowns. So early next year, I know that the college will be working earnestly with the Village of Patchogue about how to move that particular initiative forward. So I want to thank you very much. Thank you, George, for your cooperation.

**MR. GATTA:**

Thank you, Legislator.

**CHAIRPERSON NOWICK:**

Legislator Vioria•Fisher.

**LEG. VILORIA•FISHER:**

Good morning, George. Thank you for being here. You may know that I have worked with some of the entities involved in doing this who had reached out for my support regarding this initiative. And we do have a great need for nursing education. And I'm •• but there's one point that I wanted to make on the record before Mr. Morgo leaves for his other duties. I just wanted

to mention this on the record, which is although I'm supportive of this, and it's a good initiative, I believe it underscores one of the issues that we have on Long Island that we need address on a more regional level, and we've discussed this at great length at our Affordable Housing Commission Meetings. Here we have a school building, which the school district is no longer using because of population shifts, and yet while this school district has a building that it is no longer using because of population shifts, there are neighboring school districts that are floating bonds in order to build buildings.

So on a regional basis, our school districts really need to look at some kind of consolidation so that affordable housing which is a major problem on Long Island is in part due to the high level of real estate taxes paid to local school districts, and those bonds are costing us a lot of money. So although I'm supportive of this because at this point it's a good use of the building, you don't have the classroom infrastructure that you would have to invest in to provide the much needed nursing education here in Suffolk County, and because we're revitalizing downtowns, I am supportive of this. But I do urge all of us here in Suffolk County to look very closely at what is happening regionally in our school districts. That's why I called you back, because we need to flag this every time we see that this is happening. It needs to be addressed.

**CHAIRPERSON NOWICK:**

Thank you, Legislator. And thank you, George. I'm sorry, Legislator O'Leary.

**LEG. O'LEARY:**

Good morning, George. This is a school building that not in use in the Sayville School District?

**MR. GATTA:**

That's correct.

**LEG. O'LEARY:**

Can you identify the building, or have you?

**MR. GATTA:**

Yes. It's the Green Avenue •• it's the former junior high on Green Avenue.

**LEG. O'LEARY:**

Just off Main Street?

**MR. GATTA:**

It's a block from Main Street. It's directly across from the Sayville Train Station, so there's good public access to it. There's an athletic field just to north of this building that buffers it from the train station.

**LEG. O'LEARY:**

I'm familiar with the building and the area. What arrangements have you made with the district, if any? It's leasing, are we acquiring it?

**MR. GATTA:**

Yes. We have not finalized anything, because we need to •• we need to put a lot of the •• a lot of these details, you know, we need to get them in order before we finalize anything. So we are negotiating with them. We've toured the building a number of times. We're looking at slight modifications to it, but we've not •• you know, we've not put a proposal •• the administration at the college has not put a proposal before the Board of Trustees yet for final approval. They're certainly aware of where we are. Ultimately, because this would involve a lease, it would come back to the County Legislature for approval. So we're working on this, but we're not finalized.

**LEG. O'LEARY:**

Is that what we're leaning towards, a lease rather than acquisition?

**MR. GATTA:**

Yes, because an out right acquisition is something that would •• first of all, this particular facility, it's a large facility, and there are components of the building that the college really doesn't need, but that the community and school district would like to continue to use. There's a main gymnasium, there's a secondary gymnasium, there's also a large auditorium, and there's other big spaces that we don't need for our programs.

We are interested in the instructional classroom space, laboratory space and administration space. And in that way, we could collate •• collocate in the building with the school district and other community groups, but have our own segregated part of the building for our operations.

One of the reasons •• and if I could just take one minute, one of the reasons why we're looking

at these downtown centers is that we're trying to respond really to several needs. One is enrollment continues to grow, and our instructional space is limited. We are currently putting modular buildings, basically prefab buildings on our campuses to accommodate some of that growth. We're doing that because the Capital Program between the County's process and the SUNY process takes the college anywhere between eight to ten years to construct from conceiving the idea to presenting it in our budget to having the Legislature approve it, having it go to SUNY to get into its next five year plan and then actually going through bidding, design, bidding construction is an eight to ten year process. If we are to respond quickly to needs within the community for this type of education whether it's training nurses or any other program, you can't respond ten years now for something that's needed right now.

So that's one of the reasons why we're looking •• why we're doing modular buildings which we can do quickly and look at downtown centers where space is available and we can use that space. We're also looking to meet those needs. Legislator Foley talked about Patchogue, and we would look to work with the community, with businesses within the community, with other institutions, other industries to try to identify a focal point for that facility to meet community needs.

There's also a very strong need for ESL training and other types of training for that population in the Patchogue area, which is something we could certainly provide in that facility. And likewise, we would do it in other facilities. In Riverhead, we're looking to expand our culinary program, because the industry is growing. Culinary and hospitality is a booming business on the East End of the Island. Tourism is one of our mainstay industries. And so that center would respond to that. I don't mean to take up a lot of the committee's time, but I just wanted to give you some of the additional background on why we're •• why we're pursuing these things.

**CHAIRPERSON NOWICK:**

Thank you, George. Legislator Carpenter.

**LEG. CARPENTER:**

Thank you very much. I just want to really commend Dr. Pippins and everyone else involved in really taking a lead on this. I know particularly as it relates to the nursing shortage that this is something that we have been working on for a couple of years. The college has been very much involved with including the LIA and VYTRA and a number of •• every hospital in Suffolk County, other institutions of higher learning, Stony Brook, Farmingdale and so forth.

But the thing that I was pleased to hear, that we're not at the very, very end the process, because as supportive as I am and it appears the committee is, I have a little bit of a concern with using the offset of the fund balance. And I had a conversation with Legislator Lindsay about this yesterday, and I know that his intent is to try to find an offset in next year's budget, which is just two weeks away to replace that expenditure from the fund balance. But I think, quite frankly, it's a little bit easier to make a case to find an offset for a program as worthy as this rather than to try and come up with an offset to replace, you know, \$100,000 of the fund balance. So I think that I'm going to make a motion to table this. I had said that to Legislator Lindsay. And hopefully in that first cycle in January when we meet on the 25th, we will be able to have identified a more appropriate offset.

**CHAIRPERSON NOWICK:**

Okay. Thank you. We're going to go on to the ••

**LEG. FOLEY:**

I have a question for Legislator Carpenter. Legislator Carpenter, has Legislator Lindsay mentioned whether or not he would be supportive of the tabling or did he mention to you that he

still wanted to move forward with the legislation?

**LEG. CARPENTER:**

We never got to the end of that conversation quite frankly, but •• and hearing Mr. Gatta today say that there's still a lot of details for them to work out with the district and the college, I think we are pretty safe in waiting until that meeting in January to move forward with this. But I think it's clear to anyone who needs to hear this that the Legislature is very, very supportive of this initiative.

**LEG. O'LEARY:**

If I may, through the Chair, to respond to Legislator Foley's questions of Legislator Carpenter.

**LEG. O'LEARY:**

I did have a conversation with Legislator Lindsay. He is obviously very supportive of this initiative as we all are. He's aware of issue that Legislator Carpenter was going to be raising, and he said to me that he had no problem with the tabling motion.

**LEG. FOLEY:**

Thank you.

**CHAIRPERSON NOWICK:**

Thank you. Okay. We have three cards, then we'll go on to Mr. Kessel. So Mark Serotoff. Good morning, sir.

**MR. SEROTTOFF:**

Good morning. Good morning, Madam Chair.

**CHAIRPERSON NOWICK:**

Good morning. You have three minutes to address the committee.

**MR. SEROTTOFF:**

My name is Mark Serotoff. I'm the coordinator of the Sustainable Energy Alliance, and I'd like to give some input on factors affecting LIPA and LIPA's decisions to the committee. The Sustainable Energy Alliance of Long Island is a grassroots body of over 30 environmental public health and faith based organizations with other 100,000 local members. We promote the three Rs; renewables, repowering and reduction of load and conservation. We are tracking with great concern the future of LIPA.

The Long Island Power Authority •• the Long Island Power Authority is at a cross road that will drastically affect Long Island's future for generations. It must decide whether to privatize, acquire some or all of KeySpan's assets or remain status quo with possible modifications. LIPA, a unique public•private entity, has significant achievements. It's reduced rates, it has the highest transmission and deliver reliability in the state, it has serious efforts in creating diverse energy portfolios including renewables, conservation, reducing excess light emissions, load reduction, and when necessary, new state of the art base load generation, resolving the Shoreham problem, increasing competition, charitable gifts, and providing for public input on its

decisions.

I can't overemphasize the significance of public input. LIPA has repeatedly responded to community concerns on numerous issues and has addressed them. We applaud this. If LIPA ceases to exist, a large degree of public access and response would be lost. LIPA had also achieved a balance regarding the concerns of energy companies. Competition has increased with LIPA with companies participating like Orion, PPL, FPL, ANP, Calpine, KeySpan, Caithness and others, and this will increase. But due to the unique nature of Long Island's power supply, one company, KeySpan, provides the bulk of the power.

In theory, altering this may be appealing, but is it in the public interest? Numerous issues arise if LIPA buys KeySpan power plants. For example, under the terms of LIPA's takeover of LILCO, LIPA has a one time option this year to purchase all of KeySpan's Long Island generation at market value. This operation is known as a generation purchase right or GPR. It's an all or nothing deal, meaning LIPA would have to buy all the plants, some of which date back to the 1950s.

Here are some concerns from a consumer point •• perspective. The plants that LIPA would buy consist of antiquated technology. LIPA should not be spending ratepayers' money on these extremely old inefficient power plants.

**CHAIRPERSON NOWICK:**

Mr. Serotoff, if you would like, we could make copies of that and give them to the committee.

**MR. SEROTTOFF:**

Yes.

**CHAIRPERSON NOWICK:**

That would be fine.

**MR. SEROTTOFF:**

Can I give you my concluding paragraph?

**CHAIRPERSON NOWICK:**

Yes.

**MR. SEROTTOFF:**

In conclusion, LIPA •• LIPA is desirable and has acted in the public interest. It has the capacity to adapt to issues and challenges and meets them in an environment of conflicting interests, but more change is needed. No private entity could possibly do this. Sustainable Energy Alliance forward to working with the County as a participant to determine •• help determine Long Island's energy future and a conduit for the concerns of the residents of Long Island. We request a meeting to exchange ideas and provide input.

And just one aside, this morning with a wind chill factor of 14 degrees you might not consider global warming a serious treat, but it's happening. There's an article today in the Associated

Press, global warming is predicted to raise the temperatures this century ten to 12 degrees.  
There's flooding ••

**CHAIRPERSON NOWICK:**

Just not today, though, right? Thank you, Mr. Serotoff.

**MR. SEROTTOFF:**

Flooding and high tides on the East end, and it's important that we address these issues.

**CHAIRPERSON NOWICK:**

Thank you. Hank Beck. Mr. Beck. Mr. Beck is not with us anymore. Peter Quinn. Good morning, Mr. Quinn.

**MR. QUINN:**

Good morning, members of the committee. My name is Peter Quinn. I'm member of the SEA, also a member of the Suffolk County Electrical Agency and member of the Long Island Coalition for Democracy. I'm concerned about LIPA as you are in terms of economic development across Long Island and the potential impact through privatization. Most of all, I'm concerned that the presentations that have been given in three public hearings haven't revealed to the public, nor to the elected officials what the costs are. We don't have financial data, and yet five •• let's see, three legal firms, financial consultant Bear Stearns have all been involved in a ten member committee chaired by Ms. McCarthy, including four trustees. They're supposed to make a recommendation. Richie Kessel had said that it was going to be a recommendation made toward the end of December, a certain determination by the 15 trustees in early January as to what

direction there were going to move in terms of their four options. And yet the public has been deprived, the media hasn't covered seriously what the impact would be.

We know from LIPA's most recent budget that they've gone over \$3 billion. Only a couple of years ago, it was \$2.44 billion. We have seen increased bond indebtedness. We know that fuel costs, fuel •• fossil fuels and purchased power are the major portion of LIPA's new budget. The second biggest portion of their budget is debt services and amortization amounting to over 500 •

- I think it's close to \$550 million out of that budget.

So that •• we know as they move forward, questions have to be raised, and I'm hopeful that you will raise those questions about the costs in terms of buying the generators, which ones are we getting? Are we getting the other 50 large ones? Are they including the intermediate plans that are 44 megawatts to 79.9 megawatts? Are we including the two megawatts plants that KeySpan has put up in various sites, 24 at a time? Are they committing us to purchase their peak load plants ••

**CHAIRPERSON NOWICK:**

Mr. Quinn, could you just sum up?

**MR. QUINN:**

Yes. Which are polluting and energy inefficient. There are a whole slew of questions that I'm hopeful that you'll be asking and getting answers to and receiving answers in writing about a whole slew of questions that must be asked before LIPA takes any action concerted. Thank you.

**CHAIRPERSON NOWICK:**

Thank you.

**LEG. CARPENTER:**

Thank you.

**CHAIRPERSON NOWICK:**

Now we will have a presentation from Mr. Richie Kessel from LIPA.

**MR. KESSEL:**

Good morning

**CHAIRPERSON NOWICK:**

Good morning

**MR. KESSEL:**

Good to see you, and thank you for inviting me to come and visit with you today. You know, I'd just like to spend a couple of minutes •• and I have a presentation, we've given you a written presentation that I'm not going to follow, I don't like following written things. But I'm struck by a couple of things.

First of all, I want to wish everyone a Happy Holiday, and it's a great time of the year. And struck by two things that I just •• interesting, fascinating, I came in here today, and I noticed two things; one, the fuel cells outside that we did with Legislators Fisher and Jon Cooper and a number of other Legislators here are working. So part of the electricity that is providing the opportunity for us to have this meeting today is coming from renewable technologies. It's great to see that the Suffolk Legislature and the Suffolk County Government is utilizing those technologies. In fact, I was even more fascinated when I went to the men's room, and you have light sensors that turn the lights on and off, which is good for energy conservation.

So I think we have all come a long way together. And I think from years ago when there was always a battle between the former electric company on Long Island and this Legislature, and we still will have disagreements, but bottom line is that we're doing a lot together. And I can't help when I look at this group of people and Legislators to note my relationship with many of them, and all of you •• I certainly know all of you, but some in particular, and I was talking about to my good friend Brian Foley before about a project that we are doing together to revitalize Main Street in Patchogue. And it's a great project, and we are very excited about it. And of course, we've done of number of projects, energy efficiency projects, like the fuel cell project with Jon. He's been a very progressive and forward thinking Legislator. And I see Angie •• I hope you don't mind me calling you by your first names, but, you know, you •• you could do the same for me.

You know, Angie's just been a terrific partner, and we've done some great things out on Fire Island. And Angie was kind enough to bring me out there twice last year, usually she brings me out there in the winter, which is nice, but not as much full as when she brought me out in July this past year to do things to help Fire Island.

Of course, Jay, I welcome you to the Legislature. I know you as former supervisor of East Hampton and miss you out there. And of course, we did a lot good projects with you, including a fuel cell that is helping to provide some energy for the Town of East Hampton. So you have a great legacy out there. And I think that •• you know, that it's just great that we have all these partners. We can have disagreements sometimes, but I think if you were to say what's the one most important thing that has come out of the LIPA takeover of LILCO in six years, I think it's the relationships that we have with our government, state and local governments in trying to work with the community rather than against them.

Sometimes there are issues that we have to deal with; the break of the Fire Island cable, those things happen strong. But I think having that strong positive relationship, knowing that I can call you and you can call me personally, I think is very much a part of what this process is all about. So just a recognition of that.

The other thing is, and I just smile looking at some of the pictures in this room, and it really ages me. I can't believe I'm in my 50s. I was thinking about when did I first come •• appear before the Suffolk Legislature on the Shoreham issue? And I hate to age myself, but it was •• it was over 30 years ago. And I remember coming •• so many different Presiding Officers, I saw •• I hope you don't mind me •• it's just fascinating history. And when you have been doing different things for, you know, 20, 30 years •• I saw Mike Grant and Tony Noto up there, may he rest in peace.

He wasn't Presiding Officer, Marty Feldman, years ago we used to do things together, and I remember doing a press conference with them on the Long Island Railroad. We rated one of Long Island Railroad yards in Penn Station. Frank Gabreski was the president at the time. We wanted to prove that the fire extinguishers didn't work, we brought all the press with us, and I remember we were, you know, pulling the fire extinguishers off the trains and spraying, and they wouldn't work. And Tony Noto, was a great guy, was the Presiding Officer from Babylon, pulled one of the extinguishers out, and said, look at this, this isn't working, pushed it, and of course,

foam came flying out into Frank Gabreski's face. It was one of the great pictures all of times.

And I also see on this side, some terrific people, of course, Maxine, who we worked with on a lot of anti Shoreham issues. And also Greg Blass, what a blast from the past, when this Legislature went on the record opposing the Shoreham Nuclear Power Plant. So there's a lot of history in this building.

And I have one more thing, just ironically, my friend, Ben Zwirn, is here. And interestingly, Ben and I know each other. We ran against each other for County Executive for Nassau County 11 years ago. I think it was in November of 1993. Now, are you going to ask, who won. The answer is neither of us. Tom Gulotta. But it's good to see Ben out here too. And Ben and I did a lot in Nassau County together. We were just talking about some of the days before the old Board of Supervisors and •• so we, you know, it's just a very interesting life, and part of the fabric of Long Island. And one day, I'm going to write a book about it.

So I thought that I would spend ten minutes or so just kind of talking a little bit about LIPA and where we have come in the last six years, and what we're looking at for the future and then be glad to answer any questions if that works for everyone. As many of you know, thanks to the effort of Governor Pataki, and I think he did a great thing here. The LIPA takeover was talked about for many, many years, and finally in 1998, it happened. We acquired the Long Island Lighting Company. And I think we ought to just spend a couple of minutes looking at where we've come from the old dark days of LILCO to the brighter days of LIPA today in the areas that are most important to the public, because that's really what important.

Number one, on the rate side. You know, everyone complains about rates, they complain about taxes. But, you it's extraordinary •• and I'm sitting here with my Chief Financial Officer •• by the way, I apologize for not introducing her after all of that emotionalism, but Elizabeth

McCarthy, who's our Chief Financial officer, who, by the way, originally before going out to become Chief Financial Officer out of state at Dayton Power and Light helped put the LIPA deal together. And it's good to have her back as well. But, you know, thinking back to the days of 1998, we had •• we had the second highest electric rates in the country. And it's an extraordinary thing to say, three things about our electric bills and our rates today.

Number one, we're still too high, but we're about 35th in the country today. So we •• actually, at one point when I was before the Legislature, we were number one by a long shot back in the old 1970s fuel adjustment clause, Shoreham construction work in progress days, we are number one. When we acquired LILCO, we were number two. Right now, we're somewhere at 33, 34, 35. It changes because fuel costs are constantly changing.

So while I think our bills frankly are probably still a little bit higher than we'd like them to be, they are a lot more moderate than they used to be. And in fact, LIPA's electric bills today are about what LILCO's were six years ago. Even though we had to increase our surcharge, and I'll get to that in a minute, but the bottom line is that the people on Long Island are paying about the same for electricity today than they were six years ago, which is extraordinary. You can't say that about taxes, you can't say that about cable television rates, you can't say that about food prices or almost anything else.

So the average electric bill on Long Island today is about \$100, a little slightly under \$100. And that's good news for the people of Long Island. Again, I think it's too high. A lot of things on Long Island are very high. But the fact that our electric bills today are basically what they were under LILCO six years ago is extraordinary. And, and, we just announced our budget, and our budget will go before our board tomorrow, and there will be no increase in our bills, rates or surcharge for all of next year, absent a world wide energy crisis. So that's extraordinary too when you look at the price of oil. Today it's actually cheaper than it was a few weeks ago when it hit \$55 a barrel, but it's still about \$42 a barrel, much higher than anyone ever expected. And with the skyrocketing cost of heating your home •• I filled up my gas tank yesterday, 2.25•nine

a gallon in Merrick. When you look at the skyrocketing costs of energy all over the country, to be able to sit here and say that next year electric bills on Long Island are not going up, I think is a good accomplishment.

None of this includes, by the way, the \$200 million that we gave back to our customers in rebates back in 1998 and 1999. So from a financial perspective, I think we're in pretty good shape. And it's important to note that LIPA is in good shape as well financially. I heard Peter mention a 43 billion budget, which of course, is not driven by expenses, but by revenues. Our budget is basically driven by usage. People use more, our budget goes up. And it's not so much a reflection of expenses as it is usage. But the fact is that the budget that we're going to adopt tomorrow, \$3 billion budget, the first \$3 billion of LIPA, bigger than the County of Suffolk or the County of Nassau, is a very solid budget.

LIPA's finances have improved significantly, and I have to give a lot of credit to LIBI coming aboard and kind of bringing us back to reality on fuel costs. We are now collecting our fuel costs on a real time basis. Which reminds me, we were talking before the hearing that LIPA is one of the few utilities in the country that's not even passing through all of our higher fuel costs to our customers. Right now, we are absorbing about 20% of our higher fuel cost. LILCO passed through 100%, Con Ed passes 100%, almost every utility in the country passes through 100% of their fuel costs. We're not. And even though our surcharge has gone up by about 19 and a half percent over the last few years, that is still representing somewhere between 70 and 75% of our higher fuel cost. So I think it's important to note that from a financial perspective we are in good shape.

The good news correspondingly is our service has never been better. The first seven months of this year, we had the best service in over 345 years on Long Island. We are the number one utility in the state, overhead utility, in terms of the major reliability statistics in the state; duration of outages, response to outages, frequency of outages. We've come a long way. And many of you remember, and certainly some of the old timers remember, how bad service was on

the Long Island under the Long Island Lighting Company. We had a wind storm a couple of weeks ago, you may remember it. In fact, jay, out in your area, winds gusted up to 70 miles an hour. We had 40,000 outages that day. Had it been LILCO, it would have been double or triple that easily.

My first summer as Chairman of LIPA after we took over LILCO, we would have a thunderstorm, and we would have 70,000 outages. We only had 40,000 outages though, and we restored everyone by midnight. That really is due to two things; the work force, they do a terrific job. They're motivated, they're happy, people aren't yelling at the them anymore, and I have to always say everywhere I go •• Legislator Nowick, Lynne, if you don't mind, we don't know each other as well as everyone else, but hope you don't mind •• that the work force is terrific. The people go out there, you know, when we had that wind storm a couple of weeks ago, it was brutal, it was pouring rain and windy. We got everyone back by midnight. Those workers, men and women, out there on poles in that wind, getting people back is just an extraordinary job. And I don't think they are recognized enough for the great work they do. And the people in the call center who take the calls, they do a great job.

And we've invested \$1.3 billion in the electric system. I have to tell you, and Peter Quinn said this to me years ago, and he was right, the system that we purchased was in horrendous shape. It was dilapidated. There were areas of Long Island that hadn't been tree trimmed in over a decade. We've turned all of that around. We have a new aggressive three and five year cycle tree trimming program. We've replaced thousands of transformers, thousands of miles of wires, thousands of poles. And as a result of that, our service has gone from worst to first, and people see that. And that's important. You know, if you're going to lower bills as we did six years ago, you also want to make sure that service is reliable.

The other things that we have done, and I think there are three other important things that I'll just list quickly. For Suffolk County, as you know, we've worked very closely with the former County Executive Bob Gaffney and many members of the Legislature, and it was contentious, but

we settled the Shoreham controversy. And I see Mea Knapp up there, and she was part of many of those meetings under the Gaffney Administration. I remember it well. The fact is that Suffolk County owed a huge debt to the ratepayers of Long Island and Brookhaven Town. And the Shoreham•Wading River School District could have gone bankrupt. We worked out a deal. It was contentious. The bottom line is that property taxpayers in Suffolk County and Brookhaven Town and the school district were protected, the finances continued to move forward and LIPA is collecting half of that money on the people's electric bills in Suffolk County. So the Shoreham tax controversy is gone along with the Shoreham Nuclear Power Plant, which is terrific.

Number two, we are one of the leaders in the country in renewable technologies and energy conservation. We can always do more, and I'll be the first to tell you that. But walking in here and seeing those fuel cells working, knowing that we have the largest collection of fuel cells hooked directly into the grid in West Babylon, knowing that we've got fuel cells in places like the Suffolk Legislature, like East Hampton, like Babylon Town Hall, like some McDonalds, and other facilities, knowing that we've invested a huge amount of money in geothermal systems like out at the Riverhead Atlantis Aquarium, knowing that we have the largest commercial solar roof anywhere in the world in Farmingdale, knowing that we are going to be the first utility in North America to build an off•shore wind project •• and I know Jay was very insightful in bringing to me, to my attention, the whole potential of wind energy back when he was supervisor in East Hampton, we are a great believer in renewable technologies.

Our budget for energy conservation next year is about \$44 million. And let me tell you something. Not only are we doing all of these renewable technologies, energy efficiency rebates, we are the leading utility in the country for rebates for energy efficient light bulbs and so many other things. But at the same time, we are one of the first utilities in the country to hire six companies •• this didn't get a lot of publicity. See when you do good things, as you all know, it never get in the press. We hired six companies to come in here, and we're going to pay them to install energy efficiency motors, HVAC systems and other lighting technologies in multi family dwelling, municipal buildings, school districts and commercial industrial structures to reduce demand by 73 megawatts.

So rather than building a power plant •• we still have to build power plants, but this will take the place of one small combined cycle power plant that we would have had to build, that instead we're bringing in these companies to bring down demand during the summer. It's an extraordinarily new direction that we are going in, and it's very exciting, and it's going to work.

Finally, finally, we have kept the lights on on Long Island. When the blackouts happened in California, everyone said Long Island is next, Long Island and New York are in horrendous shape. Well, we didn't let the lights go out. The bottom line is that over the last few years we have added 600 megawatts of new generation here on Long Island very quietly and with the help of a lot of people. You know, people talk about NIMBYism, well, we put about 16 power plants all across our service territory from the Rockaways •• and we don't want to forget them, we love the Rockaways, and we serve the Rockaways •• at the same time, we build power plants in the Rockaways and Port Jefferson, Shoreham, Brentwood, and these power plants kept the lights on. They are the most efficient, cleanest generating plants built anywhere on the Island.

And this is an important point. We've added more power plants on Long Island in the last three years than were added in the prior 30 years, and that's •• that's an accomplishment, because had we not done it, the lights would have gone out. We also, as you know, erected •• had built for us the Cross Sound Cable, which didn't operate for a while until the Governor and Senator Clinton and Senator Schumer worked in a bipartisan way to get that cable on. And I thank very much Suffolk County, Steve Levy, many members of the Legislature for working with us to get that Cross Sound Cable on. It's now operating commercially. It's providing up to 330 megawatts of cheaper energy to Long Island. And we believe that just this past summer alone, that cable saved our customers four to \$5 million. If we couldn't have gotten cheaper electricity on that cable and had it generated here on Long Island, that saved us money.

And so we kept the lights on. And of course, we've done a lot in energy efficiency and renewable

technologies. Just to give you one other point. We took over LILCO, the peak load reduction program was somewhere around 50 or 60 megawatts. Our peak load reduction program is close to 300 megawatts. The ability to reduce peak demand during the summers. And those Energy Star air conditioners that we've all bought, I have one in my home, are terrific, are really making a difference.

So now the future. And let me just spend now, a few minutes on the future. Two parts of the future; one, making sure we keep the lights on going forward; and two, what does LIPA look like in the future. Let me talk about energy future first. The bottom line here is that energy use on Long Island is growing at an extraordinary pace. Since we acquired LILCO, residential use has increased by 14%. And there are a number of reasons for it. First of all, out on the East End, it started on the South Fork, and we can blame Jay and Skip Henney and their predecessors, and now it's on the North Fork, the building out on the East End is extraordinary. And that's creating a huge increase in demand.

Second of all, within the County of Suffolk and in Nassau County too, what I call the envelope affect, the envelope homes, where you take a home, you expand it, you double in size, you add four bedrooms, you add a new kitchen, you enlarge your den, you put in central air conditioning, this is happening at a rapid pace all across Long Island. Then you throw in everything you put in your own homes. How many have you have added computers, large screen TVs, fax machines, whatever else we put in our homes? Energy demand is going through the ceiling.

In fact, a couple of years ago, we exceeded 5000 megawatts of usage on a hot summer day, one day, which is •• which is something that wasn't projected to happen until the Year 2013. So it gives you a sense of how rapidly things are growing. And you have to keep up with it. And it's easy to talk, but the bottom line is lights out, that's bad for Long Island. And you know, people will say, why do you have to build all this just for the hottest day of the year? Well, the answer is I'm not going to get out on the hottest day of the year and say, I'm sorry, it's very hot out today, your air conditioners are not going to work, your business can't open. We're not going to

have that.

So what are we doing for the future to make sure we keep the lights on? Three things. Number one, we have •• and all through competitive bidding •• we have a new power plant, the first large base load power plant built on Long Island since Northport, about 30 years ago, the Caithness project. It's a state of the art new facilities. We are •• LIPA is moving forward full speed ahead on that project. It will •• when it's available in the summer of 2007, provide Long Island with about 325 megawatts of electricity. It will be the cleanest power plant on Long Island. And it will be the first large base load plant built in over 30 years.

By the way, we are building two additional small combined cycle units for next summer; one in Bethpage, Calpine is building that; and one in Babylon, Pinelawn, not the cemetery, but the company, is building that. And those two projects together will bring us about 160 megawatts of additional supply for next year.

Number two, we are going to build •• we are going to have built for us a new cable, an Atlantic cable, the Neptune Cable, that will connect Long Island to New Jersey, and it will be basically a plug into Jones Beach, up the Wantagh Parkway, underground, and when it is finished in 2007, it will provide us with 660 megawatts of electricity. And what's critically important about this line is once it's in and you have the Cross Sound Cable •• and if you want to, close your eyes and think of Long Island, which has been isolated from the grid •• Brian, you remember all the arguments with LILCO, and we're isolated, we can't •• you know, we're trapped here on Long Island •• when that cable comes in, you're going to have two cables; one on the North Shore, one on the South shore, you will have the free flow of electricity all of way from Canada through New England and Upstate, New York, through Long Island to Jersey, Pennsylvania, Maryland, Delaware and right down the eastern seaboard. And that is good for reliability. It brings Long Island into the world. It means fewer power plants in the future being built on Long Island. And most importantly, it opens up cheaper energy, because we are too dependant on oil and gas.

Ninety•five percent of the electricity generated on Long Island is oil and gas. When oil prices hit \$50 a barrel, that's devastating to us and our customers. Being able to hook into places like Pennsylvania, New Jersey, Maryland, Delaware where they have more coal, more nuclear, and they're less dependant on oil and gas, it's going to allow us to import cheaper electricity and keep prices stable and maybe even bring them down. So that is such an important •• it's the most important project ever down on Long Island. And by the way, the Neptune Project has only one permit left, the Army Corps of Engineers. We're expecting that in the next couple of months. And unlike Connecticut, that project is going to move forward very rapidly.

And finally, as I mentioned before, our off•shore wind project of the South Shore, Robert Moses State Park, three to five miles out, 140 megawatts, enough power to provide a clean wind emission•free energy for 40,000 customers. Jay knows we tried to put a few windmills in Montauk, and we couldn't do it. And we put a few windmills out on land. There's one at the Zeh Farm in Calverton, there's one in Southampton College. We're putting several windmills out at Shoreham. How ironic is that? That in January, and we're to do a big event, we're going to invite Peter Quinn and Nora Bredes and Pete \\_Maniscalco\\_ and all of the people that opposed Shoreham, that we closed down that, and it's in place, a wind project out at Shoreham, which is being built as we speak right now.

This is the future, wind. And renewables are something that I believe in very strongly. And when you can take •• when you can get a facility that will power 40,000 homes from the ocean, not put it on lands so we don't have worry about protests, we've got most of the environmental community, Sustainable energy Alliance, Long Island Neighborhood Network, Citizens Campaign for the Environmental, New York Public Interest Research Group, we're all together in this. We're doing this project together. When that is done, probably in the summer of 2008, I'd love to see it sooner, it will be the first off•shore wind project in North America, right here, Long Island.

So I think that from a reliability perspective, we add all that together, that's 1000 megawatts, which by the way, is enough to power a million homes. And that will all happen over the next few years. The decision we have to make now is we have gotten a lot done, we've got challenges, and we've got some big decisions we have to make over the next few months. We have got •• as Peter mentioned •• I don't know, is Peter still here? Oh, okay. As Peter mentioned, we have an option to purchase all of the KeySpan old LILCO generating plants on Long Island. That option opened November 28th, it closes May 28th. We have to decide whether or not we should purchase that. We have contracts with KeySpan that expire beginning in a couple of years to manage the system, to manage our purchasing of electricity.

So what LIPA is doing publically, unlike almost anyone, we're not meeting in caucuses, we're not •• we're not meeting in boardrooms like corporations do and LILCO did •• we're actually doing this publically. We looking at what should energy delivery on Long Island look like. And we're looking at three things. One, we're looking at basically staying the way we are. People will say, you know •• and I appreciate Mark Serotoff's comments. You know, I was telling Ben over there that we first talked about the possibility of privatization, some of our critics •• and we don't have a lot. I mean, we have people who give us constructive advice, not the old days when I used to join Nora Bredes and a whole host of other people out here in Suffolk and attack LILCO, but, you know, I said, gee, you know, the critics are coming and saying, why change things, LIPA's doing a good job. And I take that as compliment. I think we are doing a good job. We could always do better, but we're doing a good job.

So one possibility is basically staying the way we are, modifying some of our contracts, but staying the way we are, which is a public•private partnership with KeySpan. We like KeySpan. KeySpan has done an extraordinary job in operating the power plants, in helping us to keep the lights. I've got a very good strong relationship with Bob Catell, I think he's a terrific CEO. And •  
• so that's one possibility.

The second possibility is going to a full public power company. My good friend Steve

Englebright, Assemblyman, yesterday spoke at a meeting we held for elected officials about LIPA's future, public meeting, where he said, you know, the thought when LIPA was created, you know, he was back, I think at that time, he was on the Suffolk Legislature, but was to ultimately have a full public power company. So should LIPA become a full public •• right now, we're partial. Should we own the generation, should the work force work directly for LIPA and municipalize the whole thing, we believe •• by the way, I have to tell •• and again, this is not a criticism of KeySpan, it's a structural issue, that we could save tens of millions of dollars if we managed the system ourselves.

I'm not quite sure we need a manager. We needed them at the beginning because this was all new to us. But right now, the possibility exists that we would basically take the electric system on Long Island, right now we own the retail part of it, and that the work force and take the generation or one or the other and expand LIPA's public experience as a public utility, municipalize more of it.

The other possibility, should we privatize it? Can private government •• private industry do things better than government over the long term? Are there efficiencies that are available to us? Is there a way to sell some of or all of our assets and utilize that sale to stabilize or even lower electric bills on Long Island over the next five or ten year period? One of the advantages of private industry versus government, and we're looking at all of that, it's something that every business should do, and that we need to do.

I think what's important, and I appreciated Mark's comments before, we're doing it public. We're accountable to the public. I'm here. I know we had a couple of hard times getting a date together, but, you know, I'm not a shy person. And I know that surprises some of you. I •• you know, I don't hide under my desk or in my home. I'm out there. I talk to people, I talk to groups, and I think that doing this •• taking a look at this and getting some of these answers in public is important. We want to hear what you think. We want to hear what our Legislators think in both counties, our state official, the public. We have had hearings, Peter came to them,

Mark came to them. We had hearings in Suffolk, we had hearings in Nassau, we had hearings at the Beach Club in the Rockaways. We want to hear from the public. What do you care about? What's important to you? What do you think LIPA should look like?

We're not trying to reinvent ourselves. We haven't decided what we're going to do, but we want to look at what are the options. The bottom line is we want to be able to know what's the best way over a long period of time, not today, today is •• I think things are good today. But, you know, what is this going to look like ten or 20 years from now? I think you have to look towards the future, otherwise you'll get run over before you know what hit you, and we don't want to be there. The question is what is the best way to deliver the lowest cost electricity in the most reliable way possible. And that's something we're talking a look at. We will be making some recommendations to our board next year, probably end of first quarter or into the second quarter of next year.

We will back. I will be glad to come back. In fact, I suggested this, I mentioned it to Angie yesterday, she came to our meeting, and we really appreciate you coming and taking the time, is that it may be a good idea in the spring to have a joint meeting of both County Legislatures where we can discuss this and talk about what the options are. Once we have two or three options that we're going to have out there, we want them to be discussed publically. So that may be a good opportunity for both Legislatures to convene together, they've done it a few times in the past. It may be a very interesting topic of conversation. So I think basically, you know, that's where we are today. I thank you for having me here, and I'd be glad to answer some questions.

**CHAIRPERSON NOWICK:**

Well, certainly, we appreciate your coming here. And it's an informative kind of meeting for us. I'm sorry I missed the meeting yesterday, but we had Ways and Means for hours. Just to answer one of your questions when you say what does the public want, what do we want. I have

a few questions, and some of them are technical, and believe me, they're just for our information. But when you ask us what we want, I'll tell you what. I want to go to the mailbox, I want to open that envelope that says LIPA, and just once, I'd love to see it go down. That's what the public wants. In way of explanation, and we'll just talk a little, I want to just ask you •

- I'm sure there are other questions •• I have heard that LIPA had announced a type of a freeze on pilot programs to the school, payment in lieu of taxes to two school districts. Is there any truth to that?

**MR. KESSEL:**

No, we didn't announce that. First of all, let me say thank you. Your bill may go down. I think wish that for taxes too. And I'm sure the tax payments are a much bigger burden on the public than their LIPA bills. Having said that ••

**CHAIRPERSON NOWICK:**

Not the County taxes.

**MR. KESSEL:**

Well, I know, but, you know, people don't differentiate that. And I'll tell you what I hear from the public out there, okay? Everyone always says, my LIPA bill is too high. But they say about everything on Long Island. Let me say this to you. There are two good things. First of all, when you open up your envelope next year, you won't see an increase, absent a world•wide energy crisis. You could see a decrease if oil prices go down.

Our bills go up for two reasons, and I'll tell you what they are. Fuel, cost of fuel and local property taxes that we pay. Other than that, we wouldn't have to raise our bills at all. Just to

give you the example on the fuel side, Lynne, and it's important to note, when we took over LILCO, fuel •• in other words, the cost of oil and gas and purchasing power was 39% of our budget. Today, I think it's 56%. Thirty•nine percent to 56%. And that's huge.

On the tax side, we're not going to freeze taxes. First of all, LIPA pays \$278 million a year in local property taxes. We are one of the largest, if not the largest, property taxpayer on Long Island. You know, I would tell you that we are •• we are burdened by high school •• you know, people complain about school taxes, County taxes, town taxes, special district taxes, police taxes. What they don't realize is about 12% of their LIPA bill is those taxes that we pay, and they're and going up at an extraordinary pace.

Just to give you example, since we took over LILCO six years ago, our property taxes have gone up by 25%. So it becomes a big burden. We're not freezing our tax payments. We •• because frankly, if it were up to •• if the world were the way it should be, LIPA shouldn't be paying any taxes. We don't pay federal income taxes. But by statute we have to pay state and local taxes, because when we did the LIPA bill back in 1986, people said that if we didn't put that in the statute, all the school districts and towns and counties would oppose it, because very easy to tax LIPA because no one knows about it, they blame LIPA. And when ten to 12% of our bill every month •• when you open that envelope, 10 to 12% is local property taxes, that's devastating.

Having said that, you know, if we weren't •• if we were going to freeze our property taxes or not pay them, then •• then the cost would just shift over to the taxpayer somewhere else, it's a shifting of collection of revenues. So we're not freezing our taxes. What I said was that the tax assessor in Nassau County is threatening to raise taxes on one generating facility in Glenwood Landing. The impact of that would be to have to raise taxes •• we make payments in lieu of taxes on every new generating facility that we build.

Over 20 years, that's about \$400 million to our customers in higher rates. I calculate that within two or three years, that would increase our bills just from what he would do in Nassau County by 4% alone. So what I said was is that, you know, you shouldn't be raising our taxes, you should be freezing our taxes. I'm not expecting anyone to freeze our taxes, but •• so there is no freeze.

But I think there's an important point to make. When you tax LIPA, you tax yourself. Let's not kid each other. This is not LILCO. We don't have shareholders. Every dollar that you tax us, when I say you, I don't mean the Suffolk County, but the school district, the tax assessor in Nassau County, it's paid for by the customer, 100%, dollar for dollar. So when you tax us, you're taxing yourself. And the reason •• I didn't say we're going to freeze, I said there should be a freeze. It was really in response to what I consider to be an outrageous attempt to subsidize the extravagance of a particular school district Nassau County on the back's of all the ratepayers. I don't see why Lynne Nowick and her constituents should have to pay for the North Shore School District in Nassau County? But we're not freezing our tax payments.

**CHAIRPERSON NOWICK:**

Thank you. Good. I'm glad I asked that question. One other question. If LIPA is privatized, will full real estate taxes be the obligation of the new owner or still of LIPA? How is that?

**MR. KESSEL:**

Well, you know, obviously we don't what, you know, what the privatization would look like; does LIPA survive, you know, do we own something? But I would say to you that any deal that we would make would require the same level of property taxes going up, you know, over time, because you can't change the system in the middle. So I would expect that any deal that we made, if we made a deal, would require the private company to pay taxes similar to what LIPA is paying in the form of payments in lieu of taxes.

**CHAIRPERSON NOWICK:**

I think that's very interesting what you said, if we •• if LIPA is paying taxes, whether it's a pilot program, it actually •• they are paying and we're paying them, so we're paying the taxes. It's kind of interesting.

**MR. KESSEL:**

I mean, I'm not •• by the way, I'm not criticizing anyone. It is what it is. But when you think about it, when, you know, a school district says, you know, let's tax LIPA, what you're saying is let's tax the people of Long Island to pay for the school district, because, you know, this is not LILCO anymore. We don't have shareholders, you are our shareholders, we are our shareholders. So you want to tax us •• you know, I have a sheet here, you want to talk about LIPA. I mean •• and I don't even want to go into it, how much we're paying to Suffolk County in taxes. And you've got an energy tax too. All of that comes from our ratepayers. So I'm not saying we shouldn't pay taxes, but when we talk about, you know, taxing the large corporate LIPA, we're taxing ourselves. We're a municipal utility.

**CHAIRPERSON NOWICK:**

Thank you. That's very interesting. I have one or two more questions. We can go over them briefly if that's okay with you. In terms that would be easy for us to understand, because I know you know all of the technical jargon, through what means does LIPA have sufficient cash reserves to expense those costs not covered through surcharges? I wanted to know about that a little bit, surcharge, the costs, how have they been paid for in the past?

**MR. KESSEL:**

Well, I assume you're talking about the fuel surcharge, because really that's the only major surcharge that we have other than tax surcharges. Our fuel surcharge initially was •• was created to collect a portion of our higher fuel costs. And what we are doing initially was trying to absorb as much of that as possible to protect our customer, because if we had passed through all of our fuel costs at the time we were experiencing them when we first created this, electric bills would have skyrocketed on Long Island. And when the economy was very sensitive, we didn't do that. So what we were doing is we were deferring some of those costs. And ultimately, we made a decision that we •• if we kept deferring it, we would build up such a huge, you know, debt that we would have to pay that it would hurt ratepayers in the future. So we've switched to what is called real•time collection, so that right now, we are collecting all of our fuel cost on a real•time basis up to the point where we wind up at the end of the year with a \$20 million surplus. I mean, I'm trying to say it in easy terms.

So what that means is that we are not deferring any of our fuel costs any longer. The fuel cost that we did defer are now included in the surcharge, and we •• every year it's about \$30 million in that surcharge already for the deferred fuel cost from three or four years ago. But all of fuel costs that we're incurring now, we're paying on a real•time basis. So there are no more deferrals. And the good news is that because we're •• we only need to •• we don't need to make a profit, we don't have any earnings targets, we don't have dividends to pay. Our only obligation is at the end of year, we have to wind up in the black by \$20 million. That's something we have committed to the rating agencies. The rest of the money that we collect on fuel, we don't have to pass to our customers. So the end of the question is that we're expecting right now that we •• as a result of that, we will be passing through about 80% of our fuel costs, absorbing about 20% and deferring nothing.

**CHAIRPERSON NOWICK:**

Quick question for you. Do you think that base electric rates are too high or are you comfortable with those?

**MR. KESSEL:**

I think our bills are probably higher than I'd like them to be, to be frank with you, and I think we have to get them down.

**CHAIRPERSON NOWICK:**

How would you do that?

**MR. KESSEL:**

Well, I think •• here are a few ways that I think we •• in my view, there are three ways that we can get them down over time. One, we have to reduce our dependance on fossil fuels, that's the number one thing. If we continue to, you know, use and generate 95% of our electricity from oil and gas, we will never control our energy costs much beyond where we are today. The way to do that in my view, we have to import cheaper electricity from other parts of the country. I would say in addition to the Neptune Cable, I think we need another Atlantic cable. I think if we were able to have 1200 megawatts imported from, you know, the south of us, combined with the Cross Sound Cable, we could begin to see some reduction in fuel costs, which would help us to lower our bills.

The second thing •• you know, and it's going to take time, I have to be honest with you, is wholesale competition. I think •• you know, we have begun to bring new companies into the generating market on Long Island. I didn't even say that in my presentation, but we have never had competition on Long Island until LIPA came. Do you know that we have, in addition to KeySpan •• we don't own any power plants, but KeySpan, which owns the majority of the generation right now on Long Island, we've got Calpine, we've got Pennsylvania Power and Light, we have Florida Power and Light, we have Equis, we have Hawkeye, we have Pinelawn, and all of

these new companies that are selling electricity on Long Island. And that's creating competition. As we bring more companies in, and one way to do that would be to purchase the power plants from KeySpan and sell them to different companies. That would create some wholesale competition, which also may bring bills down.

The third thing is taxes. You know, if we can get some of the school districts and municipalities to not pass along all of these taxes to us, that's the third way that I think we can lower our bills somewhat.

**CHAIRPERSON NOWICK:**

Again, interesting with the school districts. So you're paying the school district taxes, and then we're paying you ••

**MR. KESSEL:**

Direct.

**CHAIRPERSON NOWICK:**

It's passed over to us, which I never thought of. I have a few more questions, but I know Legislator Viloría•Fisher has a question.

**LEG. VILORIA•FISHER:**

Thank you, Madam Chair. Thank you for coming here, Richie. And actually I'm going to ask you

to give me •• I'm going to ask short questions, and I'll look for kind of brief answers, because I do have five questions. But before I get into them, I do want to reiterate what Mark Serotoff had said earlier, that you have made some •• I've seen progress in terms of conservation, renewables. I remember in 1999, the first time I mentioned windmills, you acted as if I were tilting at windmills, and yet it became, you know, a major part of your efforts. And you really were a very important piece in my being able to get the Department of Public Works to work with me on green buildings, and we just passed a pilot program for LEED certification, so I thank you for the help that you gave me.

**MR. KESSEL:**

I have to tell you, I commend you. I think that is an important thing to do. If we can help in any way on that project, we'd be glad to. I know we've met on that. I've talked to Steve Levy about it. I think it's an extraordinary thing to do for new construction here in Suffolk County. I commend you for that. Terrific.

**LEG. VILORIA • FISHER:**

Thank you. Now, as I said, I do have five questions. They're not long, but they're much to the point. I'll ask the long one last. The first one is when you referred to Long Island being 35th in the nation in terms of our fuel costs, electric bills, does that include our surcharges?

**MR. KESSEL:**

Yes.

**LEG. VILORIA • FISHER:**

Okay. Good. Second question. See, good, fast answer.

**MR. KESSEL:**

I'm trying. I'm waiting for the long question, then I can give a longer answer.

**LEG. VILORIA • FISHER:**

Okay. Rebates. The rebates on solar panels have gone down, the percentage that's given to homeowners. In terms of the where we are now with the cost of fuel being higher, is there consideration on going back to higher level if rebates in order to balance that and encourage individuals, residents, to put in solar panels?

**MR. KESSEL:**

Yes, there is. Our rebate originally was \$6, which was the largest anywhere in the country. It then went to five, then to 4.50 and now to four.

**LEG. VILORIA • FISHER:**

It went down to four? I thought we were still at 4.50?

**MR. KESSEL:**

No. It went down to four late this year. It was still one of the highest rebates in the country. Having said that, you know, one of the things we do in our rebate program is we try to get more

people involved, and then when the market is penetrated, we reduce the rebates or sometimes eliminate them. Having said that, I have talked to my staff as recently as last week about increasing the solar rebate once again. Obviously, it's a budget issue for us. But I kind of share your concerns that not just from a financial perspective, but •• and that gets LIBI nervous when I start talking about higher rebates, but really from a perception and a mindset that, you know, the rebate's going down, even though it's still one of the highest in the country, I'm not sure that sets the rights tone for people who should be investing in solar energy. So we are looking at whether or not we ought take that rebate back up. I don't think it's going to go back up to \$6 a watt, but certainly looking at an increase is a possibility, and I've asked my clean energy people to look at that within the context of our clean energy budget of about \$44 million.

**LEG. VILORIA • FISHER:**

Okay. Thank you. Good answer. All right. Next question.

**MR. KESSEL:**

I have to answer to you and then I've got my budget chief financial officer here too, so I've got •  
• you know, I have to walk this line sometimes.

**LEG. VILORIA • FISHER:**

You mentioned earlier that the surcharges aren't as high as they should be commensurate with the level of fuel costs and that LIPA is absorbing that. Now, in Suffolk County we try when we have expenditures to do a great deal of pay•as•you•go so that we're not creating a mountain of debt service. Now, you do have a tremendous amount of debt service in your budget. Why absorb that rather than make it pay•as•you•go, and are you in •• are you committing that to indebtedness when you are absorbing it?

**MR. KESSEL:**

The answer, Vivian, is that most of the LIPA debt, of course, is from the old Shoreham Nuclear Power Plant, which we inherited. We're not •• we're not adding to debt, and maybe I was confusing. We're absorbing •• by absorbing it, we're not deferring it and it's not going into debt. It's money that our ratepayers don't have to pay because we wind up at the end of the year with this \$20 million net income. None of that is adding to our debt.

**LEG. VILORIA • FISHER:**

Okay. That's the answer I was really looking for, it is pay•as•you•go when you're absorbing it?

**MR. KESSEL:**

Yes. Pay part as you go, which is very unique. And I have to just say that there are very few utilities in this country that are not passing through 100% of their higher fuel costs. LIPA is one of the few that's not. In fact, I will tell you something. I will predict that there will only be a handful of utilities next year that won't be raising their surcharges or their bills because of the skyrocketing oil and gas prices. LIPA will be one of them.

**LEG. VILORIA • FISHER:**

Okay. Next question. I'm up to number four already, which is a very critical question because it's part of the decision we're making as far as the options. If you recall, I believe when I was Chair of this committee, you did go to LIPA, you invited a number of public officials to look at the prospect and the ramifications of the acquisition of the KeySpan properties, and it seemed to me at that time, it didn't look like it would be a good move because it would, as some people have termed it, like writing a blank check, because we don't know at what level that market value

would come in. I assume we're looking at that same framework at this point, which would make that not a good option.

**MR. KESSEL:**

Well, the law •• the agreement is what it is. The own thing is it was extended for two years, so the process is same as it was a couple of years ago. But we're not going to be bound by the process. That was written in a way, frankly, that was a mistake. And had I •• you know, I'm not blaming anyone, this was a very complicated deal. Frankly, that option was not written •• I wanted that option in the deal. You know, at the time we did the LIPA deal, I wanted •• I felt •• I wasn't the Chairman of the LIPA at the time, I was a trustee, but I was working with the Chairman at the time, Frank Zarb and the Governor. I wanted a full takeover, the Governor didn't want any takeover, so this was a compromise. The option was put in there, and it wasn't written, frankly, the way it should have been written. It's not clear. You have to •• you don't know what the price is until you go before the •• after you go before the Public Authorities Control Board. You know, we believe that the fair market value is book value. I'm convinced of that. KeySpan feels otherwise, so that is going to be an issue out there. But we're not going to ••

**LEG. VILORIA • FISHER:**

But wasn't that statutory?

**MR. KESSEL:**

It's not statutory, it's part of the deal that we entered into when we did the takeover. Having said that, we have to make •• there are a lot of factors that are going to go into the decision, and it's a decision that we want public input on. There are benefits to owning the generation, and there are disadvantages to it. As an example, I'll give you one on each side. An advantage is that •• and again, this is not a criticism, but if we left the generation with KeySpan, you will

never have wholesale competition on Long Island, because KeySpan is going to hold on to those plants. They're not going to bring in competitors to compete with them.

On the other hand, if LIPA purchased them, the likelihood would be that we would sell most, if not all of them, over time, and that would create wholesale competition, which I think is sorely needed. Disadvantage, no matter what you pay for it, it adds to our debt. Our debt is already very high because of Shoreham.

**LEG. VILORIA • FISHER:**

And Wouldn't you have to buy some parts of property, which really wouldn't be useful to you? Don't I remember that as a piece of it?

**MR. KESSEL:**

No.

**LEG. VILORIA • FISHER:**

That it wouldn't just be the footprint of the plant that you would be buying?

**MR. KESSEL:**

No. We have an option, a 90 year •• a 99 year option to use those properties. And frankly, some of them are very valuable. There are some of them where we probably could build new generation. You know, people talk about repowering. Sounds good, but most of the plants you

can't repower. You physically don't have the room to do it. But a couple of them you do, one of them, as an example, is Barrett in Island Park where there is room. One where I think would be very difficult is Port Jefferson, there isn't a lot of room.

So we wouldn't have to buy those properties, but we would •• it may be advantageous to take some of that. We have the first option on all of that property for 99 years. And in 99 years, I'll tell you whether or not it was a good idea or not. But I think that the option will remain even if we purchase the generation.

**LEG. VILORIA • FISHER:**

Okay. Now, my fifth question.

**MR. KESSEL:**

This is the long one.

**LEG. VILORIA • FISHER:**

It's actually •• not that it's long, but it's a point at which I disagree with some of your policies. And I'm happy that you are building a 325 megawatt power plant. I'm sure that it's •• it would run very clean, it would be efficient and all of what we're looking for in our power plants. But I do disagree with the practice of using peaking units.

And I know that you've needed to do that when you found yourself right up against the wall. But to talk about the Neptune Cable, the Cross Sound Cable, the 325 megawatt power plant, maybe

other large power plants that we're looking. I'm wondering why we have the need to build two more peaking units, unit power plants. And the reason is that we all know that at 78, it comes right under some of the regulatory provisions that we all need.

And as you know, back in 2000 or 99, I can't remember, I did have the CO2 Bill here in Suffolk County, because the emissions from power plants are very critical to us. We are looking at running clean power plants, and we want them to be as efficient and as clean as possible. And as clean as those peaking units are, they're not as good as some. And so I'm wondering as to that. You know, you have talked about how many you've built in the past three years. I know some of them were necessary, but I would like to see that practice go by the wayside.

**MR. KESSEL:**

Well, I'll give you a pretty short answer to that. First of all, I don't disagree. If we could have built larger •• a couple of large generating plants and sited them on Long Island and sited them in the state siting process in time to keep the lights on, that would have been preferable to do.

We live in a state that doesn't even have a siting law, it expired two years ago. We don't even have a siting law to site a large power plant. We were faced with the challenge when we took over LILCO •• you know again, you can't blame •• you can blame them for only so long. Having said that, you know, they spend all of their money and resources and attention on Shoreham, and they didn't do anything else. And all of a sudden, we take over, the bills come down 20%, and, you know, the development goes through the roof and everyone is using huge amounts of electricity. And we have a choice. Build these small units to keep the lights on or go dark. There was no in between. We couldn't build a large generating plant or anything else in time to keep the lights on. So that's the way we had to do.

Second of all, those new plants are cleaner than any of the KeySpan Power Plants, as you know, that currently exist on Long Island, even though they're not as clean as large base load units that could have been built had we been able to do it on a timely basis.

The good news is •• the good news is that it's very important to point out that these units, first of all, are not peaking units in the definition. They are used year round. And we are finding them in many times even during the winter more economical than the larger base load plants which we can close. When you think about that •• when I say close, not used on certain days. Some of the older •• I'm not being •• I'm using this word only, you know, technically dirtier plants are not running at certain points during the year, not just during the summer, and these smaller plants, which are cleaner, are running in their place.

**LEG. VILORIA • FISHER:**

And actually, that's helping you comply with the CO2 Law, which was when you add the number the megawatts, that you're lowering the tonage of CO2 going into the atmosphere by replacing some of that old power plant with the smaller ones.

**MR. KESSEL:**

Right. The other point is that the new units for next summer are the combined cycle units. The first real new combined cycle technology for Long Island. And the answer to your question is because we are now, you know, able to hopefully get the Neptune project in, get the windmills in, get the Caithness projects done, I would expect those two new units to be the last of the smaller •• I don't want to call them peaking, because they're not •• smaller units we install on Long Island.

The bottom line is you and I don't disagree. But I had a choice; build them and keep the light

on, or don't build them and have the lights go dark. One thing I have always said everywhere I go, I don't care •• other than •• you know, we had a blackout last summer that, of course, wasn't out doing, it was the fault of Midwest. And I have to say, I'll even say it, our respond was cited all over the world, one of the best responses and most honest, open communicative responses anywhere in the world.

Having said that, I'm not going to let the lights go out because of lack of supply under my watch. It will devastate Long Island, it will devastate our economy, it will devastate economic development. I wish we had had a better choice. So in that, I don't think we disagree at all.

**LEG. VILORIA • FISHER:**

But you do see this as the last two?

**MR. KESSEL:**

Yes.

**LEG. VILORIA • FISHER:**

Thank you.

**MR. KESSEL:**

Thank you. Thank you for your kind words too. I appreciate it.

**CHAIRPERSON NOWICK:**

One thing that you did say, and you're right, we can all sit here and ask questions, and it's justifiable, and we worry about rates, but if those lights go out for an hour, I know in my house, everybody goes crazy. You are absolutely right in that regard. We do need to take care of that. And that is a big worry, besides rates. Legislator Foley •• Cooper, I'm sorry.

**LEG. FOLEY:**

Madam Chair, my original questions were answered. I will do a follow up, though, in letter to ••

**CHAIRPERSON NOWICK:**

I'm sorry, Brian, legislator Cooper was next.

**LEG. FOLEY:**

So I'm just going to follow up in letter form on one of the matters dealing with alternatives for •• to the similar NYSEDA programs. Thank you.

**CHAIRPERSON NOWICK:**

Legislator Cooper.

**LEG. COOPER:**

Thank you. Richie, I understand that LIPA has stated that you spend more on energy conservation and improved energy efficiency than any other electric utility in the state. But according to your own long term energy plan, LIPA's own projection is that its programs will reduce the expected rate of growth and demand by only one-tenth of 1%. In contrast, programs supported by the systems benefits charge, which is administered by NYSERDA, brings more aggressive alternatives to ratepayers in other regions of the state. So I have a two part question. In light of the continued growth and demands for electricity on Long Island, is LIPA doing enough to encourage alternatives, and are your programs appropriately aggressive?

**MR. KESSEL:**

Good question. The answer is I think we can do more. We have to be able to afford to do it. It's the balance •• it's the age old balance of, and you know, LIBI knows this, you know, I'd love to spend \$100 million a year on energy efficiency. There are two problems.

**LEG. COOPER:**

Is that a firm commitment?

**MR. KESSEL:**

Well, no, because then I would have to raise bills next year, then I get hit from the other side. The other thing is I'm not sure that spending a lot more money is going to be that much more productive in terms of getting the results that we get.

Let me give you an example of one program that does work. And the answer to your question is

I would like to see us spend more. I think it's difficult in these times when oil and gas prices are really pushing us. Ironically, that's when you should be spending more. Having said that, as I said, when we took over LILCO, they were spending about \$11 million a year. We tripled it in the •• in our program. The first year we didn't triple it because we just started our new programs. They were just underway.

Let me give you an example of an energy •• two energy efficiency programs that have worked that we have done; one with NYSERDA and one on our own. LIPA Edge Program, we have installed about 28,000 LIPA EDGE thermostats in people's homes and small businesses. It enables them to control their air conditioning and, in some instances, their heating through the internet, and it also enables us in the event of a real crisis to be able to shut down the compressors and the air conditioners and save 28 megawatts. That is an extraordinary program.

We incentivize people to do it. We got a huge response, and we're now looking to restart that program. That program •• that one program is equal to 28 megawatts, which is equal to more than half of one of those small power plants that Vivian was just talking about. We were the first utility to do it on a mass basis anywhere in the country, and now a lot of other utilities including our neighbors to the west, Con Ed are doing it. It's a great program.

The other •• the energy efficiency program that I'm most proud of, because it's actually worked, and we don't need it anymore, is our Energy Star Rebate Program for air conditioners, our bounty program. And this was, frankly, out to give the credit where it's due, it's an idea of Governor Pataki's, is what is the biggest driver of energy usage in the state and on Long Island in particular? It's air conditioners. And we know that everyone has these old room air conditioners in their rooms. So we said •• we did this program with NYSERDA, we said, take your old air conditioner, bring it in, and buy an Energy Star, energy efficient air conditioner, and we'll give you 75 bucks. And we did it for a couple of years. We then lowered to rebate to \$35.

When we started the program, there were three models being sold on Long Island for Energy Star air conditioners, and there are now over 60. We've changed the market. Energy Star is now something that people look for when they purchase air conditioners, particularly room and central air conditioning. So we've transformed the entire air conditioning market, and it's a huge benefit to Long Island. So I think the answer to your question is I think we're doing a lot, but we could always do more. And I, frankly, am frustrated that we can't spend more on it, because if we did, we'd have raise our bills, and •• but I don't think we're doing enough. And when I say we, it's not just LIPA, I think it's everyone. I don't think the systems benefit charge is enough.

I will say one thing. The Governor has set a target for utilities in this state, 25 •• 24% of our energy from renewable •• in ten years, and LIPA is exempt from that because we're not regulated by the PSC. We are going along with •• the Governor asked us to do that, and we're going along with that because we are big believer in renewable technologies. I really think we can always do more. That's my honest opinion.

**LEG. COOPER:**

I had a number of other questions, but because of time constraints, I'm just going ask one. Unfortunately, this may be •• you may not want to answer this. But based on what you know right now and considering all the pluses and minuses, if you had to choose, if you had to make a recommendation, choice between full public power, privatization and the status quo, what would be your recommendation right now?

**MR. KESSEL:**

I would say this to you, I don't know yet, but it wouldn't be the status quo. I think the status quo over time could be very dangerous. You know, I think that •• you know, if you take a snapshot in time, I think LIPA, you know, the relationship with KeySpan is good, works, but over

time, because of the politics of state government, of authorities, of some of the restraints that we have in the current system, I think •• I think the status quo probably has to go. And I think we need to move either in a more public or a more private direction. Which of those two? I don't know that. I'm honest with you, Jon, we haven't reached any decisions. We're still looking at it, we're interviewing other companies. We've interviewed a half dozen other utilities, talked to them, what are their ideas, their concepts. I just don't know the answer to that yet. But I kind of feel, and this is a personal opinion, this is not an official opinion of our authority or the board, that leaving it the way it is for a long period of time would not be in the public interest.

**LEG. COOPER:**

Thank you.

**CHAIRPERSON NOWICK:**

Legislator Schneiderman, did you have a question?

**LEG. SCHNEIDERMAN:**

Yeah. I'll try to ask quickly, if you could respond quickly as well so I can get through •• at least touch upon a couple of these subjects.

**MR. KESSEL:**

I know you want to get home for Christmas.

**LEG. SCHNEIDERMAN:**

I do, and I've got the Parks Committee that I Chair, which is supposed to start right about now, and we're not done with this meeting. You spoke earlier when you were talking about LIPA's stellar repair record in terms of keeping the power on compared to other utilities in New York state, and I heard the little qualifier, above ground utilities, assuming that •• when you bury power lines, I assume that there's less repairs because you don't have the wind and the ice and some of those other factors. So I wanted to know what steps you are taking, if any, to bury some of these powers, because not only would have savings from •• from repairs, but also there'd be some aesthetic benefits as well.

**MR. KESSEL:**

That's a good question. Three things. One, we did a study when we first took over LILCO because we had such terrible service. I am telling you, I was stunned the first summer. Burt Cunningham is in the audience, he is vice president of the communications, and Burt does a terrific job. I remember being with Burt the first summer in Syosset, and there was a tornado in Lynbrook. And I mean, you have one little thunderstorm, and 70,000 customers were out. And I said, my God, we should underground the system. So we went and did a study ••

**LEG. SCHNEIDERMAN:**

This is going to be a quick answer, right?

**MR. KESSEL:**

Yeah, this is quick. But I want to give you •• I want to make sure your question is answered. We did a study. At the time, and this is, you know, six years ago, five years ago, we found it would cost about \$20 billion to bury the whole system and take somewhere between ten and 20

years to do. We'd have to dig up not only every road and thoroughfare, but almost everyone's lawn to put the service from the top of the house to the bottom of the house.

We also found on the reliability basis, your first premise is correct, but your second isn't. Premise •• the first premise is if you bury the lines, you will have fewer outages after windstorms and hurricanes, that's true. The problem with that is that when you bury the lines and the line goes out, it takes much longer to get it fixed, because you have to go underground in the dark, and it takes a much longer period of time. So while you would reduce the number of outages, you would lengthen the duration of those outages.

Having said that all, we came to the conclusion at the time that it wasn't worth the money, I mean, \$20 billion is a huge amount of money. Some people would say, well, why don't we just do it here first. If we did it in East Hampton, then people in Valley Stream would want it done, and that's very difficult to do. Having said that, and watching what happened in Florida this year with the hurricanes, we've ordered a new study, an updated study, I'm expecting it •• it just reminded me, because I have a staff meeting this afternoon, but I'm expecting that new study within a month or two. And we'll release that to the public, because I think we should take another look at it. I frankly don't think it's going to be worth to do, but I think we should take another look at it.

**LEG. SCHNEIDERMAN:**

Good. Do you actually •• does LIPA own the telephone poles? In some cases they do, some cases they don't? Is there an answer on that?

**MR. KESSEL:**

We don't own telephone poles, we own the electric poles.

**LEG. SCHNEIDERMAN:**

I'm sorry, the electric poles.

**MR. KESSEL:**

We own the electric poles. We own about half and Verizon owns about half.

**LEG. SCHNEIDERMAN:**

Does LIPA charge •• when it owns the pole, does it charge the telephone companies and the cable companies?

**MR. KESSEL:**

I think there's a reciprocal agreement. We do charge for an incremental cost of it, but there's some reciprocity in some instances, then we get fees. We get pole attachment fees.

**LEG. SCHNEIDERMAN:**

I'm wondering if those pole attachment fees could be used toward funding some of the burying over time.

**MR. KESSEL:**

There's not enough of it to go around. I mean, you are talking about \$20 billion in a study we did four or five years ago. I'm not sure •• you know, is it really doing? I mean, does it really ••

**LEG. SCHNEIDERMAN:**

Why don't we look at the numbers when you have them on that issue?

**MR. KESSEL:**

Okay.

**LEG. SCHNEIDERMAN:**

You talked a lot about bringing in additional power from outside of Long Island, obviously the Cross Sound Cable is in place, you talked about the Neptune Cable to New Jersey. When •• does LIPA actually pay for those cables?

**MR. KESSEL:**

No.

**LEG. SCHNEIDERMAN:**

No. Somebody else does. So LIPA doesn't own the cables? LIPA owns most of the transmission

and distribution equipment, does it not?

**MR. KESSEL:**

Yes, but not those cables.

**LEG. SCHNEIDERMAN:**

And it owns some generation equipment?

**MR. KESSEL:**

No generation.

**LEG. SCHNEIDERMAN:**

No generation?

**MR. KESSEL:**

No.

**LEG. SCHNEIDERMAN:**

But it will if several ••

**MR. KESSEL:**

Right. We have a share in the 9 Mile II Plant in Upstate, New York, 18%, but we own no generation here on Long Island.

**LEG. SCHNEIDERMAN:**

Do you know off hand what the combined assets of LIPA are worth?

**MR. KESSEL:**

A lot of money.

**LEG. SCHNEIDERMAN:**

What happens in privatization?

**MR. KESSEL:**

Don't know yet. Have to look at it, not •• don't know.

**LEG. SCHNEIDERMAN:**

Considering LIPA being a public company and all the taxpayers then ought to benefit by any ••

they should have some ownership value in those •• I don't want to see what happened in Russia where they give away, you know, the coal mines and the oil fields. And there's a tremendous amount of public investment in LIPA's infrastructure.

**MR. KESSEL:**

I don't think we would do anything that wouldn't benefit the ratepayers in rate stability or even rate reduction or whatever. There's no sense of do it. But again, you have to look beyond this year. You know, I indicated earlier on, Jay, you know, we're not raising our bills next year. And, you know, at a time when every energy company is being pushed to the limit and raising bills because of high oil and gas prices, we're not. Having said that, we are we five years from now? I think we're trying to take a look •• it's hard, it's really hard, but we're trying to take a ten to 20 year long term look at the energy delivery system on Long Island. Clearly, whatever we do has to benefit the customers otherwise it doesn't make any sense to do from a financial perspective.

**LEG. SCHNEIDERMAN:**

Just in 100 words or less, what are the steps toward •• if there was going to be privatization, what are the steps, how can we intervene into the process, what •• where are our opportunities for public discourse?

**MR. KESSEL:**

Well, the opportunity is going to be there, because that's the way we're doing it. I mean, we're doing this whole process in public. We've had public hearings. You are welcome to attend them. I've just offered and suggested, I'd love to come •• when we know what our options are, I think both Legislatures, Nassau and Suffolk, should have a joint meeting together and •• where we can go through the options with you and get your input. The ultimate decision is made by the LIPA Board of Trustees. Frankly, and no one asked me this question, another thing we need

to look at is the governance of LIPA going forward.

We have a great board, we have very good people. But you know, there are a lot of other ways to bring more representations. For instance, I happen to believe, and it's just my own opinion, while I still think you want to keep this as nonpolitical as possible, you can't •• you've got to •• one of the reasons we're looking at privatization is once you •• LIPA could be as political as it needed to be up until 1998, didn't matter. Now, we are \$3 billion company providing electricity to a million customers and three million people, 24/7, and you can't politicize that. That's dangerous. And so governance is critically important.

In my view, there needs to be more local representation on the LIPA Board. If you asked me my opinion, I think a majority of the LIPA Board should still be appointed by the Governor and the state, however, I don't see why Suffolk and Nassau County don't get an appointment to the LIPA Board. I think that would be very helpful. So governance is very important, and it's an important •• one of the things we are looking at. Good to see my good friend Mike Caracciolo here too. Mike, I was talking about each Legislator and things that we've done together. I'd go on forever if we talked about you and I. So good to see you.

**CHAIRPERSON NOWICK:**

Again, you had mentioned the meeting •• you had mentioned a meeting between Nassau and Suffolk. What I'm going to do is contact the Nassau Economic Development Commissioner and maybe ••

**LEG. ALDEN:**

Maybe we could have it at Southampton.

**MR. KESSEL:**

Where our windmill is.

**LEG. SCHNEIDERMAN:**

We'll show you some of our lovely power lines.

**MR. KESSEL:**

Cameron, I didn't see you, you snuck in there too.

**CHAIRPERSON NOWICK:**

Well, I will try to set up that meeting. I will contact them, and we'll set up that meeting. We have a few more Legislators, although we do have a calendar. I have a list of questions which I will not do now, because obviously ••

**MR. KESSEL:**

Send them to me, we'll answer them.

**CHAIRPERSON NOWICK:**

I will. And even if maybe one of •• we can meet, maybe with one of your representatives, and we can get the answers to some of the questions, because it would take forever to do that now.

**MR. KESSEL:**

If you send the questions to me, you'll get them answered. I will answer them personally to you.

**CHAIRPERSON NOWICK:**

That sounds good. Okay. Legislator O'Leary, I know you have a question.

**LEG. O'LEARY:**

Just very brief. I want to point out to Rich, we have no history.

**MR. KESSEL:**

A little bit.

**LEG. O'LEARY:**

Well, if we had a history, I think it would be in my previous life, which was as a detective. I don't think you want to have a history with me.

**MR. KESSEL:**

I love the detectives and the police. They do a great job on Long Island.

**LEG. O'LEARY:**

But I know you're pointing out, you know, in the opening statements that •• the connection you have with the various Legislators. And it's good that you have no history with me in my previous position, but anyway, let me get to the point. Earlier on we discussed the pilot •• you know, the pilot payments, and you had mentioned the Caithness Project, which is going up in my district. That's one of the main reasons why there was no opposition for all intents and purposes, that those pilot payments are in effect, and there's every indication that they are going to continue. When LIPA took over LILCO, there was a commitment on LIPA's part to have these pilot payments in place. Are you in a position to reaffirm that commitment?

**MR. KESSEL:**

Yes. I'm reaffirming it, but I'm also saying at the same time •• just to point out •• that every dollar that we pay in pilot payments is a dollar increase on our electric bills. You can't have it every single way. But having said that, we pay •• by the way, it's not just a commitment. The answer is yes, we are statutorily required to make pilot payments on old LILCO properties. We're doing it on new facilities on a voluntary basis, but we think it's important to work with the communities. So the answer is yes.

**LEG. O'LEARY:**

All right. Thank you. And perhaps one day, we will have a more complete history.

**MR. KESSEL:**

If you become a detective again.

**CHAIRPERSON NOWICK:**

Just quickly, because I know the young ladies have to leave by twelve o'clock. Today we have Islip High School with us and their teacher Eric \\_Holzworth\\_ . Would you like to stand up, ladies, and say hello to everybody.

**APPLAUSE**

**CHAIRPERSON NOWICK:**

Thank you for coming in. And you can tell your moms and dads that you had a long discussion with Richard Kessel from LIPA, and he's going to lower all of your bills.

**MR. KESSEL:**

I'm going to tell you what I can do. For Islip •• everyone here today, when you go home tonight, you tell your parents that Richard Kessel, head of LIPA, said when they pay their next electric bill, they don't have to put a stamp on the envelope. Another thing we do. Who else does that?

**CHAIRPERSON NOWICK:**

Ladies, it's lovely having you here. Thank you. Legislator Carpenter has a question.

**LEG. CARPENTER:**

I think the other person who does that is KeySpan.

**MR. KESSEL:**

Correct.

**LEG. CARPENTER:**

Okay. I just want to thank you for coming down today. I hope we can see you on a more regular basis here. I think it would be very helpful. The presentation yesterday was very, very thorough, and there were a couple of points that you touched on that you didn't mention today. And one that I jotted down yesterday that I thought was important, and in the way that you are structured now, and you spoke about governance, that all the contracts that LIPA engages in must go before the State Comptroller if they're more than \$15,000.

And I think that really, you know, speaks to •• to an oversight role that's there that should give the ratepayers and those of us that represent them a comfort level. There are a lot of things I wanted to touch on, and again, I keep looking at the clock, there really isn't much time. But I want to thank you for your help with Fire Island. I think what exists over there is kind of a microcosm of the island as a whole and how devastating things are when the power goes out. There were a number of outages, the cable was very, very old, and Richie and everyone involved really took care of it in an incredibly timely fashion.

And •• so that the things that you kept hitting on yesterday were reliability and that community

involvement is important, that was something that •• a cord that you kept striking yesterday, and I was impressed with that. And I have to tell you that that's one of the areas where I'm concerned, especially when you were asked point blank earlier about the status quo, that personally you feel the status quo has to go, that it really can't be as it is. And given the commitment that your acknowledged partner KeySpan, and you were very, very gracious and generous in your remarks about Bob Catell and KeySpan, they have made a major, major investment in community here on Long Island. And I for one would not want to see that go away. So that is something I would hope would be in the minds of those making the decisions. And from this particular representative's perspective, that's very important.

I know the issue with the gas works plant in my Legislative District is something that was inherited, and they have been very, very proactive in trying to remedy what is a disastrous situation. But they've engaged and involved the community, and they've, you know, been there. So for what's it worth, I just want you to keep that in mind. And thanks for coming down.

**MR. KESSEL:**

I appreciate it. Look, you know, and I just say to you, and I said it before, you know, I believe •  
• I have a philosophy of being responsive to people on a one•on•one basis. I mean, you call me, you get a call back. And it's not just Angie Carpenter. If a constituent calls, and I have a million of them •• actually, three million of them if you count people who don't pay the bills, everyone gets a call back. You know, believe me, I just talked to a woman the other night who was yelling at me over the phone about •• and after ten minutes, I realized she was talking about a gas bill, and I was •• could tell you it wasn't me, but we helped her. That's really what it's all about.

And I think one of the disadvantages of privatization, no matter how you cut it is you're not going to have that same level of attention, and that worries me. And that's something that we have to think long and hard about. But I also think that governance has to be more

institutionalized at LIPA. I don't mean going to an institution, but you know, it has to be •• it can't depend on one person. And I said that yesterday too, or you know, the Governor who has to •• you know, no matter what side of the aisle you're on, you can't ignore his commitment to LIPA and his ability to allow us to do a lot of the things we've done in the environmental and energy area. He deserves a lot of credit for that.

I don't know who the Governor is going to be 30 years down the road or who the Chairman of LIPA is going to be 30 years down the road. So a lot of things we do we need to institutionalize so we always •• you never want to go back to LILCO. I don't mean the company, but what it was like, and we all remember it. And that is probably paramount in our thoughts. So I agree with you 100%.

**CHAIRPERSON NOWICK:**

Legislator Caracciolo has one question. We have like 30 seconds. I'm sorry, Legislator Caracciolo.

**LEG. CARACCIOLO:**

First, I'll use half of that time welcoming Mr. Kessel. Richie and I do have a long history, going back to the Board of Supervisor days in Nassau County some 30 plus years ago. Richie, I do have a question on grid reliability and what happened last August with respect to the blackout that affected the Northeast, Canada and Ohio. Where are we today in items of a permanent remedy, if such is available?

**MR. KESSEL:**

You know, I have to be honest with you. I don't think we have come that much further than

where we were. The one improvement, Mike, I see is in communication. I think if the •• the fault that day from everything I looked at, and we took our own review of this, was in, you know, problems that were clearly spreading hours before and not getting a call at all, you know, from the independent system operators in the Midwest to the independent systems operators in the Northeast, being able to basically unhook Long Island. Had we had about 45 minutes to an hour's notice, we could have unhooked and avoided the blackout on Long Island.

And the communication was abysmal. That has improved significantly. There's both from a computer perspective and an oral perspective, that has gotten better. The grid itself, I don't really think there have been big improvements. And if you want to know my opinion, I think we're as vulnerable today as we were a year ago to, you know, the grid breaking down, either from a technical reason for, you know, terrorism, and I worry about that.

You know, when Jay asked before about, you know, over •• you know, overhead as opposed to underground, one benefit of putting it underground is you may be able to protect more of it from a terror attack or sabotage. So I'm not sure we have come a long way technically. On the communication's front, we have. But I wish we look more at the grid reliability. And frankly, there should be national standards. Our grid is reliable. But, you know, we're hooked into everyone else. And without national reliability standards, if we're in good shape and it's bad in another state and that spreads, we're vulnerable to it. In my view, there should be federal minimal reliability standards for the grid in this country. You don't appreciate electricity until you don't have it.

**CHAIRPERSON NOWICK:**

Absolutely.

**MR. KESSEL:**

And that's the answer.

**CHAIRPERSON NOWICK:**

Legislator Foley had a quick comment.

**LEG. FOLEY:**

Thank you, Madam Chair. And, Mr. Kessel, thank you for your presentation. And also a name that has not been mentioned so far, but you speak about the responsiveness of our •• of your authority, certainly another person in the audience, Bill Davidson, has been a wonderful representative for LIPA for a myriad of concerns that we have had, of things in my district as well as for the downtown revitalization.

Finally, on a more personal note, I'd like to thank you and also an extended thanks to the members of 1049 for putting the lines back on power after the windstorm. One of my more, let's say, vigilant constituents, my own father, had his power out for a few hours. And when he went back at nine o'clock that night, there was a utility worker at the poles on that particular street, and by 9:30 that night, it was back on. So we want to thank you for your responsiveness.

And again, that responsiveness is something that has to be a carry over into whatever the next • next form of LIPA is or how you intend to serve Long Island. But the responsiveness is going to be key, and that could be lost in a privatized setting. So again, I just want to thank you. And again, there will be follow•up questions that I will have that I will put pen to paper and look forward •• look forward to.

**CHAIRPERSON NOWICK:**

You have a lot of mail coming.

**LEG. FOLEY:**

It's not just holiday mail.

**CHAIRPERSON NOWICK:**

Legislator Carpenter.

**LEG. CARPENTER:**

One point that was made yesterday, that a Director of Security has been hired.

**MR. KESSEL:**

Yes. We have hired a new Director of Security. Thank you, by the way, for your comments about Bill Davidson. He is the best government relations person that I know of anywhere, and he really represents us well, not just here, but internally, and we appreciate him all the employees of LIPA. They do a great job. And thank you for your comments about the men and women out in the field. We have hired a Director of Security, and we are looking at all of our facilities and KeySpan's too to see how we can make them less vulnerable to sabotage or terrorism as well, and that's important.

I just say this to you in closing, but it is an important point to make. I'm not comfortable that our system is as protected as it could be. A lot of it's physical, it's overhead. But having said that, I think we need to do more to secure some of our critical facilities, and that what we're looking at right now. I don't want to go into the details, but just •• I don't want to give anyone ideas.

**CHAIRPERSON NOWICK:**

We have a 15 second question •• comment.

**MR. KESSEL:**

This is like a game show.

**LEG. SCHNEIDERMAN:**

Following up on this underground issue. You're doing your full study, and I spoke about the towns getting some aesthetic benefits of it. You might want to look at the issue of setting up a program where your town can maybe pay 50% of the cost through a tax district or whatever they might want to do, that will bring down LIPA's cost, and it might make the numbers start to work and also resolve your issues of where to go first. Let the towns apply to you through the program, you match it 50%.

**MR. KESSEL:**

We will take a look at it.

**CHAIRPERSON NOWICK:**

Well, I certainly think that we have asked a lot of questions, we have plenty more, and you said that you don't mind answering. I would love, if I'm fortunate enough to be on this committee next year, I would love to have you come on a regular basis if you wouldn't mind.

**MR. KESSEL:**

I'd be delighted.

**CHAIRPERSON NOWICK:**

We're nice, right?

**MR. KESSEL:**

Always.

**CHAIRPERSON NOWICK:**

And I just want to mention during the blackout, and I know I've told you this, my lights were back on before the pizza was delivered.

**MR. KESSEL:**

Your letter •• I will tell you that the letter you sent me, I don't forget •• I also have •• it's a scary thing, but I have photographic memory. I almost remember every letter, every piece of paper, where it is, where it was. You sent me a beautiful letter. And it wasn't just to me, I appreciated it. But the compliments you gave to our workers, I shared that with our work force. And it's nice for them to be recognized. Peter, you know this with your background too that, you know, the workers are real heroes. They make us look good. And that letter was really nice, and I thank you for it.

**CHAIRPERSON NOWICK:**

It was true, and you need to know when you do a good job, and you need to know (sic). As I said, we were very fortunate. I live in a house with three women that when the hairdryer goes out, it's a tough time.

**MR. KESSEL:**

I don't worry about that.

**CHAIRPERSON NOWICK:**

Well, I thank you very, very much. I look forward to you coming back again. We will be sending you questions.

**MR. KESSEL:**

We will get you responses. Thank you, everyone. Have a happy and healthy New Year. Mike, good seeing you again.

**CHAIRPERSON NOWICK:**

We are going to go right to the agenda.

**TABLED RESOLUTIONS**

**1878. Appointing Mary Ann Neil to the Suffolk County Community College Board of Trustees. (LINDSAY)**

**LEG. FOLEY:**

Motion to table.

**LEG. VILORIA•FISHER:**

Second.

**CHAIRPERSON NOWICK:**

Motion by table by Legislator Foley, seconded by Legislator Viloría•Fisher. All in favor? Opposed? Motion to table has been approved. **Tabled. (VOTE:7•0•0•0).**

**1975. Adopting Local law No. •2004, a Charter Law to streamline County Government by abolishing the Airport Lease Screening Committee. (COUNTY EXEC)**

**LEG. CARPENTER:**

Motion to table.

**LEG. O'LEARY:**

Second the motion.

**CHAIRPERSON NOWICK:**

Motion to table by Legislator Carpenter, seconded by Legislator O'Leary. All those in favor?  
Opposed?

**LEG. FOLEY:**

Opposed.

**LEG. COOPER:**

Opposed.

**LEG. VILORIA • FISHER:**

Opposed.

**CHAIRPERSON NOWICK:**

For the record, opposed, Legislator Cooper, Legislator Vioria • Fisher, and Legislator Foley.

**Tabled. (VOTE:4 • 3 • 0 • 0) (Opposed; Legis. Cooper, Vioria • Fisher and Foley).**

**2038. Adopting Local law No. • 2004, a Local Law to require greater oversight of the designated Tourism Promotion Agency administering the Hotel/Motel Tax Program. (CARACCIOLO)**

**CHAIRPERSON NOWICK:**

Do I have a motion? Motion to approve by Legislator O'Leary.

**LEG. O'LEARY:**

Motion to approve. The sponsor indicated •• this was going to be a tabling motion, but the sponsor has indicated that the requested changes have been made, so I have a motion to approve.

**CHAIRPERSON NOWICK:**

Seconded by Legislator Carpenter.

**LEG. SCHNEIDERMAN:**

On the motion.

**CHAIRPERSON NOWICK:**

On the motion, Legislator Schneiderman.

**LEG. SCHNEIDERMAN:**

I have now received a formal opinion from the Ethics Commission that I will be able to participate in these votes. However, I do need to file an affidavit. So I •• that has not been done yet, so I can't participate yet. So I will have to recuse myself.

**CHAIRPERSON NOWICK:**

Duly noted.

**LEG. VILORIA • FISHER:**

I have a question.

**CHAIRPERSON NOWICK:**

Legislator Viloría•Fisher, you have a question.

**LEG. VILORIA•FISHER:**

I have a question to ask of Legislator Carpenter. We had passed the legislation that you had introduced, Legislator Carpenter, which gives us greater communication with LICVB. I would think that having that in place, it might be better to hold off on 2038, because they're working •• you know, the LICVB is currently working on doing some in•house corrections and have greater accountability. How does this overlap with your legislation or does it?

**LEG. CARPENTER:**

This is •• from my understanding, some of the things that this legislation is calling for, the LICVB is already doing. But I think that that question would be better directed to the sponsor of the legislation, which is Legislator Caracciolo.

**LEG. VILORIA•FISHER:**

I didn't realize he was still here.

**LEG. CARPENTER:**

On your bill, Legislator Viloría•Fisher has a question on how this dovetails or overlaps with the bill that we passed at the last meeting.

**LEG. CARACCILO:**

We're talking about the LICVB? Okay. If Counsel could just elaborate the latest changes that were made in time for this cycle after the last legislative meeting.

**MS. KNAPP:**

The requirements under this bill are that contract will provide for internal controls where the board has to review all expenditures relating to entertainment marketing and all checks will have dual signatures. I understand that that's what they're doing, but there's been an additional that says such policy shall be enforced. An additional requirement is that the contracts will submit annually an audited financial report, the contract agency. The last requirement is that the Tourism Promotion Agency will comply with any of the legal requirements that we've imposed upon contract agencies.

**LEG. CARPENTER:**

Does that answer your question?

**LEG. VILORIA • FISHER:**

Well, I believe that they still •• they have to do this all anyway. And I just believe this is a little draconian at this particular point in time. I'm going to make a motion to table.

**LEG. FOLEY:**

Second the motion.

**LEG. CARPENTER:**

Okay. On the motion to table, Legislator Foley, did you have a comment or a question?

**LEG. FOLEY:**

Thank you, Madam Chair •• thank you, Legislator Carpenter. I will second the motion to table, but I also would like to hear from the County Executive's Office. Mr. Zwirn is at the table waiting to speak on the bill, I would like to hear their thoughts on the resolution, through the Chair.

**LEG. CARPENTER:**

Ben, please.

**MR. ZWIRN:**

Thank you. The County Executive doesn't have any problems with Legislator Caracciolo's bill. It pretty much codifies, I think, what the Long Island Convention and Visitor's Bureau said they were going to do anyway. This just, I guess, holds their feet to the fire. As you know, we did support Legislator Carpenter's bill. I think this pretty much completes the circle. I think there are things that they realized that they had to do. I think we supported both bills with respect to the LICVB as far as, you know, oversight. I think this will pretty much cure the ills along with their new efforts as well.

**LEG. CARPENTER:**

Just to respond, I know I have had discussions with the president of the LI •• I guess he's the chairman, I'm not sure what his title is, president or chairman, Mr. McGowan, when he was going around and visiting all of us. And I do recall that, you know, in discussing this particular bill with him that they were doing this, and this was not something they felt was problematic for them. So, you know, again, I guess ••

**LEG. VILORIA • FISHER:**

I guess I just wanted to give them a little latitude or a little more time. If Moke actually referred to this and said that he had no problem, I will withdraw the tabling motion.

**LEG. CARACCILO:**

Thank you.

**LEG. VILORIA • FISHER:**

When I had originally spoken with them, they saw the slew of resolutions and were a little disturbed by that. But with the changes, if they're comfortable, then I will go along with it.

**CHAIRPERSON NOWICK:**

Okay. I have a motion to approve by Legislator O'Leary, seconded by Legislator Carpenter. All in favor? Opposed? 2038 is approved. **APPROVED. (VOTE: 6 • 0 • 1 • 0 Abstention: Legislator Schneiderman).**

**LEG. SCHNEIDERMAN:**

I recuse.

**CHAIRPERSON NOWICK:**

That's on to record.

**CHAIRPERSON NOWICK:**

2041 has been withdrawn. 2103 has been withdrawn.

**2104. Adopting Local law no. •2004, a Local Law to ensure that Suffolk County hotel/motel tax funds benefit Suffolk's tourism.**

**CHAIRPERSON NOWICK:**

Do I have a motion?

**LEG. SCHNEIDERMAN:**

I'm going to move to table it for the reasons I stated before.

**LEG. VILORIA • FISHER:**

Second.

**LEG. FOLEY:**

Second.

**CHAIRPERSON NOWICK:**

I have a motion by Legislator Schneiderman, seconded by Legislator Vilorina • Fisher. All those in favor? Opposed? 2104 is **tabled**

**(VOTE: 7 • 0 • 0 • 0)**

**INTRODUCTORY RESOLUTIONS**

**2220. Transferring funds from the Suffolk County Community College Reserve Fund for Suffolk Community College Downtown Center, Sayville. (LINDSAY)**

**LEG. CARPENTER:**

Motion to table.

**CHAIRPERSON NOWICK:**

Motion to table by Legislator Carpenter, seconded by Legislator O'Leary. All in favor? Opposed?  
2220 has been **tabled (VOTE: 7•0•0•0)**.

**2235. Amending the 2004 Capital Budget and Program and appropriating funds in connection with the mechanical/electrical upgrades at Huntington Library. (COUNTY EXEC).**

**CHAIRPERSON NOWICK:**

Is it okay? Okay. Counsel has assured me that ••

**LEG. VILORIA • FISHER:**

Motion to approve.

**CHAIRPERSON NOWICK:**

•• this is all right.

**LEG. COOPER:**

Second.

**CHAIRPERSON NOWICK:**

Motion to approve by Legislator Viloría•Fisher, seconded by Legislator Foley. All in favor? Opposed? 2235 is **approved (VOTE: 7•0•0•0)**.

**2236. Amending the prior Capital authorized appropriations for cooling tower replacements. (COUNTY EXEC)**

**LEG. CARPENTER:**

Motion.

**LEG. FOLEY:**

Second.

**CHAIRPERSON NOWICK:**

Motion by Legislator Carpenter, seconded by Legislator Foley. All in favor? Opposed? 2236 has been **approved (VOTE: 7•0•0•0)**.

And that concludes the meeting.

**MR. ZWIRN:**

Madam Chair, we just ask the County Executive just to have a copy of the letter on file that the

Ethics Board gave Legislator Schneiderman so we won't have any objections to participating in the •• in the votes on the LICVB.

**LEG. SCHNEIDERMAN:**

I'm not sure why you are asking me that here.

**MR. ZWIRN:**

Can we get a copy of the letter?

**LEG. SCHNEIDERMAN:**

I'll take that under advisement.

**MR. ZWIRN:**

Thank you.

**LEG. CARPENTER:**

While you are speaking of copies of letters, if I could, Madam Chair, I would just ask you to reiterate when you go back across the street to remind them to please copy our Budget Review Office, Jim Spero and our Counsel, Mea Knapp, on any correspondence that pertains to legislation from this body, because to date, that still isn't happening. Thank you.

**MR. ZWIRN:**

Thank you.

**CHAIRPERSON NOWICK:**

Motion to adjourn by Legislator Carpenter, seconded by myself. All in favor? Have a nice holiday.

**(\* THE MEETING WAS ADJOURNED AT 12:03 P.M. \*)**

\\_ \\_ **DENOTES BEING SPELLED PHONETICALLY**