



NEW YORK STATE SENATOR

Jack M. Martins

Senator Martins: Governor Must Help Reverse Decisions Allowing Pseg-Long Island to Collect Unnecessary Taxes From Overburdened Ratepayers

JACK M. MARTINS March 28, 2014

| ISSUE: **ENERGY**

Senator Jack M. Martins (R-Mineola) is calling on Governor Andrew Cuomo to help reverse rules which allow the Long Island Power Authority (LIPA) and PSEG-Long Island to collect over \$32 million in unnecessary taxes and fees from overburdened Long Island ratepayers.

“LIPA and PSEG-Long Island are charging Long Island ratepayers over \$32 million a year for taxes and fees that they no longer have to pay. This back door rate increase is completely ridiculous and flies in the face of last year’s LIPA reform act. Governor Cuomo joined us in standing up for Long Islanders when he signed that law which committed to freezing base rates and increasing transparency. He did the right thing then, and he should do the right thing now by making every effort to get this unfair policy reversed,” said Senator Martins.

The LIPA reform act was signed in July 2013. The law completely restructured the failed LIPA management structure and provided for a base rate freeze through 2015. It also provided for new state oversight by a new Long Island-based branch of the State’s Department of Public Service (DPS-LI) to help increase transparency and accountability. PSEG-Long Island operates Long Island’s electric system under contract to LIPA.

As part of the 2013 LIPA reform act, LIPA was exempted from paying a state utility tax which cost Long Island ratepayers approximately \$26 million a year. A recent Newsday report noted that LIPA changed its ratemaking rules to allow PSEG-Long Island to continue collecting the same amount from ratepayers, even though it no longer has to pay the tax. LIPA is also allowing PSEG-Long Island to continue collecting a separate \$6.9 million a year charge that was previously used to pay a state assessment charge. That debt was paid off last year. What remains unclear is whether these charges were allowed or recommended by DPS-LI which is responsible for reviewing and overseeing LIPA/PSEG-Long Island's rates and consumer protections for Long Islanders.

“Long Islanders already pay among the nation's highest utility costs; they shouldn't have their pockets picked by back office bureaucratic sleight of hand,” Senator Martins added.