



NEW YORK STATE SENATOR

Jack M. Martins

Senate Passes Bill to Provide More Oversight of LIPA Rate Hikes

JACK M. MARTINS April 4, 2011

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The New York State Senate today passed legislation (S.2581) to increase accountability and reduce unregulated rate increases by the Long Island Power Authority. The bill, sponsored by Senator Kenneth P. LaValle and co-sponsored by Senator Jack M. Martins addresses costly rate hikes of more than 30 percent since 2001 by requiring state Public Service Commission notification and review of certain rate increases of more than 2.5 percent.

“LIPA has raised its rates seven times since 2001. If LIPA wants to raise its rates more than 2.5 percent within a year’s time, they should have to explain the reason. The end result will be a greater oversight, which will benefit our residents and business owners,” said Senator Martins.

“Long Islanders pay among the highest utility rates in the country,” Senator LaValle said. “Accountability and transparency are critically important to protect ratepayers.”

LIPA has been justifying recent significant rate increases by including costs within its fuel surcharge – a step that is not part of the industry standard and which the PSC would not have permitted other utilities to do. The fuel cost hikes have resulted in a 10-year increase of more than 34 percent.

“LIPA’s runaway rate increases are hurting Long Island’s families and businesses,” Senate Majority Leader Dean Skelos said. “Given recent information about LIPA customer overcharges and rate hikes hidden in fuel costs, it is important that we act to provide more oversight to ensure that customers are protected and being treated fairly.”

The bill increases accountability by requiring LIPA and its subsidiaries to notify the PSC prior to implementing an increase in average customer rates exceeding 2.5 percent over a 12-month period. Those hikes, as well as extensions or reestablishment of any portion of a temporary rate increase over 2.5 percent would also be subject to a PSC hearing and approval.

In addition to the legislation passed today, Senator George Maziarz and Senator Charles J. Fuschillo, Jr. be holding a hearing on April 7, 2011, exploring ways to improve oversight of LIPA and ensure that it is accountable to ratepayers. The hearing starts at 10:30 a.m. at Farmingdale State College, 2350 Broadhollow Road, Lupton Hall, IRTT Room T101 in Farmingdale. The Senators will examine LIPA’s handling of overcharges totaling \$367 million and explore what further measures are needed to improve LIPA’s accountability to its ratepayers, among other issues.

The bill has been sent to the Assembly.