

**SENATE ENVIRONMENTAL
CONSERVATION COMMITTEE**

and

**ASSEMBLY ENVIRONMENTAL
CONSERVATION COMMITTEE**

Testimony of New York State Department of Public Service

January 28, 2016

Good morning, Chair Young, Chair Farrell and other members. My name is Audrey Zibelman, and I am CEO of the Department of Public Service and Chair of the Public Service Commission.

The Department ensures affordable and reliable access to electric, gas, steam, telecommunications, and water services for consumers. Our responsibilities include advising the PSC on all decisions it must make such as rate determinations, utility financing, consumer protection, safety and reliability of utility services, siting permits, and mergers and acquisitions.

Among our top priorities this year will be moving forward the Governor's Reforming the Energy Vision (REV) initiative, including the Clean Energy Standard to meet 50 percent of our electricity needs from renewable resources by 2030. As part of the Clean Energy Standard, the PSC will develop a new support mechanism for our licensed, but financially distressed, upstate nuclear fleet to meet our climate goals and address the economic impact of prematurely retiring plants.

Over the past year, we've taken steps to advance REV that together will contribute toward meeting the Clean Energy Standard. Last week, the PSC adopted a benefit cost analysis framework for REV, which is a tool that utilities and the Agency will use to determine when utility investments in alternative energy solutions are more cost beneficial than traditional investments.

That is the essence of REV — using demand reduction and clean-energy solutions as a core strategy to meeting energy needs. Traditional approaches have resulted in an inefficient system and simply are no longer sustainable. REV will result in more customer choices, a cleaner and more resilient grid, and a more cost-effective means to achieve our overall objectives to ensure reliability and address climate change. Key actions on REV include:

- Demonstration projects statewide that will provide insight on how businesses and innovators can work with utilities to unlock private investment in clean energy and deliver new products and services to customers;

- Low-income programs to keep energy costs affordable; and
- A Community Renewables initiative to give multiple utility customers the opportunity to develop shared renewable energy projects resulting in healthier and stronger communities.

This month the PSC also approved the 10-year Clean Energy Fund to be administered by NYSERDA. Funded by existing surcharges on utility bills, our order reduces annual collections from ratepayers by \$91 million in 2016, compared to 2015 levels, with further reductions over the 10-year period totaling \$1.5 billion. In addition to substantial environmental benefits, the fund is expected to result in \$39 billion in customer bill savings for a \$5 billion investment. The PSC will monitor NYSERDA's implementation of the fund, require transparency and regular reporting, and amending when necessary to maximize value.

REV principles will be folded into utility rate cases to ensure public policy goals are met and rates are minimized. In 2015, the Commission considered five major electric and gas rate cases in which utilities sought rate increases of more than \$419 million. After staff's review, the Commission approved rate increases of only \$38 million. In the year ahead, staff will be responsible for conducting up to 13 rate cases.

In the coming year we will continue our expanded oversight of Long Island utility operations under the LIPA Reform Act. In 2015, our review of the three year rate proposal for PSEG resulted in a reduction of \$154 million from what was requested; over the next year, we will be reviewing updates to the rate plan, capital budgets, performance metrics including customer service, and other aspects of the utility's operations.

We will also focus on gas safety, among our most important responsibilities. We've strengthened our gas safety regulations and compliance review of the major gas utilities.

Our Consumer Advocate has prioritized resolving utility complaints and reviewing compliance with consumer protection rules and regulations. Last year, the Consumer Advocate's staff answered more than 65,000 calls, and increased the answer rate and the speed of answering calls. By close monitoring of trends in complaints, the Consumer Advocate was able to commence several investigations into retail electric providers resulting in millions of dollars in consumer refunds.

In the year ahead, we will be reviewing several proposed transmission and generation projects. For example, it is expected that the winning developer of the Energy Highway initiative will seek final permits for transmission upgrades valued at \$1.2 billion.

In the telecommunications sector, we will continue our review of the telecommunications industry. The examination, which will include technical conferences next month, includes an analysis of telecommunications technologies, consumer trends, and regulatory approaches. We will also be acting on the proposed merger of Cablevision and Altice.

With respect to the Executive Budget, several changes in Public Service Law have been proposed to increase the efficiency of our rate proceedings, and to reduce costs for municipal utility corporations. These include increasing the maximum timeframe for a review of a rate cases to 15 months rather than the current 11 months and exempting municipal gas and electric corporations from the evidentiary hearings associated with rate reviews.

I look forward to your questions.