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PHIL STECK
Member of Assembly, 110th District

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October 25, 2017

Hon. Kathleen H. Burgess, Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, NY 12223-1350

RE: Case Number 17-E-0238

Dear Secretary Burgess,

On behalf of the 110th Assembly District, I am submitting comment on National Grid Rate Case 17-E-0238 currently before the Public Service Commission.

The 110th Assembly District consists of the Town of Colonie, the Town of Niskayuna and two-thirds of the City of Schenectady. The combination of high property taxes and local municipalities struggling to stay within the tax-cap, little or no population growth in urban areas, economic growth that is comparatively slower upstate than downstate, as well as a stagnant tax base, make upstate New York an especially economically sensitive region of this state. Increasing fixed costs is far more detrimental to economic growth than, for example, even tax increases based on a percentage of income. Fixed costs prevent a business from earning income in the first place.

With the financial crisis of 2008, the New York State budget suffered a multi-billion dollar budget shortfall which was balanced by a significant reduction in state education aid to public school districts. Suddenly these districts, which were already collecting significantly less tax revenue than previous years due to the financial crisis, were additionally faced with a massive reduction in state aid and rising healthcare and retirement costs. Many school districts, and other local municipalities, had no choice but to raise revenue in the form of property tax increases. Though we have some level of control now with the 2% tax cap passed in 2011, school districts and local governments in upstate New York struggle each year to stay within that cap, while also providing required state-mandated services. As their Assembly representative, I am well-versed in the paper-thin budget margins of these entities. I have grave concerns about how they will manage double digit increases in their energy delivery rates, and how that will impact property tax rates regionally.

Though the Capital Region of Upstate is admittedly shielded more than the rest of the Upstate region due to the presence of state government, it has not added significantly in population in recent years. Since 2010, only 16 of 62 counties in New York have grown in population. And among the top 10 counties in growth, only two are from Upstate New York.

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Of the two counties I represent, Schenectady and Albany County, Schenectady has seen 0% population growth between 2010 and 2017, while Albany County has had a moderate 2% growth. Unfortunately, the population growth of both counties has slowed since between 2000 and 2010, when Schenectady saw a growth rate of 5.58% and Albany 3.27%. There are countless reasons why population growth slows; however, the result is always the same: a stagnant tax base.

Job growth in upstate New York continues to fall behind the national average, and that of downstate New York. According to the New York State Comptroller's 2016 publication **Uneven Progress: Upstate Employment Trends Since the Great Recession:**

> *"The pace of job growth upstate continues to lag well behind downstate New York's and the nation as a whole. Overall upstate employment has not yet recovered fully from the losses associated with the Great Recession. Employment in two major sectors, information and government, declined noticeably upstate from 2010 to 2015."*

According to an article published in the **Times Union** newspaper, Capital Region job growth slowed to a mere 0.2 percent increase between September 2016 and September 2017 [as reported on October 19, 2017 by the state Labor Department]. Additionally, the Capital Region professional, scientific and technical services job sector lost 1,100 jobs over the past year; while our manufacturing sector shed 700 jobs during the same time period.

When costs of living increase, the most vulnerable populations are those on fixed incomes such as seniors and the disabled, and the non-for-profit agencies serving them. Social Security and Social Security Disability Insurance, as well as Medicaid reimbursables, have not seen any significant increase in recent years. These populations also hang in the balance while the federal government threatens to drastically cut numerous programs they are dependent upon. An increase to the energy delivery rates, however small, could make the difference between paying to keep the lights on, and life-extending medication or necessary services. The many non-profit agencies in the region that provide human services to this populations, must now contend with an increase to the minimum wage, while their funding remains stagnant or has been cut. Many have indicated to me that the simply have no room in their budgets currently, much less absorbing increased utility costs.

A stagnant tax base with limited job growth, faced with rising municipal healthcare and retirement costs, a reduction in state aid to school districts and other local governments, combined with a population of people with stagnated fixed incomes, is no place for significant increases in utility rates could potentially affect the inflation rate of upstate New York. Though I respect the need for infrastructure and grid improvements, I find it especially egregious that National Grid requested to increase the percentage rate of profit it keeps from 9% to 9.79% concurrently with double digit delivery rate increases on electric and gas. If National Grid needs to keep more profits for its shareholders, I suggest it should turn to them to fund its' infrastructure improvements. That is the purpose of shareholders – to provide capital to the business, not simply to gain profits.

Finally, I wish to point out that even a graduated rate increase by income is untenable. The middle class is already saddled with the burden of paying to support the poor. The proper focus is again on the shareholders, rather than citizens of ordinary means.

I am respectfully requesting that the Public Service Commission reject this delivery rate increase and profit increase. The upstate New York economic conditions are a delicate balance and a utility rate increase of this magnitude could very well negatively impact this balance. I urge that you consider the principles set forth herein as a part of your deliberation process.

Thank you for your consideration of my comments.

Sincerely,

Phil Steck
Member of Assembly, 110th A.D.