

SENATE FINANCE COMMITTEE

and the

ASSEMBLY WAYS AND MEANS

COMMITTEE

Testimony of New York State Department of Public Service

February 27, 2018

Good morning, Chair Young, 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. With me today is Executive Deputy Thomas Congdon.

The Department ensures safe, reliable, and affordable access to energy, telecommunications, and private water services, and it advises the Commission on issues ranging from setting rates and protecting consumers to siting infrastructure and reviewing utility mergers.

PRIORITIES:

Our top priorities in FY18-19 include continuing Gov. Cuomo's progressive plan to modernize our utility systems and ensure affordable energy for our most vulnerable citizens:

- **Reforming the Energy Vision:** We will drive toward an increasingly clean, reliable, affordable and consumer-oriented energy system, by harnessing markets, innovation, and smarter investment.
- **Clean Energy Standard:** CES is a key element of REV and the State's commitment to assuring 50 percent of all electricity consumed comes from renewable energy resources, by 2030, with requirements on energy providers to procure increasing amounts of renewable energy and zero-emission resources.
- **Low-Income Protections:** The Commission will advance its Energy Affordability Policy, which seeks to limit home energy costs for the approximately 2.3 million low-income New Yorkers to no more than 6 percent of household income, on average.
- **System Reliability & Resiliency:** The reliability of our electric and natural gas systems remains a primary focus. Department staff monitors utility-performance closely, investigates reliability concerns, and advances cost-effective investment in new monitoring and control technologies.

- **Safety:** In FY18-19, the Department will further strengthen oversight of utility practices, especially those related to customer safety and the replacement of leak-prone pipes.

RATE REVIEWS, SITING INFRASTRUCTURE, AND REGULATORY OVERSIGHT:

The Commission's regulatory jurisdiction extends over investor-owned utilities, including six major electric/gas utilities, five major gas utilities, three major water companies, and as well as small telephone companies, hundreds of water companies, municipal electric utilities, cable companies, power generators and energy service companies. The Department provides regulatory oversight and review of electric service operation on Long Island.

In FY18-19, the Commission expects to decide several major rate cases. This important review will be informed by the benefit-cost analysis framework that the Commission established to ensure a clear and transparent assessment of the benefit and cost of utility investments. In addition to rate case reviews, the Commission instituted a proceeding to ensure large tax savings for utilities due to federal tax law changes are captured for customer benefit.

We will build on the State's success in driving record investment in renewable energy development by supporting Governor Cuomo's call to expand energy efficiency programs, and deploy 1,500 MWs of energy storage — the largest commitment per capita by any state — by 2025, saving billions of dollars. Further, we will work with NYSERDA to obtain at least 2,400 MWs of offshore wind power, which includes issuing a procurement for 800 MW this year.

In terms of developing new energy resources, there are currently 24 wind and solar proposals totaling 3,900 MWs pending before the Board on Electric Generation Siting and the Environment, which I chair. It is critical that these projects are appropriately sited, and that we account for potential environmental and community impacts. Our thorough siting process ensures local communities are heard and that negative impacts are addressed.

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

The Commission uses its enforcement powers to ensure regulatory success. Last year, we held Charter to its commitment to expand broadband service to 145,000 unserved or underserved homes. When Charter missed its first-year broadband buildout milestone, we obtained a \$13 million settlement to put the company on track. In the electric sector, the Commission investigated the utility response to the March 2017 Rochester-area windstorm, and a penalty proceeding is now underway.

In this fiscal year, reforming the ESCO market remains a priority. We have heard complaints from many consumers and their representatives about ESCOs grossly overcharging and using deceptive marketing practices. We will continue the reform and we will put an end to bad-acting ESCOs.

The FY18-19 Executive Budget continues support of \$89.6 million for operations, which includes \$81.1 million in 18-a utility funds, \$3 million for cable TV, and \$5.5 million for federal funds. Additionally, \$5.8 million is included for intervenor funding, for a total all funds appropriation of \$95.4 million. The full-time equivalent position count remains the same at 520. We are positioned to deliver our core mission and meet the Governor's ambitious agenda. This concludes my remarks. I welcome your questions.