

SENATE FINANCE COMMITTEE

and the

ASSEMBLY WAYS AND MEANS

COMMITTEE

Testimony of New York State Department of Public Service

January 23, 2019

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 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.

Our top priorities in FY19-20 include continuing Gov. Cuomo's progressive plan to mandate a carbon-free electric system, modernize our utility systems, and ensure affordable energy for all New Yorkers and especially for our most vulnerable citizens.

Governor Cuomo's Green New Deal is a nation-leading clean energy and jobs agenda that will put New York on a path to economy-wide carbon neutrality. The landmark plan provides for a just transition to clean energy that spurs growth of the green economy and prioritizes the needs of low- to moderate-income New Yorkers.

During Governor Cuomo's first two terms, New York banned fracking of natural gas, committed to phasing out coal power by 2020, mandated 50 percent renewable power by 2030, and established the U.S. Climate Alliance to uphold the Paris Agreement. Under the Reforming the Energy Vision agenda, New York has held the largest renewable energy procurements in U.S. history, solar has increased nearly 1,500 percent, and offshore wind is poised to transform the state's electricity supply to be cleaner and more sustainable. Through Governor Cuomo's Green New Deal, New York will take the next steps to secure a clean energy future that protects the environment for generations to come while growing the clean energy economy. I know my colleague at NYSERDA, will be discussing this agenda with you later today.

The policy to bring clean resources onto the system is necessary, and also has to be smart and take advantage of technology, of the private sector's readiness to invest, and generally of all possible

approaches to delivering these policies most cost-effectively for New York customers. Further, we need to bring these clean resources onto the system so as to preserve — and actually improve — reliability and safety.

The Commission's regulatory jurisdiction extends over investor-owned utilities, including six major electric/gas utilities, five major gas utilities, three major water companies, 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 FY19-20, 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. Within those rate case reviews the Commission will continue to ensure the large tax savings for utilities due to federal tax law changes are completely captured for customer benefit.

Staff teams will conduct thorough review of the utility expenses and capital investments to ensure that rates are set at levels that are necessary to provide safe and adequate service, maintain and replace aging infrastructure, advance clean energy agenda, provide clean water, good customer service, and keep bill impacts as low as possible given these legitimate cost of service needs.

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 3,000 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 9,000 MWs of offshore wind power, which will include making awards in the Spring of 2019 under the initial procurement for 800 MW that was initiated in November of 2018.

In terms of developing new energy resources, there are currently 28 active wind and solar proposals totaling 4,350 MWs pending before the Siting Board, which I chair. It is critical that these projects are appropriately sited, with an appropriate accounting for potential environmental and community impacts.

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 protect New Yorkers. Last year, we took enforcement action against Charter for failing to meet its merger condition to extend its network in rural areas of the State. In the gas sector, we have penalized excavators that violate Dig Safely rules, and we have secured significant penalties from gas utilities for violations of our regulations. In the electric sector, we are finalizing our investigation into the utility response to the March 2018 downstate snowstorm, and while the utilities have already made improvements, we will be recommending additional improvements as well as considering whether punitive actions are warranted.

The FY19-20 Executive Budget provides support of \$98.9 million for operations, which includes \$90.4 million in 18-a utility funds, \$3 million for cable TV, and \$5.5 million in federal funds. Additionally, \$5.8 million is included for intervenor funding, for a total all funds appropriation of \$104.7 million. The full-time equivalent position count increases from 520 to 528, with the additional staff assigned to review Article 10 electric generation siting applications. We are positioned to deliver our core mission and meet the Governor's ambitious agenda. This concludes my remarks. I welcome your questions.