



MEMORANDUM OF SUPPORT

March 12, 2014

Statement in Support of A.8555-C Article VII Creation of the State Utility Consumer Advocate (Part N)

AARP supports provisions in the Assembly budget proposal to address the need for an independent consumer advocate to level the playing field for utility consumers in rate cases and other issues impacting utility customers before regulatory bodies.

A review of the annual reports of New York's investor-owned utilities shows that through rates, utility companies recover approximately \$10 million per year to defend their rate increases and other regulatory requests. This totals about \$43 million that utility companies have passed on to their consumers from 2009-2012. Essentially, ratepayers are paying to propose and defend increases in their own rates.

There is no shortage of participation from utilities or large commercial and industrial customers in regulatory proceedings. However, there is a glaring lack of input from parties who would focus attention on current and emerging issues facing residential consumers, and who would protect them from losing out to competing interests.

In contrast, New York State's support for utility consumer advocacy has dwindled to the point that New York consumers, who pay some of the highest utility rates in the nation, lack full and independent representation in major matters affecting the reliability and affordability of essential utility services. New York's support for this function also lags in comparison with other states' allocations of resources for utility consumer representation.

More than 40 states and the District of Columbia have independent state entities charged with the mission to represent residential utility service consumers in cases before state and federal utility regulatory commissions. These independent advocates typically appear on behalf of consumers as parties in state and federal regulatory commission proceedings and in judicial review proceedings concerning rates and conditions of public service utilities. They typically have independent authority to commence proceedings and to take legal positions that are different from those of utilities and their regulators, and to seek judicial review of state and federal regulatory agency decisions.

The Public Service Commission mediates the competing interests of utilities and others in their decision making. They depend on vigorous external stakeholder participation in their complex proceedings to develop facts that will be included in the record upon which decisions must ultimately be based.

AARP New York strongly urges the Legislature to give utility consumers the meaningful seat at the regulatory table that they need and deserve.

For the above reasons, AARP strongly supports this measure.
Please contact Bill Ferris or David McNally at (518) 434-4194 with any questions.