



Office of the County Executive

Monroe County, New York

Adam J. Bello
County Executive

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, NY 12223-1350

RE: Rochester Gas & Electric Corporation
22-E-0319
22-G-0320

Dear Secretary Phillips:

Rochester Gas & Electric Corporation (RG&E) provides electric and gas distribution services in significant portions of Monroe County. Included within its service area is the City of Rochester and the most populated suburbs in Monroe County.

First, I would like to thank the State and the Public Service Commission (PSC) for the Utility Arrears Program. Governor Hochul and the State legislature recognized the crushing impact the pandemic had on housing on utility payments and supported this program. The two-phased program designed by the Public Service Commission (PSC) provides important relief to our residential and small commercial customers. It will surely reduce terminations, relieve a disturbing financial burden for many utility customers, and avoid the need for public assistance by others. We have worked with RG&E to advance phase 1 of the program and will assist the company with Phase 2 should that be necessary.

Subdivision 1 of §65 of the Public Service Law provides the electric and gas utility companies “shall provide such service, instrumentalities and facilities as shall be safe and in all respects just and reasonable.” In my view, this means that our utility companies must be prepared to address the challenges and opportunities confronting each community they serve.

Modern technology is energy dependent, particularly electric energy. Climate change and the harsh realities of the pandemic have caused us to rethink the path of the transition. The state has set out its policy in the 2019 Climate Leadership and Community Protection Act (CLCPA). I applaud the Commission’s leadership in executing programs to achieve the CLCPA mandate. The envisioned transition to a fully electricity dependent economy is unfolding daily. Expectations in transportation, housing development and redevelopment, and commercial and manufacturing development are rapidly changing.

The historic industrial backbone of upstate cities changed in what seemed like the blink of a digital eye. For our community, this change was manifest in the decline of Eastman Kodak, Xerox, and other companies that provided community stability in virtually every aspect of life.

In this regard, we have engaged the community to draft a new master plan for Monroe County, used pandemic related resources to address major community needs, and undertaken management strategies to address emerging issues, particularly those related to health care, child care, housing, broadband access and other matters. We have done this in collaboration with our community partners and moved forward on our own when necessary. For example, instead of participating in a statewide emergency tenant protection program, we elected to partner with the City of Rochester and local community based organizations to successfully deploy more than \$46.3 million in federal rental assistance funds to keep people in their homes.

The decline of major manufacturers in our region has reshaped the economy and our energy needs and expectations. We now have a broader and more diverse compliment of employers, particularly in the optics, photonics, imaging, food processing, and health care industries. While we are fortunate to be building on a strong base rooted in a skilled workforce, excellent universities, dedicated support institutions, and an innovative spirit, we have major pockets of persistent poverty that requires attention.

The 1990's restructuring of New York's electric utility industry fundamentally changed the role of the traditional regulated electric utility industry in a manner not fully understood by consumers. While these companies no longer have the wrap around responsibilities they once had, their role remains fundamental and critical to the economy, public health, and public safety.

As we move to an electricity-dependent economy, our region and the state must have a reliable supply of electricity, and an electricity transmission and distribution system that can deliver power as needed and where needed. It must all be done in a manner that is consistent with CLCPA standards and notwithstanding the vagaries of climate change and the unusual and destructive events it sometimes spawns.

We need a utility provider that is committed to providing reliable services, staffed to meet the next emergency and everyone following it, and committed to upgrading its infrastructure to meet evolving needs.

It is in this vein that I submit these comments in respect to RG&E's pending rate case.

Rates

The proposed 19 percent increase in electric delivery rates and 20 percent increase in natural gas delivery rates would be unrealistic in the best of times. It is certainly not just and reasonable at this time and would compound the strain from the already escalating electricity and gas supply commodity costs. The impact of inflation, challenges of the pandemic, and the company's lack of reasonable service make this an impossible request. I ask that the Commission deny the request, and expand programs for low and middle-income utility consumers such that utility charges do not absorb an unmanageable portion of their income.

Inaccurate Billing

For months, RG&E customers have been frustrated and angered by RG&E's billing system. For many customers this has meant unusually high charges, concerns about service terminations, potentially adverse credit rating impacts, and depletions of savings, or the deferral of payments on other accounts to satisfy utility charges. In the scramble for an explanation, they have been frustrated with long call center wait times. In some instances, they have received explanations that resulted in the generation of multiple additional bills.

RG&E offers that the introduction of new customer billing system, estimated readings during the pandemic, and meter reader and customer service staffing challenges are at the core of this problem.

While I understand some of the pandemic-related challenges, I question the prudence of introducing a new billing system when the company knew that a significant number of accounts were billed based on estimated readings for many months. Estimates are rarely accurate and pandemic modified behaviors should have been an indication that consumption behaviors were likewise changing, making estimated readings even less reliable. It would seem that resolving the pandemic account distortions before embarking on the challenges of introducing a new system would have been a better approach.

The public remains angry, frustrated, and skeptical of the company's interest and ability to fix the problems

I have the following requests of the Department and the Commission. First, RG&E should refund any late fees paid by customers during the billing crisis and assist customers who may have experienced an adverse credit rating related to these billing issues. Second, the Commission should require resolution of the billing crisis by a date certain including appropriate metrics for responding to customer inquiries and resolving inaccurate or disputed bills. Finally, the failure of RG&E to promptly resolve these issues should be subject to a considerable financial penalty.

Planning

Monroe County is fortunate to be the home of several first class affordable housing developers. In addition to housing development, we are experiencing industrial expansion. Utility service is critical to the development process.

The company has informed us that the RG&E distribution system is aging and in need of improvements. The current principal owner has owned RG&E for nearly 15 years. It is fair to assume that the company should have made the necessary investments to appropriately upgrade the distribution infrastructure to meet the demands of a 21st century electricity system. Year after year, RG&E has earned a profit. During the same period, it reduced the workforce and kept profits instead of reinvesting in the system. Yet, they have asked for a 19 percent rate increase.

Governor Hochul has called for the construction of 800,000 new housing units. Many of those units will be in our region. RG&E must play an important role and the company's planning department must be prepared to meet the task.

While developers praise RG&E's economic development department, they are critical of its system planning, responsiveness, ability to timely respond to development plans, as well its ability to secure necessary equipment. For these reasons, RG&E has become an obstacle to regional economic development. Development cannot proceed without a commitment of energy that can be connected and delivered as needed to a new or expanding business. Without such an assurance, new or expanding businesses look to regions where the utility companies are more accommodating.

RG&E must provide a comprehensive plan for upgrading its infrastructure to meet the demands of a 21st Century utility. RGE should expand its planning department with additional staff, set schedules for processing applications, acquire necessary equipment to meet project schedules, and establish a mandatory project status-reporting schedule. The Company should be held accountable for company-caused deviations from these schedules, and be exposed to substantial financial penalties should it fail to meet these requirements.

Climate Change

I mentioned the CLCPA earlier in this letter. I support this bold state objective. Among the County's major responsibility is to assist members of our community who daily confront financial, emotional, and physical challenges. Many live in aging homes and apartments. We achieve the CLCPA objectives, but we must do so in a way that does not overburden these already burdened individuals and families, but provides with the benefits of the transition to the electric economy. I ask that that the PSC reviews RG&E plans for implementing CLCPA to be certain that it meet these objectives.

I ask that any settlement or order of the PSC provide for the following:

- Reject the company's request for a 19 percent rate increase for its electric business and 21 percent increase for its gas business;
- As it relates to the current billing issues, require the company to reimburse customers for any late fees, address issues related to adverse customer credit ratings, set a date-certain for the resolution of the billing crisis including appropriate metrics for response to customers, and provide for a significant financial penalty should the company fail to meet these requirements;
- Direct RG&E to provide a comprehensive infrastructure plan for a 21st century utility, add to its planning department, set schedules for processing development requests and reporting to project applicants, and provide for financial penalties for the company's failure to comply;
- Make sure that all customers enjoy the benefits of CLCPA in a manner that is affordable.

Sincerely,



Adam J. Bello
Monroe County Executive