

SETTING ELECTRIC RATES

This information is provided by the New York State Department of Public Service for customers of PSEG-LI.

The LIPA Reform Act (LRA) provides the framework for Long Island Power Authority (LIPA) and PSEG-LI's rate-setting process and for oversight to be exercised by the Department of Public Service (Department or DPS). In accordance with the LRA, the DPS will review and make recommendations to the LIPA Board of Trustees (BOT) with respect to rates and charges to be established by LIPA. The purpose of the DPS review is to make recommendations designed to ensure that LIPA and PSEG-LI provide safe and adequate electric service at the lowest level consistent with sound fiscal operating practices.

This fact sheet explains certain charges on your electric bill and generally how electric rates will be reviewed and established.

Electric Service Charges: The total charge for electric service is made up of several parts, with the two main components being Supply and Delivery charges.

- **Delivery & System Charges** – the cost to bring electricity to Long Island customers through LIPA's delivery system, to maintain the network, and provide administrative services. Delivery charges (also known as rates) do not fluctuate with market conditions and are set through the rate-making process described below.
- **Power Supply Charges** – the costs associated with the purchase of fuel that is used to produce electricity and for the purchase of additional power from the energy marketplace. The supply price of electricity is set by national and international markets and is not controlled by LIPA, PSEG-LI or the DPS. Supply rates can change monthly. On average, supply costs make up 50 percent of electricity bills for Long Island customers, so fluctuations in the marketplace cost of energy can have a large impact on the overall bill.
- **Efficiency and Renewables** – the cost of LIPA and PSEG-LI's energy efficiency and renewables programs. Energy Efficiency programs help reduce the cost of electricity by assisting customers in using less. Renewable energy programs help offset fossil fuel generation with clean energy sources like solar. More information about these programs can be found on PSEG-LI's website.
- **New York State Assessment**– Assessment imposed on all utilities and collected on behalf of the State.
- **Revenue-Based PILOTS** – (Payments in Lieu of Taxes) Payments by utilities that take the place of taxes to local governments. Revenue based PILOTS do not include property taxes that LIPA and PSEG-LI pay which make up 15 percent of an average residential bill.

The DPS Review Process:

- The LRA requires PSEG-LI to file with DPS, for review and recommendations, proposed rate increases that would increase rates and charges by more than two and one-half percent.
- DPS staff will be assigned to review the filing, conduct discovery and prepare testimony and exhibits in response to the proposal. The review shall include participation of intervenors and other parties.
- Administrative Law Judges (ALJs), who are independent from all parties in the matter including DPS staff, will be assigned to preside over the matter and conduct public statement and evidentiary hearings.
- The public statement hearings will provide members of the public with an opportunity to express their positions and concerns regarding the rate proposal. The public comments will be considered in the Department's analysis.
- The evidentiary hearing is conducted like a trial, providing the parties with the opportunity to offer testimony into the record and conduct cross examination of witnesses.
- The Department's final recommendation will be provided to the LIPA Board of Trustees by the Department in accordance with the specified time frame.
- After the Department provides its recommendations to the LIPA Board of Trustees.
 - The LIPA Board of Trustees will have 30 days within which to disagree with the DPS recommendations.

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- If the LIPA Board of Trustees disagrees, within 30 days after it notifies DPS of its decision to disagree, LIPA must hold a public hearing at which LIPA and DPS will present the basis for their positions and PSEG-LI may do so as well.
- After the public hearing period, the LIPA Board of Trustees will have 30 days to announce its final determination and planned implementation with respect to the recommendations.
- The final determination of the LIPA Board of Trustees can be appealed through an applicable judicial proceeding, including review pursuant to Article 78 of the New York State Civil Practice Law and Rules.

Procedural Hearing and Technical Conference:

A procedural conference, followed by a technical conference, is held before Administrative Law Judges early in the review. The principal purposes of the procedural conference are to establish a litigation schedule for the matter, identify potential issues, address any procedural questions including those concerning discovery, identify parties and their respective interests, and discuss the scope of this matter. The Technical Conference follows with technical experts from PSEG- LI who will provide an overview of the rate proposal and the basis for increased rates. The technical conference provides the opportunity for the parties to ask questions so that they can become better informed as to the scope and nature of the rate filing.

Ways to Comment

Public Statement Hearings: Interested members of the public may provide comments regarding the rate matter at public statement hearings held before Administrative Law Judges. An information session followed by a public statement hearing remains open for a minimum of one hour. The hearings will continue until everyone wishing to speak has been heard or other reasonable arrangements have been made. It is not necessary to be present at the start of the hearing, to make an appointment in advance, or to present written material to speak at the hearing. Persons will be called to speak after completing a request card. A verbatim transcript of the hearings will be included in the record and will be posted on the DPS website.

Via the Internet or Mail: The public may submit comments electronically to the Hon. Kathleen H. Burgess, Secretary, at secretary@dps.ny.gov, or by mail or delivery to Secretary Burgess at the New York State Department of Public Service, Three Empire State Plaza, Albany, New York 12223-1350.

Comments may also be entered directly into the matter file from the Department's website, www.dps.ny.gov, by searching Matter number. Written comments may be read on the website by searching Matter number and clicking on the "Public Comments" tab.

Toll-Free Opinion Line: Individuals may choose to submit comments by calling the Department's Opinion Line at 1-800-335-2120. This line is set up to receive in-state calls 24 hours a day. These calls are not transcribed but a summary will be reported to the Department. More information about the Plan is available at: www.dps.ny.gov/longisland/. If you have additional questions about the rate-making process, you may contact the Department of Public Service at 1-888-275-7721 or visit our website at www.dps.ny.gov/longisland/

All comments will become part of the record considered by the Department. If you have additional questions about the rate-making process, you may contact the Department of Public Service at 1-888- 275-7721 or visit our website at www.dps.ny.gov/longisland/.