

# LIPA offers to settle suit over Port Jefferson power plant taxes

March 27, 2017 By Mark Harrington [mark.harrington@newsday.com](mailto:mark.harrington@newsday.com)



An aerial view of the Port Jefferson Power Station, overlooking Port Jefferson Harbor, as seen from the air on Saturday, May 15, 2010. (Credit: Kevin P. Coughlin)

LIPA taxes for the Port Jefferson power station would decline to \$11.2 million a year by 2024 from the current \$32.6 million, according to documents outlining terms of a proposed settlement.

The 66 percent reduction would lessen the period of the reduction from a prior LIPA offer by two years, to eight years, according to the documents shown to Newsday by a person familiar with the terms. A LIPA spokesman declined to comment.

LIPA in 2013 had proposed a 10-year tax ramp-down. That prior settlement offer would have sliced LIPA tax payments from around \$26 million to \$9.9 million in 2024, according to the documents. In all, according to the documents, LIPA's tax payments over the eight years would amount to \$280.2 million compared with \$248.9 million under the previous settlement offer.

John Gross, an attorney for the Port Jefferson School District, said he was "perplexed" by reports of a settlement offer. "We have not seen any proposal for a settlement," he said, noting the parties were "just in court last week."

In any case, Gross said, "that proposal would never be agreed to ... It is not even close to any framework we would even consider ... That would devastate the district."

Port Jefferson village Mayor Margot Garant said she was "not aware of that settlement" but agreed it was "not acceptable" and would "devastate" the district.

The LIPA tax challenge in Port Jefferson is one of four the utility has filed against taxing districts in Suffolk and Nassau seeking to reduce power plant taxes. The lawsuits set off protests from school districts and countersuits that charge LIPA once vowed never to challenge the taxes.

The Port Jefferson district, in joining a suit in 2015, said LIPA's actions "could cause significant financial harm."

The latest proposal, like the original, would forgo taxes considered past due under the original challenge filed by LIPA in 2011, amounting to potentially hundreds of millions of dollars.

Last week, a coalition of business groups called for a task force led by the state to help broker settlements. The group, including the Association for a Better Long Island, The Commercial & Industrial Brokers Society, The Long Island Builders Institute and The Long Island Board of Realtors, wrote to the Empire State Development Corp., requesting the task force.

ABLI executive director Kyle Strober said, "Clearly the parties are further apart than they've ever been before."

LIPA pays approximately \$535 million a year in taxes and related payments, accounting for 15 percent of customer bills. Of that, \$189 million is paid to taxing districts for the four National Grid-owned power stations, including \$76 million for the Northport plant; \$36 million for the E.F Barrett plant in Island Park; and \$17 million for the remains of a dismantled plant in Glenwood Landing.