



NEW YORK STATE SENATOR

Timothy M. Kennedy

With Electricity Bills Soaring, Senator Kennedy Pushes for Independent Watchdog to Protect Western New York Utility Consumers

TIMOTHY M. KENNEDY March 8, 2014

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Residential utility customers in New York pay some of the highest electricity rates in the nation – over 50 percent higher than the national average.

Kennedy pushes legislation that will ensure homeowners and small businesses have a strong voice and forceful advocate fighting for them during rate-setting proceedings.

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CHEEKTOWAGA, N.Y. – With electricity bills soaring in Western New York and across the state, Senator Tim Kennedy launched a new push for legislation that will help combat rising utility costs for homeowners and small businesses. Kennedy is demanding Albany take action on a proposed bill that would establish an independent watchdog, called the Utility Consumer Advocate, which would fight on behalf of utility customers during rate-setting and regulatory proceedings. This legislation – which Kennedy is cosponsoring in the Senate – will give families, seniors and small businesses the strong voice and forceful advocate they need to keep utility costs in check and fight for lower rates.

In New York State, residential utility customers pay some of the highest electricity rates in the nation. According to the U.S. Energy Information Administration, residential customers in New York State paid an average price of 18.24 cents per kilowatt-hour for their electricity in December 2013 – which is about 56 percent higher than the national average. In recent months, electricity bills have spiked even higher for residential and commercial ratepayers. Many families and senior citizens are struggling with the rising costs, and Senator Kennedy is pushing for this legislation to help protect consumers from reckless and unnecessary increases in charges for electricity, gas and other utilities.

“Western New York families and small businesses are struggling under the burden of high-cost utility bills with New York State home to some of the highest electricity rates in the nation. After this unbearably cold winter made matters even worse, it has become urgent for our state to take action to combat soaring utility costs,” said **Senator Tim Kennedy**. “As electricity bills surge ever higher, New York State needs a Utility Consumer Advocate fighting hard every day to protect the interests of working families, senior citizens and small businesses. This independent watchdog will be the strong advocate Western New York consumers need on their side when large utility providers push state and federal regulatory agencies to endorse rate hikes and unfavorable service changes.”

The legislation establishes the independent state Office of the Utility Consumer Advocate, which will fight on behalf of New York families and small businesses to limit or lower utility rates and defend needed services in state or federal proceedings.

In addition to seeking to restrict rate hikes, the Utility Consumer Advocate will also stand up for customers when utility companies or the state attempt to change or eliminate services that ratepayers rely on. This independent agent will voice concerns for local ratepayers when utility companies fail them – or wrongfully put profits ahead of reliable, affordable services. The Utility Consumer Advocate will exercise independent judgment to ensure New Yorkers have uninterrupted and universal access to reliable services at fair prices. The office will monitor customer complaints and grievances, and will have the authority to independently investigate utilities' rates and services. It's expected this office will also have the power to fight against proposals to make all statewide customers cover the costs of projects that only benefit specific regions.

Don Hoffman, owner of Airport Plaza Jewelers and an incensed utility customer, said, "This is a spectacular idea and long overdue. It's important to have someone other than the utility company deciding what's best and what's fair for utility customers – and the PSC is sorely lacking in that department. I wholeheartedly support Senator Kennedy's efforts on behalf of tax-paying utility customers in Western New York."

Over 40 states already have an independent state authority that protects the interests of individual utility consumers. The track records for other states prove this to be an extremely effective, cost-saving investment. In California, the state's Office of Ratepayer Advocates helped save utility customers over \$4 billion in rate increases averted. Estimates show that every \$1 invested in the Ratepayer Advocates' office saves the average California customer approximately \$153 each year. In Connecticut, ratepayers saw savings of \$730 million in 2012 after the state invested \$3 million in a strong consumer advocate, a 243 to 1 return on

investment. Illinois utility customers saved more than \$300 million in 2011 on a consumer-advocacy budget of \$2.6 million – which equates to \$115 in savings for every \$1 invested. Pennsylvania’s consumer advocate has delivered a 98 to 1 return on investment.

In a report released by AARP in January, titled “[David v. Goliath: Why consumers are losing New York’s utility game](#),” the organization outlined the problems facing New Yorkers due to our lack of an independent Utility Consumer Advocate. They demonstrate the unfair burden placed upon residential consumers in New York, compared to rates in other states. They outline details of customers paying the costs of lawyers and experts to advocate for higher rates on behalf utility companies before the Public Service Commission. Essentially, AARP argues that customers are paying for the legal bills of the utility companies seeking to raise their rates, while at the same time, customers lack representation in PSC proceedings.

The Utility Consumer Advocate will be appointed by the Governor, and will be the subject of scrutiny and confirmation by the Senate. They will serve a six-year term to ensure the advocate has the necessary independence to carry out their mission on behalf of ratepayers. There will be strong protections in place to ensure the Utility Consumer Advocate operates independent of political pressure and cannot be removed from office for any reason outside of a demonstrated failure to fulfill their duties to utility customers in New York.

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Senator Timothy M. Kennedy represents the New York State Senate’s 63rd District, which is comprised of the towns of Cheektowaga, the city of Lackawanna and nearly all of the city of Buffalo. More information is available at <http://kennedy.nysenate.gov>.