



NEW YORK STATE SENATOR

Todd Kaminsky

LI Senators Demand Shareholders, Not Ratepayers, Fund PSEG Reimbursements

TODD KAMINSKY August 24, 2020

(Rockville Centre, NY) -- Today, a bipartisan group of Long Island State Senators -- Senators Todd Kaminsky, John Brooks, Anna Kaplan, Kevin Thomas, James Gaughran, Monica Martinez and Phil Boyle, Ken LaValle -- wrote to Long Island Power Authority (LIPA) CEO Tom Falcone demanding that customer reimbursement dispersed by PSEG-LI as a result of the utility's mismanagement and poor communication in the response to Tropical Storm Isaias come from company shareholders, and its parent company (PSEG), rather than ratepayers as per the current arrangement.

LIPA has publicly stated that funds to cover PSEG-LI's customer reimbursements will come from the company's prospective bonus this year, which is comprised of ratepayer funds. In an effort to enforce accountability for PSEG's failures, the Senators requested a mandate from LIPA that PSEG-LI shareholder's foot the cost of customer reimbursements for spoiled food and medications in its entirety from previous year profits and bonuses.

The full letter to Long Island Power Authority CEO Tom Falcone can be read below:

Dear Mr. Falcone,

We are writing to you about PSEG-LI's customer reimbursement for spoiled food and medication because of Tropical Storm Isaias. While we appreciate the fact that the company is offering this policy to customers on Long Island, we are greatly concerned about how the reimbursement is being paid for.

The Long Island Power Authority (LIPA) has publicly stated that funds to cover customer reimbursements will come from this year's prospective bonus, comprised of ratepayer funds. This is unacceptable. Hardworking Long Islanders should not foot the bill for PSEG-LI's mismanagement. Rather, PSEG-LI's shareholders and those from its parent company, PSEG, should fund these reimbursements. As you know, these entities have reaped tens of millions of dollars in profits from past bonuses based on meeting performance metrics (which, based on their performance during the last storm, is highly questionable whether such previous bonuses were merited), and it is far more just to ask them to use those funds instead.

Our constituents have lost faith in their utilities and the institutions meant to oversee them. This arrangement smacks of a "shell game," and would more likely achieve accountability and the perception of accountability if PSEG-LI has to fund these reimbursements and actually feel the consequences of its failure. Therefore, we ask LIPA to mandate PSEG-LI shareholder's cover the entire cost of customer reimbursements for spoiled food and medications from previous year profits and bonuses. It is only equitable that this cost comes out of shareholders'—not ratepayers'—pockets.

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