



For Immediate Release: 10/28/2020

GOVERNOR ANDREW M. CUOMO

**GOVERNOR CUOMO INTRODUCES LEGISLATION TO PROVIDE ADDITIONAL ENFORCEMENT TOOLS TO HOLD UTILITIES ACCOUNTABLE**

***New Legislation Removes Penalty Caps for Storm Response Violations***

***Expedites and Clarifies the Franchise Revocation Process Following Repeated Failure to Provide Safe, Reliable Service***

***Requires the PSC to Cap the Amount of Money Ratepayers Contribute to Utility Executive Salaries***

***Also Requires the PSC to Study Whether Private Water Suppliers on Long Island Should Come Under Municipal Control***

***State Legislature's Long Island Delegation Voices Support for Bill***

Governor Andrew M. Cuomo today proposed new legislation to strengthen the State's enforcement tools to hold utilities accountable in response to widespread failures to prepare for and respond to the reality of more frequent and extreme weather events such as Tropical Storm Isaias. If passed by the Legislature, the new law would dramatically increase penalties to shareholders for failing to adhere to emergency response plans and other violations of the Public Service Law, regulations or orders of the Public Service Commission. The new law would also expedite and clarify the process of utility franchise revocation for recurring failures. In addition, the bill requires the PSC to cap the amount of money ratepayers contribute to utility executive salaries.

Finally, the bill would also require the PSC to study whether private water suppliers like American Water on Long Island should come under municipal control. The majority of the State Legislature's Long Island delegation joined the announcement, pledging to sponsor the bill and help ensure its passage.

"God did not give the utility company the franchise - the people of the state gave the utility company the right to operate," **Governor Cuomo said.** "If the people of this state allow the utility company to operate, the people of the state can revoke their right to operate. So you have a penalty or you have a revocation—but both are very hard to affect right now by the current law, and we need to change the law. New Yorkers will no longer be bullied by utility companies who have long believed they are too big to fail. The abuse of public trust by utility companies will not be tolerated in New York State. The penalty should be commensurate with the damage caused by the utility companies.

By removing the caps on penalties and easing the path to franchise revocation, utility companies will be held accountable."

The new legislation would also do the following:

- Extend enforcement mechanisms to other types of utilities such as electric, cable, television and water
- Give the state authority to seek up to \$500 per household for consumer damages like spoiled food and lost medications due to extended outages
- Require a plan for better communications to customers by utilities during an outage

Under current rules, electric utilities provide the PSC with emergency response plans and are required under such plans to prepare for service outages as a result of extreme weather. Recent events have illustrated that the penalties in the PSL have not been a sufficient deterrent against actions or inaction that violates such emergency response plans. Not only do these violations jeopardize public health and safety, but ratepayers deserve better service, and utilities should be held to higher standards given the franchise they are awarded to provide service to their customers.

The bill would amend the public service law to increase penalties by removing existing caps and replacing the current penalty assessment system with a system that tailors penalties to the nature and extent of harm caused by public utilities who violate the law. Currently, penalties related to reliability and continuity of electric service, including restoration following a major outage or event, start at \$100,000 or .02 of 1% of annual intrastate gross operating revenue, whichever is greater, for each separate and distinct offense. Penalties rise to \$500,000 or .04 of 1%, whichever is greater, for combo gas and electric utilities in the restoration of electric service following a major outage event or emergency.

The provision clarifying revocation will address questions including the ownership and transfer of assets such as substations, cables and trucks to ensure that the ratepayers who funded them are not charged again in the event of a new operator taking them over. The bill would also authorize appointment of a receiver if the PSC moves to revoke the utilities certificate to operate, which will ensure that operation of a utility is in the public interest during a transition.

In addition, the bill requires the PSC to study whether private water suppliers on Long Island should come under municipal control in order to improve delivery of water service to ratepayers. Recent concerns over the quality of water service and the management of private water supplies warrants closer scrutiny to determine if the public would be better served by a municipal entity. The bill would require the PSC to issue a report by April 1, 2021.

**Senator Jim Gaughran said,** "Public water is a human right. For years, New York American Water has exploited Long Islanders with outrageously high rates and shameful business practices. I thank Governor Cuomo for his leadership and partnership in the fight to stop private water companies from profiting off the backs of Long Islanders, and I look forward to swiftly passing this legislation. All Long Islanders are entitled to safe, clean public water."

**Senator Kevin Thomas** said, "For far too long, utility companies have abused the trust that ratepayers and the state have put in them, particularly on Long Island. As Chairman of the Consumer Protection Committee, I have fought hard to ensure utility companies are held accountable when they fail to uphold their responsibility to deliver safe and reliable service to ratepayers. I want to thank Governor Cuomo and my colleagues for stepping up to defend New York consumers by supporting this crucial legislation."

**Senator John E. Brooks** said, "I am fully in support of Governor Cuomo's proposed legislation which will provide greater authority for the Public Service Commission to protect consumers from the questionable practices of privately owned utility services. For the past 4 years I have been meeting with senior management officials of a privately held water concern that is a major supplier for many Nassau County communities and have been questioning practices and pricing related to rate programs, the effectiveness of conservation pricing, fire hydrant fees, tax obligations and more. I believe that a PSC study to determine how beneficial a municipally owned provider would be to the consumers of Long Island is in the best interest of the public."

**Senator Todd Kaminsky** said, "Long Islanders on the South Shore are fed up with utilities, like American Water, that continue to fall short and yet resist reform even when it is obviously warranted. The Governor's actions today demonstrate that we will no longer allow them to act with impunity and take advantage of ratepayers who find themselves on the brink. These bills will ensure that entities providing essential services - like water - act responsibly and hold themselves accountable to customers."

**Senator Monica Martinez** said, "I thank Governor Cuomo for his swift action to hold our utilities accountable when they violate the trust of the public and do not properly respond to natural events and storms; leaving residents hopeless and without answers, by not communicating properly with the customers. By granting the Public Service Commission the ability to put into place several safeguards that will ensure our residents receive not only the utility service, but also, the customer service they pay for. Long Island is especially susceptible to natural disasters, and we must have a dependable utility company in place that will be able to meet the demands of the customers, especially during the trying times since the COVID pandemic, and so many are working from home."

**Senator Anna Kaplan** said, "PSEG LI, Altice, and Verizon put Long Islanders through hell back in August when they completely failed in their response to Tropical Storm Isaias. It's clear that we need strict guard rails in place to hold these utilities accountable for the failings, we need better consumer protections for our residents, and the State needs to have more flexibility to replace these companies if they're unwilling or unable to serve the needs of Long Islanders in an emergency. I'm grateful for Governor Cuomo's leadership in proposing new measures to do just that, and I will be fighting for their passage when I return to Albany."

**Assembly Member Charles Lavine** said, "Long Islanders have too long been disadvantaged by being at the mercy of public utilities, cable and communication companies and private water companies. Enough is enough. This legislation, which I am proud to support, will provide needed enhanced protections to our citizens."

**Assembly Member Judy Griffin said,** "This piece of legislation is a huge win for ratepayers on Long Island and in Assembly District 21 who pay exorbitant rates with inconsistent and poor service. I fully support this piece of legislation that will hold public utilities accountable to their customers and will finally give the ratepayer what they need -- a reliable service where they are not punished for the utilities inability to serve."

**Assembly Member Michaelle Solages said,** "This legislation would protect New York residents' consumer interests in residential utility matters. Every New Yorker deserves efficient services, especially in times of emergencies. I look forward to working with my colleagues and Governor Cuomo to ensure that private utilities do right by ratepayers."

**Assembly Member Taylor Darling said,** "I want to thank Governor Cuomo for his continued commitment to holding our utility companies accountable for the violations of public trust. New Yorkers deserve better and this legislation will hold those responsible accountable for their actions with necessary enforcement."

Governor Cuomo previously announced that the New York State Department of Public Service completed the first phase of its investigation in record time into utility preparation and restoration efforts related to tropical storm Isaias. As a result, the Department sent Notice of Apparent Violation letters to four electric service providers — Con Edison, Orange & Rockland, PSEG LI and Central Hudson — and telephone, cable and internet provider Altice-Optimum that they face steep penalties and must take immediate corrective actions so that similar failures are not repeated during the remainder of hurricane season. This was the first time DPS front-loaded the investigation process with Notices of Apparent Violation, and they have tightened the investigation process from the usual 12 to 24 months to just 6 months.

###