STATE OF NEW YORK

S. 7434 A. 9042

SENATE - ASSEMBLY

January 18, 2018

IN SENATE -- Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications

IN ASSEMBLY -- Introduced by M. of A. THIELE -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public authorities law and the public service law, in relation to enacting the "Long Island power authority rate reform act"

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Short title. This act shall be known and may be cited as the "Long Island power authority rate reform act".

§ 2. Subdivision (u) of section 1020-f of the public authorities law, as added by section 7 of part A of chapter 173 of the laws of 2013, and paragraph 2-a as added by chapter 471 of the laws of 2014, is amended to read as follows:

(u) Rate plans. Subject to subdivision six of section one thousand twenty-k of this title to fix rates and charges for the furnishing or rendition of gas or electric power or of any related service at the lowest level consistent with sound fiscal and operating practices of the authority and which provide for safe and adequate service. In implementing this power:

1. The authority and the service provider shall, on or before February first, two thousand fifteen, submit for review to the department of public service a three-year rate proposal for rates and charges to take effect on or after January first, two thousand sixteen.

2. The authority and the service provider shall thereafter submit for review to the department of public service any rate proposal that would increase the rates and charges and thus increase the aggregate revenues of the authority by more than two and one-half percent to be measured on an annual basis[~~; provided, however, that the authority may place such rates and charges into effect on an interim basis, subject to prospective rate adjustment; provided, further, that a final rate plan issued~~

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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~~by the authority that would not so increase such rates and charges shall not be subject to the requirements of paragraph four of this subdivision and shall be considered final for the purposes of review under article seventy-eight of the civil practice law and rules~~]. The authority and/or the service provider may otherwise submit for review to such department any rate proposal irrespective of its effect on revenues.

2-a. The authority and the service provider shall not submit any rate proposal that shall assess any fee, penalty or other charge of any kind for the voluntary termination of electric service to any residential customer for the purpose of utilizing alternative sources of electric generation in excess of that charged to customers who terminate their electric service for any other reason.

3. The authority shall not fix any final rates and charges proposed that would not be subject to review by the department of public service pursuant to paragraphs one and two of this subdivision until after holding public hearings thereon upon reasonable public notice, with at least one such hearing to be held **in** each [~~in the~~] county [~~of Suffolk and the county of Nassau~~] **within the service area upon at least thirty days notice to the public**.

4. Any recommendations associated with a rate proposal submitted pursuant to paragraphs one and two of this subdivision shall be provided by the department of public service to the board of the authority immediately upon their finalization by the department. [~~Unless the board of the authority makes a preliminary determination in its discretion that any particular recommendation is inconsistent with the authority's sound fiscal operating practices, any existing contractual or operating obligations, or the provision of safe and adequate service, the board shall implement such recommendations as part of its final rate plan and such final determination shall be deemed to satisfy the requirements of this subdivision and be considered final for the purposes of review under article seventy-eight of the civil practice law and rules. The board shall make any such preliminary determination of inconsistency within thirty days of receipt of such recommendations, with notice and the basis of such determination being provided to the department of public service, and contemporaneously posted on the websites of the authority and its service provider. The board shall thereafter, within thirty days of such posting and with due advance notice to the public, hold a public hearing with respect to its preliminary determination of inconsistency. At such hearing, the department of public service shall present the basis for its recommendations, the board shall present the basis for its determination of inconsistency and the service provider may present its position. The authority and the service provider may, during the time period before such public hearing reach agreement with the department on disputed issues. Within thirty days after such public hearing, the board of the authority shall announce its final determination and planned implementation with respect to any such recommendations. The authority's final determination of inconsistency shall be subject to any applicable judicial review proceeding, including review available under article seventy-eight of the civil practice law and rules~~] **The board shall not approve a final rate plan until it holds a public hearing in each county within the service area upon at least thirty days notice to the public. At such hearing, the department of public service shall present the basis for its recommendations. Within ninety days of the conclusion of the public hearing, the board shall render a final determination on the rate proposal. In making a final determination, the board shall protect the economic interests of its ratepayers and the service area. The board**

shall also consider the recommendations of the department and the criteria in paragraph (a) of subdivision three of section three-b of the public service law. The board shall not be authorized to approve any rate increase to offset revenue loss due to energy conservation efforts by consumers. Such final determination shall be considered final for the purposes of review under article seventy-eight of the civil practice law and rules.

§ 3. Paragraph (a) of subdivision 3 of section 3-b of the public service law, as amended by chapter 479 of the laws of 2017, is amended to read as follows:

(a) Review and make recommendations to the board of the Long Island power authority with respect to the rates and charges, including charges related to energy efficiency and renewable energy programs, to be established by the authority and become applicable on or after January first, two thousand sixteen pursuant to subdivision (u) of section one thousand twenty-f of the public authorities law.

(i) The purpose of such review is to make recommendations designed to ensure that the authority and the service provider provide safe and adequate transmission and distribution service at rates set at the lowest level consistent with sound fiscal operating practices.

(ii) The department's recommendations shall be designed to be consistent with ensuring that the revenue requirements related to such rate review are sufficient to satisfy the authority's obligations with respect to its bonds, notes and all other contracts.

(iii) In the context of such review, the department may make recommendations with regard to the compensation or fee structure included within the operations services agreement.

(iv) In undertaking such review and in making recommendations related to the proposed rates and charges, the department shall establish standards, policies and procedures that, at a minimum, provide for public statement and evidentiary hearings and participation of intervenors and other parties, and ensure that any final recommendations related to the proposed rates and charges are provided to the authority within two hundred forty days of the filing with the department of such plan.

(v) The parties to any such rate review proceeding shall include, but not be limited to, department staff, the authority, the service provider and[~~, to the extent it deems necessary or appropriate,~~] the utility intervention unit.

(vi) The department shall not recommend a rate increase to offset revenue loss due to energy conservation efforts by consumers.

§ 4. Severability. If any provision of this act or the application thereof shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this act, but shall be confined in its operation to the provision thereof directly involved in the controversy in which the judgment shall have been rendered.

§ 5. This act shall take effect immediately.