



Hon. George Maragos
Nassau County Comptroller



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November 14, 2012

Hon. Andrew M. Cuomo
Governor
State of New York
NYS Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

Thank you for your leadership and assistance to Nassau County during our time of need. Superstorm Sandy will undoubtedly go down in history as one of the most destructive storms to hit the East Coast in recent memory marked by the loss of life and the extensive damage to property and to the local economy.

The fiscal impact to our local economy and to the County's finances has been significant. We estimate a loss of economic activity of up to \$1 billion and sales tax revenue losses to the County of approximately \$30 million. Other parts of New York State will suffer proportional losses which may grow much larger due to lost wages, profits and property damage.

For Long Island, and Nassau County in particular, the economic losses did not need to be as great. As you correctly highlighted during your numerous press conferences, the damage could have been mitigated if LIPA had been able to quickly restore power. It is inexcusable that after two weeks a substantial number of our residents and small businesses remain without heat and power. Many of our residents are expected to endure these conditions until Thanksgiving Day or longer. Many small businesses may not be able to reopen.

LIPA management was caught unprepared and incapable of marshaling the needed resources to respond effectively and restore power to its customers.

The Long Island economy is now hostage to LIPA's ineffectiveness. The entire economy of the region cannot continue to be at the mercy of LIPA. I respectfully submit the following recommendations to make LIPA the reliable and efficient energy company our residents deserve;

- 1. Install a top notch professional utility management team as soon as possible to take over LIPA.**
Your public statements correctly concluded that the source of the extended outages was LIPA's management and their lack of emergency preparation. The Long Island economy must never again suffer because of inept management at LIPA. The resignation of Chief Operating Officer Michael Hervey presents the immediate opportunity to completely revamp LIPA's Management with top notch utility professionals.

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2. **Require LIPA to go back and make temporary repairs permanent.** Utility professionals are aware that after Hurricane Irene temporary repairs were made to the infrastructure, and possibly again now after Superstorm Sandy, in order to get the power restored. LIPA must go back to make the repairs permanent so that the next storm is not likely to again bring major power outages to thousands of Long Islanders.
3. **Insource LIPA Operations.** LIPA currently outsources its transmission system operations and maintenance to National Grid, a European Company, and recently decided to continue outsourcing to New Jersey's PSE&G beginning in 2014. Transmission operation and maintenance are the core functions of a utility and must not be outsourced. The next time we have a regional disaster Long Islanders must not be second priority to New Jersey residents. LIPA must assume the operational responsibility of its system and be accountable to its customers in Suffolk and Nassau Counties.
4. **Deregulate the market for providing power on Long Island.** The best long term solution for reliable electricity and lower rates is a competitive marketplace. The LIPA monopoly on Long Island is a relic whose time has passed. Power sourcing is already competitive. Transmission companies should be allowed to compete with a proviso that new transmission entrants install underground cabling. I am confident this would provide Long Island more reliable service at lower rates which will be a boost to our local economy and create thousands of new jobs. Deregulation occurred in the Cable Television industry. It should happen in the power transmission industry.

I know that you are very committed to assisting Long Island. We cannot wait for the Moreland Commission investigation to begin repairing LIPA. I urge for immediate actions so the next major storm does not cripple our economy as Superstorm Sandy did. As Comptroller and a resident of Nassau County, my office looks forward to assisting in any way required to ensure the devastating consequences to our communities and to our economy never occur again due to LIPA's failures.

Sincerely yours,



George Maragos
Nassau County Comptroller

CC: Hon. Charles E. Schumer, United States Senator
Hon. Kirsten E. Gillibrand, United States Senator
Hon. Tim Bishop, United States Congressman, 1st District
Hon. Steve Israel, United States Congressman, 2nd District
Hon. Peter T. King, United States Congressman, 3rd District
Hon. Carolyn McCarthy, United States Congresswoman, 4th District
Hon. Dean G. Skelos, Majority Leader, New York State Senate
Hon. Sheldon Silver, Speaker, New York State Assembly