STATE OF NEW YORK

8530

2025-2026 Regular Sessions

IN SENATE

October 15, 2025

Introduced by Sen. MATTERA -- 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 enacting the utility transparency and fair billing protection 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 "utility transparency and fair billing protection act".

§ 2. Legislative findings and intent. The legislature finds that misclassification of utility rates is a significant issue that affects consumers, especially the elderly, low-income households, and those undergoing major home upgrades.

The legislature further finds that utility companies have the ability to proactively monitor and correct billing errors, but have failed to do so in many cases, leading to unnecessary financial burdens on consumers.

It is the intent of the legislature to ensure that utility companies should bear the responsibility for maintaining accurate billing systems and making timely corrections when billing errors occur, rather than placing the burden on consumers to monitor their own bills for potential errors.

This proposed legislation aims to prevent consumers from being overcharged due to misclassified utility rates by mandating proactive account reviews, automatic adjustments, and ensuring clear communication between utilities and customers. It also ensures that consumers can easily access refunds for overcharges, regardless of whether they actively reported the issue, and improves transparency and fairness in utility billing practices. By enacting these protections, the law seeks to hold utilities accountable while safeguarding the financial well-being of consumers.

§ 3. The public service law is amended by adding a new article 3 to read as follows:

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

LBD13864-01-5

ARTICLE 3
UTILITY TRANSPARENCY AND FAIR BILLING PROTECTION

Section 60. Utility obligations to monitor billing classifications.
60-a. Consumer protections and refunds.
60-b. Utility reporting and oversight.
60-c. Consumer notification.
60-d. Enforcement and penalties.
60-e. Rules and regulations.

§ 60. Utility obligations to monitor billing classifications. 1. Proactive account review. (a) All utility companies shall implement a proactive, automated review system that identifies discrepancies in rate classifications, particularly for customers who have increased usage or changed their service needs.

(b) Such system shall automatically flag accounts where usage spikes suggest a possible misclassification, including but not limited to, a shift from an appliance rate to a heating rate.

(c) Utilities shall send quarterly notifications to customers informing them of any discrepancies found and offering the option to review their rate classification.

2. Automatic adjustment for misclassified accounts. (a) If an account is found to be misclassified, the utility shall automatically adjust the billing rate to the correct rate code within thirty days of such finding and retroactively apply the correct rate for the past twelve months without requiring customer action.

(b) Where an account has been found to be misclassified as described in paragraph (a) of this subdivision, the utility shall notify the customer of the adjustment and provide a clear explanation of how the corrected rate affects their billing.

3. Timely and transparent billing. (a) Every utility company shall ensure that all bills clearly indicate the rate code applied, the specific tariff classification, and the reasons for any significant changes in the rate.

(b) Every utility company shall give its customers access to an online portal or easy-to-read summary to track their rate classification and any history of rate changes.

§ 60-a. Consumer protections and refunds. 1. Retroactive refunds. (a) A customer who has been billed at an incorrect rate is entitled to retroactive refunds for up to six years, even if they did not directly notify the utility company about the change in their service.

(b) A utility company required to pay a refund pursuant to paragraph (a) of this subdivision shall provide such refund as either a lump sum payment or credit on future bills, depending on the customer's preference.

2. No refund cap. No utility company shall limit a refund required to be paid pursuant to this section to a set amount based on the perceived financial burden of issuing refunds for misclassified accounts.

3. Transparency in refund policies. Every utility company shall clearly disclose their refund and billing error policies to customers at the time of sign-up and annually thereafter, including the process for requesting a review of incorrect rate classifications.

4. Consumer awareness and education. (a) Every utility company shall provide educational materials to customers at the time of account setup and annually thereafter, explaining the importance of correct rate classifications and how to identify billing errors.

(b) Such educational material shall explain how customers can notify the utility of service changes and what documentation is needed to ensure the rate classification is updated correctly.

§ 60-b. Utility reporting and oversight. 1. Annual rate review report. (a) Every utility company shall submit an annual report to the department detailing:

(i) the number of accounts reviewed for misclassified rates;

(ii) the number of rate adjustments made, including the amount of refunds issued; and

(iii) the number of customer complaints and how they were resolved.

(b) The department shall publish the reports received pursuant to paragraph (a) of this subdivision on its public website.

2. Regulatory oversight. (a) The department shall regularly review utility compliance with the provisions of this article. The department shall conduct random audits to ensure utility companies are properly monitoring and correcting misclassified accounts.

(b) If a utility company is found to be in violation of the provisions of this article, the department may impose financial penalties and/or require corrective action, including but not limited to, compensating customers for overcharges.

§ 60-c. Consumer notification. 1. Notification requirements. (a) A utility company shall send a written notice to the customer alerting them to a potential misclassification and offering assistance in reviewing the rate within thirty days when such customer's usage increases substantially.

(b) If a rate adjustment is made due to a change in usage, the utility company shall also send a written explanation detailing the new rate classification and the impact on the customer's billing.

2. Special protections for vulnerable populations. Every utility company shall provide the notifications required pursuant to subdivision one of this section within fifteen days where the applicable customer is a low-income household, senior citizen, military veteran or a customer enrolled in an energy assistance program. Such notifications shall meet all of the requirements of this subdivision and shall additionally include a direct contact phone number for such customers to resolve issues separate from the contact information provided to customers not covered by the provisions of this subdivision.

§ 60-d. Enforcement and penalties. 1. Penalties for non-compliance. (a) If a utility company fails to comply with the proactive review or refund requirements pursuant to sections sixty and sixty-a of this article, the department may fine such utility company up to five hundred thousand dollars per violation.

(b) Where a utility company has previously been found to be in violation of sections sixty or sixty-a of this article pursuant to paragraph (a) of this subdivision the department may take additional actions, including temporary suspension of rate increases, increased fines or other corrective actions as determined by the department.

2. Consumer redress mechanism. (a) Customers who believe they were misclassified but cannot resolve the issue with the utility may file a complaint with the department, which shall have sixty days to resolve the issue on behalf of the customer.

(b) Where the department is unable to resolve an issue on behalf of a utility company customer pursuant to paragraph (a) of this subdivision, such customer may file an action against the utility company in any court of competent jurisdiction for damages, including any overcharges and legal fees.

§ 60-e. Rules and regulations. The commissioner shall promulgate all rules and regulations necessary for the implementation of this article.

§ 4. This act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.