



Department
of Public Service

KEDNY SIR Petition

Case 15-G-0323

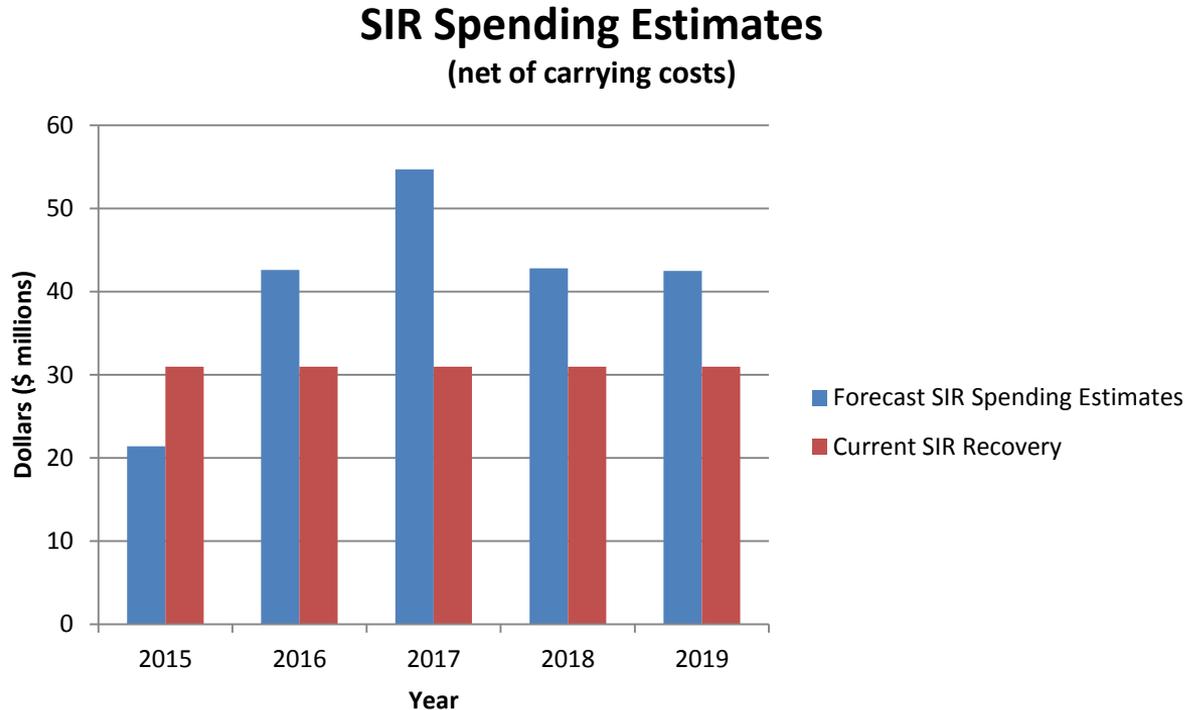
Introduction

- The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY) requests to increase its SIR Recovery Surcharge by \$37.5 million annually
- Deferred SIR balance at December 31, 2014 is approximately \$218.8M net of base rate and surcharge recoveries
- Staff recommends approval to permit increase

Background

- NYS Department of Environmental Conservation (DEC) has primary oversight role in SIR cleanup activities
- The utility is responsible for the overall implementation of the remedial action work plan
- Full recovery of all prudently-incurred net SIR costs has been approved
- Many sites are still in early stages of remediation
- KEDNY is responsible for 28 former MGP sites identified by DEC
 - EPA led Gowanus Canal and Newtown Creek sites not for consideration in this petition

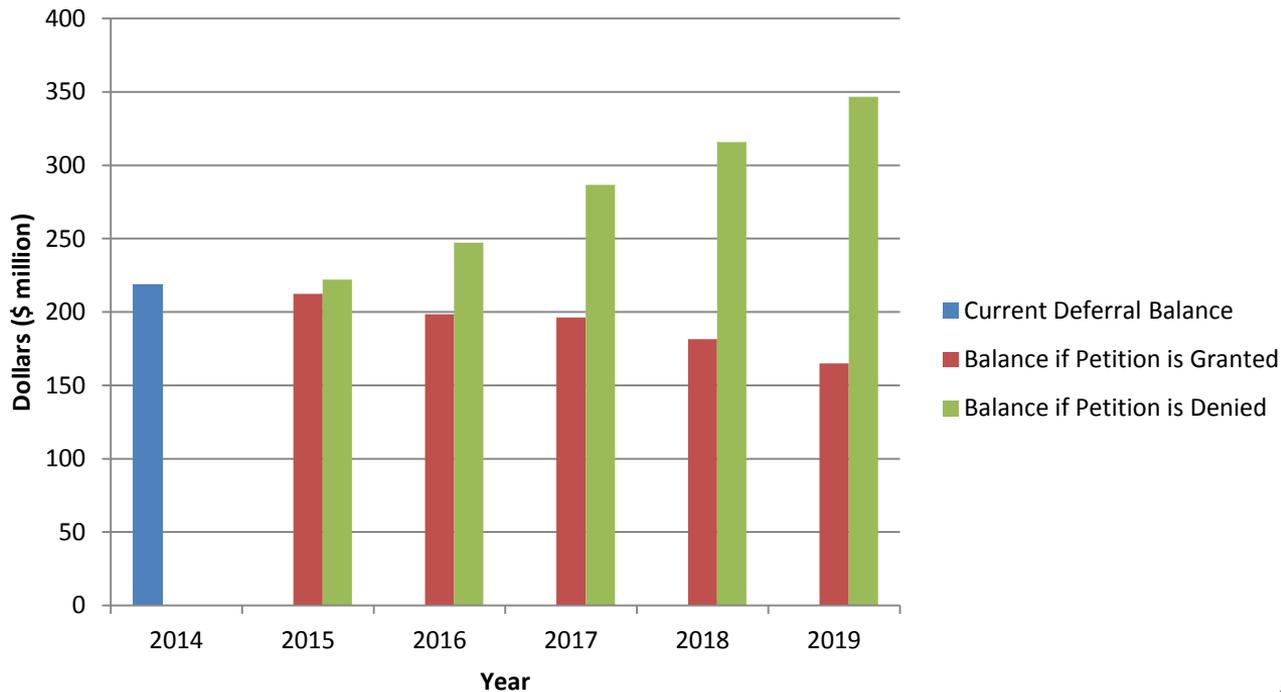
SIR Cost Estimates



- Spending estimates exclude costs of Gowanus Canal and Newtown Creek sites

SIR Cost Estimates

KEDNY Recovery of SIR Expenditures



- The chart reflects future spending estimates excluding costs associated with Gowanus Canal and Newtown Creek sites

Staff's Review

- Staff review of Company's procedures
 - Cost control measures
 - Project management and monitoring
 - Internal approval process
 - Cost responsibility
 - Site Visits
 - Comments in opposition

Staff's Recommendation

- Staff recommends approval of SIR Recovery Surcharge increase
 - To increase the SIR Recovery Surcharge to collect a total of \$62.5 million through DRA beginning November 1, 2015
 - SIR costs continue to grow
 - Increasing the SIR surcharge will increase cash flow and allow for a more rapid recovery of the deferred SIR balance