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February 20, 2013

Jaclyn A. Brilling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Cost impact of Indian Point Contingency Plan to upstate utility customers
DPS Case Number 12-E-0503

Dear Secretary Brilling:

As a duly-elected representative to the New York State Senate from Western New York and Chairman of the Senate Energy and Telecommunications Committee, I write to express grave concerns with the potential cost implications to ratepayers and suspect redirection of Power Authority assets that are being discussed in your proceeding aimed at the development and implementation of an Indian Point Energy Center contingency plan.

The contingency plan as submitted by Consolidated Edison (Con Ed) and the New York Power Authority (NYPA) will burden ratepayers in Upstate New York and require them to subsidize projects that will solely benefit downstate utility customers. While proposed rate increases typically only impact the customers of the respective utility, the Con Ed-NYPA plan proposes that the costs of the projects selected by the PSC be recovered from all state ratepayers, therefore impacting New Yorkers state-wide and not just those in Westchester County and New York City. The cost to ratepayers will be a staggering $811 million at least. This distribution of costs is unprecedented and should be reconsidered.

In addition, records of the proceeding strongly suggest that in order to replace the generation provided by Indian Point, assets of the New York Power Authority would be utilized, through annual power purchase agreements (PPA's).

I become immediately concerned whenever NYPA resources are committed in such a short sighted fashion because their largest facility and largest center of profit lies squarely in my district. 365 days a year, and 24 hours a day profit infused water tumbles over Niagara Falls and becomes some of the most inexpensive electricity in the United States. This power and the profit it produces form the financial bedrock of the New York Power Authority. The profits generated at Niagara should never be used to subsidize private power generating stations in the Hudson Valley in order to replace Indian Point, which needs and wants no replacing.

Worse still, NYPA would be able to recover its PPA investments through yet another increase in utility rates of all customer classes.

Even more puzzling is the fact that under the proposed Contingency Plan, if the Commission does not halt development of a selected generation project by December 31, 2014, the project(s) will be entitled to **full cost recovery** if they are completed by the in-service-date. As recognized in the Commission's November 30, 2012 Order and in the Contingency Plan itself, it is uncertain whether Indian Point will cease operating at the end of 2015. If Indian Point is not retired in 2015, substantial investment in new infrastructure will be funded by captive ratepayers.

Instead of pursuing this reverse Robin Hood strategy in relation to upstate New York Resources, while fast tracking these ill-conceived proposals, the Commission ought to be fast tracking critical transmission upgrades that will allow power to flow from its abundant sources in upstate and Western New York to the customers who need it in New York City.

If the Commission wants to commit NYPA resources to out of market contracts, why not commit these resources to repower and modernize Western New York Power plants, to maintain and create jobs and rebuild our energy infrastructure? This is a much better use of our resources than examining ways to shut down an emission free power plant and put more than 1,000 people out of work.

The total economic impact of promoting this plan will be significant. Electricity rates affect the ability of new businesses to start or come to New York State. Furthermore, high-tech centers, large corporations, and research institutions that

support job creation and economic development need reassurance that their operating costs will not drastically rise year after year. This mandate issued by the PSC will pose a serious barrier to economic development and job growth statewide. Furthermore, the economy continues to face difficult challenges, and hard working New Yorkers should not be saddled with this $811 million de facto tax increase.

These massive increases in rates in addition to the many other regressive energy taxes imposed on captive ratepayers on their utility bill including the 18-A assessment, hit all New Yorkers hard, but in particular the elderly, the poor and others on fixed incomes. The interests of these and all consumers must be taken into account.

The Indian Point Contingency Plan by its nature supports the elimination of a critical component of our energy infrastructure, which operates safely, and should continue to operate. To make matters worse the Commission is considering plundering upstate hydroelectric resources and profits to subsidize an already bad plan. I strongly urge you to reconsider your course in this proceeding, which will lead to higher rates, less jobs and a weakened economy.

Thank you for considering my comments.

Sincerely,

George D. Maziarz

George Maziarz
Senator, 62nd District
Chairman, NYS Senate Energy and
Telecommunications Committee

GDM:mn/rm