Metro Justice

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Dear Commission,

I'm writing to you as a resident of Rochester NY, the Organizer and Policy Specialist of Metro Justice's Rochester for Energy Democracy campaign, a former Organizer and Policy Specialist with the community energy organization Community Power Minnesota, and as the holder of a Doctorate in Geography specifically focused on democratic and public control of energy utilities, in Germany and the US. I also have a Masters in Public Policy (Hertie School of Governance, Berlin) where I specifically investigated the danger of corporatization of utilities and alternatives to privatization through democratic control. Additionally, my undergraduate degree is from Stony Brook University, so I do have direct lived experience with the problems of LIPA and issues Long Island is facing.

Through this experience I've gained considerable insight into the structural nature of faults in the investor-owned utility model and corporate running of basic needs in general. I've also gained considerable expertise in the range of democratic governance models for public utilities of various kinds, from an international perspective.

From examining LIPA's organization and outcomes, it is clear that the public-private model does not put ratepayers first and it must be eliminated. To do so, the Commission must stick to the timeline established by the legislation that created it. These public hearings are behind schedule and there must be no more delays. LIPA must reclaim its accountability, control, and responsibility for all aspects of its electric grid and thus act as a self-governing public corporation accountable to the public. This includes ownership and control of the electric grid and all its assets, revenues, and financial instruments, as well as operation, management, and policymaking for the electric grid for the public good. LIPA must have a competent Executive Board and staff that operate and maintain all parts of the electric grid.

This Commission is the opportunity to reimagine, reinvent, and restructure LIPA so that it is led by those most impacted by decisions concerning our energy system: ratepayers, union workers, municipalities, community organizations, low-income households, and environmental justice communities. We must ensure that those who use, pay for, and work for the system have a say in how it runs. In order to do that, many things must happen.

I support Reimagine LIPA's assertions that LIPA needs to establish an accountable and representative multi-stakeholder Board that includes, in part, the direct election of members from ratepayers residing within equally apportioned districts within LIPA's service area. This is to ensure a democratic and autonomous public electric utility system. The Board must be multi-stakeholder in terms of both constituencies and expertise. It should be composed of traditional members skilled in management and finance, policy, law, science, engineering, technology, and cybersecurity. It should also consist of workers, customers, and community-based organizations, as well as experts in justice, resilience, and engagement. Most or all board members should be elected by the public. LIPA's mission should additionally be

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expanded to include climate justice, energy democracy, equity, and greater participation by its customers.

Additionally, there are many innovative participation, governance, community engagement and oversight models that LIPA could adopt to bake accountability and service to the community into its mission and practices. There must be clear mechanisms and programs created to ensure community decision-making for energy planning, with proper technical assistance provided.

I have been especially impressed by the example of the Paris Water Authority that created an independent Observatory to monitor and engage the community in its work. You can read more about that example and the connection to the US energy context in this report: https://rosalux.nyc/wp-content/uploads/2022/03/Democratization-031522-c.pdf.
LIPA could use the model of a fully funded independent Energy Observatory in order to:

- Engage the public to provide input on the utility's performance and services, comment at board meetings and hearings, and review budgets;
- Observe and offer input on LIPA policies, procedures, programs, and actions;
- Contract with local schools and universities to conduct relevant, independent research to deal with the changing climate and equitably integrating renewable and performance-enhancing technologies in homes, schools, businesses, and municipalities in Nassau and Suffolk Counties and the Rockaways;
- Enable diverse ratepayers to make proposals to address their needs and desires for more affordable, renewable and resilient programs (e.g. community-owned solar and thermal energy networks, energy conservation retrofits, school bus vehicle-to-grid networks)

The Department of Public Service could be replaced with this independent Energy Observatory. This is a body, independent from both the utility and the government, that coordinates the needs of the utility with the needs of the community. Partnered with universities and community-based organizations (Stony Brook has climate institutes that could be ideal partners), it is a place to meaningfully involve communities within the LIPA service territory and has the potential to empower ratepayers, enhance social justice, and improve the quality of decisions. The Department of Public Service-Long Island is incapable of doing this.

The Energy Observatory seems to be a particularly strong fit for a large and diverse area such as LIPA's service territory. However we can see a true diversity of ways to engage both community expertise and the needs of those most impacted in a range of participatory governance tools such as: ratepayer elected boards, boards elected by all residents regardless of voting eligibility, boards with a mix of elected and appointed seats (for instance for financial, labor, climate, social service, low-income customer, community expertise, and/or randomly selected), and utility worker participation in governance. Models of ratepayer involvement and input include but are not limited to: users councils, advisory councils such as a permanent environmental justice advisory council and/or minority local business council, regular surveys of members, right to petition the board, community engagement office, ombuds office responsible for communication with and suggestions from workers and users, with a non-voting seat on the board, participatory budgeting processes the deployment of interactive technologies

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and "civic tech" (e.g. pol.is, Mentimeter) to gather ideas about programs and comment on the utility budgets and proposals, facilitating deliberation-promoting discussions/focus groups for input on key policy issues, citizen's jury, or yearly (or more often) general and/or district meetings or assemblies. For example, the committee can look at the governing structures of SMUD, Barcelona Energia, Green Mountain Power, and Porto Alegre, Paris and Caracas water utilities.

Full public ownership and control has a proven track record: of the nation's 3,200 electricity providers, just over 2,000 are publicly owned utilities, serving 14.5 percent of all electricity consumers. If you include co-ops, 28% of the US is served by a consumer-owned utility. Five of the nation's 20 largest cities own their electric utilities, including Los Angeles and Seattle. Overall, public utilities are between 13-63% cheaper than investor owned utilities (IOUs), while being twice as reliable. Many areas, including San Francisco, San Diego, and the state of Maine, are currently considering public power because of the need to have control and influence over how a renewable transition happens while keeping costs down and building long-term local investment and financial stability.

Public utilities across the country have a proven track record of transitioning faster than their private counterparts - and investing 33% more into their communities. They reduced their emissions by a third between 2005 and 2017, far outpacing private sector averages. Of the 7 utilities that are 100% renewable, all are public. Some standouts: in 2005, Seattle City Light became the first electric utility in the United States to fully offset all its carbon emissions and has remained carbon neutral every year since.

Burlington Electric Department (BED) owns much of its 100% renewable electricity generation, and during the period of time that it was investing in its renewable energy sources, from 2009 to 2021, the city didn't raise its electric rates. The utility has implemented nation-leading energy efficiency programs for the past 30 years, and having a public utility is also key in being able to plan for and be on track for goals of being net zero by 2030 by electrifying heating and ground transportation. The General Manager emphasizes that: "Making the switch to renewables has been recognized by our credit rating agency as a positive economic value for the city, not only because of the power markets and how we use our renewable energy to benefit customers, but also as a hedge against future carbon Regulations."

Austin TX is another example of a public utility that is able to have innovative renewable, customer service, and shut off prevention programs because its goals are aligned. It is currently 72% renewable, with a goal to be carbon-free by 2035. It receives multi-million dollar federal and state grants to help fund the design, deployment, and demonstration of residential, commercial, and utility-scale solar and energy storage. Austin Energy offers district cooling, thermal energy storage, and distributed generation services along with a Multifamily Partnership Program (MPP). It can allocate millions of dollars to help low-income residents pay their utility bills, provides emergency financial aid to customers in need, services for the medically

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vulnerable, weatherization support to help eligible residents improve their homes' energy efficiency, and offers rebates and incentives to customers. It also has a fellowship program for youth of color. It pays no federal income taxes and owns generation, distribution and transmission infrastructure.

Technical innovation, workforce development and partnerships - Pittsburg CA: Pittsburg Power Company, formed in 2006 in Pittsburg CA, is a publicly-owned electric and gas utility and operates not for-profit under the direction of a Board of Directors. It also serves Vallejo and Mare Island CA. Investments in generation and transmission in partnership with local companies and developers are helping fund city capital projects. They also house a no-cost pre-apprenticeship program on green construction, solar, and hazardous waste open to low-income local residents, and a Free Electric Vehicle Technician Training, in partnership with local unions, county and city governments, federal funding, nonprofits, and businesses.

Reliability - Winter Park: Winter Park, Florida, formed a public power utility in 2005 after a six-year process to take over the electric distribution system. Winter Park's effort was sparked by persistent problems with Florida Power Corp. City leaders were barraged with complaints about outages. In 2003, residents turned out in droves and voted overwhelmingly–by 69 percent–in favor of the city's plan to form a municipal electric utility. The utility began operations in 2005. The utility committed to use all of the revenues from its electricity sales–except for a contribution it has agreed to make to the city's general fund–for capital improvements. The years since have made it clear that the decision to municipalize was worth it. The not-for-profit utility has used its excess revenues to make some major capital improvements, including the underground lines that kick-started interest in municipalization for this hurricane-prone region. "We are now well along in the undergrounding process, with an eye toward having the entire system underground in 2026," general manager Knight said.

Governance: SMUD
The Sacramento Municipal Utility District is one of the ten largest publicly owned utilities in the United States, and is a leader in many areas, but is particularly interesting for its governance model. It has a 7-member elected governing board, each representing a ward. Among other things, the Board establishes policies and values, sets long-term direction, monitors performance, and hires and fires the General Manager. There are extensive provisions for transparency and participation in public monthly board meetings, including being able to make presentations to the board with 2 weeks notice. There are also public workshops, public hearings, public annual reporting on many topics, and the utility has also used referenda to take strategic questions directly to their ratepayers. It also prefers local businesses in competitive bidding and has an advisory board for minority businesses, invests in educating its users on energy issues, innovative energy efficiency programs, and has specialized services and rates for seniors and low-income customers. Other public utilities use other mechanisms, like committees on environmental justice and equity.

Cooperatives and inclusive financing: Cooperatives in Ouachita AR, Kentucky, or Roanoke NC have been leaders in adopting Pay as You Save (PAYS©) or inclusive financing models that

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eliminate the significant and widespread financial barriers of credit score and upfront cost to participating in energy efficiency and clean energy programs. A utility can choose to cover upfront costs for participants (usually through third party financing), and upgrades can be paid for through the savings they generate, with immediate cost savings for users.

Innovative Legal Approaches - Ann Arbor MI:
Ann Arbor is currently considering using the model of Sustainable Energy Utilities (SEUs), established in Delaware and DC, where a utility is established specifically to offer energy efficiency programs that are structured to be accessible to all users, as a model for meeting its net zero goals. The legal possibility Ann Arbor is investigating is constructing a parallel system to the existing grid, specifically for approaches like microgrids and thermal networks, which could be an option for how to approach the heat transition (this is allowed legally in NYS).

An additional recent element that makes many investments more viable for publicly-owned utilities is changes in the financing arrangements for renewable energy and retrofitting projects that was established in the IRA. Now there are direct pay approaches as opposed to going through a private equity investor or PPA, so a public utility in particular can make many more direct investments and receive much more (up to 70%) federal support for investments. There would likely be further renewable cost reductions for munis if the Build Public Renewables Act passes in NY State.

A restructured LIPA must spend more of its revenues for the benefit of our communities. Rather than continue the decades-long habit of investing in expensive management fees for private corporations, which diverts funds from public use, LIPA can double down on its commitment to invest in Long Island and the Rockaways. LIPA has stated "Eliminating management fees and affiliate expenses saves approx. $100 million annually." This is a savings of nearly $1 billion over the next decade by opting for operating and maintaining the grid itself.

Instead of providing bonuses to unaccountable management and dividends to distant stockholders LIPA should lower utility rates, especially for low-income households, seniors, and small businesses; reinvest revenues to enhance resiliency; improve identification of and service to customers with special needs such as individuals requiring electricity for medical equipment, sewage treatment plants, and other services that would otherwise create environmental disasters; support community solar, thermal energy networks, and more wide ranging conservation programs; and seek out public-public partnerships that improve service delivery and community resilience. A more equitable rate structure is really vital and a restructured LIPA must do more to uphold NYs goal of tackling energy burden by ensuring ratepayers don't spend more than 6% of their monthly income on their energy bills. The commission should also explore the recent decision by the Los Angeles Department of Water and Power to end power shutoffs for low-income customers who can't pay.

Some things should stay the same, however, unless stated otherwise by the workers. There should be no change to the jobs, salaries, or benefits for the 2,500 ServCo employees. LIPA made, and kept, the same promise when it transitioned from National Grid to PSEG Long

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Island management in 2014. This dedicated workforce is integral to LIPA's success under any management structure. In the transition we must maintain IBEW Local 1049 workers under ServCo and not transition workers to a public sector union.

This commission was set up to steer Long Island and the Rockaways back on course to the electric utility we need. I urge this commission to stay strong on this path and incorporate the above suggestions to truly reimagine LIPA. These are the reforms needed to build a truly accountable, democratic, renewable and affordable energy system.

Please feel free to contact me with any questions.

Sincerely,
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