



# LONG ISLAND LIGHTING COMPANY

1800 OLD WALT WHITMAN ROAD • MELVILLE • NEW YORK 11747

JOHN D. LEONARD, JR.  
VICE PRESIDENT  
SPECIAL PROJECTS

September 8, 1997

U.S. Nuclear Regulatory Commission  
Document Control Desk  
Washington, D.C. 20555

Attention: Samuel J. Collins, Director  
Office of Nuclear Reactor Regulation

REQUEST FOR NRC CONSENT TO  
LILCO'S INDIRECT TRANSFER OF CONTROL  
OVER ITS INTEREST IN  
NINE MILE POINT NUCLEAR POWER STATION, UNIT 2  
DOCKET NUMBER 50-410  
OPERATING LICENSING No. NPF-69

Dear Mr. Collins:

This letter concerns two basic corporate transactions that will create the need for an indirect transfer of control over a minority interest owned by the Long Island Lighting Company (LILCO or the Company) in a nuclear power plant.

## I. BACKGROUND

### A. THE NUCLEAR FACILITY

LILCO is licensed by the NRC to own and possess an 18% interest in the Nine Mile Point Nuclear Power Station, Unit 2 (Nine Mile Point 2). This plant is located in the town of Scriba, in Oswego County, New York. Niagara Mohawk Power Corporation, which owns 41%

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of Nine Mile Point 2, is the plant's licensed operator. In addition to LILCO, the other non-managing co-owners of Nine Mile Point 2 include New York State Electric & Gas Corporation (18% interest), Rochester Gas and Electric Corporation (14% interest), and Central Hudson Gas & Electric Corporation (9% interest).

#### B. THE CORPORATE TRANSACTIONS

These transactions will involve LILCO, The Brooklyn Union Gas Company (BU or Brooklyn Union), and the Long Island Power Authority (LIPA).

LILCO is an electric and gas company serving customers in Nassau and Suffolk Counties and part of Queens in New York State. Apart from Nine Mile Point 2, LILCO has no ownership interest in any nuclear facility.

Brooklyn Union is primarily involved in the sale and distribution of natural gas in Brooklyn, Queens, and Staten Island, New York. It has no ownership interest in, or other involvement with, any nuclear facility.

The Long Island Power Authority is a corporate municipal instrumentality of New York State. It was created by State legislation in 1986, with the authority to acquire all or any part of LILCO's securities or assets. In 1989 LIPA acquired the Shoreham Nuclear Power Station from LILCO. Thereafter, by NRC-approved transfer, LIPA succeeded LILCO as the NRC licensee for Shoreham. LIPA then decommissioned the plant in a manner satisfactory to the NRC.



Although the transactions among LILCO, BU, and LIPA are expected to close concurrently, they are independent of one another. It is expected that this will be the progression of events:

- (1) LILCO and Brooklyn Union will form a corporation to be the holding company for (a) certain assets and operations of LILCO not acquired by LIPA and (b) Brooklyn Union.
- (2) LILCO will then transfer to one or more subsidiaries of this holding company LILCO's natural gas assets and operations, non-nuclear electric generating assets and operations, and common plant.
- (3) Thereafter, LIPA will acquire LILCO by purchasing its stock through a cash merger. At the time of LILCO's acquisition by LIPA, LILCO will still have its electric transmission and distribution system, its retail electric business, substantially all of its electric regulatory assets, and its share of Nine Mile Point 2.
- (4) Finally, Brooklyn Union will engage in a merger with (and become a subsidiary of) the holding company, which, at that point, will have one or more subsidiaries owning the assets transferred by LILCO in step (2) above.

These transactions are complex. They are also conditioned on the receipt of various approvals yet to be obtained. If LIPA's purchase of LILCO as noted above proves infeasible, then LILCO and Brooklyn Union plan to proceed nonetheless with their combination. In that event LILCO, as presently constituted, would become a subsidiary of the holding company, along with Brooklyn Union.

In any event, there will be an indirect transfer of control over LILCO's possessory rights under the operating license for Nine Mile Point 2. It is expected that the indirect transfer will



be from LILCO to LIPA. If the LIPA transaction is not consummated, the indirect transfer will be from LILCO to the holding company to be formed by LILCO and Brooklyn Union. At all times, however, LILCO will continue to exist as an electric utility, as one of the co-owners of Nine Mile Point 2, and as one of its Nuclear Regulatory Commission (NRC) licensees.

Pursuant to 10 CFR § 50.80, LILCO requests that the NRC consent to an indirect transfer of control over the Company's possessory rights under the license for Nine Mile Point 2 either to LIPA or to the holding company to be formed by LILCO and Brooklyn Union.

More detail about the corporate transactions follows, beginning with the initiating event last December.

#### C. THE LILCO/BROOKLYN UNION COMBINATION

On December 29, 1996, LILCO and Brooklyn Union agreed to combine, subject to shareholder and regulatory approval. This agreement (as subsequently amended) will result in the creation of a new, yet-to-be-named holding company, temporarily known as the BL Holding Corporation (the BL Holding Company or Holding Company). LILCO (or, if the LIPA transaction is completed, entities owning certain of its assets) and Brooklyn Union<sup>1</sup> will become wholly-owned subsidiaries of the Holding Company.

The LILCO/BU combination, which has been approved by both companies' boards of directors and shareholders, will result in a Holding Company serving approximately 2.2 million

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<sup>1</sup> In the near future, Brooklyn Union proposes to establish a holding company called KeySpan Energy Corporation, of which BU will be a subsidiary. References in this letter to Brooklyn Union mean KeySpan as well.





customers with revenues of more than \$4.5 billion. Under the terms of the agreement, LILCO shareholders will receive .803 shares of the new Holding Company's common stock for each common share of LILCO they then hold if the LIPA transaction is not consummated before or concurrently with the LILCO/BU combination. The number of Holding Company shares to be acquired per share of LILCO common stock will increase from .803 to .880 if the LIPA transaction is consummated. Each share of Brooklyn Union will be exchanged for one Holding Company share whether or not the LIPA deal is done. Upon completion of the LIPA transaction, LILCO shareholders will own approximately 68% of the common stock of the Holding Company, while Brooklyn Union shareholders will own approximately 32%.<sup>2</sup>

LILCO's current chairman and chief executive officer (Dr. William J. Catacosinos) will be the initial chairman and CEO of the Holding Company. Brooklyn Union's current chairman and CEO (Robert B. Catell) will be the Holding Company's president and chief operating officer. One year after completion of the Brooklyn Union/LILCO combination, Mr. Catell will take over as the Holding Company's CEO, while Dr. Catacosinos will continue as chairman of both the Holding Company's board of directors and the board's executive committee.

The board of directors of the Holding Company will consist of 15 members. Six of them will be appointed by LILCO. Six will be appointed by Brooklyn Union. And the three remaining members will be named by a committee consisting of two current LILCO directors and two current BU directors. LILCO's and Brooklyn Union's current directors are identified

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<sup>2</sup> If the LILCO/BU combination is not completed but the LIPA transaction is completed, LILCO will still restructure into a holding company. In this case, LILCO shareholders will own all of the stock of the holding company.



in Attachment A to this letter. All of LILCO's and Brooklyn Union's current directors, as well as their principal officers, are U.S. citizens.

A more detailed description of the LILCO/Brooklyn Union transaction is provided in a Joint Proxy Statement/Prospectus dated June 27, 1997, and filed by the two companies with the Securities and Exchange Commission on June 30, 1997. A copy of the Joint Proxy Statement/Prospectus is Attachment B to this letter.

At a meeting held on August 7, 1997, LILCO shareholders approved the LILCO/BU combination and the LIPA transaction. On the same day, the BU shareholders met and approved the LILCO/BU combination, as well as the establishment of the KeySpan Energy Corporation (see note 1 above).

In addition to the NRC consent requested here, the LILCO/BU transaction must still be approved by various regulatory agencies, in particular, the New York State Public Service Commission (PSC). Approval has already been obtained from the Federal Energy Regulatory Commission (FERC), on July 16, 1997.

#### D. THE LIPA TRANSACTION

On March 19, 1997, the Long Island Lighting Company, Brooklyn Union, and the Long Island Power Authority reached a non-binding Agreement in Principle, later implemented in an Agreement and Plan of Merger dated June 26, 1997. LIPA will acquire LILCO by purchasing



its stock through a cash merger,<sup>3</sup> at a time when LILCO consists of its electric transmission and distribution system, its retail electric business, substantially all of its electric regulatory assets, and its share of Nine Mile Point 2. After this acquisition, the BL Holding Company will retain what used to be LILCO's natural gas operations, non-nuclear electric generating assets, and common plant. Recall that before LILCO is acquired by LIPA, LILCO will have transferred these assets to one or more Holding Company subsidiaries.

There will also be a Management Services Agreement (MSA) between a subsidiary of the BL Holding Company and LIPA. Under the MSA, this subsidiary of the Holding Company (staffed by former LILCO employees) will manage LIPA's assets and run its day-to-day operations, including the administration of LILCO's possession-only interest in Nine Mile Point 2, in accordance with policies established by LIPA. Thus, § 4.2(B)(1)(p) of the MSA provides that the Holding Company subsidiary "shall be specifically responsible" for the "administration and management, at the direction of [LIPA], of [LIPA's] interest in Nine Mile Point 2, including participation in meetings of the joint owners of Nine Mile Point 2." The term of the MSA will be eight years.

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<sup>3</sup> The acquisition will be accomplished by merging a LIPA subsidiary (the LIPA Acquisition Corp.) "with and into" LILCO. LILCO "shall be the surviving corporation in the Merger and shall continue its corporate existence under the laws of the State of New York." Agreement and Plan of Merger by and among BL Holding Corp., Long Island Lighting Company, Long Island Power Authority and LIPA Acquisition Corp., dated as of June 26, 1997, at § 1.1 (the agreement is printed in Annex D to the Joint Proxy Statement/Prospectus, Attachment B below).

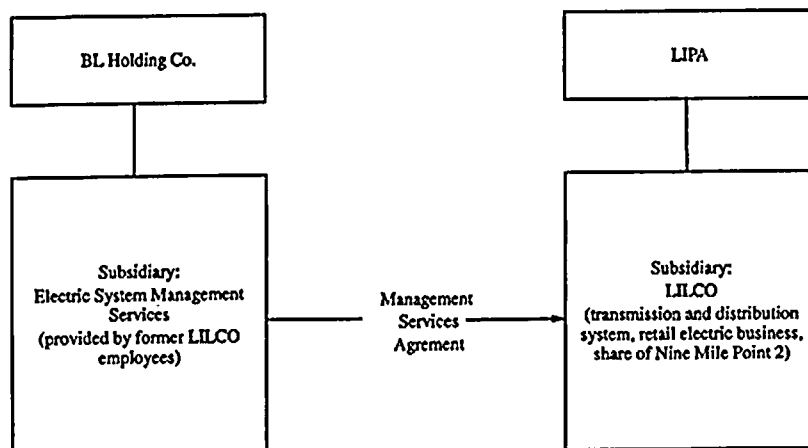
Section 1.4(c) of this agreement refers to a possible transfer by LILCO of its Nine Mile Point 2 interest to a LILCO subsidiary. NRC approval of such a transfer is not sought in the present request, but it may be sought in the future.



LIPA is governed by a 15-member Board of Trustees, named in Attachment A below. Nine of the trustees, including the chairman, are appointed by the Governor of New York; three are appointed by the State Senate's Majority Leader, and three by the State Assembly's Speaker. All of LIPA's current trustees, as well as its principal officers, are U.S. citizens.

LIPA -- as the owner of LILCO, including its retail electric operations -- will set the electric rates at which LILCO sells power (including power generated by LILCO's 18% interest in Nine Mile Point 2) unless LIPA wishes to increase average customer rates more than 2.5% over a twelve-month period. In that event, LIPA has agreed to obtain PSC approval. See pages 10 to 11 below.

Focusing only on the essentials, and in simplified terms, the corporate structure contemplated by the LIPA transaction is this:



A more detailed description of the LIPA transaction and resulting corporate structure appears in Attachment B below: the Joint Proxy Statement/Prospectus prepared by LILCO and Brooklyn Union in June 1997.





The LIPA transaction has been approved by LILCO's and LIPA's boards, LILCO's shareholders, and the New York Public Authorities Control Board. The transaction remains subject to various conditions, including the receipt of certain tax rulings and other regulatory approvals, among them FERC's.

## II. INFORMATION RELEVANT TO AN INDIRECT TRANSFER OF CONTROL UNDER 10 CFR § 50.80

LILCO will remain fully qualified to hold its license for a minority interest in Nine Mile Point 2 after transferring indirect control over this interest to LIPA or, failing consummation of the LIPA transaction, to the BL Holding Company. These indirect transfers are also otherwise consistent with applicable provisions of law, regulations, and orders issued by the NRC.

### A. TECHNICAL QUALIFICATIONS

Neither the LILCO/BU transaction nor the LILCO/LIPA transaction involves any change to either the management organization or technical personnel of Niagara Mohawk Power Corporation, which is responsible for operating and maintaining Nine Mile Point 2. Thus, the technical qualifications of Niagara Mohawk to carry out its responsibilities under the Nine Mile Point 2 Operating License will be unaffected by the transactions at issue in this application.

Further, while ultimate control over LILCO's interest in Nine Mile Point 2 will rest either in LIPA or the BL Holding Company, qualified people from LILCO will continue to meet LILCO's responsibilities with respect to its minority nuclear interest in Nine Mile Point 2. These people will be either (1) employees of a BL Holding Company subsidiary staffed by former LILCO employees, working for LIPA under a management services agreement, or (2)



employees of LILCO as a subsidiary of the BL Holding Company, if the LIPA transaction does not go forward.

As noted already, LIPA itself has previously had experience as an NRC licensee, holding the possession-only license for Shoreham during its decommissioning.

#### B. FINANCIAL QUALIFICATIONS

Under these transactions, LILCO will remain financially qualified to hold an 18% interest in Nine Mile Point 2. LILCO is (and following completion of the anticipated transactions will continue to be) an "electric utility," as defined by NRC regulations, that "generates [and] distributes electricity and . . . recovers the cost of this electricity . . . through rates established by . . . itself [*i.e.*, its parent LIPA, an authorized public power authority] or by a separate regulatory authority." See 10 CFR § 50.2. This will be true whether LILCO exists as a subsidiary of LIPA or of the BL Holding Company. Electric utilities seeking NRC approval of indirect transfers of control are exempt from requirements to submit financial qualifications data. Cf. 10 CFR § 50.33(f) (applications for operating licenses and for OL amendments); 10 CFR § 50.80(b) (license transfers).

When indirect control over LILCO's interest in Nine Mile Point 2 passes to the Long Island Power Authority, LIPA itself will be an "electric utility" under 10 CFR § 50.2. See generally Long Island Power Authority Act, 42 McKinney's Consolidated Laws of New York, §§ 1020 *et seq.* (1994). LIPA will have the authority under New York State law to set the rates at which LILCO, its wholly owned subsidiary, sells power (*id.* at §§ 1020-f(u), 1020-i, 1020-s.1), with one limitation: When approving the LIPA transaction on July 16, 1997, the New York State Public Authorities Control Board imposed a condition on LIPA that it "not implement



an increase in average customer rates exceeding two and one half percent over a twelve month period, nor . . . extend or reestablish any portion of a temporary rate increase over two and one half percent without approval of the [PSC] following a full evidentiary hearing."

LIPA will ensure that LILCO can meet its obligations as an 18% owner of Nine Mile Point 2, including LILCO's provision of decommissioning funds.<sup>4</sup> Thus, § 4.5(A)(u) of the Management Services Agreement, noted on page 7 above, provides that a "responsibility [of LIPA is] to undertake the obligations imposed on [LIPA] as an owner of an interest in Nine Mile Point 2 under the provisions of the Nine Mile Point Nuclear Station Unit 2 Operating Agreement and to directly make all appropriate payments relating to [LIPA's] ownership interest in Nine Mile Point 2."

If indirect control over LILCO's interest in Nine Mile 2 were to end up in the BL Holding Company, the terms of the LILCO/Brooklyn Union transaction and its effect, if any, on the financial health of both LILCO and Brooklyn Union will have been addressed in proceedings before the New York State Public Service Commission. If the PSC approves the Brooklyn Union/LILCO transaction after consideration of its financial effect on the combined companies, the NRC may safely assume (as 10 CFR § 50.33(f) contemplates) that the ratemaking commission will provide adequate funds so that LILCO can meet its obligations as an 18% owner of Nine Mile Point 2, including provision of decommissioning funds.

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<sup>4</sup> The existing decommissioning fund for LILCO's 18% interest in Nine Mile Point 2 will continue to be held by LILCO, and LILCO will continue to make annual deposits to the fund.



C. ANTITRUST CONSIDERATIONS

An application for a license and its issuance are not involved in this application. Nor, indeed, is there even a need for an amendment to Nine Mile Point 2's operating license. As explained already, LILCO will continue to hold the NRC license for its minority interest in Nine Mile Point 2. Thus, no antitrust review is required because this indirect transfer does not involve the issuance of a license.

While approving the indirect transfers of control inherent in the merger of Ohio Edison and Centerior Energy, the NRC recognized that no antitrust review -- not even a no "significant changes" review -- is needed for an indirect transfer of control of a license under 10 CFR § 50.80. As the NRC stated in the Beaver Valley Safety Evaluation for the Ohio Edison and Centerior merger:

The antitrust provisions of Section 105c of the Atomic Energy Act apply to an application for a license to construct or operate a facility licensed under Section 103 of the Act. Although FirstEnergy may become the holding company of the licensees for the Beaver Valley facilities, i.e., may indirectly acquire control of the licenses, it will not be performing activities for which a license is needed. **Since approval of the instant application would not involve the issuance of a license, the procedures under Section 105c do not apply, including the making of any "significant changes" determination.** Therefore, there is no need to conduct any additional antitrust review.<sup>5</sup>

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<sup>5</sup> Safety Evaluation by the Office of Nuclear Reactor Regulation Related to the Indirect Transfers of Control of License Nos. DPR-66 and NPF-73 for Beaver Valley Power Station, Unit Nos. 1 and 2, Docket Nos. 50-334 and 50-412, at 3 (June 19, 1997) (emphasis added).





Similarly here, no issuance of a license is involved. LILCO will remain the licensee for its interest in Nine Mile Point 2. Accordingly, no antitrust review of this application is needed, not even a no "significant changes" determination.

There are, in any event, no antitrust concerns.<sup>6</sup> The NRC considers entities owning less than 200 MW of total generating capacity to pose *de minimis* antitrust concerns, as they "are generally too small to exercise any substantial degree of market power." Draft NRC Standard Review Plan on Antitrust, NUREG-1574, at 3-2 (Jan. 1997) (Antitrust SRP). Such *de minimis* entities are generally exempt from having to submit antitrust information: "[A]pplicants with less than 200 MW of capacity (*de minimis* applicant[s]) need not respond to any of the questions [listed in Appendix L of 10 CFR Part 50], unless specifically requested to do so by the staff." *Id.* at 2-2; *accord, id.* at 3-2.

Nine Mile Point 2 began life with a net design electrical rating of 1097 MW, experienced a subsequent downrating in 1991-92 to 1062 MW, followed by an uprating in 1994-95 to 1143 MW. Line losses incurred in transmitting Nine Mile Point 2's electricity from upstate New York to Long Island average 4%. Accordingly, LILCO's 18% ownership of Nine Mile Point 2's current generation amounts to 206 MW at the plant itself, reduced to 198 MW by transmission losses incurred as the energy moves to LILCO. As a practical matter, LILCO's interest in Nine Mile Point 2's generation is less than 200 MW. Upon its acquisition by LIPA, LILCO will have no other generating capacity and, accordingly, will have *de minimis* generating capacity for antitrust purposes.

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<sup>6</sup> FERC's July 16, 1997 approval of the LILCO/BU combination involved review of competition issues. No competition concerns were found.



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In light of the NRC's recognition that there must be a "nexus or connection between an applicant's activities under the license and the anticompetitive situation" in order to invoke its statutory jurisdiction over antitrust matters, Antitrust SRP at 2-4 (emphasis added), the NRC may appropriately conclude that the anticipated transactions do not warrant antitrust review. *See also id.* at 3-5. The ultimate purpose of such review by the NRC is to determine whether an applicant "has the market power to withhold access to nuclear power or abuse its market power in other ways and thereby maintain or create a competitive advantage through use of the nuclear facility." *Id.* at 2-4. Given LILCO's small ownership interest in Nine Mile Point 2, the anticipated transactions do not give rise to any such concerns.

Further, because LIPA is a state entity, when indirect control over LILCO's interest in Nine Mile Point 2 comes to rest in LIPA, antitrust considerations will become truly remote.

#### D. FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

The Long Island Power Authority is a statutory creature of New York State, wholly controlled by trustees appointed by State officials. There is no foreign hold on these trustees. LIPA's acquisition of LILCO will entail no control or domination by alien interests of LILCO's interest in Nine Mile Point 2.

Should LIPA's acquisition of LILCO not occur and indirect control of LILCO's interest in Nine Mile Point 2 come to rest in the BL Holding Company, the LILCO/BU combination will not result in the ownership, control, or domination of either LILCO or the BL Holding Company by a foreign corporation or government. Neither LILCO nor Brooklyn Union is now so owned, controlled, or dominated. As noted above, the current holders of LILCO and Brooklyn Union common stock will own the Holding Company. Accordingly, the transaction will not occasion



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a change in ownership resulting in control or domination by a foreign corporation or government.

#### E. PURPOSE OF THE TRANSACTIONS

The legislation establishing LIPA authorizes it to acquire some or all of LILCO's securities or assets in order to achieve, among other objectives, the provision of electric service to Long Island customers at reduced rates. See 42 McKinney's Consolidated Laws of New York, §§ 1020 *et seq.* (1994). Through LIPA's acquisition of LILCO, LIPA will be able to provide electric service to Long Island rate payers at significantly lower rates. Rate reductions will result from LIPA's issuance of tax-exempt bonds to finance the acquisition and from the fact that LIPA will be exempt from paying federal income taxes. Rate reductions will also result from saving generated by the combination between LILCO and Brooklyn Union as well as from settlement of property tax litigation that LILCO initiated against Suffolk County and others. LIPA estimates that, upon consummation, Long Island electric customers will realize an average reduction in electric rates of 17 percent.

The combination of LILCO and Brooklyn Union will provide important benefits for the two companies, for their customers, employees and shareholders. The combination is expected to result in operating efficiencies of approximately \$1 billion over 10 years, which will be used to provide rate reductions to customers. Together, the two companies will help spur increased regional business growth by providing energy and related services at lower prices. The LILCO/BU combination will also have an enhanced ability to provide its broader customer base with competitive energy products and services well into the future. Further, LILCO and Brooklyn Union together intend to market, trade and deliver energy products and services on a large scale to major market areas. Current and prospective customers will benefit as well from the opportunity to deal with an energy services company that can offer one-stop shopping for providing, and managing, their energy needs.



**F. ACCESS TO RESTRICTED DATA**

This request for NRC consent does not contain any Restricted Data or other defense information. It is not expected that any will become involved.

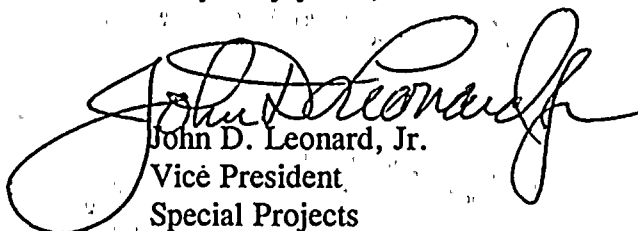
**G. NO ENVIRONMENTAL IMPACT**

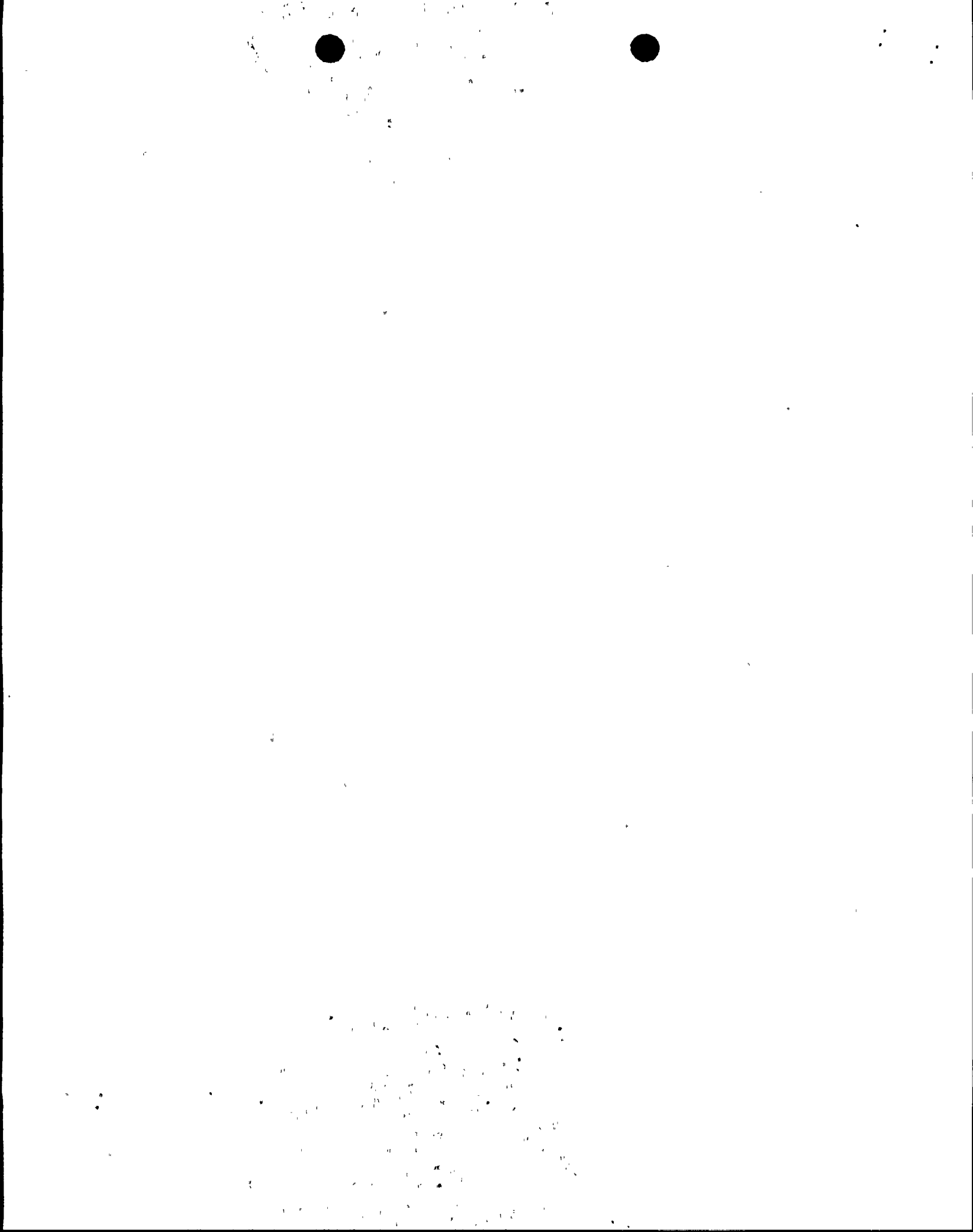
The corporate transactions at issue here involve no change to plant operations, equipment or effluents at Nine Mile Point 2. Nor do these transactions affect any environmental impact previously evaluated in the Final Environmental Statement for the plant. Accordingly, this application involves no environmental impact, significant or otherwise.

For the reasons set out above, and in accordance with 10 CFR § 50.80, the Long Island Lighting Company respectfully requests that the Nuclear Regulatory Commission consent to the indirect transfer of control over LILCO's license to possess and own an 18% interest in Nine Mile Point 2, with control going to the Long Island Power Authority or, if the LIPA transaction is not consummated, to the BL Holding Company.

We appreciate your attention to this matter. If there are questions or a need for more information, please contact W. Taylor Reveley, III, at 804/788-8359, or at his mailing address: Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

Very truly yours,

  
John D. Leonard, Jr.  
Vice President  
Special Projects





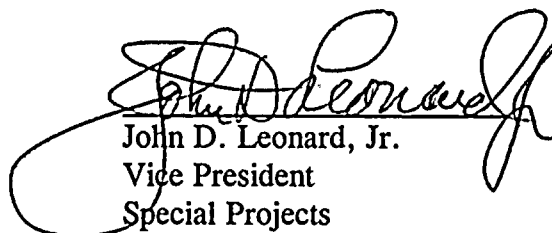
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cc: Hubert J. Miller  
Regional Administrator  
U.S. Nuclear Regulatory Commission  
Region I  
475 Allendale Road  
King of Prussia, Pennsylvania 19406-1415

Barry J. Norris  
U.S. Nuclear Regulatory Commission  
Resident Inspector  
Nine Mile Point Nuclear Power 475  
Station, Unit 2  
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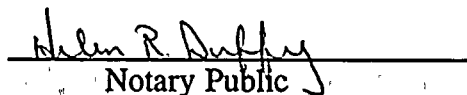
**CERTIFICATION BY LONG ISLAND LIGHTING COMPANY**

The statements in the foregoing application are true and correct to the best of my knowledge, information and belief.

  
John D. Leonard, Jr.  
Vice President  
Special Projects

STATE OF NEW YORK            )  
  )  
County of Nassau            )     To-wit:

Subscribed and sworn to before me this 5th day of September 1997.

  
Notary Public

HELEN R. DUFFY  
NOTARY PUBLIC, State of New York  
No. 4827371, Suffolk County  
Term Expires September 30, 1999

My commission expires: 9-30-99



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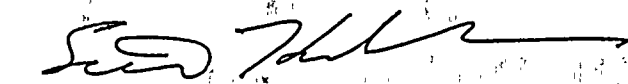
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CERTIFICATION BY LONG ISLAND POWER AUTHORITY

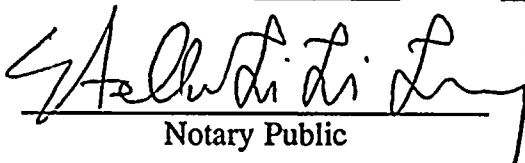
I have read the foregoing application. The statements in it pertaining to the Long Island Power Authority and its proposed transaction with the Long Island Lighting Company are true and correct to the best of my knowledge, information and belief.



Seth Hulkower  
Executive Director

STATE OF NEW YORK            )  
  )     To-wit:  
County of New York         )

Subscribed and sworn to before me this 5<sup>th</sup> day of September 1997.

  
Notary Public

STELLA LI LI LIANG  
Notary Public, State of New York  
No. 41-4793392  
Qualified in Nassau County  
Commission Expires October 31, 1997

My commission expires: 10/31/97

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ATTACHMENT A

BOARDS OF DIRECTORS OR TRUSTEES

LONG ISLAND LIGHTING COMPANY

William J. Catacosinos Long Island Lighting Company Chairman of the Board and Chief Executive Officer Hicksville, New York	Director since 1978
John H. Talmage Partner, H. R. Talmage & Son Farm Riverhead, New York	Director since 1982
Basil A. Patterson Partner, Law Firm of Meyer, Suozzi, English and Klein, P.C. Mineola, New York	Director since 1983
George Bugliarello Chancellor, Polytechnic University Brooklyn, New York	Director since 1990
George J. Sideris Retired Senior Vice President Long Island Lighting Company Hicksville, New York	Director since 1991
A. James Barnes Dean, Indiana University School of Public and Environmental Affairs Bloomington, Indiana	Director since 1992



Renso L. Caporali  
Senior Vice President of Government  
and Commercial Marketing  
Raytheon Company  
Lexington, Massachusetts

Director since 1992

Peter O. Crisp  
Chairman  
Venrock, Inc.  
New York, New York

Director since 1992

Richard L. Schmalensee  
Director, Massachusetts Institute  
of Technology Center for Energy  
and Environmental Policy Research  
Cambridge, Massachusetts

Director since 1992

Katherine D. Ortega  
Former Treasurer  
of the United States  
Washington, D.C.

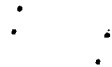
Director since 1993

Vicki L. Fuller  
Senior Vice President  
Alliance Capital Management Corporation  
New York, New York

Director since 1994

James T. Flynn  
Long Island Lighting Company  
President and Chief  
Operating Officer  
Hicksville, New York

Director since 1996





THE BROOKLYN UNION GAS COMPANY

Robert B. Catell The Brooklyn Union Gas Company Chairman of the Board and Chief Executive Officer Brooklyn, New York	Director since 1986
Andrea S. Christensen Partner, Law Firm of Kaye, Scholer, Fierman, Hays & Handler New York, New York	Director since 1980
Donald H. Elliott Counsel, Law Firm of Hollyer Brady Smith Troxell Barrett Rockett Hines & Mone LLP New York, New York	Director since 1981
Kenneth I. Chenault Vice Chairman American Express Company New York, New York	Director since 1988
Alan H. Fishman Managing Partner Columbia Financial Partners, L.P. New York, New York	Director since 1989
James Q. Riordan Retired Vice Chairman and Chief Financial Officer Mobil Corp. New York, New York	Director since 1991



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Edward D. Miller  
President and Chief  
Executive Officer  
The Equitable Companies, Inc.  
New York, New York

Director since 1993

James L. Larocca  
Lawyer and Consultant  
New York, New York

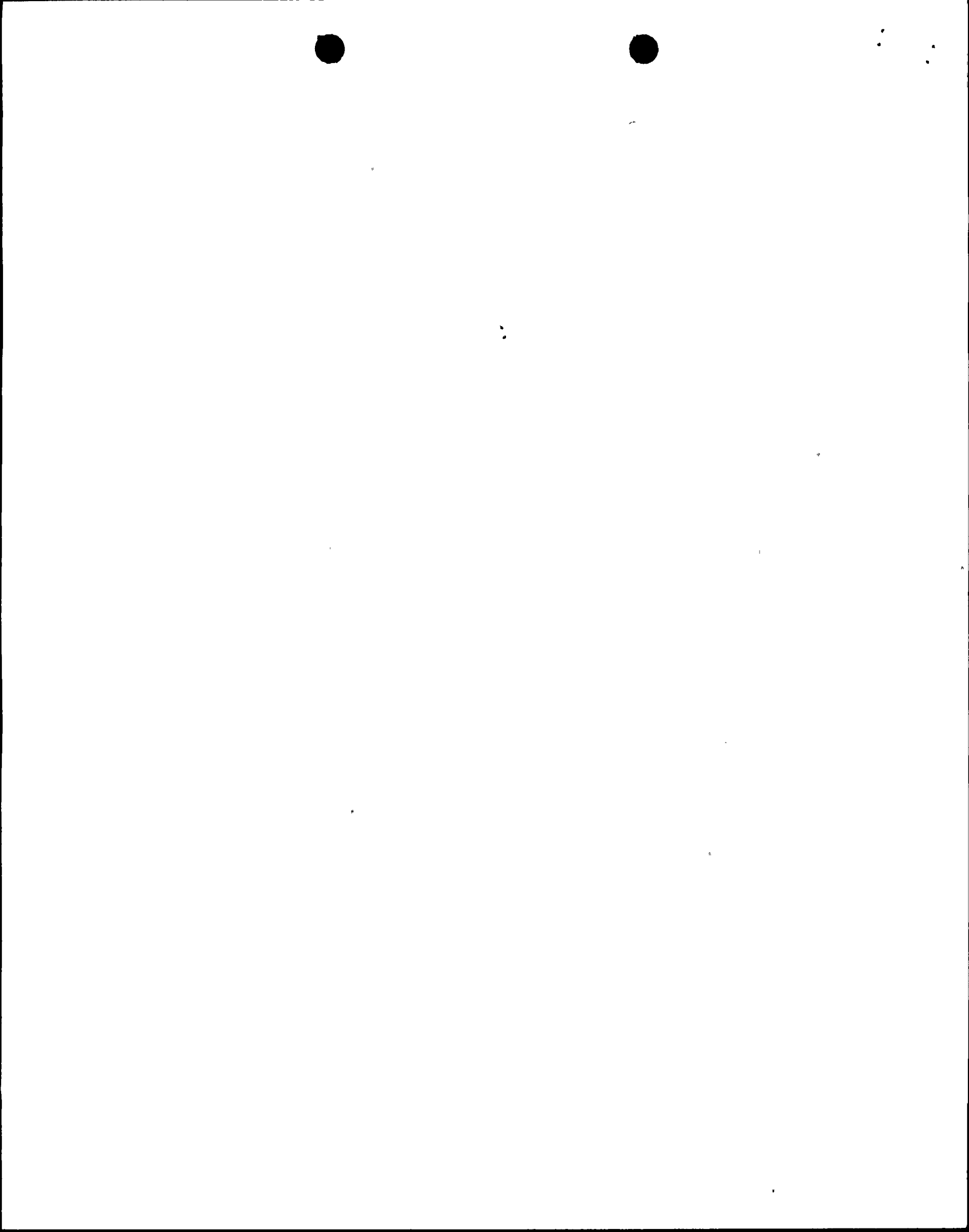
Director since 1995

Charles Uribe  
Chairman and Chief  
Executive Officer  
AJ Contracting Company, Inc.  
New York, New York

Director since 1996

Craig J. Matthews  
Brooklyn Union Gas Company  
President and Chief Operating Officer  
Brooklyn, New York

Director since 1997



LONG ISLAND POWER AUTHORITY

Richard M. Kessel  
Long Island Power Authority  
Chairman of the Board  
Uniondale, New York

Patrick J. Foye  
Long Island Power Authority  
Deputy Chairman of the Board  
Uniondale, New York

Michael Affrunti  
President  
Albertson Electric, Inc.  
Albertson, New York

Harriet A. Gilliam  
Attorney at Law  
Aquebogue, New York

Harvey Auerbach  
President  
Brookwood Communities, Inc.  
Coram, New York

Rupert H. Hopkins  
Department Manager  
Dayton T. Brown, Inc.  
Bohemia, New York

Pauline Balkin  
Retired Judge, Nassau County Family Court  
East Rockaway, New York

Joseph Janoski  
Former Riverhead Town Supervisor  
Wading River, New York

James D. Bennett  
Partner, Law Firm of  
Bennett, Rice & Schure, LLP  
Rockville Centre, New York

Robert McMillan  
Partner, Law Firm of  
McMillan Rather Bennett & Rigano, PC  
Melville, New York

Thomas A. Doherty  
Chief Administrative Officer  
First Quality Enterprises, Inc.  
Great Neck, New York

Denise Molia  
Deputy County Attorney  
Suffolk County Attorney's Office  
Hauppauge, New York

Michael L. Faltischek  
Partner, Law Firm of  
Ruskin, Moscou Evans & Faltischek  
Mineola, New York

Vincent Polimeni  
Chief Executive Officer  
Polimeni Enterprises, Inc.  
Garden City, New York

Jonathan Sinnreich  
Partner, Law Firm of  
Sinnreich, Wasserman, Grubin  
& Cahill, L.L.P.  
New York, New York



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