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### Federal

#### **White House to Announce New Carbon Standards**

On June 2, President Obama is expected to release the first-ever draft rules for carbon emission standards for existing power plants. The proposal is a major component of the President's Climate Action Plan and follows the announcement earlier this year on carbon standards for new power plants. In anticipation of the announcement, a bipartisan group of 47 Senators sent a letter to the Environmental Protection Agency (EPA) asking that they extend their comment period from 60 to at least 120 days. The rule is expected to be very complex and to include a number of different compliance measures.

A copy of the letter can be found [here](#).

#### **Water Resources Bill Passes**

The U.S. House and Senate have come to an agreement on the Water Resources Reform and Reauthorization Act (WRRRA) and have sent the measure to the President for his signature. The bill passed with overwhelming support, a rare occurrence in the current Congress. WRRRA authorizes \$12.3 billion for 34 Army Corps of Engineer projects over its first ten years. Projects range from preventing shore erosion to port development.

The utility industry played an active role in the reauthorization process by focusing on creating a more streamlined permitting process. As a result, the final bill includes language that allows the Corps of Engineers to enter into cost recovery agreements with electric utilities and natural gas companies to receive funds to cover the cost of permit reviews. The new authority is anticipated to improve the transparency, timeliness, and predictability of the Corps permitting process.

To read a full summary of the bill, click [here](#).

### **Senate Holds Hearing on FERC Nominations**

On May 20, the Senate Energy and Natural Resources Committee held a nominations hearing for Norman Bay and Cheryl LaFluer to be members of the Federal Energy Regulatory Commission (FERC). Norman Bay is nominated to be the new Chair of the FERC. Cheryl LaFleur is the current Acting Chairman and was being nominated for another term as a member of the commission.

Norman Bay is the current director of the FERC's Office of Enforcement and is the President's second nominee to fill the position. Last year, the President tapped former Colorado regulator Ron Binz but ended up withdrawing the nomination after controversy over his positions on coal.

Republican senators expressed concerns about the choice of Norman Bay to lead the FERC, mostly due to his background in enforcement and because they preferred Acting Chairwoman LaFleur to assume the role. Bay defended his experience, stating that he has done well to protect consumers and the integrity of the marketplace to ensure a level playing field for all participants. Bay also noted that he worked closely with the national labs during his time as a U.S. attorney, and after his time at the Justice Department he worked as counsel to Sandia Labs in New Mexico.

### **House Homeland Security Committees Holds Hearing on Cyber Threats**

On May 21 the House Homeland Security's Subcommittee on Counterterrorism and Intelligence and the Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies held a joint hearing entitled "Assessing Persistent and Emerging Cyber Threats to the U.S. Homeland". The first part of the hearing was for public consumption while the second was a closed-door, classified briefing. The witnesses were from the cyber divisions of both the FBI and Homeland Security.

Ranking Member Yvette Clarke (D-NY) asked which critical infrastructure networks are targeted most frequently and are at the greatest risk. The response was that while it depends on the circumstances, the energy sector, the finance sector, the information technology sector, communications, transportation, and others have all had instances of attacks.

A link to the hearing page can be found [here](#). Full video of the hearing can be found directly on the hearing [page](#).

### **House Transportation Committee Examines Pipeline Safety**

On May 20, the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials held a hearing entitled, "A Review of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011." The hearing featured the Administrator for the Pipelines and Hazardous

Materials Safety Administration (PHMSA) as well as private sector individuals representing the entire value chain, from producers to local distribution companies.

The goal of the hearing was to examine how the 2011 Pipeline Safety Act has been implemented. One primary concern is that the current authorization is set to expire at the end of 2015 and PHMSA has only completed 50% of the rules and regulations that were required in the Act. Overall witnesses, as well as subcommittee members, were pleased with the 2011 Act and see no reason to change it once it expires. According to nearly every witness, the only thing missing is additional resources for PHMSA to complete its work.

A complete summary of the hearing and subject matter can be found [here](#).

## State

### **New York State Senate Advances Transco Legislation**

The New York State Senate Finance Committee advanced legislation that would enable the New York Power Authority (NYPA) and the Long Island Power Authority (LIPA) to enter into a public-private partnership with New York's investor owned utilities for the purpose of forming a transmission holding company intended to participate in Governor Cuomo's energy highway projects.

The Senate Energy Committee voted the bill out of committee earlier this year. It has now been placed on the Senate Calendar where it can be considered by the full Senate at any time prior to the end of session (scheduled for June 19<sup>th</sup>).

In his 2012 State of the State, Governor Cuomo announced the Energy Highway Initiative to construct a 21<sup>st</sup> century energy highway in New York State. The Public Service Commission subsequently initiated a proceeding to establish a competitive Article VII process for 1,000 MW worth of upgrades to address heavily congested pathways linking upstate and Central New York with the Lower Hudson Valley and New York City.

A copy of the legislation can be found [here](#).

### **New York State Legislature Introduces Bills to Address Gas Safety Issues**

On May 2<sup>nd</sup>, Craig Ivey, along with the state's other investor-owned utilities and the Public Service Commission (PSC), testified at a hearing held by the New York State Assembly regarding gas safety procedures and practices. As a follow-up, the Legislature introduced several bills aimed at addressing some of the issues raised. The bills seek to classify gas leaks; require reporting of gas leak locations and repairs; require reporting of gas safety efforts including pipeline replacement and inspections; and establish an accelerated pipeline replacement schedule.

#### [Gas Leak Classification and Reporting](#)

This bill does the following:

1. Classifies types of leaks and establishes time frames for which the leaks must be repaired (essentially, codifying existing regulations);
2. Requires gas utilities to report to the PSC the location and status of leaks on an annual basis; and
3. Directs the PSC to commence a proceeding to determine the need for regulating winter surveillance practices.

This legislation is sponsored by the Energy Chairs in both Houses, and is the most likely of the three bills to advance this session. The Senate Energy Committee will vote on the bill this week.

### [Gas Safety Reports](#)

This bill does the following:

1. Directs each gas company to file an annual gas safety report with the PSC to ensure the gas company is complying with all applicable laws, rules, regulations, and orders;
2. Requires the gas safety report to include a description of the planning used for pipeline replacement projects, a description of gas safety activities, and a description of inspection policies; and
3. Requires the Department of Public Service to notify the PSC of any deficiencies in the prioritization of projects or administration of its pipeline infrastructure. The PSC may then order reasonable improvements.

This bill was introduced by the Chair of the Assembly Corporations, Authorities, and Commissions Committee which co-hosted the gas safety hearing on May 2<sup>nd</sup>. At this time, it does not seem likely that the bill will advance this session.

### [Accelerated Repair and Replacement](#)

This bill does the following:

1. Directs gas companies to accelerate the repair, rehabilitation, and replacement of certain gas infrastructure;
2. Directs gas companies to adopt a cost recovery program;
3. Directs gas companies to adopt a standard definition and methodology for calculating and reporting unaccounted for gas. The bill limits cost recovery for the lost and unaccounted for gas;
4. Requires gas companies to use the best available technology to detect gas leaks as determined by the New York State Energy Research and Development Authority (NYSERDA); and
5. Requires gas companies in New York City to establish a database of pipeline infrastructure that will be shared with the coordinated building inspection data analysis.

This bill is sponsored by Assemblymember Rodriguez (D-East Harlem) and Senator Espallat (D-East Harlem), both of whom represent the area of East Harlem where March's gas incident occurred. It is not likely that this legislation will advance as the sponsors have indicated that it is intended to "start a dialog" about how to address New York's infrastructure problems.

### **Solar Advocates Seek Amendments to Net Metering Study Legislation**

The New York State Legislature recently advanced legislation that directs the Public Service Commission (PSC) to conduct a cost-benefit analysis of New York's net metering programs. This legislation is part of Con Edison's proactive agenda and is intended to provide insight regarding the socialized costs imposed on energy consumers to support net metering programs, as well as the avoided costs realized by customer generators.

The Assembly was positioned to pass the bill, the furthest it has advance since its introduction, when solar advocates intervened at the last minute to propose amendments. The amendments would substantially alter the study's focus requiring it to review utilities' avoided costs (avoided fuel purchases, fuel hedge value, avoided compliance costs, etc.). The amendments would also remove provisions requiring that the study quantify the costs and benefits to each customer class, analyze the income

distribution of net metered versus non-net metered customers, and review the extent to which taxes, fees, and grid maintenance costs are shifted from net metered to non-net metered customers. Con Edison and the Energy Coalition of New York (ECNY) are currently working with both Houses of the Legislature to ensure the legislation is passed in a form that is consistent with the bill's original intention.

A copy of the legislation can be found [here](#).

### **Assembly Passes Consumer Advocate Legislation**

As previously reported, the American Association of Retired Persons (AARP), an influential lobbying group in Albany and Washington, DC, continues to advocate for legislation that would create a new Office of the Utility Consumer Advocate to represent residential utility consumer interests in proceedings before entities such as the PSC and FERC. AARP has been very aggressive in its pursuit of this legislation, actively lobbying legislators and launching a media campaign. The Assembly passed a version of this legislation last week which does not specify a funding source. Previous proposals sought to use 18-a to fund the office.

The Senate Energy Chair also recently introduced a “watered-down” version of the legislation which transforms the existing Utility Intervention Unit (UIU) into the Office of Utility Consumer Advocate and establishes an advisory board to assist the office. There is no specified funding source and it effectively removes cable companies from the purview of the new office. The cable industry is lobbying against this legislation since it would subject the cable industry to more oversight than currently required.

The creation of a new Office of the Utility Consumer Advocate was also the subject of intense budget negotiations earlier this year. Numerous entities, including the Executive and Senate, opposed the creation of a new office arguing that it would essentially have the same powers as several existing state-funded entities. Other proposals, such as creating an intervenor process for utility rate case proceedings, were touted as an alternative. Ultimately, none of the proposals made it into the final budget agreement.

With only four weeks left until the scheduled conclusion of session, and increasing pressure from AARP in an important election year, the Legislature will likely address this issue in some form.

A copy of the Assembly legislation can be found [here](#). The new Senate bill can be found [here](#).

### **Lower Manhattan Joint Bidding Extender Gains Traction**

When the City of New York undertakes a public works project, energy and telecommunications facilities almost invariably must be moved or protected in order for the municipal work to proceed on schedule. The municipal work can be delayed or stopped if the utility is required to separately negotiate the price of protecting or moving the utility facility with the municipal contractor for the utility work. Such delays result in additional costs to municipal projects in both money and disruption time for the City.

Joint bidding requires bidders to provide, within a single bid, separate prices for the municipal and private utility work, with the contract awarded to the lowest responsible bidder for the combined work. Joint bidding enables the City and utilities to better coordinate the planning and execution of

construction projects to the advantage of City-based businesses and local residents who experience substantially less disruption to pedestrian access and utility services.

Joint bidding was authorized for Lower Manhattan in the wake of the World Trade Center attacks on September 11, 2001. This authorization is scheduled to expire in December of this year. However, recognizing that the Lower Manhattan authorization resulted in reduced construction time and lessened adverse impacts on local businesses, the Legislature is on track to extend the authorization through 2024. The Senate Cities Committee will consider the legislation this week and Speaker Sheldon Silver recently introduced the extender in the Assembly.

Con Edison is also actively seeking a permanent authorization for public works projects city-wide. Several legislators have expressed an interest in this practice as a way to facilitate infrastructure improvements in the wake of the East Harlem incident.

A copy of the Lower Manhattan extender can be found [here](#). A copy of the city-wide authorization can be found [here](#).

## City

### **New York City Water Rate Increases**

New York City's Water Board has approved an increase in the city's water and sewer rates. By accepting and approving the Department of Environmental Protection (DEP) proposed 3.35 percent increase, the Water Board has implemented the smallest increase in rates over the past nine years. The new rate increase will have the following effect on the average customer:

- A typical single-family homeowner will see an increase from \$992 per year to \$1,025 per year for water and sewer bills. This works out to less than \$3 per month (based on an average consumption of 80,000 gallons of water per year).
- A typical multi-family unit with metered billing will see an increase from \$645 per year, per unit to \$666 per year per unit. This works out to less than \$2 per month (based on an average consumption of 52,000 gallons of water per year).
- The freezing of the minimum consumption charge for customers who use less than 100 gallons of water a day
- Allowing customers who are issued a "catch-up" bill, after the installation of automated meter reading device, to have 90 days interest free, to pay their bill.

The New York City Water Board is responsible for establishing the City's water and sewer rates.

### **Mayor de Blasio Creates Task Force to Address Employment Opportunities**

Mayor Bill de Blasio continued his campaign theme of "One New York, Rising Together" by presenting a 30-member task force whose aim will be to better equip New Yorkers with the skills needed to secure well-paying jobs in fast-growing careers. Titled, "Jobs for New Yorkers," the task force will be charged with developing new, innovative strategies to best help people gain the necessary skills to secure employment with decent wages and benefits. The broad-based coalition of members on the task force represent business, education and community leaders, and is expected to deliver recommendations on how the City can:

- Best utilize the \$500 million investment in workforce programs and education resources that is earmarked for the unemployed and under-employed;
- Put together workforce development initiatives and economic development strategies that will allow more New Yorkers access to quality employment in industries where the City makes investments;
- Create training programs that teach skills specifically geared to what today's companies need, which will encourage more local hiring.

Among those chosen to serve on the Jobs for New Yorkers task force is Con Edison VP of Government Relations, John Banks.

### **Tax Relief For Sandy Victims**

A bill to prevent Sandy victims from being hit with a property tax increase for making repairs to their storm damaged homes has recently passed both the New York State Assembly and the Senate. The bill, passed in Albany, allows the City to grant a partial abatement of the real property taxes that storm victims would have to pay.

Under the property tax system, significant repairs to homes are assessed at full market value and are not subject to the state's property tax cap on how much a homeowner's tax bill can increase as the home's value increase. This means rebuilding or making major renovations to a home after Superstorm Sandy can have heavy financial implications for a homeowner. Because some post-storm repairs boosted the value of homes, hundreds of New York City property owners who have rebuilt or repaired their homes, face an increase in their property tax bills this year. The bill reduces a homeowner's tax liability to the pre-storm, fiscal year 2013 amount, avoiding any hike related to their repairs.

The bill now goes to Governor Andrew Cuomo for his signature.

Full text of the legislation: [A 09578](#)

### **Southern Manhattan Coastal Protection Study Released**

The Mayor's Office of Recovery and Resiliency (ORR) and the New York City Economic Development Corporation (NYCEDC) jointly released a study on protecting New York City against climate change and extreme weather events. The study focused on the approximately 1.3 mile span of the eastern edge of Southern Manhattan. The report included complementary coastal protection measures along with the proposed multi-purpose levee envisioned for the East and West sides of Southern Manhattan.

Focusing on the fiscal, technical and legal feasibility of a multi-purpose levee, the study revealed that the project would require more analysis over the next several years to better understand its complex implications. While the study emphasizes that the project would take several years to develop, it does also allow for short term measures which can be taken in the interim. The study examined several scenarios and found that while traditional solutions would not adequately protect New Yorkers that live and work in the area against such future risks, a multi-purpose levee concept could provide significant protection in a manner consistent with existing neighborhood character and density in Southern Manhattan.

Multi-purpose levees, which integrate passive levee infrastructure with residential, commercial, and

open space, have been successfully implemented in flood-prone areas in the Netherlands, Japan and Singapore, among other countries. Those countries, with areas similar to the study area, also have particularly high vulnerabilities due to high population densities, concentration of economic activity, and the location of critical infrastructure systems.

This study was conducted over a six-month period and is available [here](#).

### **Emergency Communications Project Stopped and Immediate Review Ordered**

Mayor Bill de Blasio has stopped major work on the City's Emergency Communications Technology Project (ECTP). The ECTP is a five-year, \$1.3 billion dollar project which was intended to modernize and consolidate the city's 911 emergency communication system. The Mayor decided to halt the project until a review can be done to determine the nature of the problems which have caused the program to be almost \$1 billion over budget and years behind schedule. Highlights of the Mayor's decision to stop the project, which is effective immediately, include:

- The Office of Citywide Emergency Communications, which manages the project, will be temporarily assigned to report to the incoming Commissioner of the Department of Information Technology and Telecommunications (DoITT).
- The DoITT Commissioner will lead a comprehensive project review and assemble an assessment team to conduct a full-scale review and validation of the project's scope, schedule, budget, and governance.
- Work may continue on some aspects of the project as long as there is no significant fiscal or operational impact, however, all major expenditures and major system changes for the project will be halted.
- The following actions that may not occur without the specific approval of incoming DoITT Commissioner:
  - No contracts may be awarded or purchase orders issued.
  - No work that would result in additional expenditures against existing contracts may move forward.
  - No major system implementation or major procedural changes may be implemented.
- The Department of Investigation (DOI) will conduct an independent review of recent years to see what has led to the current situation.
- Request for the City Comptroller to review the history of the project including oversight structure and financial management to ensure that all appropriate project and financial management controls are in place and have been followed.

The Office of Citywide Emergency Communication was established in 2010 to oversee the City's overall emergency communications operations.