

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:

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

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

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

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

17 2. The authority and the service provider shall thereafter submit for
18 review to the department of public service any rate proposal that would
19 increase the rates and charges and thus increase the aggregate revenues
20 of the authority by more than two and one-half percent to be measured on
21 an annual basis[~~, provided, however, that the authority may place such~~
22 ~~rates and charges into effect on an interim basis, subject to prospec-~~
23 ~~tive 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.

LBD14133-01-8

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

7 2-a. The authority and the service provider shall not submit any rate
8 proposal that shall assess any fee, penalty or other charge of any kind
9 for the voluntary termination of electric service to any residential
10 customer for the purpose of utilizing alternative sources of electric
11 generation in excess of that charged to customers who terminate their
12 electric service for any other reason.

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

20 4. Any recommendations associated with a rate proposal submitted
21 pursuant to paragraphs one and two of this subdivision shall be provided
22 by the department of public service to the board of the authority imme-
23 diately upon their finalization by the department. ~~[Unless the board of~~
24 ~~the authority makes a preliminary determination in its discretion that~~
25 ~~any particular recommendation is inconsistent with the authority's sound~~
26 ~~fiscal operating practices, any existing contractual or operating obli-~~
27 ~~gations, or the provision of safe and adequate service, the board shall~~
28 ~~implement such recommendations as part of its final rate plan and such~~
29 ~~final determination shall be deemed to satisfy the requirements of this~~
30 ~~subdivision and be considered final for the purposes of review under~~
31 ~~article seventy-eight of the civil practice law and rules. The board~~
32 ~~shall make any such preliminary determination of inconsistency within~~
33 ~~thirty days of receipt of such recommendations, with notice and the~~
34 ~~basis of such determination being provided to the department of public~~
35 ~~service, and contemporaneously posted on the websites of the authority~~
36 ~~and its service provider. The board shall thereafter, within thirty days~~
37 ~~of such posting and with due advance notice to the public, hold a public~~
38 ~~hearing with respect to its preliminary determination of inconsistency.~~
39 ~~At such hearing, the department of public service shall present the~~
40 ~~basis for its recommendations, the board shall present the basis for its~~
41 ~~determination of inconsistency and the service provider may present its~~
42 ~~position. The authority and the service provider may, during the time~~
43 ~~period before such public hearing reach agreement with the department on~~
44 ~~disputed issues. Within thirty days after such public hearing, the board~~
45 ~~of the authority shall announce its final determination and planned~~
46 ~~implementation with respect to any such recommendations. The authority's~~
47 ~~final determination of inconsistency shall be subject to any applicable~~
48 ~~judicial review proceeding, including review available under article~~
49 ~~seventy-eight of the civil practice law and rules]~~ The board shall not
50 approve a final rate plan until it holds a public hearing in each county
51 within the service area upon at least thirty days notice to the public.
52 At such hearing, the department of public service shall present the
53 basis for its recommendations. Within ninety days of the conclusion of
54 the public hearing, the board shall render a final determination on the
55 rate proposal. In making a final determination, the board shall protect
56 the economic interests of its ratepayers and the service area. The board

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

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

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

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

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

25 (iii) In the context of such review, the department may make recommen-
26 dations with regard to the compensation or fee structure included within
27 the operations services agreement.

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

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

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

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

47 § 5. This act shall take effect immediately.