



CEO Report

June 23, 2021

AGENDA

01 June Board Meeting Significant Items

02 COVID-19 Impact on Electricity Sales

03 Options Analysis Public Comments
and Next Steps

JUNE BOARD MEETING SIGNIFICANT ITEMS

FOR DISCUSSION

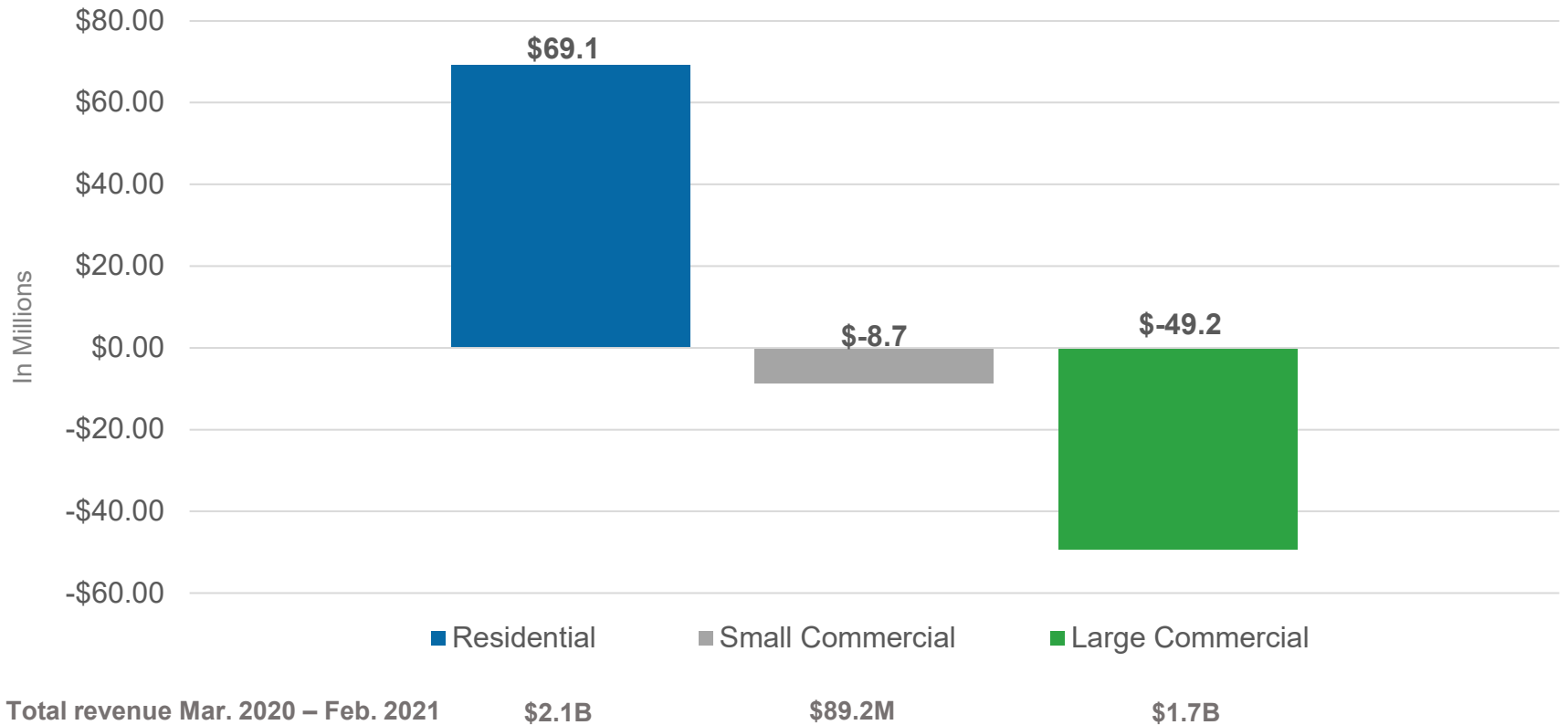
- Isaias Task Force Quarterly Report
- Update on T&D Capital Budget*
- Update to the Emergency Restoration Plan*
- Briefing on Integrated Resource Plan*
- Annual Energy Efficiency Report*

FOR APPROVAL

- Recommendations to Improve Work Management
- Implementation Plans for Affiliate Services
- Report on the Board Policy on Resource Planning and Clean Energy
- Report on the Board Policy on Customer Value and Affordability
- Report and Amendments on the Board Policy on Staffing and Employment*
- Board Policy on Asset Management
- Budget Amendment for Real Property Purchase
- Tariff Amendments for NYSERDA On-Bill Financing

COVID-19 UPDATE: ELECTRIC SALES REVENUE BY CUSTOMER CLASS

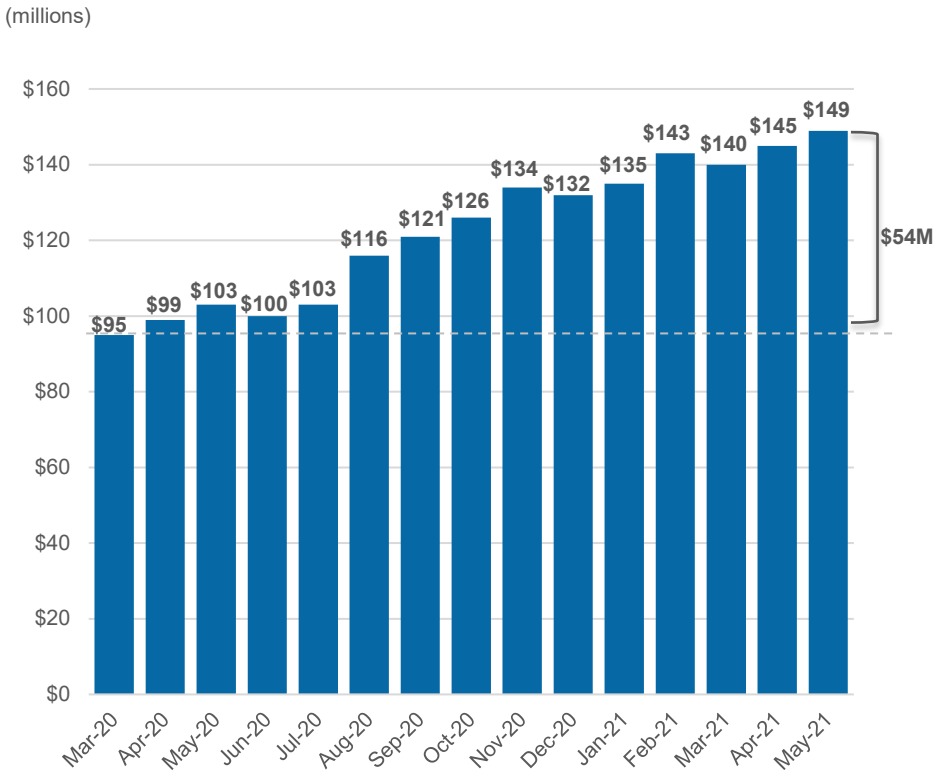
Budget vs. Booked Delivery Revenue March 2020 - May 2021:
Revenue Decoupling Balance due to/(from) by Customer Class



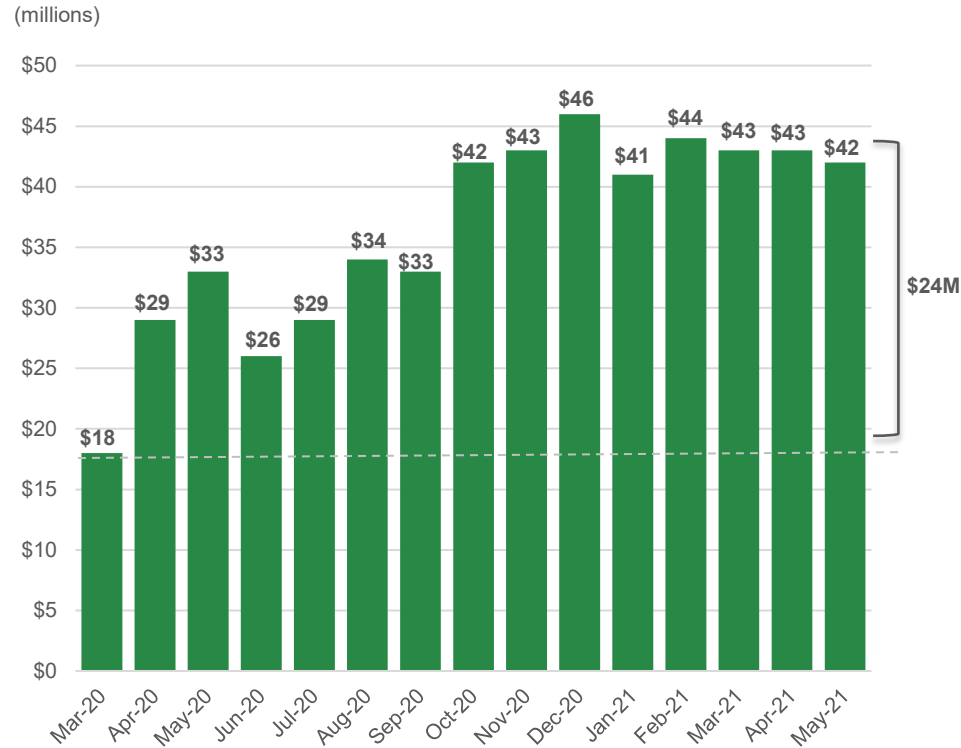
Revenue Decoupling balance from March 2020 to May 2021 changed by +\$11.2 million on sales of \$4.3 billion; includes weather-related effects on sales

COVID-19 UPDATE: CUSTOMER AMOUNTS DUE OVER 30 DAYS

Residential



Commercial

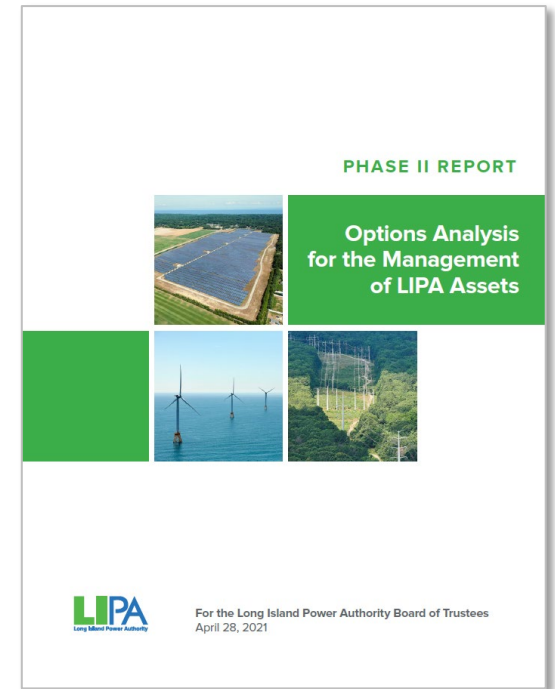


Amounts due from customers (> 30 days) have increased by \$78 million since March 2020 because of the pandemic-induced economic effects on households and businesses

OPTIONS ANALYSIS OVERVIEW

LIPA's Options Analysis Reports describe the alternatives to improve the future management of LIPA's assets

- In **November 2020**, the Board and the Department of Public Service (DPS) asked LIPA staff to evaluate either (i) **terminating** LIPA's contract with PSEG Long Island; or (ii) **renegotiating** that contract to alter PSEG Long Island's management structure and incentives to improve operational performance
- The **Phase II Options Analysis** report released on **April 28, 2021**, describes four alternatives for the future management of LIPA assets (i) privatization, (ii) renegotiated PSEG Long Island contract, (iii) management contract with new providers, (iv) municipalization
- LIPA last offer to PSEG Long Island was sent on **May 10, 2021**. LIPA's offer includes strengthened incentives, accountability mechanisms, and oversight
- LIPA Issued an RFI for Utility Management Services on **May 19, 2021**



[*Phase II Options Analysis*](#)

PUBLIC COMMENTS ON PHASE II OPTIONS ANALYSIS

- The LIPA Board heard from elected officials, stakeholders, and customers on the future management of LIPA's assets in **public comment sessions on May 19, May 25, and May 27, 2021**, and in written comments
- Video recordings of the hearings, transcriptions, and all written comments are available online at lipower.org
- Accompanying memo includes a summary of comments and links to all comments received to date



PUBLIC COMMENTS

Public comments primarily focused on two options. Supportive comments for these options are summarized in the table:

Options	May 19 Board Meeting	Testimony at Hearings	Comments Submitted Online
Option 1: Privatization	0	0	0
Option 2: Reset PSEG Long Island Relationship and Reform the Management Contract	0	1	4
Option 3: Replace PSEG Long Island with a New Service Provider to Improve Operations	0	0	0
Option 4: Bring Operations Under LIPA Management	6	27	107

SELECTED QUOTES FOR OPTION 2

PSEG Long Island has done good work – several speakers noted PSEG Long Island has done good work since 2014 and their employees are dedicated and care about the community.

- **Ross Burns** touted PSEG Long Island’s “outstanding job in both managing the power grid and engaging the community” and urged LIPA to consider all the factors when making this decision, concluding that “PSEG Long Island has handled storms better than any company in the past. The company should not be judged by a single mishap, but rather by the myriad other instances of outstanding performance.”
- **Aaron Binder**, a PSEG Long Island employee, said he is “proud to work for PSEG Long Island and ... proud of what the company has accomplished” in the last seven years including, “reduced wait times in its call center,” and noted that PSEG Long Island has been one of the “most improved utilities in the nation.”
- **William L. Doering** said “I cannot see how any other entity could do better unless they can guarantee that they are more capable and prove they have the equipment and employees to cope with storms like Isaias. I vote to leave PSEG Long Island intact and keep pushing to make them better as we experience unpredictable mother nature.”
- **George Rathbaum**, a PSEG Long Island customer, said he was “extremely happy with PSEG Long Island service, both operationally and customer service-wise.” George notes that PSEG Long Island employees are “incredibly dedicated” and does “not think we should end the relationship with PSEG Long Island over ... one stumble and fall.”

SELECTED QUOTES FOR OPTION 4

[The benefits of public power](#) – Many speakers referenced Long Island’s long history with various private providers and the benefits of public power as underscoring their support for Option 4.

- **Brookhaven Town Supervisor Ed Romaine** noted that he has advocated for a “full public utility” since 1985.
- **Lisa Tyson, Director of the Long Island Progressive Coalition**, cited that nationally, public utilities are “offering 13 percent cheaper rates and 46 percent shorter outage times than private utilities.”
- **New York State Assemblyman Fred W. Thiele** said, “Millions of customers across Long Island depend on LIPA to meet their energy needs. In 1986, when LIPA was created, the vision of its sponsors was the creation of a public power company to replace Long Island’s unaccountable, profit-driven, private utility (LILCO). It is imperative that we return to that vision. Long Islanders deserve a power company that is transparent and accountable directly to the ratepayers.”
- **Fred Harrison, a Merrick resident and volunteer with Food and Water Watch**, said, “The facts as presented by the staff in each of their updates options analysis point to the benefits of a nonprofit electric utility system. Those facts have been out there for five months. That’s five months and \$35 million in lost ratepayer savings.”
- **Michael Menser, Associate Director of the CUNY Science and Resilience Institute**, cited a report from the Smart Electric Power Association that shows numerous examples of municipal utilities providing better service and with better collaborations.

SELECTED QUOTES FOR OPTION 4

[A Public Entity is Critical to Long Island’s Renewable Energy Future](#) – Several speakers spoke about the importance of aggressively tackling renewable energy and that LIPA should be a leader in the implementation of state goals.

- **Alexander Dillon, a teacher from Cedarhurst**, cited the CLCPA as “one of the most compelling reasons for Option 4” noting that sustainability would be best produced *by a public entity, not a for-profit one*.
- **George Povall, representing All Our Energy**, noted that “in other places where they municipalized, they’ve been able to expand on renewable energy much easier” while noting that savings from municipalization can be redirected to clean energy, as well as rate relief and resiliency.
- **Martin Melkonian, an Economics Professor at Hofstra University**, noted the benefits of public power and fighting climate change. “We are facing a climate change catastrophe with continued use of fossil fuels. We need a rapid and accelerated move to greater conservation and cleaner alternative energy. We cannot leave the dramatic reduction of carbon to market forces alone. A public power company is far more likely to make the required investments to achieve a green Long Island.”

SELECTED QUOTES FOR OPTION 4

PSEG Long Island has not been a reliable partner – Many commenters noted that PSEG Long Island has not been forthright with LIPA and their performance is not showing progress under J.D. Power performance metrics.

- **Paul Merkelsen, a Port Washington resident**, noted PSEG’s performance as 143 out of 144 utilities and said, “This model doesn’t work... we have to really question whether privately-owned companies can deal with this.”
- **Peter Schlusser said**, “municipal utilities operate reliability, have high customer satisfaction ratings, and are well managed.” He continued “the failure is solely of PSEG's managerial failure, incompetence, lack of experience, or just not caring. The technology was not their problem, I assure you, the people management was.”
- **Jay Blackman** said, “After many months of public discussion concerning PSEG's mismanagement in the period following Tropical Storm Isais, they have proven to be unable to respond to the challenges of maintaining the electric grid that is necessary for our day-to-day lives.”
- **Ruth Cohen**, said, “PSEG lied about its preparedness for the tropical storm, its immediate response to the storm, and the number of upgrades it made after the storm... Time and time again in public meetings over the past few months, PSEG has continued to obfuscate the truth and avoid accountability. They have demonstrated themselves to be untrustworthy partners in managing our energy system with transparency and public oversight. PSEG can’t fix the problem because they are the problem.”

SELECTED QUOTES FOR OPTION 4

A Public Utility Should have a Revised Governance Structure – Several speakers said that while they support Option 4, they believe that there should be changes to how the Board is constituted.

- ***Harry Burger, a member of the Suffolk County Democratic Socialists of America (DSA) and Suffolk County Green Party***, called for an elected board to be chosen using ranked-choice voting.
- ***Patrick Robbins, a member of the New York City Energy Democracy Alliance***, called for “a democratic LIPA that is accountable to our communities” and proposed a direct election of members in various districts.
- ***Scott Carlin, a Hampton Bays resident and geographer at LIU Post***, proposed “the direct election of a new LIPA Board from ratepayers residing in separate districts within LIPA’s service area.”

LIPA Board Should Act Now – Several speakers noted that the Board should act now and stop delaying municipalization.

- ***John Carr, Margaret Maher, Sharon Pataky, Erin Molyneux, and others*** submitted a form letter urging the LIPA Board to “end the contract with PSEG and immediately begin the transition to a fully public power system on Long Island.”
- ***Sarika Kumar, a Jericho resident***, said, “urged the Board to act and that any further delay is “further time, money, and resources wasted on a utility model that is structurally unreliable.”

QUESTIONS?
