

Levy: Rising utility rates show system rigged against ratepayers

By: [Steve Levy](#) August 17, 2016

I just don't get it. Where's the outrage? Our two largest utilities on Long Island just proposed crushing rate increases and the general reaction has been a big yawn.

National Grid has proposed a humongous 24 percent gas delivery rate increase and PSEG is asking for a rate hike to make up for lost revenue because – get this – we residents have been too good at conserving energy.

On top of this, National Grid wants a 33 percent increase for investigating and mitigating toxic spills, many of which the utilities caused, and PSEG wants a separate 18 percent increase for its fuel power supply costs.

Grid's ghastly proposed increase was barely reported. Some will say that these increases relate only to a portion of a ratepayer's total bill. But to put this into perspective, the \$16 per month increase in the delivery fee proposed by Grid would amount to a sum (\$192 annually) that is almost twice as large as what average taxpayers pay for their entire Suffolk County General Fund tax bill.

Energy costs on Long Island are among the highest in the nation. And while most pundits harp on property taxes and housing costs as the major impediments to residents and companies remaining here, utility rates play a significant role as well.

It is one of the reasons the hundreds of millions spent on the Start Up New York and similar campaigns have been such failures. It was thought that if only we advertised about giving short-term tax breaks on moving to or expanding a business in New York, applicants would come flooding in. But these business owners aren't fools. They know it's not just taxes, but the entire economic environment in New York that makes it so cost prohibitive to exist here.

So you get a 10-year graduated break on some of your taxes. You are still facing huge workers' comp costs due to the litigious nature of our state. You still have to live in a home and pay property taxes that are often \$10,000 more annually than in other states because of the never ending burdensome mandates foisted upon your schools and local governments by Albany.

There are surcharges levied on your payroll to pay for the excessive salaries, pensions and benefits at an MTA that is falling apart.

Of course, there are electric rates that siphon profits from businesses and any remaining disposable income from renters and homeowners.

Much of the higher electric costs we pay are related to debt on the Shoreham nuclear power plant and the deals made by both governors Mario Cuomo and George Pataki. Cuomo's agreement left ratepayer holding the bag for the billions in over-runs at the plant, while bond holders were bailed out. Pataki's LIPA deal incorporated huge and unnecessary upfront borrowing in order to push payback obligations

out to future administrations to create the illusion that rates were being stabilized as the election loomed.

Donald Trump and Bernie Sanders coasted upon a big wave based on the theory that many of our institutions are rigged. But what could be more rigged than the rate-setting schemes for our utilities? Use too much fuel and our rates go up. But conserve too much and that leads to lesser-than-expected revenues for the company, and rates go up anyway.

In the private sector, with real competition, if your company over-estimates revenue or under-estimates expenditures, your profits suffer. Yet in our quasi-monopolistic utility structure, mistakes by our utilities are simply passed off to the ratepayers. Unless there are consequences felt by shareholders for mismanagement, nothing will change.

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