SENATE ENVIRONMENTAL

CONSERVATION COMMITTEE

and the

ASSEMBLY ENVIRONMENTAL

CONSERVATION COMMITTEE

Testimony of New York State Department of Public Service

February 13, 2017

Good afternoon, Chair Young, Chair Farrell and other distinguished members. My name is Audrey Zibelman, and I'm CEO of the Department of Public Service and Chair of the Public Service Commission.

The Department ensures safe, reliable, and affordable access to electric, gas, steam, telecommunications, and water services for consumers, and advises the PSC on a wide range of decisions ranging from setting rates and protecting consumers to siting infrastructure and reviewing mergers.

Our top priorities this year will continue Governor Cuomo's efforts to modernize our utility systems.

- We are implementing the Clean Energy Standard to meet 50 percent of our electricity needs from renewable resources by 2030, and value the carbon-free benefits of the upstate nuclear fleet.
- Utilities are investing in their networks so we can use distributed energy resources like solar and storage better to reduce consumer costs and improve resiliency.
- Utilities are working with municipalities to make street lighting more efficient, support community-based distributed generation and energy supply options, thereby lowering municipal costs and setting the stage for smarter cities.
- We've adopted the State's first-ever Energy Affordability Policy, which will provide nearly two million low-income New Yorkers with utility discounts. And we are targeting clean-energy solutions to low-income households, demonstrating that clean energy and affordability go hand-in-hand.

That is the essence of the Governor's Reforming the Energy Vision Initiative, or REV — using demand reduction and clean-energy solutions as a core strategy to meeting energy needs. Past approaches resulted in an inefficient system. REV will introduce cutting-edge, modern technology to our utility

system, which will result in more customer choice, a cleaner and more resilient grid, and a more cost-effective means to achieve our reliability and climate change objectives.

REV principles have been and will be folded into utility rate cases as a means to stabilize rates. In 2016, there were seven major rate cases decided by the PSC. The utilities requested rate increases totaling nearly $685 million, but through the Department's rigorous review process, the PSC reduced those requests by $241 million, a 35 percent reduction. We will also represent New Yorkers at the Federal Communications Commission and the Federal Energy Regulatory Commission where decisions can have profound impact on consumers. Last month, for example, we secured a victory at FERC that reduced energy costs in New York by $160 million per year.

The State budget will also provide rate relief. In 2014, the enacted budget included a three-year phase out of the Temporary Utility Assessment, saving ratepayers $775 million through the current fiscal year. On March 31, 2017, the assessment will expire, and save ratepayers $122 million in FY 2018.

We will continue to focus on gas safety, among our most important responsibilities. We've strengthened our gas safety regulations, accelerated the replacement of older pipelines, and will continue our vigorous oversight of gas utilities.

As a result of Governor Cuomo's Clean Energy Standard initiative, applications to construct renewable energy facilities have accelerated. As of January 2017, there were a record 17 wind farm proposals totaling nearly 3,000 MWs pending before the Board on Electric Generation Siting and the Environment, which I Chair. This development activity will spur clean-energy jobs and provide new revenues to local governments, but not all projects are being greeted with open arms. Our process gives local communities opportunities to be heard and our siting rules ensure negative siting impacts are addressed.

In the telecommunications sector, we will oversee substantial investment in broadband build-out, helping achieve the Governor's vision for universally available broadband. As part of our recent approval of cable mergers, we required substantial investment in broadband infrastructure, increased broadband speeds, and new low-income broadband programs throughout New York.

Next year, reforming the ESCO market will be a priority. As many of you know, utility customers can sign up with energy service companies, or ESCOs, to supply them with energy. We have heard complaints from many consumers and their representatives about ESCOs grossly overcharging and using deceptive marketing practices. Our focus will be in three areas: (1) we are prohibiting ESCOs from serving low-income customers in New York; (2) we are thoroughly exploring larger ESCO market reforms to better define what services are of value to consumers, give consumers more information to make better choices, and remove opportunities for ESCO abuses; and (3) we will hold individual ESCOs accountable if existing rules are violated. Last year, we secured $4 million in consumer refunds from ESCOs.

We have revitalized our complaint handling process and our public outreach efforts to maximize public involvement in our proceedings. Last year, our agency answered more than 60,000 complaints, including more than 53,000 calls. We received and reviewed nearly 32,000 written public comments — more than 600 a week on average. We held 84 public statement hearings that were attended by thousands of people. Transparency and public involvement remain an integral component of our work.

The FY 17-18 Executive Budget continues support of $87.1 million for operations, $3.04 million for cable TV, $5.75 million for intervenor funding and $5.5 million for federal funds, or $101.4 million in total. The full-time equivalent position count is expected to remain at 520, the same as from the current State fiscal year. We are well-positioned to deliver our core mission and continue the Governor's ambitious agenda. That concludes my brief overview of the key initiatives and budget drivers for the upcoming year. I welcome your questions.