

**Draft Amendment - 3-17-26**

SUBPART A of Part TT of A.10008-B

21 Section 1. The legislature hereby finds and declares that:  
22 (a) Access to public utility service that is provided at  
affordable  
23 and reasonable rates is central to the health, welfare, and economy  
of  
24 the state. Nearly all aspects of the state rely on the provision  
of  
25 electric and/or gas service to: heat and cool homes, offices, and  
facto-  
26 ries; illuminate buildings; cook meals; charge vehicles; manufacture  
new  
27 products; and power the countless appliances, machines, devices,  
tech-  
28 nologies, and infrastructure that serve as the backbone of the  
modern  
29 digital era.  
30 (b) For well over a century, the provision of utility service by  
inve-  
31 stor-owned corporations has been recognized as serving an  
essential  
32 public function, lawfully subject to comprehensive and systematic  
regu-  
33 lation by the state to protect and promote the public interest.  
Under  
34 this system of regulation, which has been repeatedly upheld by  
federal  
35 and state courts, the obligation to provide fair and reasonable  
utility  
36 rates does not entitle utility corporations to an immutable and  
absolute  
37 right to profit, but instead grants great deference to the state to  
act  
38 in the public interest.  
39 (c) The burden of rising energy costs is becoming increasingly  
acute  
40 and threatens the general prosperity of the state. Utility rates  
have  
41 hit an all-time high, as have utility corporation's profits, and  
the  
42 increased costs are being borne by all ratepayers. To further worsen  
the  
43 situation, the current rate structure disproportionately burdens  
resi-  
44 dential customers with relatively low energy usage, particularly  
those  
45 with lower or fixed incomes.  
46 (d) Utility service is a natural monopoly, and outside of  
the  
47 provision of commodity service, New Yorkers do not have a say in  
who  
48 provides them utility service. While utilities are allowed to  
recover

49 the actual costs of providing service as well as a reasonable rate  
of  
50 return on their investment, the actual rates and charges passed on  
to  
51 customers are a matter of public concern and have been regulated by  
the  
52 state for well over a century. Further, utility monopolies have no  
mark-

A. 10008--B

43

1 et-based incentive to lower costs, absent the intervention of the  
legis-  
2 lature or the public service commission.  
3 (e) As the state enters further into the twenty-first century,  
the  
4 electric and gas system faces new challenges including rapidly  
increas-  
5 ing demand and shifting patterns of usage. Aside from a series of  
orders  
6 by the commission in the 1990's limiting their control over the costs  
of  
7 generation and deregulating the utility industry, the current model  
of  
8 regulation and rate setting has remained largely unchanged since  
the  
9 dawn of the public service commission. In light of the all-time  
high  
10 utility rates, and recent changes in financial markets, methods  
of  
11 acquiring capital, the globalization of the utility industry, and  
the  
12 shifting needs of utility customers, a reexamination of the  
rationality  
13 and merits of the current utility regulatory model is appropriate.  
14 (f) Any additional increase in utility rates, on top of the  
countless  
15 other energy burdens facing the state such as federally imposed  
tariffs,  
16 high interest rates, lingering inflation, and the reduced  
federal  
17 support of financial energy assistance and clean energy  
transition  
18 programs, could have a harmful and ruinous effect on the health,  
welfare  
19 and economy of the state.  
20 § 2. (a) Notwithstanding any law to the contrary or any order of  
the  
21 public service commission adopted prior to the effective date of  
this  
22 section, for a period commencing on the effective date of this  
section  
23 and ending twenty-four months thereafter, the public service  
commission  
24 shall not adopt, approve, or otherwise take any action that would  
effec-

25 tuate a major change in rates or charges. Such actions shall include,  
in  
26 relation to the rates and charges for the provision of electric or  
gas  
27 services by a utility corporation: (i) the approval of any matter  
relat-  
28 ing to a major change in rates or charges; (ii) the adoption or  
approval  
29 of modifications to a tariff or schedule of rates or charges,  
including  
30 the implementation or effectuation of an order adopted prior to  
the  
31 effective date of this section, which would result in a major change  
in  
32 rates or charges; and the issuance of any recommendation that  
would  
33 result in a major change in rates or charges submitted for review by  
the  
34 Long Island power authority, or its designated service provider,  
pursu-  
35 ant to section one thousand twenty-f of the public authorities law.  
36 (b) Notwithstanding any law to the contrary, for a period  
commencing  
37 on the effective date of this section and ending twenty-four  
months  
38 thereafter, the Long Island power authority shall not request,  
submit  
39 for recommendation to the public service commission, adopt, approve,  
or  
40 otherwise take any action on a matter relating to a change in rates  
or  
41 charges for the provision of electric service, including the adoption  
or  
42 modification of any contract for the provision of electric service,  
that  
43 would result in a major change to such rates or charges.

44 § 3. (a) There is hereby established a temporary commission to  
be  
45 known as the blue ribbon commission on residential affordability  
through  
46 energy savings, or RATES commission, to study the causes and origins  
of  
47 rising utility rates and to recommend any actions or reforms to  
reduce  
48 such rates.

49 (b) The blue ribbon commission shall be composed of twelve  
appointed  
50 voting members, the chairperson of the public service commission,  
and  
51 the presidents of the New York state energy development authority,  
the  
52 New York power authority, and the Long Island power authority, or  
their  
53 designees, as well as a total of three non-voting residential  
ratepay-  
54 ers, with the governor, temporary president of the senate, and  
speaker

55 of the assembly each appointing one. Voting members shall include:  
56 (i) four non-agency members to be appointed by the governor;

A. 10008--B

44

1 (ii) three members to be appointed by the temporary president of  
the  
2 senate;  
3 (iii) three members to be appointed by the speaker of the assembly;  
4 (iv) one member to be appointed by the minority leader of the  
senate;  
5 and  
6 (v) one member to be appointed by the minority leader of the  
assembly;  
7 (c) (i) The blue ribbon commission, by a majority vote, shall elect  
a  
8 chairperson and any other necessary officers;  
9 (ii) Each member of the blue ribbon commission shall have one  
vote,  
10 and a majority of the total number of voting members which the  
blue  
11 ribbon commission would have were there no vacancies, shall constitute  
a  
12 quorum and shall be required for the blue ribbon commission to  
conduct  
13 business; provided, however, that no business shall be conducted  
prior  
14 to the initial appointment of all voting members;  
15 (iii) Any vacancies shall be filled in the manner that provided  
for  
16 the initial appointment;  
17 (iv) All meetings of the blue ribbon commission shall be conducted  
in  
18 accordance with the provisions of article seven of the public  
officers  
19 law; and  
20 (v) The blue ribbon commission shall meet at least every other  
month,  
21 but may meet as frequently as its business may require, and shall  
hold  
22 at least one public hearing prior to the adoption of the report  
required  
23 by paragraph (f) of this section.  
24 (d) (i) Members shall have professional or academic expertise in  
one  
25 or more of the following areas: utility regulation and oversight;  
rate-  
26 payer or consumer advocacy; utility management and administration;  
ener-  
27 gy or public utility law; utility systems; commodity market  
regulation;  
28 and energy or public utility economics.  
29 (ii) Members shall receive no compensation for their services  
but  
30 shall be reimbursed for actual and necessary expenses incurred in  
the

31 performance of their duties;  
32 (iii) The chairperson of the blue ribbon commission shall be  
responsi-  
33 ble for hiring any staff of the blue ribbon commission, with the  
consent  
34 of the commission members; and  
35 (iv) Notwithstanding the provisions of any general, special, or  
local  
36 law, ordinance or city charter to the contrary, no member, officer,  
or  
37 employee of the blue ribbon commission shall be disqualified from  
hold-  
38 ing any other public office or employment, nor shall they forfeit  
any  
39 such office or employment by reason of their appointment to the  
blue  
40 ribbon commission.  
41 (e) (i) The blue ribbon commission may request and shall receive  
from  
42 any subdivision, department, board, bureau, commission, office,  
agency,  
43 or other instrumentality of the state or of any political  
subdivision  
44 thereof, including, but not limited to, the department of  
public  
45 service, the public service commission, and the Long Island  
power  
46 authority, such facilities, assistance and data as it deems necessary  
or  
47 desirable for the proper execution of its powers and duties; and  
48 (ii) The blue ribbon commission, to facilitate the development of  
the  
49 recommendations required by this section, and provided that such  
commis-  
50 sion takes measures to protect private information, shall have the  
power  
51 to examine the accounts, books, contracts, records, documents,  
memoran-  
52 da, and papers of any utility corporation under the jurisdiction of  
the  
53 public service commission or the Long Island power authority.  
54 (f) No later than eighteen months after the effective date of  
this  
55 section, the blue ribbon commission, shall develop, and after a  
superma-  
56 jority vote of the blue ribbon commission, which shall include at  
least

A. 10008--B

45

1 one member appointed by the governor, temporary president of the  
senate,  
2 and speaker of the assembly, adopt and make public on the department  
of  
3 public service's website, and deliver to the governor, the  
temporary

4 president of the senate, and the speaker of the assembly, a  
report,

5 which at a minimum, shall include:

6 (i) an identification of the causes and origins of rising  
utility

7 rates, and the relative impacts of each such cause;

8 (ii) an examination of the current regulatory model of **public**  
~~utili-~~

~~9 ties utility corporations, including: (1) the merits of any public~~  
~~service commission orders or actions~~

~~13 limiting the oversight or regulation of electric generation, in light~~  
~~of~~

~~14 the jurisdiction assigned to them under section 5 of the public~~  
~~service~~

~~15 law;~~

~~16 (3) the effects of any existing limitations on the ability of~~  
~~utility~~

~~17 corporations to construct, own, and operate generating assets;~~

~~18 (4) embedded cost of service modeling or asset cost distributions,~~  
and

19 its effects on the residential price of electric and gas  
service,

20 particularly for low-use customers; and

21 (2) the methodology used to determine a utility corporation's  
return

22 on equity, the reasonableness of current commission-approved  
returns,

23 divergence between such returns and the returns of capital  
investments

24 of similar risk, and ways in which the fiscal impacts of such returns  
on

25 ratepayers can be minimized and made more transparent.

26 (iii) an evaluation of the impacts of increased demand on  
commodity

27 and delivery costs, and the sufficiency of current and projected  
elec-

28 tric supply to meet such increased demands;

29 (iv) an examination of the current treatment of customer arrears,  
and

30 implications for rates;

31 (v) an examination of existing energy affordability programs,  
their

32 effectiveness and participation rates, as well as the merits of  
a

33 centralized office to coordinate and streamline the administration  
of

34 energy affordability programs across state agencies, authorities,  
and

35 offices;

36 (vi) an examination of actions being taken in other states and  
juris-

37 dictions to lower residential utility rates;

38 (vii) ~~an examination of the governance structure and powers of~~  
~~all~~

~~39 federally designated bulk system operators, and implications for~~  
~~whole-~~

~~40 sale electric prices;~~

~~41 (viii) an examination of utility corporation cost management practices~~  
42 that could be effectively replicated by other utility corporations;  
43 ~~(ix viii) an examination of current commodity pricing models and commodity~~  
~~44 market design, including methodologies that employ uniform clearing~~  
~~45 prices above the lowest valid bids, and an examination of any strategies~~  
~~46 employed by actors in these markets that may undermine market competi-~~  
~~47 tiveness;~~  
~~48 (x) an assessment of opportunities to subsidize programs and oper-~~  
49 ations conducted pursuant to orders of the public service commission  
by  
50 utility corporations and the New York state energy research and develop-  
51 ment authority through revenues or funds of the state;  
52 ~~(xi ix) recommendations for eliminating future excess profits based on an~~  
~~53 evaluation of the findings of Subpart B;~~  
~~54 (xii) recommendations related to subsequent rate changes; and~~

A. 10008--B

46

1 ~~(xiii) other recommendations to the legislature and the public~~  
service  
2 commission regarding prudent and feasible actions that may be taken  
to  
3 lower or stabilize utility rates.  
4 (g) The blue ribbon commission shall be deemed dissolved sixty  
days  
5 after the publication of the report required pursuant to subdivision  
(f)  
6 of this section.  
7 § 4. For purposes of this act, the following terms shall have  
the  
8 following meanings:  
9 (a) "Major change" shall mean an increase in the rates and  
charges  
10 which would increase the aggregate revenues of the utility  
corporation  
11 more than the lesser of three hundred thousand dollars or two and  
one-  
12 half percent.  
13 (b) "Utility corporation" shall mean any "gas corporation",  
"electric  
14 corporation", or "combined gas and electric corporation", as such  
terms  
15 are defined in section 2 of the public service law **and that provide**  
**retail electric or gas service to residential ratepayers**, and shall not  
include  
16 municipalities.

§ 5. A new section 65-c is added to the public service law to read as follows:

Notwithstanding any law, rule, or order to the contrary, as of the effective date of this section, combination gas and electric corporations and electric corporations, which own, operate or manage any electric plant used for the distribution of electricity to retail customers at cost-of-service rates approved by the commission under this chapter, shall be prohibited from owning new, as of the effective date of this section, or acquiring existing, electric plant used for the generation or storage of electricity for light, heat or power.

17        § 6. This act shall take effect immediately; provided however  
that  
18        section two of this act shall expire and be deemed repealed twenty-  
four  
19        months after such date.