

Name:

Peter J. Gollon

Comment:

After almost a year of painfully slow negotiations under CEO Tom Falcone's direction following the Hurricane Isaias blackout, PSEG finally agreed to a reformed contract that lets LIPA adequately supervise PSEG's operation of the electrical system that LIPA owns for the benefit of all Long Islanders.

The contract's good parts are that PSEG has greater financial incentives to perform well; LIPA has better tools to monitor PSEG; and most importantly, the contract lasts for "only" four years.

The bad part: It's still with PSEG.

As a LIPA Trustee I saw from the inside how inefficient, slow and costly it was to get PSEG to properly perform the most essential tasks; I don't need to enumerate them for you, or the contortions that LIPA had to go through to get them addressed. Simply put, PSEG's interests, mindset and competence diverge from LIPA's.

The revised contract now out for public comments. I expect that almost all of these comments will be critical of PSEG and the present outsourcing model, and will advocate for a "fully municipalized" system in which LIPA directly runs the system it owns. Some will suggest that you reject the painfully negotiated contract and attempt to start over in some unspecified or currently impossible fashion.

As many of you know, I fully agree with the benefits that would come with full municipalization.

Nevertheless, I urge you to direct that the proposed contract with PSEG be expeditiously signed by LIPA.

It is simply the best that can be done under the present constraints, and it's time to move on, with staff focus shifting from negotiating an improved contract to enforcing the many new terms in it. These terms, if adhered to by PSEG, will improve almost all aspects of the electrical service provided to LIPA's customers.

The legal and contractual structure under which LIPA currently operates can and should be thoughtfully considered by the Board, but such consideration should not delay making the best of what currently exists.

Thank you all for the care with which you exercise your authority. Try to ignore the loudest of the negative comments directed at you by those who, despite their good intentions, see only a portion of the overall situation.