**STATEMENT OF JOHN DI STASIO – NEW YORK COMMISSION ON THE FUTURE OF THE LONG ISLAND POWER AUTHORITY**

**December 15, 2022**

Co-Chairman Thomas, Co-Chairman Thiele, and Commissioners:

Thank you for the opportunity to provide this testimony in support of the Commission’s mission to develop and submit to the legislature a plan for implementing a true public power model for residents of Long Island and the Rockaways.

I am John Di Stasio, President of the Large Public Power Council, LPPC. LPPC represents 27 of the largest public power utilities in the nation including LIPA. Collectively we serve over 30 million electric consumers across 21 states and Puerto Rico. LPPC members are public power systems that build, own, and operate significant energy infrastructure at every level of the grid. Together LPPC members own 70,000 megawatts of electric generation and approximately 90% of the public, non-federal, transmission facilities. Prior to my time as the President of LPPC, I served as the CEO of the Sacramento Municipal District (SMUD) from 2008 until 2014.

This morning, I would like to speak to my experience from nearly forty years in public power as a Senior Executive, CEO and Public Policy representative.

Public Power is an excellent model for customer service given its exclusive accountability to the consumers and communities it serves. While most public power systems are also political subdivisions of the states where they operate, they are typically locally governed by elected or appointed boards who directly represent the consumers being served. This alignment of interests drives engagement and responsiveness.

Public power systems like SMUD and Salt River Project are examples of organizations who have enjoyed excellent performance, customer loyalty and engagement as evidenced by decades of nation-leading JD Power satisfaction scores.

All electric utilities, public and private, are tasked with achieving reliability, affordability, and environmental stewardship, but their incentives are very different. Public power investments yield “dividends” back to the customers and communities they serve by delivering high value service. Private power companies seek to achieve the same outcomes but must also satisfy the interest of their shareholders who, in many cases, are not affiliated with the consumers or communities being served. This is a powerful differentiator.

The SMUD story has similarities to LIPA. In 1989, the Rancho Seco nuclear plant was closed by the voters after a difficult and controversial operating life. SMUD pivoted to a more diversified power supply portfolio, significant investments in energy efficiency, regional renewable energy projects, and a commitment to deepen it’s engagement with the customers. Since the early 1990’s SMUD has enjoyed an excellent relationship with the consumers and communities it serves providing top tier reliability, rates that are more than 30% lower than neighboring Pacific Gas & Electric, and some of the nation’s most aggressive decarbonization goals.

LIPA’s current model limits its ability to fulfill its potential as a public power system. The incentives are misaligned between LIPA and its private operator. And this would be the case regardless of who was operating the system on LIPA’s behalf. There are public and private systems who operate across the performance spectrum, but in all cases their incentives are different by design, and therefore conflict to some extent. The current model will always be transactional to some extent. The extra layer of management and the contract structure are also very expensive when LIPA has the expertise to simply employ the management directly and better align the organization’s values and outcomes.

At SMUD we achieved very strong organizational alignment through a locally elected Board of Directors who established a comprehensive policy governance framework. That framework established the organization’s values and the outcomes to be pursued. The desired outcomes were committed to metrics that were reported to the Board monthly along with a matrix of enterprise risks. This framework guided the organization and established both accountability and transparency.

LIPA is well positioned to operate successfully as a fully public power system given its strong management and connection to the consumers and communities of Long Island and the Rockaways. The move to a fully public power system is truly incremental, but the opportunity significant.

Thank you again for the opportunity to participate in this discussion and I look forward to your questions.