

**Name**

Thomas David

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**Your Comment****Replace LIPA with a True Municipal Electric Utility**

Those who know me well know I have long advocated for LIPA to be shut down and replaced with a regular municipal electric transmission and distribution utility. As far as I know there is no other municipal utility in the US, where the entire operation of the organization is contracted to a third party. And believe me, PSEG is not a model utility. I am now retired; however, I worked in the electric utility industry for about 50 years. Both in engineering and operations management for LILCO and as a loss control engineer and manager for the most prominent utility mutual insurance company in the world. I also had my own engineering consulting business for several years. I have reviewed and evaluated the operations and public safety operations programs of hundreds of electric utilities in the US, Canada and Europe.

There are three types of electric transmission and distribution utilities in the US:

- Investor-Owned utilities (IOUs) – private companies owned by their shareholders but almost always subject to oversight and rate approval by state public service commissions.
- Cooperative utilities (COOPs) - these utilities are owned by their ratepayers and governed by elected boards of governors. These are generally small and in rural areas. However, there are a few large COOPs. The Salt River Project in the Phoenix area, with over one million customers comes to mind. Lyndon Johnson, then a congressman, was essential in establishing the Rural Electrical Association (now the Rural Utilities Service) that provided low-cost loans to cooperatives so that they could provide electric service to rural areas.
- Municipal utilities (MUNIs) - These utilities are publicly owned; they often an internal organization of a government entity. MUNIs are sometimes under the wing of the local mayor or sometimes have their own elected board of directors. Many MUNIs, however are stand alone organizations. Because MUNIs are typically “state” entities, they are exempt from some burdens that IOUs are required to meet. They often are not subject to OSHA regulations, and they are not subject to oversight beyond their directors. I expect you know that LIPA is a MUNI.

I believe that, in general, MUNIs are not as efficient as IOUs, mainly because of the lack of incentives derived from the profit motive. I have also noticed that in MUNIs almost all employees are member of a collective bargaining unit. Think of school districts where the only non-bargaining unit employee may be the superintendent. There is little incentive to work hard when you are going to get the same raise everyone else. Nevertheless, considering the current situation, I am in favor of shutting down LIPA and establishing a new Long Island Municipal utility. One of the current problems is that LIPA it is not responsible to Long Island ratepayers or citizens. The LIPA board is

appointed by 3 men in a room in Albany. The governor, the speaker of the assembly and the leader of the state senate. Of the 3, not one is a Long Islander.

Our new utility should have a 7 or 9 -member board of directors directly elected from districts on Long Island. Director terms should be staggered for continuity purposes. We do not need another MTA where directors are appointed by state politicians. The decision to establish a new utility should be handled by a referendum. The purpose of the new utility should be to provide safe and reliable service at reasonable rates. I would welcome discussing this issue with LIPA board members or for that matter anyone.