

**SENATOR MAZIARZ OPENING STATEMENT**

**LET ME BEGIN BY THANKING ALL THE WITNESSES FOR COMING, AND FOR BEING SO HELPFUL TO MY STAFF AND ME IN ADVANCE OF THIS PUBLIC HEARING.**

**GIVEN THE HIGH TAXES AND ENERGY COSTS IN THIS STATE, I BELIEVE THAT IT IS MY OBLIGATION AS CHAIRMAN TO LOOK INTO ANY MATTER THAT WILL MAKE UTILITY BILLS GO UP. NEW YORK STATE CURRENTLY HAS THE THIRD HIGHEST ENERGY COSTS IN THE NATION AT 19.12 CENTS PER KILOWATT HOUR COMPARED TO A NATIONAL MEDIAN OF 11.92 CENTS.**

**WHEN YOU ADD THESE COSTS, TO SOME OF THE HIGHEST PROPERTY TAXES IN THE NATION, AS WELL AS RANKING NEAR THE TOP IN NEARLY EVERY OTHER CATEGORY RELATED TO OVERALL TAX BURDEN YOU HAVE A RECIPE**

**FOR DISASTER. IT IS NO WONDER THAT NEW YORK IS LOSING ITS BEST AND BRIGHTEST AS OUR YOUNG PEOPLE CHOSE TO LIVE IN OTHER STATES THAT HAVE A LESSER TAX AND COST BURDEN AND ARE CREATING MORE JOBS.**

**WHEN IT COMES TO THE BUSINESS CLIMATE AND THE INCENTIVES NECESSARY TO CREATE JOBS, NEW YORK IS ALSO LAGGING FAR BEHIND. OVER REGULATION, ALONG WITH OUT OF CONTROL SPENDING AND TAXES HAVE FORMED A TOXIC BREW FOR OUR ECONOMY AND OUR CITIZENS. IN FACT OVER THE LAST TWO YEARS, THE DEMOCRAT MAJORITY IN THE SENATE HAS RAISED TAXES AND SPENDING BY \$14 BILLION EACH, AND AT THE SAME TIME NEW YORK HAS LOST 245,000 JOBS.**

**WHEN IT COMES TO ENERGY, MY COLLEAGUES IN THE SENATE MAJORITY HAVE ALSO BEEN ON THE WRONG TRACK. A PARTICULARLY OFFENSIVE TAX WAS THE**

**MASSIVE INCREASE IN THE 18A ASSESSMENT THAT I  
OPPOSED, WHICH WAS PASSED IN THE 2009 BUDGET. THIS  
ASSESSMENT RAISES THE FEE CHARGED TO OPERATE  
THE PUBLIC SERVICE COMMISSION FROM 0.33% OF  
UTILITIES REVENUE TO 2%. THE ADDITIONAL \$350  
MILLION IN COLLECTED ENERGY TAXES WERE SIMPLY  
SWEPT INTO THE GENERAL FUND AND USED TO FILL THE  
GAPS FROM THE OUT OF CONTROL SPENDING THAT HAS  
INFECTED ALBANY. IN FACT TAXES LIKE THIS 18A  
ASSESSMENT MAKE UP 25% OF EVERY UTILITY BILL AND  
COST CUSTOMERS \$50 MILLION A MONTH!**

**I MENTION THESE OTHER ISSUES, WHICH CLEARLY ARE  
NOT THE FAULT OF NATIONAL GRID, JUST TO SET THE  
PROPER CONTEXT FOR THIS HEARING. THAT CONTEXT IS  
THAT UTILITY BILLS ARE TOO HIGH, ENERGY COSTS TOO  
MUCH, AND IT IS OUR JOB TO MAKE SURE THAT**

**RATEPAYERS ARE PROTECTED FROM FURTHER  
UNWARRANTED COSTS.**

**OUR GOAL, HERE IS TO GATHER INFORMATION, AND TO  
PROTECT RATEPAYERS, NOT TO CONDUCT A WITCH  
HUNT AGAINST NATIONAL GRID OR ANYONE ELSE. AS  
CHAIRMAN OF THE ENERGY COMMITTEE, I BELIEVE  
STRONGLY THAT THE RATEPAYERS AND THE PUBLIC  
NEED TO KNOW WHAT HAS TRANSPIRED IN TERMS OF  
THE INAPPROPRIATE EXECUTIVE EXPENSES AND OTHER  
ITEMS THAT HAVE COME TO LIGHT AS A PART OF THE  
NATIONAL GRID RATE CASE. MY GOAL IS TO BRING ALL  
OF THE NECESSARY INFORMATION TO LIGHT SO THAT  
THE PUBLIC IS WELL-INFORMED ABOUT THIS  
ACCOUNTING SCANDAL AS WELL AS THE RATE CASE  
PROCESS IN GENERAL AND THIS CASE IN PARTICULAR.**

**I ACKNOWLEDGE AND APPRECIATE THE FACT THAT NATIONAL GRID HAS ADMITTED THAT THERE WERE ACCOUNTING MISTAKES MADE AND THAT CERTAIN EXECUTIVE EXPENSES SHOULD NOT HAVE BEEN INCLUDED IN THEIR RATE FILING. I ALSO UNDERSTAND AND APPRECIATE THE FACT THAT NATIONAL GRID, IS JUST AS BURDENED AS OTHER BUSINESSES BY THE NEGATIVE BUSINESS ENVIRONMENT IN OUR STATE, AND PAYS \$670 MILLION IN STATE AND LOCAL TAXES EACH YEAR WHILE EMPLOYING OVER 11,000 NEW YORKERS. I ALSO WANT TO COMPLIMENT NATIONAL GRID ON ITS EFFORTS TO PROMOTE ENERGY CONSERVATION AND GREEN TECHNOLOGIES. THIS IS INNOVATIVE AND NOT COMMON FOR AN INVESTOR OWNED UTILITY.**

**HOWEVER, NONE OF THESE FACTORS, HOWEVER POSITIVE CAN MINIMIZE THE SERIOUS ISSUES THAT WE ARE HERE TO EXAMINE. THE COMMITTEE NEEDS TO**

**ASCERTAIN, WHETHER THE ISSUE OF INAPPROPRIATE EXECUTIVE EXPENSES HAS IN FACT BEEN FULLY ADDRESSED BY THE COMPANY IN ITS OFFER TO REDUCE ITS RATE INCREASE REQUEST BY ROUGHLY \$4 MILLION. WE NEED ANSWERS AS TO WHY THE PUBLIC SERVICE COMMISSION BELIEVES THAT A DOWNWARD ADJUSTMENT OF ROUGHLY \$25 MILLION IS MORE APPROPRIATE IN THIS CASE. WE NEED TO KNOW HOW THE PSC DISCOVERED THIS PROBLEM, AND WHAT THEIR UPCOMING INVESTIGATION IS GOING TO LOOK LIKE, INCLUDING A SPECIFIC TIMELINE. FURTHERMORE WE NEED TO LOOK AT OTHER EXPENSES THAT NATIONAL GRID HAS NOT WITHDRAWN FROM ITS RATE CASE WHICH BOTH MYSELF AND THE PSC FIND TROUBLING.**

**WE ALSO NEED TO REVIEW THE METHODOLOGY THAT WAS USED TO DETERMINE THE AMOUNT OF THIS RATE INCREASE GIVEN THE VAST DISPARITY BETWEEN THE**

**\$369 MILLION INCREASE REQUESTED BY THE COMPANY AND THE \$14 MILLION DECREASE ENVISIONED BY THE PUBLIC SERVICE COMMISSION. WE ARE ALSO GOING TO LOOK AT WHETHER THE RETURN ON EQUITY REQUIREMENTS OUTLINED BY NATIONAL GRID ARE MORE OR LESS VALID THAN THOSE SUGGESTED BY THE CONSUMER PROTECTION BOARD. WE ALSO NEED TO GET MORE INFORMATION AS TO WHY UPSTATE ELECTRIC CUSTOMERS ARE BEARING SUCH A HIGH PERCENTAGE OF THE COST BURDEN FROM NATIONAL GRID'S SERVICE COMPANIES. ACCORDING TO THE PSC THESE CHARGES ARE ABOUT TWO TIMES GREATER THAN OTHER COMPANIES.**

**LASTLY, WE CLEARLY HAVE TO DETERMINE WHETHER THE COMPETITIVE TRANSITION CHARGE WHICH WAS PUT INTO PLACE IN 2002, IS STILL RELEVANT TODAY. IF THIS CHARGE WERE ALLOWED TO EXPIRE AS ORIGINALLY AGREED TO BETWEEN NATIONAL GRID AND**

**THE PSC, CUSTOMERS WOULD SEE A DECREASE IN THEIR  
BILLS STARTING IN 2011. IN THIS ECONOMIC  
ENVIRONMENT, IT IS MORE IMPORTANT THAN EVER FOR  
THE COMPANY AND THE COMMISSION TO EXPLAIN WHY  
THIS DECREASE IS NOT WARRANTED.**

**SO, IN SUMMATION, I WANT TO THANK ALL OF THE  
WITNESSES FOR THEIR PARTICIPATION AND  
COOPERATION. I LOOK FORWARD TO MAKING SURE  
THAT RATEPAYERS GET ANSWERS TO THEIR QUESTIONS.  
I WILL ALSO MAKE SURE THAT NO STONE IS LEFT  
UNTURNUED IN OUR CONTINUING EFFORTS TO KEEP  
ENERGY COSTS AND THEREFORE ENERGY BILLS DOWN  
IN THE STATE OF NEW YORK.**