



January/February 2009

LIPA BUSINESS NEWS



www.lipower.org

Message from LIPA

The Long Island Power Authority's Board of Trustees has just approved LIPA's budget for 2009. And, as you know, this budget comes with an increase on your electric bill.

The bill adjustment was due to many factors such as increased purchased power costs and new environmental regulatory compliance costs. The Authority also faces rate pressures from increases in state and local property and revenue taxes, and increased interest expense on its \$6.6 billion in debt, half of which is attributable to the mothballing of the Shoreham nuclear power plant.

I presided over two public meetings on the proposed budget, and, after having had the chance to speak with many of you, I understood your anger and frustration with higher rates in a declining economy.

Aided by revised forecasts for fuel and sales not available at the time of the original proposal and some additional cuts I made to the budget, we successfully trimmed the proposed increase. As part of this revised budget, LIPA decided to end the postage-paid bill envelope program for residential and business customers, a gimmicky program that cost LIPA nearly \$3 million annually. Elimination of the program is a cost savings to LIPA and will also encourage customers to use the free on-line payment features on our Web site.

Nothing pains me more than to appear to be "piling it on" Long Islanders at a time when we are least able to absorb another blow. But there are some harsh realities with which we as energy consumers must come to grips. The unfortunate truth is that generating and delivering electricity in the 21st Century has become a dauntingly-expensive enterprise. LIPA is a not-for-profit entity that must recover its costs.

Unfortunately, we only have our customers to go to as we do not receive any financial help from the state or federal government. Rather, LIPA has become a tax collection agency for municipalities. We collect over \$500 million a year -- more than 10% of our budget. In fact, 27¢ of every dollar you send to LIPA goes to debt and taxes.

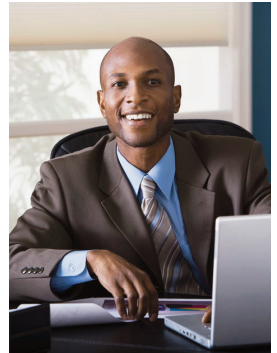
Earlier this month, I announced the creation of a new Advisory Panel consisting of elected officials, energy experts and business and financial leaders from Long Island. The Advisory Panel will look closely at LIPA's business model exploring if the current public/private business model LIPA now has with National Grid is the best one for delivering electricity for our customers. Everything should be on the table. My only interest in this process is to do whatever makes the most sense for our customers. The first meeting will be in January.

I just finished my first year at LIPA and I cannot solve all of the issues we all inherited overnight. But rest assured I wake up every day committed to exploring ways to control costs while preparing for our energy future. I wish you all a happy and healthy 2009.

Kevin S. Law
President & CEO

Make a New Year's Resolution...Go Paperless!

With today's internet options, companies now have the opportunity to reduce costs by going paperless. LIPA can help reduce your bill payment processing costs with our online bill payment services. Our paperless payment programs offer you convenience, security, and help the environment.



With LIPA's *DirectPay* program, your bill payment is automatically deducted from an account that you designate on a specified date. You can also sign up to receive email notifications through our *e-LERT* program, alerting you when your billing statement is available for view and payment. For the ultimate in convenience, you can combine email notification and online payment by enrolling in LIPA's *EasyStreet* Program.

When you use paperless billing and electronic payment systems, the turnaround time for bill payment is drastically reduced.

According to a recent study by the Strategic Analysis Service from Frost & Sullivan, significant growth in Internet access will encourage the use of online bill payment programs in the near future. By 2010, researchers predict that more than 50% of bills will be paid electronically. So join the thousands of customers who are taking advantage of this growing trend. Sign up today and start saving time and money!

To enroll in any of LIPA's electronic payment programs, visit:
www.lipower.org/commercial/account.html

A Valuable Resource for Your Small Business

Check out the 2009 IRS Tax Calendar for Small Businesses & the Self-Employed. The calendar is packed with useful information on general business taxes, IRS and Social Security Administration customer assistance, retirement plans, and common tax filing dates.

Each month the calendar highlights a different tax issue that may be relevant to your business and can help you plan for the year.

To download or request a copy of the calendar, go to www.IRS.gov/smallbiz and click on the "Filing and Paying your Business Taxes" section.



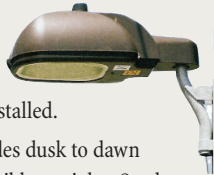
Security and Safety are Important to Every Business

Law enforcement tests show nighttime crime rates dropped 29 percent when outdoor lighting was installed.

LIPA's Light Solutions Program provides dusk to dawn lighting coverage so your facility is visible at night. Outdoor lighting not only acts as a deterrent to intruders and vandals, but it also helps prevent accidents by illuminating curbs and surfaces.

LIPA's Light Solutions Program provides security and safety for one low monthly fee.

Call 1-800-692-2626 to make an appointment for a FREE CONSULTATION with a lighting professional.



Planning to Upgrade...Check out LIPA's Commercial Construction Program

LIPA's Commercial Construction Program offers incentives, solutions and information to business customers looking to upgrade or install energy efficient equipment. If you're planning a building renovation or new construction project, let LIPA's Commercial Construction Program help you save energy and money.

Check out qualifying equipment and their rebates at www.lipower.org/efficiency/commercial.html and start lowering your operating costs and increasing your energy efficiency.

STRATEGIC PLANNING FOR YOUR BUSINESS

All businesses need a solid plan to succeed and grow in this difficult economic environment. With all the market changes now taking place, a company's survival may depend on a solid business plan.

A successful plan will ensure that your company's goals and objectives are appropriate, and resources are focused toward achieving those goals and objectives. Your strategic plan should answer the following three questions:

- 1) Where is your company today?
- 2) Where do you want your company to be in the future?
- 3) Where and how should your company focus its resources in order to get to where you want to be?

Steps in Strategic Planning

1. **Preparation.** Determine if the time is right for a planning effort. Planning requires your full support and commitment. Without proper resources and time, the effort will not be successful.
2. **Create Mission and Vision statements.** Your mission statement should describe what business your company is in, define its purpose and what it seeks to accomplish. Finally, the mission statement should articulate the values and beliefs that guide your company.
The vision statement is a blueprint for the planning process - an overall statement of what your company seeks to accomplish as it looks toward the future.
3. **Conduct a Situational Assessment.** Evaluate your company's strengths, weaknesses, opportunities and threats. The situational assessment involves the following two parts: internal and external: Internal - defining and measuring the company's labor and capital resources, equipment, training, financing options, etc. External - measuring the competitive landscape through a comparison of competitor resources.
4. **Develop Strategies, Goals and Objectives.** The outcome of this step is the strategic direction, the long-term goals and specific objectives that will address your company's critical success factors. This step is the heart of the planning process. The strategy defines the overall approach to be taken. The goals and objectives should involve definable and measurable outcomes.

To help you get started, take a look at the following agencies that can assist you in writing your business plan:

Small Business Administration at www.sba.gov/smallbusinessplanner/plan/index.html

Stony Brook Small Business Development Center at: www.sunysb.edu/smallbusiness

Farmingdale State College Small Business Development Center at www.farmingdale.edu/sbdc

