

As a result of its members' considerable knowledge of the electric transmission and distribution system in New York, it is clear to the Local Unions that funding a variety of research and development projects related to the improvement of the transmission and distribution system will pay substantial dividends to the public interest by improving safety and reliability of electric service in New York.

Background

The background relative to the State of New York Public Service Commission ("Commission") seeking comments regarding the System Benefits Charge is adequately set forth in the Introduction of the Commission's Notice Soliciting Comments ("Notice")¹. In the Notice, Staff set forth a series of questions dealing with the results of the present SBC program and whether the program should continue or be changed in any way. The Local Unions wish to offer the following comments.

Discussion

At this time, of the fourteen questions posed by Staff in the Notice, the Local Unions offer comments on the following four questions:

2. Should the SBC program continue beyond its current expiration date of June 30, 2006? If so, for what duration should the SBC be extended and at what funding level?

The Local Unions believe that the SBC program should continue beyond its current expiration date of June 30, 2006. The duration of the program should be set for a five year period. This length of time would allow for substantial achievement of some significant accomplishments while not being long enough to result in potentially diminishing returns. It is envisioned that, prior to the completion of a five-year extension, the

Commission would engage a comment solicitation process to determine if the extended SBC program should be terminated or further extended. With regard to the annual funding level of the SBC program, the Local Unions request that the annual funding be increased \$10 million over the present SBC base to accommodate new projects the Local Unions are recommending (please see the Local Unions response to No. 12 for the specific programs recommended to be created).

4. If assuming continuation of the SBC, how should programs be prioritized to meet those goals and objectives?

The Local Unions believe that priority should be given to projects that do the most to improve safety and reliability of electric service in New York.

7. What specific program(s) should be eliminated, expanded or created?

The Local Unions are not recommending any program elimination or expansion, but that programs involving the State's transmission and distribution energy resources should be created (please see the Local Unions response to No. 12 for the specific programs recommended to be created).

12. Should SBC funds be extended to programs that encompass research and development into retail and/or wholesale electric market competitiveness issues, or transmission and/or distribution of the State's energy resources?

The Local Unions believe that, should the Commission determine that it is appropriate to continue the SBC program beyond its current expiration date of June 30, 2006, it is important that such funds should be extended to research and development of the State's transmission and distribution energy resources.

¹ Case 05-M-0090 – In the Matter of System Benefits Charge III: NOTICE SOLICITING COMMENTS (Issued January 28, 2004) at 1-2.

An energy resource that has been, and continues to be, depleted is the experienced, knowledgeable and highly skilled utility manpower that maintains and repairs all elements of the State's transmission and distribution system. The average age of workers comprising utility field crews has increased just as the number of such workers has decreased. Presently, there is an unfulfilled need to capture and transfer critical skills and knowledge, some of which are undocumented and subject to loss upon the retirements of knowledgeable individuals. There is a serious lack of new workers being hired and trained to be able to adequately repair and maintain the electric transmission and distribution system in New York. This should be dealt with by the utility companies but, given the current emphasis on shareholder profits and competitive focus of the industry, this problem is not being adequately addressed. Therefore, the Local Unions recommend that SBC funds should be used to address this deficiency through the establishment of training programs, apprenticeships, internships and formal school recruitment programs. This would help to enhance and sustain a critical knowledge base and a proactive and supportive work culture.

Similarly, within the electric distribution infrastructure there are problems that, despite the current efforts of the utilities to address them, remain problematic and deadly. An example of such problems is the dangerous conditions existing in manholes and the significant number of total incidents including loss of life over the past decade, but especially within the last five years. More research is necessary to determine and form the basis to correct the cause of such incidents. The use of SBC funds would facilitate such efforts.

An additional area to which SBC funds could be directed is one of transmission capability and capacity. SBC funds might be used to study how such capability and capacity could be increased so that the lower cost power in Upstate New York could be economically transported to Downstate and which would increase the reliability of the overall electric system. Presently, there is little or no incentive for transmission facilities owners to undertake such efforts as thoroughly identifying and assessing transmission

bottlenecks and capacity constraints. SBC funds might also be used to determine what incentives, if any, should be used to eliminate such bottlenecks and capacity constraints.

With regard to the research and development into retail and/or wholesale electric market competitiveness issues, the Local Unions believe that SBC funds should not be used for this purpose. A variety of funds are already being provided through the rate plans of the utilities in New York to subsidize the establishment of a competitive energy market in the State. In addition, the underlying purpose behind having an enterprise be “competitive” is to eliminate the reliance on subsidies for that private enterprise endeavor. The “competitive marketplace” should be the structure that would be used to provide any incentives necessary to succeed in the endeavors chosen by those entering that marketplace – not the regulatory agency which has the administrative responsibility for overseeing the safe and adequate provision of electric service to customers. It should be remembered that the SBC was established to fund public policy initiatives not expected to be adequately addressed by New York’s competitive electricity markets. To now seek to extend funds to research those markets would appear to be based on circular reasoning and would result in bad public policy.

Conclusion

For the all of the reasons cited above, the Local Unions recommend that the Commission: (1) extend the SBC program beyond its current expiration date of June 30, 2006; (2) extend the use of funds to research and development of the State's transmission and distribution energy resources of manpower, distribution infrastructure, and transmission capability and capacity; (3) expand the program funding by \$10 million to be applied to developing the energy resources cited above; and (4) reject the use of SBC funds for research and development of retail and/or wholesale electric market competitive issues.

The Local Unions appreciate their opportunity to comment on these important issues.

Dated: March 4, 2005
Ridgefield, Connecticut

Respectfully Submitted,

/s/ Richard J. Koda

Richard J. Koda, Principal
KODA CONSULTING, Inc.
409 Main Street
Ridgefield, Connecticut 06877-4511
(203) 438-9045
Consultant to Utility Workers Union of America,
AFL-CIO, Local 1-2 and International Brotherhood
of Electrical Workers, System Council U-7 and
Locals, 97 & 503.

To: Honorable Jaclyn A. Brillling, Secretary
cc: Active Party List as of 3/3/05 in Case 05-M-0090 via e-mail
Emanuel Hellen, President, UWUA, AFL-CIO, Local 1-2
Danny E. Addy, President/Business Manager/Financial Secretary, IBEW, Local 83
David Falletta, President/Business Manager/Financial Secretary, IBEW, Local 97
Robert V. Citrollo, President, IBEW, Local 503