

SENATE FINANCE COMMITTEE

and the

ASSEMBLY WAYS AND MEANS

COMMITTEE

Testimony of New York State Department of Public Service

January 27, 2020

Good afternoon, Chair Krueger, Chair Weinstein and other distinguished members. My name is John Rhodes, and I'm CEO of the Department of Public Service and Chair of the Public Service Commission.

The Commission's jurisdiction extends over investor-owned utilities, including six major electric/gas utilities, five major gas utilities, and three major private water companies. It also has jurisdiction over small telephone companies, hundreds of water companies, municipal electric utilities, cable companies, power generators and energy service companies. The Department – the staff arm of the Commission – also provides regulatory oversight and review of LIPA and its service provider PSEG-Long Island.

Our top priorities in FY 20-21 include continuing Governor Cuomo's nation-leading climate plan, which includes: a mandate for a carbon-free electric system; modernizing our utility systems; and ensuring affordable energy for all New Yorkers, especially for our most vulnerable citizens. This plan is putting the State on a path to economy-wide carbon-neutrality.

In FY 20-21, the Commission expects to decide several major rate cases. This important review will be informed by the in-depth analysis of Department professional staff that includes engineers, accountants, economists, and analysts to ensure a clear and transparent assessment of the benefits and costs of utility investments. It is our job — and I can't stress this enough — to protect customers over the short- and long-term to ensure safe and reliable service at just and reasonable rates and protect the environment.

The recent Con Edison decision provides a good example of this process. In that decision, backed by strong stakeholder support, the Commission significantly reduced the original rate request, protected low-income consumers, strengthened energy efficiency efforts, and advanced important climate change initiatives.

There are many issues that will also be addressed by the Department in the coming fiscal year:

- Reliability is paramount. The Department's investigation into last year's Con Edison service interruptions in Manhattan and Brooklyn that left more than 106,000 electric customers without power is nearing completion. If we determine that Con Edison failed to provide safe and adequate service, we will hold their shareholders responsible to compensate customers. Since we last met, the Department has created two new offices to focus on emergency preparedness and regulatory enforcement. Given past experiences of severe-weather events, and its impact on the electric system, the Commission established the Office of Resiliency and Emergency Preparedness, dedicated to ensuring that the State's utilities prepare for and respond appropriately to severe weather and other emergency events. The Department has also added a new Enforcement Unit dedicated to ensuring compliance with the Public Service Law and regulations. These efforts have borne fruit: last month, the Department secured a \$10.5 million settlement with New York State Electric & Gas Corp. and Rochester Gas & Electric Corp., following the companies' failure to adequately prepare for and restore service after storms in 2018, our largest ever for a utility failing to follow procedures related to an emergency response.
- At my direction, Department staff will build on our landmark energy affordability proceeding in order to ensure that we reach every New Yorker in need. This initiative provides nearly two million low-income New Yorkers with \$248 million in direct cost relief each year and it limits energy costs for low-income New Yorkers to no more than 6 percent of household income — half of what many New Yorkers had been paying.
- We will build on the State's success in driving record investment in large-scale renewable energy development by working with NYSERDA to obtain at least 9 GWs of offshore wind power and

continue the annual Renewable Energy Standard solicitations for onshore resources to achieve the 70% renewable electricity by 2030 and 100% clean electricity by 2040 mandated by the CLCPA.

- As called for in Governor Cuomo's State of the State proposal, the Department, in conjunction with the Department of State, will develop new rules to make clear what regulated telecommunication companies need to do to ensure consumers using landline phones are not harassed by robocalls. These new rules will include penalties for landline telephone companies that fail to protect consumers from robocalls.

In the telecommunications sector, we continue to focus on infrastructure modernization and oversee investment in broadband buildout to help achieve Governor Cuomo's vision for universally available high-speed broadband.

We are positioned to deliver our core mission and meet the Governor's ambitious agenda. This concludes my remarks. I welcome your questions.