**STATEMENT TO LIPA COMMISSION ON 4/28/2023**

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Chairman, Advanced Energy Research & Technology Center, Stony Brook

Mr. Chairman, I would like to make a statement for the record for consideration by the Commission.

I would like to first commend the Commission for undertaking an evaluation of the future utility model for Long Island, which I believe is critical to economic stability of this special place where we all live and work.

First I must take some exception to the process that was undertaken to evaluate the report prepared for the Commission. I believe it would have been appropriate for the committee to have had an opportunity to comment on the report before it was issued publicly, having said that I would like to comment on the substance of the report.

When I was asked by Assemblyman Thiele to join the Committee I stated I would do so if “all of the alternatives” were going to be looked at, which he assured me was the intention of the Commission.

As someone who has spent his entire career in the utility industry, I do not believe the other possible models were adequately addressed before reaching a conclusion that municipalization was the best choice.

In addition, having managed a large utility and being very familiar with the current model, I do not believe the complexity of the nature of managing a large complex utility has been adequately addressed.

Let me be more specific.

1. I do not believe enough attention was given to the current model which, other than in some severe storms, has operated successfully for 25 years.

I believe the current operator, PSEG-LI, should have appeared before the Committee to present the current model and to describe how they believe it could be improved, if at all.

1. I do not believe enough attention was given to the Privatization model.

A Privatization report was presented to the Commission by the LIA, prepared by Lazard, a very well respected investment banking firm, very familiar with LIPA.

The Lazard study was dismissed in only 2 pages in the report by challenging some of its assumptions. Lazard never had an opportunity to appear before the Committee to defend its assumptions.

Furthermore, the Lazard study was the only one that showed the impact on future rates. The Commission’s consultant did not present a comparison of the impact on rates for the other alternatives, especially for the Municipalization case. This financial analysis is of course critical to the future of Long Island. At a minimum, the consultant should have done an independent analysis of the costs and not relied on information supplied by LIPA.

1. I have serious concerns about the impact of Municipalization on the very dedicated and professional union workforce.

As indicated in the report, the outcome is uncertain and dependent on many factors, including the board governance structure, which in itself has not been addressed with a recommendation.

In my opinion, this does not provide the comfort which I believe is necessary to assure that these workers remain independent of the state system and their contracts are fully protected going forward.

1. And last, I believe this report underestimates the complexity of the recommended transaction and the resources necessary to accomplish all of the tasks going forward.

While I have great respect for LIPA’s current management team, it is relatively small and does not have the expertise necessary to accomplish the many tasks outlined in the report, and I am concerned they cannot hire the expertise necessary at current salary levels.

For all of these reasons, I recommend the Commission address the impact on consumers and the future energy needs of Long Island before they finalize their recommendation to the Legislature.

Thank you for your time and attention. I would be happy to answer any questions.