



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

Senator Fuschillo Holds Public Hearing on Improving Oversight & Accountability of LIPA

CHARLES J. FUSCHILLO JR. April 7, 2011

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Hearing Examines LIPA's \$367 Million Ratepayer Overcharge and Measures Needed to Make LIPA More Accountable

Photo caption: Senator Fuschillo (left) and Senator Jack Martins (right) listen to testimony from New York State Public Service Commission officials during the public hearing on improving oversight and accountability of LIPA.

Senator Charles J. Fuschillo, Jr. (R-Merrick) today held a public hearing to explore ways to improve oversight of LIPA and ensure that it is accountable to ratepayers.

Senator Fuschillo scheduled the hearing following LIPA's announcement earlier this year that it overcharged its ratepayers by \$231 million for "lost-power" because it was using an outdated formula. Ratepayers will receive only a partial refund through an incremental rate cut paid over a three year period. Subsequently, LIPA announced a separate \$136 million overcharge for fuel costs, adding up to a combined \$367 million in unnecessary charges to ratepayers.

“LIPA’s recent overcharges have added \$367 million in unnecessary costs to ratepayers who are already paying some of the highest utility costs in the country. LIPA needs to do a better job in managing ratepayer dollars and being accountable to its customers. This hearing examined what steps need to be taken to ensure that happens,” said Senator Fuschillo, a member of the Senate’s Energy & Telecommunications Committee.

Discussion at the hearing included LIPA’s handling of its recent \$367 million in ratepayer overcharges; LIPA’s financial practices; Senate bill S2581 requiring the State’s Public Service Commission to approve any LIPA rate increases over 2.5%; and what measures are needed to improve LIPA’s accountability to its ratepayers.

The panel of Senators questioned and heard testimony from LIPA Chief Operating Officer Michael Hervery with regard to these issues. In addition, a number of other experts offered testimony and answered questions, including:

- * Garry Brown, Chairman of the New York State Public Service Commission
- * Dr. Matthew Cordaro, an expert in the field of energy utilities
- * Dr. Martin Cantor, CPA, Director Long Island Economic & Social Policy Institute at Dowling

College

* Suffolk County Legislator Wayne Horsely, Chairman of the Legislature’s Economic Development, Higher Education, and Energy Committee.

- * Robert Shand, Business Agent, IBEW 1049
- * Rose Van Guilder, President, Alliance for Independent Long Island
- * Sheldon Sackstein, Chairman, Action Long Island

A representative from the New York State Comptroller’s Office also offered testimony at the hearing.

Senator Fuschillo and Senator George Maziarz (R-Newfane), Chairman of the Senate’s Energy & Telecommunications Committee, were joined at the hearing by Senator Owen Johnson (R-Babylon), Senator Ken LaValle (R-Port Jefferson), Senator Carl Marcellino (R-Syosset), Senator John Flanagan (R-Northport), Senator Jack Martins (R-Mineola), and Senator Lee Zeldin (R-Shirley).

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