

1 STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter

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-of-

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Case 06-M-0878 - Joint Petition of National Grid PLC and
KeySpan Corporation for Approval of Stock Acquisition
and other Regulatory Authorizations

6

06-G-1185 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of the
Brooklyn Union Gas Company for Gas Service

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06-G-1186 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of KeySpan Gas
East Corp. d/b/a Brooklyn Union of L.I. for Gas Service

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Public Statement Hearing
Evans K. Griffing Building
Riverhead Co. Center Auditorium
300 Center Drive
Riverhead, New York

14

Tuesday, January 9, 2007
1:00 p.m.

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PRESIDING:

PATRICIA ACAMPORA,
Chairwoman

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GERALD L. LYNCH,
Administrative Law Judge

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Jeanne O'Connell R.P.R. (518)-271-7904

1 JUDGE LYNCH: Good afternoon, ladies and
2 gentlemen. This is a hearing to accept public comments
3 on issues pending in three New York Public Service
4 Commission cases.

5 In very broad terms, the three cases concern
6 the following: Number one, whether the Commission
7 should approve the proposed acquisition of KeySpan
8 Corporation and its various subsidiaries. Excuse me.
9 Whether the Commission should approve the proposed
10 acquisition of KeySpan Corporation and its various
11 subsidiaries by National Grid, and whether the
12 Commission should adopt ten year gas rate plans for two
13 of the subsidiaries called KeySpan Energy Delivery New
14 York and KeySpan Energy Delivery Long Island.

15 The second case concerns the terms of a one
16 year rate plan for KeySpan Energy Delivery New York if
17 the proposed acquisition is not approved. The third
18 case concerns the terms of a one year rate plan for
19 KeySpan Energy Delivery Long Island if the proposed
20 acquisition is not approved.

21 This is the first in a series of public
22 statements we are going to be conducting this week, next
23 week, and in Staten Island on February the 1st. My name
24 is Gerald Lynch and I am one of the two Administrative
25 Law Judges assigned to these cases. Judge Michelle

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1 Phillips is also presiding.

2 Our primary roles include managing the case
3 schedule and assuring the development of a complete
4 record of relevant facts and arguments for final
5 decision making and offering analyses and
6 recommendations of the legal, factual and policy issues
7 presented in the three cases.

8 The ultimate decisions will be made by the
9 New York Public Service Commission, which at this point
10 in time is a five body panel of which there are four
11 members currently. They are appointed by the Governor
12 with the advice and consent of the New York State
13 Senate.

14 Notice of these hearings was issued on
15 December 20th and published twice each in the Daily
16 News, Newsday, and El Diario. The notice summarizes
17 some of the key issues in these cases. And I think, if
18 I take a moment, the merger--the notice lists some of
19 the key issues which have to do with how the merger or
20 the acquisition will be financed.

21 It talks a little bit about whether the
22 acquisition of unregulated electric generation assets
23 would undermine the competitive market. There's also,
24 as you know, the ten year rate proposal and there are
25 many issues surrounding that.

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1 With respect to the individual one year rate
2 plans, these are like any typical regulated utility rate
3 case, involve forecasts of all the components of revenue
4 requirement, including revenues, expenses, taxes, the
5 cost of capital investment in plant, as well as emphasis
6 on service quality, service reliability, low income
7 programs, and energy efficiency programs.

8 Now, in order to provide you with
9 complete--more information about these complex cases,
10 there is a fact sheet that's been prepared.
11 Unfortunately, the person who's bringing the fact sheet
12 is not here. And this irks me more than it irks you.
13 And they will be available hopefully within the next few
14 minutes.

15 But we are early in the case and there is a
16 pretty broad spectrum of issues on which people can
17 comment today. The process for the hearing today is
18 pretty simple. Interested members of the public who
19 want to comment are asked to fill out a card, write
20 clearly your name and your address.

21 At this point I have five cards, and there
22 are people outside who are signing up other speakers and
23 they can bring them into me at any time. When your name
24 is called, please come up to the podium. There is a
25 wire running from the center of the room to the podium.

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1 If you could be aware of that and avoid it, I would
2 appreciate it and you would appreciate it.

3 We have a court reporter here today who is
4 going to prepare a verbatim transcript. It's very
5 important that only one person speak at a time so she
6 can get down everything that's said.

7 Speakers are also cautioned to speak clearly
8 and slowly. It is also important that those in the
9 audience be courteous to the speaker whether or not you
10 agree with his or her comments. Please turn off or
11 silence all cellular telephones, and please leave the
12 room if you must make, receive calls or otherwise feel
13 the need to converse with anyone.

14 All speakers are asked to direct their
15 comments to issues that are relevant to the proposed
16 stock acquisition, the associated ten year gas rate
17 plans for KeySpan Energy Delivery New York and Long
18 Island, and the alternative one year gas rate plans for
19 KeySpan Energy Delivery New York and Long Island.

20 As stated in the notice, LIPA's retail
21 electric rates are not an issue in these cases. Neither
22 are the contracts between KeySpan and LIPA under which
23 the former maintains and operates the electric
24 transmission and distribution facilities of the latter,
25 and under which the former sells energy to the latter.

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1 Your comments should also be succinct. I
2 don't think it's going to be much of an issue today
3 because it looks like we don't have that many speakers
4 at this time.

5 The hearing is scheduled to run from one
6 until two, and we will stay here at least until three if
7 there are speakers past 2:00. And I am also going to
8 extend the hearing a little bit because I waited just a
9 little bit to start and I apologize for that. I was
10 hoping the person with the handouts would be here, but
11 that didn't happen.

12 Those who want to comment but don't want to
13 speak or if you don't get a chance to speak--and, again,
14 I don't think that's an issue--there are ways mentioned
15 in the notice by which you can write, call a 1-800
16 number, or send messages to the Commission's web site.

17 If anybody at the end of the hearing wants
18 me to repeat those I would be happy to. If anybody
19 needs them now I guess I could do them, but they are in
20 the notice and there's really no change there. The main
21 thing is, if you are going to mail your comments, mail
22 them by February 19th, and that applies also to e-mails
23 and telephone.

24 Whether the comments are stated at a hearing
25 like this one, sent in by the mail, e-mail or telephone,

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1 they will all be reported to the Commission for its
2 consideration when it decides these cases. And I know
3 that will happen because I am the person who is going to
4 be doing it, or at least I'm one of the two people who
5 will be doing it.

6 I should also add there's no date that has
7 been set firmly for Commission decision, but the
8 schedule that's in place today assumes the Commission
9 will be making a schedule in late August 2007. That
10 goal is the goal that's in place today. As it's a
11 Commission date, not a date that I set, you must
12 consider it as tentative and subject to change.

13 Along with the public comments that will
14 come in through hearings like this and in other ways,
15 there is also a formal process going on in parallel with
16 these informal hearings.

17 In the formal process there are about 50
18 active parties, many of whom are represented by counsel.
19 Each is allowed to conduct discovery, to submit
20 testimony and exhibits under oath, cross-examine
21 opposing witnesses and to submit written briefs on
22 legal, policy and factual issues.

23 The information from that process, and the
24 information from this process is all put together,
25 packaged for the Commission, so it has all the

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1 information that it needs to decide whether the merger
2 or the acquisition is in the public interest.

3 If so, subject to what conditions. If not,
4 then the Commission will make a decision on the two
5 individual one year rate plans. So, the ten year rate
6 plan under the merger or the acquisition, and the
7 individual rate plans, are alternative proposals. Only
8 one of them will be adopted.

9 Let me ask: Does anybody have any
10 preliminary questions about the process or anything at
11 all that you think you need in order to participate in
12 the hearing today?

13 Yes, sir.

14 SPEAKER: Yes. If I speak this afternoon
15 can I come back and speak tonight or tomorrow or at any
16 future hearings?

17 JUDGE LYNCH: Generally, no. And the reason
18 for that is--

19 SPEAKER: New information comes in all the
20 time.

21 JUDGE LYNCH: If new information came in and
22 you had an additional point, and we had time, I would
23 certainly probably provide for it. What we don't want
24 to do is have individuals on the whole taking up more
25 time so other people don't get to speak. So it's a

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1 balance.

2 So, if you have something to say today and
3 then you decide that there is something you left out or
4 you hear something else that maybe raises something you
5 wanted to add, we will certainly try to accommodate
6 that.

7 Does that help you?

8 SPEAKER: Thank you.

9 JUDGE LYNCH: Thank you. Any other
10 questions?

11 We have in our midst a Mayor, and consistent
12 with agency policy I am going to entertain comments from
13 that gentleman first. His name is William H. Kelly,
14 Asharoken Avenue, Asharoken, New York 11768.

15 MAYOR KELLY: Where are you from, Judge?

16 JUDGE LYNCH: I'm from Bayridge, via West
17 Babylon, via the Bronx, via Stony Brook, via New
18 Hampshire, via Albany.

19 MAYOR KELLY: That's part of the problem
20 here is nobody knows the correct name of Asharoken.

21 JUDGE LYNCH: Even when I grew up in West
22 Babylon I wouldn't have gotten it right.

23 MAYOR KELLY: You're more than welcome to
24 come out.

25 Just to give you as a start, this is the

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1 beginning of the Village of Asharoken. This is the
2 Northport power plant which is subject to acquisition by
3 our British cousins. So I will start, and I will be
4 brief.

5 Good afternoon, Judge, Members of the
6 Commission, Members of the Legislature if you are here,
7 and interested parties.

8 My name is William H. Kelly. I am the Mayor
9 of the small but powerful Village of Asharoken and I'm
10 also an individual participant in a lawsuit against
11 LILCO and now its successor KeySpan and soon to be
12 successor National Grid.

13 The Village is also a participant in this
14 lawsuit. We claim that the plant is a public nuisance
15 and has destroyed the beach. The US Army Corps of
16 Engineers has independently come to that conclusion
17 about two years ago.

18 Our lawsuit started 12 years ago, and we are
19 in the twelfth year of the lawsuit, but the Corps
20 concluded that the plant is a total littoral block of
21 sand to the village.

22 Asharoken technically is a convolve, which
23 is an accreting spit of land which would be accreting if
24 the plant were not there.

25 In any event, my function here today is, in

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1 the words of our British cousins, to throw a spanner
2 into the works. Let me explain.

3 The severe erosion is caused by the power
4 plant and only the power plant. Approval of this merger
5 before the lawsuit is finally adjudicated and settled
6 would be a gross dereliction of duty by the Public
7 Service Commission of the State of New York.

8 There is precedence for your delay of
9 approval of this merger. The New York State Department
10 of Environmental Conservation has withheld implementing
11 Article 34 of the Environmental Conservation Law, which
12 is the Erosion Hazard Coastal Line and its concomitant
13 regulations, only in one municipality in the State of
14 New York, and that is the Village of Asharoken.

15 And the reason they have not implemented
16 those regulations is they issue a permit to this power
17 plant to discharge up to one million gallons per water
18 per minute at the shore's edge, and that is part of the
19 erosion problem. It's like a fire hose that goes out
20 there.

21 And they are unwilling to go to court and
22 say, well, you are eroding Asharoken, but we are causing
23 it, and therefore you can no longer rebuild. You have
24 to move your houses and things like that. So, they have
25 agreed to withhold implementation of Coastal Erosion

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1 Hazard Line, Article 34 of the Environmental Protection
2 Law of the State of New York, until resolution of the
3 lawsuit, which I thought would have happened a long,
4 long time ago.

5 We started in March of 1996 but the judge
6 has since died, lawyers walked away, we have a new judge
7 and a new lawyer, and we hope that the decision will be
8 coming shortly.

9 I have no idea what due diligence National
10 Grid has done on this lawsuit. I do know that LILCO
11 lied to KeySpan about the seriousness of our suit. I am
12 not really concerned about what private business does in
13 their merger negotiations, but I think you should
14 understand at the time when we started the lawsuit the
15 cost to restore our beach was between \$18 million and
16 \$25 million. And that was in '96.

17 I have no idea what the cost will be today
18 nor am I concerned about it because we have asked the
19 court to declare it a public nuisance. And the Public
20 Service Commission certainly signed off on this merger.
21 If you are in the business of blessing public nuisances,
22 so be it. If National Grid wants to buy a public
23 nuisance, so be it, but somebody's going to fix that
24 beach and I think they ought to do some due diligence
25 and you ought to take a look at that issue before any

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1 merger is blessed.

2 We have spent, as a small village with 315
3 houses, over a million dollars in legal fees. This is
4 not a light suit. The United States Corps of Engineers
5 has come independently to the conclusion that the plant
6 causes erosion. Our engineers testified that it causes
7 erosion. And LILCO's engineers testified there was no
8 erosion. So, two out of three is pretty good for me and
9 we're waiting for the court's decision.

10 I would ask the Public Service Commission to
11 hold back on this decision until such a time as the
12 court makes a decision. And I would ask National Grid
13 to take a look at the due diligence that they have been
14 supplied by KeySpan. I think everybody wants to push
15 this turkey on to somebody else.

16 As far as repowering the plant, it is a
17 better chance of deflowering the plant than repowering
18 it. We're not going to allow a public nuisance to exist
19 in our neighborhood. So, I think you should take a look
20 at that. If you want to buy something that's useless,
21 that's fine, I have nothing to do with that, but I don't
22 think the Public Service Commission should bless that.

23 If you have any questions at all, Judge,
24 I'll be glad to answer them.

25 JUDGE LYNCH: Do you have any idea when this

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1 lawsuit that you are referring to is going to be
2 resolved?

3 MAYOR KELLY: They call you a Judge. You
4 tell me when a Judge is going to make a decision and
5 I'll tell you what we should do, okay?

6 JUDGE LYNCH: I know when I have to do what
7 I have to do in this case. It's a firm date.

8 MAYOR KELLY: I have been in court since
9 '96. One judge died, lawyer walked away, we got another
10 new judge. Redo the whole thing. I think it should be
11 imminent. I most certainly think--I certainly thought
12 it would have been Thanksgiving, Christmas. Maybe
13 Easter. So...

14 JUDGE LYNCH: Where is this litigation?

15 MAYOR KELLY: Supreme Court Riverhead.

16 JUDGE LYNCH: I believe at the beginning--I
17 am not positive, but I believe at the beginning of your
18 statement you identified this plant, but I am looking at
19 this map and it just says "LILCO power plant". Did you
20 name the plant?

21 MAYOR KELLY: When I was a little boy it was
22 LILCO, then it became KeySpan, and now it's going to be
23 National Grid. It's the Northport power station, which
24 was formerly the LILCO power station.

25 JUDGE LYNCH: Whether it's going to be

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1 National Grid is the reason we are here today.

2 MAYOR KELLY: That is correct. I am here to
3 high light some of the problems. I will give you some
4 copies of the testimony. I added a few things.

5 JUDGE LYNCH: Let me say also--is this all
6 for me? This is what you said today?

7 MAYOR KELLY: More or less. I added. I
8 left out one of the things on the cost. The cost to fix
9 the beach, that's not in that testimony.

10 JUDGE LYNCH: Thank you. You are taking the
11 map?

12 MAYOR KELLY: It is a DEC Coastal Erosion
13 map. It is a Village record.

14 JUDGE LYNCH: Fine.

15 MAYOR KELLY: It's really to identify the
16 power plant. You can see the four stacks here.

17 JUDGE LYNCH: Thank you very much.

18 Let me also say, for everyone that's present
19 here, that from time to time at a hearing like this
20 people will hand me documents, and what I do with those
21 documents is that I will retain a copy for the Judges'
22 use and a copy will also be placed in the case file,
23 which is open for public inspection, and other
24 interested people who want a copy of it can always
25 obtain it through that source.

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1 Again, that's also information that's made
2 available reported to the Commission for its
3 consideration when it deliberates. So, thank you.

4 Next speaker. Let me make an announcement
5 for a second before I invite Mr. Peter Quinn up. And
6 the announcement is that the facts sheet is available at
7 the desk now. And I don't know whether people want to
8 take a moment to obtain copies and review it briefly.
9 Should I take a recess? How do people feel about that?
10 Would people like me to go and press on?

11 Mr. Quinn, how do you feel about it? You
12 are next.

13 MR. QUINN: I will look at it later. I
14 would just as soon go now.

15 JUDGE LYNCH: Let me just mention to
16 people--come on up, Mr. Quinn. This is Mr. Peter Quinn
17 from Tanglewood Road, West Islip.

18 MR. QUINN: Good afternoon, Judge Lynch. I
19 used to be involved as an energy analyst without
20 portfolio for a number of years. Now I serve on County
21 Executive Steve Levy's Energy Advisory Committee, but I
22 am not representing that committee. I am here as an
23 individual.

24 Let me state that at the outset I am
25 unalterably opposed to the merger. I am unalterably

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1 opposed to the one year plan, the 10.9 percent increase
2 in rates as a result of that, and the 10 year plan,
3 which kind of gives fuzzy percentages, 2.4, 2.37 and so
4 on, alternate years from April 1, 2009 to April 1, 2015.
5 And then for providing additional adjustments of 2.5
6 percent for a stream of years which, when combined
7 together, give us a picture of about 4.8 percent per
8 year, but there seems to be at least in the public
9 notice a gap between now and April 1, 2009, so I haven't
10 been afforded to see what the precise amounts are
11 because I am not an intervenor in this evidentiary
12 proceeding.

13 But I would say that those numbers, the
14 way--if I were to look at LIPA, and previously when I
15 was an intervenor in LILCO rate cases and saw the vast
16 amount of manipulation from documents that I received
17 through interrogatories and cross-examining witnesses, I
18 would say that the potential exists for the same kind of
19 what I would classify as utility corruption, in that the
20 numbers are constantly manipulated and changed for the
21 benefit of utilities, not for the benefit of ratepayers.

22 And having said that, one then has to look
23 at what are the benefits. Now, those are spelled out in
24 dollars, more than a billion dollars will accrue in
25 benefits to--and it turns out four different companies.

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1 But then we discover that half of that will go to the
2 shareholders of KeySpan and half to ratepayers, but
3 that's \$518 million.

4 Then you look at the percentages for the
5 companies, and LIPA receives 25.41 percent of that 518
6 million, which amounts to about \$130 million -- that's
7 actually confirmed by what KeySpan and National Grid
8 claim in their summary of benefits for Long Islanders,
9 the total amount becomes--and they don't talk about
10 KEDLI in this document--\$129 million, round it off, \$130
11 million over ten years. Translated, that makes it \$13
12 million a year as a benefit to Long Islanders, where
13 there are 1.1 million customers.

14 Now, that's about the equivalent of
15 breakfast at IHOP each year. So, I would quarrel with
16 the kind of benefits that are going to be derived for
17 the benefit of LIPA ratepayers, and that's a part of the
18 major objection, but the real reason is that this simply
19 adopts the status quo.

20 Where is there--I saw in there that there is
21 a ten percent gas energy efficiency plan. Where are the
22 renewables? Where are the energy efficiencies that they
23 will provide us with incentives to go buy appliances
24 that are available in the marketplace when KeySpan, a
25 couple of years ago, decided we are going to give people

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1 free boilers for their residential homes.

2 It turns out those were 82 percent
3 efficient. I know because I called them. You can go
4 into a retail store and buy them for 93 percent. Why
5 would they sell a product that's inferior? Because they
6 make the money on the natural gas they sell the
7 customers. By the way, there was a \$3,000 cost because
8 you had to remove the oil boiler and put in the natural
9 gas boiler.

10 So, the flim flam, the public should be
11 aware of the flim flam but they also should be critical
12 of what utilities, not just in this country, but around
13 the globe, are doing as a means of selling what would
14 become debt, and there is some question of debt involved
15 in this proceeding.

16 Now, all of us who have been involved with
17 LIPA know that Bear Sterns and Pataki arranged the
18 takeover in '98 for \$7.2 billion. They didn't tell us
19 that there was \$18 billion in interest. So, we have
20 been paying \$550 million a year each year for eight and
21 a half years on debt service, amortization, and
22 interest. That's translated into over \$4 billion of
23 debt that we have paid to bond holders, to financial
24 institutions, and Wall Street brokers, who have
25 benefited substantially with their bonuses that are now

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1 being recorded.

2 I would argue it is high time for the Public
3 Service Commission to say, halt, wait a minute, and the
4 Legislature as well. We need a change, a Manhattan-type
5 project change, to create renewables so that we can cut
6 back on megawatt usage.

7 And why is it since KeySpan picked up 32
8 generating plants on the cheap at the time of the
9 takeover, they bought them for book value, then they
10 tried to sell them for market value, which was two or
11 three times as much. Why haven't they repowered or
12 refurbished those generating plants themselves?

13 Because it would have cost their
14 stockholders money, they couldn't shift all of the
15 burden over on to the ratepayers, and they make more
16 money by keeping them energy inefficient because it
17 means they have to supply more oil and more natural gas
18 to dual-type plants.

19 So, I would argue that there is an
20 obligation on KeySpan to do several things first, and I
21 would also say they are in hot water when it comes to
22 the Superfund sites, of which Irving Like is involved,
23 where they may be forced to pay from 600 to a billion
24 dollars to people who have been harmed, to
25 municipalities whose coves and streams and wetlands and

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1 the estuary to the south of us have become polluted, to
2 say nothing of the health risks and the punitive damages
3 to the homeowners of those properties who are going to
4 have to be reimbursed.

5 So, how can they come up with these flimsy
6 numbers about rate increases when the cost to them may
7 be substantial and maybe National Grid would want to
8 take a second look and get out of this deal. I would
9 urge them to do it.

10 JUDGE LYNCH: In terms of the numbers, I
11 prepared the notice and I put the percentages in. I
12 didn't know the numbers at the time that I prepared it.
13 I have those figures.

14 MR. QUINN: You showed me the--you probably
15 get a hernia carrying that around.

16 JUDGE LYNCH: No, no, but the point is there
17 are specific dollar figures for KeySpan Energy Delivery
18 New York and KeySpan Energy Delivery Long Island with
19 those increases.

20 MR. QUINN: 12 point something percent.

21 JUDGE LYNCH: I'm talking about the
22 multi-year rate plan, the ten year rate plan. I can
23 show you those figures. We just put out yesterday a
24 notice for a hearing on February 1st in Staten Island.

25 Do you use our web page?

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1 MR. QUINN: No, I haven't recently, no.

2 JUDGE LYNCH: But that most recent notice
3 has the dollar figures and the percentages. And the
4 fault for not putting them in this, some vagueness
5 there, I'm not talking about the document you have in
6 your hand, but for the notice, that was just a matter of
7 me not knowing at the time I prepared it what those
8 figures are.

9 This is a big case. We are at the very
10 beginning of it. My familiarity with everything is
11 pretty good for this point in the game, but it's not
12 nearly what it will be months from now.

13 MR. QUINN: I understand the 11 month
14 evidentiary proceeding. I have been involved in them.
15 But I would also add KeySpan filed for a rate increase
16 October 19th, where they are doubling the rates for
17 consumers, and that's to become effective, if it's
18 approved, on September 1st.

19 JUDGE LYNCH: But that's only--that's what
20 happens--that's their proposal for what should happen if
21 there is no merger and acquisition.

22 MR. QUINN: Right.

23 JUDGE LYNCH: Of course there is 50 other
24 parties. Some of them are interested in that. The
25 figure might be different than what they are proposing.

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1 MR. QUINN: One final point if I may.

2 JUDGE LYNCH: Yeah, sure.

3 MR. QUINN: That is that given that natural
4 gas is a commodity, and according to a Paul Hanrahan
5 from AES, the New York Times on Sunday, he says that
6 natural gas--domestic natural gas is diminishing in the
7 United States. Our current purchase of imports is only
8 about three percent, but projections are that in the
9 year 2020 they will be 24 percent.

10 Do we really want as an island to rely on
11 foreign natural gas the way we currently rely on oil
12 from OPEC? Do we want to buy natural gas from
13 Indonesia? I think not.

14 Thank you very much for listening.

15 JUDGE LYNCH: You're welcome, Mr. Quinn.

16 MR. QUINN: I said that I would provide the
17 Public Service Commission with some seven DVDs that
18 somebody at the PSC had requested, so I will leave them
19 with you.

20 JUDGE LYNCH: These are DVDs of what, sir?

21 MR. QUINN: They are entitled: Taxation
22 Without Representation: LIPA, but it also encompasses
23 LILCO, LIPA, KeySpan and National Grid. Thank you.

24 JUDGE LYNCH: Just to make it clear, again,
25 though, this case isn't about LIPA rates.

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1 MR. QUINN: This deals with much more than
2 that. Kind of a history.

3 JUDGE LYNCH: I am taking them. I don't
4 know who asked for them. I know that I didn't. I will
5 bring them back and try to find the right person.

6 Let me say for the record at this point that
7 the next person that signed up to speak is Mr. Irving
8 Like. Mr. Irving Like is an attorney who represents an
9 active party in the case, and there are many
10 opportunities for active parties in the case to be
11 heard, for them to conduct discovery, for them to
12 cross-examine witnesses, for them to introduce evidence.

13 And thus I have conversed with Mr. Like and
14 I told him that it's not customary for active parties to
15 participate in a hearing like this, which is intended
16 for members of the public who don't have other
17 opportunities, and thus I'm not calling on him today.

18 But he is here and I wanted to put on the
19 record in case there is any appeal or anything like
20 that. I am handling this consistent with my
21 understanding of Public Service Commission long standing
22 practice, and I haven't invited other parties in the
23 formal proceeding to make comments at hearings like
24 this. So, I am making that statement for the record.

25 MR. LIKE: Out of respect to the practice I

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1 will not make any public statement today. I will,
2 however, reserve the right to file a written comment
3 with the Commission.

4 JUDGE LYNCH: Thank you for your comment.

5 The next person who signed up to speak is
6 Mr. John McConnell, 76 Gerard Road, Yaphank, New York.

7 And welcome, sir.

8 MR. MCCONNELL: Good morning, sir. Good
9 morning, members of the audience. I would like to first
10 of all thank Legislator Horsley for having this hearing
11 so we have an opportunity to speak on this.

12 My name is John McConnell. I live at 76
13 Gerard Road, Yaphank, New York. Member of South Yaphank
14 Civic, a very active civic group.

15 We are here in basically opposition to this
16 merger. It's pretty scary what Peter Quinn just talked
17 about with the rates and the mergers and all of this
18 stuff here. Why isn't KeySpan or LIPA doing, both, why
19 aren't they doing more renewables instead of relying
20 more on gas and oil, including we have very bad air here
21 in Suffolk County, the second worst in New York State.

22 This should be conditional. Actually I am
23 opposed to it but here's the--just hold on a second.

24 JUDGE LYNCH: Take your time.

25 MR. MCCONNELL: Peter Quinn mentioned about

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1 renewables. That should be a big part of any merger.
2 And any clean ups, especially the manufacturers gas
3 plants, MGPs, they go back like a hundred years. They
4 took coal and gasified and made it into a source of
5 power and energy. There's all sorts of pollution at
6 these sites all over the island.

7 Now, it would seem that maybe National Grid,
8 if they buy over, take control of KeySpan, that they
9 should be held accountable to these costs, not
10 ratepayers. Why should ratepayers--and this is what
11 happens in mergers, whether it's energy or any other
12 type of industry, is that the--you have to pay for the
13 cost of it. How are you going to pay for it? The cost
14 is going to be passed on to higher costs.

15 I have a neighbor who has a relative upstate
16 and National Grid merged or took over that energy up
17 there and guess what happened up there? Service went
18 down after awhile and the rates went up. So, is this
19 going to happen here?

20 There's 1.1 million customers here on the
21 island and this has to be addressed, that they
22 can't--they have to clean this pollution up. They have
23 to clean these plants up. Like I said, this is very bad
24 air.

25 And speaking of the energy in particular,

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1 it's a little sidetrack but it's related to this here.

2 JUDGE LYNCH: I will let you know if it's
3 related.

4 MR. MCCONNELL: All right. We are talking
5 about energy and the industry and so on. November 21st,
6 last year, the New York Times, very interesting article,
7 written by David K. Johnson.

8 He talks about the fluorescein and markets
9 for utilities. Basically what it says is that if a
10 utility needs 100 megawatts of power the next day, or
11 whatever it is, or 300 megawatts, he puts it out to bid.

12 Supposing there is four bidders, \$50 a
13 megawatt--I'm just making this up--\$50, 20, 50, 100.
14 The practice--and this is probably what happened in
15 California--the practice is that they take the highest
16 bidder, not the lowest bidders, and the others who have
17 the lower bid in, they get paid the same price.
18 Everybody gets paid the same, resulting in enormous
19 profit.

20 So, this whole thing--what I am talking
21 about here is the Public Service Commission has to do a
22 better job of oversight. Part of it is the legislature
23 hasn't given them the sweetheart deal, whatever it is.
24 There has to be a lot of oversight, and public service
25 means that they are protecting us.

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1 We are the public. We are the public, and
2 we have to be served correctly. And we pay taxes. They
3 represent us or whatever. And stuff like this to happen
4 where it's--that's what happened in California, I am
5 sure, but they don't say California--but this is New
6 York Times. You can look it up or whatever.

7 Basically this merger is I don't think a
8 good idea overall because there is so many old polluting
9 plants and it's not efficient. And all of this stuff
10 here. Rates can go up and the thing is it's--I don't
11 think it's in our best interest.

12 Thank you very much.

13 JUDGE LYNCH: Thank you. Describe what you
14 are giving me.

15 MR. MCCONNELL: Okay. What I have here is
16 another DVD. I didn't realize Peter Quinn was bringing
17 all seven. I don't know if you want an eighth one. I
18 think we have others over here.

19 Also, I have like just a statement letter
20 from my wife and I talking about this here. Other
21 things in here about--related to what Peter Quinn had
22 said also, Taxation Without Representation, and also
23 about the fact that LILCO statutorily required to make
24 PILOT payments of LILCO on new facilities. In other
25 words, LIPA has--they are not governed by the PSC.

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1 Here's another thing, fax to Legislator
2 Horsley about subject KeySpan, tied to clean up costs.
3 About the different rates. And last but not least is a
4 chart of surcharges and so on.

5 JUDGE LYNCH: LIPA surcharges?

6 MR. MCCONNELL: LIPA and KeySpan.

7 JUDGE LYNCH: It looks like there is a mix
8 of material. Again, I will take it back and I know
9 which is which and I will be able to figure it out.

10 Thank you very much.

11 The next speaker is Dr. Carmine F. Vasile.

12 Welcome, sir.

13 DR. VASILE: Thank you. Thank you for
14 having us and for having these hearings. I am an
15 intervenor in the case proceedings. As such, I am privy
16 to a document by John McConnell's attorney, Michael
17 White. John McConnell is also an intervenor.

18 I would like to read this into the record.
19 It's entitled "Petition for a Rehearing before
20 Commission" by the prestigious law firm of Jspan,
21 Schlessinger.

22 JUDGE LYNCH: This is a Petition for
23 Rehearing, sir, in what case?

24 DR. VASILE: Caithness case.

25 JUDGE LYNCH: That's not this case.

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1 DR. VASILE: I understand that. I know what
2 I am saying. This relates to this case.

3 JUDGE LYNCH: It does, okay, fine.

4 DR. VASILE: This is the conclusion.
5 Paragraph 42, the November 15th Order, "by reason of the
6 foregoing, is unreasonable, unjust, confiscatory and in
7 violation of the constitutions of the State of New York
8 and the United States of America. It is contrary to
9 established evidence in the record in said case number
10 05-E-008 and against the weight of evidence and is
11 beyond and in excess of the jurisdiction, power and
12 authority of the Public Service Commission".

13 Now, this is a very serious allegation. If
14 it's true, that means the Order is void because the
15 petition is a state actor and violated the state
16 constitution. There is case law all the way from the
17 New York State Court of Appeals stating that.

18 JUDGE LYNCH: In this case?

19 DR. VASILE: It's the Court of Appeals case
20 and it says, "any action by a state actor that violates
21 the constitution is void".

22 JUDGE LYNCH: Right. My question, though,
23 is: Has the court made that determination with respect
24 to the case you are referring to?

25 DR. VASILE: No, I'm saying this is an

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1 allegation. There has been no--this is a pending
2 allegation. December 15th it was submitted, the
3 opposing papers did not controvert this, so now it's
4 pending before the Commission.

5 Now, I sent this up to the FBI that's
6 investigating Bruno, and according to what we are
7 reading in the papers Pataki appointed his cronies to be
8 part of the Public Service Commission.

9 So, I support Mayor Kelly's request to delay
10 these things pending an investigation here. Now, if
11 these allegations are false then Jaspan has a problem,
12 but if they are true, you cannot allow the Commission to
13 make a decision here. They have to be replaced by the
14 new Governor.

15 And that's about all I have to say. I got a
16 lot more to say but I'm not going to. This is a copy--I
17 am the one that sent in the comment and they
18 requested--the DVD. They requested eight more DVDs.

19 JUDGE LYNCH: Do you know who requested it?

20 DR. VASILE: Jeff, the file clerk. So Peter
21 did me the courtesy of doing it because I ran out of
22 disks. That show that's on there ran last night. It
23 was blocked out from Eastern Suffolk but it ran from
24 Huntington west into Nassau.

25 Peter Quinn is on the LIPA Advisory Panel.

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1 He put together the show. It's a documentary. Peter
2 Quinn went all the way back to the Public Service
3 Commission and the Public Service did right then. They
4 fined LILCO \$1.4 billion I think for imprudence in
5 something else.

6 JUDGE LYNCH: You're talking about the
7 Shoreham plant?

8 DR. VASILE: Yeah. They estimated the thing
9 was going to cost 261 million and they wound up
10 borrowing five billion. How do you do that? You own a
11 house that is valued at 200,000, how do you borrow
12 that much money against it? Where is the collateral?

13 Okay, so, that's one of the issues. There
14 is a couple other issues, which I forgot, I should have
15 mentioned. Number one, on Saturday, I discovered that
16 LIPA changed the tariff.

17 JUDGE LYNCH: I am going to cut you off.

18 DR. VASILE: Why?

19 JUDGE LYNCH: Because I have been telling
20 you--

21 DR. VASILE: I won't do it.

22 JUDGE LYNCH: This is a big, big, big case.

23 DR. VASILE: Okay. Okay.

24 JUDGE LYNCH: Let me finish. There is a lot
25 of material to cover. The material that has to be

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1 covered, and the issues are complicated, they don't
2 concern LIPA rates. You may feel that the Commission
3 should regulate LIPA. If the Commission is going to
4 regulate LIPA then the Legislature and Governor have to
5 change the law.

6 DR. VASILE: You told me that a thousand
7 times. I am suing KeySpan and LIPA as one, as a
8 criminal enterprise. That's a big difference.

9 JUDGE LYNCH: I am only referring to your
10 comments about LIPA.

11 DR. VASILE: I understand that.

12 This is my supplementary comments. This
13 is--the DVD was the original comments. These are the
14 supplementing comments.

15 JUDGE LYNCH: Are these DVDs the same?

16 DR. VASILE: No. I got a little one and a
17 big one. The big one is the same.

18 JUDGE LYNCH: There are two DVDs?

19 DR. VASILE: There's two DVDs. Well,
20 there's not. There is one DVD and one CD-ROM.

21 So, that's my comments.

22 JUDGE LYNCH: Thank you. Then you also have
23 some written comments.

24 DR. VASILE: Those are just handouts.

25 JUDGE LYNCH: The next speaker is

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1 Mr. Michael Comando, 1230 Oak Drive, Southold, New York.

2 Welcome, sir.

3 MR. COMANDO: Thank you. My name is Michael
4 Comando.

5 There are several issues regarding this plan
6 that I have as an individual. First of all, we are a
7 nation, but for now we are a region that must focus on
8 energy independence. And right now this plan, the way I
9 see it, does nothing to lessen our dependence on foreign
10 energy. Instead, it seems to be fostering or increasing
11 our dependence on foreign sources of energy.

12 So far this plan seems to offer very little
13 in the way of sustainable--offering sustainable
14 renewable and domestic sources of energy, so I have
15 concerns about that.

16 The other question that I have is: How did
17 National Grid arrive at the figure, I believe it was
18 \$200 million, how did they arrive at that figure for the
19 "synergy savings" that was going to be passed along to
20 the ratepayers? I haven't seen anything. That's just a
21 number that was floated.

22 And perhaps it's in some of this facts sheet
23 here and I would urge everyone to get the facts sheet.
24 It's out there at the table.

25 Mr. Quinn thoroughly went over many of the

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1 topics and issues that are of concern to me. So, I know
2 redundancy is somewhat customary in this situation but I
3 am going to break with custom and I'm just going to say
4 my other issue is what assurances will the ratepayers
5 have that the costs associated with cleaning up the
6 power plants, Port Jefferson and Northport, what
7 assurances will we have that these costs will not be
8 passed along to the ratepayers?

9 And that's of great concern to me. I know
10 there is a hundred and one ways for corporations to pad
11 these into a bill or surcharge. As we are seeing now,
12 not to bring up LIPA again, I know, Judge, that this is
13 not about LIPA. But I think as ratepayers for LIPA we
14 know how easily things can be slipped into our bills
15 under the guise of a surcharge, which is by law
16 temporary, which the most recent surcharge is now going
17 on five years. So, temporary is--I guess it's all
18 relative.

19 But, in any case, those are my questions.
20 Those are my concerns, Judge. And I would hope that you
21 pass those along to the PSC.

22 JUDGE LYNCH: I can--I can't say very much
23 about the \$200 million, but my understanding at this
24 point in time is that's the estimated annual gross
25 synergy savings from the proposed acquisition, and that

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1 over a period of time--and that there is a cost to
2 achieve those merger savings around \$400 million. So
3 there's net synergy savings over the ten year period,
4 approximately \$1.6 billion, and then there's a divvying
5 up of that between shareholders and ratepayers.

6 Then as to the piece for ratepayers, there
7 is a divvying up between--among New York and other
8 states in which National Grid and KeySpan do business.
9 And then within the state, which is the \$518 million
10 Mr. Quinn mentioned, there is a proposed allocation
11 within companies in New York. And that includes LIPA,
12 that includes Niagara Mohawk Power Corporation doing
13 business upstate New York as National Grid. Somebody
14 mentioned earlier they were acquired four years ago by
15 National Grid. Some of it is KeySpan Energy Delivery
16 New York and some of it's KeySpan Energy Delivery Long
17 Island.

18 Those figures, by the way, are estimated
19 based on an allocation methodology using transmission
20 and distribution revenues. As those revenues change,
21 the distribution would change. So, while the notice has
22 a snapshot of what the breakdown would be among the
23 ratepayers in New York, that figure is subject to change
24 as those revenues change, but I think generally a
25 snapshot is the best information we can provide at this

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1 time as to how it's proposed the monies be split up
2 between shareholders and ratepayers, on the one hand,
3 and then among all the ratepayers in various states and
4 within New York.

5 We tried to provide that information.
6 That's their estimate and that's in the formal
7 proceeding, that's one of the many issues that's being
8 tested by others who feel that that number may be not
9 right, the \$200 million a year, or that a split up
10 between shareholders and ratepayers could be different,
11 or that what goes out of the state and what stays in the
12 state should be different.

13 I don't know yet what people are going to
14 say about that issue. Preliminary indications are
15 that's going to be a topic that's going to be disputed.
16 So, what you know now is pretty much as much as I know
17 at this point, but it's early in the case.

18 MR. COMANDO: And subject to change, as we
19 know. I will say I am a financial planner and I am an
20 investment advisor. I do know corporations. They are
21 beholden to their shareholders.

22 The ratepayers, while they are a source of
23 revenue, they ultimately are going to have an answer to
24 the board of directors. So, just there is a huge
25 difference there who they are accountable to. I would

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1 like to see that changed.

2 JUDGE LYNCH: Okay, thank you.

3 The next speaker is Mr. Scott Carlin of 45
4 Yale Drive, Hampton Bays, New York.

5 MR. CARLIN: Good afternoon. In addition to
6 being a resident of Hampton Bays, I am also an associate
7 professor of geography at CW Post campus, Long Island
8 University. I'm here today mainly to talk about the
9 issue of repowering.

10 January temperatures in the 70s are a clear
11 reminder that Long Island must move more aggressively on
12 energy conservation and efficiency. In 2002 the
13 Sustainable Energy Alliance developed a Citizen's Energy
14 Plan for Long Island. It contains many useful ideas for
15 thinking about regional energy issues, including energy
16 conservation and repowering.

17 The proposed National Grid-KeySpan deal is
18 valued at \$11.8 billion, yet the deal gives no attention
19 to repowering Long Island's power plants, which are
20 among New York State's most polluting plants. It has
21 been estimated that power plants prematurely kill
22 through their pollution 1,200 New Yorkers each year.

23 Repowering will dramatically reduce
24 pollutants in the air that contribute to local health
25 problems in addition to reducing greenhouse gas

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1 emissions. The benefits of repowering are worth their
2 high cost. We must find a way forward.

3 A recent press release from Senator
4 Schumer's office stated that, "With Long Island ranked
5 among the worst in the Northeast for ozone and smog
6 levels, the National Grid acquisition of KeySpan offers
7 a unique opportunity for corrective action. According
8 to a report by the Center for Management Analysis at CW
9 Post, if the power plants were repowered and operated at
10 their current level of generation, the Northport plant
11 could experience a 90 percent reduction in NOx
12 emissions, a 95 percent reduction in sulfur oxide
13 emissions, an 86 percent reduction in carbon dioxide
14 emissions, and 85 percent reduction in particulate
15 emissions."

16 So, we can get this enormous reduction in
17 emissions yet produce the same level of power. Senator
18 Schumer has urged the utilities to "seize the golden
19 opportunity" of the pending sale to repower at least the
20 Northport plant. And many environmental and health
21 organizations are urging that other power plants like
22 those at Port Jefferson be added to that list.

23 New York State's Department of Public
24 Service is responsible for ensuring safe, secure, and
25 reliable access to energy, and the use of resources in

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1 an efficient and environmentally responsible manner.

2 We need an aggressive program of energy
3 conservation and energy efficiency. Repowering should
4 be an integral part of that deal.

5 The last speaker mentioned that other than
6 the shareholders, the ratepayers need to be part of the
7 process of accountability for our energy producers here
8 on Long Island. I would also second those remarks as
9 well. I think 99.9 percent of Long Islanders feel that
10 as ratepayers they don't have an active voice in what
11 the power producing companies are doing.

12 Thank you. Could you address the question
13 of repowering and how that will figure into what the
14 Public Service Commission will do?

15 JUDGE LYNCH: It's really too early for me
16 to say anything about that. I don't even know what if
17 anything is proposed on it by the companies. I don't
18 know what other parties will be recommending.

19 I do, when I think of it in my mind, this
20 case, I know that there are some operating companies
21 owned by KeySpan Corporation that deliver gas commodity
22 and they sell both the delivery and the commodity. It's
23 very clear to me the Commission has jurisdiction over
24 that.

25 The Commission lightly regulates KeySpan's

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1 subsidiaries that are producing electricity and selling
2 it to KeySpan. The extent of that light regulation,
3 sitting here today I haven't investigated it, so I need
4 to do more research on that.

5 But I am of the view that the contracts that
6 LIPA has with those electric generators, that those
7 terms are not subject to the Commission's jurisdiction.
8 So, it's a jurisdictional issue for me, fundamentally,
9 and then beyond that the question is what is the right
10 thing to do.

11 And any recommendation I have on that would
12 have to wait until all the comments are in, all the
13 evidence is in, and then I will make my recommendations
14 along with the other judge. And when we make our
15 recommendations the Commission also gets advice from its
16 senior advisors--the head accountant, head finance
17 person, the head electrical engineer, and so forth.

18 So they have a lot of information coming to
19 them. They make the ultimate decision, and I get the
20 luxury of writing it up, explaining what they decided.

21 So, beyond that, it would be inappropriate
22 for me to say anything. I have raised what I think are
23 kind of like my fundamental questions as I start to
24 approach the case, but I have no--it's way too early for
25 me to come to any firm conclusions on the issue.

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1 MR. CARLIN: Other than opportunities now to
2 provide testimony and I would presume opportunities to
3 litigate a final decision, are there any more
4 intervening opportunities the public will have to
5 address this issue?

6 JUDGE LYNCH: The public opportunities at
7 this point in time include the hearing like this one.
8 And we are holding them--we will be here today and
9 tonight and we will be in Smithtown tomorrow and we will
10 be in Mineola on Thursday. Next week we are in Brooklyn
11 and Queens and on February 1st in Staten Island.

12 There are also the opportunities to write to
13 the Secretary, to call a 1-800 number, and also I left
14 out e-mails to the Commission's web site. And the
15 information for all those means is available in the
16 notice of these hearings.

17 There is the formal process in which there
18 are many parties. One of them is the NRDC. I don't
19 know what positions it's going to be advocating. It
20 tendered some discovery questions yesterday having to do
21 with energy efficiency programs that KeySpan had, and so
22 forth. So, how that issue will be developed, and
23 repowering, how that will be developed in the formal
24 process, really remains to be seen.

25 I don't know yet--right now January 29th is

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1 the date when the Department of Public Service staff and
2 all the other intervenors are scheduled to submit their
3 testimony and exhibits in the case, and that date is
4 being reviewed right now by me as to whether that should
5 change.

6 So, after that, I will have a better idea in
7 terms of what people are proposing to put in the record
8 about that. Those are all public documents.

9 MR. CARLIN: How do you learn who the other
10 intervenors are?

11 JUDGE LYNCH: If you access the department's
12 web page at the address given in the notice and click on
13 "what's new", you will see there's a link for this case.
14 And the one thing--the first thing on the link is the
15 fact sheet which is available outside. And I don't know
16 for certain, it's possible that fact sheet is going to
17 be updated soon so that it's better than the one we have
18 now. I am not positive on that.

19 But all the other documents, rulings,
20 notices and so forth, related to the case are available
21 on the web. The other thing is if in doubt, you know,
22 ultimately you can contact me to try to find out what's
23 going on.

24 I meant to tell you that one of the
25 documents on the web page is the active parties service

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1 list, and what that does is it lists--it has the two
2 Judges' names and our contact information, but it also
3 has all the 50 parties. One of the parties is National
4 Grid. One of the parties is KeySpan, City of New York
5 is a party, Suffolk County is a party, Nassau County is
6 a party.

7 There are other utilities that are parties.
8 There are environmental groups. There are consumer
9 advocate groups. There are energy service companies
10 that are competing to sell gas.

11 I am sure I am leaving out a few. There is
12 one group I know that's interested in advocating
13 renewables and solar specifically, but the whole list is
14 there and who their representative is and the contact
15 information is all on what's called the active parties
16 service list.

17 MR. CARLIN: Thank you.

18 JUDGE LYNCH: The next speaker we have
19 tonight is Mr. Don Seubert. It's a familiar name. I
20 think it's 56 Robinson Avenue, Medford, New York.

21 Welcome.

22 MR. SEUBERT: Thank you. My name is Don
23 Seubert, an officer in the Medford Taxpayers Civic
24 Association and in other environmental groups.

25 I just want to say it's a shame. I just

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1 came from Port Jefferson where there is about 250 active
2 environmentalists there to battle against the barge.
3 The barge is a little more sexy than rates and
4 everything else that the merger involves.

5 I wish all those people that were at Port
6 Jefferson right now, including maybe three or four
7 County Legislators and State Assembly people, that they
8 are representing, and Hillary Clinton's photo op through
9 there and everything else.

10 But they should be here because obviously
11 this is going to be the gorilla for Long Island. LIPA
12 has only 25 employees. They started with six employees,
13 now they are up to 130 party people, whatever they want
14 in there, okay, patronage jobs, but KeySpan has like
15 3500 workers. So, this is the gorilla for Long Island's
16 future.

17 I wish so many of those people--if you went
18 there right now maybe get some more comments.

19 JUDGE LYNCH: We will be here tonight.
20 Maybe they are coming tonight.

21 MR. SEUBERT: I doubt it, but we will see.

22 Anyhow, I must congratulate the Commission
23 for their toll free opinion line, 800-355-2120, which is
24 a great step to elicit official, public opinion and
25 discussion.

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1 It is critical that the Public Service
2 Commission become pro-active to motivate the most expert
3 and concerned people of Long Island. Energy costs will
4 be a keystone for Long Island's desirability and
5 sustainability. Long Islanders cherish our environment,
6 educational resources, and protection of our quality of
7 life.

8 However, we the people are tired of the
9 energy runaround given to us by the PACB, the PSC, the
10 DEC, LIPA and local officials when we discuss energy
11 matters, local environment and electricity costs.
12 Assemble knowledgeable people in the field for public
13 televised informational forums where the pure science
14 and economics of this merger are presented to the
15 ratepayers clearly.

16 Televised these proceedings on public access,
17 slickly publicize the hearings, heightened interest to
18 get the brightest discussion of this complicated subject
19 and the convoluted manner gas, electricity and their
20 bills arrive to the consumer.

21 Every ratepayer is a stakeholder and should
22 automatically be given status as an intervener. It was
23 extremely bewildering to read the public advertisement.
24 Deemed costs to consumers not to be entertained. Retail
25 rates are not subject to review in this proceedings nor

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1 actual costs benefits to its customers. Hello. What
2 are we all about?

3 The full page legal advertisement discussed
4 the hearing was to involve, among others, whether it was
5 in the public interest to acquire KeySpan common stock
6 to own and operate under contract the electrical
7 transmission lines.

8 Under contract is the hitch. It is that
9 contract that already gives Long Island one of the
10 highest rates with the complicated and discriminating
11 rate schedules with no oversight.

12 Gordian Raacke ably stated that this past
13 summer was the perfect energy storm. The hottest summer
14 heat increased our reliance on foreign fossil fuel,
15 volatile gas and oil prices, the Middle East and
16 skyrocketing gas costs at the pump. We all failed to
17 steer the ship or even admit the energy tsunami. Our
18 agencies and public blew it off. What a lost
19 opportunity.

20 Statesman's courage is profiled to address
21 our needs, costs and Long Island's mortgaged merger
22 future. Everything has costs. You cannot discount one
23 comment as immaterial. You cannot honestly make an
24 enlightened decision in any self imposed vacuum.

25 Will National Grid have a diminished and

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1 less expert Long Island work force, a central call area
2 in Schenectady as currently exists for the Buffalo
3 ratepayers, five hours away? Will the response be
4 better than to the Southern Tier's June rainstorms, or
5 the chaotic closing of government agencies and schools
6 during the 45 mile wide October Buffalo snow storm?

7 I was there. Snow melted in less than two
8 days. Schools closed for days and weeks. My daughter's
9 a teacher. She didn't go to school. Service was
10 interrupted for many, many days. While this storm
11 wrecked the electric infrastructure in this National
12 Grid serviced area, it was not a widespread hurricane,
13 ice storm, blizzard, or northeaster.

14 Disasters are met with mutual aid. Will
15 National Grid send help from across the pond? It's one
16 thing to call India or Pakistan for a computer problem,
17 but another to maintain our electrical grids and
18 customer service from a great distance.

19 What is National Grid's commitment to
20 repowering Long Island's dirty dozen power plants? Are
21 they committed to reduce the dependence on fossil fuels
22 to save our environment and help to clean the air in our
23 area that has been designated as the second deadliest
24 air in New York State? Suffolk County. Can you apprise
25 the public of anything National Grid has done for New

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1 York to demonstrate that commitment to clean air and
2 energy?

3 Are we going to have salaries going to
4 outside consultants, patronage mills, or will we
5 actually put in place solar panels, wind farms, sensible
6 expanded use of hydropower brought to Long Island?

7 The number one reason National Grid loves
8 Long Island is because upstate has cheaper rates.
9 Actually, the people up there are upset because their
10 rates also went up, but not like here. Has cheaper
11 rates and loss of population, but will profit from the
12 forecasted 10 percent growth on Long Island.

13 That's why they like us. 10 percent growth.
14 This seems a contradiction to the Public Service
15 Commission's number one obligation--conservation,
16 conservation, conservation. That's a true necessity you
17 need.

18 Please explain how the Public Service
19 Commission's proactive guidance will guarantee National
20 Grid's commitments to the financial and environmental
21 costs to our ratepayers.

22 We want a defined commitment to repowering.
23 We want the money first, then the commitment. Factored
24 costs of environmental cleanups and community impact
25 costs. We need to be apprised of all the properties

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1 owned by KeySpan, the projected uses, environmental
2 status, value if National Grid's plans for--what their
3 plans are if such real estate is sold. All the property
4 in Northport, Port Jeff and Shoreham are worth many
5 times the dirty, inefficient plants.

6 We got to know that. That's part of the
7 whole picture. What is National Grid's master plan?
8 Will surcharges, delivery charges, and other phony
9 statements be eliminated by National Grid?

10 Also, I want to involve--I would not like to
11 see any obstruction of the Article X process that
12 hopefully Mr. Spitzer will put back in place, where the
13 community have the resources to find out the
14 information, because we are not experts. And also not
15 to prevent SEQRA. That both of them we should have,
16 Article X and SEQRA, in place.

17 Commitment to 25 percent renewable by 2013
18 need be the minimum for Long Island locally. Just for
19 Long Island. They get the average not of New York State
20 average, which they are allowed to do now. We want to
21 see 25 percent renewable on Long Island by 2013. Take
22 measures to lower our dirty air. Protect our sole
23 source aquifer, our polluted lakes.

24 There's probably not two lakes in Suffolk
25 County in Long Island that you can swim in, if there are

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1 two. That's what the people are out there for in Port
2 Jeff today and well they be there.

3 Public Service Commission must factor and
4 make clear the cost of all to National Grid's takeover
5 and a commitment to the costs of unfunded mandates.

6 It's easy to say they are committed to this
7 but we need the money first and that should be factored
8 into the whole program, the repowering and everything
9 else.

10 JUDGE LYNCH: Thank you.

11 MR. SEUBERT: I will give you this here from
12 Newsday today.

13 JUDGE LYNCH: Thank you very much.

14 At this time did anyone else want to make a
15 statement today? We are going to adjourn this hearing
16 until 7:30 p.m. this evening right here. Thank you very
17 much.

18 (Public hearing adjourned.)

19

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1 STATE OF NEW YORK
2 PUBLIC SERVICE COMMISSION

3 In the Matter

4 -of-

5 Case 06-M-0878 - Joint Petition of National Grid PLC and
6 KeySpan Corporation for Approval of Stock Acquisition
and other Regulatory Authorizations

7 06-G-1185 - Proceeding on Motion of the Commission as to
8 the Rates, Charges, Rules and Regulations of the
Brooklyn Union Gas Company for Gas Service

9 06-G-1186 - Proceeding on Motion of the Commission as to
10 the Rates, Charges, Rules and Regulations of KeySpan Gas
East Corp. d/b/a Brooklyn Union of L.I. for Gas Service

11
12
13 Public Statement Hearing
14 Evans K. Griffing Building
15 Riverhead Co. Center Auditorium
300 Center Drive
Riverhead, New York

16 Tuesday, January 9, 2007
17 7:30 p.m.

18
19 PRESIDING:
20 PATRICIA ACAMPORA,
Chairwoman

21 GERALD L. LYNCH,
22 Administrative Law Judge

23
24
25
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1 JUDGE LYNCH: This is a public statement
2 hearing in three New York Public Service Commission
3 cases. The three cases concern in turn, one, whether
4 the Commission should approve the proposed acquisition
5 of KeySpan Corporation and its various subsidiaries by
6 National Grid, and adopt ten year gas rate plans for two
7 of these subsidiaries called KeySpan Energy Delivery New
8 York and KeySpan Energy Delivery Long Island.

9 The second case concerns the terms of a one
10 year rate plan for KeySpan Energy Delivery New York if
11 the proposed acquisition is not approved. And the third
12 case concerns the terms of a one year rate plan for
13 KeySpan Energy Delivery Long Island if the proposed
14 acquisition is not approved.

15 My name is Gerald Lynch, and I am one of the
16 two Administrative Law Judges assigned to these cases.
17 Judge Michelle Phillips is also presiding. Our primary
18 roles include managing the case schedule, assuring the
19 development of a complete record of relevant facts and
20 arguments, and offering analyses and recommendations on
21 the issues presented.

22 The ultimate decision in these cases will be
23 made by the New York State Public Service Commission. I
24 would like to introduce to you at this time Chairwoman
25 Patricia Acampora, who is one of the members of the

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1 Commission.

2 COMMISSIONER ACAMPORA: Good evening,
3 everyone. I am very happy that we have so many people
4 in attendance tonight, and it's close to home for me so
5 that also makes it a plus after traveling down from
6 Albany.

7 As my role as a Commissioner I will be here
8 in the capacity to listen. It's strictly for public
9 statement hearings so that we have this entered into the
10 record and put it all together when we make our
11 decision. Happy to be here and happy to listen to all
12 of you and hear what you have to say.

13 Thank you.

14 JUDGE LYNCH: Thank you, Chairwoman.

15 I want to note for the record that the
16 notice of these hearings was issued December 20th and
17 has been published twice each in the Daily News, Newsday
18 and El Diario, and affidavits of publication have been
19 provided for the record and they are all in order.

20 I should note that in the notice we have
21 flagged some of the key issues that are presented in the
22 acquisition case. I have no doubt that there will be
23 other issues, and obviously parties or persons that are
24 here tonight are not limited to the issues that were
25 listed in the notice.

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1 In order to provide you with additional
2 information about these complex cases, the Department of
3 Public Service staff has prepared and made available its
4 fact sheet, and hopefully you have all picked up a copy.
5 If you have not already done so, you can do that at any
6 time this evening.

7 I should also point out that it's possible
8 that that fact sheet is going to be updated in the near
9 future. That's on the agency web site. And if you want
10 to check that from time to time you may find additional
11 information about these cases.

12 The process tonight is very simple. If you
13 want to speak, just fill out one of the cards that's
14 available at the desk just outside the door. And at
15 this point six persons have signed up to speak. Your
16 names will be called one at a time to come up and speak.

17 Please come right up to the podium. There
18 are some wires from the middle of the room to the podium
19 and I ask you to please avoid them.

20 We have a court reporter here tonight who is
21 preparing a verbatim transcript. I don't think there
22 will be any problem, but it is important that only one
23 person at a time be speaking. Please be courteous to
24 the person speaking whether or not you agree with him or
25 her. If there are any people with cellular telephones

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1 on, please turn them off. If you have to talk either on
2 a cell phone or with anyone, please take it out into the
3 lobby.

4 You are invited to comment on anything
5 having to do with these cases, and that includes the
6 proposed acquisition, the ten year gas rate plans if the
7 acquisition goes through, and the alternative one year
8 gas rate plans.

9 It's in the notice, and it bears repeating
10 tonight based on what happened this afternoon, that I
11 need to remind people that LIPA electric rates are not
12 in issue in these cases.

13 Please be as succinct as possible. I don't
14 think it's going to be an issue tonight. We have, like
15 I said, only six people at this point who signed up to
16 speak.

17 We will be here at least until 8:30. If
18 there are speakers we will stay as late as 9:30. Those
19 who want to comment but do not want to or don't get a
20 chance to speak here can submit comments either in
21 writing, by e-mail or by telephone. The information you
22 need is available in the notice for these hearings, and
23 I also have it with me if anybody needs it.

24 All comments, whether they come in at a
25 hearing like this, whether they come in via e-mail,

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1 whether they come in by the telephone, whatever means
2 they come in, they are all put together and they are all
3 considered together. There is also a formal proceeding
4 ongoing in parallel with these informal hearings, much
5 more like a trial, in which there are 50 active parties
6 who will be presenting testimony and exhibits under
7 oath, cross-examination by attorneys, there will be
8 submission of legal and factual briefs. All that
9 information, both in the formal process and the informal
10 process, is joined together and presented to the
11 Commission in an organized way for its deliberations.

12 Right now we are not certain when that will
13 be, but the case is scheduled in the way that the
14 Commission can make a decision on August 22, 2007. Now,
15 that date is tentative and as that date changes the
16 schedule may change to suit that, but that's our goal at
17 this point in time and I can't say it strongly enough
18 that's tentative.

19 Let me ask at this point whether anybody has
20 any questions about the process tonight, how the hearing
21 will be run or anything fundamental we need to
22 understand before we go forward.

23 Okay, I don't see any hands up or anybody
24 standing, so I am going to call the first person. And I
25 am not calling people in the order that they signed up

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1 in necessarily. And if you signed up first and you are
2 not being called first, there will be plenty of time to
3 hear from you. The agency's historic policy is to
4 entertain comments first from elected officials, and we
5 are going to follow that policy this evening.

6 And the first speaker is Assemblyman Mark
7 Alessi, 6144 Route 25A, Building A, Suite 5, Wading
8 River, New York.

9 Welcome, sir.

10 ASSEMBLYMAN ALESSI: Welcome. Thank you,
11 Commissioner, Chairman Acampora.

12 JUDGE LYNCH: She is the Commissioner. I am
13 the Judge. No one's elevated me to Commissioner yet.
14 Thank you.

15 ASSEMBLYMAN ALESSI: I am pleased that
16 you're holding this hearing on Long Island and I want to
17 thank you for that.

18 The National Grid-KeySpan merger is a
19 proposal that will have dramatic impact on the
20 ratepayers here on Long Island, both for the gas and
21 electric. I think in looking at this proposal, it is
22 the PSC's duty to ensure that there is tangible benefit
23 for the ratepayer. These mergers typically across the
24 nation are very lucrative for the entities that are
25 proposing the merger, but when it comes to the

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1 ratepayers historically they haven't done as well.

2 I think that the PSC should look at three
3 important items, the first being service reliability.
4 We historically on Long Island have had issues back in
5 the '80s where the reliability of our service by LILCO
6 and the infrastructure were not up to par and, for
7 example, after Hurricane Gloria the residents of Long
8 Island in many parts were left in the dark for most of
9 the week. You have come a long way since then.

10 If you look at the two entities, both
11 KeySpan and National Grid, National Grid has not had a
12 stellar record in terms of reliability. KeySpan has.
13 In a national survey conducted by University of Michigan
14 in 2006 in terms of customer satisfaction, National Grid
15 ranked last. Their numbers in terms of customer
16 satisfaction continue to decrease year after year from
17 2002 to 2005.

18 On the other hand, KeySpan ranked second,
19 and their numbers continued to rise in customer
20 satisfaction from 2001 until 2005. This is a very
21 important indication in terms of what the ratepayers
22 will be getting.

23 I think we need to make sure there are
24 certain benchmarks in place to make sure that we don't
25 return to the days where customer satisfaction was at an

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1 all time low in terms of service and reliability.

2 There are benchmarks in the industry, as you
3 know. For example, the system average interruption
4 duration index, SAIDI, and the system average
5 interruption frequency index, those are industry
6 standards where they take a look at what the reliability
7 of the service is.

8 These two indexes, National Grid year after
9 year failed to meet their minimum requirements and
10 between 2002 and 2005 they were fined in upwards of \$10
11 million. The PSC itself had instituted their own
12 penalties upon National Grid for their handling of the
13 former Niagara Mohawk utility in upstate New York.

14 You penalized National Grid \$8.8 million for
15 the frequency of non-storm outages and the duration of
16 those outages because they fell below standards.

17 The PSC also issued an investigation against
18 the National Grid when, due to a winter storm or a
19 winter wind storm last year, close to a quarter million
20 residents were left in the dark for close to a week.

21 That, again, looking at past performance, if
22 this merger were to go through we want to make sure that
23 the ratepayers that we represent are not affected in
24 this case. We don't return back to 1986 when people
25 were left in the dark for a week.

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1 This merger can be very lucrative and they
2 are talking about synergy savings. Some of those
3 synergy savings constitute cutbacks in various areas,
4 and your own investigation concluded that Niagara Mohawk
5 ordeal, their staffing levels were not appropriate.

6 Now, National Grid has tried to or attempted
7 to assuage some of these concerns. They provide for I
8 believe a proposal for a no layoff provision for some of
9 the employees. That's a start, but it doesn't mean that
10 they are not going to reduce the workforce through
11 attrition to the point where our service is going to be
12 adversely affected.

13 The second item you need to look at is the
14 cost and efficiencies. They are talking about over \$500
15 million in synergy savings, but when they apportion the
16 synergy savings and your own beliefs a small percentage
17 is going to the ratepayers of Long Island, the people
18 that are most affected by this merger.

19 27 percent of the synergy savings will come
20 here, the rest will go to other localities and to the
21 shareholders. Again, a very lucrative deal that's good
22 for the two companies but not necessarily for the
23 ratepayers that they represent, or that we represent
24 that they service.

25 When you talk about cost and efficiencies, I

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1 understand that it's the PSC's position that you don't
2 have oversight over LIPA's electricity rates. I
3 obviously have disagreed with that. I filed an appeal
4 to your ruling that you not review LIPA's rates.

5 JUDGE LYNCH: My ruling?

6 ASSEMBLYMAN ALESSI: To the PSC ruling, not
7 your--speaking to the PSC ruling. That they would not
8 review the LIPA rates and they have recently answered
9 that appeal, they denied it, and moving forward in terms
10 of that disagreement there would be through the agency
11 process or judicial process.

12 That being said, I can understand that you
13 do not want to hear comments in terms of electrical
14 rates, and I am not going to diverge too far into that,
15 but I do want to disagree that this deal has nothing to
16 do with LIPA's rates.

17 The way it's structured is the current
18 entity that is being taken over, KeySpan, has three
19 contracts with LIPA to deliver the electricity--the EMA,
20 the PSA and the MSA. EMA is the energy management
21 agreement, the MSA is the management services agreement,
22 and the PSA is power supply agreement.

23 This deal can have a direct impact upon what
24 they charge through those contracts to LIPA and in turn
25 will have a direct impact on what LIPA charges its

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1 customers.

2 So, I think that when reviewing this deal
3 and looking at cost and efficiencies, some of these cost
4 and efficiencies should be passed along to LIPA and
5 therefore its customers.

6 We pay the highest rates in the nation and
7 looking at a very good deal, and a number of ratepayers
8 feel they have been taken advantage of in the past and
9 we are trying to rectify those as best we can.

10 The third thing we obviously have to look
11 for in this kind of merger proposal, which I am just
12 going to blankly say environmental factors, cleaning up
13 the power plants and cleaning up the MGP sites. These
14 are two factors that there is issues--

15 (Applause)

16 --agencywide or, I am sorry, nationwide in
17 terms of MGP sites, but you will never have an
18 opportunity like this to make sure that the manufactured
19 gas plant problems and contamination and clean up issues
20 are not just passed off to the ratepayers.

21 There is an industry argument that the
22 ratepayers have to share part of that cost because they
23 had reaped some of the benefits dating back to the 1800s
24 when we had these MGP sites, but also the entities
25 involved also profited over the past hundred years due

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1 to these sites. So, it has to be a cautionary process.
2 It shouldn't just be pushed on to the ratepayers.

3 Finally, I would like to comment on the fact
4 that National Grid has ongoing talks with LIPA in terms
5 of their agreements, and LIPA's rates and what they are
6 charging LIPA. That's what I am taking issue with here,
7 saying that it's not outside this process and it's
8 inappropriate that these talks are not being made
9 public.

10 There is a PSC process to look at whether
11 this is a good deal for the ratepayers or not, and this
12 outside private talks with public authority regarding
13 one of the most significant issues affecting this
14 proposal, that's rates, and what's in it for the
15 ratepayer.

16 So, I respectfully submit these comments. I
17 look forward to stringent review, and I offer myself and
18 the services of my office in terms of trying to make
19 sure that the ratepayers that I represent and the
20 ratepayers across Long Island do get a fair shake.

21 Thank you.

22 JUDGE LYNCH: Thank you very much. The next
23 speaker is County Legislator Edward Romaine, 423
24 Griffing Avenue, Riverhead, New York.

25 LEGISLATOR ROMAINE: First of all, good

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1 evening, Madam Chairman, members of the Public Service
2 Commission. My name is Edward Romaine. I am a member
3 of the Suffolk County Legislature for the 1st District
4 and I represent the towns from the North Fork--Southold,
5 Riverhead, as well as Shelter Island and all of these
6 from the Sound to the Bay.

7 I come here today to state some of my
8 concerns about the takeover of KeySpan by National Grid.
9 I am going to list four concerns.

10 First is the matter of a foreign company
11 controlling the production of electricity on Long
12 Island. With so much instability surrounding global
13 energy markets, we need to look to find domestic
14 renewable sources of energy. We should be very cautious
15 before we put our fate and long term security in the
16 hands of a foreign, although British, company.

17 Second, I am concerned about the impact such
18 a merger would have on union contracts already in place,
19 future negotiations, and the real possibility of
20 outsourcing American jobs out of the country.

21 The KeySpan work force has provided superior
22 levels of service and reliability and this should not
23 change. The merger should take place. Its services to
24 customers are not going to be affected by a reduction in
25 staff. And I am sure at some point these questions will

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1 all be answered, but it's good that we at least raise
2 them and examine them.

3 Third, if the National Grid's \$11.8 billion
4 buyout of KeySpan goes through, LIPA, the Public Service
5 Commission, will need to insist upon language in
6 National Grid's contract to repower and clean up the
7 Northport and Port Jefferson power plants.

8 For decades these two plants have emitted
9 high levels of toxic soot which have been exempted from
10 current pollution standards due to an antiquated
11 grandfather clause.

12 Heavy metals and mercuries are just a few
13 substances found in power plant soot. Northport's
14 sulfur dioxide emissions increased from 10,927 tons--and
15 that's tons--in 1995, to 26,649 tons in 2000. An
16 increase of 135 percent.

17 Between 1995 and 2000, the two plants'
18 carbon dioxide emissions increased by 68 percent,
19 noxious oxide emissions increased by 89 percent, and
20 sulfur dioxide emissions increased by 92 percent.

21 In talking to some people earlier they
22 indicate that that's an indication of what heavy use
23 these plants were put to, but nevertheless in 2003 EPA
24 emissions, air emissions, for Northport showed 7,520
25 tons of noxious oxide, 52,963 tons of sulfur dioxide,

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1 and 5,931,734 tons of carbon dioxide in terms of
2 emissions.

3 In 2003 EPA emissions for the Port Jefferson
4 plant showed 1,262 tons of nitrogen oxide, 6,631 tons of
5 sulfur dioxide, and 1,136,207 tons of carbon dioxide.
6 Obviously, these numbers are troubling and should be
7 addressed in any takeover.

8 In addition to these plants is the pollution
9 caused by KeySpan's 15 manufactured gas plants, MGPs, on
10 Long Island, five of which are in Suffolk County.
11 Cleaning up these plants and the pollution caused by the
12 MGPs should not be costs that are passed along to the
13 ratepayers, which should be something that should be
14 part of any structured takeover settlement.

15 And the fourth and last point I want to make
16 is National Grid estimates the savings from the takeover
17 of KeySpan across its energy delivery area here on the
18 Island to be about \$200 billion. However, their own
19 consultants have put this number closer to \$125 billion.

20 According to preliminary analysis performed
21 by the Legislative Budget Review Office, it is estimated
22 that the level of savings afforded the Suffolk
23 ratepayers by the merger would not be significantly
24 different than zero, or at most, on the average, \$1.48
25 per month for electricity customers.

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1 This savings, if it materializes, I wonder
2 how it will be achieved. Hopefully not through layoffs,
3 hopefully not through reduction in pension benefits,
4 hopefully not through decreased service to ratepayers.

5 All of these are possibilities that are
6 unanswered questions that I am sure your Commission will
7 delve into. The Budget Review Office also raised
8 concerns about National Grid's recent track record with
9 the Public Service Commission, and they fear that this
10 merger being not great, a responsive neighbor to Long
11 Island.

12 As the County Executive Steve Levy said to
13 Richie Kessel, Richie, if there is a problem, I call
14 you. If National Grid takes over, who do I call? There
15 is a concern that there will not be a responsiveness by
16 National Grid to our local county. Even though we are
17 1.5 million, we are concerned that in a larger scheme of
18 things that they will not be as responsive as say a
19 KeySpan, which is based locally, to certainly a LIPA.

20 The key question should be: How does this
21 merger benefit LIPA ratepayers? Any deal has to address
22 three issues that I believe Assemblyman Alessi raised.
23 One, the reliability of service. Two, cost of the
24 ratepayers. And three, the requirement for cleaner
25 plants.

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1 I want to thank you for listening and I hope
2 that these questions as you go through this rate
3 hearing, as you go through all the cross-examinations
4 and the depositions, that we will get answers that will
5 be clear. And I am sure that the Public Service
6 Commission will fulfill its responsibility to the
7 ratepayers and ensure that those three questions are
8 answered.

9 Thank you very much.

10 JUDGE LYNCH: Thank you. The next speaker
11 is Suffolk County Legislator Wayne Horsley, 123 North
12 Wellwood Avenue, Lindenhurst, New York.

13 Welcome.

14 LEGISLATOR HORSLEY: Thank you very much.
15 And good evening, your Honor, and Commissioner, it's
16 certainly a pleasure, and let me echo the comments
17 before that we think it's wonderful that the PSC is here
18 in Suffolk County and Nassau County over the next couple
19 days to talk about this issue, which is just so
20 important to us all.

21 I am compelled to open with a solemn
22 reminder that once complete this acquisition and its
23 consequences are, of course, irreversible.

24 It is imperative that the affected
25 workforce, ratepayers and communities seek the greatest

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1 demonstrable public benefit prior to final PSC approval.

2 In doing so, it has been my position to be
3 pragmatic about this acquisition. I am under no false
4 pretenses that Grid will forfeit any incentives to Long
5 Island than is required to satisfy the public benefit
6 threshold for approval.

7 As Chair of the Suffolk County Legislature's
8 Energy Committee, an intervenor in today's proceedings,
9 and as well as a ratepayer, we certainly will continue
10 to push the threshold of public benefit to a higher
11 ground.

12 The Suffolk Legislature has made a pledge to
13 review the alleged benefits of this acquisition in three
14 key areas: One, labor; two, rates; and three,
15 repowering. And of course today, as my two colleagues
16 in government formerly mentioned, we are proposing a
17 fourth issue for public examination, and that is the
18 responsibility and remediation of KeySpan owned
19 manufactured gas plants, MGPs.

20 Labor. In March of 2006 I stated concern
21 for the Long Island workforce. Later, an August 2006
22 statement by PSC staff would validate my concern.

23 Staff wrote, PSC staff wrote, "National Grid
24 inadequately addressed staffing and communication
25 issues. Staff has determined that National Grid's

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1 workforce staffing for day-to-day normal operational
2 activities, including the supplemental use of
3 contractors, leave the company dependent on significant
4 outside support when storms occur."

5 In a similar comment, President of the New
6 York State Association of Fire Chiefs wrote, "It appears
7 that things have gotten a lot worse since National Grid
8 assumed the management of these crews. The result is
9 that somebody is going to get hurt or killed before long
10 and we are putting our firefighting crews in danger
11 because of it".

12 Then on August 30th and 31st of 2006
13 National Grid revealed its intent to eliminate 624
14 positions to produce \$125 million in synergy savings.
15 71 percent of all synergy savings will be generated from
16 personnel and administrative reductions.

17 In spite of this, in September of 2006 the
18 Local IBEW 1049 and 1381 respectively reported a
19 tentative agreement with Grid. The unions approved this
20 agreement on November 2006. I am delighted for labor,
21 the labor community, but when evaluating Grid's track
22 record my service reliability concerns still remain.

23 Concerning rates, in March 2006 KeySpan
24 stated that the combined companies have experienced six
25 mergers and rates have never gone up. When made in

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1 March this statement was all true. Today it is not.

2 In September of 2006 the Post-Standard
3 reported that, "National Grid is raising delivery rates
4 11.6 percent to collect an extra \$300 million during
5 2006 and 2007".

6 PSC auditors publicly disputed the
7 appropriateness and legality of this rate increase. In
8 light of numerous reports of sub-par service in the
9 Niagara Mohawk service territory, I have no choice but
10 to agree with the PSC staff.

11 A company that performs at a substandard
12 rate is not entitled to an 11.6 percent increase.
13 Furthermore, a report issued by the Suffolk County
14 Budget Review Office in September of 2006 indicated
15 that, "The level of savings projected by the merger
16 would not be significantly different from zero."

17 The average ratepayer will see only \$1.48 in
18 monthly savings, or \$17.79 in annual savings.
19 Preliminary studies question the notion that exists a
20 beneficial economic impact to the Long Island economy,
21 and so do I. There remains no overwhelming evidence of
22 an economic public benefit.

23 The subject of repowering. Equally
24 important to Long Island residents, and the health of
25 its communities, is a commitment to the repowering of

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1 antiquated energy plants.

2 As Senator Schumer said, "The Barrett,
3 Northport, and Port Jefferson plants are not meeting the
4 same Clean Air Act emissions standards that newly
5 constructed plants are held to. The plants were
6 grandfathered. They do not meet federal standards, and
7 are some of the dirtiest power plants in the northeast.
8 Modernizing the facilities would bring them up to the
9 federal standard."

10 Northport consumes--and I know you've heard
11 some of these numbers before, I'm not sure, we're
12 probably playing out of the same playbook.

13 Northport consumes over 52,000 barrels of
14 oil a day and emits 1,000,000 tons of NOX and 150,000
15 tons of CO2. Anything less than a commitment to
16 repowering indicates an apathetic corporate philosophy.

17 MGPs. My office has learned that KeySpan
18 acquired several manufactured gas plants in 1998.
19 Afterwards, KeySpan did not remediate the contaminated
20 properties. As a result, benzene and naphthalene
21 continues to penetrate underlying and adjacent
22 properties.

23 Hazardous exposure is possible wherever a
24 pathway exists, such as a shallow groundwater table,
25 basement flooding, impacted soils, a nearby creek, or

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1 vapor intrusion.

2 Benzene in the atmosphere may cause
3 leukemia, and naphthalene exposure also is a carcinogen,
4 may result in anemia or acute kidney failure.

5 The Suffolk County Department of Health has
6 confirmed the Bay Shore plume has migrated beyond the
7 MGP site, at its current state, and is currently
8 contaminating the Lawrence Creek and has now reached the
9 Great South Bay.

10 Despite the aforementioned, KeySpan and Grid
11 have petitioned that ratepayers be charged for the toxic
12 cleanup costs. This line of thought represents a
13 demonstration of irresponsibility and is a rationale and
14 practice I oppose vociferously.

15 I urge the PSC to consider this request by
16 KeySpan and Grid in the larger context of the general
17 public benefit. A relevant 1993 New York State Public
18 Service Commission Opinion declares, "Recovery of
19 expenditures made for the remediation of off-site
20 seepage, leaching or deposition of hazardous MGP
21 materials will not be permitted automatically.
22 Permitting such recovery would signal utilities that
23 there is no difference between containing hazardous
24 wastes on site and allowing these materials to
25 contaminate adjacent properties and public waterways for

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1 later clean up at ratepayer expense. Utilities seeking
2 recovery of costs incurred to clean up off-site
3 contamination, including related studies, will be
4 required to petition for relief on a case by case
5 basis."

6 In addition, it has come to my attention
7 that KeySpan refuses to disclose to the public certain
8 sealed documents concerning the management history of
9 the site.

10 In particular, I have been made aware of a
11 strategy document dated December 27, 1993, prepared
12 jointly by LILCO's engineering and legal departments.

13 I humbly request that this, and other
14 relevant, sealed documents, be released immediately in
15 the name of full disclosure and the public interest.

16 In closing, my major concerns remain:
17 Labor, rates, repowering, and responsible remediation.
18 Before we, as a community, commit to a new energy
19 utility, it is important that the energy utility commit
20 to our community.

21 Therefore, as this acquisition matures, I
22 will continue to measure National Grid's commitment by
23 their actions concerning labor, rates, repowering and
24 remediation.

25 Thank you very much for this opportunity to

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1 speak.

2 JUDGE LYNCH: Thank you.

3 The next speaker is Suffolk County
4 Legislator Kate Browning, 2 Coraci Boulevard, Shirley,
5 New York.

6 Welcome.

7 LEGISLATOR BROWNING: Good evening. Thank
8 you, Madam Chairman and your Honor, for allowing me to
9 speak on behalf of the residents of the 3rd Legislative
10 District.

11 I represent a working class community from
12 Gorham Heights area to Mastick Beach. I have many
13 constituents in my district that are IBEW 1049 and 1381
14 members.

15 I do welcome the recent agreement for no
16 layoffs with IBEW; however, I am concerned by attrition,
17 that that has not yet been addressed. The residents in
18 Suffolk County cannot lose their jobs. I support real
19 savings absolutely to the customers, but not at the
20 expense of our workers or the service to our customers.

21 I expect to see the service that we are
22 accustomed to, that we would continue to receive that.
23 And the repowering of Northport and Port Jefferson
24 should be addressed in the event of a merger between
25 National Grid and KeySpan.

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1 Thank you.

2 JUDGE LYNCH: Thank you very much.

3 The next person, who has waited patiently,
4 is Mr. Paul Hoffman, 21 Legend Lane, Jamesport, New
5 York.

6 MR. HOFFMAN: Good evening. Thank you.

7 And I am not an elected official. I am a
8 resident, ratepayer. I am also the treasurer of
9 Hallockville Museum Farm, which is located in the hamlet
10 in Northville.

11 I am here to speak tonight just a few words
12 about KeySpan Corporation's corporate citizenship,
13 specifically in the cultural and environmental area.
14 KeySpan inherited from LILCO a parcel of 530 acres of
15 farmland, woodland, and Sound front beaches that borders
16 the museum on three sides.

17 This had been a proposed site of anywhere
18 from four to 14 nuclear reactors in the LILCO era.
19 KeySpan was under considerable pressure from the
20 developers to sell this large parcel with the last
21 undeveloped mile of Sound front on Long Island.

22 Proposals included golf courses, large
23 housing tracts, resorts, and I think even a casino was
24 rumored at one time. KeySpan listened to the neighbors,
25 the ratepayers, the farmers, and the environmentalists,

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1 and they worked a plan out with the State of New York to
2 preserve 300 acres, over 300 acres of farmland, over 200
3 acres of woodland and beaches, to make a new state park.
4 And they even contributed 20 acres of farmland to
5 Hallockville Museum Farm.

6 KeySpan has been a good corporate citizen in
7 the past, and I believe the people of KeySpan will
8 continue to be so after the merger. Thank you.

9 JUDGE LYNCH: Thank you. The next speaker
10 is Adrienne Esposito, 225 Main Street, Farmingdale, New
11 York.

12 Welcome.

13 MS. ESPOSITO: Good evening. Welcome back,
14 Chairman Acampora. It's nice to see you again.

15 My name is Adrienne Esposito. I am the
16 Executive Director of Citizens Campaign for the
17 Environment. We are a statewide environmental
18 organization working on protecting the health and safety
19 of the public and our natural resources.

20 And we come at this from a slightly
21 different angle, so we are also seeking public benefit
22 to this merger. And for us, the public benefit needs to
23 include the health of the public and the health of the
24 environment. So, we are asking for three components to
25 be included in this merger, which we believe provides

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1 substantive and meaningful public benefit.

2 And the first one you have heard, which is
3 the repowering of Northport, Port Jeff, and the Barrett
4 power plant. You have heard the numbers and I won't
5 bore you with them again, but the bottom line is that
6 the repowering will increase the efficiency of the
7 plants by 50 to 100 percent depending on what actions
8 are taken. It reduces emissions of the plants anywhere
9 between 47 and 90 percent.

10 So, our question to you is: How much longer
11 should we wait? They are old. They are antiquated.
12 Technology is outdated. We have the technology to solve
13 this problem. What we need is the money. And we have
14 the political will.

15 So, the merger should include a financial
16 arrangement to use the new technology to increase the
17 efficiency of these plants and decrease the emission of
18 the plants. In this day and age when everyone is asking
19 the questions where will additional energy come from, we
20 believe the answer is in part right in front of us and
21 it's simply using the more advanced technology that we
22 currently have.

23 So, we need for this merger to accomplish
24 this goal because we believe it's now or never. If this
25 merger doesn't accomplish the goal of repowering or

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1 modernizing the old dirty power plants, it won't happen
2 here on Long Island. We are asking you to make it
3 happen because we believe it's our last chance.

4 The second component that we are asking for
5 is for the merger to include some form of comprehensive
6 energy conservation, energy efficiency program. Again,
7 these programs are real. They work. They are
8 effective. And they need to be mandated. We have found
9 that they are not implemented on their own.

10 The third one, which you also heard about,
11 but I think we have a different perspective here, is the
12 cleanup of the MGP sites. As you may be aware, KeySpan
13 owns 23 of them. They inherited them.

14 I work with a lot of these communities. You
15 will hear from members of those communities tomorrow in
16 the Hauppauge hearings, but we are asking for a
17 comprehensive, expedited cleanup plans for those MGPs
18 site to be part of the PSC requirements for the deal.

19 Why? Because we haven't had that. That's
20 why. I want to tell you government agencies have failed
21 these communities. The New York State DEC has failed
22 these communities. These sites have been around a
23 hundred years. It is time for them to be cleaned up.
24 These communities right now are suffering.

25 I'm not saying that to be dramatic. I'm not

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1 saying that as an exaggeration. This is true. I sit
2 with them at their coffee tables in their homes and they
3 are scared because underneath their homes are plumes of
4 Naphthalene and Benzene and Toluene and Xylene and they
5 don't know how to deal with that. It needs to be
6 cleaned up.

7 So, what we are asking for is a
8 comprehensive clean up plan. Not just any clean up
9 plan, a real clean up plan, with time lines, with clean
10 up standards, with performance expectations for the
11 selected remedies.

12 We are asking for a clean up plan that works
13 with a real substantive community participation process,
14 something the community doesn't have now. These clean
15 up plans are under what's known as a voluntary cleanup,
16 which means it's not mandated that the community has a
17 voice, a say, or an interaction. That's unacceptable.

18 You will hear KeySpan, which I am hearing
19 them now say that's wrong. I am telling you that's the
20 way the community feels. They have not been an equal
21 participant, as they could be or they should be.

22 It's their homes. It's their health. It's
23 their communities. They need it in. So, we are asking
24 for it to be made mandated.

25 Thank you very much for your time this

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1 evening.

2 JUDGE LYNCH: Thank you.

3 (Applause)

4 The next speaker I believe is Joshua Y.

5 Horton, 210 5th Street, Greenport, New York.

6 Good evening and welcome.

7 MR. HORTON: Good evening, Judge and

8 Chairwoman, Commissioner.

9 Thanks for holding the hearings and thanks
10 for those who participated thus far. I have actually
11 heard points throughout the course of the evening that I
12 felt strongly about myself, and concerns that are
13 obviously valid. And I am sure and confident and I also
14 request they be taken seriously not only by the PSC but
15 obviously by National Grid and KeySpan as well.

16 I want to hit on a couple of points, so
17 forgive my lack of prepared remarks but I am a common
18 citizen. I didn't have the opportunity to write my
19 remarks down.

20 First, I want to talk a little bit about, as
21 the director of Hallockville did, talk about the
22 corporate citizenship that I witnessed of KeySpan and
23 why I think that's relevant to this whole conversation.

24 I can take it back briefly to December of
25 2004, if I'm not mistaken. I was with my family in

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1 North Carolina. I was still the Supervisor of Southhold
2 Town. I received a phone call from a representative of
3 KeySpan saying, Josh, a contractor broke a gas main in
4 Southold and 1100 homes are without gas. In December,
5 mind you.

6 Out there we have one line in and that same
7 line goes back out, so there is not a return. I can
8 tell you that I got that call from KeySpan before my
9 chief of police, before my emergency management
10 coordinator, before the fire department. Mind you, I
11 got calls moments after from them as well, but the point
12 I think I want to make here that is relevant to this is
13 that KeySpan jumped to action.

14 Contacted me. Offered to help make travel
15 arrangements for me to get home. I said, don't worry
16 about it. I will speed. I will be home in 12 hours.
17 By the time I got back, KeySpan had a war room set up
18 dealing with this matter and had it taken care of within
19 a matter of hours. I say hours, 24 to 36 hours. You
20 are talking about 1100 homes that all had to be relit
21 after pipe had to be repaired.

22 That being said, there was no quarrelling
23 about who is going to pay for what resources, KeySpan
24 didn't break it, somebody else. There was nothing like
25 that. It was let's get this back, get it fixed, get it

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1 on line. Get these homes relit.

2 Southold Town is largely comprised of second
3 homes, so you also had the concern that once it
4 was--once the pilots--once gas was restored, that gas
5 could be flowing freely into the homes that were not
6 occupied. People were elsewhere at the time.

7 So, each one of the homes was entered by
8 KeySpan and their affiliates that they brought in from
9 all reaches of the northeast corridor to help correct
10 this matter.

11 And I have to tell you, as somebody who had
12 no experience dealing with something like that, I was a
13 Supervisor of a small town and got to be the emergency
14 management commissioner. Comes with the job, and I had
15 no idea how to handle something like that, and as it
16 turned out I didn't have to because KeySpan put that
17 mess back together quickly.

18 And I think from that perspective it's
19 important to recognize that as a matter of integrity and
20 character of the company that we are really talking
21 about here.

22 In addition to that, the Hallockville
23 acquisition, the grant of land to the North Fork, not
24 only was it preserving farmland and open space, it was,
25 as the director of Hallockville said, preserved the last

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1 remaining straight mile of Sound front on the Long
2 Island Sound. Committed it to preservation into
3 perpetuity. No one can overturn that.

4 If I may, Pat, you were quite influential in
5 that process. So, thanks a couple years later. I
6 thanked you then too.

7 That being said, KeySpan didn't have to go
8 the road of seeing 600 acres of probably the most
9 available acreage on all of the North Fork. KeySpan
10 didn't have to see that committed to preservation.
11 Simply didn't have to. It would have been very easy to
12 sell it. Would have been very easy, just with the
13 zoning they had in place, to realize a tremendous,
14 tremendous profit. Again, that speaks to the corporate
15 integrity of the company.

16 Now speaking as a private citizen, as a
17 ratepayer, as somebody who having held public office, I
18 pay attention to what's going on in Long Island. I'm
19 concerned about energy issues on Long Island from a
20 number of points of view.

21 I think that Adrienne hit on a number of
22 very important points. From what I understand, and I
23 hope this is true, that there are talks of a repowering
24 or cleanup process in place. The word on the street in
25 the energy industry and in the environmental world is

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1 that there are other discussions right now between LIPA
2 and KeySpan and the state about a cleanup program.

3 And I hope the rumors that I am hearing out
4 there are true, and I too would like to see something of
5 that nature committed to in this whole process, because
6 if there is one thing that we are is we are on an island
7 and we are in this together.

8 Furthermore, from a free market perspective,
9 which I may be sort of out there in the minority,
10 libertarian in a sense, we are talking about business,
11 we are talking about businesses. Business has to grow.
12 Business has to change. The change of business and the
13 growth of business is good for ratepayers. It's good
14 for those who are purchasing products. It may not
15 always be good for the mom and pop store on the corner
16 everybody used to go and buy a loaf of bread.

17 But in this day and age I don't think
18 anybody can argue that it's cheaper to buy a product at
19 Home Depo than it is at the hardware store, sad as that
20 may be, but we are talking about ratepayers at this
21 point in time. And I will always shop at the hardware
22 store, mind you, but sheer economics will dictate that.
23 If anybody looks back over the same time, over the past
24 eight to ten years, you will find that KeySpan hasn't
25 sought a rate increase for the past eight, ten years.

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1 Sure, gas prices have gone up, but KeySpan
2 has to pay for gas and we have to pay for the gas they
3 use for power generation, but the rates they charge
4 haven't sought an increase for eight to ten years.

5 KeySpan's only so big, which tells you one
6 thing: Rates are going to have to go up to meet the
7 financial needs of a company that size.

8 In fact, economics will tell you the only
9 way rates can be mitigated and not go up dramatically is
10 if KeySpan becomes part of a larger organization that
11 has resources they can dedicate to the program that
12 KeySpan is really obligated to abide by.

13 That being said, I think there's a stronger
14 chance that rates may stabilize and be mitigated, if you
15 will, through an acquisition of this nature, and
16 therefore I am inclined to support it.

17 I also think that the concerns about layoffs
18 sound like they have been assuaged. I have a lot of
19 friends who work for KeySpan. I hate to see them laid
20 off. At the same time, we do live in a day and age
21 where energy is expensive and the private sector people
22 in business independently, such as myself, what we have
23 to pay for health care packages for our employees, what
24 we have to pay for Workers' Compensation for our
25 employees, is staggering, absolutely staggering, and I

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1 am inclined to believe that a much larger organization
2 than KeySpan will be able to shoulder that burden better
3 than KeySpan can at this point in time.

4 They have done a phenomenal job of growing
5 the company and they have reached the precipice of where
6 they can go. It's obviously time to grow if the
7 ratepayer is going to continue to pay union wages, union
8 benefits, union health insurance, and so forth, which
9 are part of the quality of life in Long Island that we
10 all enjoy. So, I think we have to be practical about
11 this as well.

12 I don't have too much more to say other than
13 I want to talk a little bit about the people who worked
14 at KeySpan that I have gotten to know over the
15 years--one of them being Mr. Catell. Others in the
16 upper management at KeySpan. They are people of
17 integrity and people like you and me. They are Long
18 Islanders.

19 People are going to live on Long Island, lay
20 their heads on a pillow in a house in Long Island,
21 people are going to raise their children on Long Island,
22 fight for better schools on Long Island, and hopefully
23 they will send their children to Long Island colleges
24 and the kids will stay right here and work and start
25 businesses and work for companies on Long Island.

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1 That being said, those people aren't moving
2 on, from what I understand, and quite frankly, from a
3 business point of view, National Grid would be foolish
4 to send these people packing. These are people who know
5 the lay of the land. You buy a company, move into a new
6 area, you want to know the lay of the land. You may
7 want to do things differently, granted, but you want to
8 know the lay of the land; therefore, you need the people
9 who are out in the field interacting with constituents,
10 the ratepayers, the government officials, to make things
11 work to make ends meet, to deliver services to the
12 ratepayers, service they expect.

13 I am not particularly concerned about that
14 type of transition. Steve Levy was right. If you have
15 a problem with LIPA you call Richie Kessel. If you have
16 a problem with KeySpan you call Dave Manning, Vinnie,
17 Steve DeJesus, you can call Bob Catell. I have a
18 feeling that's not going to change. And I would like
19 National Grid to commit to some level of that if they
20 haven't already. I imagine they would have at this
21 point.

22 Lastly, I would like to say, really on a
23 light hearted note, we as Long Islanders are very strong
24 willed. It makes Long Island so great. In fact,
25 somebody said they were concerned about a British

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1 company taking over. Yeah, the Brits threw my family
2 out of England 400 years ago, which is why we're here on
3 Long Island. That's all right. We have gotten over it.
4 We have gotten over it and it's nice to see them over
5 here wanting to do business with us.

6 But that being said, the Long Island will,
7 the Long Island individual, the Long Island leaders like
8 Adrienne Esposito and Michael White, and our elected
9 officials, are not going to let services decline. You
10 don't move to Long Island and offer less to Long
11 Islanders. Doesn't happen. I don't care what business
12 you are, I don't care who you are, who you're funded by,
13 what venture capital you have behind you, you don't move
14 to Long Island and cut services.

15 You know, I don't think much more needs to
16 be said on that matter. Just speaking affectionately of
17 my colleagues and neighbors on Long Island. That
18 concern's been assuaged for me. So, I believe
19 ratepayers will benefit by stabilized rates in the long
20 term.

21 I think that environmental leaders, like
22 Adrienne Esposito and Michael White, and the
23 environmental consciousness of KeySpan officials, have
24 lead to discussions about a cleanup package that will
25 benefit the Long Island community and the power

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1 industry.

2 So, those things I think are in the works
3 whether this acquisition was happening or not. And I
4 don't think this acquisition will affect us negatively.
5 In fact, I think National Grid will probably have the
6 resources to really deliver on the promises and
7 concerns.

8 Thanks for giving me the time this evening.

9 JUDGE LYNCH: Thank you very much.

10 Is there anyone else here that would like to
11 be heard tonight? Okay, if not, we are adjourned.
12 Thank you very much.

13 (Public statement hearing adjourned.)

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1 STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter

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-of-

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Case 06-M-0878 - Joint Petition of National Grid PLC and
KeySpan Corporation for Approval of Stock Acquisition
and other Regulatory Authorizations

6

06-G-1185 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of the
Brooklyn Union Gas Company for Gas Service

7

06-G-1186 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of KeySpan Gas
East Corp. d/b/a Brooklyn Union of L.I. for Gas Service

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Public Statement Hearing
William H. Rogers Legislative Building
725 Veterans Memorial Highway
Smithtown, New York

13

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Wednesday, January 10, 2007
1:00 p.m.

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PRESIDING:

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PATRICIA ACAMPORA,
Chairwoman

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GERALD L. LYNCH,
Administrative Law Judge

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1 JUDGE LYNCH: Good afternoon, ladies and
2 gentlemen. This is a hearing to accept public comments
3 on issues pending in three New York State Public Service
4 Commission cases.

5 These cases concern, one, whether the
6 Commission should approve the proposed acquisition of
7 KeySpan Corporation and its various subsidiaries by
8 National Grid, and adopt ten year gas rate plans for two
9 of KeySpan's subsidiaries called KeySpan Energy Delivery
10 New York and KeySpan Energy Delivery Long Island.

11 The second case concerns the terms of a one
12 year rate plan for KeySpan Energy Delivery New York if
13 the proposed acquisition is not approved.

14 The third and final case concerns the terms
15 of a one year rate plan for KeySpan Energy Delivery Long
16 Island if the proposed acquisition is not approved.

17 This is the third in a series of public
18 hearings that we are conducting this week in Nassau and
19 Suffolk Counties. My name is Gerald L. Lynch. I am one
20 of the two Administrative Law Judges assigned to these
21 cases. Also assigned is Judge Michelle Phillips, who I
22 anticipate will be presiding at the hearings next week
23 in Brooklyn and Queens.

24 Our primary roles include managing the case
25 schedule, insuring the development of a complete record,

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1 and offering analysis and recommendations on legal,
2 factual and policy issues that are presented. The
3 ultimate decisions in these cases will be made by the
4 New York Public Service Commission.

5 I would like to introduce to you at this
6 time Chairwoman Patricia Acampora, who is one of the
7 members of the Commission.

8 CHAIRWOMAN ACAMPORA: Thank you, Judge
9 Lynch.

10 It's a pleasure to be here in Suffolk
11 County, the county that I reside in, and as a
12 Commissioner my role here today is to listen. And I
13 thank all of you for participating and I look forward to
14 listening to your comments.

15 Thank you.

16 JUDGE LYNCH: I would like to take one
17 minute at this point just to lay out the process that we
18 will follow today. Some of you are already familiar
19 with it, but some of you are not. Many of you have
20 already filled out a card. If you would like to speak I
21 have those cards here. If you want to speak and you
22 haven't filled out a card the table outside has those
23 available.

24 I will call you one at a time to speak.
25 Please come up to the podium. I will have already

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1 stated your name and address. If I mispronounce it feel
2 free to correct me. We will take you one at a time.

3 We have a court reporter sitting right in
4 front of me who is going to take down everything that's
5 said today, so please only speak one at a time and speak
6 slowly and clearly so that she can get everything down
7 correctly.

8 If you have a cell telephone or any other
9 communications device that makes noises, please silence
10 it or turn it off. Thank you.

11 All speakers must direct their comments to
12 issues that are relevant to the proposed stock
13 acquisition, the associated ten year gas rate plans, or
14 the alternative one year gas rate plans. As stated in
15 the notice, LIPA electric retail rates are not in issue
16 in these cases.

17 Your comments should be as succinct as
18 possible. We do have this afternoon 15 speakers. It's
19 going to be 14 because somebody signed up twice. 14
20 speakers, and we will be here at least one hour, until
21 2:00, and we will continue thereafter at least up until
22 3:00 if there are people here to speak.

23 If there are people present who do not want
24 to speak but that want to comment, there are many
25 avenues for you to do that by writing. You can write to

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1 the Commission, you can e-mail the Commission, and you
2 can call the Commission. And all the information for
3 that is in the notice, and if you don't have the notice
4 and you want that information I have it and I can
5 provide it.

6 If you do decide to use one of those
7 alternative means we ask that you do so by February the
8 19th, and that includes if you are writing, e-mailing,
9 or telephoning.

10 I wanted to mention also that at this point
11 there is no firm date for Commission decision, but the
12 schedule that we are working on assumes that the
13 Commission will make a decision in late August 2007, and
14 that goal is tentative and it's subject to change.

15 So, let me ask: Does anyone have any
16 questions about the process? At this point we have 15
17 speakers. Are there any questions? Okay.

18 I don't see anyone standing up or waving
19 their hand, so the first speaker this afternoon is Ginny
20 Fields, who is a member of the New York State Assembly
21 and has provided the address at 25 Main Street,
22 Sayville.

23 ASSEMBLYWOMAN FIELDS: Two South Main
24 Street.

25 JUDGE LYNCH: Okay, welcome.

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1 ASSEMBLYWOMAN FIELDS: Thank you.

2 I am, as you stated, Assemblywoman Ginny
3 Fields, and I represent the 5th Assembly District in
4 Suffolk County. And I have had many letters and
5 constituents who have contacted me with many questions
6 regarding this merger. And so I have tried to put them
7 in some kind of order.

8 And I will just read them, and basically
9 they are just to be put on the record as questions that
10 we would like you to know about that are in the minds of
11 ratepayers and Suffolk County residents.

12 One of them is promises and assurances. In
13 discussions with New York State Assembly and the New
14 York State Senate, National Grid has met in Albany and
15 we have been told of synergy savings and work force and
16 contract promises.

17 National Grid has moved their administration
18 around during these past merger talks, and as an example
19 Michael Jesanis, National Grid USA Chief Executive and
20 President, National Grid, PLC, the London based parent,
21 announced its Chief Executive Roger Irwin retired and
22 eventually Robert Catell, the Executive Chairman of
23 National Grid USA, will retire in three years.

24 This has left the public and publically
25 elected officials wondering if those who made

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1 commitments up to this point will actually follow with
2 those commitments, keep their word, and follow up to
3 requests that elected officials and constituents have
4 had also in these talks.

5 The second topic is reliability. And
6 apparently in the JD Power & Associates survey released
7 last year National Grid ranked 12 among 15 northeastern
8 utilities.

9 In April of 2006 National Grid was ordered
10 to return \$8.8 million to its upstate electric consumers
11 because it failed to meet two key reliability
12 requirements mandated by the State Public Service
13 Commission.

14 In March of 2006, National Grid's
15 Massachusetts Electric Company drew a \$1.5 million
16 penalty also for missing key service and reliability
17 measures. Again, are we going to have a reliable
18 company?

19 Work force. KeySpan Energy employs
20 approximately 9400 people, of which almost 50 percent
21 reside on Long Island. If the number of KeySpan
22 employees is reduced, it will most certainly have a
23 lasting impact on the Long Island economy for many years
24 to come.

25 In addition, should Long Island be impacted

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1 by a major hurricane, heat wave, blizzard or ice storm,
2 a reduced workforce would fail the public in a crucial
3 time of need.

4 In 2002 National Grid acquired Niagara
5 Mohawk, another of New York's largest utility providers,
6 and assured the public, as well as NIMO employees, that
7 savings would occur and the workforce would remain
8 largely unchanged, yet since 2002 utility rates have
9 continued to increase and the number of upstate New
10 Yorkers employed by National Grid has been reduced by
11 almost 1300 workers.

12 Outsourcing. What guarantee does Long
13 Island have that the service center will not be
14 outsourced to another state or possibly another nation?

15 Synergy savings. The Suffolk County
16 Legislature Budget Review Office has concerns regarding
17 this deal. Their report breaks down in detail the 210
18 million in synergy savings that National Grid has
19 promised ratepayers. After a lengthy technical
20 analysis, the Budget Review Office came to a somber
21 conclusion, according to Joseph Schroeder of the Budget
22 Review Office, energy specialist.

23 He said we see a savings of \$1.48 per month
24 per person if this merger takes place, and it's going to
25 be less than that for some people. There is hardly any

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1 way to find measurable savings at all given the scant
2 information that National Grid has provided us.

3 Given all the other contributing factors,
4 the Office of Budget Review finds it very difficult to
5 find any measurable savings.

6 A letter from the Office of Former National
7 Grid President and CEO Michael Jesanis was recently
8 intercepted. In the letter, which was addressed to
9 National Grid employees, Jesanis stated, "Over time
10 identified efficiencies will lead to fewer people being
11 required to do some of the work we do". Jesanis went on
12 to state in the letter that this will subsequently lead
13 to redeployment of employees.

14 When National Grid was reviewed by the
15 Public Service Commission, they also stated they were
16 going to be reducing their work force by ten percent.
17 That is a sizable amount of high paying, middle class
18 jobs that will be lost because of this merger.

19 Conservation and alternative fuel
20 exploration. What is the company doing to assist the
21 United States or New York State in looking for savings,
22 alternative fuel and conservation, rather than relying
23 on other countries and what we can get from this merger?

24 Environment and clean ups. There are
25 currently some areas that need clean up. There are

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1 plumes and contaminants that communities and workers are
2 or could be exposed to. The cost to clean one such site
3 in Bay Shore was estimated at \$4.7 million. Who will be
4 paying for this clean up?

5 Emissions. Power plant emissions on Long
6 Island, particularly in Suffolk, have increased
7 dramatically since 1995. What would National Grid do to
8 lower the emissions?

9 And that is the end of some of my questions
10 and comments, and hopefully through this process we will
11 be given some of those answers.

12 JUDGE LYNCH: Thank you very much.

13 ASSEMBLYWOMAN FIELDS: Thank you.

14 JUDGE LYNCH: The next person who signed up
15 to speak is Sarah Anker, who actually signed up twice.
16 Do you want to go now or?

17 MS. ANKER: I will go now.

18 JUDGE LYNCH: You are going to refer to
19 these in your statement?

20 MS. ANKER: Yes, I am.

21 Hi. I am Sarah Anker. I am with Community
22 Health Environment Coalition of Long Island. We started
23 a not-for-profit group because of the breast cancer
24 clusters in our area, Mt. Sinai.

25 I am here today to provide comments to New

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1 York State Public Service Commission on the KeySpan and
2 National Grid merger.

3 I ask that the PSC support language in the
4 KeySpan/National Grid merger contract to repower and
5 clean up two of Long Island's most polluting power
6 plants, Port Jefferson and Northport. In addition, the
7 power companies must address remediation of their toxic
8 dumping sites.

9 This will protect the health of Long Island
10 residents and ensure a cleaner environment by protecting
11 Long Island's groundwater and air quality.

12 The recently published Breast Cancer Fund
13 2006 report "State of the Evidence-What is the
14 Connection Between the Environment and Breast Cancer"
15 demonstrates the link between our health and our
16 environment. That's a copy of the report.

17 The report states that Polycyclic Aromatic
18 Hydrocarbons, PAHs, may cause breast cancer. They are
19 classified as a probable cause of cancer, in the same
20 category as secondhand smoking.

21 PAHs are compounds found in soot and fumes
22 from the combustion of diesel and other fuels. A Long
23 Island study found that women with the highest PAH body
24 burdens had a 50 percent increase in breast cancer. A
25 Columbia University study found a close relationship

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1 between DNA damage from exposure to PAHs in breast
2 tissue and increased risk of breast cancer. PAHs, heavy
3 metals, and mercury, are just a few substances found in
4 power plant soot.

5 For decades, KeySpan's Northport and Port
6 Jefferson power plants have emitted high levels of toxic
7 soot, which have been exempt from current pollution
8 standards due to an antiquated grandfather clause. We
9 are putting public health at risk by allowing
10 pre-existing pollution standards to continue.

11 Northport's sulfur dioxide emissions
12 increased from 10,927 tons in 1995 to 25,649 tons in
13 2000, an increase of 135 percent. Between 1995 and
14 2000, the two plants' emissions of carbon dioxide
15 increased 68 percent, nitrous oxide emissions increased
16 89 percent, and sulfur dioxide emissions increased 92
17 percent. This was from the CAP Report.

18 JUDGE LYNCH: From what report?

19 MS. ANKER: CAP. It's Gordian Raacke's
20 report and I would be happy to e-mail that over to you
21 if you want more information.

22 JUDGE LYNCH: I just wanted to make sure the
23 reporter understood, because I didn't hear it.

24 MS. ANKER: In April 2004 the Environmental
25 Protection Agency announced that Suffolk County was one

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1 of 474 counties nationwide that are in violation of
2 health standards for ground level ozone, which is made
3 up of sulfur dioxide and oxides of nitrogen, and soot.

4 The Port Jefferson plants release 3.7
5 billion pounds per year of carbon dioxide, 9,030 metric
6 tons of sulfur dioxide, and 1,677 metric tons of nitrous
7 oxide in 2004. Port Jefferson power plant has been
8 grandfathered in, which allows it to release high levels
9 of polluting emissions.

10 If National Grid's \$11 billion buyout of
11 KeySpan goes through, PSC must insist on language in
12 National Grid's contract to repower the plants. This
13 will create more energy efficient plants and will also
14 reduce toxic pollution.

15 The PSC's mission, according to your
16 website, is to ensure safe, secure and reliable access
17 to energy. The department seeks to maximize customer
18 choice and value for these services by stimulating
19 innovation, strategic infrastructure investment, and the
20 use of resources in an efficient and environmentally
21 responsible manner.

22 Environmental responsibility is part of the
23 PSC's mission. Research shows our environment affects
24 our health and can cause disease. The cost of
25 preventing suffering and ensuring good health is

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1 priceless.

2 I have included that in my cost analysis in
3 repowering the plants and I hope you will do that too.
4 You can protect us. It's time to invest in the
5 residents of Long Island.

6 Thank you.

7 JUDGE LYNCH: Thank you.

8 (Applause)

9 The next speaker is John J. Kennedy, 12 Dave
10 Lane, South Setauket, New York.

11 MR. KENNEDY: As you say, I am John J.
12 Kennedy. I am a LILCO retiree, retired in 1996 after 36
13 and a half years of working at the company.

14 I have a statement and a question for the
15 Public Service Commission. I have read a lot of
16 information put out by KeySpan and National Grid and the
17 media about all the positives of this buyout, including
18 better, cheaper service, continuing good community
19 relations and governmental relations.

20 There will be millions and billions of
21 dollars changing hands, going to the stockholders, the
22 lawyers, and KeySpan executives.

23 I have also read one negative that disturbs
24 me and the rest of the company's retirees very much,
25 that being our existing retiree benefits and life

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1 insurance. We were told last November at a retirees'
2 club meeting by the vice president in charge of human
3 resources at KeySpan, and I quote, "Past practice at
4 National Grid has been to continue existing retiree
5 benefits and life insurance; however, there is no
6 guarantee that this practice will continue".

7 We retirees have worked 20, 30, 40 years and
8 helped build this company up to where it is today. Now
9 we have to sweat out our earned benefits. We all
10 retired. When we retired we were told at our retirement
11 counseling that whatever medical benefits we have when
12 we retire, they will be ours until the day we die. So,
13 we based our retirement on that fact. Now that seems to
14 be in jeopardy.

15 With all the money changing hands and even
16 going out of this country, why should we be given a
17 short straw, especially when some of our retiree
18 pensions are less than a thousand dollars a month?

19 My question to the Public Service Commission
20 is: Do you have the power, and if you do, would you put
21 in this buyout agreement between KeySpan and National
22 Grid a guarantee that the retirees' benefits will
23 continue as they are now and not be changed or
24 decreased?

25 Thank you.

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1 (Applause)

2 JUDGE LYNCH: Thank you very much. And the
3 next speaker is Hugh Bauers, 75 Timberpoint Road, East
4 Islip, New York, 11730.

5 MR. BAUERS: I have never spoken at one of
6 these before but I have been to a few. I thought that I
7 could get some answers. I see I am not going to get any
8 answers at all today, so I am just going to make a few
9 comments.

10 My first question is: Why would Americans
11 give up their receptacles in their homes to a foreign
12 power? It makes absolutely no sense to me whatsoever.

13 Second of all, when it says here a corporate
14 merger occurs when one company absorbs another by
15 acquiring its assets, liabilities, franchises and
16 powers, or by acquiring ownership of its stock, does
17 that mean when they buy ownership of its stock they give
18 up the liabilities, etc?

19 There is a lot of clean up work to be done
20 on manufactured gas sites. There is pollution. There
21 is--you can see it bubbling up in the streams in Bay
22 Shore. It's ridiculous.

23 And now I am going to trust another country
24 to take care of this for me? The country we are in
25 right now, LILCO or LIPA, whatever they call themselves

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1 now, they are not taking care of us at all.

2 So, what I would like to find out is: Are
3 they going to take all the liabilities that LIPA now has
4 by owning all of these sites and clean them up in this
5 transaction, or are we as the ratepayers going to pay
6 for that too? Very big question.

7 You have to excuse me. I have become very
8 cynical since I started studying this stuff with Charles
9 Luchetti and some of his people. The things that I
10 found out were ludicrous, ludicrous.

11 Now, if another company is going to come in
12 with not that good of a reputation it would be like
13 selling us down the river. We are Americans. My God.

14 The responsibilities of the PSC are to keep
15 us in reasonable rates and the least adverse effect on
16 the environment. I am sorry, but I don't believe you
17 guys are doing your job. That's about all I got.

18 (Applause)

19 JUDGE LYNCH: Thank you very much. The next
20 speaker is Kathleen Matthews, 26 Chestnut Avenue,
21 Setauket, New York.

22 MS. MATTHEWS: My name is Kathleen Matthews
23 and I am the Chair of the Village of Poquott
24 Environmental Action Committee. Poquott is located in
25 the shadows of the Port Jefferson plant to the

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1 northwest. Given the prevailing southerlies that
2 dominate Long Island's wind pattern, we are directly in
3 the path of whatever plumes or particulate matters are
4 emitted.

5 The Port Jefferson plant is second only to
6 Northport as the dirtiest plant on Long Island, but
7 because of its relatively small size it may not be a
8 candidate for repowering and instead merely be upgraded
9 and made more efficient.

10 This would be similar to taking a key
11 catalytic converter car and adding new engine parts and
12 expecting that you could put it back on the road and it
13 will keep running. It probably will keep running;
14 however, if you check the tailpipe, it's not going to be
15 without a cloud.

16 The peaker plants, the two 79.9 peaker
17 plants that were added to this property six years ago
18 have a lifespan of about 10 years, so we are already
19 seeing those plants aging out.

20 The problem for our neighbors to the other
21 side of the plant, the Port Jefferson Village, is that
22 they receive \$5 million a year in PILOT payments from
23 the plant, which they badly need. They are concerned
24 about losing that.

25 But while we empathize with their position,

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1 what we would like to see happen is this location is
2 prime waterfront property on Port Jefferson harbor. We
3 would like the PSC to explore other options for its
4 usage. Thank you.

5 (Applause)

6 JUDGE LYNCH: Thank you very much.

7 The next speaker is Cesar A. Malaga. The
8 gentleman is from 11 Maplewood Road, West Babylon, New
9 York.

10 Welcome.

11 MR. MALAGA: Good afternoon. My name is
12 Cesar Malaga. I'm the President of Hispanic American
13 Association.

14 Now, we had been analyzing what's happening
15 with this merger. As all of you know, when companies
16 merge the main purpose is to make profits, and when they
17 get from the ratepayers is pay more. We are completely
18 opposed to this merger.

19 Now, as you know, KeySpan, this company, is
20 not planning to upgrade the power plants. They are not
21 doing. Now, what's happening is the power plants, the
22 way it exists, they are polluting the air. Someone
23 mentioned all the statistics, what's happening with our
24 health.

25 Now, you might not see the pollution that's

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1 doing to other parts of the world, such as South America
2 and Europe. I visited South America, Peru, just to see
3 the Andies mountains. Years ago those mountains were
4 full of snow, full of ice. What's happening today, the
5 ice is melting, it's not enough snow, and the future of
6 that is that the ice that's used to provide water to
7 this streams and rivers, it's gone to dry.

8 There will not be no rivers, there will not
9 be no lakes, and the people are going to die because
10 they don't have water. Other culture, you can see
11 what's happening in Africa because of their land. They
12 have no rain, no water. Hundreds of people are dying
13 there.

14 And the way I see it here, this company is
15 not planning to upgrade our utilities. We keep
16 polluting the air. And we are completely opposed to
17 this merger.

18 Another thing, as I said before, that this
19 company, the only thing doing is take our money, invest
20 someplace else like England or buy with our hard working
21 money that we pay in utilities. They will acquire other
22 companies, and once the utilities they acquire are no
23 longer sufficient to provide electricity they abandon or
24 they sell someone else and then who winds up with the
25 bill? The ratepayers.

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1 So, we are completely opposed to this
2 merger. We have to look not to what's tomorrow, what's
3 a year, two years from now, we have to look what's in
4 the future. And the future of with this companies who
5 don't plan to set--generate the needs electricity with
6 new technology. It's just destroy our environment, and
7 this company is.

8 The merger should not be approved. It
9 should not be approved. It's in the best interest that
10 KeySpan stays the way it is even though KeySpan received
11 twice as much money when we bought it, you know, with
12 utilities.

13 As I understand, we LIPA ratepayers pay for
14 fixing the plants that's not working, or for the
15 plant--for the material that has to be replaced. So,
16 what is this new company going to do? Just take more
17 money from us.

18 So, I would like you to look beyond ten
19 years. And I do not know whether anyone has complained,
20 like KeySpan charged to us senior citizens more for
21 delivery costs than the cost of using gas. I don't know
22 whether any of you have seen the complaints, but if you
23 like I can get some of the bills from senior citizens
24 who try to spend as much less money as possible, but
25 they have been charged for utilities more money for

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1 their own benefit.

2 Poor senior citizens and others cannot
3 afford. They cannot afford any longer. So, please do
4 not approve this merger. Thank you very much.

5 JUDGE LYNCH: Could I ask you to repeat,
6 please, the name of the organization that you were
7 speaking on behalf of.

8 MR. MALAGA: Yes. Hispanic American
9 Association in Suffolk County and here in New York State
10 and New York City.

11 JUDGE LYNCH: Thank you.

12 (Applause)

13 The next person who signed up to speak is
14 Charles Luchetti, and I don't know whether he's going to
15 speak this afternoon or not.

16 MR. LUCHETTI: I will pass until tonight.

17 JUDGE LYNCH: The next speaker is Robert
18 Peck, 87 Redan Drive, Smithtown, New York.

19 Welcome, sir.

20 MR. PECK: Thank you. Good afternoon. Good
21 afternoon, everyone.

22 I just have a few comments here, and I would
23 like first to address these comments to the PSC. And I
24 am very happy that we have a lady, a member of the PSC,
25 that's a Long Island resident, Suffolk County resident,

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1 because I would hope she has some empathy for our
2 situation here, paying the highest electric rates in the
3 country. It's a dubious distinction. It's really not
4 one that we are proud of and please bear that in mind.

5 I am a user of course and I'm also a
6 stockholder, so I have two interests, my financial
7 interest and my personal interest, and I have to balance
8 both, but in the end I am a user, and the savings
9 that--the so-called synergy savings of National Grid
10 should be used to fund increases of rates, not increased
11 rates from the users. That's number one.

12 Number two, according to my calculations,
13 this is an \$11 billion deal. When this deal was struck
14 some months ago, almost a year ago, it was made in US
15 dollars, and if anyone here is familiar with exchange
16 rates, foreign exchange rates, the British pound
17 sterling has appreciated approximately five to six
18 percent. That's about a \$1 billion savings to National
19 Grid.

20 That savings should either be applied
21 to--mandated by the PSC--should be applied to rates
22 and/or to clean up costs. Clean up costs is another
23 issue that I think the PSC has to address. The
24 ratepayers should not be hit over the head or suffer
25 paying higher rates for the clean up costs.

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1 These costs should either go to the federal
2 government and their Superfund clean up things, which I
3 know nothing about that, but there are people that pay
4 for these things in the federal government.

5 The clean up costs should just not be
6 allowed to be passed onto the consumers by a new entity,
7 such as National Grid. Let it be worked out through
8 LIPA or KeySpan at this time, and not passed on later
9 on, because if it's passed on later on I am sure
10 National Grid is going to pass it on and tack on
11 something for themselves besides that.

12 The PSC--we have to hold the PSC responsible
13 here. The PSC allowed the construction, the planning
14 and construction, the building of Shoreham, the nuclear
15 power plant. We all remember that, right? Well, that
16 was a debacle, and the ratepayers, we are still paying
17 for a mess that was allowed to be built by the PSC, the
18 federal government, state government, the LILCO
19 executives, everybody allowed this nuclear power plant
20 to be built.

21 Not that I am against nuclear. It's the
22 cheapest form of electricity, as you well know. It's
23 growing throughout Europe and Asia. More and more
24 nuclear power plants are being installed as we speak,
25 but the one here was never put into use, to my opinion

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1 regrettably, and it does have a lot of people that are
2 certainly against nuclear power, but it was allowed to
3 happen by governmental agencies and corporate greed.

4 It was allowed to happen and we are paying
5 for it to this day. We are paying a very, very high
6 rate, billions of dollars to build it and billions of
7 dollars to tear it down.

8 Thank you very much.

9 (Applause)

10 JUDGE LYNCH: Thank you. The next speaker
11 is Charles A. Hersh, 291 Sioux Avenue, Amityville, New
12 York.

13 Welcome.

14 MR. HERSH: I am a retired electrical
15 engineer and I would like to talk about this. I agree
16 with Sarah Anker that it's important to do repowering.
17 I also, you know, she just covered the pollution aspects
18 and how it will reduce pollution.

19 It will also more than double the generating
20 capacity of the equipment, making us energy independent.
21 It will also make Long Island's generating equipment,
22 those power plants, nearly double the efficiency so that
23 you could almost half the amount of fuel that you would
24 be using. So, it's a win/win/win situation for
25 everybody.

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1 You can think of this as replacing a
2 30-year-old air conditioner. By being more efficient
3 it's going to use less electricity to produce, so, it's
4 well worth it to throw out that old air conditioner
5 that's 30-years-old and replace it.

6 But, of course, the benefits don't begin
7 until you pay for that air conditioner. You are the
8 ones benefitting from it so you would have to pay for
9 it. Believe it or not, it's the same way for upgrading
10 these power plants. It's the ratepayers who are going
11 to be benefitting from it.

12 Think about all the increased fuel
13 adjustment charges that you would want to cut your fuel
14 use. Personally, I don't think you could require Grid
15 to do this because it's not fair to them.

16 This has to be really put on the ratepayers.
17 I believe that KeySpan and National Grid are just as
18 interested in doing repowering. The real stumbling
19 block, I feel, is Richard Kessel, the Long Island Power
20 Authority.

21 So, if they are allowed to have these rate
22 increases just to pay for these improvements, the
23 ratepayers will ultimately benefit, so that is the way
24 you should do it.

25 If you are really interested in repowering,

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1 another thing you should consider is attending these
2 Broadwater meetings because you need to switch from oil
3 to natural gas. That alone, without doing repowering,
4 would cut carbon dioxide emissions by one third and drop
5 a lot of other pollution.

6 Then by doing the repowering you drop your
7 fuel use and you drop the pollutants further, so this is
8 a massive benefit, but it's up to Richard Kessel to make
9 the case before the Public Service Commission because he
10 determines the rates that people pay, and to allow these
11 things to happen, to make them happen. I can assure you
12 he's in no hurry.

13 He doesn't speak well of Broadwater so he's
14 not interested in that. He's interested in renewable
15 energy even though it doesn't work that well. Frankly,
16 I think he's misappropriating funds in both the Long
17 Island offshore wind project as well as the solar
18 subsidiary program.

19 They cost much more in cost per watts than
20 repowering. That is the most effective way. So you
21 wonder why he's spending money on these other projects.

22 JUDGE LYNCH: Excuse me. I want to remind
23 you--I am trying to give you wide latitude, but the
24 Commission doesn't regulate LIPA's rates. Your concerns
25 about Mr. Kessel, valid or not, is not something over

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1 which the Commission has jurisdiction.

2 MR. HERSH: Okay. From the Commission's
3 view, you really can't put in this requirement for
4 repowering. I can assure you that National Grid would
5 probably be just as eager as KeySpan, but it's up to
6 them to do that.

7 JUDGE LYNCH: That's a different issue about
8 the rates charged or what Mr. Kessel is doing.

9 MR. HERSH: Sure. I am just trying to
10 inform them. There is nothing you can do.

11 But the real problem is with Richard Kessel.
12 And I think he's misappropriating, if I understand, on
13 the solar panel program because that costs five times as
14 much as repowering, and the wind project three times for
15 the same benefits, which are really token amounts. And
16 so I am just trying to inform you, and I hope Sarah
17 Anker gets after him.

18 And I really wish National Grid the best of
19 luck. I don't expect much of a difference. Certainly
20 they will keep the name of KeySpan. And so just make
21 sure they dot all their I's and cross their T's.

22 Thank you very much.

23 (Applause)

24 JUDGE LYNCH: Thank you.

25 The next speaker is Thomas Bermel of

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1 Woodacres Road, East Patchogue.

2 Welcome.

3 MR. BERMEL: Thank you for the opportunity.

4 My name is Thomas Bermel from East Patchogue. Thank you
5 for the opportunity to speak this afternoon.

6 KeySpan and National Grid should not be
7 permitted to recover from the ratepayers the cost of
8 clean up of the contaminants from KeySpan's seven former
9 manufactured gas plant sites, classified as Superfund
10 sites, for two reasons.

11 First, because the Superfund law prohibits
12 utilities from transferring their strict liability for
13 such clean up to the ratepayers.

14 Second, because due to the unreasonable
15 delay by KeySpan and its predecessor, LILCO, in cleaning
16 up the contamination, the costs have risen to over \$200
17 million to clean up the Bay Shore site and over \$6
18 million to clean up all seven sites.

19 I urge you not to take a narrow view of the
20 PSC's statutory responsibility, but to see to it that
21 the merger and KeySpan-National Grid proposed rate plans
22 are just, reasonable and not in violation of any
23 provision of law.

24 I urge you to recommend what the PSC has
25 failed to do since its 1994 MGP coal tar investigation,

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1 that it develop a generic policy with respect to the
2 issue of allocation of the costs of remediation of
3 former MGP sites in New York State. The PSC decided
4 then to proceed on a case by case basis.

5 I recommend that you use the evidentiary
6 record of this case to assist the PSC in establishing a
7 generic policy. This means that you should take into
8 account whether delay in the clean up of the MGP sites
9 is imprudent, if it causes the costs to skyrocket, and
10 if the delay also puts at risk the latent toxic tort
11 injury, the health of persons who were and are
12 continuing to be exposed to the contaminants, some of
13 which are carcinogenic.

14 MGP site contaminants also include mercury.
15 The scientific and medical communities are now
16 investigating whether exposure to mercury of a mother or
17 child is a possible cause of autism and other diseases
18 suffered by children.

19 I also urge you to recommend the development
20 of standards governing prioritization of a utility's
21 cash flow. For example, is it prudent for the utility's
22 board of directors knowing that delay in the clean up of
23 MGP site contaminants is causing the costs to increase
24 and putting public health at risk, to use its available
25 cash flow to pay dividends to stockholders, or increases

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1 in management compensation, or payment of other deferred
2 costs, rather than to use that cash flow to expedite the
3 clean up? I don't think so.

4 (Applause)

5 I also urge you to recommend amending your
6 rules of procedure governing the assertion of privilege
7 by the utilities refusing to publically disclose
8 relevant internal documents.

9 You have that authority. I urge you to
10 exercise it and plant the seeds of a PSC generic policy
11 on what is the just and reasonable allocation of the
12 costs of remediation of Superfund sites.

13 The second portion--and I am not going to be
14 too much longer--comes out of the public notice, the
15 legal notice. Among the issues to be considered are
16 whether the proposed acquisition of unregulated electric
17 generation assets would undermine New York's competitive
18 wholesale electric market.

19 I say to you it's not what was in this
20 public notice, it's what was missing from the public
21 notice, and an issue that should be considered is
22 whether the proposed acquisition of unregulated electric
23 generation assets would further undermine Long Island's
24 non-competitive, monopolistic retail electric market.

25 There are other things in this legal notice,

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1 such as deferred costs. Unspecified revenue increases,
2 what's up with that? Related costs. Shift recovery of
3 costs from delivery rates to commodity rates.

4 Well, that's what the game that they are
5 playing right now. This goes back to maybe the old
6 Brooklyn Dodgers when they called them bums. Well, BUMS
7 a few years back stood for Brooklyn Union Market Span.
8 Then it changed to KeySpan. Then it's KeySpan LILCO.
9 Then it's LIPA, KeySpan LIPA. What is it going to be
10 tomorrow? Brits LIPA? Limey LIPA?

11 And finally, I would like to reassert and
12 support a presentation made at yesterday's initial
13 hearing in Riverhead presented by Dr. Carmine Vasile
14 concerning the violation of state and federal
15 constitutions.

16 Thank you for your time.

17 (Applause)

18 JUDGE LYNCH: Thank you. Sir, can I ask
19 you--sir, Mr. Bermel, are you represented by counsel in
20 this case? Mr. Bermel?

21 MR. BERMEL: With all due respect, I am an
22 individual, this is not a Q&A, and I take the fifth.

23 (Applause)

24 JUDGE LYNCH: Thank you very much.

25 The next speaker is Maureen Simone, 27

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1 Lanier Lane, Bay Shore.

2 MS. SIMONE: My name is Maureen Simone. I
3 live in Bay Shore, and I am not as eloquent a speaker as
4 Mr. Bermel, but my feelings are the same.

5 I am very unsatisfied with what has happened
6 with the toxic plume. We have no definitive answers as
7 to how far the levels in the ground are. We have no
8 confirmed answers how toxic our wells are. The odor
9 from the wells continue to exude odor at our bus stops
10 where our kids are.

11 I have yet to see KeySpan or DEC test these
12 sites. I oppose the merger unless KeySpan and National
13 Grid agree to expedite these toxic sites.

14 We have a pond across the street. It was
15 mentioned to us not to let our kids in the water. You
16 try to have the kid who throws the ball in the water not
17 go after the ball, or a dog run into the water and that
18 dog comes out.

19 So, the toxic site that has been--I don't
20 know the name of the river, but it has been deemed
21 toxic. I think it's Lawrence Creek. This is all stuff
22 that has not been addressed and has to be cleaned up.

23 The Public Service Commission should not
24 approve the National Grid merger unless there is an
25 expedition plan in place with a deadline date.

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1 I also agree with Mr. Bermel that the
2 ratepayers should not be responsible for the clean up,
3 as we have been responsible for so many other things
4 that we have no regulation on.

5 I also think the PSC should also be
6 questioning the DEC, who should be governing this.
7 There is no supervision on my block. They don't seem to
8 have any answers when we call them. And that's the only
9 way that I can see the clean up will be started, if DEC
10 starts doing what they are supposed to be doing.

11 Thank you.

12 (Applause)

13 JUDGE LYNCH: Thank you.

14 I believe the next speaker is Sophie M.
15 Perez, Seven Pinewild Road, Brentwood, New York.

16 MS. PEREZ: The people who have spoken
17 before me addressed the questions I have. I refrain to
18 speak.

19 JUDGE LYNCH: You are Sophie Perez?

20 MS. PEREZ: Yes, I am.

21 JUDGE LYNCH: It was nice to meet you.

22 The next speaker is Daniel Karpen, Three
23 Harbor Hill Drive, Huntington, New York.

24 MR. KARPEN: My name is Daniel Karpen. I
25 reside at Three Harbor Hill Drive, Huntington, New York.

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1 I am a professional engineer licensed to practice
2 engineering in New York State.

3 My engineering practice revolves around
4 energy conservation. Besides being a professional
5 engineer, I am an inventor and I hold patents for a
6 lighting system called full-spectrum polarized lighting,
7 which is designed to reproduce daylight inside buildings
8 by combining a polarized diffuser with full-spectrum
9 florescent lamps.

10 While I was waiting to speak at this public
11 hearing I fell asleep due to the bad lighting in this
12 room. KeySpan employees and former KeySpan employees
13 have told me that the lighting in the KeySpan facilities
14 is absolutely atrocious. Imagine the lighting company
15 having the worst lighting on Long Island.

16 Employees in the basement and sub-basement
17 of the Hicksville facilities have no daylight. They
18 can't see outside. I have tried to convince the Long
19 Island Lighting Company and later KeySpan to put in
20 modern, efficient lighting in their buildings so that
21 they could cut their own energy costs, save money, and
22 keep the rates down, but Dr. Catacosinos was not
23 interested and, in fact, I had Bob Catell come to the
24 Merrick public library where I got--where I am using New
25 York State Energy Office co-funding. We put in a

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1 full-spectrum polarized system that slashed the
2 electrical usage of the building by an astounding 60
3 percent.

4 The upshot was when the Merrick library
5 decided to build a new building, they tore the old one
6 down, hired a flunky architect who didn't want to use my
7 lighting system, and the electric bills are three or
8 four times what they were after I got finished.

9 It would be advantageous for the PSC to
10 study full-spectrum polarized lighting and its impact
11 upon how much money could be saved at KeySpan in their
12 operations.

13 In addition, there would be enormous
14 improvement in employee productivity, saving the company
15 untold millions of dollars, reduced sick leave, happier
16 employees, and so forth. Unfortunately, they won't
17 listen, but let me tell you what I did to KeySpan and
18 they had to listen.

19 Those people saw me coming with my wooden
20 shoes. From 1995 through the year 2000 my wooden shoes
21 were my transportation. To get to my house to
22 Huntington to go shopping I walked to town. Along the
23 way I used to kick the LILCO poles to find out if they
24 were hollow or solid. Inevitably, I would find rotten
25 ones and splinters and rotten wood would come out of the

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1 bottom of the poles. I used to wrap them in baggies,
2 little baggies, and I used to mail them to Dr.
3 Catacosinos.

4 You can imagine how thrilled the Chairman of
5 the electric company was when he got weekly baggies of
6 rotted wood in his mail. And I knew that he read every
7 one of my letters, because once I wrote him a letter,
8 "Dear Dr. Catacosinos, how come LILCO doesn't paint its
9 pole transformers white so they don't overheat in the
10 summer months?" Six months later I asked him the same
11 question at a stockholders' meeting. He replied, yes,
12 Mr. Karpen, we did receive your letter and we did answer
13 it, so apparently he did read the mail.

14 And it's just astounding as to how many
15 poles are truly rotten on Long Island. I would estimate
16 about 25,000 poles out of the half a million that is
17 owned by Verizon and KeySpan and LIPA fail their own
18 criteria for sturdiness.

19 And it's been 21 years since Hurricane
20 Gloria's gales hit Long Island. Let a thousand
21 hurricanes strike. Let a million power lines blow down.
22 No electricity anywhere. It's the same around town.
23 Whenever there is trouble, just make the PSC the local
24 whipping boy. Just make LILCO the local whipping boy.
25 Complaining to the PSC is never a joy.

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1 Thank you.

2 JUDGE LYNCH: Thank you. You brought a
3 smile to all of our faces.

4 The next speaker is Peter Elkowitz, 180 Oser
5 Avenue, Hauppauge, New York.

6 MR. ELKOWITZ: There is a hard presentation
7 to follow. I promise you I will be short.

8 I would like to thank the members of the
9 Commission for allowing the Long Island Housing
10 Partnership to comment today. I am the President of the
11 Long Island Housing Partnership. The Long Island
12 Housing Partnership is a non-for-profit organization
13 whose mission is to develop opportunities to create
14 housing opportunities for those who could not afford
15 housing in the open market here on Long Island.

16 For many years KeySpan has been an active
17 member on the Board of Directors of the Long Island
18 Housing Partnership. Throughout those years KeySpan has
19 been a strong supporter of the Long Island Housing
20 Partnership's mission to build communities by providing
21 housing for working families. They are excellent
22 corporate citizens who have contributed to our mission
23 with funding and through their Cinderella program.

24 KeySpan is a proven leader in the
25 communities we serve on Long Island, and we hope and

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1 believe that that commitment will continue with National
2 Grid PLC. The Long Island Housing Partnership will look
3 forward to working with National Grid in the future to
4 make sure that they remain good community partners like
5 we had in the past.

6 Thank you.

7 (Applause)

8 JUDGE LYNCH: Next speaker is Todd Stebbins,
9 who is speaking on behalf of Suffolk County Executive
10 Steve Levy. The address given is 100 Veterans Highway,
11 Hauppauge, New York.

12 Welcome.

13 MR. STEBBINS: Thank you, Judge, and thank
14 you, Chairwoman Acampora, for being here and holding
15 these hearings on Long Island.

16 As County Executive for the State's largest
17 suburban county, County Executive Steve Levy is pleased
18 to provide testimony regarding National Grid's
19 application to acquire KeySpan Corporation. However, he
20 would like to reserve the right to submit more detailed
21 testimony and more questions to the PSC during its
22 deliberations.

23 Suffolk County government has a history of
24 being quite active in proceedings and legislation that
25 impacts utilities that service our constituency. We

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1 have been quite sensitive to the issues given the fact
2 that Long Island was often paying among the highest
3 electric rates in the entire nation. We saw what high
4 rates can do to the economy of the region, and we have
5 seen what a lack of reliability of service can do as
6 evidenced by the horrors associated with Hurricane
7 Gloria in 1985.

8 My office would be opposed to any merger of
9 KeySpan with National Grid without at the very least the
10 following items having been first addressed. Number
11 one, adequate savings to the Suffolk ratepayer. We have
12 been informed that this merger will provide for
13 efficiencies that will save at least \$200-\$300 million
14 for ratepayers.

15 This is, in and of itself, not necessarily a
16 large amount, but is made even less significant if one
17 considers that it would be distributed throughout the
18 entire National Grid service area. Long Islanders would
19 see insignificant savings, if any. We believe that any
20 savings that come about from these synergies should
21 insure a benefit to the Long Island ratepayer.

22 Two, service reliability is a must. Mergers
23 often result in layoffs. As chief executive, I am fully
24 cognizant of the need to keep an administration as lean
25 as possible without affecting service. Keeping the

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1 lights on is often the function of having adequate
2 personnel to be able to maintain one's system and to
3 take corrective action in a timely fashion in a crisis.

4 We have to be convinced that proper staffing
5 and service measures will be taken to ensure that the
6 service provided by KeySpan is not compromised.

7 Three, liabilities. KeySpan's liabilities
8 should not be absorbed by ratepayers if there is a
9 merger. The Bay Shore Manufactured Gas Plant and the
10 plume underneath it that is contaminating the Lawrence
11 Creek and the Great South Bay is one of 15 manufactured
12 gas plants, five of which are in Suffolk County. We
13 would like to be assured that this cleanup will be
14 effectuated as expeditiously as possible if there were a
15 merger, and that the costs for such cleanup would not be
16 borne by the ratepayers.

17 Four, Long Island contacts on the board must
18 be guaranteed for the long term. We in Suffolk fear
19 that a merger could eventually lead to an overhaul of
20 the top administration of this local utility. The
21 present utility is run by individuals who know Long
22 Island and for the most part live here. Relationships
23 have developed over the years whereby elected officials
24 can get in contact immediately with those in decision
25 making positions.

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1 These local administrators have been
2 sensitized to the needs of the local community. We fear
3 that a more corporate foreign ownership could
4 deteriorate the accessibility that the public has with
5 the local administrators.

6 Five, any merger would have to maintain
7 community involvement from the utility. The present
8 utility understands how important it is to stay closely
9 linked to the community. We are concerned that a more
10 corporate conglomerate may end that local attachment.
11 We would seek assurances that the corporation is willing
12 to stay as involved in local events as presently the
13 case.

14 We in Suffolk continue to deliberate the
15 pros and cons of this merger. The items set forth above
16 constitute a bare minimum of the needs that would have
17 to be met for Suffolk not to resist this potential
18 merger. I look forward to seeing more of the details of
19 this merger as they are actually released to the public,
20 since many of the details are not.

21 Thank you.

22 (Applause)

23 JUDGE LYNCH: Thank you.

24 The next speaker is Eileen Smith, speaking
25 for the Family Services League, and the address given is

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1 1444 Fifth Avenue, Bay Shore.

2 MS. SMITH: I would like to say I appreciate
3 the opportunity to speak here today. When I heard about
4 this meeting I wanted to come on behalf of the Family
5 Service League and myself as a social worker because our
6 focus is to help people who are of low income.

7 Our agency is a not-for-profit agency that
8 operates over 40 programs in Suffolk County, and without
9 the support of our corporations such as KeySpan, who has
10 been a wonderful partner to us, we literally would have
11 to close our doors in some cases and close down some of
12 our programs.

13 I would like to just speak briefly about how
14 KeySpan has helped Family Service League and the
15 citizens of Suffolk County who are less fortunate.
16 KeySpan has been directly involved in a program called
17 Worker Plus, which is a vocational program that helps
18 people learn entry level computer skills and get off
19 public assistance and become employed.

20 And it's really been through this program at
21 two sites, one in Huntington and one in Bay Shore, that
22 over a thousand people have been helped, and without
23 that support we would not be able to operate this
24 program.

25 There is another support that KeySpan has

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1 given our agency, and it's something that maybe all of
2 us wouldn't think about, but it's a program that we call
3 the Back to School Supplies Boutique and it's for
4 families who can't afford to buy school supplies for
5 their children. And KeySpan has been our funder for the
6 last five years. And we provide backpacks and school
7 supplies to families that can't purchase the items for
8 their children.

9 KeySpan has helped us with our holiday
10 program in a similar way. I could talk more about how
11 KeySpan has helped us, but what I wanted to say was that
12 I was very pleased, when I did a little research on the
13 National Grid, that it too is very involved in the
14 community. And so if this merger would continue that,
15 then Family Service League and I myself, as a citizen of
16 Suffolk County, would be very much in favor of it.

17 So, thank you.

18 (Applause.)

19 JUDGE LYNCH: Thank you.

20 The next speaker is Elizabeth Koerner, 50
21 Seaview Avenue, Northport, New York.

22 MS. KOERNER: Good afternoon. I was totally
23 unprepared for this. I spent the morning as a member of
24 Water for Long Island, and there was a gentleman here
25 earlier that was at that meeting also. And what we are

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1 about, we have a suit against Suffolk County Water
2 Authority to stop them from drilling into the Lloyd
3 aquifer, which is the most pristine, the most--the
4 oldest. We might need it not too long from now. And
5 what about the generations after us?

6 However, moving right along, I would advise
7 you to proceed with extreme caution. I see three
8 factors here. I am a resident of the beautiful
9 incorporated Village of Northport, but right now I'm not
10 too proud of Northport. I don't see anybody here from
11 my village.

12 Plus, this evening I will be at that meeting
13 about the barge, and why? Because the Iroquois Pipeline
14 comes right through my village, is right there at the
15 plant, the old LILCO plant. Now it's LIPA, okay.

16 All these emissions that people have
17 admitted to trickle down and wind up in our groundwater.
18 We are drinking that. There are no known filtration
19 systems.

20 Suffolk County Water Authority, instead of
21 unpolluting the water, wants to go down into the Lloyd
22 and mess us up. As most people know, I believe you know
23 that once Kings County, Queens County had their working,
24 thriving, healthy aquifers. Well, they don't any
25 longer. We are going to be in that predicament. As I

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1 said, the pollutants trickle down from the power plants.

2 I have the wonderful distinction of being in
3 the worst groundwater situation in Northport Village.
4 We are a coastal community and because of the glacial
5 that scraped away the other layers we are in bad
6 trouble.

7 So, we have the aquifer business going on.
8 We have the pending merger going on, the Iroquois
9 pipeline, which the gas will come directly from that
10 barge that they want to put in the Sound, God save us.
11 The nitrate level is so bad in the water right now all
12 over Long Island.

13 Let me see. What can I say here? I advise
14 you to proceed with great caution. And just in case
15 anybody is thinking that I don't have a life and I have
16 already been at two meetings today, I didn't plan this
17 one. I will be at the one this evening. Here's my
18 shopping list for a couple days ago, lemons, fruit,
19 rice. I do have a life, but these things are very, very
20 important.

21 When you see how they all run into each
22 other, it's the air we breathe, the water we drink. And
23 I get very, very upset, you could say angry at I don't
24 want to say at whom, but it was just mentioned at our
25 meeting, Water for Long Island, we can't be doing all

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1 this building and building. We are maxed out.

2 We have no room for cesspools. I am on the
3 cesspool system. Meanwhile, Centerport is sending this
4 stuff over to my incorporated village. So, it's a
5 treatment plant. 90 percent of the people in Northport
6 Village are on cesspool system. We are not even going
7 to have a place to send this stuff.

8 We have to coordinate all these things.
9 They are killing us, they are polluting us, and it seems
10 like not too many people--well, in this room know and
11 they care--know about this.

12 It's not just one factor. We need to clean
13 the air. We need to clean the water. How the air is is
14 how your drinking water is. All this is all wonderful
15 to build more housing, but where are the affordable
16 cesspools? People want affordable housing. We can't
17 afford any more cesspools. We are drinking garbage now.

18 I sound angry. I am. Not at you people.
19 You are here, you know this, you are trying to do
20 something about it. I am angry at the people who just
21 don't want to know this, just keep going on and on and
22 on.

23 And without preparation that's all I have to
24 say, but I think it's very, very important. And watch
25 it, folks. We have the suit. You don't want them to

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1 drill into the Lloyd aquifer.

2 Thank you.

3 (Applause)

4 JUDGE LYNCH: Thank you.

5 The next speaker is Sheldon R. Sackstein,
6 945 Walt Whitman Road, Melville, New York.

7 MR. SACKSTEIN: Thank you for being here. I
8 am also the Chairman of the Board of Action Long Island.
9 I am a former trustee for the Long Island Power
10 Authority. And I am very concerned, as we all are,
11 about the upcoming event that may take place, and some
12 of the questions that we have relate back to the fact
13 that the original transaction in 1998 caused a problem
14 that we are now having to deal with.

15 The questions we have for the Commission at
16 this point are: Does the Commission actually have the
17 statutory authority to insure that the synergy savings
18 can come back to the ratepayers? The synergy savings
19 also are tied together in terms of the work force and
20 the jobs here on Long Island and maintaining the high
21 level of service that we have grown accustomed to.

22 Consequently, the question still stays on
23 the table: Does the Public Service Commission actually
24 have the statutory authority to ensure that the synergy
25 savings will come back here and stay in the hands of the

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1 ratepayers on Long Island?

2 Many times we have gotten involved in issues
3 that were resolved by word smithing and we have been
4 promised rate decreases, and many times those rate
5 decreases come back in the future as increases. So,
6 what we really want to see is a little more genuine
7 approach and hopefully the PSC has the statutory
8 language to insure that.

9 Another issue is: Does the PSC have any
10 statutory authority in order to order KeySpan and Grid
11 to clean up the generating plants, or in fact does that
12 belong in the hands more of LIPA? In either event,
13 whether it's KeySpan who cleans up these power plants or
14 LIPA who cleans up these power plants, we need to ensure
15 that it's done at the lowest possible cost in either
16 case.

17 No matter how the deal is struck, the
18 ratepayer is going to pay. Whether it's KeySpan who
19 spends the money to repower these plants or LIPA, some
20 way it's going to come back in the rate base.

21 From our perspective, we would prefer to see
22 that the cleanup is done by LIPA using its statutory
23 authority to bond it and thereby ensuring the lowest
24 possible cost is incurred. Either way, the ratepayer is
25 going to wind up shouldering that responsibility.

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1 Does the PSC have the statutory authority to
2 cause KeySpan to immediately start the clean up of the
3 abandoned manufactured gas plants? Those gas plants
4 should have been cleaned a long time ago.

5 LILCO knew it, KeySpan knew it, and the real
6 concern at the present time is how genuine is National
7 Grid. They are trying to come to Long Island to set the
8 tone that they care about Long Island, and yet they, arm
9 in arm with KeySpan, approach the PSC in meetings to ask
10 the PSC to cause the costs to be borne by the
11 ratepayers.

12 It's not a generic approach for somebody
13 coming in as a company to our island to do business here
14 to go around through the side door and say but let's cut
15 a deal, causing the ratepayers to shoulder this
16 responsibility, when the reality from our perspective is
17 that's a shareholder cost. It is not a ratepayer cost.

18 Just as well as the Shoreham debt put on the
19 backs of the ratepayers of Long Island should have been
20 a shareholder cost, not a ratepayer cost. Just like the
21 3 Mile nuclear power plant should have stayed in the
22 hands of KeySpan, 3 Mile Island, during the transaction
23 in 1998 and not be owned by LIPA.

24 LIPA also has had its experience with
25 nuclear power plants. As a matter of fact, LIPA is

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1 probably the only one of the original shareholders still
2 owning a stake in the 3 Mile power plants.

3 JUDGE LYNCH: You mean 9 Mile?

4 MR. SACKSTEIN: 9 Mile. It's geography.

5 Thank you.

6 One only wonders why they own the stake in
7 the power plant. Seems during the transaction what may
8 have taken place is allocating the cost of the different
9 assets. Had LIPA sold off its share the loss would have
10 been so huge the ratepayers would have screamed.

11 JUDGE LYNCH: May have something to do with
12 its meeting its capacity requirements.

13 MR. SACKSTEIN: Learn something new every
14 day. I appreciate that.

15 Now, in the PSC facts sheet it indicates
16 that no electric or gas corporation shall transfer a
17 lease without the written consent of the PSC. It's in
18 the facts sheet, which is true, but the question is:
19 Does the PSC have the statutory authority for the
20 ultimate decision on the transfer of these assets, the
21 generating capacity, generating side of this, or does
22 that become or is it the exclusive domain of the Long
23 Island Power Authority? Under the LIPA statute section
24 1020 G sub C where it says very clearly that, "Any and
25 all transfers or ownership of the plants must be decided

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1 upon by LIPA".

2 And so when we try to look at this overall
3 transaction, we applaud you for coming down here because
4 it is a watershed for the PSC to hold hearings down
5 here. And I thank you for that.

6 At the same time, this is not necessarily
7 your area of expertise or statutory authority because
8 the LIPA statute trumps the field when it comes to
9 generating capacity. And one only wonders why Rich
10 Kessel currently has not come out publically and said to
11 the participants in the transaction, I don't care where
12 you go or who you speak to, you need to sit down with
13 LIPA first and make us exceedingly comfortable because
14 the LIPA statute says we will decide who gets these
15 power plants.

16 I think that's exceedingly important. I
17 would hope the PSC would remind them of that, remind
18 Long Island Power Authority they must publically make
19 that statement. They have an obligation and statutory
20 authority and we do have prior opinions and prior
21 Attorneys General in similar situations where the
22 question comes up who has authority in the service area,
23 in the LIPA service area, and it is the Long Island
24 Power Authority. That is an important issue.

25 JUDGE LYNCH: Let me say that the judicial

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1 questions you raise are certainly on my mind. It's also
2 fairly early in the case with the Commission scheduled
3 to make decisions in August. That's certainly something
4 we will be grappling with.

5 At this point in time I can tell you that
6 if, as the proposal is for one holding company to
7 acquire another holding company, I got the petitioner's
8 position that the Commission doesn't necessarily have
9 jurisdiction over the transaction at all and they
10 reserve the right, if the Commission approves it subject
11 to conditions, if they don't like, or disapproves it,
12 they reserve the right to challenge the Commission's
13 decision on the basis of jurisdiction as one example.

14 The other thing is that it's pretty clear to
15 me that the Commission has jurisdiction over the gas
16 companies. Somebody referred earlier to the notice
17 which states that it refers to the generating assets as
18 "unregulated". That's a mistake. That was my mistake
19 when I prepared the notice. And actually what they are
20 is what I will--what everyone calls "lightly regulated".

21 The extent of the light regulations is not
22 something I am in a position to speak about
23 authoritatively at this point in time. I certainly will
24 be looking at that. I know the contracts exist which
25 you refer to, and they look to me like sales, wholesale

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1 or retail sales by LIPA, and generally my experience is
2 those are things not subject to the Commission's
3 jurisdiction. Normally in that kind of transaction I
4 think of the Federal Energy Regulatory Commission, but I
5 don't know that definitively.

6 So, there are--the way everything is set up
7 it's very complicated even for somebody that's been in
8 the energy field for a very long time. These are things
9 that we are--I will certainly be looking at, because I
10 can't go to the Commission and make a recommendation for
11 them to take action on something they don't have
12 jurisdiction.

13 So, I am cognizant that those issues exist.

14 MR. SACKSTEIN: At the same time, if we are
15 going to protect the work force, which is absolutely
16 essential, one would only question why in the original
17 transaction in 1998 the contract for the management
18 services agreement was not put out for public bid by the
19 Long Island Power Authority.

20 I can tell you as a former trustee that at
21 the time we were looking to take over the lighting
22 company we were told in no uncertain terms we were
23 obliged to go out for public bid requests for
24 qualifications and proposals.

25 JUDGE LYNCH: Those are things I know are

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1 outside of the Commission's jurisdiction. There was one
2 other point I wanted to make, though, and I am saying it
3 partially because of a comment that I heard yesterday,
4 which is related to this, and that's part of the
5 proposal is that there will be synergy savings and
6 people referred today to a figure of approximately \$200
7 million.

8 It's my understanding that's the estimate of
9 annual gross synergy savings. And over ten years it's
10 estimated there will be--does that add up to a billion?
11 Two billion minus one time costs to achieve of \$400
12 million, provides \$1.6 billion of net benefits. That is
13 an allocation to shareholders and ratepayers and
14 out-of-state and in state ratepayers.

15 Then there is a figure in the notice of 518
16 million and that's based on--that's the proposal for
17 distribution among ratepayers in New York State.

18 The basis that's proposed is for relative
19 transmission and distribution revenues. And there is a
20 figure in the notice that lays out, based on the
21 original filing, of what that distribution would be to
22 National Grid upstate, to the downstate gas companies,
23 and also to LIPA.

24 Now, that is obviously, given it's part of
25 the proposal, something the Commission has to evaluate,

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1 but what the notice says also--and so there it affects a
2 relationship between the acquiring company and LIPA, but
3 what the notice says also is what LIPA does with those
4 savings is an issue that's not within the Commission's
5 jurisdiction because the Commission doesn't regulate
6 retail rates for LIPA.

7 So, this is a--jurisdiction is huge in this
8 case, not to mention all the substantive problems, but
9 the legal question is the thing that has to be addressed
10 first. So, I think what I have given you at this point
11 is what I know and what my thinking is on the topic at
12 this point.

13 And I would ask--I am not going to give you
14 any official answer today. It's just not right to do
15 that at this time, in part because I don't know the
16 answer completely and in part because that comes in
17 August.

18 MR. SACKSTEIN: August the 27th.

19 JUDGE LYNCH: 22nd is the target date.

20 MR. SACKSTEIN: We talked about the synergy
21 savings, but frankly, I think the synergy savings
22 probably pale by comparison to what would have taken
23 place had there been a public bid done for the
24 management services agreement in the first place.
25 Otherwise National Grid would never have said this is a

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1 very lucrative contract.

2 JUDGE LYNCH: I am trying to steer you off
3 that, though. That's one I am pretty clear on. I know
4 we don't control that contract.

5 MR. SACKSTEIN: I appreciate you taking the
6 time. Just as well, I would like to see if there is
7 some way we--meaning Action Long Island--can help you as
8 the process goes forward, because we want to stay
9 closely involved with it as we have for the last 20
10 years.

11 Thank you so much again.

12 JUDGE LYNCH: Ernest Fazio, 15 Westfield
13 Drive, Centerpoint, New York.

14 Welcome, Mr. Fazio.

15 MR. FAZIO: Thank you and good afternoon. I
16 appreciate the opportunity to be here. I have been
17 thinking about this takeover by National Grid, and I
18 have had some serious concerns about it.

19 And the concerns start with the fact that
20 KeySpan has been a great neighbor and very useful and
21 helpful in the community, and now we are going to be
22 talking about having a powerful multinational company
23 that may not be attuned to the needs of this community.

24 And while we don't know that for certain,
25 there are things that we should be asking to be

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1 guaranteed and here are some of my concerns. First of
2 all, Long Island Mid-Suffolk Business Action involves
3 itself with the building of infrastructure that makes
4 the air cleaner, makes the economy operate a little bit
5 more efficiently, and we are--it's concerned with those
6 things that will make things better. And we want to
7 know that the situation that will change will be better.

8 The power diversification that we promote
9 means that on one hand you have wind power, on the other
10 hand you have solar power. You have base load
11 generators. You have distributed generation. You have
12 all of the elements that create the myriad of power
13 sources that will ensure that some level of power, no
14 matter what the emergency is, or whatever the shortages
15 of materials and fuels will be. So, that's one thing we
16 want them to commit themselves to.

17 And so we have power diversification, fuel
18 diversification, and you need fuel diversification
19 because if you are going to repower these plants, which
20 is my next topic, you are going to need the power
21 of--you need to get the fuel sources. So, they have to
22 be on board for all of these things.

23 The repowering is important, and we have
24 been beating that drum for years now. We have the
25 voices of both LIPA and KeySpan saying that after not

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1 being completely attuned to it at first, saying that
2 that is the next step.

3 Now, we have to know that they are going to
4 repower. These repowering situations cost money and
5 they have to have the right situations in place. For
6 example, having enough alternative power. Not
7 alternative power in the usual sense, but having the
8 leads coming in from New Jersey and Connecticut so that
9 you can go through a summer by taking down a major plant
10 and repowering it.

11 That has been the objection in the past.
12 Now we have the situation that's going to actually
13 materialize. We are going to have the surplus power.
14 We are going to be able to disable the plants so that we
15 can repower.

16 The commitment absolutely must be there or
17 our organization can't support it. So, if they feel
18 that--I think that's the key. That's the biggest
19 element of my concerns is the repowering. We will get a
20 lot more efficiency out of the plants. In many cases I
21 don't think there is any problem with licensing. The
22 established real estate is licensed to do another power
23 plant in many cases. In fact, probably in all cases.

24 So, I have been a real supporter of KeySpan.
25 KeySpan has been a real supporter of this community.

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1 What we want to make sure is when the transition takes
2 place we are not some third world country mentality
3 where some power outside the country is making decisions
4 for the locality, and that's basically my biggest
5 concern.

6 Also conservation. How committed will the
7 new company be to conservation? Because you can indulge
8 yourself by having all kinds of ways of using power,
9 creating all kinds of needs for power, but if you don't
10 address the fact that you need to stem the need for
11 power, not by doing without, but by using more efficient
12 methods.

13 And that conservation effort is
14 counterintuitive to a utility because they make money on
15 the amount of units sold. So, I don't expect them to do
16 this on their own. I expect them to do this because
17 they are asked to or, more directly, forced to.

18 And so I guess that wraps it up. If you
19 have anything you would like me to follow up on.

20 JUDGE LYNCH: Just to repeat again the name
21 of the organization. You referred a couple of times to
22 your organization.

23 MR. FAZIO: Long Island Mid-Suffolk Business
24 Action was formed initially to create the National
25 Seashore at Fire Island when Robert Moses wanted to put

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1 a road through it and destroy all those villages and the
2 natural environment of that.

3 Since then we have embarked on many, many
4 things, including helping the airport get a longer
5 runway for safety reasons. And when the local people
6 said they didn't want it because they would get bigger
7 airships in there, we convinced the neighborhood that
8 the planes weren't going to get any bigger and they
9 weren't going to get any noisier and the airlines and
10 the airport have kept the promise.

11 We try to be as influential as we can with
12 the powers to be, and sometimes you can't help but being
13 a little obnoxious in your demands, but basically we
14 have been able to negotiate everything we have done.
15 And I think that this is another case where we have to
16 negotiate the best deal for the people.

17 (Applause.)

18 JUDGE LYNCH: Thank you.

19 The next person, I am having a little
20 trouble. It's John M. somebody Junior. I am sorry.
21 State your name and address for the record, please.

22 MR. KENNEDY, JR: John M. Kennedy, Junior.
23 Suffolk County Legislator, 12th Legislative District.
24 Madam Chair will know that I have scrawled most of my
25 life.

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1 JUDGE LYNCH: My apologies.

2 MR. KENNEDY, JR.: None needed.

3 I come before you today, first of all, to
4 express the thanks I guess that many of the preceding
5 speakers have expressed for the Public Service
6 Commission to come here and hold hearings at a local
7 level. Because of the overall importance of the matter,
8 it's critical to us, and it's important we have the
9 opportunity to go ahead and communicate with you
10 directly.

11 Many of the things I guess that I was going
12 to speak about I have heard some talk of already, but I
13 will try to go ahead and go into one area and just try
14 to high light maybe a different facet, if we can, and
15 that goes to the repowering.

16 I think that one of the things that it's
17 critical for the PSC to go ahead and get very clear and
18 definitive determination on is how the cost for
19 repowering is ultimately going to be borne by all of the
20 many stakeholders that are part of this process,
21 including the Grid shareholders, including the other
22 revenue streams that contribute to KeySpan and Grid
23 financing, and to the ratepayers as well.

24 Repowering is something that intuitively we
25 all know ultimately will be a positive thing for us,

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1 certainly from the environmental perspective, by helping
2 us move closer to conformance with the ozone
3 non-attainment area and diminishing from particulate
4 matter that we consistently are burdened by here in this
5 region.

6 But also, let's look at it pragmatically,
7 from a business perspective, because at its essence
8 that's what this is. This is business. And business
9 will benefit by enhancing the value of those assets.

10 So, as we look at what goes on with the
11 repowering process, it's important that we see that a
12 disproportionate share of that repowering cost not be
13 borne by ratepayers, because at the end of the process
14 this business entity will now possess enhanced value
15 assets.

16 So, in order for there to be a reasoned,
17 quantifiable decision on the part of the PSC, those cost
18 elements are critical to be determined prior to your
19 decision window in August of '07.

20 You know, Madam Chair knows this well from
21 her time in the Assembly, sunshine is a great thing. We
22 all crave specificity and accuracy so that we all have
23 the ability to review and see prior to the decision
24 making done.

25 Vague references to allocation of costs this

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1 way, that way, and certain percentages, they don't cut
2 it for us because when I go and speak to my constituents
3 they want to know how is this going to go ahead and hurt
4 them or help them and what their monthly burdens are.

5 As we talk about this \$1.6 billion synergy
6 savings to be achieved over a ten year period, I read
7 the notice and I see part of this process is a rate
8 tariff increase on a gas delivery side for four years.
9 That aggregates, by my quick math, I think is 120
10 million.

11 So, I say to myself are synergy savings
12 achieved on one side, but yet in the same process we are
13 also entertaining an escalation of costs that's going to
14 be borne by ratepayers that are there.

15 Is there some shift here where ultimately
16 it's going to be revenue neutral, or are ratepayers
17 going to pay out of pocket and then somehow throughout
18 the course of the process be made whole by what these
19 synergy savings are going to be?

20 Again, you folks are the experts. You folks
21 are the ones that have to help to guide us. I am just a
22 simple dirt lawyer and a local legislator.

23 Preservation of work force. Absolutely
24 positively, again, I will say to you: We know it. We
25 have the benefit of having a highly skilled, highly

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1 trained, knowledgeable and admittedly somewhat aging
2 work force here that maintain our generation systems.

3 It's critical that what we will have will be
4 a commitment on the part of Grid to keep the work force
5 whole and keep that work force growing and training. We
6 cannot afford to have what was witnessed with the recent
7 attempt by Grid to provide restoration of service in the
8 storm in Buffalo.

9 In some cases there were residents who went
10 upwards of three weeks without power restoration. That
11 is not what we have today. We have the ability to have
12 forward thinking, good planning, protective restoration,
13 in the advance of any kind of storm activity. We cannot
14 afford to reduce or diminish or be degraded by the fact
15 that we now become part of a national conglomerate.

16 I also would say to you we rely on you for
17 your knowledge and expertise, notwithstanding the
18 conversation you just had regarding jurisdiction. And
19 what I would say to you is--which no governmental entity
20 ever wants to hear--if there is questions, get the
21 jurisdiction because we can only benefit from the
22 oversight that you will go ahead and exercise for us.

23 Part of what I share with you is, having
24 spent the last two weeks reading 500 pages of an
25 Environmental Impact Statement for Broadwater, it is

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1 beyond this, but actually it's connected. And I will
2 tell you how it's connected. It's connected because
3 Iroquois Gas Transmission Line is a subsidiary or has a
4 sharehold stake interest by KeySpan.

5 As Grid acquires KeySpan, Grid becomes a
6 stakeholder in Iroquois. What is going on in a federal
7 level right now with FERC is a debacle. It is an
8 absolute abdication of reasoned, rational energy policy,
9 and we are being left in a free for all as prime
10 entities race to the finish line.

11 So, the former gentleman said and your
12 comments were this is a complex area. I will make it
13 even a little bit more complex for you. That drives
14 this and so must be part of what your overall decision
15 making and consideration is. We need the oversight. We
16 need the fact that we have a state based entity that is
17 vested in and interested in protection of delivery of
18 service for our local ratepayers. And we hopefully have
19 you to turn to to help us.

20 Finally, take a look at what's going on with
21 the rates, particularly the gas rates, as they are here
22 in the Long Island area with KeySpan, and contrast to
23 what we see in Queens and Staten Island and Brooklyn.
24 It is important that we are getting the best rate that
25 we can for our customers with or without the LIPA

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1 overlay.

2 We have boroughs immediately west of us that
3 are paying rates for the same commodity that may not
4 necessarily be at the rate that is what we are paying
5 here because of the LIPA mid-layer there.

6 So, once again they come and they play a
7 role that we need you to at least go ahead and take a
8 look at. I know LIPA is an independent authority. That
9 not withstanding, I go back to you again and say,
10 legislatures and such, get the authority. That's all I
11 have for this point.

12 (Applause)

13 JUDGE LYNCH: The next speaker is Ken Baer,
14 8 Melissa Court, Dix Hills, New York.

15 MR. BAER: Good afternoon, everyone. I am
16 here without prepared remarks and I will also say this
17 is the first time I have ever been to a hearing of this
18 type, and I thank you very much, not only for holding
19 this hearing in Long Island, but the manner in which you
20 conducted the hearings, listening to all sides and
21 allowing people to speak.

22 My comments today are that of, A, a
23 ratepayer and, B, a member of the community, a community
24 that KeySpan has been very supportive of. I say that
25 through my volunteer work specifically as a board member

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1 and officer of Temple Beth Torah of Melville.

2 KeySpan has been very supportive of some of
3 our outreach programs financially. And just as an aside
4 for a moment, in listening to the comments of everyone
5 here, both pro and against, I find it a little bit
6 troubling that so much of the comment has been totally
7 off the mark of what a merger of corporations is.

8 Professionally, I am a financial advisor and
9 we look at mergers on a regular basis, and this is about
10 synergies and savings, from where I see it. We
11 ultimately are trying to be certain that the synergies
12 and savings, and you have to look at it on a very long
13 term basis, seemed to be applied, as I have read this,
14 to all the stakeholders. And that does include
15 shareholders, and shareholders are not a bad thing.

16 One of the gentleman here who was speaking
17 who suggested he was a ratepayer and a shareholder. I
18 would imagine that many in the room are indeed
19 shareholders as well. It is the incentive of
20 shareholder profit that runs corporations and is the
21 partnership of good corporations that service our
22 communities.

23 And I think that KeySpan has been an
24 exemplary partner to our community. I thank you for
25 your time.

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1 JUDGE LYNCH: Thank you.

2 The next speaker is Pam Schiel. Her address
3 is 65 Newfoundland Avenue, Huntington, New York.

4 MS. SCHIEL: I am just a ratepayer and I use
5 very little electricity. Last spring I was startled by
6 a loud rattling noise by my garage door.

7 As I looked through the window to see who
8 was trying to break into my garage, a man jumped into a
9 van. I raced to the front door, opened it, and he just
10 sped away, but I got the plate number. I spent the next
11 several hours petrified and stressed, eliminating other
12 possibilities, before I called the police to report what
13 I believed was an attempted break in.

14 The police told me the van is registered as
15 a LIPA vehicle. It took me two days of calling back and
16 forth between security departments, KeySpan, because
17 apparently the driver was a KeySpan employee, but it was
18 a LIPA truck, and the security department was also
19 KeySpan. And it was back and forth two days, them
20 calling me, me calling them.

21 Finally, apparently, it was them changing my
22 meter. Now, they gave me no prior notice of this. They
23 left no notice in my mailbox after they were there.
24 That man certainly saw me at the front door and didn't
25 stop. And the cost of sending that van there, the cost

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1 of the new meter, the cost of this phantom employee, and
2 all of these extra efforts to give me a new meter was
3 simply, I believe, because I use so little electricity,
4 and they thought I was stealing from them and they
5 wanted to give me a corrected meter.

6 Later in the year--this happened in the
7 spring of last year.

8 JUDGE LYNCH: This is an electric meter or a
9 gas meter?

10 MS. SCHIEL: Electric. I use very little
11 electric a day, less than a dollar a day.

12 JUDGE LYNCH: But you said it was a KeySpan
13 individual that was--okay.

14 MS. SCHIEL: They told me it was a KeySpan
15 employee. They told me a lot of things.

16 Later that year I read in the paper about
17 the \$58.9 million of consulting fees that was spent to
18 find out whether they wanted to approve this, again,
19 this operating agreement between LIPA and KeySpan
20 further.

21 That seems like a tremendous amount of
22 money. And when I read this current proposal for the
23 merger, being a former CPA, it certainly looks to me to
24 be what we used to call a cut and paste job.

25 JUDGE LYNCH: You are reading the notice?

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1 MS. SCHIEL: The notice about how you are
2 going to lower rates for the low income people and it's
3 going to be so much better and everything is going to be
4 wonderful.

5 JUDGE LYNCH: I don't think that's the
6 notice. It must be the fact sheet.

7 MS. SCHIEL: In the newspaper yesterday, the
8 notice of this public hearing. To me it looks just like
9 a cut and paste job of the reasons for approving the
10 LIPA-KeySpan connection.

11 So, in my opinion, as I say, as a former
12 CPA, I just believe that this is basically another way
13 of adding another layer. And it's basically market and
14 money manipulation and just adding another company, a
15 foreign company in this case, to the mix, only to extend
16 this acquired proficiency of obfuscating responsibility.
17 And I really don't think if this were to happen to
18 anyone again I don't think it would be any better with a
19 multi-national situation.

20 Thank you.

21 JUDGE LYNCH: Thank you.

22 The next speaker is Mark Serotoff,
23 representing the Sustainable Energy Alliance of Long
24 Island. I would ask, please, that the first thing you
25 do if you could state your address for the record.

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1 MR. SEROTOFF: For the record, the address
2 is Box 1281, East Northport, New York, 11731.

3 JUDGE LYNCH: Thank you.

4 MR. SEROTOFF: You're welcome. Good
5 afternoon.

6 National Grid, based in England, is in the
7 process of acquiring KeySpan. The acquisition will
8 affect us for decades. The Public Service Commission
9 must determine if it is in the public interest to
10 approve this acquisition.

11 Based on National Grid's record of
12 performance in the upstate New York area where they took
13 over Niagara Mohawk, their acquisition of KeySpan will
14 not benefit Long Island and Queens. Grid has a record
15 of cutting personnel and service to the detriment of the
16 reliability of the electrical supply and raising rates.

17 Senators Clinton and Schumer expressed
18 concern. Their written comments are included here,
19 which I will submit for the record.

20 In 2005, tens of thousands were left without
21 power for weeks during the winter snow storm upstate.
22 Grid was fined \$8.8 million by the PSC for this and
23 other service lapses.

24 There were blackouts this past October in an
25 upstate snowstorm also. Senator Schumer noted a similar

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1 scenario in Massachusetts. KeySpan, working with LIPA,
2 however, currently has the highest degree of reliability
3 of any utility in New York State with overhead
4 transmission. Will ownership by National Grid continue
5 such high reliability?

6 The acquisition can cause rate increases as
7 Grid pays for the debt in the acquisition. Gas prices
8 will increase because KeySpan is the largest gas
9 distributor on the east coast.

10 Furthermore, hopes of repowering the antique
11 KeySpan generator fleet will fade. Also, Northport and
12 the Port Jeff power plants are among the highest
13 polluting in the northeast region of the country.

14 The acquisition will make National Grid the
15 third largest utility in the US according to a
16 Rutland-Herald article, "Electric deregulations' promise
17 fades in New Hampshire; future uncertain". That was
18 10/23/06.

19 The article describes how rates went up with
20 National Grid entering their market. With Grid owning
21 upstate and downstate generation, as well as in
22 Connecticut, Massachusetts, New Hampshire, and Rhode
23 Island, competition is stifled in the deregulated
24 market.

25 The acquisition will make Grid the largest

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1 natural gas distributor on the east coast. Profits will
2 go out of the country to Grid's home office in Great
3 Britain. What will that do to competition and prices?
4 What will that do to balance of payment in the country?

5 I have a web site, I won't read it, for
6 National Grid's US territory and their holdings in Rhode
7 Island, Connecticut, Massachusetts and New Hampshire.

8 Finally, an enlarged National Grid's
9 wireless unit could also damage that competitive market.
10 The acquisition of KeySpan by National Grid is not in
11 the public interest, can reduce reliability, it limits
12 competition, it hurts the national balance of payments,
13 and can increase the cost of electricity and natural
14 gas.

15 I have this testimony and Senator Schumer's
16 letter, Senator Clinton's letter, I would like to submit
17 for the record.

18 (Applause)

19 JUDGE LYNCH: I'll take them.

20 MR. SEROTOFF: I would like to submit for
21 the record the DEC emissions measurements for the Port
22 Jefferson power plant and for the Northport power plant.
23 Each plant--the Northport power plant has 23 carcinogens
24 coming out of the smoke stacks every day, including
25 Benzene, lead, nickel, arsenic, formaldehyde, sulfuric

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1 acid. A lot of bad things. Sulfur dioxide, a known
2 carcinogen, is 43,186,000 pounds per year. Carbon
3 dioxide global warming gas is 1,481,371,000 pounds per
4 year. Port Jefferson power plant has less, but also
5 very hazardous emissions.

6 These are all allowed right now with the
7 1977 Clean Air Act, and by repowering and rebuilding
8 these power plants these emissions levels will go down
9 over 90 percent, and also the company benefits because
10 generation increases by 200 to 300 percent.

11 Jobs are created by repowering. Reliability
12 goes up. Blackouts go down. Taxes for the local
13 communities that host the power plants are also
14 increased. Everybody benefits with repowering.

15 Finally, one of the last problems with
16 repowering, it's so beneficial, why isn't it being done?
17 In discussions with Long Island Power Authority,
18 regulators, politicians, leaders, universal problem is
19 cost. Repowering can run into the hundreds of millions
20 if not billions of dollars.

21 And I thought of a possibility which I would
22 also like to submit for the record. Paying for
23 repowering but not just repowering Long Island. Let's
24 think a little bigger. Let's repower New York State.
25 There are approximately 35 power plants throughout the

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1 state that would be repowering candidates based on a
2 minimum of 100 megawatt output and simple cycle design.

3 Just in a nutshell, the cost would be--I
4 have these power plants listed and their current
5 outputs--the cost would be approximately 25 billion to
6 rebuild these power plants throughout New York State.
7 To put that in perspective, last year the Transportation
8 Bond issue was passed and that was 52 billion.

9 So, to create tens of thousands of new jobs,
10 to more than double the increase--double the capacity,
11 the generation capacity of the state, and to cut
12 pollution levels throughout the state over 90 percent, a
13 repowering New York State bond issue is a possibility of
14 paying for statewide repowering, like Arnold has in
15 California. He has a beacon for environmental
16 consciousness, but we could be a beacon for the country
17 in having clean energy and getting it done.

18 Thank you.

19 JUDGE LYNCH: Thank you.

20 So, as some of you heard at the hearing
21 yesterday, what happens with documents that are handed
22 to me like this is that I make a copy for the judges'
23 use, and the originals that are handed to me are placed
24 in the case file. And all of this information is
25 evaluated and reported to the Commission when it goes to

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1 make its decision.

2 And I don't want to make any promises, but
3 normally many of these comments are discussed directly
4 in the Commission's Opinion. Certainly most of them
5 will be.

6 MR. SEROTOFF: I am available if there is
7 anything. You have my e-mail, contact information. I
8 would be happy to contribute to the process.

9 JUDGE LYNCH: All right, thank you.

10 So just let me say that he's handed me
11 information about the power plants which he referred to.
12 The other thing is a July 18, 2006 letter to Mr. Michael
13 Jesanis, President of National Grid USA, from Senator
14 Hillary Rodham Clinton. It's dated July 18, 2006. The
15 other is a copy of a press release dated March 7, 2006,
16 "Schumer demands National Grid answer questions to
17 assure Long Islanders in wake of merger". That's the
18 other document that was given to me.

19 At this point I would like to take a very
20 brief recess. I want to consult with the Chairwoman.

21 (Recess taken.)

22 JUDGE LYNCH: Thank you, ladies and
23 gentlemen.

24 At this point in time I want to give you a
25 revised agenda. We are a few minutes after the

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1 appointed hour. At this point, I have passed over two
2 speakers, three speakers, and I wanted to explain where
3 we are at.

4 First of all, we have one more speaker,
5 Richard Amper, who I am going to call next. There is
6 another person who signed up to speak, Lisa Tyson, who
7 if memory serves is an active party in the cases.

8 Is Ms. Tyson here?

9 MS. TYSON: I apologize. I didn't know I
10 wasn't allowed to speak.

11 JUDGE LYNCH: It's not that you aren't
12 allowed to speak, it's that you have a multiple of
13 opportunities to speak in the formal process. We are
14 not entertaining comments from active parties. So, I
15 put that aside, and you will have the opportunity to
16 submit testimony, briefs, cross-examine witnesses, so
17 you will have much more than most people here.

18 The other thing is is that Mr. Peter Quinn,
19 who spoke yesterday, and Dr. Carmine Vasile, who spoke
20 yesterday, are here. After Mr. Amper speaks, I am going
21 to offer you both a brief opportunity if you have
22 anything to say that's in addition to what you said
23 yesterday. If you are going to just repeat what you
24 said yesterday then we are just going to be a couple
25 minutes each. Do you understand that? Is that

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1 acceptable? All right, thank you.

2 At this point I invite Richard Amper of 547
3 East Main Street, Riverhead.

4 MR. AMPER: My name is Richard Amper. I am
5 Executive Director of the Long Island Pine Barrens
6 Society.

7 A consideration not always talked about in
8 the matter of the National Grid merger with KeySpan is
9 corporate responsibility. This involves a commitment to
10 the environment and education as an integral part of
11 providing energy.

12 KeySpan, for example, has invested in
13 environmental and energy education for the next
14 generation of Long Island. From sponsoring curriculum
15 guides for environmental programs in Long Island
16 schools, to conducting Earth Day contests on how
17 citizens can make for a healthier environment, KeySpan
18 has been committed to the environment and to education.

19 For example, KeySpan supported the Audubon
20 education effort through its RaptorMobile. KeySpan has
21 promoted energy efficiency and conservation. KeySpan
22 has operated the largest fleet of compressed natural gas
23 vehicles in the region.

24 When KeySpan had to extend its gas mains to
25 eastern Long Island, they chose a more expensive route

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1 but one that spared the core preservation area of the
2 Long Island Pine Barrens, demonstrating that energy
3 delivery did not have to be accomplished at the expense
4 of drinking water protection and habitat preservation.

5 Similarly, KeySpan worked with the Pine
6 Barrens Society on the engineering of the Islander East
7 Pipeline Project. Original designs called for the
8 clearing of dozens of acres of prime Pine Barrens.
9 KeySpan worked to modify the project to allow
10 construction by directional drilling, that is, tunneling
11 under the Pine Barrens without impact to the ecosystem.

12 In addition, National Grid should make
13 assurances that they will do things like that. National
14 Grid should assure Long Islanders that it will
15 prioritize the repowering of the island's dirtiest
16 plants, make alternative energy and conservation a part
17 of its corporate strategy, and accept responsibility for
18 clean-up of sites for which KeySpan is currently
19 responsible.

20 Finally, part of the merger agreement must
21 contain a commitment to match KeySpan's record of
22 commitment to environmental protection and environmental
23 and energy education on Long Island.

24 These are all important roles for our
25 utilities. Thank you very much.

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1 (Applause)

2 JUDGE LYNCH: Thank you. You might be
3 interested to know that in Guilderland, New York, where
4 I live right outside of Albany, we have a Pinebush
5 preserve.

6 MR. SEROTOFF: I'm very familiar with it.
7 It served as a model for us on many occasions.

8 JUDGE LYNCH: Mr. Quinn.

9 MR. QUINN: Good afternoon, Judge. Good
10 afternoon, PSC Chairwoman Acampora. My name is Peter
11 Quinn. I am a member of Steve Levy's Energy Advisory
12 Committee, but I'm not speaking on behalf of Steve Levy.

13 I spoke yesterday at considerable length,
14 thanks to you, but I wanted to raise a couple of points.

15 One was that the KeySpan tariff proposal
16 entered into before the Public Service Commission
17 contains one classification which I thought was
18 particularly outrageous, and that is the multi-family
19 service classification three, where it proposed
20 increasing the therm cost from \$8.10 to \$134 plus. I
21 think that should be reviewed. In fact, I think the
22 whole tariff proposal should be reviewed.

23 Secondly, I wanted to comment about a
24 correction from yesterday where I indicated that the
25 KeySpan-National Grid merger would include gas

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1 efficiencies. And I stated then that it was ten percent
2 per year for ten years. Actually, it's \$10 million per
3 year for ten years.

4 And I point out that the shareholders, when
5 they protested that they were getting \$39 per share for
6 stock, and it was ultimately lifted to \$42 a share, they
7 received a far greater benefit than what that \$10
8 million would over a ten year period or \$100 million.

9 Third, I would hope that on behalf of those
10 aggrieved citizens in the Superfund sites that there is
11 the serious consideration by calling upon the DEC to do
12 a health consultation, which is a far more thorough
13 analysis of what's going on at those sites, when it's
14 been claimed that KeySpan and LIPA, none of them have
15 been to the sites to review them.

16 And I wanted--since you said that the
17 outline of the areas of discussion include legal,
18 financial and policy matters, I wanted to propose what I
19 thought would be an extraordinarily visionary
20 alternative to the National Grid deal.

21 And we are talking really about money. I am
22 proposing that LIPA sell off its Queens section to--by
23 putting it out to bid. Sell that portion, 130,000
24 citizens--members, rather, in the Far Rockaway section,
25 and immediately use the money, the profit from that

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1 sale, to lower LIPA's debt and debt service,
2 amortization and interest payments. I believe that you
3 could probably gain two to three billion dollars from
4 that sale.

5 Now we have got a reconfigured LIPA, which
6 includes just Nassau and Suffolk County, and I propose
7 that the two counties get together and put out to bid,
8 seeking a reputable auctioneer. And that auctioneer
9 would sell shares of stock in the revised LIPA to people
10 who live in the service territory, and using their zip
11 codes as confirmation.

12 Over the course of a year, in putting this
13 on the Internet and having people bid shares of stock in
14 the new LIPA, it is conceivable that there would be
15 sufficient revenue, prior to an IPO, which the
16 auctioneer would conduct, and sell--indicate a strike
17 price at the time of the IPO, maybe \$40 a share, and
18 raise considerably more money as the synergy and savings
19 and use that money to pay off the remaining debt
20 service, amortization and interest of LIPA, and make the
21 economy of Long Island prosper, because now we have
22 reduced the \$25 billion through principal and interest
23 in the current LIPA, and it's now reconfigured.

24 I am wondering if this National Grid and
25 KeySpan deal goes through, we will be locked in for 30

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1 years potentially with more debt throughout the merger
2 arrangement on top of the debt from the takeover. What
3 this--and by the way, the reason I said a reputable
4 auctioneer is that they charge half the fees of
5 institutional sellers of bonds and stock.

6 That would enable us to control our own
7 future destiny, and I would hope that a portion of the
8 stock monies achieved would be used for renewable energy
9 of all sorts, and we could set the standard for the rest
10 of the country in how to reduce our use of fossil fuels.

11 And I would hope that not only the
12 Commissioners, but the staff, and this information is
13 passed along to Governor Spitzer with the hope that
14 there could be some change of direction of the way we
15 use energy in this country.

16 I thank you very much for your
17 consideration.

18 JUDGE LYNCH: Thank you.

19 Dr. Vasile. His address again is 60 Herbert
20 Circle, Patchogue.

21 DR. VASILE: I would like to thank you for
22 having me speak again. I am here for two reasons.
23 Number one, I want to talk about today's Newsday.
24 That's new. Number two, I want to clarify something I
25 read into the record yesterday. I read an allegation

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1 against the Commission by Michael White--by Jaspan and
2 Schlessinger. After the meeting I talked to John
3 McConnell and Don Seubert, who are his clients.

4 He told me that Jaspan was hired by the
5 town. So now you have got a case where Jaspan is
6 opposing cases before the Public Service Commission in
7 the Caithness case. His clients are accusing the town
8 of collecting illegal PILOT taxes and now you have got a
9 lawyer representing the town.

10 Now, I talked to Mr. Kennedy. We also
11 talked to the county attorney. We met with the county
12 attorney. I asked him to become an intervenor in the
13 Caithness case. From his reading, if Michael White's
14 allegation that the Commission violated the state and
15 federal constitution is true, then we have a problem.
16 If it's not true, Kennedy said, this is what will
17 happen. Because I asked him, what if you accuse a judge
18 of violating state and federal constitution in court?
19 He said like that.

20 JUDGE LYNCH: I don't know. What does that
21 mean?

22 DR. VASILE: Sign language for going to
23 jail. Everybody's seen My Cousin Vinny. Every time he
24 made an off color remark he wound up in jail in
25 contempt. Here you have a law firm accusing the

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1 Commission of violating state and federal constitution.
2 So, that's all I want to clarify on that.

3 Now, I sat here yesterday. We were
4 classified as cynics on News 12. Okay, now, we are
5 cynical about this merger for good reason. When the
6 merger was formed for LIPA--not the merger. When the
7 LIPA Act was executed there was a thing called the Clean
8 Air Initiative. Hundreds of millions of dollars were
9 allocated for cleaning up Long Island. There is no
10 report card on that.

11 Now, I know for a fact a lot of that money
12 for that went to Plug Power to Pataki's buddies in
13 upstate New York, because I wrote a proposal for the
14 Clean Air Initiative and Kessel reminded me in 1999, I
15 submitted it in February. They lost ten copies.

16 Finally, I drove in there and they said
17 there is no more money. So, years later, in 2000--this
18 will be part of the record. Years later I got a letter
19 from--and I was floored. I got a letter from I thought
20 LIPA, okay?

21 JUDGE LYNCH: Doctor, I have to remind you
22 again.

23 DR. VASILE: Can I please--

24 JUDGE LYNCH: No. Please, please, I keep
25 trying to--

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1 DR. VASILE: This is KeySpan.

2 JUDGE LYNCH: You haven't used the word
3 "KeySpan".

4 DR. VASILE: It's coming. This letter is
5 signed by Steve Iseman.

6 JUDGE LYNCH: Our agreement is that you have
7 a couple of minutes to wrap up whatever supplemental
8 comments you have, but if you don't tie in the merger or
9 the gas rate cases.

10 DR. VASILE: I am going to. You took my
11 minutes.

12 JUDGE LYNCH: No, I took 30 seconds, but we
13 have had this debate going on for months so I just --

14 DR. VASILE: Yes. That's why I'm trying to
15 talk about something else.

16 This is signed by Steve Iseman. When I went
17 in to meet him, I said, I want to thank you because in
18 1999 I tried to get this technology into the Clean Air
19 Initiative, okay? This was invented on Long Island 30
20 years ago.

21 He said, you don't thank LIPA, Mr. Kessel.
22 It's KeySpan that did this. He doesn't want any
23 conservation programs. We fight him all the time.
24 That's what Daniel Karpen was talking about. Kessel
25 torpedoed his clean lighting thing. So, you have to

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1 have an independent oversight of the Manhattan Project
2 that Peter Quinn asked for.

3 Now, here, there's KeySpan. I will show you
4 how KeySpan comes in. I met with Bob Catell. This is a
5 flier they sent to New Jersey, a rebate on this
6 technology. Does anybody on Long Island get this flier?
7 No. Kessel will not allow it to be on Long Island.

8 Hot water is the biggest cash cow for
9 utilities. It's a trillion kilowatt hours that goes
10 down the drain every year. LIPA has kept its technology
11 off Long Island. First LILCO, then LIPA. They don't
12 want it. Honeywell DMC--nobody talks about how things
13 are done. Honeywell DMC called me up after I got this
14 grant, after I got this rebate, and they calculated the
15 avoided cost for REIT, for retired--I don't know what it
16 stands for--retired people.

17 It's a conservation program that Honeywell
18 DMC implements. They calculated the avoided cost. It
19 qualified. Right? Two weeks later, I get a call from
20 Kessel's office. It doesn't qualify. I said, where are
21 your calculations? The only way you could calculate an
22 avoided cost is if you know the utility production
23 rates, the power production rates, and wholesale rates,
24 which is a fiction.

25 Nobody knows what LIPA spends for their

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1 power. LIPA and KeySpan, when it comes to conservation,
2 KeySpan implements the conservation programs and LIPA
3 mucks them up.

4 That's all I have to say. I will give you
5 the copy of the comments here.

6 JUDGE LYNCH: Thank you.

7 DR. VASILE: One question. I was going to
8 make this a formal complaint to the other case because
9 we have no judge so it has to go right to the
10 Commission. Can you take it so I don't have to place a
11 stamp?

12 JUDGE LYNCH: No.

13 DR. VASILE: I thought Don Seubert called
14 you about this.

15 CHAIRWOMAN ACAMPORA: I told him he had to
16 write a letter.

17 DR. VASILE: Did he?

18 CHAIRWOMAN ACAMPORA: I don't know. I am
19 not supposed to know those things.

20 DR. VASILE: Okay, thank you.

21 JUDGE LYNCH: Let me just say that I am
22 happy to take this back and I'm happy to look at it.

23 DR. VASILE: It's got to do with KeySpan.

24 JUDGE LYNCH: I understand you keep saying
25 that, but I have to say that it's not clear to me that

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1 it does.

2 DR. VASILE: KeySpan gives rebates for New
3 Jersey.

4 JUDGE LYNCH: I understand that. I am
5 looking for a tie in with the merger and the rate cases.

6 DR. VASILE: The merger is--

7 JUDGE LYNCH: No. I am not asking you to
8 speak. I am just saying that you keep telling me that
9 but it doesn't hold water. Okay?

10 DR. VASILE: What are you talking about?

11 JUDGE LYNCH: Just what I said.

12 DR. VASILE: Peter Quinn said--

13 JUDGE LYNCH: No. You are finished. Thank
14 you.

15 So, what I am going to do is I am going to
16 take this back. I am going to look for a connection
17 with this case. If it has to do with another case
18 ongoing at the Commission, there are filing
19 requirements, certain copies and so forth like that. If
20 I find out this is a filing in another case I will let
21 you know what additional information is needed and you
22 can send that to the Secretary.

23 By accepting this I am not reducing the
24 normal filing requirements. There is no cost, but if
25 you want to file a petition you have to file ten copies.

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1 By handing this in it's not--you have to file the other
2 nine. I will let you know.

3 DR. VASILE: I thought because KeySpan
4 implements the conservation programs that it's tied in
5 because that is part of the conservation programs.
6 That's the only reason I brought it.

7 JUDGE LYNCH: All right. At this point let
8 me ask: Is there anyone else that wanted to be heard
9 today? Okay, there isn't anyone else and the hearing is
10 adjourned until this evening at 7:30 p.m. in this room.

11 (Public hearing adjourned.)

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1 STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter

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-of-

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Case 06-M-0878 - Joint Petition of National Grid PLC and
KeySpan Corporation for Approval of Stock Acquisition
and other Regulatory Authorizations

6

06-G-1185 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of the
Brooklyn Union Gas Company for Gas Service

7

06-G-1186 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of KeySpan Gas
East Corp. d/b/a Brooklyn Union of L.I. for Gas Service

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Public Statement Hearing
William H. Rogers Legislative Building
725 Veterans Memorial Highway
Smithtown, New York

13

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Wednesday, January 10, 2007
7:30 p.m.

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PRESIDING:

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PATRICIA ACAMPORA,
Chairwoman

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GERALD L. LYNCH,
Administrative Law Judge

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1 JUDGE LYNCH: Good evening, ladies and
2 gentlemen. As you all know, this is a hearing to accept
3 public comments concerning three cases that are before
4 the Public Service Commission.

5 The three cases concern, first, a proposal
6 for National Grid to acquire KeySpan, and associated
7 with that are proposed ten year rate plans for KeySpan
8 Energy Delivery New York and KeySpan Energy Delivery
9 Long Island. There are two other cases, one of which
10 concerns gas rates for one year for KeySpan Energy
11 Delivery New York if the proposed acquisition of KeySpan
12 is not approved. The other case concerns and is an
13 alternative rate proposal for KeySpan Energy Delivery
14 Long Island gas rates in the event that the acquisition
15 of KeySpan by National Grid is not approved.

16 So, to make it short, if the merger is
17 approved subject to conditions, for example, with the
18 proposed rate plan, then the other two cases wouldn't
19 have to be decided. It will be one or the other. And
20 this is the fourth of six public statement hearings that
21 we are conducting this week. Tomorrow we will be in
22 Mineola in the afternoon and evening.

23 My name is Gerald Lynch. I am one of the
24 two Administrative Law Judges. The other Judge,
25 Michelle Phillips, is not here this evening, but will be

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1 reviewing the record and I expect she will be presiding
2 at the hearings next week. As the judges in the case,
3 we manage the development of the record, which includes
4 conducting hearings like these, and also presiding in
5 the formal proceedings in which there are some 50 active
6 parties that will be presenting evidence under oath.

7 The parties will be cross-examining
8 witnesses at a trial, and all the information from both
9 of these procedures are brought together and presented
10 to the Commission, and it's the Commission that
11 ultimately makes the decision in the cases.

12 One of the Commissioners is here tonight
13 and, in fact, the Chairwoman Patricia Acampora is here.
14 And the Commission is a five member board. Right now
15 there are four Commissioners. As I said, we have the
16 Chairwoman with us.

17 CHAIRWOMAN ACAMPORA: I am very happy and
18 pleased to be here. As a Suffolk County resident, it
19 was very important to make sure we had enough input from
20 the public and I think the four hearings certainly has
21 afforded that. As a Commissioner, it's my role to sit
22 here and listen tonight, so I will not be making any
23 comments or saying anything other than saying thank you
24 for coming and I look forward to hearing from all of
25 you.

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1 Thank you.

2 JUDGE LYNCH: Many of you have been at some
3 of the other hearings so you know the procedure, but let
4 me go through it quickly for those who haven't been
5 here. Those who want to speak tonight are asked to fill
6 out a card. At this point I have ten cards that have
7 been filled out, and the cards are available at the
8 table outside. You will be called one at a time to come
9 up and speak, and I ask that only the person up at the
10 podium speak so that our court reporter, who's here
11 tonight, will get down everything verbatim. And that's
12 an important part of the record, because that's where
13 your comments are available and to be considered.

14 And also please be very courteous to the
15 speaker. We have had people commenting on both sides of
16 some of the issues in these cases. I believe to date
17 everyone's been very respectful, and that's very much
18 appreciated.

19 A difficult issue in these cases is being
20 clear about what's in the cases and what's out of the
21 cases, but I think at this point what I would ask you to
22 do is, to the extent that you can, please focus your
23 comments on issues that are relevant to the proposed
24 acquisition, to the proposed rate plans.

25 There are several aspects of KeySpan's

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1 relationship with LIPA that clearly seem to be relevant
2 to these proceedings. For example, it's proposed that
3 LIPA share a portion of the synergy savings. That's
4 clearly an issue which will be considered in these
5 cases.

6 The notice points out rightly that retail
7 electric rates charged by LIPA are not part of this
8 proceeding, and that's not something that the Commission
9 regulates. So, please keep that in mind. Please be as
10 succinct as possible because we want to try and hear
11 from as many people as possible.

12 We are going to be here for at least an hour
13 and up to two hours and in fact this afternoon we went a
14 little bit over the two hours.

15 The last thing I want to mention is that
16 these cases, there are other avenues for making public
17 comments besides speaking at a hearing like this. You
18 can write, you can e-mail, you can call a toll free
19 number. The information for that is provided in the
20 notice that was published in the newspaper.

21 I also have that information available with
22 me if anybody needs that. If you are going to use one
23 of these alternative means, again, that includes the
24 e-mails, the letters or the telephone to the toll free
25 number, please do so by February 19, 2007.

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1 The last point is that a lot of information
2 is being provided. That will all be analyzed and
3 reported to the Commission, but right now it's
4 anticipated that the Commission will make a decision
5 near the end of August 2007.

6 The case is set up on a schedule in order to
7 meet that goal. That goal is tentative and remains
8 subject to change for whatever reason, but there are
9 some very good reasons why we should try to meet that
10 date, so that's our goal at this time.

11 So let me ask at this point in time: Is
12 there anybody here who has any questions about the
13 procedures?

14 SPEAKER: You said that we can't address any
15 of the previous cases that LILCO and LIPA had regarding
16 their rates?

17 JUDGE LYNCH: No. I didn't say that. If
18 you are concerned today about an electric rate charged
19 by LIPA, and you wanted us to change that, my point is
20 that there really isn't any purpose for you to tell me
21 that because I can't turn around and make a
22 recommendation to the Commission to change LIPA's rates.

23 And I also said that under the proposal it's
24 expected there are going to be what people are referring
25 to as synergy savings, and part of the proposal is that

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1 LIPA would share some of those synergy savings, as would
2 KeySpan Energy Delivery New York and KeySpan Energy
3 Delivery Long Island and Niagara Mohawk Power
4 Corporation doing business as National Grid Upstate New
5 York.

6 SPEAKER: I am speaking about case
7 97-M-0567. That's the previous rate case or rate
8 treatment application as in existence today. It was a
9 consummated joint petition by Brooklyn Union and LILCO
10 in 1997 regarding partially the recovery for the MGP
11 clean-ups.

12 JUDGE LYNCH: Right. Look, sir, what I
13 suggest is you bring your comments up, say whatever you
14 want to say. If I think you are getting off track I'm
15 going to let you know. There are many people interested
16 in the MGP sites and MGP manufactured gas plant clean-up
17 costs is an element of revenue requirement for gas
18 service.

19 The Commission clearly has jurisdiction over
20 the subsidiaries at KeySpan that provide gas delivery
21 service in Brooklyn, Queens, Staten Island, Nassau and
22 Suffolk Counties. So, if somebody is concerned about
23 those costs and whether they are reasonable, it's my
24 view at this point sitting here tonight that that is a
25 reasonable topic for discussion.

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1 SPEAKER: Okay, thank you.

2 JUDGE LYNCH: But it's in everyone's
3 interest that if you have concerns that you tie them
4 into the merger case or the acquisition case or the rate
5 cases.

6 SPEAKER: That's what I am speaking about is
7 the previous rate case that exists today.

8 JUDGE LYNCH: I think we are understanding
9 each other. Let's go with it. I am going to try to
10 help you, hopefully you will try to help me, and we will
11 do this right.

12 Any other questions?

13 SPEAKER: Is anybody from KeySpan or
14 National Grid in the room?

15 JUDGE LYNCH: Yes.

16 SPEAKER: This evening in the room?

17 JUDGE LYNCH: Yes. Okay.

18 We have a member of the Assembly here
19 tonight. His name is Phil Boyle from the 8th Assembly
20 District in Bay Shore.

21 (Applause)

22 ASSEMBLYMAN BOYLE: Thank you, Counselor.

23 I am Phil Boyle, representing the 8th
24 Assembly District. It's a pleasure to welcome you and
25 my former Republican colleague in the Assembly, Pat

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1 Acampora. It's good to see you, Pat. I never got the
2 opportunity, since we were both Republicans in the
3 Assembly, to call you Madam Chairwoman, so tonight it's
4 wonderful to do that.

5 I am here regarding the National Grid
6 merger, and specifically representing the Bay
7 Shore-Brightwaters community, as I am sure has been
8 testified to in the past, regarding plumes from the
9 power plant in the Bay Shore-Brightwaters community and
10 some of the health hazards from those plumes.

11 I served in the Assembly for nine years. I
12 left for three years and I just came back recently. It
13 was about eight or--seven or eight years ago originally
14 had hearings and some testimony on the plumes when we
15 learned about it. And LIPA has done an admirable job of
16 trying to remediate this situation; however, eight years
17 is a very long time and we would like to have it cleaned
18 up already. It's not.

19 And we are working with the community
20 leaders and with the company to continue to remediate
21 this very serious problem, it's obviously got health
22 issues involved, home values.

23 The Bay Shore-Brightwaters community, this
24 is a vital issue. We want to make sure and please have
25 the Commission most importantly look at this issue as

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1 you are looking at the merger that National Grid will
2 clean this up, expedite the remediation in a timely
3 basis, and keep the community informed, keep the
4 community leaders informed on how the progress is being
5 made.

6 It's my understanding that studies have been
7 going on and they are done and remediation is about to
8 start. Whether it's the present company or whether it's
9 National Grid, we want the remediation done very quickly
10 and the community kept abreast of this. And also
11 regarding the costs involved, that the costs for this
12 remediation not be passed on to the community and to the
13 ratepayers.

14 We want to make sure if National Grid is
15 going to--I am sure they are going to make a lot of
16 money on this merger or they wouldn't be doing it. As
17 part of that they should take this liability, as any
18 company merging or buying another company does, take the
19 liability and clean up the plume in Bay Shore and
20 Brightwaters.

21 Thank you very much for your time.

22 (Applause.)

23 JUDGE LYNCH: Thank you. Sir, did you say
24 LIPA's cleaning it up?

25 ASSEMBLYMAN BOYLE: They were doing studies.

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1 KeySpan, yeah.

2 JUDGE LYNCH: Okay. What did you say? I'm
3 just trying to--

4 ASSEMBLYMAN BOYLE: KeySpan. They are doing
5 the clean up, KeySpan. They are doing the studies.

6 JUDGE LYNCH: The next speaker is Mr. Bill
7 Sullivan, 27 Community Road, Bay Shore, New York.

8 MR. SULLIVAN: Good evening. As you said, I
9 am Bill Sullivan, I've been a resident of Bay Shore for
10 about 25 years.

11 The OU1 plume passes in a very close
12 proximity to my home on its way to the canal at Gardner
13 Lane. This portion of the plume passes under numerous
14 residences, most with basements, a senior assisted
15 living facility, a synagogue, an independent secondary
16 school, a Catholic elementary school with a student
17 population of over 500 children, a jewel in our
18 community, the YMCA, a field that is used by children of
19 all ages for recreational purposes, and then continues
20 on its path under more homes until it ultimately
21 discharges into the canal and moves on to the Great
22 South Bay.

23 This is only the path of the eastern plume.
24 The western plume comes from Brightwaters and moves
25 south under most residential parcels. I mention this

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1 because I felt it's necessary to put a face on the
2 problem, to describe what is really impacted by this
3 problem that has been left unaddressed in our areas for
4 decades.

5 The affected individuals are by and large
6 children. Children in the homes, children in the
7 schools, children in a YMCA, and children in the field.
8 There are children that live in the area that attend
9 school at the Catholic elementary school, they recreate
10 at the YMCA, and they get to go home and play sometimes
11 in their basements. Virtually exposed to this
12 contamination for 24 hours a day.

13 I am by training an engineer. I work in the
14 construction industry and I recognize better than most
15 that things happen. The plume has been there for years.
16 The folks at KeySpan didn't create it, but they do,
17 through their businesses, have the responsibility for
18 it. I also recognize when I am being given the run
19 around by a contractor who doesn't want to perform.

20 I started out listening to KeySpan over six
21 years ago, a hearing at Bay Shore high school. They
22 presented a plan, the same plan that they presented to
23 us in November at a meeting at the Bay
24 Shore-Brightwaters library. I supported the plan six
25 years ago and I support the plan today. The plan has

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1 not changed, but unfortunately nor has the status of the
2 remediation program. There's been no action.

3 My feeling on the matter is this: If the
4 management at KeySpan can be as callous as they have
5 been over the past six years, and not taken any
6 meaningful action on a problem that affects the health
7 of hundreds or even thousands of residents, most of whom
8 are children, why should this Commission reward those
9 members of management who stand to financially gain in a
10 very substantial way from this merger?

11 The residents that are addressing this
12 Commission tonight have been patient to a fault. We
13 trusted and believed the data and the interpretation
14 that was provided to us by the KeySpan folks and by the
15 New York State DEC.

16 It turns out after six years we were wrong
17 in trusting those entities because they were, I'm sorry
18 to say, lying to us. We had been burned and we do not
19 believe what we are told by them anymore. We do not
20 have an advocate in the New York State DEC. They merely
21 parrot without thought what KeySpan tells them.

22 We now come to this Commission asking for
23 your help in making KeySpan live up to their
24 responsibility. We ask you to reject this merger until
25 KeySpan mitigates and remediates each of the 17 sites

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1 that exist in Suffolk County alone. We ask you to make
2 the management of KeySpan work for their money and live
3 up to their responsibilities and not let them run out
4 the back door with their buyouts leaving a mess behind,
5 as Catacasinos did years ago.

6 We ask this Commission to teach them honor
7 and integrity. Make them do the right thing.

8 Thank you.

9 (Applause.)

10 JUDGE LYNCH: Thank you very much.

11 The next speaker is Janine DiNatale, 29
12 Community Road, Bay Shore.

13 Welcome.

14 MS. DINATALE: Thank you. My name is Janine
15 DiNatale and I am a resident of Bay Shore and a mother
16 of three young children, and a home that is situated on
17 one of the largest contaminated groundwater plumes
18 caused by a former manufactured gas plant currently
19 owned by KeySpan. I have resided there since 1989.

20 I represent the families and children in my
21 community of Lawrence Farms, where two of the three
22 contaminated plumes continue to put our health at risk
23 and damage properties.

24 We oppose the KeySpan-National Grid merger
25 unless it is agreed that the community members, along

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1 with independent consultants and local government
2 agencies, can participate in an expedited comprehensive
3 plan to clean up the source area and the groundwater
4 plumes, as well as remediate homes that are affected by
5 the contamination.

6 I also request that KeySpan and National
7 Grid agree to fund medical monitoring for me, my family,
8 and other members of the community who live on the
9 plume.

10 We are concerned as to why this MGP site,
11 which is a hazardous waste site, registered on the
12 national priority list, has not been discussed
13 publically during talks of the merger between KeySpan
14 and National Grid. It is alarming that there was not
15 even a mention of the responsibilities relating to the
16 former MGP owned by KeySpan during the special meeting
17 of Economic Development, Higher Education, and Energy
18 Committee and the Consumer Protection Committee of the
19 Suffolk County Legislature that took place here last
20 March.

21 KeySpan representatives have told us that
22 National Grid has an expert team to lead the clean up
23 and that we shouldn't be concerned. However, one of the
24 same KeySpan representatives also recently stated in a
25 news interview that there are no risks to human health

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1 because there are no exposure pathways when, in fact, my
2 basement is a proven exposure pathway.

3 JUDGE LYNCH: Ms. Dinatale, I know you are
4 very excited about this. Could you just go a little bit
5 slower because I want to make sure the reporter gets
6 every word you say.

7 MS. DINATALE: We were lead to believe for
8 six years that contamination of this plume occurred at
9 40 feet below our homes. We have now discovered and
10 documents indicate that KeySpan has known that it is
11 also at 15 feet or less at high concentrations in an
12 area where the water table is high, basements flood, and
13 many homes operate sump pumps. We must therefore
14 conclude that homes with basements on the contamination
15 are subject to exposure.

16 KeySpan agreed with the DEC in September
17 1999 to clean up the site. We were told by KeySpan that
18 the clean up would begin one and a half years ago and as
19 of today it's not even started. KeySpan knows that the
20 contamination is continuous and does not predict when
21 the clean up will be completed. It would be prudent for
22 the PSC to investigate why the DEC has allowed this
23 clean-up to be delayed, causing costs and liabilities to
24 increase.

25 Because of our experience with KeySpan and

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1 the DEC we have no faith that this merger will benefit
2 the community and therefore oppose the merger unless we
3 have an agreement. We hope that the PSC will understand
4 the urgency for this clean-up to be expedited and that
5 you will put the health of children and families in our
6 community as a first priority when considering this
7 merger.

8 Thank you very much.

9 (Applause)

10 JUDGE LYNCH: Thank you.

11 The next speak is Chris Kayser, 534 Brooklyn
12 Boulevard, Brightwaters, New York.

13 MR. KAYSER: Good evening. My name is Chris
14 Kayser. I am the vice chairperson of the Bay Shore-
15 Brightwaters Community Summit Council. The Bay
16 Shore-Brightwaters Summit Council was founded 12 years
17 ago. It is a not-for-profit organization representing
18 more than 20 different service organizations and
19 community committees in Bay Shore and Brightwaters.

20 The volunteers work collaboratively with
21 government officials, school personnel and private
22 businesses to improve the quality of life for all
23 residents. Bay Shore is a vibrant and resurgent
24 community as a result of the combined activities of the
25 Summit Council and its affiliated organizations and

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1 committees.

2 Over the past several years the Bay
3 Shore-Brightwaters Summit Council has actively followed
4 and participated in the remediation planning and clean
5 up process of the Bay Shore former manufactured gas
6 plant, and related chemical plumes. Due to continuing
7 delays in the remediation efforts, the lack of key
8 credible data from KeySpan and a lack of coordination
9 between New York DEC and New York Department of Health,
10 we have become profoundly concerned.

11 On KeySpan's watch, the site source material
12 continues to contaminate our community with toxic and
13 carcinogenic substances. There are three plumes which
14 extend under residential properties.

15 The largest of these plumes extend over one
16 mile and passes under many homes and businesses,
17 referred to by some of the speakers tonight. These
18 substances now flow freely into a major tributary of the
19 Great South Bay, as well as at least one other body of
20 water accessible to children, adults and wildlife.

21 Because of these facts, we remain concerned
22 for the health and safety of our residents, community
23 and environment. Until the clean up is completed, the
24 community remains at risk for possible associated short
25 and long term health effects due to potential exposure

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1 to these substances. There is an additional potential
2 for diminished property values and our town's
3 reputation.

4 As part of the PSC approval of the KeySpan
5 and National Grid merger, the Bay Shore-Brightwaters
6 Summit Council urges the PSC to review the Bay Shore
7 manufactured gas plant remediation plans. The Bay Shore
8 manufactured gas plant is a major MGP site in with an
9 unremediated source plume of coal tar contamination,
10 resulting in the subsequent and continuing contamination
11 plume which flows below our community daily.

12 We also urge the PSC to require the New York
13 State DEC to demand an expedited clean up of the
14 contamination at the Bay Shore former MGP site by a
15 prescribed deadline, to the satisfaction of the Suffolk
16 County Department of Health Services, the State
17 Department of Health, the regional DEC, and independent
18 engineers and environmental consultants appointed by
19 Suffolk County.

20 This can be accomplished by the PSC urging
21 the DEC to require expedited construction of the DEC
22 approved containment wall. This wall will confine the
23 source site contaminants, principally coal tar, and stop
24 the leaching of hazardous substances into the
25 surrounding community.

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1 Regardless of the outcome of the hearings,
2 we also urge the PSC to insure that there will be
3 sufficient funds set aside to perform the remediation of
4 the Bay Shore site. KeySpan's own latest estimates for
5 remediating the Bay Shore MGP site and related plumes is
6 \$208 million.

7 In addition, we urge the PSC, in
8 coordination with the New York State DEC, to carefully
9 review all of the KeySpan former manufactured gas plant
10 remediation plans across New York State. On Long
11 Island, Bay Shore is not alone. There are former MGP
12 sites in Babylon, Patchogue, Halesite and Sag Harbor,
13 just to name a few. There are dozens more across the
14 state.

15 We look to the PSC to exert the appropriate
16 measures and set an historic precedent. Owners of New
17 York former manufactured gas plants must be held
18 accountable to remediate and render harmless these sites
19 in all communities where they exist.

20 Business as usual, with the liability
21 passing hands from one company to the next with no
22 significant clean up occurring, is wrong.

23 Please serve the interest of the people of
24 Bay Shore and the public across New York State. Reject
25 the KeySpan and National Grid merger until prescribed

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1 and enforceable deadlines are in place in Bay Shore and
2 other former MGP sites across New York State.

3 Thank you very much.

4 (Applause.)

5 JUDGE LYNCH: Thank you.

6 The next speaker is Pat O'Connell, 31 Ocean
7 Avenue, Bay Shore, New York.

8 Welcome.

9 MR. O'CONNELL: Thank you. Good evening. I
10 am Pat O'Connell from Ocean Avenue in Bay Shore, and
11 this evening I am here representing the Bay
12 Shore-Brightwaters Community Forum, which is a group
13 about 15-years-old, prior to the Summit.

14 Such was borne out of Bay Shore Local Civic
15 Associations over the years have been concerned about
16 things in our community, various things, like shopping
17 centers or planning. So the mission of the community
18 forum is to represent voices in the community, civic
19 associations, in issues that address their concerns.
20 And I am here tonight to speak on behalf of the board of
21 the community forum.

22 Specifically, we have two concerns that
23 people are very worried about and, frankly, the reason
24 we are here talking tonight is we are a little uncertain
25 about what opportunity we have to have the right thing

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1 happen.

2 You have heard people early this evening
3 talk about the frustration, and we see this possibly as
4 one of our few or maybe our only opportunities to get a
5 voice in the process that holds people accountable both
6 in government and in business to do the right thing.

7 Specifically, the issue with Bay Shore you
8 have heard about from other speakers in terms of how
9 long they have known about the problem, the foot
10 dragging we have seen sort of for years and years.
11 Early meetings where they would come to us, sort of try
12 to placate us, they would kill us with kindness, they
13 invest in all our community efforts, but underneath the
14 covers essentially we have seen effectively stonewalling
15 from both KeySpan, and we have been very disappointed in
16 the representatives we have seen from the state
17 agencies: DEC, New York State of Health, Suffolk County
18 State of Health.

19 The sense we have is that nobody owns the
20 problem, and we have people monitoring the problem. We
21 have the apparent responsibility and obligations of the
22 owners of these companies, but nothing seems to get
23 done.

24 As for National Grid, they had an
25 extraordinary general meeting in June of last year in

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1 England, which is where the company is headquartered,
2 and they presented their proposal for this merger to
3 their shareholders.

4 In that meeting they were very clear as to
5 what the risks they saw with the acquisition of KeySpan.
6 And they specifically listed issues with environmental
7 problems. They accepted their responsibility in the
8 industry, that their business essentially produces
9 hazardous waste. And they accept their obligation,
10 whether it's their direct responsibility or not, to pay
11 for the clean-up. And they also recognize the damage to
12 their reputation in the event they don't do the right
13 thing.

14 So, it's clear to us that National Grid are
15 fully aware of the obligations and the responsibility.
16 The view essentially we have today is that KeySpan
17 hasn't done it. We have lost confidence in the
18 management. The financial management at KeySpan is
19 something I will get to when we talk about costs. But
20 clearly should this merger be approved we want to be
21 sure that National Grid takes on the full obligation and
22 responsibility to continue the clean up.

23 In terms of rates, we are all very well
24 aware of the high cost of energy in the east coast. And
25 Long Island, for a whole variety of reasons, has high

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1 rates for all power, not just gas but electricity as
2 well. What I found very surprising in the papers that
3 National Grid presented, and in your--as I read through
4 your rate proposal, as you understand it based on the
5 two scenarios, that no matter what happens we are going
6 to pay more money.

7 If the merger doesn't happen, our rates go
8 up. If the merger happens, our rates go up. It's
9 incomprehensible after years and years of the service
10 and the problems that we had with energy on Long Island
11 that our rates are going up. When we speak about the
12 explicit objective of this merger from a commercial
13 perspective is to save about \$200 million a year in
14 savings from the merger, these are National Grid
15 numbers. That's been identified for leveraging and
16 sharing staff and cutting where they can cut.

17 We are very, very worried that their focus
18 is on profits if the merger is successful. If it isn't
19 successful, then KeySpan's prior management of these
20 issues and their financial management of the utility
21 doesn't give us any confidence that either party is
22 going to ever focus on doing the right thing and
23 spending money on cleaning up this.

24 We are aware that, for example, in 2003,
25 internal documents at KeySpan at the board level, they

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1 address funding the clean-up out of two different
2 sources. One was insurance coverage and the second was
3 a LILCO gas balancing account. And now three years
4 later we are finding those sources of funds don't appear
5 to be available. And the only conclusion is we pass on
6 additional rates to our consumers.

7 That would be what I would sort of identify
8 as one of mismanagements of the financial management of
9 their organization.

10 So, in closing, what I would like to say,
11 regardless of your decision, we would request that the
12 Public Service Commission, in the event the merger
13 doesn't happen, investigates why KeySpan's management
14 problems continue and why their inability to manage the
15 service financially seems to be an ongoing problem.

16 Secondly, should the merger happen we want
17 to insure that National Grid essentially allocate enough
18 money up front and that money is earmarked and reserved
19 for clean-ups of MGP sites, specifically in the Bay
20 Shore-Brightwaters areas and more broadly across the
21 state where the problem exists.

22 Thank you very much.

23 (Applause.)

24 JUDGE LYNCH: Thank you. The next speaker
25 is Mr. Charles Luchetti, 1591 Union Boulevard, Bay

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1 Shore, New York.

2 Welcome.

3 MR. LUCHETTI: Good evening. Thank you.

4 It's nice to be here.

5 I oppose, I am here to oppose National
6 Grid-KeySpan merger. And before I start, I want to
7 point out that this room has less than 50 people in it
8 tonight, and yet there is over half a million ratepayers
9 in Suffolk County. And I believe the reason is because
10 people have lost confidence in government and the
11 regulators and their government agencies in the State of
12 New York.

13 Rates in Suffolk County are 94 percent
14 higher than the national average. Manufacturing gas
15 plants is a major issue. This merger is basically a
16 smokescreen to really hide what's out there. What's out
17 there is a Shoreham all over again. It's building.

18 Over \$2 billion in MGP money is going to be
19 handed off to the ratepayers. That's what it comes out
20 to. There are 43 sites now identified. Up until 2003
21 KeySpan Delivery Long Island, KeySpan Corporation,
22 represented they had 28 sites. Following PSC's rate
23 treatment application, allocating 100 percent recovery
24 under the SIR finding, site investigation remediation,
25 they added another 20 sites.

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1 Since 2003, those 20 sites haven't been
2 addressed. There is no VOC. There is no order by DEC
3 to investigate or remediate. In 1986 the passing of
4 SEQRA, CERCLA and RECRA, it was mandated in the
5 communities where these sites were--they were mandated
6 to investment in toxicity levels. They failed.

7 Let's go back to the numbers. This starts
8 with the case back in 1993. LILCO or Brooklyn Gas both
9 applied under the rate case 93-G-002 and I believe
10 Brooklyn Union's case was 93-G-0621. Both of those
11 cases requested rate deferral with regard to site
12 investigations.

13 KeySpan--LILCO claimed to own six sites and
14 Brooklyn Union claims to own--they notified Public
15 Service Commission of 14 sites. That was in '93. They
16 got the deferred treatment.

17 Rate application, 1995, they asked to
18 recover. They were advised that they couldn't recover
19 for migration off the site. In simple, they couldn't
20 recover any expenses for additional cost of the
21 contamination outside of the area of the MGP site.

22 Now, you heard from these people about Bay
23 Shore. This is one community. We know now that there
24 are 43 communities being impacted. How can you even
25 consider a negative declaration non-significant finding

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1 with regard to the environmental impact that will take
2 place as a result of your approval of the merger and/or
3 the rate treatment?

4 Now let's go to the liability and we are up
5 to '95. In '97 they went for an asset transfer.

6 JUDGE LYNCH: What year? Sorry.

7 MR. LUCHETTI: 1997, M-0567. And you may as
8 well throw in 98-M-0074. That was the asset transfer.
9 At the time of the asset transfer they claimed they
10 owned nine sites, LILCO. At the time of asset transfer,
11 KeySpan claimed to own 18 sites that they identified.

12 Now, keep in mind that in 1998 they were all
13 requested by EPA and mandated to register all previously
14 owned gas plant sites in 1998. This is 2006 and the
15 application that you are considering is false,
16 misleading, and it's not the truth.

17 There is additional sites. If you would
18 like to know where they are, I will gladly accommodate
19 you. I am going to submit documents that I have that
20 show that LILCO knew in 1995 of 22 sites they owned.
21 And a book was written by a senior vice president that
22 was the personal assistant to the president of LILCO,
23 and the founder, wrote a book in '58 so you know they
24 knew.

25 Now, this is 2007. 20 additional sites

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1 haven't been identified. Now, these people here tonight
2 are telling you about the toxicity, the existence of the
3 plume, how bad it is, how KeySpan stroked them, how
4 National Grid--now let's talk about National Grid for a
5 minute.

6 National Grid in 2000, KeySpan of New
7 England purchased Mass and Energy North, which is New
8 Hampshire. They got an additional 85 manufacturing gas
9 plant sites that are identified. National Grid has
10 responsibility for 11 of them since 2000 and hasn't done
11 anything.

12 The application originally made in 1993 was
13 in bad faith. Here's an internal report from LILCO and
14 here's a report dated 1996 that shows that they were of
15 aware of BTEX and PAHs and contamination of Bay Shore
16 groundwater and soil in 1949.

17 Thank you.

18 JUDGE LYNCH: Thank you.

19 MR. LUCHETTI: Now, I may seem a little
20 hostile and I will tell you why: Because I own a piece
21 of property on the corner of 5th Avenue and Union. I've
22 been there since 1990. I own it. Presently it has no
23 water. We used the groundwater well since 1990 to 2004
24 and for six of those years it was used because of the
25 negative declaration in the transfer of asset, case

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1 0074.

2 Now, what I am asking you this evening is
3 simply this: Deny the merger, deny the negative
4 declaration, order full SEQRA, so that finally, once and
5 for all, they will have to identify their assets. Ask
6 for a certified independent audit with regard to the
7 past owned MGP sites so additional communities won't be
8 negatively impacted.

9 You got to keep in mind that the impact of
10 these chemicals are autism, liver, kidney, leukemia,
11 cancer and death is what they are. The toxicity levels
12 in Bay Shore are just mind boggling. We had in 2004
13 Suffolk County Health Department came in and they tested
14 our groundwater well, which was our only source of water
15 supply for 14 years, and they condemned the well as
16 being contaminated for carcinogens, chemicals,
17 naphthalene, which is clearly identified as residual
18 waste from the manufactured gas plants.

19 Cobalt was identified. Naphthalene,
20 57,000,000 parts per billion. 57. The limit is .10 in
21 the State of New York. Now, how did this happen and how
22 is it being allowed to continue? That's why this room
23 is empty, because the people can't believe--because we
24 are at your mercy. The ratepayers in Nassau and Suffolk
25 County are the ratepayers of the Commissioners.

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1 National Grid is right now running KeySpan
2 Energy Delivery Long Island. They are in there running
3 it right now. How do you think they can go in there and
4 spend \$100 million and take possession and give orders
5 and come in there and take over when you haven't made
6 your decision yet?

7 Now, let's go back to the numbers. In '93
8 it was six for LILCO. There was 14 for KeySpan--for
9 Brooklyn Union. In '95 it went to 18. Then in '97 10-k
10 Brooklyn Union says they had two sites that they entered
11 a VOC, which was Coney Island, and I think Gawanis.

12 Now, the seven sites that they--the six
13 sites they originally identified--this is 2007. This
14 was identified in 1989. They haven't been remediated
15 and there is no future. There is no exit plan. You
16 know that the project manager, after spending \$50
17 million on putting this wall in that they propose that
18 by law and statute they are precluded from doing because
19 it doesn't meet the requirements of remediation.

20 A class one site or a class two site. A
21 class one is immediate remediation. A class two site is
22 remediate. A class three or four site you can use
23 what's called industrial control. They are using
24 industrial control on these sites that are Superfund
25 sites, clearly class one and two.

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1 Now, let me point out one thing. Following
2 your identification of these sites in 1989 to EPA they
3 ordered a preliminary assessment. They recommended Bay
4 Shore as high priority and that they immediately do a
5 groundwater well, public and private well survey. That
6 was in '89. We found out our well was contaminated and
7 poisoned by accident after using it for 14 years. And
8 for six of those years we used it because you failed to
9 make them comply with a full SEQRA rather than a
10 negative declaration. We used it for six more years.

11 It happens, we understand these things, but
12 what happened from 1989 when they identified this site?
13 Nothing. Nothing. I can go on about Bay Shore because
14 I am an expert on this one. This one is me and my
15 partner. And these poor people in the community, they
16 believe KeySpan. They believe the shucking and jiving.

17 We went out and hired a guy to drill wells
18 for us. We spent \$300,000 and investigated these people
19 since May of 2004, almost three years, and I am not done
20 and I am not going away. Okay?

21 Now, DEC just approved an order in Staten
22 Island yesterday to allow them to go and enter on these
23 people's property over there to do a remediation plan.
24 That's prohibited by statute, one, in my opinion.

25 Now, you say they are remediating. Well,

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1 what can they do for their children that have been
2 breathing this? How about birth defects? How about
3 thyroid problems? We will never know, will we, because
4 this is 2007. It's a long way from '89.

5 Then you want to collect from us for
6 manufactured gas plant sites that were closed prior to
7 1950. LILCO merged 60 companies in 1950, 37 of them
8 electric and 23 of them were gas plants. Now, that's
9 1950. At that time there was only two plants operating.
10 Rockaway operated til '58 because their conversion to
11 manufactured gas to natural gas, and Bay Shore
12 purportedly operated to '73.

13 Well, I know that Bay Shore wasn't a
14 manufactured gas plant from '53 to '73, that it was an
15 R&D facility, and I am sure that it's in the archives at
16 PSC if they really want to find them. Now, you are
17 entertaining these applications for mergers. There's
18 representations about these gas plants. How about an
19 independent audit?

20 You know what President Reagan said when
21 dealing with the Russians? Trust but verify. That's
22 what we are asking for is a fair shake down. We're the
23 little people. We're the people paying. Corporations
24 and large conglomerates like National Grid and KeySpan
25 come and go every day. They are in the business to make

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1 the money. Now, who are they going to make the money
2 from? The ratepayer.

3 What's the little ratepayer got to do? Get
4 up and go to work in the morning. We got to rely on you
5 people and your integrity and your abilities, but the
6 documents in this case are hard to take and hard to take
7 simply because they are contradictive to everything.
8 They are contradictive to the law. The law says--my
9 understanding is CERCLA and RECRA says the debt and
10 liability for contamination cannot be passed off.

11 JUDGE LYNCH: You mentioned those laws. Can
12 you give the acronym? When you say--is it C-E-R-C-L-A?

13 MR. LUCHETTI: Yes.

14 JUDGE LYNCH: And what's the other one?

15 MR. LUCHETTI: RECRA. I will get you the
16 statutes. Title 42 US Code Section 6909 and I believe
17 it's 6906.

18 JUDGE LYNCH: Thank you.

19 MR. LUCHETTI: Okay.

20 JUDGE LYNCH: Excuse me for one other
21 second. We had talked several times during the day. I
22 do have other people too. I know the topic you have is
23 important, but just try to keep them in mind.

24 MR. LUCHETTI: Okay. So, what we have now
25 is that you are asking for--they are asking for rate

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1 recovery from us. 1950 all these plants were closed.
2 In 1998 they transferred, the assets were transferred
3 into Market Span. Market Span was subsequently sold to
4 KeySpan. KeySpan Energy bought Market Span through a
5 consolidation of Brooklyn Union and LILCO's manufactured
6 gas businesses. They put it together. It became
7 KeySpan Delivery Long Island, KeySpan Delivery New York.

8 They changed the facts. The liability is
9 still there. They accepted the liability in purchase
10 transfer. It's clearly old debt. It's old debt. What
11 they didn't represent as far as being manufactured gas
12 or environmental liability, keep in mind at that time
13 they said their liability was \$25 to \$35 million in 1998
14 when they did the merger.

15 Now, in 2003--excuse me. In this
16 application they are telling you that they are asking
17 for \$113 million recovery that they spent. There's no
18 certified audit to how much they spent and where it
19 went. I can tell you personally that they commingled
20 the money and spent money out of that fund, again, which
21 was their balancing account, and now they are looking
22 for that LDAC accounting, okay? They spent money out of
23 that account on sites that are not manufactured gas
24 plant related.

25 And I am going to take it further. The

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1 expenditures--the representation in the gas plant that
2 they owned, that's questionable whether or not they
3 could even pass the liability off, but KeySpan accepted
4 the liability. Market Span accepted the liability when
5 they passed it off. So, if they accepted the liability
6 they have it. The law says you can't pass that off to
7 the corporation as and part of the purchase price.

8 The next thing, to demonstrate part of the
9 purchase price, is that two of these sites they were
10 under VOC, they were under administrative order in 1995
11 on these sites.

12 Two of these sites, you had Rockaways,
13 Hempstead, Glen Cove, Halesite, Sag Harbor, Bay Shore,
14 Babylon and Patchogue. Now, Halesite and Glen Cove, the
15 law says the owner of the property's got the liability.
16 Those properties are all owned by LIPA. KeySpan agreed
17 to investigate and remediate those sites as part of the
18 purchase price. Why are we getting the bill? Why are
19 we getting the bill for the additional sites?

20 Now they are asking for 113 they spent.
21 They are asking for \$388 million in estimated cost,
22 additional cost, and a blank check for uncontrollable
23 costs.

24 What they are attempting to do here is
25 circumvent your previous decision where you said they

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1 couldn't collect for the site remediation, offsite
2 contamination. That's one.

3 Two is: What has KeySpan spent the gas
4 ratepayer money on remediating sites that was part of
5 the purchase agreement? So, now what's happening here
6 is the site investigation fund that they want to put
7 together, SIR funding, they want the ratepayer to pay
8 for part of the purchase to the tune of about \$2
9 billion, and they want the ratepayer to be held as
10 collateral now on this blank check to consummate the
11 deal.

12 Now that's nice if you can get it. That's
13 no risk. LILCO had the risk and the liability and they
14 asked you for the money. They deferred it. They slid
15 it through the merger. It's clearly wrong. We ask you
16 to deny the application.

17 Thank you.

18 (Applause)

19 JUDGE LYNCH: The next speaker is Dave
20 Denenberg, 2340 McCord Avenue, Merrick.

21 LEGISLATOR DENENBERG: I am a Nassau County
22 Legislator. I represent the 19th District in Nassau
23 County. That encompasses areas of Wantauk, Bellmore,
24 Merrick and Freeport. I know that you are having a
25 hearing at the Nassau County Legislature. Nassau

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1 together with Suffolk have both intervened in this
2 action in order to protect the interests of their
3 constituents, which are the ratepayers here on Long
4 Island.

5 I am not sure that I can be there tomorrow
6 because of the timing. I would note also today that
7 perhaps one of the reasons why you have a light turnout
8 is because FERC is having their Broadwater hearings. I
9 think it's nice that you two coordinate to have
10 everything at the same time to sort of keep down the
11 attendance at both places.

12 (Applause)

13 I am being facetious because I can't believe
14 that you guys can't coordinate. I just can't believe
15 that that can't be coordinated when both issues deal
16 with energy, deal with the environment, and deal with
17 our energy and environmental future, as well as our
18 ratepayers and jobs here on Long Island.

19 CHAIRWOMAN ACAMPORA: Excuse me, Legislator.
20 FERC, naturally, is not state related. You know that.

21 LEGISLATOR DENENBERG: And there is this
22 invention. It's called the telephone.

23 CHAIRWOMAN ACAMPORA: We were never
24 notified, sir, with regard to what they were doing with
25 the Broadwater meetings. We had no knowledge of that.

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1 LEGISLATOR DENENBERG: I think it's an
2 unfortunate conflict but--

3 CHAIRWOMAN ACAMPORA: It's more than
4 unfortunate but it is--

5 LEGISLATOR DENENBERG: --I am putting it on
6 the record because I think that deep down--

7 CHAIRWOMAN ACAMPORA: I put on the record
8 that truthfully we were not notified of this and we're
9 just as surprised and knew that this would have an
10 impact on these hearings.

11 LEGISLATOR DENENBERG: I want to raise
12 several issues that I think that the Public Service
13 Commission needs to take into account when looking at
14 this merger.

15 Number one, when Nassau and Suffolk combined
16 and did hearings on this issue, where we heard testimony
17 from KeySpan, from National Grid, from LIPA, as well as
18 from CWA and other labor organizations, some of the
19 concerns that came up were related first to the synergy
20 savings.

21 If there were synergy savings, and it goes
22 into the area of \$200 billion, we could not, on our
23 questions, get any kind of guarantee that would not all
24 go to shareholders that might be in England or
25 elsewhere, as opposed to the ratepayers right here who

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1 are the reason for the synergy savings, but at the same
2 time when we talked of repowering and toxic waste
3 clean-up--and repowering is a big issue here.

4 Repowering would allow old and antiquated,
5 polluting power plants here in Suffolk, which affect
6 Nassau--Nassau and Suffolk, you know, there is no big
7 screen running across the border--air quality in Nassau,
8 air quality in Suffolk, is something that we share.
9 These plants need to be repowered.

10 And when we talked about the cost of
11 repowering these plants, we are hearing back, oh, that
12 would have to be borne by the ratepayers locally as
13 opposed to the shareholders of that entire corporation
14 that will apparently get the benefits of the synergy
15 savings.

16 One plus one doesn't equal two there.
17 Really, the cost for the repowering, if National Grid
18 had this merger, should be borne by the entire company.
19 The synergy savings, if they are not coming to the
20 ratepayers, then why should all the costs for doing what
21 needs to be done here go only to the local ratepayers?

22 In terms of jobs and service, we don't need
23 to lose jobs here on Long Island, not when KeySpan's
24 service has been provided locally. You pick up the
25 phone and you say that you have a problem with KeySpan

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1 service, someone from outside this country isn't
2 answering that phone. It's not an outsource job asking
3 you where Maple Street is. It's someone locally who is
4 responding.

5 I don't see any guarantee here that those
6 jobs won't be outsourced. To the contrary, when it
7 comes to jobs, we are hearing there won't be layoffs,
8 but we have seen--and it's a concern of mine and it's
9 shared by many other people and elected officials--we
10 have seen National Grid in the past having layoffs right
11 here in the state and northeast region, and the quotes
12 that we did get at the legislative session that was
13 jointly held was that there might be employee numbers
14 falling down through attrition, and may not be through
15 layoffs.

16 Jobs on Long Island is jobs on Long Island
17 that need to stay on Long Island. If you start allowing
18 that head count to go elsewhere, or to be diminished,
19 that's also going to hurt service. And that's, again,
20 what the ratepayers are paying for.

21 So, now the ratepayers may be losing
22 service, they may be losing employment, they are not
23 getting any of the synergy savings, but any costs of
24 repowering or any cost of upgrading or toxic clean-up
25 here would be borne by the local ratepayers. That's not

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1 what it's supposed to be about, and that's certainly not
2 what we hope to get or would want to get if you approved
3 this merger.

4 These issues, in and of themselves, if you
5 are not getting repowering, you are not getting more
6 efficient energy, we are not getting lower rates, we are
7 losing jobs, synergy savings is going to shareholders
8 overseas, and repowering costs just get stuck locally,
9 are each issues that if they are answered negatively
10 towards the people right here, your constituency, are
11 reasons not to approve the merger.

12 There is a separate issue. I am aware I am
13 in Suffolk County but there is a separate issue that
14 just about no one here would be aware of but you need to
15 be because Nassau County certainly is aware of. Nassau
16 County, as well as some towns throughout Long Island,
17 has an assessment system that has a class system. In
18 that class system, for example, residential would be
19 class one, multiple dwellings might be class two,
20 utilities are a separate class, and commercial
21 properties are a separate class.

22 The classes have different rates. The
23 utilities, good citizens as they were, sued Nassau
24 County to say that they were paying too much because
25 residents had a lower rate than utilities had, and

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1 residents shouldn't pay less than utilities. And Nassau
2 County of course defended that lawsuit.

3 LIPA, to its credit, settled the lawsuit.
4 At the time that LIPA became an authority they settled
5 the lawsuit to have a definitive answer in Nassau County
6 as to what the tax rolls would be and what the liability
7 would be. The KeySpan has not settled that suit, which
8 would mean National Grid would be getting an asset, a
9 lawsuit against Nassau County, which could cost Nassau
10 County literally over \$100 million.

11 Now, a liability of over \$100 million to
12 Nassau County, just like Suffolk County, is not just a
13 small liability or something that we could just bond.
14 That is a huge liability that KeySpan has continued to
15 press in the courts, as there are appeals involved, and
16 I think that it would be imperative for that liability
17 to Nassau County to be clarified and to be settled
18 before there was any merger.

19 Now, I am sure that if it were a liability
20 that wouldn't be spread to the United Kingdom
21 shareholders. That would be something that Nassau
22 County would have to pay. This is something that cannot
23 just be put by the wayside. This is something that,
24 together with the synergy savings issues, the jobs
25 issues, the service issues, the rate issues, the

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1 repowering issues, the toxic clean-up issues, have to be
2 recognized and addressed as part of any study that you
3 are doing, whether it's strictly in accordance with the
4 environmental impacts, or other aspects that you need to
5 look at.

6 I will try to get to the Nassau Legislature
7 in the evening tomorrow. Unfortunately, for me, during
8 the day--Nassau legislators it's considered a part-time
9 job. It's the best 50 hour a week part-time job I ever
10 had, but I have to make a living and I am scheduled in
11 court tomorrow. Federal courts don't worry about
12 conflicts that they didn't hear about. So, I might not
13 be able to be there tomorrow, so I did want to get here
14 today in order to get my statements on the record.

15 I would congratulate or thank fellow
16 legislators such as Wayne Horsley here in Suffolk County
17 for the joint committee meetings we both chaired where
18 we did take testimony from labor leaders as well, again,
19 from LIPA, KeySpan, and National Grid.

20 So, thank you very much. And please,
21 please, look at these issues. They have to be satisfied
22 to your satisfaction, which is to protect our interests,
23 before you allow a merger. And these are huge, huge
24 questions where the positions that National Grid has
25 taken in documentation to you are conflicting.

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1 Thank you very much.

2 (Applause)

3 JUDGE LYNCH: The next speaker is Jenna
4 Rugile, 46 Bellecrest Avenue, East Northport.

5 MS. RUGILE: First of all, I want to thank
6 everyone that's spoken before because I have learned an
7 enormous amount. I thought I was moderately well
8 educated about this, but not even this much.

9 I live in Northport, and I have heard so
10 much from people from Bay Shore tonight. I honestly
11 didn't know what was going on in Bay Shore, I am
12 embarrassed to say.

13 I do know what's going on in Northport.
14 First of all, let me also say I am here as a Northport
15 resident, also I'm a representative of a group called
16 Sustainable Long Island. We are a non-profit. We work
17 to revitalize downtowns always with the environmental
18 health and social equity in mind. That's the three
19 prongs for us: Economic redevelopment, environmental,
20 health and equity.

21 So, but I am also here as a mother of a
22 daughter who plays soccer under the big stacks in
23 Northport. I know my husband says they are great for
24 sailboat navigation, but other than that, they are
25 pretty disturbing site. And it's not a matter of

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1 aesthetics. It's a matter of health.

2 Also, I expected when I came tonight to hear
3 people focusing on their rates. I thought I was going
4 to hear 90 percent about are my rates going to go up?
5 What is this going to mean about my rates? Of course
6 that matters to all of us. We all know we pay enormous
7 amounts here.

8 I am no expert in finances. Looking over
9 these papers, again, as people brought up, it looks like
10 whichever way we go we're going to get an increase. And
11 certainly as not being a financial expert, I still know
12 that corporations don't go into mergers out of the
13 goodness of their heart. So we know that there is money
14 to be made here.

15 I also wanted to note that I read the Public
16 Service Commission's role is to ensure safe and reliable
17 utility services at reasonable rates with the least
18 adverse effect on the environment. Safe is the key
19 point to me. Certainly reasonable rates I care about,
20 but I care far more about the health of my child, your
21 children, all of us.

22 I learned about four or five years ago about
23 how dirty the Northport plant and Port Jefferson plants
24 are through a speech given at my church by an expert.
25 Everyone was stunned. Nobody knew about it. It's

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1 amazing that we are living right there. I have been
2 there for 12 years. Before that had the pleasure of
3 living right near the Glenwood landing plant, so I had
4 20 some odd years of exposure to what's coming out of
5 these plants, but we didn't know.

6 And I think people are gradually coming
7 around to get to know what's going on. So, I don't as a
8 citizen have a strong position on the merger. I don't
9 understand financial aspects. I don't know what is best
10 in terms of service, rates, etc. I do know that there
11 should be no approval of any kind of merger unless there
12 is an absolute guarantee, no loopholes, that the plants
13 will be repowered.

14 People have already spoken about the
15 benefits of this. I learned at the time not only about
16 the detrimental health effects, which we pay for, by the
17 way, there is cost to that in health that people don't
18 factor in when they talk about rates, etc., the cost of
19 this, health costs are phenomenal and they really
20 probably quadruple what we are really paying, but I also
21 learned that if these plants are repowered that they
22 become in the neighborhood anywhere between 85 to 90
23 percent cleaner and more efficient.

24 Who's going to pay for the repowering? I
25 will pay for some of it. I will take on a little if it

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1 means that eventually we will get 90 percent more
2 efficiency. That seems to me a pretty good payback.
3 But I learned a lot from the previous speaker about
4 who's going to be getting the money from this, and I
5 hesitate to say that I am willing to pay for it knowing
6 who's going to benefit, but what I am saying is that I
7 was pleased to hear that what people are focused on is
8 the health impact of this and not people ranting about
9 anything to not have my rates go up. That did concern
10 me before I came. I thought I might be disappointed in
11 that.

12 So, again, I will be brief about this, but
13 any merger, any action, I feel should be predicated on
14 repowering this. It seems insane to me that we are
15 running a plant that is over 40-years-old. The
16 technology is beyond outdated. My understanding is that
17 a coal plant today would not be approved that had the
18 kind of emissions that these plants do. They would be
19 some kind of grandfathering clause why they are allowed
20 to run the way they are running.

21 This must be done. It's a requirement. As
22 I watch my kid and other peoples' kids running under
23 these stacks, the smokestacks in Northport, and find out
24 what it's really doing it just horrifies me and I think
25 people need to be better educated about it.

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1 I request that you--I am not clear of the
2 role. Looking at the documents, again, I don't even
3 know what the difference between KeySpan and LIPA is
4 half the time. It's very confusing to the majority of
5 citizens, of regular people. People say which does
6 KeySpan do? Which does LIPA do? It's for other--I am
7 glad there are people who know about it. What I care
8 about is the health issue.

9 I thank everyone that spoke before so
10 passionately about it and I just want to add my motherly
11 concern and citizen concern that we clean these
12 monstrosities up.

13 Thanks.

14 (Applause.)

15 JUDGE LYNCH: Thank you. I would like to
16 take a minute at this point to--I have probably talked
17 about this at most of the hearings, so this is an
18 opportune moment when people--you were referring to the
19 prior speaker, and I wanted to state on the record what
20 my understanding of the proposal is as it pertains to a
21 comment you just made.

22 And whether the proposal is reasonable or
23 not is certainly a question to be determined, but I have
24 gone through this a couple of times and I think I will
25 do it again at this hearing.

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1 That's that under the petition that was
2 filed last July by KeySpan and National Grid, they are
3 estimating \$200 million a year of gross synergy savings,
4 which over the next ten years is \$2 billion.

5 They estimate that the cost that they would
6 have to spend to achieve those synergy savings over ten
7 years is \$400 million. And the timing of the savings
8 and the expenditures is not level every year. Some of
9 the expenditures are more front loaded and some of the
10 savings are more back loaded.

11 But let's just say it's \$1.6 billion over
12 the next ten years. The proposal after that, in very
13 broad terms, is that half of the synergy savings
14 benefits would be enjoyed by shareholders and half would
15 be enjoyed by ratepayers. But there are ratepayers not
16 only in New York, but in other states.

17 So, the amount that is proposed to be shared
18 in New York is \$518 million, and that's over the next
19 ten years. And so if somebody says \$200 million, or
20 that there aren't going to be any savings, that may be
21 their opinion of what's going to happen but that's not
22 what was proposed.

23 Then in the notice itself there is a
24 proposal for how the \$518 million would be allocated
25 within New York, and a portion of it is proposed to be

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1 allocated to LIPA because KeySpan provides services to
2 LIPA. A portion of it's proposed to be provided to the
3 customers of KeySpan Energy Delivery Long Island. Part
4 of it's proposed to be allocated to the customers of
5 KeySpan Energy Delivery New York, which is Brooklyn,
6 Queens and Staten Island, and part of it is proposed to
7 be allocated to existing customers of National Grid,
8 which provides utility service electric and gas upstate
9 New York today already because they acquired Niagara
10 Mohawk four years ago.

11 So, there is a lot of information that is
12 coming out, and it's all information that needs to be
13 evaluated, but everything you hear isn't always complete
14 and isn't always accurate. So, I just wanted to add
15 that. You are very interested. It sounds like you have
16 done some thinking about it. You wanted to know as much
17 as you can and you commented on how you have learned
18 some things.

19 So, I just thought for the record that was a
20 very important fact so everyone just understands what
21 the proposal is. Again, there is a question about
22 whether that's the right estimate of synergy savings.
23 Is it the right sharing between shareholders and
24 ratepayers. Is it the right sharing in state and out of
25 state.

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1 Those are issues that are flagged in the
2 notice. Thank you. I hope that helps you.

3 The next speaker is Jennifer Cusumano, 65
4 Soper Avenue, Northport.

5 MS. CUSUMANO: I am not going to waste your
6 time. I will defer to my neighbor's comments, Jenna
7 Rugile, in that she essentially made the statement about
8 Northport residents. Just what she said, Northport,
9 Port Jefferson also runs the highest carcinogens. Same
10 comment. Clean them up before you make more money for
11 big business. Listen to these good people. Take care
12 of the people.

13 (Applause)

14 JUDGE LYNCH: Thank you, and you didn't
15 waste anybody's time.

16 The next speaker is Megan Concannon, 17
17 Grace Court, Bay Shore, New York.

18 Welcome.

19 MS. CONCANNON: Thank you. Members of the
20 Commission, representatives of KeySpan and National
21 Grid, wherever you are in the room, my name is Megan
22 Concannon, and I represent a coalition of Bay
23 Shore-Brightwaters citizens. Our town is the site of a
24 former MGP plant and this plant's toxic plumes have for
25 decades and are at this very moment coursing through our

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1 town and dumping into our bay.

2 Bay Shore-Brightwaters is experiencing rates
3 of everything from autism and asthma to speech delays
4 and sensory integration disorders in epidemic
5 proportions. The numbers are staggering. The Bay
6 Shore-Brightwaters community will not allow this merger
7 to move forward unless, one, there is an expeditious and
8 cost effective clean-up at the MGP site as well as its
9 plumes.

10 Two, the cost of this clean-up is not pushed
11 off on to the ratepayers. Three, KeySpan and National
12 Grid agree to fund medical monitoring program to
13 evaluate the health of persons exposed to Bay Shore's
14 MGP site contaminants.

15 We will not wait any longer to see if this
16 clean-up will happen. Our citizens are now informed and
17 want immediate results.

18 KeySpan, in closing, I respectfully submit
19 get to it or we will get to you. Thank you.

20 (Applause)

21 JUDGE LYNCH: Stephen Phillips.

22 MR. PHILLIPS: My issue has been handled. I
23 can pass.

24 JUDGE LYNCH: Thank you.

25 The next speaker is Steven J. Flotteron, 655

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1 Main Street, Islip, New York.

2 Welcome, sir.

3 TOWN COUNCILMAN FLOTTERON: Thank you. Hi,
4 my name is Steve Flotteron. I am Islip Town Councilman
5 from the Town of Islip. I'm also here as a parent and a
6 homeowner in the Bay Shore-Brightwaters community, and
7 it looks like I am also neighbors to half the people in
8 this room, which I am very proud of the turnout and the
9 professionalism all my friends and neighbors are showing
10 tonight.

11 That's part of the reason the Bay
12 Shore-Brightwaters community has had a giant
13 rejuvenation over the past ten years, good people like
14 these neighbors, but we do have one black eye in the
15 community. That's what they have pointed out.

16 As a resident of the Bay Shore-Brightwaters
17 community, I am here to express the concerns of my
18 community about the proposed KeySpan-National Grid
19 merger.

20 We are affected on a daily basis by the
21 ongoing failure of KeySpan and its predecessor in
22 interest, LILCO, to remediate the contamination
23 emanating from the former manufactured gas plant in Bay
24 Shore. It's not just the residents of the Bay
25 Shore-Brightwaters community that are impacted by the

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1 damage caused by the Bay Shore manufactured gas plant.
2 All Islip taxpayers are paying the cost in the form of
3 request for reduced real property tax assessment from
4 residents and businesses surrounding the site of the
5 former plant.

6 There are presently 25 pending requests for
7 reduced assessment because of this site. The
8 contamination is a result of negligence and neglect on
9 the part of the plant operators. The damage was
10 foreseeable and preventable, and ratepayers should not
11 be forced to bear the burden of paying for these
12 mistakes.

13 The PSC must protect the ratepayers and the
14 community of Bay Shore-Brightwaters by setting hard and
15 fast deadlines with penalties that have real teeth in
16 them, to ensure the timely clean-up of the site.

17 LILCO has escaped its responsibility for
18 this site. We look to you to make sure that KeySpan
19 does not walk away from us.

20 Thank you.

21 JUDGE LYNCH: Thank you. The next speaker
22 is Terry Gardner, and he lives at or the address is 35
23 South Penataquit Avenue, Bay Shore.

24 Welcome.

25 MR. GARDNER: Thank you. I am a resident of

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1 Bay Shore for close to 40 years, and I must acknowledge
2 that, first of all, I am here as a grandfather and as a
3 citizen, and not as a representative of any
4 organization.

5 I am not here to represent communications
6 workers, other labor unions, politicians who have needs
7 to make public defamations. I have observed and heard
8 much evidence in the last couple of months, growing body
9 of evidence regarding the environmental threats that
10 face particularly Bay Shore through the manufactured gas
11 plant residues.

12 And I would suggest just about everybody who
13 hears about it has sympathy with the problem and is
14 seeking some form of redress or way of mediating the
15 issue. This hearing has invited much advocacy that you
16 folks refuse this merger as a way of addressing or
17 funding the problem that has come to be in the eyes of
18 the citizens I believe a priority.

19 From my point of view, utility regulation
20 has become a public whipping boy. You are, as the PSC,
21 caught in the middle of it. I don't believe most
22 citizens recognize that utilities are regulated
23 regarding the return on investment capital they can earn
24 and not like a typical corporation.

25 They can only charge the rates they are

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1 permitted by contract through public intermediary bodies
2 such as yourselves, and the publicly traded utility
3 companies usually engage--and particularly gas and
4 electric distribution have among the lowest returns on
5 investment capital of any corporate segment among public
6 companies, and are always seeking efficiencies and ways
7 to reduce their costs.

8 And I believe the numbers in support of this
9 merger as proposed by the two companies makes a
10 reasonable case there are logical, efficient rational
11 savings to be garnered here which will, in time, provide
12 for a less than otherwise rate charged the ratepayers.

13 After all, the ratepayers who are the users
14 are the only parties who can pay. There's no such fund
15 standing there called the corporate capital that can be
16 tapped. In the case of this environmental problem if
17 all the burden would be layered on, for example,
18 KeySpan's shareholders, you can be sure, like many other
19 industrial liability events, asbestos being a good
20 example, you would see this company and others perhaps
21 go under.

22 That would mean the service levels provided
23 over time would, A, decline and, B, the rates would
24 inevitably be higher because the necessity of acquiring
25 capital on a regular basis, which these companies do

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1 have to do, would go up given the risks.

2 What I am advocating, therefore, is when
3 considering this merger, that you give the highest
4 priority to something that has been identified in
5 glowing terms here this evening, this emerging
6 environmental disaster. Disaster because it's been
7 shelved, put off, obfuscated, and played accounting
8 games with over so many years since these problems have
9 been identified, to which point I understand there are
10 some lawsuits for property damage and other damage that
11 are presently under disclosure, requests for documents
12 from the two companies to support the lawsuit's
13 contention for damages.

14 So, the evidentiary path is growing that
15 this problem is large, larger than imagined, put off a
16 long time, and there was a lot more knowledge of it on
17 the part of prior executive groups.

18 So, my advocacy is: Identify this matter as
19 the highest priority in your considerations, and instead
20 of deciding whether or not the merger should be allowed
21 to go forward or not, depending on that matter, rather
22 since it appears to be a rational merger and the savings
23 appear to be distributed reasonably equitably, instead,
24 do a carve out.

25 Make this merger contingent upon a separate

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1 entity, whether it's a new corporate entity to be
2 created and spun off, or a public body which we can
3 define the members of an intermediary body to have a
4 capital account to begin with, to begin the studies and
5 inquiry on the specific manufactured gas plant
6 properties enumerated, and a tap on the capital accounts
7 supported by some reinsurance contract, which is
8 negotiable, and that that entity be separate from the
9 managements of these companies and have full authority
10 and rights to bring in independent consultants and
11 engineers to fully identify the problem and recommend
12 and contract out the work to be done to resolve the
13 matter in the most expeditious manner available, not
14 unlike the way Superfund sites have been addressed under
15 prior legislative environments.

16 So, I thank you for listening to my
17 commentary. I believe you are in the middle of a
18 difficult puzzle here attempting to handle all of these
19 multiple claims, but my primary point is: This
20 environmental issue should be considered the highest
21 priority given the number of years it's been shelved and
22 unaddressed and allowed to linger.

23 (Applause)

24 JUDGE LYNCH: Thank you very much. The next
25 speakers are Erik and Denise Knudsen.

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1 The next speaker is Steven Englebright, 34
2 Lake Street, Setauket.

3 Welcome, sir. I understand he's an
4 Assemblyman. You are not identified that way on your
5 card, so I apologize.

6 ASSEMBLYMAN ENGLEBRIGHT: I am not that way
7 in the phone book either, but on good days I am proud of
8 it. And I'm very pleased to see my former colleague
9 here now a member of the Commission.

10 Thank you. I am a member of the New York
11 Assembly. I represent the 4th District. That includes
12 the power plant in Port Jefferson. And the issues of
13 rates and policy relating to the energy issues is
14 something that I almost feel the ghosts of all of the
15 former presiding officers staring down at me through
16 many of the years that we debated in this chamber.

17 I sat in the seat right behind where you are
18 now seated and we in the Suffolk Legislature--I was a
19 member of that body for ten years--tried to confront the
20 issues that we are still dealing with and that are still
21 unresolved.

22 I have to tell you I do not believe that we
23 made a good choice when we decided to walk away from
24 public ownership of the utilities for Long Islanders.
25 That was a decision that was made by a former Governor,

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1 basically Governor Cuomo, who modified the Public Power
2 Initiative rather dramatically when he brought about the
3 settlement of the Shoreham lawsuit, but here we are.

4 We learned to grow at least a little bit
5 comfortable with the conversion of LIPA to only being
6 the steward of the energy delivery system and for
7 KeySpan to be our new monopoly. At least it's our own
8 monopoly.

9 Proposal before us now is to sell to a
10 foreign country this monopoly. I have to tell you:
11 After all that we have gone through from the days of
12 Shoreham to the present, going in the direction of a
13 bigger, foreign-owned monopoly is just not something
14 that feels like it's a good place to go.

15 (Applause)

16 For one thing, the proposal before you
17 proposes a four percent cut in work force. I remember
18 LILCO when Hurricane Gloria hit. I remember Bill
19 Catacasinos being in Italy at the time. He did not
20 reassure us and, in fact, it was a disaster. Just last
21 year Katrina showed us what extratropical hurricanes can
22 do to mainland communities.

23 Long Island, if you look at the history of
24 hurricanes, be it the hurricane of '38 that took the
25 windmill blades from East Hampton and left them in New

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1 Hampshire, you look at the track of hurricanes over
2 time, it is very troubling with the global warming
3 phenomenon that we are now seeing clearly displayed in
4 the actions of the atmosphere with respect to Katrina,
5 that lowering the number of personnel available is an
6 invitation for a meaningful disaster on Long Island.

7 In terms of readiness for what I believe, I
8 mean it is going to be an awful lot of hurricanes and
9 some of those are going to come our way and are going to
10 strike our shores, and they are going to be more
11 frequent and more forceful than hurricanes of the past.

12 I have already mentioned one way to measure
13 the hurricane of '38, just to see where it took parts of
14 structures on the South Fork. The hurricane struck at
15 high tide with waves powerful enough to be picked up at
16 the site monitor at Fordham University, which at first
17 thought that there was an earthquake taking place on
18 eastern Long Island.

19 If that were to occur again, I believe we
20 are in harm's way with respect to hurricane frequency
21 and impact, and we have a reduced work force, we are
22 going to see a public catastrophe and a national
23 humiliation once again, as we had during Gloria, when we
24 were not able to deal with that type of an emergency and
25 that type of public safety issue.

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1 And now we are going to cut even further. I
2 question whether it is in our best interest to bring
3 about that kind of work force reduction. I really
4 believe that this proposal has within it the seeds of a
5 catastrophe for the people of this region.

6 Let's talk about repowering for just a
7 minute. Repowering should be done, is necessary, and
8 for my community in Port Jefferson this is something
9 that we talk about every day, but it should be brought
10 about as a consequence of the ordinary expectations of
11 this Public Service Commission in terms of what it
12 should require whoever is managing the public utility on
13 Long Island.

14 Currently that's KeySpan and LIPA, and a
15 shared partnership between private and public, and I
16 don't think that we should be seeking this merger as the
17 only way to bring about repowering.

18 In fact, it kind of feels like blackmail.
19 You are not going to get repowering unless you go along
20 with this big merger. That's the unspoken inference
21 that one can draw and, in fact, I am offended by that
22 implication. I don't think that that should be
23 something that we hold out as a benefit that comes about
24 simply because we have gone through a merger.

25 In fact, what we are really talking about

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1 here is whether or not this is in our interest. I have
2 already indicated from a public safety perspective I
3 don't think it's in our interest.

4 Let me just mention I chair the Committee on
5 Aging. One thing that has not been brought out in any
6 of the hearings to date is the convergence of the
7 reality that the baby boomers are becoming senior
8 boomers, that's us and it's good, and we are living
9 longer and that's good.

10 But what is a little ominous is the reality
11 that right now we only have about eight percent of our
12 population that are seniors, and therefore the largest
13 portion of our population that is likely to be on fixed
14 income is about eight percent.

15 I look at the proposal and the rate
16 increases, two, two and a half and more percent per year
17 up through the year 2015, as far as it looks into the
18 future. By the time we get to 2015 and 2020 one out of
19 every five of the citizens on Long Island is going to be
20 a senior citizen. In Southold it's already over 30
21 percent, so parts of Southold Town encompasses my
22 district.

23 There is a preview for the large part of the
24 service area for LIPA and KeySpan presently. You are
25 going to have 2015, 2020, going to have one out of every

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1 five people at the very least. More and more will be on
2 fixed income, drastically more in some communities.
3 It's unconscionable that this is not a larger part of
4 the discussion.

5 As you look at rate increases, one of which
6 is a proposed 10.9 percent increase in gas delivery for
7 the intermediary, let alone if you extrapolate that out,
8 and this is only when they admit to you they are going
9 to come back and ask for adjustment based on market
10 realities and so forth going forward.

11 Even if these minimal increases are built
12 into a merger, we are going to see untold suffering and
13 people not being able to live here. And that is just
14 unconscionable because we are really talking about the
15 people who built the suburbs, who built these
16 communities, and they deserve to have the ability to
17 retire and stay and age gracefully in their own homes
18 and own communities without having these kinds of costs
19 imposed upon them, which is essentially going to push
20 them out the back door of their houses.

21 So, I am very concerned about the cost
22 implications. I don't see the kinds of benefits that
23 make sense within the context of the larger question,
24 and the big question that's before you is: Does this
25 merger proposed serve the public interest?

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1 I don't see it serving the public interest
2 in terms of safety. I don't see it serving the public
3 interest in terms of reliability and predictability for
4 service. I don't think it serves the public interest in
5 terms of ability of people to continue to live into the
6 future here on Long Island with grace and style and a
7 sense of optimism.

8 So, I ask you to reject this, to say no,
9 because I don't think they have proven the case and made
10 the case that this is in the public interest. And I
11 will yield the podium at this point to others. I know
12 you have a long list this evening.

13 I thank you for taking the time to come out
14 here and thank you for giving me an opportunity to make
15 these comments.

16 (Applause)

17 JUDGE LYNCH: Thank you. Next speaker is
18 Dorian Dale, who is the Energy Director for the Town of
19 Babylon, speaking on behalf of Supervisor Bellone. 200
20 East Sunrise Highway, Lindenhurst, New York.

21 Good evening.

22 MR. DALE: Good evening. I, too, would like
23 to thank you folks for coming down here and taking all
24 this under advisement.

25 Last month at a meeting of the Clean Energy

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1 Leadership Task Force, Dan Zaweski, LIPA's Assistant
2 Vice President of Energy Efficiency and Distributed
3 Generation, confirmed that efficiency is the low hanging
4 fruit for energy savings.

5 LIPA backs up this principal by offering a
6 number of incentives for economies in alternate
7 energies, but the grubby 800 pound gorilla of
8 low-hanging energy waste remains Long Island's 40 and
9 50-year-old fossil fuel power plants in Northport and
10 Port Jefferson.

11 These are the plants that have compelled the
12 US Environmental Protection Agency to label Long Island
13 an air quality non-attainment zone, which conceivably
14 explains many of the health issues Long Islanders face.

15 Resolving the emissions and inefficiencies
16 of these plants should be declared a proviso of the
17 proposed acquisition of KeySpan by National Grid. The
18 repowering of these plants should be required by any
19 power purchase agreement that the new combination of
20 KeySpan-National Grid signs with LIPA.

21 Why repower? We have heard many reasons and
22 rationales this evening. And let me just digress and
23 explain, from a technical standpoint, for those who
24 don't know, that repowering with combined cycle
25 technology using exhaust gas from combustion turbines

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1 converting steam to power, Long Island's existing
2 turbine generators could nearly double in efficiency and
3 potentially triple electric capacity.

4 In a combined cycle gas turbine, the hot
5 exhaust gases of a gas turbine are used to provide all,
6 or a portion of, the heat source for the boiler, which
7 produces steam for the steam generator turbine. The
8 repowering project located at the Los Angeles Department
9 of Water and Power's Haynes Generation Station in Long
10 Beach provides 575 megawatts through a new generating
11 system that is, by their calculation, up to 94 percent
12 cleaner in terms of emissions and 40 percent more fuel
13 efficient than the two older, 1960s era generating units
14 that it replaced.

15 The success of Los Angeles and others stand
16 in stark contrast to contentions by providers here on
17 Long Island that repowering would provide negligible
18 improvement. The Public Service Commission should
19 insist on an independent evaluation of this option.
20 None has been conducted to date.

21 The most suitable candidates would be the
22 Northport site, with four 375 megawatt units, and the
23 Port Jeff and Barrett sites, with two 175 megawatt units
24 apiece.

25 Operating efficiency of the combined cycle

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1 units would approach 60 percent as compared to 30 to 35
2 percent for existing units. All four repowered units
3 would have a total capacity of 4,300 megawatts, and
4 that's 2,800 megawatt increase over the current 1,500
5 megawatt output.

6 In addition to providing cost effective
7 generating capacity to carry Long Island through the
8 upcoming decades, the repowering of existing sites
9 offers compelling environmental benefits.

10 Repowering provides new, cleaner generation
11 to meet Long Island's base electric load by replacing
12 the higher emission generation from the existing
13 facilities as they are converted to lower emission
14 combined cycle.

15 We, in the Town of Babylon, call on the good
16 offices of the Public Service Commission to bring all
17 their influence to bear in this proposed merger of
18 KeySpan and National Grid to insure a cleaner, healthier
19 and more cost effective power generating capacity for
20 the benefit of all Long Islanders.

21 I thank you.

22 (Applause)

23 JUDGE LYNCH: Thank you.

24 At this point all the persons who have
25 signed up to speak have spoken. Is there anyone else

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1 here that has signed up to speak and I haven't called
2 your name?

3 Okay, so, with that I guess the hearing is
4 adjourned and we will reconvene tomorrow afternoon in
5 Mineola at 1:00 p.m.

6 Thank you very much.

7 (Public hearing adjourned.)

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1 STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter

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-of-

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Case 06-M-0878 - Joint Petition of National Grid PLC and
KeySpan Corporation for Approval of Stock Acquisition
and other Regulatory Authorizations

6

06-G-1185 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of the
Brooklyn Union Gas Company for Gas Service

7

06-G-1186 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of KeySpan Gas
East Corp. d/b/a Brooklyn Union of L.I. for Gas Service

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Public Statement Hearing
Ralph G. Caso Executive
and Legislative Building
5th Floor
One West Street
Mineola, New York

14

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Thursday, January 11, 2007
1:00 p.m.

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PRESIDING:

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ROBERT E. CURRY, JR.
Commissioner

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22

GERALD L. LYNCH,
Administrative Law Judge

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1 JUDGE LYNCH: Good afternoon, ladies and
2 gentlemen. This is a hearing to accept public comments
3 on issues pending in three New York Public Service
4 Commission cases. In very broad terms, the cases
5 concern the following: First, whether the Commission
6 should approve the proposed acquisition of KeySpan
7 Corporation and its various subsidiaries by National
8 Grid and adopt a ten year gas rate plan for two of its
9 subsidiaries, KeySpan Energy Delivery New York, which is
10 in Brooklyn, Queens and Staten Island, and KeySpan
11 Energy Delivery Long Island, which is in Nassau and
12 Suffolk Counties.

13 The second case concerns the terms of a one
14 year gas rate plan in the event the proposed acquisition
15 is not approved. And there's two of those cases,
16 actually, the first of which is for KeySpan Energy
17 Delivery New York, the second of which is KeySpan Energy
18 Delivery Long Island. So, there are three cases
19 altogether.

20 If the merger is approved or approved
21 subject to conditions, the two one-year rate cases
22 wouldn't have to be decided. The main point I want to
23 make is that these are alternative plans. One with the
24 merger, one without.

25 My name is Administrative Law Judge Gerald

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1 L. Lynch, and I am one of the two judges presiding in
2 the cases. The role of the judges is to manage the case
3 schedule to insure the development of an adequate record
4 so the Commission can make a decision, and based on all
5 the information presented, prepare analyses and
6 recommendations for the Commission to consider.

7 Also sitting up here today is Commissioner
8 Robert E. Curry, Jr., who is one of the four New York
9 State Public Service Commissioners. And there are five
10 positions on the Commission. At this point there are
11 only four that are full, at least the last time I knew.

12 COMMISSIONER CURRY: Thank you all for
13 coming. My role is simply to listen to what you have to
14 say. We as Commissioners are going to eventually have
15 put before us a recommendation that has been generated
16 by the Administrative Law Judges on this case and
17 contributed to by the senior staff of the agency, and at
18 that point we will make our determinations based on that
19 record, part of which we will be participating and
20 filling up today.

21 So, I am here to listen, not to comment, and
22 that's sort of statutorily my role. So, I am glad you
23 are here. I look forward to listening. Thank you.

24 JUDGE LYNCH: At this point, let me just
25 give a couple of quick instructions on the process.

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1 It's really very, very simple. Those of you who want to
2 speak should fill out a card. They are available at the
3 table right outside the door. At this point only two of
4 you signed up to speak.

5 Your name will be called. Please come up to
6 the podium, and there are no wires to worry about today,
7 which is excellent. When you speak, especially for
8 people who don't speak in public regularly, please be
9 very clear and try to go slowly, because you will find
10 yourself maybe going very, very fast. And we have a
11 court reporter with us who's trying to take everything
12 down verbatim. If you go too fast, she cannot get
13 everything you said.

14 If you have a cell phone, please turn it off
15 or silence it, please. You are certainly invited to
16 comment on anything having to do with the three cases I
17 mentioned at the beginning of the hearing.

18 One thing I want to make clear is that the
19 rates that LIPA, Long Island Power Authority, charges
20 you for electricity, are not in issue in these cases.
21 That was kind of a bone of contention with some of the
22 earlier hearings we held in these cases. I keep making
23 the point. It's difficult, so let me remind you of
24 that.

25 I don't think we are going to have any

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1 problem hearing from everyone who wants to speak today.
2 We are going to be here for at least an hour. If we
3 need to, to hear everybody, we will stay as late as two
4 hours.

5 I want to remind you also, as discussed in
6 the notice of the hearings that was in the newspaper, if
7 you don't want to get up to speak you can write to the
8 Commission, you can e-mail the Commission, and you can
9 phone the Commission at a toll free number. All that
10 information is in the notice.

11 If you don't have the notice and you would
12 like that information I can provide it to you. Is there
13 anybody who would like that information? Do you have
14 access to the web site? Just use www.dps.state.ny.us,
15 and there is a screen and click on "consumer
16 assistance". And then you will see the words "PSC
17 comment form" and we want to hear your opinion. Fill in
18 the form and hit "submit".

19 Does everybody have that? All right. Thank
20 you. Now, the main thing is if you are going to call,
21 write or e-mail, please do so by February 19th. I want
22 to give you lots of time, but please get them in by
23 February 19th.

24 The last thing I want to say is that right
25 now these cases are on a schedule to be considered by

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1 the Commission near the end of August 2007, and that
2 schedule is--we are following it for now, but it's
3 subject to change. Circumstances might change in a way
4 that warrant a change in that date, but that's the
5 target date for today.

6 Are there any questions about the process?
7 If not, thank you. And the first speak is Cheryl
8 Davidson, 25 Deshon Road, Melville, New York.

9 Welcome.

10 MS. DAVIDSON: Good afternoon and thank you.
11 My name is Cheryl Davidson. I am the Executive Director
12 of the Long Island Works Coalition. Our mission is to
13 prepare today's students for tomorrow's workforce. We,
14 as many other worthy non-for-profit organizations on
15 Long Island, have been the beneficiaries of KeySpan's
16 corporate generosity over the years.

17 Support from KeySpan has filled a glaring
18 void left by tight government budgets and decreased
19 private sector support. Our concern is that the
20 proposed merger with National Grid will result in a
21 significant decrease in acutely needed support. We ask
22 that the Commission consider this factor when reaching a
23 decision.

24 Thank you.

25 JUDGE LYNCH: Next speaker is Philip Healey,

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1 speaking for the incorporated Village of Lynbrook. The
2 address is One Columbus Drive, Lynbrook, New York.

3 Welcome, sir.

4 MR. HEALEY: Good afternoon. How you doing?

5 My position with the Village of Lynbrook is
6 Superintendent of Public Works, so I hope that my
7 questions and statement is appropriate for this hearing.
8 I am not sure it is.

9 But our opinion on the KeySpan issue with
10 the merger is that we hope that--not hope, but as a
11 municipality and public entity, similar to many
12 entities, that we need this local support and just
13 assurance that the local workforce will be available on
14 24 hour basis within moments of an emergency call.

15 Recently, we just completed a project in
16 conjunction with KeySpan where they installed a high
17 pressure 20 inch gas main right through town, took
18 several months, probably 18 months from inception
19 through completion, and we worked together.

20 But given the size of the services going
21 through our small municipality, the number of schools,
22 the density of population, there cannot be any hedging,
23 but rock solid commitment that the local workforce, the
24 local support system, the engineering services, must be
25 there. There can be no compromise on that, whatever

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1 scenario you put together.

2 You are talking about, you gentlemen know,
3 situations that can be grave consequences if someone is
4 delayed in responding to a high pressure leak or even
5 just a house service leak during construction.

6 Village of Mineola a few months ago they had
7 a situation where they were digging and there was an
8 explosion. Could have been worse if it was bigger
9 service, but the point being that the workforce, KeySpan
10 was able to respond quickly working in conjunction with
11 the local municipality and fire department. Who knows
12 what they saved because you had the local support?

13 I know also a few years back a company named
14 American Water took over some local water systems down
15 in the Woodbrook area, in the southwestern part of
16 Nassau County. We also stressed this point at that time
17 and they failed to keep the local support and we are
18 seeing the effects of that now.

19 The service, the restoration, it's
20 horrendous what has happened from a local water company
21 to now international company, and that scenario, what
22 happened with the water company, cannot be allowed to
23 happen with the gas company.

24 And it would be great to save money from a
25 municipality standpoint, school district standpoint, all

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1 those services that we support, but if we have to give
2 up on any kind of service, can't risk it. Can't be
3 done. Just can't be done.

4 The other thing, I know we have been
5 debating also over the years an issue that has to do
6 with our electric rates. I'm not going to bring
7 anything up about LIPA except that there is an issue
8 about what--the public is going to own a couple power
9 plants down in that end of the county, which is Highland
10 Park and Far Rockaway.

11 JUDGE LYNCH: I'm sorry. I'm not clear.

12 MR. HEALEY: There is a couple power plants
13 that KeySpan currently owns and there's been debate
14 whether--who is going to take over those, the public
15 entity or are they going to go over with this merger.

16 That really has to be made public knowledge
17 before this merger goes through. It has an effect on us
18 down there. The number of municipalities down that way,
19 the villages that operate in that highly congested area,
20 that information has to be made public.

21 The last thing I can say, from a public
22 standpoint, again, is that the public operations,
23 whether it be the county, the town, the villages, really
24 need the--National Grid needs to do a little more
25 outreach to us at this point to convince us, some very

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1 large consumers of gas and owners of where their
2 infrastructure is, they really need to do some more
3 outreach to us at this time so we can understand what
4 they are about and how that's going to affect our
5 constituency.

6 Thanks for your time and thanks for coming
7 down.

8 JUDGE LYNCH: Thanks. Could you tell me
9 again the name of the water company.

10 MR. HEALEY: Currently it's American Water
11 Company. It was formerly known as Long Island Water
12 Company. Based in Lynbrook. Thank you.

13 JUDGE LYNCH: At this point we don't have
14 anyone else signed up to speak. Is there anyone else
15 that wants to speak?

16 What we are going to do, then, is that we
17 will stay here until approximately ten minutes after
18 two, and we will remain available if anyone wants to
19 make a statement.

20 And then if no one arrives by that time we
21 will adjourn the hearing and reconvene tonight here
22 again at 7:30 p.m. So, last call for this moment if
23 anyone wants to get up and make a statement. If not, we
24 are in recess and I will go back on the record either
25 when someone comes and wants to speak, or when it's

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1 approximately ten minutes after two.

2 Thank you very much.

3 (Recess taken.)

4 JUDGE LYNCH: Good afternoon, ladies and
5 gentlemen. We are going to go back on the record. We
6 have at this point two additional speakers, and one of
7 them has spoken previously. I will take him second.

8 The next speaker is Mr. John Brooks of Two
9 Birch Lane, Garden City, New York.

10 Welcome.

11 MR. BROOKS: Good afternoon. Just speaking
12 as a private citizen, just a couple of concerns about
13 the takeover and some of National Grid's priorities when
14 they do take over.

15 You talk about a lot of innovation and a lot
16 of power of the day type of upgrades that are being
17 thrown around now, and I think the priority for KeySpan
18 when they do take over would be to repower our existing
19 plants. They are inefficient, they are polluting, and
20 maybe if the increase in efficiency may be up to 20 or
21 30 percent it would meet the energy needs of Long
22 Island.

23 Secondly, I would hope that National Grid
24 would show a little more sensitivity to the citizens and
25 the environments of Long Island. Just for example, who

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1 would ever think of running the Neptune Cable in the
2 middle of Jones Beach, under the golf course, in the
3 middle of a swimming area, that maybe over a year could
4 be exposed to three million people that visit the beach?

5 Thank you.

6 JUDGE LYNCH: Thank you.

7 Final speaker at this point is Daniel
8 Karpen, Three Harbor Hill Drive, Huntington, New York.
9 Mr. Karpen has previously spoken. For that reason, I
10 checked with him, he tells me he has additional points
11 he didn't make. Given the number of people here, we are
12 going to take him. He has five minutes.

13 Welcome back, Mr. Karpen.

14 MR. KARPEN: Thank you. My name is Daniel
15 Karpen. I am a registered professional engineer,
16 registered to practice engineering in New York State.

17 I yesterday spoke about rotting poles in the
18 LILCO system. The Commissioners here today didn't hear
19 my testimony. It's really amazing how the company
20 responds when I tell them about rotting LILCO poles.

21 A good example is what happened to a pole on
22 New York Avenue Huntington Station that I found was
23 rotting. So, I called the company up and notified them
24 by mail about this rotting pole, and the pole only had a
25 Town of Huntington streetlight on it.

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1 And what LILCO did, in its infinite wisdom,
2 is they told the Town of Huntington if you want a street
3 light at that location you have to pay to have the pole
4 replaced, which the town had to do.

5 So, I called up my friend, Jane Lee Bock, at
6 Suffolk Light and I told Jane about how the company
7 handled this incident, that they actually made the Town
8 of Huntington pay for it, and she decided to write a
9 story about Mr. Karpen, what I do with my wooden shoes
10 when I travel to town.

11 And she writes, "Long Island resident Daniel
12 Karpen has found a new use for the wooden shoes he walks
13 to town several times a week. He uses them to test the
14 sturdiness of LILCO's electric poles. In his daily
15 travels Karpen has found a significant number of
16 Huntington poles in bad shape and has taken a letter
17 writing campaign to LILCO Chairman William Catacosinos
18 to force the utility to replace its deteriorated
19 transmission and distribution equipment. He's even sent
20 the company plastic bags containing pieces of rotting
21 fibers to support his claims".

22 In this bag, which I will turn to the
23 Commissioners as Exhibit A, is a collection of rotted
24 wood from an old pole.

25 JUDGE LYNCH: Thank you very much.

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1 MR. KARPEN: Now, it's well known that one
2 cannot give gifts to public officials; however, if a
3 gift has no value, no monetary value at all, I think
4 there shouldn't be a problem with that.

5 JUDGE LYNCH: I believe what we are talking
6 about is negative salvage value.

7 (Laughter)

8 MR. KARPEN: That is correct. Negative
9 salvage value.

10 I will give you all the documents at the end
11 of my testimony so that you have them.

12 Included in this is a collection of letters
13 to--a collection of some of the letters to the company
14 about the rotting poles. In particular, I have here a
15 list of a large number of poles made about eight or nine
16 years ago, and I reported them to the company and sent
17 the letter to Bob Catell.

18 Let's mark the bag Exhibit A. The Suffolk
19 Light article Exhibit B. The letter to Bob Catell
20 undated Exhibit C about the list of poles haven't been
21 replaced.

22 We have--

23 JUDGE LYNCH: Mr. Karpen, don't forget we
24 are talking here now about the proposed acquisition of
25 National Grid of KeySpan.

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1 MR. KARPEN: That's correct. What National
2 Grid is buying is a lot of bad poles. They should know
3 that they are buying a very rotten system that's going
4 to cost a lot of money to upgrade and fix.

5 JUDGE LYNCH: I don't think they are buying
6 any poles. LIPA owns the system which KeySpan under
7 contract--

8 MR. KARPEN: Yes. They have to spend a lot
9 of money to get those poles replaced under the contract.

10 JUDGE LYNCH: So, you are here to help
11 National Grid make sure they know what they are doing?

12 MR. KARPEN: And they better make sure they
13 know what they are doing and Public Service Commission
14 better make sure they know what they are doing.

15 In fact, I sent a letter to Seth Holtower at
16 LIPA suggesting a new web site reporting rotten poles,
17 www.rottenlilcoples.com. Let's mark that letter
18 Exhibit D.

19 Let's--here's another interesting letter. I
20 found the pole that was rotted on New York Avenue
21 designated pole number 112-X, and I wrote a letter to
22 Bob Catell on August 9th. Is replacing X-rated poles
23 the sexy part of KeySpan's operations? Let's mark that
24 E.

25 I have four letters about more poles. I

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1 will just attach them all together and you can have fun
2 reading them on your own. We have another interesting
3 letter dated June 24th to Bob Catell. "While walking
4 about the West End Road in Huntington in my famous
5 wooden shoes looking for poles to kick, I heard a
6 buzzing in the trees. It was not a bird. It was a
7 corona discharge on an old LILCO line where the tree
8 trimming crews had not been for many blue moons from
9 pole number 136 north to the bottom of Seminary Hill, to
10 also along White Harbor Road and also Forest Drive, I
11 could hear the corona discharges from branches touching
12 old LILCO lines".

13 Next question. Is LILCO or KeySpan
14 Corporation really prepared for the next Hurricane
15 Gloria? I don't think they are. Let's mark that
16 Exhibit F.

17 Exhibit G is a letter to Bob Catell dated
18 June 28, 2000 about a KeySpan employee who left an
19 engine running in his car--in the truck, even though he
20 wasn't there, and that's a no no as far as I am
21 concerned.

22 Exhibit H is a--H-1 and H-2. H-1 is an
23 article from the New York Times, Brooklyn Union Gas
24 Appoints a New Chief, Bob Catell is now President and
25 Chief Executive. The same day I wrote a letter to him

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1 about full-spectrum polarized lighting which I talked
2 about last night. That was dated April 26, 1991.

3 In 16 years since I wrote that letter,
4 almost 16 years, not a single full-spectrum polarized
5 system has ever been put in any KeySpan building.

6 Exhibit I is a letter about a junk phone
7 call from KeySpan Home Energy Services, and they wanted
8 to give me 2.5 percent off my electric bill if I bought
9 gas from the company and ten percent off on the gas.
10 But I couldn't understand how he called me. First of
11 all, I heat with oil and I'm three quarters of a mile
12 from the nearest gas line.

13 In my letter to Bob Catell on November 8th I
14 said, your company has maps showing service areas and
15 the account information. Your computer knows who has
16 gas service. And I said I thought we were a little bit
17 better managed than the old LILCO. The question is:
18 What is going on here? Very, very strange.

19 JUDGE LYNCH: All right. I am going to ask
20 you to start to wrap up.

21 MR. KARPEN: Okay. I have a letter to Bob
22 Catell about smoke coming out of the Northport stacks.
23 Mark that J.

24 I have got a bunch of correspondence with
25 KeySpan about the fact that they need better insulation

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1 on their boilers, and a letter back from them stating
2 that basically they finally agreed with me, even though
3 I have been fighting all the years they finally agreed
4 that, yes, I was right, but I don't think they put any
5 additional insulation in their boilers.

6 And I told Bob Catell on July 28th of '05,
7 the day that the newspaper article is in the New York
8 Times, that my boiler room was only 62 degrees. My
9 boiler and piping are properly insulated, but really
10 they are going to have to spend millions, if not tens of
11 millions of dollars, on asbestos abatement and so forth
12 to cool down their hot power plants to make a better
13 place for the employees to work, and if they put in my
14 full-spectrum polarized lighting system that would even
15 make the place a little cooler.

16 And we have a letter from Bob Catell
17 November 30th of '05 labeled L, Exhibit L. It's very
18 interesting. Yogi Berra once said you can observe a lot
19 by watching. Let me tell you what I saw. They were
20 replacing a wire that came down during a storm. And the
21 primary wire that was being replaced was coated wire,
22 and would you believe that the linesmen replaced it with
23 a piece of wire that was bare, bare copper, in an area
24 where there are trees 100 feet high?

25 I mean I was astounded. And then I asked

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1 the linesmen why they weren't putting back coated wire
2 to protect the lines in case branches would fall against
3 the wires, because it dealt with service, and if a
4 branch were to hit two wires they would short out. And
5 they told me, the linesmen told me, they didn't have any
6 coated wire.

7 The Green Lawn facility, where the trucks
8 come out of the Green Lawn division, and I asked them if
9 they had any coated wire in Brentwood, which is the main
10 facility in Suffolk County. They said, no, they didn't
11 have any coated copper wire there anyway.

12 I mean is this any way to run an electric
13 utility? And then a letter to someone in consumer
14 relations about it.

15 JUDGE LYNCH: Mr. Karpen, we had an
16 agreement, right?

17 MR. KARPEN: Yes. One more set.

18 JUDGE LYNCH: Are you in violation of the
19 agreement?

20 MR. KARPEN: I am trying to do my best to do
21 things in as fun manner as possible.

22 JUDGE LYNCH: You have one minute.

23 MR. KARPEN: Okay. In early 1994 at a
24 stockholders' meeting somebody asked Dr. Catacosinos how
25 come the president isn't at the podium. And Catacosinos

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1 said he resigned, he took another position, and I hired
2 a head hunter to find someone to replace him.

3 So, that evening, I applied for the job as
4 President of the Long Island Lighting Company.
5 Eventually I got an interview with Catacosinos and a
6 head hunter and I prepared a report of about 30 pages
7 what I would do if I was President of the Long Island
8 Lighting Company. And I'm giving you some of the
9 correspondence to Dr. Catacosinos and the report and
10 even suggested a new 800 number to report electric
11 outages. I am sure you're going to get a good chuckle
12 out of this. No one will ever forget the number.
13 1-800-NOLILCO.

14 JUDGE LYNCH: Thank you very much. At this
15 point we have heard from all those who have signed up to
16 speak, and we are going to be back here tonight at 7:30
17 p.m. and we are adjourned until that point in time.
18 Thank you very much.

19 (Public statement hearing adjourned.)

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1 STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter

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-of-

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Case 06-M-0878 - Joint Petition of National Grid PLC and
KeySpan Corporation for Approval of Stock Acquisition
and other Regulatory Authorizations

6

06-G-1185 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of the
Brooklyn Union Gas Company for Gas Service

7

06-G-1186 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of KeySpan Gas
East Corp. d/b/a Brooklyn Union of L.I. for Gas Service

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Public Statement Hearing
Ralph G. Caso Executive
and Legislative Building
5th Floor
One West Street
Mineola, New York

14

15

Thursday, January 11, 2007
7:30 p.m.

16

17

PRESIDING:

18

ROBERT E. CURRY, JR.
Commissioner

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GERALD L. LYNCH,
Administrative Law Judge

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Jeanne O'Connell R.P.R. (518)-271-7904

1 JUDGE LYNCH: Good evening, ladies and
2 gentlemen. Welcome to this hearing. If everybody could
3 come to order, please.

4 This is the sixth hearing this week
5 concerning three Public Service Commission cases. The
6 first concerns whether National Grid should be permitted
7 to acquire the common stock of KeySpan Corporation and
8 its various subsidiaries, and along with that what would
9 be the terms of a rate plan for the merged company.

10 Actually, it's what would be the rate plan
11 for the subsidiaries of KeySpan Corporation that provide
12 gas delivery and commodity service in portions of New
13 York City, which is KeySpan Energy Delivery New York,
14 and in parts of Nassau and Suffolk County, which is
15 KeySpan Energy Delivery Long Island.

16 There are two other cases that are in the
17 alternative if the merger is not approved, and they
18 concern what would be the rates in the years starting
19 September of 2007 if the merger is not approved or, on
20 the one hand, KeySpan Delivery New York and, on the
21 other hand, KeySpan Energy Delivery Long Island.

22 My name is Gerald Lynch. I am one of the
23 two Administrative Law Judges assigned to this case.
24 And our role is primarily to conduct hearings like this
25 and to make sure the cases stay on schedule, to make

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1 sure that there is a reasonable record of information
2 put together for the Commission to make a decision, and
3 then to make recommendations to the Commission.

4 Here tonight also is Commissioner Robert E.
5 Curry, who is one of the members of the New York State
6 Public Service Commission.

7 COMMISSIONER CURRY: I would like to thank
8 you all for joining us here tonight. My role as a
9 Public Service Commissioner is ultimately to make
10 decisions relating to this. So, I will simply--as most
11 of you, I will sit here and listen to what people have
12 to present and what people have to say will be taken
13 into account.

14 Our excellent stenographer is taking down
15 everything you are going to say and we appreciate very
16 much you coming here this evening.

17 JUDGE LYNCH: Thank you, Commissioner.

18 The process is very simple, and I see a lot
19 of familiar faces. And for those of you that have heard
20 this six times I apologize, but there are people that
21 haven't been here and they need to know the rules of the
22 road.

23 First of all, if you want to speak, please
24 fill out a card. Cards are available on this side of
25 the room at the table. So far three people have signed

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1 up to speak. I will call you one at a time. Please
2 come to the podium and use the microphone.

3 As mentioned, there is a court reporter who
4 will take everything down verbatim. Please speak
5 clearly and slowly. If you have a cell phone, please
6 turn it off or silence it. Please direct your comments
7 either to the proposed acquisition, the proposed
8 multiple year rate plan that goes with the acquisition,
9 or the alternative one year rate cases if there is no
10 acquisition.

11 LIPA's electric retail rates are not at
12 issue in this case. Please be succinct, although I am
13 not going to be too concerned. There's only three
14 speakers so I don't think we will have any problem
15 accommodating everyone.

16 We started a little late because we wanted
17 to make sure people had an opportunity to arrive a
18 couple minutes late, and we will be here for at least
19 one hour and then we will continue as late as 9:30 if
20 other people come and want to speak.

21 If you want to comment but you don't want to
22 speak tonight, there are ways to do that by writing,
23 calling the 1-800 number, or sending the e-mail to the
24 Commission. The information for all those alternatives
25 are available in the notice for these hearings, which

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1 are published in the newspapers. Many of you probably
2 have seen that.

3 I have the information up here if any of you
4 want it and don't have it. I also mention if you send
5 your comments in writing via e-mail or via the 1-800
6 number, please do so by February 19, 2007.

7 The last thing before we start is that I
8 wanted to let you know that there is a schedule in this
9 case right now and the objective in the schedule is the
10 Commission will make a decision in late August of 2007.
11 That goal is subject to change, but for now that's our
12 target date for bringing this to a decision.

13 As I mentioned before, the Commission makes
14 a decision and issues a written order thereafter
15 explaining its decision.

16 Are there any questions about the process?

17 The first speaker this evening is Susan G.
18 Ryan, 100 Inwood Avenue, Point Lookout, New York.

19 MS. RYAN: Good evening. My name is Susan
20 Gordon Ryan, and I serve in the capacity as a vice
21 president for non-for-profit here in Nassau County
22 called Abilities. In this capacity, I have established
23 a strong working relationship with KeySpan and the
24 KeySpan Foundation.

25 Over time, both entities have demonstrated

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1 significant assistance to our organization and to the
2 community at large, both in terms of monetary support,
3 as well as in the form of talented managers, executives,
4 and other volunteers who help out many aspects of our
5 work.

6 They are a tremendous force here on Long
7 Island in terms of working with non-for-profits and
8 improving the quality of life for people that are in
9 need, so we are very grateful for their support.
10 Without KeySpan's support, our organization would not be
11 able to serve the thousands of people who benefit from
12 our services.

13 It is our sincere hope that the National
14 Grid will continue to follow the outstanding record of
15 community involvement that KeySpan and the KeySpan
16 Foundation have established.

17 I would like to thank you for providing us
18 with this forum to express our views. I also had the
19 opportunity to work very closely with KeySpan. For a
20 period of time I worked for the parks system, both the
21 state parks as well as Nassau County, and I was always
22 so impressed with the ability of KeySpan to respond to
23 the needs of the park system.

24 Obviously we work very closely together on a
25 variety of different areas. And the professionalism

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1 that they have provided here on Long Island is
2 invaluable. And as a customer and a person with a
3 disability I am always impressed with the sensitivity of
4 their personal service for people that do have
5 disabilities.

6 So, from many different aspects, I would
7 just like to offer my support and, again, hope that this
8 continues in the future when they move on to the
9 National Grid.

10 Thank you.

11 JUDGE LYNCH: Can I ask you a question?

12 MS. RYAN: Yes.

13 JUDGE LYNCH: I thought I heard you say that
14 you have experienced working with National Grid. Did I?

15 MS. RYAN: No, no, with the parks. I said--
16 no, I said that I hope that quality of service will
17 continue. That when they have the relationship with the
18 National Grid, that the quality of service will continue
19 is what I meant.

20 JUDGE LYNCH: I am not sure what I heard.
21 That's why I asked.

22 MS. RYAN: Okay. Very good. Thank you.

23 JUDGE LYNCH: The next speaker is Robert
24 Troiano, 298 Babylon Turnpike, Roosevelt, New York.

25 Welcome, sir.

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1 MR. TROIANO: Thank you.

2 This might be the foundations night. I
3 would like to also support the KeySpan Energy
4 Foundation, and I not only hope that it continues, but
5 ask you consider as a condition to any approvals you
6 might give, make it a condition of your approval.

7 I also serve as executive director of an
8 initiative called Project Grad Long Island. I also have
9 a written statement I would like to submit to you as
10 well.

11 I also served as Councilman in the Town of
12 North Hempstead and in that capacity I have a lot of
13 organizations that come to me looking for funding and I
14 have had the opportunity to observe what the funding you
15 have to give does for local communities in the Town of
16 North Hempstead, but I recognize that government can
17 only do so much and only allow us to tax so much to pass
18 on to other organizations.

19 And as a recipient of funding from
20 philanthropic groups, I also see the good that we can do
21 with that kind of money. That pot is constantly
22 dwindling as the stock market goes up and down or as
23 organizations leave Long Island.

24 But I see on the first-hand basis, both as a
25 giver of funds and as a recipient of funds, what this

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1 additional funding can do. And organizations like
2 mine--my organization is just one of literally thousands
3 on Long Island that are community service organizations
4 that are chasing too few dollars trying to get funding
5 to continue their missions.

6 And many of them have turned to the KeySpan
7 Energy Corporation and through its foundation to get
8 that funding. And the KeySpan Energy Foundation has
9 given over \$10 million and helped more than several
10 hundreds of organizations in achieving its mission.

11 What's important, as this woman said, it's
12 more than just an ATM dispensing cash. Its staff
13 provide valuable management experience, expertise,
14 guidance and advice. It helps me complete my mission in
15 a more professional manner.

16 Without them, I'm not sure that we can do
17 all we do do. I can say that were it not for the
18 support of Project Grad, we cannot support our
19 constituents, which are young high school students, many
20 of whom would not get through high school were it not
21 for the work that we do in Roosevelt, Long Island, soon
22 to be Westbury.

23 There are many--most of the students in our
24 program are the first in their families' history to ever
25 go to college. Again, they couldn't do it without us

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1 and we couldn't do it without the foundation.

2 Again, as you consider granting approval to
3 the application of National Grid, I would ask you to
4 make that a consideration of any approval you may give.
5 I don't know that National Grid would object to that and
6 I wanted to quote from one of the press releases to give
7 support for this whole idea.

8 What they said was National Grid has a long
9 standing commitment to its New Hampshire service
10 territory and we are looking ahead to expanding our
11 commitment to an even larger part of the state. Our
12 business is inherently local with employees living and
13 working throughout the territory we serve. We are also
14 committed to maintaining historic values of charitable
15 giving and community investment.

16 If it's good enough for New Hampshire, why
17 not Long Island? In the United Kingdom, National Grid's
18 home country, the emphasis on corporations acting
19 responsibly in the communities they serve has risen to a
20 level of concern in the national government. The
21 Minister of State actually stated, I am delighted to be
22 taking responsibility for the corporate social
23 responsibility program and I look forward to working
24 with UK business, of which National Grid is one, to
25 ensure that--there is a long list of things she cites,

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1 but ends with--to ensure that community cohesion is seen
2 as an integral part of delivering sustainable economic
3 growth and business prosperity.

4 Again, I ask them rhetorically: If it's
5 good enough for the United Kingdom, why not Long Island?

6 Thank you.

7 JUDGE LYNCH: Thank you very much.

8 The next speaker is Mr. Barrett Psareas, Six
9 Violet Avenue, Hicksville, New York.

10 MR. PSAREAS: I have more questions than
11 comments. Who really is National Grid?

12 JUDGE LYNCH: This isn't a Q&A. This is a
13 comment period.

14 MR. PSAREAS: Judging by what I read in the
15 papers, National Grid is foreign corporation.

16 JUDGE LYNCH: You have the fact statement?

17 MR. PSAREAS: Yes.

18 JUDGE LYNCH: There is a description in
19 there of who National Grid is.

20 MR. PSAREAS: Yes. Is it really--I feel
21 that it really isn't the right thing for a foreign
22 corporation to control the power that is distributed,
23 especially to people in Nassau County, considering the
24 large rates that we pay for electricity and water.

25 I believe this buyout, is what I feel it is,

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1 is not really worth the payment that's going to be on.
2 It's going to be a disservice to the community,
3 especially Nassau County, and probably the whole state
4 of New York.

5 That's about it.

6 JUDGE LYNCH: Thank you very much.

7 MR. PSAREAS: You're welcome.

8 JUDGE LYNCH: Are there any other cards at
9 this time? All right, ladies and gentlemen, is there
10 anyone else here who would like to make a statement?

11 I see no one rising. What we are going to
12 do is we are going to be here for another 35 or 40
13 minutes to see if anybody else arrives and wants to make
14 a statement.

15 If one or more persons comes and wants to
16 make a statement we will come back on the record. So,
17 at this point--and then if no one else shows up at
18 around 20 minutes to nine I will adjourn the hearing.

19 So, at this point in time we are in recess
20 pending the arrival of other possible speakers. Thank
21 you very much.

22 (Recess taken.)

23 JUDGE LYNCH: Can we come back to order,
24 please.

25 We have an additional speaker at this time,

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1 Mr. Jason Harewood, 1553 Kenneth Avenue, Baldwin, New
2 York.

3 Good evening, sir.

4 MR. HAREWOOD: Good evening. I would just
5 like to read a brief statement.

6 My name is Jason Harewood. I am the Deputy
7 Executive Director of the Hempstead Boys and Girls Club.
8 In this position, I have established a strong working
9 relationship with KeySpan and the KeySpan Foundation.

10 Over the years, both KeySpan and the
11 Foundation of KeySpan have demonstrated significant
12 assistance to our organization and the community at
13 large, both in terms of financial support and through
14 many of their talented managers who serve our board of
15 directors of non-profits in Long Island and Brooklyn
16 communities.

17 Many KeySpan employees volunteer each year
18 in community clean-up campaigns and work as mentors with
19 youngsters of single parent families.

20 KeySpan helped rescue a Boys and Girls Club
21 in Brooklyn that would have closed down was it not for
22 the Brooklyn Union-KeySpan managers that raised funds
23 that kept it afloat. Without such support the Hempstead
24 Boys and Girls Club would not be able to serve over a
25 thousand youth in Hempstead Village.

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1 It is our sincere hope that National Grid
2 will continue to follow the outstanding record of
3 community involvement KeySpan and the KeySpan Foundation
4 have established.

5 Thank you for allowing me to express this
6 opinion in this forum.

7 JUDGE LYNCH: Thank you very much. And at
8 this time we are going to go back into recess and will
9 remain available to see if anyone else arrives. Thank
10 you.

11 (Recess taken.)

12 Ladies and gentlemen, it's 8:35 and there is
13 no one else that wants to make a statement. We are
14 adjourned until next Tuesday at 1:30 p.m. in Brooklyn.

15 (Public statement hearing concluded.)

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