



NEW YORK STATE SENATOR

Lea Webb

## NY Legislators Call Upon New York State Public Service Commission to Protect Consumers Against Exorbitant Rate Increases Proposed by NYSEG and RG&E and Address Rampant Billing Issues Impacting Customers Across Upstate New York

LEA WEBB April 12, 2023

| ISSUE: **UPSTATE NEW YORK, HIGH ENERGY COSTS**



**ALBANY, NY** - Today, New York Legislators called upon the NYS Public Service Commission (PSC) and Governor Hochul to protect consumers against exorbitant rate hikes proposed by utility companies NYSEG and RG&E and rampant billing issues impacting customers of both companies. Legislators urged the PSC to conduct a full investigation of the management and

administrative competencies of the Companies to restore public confidence and ensure that hard-earned ratepayer dollars are being prudently spent.

**Said Senator Lea Webb,** “Families across Upstate New York are struggling to pay high utility bills and cannot afford a double-digit rate hike, especially when these increases will be passed along disproportionately to low-income and marginalized residents in our communities. In my office, we are constantly hearing stories from constituents about incorrect bills, late bills, and multiple months of bills arriving in their mailboxes in staggering amounts. We are calling on the PSC and the Governor to help and protect rate-payers from these unfair practices.”

**Said Assemblymember Anna Kelles,** “My office, along with the offices of other legislators within NYSEG’s service area, has received hundreds of calls and emails from constituents in a panic over the energy bills they have been receiving. Inaccuracy and overcharging in billing are not harmless, and have caused serious financial distress to consumers. NYSEG establishing concrete measures to accurately charge their customers should preclude any consideration by the Public Service Commission to allow them a double-digit rate increase. When we deliberate on a rate case we must consider all factors, including corporate decisions in previous years for allocation of ratepayer money to maintenance programs, operating expenses, and staffing, versus corporate and owner profits.”

The Department of Public Service (DPS) Office of Consumer Services is currently investigating these monopoly utilities for billing errors. The Companies’ own President has called the billing problems a “storm,” that despite the Companies’ claims of progress, shows no signs of abating. Further, legislators believe the recurring transparency issues and other errors that DPS staff testified to when reviewing the rate filings signal deeper administrative concerns within the Companies that must be addressed before rate increases are granted.

When NYSEG and RG&E filed their proposed rate hikes in May 2022, (NYSEG 34.9% electric, 14.9% gas; RG&E 21% electric, 18.8% gas) Governor Hochul called the rate hike requests “outrageous and unacceptable” and urged the Department of Public Service (DPS) to “scrutinize every number and word of this proposal to protect New York families from unjustified and unfair rate increases.”

State regulations governing rate proceedings (16 NYCRR §61) require the Companies to provide “competent testimony” with detailed financial justification that is “neither speculative or conjectural” to support their rate requests. Further, as argued by the Public Utility Law Project (PULP), AARP et. al. in their motion to dismiss, providing the information later during confidential settlement negotiations should not substitute for providing a proper filing to begin with, and allowing this deficient rate filing to proceed lowers the bar on transparency for all subsequent rate filings.

Additionally, as noted above, the NYS Public Service Commission has ordered an expanded investigation of the billing practices of NYSEG and RG&E because the number of consumer complaints skyrocketed to more than 4,700 in 2022, which is 60% more than the two previous years combined.

In their letter, legislators noted that even absent the billing problems, a double-digit rate increase now, as New Yorkers are struggling under the burdens of inflation and increased housing costs, is unconscionable and should be denied.

For the foregoing reasons, they urged the PSC to deny the double-digit rate increases proposed by NYSEG and RG&E and address the management and administrative competencies of the Companies to restore public confidence and to ensure standards for rate filings are upheld and that hard-earned ratepayer dollars are being prudently spent.

In the alternative, if the Commission does not deny the filed cases for the Companies' failure to uphold its burdens of proof and persuasion in the rate cases, and instead approves some increases to the Companies' rates, they are requesting that the Commission take heed of the thousands of complaints by NYSEG and RG&E customers whose bills have been egregiously mishandled causing significant financial harms, and grant only an "austerity" rate for the Companies that will limit them to only performing the core duties required of them under the Public Service Law, and will temporarily prohibit stock options, executive salary increases, increases in shareholder dividends, and other actions that would reasonably give rise to higher rates that customers must pay.

Citing the relatively new leadership at the helm of NYSEG and RG&E that took over after the rate case was filed and after the changes in billing software were underway, the legislators expressed their hope that the new leadership will address the egregious missteps by NYSEG and RG&E and help stabilize our electric grid for New York ratepayers, ensuring reliable and affordable service.

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