



New York State Legislative Commission on the
Future of LIPA Public Hearing: December 15,
2022

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Island

Thank you, Chairmen Thiele and Thomas and members of the committee for
convening today's hearing on the future of LIPA.

If I can revisit a chapter in local history it may provide us with context for today's
hearing.

The LIPA Reform Act of 2013 created the Public-Private Partnership model to
ensure The Rockaways and Long Island had a service provider making decisions
based on engineering and industry best practices. The Act was intended to provide
checks and balances within the energy environment on Long Island and the
Rockaways. Based on facts and experience, one is compelled to conclude it has
succeeded in that regard.

We are here today to reiterate that the public-private model that demands
accountability, does in fact work, and is well demonstrated by PSEG Long Island's
performance particularly here in the Rockaways.

In fact, there is no small irony that this committee is convening here in the
Rockaways to examine the future of energy reliability, affordability, and
accountability.

While all of Long Island is vulnerable to severe weather, the 124,000 people who
live on this peninsula are atop unique geography that is particularly hard hit by
storms. It is here that the energy grid is tested time and again. The Rockaways
are an operational crucible for those entrusted with the job of keeping the lights
on.

So while we will discuss the broad strategic issues regarding LIPA's past, present,

and future we should spend some time reviewing PSEG Long Island's tenure as stewards of the energy grid here on the Rockaways.

This proud and hardy community was historically underserved by the electric provider prior to PSEG Long Island's arrival. It is against that backdrop that it is important to note the following milestone actions.

To better help PSEG Long Island's customers in the Rockaways, and one of the first actions PSEG Long Island took after taking control of day-to-day operations of the electrical system, we opened a customer office in Arverne. By listening to and addressing the concerns of our customers in the Rockaways, PSEG Long Island has gained valuable insights into the experiences and needs of our customers here.

From the perspective of the Rockaways infrastructure, we have completed 10's of Millions of dollars in capital projects working with IBEW local 1049 including upgrading substation transformer banks, adding distribution feeder lines to accommodate growing demand, upgrading distribution infrastructure, and installing an underground transmission line. We have storm-hardened the poles, lines, and equipment to make them more resilient against severe weather in addition to raising the substations in the Rockaways to protect against flooding. And, in the coming years, we are planning additional distribution upgrades and installing an additional underground transmission line to ensure safe, reliable service.

We have undertaken these improvements with a dedicated focus owed to communities that weathered the worst of Sandy. In Breezy Point, even as we replaced old poles with new ones to ensure safer, more reliable power to residents' homes and businesses, we did not ignore the homemade stars attached to the old poles — symbols of hope during hard months of cleanup and reconstruction. As we completed our job, we made sure our crews nailed those stars back up on our new poles, preserving the history of a resilient community that is now more ready than ever to face the next arrival of severe weather.

But of course the Rockaways exist within a far larger energy grid assigned to PSEG Long Island by LIPA.

The overall record PSEG Long Island has established since 2014 is one of performance improvements, innovation, and cost efficiencies — and it is the ratepayer who has directly benefited.

Since PSEG Long Island was first entrusted with the grid in 2014, we have improved system reliability by 31%, implemented a robust tree-trimming program to reduce vegetation-related outages on the once overgrown system, and vastly improved the customer experience. PSEG Long Island was directly responsible for improvements we have seen in system performance, reliability, and ranking. Most important to us, our safety record has improved by over 75% since we began managing the grid so more of our IBEW local 1049 colleagues are returning home the same way they came in as a result of the safety protocols we developed.

Today we are among the top 10% of Utilities in reliability nationally. In NYS we are second only to Con-Ed, whose system is predominantly underground and we have the lowest Department of Public Service Complaint rate of any electric utility in New York State. In the last year, PSEG Long Island saw the largest JD Power Score increase in Overall Customer Satisfaction of all utility companies. When you compare our reliability to Large Municipal Electric providers PSEG LI had the lowest frequency of outages and the second lowest total outage time experienced per customer in 2021.

We also work hard to ensure storm costs are not passed on to our customers. Following Isaias, PSEG LI successfully led the effort to secure over 277 Million Dollars from FEMA. Our professional team saved customers REAL money.

These numbers reflect the incredible work ethic of the men and women tasked with maintenance, repair, and innovation.

PSEG Long Island is comprised of a dedicated group of people who literally work around the clock to provide a reliable supply of energy to our region. These are Long Islanders who want to do this job – including IBEW Local 1049 who are proud to confront weather in the worst of circumstances – who welcome challenges, find solutions, and answer the call as first responders, confronting severe weather that regularly batters this region. And following every call to action we review what

worked, what didn't and how to improve our response to the next storm.

That's accountability.

PSEG Long Island's recommendations have also saved ratepayers 2.5 billion dollars by bringing our expertise to bear on planning the power needs for Long Island and the Rockaways.

That's two point five billion dollars.

Our energy needs analysis determined proposed fossil fueled power plants would not need to be constructed, resulting in a savings greater than 30 years of the management fee, including performance incentives that PSEG Long Island is paid for operating the grid.

If accountability needs a definition – this would be it: PSEG Long Island's recommendations saved ratepayers 2.5 billion dollars that would have been piled on top of LIPA's already staggering Shoreham debt.

Energy siting decisions made prior to our arrival were heavily influenced by politics and lacked the sober and independent engineering guidance PSEG Long Island brought through our integrated resource planning process.

The very same power planning expertise that led to PSEG Long Island saving customers billions of dollars uniquely positions us to deliver on the State's clean energy vision.

We have spent nearly nine years applying that expertise, crafting the specifications, and selecting the proposals that have brought utility-grade solar energy to the region and will continue to bring battery storage the Rockaways and Long Island.

New York State's Climate Leadership and Community Protection Act is one of the most ambitious and comprehensive climate laws in the country. PSEG Long Island supports New York's clean energy goals and continues to work collaboratively with LIPA and the DPS to advance these goals. PSEG Long Island has been, and will continue to be, a leader in the state regarding many of the CLCPA initiatives such as energy efficiency, heat pumps, solar PV, battery storage, and electric vehicles. PSEG Long Island works with LIPA and the DPS each year on the appropriate targets for each of these initiatives through the annual Utility 2.0 filing (which includes an

Energy Efficiency and Demand Response Plan). We offer many opportunities for customers to save energy and reduce their electric bill, such programs reduced energy consumption by 381,000 MWh in 2021 (about 2% of system usage).

We are leading the transformation of the transmission backbone that will be necessary to carry the vast amount of power that will be generated by offshore wind to our customers — and to the rest of the State, which will be crucial to the success of the State’s clean energy initiatives.

For nearly nine years PSEG Long Island has been on the front lines managing the grid for LIPA, serving its customers, saving Long Island and the Rockaway ratepayers billions of dollars, responding to storms, and introducing energy innovations. We are committed to excellence and to continuous improvement — and we have an Operating Services Agreement in place that provides the checks and balances that are key to an effective and efficient public-private partnership. And it is one that rests on a foundation that includes accountability, efficiency, and transparency.

It is a partnership that mandates oversight, focuses on operational excellence and insulates the energy grid from becoming a litmus test for political ideology. We believe it is a proven, tested model where PSEG Long Island can continue to provide the Rockaways and Long Island with the outstanding electric service they expect, deserve, and demand.

Thank you for this opportunity and I welcome your questions.