



SIERRA CLUB

ATLANTIC CHAPTER

Nassau County LIPA Commission Hearing Thursday, September 14, 2023

The Sierra Club supports the transition of the Long Island Power Authority (LIPA) to a fully public owned and controlled utility with full responsibility for the operation and maintenance of its electric grid. LIPA can and should directly control and operate the transmission and distribution system that it in fact owns.

BACKGROUND:

Although LIPA is an entity of NYS that is nominally a “municipal” utility, it is required by law to outsource its operation and many of its operating decisions to a third-party service provider. This so-called “public-private partnership” is *unique* among all the municipal electric utilities in the US. The time is at hand to terminate this decades-long failed anomaly. The moment has come to terminate the tyranny of shareholders over ratepayers.

ARGUMENTS:

There is a lack of alignment between the interests of the profit-making Service Provider with those of the customers served by LIPA.

The extra cost of redundant management positions within PSEG and the LIPA staff that supervises PSEG, plus the profit made by PSEG for providing its management services, including potential performance bonuses, is about \$70 million per year. Simplifying the present convoluted structure would free these funds to be applied to a combination of lower rates, greater investment in renewable energy resources and infrastructure as well as energy efficiency measures.

The dysfunctional structure of this failed incongruity is rendered unequivocally axiomatic by the necessity for a 317-page contract¹ that defines PSEG's role, and a 207-page enumeration² of all the metrics by which PSEG's 2023 annual bonus will be determined. This contract is a band-aid approach, a mere smoke screen that camouflages inefficiency. This bungling arrangement leads to what is typically a three-month delay from the time that LIPA recognizes that PSEG should take an action to the time that it starts to be planned and implemented by PSEG.

1.<https://www.lipower.org/wp-content/uploads/2022/04/2nd-AR-OSA-in-effect-on-4-1-2022.pdf>

2.https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewiXpbuNvr7_AhUIFlkFHZnbCwQFnoECA4QAQ&url=https%3A%2F%2Fwww.lipower.org%2Fwp-content%2Fuploads%2F2022%2F11%2FPSEGLI-2023-Performance-Metrics.pdf&usg=AOvVaw16-UA7MD58Zw-LS321LhSJ

A transition to a fully municipal utility promises improved service on Long Island, and a speedier transition to a more efficient and carbon-free economy on Long Island.

We support fair employee protections. Approximately 2500 Line, office, and phone center staff now work for PSEG. They would have to be transitioned to working under LIPA's direction under a new structure. If this new structure were not carefully thought out, their economic or pension interests might be at risk.

RECOMMENDATIONS:

We support transitioning to a more accountable, transparent, and diverse Board of Trustees. In addition to policy experts, scientists and engineers, local community-based organizations must be represented.

We also support the creation of a newly empowered Community Board that is comprised of diverse constituencies. The Community Board should readily receive public input and be in regular communication with the Board of Trustees. We envision a Community Board that plays a leading role in engaging communities and in determining rate structure, accessing energy programs, implementing renewable energy projects, and providing support during outages and other emergencies.

If we continue along the same failed path, we can reasonably expect the same results. But a well-planned transition will serve as a model for all of NYS as well as the rest of the nation. It's time for bold, insightful change, for our families, for our future.

Thank you for your thoughtful consideration of our comments.

For a green Long Island,

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