

Board Policy: **Regionally Competitive Rates**
Policy Type: **Mission**
Monitored by: **Finance and Audit Committee**
Board Resolution: **#1318, approved September 21, 2016**
#1357, amended March 29, 2017



Competitive Rates Policy:

Maintaining regionally competitive rates and an appropriate rate design is a core objective of the Authority. The Authority's electric rates should be set at the lowest level consistent with sound fiscal and operating practice, ensuring quality service efficiently rendered. As reasonable objectives:

- The Authority's electric rates should be competitive with the published rates on a system average basis of other regional utilities that surround the Authority's service territory and 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, taking into account the significant differences in the taxing and regulatory regimes in which these utilities operate.
- Changes in the Authority's rates and bills should be competitive with other local utilities on a system average basis over the long term. In any short term 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 utilities.
- Rates should, consistent with prudent utility practice: be simple and easy to understand; equitably allocate costs across and within customer classes, taking into consideration the cost to provide service; be affordable by people with low incomes and severe medical conditions; and where possible, be consistent with statewide policies. In addition, in order to promote the goals of Reforming the Energy Vision¹, which seeks among other things to encourage the most efficient use of utility plant, rates should reflect the marginal cost of service, to the extent consistent with the foregoing objectives. This goal may be achieved by, among other things, reflecting the cost of energy at the time it is used, reducing on-peak use, and encouraging energy efficiency and conservation.

¹ 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).