

STATE OF NEW YORK

10667

IN SENATE

July 24, 2026

Introduced by Sen. COONEY -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the public service law, in relation to establishing a presumption that certain refunds received by public utility companies and municipalities shall be passed on to ratepayers

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

1 Section 1. Subdivision 2 of section 113 of the public service law, as
2 added by chapter 530 of the laws of 1977, is amended to read as follows:

3 2. (a) Whenever any public utility company or municipality, whose
4 rates are subject to the jurisdiction of the commission, shall receive
5 any refund of amounts charged and collected from it by any source, the
6 commission shall have power after a hearing, upon its own motion, upon
7 complaint or upon the application of such public utility company or
8 municipality, to determine [~~whether or not such refund should be passed~~
9 ~~on, in whole or in part, to the consumers of such public utility company~~
10 ~~or municipality and to order such public utility company or municipality~~
11 ~~to pass such refunds on to its consumers, in the manner and to the~~
12 ~~extent determined just and reasonable by the commission]~~ the portion of
13 such refund attributable to costs, taxes, fees, charges, or other
14 amounts previously recovered from ratepayers through rates, charges, or
15 other cost recovery mechanisms authorized or approved by the commission,
16 and to determine the just and reasonable disposition of any remaining
17 portion of such refund.

18 (b) There shall be a rebuttable presumption that the portion of a
19 refund determined pursuant to paragraph (a) of this subdivision to be
20 attributable to amounts previously recovered from ratepayers shall be
21 passed on to such ratepayers, less any costs permitted by the commission
22 pursuant to paragraph (f) of this subdivision.

23 (c) The commission shall order such public utility companies or muni-
24 icipalities to pass such portion of the refund on, to the extent practi-
25 cable, to the ratepayers who bore the costs giving rise to the refund.
26 Where distribution to such ratepayers is impracticable, the commission
27 shall direct such portion to the appropriate class or classes of rate-

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

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1 payers through a just and reasonable method of distribution. Such method
2 may include bill credits, direct refunds, reductions in future rates, or
3 another method that provides a direct and equitable benefit to affected
4 ratepayers.

5 (d) The presumption established pursuant to paragraph (b) of this
6 subdivision may be rebutted only upon a demonstration by the public
7 utility company or municipality, and a finding by the commission, that:

8 (i) direct distribution to affected ratepayers is impracticable and
9 such alternative disposition will provide such ratepayers with a reason-
10 ably equivalent or greater benefit; or

11 (ii) an alternative disposition is necessary to prevent imminent and
12 material impairment of the provision of safe and adequate utility
13 service. Any alternative disposition authorized pursuant to this subpar-
14 agraph shall be limited to the amount necessary to prevent such impair-
15 ment and shall be used solely for that purpose.

16 (e) No portion of a refund attributable to amounts previously recov-
17 ered from ratepayers shall be retained as earnings or profit or other-
18 wise used for the direct or indirect benefit of shareholders.

19 (f) Costs incurred by a public utility company or municipality to
20 identify, pursue, or obtain a refund shall not reduce the amount passed
21 on to ratepayers unless the public utility company or municipality
22 demonstrates, and the commission finds, that such costs were reasonable,
23 documented, prudently incurred, and directly necessary to obtain the
24 refund. The commission shall not permit the deduction of costs attribut-
25 able to a failure by the public utility company or municipality to main-
26 tain adequate internal controls, exercise reasonable care, or comply
27 with applicable legal, accounting, or regulatory requirements.

28 (g) Any order authorizing an alternative disposition pursuant to para-
29 graph (d) of this subdivision or permitting the deduction of costs
30 pursuant to paragraph (f) of this subdivision shall set forth specific
31 findings identifying the amount and source of the refund, the portion
32 attributable to amounts previously recovered from ratepayers, any costs
33 permitted to be deducted, the method by which affected ratepayers will
34 receive the benefit of the refund, and the reasons for any departure
35 from the presumption established pursuant to paragraph (b) of this
36 subdivision.

37 (h) Where a municipality is required to make payment of a refund
38 subject to this subdivision, the commission may, upon application by the
39 municipality and upon a finding that immediate payment would impose an
40 undue fiscal hardship or require an unbudgeted expenditure that would
41 materially impair the municipality's fiscal stability or ability to
42 provide essential governmental services, authorize such municipality to
43 satisfy its refund obligation pursuant to a payment schedule not to
44 exceed two years. In approving any such payment schedule, the commission
45 shall consider the interests of affected ratepayers, the municipality's
46 financial condition, and the need to ensure timely payment of the
47 refund. Any order issued pursuant to this paragraph shall establish the
48 amount and timing of installment payments and may include such terms and
49 conditions as the commission deems just and reasonable.

50 § 2. This act shall take effect immediately.