

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Regular Meeting of the Public Service Commission

Thursday, June 26, 2014
10:31 a.m.
Three Empire State Plaza
Agency Building 3, 19th Floor
Albany, New York

COMMISSIONERS:

AUDREY ZIBELMAN, Chair
DIANE X. BURMAN
GREGG C. SAYRE
PARTICIA L. ACAMPORA
GARRY BROWN

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

As can be seen by the graph, statewide performance has greatly improved over the years. For 2013 three of the damage components improved while one declined slightly. Note the historical improvements when damage is due to no-calls.

From 2003 to 2006 statewide improvement was 28 percent. Since mid-2007 all L.D.C.s have participated in an effort to provide staff with details of damages due to no-calls for possible enforcement actions.

Even though there was a slight decrease in performance during 2013, partly driven by post-Sandy restoration work, many have reported this to be a beneficial program, that has contributed to greater awareness of the one-call regulations and these type of damages have clearly declined.

I will now discuss the emergency response measure. This measure tracks L.D.C.s ability to respond promptly to reports of gas leaks or emergencies by examining the percentage of calls that fall within various response times.

There are three specific response

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

goals; respond to 75 percent of emergency calls within 30 minutes, 90 percent within 45 minutes and 95 percent within 60 minutes. Statewide performance improved in all three measures mostly driven by improvements in downstate performance.

Continuous improvement requires L.D.C.s to effectively manage resources by positioning qualified responders to be in locations when and where leak calls are expected to occur.

Finally, the leak management measure describes L.D.C.s performance in effectively maintaining leak inventories and keeping potentially hazardous leaks to a minimum.

It measures the year end backlog of potentially hazardous leaks that require repair. After an increase of 8 percent in 2012, mostly attributed to the impacts of Sandy, the statewide result for 2013 was -- was a 31 percent decrease in the year end backlog over 2012, a year later.

Moreover, since year end 2003 the statewide backlog has decreased over 90 percent.

The report provides greater detail into individual L.D.C. performance over the past several years. As L.D.C.s worked to eliminate

1 June 26, 2014
2 aging infrastructure from their distribution
3 systems through replacement with new material the
4 number of leaks that occur are expected to
5 decrease.

6 Staff's analysis of each
7 performance measure identifies specific areas where
8 certain L.D.C.s have room for improvement. An
9 example would be those L.D.C.s that have higher
10 rates of damages than others across the state.

11 We are recommending that those
12 L.D.C.s perform self analysis in these areas and
13 identify and report to staff the incremental
14 actions they will implement to improve performance.

15 Thank you, Chair and
16 Commissioners. This concludes my presentation and
17 I'd be happy to answer any questions.

18 CHAIR ZIBELMAN: Thank you,
19 Chris. Just go back. Could you describe --?

20 UNIDENTIFIED SPEAKER: Is your
21 mike on?

22 CHAIR ZIBELMAN: If -- if we were
23 to normalize for Sandy what would -- did you look
24 at what would be the difference between '11 and
25 '13? I mean it looks to me like it's -- it's even

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

Commission coupled with staff's ongoing monitoring efforts have been effective in making the quality of service to customers a corporate priority and providing criteria for ensuring that the quality of customer service remains at high levels.

Staff will continue to monitor customer-service quality provided by utilities to ensure the fair and appropriate treatment of utility customers across the state.

In addition, staff will continue to promote performance-based rate-making strategies relating to customer service quality in conformance with Commission policies.

This completes my presentation on the energy utilities customer-service performance report for 2013. I will be glad to answer any questions.

CHAIR ZIBELMAN: Thank you, Sonny. Any questions?

COMMISSIONER BURMAN: At the end.

CHAIR ZIBELMAN: Okay. Thank you.

MR. MOZE: Thank you.

CHAIR ZIBELMAN: We're moving on

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

to stray voltage and to identify and eliminate any potentially harmful conditions before safety hazards and/or reliability deficiencies develop.

Since 2005 there have been several modifications to the order. These modifications were a result of lessons learned from previous years activities and results to effectively administer and manage the utilities efforts.

New York's electric safety standards continue to have some of the most stringent requirements when compared to other states across the nation. Some other states have adopted similar parts of the safety standards, such as stray voltage testing or inspections in modified formats.

However, no other state requires such a comprehensive effort with both manual and mobile stray-voltage testing, shock-reporting inspections and associated repairs by the utilities.

With the latest modifications to the safety standards order the utilities are required to test its underground and streetlight

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

are some of the typical issues found to cause shock hazards and the utility's responsibility to fix.

There was a total of 206 shock reports called into the utilities in 2013.

However, almost two-thirds of those shock reports were found to the customer's responsibility versus the responsibility of the utility.

This chart shows the historical results of the shock reports. Even though there was a slight increase in shock reports in 2013 compared to 2012, the overall trend is for these incidents to decrease since the inception due to customer awareness and public outreach.

Moving on to the inspection efforts, utilities are required to inspect 20 percent of its electric facilities each year and all within five years. This includes overhead, underground, pad-mount transformers, underground residential distribution, transmission and streetlight facilities to help identify safety and/or reliability concerns proactively.

For 2013 approximately 828 thousand inspections were performed and all utilities met and completed the minimum 20 percent

1 June 26, 2014

2 to you as well, a best practice sharing as they
3 operationalize how they're meeting these standards?

4 MR. PAUSE: Yes. You know, the
5 utilities are always talking to each other and we
6 actually meet with the utilities on a -- on a
7 regular basis and talk about best practices. And
8 you know, what can be improved in the years going
9 forward. They standardize on their inspection
10 process and as far as, you know, what their
11 categorizing each incident to be for repair
12 deficiencies and their efforts, so we do see that.

13 CHAIR ZIBELMAN: Sonny, do you --
14 do you see anything on your side on the customer
15 service?

16 MR. MOZE: Yeah, I -- I think the
17 customers -- we meet with the utilities in most
18 times, during rate cases and try to look how the --
19 the customer is satisfied in performance incentives
20 and looking at how consistent we can make those
21 targets and the improvements that needs to be --
22 need to be done statewide. And from that point of
23 view we actually do meet with them to see how they
24 could actually come to make up best practices from
25 each utility to see how it would actually apply to

1 June 26, 2014

2 COMMISSIONER BROWN: Uh-huh.

3 MR. PAUSE: -- that might be
4 something that we can bring up and add the mobile
5 to it as well.

6 COMMISSIONER BROWN: So is that
7 something you do look at along the way to make sure
8 it's not --?

9 MR. PAUSE: Yes, we're always
10 looking at --

11 COMMISSIONER BROWN: Okay.

12 MR. PAUSE: -- the number of
13 incidents and seeing where they spike, but
14 unfortunately it's typically in the same location.

15 COMMISSIONER BROWN: Right.

16 Thanks, Jason.

17 CHAIR ZIBELMAN: Any questions?

18 Any further questions for Jason?

19 Commissioner Acampora?

20 COMMISSIONER ACAMPORA: Jason,
21 have there been any serious injuries in the past
22 year?

23 MR. PAUSE: No, not that --.

24 COMMISSIONER ACAMPORA: Or even
25 during Sandy?

1 June 26, 2014

2 Water.

3 So, Christian welcome and please
4 begin.

5 MR. BONVIN: Good morning, Chair,
6 Commissioners.

7 I'll be providing you an overview
8 of the electric reliability performance in New York
9 State for 2013. The information presented today
10 focuses on statewide performances, however our
11 report provides individual analysis of each of the
12 major electric utilities.

13 The ability of a utility to
14 provide reliable electric service is fundamental to
15 the Department and staff uses several means to
16 monitor and evaluate service reliability.

17 First, electric utilities are
18 required to submit detailed monthly interruption
19 data under Part 97. By obtaining this data staff
20 is able to calculate various performance measures.
21 This interruption data is maintained in a database
22 that dates back to 1989.

23 Next, utilities are required to
24 submit annual reliability reports. These reports
25 not only look at the company as a whole, but report

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

it's renewable portfolio standard proceeding,
petition of Pace Energy and it's regarding changes
to the rules for procuring renewable energy.

Ms. Palmero who's chief of the
Office of Electric Efficiency and the Environment
is here to present it.

Hi Tina, and please go ahead.

MS. PALMERO: Hello and thank you
and good morning or afternoon, Commissioners. This
item before you, as you stated, addresses a
petition filed by Pace Energy and several other
environmental and public interest groups requesting
that the Commission authorize NYSERDA to change
program rules to allow it to offer longer term
contracts and alternative incentive structures in
future main tier solicitations in the R.P.S.
program.

Under current program rules
NYSERDA pays a fixed price production incentive
under a ten-year term to renewable energy
facilities in exchange for the rights to the
renewable energy attributes of those bid
facilities.

Facilities are awarded contracts

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

COMMISSIONER SAYRE: I think this change makes very simple financial sense to me.

You can't build any of these projects, unless you've got financing and the green bank can't do it all. And, in any event we'd rather have financing and let the green bank supplement where private financing won't come in.

So, if you have contract terms that are more in line with the expected useful life of the assets that are being built, you're going to reduce both the business risk and the financial risk, which as you said, is good for the ratepayers because it reduces the annual cost. Because the financial markets can -- can afford a lower interest rate. So I -- I commend you for this -- this proposal.

MS. PALMERO: Right. Thank you.

CHAIR ZIBELMAN: Thank you.

Are you okay, Commissioner Burman? I'm trying to be balanced.

COMMISSIONER BURMAN: First of all thank you. I know you've spent a lot of time with me the last few weeks. So I apologize. I -- I do have a couple of questions.

1 June 26, 2014

2 MS. PALMERO: Sure. And I think
3 I -- I spoke to that when I said, you know, the
4 reason why staff believes this change is needed to
5 go from a ten-year contract to -- up to a
6 twenty-year contract is because there was sort of
7 this lackluster response in the last solicitation.

8 And when -- when a -- when
9 NYSERDA and staff -- when a solicitation goes out
10 we -- we set a maximum ceiling price as well --

11 COMMISSIONER BURMAN: Right.

12 MS. PALMERO: -- so any bids that
13 come over that ceiling price are rejected. You
14 know, that's to make sure that, you know, we
15 don't -- we don't take any facility at all cost.

16 So -- and, as I recall on that
17 solicitation there were projects that were well
18 above the -- the ceiling that we had. But there
19 was also projects that did win bids that did not
20 end up going into contract with NYSERDA.

21 And, you know, one had admitted
22 that, you know, they would rather play in another
23 market, you know, because there were better terms
24 in a -- in an adjacent state. So they forfeited
25 their -- their deposit to -- to go elsewhere.

1 June 26, 2014

2 what the competitiveness of the solicitation is.

3 You know, they didn't -- they
4 want to make sure they can keep these solicitations
5 as competitive as -- competitive as possible so
6 that influences to some degree the amount that
7 they're going to offer --

8 COMMISSIONER BURMAN: Uh-huh.

9 MS. PALMERO: -- depending on who
10 they think are going to play in the market.

11 COMMISSIONER BURMAN: Okay.

12 MS. PALMERO: So that's had
13 some -- some bearing.

14 COMMISSIONER BURMAN: The 2010
15 Commission order really was after the 2009 R.P.S
16 review --

17 MS. PALMERO: Right.

18 COMMISSIONER BURMAN: -- which
19 determined that the R.P.S. policy needed to be more
20 flexible, so that more people could -- more
21 participants could participate in a more robust
22 R.P.S. program, take advantage of it and have more
23 bang for the buck in the R.P.S. program. And part
24 of the philosophy behind allowing NYSERDA to have
25 more flexibility and giving them the authority to

1 June 26, 2014

2 have at least one solicitation a year without

3 having to come to the Commission was so that there

4 was not a bureaucratic --

5 MS. PALMERO: Right. Correct.

6 COMMISSIONER BURMAN: -- hang

7 up --

8 MS. PALMERO: Correct.

9 COMMISSIONER BURMAN: -- in

10 getting the solicitation out the door?

11 MS. PALMERO: Correct.

12 COMMISSIONER BURMAN: Is that --

13 okay.

14 MS. PALMERO: That is correct.

15 COMMISSIONER BURMAN: All right.

16 So I'm very comfortable with

17 giving them the flexibility. Today's order is good

18 in that we're trying to correct what seems to have

19 been the problem from the 2013 solicitation.

20 I think it's Massachusetts and

21 Connecticut had what seemed to have at least been

22 one of the problems with the 2013 solicitation in

23 that we weren't able to fulfill all the 250 million

24 that was out there, that people went elsewhere, or

25 at least that's the stated -- one of the stated

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

reasons for that, that there was this hold up.

Though, technically NYSERDA could have issued the solicitation earlier than this order. But at least for us, we're now saying that policy which allows an annual solicitation we're still -- we're affirmatively directing them and giving, I think, some certainty to the market participants who have been anxiously awaiting that.

And I think ambiguity and uncertainty is never a good thing with renewable-energy policies. Is that a fair statement?

MS. PALMERO: That is a fair statement. And I just want to make a couple of comments and some observations.

You know, it had always been our intention to do an annual solicitation and -- and I think in 2011 there was two offered and the Commission provided NYSERDA and staff that flexibility if market conditions were right put out as many solicitations as you think would yield good results at cost-effective prices.

We've had some fits and starts again, even after that 2010 policy. You know, the uncertainty of the federal production tax credit,

1 June 26, 2014

2 you know, had made us do some rethinking about what
3 prices we were going to get and, you know, you had
4 to put in some claw-back provisional language in
5 one of the solicitations. Even as far as this
6 year, you know, NYSEERDA and staff very early in
7 2014 we were talking about the next solicitation,
8 very concerned that if we didn't change the program
9 rules to offer longer-term contracts that nobody
10 would come to the table. And -- and we've have
11 another, you know, lackluster solicitation.

12 And then at the same time this
13 petition came in that called for looking at
14 alternative incentive structures, so, you know, we
15 looked, you know, we turned to a consultant, we
16 talked with market participants. And when we found
17 out what all the complexities were for variable-
18 price contracts we said you know what, let's just
19 go out, try to finish this program term through
20 2015.

21 You know, it's better to put
22 something out there in the market, you know, a
23 reasonable solicitation with longer term ten-year
24 contracts and we think, you know, it will
25 definitely be more robust than what we had seen in

1 June 26, 2014

2 the eighth main tier solicitation.

3 COMMISSIONER BURMAN: Uh-huh.

4 MS. PALMERO: So it's sort of a
5 compromise, but knowing that other alternative
6 mechanisms are out there, they should be examined,
7 you know, and focused on, I think, for post 2015
8 procurement possibilities.

9 So, yes, so the long-winded
10 answer is yes and -- but that's why we had so many
11 fits and starts.

12 COMMISSIONER BURMAN: No, I -- I
13 think this is a very good thing. I mean ultimately
14 the design of any renewable energy policy in a
15 state has to be tailored to meet the state's
16 specific goals and policies and a mix of available,
17 renewable resources, and other circumstances
18 including, if appropriate, competitive market
19 forces and -- that are unique to that state.

20 And here, you know, kudos to
21 Richard Kauffman who has come in and said that
22 competitive market forces are something that --
23 competitive markets are something that, you know,
24 we as a state are embracing and has started an
25 initiative. And that we, I think, all of the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

renewable policies and programs are -- have to work together.

R.P.S. is a compatible program that we're looking at and this -- and the P.S.C. is working with NYSERDA and NYPA and others in trying to fit all of the different programs together and the REV docket is one that we're looking at.

The Clean Energy Fund is another that we're trying to figure out and fit all of the different things together and make some clear policy decisions and initiatives and not do it in a vacuum.

So I think what's clear to me is that we're starting now to jell things together and not also hold up things, you know. So for me that ambig -- ambiguity and uncertainty that has been there is starting to fade away, at least on this piece. And -- and that is something that I can embrace because that's what's necessary.

So, I'm very, very happy to see that and look forward to the other pieces as well. You know I'll be there. And part of that is, you know, the partnership that I'd like to see is having those discussions. You know, people need to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

be able to talk about those things and -- and work through them. And the expertise that everyone can bring to the table and look at those things is very important. And -- and so, I'm -- I'm glad to see that. These are critical times and critical decisions that have to be made, so I'm supportive of that.

MS. PALMERO: Right.

COMMISSIONER BURMAN: And NYSERDA has a lot to do on getting the solicitation out. The flexibility that has to be there and the market participants. So, thank you.

MS. PALMERO: Thank you.

CHAIR ZIBELMAN: Thank you.

Commissioner Brown?

COMMISSIONER BROWN: Yeah, I just have one comment. But I, you know, I'm a big fan of our -- the way we originally did it. And I think it was the right way for the time. It was basically -- and I'm oversimplifying here, you, Mr. Developer figure out how much money you're going to make in the energy market, in the capacity market, how much your tax credit's going to give you, any other source of income. And, now, figure out the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

difference you're going to need to go to the bank to finance your project, compete against each other and it worked very, very well from about 2007 to 2011, or so, because we got a lot of projects competing against each other.

Some of the better wind resource projects were available and it all worked well.

Starting 2012-2013 the uncertainties just started to outweigh the benefits. What was the energy market going to be like when you see gas prices crashing through the floor? What are capacity-market payments going to be? Not that wind gets much, but what are they going to be when we're seeing such a fluctuation?

The tax credits, as you pointed out, are always up for grabs and nobody knows and there were fewer and fewer other places to go to look for revenues.

Then we started to try to do the same sort of thing and we got all sorts of projects. It's like wow, they're four and five times more expensive than what we've been choosing over the last few years.

And, so, I think an adjustment

1 June 26, 2014
2 was necessary to kind of take what I think was a
3 great concept of, I think we use the markets more
4 than ever, to make this a little bit long term, a
5 little more stable to get us through this period of
6 uncertainty. And, then, I agree we'll figure out
7 after 2015, whether this makes sense, whether the
8 old system makes sense, whether something
9 completely new, different and -- makes sense.

10 But -- so, I'm in favor of this
11 program not because I think the old program was set
12 up in any way in a wrong structure, it's just that
13 times have changed and we need a new way of looking
14 at it.

15 CHAIR ZIBELMAN: Commissioner
16 Acampora?

17 COMMISSIONER ACAMPORA: This has
18 been a great trip down memory lane and, you know,
19 Garry and the Chair and Commissioner Burman are
20 completely correct in -- in everything that's been
21 said.

22 And the one word again that comes
23 to bear in all of this when we started EEPS
24 proceeding, was flexibility because we never
25 knew -- we were going down a road we'd never been

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

going down before and that we knew that it wasn't going to be perfect. And, we had to have the availability to institute changes to whatever we were doing.

So here we are again I think making another positive change to keep New York in the game because as the Chair said, we had just been with some fellow commissioners from other states, and we know there are other states in the northeast and everybody would like to take a bite out of everybody else's pie.

So, we would like to be able to stay ahead and on top of all this and this gives us again the flexibility to be able to do that.

And Tina, as always, everyone gets to see you when you come to present one of these things and you do a fabulous job.

MS. PALMERO: Thank you, Commissioner.

That's very nice of you to say.

CHAIR ZIBELMAN: Thank you. So I -- I think that first of all I also agree. I think that this is a great step forward.

We do need to do something for

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

the next two years. We want to provide some level of certainty and as Commissioner Sayre noted, the uncertainty really reflects itself in the price premium that consumers end up paying.

And -- and who would have ever think low gas prices could create such market dislocations, but they do?

So we'll -- we will come back and revisit this, but in the meantime let's -- I'd like to take a vote on the proposal to authorize NYSERDA to increase the maximum length of the renewable portfolio standard main tier contracts to a term not to exceed twenty years.

All those in favor, please say aye.

COMMISSIONERS: Aye.

CHAIR ZIBELMAN: Opposed?

Hearing no opposition and there being none, the recommendation is accepted and adopted.

Thank you, Tina, very good job.

MS. PALMERO: Thank you.

CHAIR ZIBELMAN: Now, we can continue on. We have another item which is item

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

304 and that's the petition of NYSERDA regarding the customer-sited tier unencumbered program funds.

MS. PALMERO: Right. Okay. So we've talked about the main tier and now we're going to skip over to the customer sited tier, the part of the R.P.S. program.

Every year NYSERDA is required by a 2010 Commission order to determine at the end of each calendar year the unencumbered balance in each of the five programs in the customer-sited tier and file a petition to whether the unused funds should remain in each respective program or should they be transferred to a different program within the customer-sited tier.

So it's just taking those unallocated funds and -- and telling the Commission how they're going to -- what the dispositions of those funds will be.

So I view this as more of a -- of a compliance filing and they've been doing this since 2010.

When they came in with their filing this year they had -- or NYSERDA reports a 20.8 million unencumbered balance for all their

1 June 26, 2014

2 actually was a flurry of activity a couple years
3 ago, but then all those projects stalled because
4 the economics just weren't working out even with
5 NYSERDA's incentives.

6 So they've retooled to that
7 program, provided for some additional incentives
8 through an order by the Commission and now in doing
9 a lot of work with the farmers and their
10 consultants to try and to get these programs up and
11 running or these systems up and running.

12 So we think by transferring the
13 2013 budget, rolling it over into 2014 makes sense.

14 And, then, staff believes that
15 creating this general funding pool, which is -- is
16 a new concept is reasonable because then they don't
17 have to guess where the program demand is going to
18 be in each technology.

19 They'll have a pool of funds so
20 if any of the technologies use their 2014 budgeted
21 funds they can, you know, reach into this pool and
22 have additional funding.

23 So, the recommendation is to
24 grant NYSERDA the request to reallocate the 2013
25 unencumbered program funds in the manner that I

1 June 26, 2014

2 just described.

3 CHAIR ZIBELMAN: Thank you.

4 First of all I -- I concur. I
5 think it's both consistent with what I think we
6 need to do and we spend an awful lot of time
7 thinking about urban issues. I think thinking
8 about rural issues and -- and providing funding so
9 that we can -- for farmers the energy ends up being
10 an extremely high expense and this solves a couple
11 problems.

12 So, if we can get the anaerobic
13 program going, I think it would be a great thing
14 for the State. Quite frankly I think if we can get
15 this technology going I think it would be a great
16 thing for the country. So I'm very pleased to --
17 to hear that there's progress being made along
18 there.

19 I also think that the -- the
20 recommendation about putting it into a general fund
21 makes sense. It's certainly consistent with the
22 ideation behind the Clean Energy Fund. So I think
23 that's very consistent so I intend to support both.

24 Any questions for Tina on this
25 matter?

1 June 26, 2014

2 Comments?

3 COMMISSIONER BURMAN: What's
4 being done to help the farmers in applying for it?

5 MS. PALMERO: NYSERDA is doing
6 actually a great deal. They have provided some
7 other services and have other consultants to
8 assist, with not only taking a look at financing,
9 but there's a lot of, you know, engineering studies
10 that are required.

11 I think they're also using some
12 additional funds that NYPA had provided, you know,
13 early on. To -- as a stop-gap measure, but also
14 to -- what -- what other -- to look at some of the
15 interconnection costs, you know, for these systems
16 to interconnect into the distribution grid,
17 consulting services to figure out how to manage and
18 operate these systems because it's one thing to,
19 you know, develop it. But, once they're up and
20 running there's a lot of intricacies to keeping
21 these systems going. So they've provided just some
22 support in that respect.

23 COMMISSIONER BROWN: Tina, I'll
24 also mention just because I happen to remember
25 this, they also are doing -- trying to do some

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

geographical grouping of these projects, it's my understanding. Because a lot of farms are at the end of the distribution line the cost of upgrading to sell back into the system on a one off can be very expensive. If you can find four or five farms on that feeder that are interested in doing this the interconnection costs can be shared and I know NYSERDA was trying to do some work of identifying some locations and grouping them together which I think is important --

MS. PALMERO: That's correct.

COMMISSIONER BROWN: -- to make this more economic.

MS. PALMERO: That's correct.

COMMISSIONER BROWN: Excuse me.

MS. PALMERO: No, thank you.

COMMISSIONER BURMAN: Okay.

Thank you because I think it is very important that we make sure that there's a direct interaction, so -- and follow up. Thank you.

MS. PALMERO: Sure.

CHAIR ZIBELMAN: Any further questions or comments?

It's always good to have

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

Commissioner Brown as our resident. I'm glad his memory works better than mine.

All right. With that, all those in favor to authorize NYSERDA to allocate unencumbered 2013 program funds in the customer-sited tier in the manner described, please indicate by saying aye.

COMMISSIONERS: Aye.

CHAIR ZIBELMAN: Opposed?

Hearing no opposition, the recommendation is adopted. Thank you, Ms. Palmero.

MS. PALMERO: All right. Thank you.

CHAIR ZIBELMAN: Okay. Do you guys need a break or are we -- all right. You folks doing okay?

I just want to make sure.

All right. Our next item is United Water Major rate case.

I'm surprised everyone's not just leaving. Bye, Michael.

COMMISSIONER BROWN: No. He's coming up.

CHAIR ZIBELMAN: Yeah, I know.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

the cost of those investments have a -- have a tendency to increase rates. Our obligation is to make certain under law that the company is allowed to recover return on legitimate investment.

I think that was a hotly-litigated issue in the rate proceeding is whether the capital improvements were legitimate. I think the record certainly supports that they were legitimate investments and needed to be made on behalf of making certain that the company was fulfilling its obligation to serve. And that also the company is facing increasing property taxes which under law is a legitimate expense it has to be able to pass through to consumers.

And, so, those two alone expenses areas really make up the bulk I know of the -- of the increase.

The question, and I think that's the question that -- that this order grapples with and what we're asking the company to grapple with is moving forward one is when we know that there are increasing expenses that may be or may not be largely controllable, we need to do everything we can to control those expenses.

1 June 26, 2014

2 So if there's technology
3 alternatives or rate plan alternatives that could
4 help reduce demand and reduce the need for
5 additional investment or lower cost investment we
6 would expect companies to do that.

7 And secondarily, if there's other
8 expenses that can be controlled they need to be
9 controlled because you can't on one hand ask
10 consumers to have to pay for costs that are
11 uncontrollable and not think about well, what are
12 the expenses we can control.

13 And since regulation largely is a
14 substitute for the market, we know in the
15 competitive arena when companies are facing a
16 situation where their prices may become uneconomic,
17 they look for ways to manage their businesses to
18 drive prices down where they can. So, that they
19 can offset those expenses that may be going up.

20 And that's -- that's really what
21 we expect of our utilities is to be that focused,
22 not just on meeting their obligation to serve but
23 the impact they're having on their consumer base.
24 And, really look at aggressive ways to -- to
25 maintain affordability. And that's, you know,

1 June 26, 2014

2 is -- is not a good way to do business.

3 Nobody really wants to be there
4 and we need to be listening to what the public is
5 saying about their frustration. And I think what
6 the order does is it really directs the company's
7 attention in those areas where frankly people are
8 not happy, they're not satisfied, they're concerned
9 and they're worried that -- that -- that the
10 company is not meeting their needs. And I think
11 those are legitimate concerns we need to listen to.

12 Certainly in the area for us when
13 we see year-over-year rate increases we get
14 concerned about how companies are looking at ways
15 to control their costs. Particularly in this case,
16 where it was found that the company could have
17 taken some efforts more aggressively to reduce its
18 tax expenses and failed to do so. That is a matter
19 of significant concern to the Commission.

20 So, I think that the order sets
21 that right balance. It's certainly adhering to our
22 obligation under law to -- to put rates into place
23 that are compensable for legitimate expenses. But
24 at the same time sets what I believe is a good path
25 that I hope the company adopts which is in

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

you. I was present at the public statement hearings and took copious notes, which I shared with my fellow commissioners because -- and many times we find out when we attend public statement hearings we have that opportunity to really listen to what bothers the public. And, believe me the public was quite bothered by the potentiality of a huge rate increase.

But as the Chair aptly stated, and the Judge, we have obligations under the law to the company for expenses that they have to do business in order to serve the public. But there are areas that we have found, and -- and this order I think addresses all that. Where the company really needs to go and bring back the trust of the public.

People are upset in Rockland and Orange Counties and they're upset for good reasons for a lot of things. But it isn't only this company that bears a burden of responsibility to the public.

There are other entities who do tax the public and so they took, you know, a lot of their frustrations out in this particular case.

1 June 26, 2014

2 We really -- I have to say, the
3 staff worked very diligently in making sure we
4 looked at everything here. Everything has been
5 looked at with a fine-tooth comb in order to bring
6 those numbers down.

7 And, I think, with the option of
8 the two-year rate case we have done that. But we
9 will work with the company to again make sure that
10 in order serving the public that they serve and
11 that's some 74 thousand customers that they serve
12 that they again make every effort to bring back the
13 trust that the public puts in them for water.

14 Water, as we all know, it's the
15 one utility and that we really do need. I know we
16 love our electric and we love gas and we love
17 telecom, but we really do need water in order to
18 live.

19 And people want to make sure that
20 not only is their water safe, it's affordable and
21 the people who are delivering this entity to them
22 are doing the best job possible.

23 So, I think that this order
24 really fulfills the efforts that we have legally
25 under statute and also allows us to work with the

1 June 26, 2014

2 are available to the company in this service

3 territory, it appears to me that it would be in

4 everybody's best interest for everybody to

5 cooperate on conservation plans and measures,

6 improved service and other efforts that can help

7 contain future costs.

8 I hope this can be accomplished.

9 CHAIR ZIBELMAN: Thank you.

10 Commissioner Burman?

11 So, then we can move on to the

12 vote then.

13 All those in favor of the

14 recommendations to set rates for United Water New

15 York, please say aye.

16 COMMISSIONERS: Aye.

17 CHAIR ZIBELMAN: Opposed?

18 Hearing no opposition, there being none, the

19 recommendations are adopted.

20 Thank you and thank you again,

21 not just to staff, but for everyone involved in

22 this complex proceeding.

23 We're going to move now to the

24 consent agenda. Do any of the Commissioners want

25 to recuse or abstain from any voting on the consent

1 June 26, 2014

2 agenda?

3 Are there any comments on the
4 consent agenda?

5 Commissioner Burman?

6 COMMISSIONER BURMAN: I just have
7 two quick comments. On item 264 which is National
8 Grid's opt-out of using A.M.R. devices, I just want
9 to note this is the first time that the Commission
10 is addressing meter opt-out. And I just want to
11 say on National Grid, I think this is really kudos
12 to them in caring about customer choice and coming
13 up with a strategic way of really balancing the
14 customers who want to potentially opt out in a
15 reasonable way, without burdening the other
16 ratepayers.

17 And I'm glad to see that the --
18 they did this and I know that there may be other
19 petitions and other utilities looking at this and I
20 think they -- they did a good job in trying to
21 figure out how to handle this controversial issue.

22 So, thank you on that.

23 The other item, 462, this is the
24 Glenwood petition, the emergency approval of a
25 water-supply agreement. This is in Nassau County

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

favor of the recommendations on the consent agenda,
please indicate by saying aye.

COMMISSIOERS: Aye.

CHAIR ZIBELMAN: Opposed?

Hearing no opposition, there
being no opposition, the recommendations are
adopted.

Secretary Burgess, are there any
other matters that come before us today?

SECRETARY BURGESS: There are no
other matters for today. The next time the
Commission will be meeting will be July 10th. It's
a technical conference in the REV proceeding and
that session's going to be held in meeting room six
in the Empire State Plaza off the Concourse and
that will begin at nine a.m.

CHAIR ZIBELMAN: Thanks. I wish
you all a happy 4th. See you in July.

(The session concluded)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

June 26, 2014

STATE OF NEW YORK

I, Jamie-Lee Greene, do hereby certify that the foregoing was reported by me, in the cause, at the time and place, as stated in the caption hereto, at Page 1 hereof; that the foregoing typewritten transcription consisting of pages 1 through 100, is a true record of all proceedings had at the hearing.

IN WITNESS WHEREOF, I have hereunto subscribed my name, this the 2nd day of July, 2014.

Jamie-Lee Greene, Reporter

