

LONG ISLAND POLITICS

## LIPA seeks 2.4% hike in customer delivery charge

Long Island ratepayers also will see an increase in a renewable-energy charge on their bills next year, according to a senior LIPA official. Those increases could be offset if the power supply charge decreases.

By Mark Harrington mark.harrington@newsday.com @MHarringtonNews Updated November 13, 2018 9:01 PM

Long Island ratepayers will see a 2.4 percent increase in the delivery-charge portion of their bills starting in January, along with an increase in a renewable-energy charge, but a senior LIPA official said those increases could be offset if the power supply charge decreases next year, as projected.

Among LIPA costs that will rise next year are a \$20 million increase in the budget for responding to storms, \$4.8 million in union wages and around \$16.3 million in debt payments. LIPA also plans to spend \$11.7 million for the addition of new smart meters for tens of thousands of customers.



In a budget released Tuesday, LIPA projected that average bills could decrease by an average of \$3.30 a month in 2019. Photo Credit: Newsday/John Paraskevas

Customers next year also will see an increase in the amount billed for a renewable charge, now known as the distributed energy resource charge, or DER. It is increasing by \$9.6 million because a state grant that normally funds the charge has decreased, the LIPA official said.

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LIPA is projecting a decrease next year in the revenue decoupling charge portion of bills, reflecting some \$32 million in over-collections in 2018 that must be returned to customers in 2019. The giveback to customers could amount to \$3.52 a month, LIPA said. PSEG Long Island manages the regional grid under contract to LIPA.

In all, LIPA said in a budget released Tuesday, the utility is projecting that average bills could decrease by an average \$3.30 a month next year, based on the expectation that the total power supply charge will decrease \$83.5 million in 2019. Around \$61 million of that reduction is tied to lower projected power supply charges, according to the budget. LIPA said lower power supply charges could cut bills \$2.63 a month, but the amount is a projection, and costs could vary.

Experts have noted that changes in fuel prices are far from guaranteed, while the higher delivery charge will hit bills in January and continue through the year. In 2017, the LIPA board approved a budget to spend \$312 million for natural gas and fuel oil to run power plants in 2018, but LIPA expects to end the year spending a projected \$365 million, according to the budget.

LIPA noted that average customer bills of \$151.64 in 2013 have increased to \$158.61 in 2018, but are projected to decline to \$155.31 next year.

The 2.4 percent increase in the delivery charge, which reflects LIPA's costs to bring energy to customer homes and businesses, marks the fourth year in a row that rate has increased, following a state-approved three-year hike begun in 2014. Before that, the delivery charge increased rarely over LIPA's prior 17 years.

The power supply charge, which fluctuates monthly and has remained relatively stable in the past year, reflects the cost of fuel and other charges for power plants. Over the past year, the power supply charge remained just above 10 cents per kilowatt hour for nine months of the year, dropping to just over 9 cents for three of 12 months.

The 2.4 percent increase in the delivery charge is below the threshold that would trigger a formal rate review by the state Department of Public Service under requirements of Gov. Andrew M. Cuomo's LIPA Reform Act. The LIPA official said the utility didn't expect to file for a formal rate-hike request again until the budget for 2021 was drawn up in 2020.

LIPA is projecting total revenue in 2019 of \$3.525 billion, up from \$3.521 billion in 2018.

The utility expects Long Islanders will use less electricity in 2019, down by some 508,002 megawatt hours compared with 2018.

Fuel costs are "an estimate, and it pretty much turns out that they exceed what our estimate is," said LIPA trustee Matthew Cordaro, speaking for himself. "What this does is mask what the individual increases are in the budget."