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Roosevelt at Sagamore Hill

SCHUMER

Profile of a Senate power player A12-15



PSEG TO 600 NONRESIDENTIAL CUSTOMERS

YOU OVERPAID, WE CAN'T HELP YOU

Says LIPA rules require utility to continue charging too much **A2-3**



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in Section J

TOP STORIES

For hundreds of PSEG customers:

CATCH-22

Businesses, schools, offices are overbilled for power — but utility says it's powerless to fix the problem

BY MARK HARRINGTON
mark.harrington@newsday.com

Hundreds of Long Island small businesses, schools and government offices have been incorrectly classified as large commercial customers, according to PSEG Long Island, and watchdog groups say they potentially are owed tens of thousands of dollars each.

Compounding the problem is language in LIPA's official rule book that prevents these customers from changing to a rate class that better fits their usage.

PSEG, in response to Newsday's questions, said last week it had identified about 600 customers that were not using enough electricity to justify their placement in what is known as rate code 285.

PSEG has proposed changing LIPA rules to allow the customers to switch as part of its case before the state Department of Public Service to raise electric rates, but for now there's little the utility says it can do.

"The LIPA Tariff, which was in place before PSEG Long Island taking over operations in 2014, does not include an exit clause for rate code 285," spokesman Jeff Weir said. "We are obligated to follow the approved LIPA Tariff as it stands today."

Summertime energy use

The 285 rate is intended for customers using at least 145 kilowatt-hours of summertime energy during monitored 15-minute periods on special meters that big commercial accounts are assigned.

Complaints about the misclas-



Doug DiCeglio, a consultant, helped a golf club dispute the rate and get \$52,628 refunded.

sification began after LIPA decided in 2011 to increase the daily meter fee for customers in that class, to \$10 a day. The fee had been 94 cents a day.

LIPA said in a statement that the 285 billing policies resulted from past management decisions and don't reflect the position of current management. It blamed "escalation of costs largely beyond its control" for the decision to raise the fee to \$10 a day, a charge it said the Public Service Department found "reasonable and appropriate" at the time.

In filings with the state Department of Public Service, Nesconset Elementary School and Great Hollow Middle School in the Smithtown school district are fighting the rate classification and seeking a refund for years they were placed in the wrong category. The schools argue that they never reached the 145-kilowatt threshold, and they are seeking at least \$25,000 each in repayments.

"We are hopeful that the ultimate decision will work in our favor and the district will be reassigned to the lower rate and receive any appropriate refunds as a result," said James Grossane, Smithtown superintendent.

Sees widespread problem

Doug DiCeglio, a utility consultant working for the schools, said he believes the problem is widespread. "I think it involves a lot of customers on Long Island, mostly schools and government," said DiCeglio, president of Lynbrook-based Utility Rate Analysis Consultants, which reviews customer bills. He called the situation particularly troubling because many schools and local governments have gone to extra lengths to cut energy use and install green-energy technology to reduce costs.

PSEG is fighting the complaints, despite its proposal to change the LIPA rules, and the

state has ruled preliminarily on behalf of the utility in many of the cases.

DiCeglio previously had filed a case on behalf of the Sands Point Golf Club, which had been assigned rate 285 for a small pump house that used a fraction of the 145-kilowatt threshold. In that case, LIPA refunded the golf club \$52,628, including more than \$28,000 in back interest for overbilling between September 2006 and December 2013.

"If Sands Point is entitled to it, why isn't everybody else?" DiCeglio argued.

Bank seeks refund

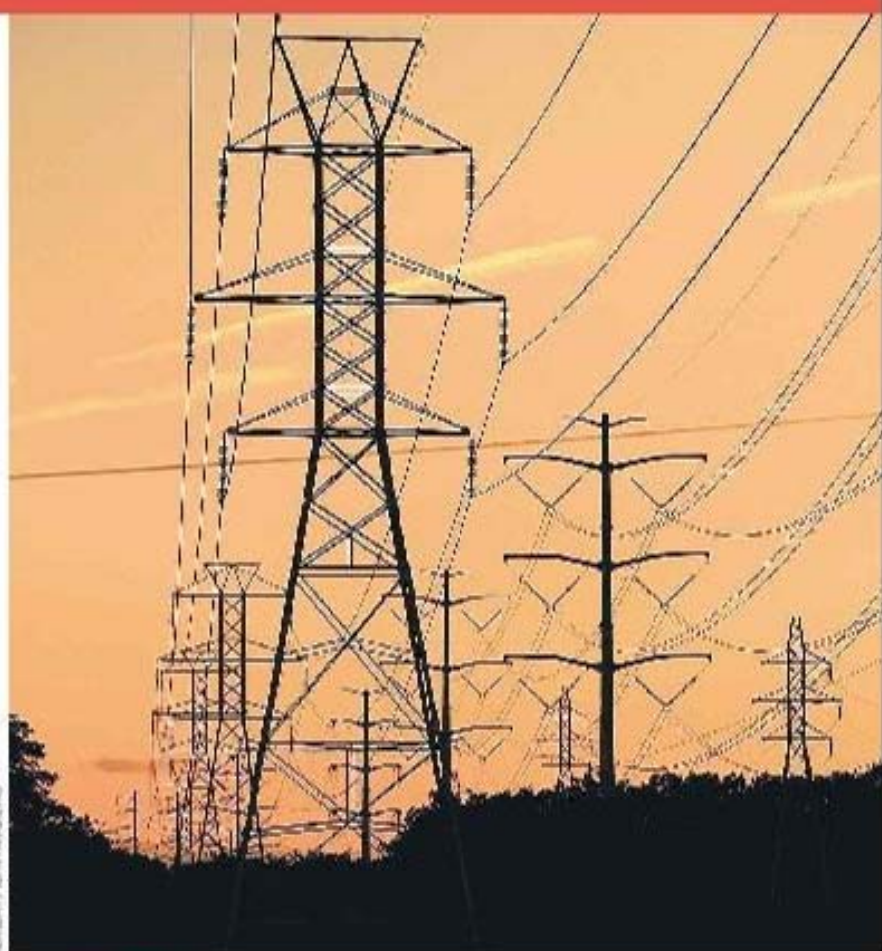
Astoria Federal Bank, based in Lake Success, also is seeking a refund for an incorrect classification. According to documents filed with the state DPS, Astoria says it hasn't met the criteria for classification under 285 since at least 2007.

PSEG and the state rejected the bank's request for a refund, primarily on the grounds that LIPA didn't have records showing Astoria's usage before 2007. DPS said it was incumbent on the customer to prove it never met the criteria, and LIPA didn't have those historical records. Astoria declined to comment.

Nonetheless, PSEG has switched Astoria to the proper rate 281, in part on the recommendation of state regulators, Weir said.

In a statement, DPS said it is responding to 30 cases involving the issue.

"DPS is fully aware of this situation and as part of dealing with this particular issue it has approached LIPA regarding poten-



REUTERS / JOHN HANCOCK

PSEG: "We are obligated to follow the approved LIPA Tariff as it stands today."

LIPA: Says the billing policies resulted from past management decisions.

tially amending the tariff in a way that would be ultimately beneficial to the customer and the utility," the statement said. "The discussion is ongoing."

LIPA trustees are scheduled to vote on the rule-book change later this year when the rate-hike case comes up for approval.

If they make the change, PSEG Long Island "will immediately analyze again all of the accounts that are classified under Rate Code 285 and will ensure that every commercial customer account has the opportunity to be placed" in the correct rate classification, Weir said.

'NO EXIT'

- Some nonresidential customers don't meet the minimum threshold to be charged higher electric fees under what is known as rate code 285, which is designed for much larger commercial users.
- The Long Island Power Authority has a "no-exit" clause in its rule book stating that these customers must remain in that classification.
- Dozens of businesses and schools are fighting the classification and seeking refunds, and PSEG says about 600 have been misclassified.
- PSEG Long Island wants to change the LIPA rules to allow customers who don't fit the 285 class to change to another rate.

Greeks' offer gets a cool reception

BY PAN PYLAS
AND JOHN-THOR DAHLBURG
The Associated Press

BRUSSELS — Bailout discussions between the Greek finance minister and his skeptical counterparts in the 19-country eurozone will resume today, following hours of talks that yielded no apparent breakthrough in securing the country's future in the euro.

During talks yesterday, Greece failed to give what its creditors in the eurozone have been demanding: proof that it can deliver on its promises to implement tough austerity and reform measures in return for billions more in rescue money. "We had an in-depth discussion of the Greek proposals and the issue of credibility and trust was discussed," Jeroen Dijsselbloem, the eurozone's top official, said upon leaving the meeting.

The talks will resume at 11 a.m. local time, just a few hours before the European Union's 28 leaders are meant to descend on Brussels for a summit that has been billed over the past week as Greece's last chance to convince creditors that it deserves more financial help.

"It's still very difficult but work is still in progress," Dijsselbloem said.

The pressure was on Greece

all yesterday even after the country's parliament passed a harsh austerity package that it hopes will lead to a three-year bailout. In Brussels, finance ministers and top officials of the eurozone repeated the same thing: We don't fully trust you to make good on your promises.

A European official at the discussions, when asked what more needed to be discussed when ministers reconvene today, said "everything."

The official, who spoke on condition of anonymity, said ministers wanted "more specific and binding commitments" and that the Greek government's proposals were "too little, too late."

Assuaging those concerns is the task facing Euclid Tsakalotos, who has been Greek finance minister for barely a week, following the resignation of his predecessor, Yanis Varoufakis.

Greece desperately needs the money to avoid a financial collapse. Its banks, according to some accounts, have barely enough cash to see the country through the week.

Greece's banks have been shuttered for the best part of two weeks and daily withdrawals from ATMs have been limited to a paltry 60 euros. The economy is in free fall and the country faces big debt repayments in coming weeks.



Slovak Finance Minister Peter Kazimir, right, at a special eurozone finance ministers meeting on Greece, in Brussels yesterday.