



NEW YORK STATE SENATOR

Dean G. Skelos

Senate Passes Bill to Provide More Oversight of Lipa Rate Hikes

DEAN G. SKELOS April 4, 2011

Measure Would Require Greater Scrutiny of Cost Increases to Customers

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 (R-C-I, Port Jefferson), 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.

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

“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.”

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 ten-year increase of more than 34 percent.

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 (R-C, Newfane) and Senator Charles J. Fuschillo, Jr. (R, Merrick) will 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.

Senator Fuschillo, a member of the Senate's Energy Committee, said, "LIPA customers are tired of paying some of the highest utility rates in the country; they want to know that LIPA is being held accountable for the way it spends ratepayer dollars. LIPA's two recent overcharges, which led to ratepayers being overcharged by a combined \$367 million, are just one of many examples why Long Islanders want greater oversight of LIPA. Our hearing will

explore ways to give ratepayers better oversight, increased accountability, and greater transparency of LIPA, all of which are sorely needed. Senator LaValle's legislation is a great step forward which will better protect LIPA ratepayers. I am pleased that it has been passed by the Senate."

Senator Maziarz, Chairman of the Senate Committee on Energy and Telecommunications, said, "Ratepayers on Long Island have been burdened by rate hikes totaling 34 percent since 2001. This in combination with recent revelations that Long Island Power authority overcharged consumers by \$367 million dollars demonstrates that there is a clear need for the Public Service Commission to provide oversight of LIPA's activities. This bill will ensure that any rate increase over 2.5 percent on average over a twelve month period must be reviewed by the Public Service Commission. The issues that this bill seeks to address are exactly why I am holding a Public Hearing this week to investigate LIPA's activities. The passage of this legislation will help to restore accountability and transparency to the operations of the Long Island Power authority and I congratulate Senator LaValle on his efforts."

The bill has been sent to the Assembly.