STATE OF NEW YORK

10510

IN ASSEMBLY

March 6, 2026

Introduced by M. of A. ROZIC -- read once and referred to the Committee on Energy

AN ACT to amend the public service law, in relation to prohibiting the recovery of certain labor-related legal costs from ratepayers

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

Section 1. Legislative findings and intent. The legislature finds that public utilities subject to the jurisdiction of the public service commission recover their costs through rates paid by customers pursuant to a cost-of-service regulatory framework. The legislature further finds that labor relations decisions, including litigation and dispute resolution strategies involving represented employees and labor organizations, are management decisions that should not be subsidized by ratepayers. It is therefore the intent of the legislature to clarify that costs incurred by utilities in labor-related legal disputes shall be borne by shareholders and shall not be recoverable from ratepayers, while preserving the authority of the public service commission to oversee rates, ensure system reliability, and protect the public interest.

§ 2. The public service law is amended by adding a new section 66-x to read as follows:

§ 66-x. Labor-related legal cost recovery prohibited. 1. Notwithstanding any other provision of law, no gas corporation, electric corporation, or combination gas and electric corporation shall recover from ratepayers, through rates, charges, surcharges, adjustment mechanisms, riders, or reconciliation mechanisms, any costs or expenses incurred in connection with labor-related legal activity.

2. For purposes of this subdivision, "labor-related legal activity" shall include, but not be limited to, legal fees, costs, settlements, judgments, awards, and disbursements arising from or related to:

(a) collective bargaining negotiations or disputes;

(b) grievances, arbitrations, or contract interpretation or enforcement proceedings with a labor organization;

(c) unfair labor practice proceedings or representation proceedings; or

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

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(d) litigation or administrative proceedings against, or initiated by, a labor organization representing the corporation's employees.

3. Notwithstanding any other provision of law, no gas corporation, electric corporation, or combination gas and electric corporation shall recover from ratepayers, through rates, charges, surcharges, adjustment mechanisms, riders, or reconciliation mechanisms any workers' compensation loss adjustment expenses.

4. All costs and expenses described in this subdivision shall be deemed per se imprudent for purposes of rate recovery and shall be borne by the shareholders of the corporation.

5. Nothing in this subdivision shall be construed to prohibit the recovery of costs associated with:

(a) proceedings required, initiated, or directed by the public service commission;

(b) compliance with state or federal regulatory requirements unrelated to labor relations;

(c) litigation involving customer service, consumer protection, personal injury, property damage, or third-party claims; or

(d) legal matters unrelated to the labor relations between the corporation and its employees.

6. The commission shall promulgate such rules and regulations as may be necessary to implement and administer the provisions of this section. Such rules and regulations shall, at a minimum, require gas corporations, electric corporations, and combination gas and electric corporations to separately identify and account for labor-related legal costs in all rate filings.

§ 3. This act shall take effect immediately and shall apply to all rate filings pending on or after such effective date.