

Memorandum in Support

A.3494 Calhoun

Repeals the 2009 Increase of the 18-a Utility Assessment

Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. (the “Companies”) are subsidiaries of Consolidated Edison, Inc., one of the nation's largest investor-owned energy companies, providing electric, gas and steam service to 3.3 million customers in New York City, Westchester County, Orange County, and Rockland County. In aggregate, the Companies employ almost 15,000 people and pay more than \$2.3 billion annually in local and state taxes.

A.3494 will immediately repeal portions of the Public Service Law 18-a utility assessment that was increased six-fold in 2009 and is scheduled to expire in 2014.

New York State’s 18-a assessment has historically been used to fund the Public Service Commission. To this end, the 18-a surcharge was statutorily set at one-third of one percent of the utilities’ intrastate revenues.

In the 2009-2010 Executive Budget, the utility regulation assessment imposed under Public Service Law §18-a was dramatically increased -- to one percent of intrastate revenues, plus an additional 1% “conservation assessment” fee. The additional revenue collected by the state – approximately \$700 million in the current fiscal year – goes into the state’s general fund. Utility customers pay the 18-a assessment and fee through their energy bills.

The 18-a assessment and fee hits all in-state energy consumers, including residential customers, small businesses at a time of significant economic hardship. It is estimated that this burdensome tax has already cost customers over \$2 billion.

The Companies support the immediate repeal of this regressive and anti-business tax on utility customers.

For the foregoing reasons, the Companies urge that favorable action be taken on this legislation.