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LIPA opposes Brookhaven audit request for rate hike

May 26, 2015 by MARK HARRINGTON / mark.harrington@newsday.com

LIPA argued yesterday against a Brookhaven Town request for state Comptroller Thomas DiNapoli to step in and audit the agency and PSEG Long Island's request for a three-year, 4 percent rate hike. New York City, meanwhile, is arguing that the utilities may not be planning properly to protect ratepayers from the future effects of climate change.

Recent testimony in the state proceeding for the rate request will subject the utilities to unprecedented scrutiny.

The testimony comes as the Department of Public Service, which is reviewing the rate proceeding, has already determined that the Long Island Power Authority and PSEG's \$221 million rate request was \$173 million too high, and recommended that it be slashed to \$47 million. It claimed the utilities overestimated for inflation, wanted too much money for tree trimming, and underestimated future sales projections and savings from a planned debt refinancing.

Brookhaven, in a filing by outside attorney Robert Calica, asked that LIPA and DPS "invite" an audit from the comptroller for several reasons. The town noted the absence of any other "binding regulatory review" of the rate request, and it cited LIPA's "severely diminished staff and capacity to meaningfully and fully review" the rate plan.

LIPA, in a response filed yesterday, requested that Brookhaven's filing be denied, arguing that the LIPA Reform Act gives DPS the job of reviewing the rate-hike request.

"The statute does not contemplate adding a further review of a rate plan" by the comptroller's office. "Nothing in the [LIPA Reform Act] authorizes DPS or the LIPA board of trustees to 'invite' [the comptroller's office] to substitute its judgment for that of DPS or the LIPA board of trustees, and common prudence cautions against it," attorneys for LIPA wrote.

New York City, in its filing before the administrative law judges overseeing the case, expressed concern that PSEG and LIPA may not be doing enough to protect infrastructure and customers from future impacts of climate change.



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Radley Horton, an associate research scientist at the Center for Climate Systems Research at Columbia University, expressed concern that PSEG was not preparing Long Island for rising temperatures and flood projections. He noted that PSEG's capital budget for future projects "relies on climate data from a historic thirty-year period without any reference to climate projections."

Horton cited recent studies predicting increased temperatures on Long Island that are likely to make it more like Raleigh, North Carolina, by 2080, as sea level rises. "Storm hardening projects should be designed to withstand future climate conditions, which are not reflected in the temperature/humidity metric" used by PSEG, Horton wrote.

PSEG has said it will respond to the city and other testimony next month.

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