



NEW YORK STATE SENATOR

George D. Maziarz

## Sen. Maziarz Has Harsh Words for NYPA'S Electric Rate Increase

GEORGE D. MAZIARZ March 19, 2009

Senator George Maziarz offered testimony to NYPA officials today in strong opposition to proposed rate increases for electric utility customers across Upstate New York. The hearing, held at the New York Power Authority office in Albany, presented Senator Maziarz with an opportunity to stand up for rate payers who would be hurt by NYPA's decision. Below are Senator Maziarz' remarks. To watch the video on YouTube, [click here](#).

Testimony from State Senator George Maziarz, March 19, 2009

"Good morning. I am State Senator George Maziarz and I welcome this opportunity to testify today regarding the proposed increase in hydroelectric preference power rates.

"I have a lot to say today and I do not think the Power Authority is going to like it.....but I hope you listen carefully and consider charting a different course...a course of accountability, responsibility, and transparency—especially regarding those communities that are directly impacted by NYPA.

"So, first let me express my disappointment that you chose to host a single hearing to debate whether or not to raise electric rates on beleaguered Upstate homeowners, and you hold this one hearing at 11:00 a.m. in the middle of the week in Albany, more than 302 miles from Western New York. And if my constituents were to look on your website, they would have

absolutely no idea that this important hearing was even taking place.

"Shame on you for trying to hide from those people who will be directly impacted by your decision. You should immediately schedule a public hearing in Western New York, preferably in Niagara County, home of the Niagara Power Project, and also a hearing in the North Country. After all, this is supposed to be Sunshine Week in state government when we celebrate public transparency.....well, I think it would be a lot sunnier with a few more public hearings.

"Next, as I read through the rationale for this increase in the 2009 Preliminary Staff Report, I became incensed. NYPA references cost drivers responsible for the increase, and Number One on the list is relicensing expenditures at Niagara and St. Lawrence.

"During the relicensing process our communities were repeatedly told that we should not expect too much and we should not be greedy. We needed to be reasonable because if NYPA gave us too much, then they would have to increase rates.... and that would be bad for everyone. NYPA repeatedly said they had allocated a set amount of dollars for relicensing that would keep it rate neutral and we had to stay within that.

"So, we did. And now here we are today. Clearly, NYPA lied to the host communities in Niagara and St. Lawrence. Or you are being less than truthful now.

"Now, I've been around a long time so I'm confident NYPA will produce a bunch of charts, statistics, and legal mumbo jumbo to explain how this is all fair and makes sense.

"Well, before you go into full spin mode, let me raise a couple of other points. NYPA Chief Richie Kessel was quoted as saying the \$750 million sweep that the State took from NYPA – again mainly from Niagara and St. Lawrence – was OK because the state really needed the money. Kessel said that NYPA was more than able to handle this and it wouldn't impact

their finances.

"In Mr. Kessel's own published report to employees, he boasts how NYPA's financial performance was better than the target. So, all of this is good news, unless you're a National Grid, NYSEG, or RG&E customer who gets to now pay higher electric rates in the midst of a terrible recession so NYPA can continue to be so generous to the state.

"So, within days of NYPA handing off \$750 million to the state, it asks for a rate increase on Upstate electric users. Explain that to me. Explain that to Upstate families. Justify your Reverse Robin Hood tactics that hammer the poorest sections of this state in the form of increased electric rates to fund state government. I don't expect you to answer.

"And while you're boasting of all your amazing stewardship of NYPA, I ask you to explain – to come clean right now – on NYPA's overly generous variable pay scheme.

"I mean, we've all read about Attorney General Cuomo hammering AIG on handing out bonuses, given that company's downfall. Yet NYPA, as a public authority in a state that has huge deficits, actually has had its own bonus program called "variable pay."

"It's my understanding these are SUPPOSED to be merit bonuses based on performance, yet 2/3 or more of employees get these bonuses. And what defines performance? After all, you're here asking taxpayers to fork over more of their paychecks to you. Given that little fact, I think you've got a lot of nerve paying bonuses.

"And again, if this isn't insulting enough to the people of Upstate—the people whose electric rates you are about to increase—in what really is nothing more than a hidden tax, then let me bring up one more topic....

"Over the last few years, we have had a couple of major economic development projects in the pipeline for WNY that required a significant NYPA allocation and NYPA cried they couldn't come up with the power thus killing the deals and the jobs that go with them.

"There are dozens, but I'll mention Wacker Chemie and more recently the Huntley Power Plant where NYPA really turned its back on Western New York on a project that had given people great hope.

"And yet, you have the audacity to steal power from St. Lawrence, and to a lesser extent Niagara, and send it down to the Brookhaven Lab on Long Island? To a federal government facility? You can't do our projects, but you magically find power to give to Mr. Kessel's Long Island friends? Disgraceful.

"I called you liars to begin with and now I will call you thieves, robbing Upstate in the middle of the night to make yourselves the heroes of the Paterson Administration and Long Island.

"You would think that since NYPA revenues are driven by the Niagara and St. Lawrence Projects our communities would have some advocates on the NYPA board watching out for our interests. I commend Eugene Nicandri from the North Country who has been a lone voice in pointing out some of what I have raised here today.

"But Western New York's two representatives have been enablers of these misdeeds and quite frankly should immediately resign since they voted for the sweep, voted for the theft of our power, and voted in support of these rate increases on Upstate utility customers—the very people they are supposed to represent.

"Pat Curley and Elise Cusack, you have failed us.

"I call on NYPA to reject this electric rate increase – again, really this hidden tax – on Upstate electricity customers. And I call on Governor Paterson to take a look at how Upstate is having its natural resources pillaged to the benefit of other regions of the state while our economy withers on the vine.

"We've been lied to. We've been cheated. And we've had enough."