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LIPA, Brookhaven, Caithness Announce Comprehensive Community Benefits Plan

\$150 Million in Economic Benefits for Schools, Communities and Jobs

Brookhaven Town Hall, NY—January 25, 2006— The Long Island Power Authority (LIPA), the Town of Brookhaven and Caithness Long Island, LLC, today announced a 20-point host community benefits initiative worth over \$150 million to the schools, communities and residents surrounding the proposed Caithness Long Island Energy Center in Yaphank.

The initiative includes significant environmental and economic benefits for the communities of Bellport, Brookhaven, East Patchogue, Gordon Heights, Medford, North Bellport and Yaphank, the Longwood, Patchogue-Medford and South Country School Districts, Brookhaven Town, and special taxing jurisdictions.

“I am delighted that the proposed Caithness Long Island Energy Center will bring a long list of significant positive financial and economic benefits for the communities around it, for nearby communities and for the Town of Brookhaven, which is one of the fastest growing townships on Long Island,” said LIPA Chairman Richard M. Kessel. “These direct benefits will be in addition to those that all of LIPA’s customers will share, which includes a facility that will be more fuel efficient while reducing emissions by 96% in comparison to Long Island’s older power plants.

“I’d also like to compliment Town Councilwoman Connie Kepert, Supervisor Brian Foley, Assemblywoman Pat Eddington, and other state and local officials

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who helped negotiate on behalf of Brookhaven with both LIPA and Caithness that resulted in the expanded 20-point host community benefits initiative,” said Mr. Kessel. “I know they share a deep concern for maintaining and improving the quality of life in the communities they represent, and in seeking ways to ensure that the Town’s bright future is preserved as well.”

According to Mr. Kessel, the 20-point initiative includes \$139 million in payments-in-lieu-of-taxes (PILOTs) to schools and local taxing jurisdictions, \$8 million for local community projects, \$500,000 in scholarships, job training and employment opportunities for local residents, and clean energy programs targeted to the local area.

“The proposed community benefits initiative represents my administration keeping its promise, creating a responsive government that really listens to and empowers our community. I am proud of the effort Connie Kepert has undertaken to champion the needs of our communities, consumers, and our environmental well being and energy needs,” said Brookhaven Town Supervisor Brian X. Foley.

“I have met with community and civic representatives, with LIPA and Caithness officials, with environmentalists, energy experts and other elected representatives, and have worked hard to develop a strategy that addresses the environmental and economic consequences of building the Caithness facility in the Fourth Council District,” said Councilwoman Connie Kepert.

“These funds are a win-win for everyone,” said Assemblywoman Patricia Eddington (WF/D/I-Medford). “It means more resources for our schools and communities – all while significantly improving our much-needed energy resources.”

“It is our pleasure to work with community leaders to be part of a benefits program that helps our neighbors with the education of their children and addresses our vital community needs,” said Ross D. Ain, Senior Vice President, Caithness Long Island, LLC. “We look forward to being an active, involved member in the community and supporting local institutions and organizations.”

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“In the course of a year, Caithness could offset the release of over 640,000 tons of CO2. This is the equivalent of taking 125,000 cars off the road for a year. That’s making a difference,” stated Neal Lewis, Executive Director of the Neighborhood Network

“The Caithness project will put about \$100 million into our schools over the next twenty years, a very welcome and much needed addition, which will help us provide a better education for our children,” said Helen Martin, Executive Director, Bellport-Hagerman East Patchogue Alliance.

“The mitigation contained within the agreement has the potential to transform neighborhoods and livelihoods well into the future. I commend Connie on a job well done under difficult circumstances,” said Miles Malone, Vice Chairman, Central Bellport Civic Association.

“The workers of the Building and Construction Trades Council of Nassau and Suffolk Counties are very enthusiastic about building the Caithness project, which will be the first of a new generation of advanced base-load power facilities on Long Island,” stated Jack Kennedy, President.

“Combined-cycle power plants with advanced emission control systems emit far lower levels of pollution and are much more efficient than plants built decades ago. As a consequence, the Caithness project will be, by far, one of the cleanest power plants on Long Island and will require substantially less fuel to operate than the Island’s older plants – saving consumers money on their electric bills. To reduce emissions further, it is important that the Long Island Power Authority move quickly to increase investments in energy and renewable and the repowering of the older, inefficient power plants, said Ashok Gupta, Air & Energy Program Director, Natural Resources Defense Council.

The 20-point host community benefit initiative includes the following:

- \$139 million in PILOTs to the local school district, Suffolk County, Brookhaven Town and several special districts, with approximately \$100

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million of the total going to the South Country School District, over a 20-year period;

- Any reimbursement of PILOTs received by Caithness under the Empire Zone Program shall be returned to LIPA and benefit all LIPA customers;
- LIPA will contribute \$5 million to a community development fund managed by the Town of Brookhaven;
- The community development fund will be used to support projects in the communities of Bellport, Brookhaven, East Patchogue, Gordon Heights, Medford, North Bellport and Yaphank;
- LIPA proposes to contribute \$1 million towards the construction of a community center in North Bellport;
- LIPA will contribute \$1 million to a special projects fund for the Longwood School District;
- LIPA will contribute \$1 million to a special projects fund for the Patchogue-Medford School District;
- Following commencement of construction on the Energy Center, Caithness will contribute \$25,000 per year to a scholarship program for students of the Longwood, Patchogue-Medford and South Country School Districts interested in pursuing careers in science, engineering or the environment;
- Caithness will work with the Nassau-Suffolk Building Trades Council to provide the opportunity for residents of the Longwood, Patchogue-Medford and South Country School Districts to enroll as apprentices in the building and construction trades;
- The goal of the apprenticeship program would be to enroll ten residents per year into this career training opportunity;
- Caithness will endeavor to employ qualified people from the local community on the permanent staff at the plant. To achieve this, Caithness will:
 - coordinate with local community leaders as the facility approaches commercial operation to ensure that the community is aware of the job opportunities;
 - make a good faith effort at the initial facility staffing to hire at least two qualified people from the local community;

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- work with local community leaders to ensure that the community is aware of job openings after commercial operations begin;
- as part of this effort, Caithness commits to provide general power plant industry training as well as job specific training to any individuals Caithness hires on to the facility staff.
- Caithness will offer to participate in the South Country School District's Junior Achievement program in 2006, and their Job Shadowing and Internship programs after completion of construction on the facility;
- Caithness will also participate in similar programs at the Longwood and Patchogue-Medford School Districts;
- After commencement of commercial operations of the Energy Center, Caithness will file emissions monitoring reports with the New York State Department of Environmental Conservation pursuant to air facility permits from the USEPA and NYSDEC, and provide copies of such monitoring reports to the Longwood Public, Patchogue-Medford and South Country Libraries;
- Following approval of the Caithness project, LIPA will work to implement the repowering of older generating facilities over the next few years, as stated in the Agreement with KeySpan;
- LIPA will work with the Town of Brookhaven to investigate the feasibility of siting additional alternative energy systems at Brookhaven Town Hall in Farmingville;
- LIPA will dedicate \$2 million from the Residential Energy Affordability Program (REAP) and Assisted Home Performance Program and work with the Town of Brookhaven to promote these programs to communities in the vicinity of the Caithness Long Island Energy Center;
- LIPA will offer to conduct energy audits and develop comprehensive

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energy plans for the Longwood, Patchogue-Medford and South Country School Districts, and develop an alternative energy program such as photovoltaics depending upon the results of each energy audit and the districts' desires;

- LIPA will offer to include the facilities managers of the Longwood, Patchogue-Medford and South Country School Districts in the Building Operator's Certification Program;
- LIPA and Caithness will meet with local elected officials and other community leaders periodically to assess progress in carrying out the programs and achieving the goals of this host community benefit initiative.

LIPA, a non-profit municipal electric utility, owns the retail electric Transmission and Distribution System on Long Island and provides electric service to over 1.1 million customers in Nassau and Suffolk counties and the Rockaway Peninsula in Queens. In terms of customers served, LIPA is the 3rd largest municipal electric utility in the nation and the 6th largest in terms of electricity delivered. LIPA does not provide natural gas service or own any on-island electric generating assets.