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NYSEG RATE HIKE OPPOSED  
LEGISLATURE CALLS ON PSC TO REJECT MASSIVE INCREASE

LOCKPORT—Reacting to the New York State Electric & Gas utility's plan to raise residential utility bills by nearly 20 percent, Niagara County lawmakers called on the New York State Public Service Commission to reject NYSEG's proposal Tuesday night.

Unanimously passing a bill authored by Legislator Gerald K. Farnham, R-Pendleton, and Legislator Tony Nemi, I-Lockport, county lawmakers urged the PSC to repeat an April decision to deny a previous NYSEG request to hike rates. Under NYSEG's latest scheme to increase rates, the utility would impose a 18.6% increase in residential electric rates and a 17.4% increase in residential natural gas heating rates.

"These rate increases for natural gas and power are coming at a terrible time given the economic situation we're in right now," Farnham said. "These rate increases are unjustified."

The NYSEG rate hikes come just 13 months after a Spanish conglomerate, Iberdrola S.A., purchased the utility—the earliest date NYSEG could legally seek such an increase. Just five months after Iberdrola's acquisition of NYSEG, which was supported by various state political leaders including Gov. David A. Paterson, the now foreign-owned company sought a massive increase in rates in an effort to raise the company's credit rating.

PSC Commissioners rejected that earlier increase, noting that Iberdrola was seeking to violate the terms of the deal under which it acquired NYSEG, which included a 13-month ban on rate increases.

Farnham noted that NYSEG utilizes New York Power Authority electricity extensively, and that, following testimony by Legislature Chairman William L. Ross, C-Wheatfield, and Sen. George D. Maziarz, R-Newfane, NYPA had abandoned its own plans for an increase in "preferred" power rates—meaning that the cost of electricity to NYSEG was unchanged. Farnham also noted that prices in the natural gas market had stabilized.

"I don't see any reason why there should be increases in either one of these," Farnham said.

Legislator Wm. Keith McNall, R-Lockport, pointed to the heavy impact NYSEG's rate hike would have on Western New York families.

"The proposed rate hikes for the average residential customer work out to be approximately \$37 a month in increases," McNall said, noting that NYSEG's plan would raise the average residential electricity bill by \$12.39 per month and residential natural gas heating bills by \$25.34. "That's a lot of money. Over the course of a year, that comes to \$450. People can't afford that."

McNall noted that the 2009-2010 New York State Budget had also implemented a 200 percent increase in the "Section 18-a assessments" sought by Paterson. The assessment, a hidden tax, began to take hold with most customers' July utility bills.

"That amounts to a substantial burden for our families," McNall said, noting the median household income in Niagara County was slightly above \$44,000 per year.

County lawmakers also indicated that they want county residents to be able to have their say about the proposed rate hikes. In addition to urging the PSC to reject the proposed NYSEG increase, Ross also challenged the utility to hold hearings at a site in Niagara County.

"We want to make sure that the Public Service Commission does schedule public hearings that are accessible to the Niagara County residents that live in the NYSEG coverage area," Ross said. "We want to make sure that the people that want to voice their opposition to these type of rates in these tough economic times have the opportunity to voice their opposition."

The resolution passed by county lawmakers also calls on the entire Western New York delegation to the New York State Legislature to stand with the county in opposing the rate hikes and make their opposition known to the PSC.

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