



NEW YORK STATE SENATOR

Terrence Murphy

NYSEG Response to Senator Murphy and Assemblyman Byrne

TERRENCE MURPHY March 14, 2018

| ISSUE: **NYSEG, HIGH ENERGY COSTS, INVESTIGATIONS AND GOVERNMENT OPERATIONS**
| COMMITTEE: **INVESTIGATIONS AND GOVERNMENT OPERATIONS**



The Honorable Terrence P. Murphy New York State Senate
Room 817 Legislative Office Building Albany, NY 12247

The Honorable Kevin Byrne New York State Assembly
Room 629 Legislative Office Building Albany, NY 12248

Dear Senator Murphy and Assemblyman Byrne:

Thank you for your letter of February 12, 2018 regarding increases in electricity bills that some of your constituents have received. I appreciate your concern on their behalf and welcome the opportunity to provide information regarding the cause of the increases.

As I'm sure you know, this winter has been particularly harsh, with temperatures lower than normal over a sustained period of time. NYSEG customers may see an increase in their electric bills due to increases in their energy usage during this time, and because of increases in the market supply price of electricity.

As you may also be aware, customer bills are comprised of two main components: supply and delivery. The supply portion of a customer's bill, as chosen by the customer, is provided by NYSEG or an ESCO (Energy Services Company).

If a customer's supply is provided by NYSEG, the company procures supply from the market on behalf of our customers and it is the market that determines the supply price. Market conditions will cause supply prices to vary. Due to some of the harshest temperatures in recent memory, the increased demand caused the New York Independent System Operator (NYISO) wholesale price of electricity (as well as other energy sources) to increase significantly.

It is important to note that these prices are passed on to customers without markup and NYSEG makes no profit on supply. The recent increases in the supply price are not controlled by nor have been caused by NYSEG, but are directly related to market pricing.

Delivery charges cover the costs to distribute electricity from its original source to a customer's home or business. There have been no changes in NYSEG delivery rates this winter.

We're in agreement that customers should certainly be advised of delivery rate increases – the company informs customers about delivery rate increases through bill inserts and other mechanisms when a delivery rate increase becomes effective. In this case, a delivery rate increase is not the cause of increased bills.

We understand the difficulties that supply price increases may have caused your constituents and our customers. To that end, NYSEG offers a number of programs to assist with managing energy bills:

Budget Billing: This program allows customers to keep their bill consistent on a monthly basis to avoid seasonal variations.

Payment Arrangements: Customers having difficulty paying their bills may qualify for a payment arrangement. NYSEG customers may call 1.888.315.1755 for more information.

Home Energy Assistance: Customers in need of heating assistance may contact the Home Energy Assistance program (HEAP). To learn more and enroll, customers may visit <http://www.nyseg.com/YourAccount/HEAPandEAP.html>.

Customer Meter Reading: Customers may choose to read their own meter every other month to receive an actual bill each month, eliminating estimated readings.

We appreciate any assistance you can lend in providing information on these customer services to your constituents. Information regarding market supply price increases and our programs is also available at www.nyseg.com on the homepage under “in the spotlight.”

I appreciate the opportunity to provide this explanation as to the market conditions that caused the recent increases in supply prices. We further appreciate your staff's time in working with NYSEG Public Affairs as we discussed the cause of recent price increases and programs available to your constituents.

Please let us know if you have further questions.

Sincerely,

Carl A. Taylor