

STATE OF NEW YORK

Public Service Commission

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NATIONAL GRID AUDITOR SELECTED

— Management Audit Will Examine Companies Gas Planning, Operational Efficiency —

Albany, NY—06/13/13—The New York State Public Service Commission (Commission) today selected management consulting company NorthStar Consulting Group to perform a comprehensive management and operations audit of National Grid’s natural gas companies: Niagara Mohawk Power Company Gas, The Brooklyn Union Gas Company and KeySpan Gas East Corporation. The audit will focus on construction program planning and operational efficiency and will evaluate the utilities’ emphasis on risk management and storm hardening, particularly with respect to coastal areas.

In his 2013 State of the State Address, Governor Andrew M. Cuomo highlighted the importance of management and operations audits of New York’s utilities, and authorized the Commission to direct utilities to comply with recommendations made pursuant to management and operations audits.

“In response to the Moreland Commission’s recommendations to improve our management audit process, as well as Governor Cuomo’s strengthening of the Commission’s regulatory oversight of utilities, we have enhanced our management audit process and staffing resources to identify improvements in utilities’ planning processes and operational efficiencies,” said Commission Chairman Garry Brown. “The auditing process is an essential regulatory vehicle that allows for a thorough and focused review of a utility company’s management and operations to identify necessary improvements.”

The Public Service Law requires examination of the management and operations of the major electric and gas utilities. The examination process will emphasize an assessment of National Grid's New York gas operations efficiency and effectiveness in meeting its mission, goal and objectives, particularly with respect to performance goals and will identify any opportunities for improvement.

On February 13, 2013, the Commission authorized the issuance of a Request for Proposal (RFP) for an independent third-party consultant to conduct a comprehensive management and operations audit of National Grid's New York gas companies with a specific focus on construction program planning processes and operational efficiency. Department Staff added several specific areas to the audit in consideration of the Moreland Commission interim report recommendation that the Commission undertake operational audits in addition to management audits.

Five management consulting firms submitted proposals to be considered. Consulting firms were required to demonstrate, among other things, the firm's expertise and the experience of their proposed personnel in performing management audits, the methods and procedures to be employed as part of the review, and the ability to complete the audit within budget. Upon review and evaluation, NorthStar of Santa Maria, Calif., was chosen to conduct the audit; the total potential cost of the audit is not to exceed \$1,212,500. The consulting firm will report directly to Commission staff. The three gas companies have more than 1.9 million customers statewide in total.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 13-G-0009 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.