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Andrew M. Cuomo -
 Governor

Governor Cuomo Outlines Public Service Commission Reforms to Dramatically Improve Accountability and Oversight of State Utilities

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Budget Implements Moreland Commission Recommendations to Ensure Utilities Are Held Accountable to Customers

Albany, NY (March 25, 2013)

Governor Andrew M. Cuomo today outlined reforms implemented by the 2013-14 Budget that will strengthen the oversight and enforcement mechanisms of the Public Service Commission (PSC) to ensure that major electric and gas utility companies are held accountable and responsive to regulators and customers. The implemented reforms were based on recommendations made by the Moreland Commission which was established by the Governor following Superstorm Sandy.

The reforms implemented by the Budget to improve PSC enforcement and oversight and ensure that utilities are held accountable include:

- **Tougher Penalties for Violations:** The PSC will now be able to recover more robust civil penalties for violating state law, regulations, or PSC orders and will no longer need to bring penalty cases to court
- **Aggressive Oversight:** The PSC will now be able to undertake a more comprehensive review of utility planning and performance
- **Improved Emergency Preparedness:** The implemented reforms will require utilities to undertake more robust emergency preparedness planning and oversight
- **Stronger Accountability:** The PSC will now be able to take whatever measures necessary, including revoking certificates and requiring utilities to divest assets, to ensure that utilities are continually able to provide safe and adequate service.

"Following the storm, New York State took immediate steps to investigate the shortcomings of the utility companies through the establishment of a Moreland Commission which held public meetings and brought together top experts to recommend reforms and new ideas. Less than five months after Sandy brought destruction and untold devastation, we are implementing sweeping reforms to give the Public Service Commission, criticized by the Moreland Commission as being a toothless tiger, real teeth and enforcement powers so our state's utility companies are held accountable to the customers that they serve," Governor Cuomo said.

Details are outlined below:

Increased Penalties for Violations: Previously, unlike many utility regulators around the country, the PSC was required to seek penalties in court only for "knowing" violations – a bar so high that penalties are rarely if ever pursued against utilities. The reforms provide the PSC with statutory authority to levy administrative penalties against each utility for violations of the Public Service Law, PSC orders and regulations under a "reasonableness" standard. The size of the potential penalties has been increased on a scale based on a percentage of utility revenues excluding taxes, and will be paid out of shareholder capital, not passed on to ratepayers.

Improved Auditing and Oversight Powers: The reforms authorize the PSC to regularly audit the operations and management of the utilities and, based on findings of such audits, allows the PSC to direct utilities to comply with additional and more stringent terms and conditions of service. PSC will be allowed to assess whether or not a utility should continue to be the provider of service in its service territory, and to take whatever measures are necessary to ensure safe and adequate service.

Detailed Emergency Preparedness Plans: Utilities will now be required to annually file detailed emergency preparedness plans, including stronger communications requirements, with the PSC for review and approval, and authorizes the PSC to order changes in the plans. In the event of an emergency, the PSC can disallow cost recovery from ratepayers and assess penalties for not complying with the plan.

Revocation of Certificates of Operation: The legislation gives explicit authority to the PSC to revoke or modify a utility's Certificate to operate in NYS based on findings of repeated violations that demonstrate a failure to provide safe and adequate service.

Whistleblower Protections: New provisions are included in the legislation to make it a violation of the Public Service Law for a utility to take retaliatory personnel action against an employee for reporting company violations.

CEO Certification: CEOs will need to certify annually to the PSC that the utility has taken appropriate measures to ensure compliance with all applicable state laws, rules, regulations, orders, and procedures, including the requirement to provide safe and adequate service.

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