

**BOARD AGENDA SUMMARY SHEET**

<b>Committee or Board:</b> Board	<b>Date:</b> March 13, 2019	<b>Board Meeting Date:</b> March 20, 2019
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**For All Board Voting Items:**

**Title of Agenda Item:** Approval of the Annual Report and Amendments on on the Board’s Policy on Economic Development

**Consent Agenda:** Yes No

**Accompanying Presentation:** Yes No

**Recommendation from Committee:** N/A  F&A;  GP&P;  Oversight & REV

**LIPA Presenter:** N/A

**PSEG Long Island Presenter:** John Keating

**For Policy Reports Only:**

**Type of Policy / Report:**  Operating;  Governance;  Compliance;  Mission

**Date of Last Report:** May 23, 2018

**Compliance Since Last Report:** Yes No

**Proposed Changes to Policy:**  Yes No

<b>Requested Action:</b>	The Board is requested to adopt a resolution: (i) approving the annual report for the Board Policy on Economic Development; (ii) finding that the Long Island Power Authority and its subsidiary, LIPA, have complied with the Policy; and (iii) approving certain amendments to the Policy.
<b>Summary:</b> <b>(include proposed amendments to Board Policies, if applicable)</b>	By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose promoting the economic growth and vitality of its service territory and the efficient use of utility plant and equipment that furthers the mission of LIPA to its customer-owners and is consistent with LIPA’s enabling statutes.  Staff proposes the following revisions to the Policy: (i) to amend the annual reporting requirement by specifically detailing that the annual report on the Policy will be reviewed by the Finance and Audit Committee of the Board of Trustees, and to make the annual reporting requirement consistent with other Board policies; and (ii) certain other non-material amendments to the elements of the Policy for better explanation and clarification of the purpose and intent of the Policy.

**FOR CONSIDERATION**

March 20, 2019

**TO:** The Board of Trustees

**FROM:** Thomas Falcone

**REQUEST:** Approval of the Annual Report and Amendments on the Board's Policy on Economic Development

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**Requested Action**

The Board of Trustees of the Long Island Power Authority (the "Board") is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Economic Development (the "Policy"); (ii) finding that the Long Island Power Authority and its subsidiary, LIPA (collectively the "Authority" or "LIPA") have complied with the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as **Exhibit "A"**.

**Background**

By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose promoting the economic growth and vitality of its service territory and the efficient use of utility plant and equipment that furthers the mission of LIPA to its customer-owners and is consistent with LIPA's enabling statutes.

**Compliance with the Policy**

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy since the adoption of the policy last year.

The Policy requires that "the Board of Trustees monitor performance of Policy through an annual review of the economic development rates and programs offered by LIPA and its Service Provider with an emphasis on: (i) reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs; (ii) monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs; and (iii) monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices."

"Reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs."

- Existing and new economic development programs have helped 309 commercial customers in 2018;
  - 251 customers received lower power supply costs totaling \$21.9M.
  - 58 customers received credits lowering their energy delivery costs by \$1.76M.
- 18 economic development customers have further benefited by reducing 600,000 kWh in energy usage through the award of \$132,000 in energy efficiency rebates.

“Monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs.”

- Overall, since 2012 the existing and new economic development activities have supported businesses who have committed to add 9,300 new jobs throughout the service territory.

“Monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices.”

- PSEG Long Island maintains membership in both the New York State Economic Development Council (“NYSEDC”) and the Long Island Business Development Council (“LIBDC”). These are the two principal economic development organizations in the region. Both the NYSEDC and LIBDC assist in PSEG Long Island maintaining a network of colleagues and meetings where best practices and lessons learned are reviewed and discussed.

### **Annual Review of the Policy**

Staff proposes the following revisions to the Policy:

- To amend the annual reporting requirement by specifically detailing that the annual report on the Policy will be reviewed by the Finance and Audit Committee of the Board of Trustees, and to make the annual reporting requirement consistent with other Board policies.
- Certain other non-material amendments to the elements of the Policy for better explanation and clarification of the purpose and intent of the Policy.

The proposed changes are more specifically shown on in **Exhibit “B”**.

## **Recommendation**

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

## **Attachments**

**Exhibit "A"** Resolution

**Exhibit "B"** Board Policy on Economic Development (redline)

**Exhibit "C"** Board Policy on Economic Development (clean)

**RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON ECONOMIC DEVELOPMENT**

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**WHEREAS**, the Board Policy on Economic Development (the "Policy") was originally approved by the Board of Trustees by Resolution No. 1356, dated March 29, 2017; and

**WHEREAS**, the Board has received the annual Staff report on compliance with the Policy; and

**WHEREAS**, the Board has reviewed the Policy and approves the changes to the Policy as recommended by Staff.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the Board hereby finds that the Authority has complied with the Policy for the period since the last annual review of the Policy, approves the annual report to the Board, and approves updates to the Policy, as recommended herein.

Dated: March 20, 2019

Board Policy: **Economic Development**  
Policy Type: **Operating Policies**  
Monitored by: **Finance and Audit Committee**  
Board Resolution: **#1356, approved March 29, 2017**  
**#[xxxx], amended March 20, 2019**



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## Board Policy on Economic Development

~~It is the policy of the Long Island Power Authority to Ppromoteing the economic growth and vitality of its service territory and the efficient use of utility \_plant and equipment by: †further the mission of the Long Island Power Authority (“LIPA”) to its customer owners and is consistent with LIPA’s enabling statutes. Therefore, LIPA will:~~

- ~~Assist in a~~Attractinging commercial customers to its service territory and helpinging such customers grow their businesses through by offering electric rates that are discounted below LIPA’s average cost of service ~~(and above LIPA’s marginal cost of serving new electric load or retaining existing load using facilities and investments that would otherwise be underutilized)<sup>1</sup>~~, without which rates such businesses would not locate in the service territory;
- Offering economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry, ~~and~~ in compliance with applicable law.

~~The Board of Trustees will monitor performance of this policy through an~~Chief Executive Officer or his or her designee will report annually to the Finance and Audit Committee of the Board of Trustees on efforts to attract and retain businesses to the service territory and comply with the provisions of the Economic Development Policy.

~~with respect to the review of the economic development rates and programs offered by LIPA and its Service Provider with an emphasis on:~~

~~Reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs;  
Monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs; and  
Monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices.~~

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<sup>1</sup> The discounted rates will be above LIPA’s marginal cost of serving new electric load or retaining existing load by using facilities and assets that would otherwise be underutilized.

Board Policy: **Economic Development**  
Policy Type: **Operating Policies**  
Monitored by: **Finance and Audit Committee**  
Board Resolution: **#1356, approved March 29, 2017**  
**#[xxxx], amended March 20, 2019**

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## **Board Policy on Economic Development**

It is the policy of the Long Island Power Authority to promote the economic growth and vitality of its service territory and the efficient use of utility plant and equipment by:

- Attracting commercial customers to its service territory and helping such customers grow their businesses through electric rates that are discounted below LIPA's average cost of service<sup>1</sup>, without which rates such businesses would not locate in the service territory;
- Offering economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry, in compliance with applicable law.

The Chief Executive Officer will report annually to the Finance and Audit Committee of the Board of Trustees on efforts to attract and retain businesses to the service territory and comply with the provisions of the Economic Development Policy.

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<sup>1</sup> The discounted rates will be above LIPA's marginal cost of serving new electric load or retaining existing load by using facilities and assets that would otherwise be underutilized.