



NEW YORK STATE SENATOR

Kenneth P. LaValle

Senator Ken LaValle and Assemblyman Fred Thiele Introduce LIPA Ratepayers Protection Act

KENNETH P. LAVALLE May 17, 2016

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Albany, May 16, 2016 – State Senator Ken LaValle and State Assemblyman Fred Thiele have introduced legislation (S.7665/A.10138) that would restore transparency, oversight and local control to the operation of LIPA/PSEG-LI.

The bill would accomplish the following:

- Effective January 1, 2019, replace the current appointed board with a 9 member board (Chairman- appointed by the Governor, 8 Trustees elected by the voters from 8 districts of equal population.
- Provide the LIPA Board with full discretion to consider a rate increase including consideration of the economic impact on ratepayers and the region, after public hearings.
- Remove any state preemption from the establishment of municipal power companies on Long Island pursuant to the General Municipal Law.
- Require a public referendum on the issuance of debt by the LIPA.
- Restore the oversight authority of the State Comptroller and State Attorney-General over contract matters.
- Remove the prohibition on LIPA from applying and accepting preference hydroelectricity from the NY State Power Authority.

- Empower Department of Public Service-LI to approve rate requests not merely make recommendations.
- Preclude the DPS-LI and LIPA from approving a rate increase to offset revenue losses due to consumer energy conservation efforts.

The "Long Island Power Authority Ratepayers Protection Act" would restore transparency, oversight and local control, strengthen the authority of the Department of Public Service-Long Island, the State Comptroller, and State Attorney-General, allow for the option municipal power companies on Long Island, expand hydroelectric power availability, and most importantly provide ratepayers a greater voice with respect to the activities of LIPA and PSEG-LI, including debt.

The establishment of an elected LIPA as was originally envisioned when LIPA was created in 1986. Under this bill, there would continue to be a nine member board with the Chairman still being appointed by the Governor. However, the instead of the remaining eight trustees being appointed by the Governor and Legislature, they would be elected by the people of Long Island from eight districts of equal population covering the LIPA service area of Suffolk, Nassau, and part of Queens in the Rockaways beginning January 1, 2019.

In addition, the issuance of any further debt by LIPA would be subject to a mandatory referendum of residents in the LIPA service area. LIPA would be responsible to Long Islanders, not Albany.

The LIPA Board would also have full discretion to consider a rate increase including consideration of the economic impact on ratepayers and the region. Currently, the LIPA Board has limited discretion. The LIPA Board could not approve a final rate plan until a

public hearing is held in each county of the service area. In addition, DPS-LI would have actual approval authority over rate increases, rather than only being able to make recommendations.

This legislation also restores the oversight function to the State Comptroller and State Attorney-General over LIPA activities that were stripped away by the provisions of Chapter 173 of 2013 relating to contracts, fiscal, and legal issues.