

Board Policy: **Regionally Comparable Electric Rates**
Policy Type: **Mission**
Monitored by: **Finance and Audit Committee**
Board Resolution: **#1318, approved September 21, 2016**
#1357, amended March 29, 2017
#1422, amended July 25, 2018



Regionally Comparable Electric Rates Policy

It is the policy of the Long Island Power Authority to maintain electric rates that are comparable to other regional utilities and an appropriate rate design by setting the following objectives:

- **Lowest Fiscally Sound Electric Rates.** Electric rates should be set at the lowest level consistent with sound fiscal and operating practices, ensuring that quality service is efficiently rendered.
- **Regionally Comparable Electric Rates.** Electric rates should be comparable to the published rates on a system average basis of other regional utilities that surround the Authority's service territory, which most closely resemble the costs and power/gas supply options of the Authority, including: Consolidated Edison, Orange & Rockland, United Illuminating, Eversource (formerly Connecticut Light and Power), and PSE&G.⁴
- **Changes in Electric Rates.** Changes in the Authority's electric rates and bills should be similar to other regional utilities on a system average basis.⁵
- **Prudent Rate Design.** Electric rates should:
 - be simple and easy to understand;
 - equitably allocate costs across and within customer classes by taking into consideration the cost to provide service;
 - be affordable by people with low incomes and severe medical conditions; and
 - be consistent with statewide policies, where possible, including the goals of the Reforming the Energy Vision⁶, which seeks to encourage the most efficient use of utility plant by reflecting the cost of energy at the time it is used, reducing on-peak use, and encouraging energy efficiency and conservation.

⁴ The evaluation of this objective should consider the significant differences in the taxing and regulatory regimes in which these utilities operate.

⁵ The evaluation of this objective should consider that in any period there may be variations due to the timing of fuel and purchased power costs, resource additions, changes to delivery rates, or other needs that cause fluctuations in the Authority's system average cost relative to other regional utilities but that are not indicative of the Authority's long-term rate comparability.

⁶ Further information related to the Reforming the Energy Vision proceeding at the State Public Service Commission can be found on the Department of Public Service website (www.dps.ny.gov).