

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, February 28, 2007.

MEMBERS PRESENT:

Legislator Wayne Horsley - Chairman
Legislator Steve Stern - Vice-Chair
Legislator Tom Barraga
Legislator Ed Romaine
Legislator Vivian Vilorio-Fisher

ALSO IN ATTENDANCE:

George Nolan - Counsel to the Legislature
Joe Schroeder - Budget Review Office
Joe Muncey - Budget Review Office
Renee Ortiz - Chief Deputy Clerk of the Legislature
Ben Zwirn - County Executive's Office
Carolyn Fahey - Economic Development
Charles Stein - Suffolk Community College
George Gatta - Suffolk Community College
David Manning - KeySpan
Bob Teetz - KeySpan
James Morgo - Commissioner - Economic Development
Mitlon Davis - Urban League
Alexandria Dormer - Urban League
Christia Pasquier - Urban League
Alexcia Pierson - Urban League
Jamelee James - Urban League
Catherine Rodriguez - Urban League
Chelse Hall - Urban League
Vincent Todd - Urban League
Tiniah Morrow - Urban League
Christine Granados - Urban League
Dimitri White - Urban League.
Lisa Tyson - LIPC
Peter Quinn
All other interested parties

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 2:00 P.M.*)

CHAIRMAN HORSLEY:

All Legislators please come to the table. And while we're standing, may we stand for the Pledge of Allegiance.

SALUTATION

CHAIRMAN HORSLEY:

And may we also stand for a moment of silence for all those young men and women who are protecting our freedoms across the sea.

MOMENT OF SILENCE

CHAIRMAN HORSLEY:

All right. Thank you very much. Please be seated. Good afternoon. This is the February 27th Economic Development, Higher Education, Energy Committee Meeting -- 28th. There you go. The 28th. It's a good thing to start off right on the ball. All right.

Good afternoon. I have a number of cards here. And I believe that many of the cards are from the young people in the back of the room who have a specific concern that they would like to address this body. Just let me ask that the -- I will call -- for anyone who wants to speak, we certainly we would -- we want you to speak if you want to, but if it's the same message that's going to be reiterated over and over again, we would hope if you would just stand up when I call your name and say, yes, I agree with the former speaker or you would like to come up and speak. But the first card I have that is not amongst that group, and that is Mr. Peter Quinn.

MR. QUINN:

I've been asked to yield to an esteemed --

CHAIRMAN HORSLEY:

Mr. Quinn is yielding to Legislator Montano.

LEG. MONTANO:

Good afternoon, Legislator Horsley. And I know that you're used to having me on this side of the aisle, but the reason I asked Mr. Quinn to yield is that I just want to take a minute to let you know that the people -- the majority of the people who have filled out cards to speak are members -- actually residents of my district, they're from the CI High School and Middle School. Mr. Milton Davis from the Urban League has set up this interview -- this appointment today. And the students would like to address the Legislature and see a Legislative Committee in action.

I wanted to introduce them. They're all members, as I said, of my district. I've asked to be brief, because I know, you know, having sat on your side. But I did want to take this moment to introduce them and let you know that they were coming here as part of their education. So I hope that you will put on a great debate for -- you know, for their presence if there are any bills out there.

CHAIRMAN HORSLEY:

Well, let me add that -- Legislator, that we have KeySpan here that is going to be giving us presentation on repowering the Port Jefferson and the Northport plants of Long Island, which is a major issue of Long Island. And I hope that they will stay for this active discussion, though it may take a few minutes.

LEG. MONTANO:

Well, thank you. I want to thank you for the courtesy. Thank you, Mr. Quinn for letting me speak, and, you know, my colleagues. I'll sit in for a while, but then I have to go to a meeting downstairs. Thank you very much.

CHAIRMAN HORSLEY:

Thank you.

MR. QUINN:

Good afternoon, Members of the Committee. My name is Peter Quinn. I'm speaking on my own behalf. It's rather timely, because you have some KeySpan representatives, but -- and many of you supported repowering, aggressive repowering. But it came to my attention just today for the first time that the Spagnoli Plant, which was long under consideration, which KeySpan owned, wasn't going to have pilot payments paid for the development of the -- that site.

And at the same time, Huntington Town was in negotiations -- as a matter of fact, they supported that plant site -- but they were in negotiations, because on the other side of that coin Supervisor Petrone said, "We'll agree so long as you clean up the Northport generating plant." Well KeySpan didn't want to do that because they understood, as many of us have, that all of the generating plants are severely contaminated with asbestos and other toxics, which increases the price of clean up dramatically. But Supervisor Petrone wanted natural gas in place of both the oil and natural gas in the two-cycle plants that are there.

That perhaps after years of wondering why LIPA was determined to do the Caithness Plant -- since 1994, they've been in negotiations with Brookhaven -- and now, of course, we understand that they've taken not 137 million, not 152 million, as had been reported in Newsday, not 185 million as LIPA proposed at its January meeting where the trustees all unanimously adopted that resolution, but after South Country School District got their noses out of joint because they were supposed to be give seven million according to Richie Kessel, and it turns out they were only given 130 million -- 130,000 excuse me, they objected suddenly, LIPA came up additional \$4 million without a vote by the trustees, because there is only a January meeting, there's no February meeting, but there is March 22nd meeting. So in the interim, \$4 million materialized. It just seems to me that we've got an imprudent utility gone wild. And I would hope that this body seeks to remedy that. Thank you.

CHAIRMAN HORSLEY:

Thank you very much, Mr. Quinn. We appreciate you comments. May I call upon Lisa Tyson.

MS. TYSON:

Good afternoon. My name is Lisa Tyson, I'm Director of the Long Island Progressive Coalition. And I'm very happy that this meeting is happening today. And I really want to thank Legislator Horsley for putting it together and the other elected officials for listening to it.

When we think of some of the biggest issues on Long Island, energy is right up there, because that's what people are paying every day, and it's coming out of their income. And for many people -- as we hear from LIPA, there are more and more people who are actually having a hard time paying their bills, and they are getting shut off, and they're huge balances. And one of the things that we need to make sure is that, number one, people -- we have affordable energy, which we do not have on Long Island, we want to make sure we have a clean energy source, which we do not have on Long Island.

And so today in talking about repowering, this is the opportunity to talk about how do we create a clean energy source, how do we help ratepayers pay their bills, and that is through repowering. Next Tuesday -- there's a new coalition that has just formed called Repower Long Island -- we're working with Super Steve Bellone from the Town of Babylon and Sara Anker with Long Island Community Health and Environment Coalition. And so we're trying to bring elected officials, environmental groups, community organizations, unions and anyone who is willing to work with us

together to say we want to repower Long Island power plants. So we hope that everybody here joins us in doing that.

I'm also an intervener in the KeySpan/National Grid case. And I'll be honest, I don't understand half the material that I get, probably more than half of the material I don't understand. It is a horrifying situation at this point to think merger might go through when we really don't know what the cost to ratepayers will be. The big promise at this point is ratepayers will get \$1.48 per month for 18 months, I believe. This is the big savings for ratepayers. That's the only period of savings that they're promising us. And we believe that the ratepayers deserve more than that. And one way to look at it is why don't we put that \$1.48 per month into repowering.

So we believe there are a lot of options out there. We hope that you really look at the KeySpan/National Grid merger. We feel there has not been enough due diligence in this merger to make sure that it's safe to go forward. At this point, from Newsday's article, it does not sound like it's safe to go forward. So we really hope that you continue to do what Suffolk County has always done on Long Island is really take -- take an active role in energy issues. So we're happy that you're having this hearing today. We hope to work with you. Thank you.

CHAIRMAN HORSLEY:

Thank you very much. By the way, Lisa, just so you know that this Legislature, this County is as well as you are interveners in the process.

MS. TYSON:

Yes.

CHAIRMAN HORSLEY:

So we share your concerns.

MS. TYSON:

Yes. And all the paperwork. There's a lot of stuff that's important.

CHAIRMAN HORSLEY:

Of course, we understand it, Mr. Manning. I'm kidding. Thank you very much, Lisa. I appreciate your comments. I call Mr. Milton Davis. Welcome, Mr. Davis.

MR. DAVIS:

Good afternoon. I'll make this very brief. I appreciate the fact that you're giving us this time to make this presentation even though we're not on the agenda for today. But we think it's very important that it's understood and knowing that our program, which is part of the State Education Department funding is in jeopardy of being cut this year. And if it is cut, there are number of youth who will be directly affected by the cut.

So what we're doing -- part of your process is to teach young the process of government and that there is a say -- they have a right to say or speak about issues that confront me. So we actually brought some of the youth here to speak on issues, on this particular issue, of the budget that's being presented to -- or by the Governor that calls for a 30% cut in our education budget, which means that this program might be cut and our youth that are here now will be directly affected by it. So we have a couple of them that will be speaking. They will give some testimony. We left it up to them whether or not they want to speak. I think it's very important that if they feel they need to be heard that they will step up and speak. So I want to thank you for this time.

CHAIRMAN HORSLEY:

Mr. Davis, just quickly, Legislator Viloría-Fisher would like to ask you a quick question.

MR. DAVIS:

Yes.

LEG. VILORIA-FISHER:

What program specifically? Are you talking about your general school budget, or are you speaking about the program, which the Urban League is involved in?

MR. DAVIS:

Yes. It's called the Liberty Partnership. We have 54 locations across the State of New York, Urban League being one of the locations.

LEG. VILORIA-FISHER:

Can you tell us a little bit about the program?

MR. DAVIS:

Absolutely. It's drop-out prevention program. We take youth between the 5th and 12th Grade and work with them through that time period. I have to say that the program has been very successful. We have a 98% graduation rate of students who participate in our program. As you will hear from the youth, they're very educated to the program because we're dedicated to them. It's a very interactive direct service program to our youth.

LEG. VILORIA-FISHER:

Okay. Thank you very much, Mr. Davis for your work.

CHAIRMAN HORSLEY:

Thank you very much Mr. Davis. Thank you for being here. Oh, I'm sorry. Legislator Barraga.

LEG. BARRAGA:

The only question I have is this Liberty Program, it's a state program.

MR. DAVIS:

Yes.

LEG. BARRAGA:

I mean, are you making arrangements also to speak to your State Assemblypersons and State Senators? These are the people that will be negotiating with the Governor as far as the budget is concerned. I mean, we can listen to you. The reality is there's not a great deal we can do as a County Legislature. This is a state program, it's part of the state budget, it's a negotiated item at that level.

MR. DAVIS:

Sure. We have our campaigns going on across the state from the Legislature up to the Assembly people. So it's definitely something that we want to make sure that at the Legislative level that you're at least aware of the program that's going on in your districts and the effectiveness of that program in your district.

Now we've worked with Legislator Montano for a number of years, and he's very familiar with our program and about the effectiveness of the program. More importantly, the youth that we train, we are very concerned about the amount of young folks leaving the Island, and we're very dedicated to workforce development. This is a major part of the program we do in addition to academics.

LEG. BARRAGA:

As long as you understand you might be in the right church, but the wrong pew.

MR. DAVIS:

Okay.

LEG. BARRAGA:

Okay?

MR. DAVIS:

I understand, but we still want to make it known.

CHAIRMAN HORSLEY:

Thank you very much, Mr. Davis. Alexandria Dormer. Alexandria?

MS. DORMER:

Good afternoon. My name is Alexandria Dormer. I've been with the Liberty Partnership Program/Urban League for approximately six years now since I was in the 7th Grade, and I'm in 11th Grade. And I believe if the program is shut down or cancelled or whatever, I think it would be a big mistake, because as an 11th Grader, I can tell you you go through a lot of things in school, and without the program, I would not have been able to go through it. They teach you how to get a job, They teach you a bunch things on just how to get through life and to learn and they take time and they care. You know what I'm saying? So if the program is shut down, there will be a lot of kids who will miss out. I'm happy that I've been with the program for this long. That's why I love it. They care about you, they never give up on you, and they're always there for you no matter what. Thank you.

CHAIRMAN HORSLEY:

Thank you very much, Alexandria. Christia Pasquier, I believe it is. And after, DeeLicia McClure.

MS. PASQUIER:

Good afternoon. Hi. My name is Christia Pasquier. I'm 16 years old, and I'm currently in the 12th Grade. I've been with Urban League Liberty Partnership Program for 3 years. The reason I joined was, first, my grades. I was a freshman and I was failing more than three classes, and it was recommended to me. At first I didn't want to stay, but Mr. Davis and Ms. Thomas and the staff, you know, they helped me. It's a very good program. You know, they help you with SAT preparation and college and interviews. And if I didn't learn this stuff, I would be struggling right now if I wasn't in that program. I really would. I wouldn't even be in the 12th Grade. I probably would have been retained. The only thing is that I use this program to my advantage, and so do my friends. You know, if I didn't have this, I don't know what would happen. I just wanted to stay so that my younger brothers and sisters and siblings, you know, would have the opportunity just like I did.

CHAIRMAN HORSLEY:

Thank you very much. On deck is Alexcia Pierson.

MS. McCLURE:

Good afternoon. I'm DeeLicia McClure, and I'm in 11th Grade also. I've been in this program for three years now. And I would be very, very disappointed if this program goes away. This program means a lot to people and to me, especially to me. Before I was in this program, I would just go home and do chores and do nothing. But I was always -- had good grades, but to maintain my grades, I had trouble -- I had a problem with. And they make you maintain your grade, they help you maintain your grades, show you how to do it and what to do and how to write a resume and how to talk in an interview, how to dress in an interview, how to talk proper and how you shouldn't say things when you're around certain people. They teach you a lot of stuff about life so you won't get caught up like a lot of people out there now. It would be very disappointing if it goes away.

CHAIRMAN HORSLEY:

Thank you very much, DeeLicia. And, by the way, obviously you've learned that lesson well. Jamelee James on deck.

MS. PIERSON:

Hello. I'm Alexcia Pierson, and I've been with the Urban League since the 7th Grade. I'm currently a junior now in high school. I joined the Urban League to keep my grades up, and since the Urban

League Program -- I've been in it, my grades have stayed consistent. It's not just not a place where I hang out with my friends, it's a place where I've developed personal relationships with the staff members, and I feel like I can talk to them about anything. It's a place in my life that I feel like I need them. And it's just been very consistent in my life, and I'd like the program to stay.

LEG. VILORIA-FISHER:

May I just ask you a quick question, because several of you have mentioned how it's helped with your grades and you work with the staff. Do they help your study skills?

MS. PIERSON:

Yes. They have tutoring programs, they help us. We help each other. Actually, the students, we help each other and the staff also helps us.

LEG. VILORIA-FISHER:

So there's peer to peer tutoring?

MS. PIERSON:

Yes.

LEG. VILORIA-FISHER:

That's done also, okay. The school doesn't have facilities for peer to peer tutoring other than through this program?

MS. PIERSON:

No. There is no peer tutoring.

LEG. VILORIA-FISHER:

And when you need remediation services in any particular class because of the tougher Regents requirements -- I know that the high school where I taught, there were tutoring services available for the people who needed remediation. You don't generally have that if you didn't have that through this program?

MS. PIERSON:

Not peer to peer tutoring. I mean, it's easier sometimes to learn from your peers than a teacher.

LEG. VILORIA-FISHER:

Your Honor Societies don't have peer to peer tutoring?

MS. PIERSON:

I'm not sure about that. I know at this program we do have that.

LEG. VILORIA-FISHER:

Okay. I know how helpful it is to have peer to peer tutoring. I was just curious as to whether or not it would exist if this program weren't there. And you are saying you didn't know about it without this program.

MS. PIERSON:

No, I did not know about it.

LEG. VILORIA-FISHER:

Okay. Thank you.

CHAIRMAN HORSLEY:

Thank you very much Alexcia. Jamelee. Catherine Rodriguez on deck.

MS. JAMES:

My name is Jamelee James, and I've been in this program ever since last year. Before last year, I always used to go home and just sit on the couch and do nothing. Well, my friend right there, she told me about the program, because she's been in there ever since the 7th Grade. She said it was a good program. And my sister, she graduated last year, and she was in there ever since the 7th Grade. And, like, she would always come home and say Urban League has helped a lot with the program to help her improve her grades. And, like, it also helped me improve my grades too, because I was failing math before. And they have this program that they make you take math tests before the math test, and, like, they help you out.

Mr. Johnson who is not here, he is a person who helps you on Saturdays with your program. So I think the program should stay, because without the program, I don't know what I would be doing. I'm currently in this program, and on Monday and Wednesdays we go to read, and we help those kids who are in the Urban League with help -- with their work. That's all I have to say.

CHAIRMAN HORSLEY:

Thank you very much Jamelee. On deck, Chelse Hall.

MS. RODRIQUEZ:

Hello. My name is Catherine. I would just like to share so many things that we have in the Urban League. And the Urban League has taught us many things. Everyday we learn new things. They help us. They're always there for us when we need them, and they never give up. They've helped us to this day to keep trying to not give up. And without them, I don't know what we would do. They give us a job, and they're just always there. And they're a very great help for us.

CHAIRMAN HORSLEY:

Thank you very much, Catherine, appreciate it.

CHAIRMAN HORSLEY:

On deck, Vincent Todd.

MS. HALL:

Hello. My name is Chelse Hall. I've been utilizing the benefits of the Urban League since the start of the 8th Grade. Urban League doesn't only help us with our studying habits, it also helps us look into the career of our choice. Urban League is a program that helps young kids who don't usually have help at home or other activities at school. Urban League also helps you find who you are inside and it helps you bring out the better personalities in you.

CHAIRMAN HORSLEY:

Thank you very much. Good job.

LEG. VILORIA-FISHER:

You know, I think you could get a job as a PR person. Vincent, and on deck, Taniah Morrow.

MR. TODD:

Hello. My name is Vincent Todd. I'm in the 8th Grade. I like the Urban League because my friends told me that it gives you good grades and you could learn more and more about it. The reason why I like Urban League is because my grades keep on going up and up every time I go there. I just go every time because I just like it.

CHAIRMAN HORSLEY:

Thank you very much, Vincent. We appreciate your comments. Taniah, then Cristina Granados on deck.

MS. MORROW:

Hi. My name is Taniah. I'm a student at the Urban League. I've been in this program since 7th Grade. And at first I joined just to -- just for a place to be with my friends, but now I see that they

really care about you and they help you with your grades and about life, and they teach about respect. And I think it's important for it to stay around because it can help many other people, because it helped me.

CHAIRMAN HORSLEY:

Thank you very much, Taniah. We appreciate it. On deck is Dimitri White.

MS. GRANADOS:

Hello. My name is Cristine Granados. I'm in the 8th Grade, and I've been in the Urban League for almost two years. I go to Urban League from Monday to Thursday, and Urban League has changed my grades, because I get As and Bs now, and before I went to Urban League, I was getting Cs. The first Urban League meeting I went to explained what Urban League is what they do. I went and I thought it was interesting, and I joined. I think it's important to continue this program, because it has helped a lot children get their grades up. It also helps people with their homework and make new friends.

CHAIRMAN HORSLEY:

Thank you very much, Cristina. Nice job. On deck, Tina-Rose Brown.

MR. WHITE:

Good afternoon, Members of the Committee. My name is Dimitri A. White, a resident of the Central Islip community and part of the football team, basketball team, an Honor Roll student in Honor Classes, and part of this thing called the National Urban League of Long Island.

Today, I'm to stress the message that the state is about to send to a great number of people in this town. The message that the state is about to send is because the funding is low in the program called the National Urban League Liberty Partnership Program, the state is now going to put the Urban League Liberty Partnership Program out of business.

The state is about to put the basic roots of the National Association for the Advancement of Colored People also known as the NAACP out of business, because no one really supports this program in funding. Ladies and Gentlemen, I know the best -- I know to the best of my knowledge that this is a very big mistake. The National Urban League is now here for the advancement of minorities in society. We are here to spread equality to the national when it comes to gender, race and other prejudice problems.

We spread out ideas of equality by having programs like this that offer community service, homework help, psychology, sociology, career tutoring, college preparation, field trip and payment to our participations. We support the soup kitchen so that people do not have clothes to put on their backs and nourishment in their stomachs could still little. People, please don't forget that we're doing this nationwide.

I've been in this program for five years, and I know how many people are suffering in the streets of Long Island and throughout New York State. Now, just because of the funding, we're about to end something that is basically the NAACP in a small town. Ladies and Gentlemen, schools need these kinds of programs without the gang violence, drug abuse, sexual diseases and other problems that we are currently having.

I love this program, because this taught me how to be a leader in my community. Members of the community, I have a question for you. Could you imagine if you end this program? Imagine all the things that will happen if no one has a chance to spread equality to another person, if no one knows what community service does or what it means. I can imagine that if this program end and society keeps going through rage like this, we will live in a society with nothing but corruption. Thank you.

LEG. VILORIA-FISHER:

Dimitri, may I ask you a question? Dimitri, I was just a little confused about what you said about

the NAACP. How is -- where is the connection? I just wanted to understand that.

MR. WHITE:

The NAACP came to the world so that everyone should have a right to do things.

LEG. VILORIA-FISHER:

No. I was wondering how this -- cutting this program would have a direct affect on the Chapter of the NAACP in CI. Is that what you mean?

MR. WHITE:

Yes. Yes.

LEG. VILORIA-FISHER:

Okay. Thank you for your comments, they were very well stated. Thank you. Tine-Rose Brows is next followed by Nedra Thomas.

MS. BROWN:

Okay. I'm a graduate of the LPP Program, and I currently am a staff member. I don't want to keep you, I'll make it brief. But I'm very proud of the students who got up and spoke. It's not very easy to speak to Legislators like yourself, and it's sometimes intimidating. But I feel that we have a passion for our program, and we have a right to keep it here. We know you're not necessarily the ones who have the power to keep -- make it stay, but as long as you know that we would like it to stay, that's all that matters.

LEG. VILORIA-FISHER:

Thank you very much.

LEG. VILORIA-FISHER:

And Nedra Thomas is our last speaker.

MS. THOMAS:

I'm here also to speak about the Urban League. I've been with the Urban League for about two and a half, three years, and to see all the progress that we have made, we had a student last year graduate who was accepted to 12 different colleges. And that's just a program that we do that we present to you here. I know if we're state regulated we really don't have anything to do with you, but, you know, as we're standing here, I would, you know, appreciate if you could put in a good word for us from the government. Thank you.

LEG. VILORIA-FISHER:

We'll be happy to put in a good word for you. And, you know, I just want to congratulate Mr. Davis and all of your staff, because this is one of the most articulate groups of young people that have come before us. And they certainly do you proud. And, you know, although a couple of people apologized for coming down, because, you know, we don't have direct impact, we always like to think of ourselves here in the Suffolk County Legislature as a very pure form of our democracy where we're close to the people and we listen to the issues that are important to the people who live in Suffolk County. And you are our future, so we're very happy to hear your issues, and you stated them very well. Thank you for coming. Our next speaker is Chuck Stein.

MR. STEIN:

Good afternoon. Thank you very much. I just wanted to speak on behalf of IRs 1115, 1116, 1117 and 1118. These are for capital projects that this Legislature approved for this year in the Capital Budget. It's my understanding also that the County Executive will be submitting the appropriating resolutions for the Eastern Campus Library and the culinary arts equipment. It's my understanding that it's going to be coming over in time to be laid on the table at the March 6th meeting, which is very timely given that Middle States Accreditation, the visit starts on Sunday, March 4th. And the library at the Eastern Campus has been an issue with Middle States for ten years. So the timing is

good, because we can inform them that appropriating resolution is going to be moving forward.

There are two remaining appropriating resolutions that we submitted to the County Executive that hopefully will be coming to the Legislature soon. It deals with the completion of the Veterans Plaza Renovations at the Ammerman Campus and the Science and Technology Building at the Ammerman Campus. As you know, this Legislature and this committee has been extremely supportive in keeping that project in the Capital Program allowing us to then go to SUNY in Albany to obtain the State portion of the funding. And, in fact, that has occurred. And 2007 is the year that the Capital Budget had the appropriations starting. So we're hopeful that that resolution also will be coming over soon. Thank you very much for your time.

LEG. VILORIA-FISHER:

Chuck, I have a question.

MR. STEIN:

Yes.

LEG. VILORIA-FISHER:

As I look at the agenda, IR 1089 refers to accepting and appropriating a grant award amendment from the New York State Education Department for a Liberty Partnership Program 100% reimbursement.

MR. STEIN:

Yes. That's the current year.

LEG. VILORIA-FISHER:

That's the current year. Because the group that was just here said that they were also Liberty Partnership.

MR. STEIN:

There are many --

LEG. VILORIA-FISHER:

Okay. And who -- that would be administered through college faculty, or do you have members of the Urban League subcontracting with you? How is it done?

MR. STEIN:

It's through the college. I believe -- if my recollection serves me correctly, I think it flows through our continuing ed -- that may not be accurate.

LEG. VILORIA-FISHER:

Okay. Chuck, is that program also going to be cut next year, the Liberty Partnership Program that was just testified to earlier?

MR. STEIN:

I don't have the information on that. I know that this is increase in the current year appropriations of 10,000 and change.

LEG. VILORIA-FISHER:

But they were talking 2008, the budget that's being worked on now.

MR. STEIN:

Yes. Yes. And I'm sorry, I don't have the information.

LEG. VILORIA-FISHER:

Can you check on that, Chuck, so that we can --

MR. STEIN:

I certainly will.

LEG. VILORIA-FISHER:

We can, you know, have a clearer picture of what's going on with the budget?

MR. STEIN:

I certainly will.

LEG. VILORIA-FISHER:

Because this is impacting then youngsters in high schools, but youngsters who are also at the Community College who also need those study skills and career leadership skills.

MR. STEIN:

Absolutely. And this program has been at the college for a number of years, it's been successful. And I would encourage the students who are familiar with the program, when they attend college, to consider Suffolk County Community College.

LEG. VILORIA-FISHER:

Well, they're gone, but maybe you can tell Mr. Davis directly. I think they left. I think they may be outside. But if you could find out about that, Chuck, we'd like to know the status.

MR. STEIN:

I certainly will, and we'll get back to the committee on that.

LEG. VILORIA-FISHER:

Thank you very much. Now, I believe that our presenters are outside speaking to the television people with our Chair. So we're punting here guys. Let's see what we have on the agenda. We'll get started on the agenda.

2090. To impose moratorium on aviation related construction at Francis S. Gabreski Airport pending Master Plan adoption.

I'll make a motion to table.

LEG. STERN:

Second.

LEG. VILORIA-FISHER:

Seconded by Legislator Stern. All in favor? Opposed? IR 2090 stands **TABLED (VOTE:5-0-0-0)**.

1025. Amend Adopted Resolution No. 522-2006, to extend the deadline for the "School District Expense and Efficiency" Commission.

LEG. STERN:

Motion to approve.

LEG. BARRAGA:

Second.

LEG. VILORIA-FISHER:

Motion by Legislator Stern, seconded by Legislator Barraga. All in favor? Opposed? IR 1025 stands **APPROVED (VOTE:5-0-0-0)**.

1052. Establishing a Tuition Assistance Program in Suffolk County Community College for children and spouses of fallen Soldiers.

LEG. ROMAINE:

Motion.

LEG. VILORIA-FISHER:

Motion to approve by Legislator Romaine.

LEG. BARRAGA:

Second.

LEG. VILORIA-FISHER:

Seconded by Legislator Barraga. All in favor? Opposed? IR 1052 is **APPROVED (VOTE:5-0-0-0)**.

1088. Accepting and appropriating a grant award amendment from the State University of New York for a Community College Workforce Development Training Grants Program for State Bank of Long Island 92% reimbursed by State funds at Suffolk County Community College.

I'll make a motion.

LEG. STERN:

Second.

LEG. VILORIA-FISHER:

Seconded by Legislator Stern. All in favor? Opposed? IR 1088 is **APPROVED (VOTE:5-0-0-0)**.

MR. REINHEIMER:

Ms. Chairman?

LEG. VILORIA-FISHER:

Yes.

MR. REINHEIMER:

Mr. Chairman?

LEG. VILORIA-FISHER:

Whichever one of us.

MR. REINHEIMER:

Yes. Whomever. Attached to 1089, IR 1089, is a description of the program that does serve Grades 7 through 12, Longwood Central High School. And it is a partnership act cooperative program before -- with the school district and the college. And it serves approximately 121 students. And this is attached to the resolution. It gives you a description of the program.

LEG. VILORIA-FISHER:

Okay. Thank you. I'm sorry I missed that. Is there a contract agencies that's administering that? For example, the one in CI, apparently, they contract with the Urban League to administer it.

MR. REINHEIMER:

No. This is for College's portion.

LEG. VILORIA-FISHER:

For the college? Okay.

MR. REINHEIMER:

Right. The College provides in-kind services of about \$70,000, and the grant is for 110,000.

LEG. VILORIA-FISHER:

Thank you, Lance. I appreciate that.

1089. Accepting and appropriating a grant award amendment from the New York State Education Department for a Liberty Partnerships Program 100% reimbursed by State funds at Suffolk County Community College.

I will make a motion to approve and place on the Consent Calendar.

LEG. ROMAINE:

Second.

LEG. VILORIA-FISHER:

Seconded by a lot of people. I think I heard Mr. Stern first. Seconded by Legislator Stern. All in favor? Opposed? IR 1089 is **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0)**.

LEG. ROMAINE:

Would the Clerk please list me as cosponsor?

LEG. VILORIA-FISHER:

1090. Authorizing an amendment to the sub-lease for Hangar space located at Francis S. Gabreski Airport, Westhampton Beach, New York for use by the Police Department Aviation Division.

Is there a motion?

LEG. STERN:

Motion to approve.

LEG. VILORIA-FISHER:

Motion to approve by the Chair, seconded by Legislator Stern. All in favor? Opposed? IR 1090 is **APPROVED (VOTE:5-0-0-0)**.

1114. Accepting a grant award from the New York State Department of Transportation - Aviation Bureau, amending the 2007 Capital Budget and Program and appropriating funds in connection with the Airport Obstruction Program at Gabreski Airport (CP 5731).

I'll make the motion.

LEG. STERN:

Second.

MR. BARRY:

Just looking at the resolution, the Third Resolved Clause of this resolution says that the Department of Economic Development and Workforce Housing is authorized to take this action if necessary pursuant to Section C8-2. C8-2 deals with Public Works. So I don't know if there's an error or if it was intended. If somebody can answer that.

MS. FAHEY:

It's really a scrivener's error. The Department of Economic Development was substituted for Public Works. It really should have been the Department of Public Works in there that's going to oversee this project. So the section of the Charter is correct, it's the department that's incorrect.

LEG. ROMAINE:

Motion to table so a correction can be submitted.

LEG. VILORIA-FISHER:

If it's a scrivener's error, it doesn't have to be tabled, does it?

LEG. ROMAINE:

Does this constitute a scrivener's error?

LEG. VILORIA-FISHER:

Counsel is trying to answer that.

MR. BARRY:

I don't know if it's a scrivener's error, because it talks about one department pursuant to a different section of the Charter. So is it Workforce Housing -- I mean, is it Economic Development that's taking the lead and the wrong section of the Charter, or is it Public Works in the right section of the Charter?

MS. FAHEY:

It's the right section of the Charter, the wrong department is noted. That's all.

MR. BARRY:

It should be amended rather than a scrivener's error.

LEG. ROMAINE:

Motion to table.

LEG. VILORIA-FISHER:

Okay. I'll second the motion to table. All in favor? Opposed? Ms. Fahey, you will get us an amended copy. Thank you. All those in favor? Opposed? IR 1114 is **TABLED (VOTE:5-0-0-0)**.

1115. Appropriating funds in connection with improvements to college entrances (CP 2192).

This was in the Capital Budget, and it's just an appropriating resolution, yes, Lance?

CHAIRMAN HORSLEY:

Motion to approve.

LEG. BARRAGA:

Second.

MR. REINHEIMER:

Yes, that's correct. It appropriates \$415,000 of County funds. It's a 50% match with the State, and it's as included in the 2007 Adopted Capital Program.

LEG. VILORIA-FISHER:

Lance, and that true for the four resolutions that are before us in a row?

MR. REINHEIMER:

Yes, that's correct.

LEG. VILORIA-FISHER:

Okay. There's a motion by the Chair, seconded by Legislator Barraga. All in favor? Opposed? 1115 is **APPROVED (VOTE:5-0-0-0)**.

1116. Appropriating funds in connection with improvements/replacements to roofs at various buildings - College wide (CP 2137).

Motion by the Chair, seconded by Legislator Stern.

LEG. ROMAINE:

I would point out that the way the resolution is written on the agenda, it looks like the roof is being replaced.

LEG. VILORIA-FISHER:

It's in Lindenhurst. All in favor? Opposed? IR 1116 is **APPROVED (VOTE:5-0-0-0)**.

1117. Appropriating funds in connection with the site paving - college wide (CP 2134).

Motion by the Chair, second by Legislator Barraga. All in favor? Opposed? IR 1117 is **APPROVED (VOTE:5-0-0-0)**.

1118. Appropriating funds in connection with fire sprinkler systems and water distribution infrastructure improvements - Ammerman Campus (CP 2129).

Motion by the Chair, second by Legislator Barraga. All in favor? Opposed? IR 1118 is **APPROVED (VOTE:5-0-0-0)**.

That concludes the agenda, and we will give it to the Chair for the presentation.

CHAIRMAN HORSLEY:

Thank you very much, Legislator Viloria-Fisher, for your indulgences while I stepped outside for a moment doing, as usual, a professional and terrific job.

Today we have a presentation, which I think is all important for Long Island. And we have invited the KeySpan Corporation, David Manning, Executive Vice-President Corporate Affairs and Chief Environmental Officer who will be addressing today -- addressing the topic of repowering of the plants on Long Island; the Northport, Port Jefferson Plant and Barrett, I believe, is also on the drawing board. And if I may just quickly add that I've got this wonderful resume of Mr. Manning's in front of me, but one that I wanted to note that he has a post graduate study in International Law, Australian National University and was a Rotary Foundation Fellow. And as a Rotarian, I'm most impressed with that acknowledgement. But again, if we were in a court of law, we'd say that he's well qualified for the position that he holds. So if I may, at that point, Mr. Manning, you'll be doing your presentation.

MR. MANNING:

Thank you very much. For the record, my name is David Manning, and I'm an officer with the KeySpan Corporation.

CHAIRMAN HORSLEY:

David, I don't think that's on.

MR. MANNING:

For the record, my name is David Manning, and I am an officer of the KeySpan Corporation. I have with me to identify with me to my left Robert Teetz. Bob Teetz is in my view probably the leading expert on air quality compliance for the power generation sector. Bob has been with KeySpan since its inception, and has been working with these plants and on the environmental area. So Bob is our environmental lead to KeySpan on all of the issues that we'll discuss today, Mr. Chair. I also, of course, am supported by my esteemed counsel Vinny Frigeria, who you as you will notice is hiding in the back. He's known to do that feel in this room, but feel free to call on Mr. Frigeria as needed.

May I just open very quickly by commending on taking some time with students from Central Islip. I see that they've gone. I just wanted to you know that KeySpan is -- we have a great partnership with the Urban League, and we've provided a Cinderella Grant to Central Islip for some rehabilitation in CI that we're very proud of. So I enjoyed that, I'm sure you did, and I thought that that was great that they participated in the process.

I also want to commend my thanks to Peter Quinn, because Mr. Quinn, as you well know, is very dedicated and committed on these issues. And he takes a great personal interest and an informed interest. Peter, just quickly on the issues that you've raised on Spagnoli Road, this is a potential power plant that we have been addressing for some time. The reason why we are so keen on Spagnoli Road and it just won't go away is it's permanent. It has Article Ten Certification. But it's a combined cycled plant, which means that it's latest technology, it's combined cycle, it's very efficient, particularly relative to the fleet we'll be discussing today.

We also, of course, have gone on the record. We have never opposed Caithness or any alternative plant, we are just supportive of Spagnoli. There are no pilot payments involved in Spagnoli, because it would be owned by KeySpan and it would pay taxes. So there would be taxes paid, and there was a benefits package that was negotiated some time ago with the Town of Huntington, which included the conversion of Unit Three at Northport to natural gas. At that time, Unit Three -- there are four units at Northport, those four stacks, each is quite large -- the third unit was only capable of burning oil at that time. So we agreed to get the support of Huntington and Article Ten, and we secured that Article Ten. So we comply with our side of the bargain, which was investigating cash to convert unit Three. So now all four units at Northport are capable of burning natural gas.

Just quickly also, we have Lisa Tyson, another very committed individual. And I can -- in response there, I would just indicate that we would be more than happy to entertain question of this panel about the future and about the future implications of the involvement of National Grid. But what I should point out is that the ownership of these plants lies with KeySpan. We are here today -- our purpose today is to explain to this group to break through some of the confusion around some of the technology which is in use, but that any decisions in terms of how these plants are dealt obviously goes to the Long Island Power Authority, because these plants are under contract to LIPA.

Now part of the frustration of LIPA over the years has been that the power demand continues to grow as quickly as they can keep up. So there hasn't really been a good margin, as Chairman Kessel has said. So the decision as to what are the best choices and what goes forward, I'm sure you'll participate in those discussions, but those decisions obviously will fall to LIPA. And we will, of course, participate in any way that we can.

Just in terms of how timely this is, many of us watched the Academy Awards, which are, of course, as you know, declared green. Inconvenient Truth, the Al Gore film, received the Oscar. That got a lot of play, and I think that was terrific. What was more interesting to me was that TXU, the large Texas Utility, which was sold on Sunday to a group of investors was really the largest green transaction in my career. I think it's very noteworthy. It's one of the largest utilities in the country. It was a \$37 billion acquisition. Very noteworthy to some, because it was -- it was purchased basically by private dollars. More importantly, it was ready to build 11 coal plants. It was pretty aggressive on the environment side. The TXU had always taken the position as a utility that they were -- they were for affordable power and reliability. And what happened now is you've got {Henry Cravis}, I don't -- I don't know what kind of car he drives, but I can imagine and {Golden Sax} making TXU green. And they will now become the largest purchaser of wind power, and they have eliminated eight of those 11 plants, which were designed and in the approval phase. So very interesting in my view that that world is catching up to Long Island.

LEG. ROMAINE:

And a commitment to reduce rates by 10%.

MR. MANNING:

And reduced rates, absolutely. That's true.

LEG. ROMAINE:

I believe that was part of that.

MR. MANNING:

Yes. Part of the approval -- they approved -- they were able to get their approved -- they will seek approval with the support of many. But again, my point there is we have not burned coal in Downstate, New York since the '70s. As a result work, we have to work harder here, because fuel is a high-cost issue for LIPA and for our customers. We just burn low sulfur, ultra low sulfur oil or natural gas. We've spent a lot of money. And I think what you should know is that under Bob Teetz's leadership -- I'm blowing his horn here -- since 1990, KeySpan has reduced its CO2 emissions by 15%. And we've done that by investigating over \$100 million in technology to convert from oil to natural gas in these plants.

So we have actually met the {Kyoto} standard of CO2 reduction, and that has always been a strategy and a significant component of our firm. National Grid have also taken a very aggressive stance on climate change, and they have a plan in place to reduce their CO2 emissions worldwide by 60% by the Year 2050. And they've been working very closely with the European community and the UK, as you can imagine, to do that.

So without more, I know that you would like us to move quickly through the presentation. I'm going to turn this over to Bob Teetz, and we'll entertain questions as we go. Thank you.

MR. TEETZ:

Thank you, David. Good afternoon, everyone. This is a rather lengthy and technical presentation, which I'll try to go as quickly as we can, but I want to emphasize that I'm very happy to come and meet with anyone of you answer individually and go through this in much greater detail and answer any questions you may have either now or at a later time.

The first picture there, obviously, is our Northport and Port Jefferson Stations. And we'll just try to flip through as quickly as possible. What I would like to try to do today is just basically put into perspective a little bit about the facts of the emissions from these plants and the emissions from Key Span plants in general. There has been some misconception and mispublication about the nature of the emissions and how they stack up against other facilities. And I hope to clarify that today. And then give you some insight as well on the options that are available in terms of modernizing these facilities.

Just very quickly, this map shows the facilities on the Island that either belong to KeySpan -- do belong to KeySpan. Those are the blue stations. The primary stations are the 16 plants, the yellow facilities are the peaking units. And most importantly, look at the arrows that come in from the outside. Those are the transmission lines that are now capable of supplying Long Island with energy from outside the Island. Most notable is the 650 megawatt DC {tieline}, which will coming in this year. That's also known as the Neptune Line.

Another thing you don't see on this graphic is that there are a number of other suppliers of energy on Long Island that are independent producers. There's about 1200 megawatts of independent producers on the Island. So that gives you a sense of the lay of the land. Very quickly, about our stations, as David mentioned, we have dual fuel capability at Northport, Port Jefferson and the Barrett Station. This is very critical for reasons I'll get into in a moment.

The other point I want to make here is that none of the plants on Long Island uses coal. And this is significant because of the much more -- higher emissions that coal plants have throughout the country. None of the fuels that we use contain any mercury. So there are no mercury emissions

with gas and oil plants. And the -- just a quick point about the dual-fuel nature of our facilities. The fact that we can switch back and forth from residual oil to natural gas is critical in terms of minimizing costs to the ratepayers.

This graph shows the fluctuation in pricing of natural gas versus Number 6 fuel oil. The blue line being natural gas. As you can see, earlier in the end of 2005, the price for natural gas was extremely high due to number of factors, while the Number 6 oil price was considerably lower. During this period in 2005, we were able to save LIPA ratepayers about \$180 million through the ability to burn Number 6 oil, low sulfur Number 6 oil as opposed to natural gas. That comes out to about \$180 a per person or per customer.

Then as you follow the graph into 2006, you see that prices flipped. Natural gas became cheaper. And so now in 2006, we were burning primarily natural gas and taking advantage of those lower prices.

So the dual-fuel capabilities is absolutely critical. I want to mention now about some of the emission statistics that I'm going to be quoting as we go through this. These are not KeySpan numbers per se. What I'm going to be referring to is a report that was issued by the NRDC in April 2006, in which they compared emissions from the 100 largest utility companies in the country.

MR. MANNING:

And that, of course, is the Natural Resources Defense Council, which is a New York-based organization, but it's probably one of the leading organizations in the country, if not the world, on this issue.

MR. TEETZ:

And when they compared emission rates -- and the three pollutants that we're mostly concerned about are sulfur dioxide, SO₂, nitrogen oxide and carbon dioxide. And this shows you total KeySpan emission rate and versus those 100 utilities. And you can see to the right side of the curve is the better place to be. This is the graph for NO_x. Again, we're in the lowest quartile for emissions when compared to those 100 largest companies. And similarly for CO₂. Again, all the way to the right in the lower quartile.

MR. MANNING:

And that I think goes to the frustration that we have when there's confusion over whether or not these are clean plants. In relative terms in the US, they are absolutely clean plants. And this is, of course, a report of the NRDC. Our main concern, however, is efficiency.

MR. TEETZ:

Now, let's just look specifically at Northport for a moment. These graphs show of the three pollutants the progress that we have made since 1985. And you can see, particularly for SO₂ and NO_x, the reductions in these emission rates have been dramatic. And again, that's because of technology installations for reducing emission as well as the ability the burn natural gas. And again, as David said, with regard to CO₂, we do much better than the US average. And, in fact, our emission rate for CO₂ has dropped by more than 15% since 1990 at the same time the rest of the utility industry increased by 25%. So when you look at the relative comparisons, it's rather dramatic.

The next slide is a little bit more detailed. And what this one does, you can read the emission rate comparisons and the trends for yourself. But if you look at the highlighted line, the yellow line, if you can see that --

CHAIRMAN HORSLEY:

Mr. Teetz, we just had a quick question relative to the CO₂ issue that you just spoke of, otherwise we will hold the majority of the questions to the end, but Viloría-Fisher is -- Legislator Viloría Fisher

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LEG. VILORIA-FISHER:

Hi, Bob. You worked so closely with me when we past the Carbon Cap Law. How much of the -- the Cap Law was based on aggregate decrease in CO2 -- number of tons of CO2 going into the atmosphere based on how much additional energy we added to the grid. Now, how much overall of a percentage drop -- now, NOx and SOx becomes a bi product. When you are trying to lower your CO2 you're going to drop your NOx and SOx because you're going to run a more efficient system.

MR. TEETZ:

That's correct.

LEG. VILORIA-FISHER:

What percentage -- if you were working only within the parameters of that particular law, what percentage of CO2 decrease would there be at this point in time from 2000 to the present?

MR. TEETZ:

It's difficult to say, and I haven't calculated that number. I can do that, but there's so many other factors at play; the degree of utilization of the plants based on other imported energy that comes in has gone down, the fact that we have burned much more gas in 2006 verses 2005 would suggest that in '06 our CO2 is much lower than it was in '05. So it's not easy to pinpoint exactly the effect of the legislation. But, you know, perhaps at later date, I can come back with that.

LEG. VILORIA-FISHER:

That would be helpful, because we did a lot of work on that legislation. And I'm hoping that -- you know, we were talking about everybody else becoming green, and we passed the Carbon Cap Law here in 2000, and it would be good to know if there was an impact and the additional hours that we added, the additional energy that we added was cleaner, because it was a more efficient technology.

MR. TEETZ:

I should be able to calculate those numbers for you.

LEG. VILORIA-FISHER:

Thank you, Bob.

CHAIRMAN HORSLEY:

Thank you.

MR. MANNING:

Thank you for that question. One more issue that we will not address today is that every time there's conversion of an outdated oil boiler, that is, you know, home heating, when you convert from oil to natural gas, you know, from an older unit install a new high efficiency natural gas unit, your CO2 production for your home is going to go down 30, 35%. And KeySpan, we're converting 55 to 60,000 homes a year in our system. So that too is making a real impact in terms of CO2 reduction.

CHAIRMAN HORSLEY:

That was a marketing statement there.

LEG. VILORIA-FISHER:

Yes.

CHAIRMAN HORSLEY:

But continue on, as true as it may be.

MR. TEETZ:

Okay. Just another point about this particular slide is that I tried to put in here the number of plants throughout the United States based on those NRDC statistics that have higher emission rates for the

three pollutants than Northport. And then they also broke it down into the Northeast plants. And that's where a lot of focus has been in the media. But if you look at the statistics and you compare the 2006 emissions from Northport, you can see that there were 71 plants that had a higher NOx emission rate, 52 plants had a higher SO2 rate, and 78 plants had a higher CO2 rate in the Northeast.

This is a similar graph for Port Jeff. I won't go through it. You can read it at your leisure. But similar profound effects showing how much cleaner we are than most plants in the US and many in the Northeast. Now, with regard to repowering, I think it's appropriate to just have a little common definition as to what we mean by repowering. And this graphic attempts to do that. In the -- on the top part of the graph, in a basic power plant, you have a fuel that is injected into a boiler. In our case, that's gas or Number 6 oil. That combustion results in emissions which are controlled and then released to the atmosphere, steam is produced in the boiler, which is sent to a steam turbine. That turbine turns a generator and the electricity goes to the grid.

An important fact here is that that steam turbine requires tremendous amounts of cooling water that are drawn from Long Island sound or another water body to maintain the operation of the turbine. In a combined-cycle plant, what happens is you have fuel, in this case, it's natural gas or jet fuel, and there's a big difference between jet fuel and Number 6 oil, and it goes into a combustion turbine, which is basically a jet engine. The jet engine -- and usually there's more than one in a repowered unit -- the jet engine turns the generator and produces electricity, and the waste heat from that jet engine exhaust is then captured and produced -- turned to steam in a heat recovery stream generator. That steam then goes through the old steam turbine that was there at the beginning, and then turns the generator.

So in essence, you have two motor forces here turning generators. And in combined-cycle plant with a -- with this configuration, you have to have a cooling system that is non dependent on Long Island Sound, because it can't be licensed any more once through cooling. You have to have a cooling tower or other means of cooling the turbine. And that's a big factor when it comes to determining the cost of repowering.

And then there are several different types of repowering. And I won't go into detail, but there's -- what I just described was hybrid repowering where you are taking components of the old facility and marrying them with new facility. This is a very complex effort. You're matching technologies from 20, 30 years ago with brand new technology. It's very costly and highly engineered process. And as I said, it can't use certain components any longer, particularly the ones through the cooling system, and that adds to the cost. It also eliminates the dual-fuel capability of the facility. You cannot use Number 6 oil in a combined-cycle plant like this. And that can be a concern when oil prices are low and you can't utilize them.

The next type of repowering is what we call backyard repowering where you simply build a new plant on an old site. This can be somewhat less costly because you are using an off-the-shelf design, you don't have to do the complex engineering to marry it with an old facility, and it can be done in a little bit more cost effective manner. And then lastly, is what I like to call fleet or system repowering. Some folks call it virtual repowering. And that's where you simply build a new facility somewhere near the load center, as close as possible to where the energy demand is, and you retire or you curtail the operation of an older less efficient facility. So, in essence, you are improving the efficiency of the overall system, not any one specific plant such that your new facility operates almost 24/7, 365. Your older less efficient facilities operate much less.

You then get the advantage of the lower emission rates from the new facility, and you also can site that plant at a facility that is close to the transmission access and the gas infrastructure access point on Long Island. And system repowering is really under way and progressing. And this is a very, very telling graph. And what it shows here, the red lines show the percentage of the total Long Island energy demand that is provided by KeySpan plants. The blue shows energy provided by other facilities on Long Island that are non-KeySpan, some of these merchant plants that exist and

more that will come. And the yellow is the imported energy that comes through those {telines} that I spoke to you about earlier.

If you can see the red and how it's diminishing, back in 2000, KeySpan facilities accounted for close to 60 to 65% of the total energy demand on Long Island. And as we project towards 2010, KeySpan facilities will only be providing about one-quarter of the energy. The rest coming from additional on-Island generation not owned by KeySpan and primarily from the imported power that's coming in particularly through the new line, the Neptune line. So this is in a sense a system-wide repowering that's occurring. You are having the older less efficient generation operate less and less at a time.

Now, what are the opportunities at the existing facilities for improving emission? Obviously, number one as we've already talked about is to burn lower emitting fuel, burn cleaner fuels. And natural gas, as has been mentioned, will produce significantly lower emissions than fuel oil. The other thing that we are looking at is burning bio fuels. We're actually going to be doing an experiment this summer at a couple of our peaking plants in which bio fuels will be used. And we're going to see if that's something that could be feasible for the long-term.

Repowering, obviously, is an issue that is being focused on heavily. But there are certain sites that lend themselves to repowering more than other. And as I said, one of the key considerations is the accessibility to the transmission system. At Northport, for example, the transmission lines that we remove the power from the site and into the grid are completely totally full. So in repowering, say, a Northport facility, a massive transmission infrastructure upgrade is required. That's why certain other sites like Barrett, Far Rockaway and the Wading River site are more amenable to repowering, because they have, A, space on the property for additional infrastructure, they're somewhat closer to transmission lines, and they have good gas access capability, at least Wading River will once the Islander East Pipeline is built.

To focus a little bit more on Northport, as I said, the current capability at Northport is 1500 megawatts. To repower just one unit, it would add about 600 megawatts, we would have to add four of those combustion jet engine turbines that I mentioned to you, but the price tag including transmission upgrades is on the order \$1.3 billion dollars. That's just for one of the four units there. So you can image, do the math, times four, if you were able to repower all four units. The physical space there wouldn't even allow four units to be repowered. One unit, perhaps two could repowered.

MR. MANNING:

And the issue there is cooling towers that -- to be able to provide the cooling powers that a single repowering would require would soak up all of the available land around Northport. So you would also have a visual issue there that you have massive cooling towers all around the plant.

CHAIRMAN HORSLEY:

Knowing the Northport area pretty well, what is the vacant acreage there now? It seems like there's quite a lot of land there. Is that not true?

MR. TEETZ:

You would be surprised. When you really look at the map with respect to land that's already occupied by other entities and proximity to the existing facilities, adding these four massive jet engines to a particular unit, you have to have significant property. Northport has four units basically facing north to south. You can put those four new jet engines on the north side next to unit one and possibly on the south side next to unit four, but putting them next to units two and three is virtually impossible. The space simply is not there. And then as David mentions, the cooling tower issue is large footprint device that also would inhibit this issue.

LEG. VILORIA-FISHER:

Just to further clarify that, Bob. If you were to repower, for example, unit one, what would be the difference be in the energy production when it's repowered to the current energy production of that

unit?

MR. TEETZ:

Unit one is -- all four units have the same capacity, 385 megawatts each.

LEG. VILORIA-FISHER:

Right.

MR. TEETZ:

To repower one unit, you would basically be adding 600 megawatts. So you are getting close to a thousand megawatts just for one repowered unit.

LEG. VILORIA-FISHER:

So, in fact, if you repowered the one unit, you could shut down another unit. You wouldn't have to repower all four units, because in repowering the one unit, you are displacing the energy that would have been required from the other units.

MR. TEETZ:

That would be one way to look at it.

CHAIRMAN HORSLEY:

And it would be cleaner.

LEG. VILORIA-FISHER:

It would be cleaner, yes. It would be more efficient use of the fuel.

MR. TEETZ:

Yes. What you would then do is you get to the point where you are going to replace one cash of power and retire something else, you haven't really added any new capacity to count for future growth.

LEG. VILORIA-FISHER:

But actually if you retire one of them, you know, you don't have to repower all four of them.

MR. TEETZ:

Correct.

LEG. VILORIA-FISHER:

You could use the other three, let's say, as peaking units when you need to.

MR. TEETZ:

Correct.

LEG. VILORIA-FISHER:

You would be using less fuel, because it would be a more efficient burning plant. And so, in fact, we would be using less fuel so there could be, you know, an aggregate cost savings there. And you would be -- you could use the other ones as peaking units. You could -- you would have the output that would be the output of three in one, right, because you said thousand as opposed to three something.

MR. TEETZ:

Yes, essentially.

LEG. VILORIA-FISHER:

So, you know, I think it would be interesting to have some kind of benefit chart comparing the -- you know, if we say, well, repowering means we have to repower all four and it's going to be a

million dollars, we don't want to be -- you know, we want to be realistic about how we're approaching this.

MR. TEETZ:

I understand. The only reason I mention all four is because some of the news media, you know, clips have mentioned all four.

LEG. VILORIA-FISHER:

But maybe if they had all of this different information that, in fact, it would be producing so much more energy if it's a more efficient repowered unit, so that you wouldn't require the footprint that you would require to repower all four. You wouldn't need all those jet engines, you wouldn't need all the cooling systems. So it's really -- you know, I representative Port Jeff, so I have been looking at this. And it's really critical for the news media, for the citizens to understand that it doesn't have to be all or nothing, that we can have a net benefit if we do a piece of it at least.

MR. TEETZ:

Sure.

MR. MANNING:

And probably the best visual on this is actually in New York City, the Ravenswood Plant, which we operate. A new combined-cycle 250 megawatt plant was built on that location right adjacent to the Northport like station. It runs all the time. It slows down to 160 megawatts between 2:00 and 6:00 in the morning, but it runs 365 days a year, because it's the most efficient plant in New York City. As a result, the old Ravenswood Plant or older units do run less. When it's 90 degrees on the fourth day in August, everything is running flat out as you can appreciate. But that's a very good point is that by -- that's effectively repowering. By putting in new, as Bob said, you reduce the amount of production from the older plant. And that's really clearly one of the strategic options here.

MR. TEETZ:

Right. And what you said is basically what we looked at one the second example there, basically -- I'm sorry -- the backyard repowering in which you would essentially retire one 385 megawatt unit or make it a peaker, for example, and add a stand-alone separate 500 megawatt facility that would not be married or connected or, you know, hybrid engineered into an older unit. In that case, we're looking at about \$800 million. And then the question becomes whether the improved efficiency, the better fuel burning capability of the new unit, can overtime overcome the \$800 million capital investment and the return on that investment.

CHAIRMAN HORSLEY:

Should we ask now or later about where you are with this configuration during your negotiations or whatever over the last couple of months?

MR. MANNING:

Well, I think it's fair to say the discussion are ongoing. What we're doing here is laying out the entire slate of options. And as you can appreciate --

CHAIRMAN HORSLEY:

Well, we'll get to some of these questions later, okay? How about that?

MR. TEETZ:

Okay. With respect to Port Jeff, the problem with Port Jeff from a repowering scenario is that there is precious little space anymore on that property. If you recall, Legislator Fisher, back in 1995, we actually retired the two oldest and least efficient units on that property; units one and two, and then in 2002, we replaced them with two brand new state of the art simple-cycle combustion turbines, very, very low emitting. And that was at a cost of about \$105,000. And we also converted the facility overall to natural gas. And the upper graph that you see there shows the older units that were retired, their emission rates versus the new units. And you can see the new units have

virtually zero emissions.

This in essence was a mini repowering, if you will, a mini backyard repowering, because we retired an old facility, and we put in a new facility. And at the same time when we repowered -- not repowered, but regassed the facility by putting natural gas into units three and four, the facility overall as a whole has seen dramatic emission reductions since 1985. If you look now at 2006 on the bottom graphic, the emissions are extremely low compared to what they used to be and also compared to the US average.

MR. MANNING:

So what Port Jeff has is two of the most efficient current technology combustion turbines. They're not combined-cycle. To get to that next level, of course, you have to be combined cycle. But the installation that was done there gives you relatively -- they're more efficient than other plants on Long Island. And, of course, as you can see from the numbers, they're very -- very low emitting. So there has been significant work done in Port Jeff already. So Port Jeff will continue to run. Port Jeff will always be a critical source of supply for Long Island, particularly from those two units.

CHAIRMAN HORSLEY:

Gentlemen, my Vice-Chair here is questioning the CO2 emissions on those two plants.

MR. TEETZ:

Yeah. I'm sorry. I didn't include that hose on those graphs, but if you go back to the earlier graph, you will see the CO2 emissions for Port Jeff on that earlier chart. I'm sorry.

And then looking at system repowering. The Spagnoli Road Facility comes up again. The facility, as David said, is licensed, it sits right in the heart of the transmission, electric transmission, spine for Long Island. There is a very large gas transmission main that is very near by. So the infrastructure upgrade costs are very minimal for Spagnoli. And what we could do there would be essentially a system repowering by which we would either reduce or curtail or retire the Glenwood Facility, which is the oldest and least efficient facility on the KeySpan grid and replace it with the Spagnoli Road Facility at a cost of roughly \$400 million. The calculations show that this would result in little -- negligible rate impact and dramatically reduce overall emissions. So that, you know, would be an example of a system repowering opportunity, because not only would the presence of Spagnoli reduce the emissions at Glenwood, because of its retirement, but it would reduce other emissions at Northport and Port Jeff as well because of its much greater efficiency compared to those units.

MR. MANNING:

It would run all the time.

MR. TEETZ:

Another thing that we're very --

CHAIRMAN HORSLEY:

Gentlemen, if I may just interrupt --

MR. TEETZ:

Sure.

CHAIRMAN HORSLEY:

-- since we're on that Spagnoli issues, and there are a lot of questions I know that will follow up. I know that you guys have been pushing for Spagnoli for as long as I've been talking to you guys. With the opportunities of National Grid, are the possibilities of Spagnoli enhanced, or where do you feel the future of Spagnoli -- because right now as far as I'm hearing from LIPA in the past year or so it's nowhere. So what are you thinking?

MR. MANNING:

There's Article 10 Certificate. Article 10 has not been renewed. We haven't had an Article 10 bill to develop for some years. So this is one of the last certificated sites that has an Article 10. The turbine still remaining current technology. The turbine is purchased, it's sitting in the garage ready to go, the engineering is done, the land has been owned by the company for decades. So the site is approved. We operate right adjacent to that. That's a major facility for KeySpan. We have many of our office workers right adjacent to the site. We think it's available. And it is very much available. And National Grid has also felt that that makes a great deal of sense.

CHAIRMAN HORSLEY:

So is this an opportunity that you feel that is going to come about through your negotiations with National Grid? Or has LIPA been in discussion with you concerning this?

MR. MANNING:

Well, it will be LIPA's decision, clearly. And obviously, we can't speak to that. We've made clear that that is an opportunity for the Island.

CHAIRMAN HORSLEY:

Chances, David? Are we wagering here?

MR. MANNING:

We certainly do -- we certainly believe that as we have this discussion around energy efficiency that there's certainly much for room for combined-cycle technology on the Island. And obviously we think Spagnoli Road is a natural. As Bob points out --

CHAIRMAN HORSLEY:

If Caithness goes forward, Spagnoli goes forward, is that --

MR. MANNING:

It's right adjacent to the 110 corridor. We all know about growth and the 100 corridor.

CHAIRMAN HORSLEY:

I'm an advocate.

MR. MANNING:

It's walking distance from the gas line and walking distance from the substation. It's -- and there's an agreement in place with the Town of Huntington. So it really has a lot of compelling features.

MR. TEETZ:

When we speak of repowering, there are other things that we are looking at very aggressively in order to modernize both Northport and Port Jefferson. We're looking at a turbine upgrade, which would significantly improve the efficiency of the steam turbines at Northport. And we're looking at that as a possible way to further reduce the CO2 emissions by improving the fuel efficiency. And these would cost approximately \$10 million per unit, and they would save on the order 65,000 tons per year of CO2 and on the order of seven million gallons equivalent of oil per year if we were to do all four units.

At Port Jefferson -- actually both at Northport and Port Jefferson, installing we're looking at installing some additional -- what we would call advanced NOx emission controls, which can further reduce the NOx there from the already low levels, by about 20 to 30%, again, for a cost of about ten to \$12 million per unit. So those are very much on the table being looked at.

Now, I think this really shows dramatically where we are headed with regard to future emissions at Northport and Port Jeff. When you consider the additional infrastructure that being built on Long Island, Caithness, for example, the Neptune intertie coming in this year, the future and possible wind-powered facility, and the fact that we could install some of modernization technologies at

Northport, we would predict significantly lower NOx, SO2 and CO2 in the future, on the order of -- what is that -- maybe 30 to 40, 50% less than what it's been in the past. And this could be done in the 2009-1011 or 12 time frame. Very similar drastic reductions at Port Jefferson as well, again, because of reduced utilization of virtue of other facilities coming on line and some of these modernization techniques I just mentioned.

And I guess lastly on this I really wanted to mention is we're trying to address air quality with these emission reductions. And we need to keep in perspective that air quality is a regional issue. The fact that you are standing next to a power plant doesn't mean you're breathing any different air quality than if you're standing out in the middle of Lake Ronkonkoma. Basically what we're looking at is a regional phenomena which is significantly guided by motor vehicle traffic and upwind transport from facilities in the Mid West, primarily coal plants and other industrial facilities.

An interesting statistic is that 20 -- only 20% of the total NOx emissions on Long Island come from power plants. The other 80% is primarily from motor vehicles. And interestingly, the agencies, EPA and New York DEC, have done a number of modeling studies, which show that even if you were to zero out -- and what they mean by zero out is shut down all of the power plants in the New York Metro area -- you would not change the air quality that you and I breathe by any measurable amount. And that's simply because of the motor vehicle issue and the upwind transport issue.

So the question becomes, how much money is it prudent to spent on emission reductions and repowering with regard to what benefit air quality-wise do you get from that investment. You will get much lower emissions, but will those lower emissions really translate into improved air quality. And what the models are saying is probably not. That doesn't mean we shouldn't do it, but it's something that we need to keep in perspective in terms of the value of the investments that we make.

CHAIRMAN HORSLEY:

Interesting. Gentlemen, thank you very much for the conclusion of your report. I'm sure we have a few questions. And that is a frightening proposition that you proposed in that last comment, by the way.

MR. MANNING:

But I think, Chairman, just to catch Bob's last comment, this is not in any way to detract from our willingness to work on this issue. We have been on this issue for a number of years, we've done a lot of analysis. But the reality that all face collectively is that one, that this is not the primary driver of air quality. It is a contributor, and we are the large industrial, there's not a lot of manufacturing left on Long Island. So KeySpan recognizes that we are one of the major industrial corporations on this Island.

CHAIRMAN HORSLEY:

And a good responsible corporation as KeySpan has shown to be this week with the MGP issue, I'm sure that you'll respond to this issue as well. Let me start off with a question that I -- that I'm concerned with concerning the overall acquisition of National Grid-KeySpan in relation to these particular plans. Vertical market power is an issue of great concern to the Department of Public Service staff at the PSC. The PSC Is greatly concerned that this merger would allow Grid to effectively manipulate utility rates across several energy markets. In fact, in the 200 page report of last week, staff wrote that divestiture of KeySpan's generating assets should be a precondition of a National Grid take other.

Since we're here to talk about the repowering of Northport, the repowering of Port Jefferson and bringing down our emissions, if this merger does take place, are we looking at a precondition that KeySpan-National Grid will be divestituring of these plants and they'll be spun off into some third entity. David, I think this is something that you might want to address.

MR. MANNING:

Absolutely. First, number one, there was some discussion at the beginning, because there was an issue as to whether or not National Grid was interested in these assets. The assets that we have, Ravenswood is a very large part of the New York City generation scene, therefore, it's very necessary to New York, and there's a very low-risk profile.

The plants that we have on Long Island, the ones that Bob has just described, they're all under long term contracts with the Long Island Power Authority. They have a very low-risk profile. As a result, National Grid, which is one of the largest utilities is very happy to retain these plants and to be in this business[.|.|.] that's number one. Number two, they have been --

CHAIRMAN HORSLEY:
Commitment or?

MR. MANNING:
Sorry?

CHAIRMAN HORSLEY:
Is that a commitment?

MR. MANNING:
Oh, yes. No, they've been very clear on that. And you can understand why. This is a good business[.|.|.] The return on these plants as you also have been told before by me is not high. It's a modest return, but it's a consistent return. That's what utilities do. They have very reliable investments. This is -- we don't get great swings here.

Number two is National Grid had been recently choosing their team going forward. And the two significant operators -- of course, the power plant operation will remain with KeySpan employees, because we're the ones that are maintaining these plants now, but they've also made two key appointments to operating their transmission system in the US, which is significant. And one of the individuals were moved to Massachusetts to operate that system, and the other, of course, stays here. And they are both long term KeySpan employees who are very well known to LIPA, very highly regarded. So I think it's very noteworthy that they are committing themselves long term to seasoned KeySpan executives who understand how this business works.

Number three, the staff report, Mr. Chairman, was really focused on Ravenswood. The Ravenswood Plant is a large part of the New York City energy scene. The concern that was raised by a staff report was market power. The market power issue has been dealt with the Federal Energy Regulatory Commission who actually regulate all these plants. These plants are regulated and controlled by FERC. FERC has determined that there is no market power issue. New York City raised the issue initially. They have satisfied themselves that there is no market power issue. The issue is that is National Grid's in the transmission business Upstate, would they still be interested in building more transmission to get more power to New York City when they own a plant in New York City? That basically sums it up.

And, of course, their position has always been that they are some of the most sophisticated transmission builders in the world. This is one power plant in London, there's 21 power plants in New York City. So they're going to be trying to do transmission. But there's a lot of companies in this business wanting to do transmission in New York City. New York City as you know, has a peak load of 13,000 megawatts, they have 5000 megawatts of transmission coming in. And that's why they've had been very successful, as you know, with the Cross Sound cable and now the Neptune. That has been a prime focus.

So the staff report is just one component of this, Mr. Chair. The decision ultimately gets made by the commission. Interveners such as County will all be heard. The Law Judge will make his recommendation. So understand, please, that this is a staff report, there will be rebuttal testimony

filed next week, and there's always a conversation, there's always settlement discussions. That the process.

We are in a regulated calendar so that we can get these issues dealt with, but the real issue which is not dealt with obviously in that report is the economic benefit to -- of this transaction. And the cost savings and the synergy saving, which will be shared with the consumer repeat themselves year after year. So not only do you get the expertise and the efficiency, these are permanent savings, these are not one time. And really the larger part of the conversation.

CHAIRMAN HORSLEY:

As you know, I've questioned the synergy savings and how much the ratepayers will be receiving back if this acquisition does occur. As a follow up to that question then, since you mentioned NIMO, the Niagara Mohawk, staff also cited that -- in this report -- that Grids NIMO merger, that they committed a future divestment of generating assets and withdrawal from the generation activities. Now, they are purchasing several power plants as a result of this merger. Was Grid misleading the PSC then or were they then being forthright and do intend to sell off KeySpan's power plants? I mean, does that --

MR. MANNING:

The issue is you can't own power and own the transmission distribution system in the same -- in the same region. So the issue there was that -- in other words --

CHAIRMAN HORSLEY:

So because of LIPA being in the middle here, this would not be an issue for us?

MR. MANNING:

The days of the vertically integrated utility are gone. Yeah. Con Ed -- Con Ed still owns some generation under a non regulated entity, but Con Ed was forced to divest the power plants that it was owning and operating within New York City. It still operates some because of their steam system, but the regulator does not allow you to operate. In other words, if National Grid was to acquire Con Ed, it would be very difficult for them to maintain to retain Ravenswood in that scenario.

So the divestiture that took place in the previous acquisition was all in the same neighborhood. This is a very different situation. Your utility on Long Island is the Long Island Power Authority. We operate -- own and operate plants on Long Island. As Bob pointed out, they're a component, they're not the largest component, but they are a large component of Long Island's generation fleet, that we're not trying -- National Grid is not -- is not your distribution utility and your generation owner.

CHAIRMAN HORSLEY:

Thank you very much.

MR. MANNING:

So change in circumstances is my short answer. It's completely consistent.

CHAIRMAN HORSLEY:

Are there any other further questions? Please, Legislator Stern, then I might have a quick one.

LEG. STERN:

Thank you, Mr. Chairman. Welcome, gentlemen. Very quickly, I don't know if there was a definitive answer on Spagnoli and what still needs to be done, you know, regarding the approval process in the future. Did you say there was certification or an approval from the Town of Huntington that in place, and if that's true, what would still need to be done in the process?

MR. MANNING:

Everything is in place to build Spagnoli Road, but the only way that you could operate, that you

could build a plant of that scale, would be to have a power purchase agreement with the utility, that is the load serving entity, which would be LIPA. So that's the issue. But, no, we don't have any approvals. We're still required -- we have every thing we need. We could -- we're done in terms of that process.

LEG. STERN:

So it really just becomes a LIPA issue?

MR. MANNING:

Yes. And LIPA's charge is to balance the load across the Island and make these decisions.

LEG. STERN:

And you had mentioned that there was going to be -- was it beginning this year, maybe in the summertime -- that there was going to be a pilot project. This was the demonstration project with peaking units burning bio fuels. I was wondering how long that pilot project would last, and at what stage or stages along the way would there be some kind of analysis that you would have and then maybe we can take a look at to see how that's going.

MR. TEETZ:

Sure. Just to fill a little more detail in that. We are working with LIPA who buys the fuel for our plants to experiment with bio fuels at our East Hampton and Montauk peaking units this summer. That would be an entire full summer of operation with the bio fuel. We'll be doing some analysis and testing to determine what the emission rates are, what the plume -- stack plume visibility issues may be and the compatibility with the actual infrastructure to make sure that we can burn it efficiently and cleanly, and then we'll make some determinations afterwards whether it's something that we want to continue to do at those facilities and possibly on a greater scale.

The availability of bio fuels at economic prices right now is not that great. We would use tremendously large quantities at some of the larger plants, and it's simply not available at a reasonable price at this point.

MR. MANNING:

And it is noteworthy that we have funded the testing at Brookhaven of one of the alternatives, which is basically turkey parts. And we -- that was not ratepayer dollars, that was KeySpan shareholder dollars. We spent several hundred thousand dollars to test out that fuel. And we have an odor issue, candidly. We're not there yet, but we are working hard to move into that sphere.

Certainly a number of people have a great dream that rather than putting up cooling towers around Northport that you put in some kind of a, you know, bio fuel digesture unit there that you could actually manufacture on Long Island. But as Bob points out, there has been such a rush to ethanol. But if you're talking about cellulosic ethanol or waste ethanol rather than corn, then we're interested. And we're certainly working with a number of different companies along those lines.

LEG. STERN:

I'm looking forward to see how that goes.

MR. TEETZ:

We'll be happy to report that back to you.

CHAIRMAN HORSLEY:

With that very interesting turkey parts, was there a Thanksgiving turkey -- turkey promotion to the employees? Did everyone get their turkeys on Sunday morning?

MR. MANNING:

Mr. Chairman, the entire turkey gets used.

CHAIRMAN HORSLEY:

Just checking. On March 6th -- this goes to the question of me constantly trying to push you guys into making decisions -- Mr. Catell testified that -- before this committee -- we do have plan for repowering, but we have not gone public because we really do need LIPA's agreement to spend these dollars, because, of course, they have to be recovered. Has that plan progressed? If so, how? And if not, why not? Has National Grid been privy to that plan? If so, have they approved? And if not, why not? How will the merger affect those -- the way those dollars are recovered?

MR. MANNING:

We are all in the room. There's no question that National Grid and KeySpan and LIPA have been working through this. As you can appreciate, LIPA has even more detail than what we've shared here, because of time constraints. The conversations are ongoing, and there are a number of issues. There's issues of space, there's issues of the right approach to take, there's issue about the ability of power off-Island. All of those components are in the mix. But I can assure you that National Grid is as enthusiastic on this issue as we are and that the merger, if anything, will I would suggest enhance that enthusiasm.

CHAIRMAN HORSLEY:

Thank you. I just also note on March 6th, 2006, it was stated that you had a meeting with LIPA the following week to layout your repowering plans. This is March 6th. While I'm not asking you to speak to that -- to that meeting, can you confirm that such a meeting had occurred, and are you -- when do you think that this -- this end product will be given to us ratepayers?

MR. MANNING:

Absolutely, the meeting took place. We also -- as you know, LIPA saw a 10% growth in demand last summer, which is, you know, just astounding. So that's all part of the discussion.

CHAIRMAN HORSLEY:

As well as you did too, right?

MR. MANNING:

Yes.

CHAIRMAN HORSLEY:

Nice going.

MR. MANNING:

Absolutely. But the conversations are ongoing. In terms of timing, we would suggest that this -- the discussions for all of us will be aggressive. We're into a regulatory process, as you know. I could see all of these issues being dealt with over the next few months.

CHAIRMAN HORSLEY:

Do we get on that share when you do you make that announcement, because we're --

LEG. VILORIA-FISHER:

We'll be the first to know.

CHAIRMAN HORSLEY:

We want to be the first to know or second. Let the State Legislators go first.

MR. MANNING:

As I said to the cameras, sir, we'll be fully transparent and open. And we'll look forward to working with you going forward.

CHAIRMAN HORSLEY:

We love transparency. Ms. Viloría-Fisher.

LEG. VILORIA-FISHER:

David, we've mentioned quite a few times the demand side of this, and I listened to you speaking with Legislator Stern regarding the consideration of alternative fuels and trying to be greener on that end. But we haven't said a great deal about conservation. And I'd like to know what kind of commitment there will be when there is a merger -- if there is a merger on the conservation efforts, because I believe that's clearly the way we need to go.

MR. MANNING:

If Channel 12 has left, may I just say bless you. My answer. National Grid US, the company that we're merging with, as you know, is the entire National Grid Organization, but they have spend over a billion dollars on conservation -- on the electric side since the late '70s. They have designed programs which are currently under license to NYSERDA and are being used by LIPA. Many of those programs were developed by National Grid. They, remember, have primarily been an electric company. The gas business is a small part of their operation.

The award winning programs in gas conservation have largely been development by KeySpan in New England. Now, we are introducing those here as part of the this case and acquisition. So we have superb programs in New England, which are encouraging people to go with smart metering -- I should say to smart thermostats, high efficiency appliances, insulating their homes, there are cash rebates available for all of those technologies, and they're available, of course. So you will see as part of this -- it's already actually in the mix.

As part of the case which is now before the Public Service Commission, we are seeking permission to introduce those programs here. So this company will be very dedicated to both electric and gas efficiency. And I think that you will see real evidence of that. And, of course, one element is public education so people will know what choices that they have; number two will be incentive for them to be able make the correct choices going forward; and, of course, number three is the collaboration that we have with the State authority. That's one of the advantages that we have with the LIPA is they -- they have funding for this sort of work and we collaborate with.

LEG. VILORIA-FISHER:

Thank you, David.

CHAIRMAN HORSLEY:

Just one last -- and this is kind of a softball -- you said that on Monday that you -- that you will remain as Executive Vice President in the new -- alleged new company. Can you -- can you speak to us as whether a merged new company will be as committed as, obviously, KeySpan has many times -- Monday being proof in the pudding that you guys are out there ready to take up the ball when we are -- when we criticize you. Could you please provide me any examples that you guys -- they will be interested in us as you are today.

MR. MANNING:

Absolutely. Number one, it was a term of the transaction. Number two, this transaction largely took place -- my view, and I recognize this is a public hearing -- because of the leadership of the new CEO of National Grid. Steven Holiday will be on the Island in the next period of time. We will make sure that we schedule time so that you can put that question directly to the CEO. Mr. Catell will be -- will assume the role as Vice-Chairman of the Board of National Grid, PLC, the parent, in London. And he will, of course, maintain his role on Long Island, as he's been clear, for at least two years ago. That's his contract. They have a contract with him to do so.

They've made it very clear in all of their public statements that they have admired KeySpan's corporate reputation and commitment to the community, and they intend to maintain that. They've been clear and unwavering in that regard. I should say, because this came up the other day, there's been a lot of press around the work that we're doing with respect to manufactured gas plants. It is a frustration for me, candidly, because that material was put in the ground, as you know, from the

1800s to the first half of the 1900s. We took over in 1999. So some would view it as a late start, but we're working aggressively to resolve those issues.

And as I've indicated, the expertise of National Grid, PLC, in that area is second to none. The leading international symposium on how to remediate lands was held at Redding, England last year. We sent six people over for four days to learn all the current technologies. It was funded and sponsored by National Grid. The leader of their MGP Program in the UK -- they have 800 sites in the UK, and the leader of that program has been given the order of the British Empire for his work in this remediation.

They have 26 PhDs working for them on soil remediation in-house. They are also the authority for the World Health Organization on EMFs, Electro Magnetic Fields. EMFs are not a big issue for us here, because you know, our lines tend to be on right-of-ways and they're segregated from housing. It's a much bigger issue in other parts of the world. And the WHO are looking at that issue. And there are two PhDs in-house National Grid that are working with the WHO as their advisory team so that we can all have a better understanding of EMFs.

So that's why I'm very comfortable staying, as is Mr. Catell, and I'm very comfortable that they have recognized -- and again, they have been reminded, Mr. Chairman, by this august group and others that KeySpan has done a good job out here and that there won't be a lot of tolerance if that slips.

CHAIRMAN HORSLEY:

Okay. I do appreciate that. You know, that I feel that KeySpan in many ways has done many, many good things for our -- for our ratepayers and our -- and our area. However, on the MGP thing since you brought it, I felt like Abraham Lincoln used to say about his early generals that they had a case of the slows. And I felt that that is -- that is the way I feel that we have responded -- KeySpan has responded to MGP case on Long Island. And I'm thankful that you're now in agreement that this whole process has got to be cleaned up for everyone's benefit. Viloría-Fisher and we'll close the hearing.

LEG. VILORIA-FISHER:

Okay. Bob, you know what I'm like when you put charts in front of me.

MR. TEETZ:

I appreciate the good dialog.

LEG. VILORIA-FISHER:

On Page 11 when we're looking at the Northport Power Station emission ranking and Page 12 with the Port Jefferson emission ranking, and you and I talked about this five years ago, we'll keep talking about it, when we're comparing our power plants with power plants throughout the United States, we're comparing them with a lot of power plants that are coal burning plants. And so we don't want to compare to what we consider something that is something -- a place that we would not go. It's just not an acceptable way to go for us, and it's outdated and dirty. When we compare to the Northeast, how many Northeast power plants burn coal? Are there -- in that comparison rating, are there any coal burning plants in the Northeast?

MR. TEETZ:

There are Northeast coal plants. If you look at the states that are included in Northeast, and these are the states that, I believe, have made commitments to be in the RGGI Program, the Regional Greenhouse Gas Initiative. There are a number of coal plants in Massachusetts, certainly in Maryland and maybe in New Jersey as well.

LEG. VILORIA-FISHER:

Okay. So when we're looking at those 78 plants that have more tonnage of CO2 going into the atmosphere or 88 on the page with Port Jefferson, some of those are coal burning plants.

MR. TEETZ:

Some of those are coal plants.

LEG. VILORIA-FISHER:

Okay.

MR. TEETZ:

No doubt.

LEG. VILORIA-FISHER:

I want to make sure we're comparing with people that we think are bad guys.

MR. TEETZ:

But the comparison is important in my view, because we on Long Island, pay a premium for these cleaner fuels that we use.

LEG. VILORIA-FISHER:

Yes.

MR. TEETZ:

If you go back to graph -- Page 5, if you go back to the fuel oil and the gas pricing, I don't have a line here, but if you put your finger on two and a half dollars on the left, \$2.5 per million BTU and run it straight across --

LEG. VILORIA-FISHER:

That's what we would be spending if we were burning coal.

MR. TEETZ:

That's what coal is.

LEG. VILORIA-FISHER:

But you know that we wouldn't be willing to save money by doing that.

MR. TEETZ:

I understand. But these are the -- that's why, quite frankly, we see a lot more transmission lines being built into areas that do have cheaper power.

LEG. VILORIA-FISHER:

That's understood. I just wanted to make sure that we -- that it was clear that when we're talking about the Northeast that that also includes some coal burning plants. And yes, we've made good strides, we've lowered the amount of CO2 going into the air and NOx and SOx. And it's understood that much of what is affecting our atmosphere is -- you know, those atmospheric conditions are affected by many other geographical areas.

However, and I believe this, I've believed this from the time I became a Legislator, that we have to do locally whatever we can. And, you know, the old saw, "Think Globally, Act Locally," because those changes because of municipalities like ours that are willing to make those changes locally are spreading. And we're seeing big actions going on nationwide because where the Federal Government has relinquished its responsibility, there are number of local governments who have stepped up.

MR. MANNING:

Just remember that when you take the Port Jeff Ferry and when you get off and the other end and when they hang back a bit and don't straight into the slip on the Connecticut side, it's normally because they're having to stop for the coal barges coming in for that unstruck coal plant, which is washing all of its emissions over Long Island. And yet Connecticut, has fought tooth and nail to

prevent us from building our gas pipeline so that we can actually provide a fuel.

If the Islander East Pipeline landed at Shoreham tomorrow, the first thing that you would do is repower Wading River. Wading River is running on oil. The second thing you would do is repower the other plants that LIPA has built at the Shoreham location. The third thing you would do is build it down to William Floyd to connect up to our system.

And I have been working on that project for five years, and I will die on that project. But Connecticut is not working in anybody's interest by opposing this. We have every approval, every appeal, every court, we are missing one water quality permit from the State of Connecticut. So any assistance there would be helpful. We're back in court in April, by the way, against the Attorney General.

MR. TEETZ:

Just one other comment from a public policy-air quality point of view. In terms of public investment to improve air quality, we hear much about asthma, there is pretty much a consensus now that school buses and our children, school buses burning diesel fuel, don't mix.

LEG. VILORIA-FISHER:

That's why we're fighting diesel as much as we can in every way we can, and we've introduced, you know, some bio diesel issues here and low sulfur, you know, engines and vehicles. By the way, when one of the breast cancer studies that was done by the State -- if I recall, and I can't be quoted on this -- but there was chemical that was suspicion in the environmental, and it was something from Connecticut. So it might have been attributed to the coal burning there, but there was -- one of the suspicion elements was something that was from Connecticut that might have been -- had an impact on that breast cancer study.

MR. MANNING:

Don't forget that the first school bus fleet converted in this region was at Long Beach, and it was converted last year by KeySpan. And we showed a comparison of the -- 99% of the school buses are running on unscrubbed diesel. And I held the, you know, white handkerchief over that pipe for less than three seconds, and it was jet black. I still have it sitting on my desk. And then we went to the clean diesel, not bio diesel, but the super scrubbed diesel bus, and I held it there for less than three seconds, and it was a dark gray. And then we stood behind the L&G bus -- I'm sorry, the CNG Bus, Compressed Natural Gas Bus, and that white handkerchief -- I stood there for ten second, and of course, you couldn't see any -- it's so remarkable, that difference. And so there is a real push. So it's a conversation we should all be having. And there has been a school bus fleet converted on Long Island, which is now running on gas just as the entire bus fleet is in Nassau County.

CHAIRMAN HORSLEY:

And that was paid by KeySpan?

MR. MANNING:

Well, yes. KeySpan did the conversions with Long Island Bus. It was a major initiative. And they have over 330 vehicles that are all running on natural gas. They're 100% natural gas dedicated.

LEG. VILORIA-FISHER:

Long Beach had a NYSERDA Grant, didn't they?

MR. MANNING:

I'm sorry?

LEG. VILORIA-FISHER:

Didn't Long Beach have a NYSERDA Grant for that as well?

MR. MANNING:

Yes. Oh, absolutely. It's not cheap.

CHAIRMAN HORSLEY:

I thought you were offering up.

MR. MANNING:

Well our participation. We did participate, absolutely.

CHAIRMAN HORSLEY:

Absolutely. That's to be commended. Legislator Romaine.

LEG. ROMAINE:

Yes. Very quickly. You talked about Island East line and the problems that you are having with the State of Connecticut. And you indicated any help that we could provide could be worthwhile. Would it be worthwhile for the County of Suffolk to file an Amicus Curi Brief on behalf of KeySpan and enter that case by filing such a brief talking about the need for Islander East on -- in Suffolk County?

MR. MANNING:

I'm not sure that that is still timely. I believe the court record -- but having said that, you can achieve -- we can still put into the record -- during the actually hearing, we can put in editorials, public statements. So while I believe -- I'll have to check that -- I believe that the actual court record is closed, it is -- there's still an opportunity.

LEG. ROMAINE:

Could you get back to either the Chairman or myself? Obviously, I represent the Wading River-Shoreham area. The plant is located in my district, your turbines are located in my district. If you could get back to me with some of that information. I'm certainly supportive of that. I think that type of gas, Islander East gas, coming in better is a heck of a lot better, because it's going to be used on the Island, than Broadwater gas, which may not be used on the Island.

MR. MANNING:

I will get you that information.

LEG. ROMAINE:

So I would appreciate that. And actually if Vinny -- I see Vinny in the back -- if you call my office a little bit about some of those gas turbines that could operate more efficiently and cleaner with gas at Shoreham-Wading River, I certainly would appreciate that if you could give my office a call some time in the next week.

MR. MANNING:

Even a public statement by a public official in the media, like a Letter to the Editor, I believe is all admissible in court. So we will get back to you immediately.

LEG. ROMAINE:

I will certainly be interested in doing that. Thank you.

CHAIRMAN HORSLEY:

Legislator, we're both on the same page on that issue, by the way. That's great. Gentlemen, thank you very much for your presentations today.

Before I break the committee, though, I'd like to ask Commissioner Morgo to step up for a moment. Again, gentlemen, nice job. Thank you very much for being here today.

LEG. VILORIA-FISHER:

Thank you.

CHAIRMAN HORSLEY:

It's always a pleasure.

COMMISSIONER MORGO:

Good afternoon, folks.

CHAIRMAN HORSLEY:

Good afternoon.

COMMISSIONER MORGO:

I don't know if I have any energy left.

CHAIRMAN HORSLEY:

Let me just first say that Commissioner Morgo was originally on the agenda for today to talk about Canon, and because of working with KeySpan's time -- time frame that Jim reluctantly put his presentation off until the next meeting.

COMMISSIONER MORGO:

I wasn't reluctant. I wanted to hear this presentation. It was about a good deal more than repowering. One of things that I did want to bring to the committee, though, is it is appropriate today, because just as clean energy and affordable energy is vital for the sustainable growth of Suffolk County, what I'm going to talk to you about very briefly is also critical, and there are several parallels.

I'm going to go the importance of waste water treatment facilities, sewers when it comes to the quality of our life, the quality of our health and sustainable economic growth. And I want to talk about specific resolutions neither of which is before this committee. But I think you will be familiar with both. One has tabled at the Legislature, and it's IR 2589. It was in Public Works, and it was passed out of Public Works, Vivian, and it went to the full Legislature, and it tabled at your last Legislative Meeting. It received final approval from the Sewer Agency. It's for a hook-up to Sewer District 3. It's the HUB Building in Melville. It was the former home of Olympus. And as you know, with Olympus we lost 850 high paying jobs to Pennsylvania, the last of which left this past October.

Honeywell corporation wants to relocate its Long Island headquarters at the HUB Building. And Honeywell would be bringing 434 of its current jobs and adding jobs totaling -- 166 more jobs totaling 600 jobs at that site. Now, I'm not going to get into the whole question of whether there's sufficient capacity for those businesses and residents within the sewer district. For more than 20 years -- in fact, when I was sitting up there, I relied on Ben Wright, and I still rely on Ben Wright. And Ben has made the DPW's thoughts -- not thoughts, research really, on this well known. So when he tells me there is sufficient capacity, I believe Ben.

But let me just tell you quickly about the Honeywell proposal. They intend to invest \$39 million in renovating the office space at the HUB Building and on equipment. All their jobs would remain on Long Island. They have their national headquarters in Morristown, New Jersey. They could easily move there, but it's the quality of our workforce and the fact that their workers are here and they don't want to relocate that's causing this -- causing them to remain.

In addition to Honeywell, they have a found bio tech pharmaceutical tenant to go into the building with them that would add another 600 high paying jobs. But this bio tech company is getting skiddish because of the tabling of the resolution by the Legislature. So I would urge you to act on that at your meeting on March 6th. It's a tabled resolution that will be before you again.

CHAIRMAN HORSLEY:

It's tabled right now?

COMMISSIONER MORGO:

It's tabled right now. It's table on the floor at your last meeting.

LEG. VILORIA-FISHER:

Are you coming to that meeting.

COMMISSIONER MORGO:

I am going to come for the public portion. I cancelled two -- I didn't cancel, I postponed two meetings today --

CHAIRMAN HORSLEY:

To be here to let us know this.

COMMISSIONER MORGO:

Yeah. But I did want to get this across too. You are the Economic Development Committee after all. Let me tell you something else about another resolution that passed out of committee unanimously yesterday, it passed out of Public Works, but it has economic development ramifications too. I don't know how many of you have heard of Ruby's Costumes. I hadn't. But I learned that they're the world's largest, the world's largest -- if you have little kids, I guess maybe you know or maybe with grandchildren -- they're the world's largest manufacturer, distributor and they have the largest showing of costumes. They work with Broadway shows and theaters. Of course, their big holiday is not Christmas, it's Halloween.

And They have several different manufacturing, showcases, distributing area all across Long Island. In fact, they have a big showroom in New York City. What they are intending to do is to build 130,000 square foot building -- I think that's the size, let's just check -- I'm sorry, 103,000 square foot building on the southwest corner of Route 110 and the South Service Road in Melville.

They're consolidating their executive sales and some manufacturing at -- they intend to at this building. It's going to be new construction. And they are going to use 30,000 square feet of the 103,000 square feet and rent out the rest of it. They're adding -- they will be adding -- not adding, they will have almost 700 jobs there by 2009. That's with the consolidation. And they will be adding about 50 new jobs at the site in Melville.

The final approval for the sewer district hook-up was passed, as I said, out of committee. It's IR 1083. They're going to be spending almost \$24 million with land acquisition and construction for this new building in Melville. So as we know from cost benefit analysis, the multipliers, there are several there. And again, it's keeping the jobs on Long Island. So those are two IRs I wanted to mention to you.

CHAIRMAN HORSLEY:

Thank you very much, Mr. Morgo. That's good work, by the way. We're appreciative of that. Just quickly, I know that Danon (sic), we're going to be talking about that next time, because it's the all important issue for Long Island economic development wise. How are they on sewers.

COMMISSIONER MORGO:

Canon makes these two pale by comparison, by the way. And when I'm at presentation, I'll get that.

CHAIRMAN HORSLEY:

Just on the issue of sewers.

COMMISSIONER MORGO:

They're going to be in the same situation. They're outside -- the 52 acre pumpkin farm is outside the sewer district. There was a conceptual approval for the new headquarters of Commerce Bank on that same site, which will not be the same. They will have to go through the Sewer Agency and go

for their approvals, but they will be, Mr. Chairman, in the same situation.

CHAIRMAN HORSLEY:

Thank you very much. Ed.

LEG. ROMAINE:

Some questions. Number one, why was the original resolution that you discussed tabled on the floor?

COMMISSIONER MORGO:

I think it was, Legislator, because of the question of sufficient capacity within the sewer district. I wasn't at the meeting, but I understand that was the reason.

LEG. ROMAINE:

I'm sure -- and that gets to the second question. I'm sure that that's going to be an issue. And hooking up to the Southwest Sewer District is probably coming to an end, particularly for people outside the district, because every time you hook up people outside the district, those still not hooked up within side the district are denied that opportunity. And I think that's going to be a big problem, because we're pretty much at capacity or close to capacity from what I can tell.

And lastly, has the County give any thought to constructing a sure district in the Melville-Huntington area to act as an alternative to these large corporations and job generators that you talk about, give them an alternative if capacity was not available at Southwest?

COMMISSIONER MORGO:

One think, perhaps you didn't hear when I began by talking about the capacity issue, Ben Wright and the folks at DPW have made it clear to me that in numerous empirical studies where they looked at the remaining parcels within the district that haven't hooked up, and they did the GPD, the gallons per day, the flow, and they made the point that there is still sufficient capacity. Now, I'm not an engineer, and I'm not going to do all the research. As I said, I've depended on their expertise for a long time.

LEG. ROMAINE:

I'm dealing with a sewer district -- sewer plant in my district that was built for a 30,000 gallon a day capacity, which was thought to be more than enough.

COMMISSIONER MORGO:

How much, Ed?

LEG. ROMAINE:

Thirty thousand. It's a small plant. They're new using 40,000 gallons and they don't know what to do, because if the plant closes down, the whole condominium closes down. And it's well over capacity. So whatever estimate they gave was underestimated. And I have great concern that flow capacity is somewhat underestimated with the Southwest Sewer District.

COMMISSIONER MORGO:

With all due respect, I began by saying that I was going to discuss the question of capacity.

LEG. ROMAINE:

I won't go into that. And I obviously see that the Executive is trying to negotiate with Nassau County for hook-ups, which leads me to believe that capacity may be a problem. Having served on Public Works, I just think it is. And my last statement to you, has anyone in your department ever taken a list of promised jobs that people coming into the area have offered over the last ten years, added then up and see how many jobs are actually created at the end of the day? Because I know we give tremendous incentives, and you have.

COMMISSIONER MORGO:

In deed we have. Boy, no one would ever guess that I asked Ed to ask this question. We have. In fact, we were -- we were one of the six IDAs audited by New York State in their last audit, and we were the only IDA of those audited that exceeded the jobs from the jobs that were promised. We do an --

LEG. ROMAINE:

In the last -- what was the time period or time frame that they looked at?

COMMISSIONER MORGO:

It was from the Year 2000.

LEG. ROMAINE:

Okay. Were any others audited in Suffolk County?

COMMISSIONER MORGO:

Any other IDAs? I don't think any of the others were Suffolk County, no.

LEG. ROMAINE:

Okay.

COMMISSIONER MORGO:

But we do an annual report every, Ed. I'm not going to do it now, you've been here all day. But one of the things with Canon, we have benchmarks where they have to come up -- you probably read that in the paper. It's a very valid question. And I'm very proud of our efforts. And we are not unique, but we are not typical of some of the other places either.

LEG. ROMAINE:

Now, let me ask you about the IDA since you're here, and I don't want to pursue this any longer, last question. The Suffolk IDA only provides IDA financing in towns that don't have their own IDA or do you actually go in and compete with local town IDAs?

COMMISSIONER MORGO:

The answer to your question is we will defer to a local IDA if there are two factors; if the local IDA involved wants to be involved in the particular project and if there are no extenuating circumstances. What do you mean by extenuating circumstances? I'll tell you. I'll give you an example. Dowling College was planning expansions in Oakdale and in their Selden -- Shirley -- and in their Shirley Campus. They needed one deal, so we did Dowling College, because they were in both towns. But in most cases, we will defer to the local town.

LEG. ROMAINE:

I only mention that, because the Riverhead IDA passed on Suffolk Community College Culinary Institute because the developer had promised to pay the town taxes, and instead, the developer went around to Suffolk County IDA to get that financed and to get an abatement, and the town was kind of surprised at the last second, because they were counting on taxes from that peculiar development, because that culinary institute is being leased by the County, not owned by the County. The developer, as you know, is Mr. Parr. And the town mentioned that to me. And I said, well, that's a little odd that the County IDA would -- would finance it and not coordinate with the Riverhead IDA.

COMMISSIONER MORGO:

There are a lot of -- I'm sure we're not going to talk about that now. But check the transcript of the hearing on that, because it's interesting.

LEG. ROMAINE:

I will.

CHAIRMAN HORSLEY:

Is anything else you would like to add, Mr. Morgo?

COMMISSIONER MORGO:

No. No. But thank you for the time. And the presentation I sat through was really well worth it. I'm sure the people I cancelled the meetings with won't mind.

CHAIRMAN HORSLEY:

We are awaiting your report on Canon next -- next time out.

COMMISSIONER MORGO:

Okay.

CHAIRMAN HORSLEY:

That's more than worthwhile.

COMMISSIONER MORGO:

Thank you, folks.

CHAIRMAN HORSLEY:

Thank you. Meeting is adjourned.

(*THE MEETING WAS ADJOURNED AT 4:11 P.M. *)

{ } DENOTES BEING SPELLED PHONETICALLY