

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223
Further Details: James Denn
james_denn@dps.state.ny.us | 518.474.7080
<http://www.dps.state.ny.us>
<http://twitter.com/NYSDPS>

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NATIONAL GRID TO LOWER ELECTRIC RATES

— Substantial Decrease in Upstate Electricity Costs Should Help Spur Economy —

Albany, NY—12/15/11— The New York State Public Service Commission (Commission) today approved lowering National Grid’s residential electricity delivery bills by an average of 11 percent and up to 44 percent for some commercial and industrial customers. On a total bill basis, the decline will average 6 percent for residential customers, and up to 23 percent for some commercial and industrial customers.

“The Commission and its staff worked diligently to provide this historic relief to National Grid ratepayers,” said Commission Chairman Garry Brown. “Not only we were able to freeze electric delivery rates for average residential customers in 2011, but residential customers will now see a sharp decrease in delivery rates next year. Furthermore, commercial and industrial customers will see unprecedented decreases in delivery rates, a welcome change that will have a positive economic impact across National Grid’s service territory.”

After factoring in the recovery of certain deferred expenses, National Grid’s 1.6 million upstate ratepayers, including 1.5 million residential customers, will see a total delivery rate decrease of approximately \$429 million in 2012. Specific bill impacts are as follows:

- A residential upstate National Grid customer using 500 kWh of electricity per month pays approximately \$53 a month for delivery of electric service, or \$80 including supply service. With the Commission’s decision, such customers will see the delivery portion of their electric bill fall to about \$46, or around \$74 including supply service.

- A small non-demand commercial upstate National Grid customer using 500 kWh of electricity per month pays approximately \$65 a month for delivery of electric service, or about \$93 including supply service. With the Commission's decision, such customers will see the delivery portion of their electric bill fall to about \$58, or around \$86 including supply service.
- A small demand-metered commercial upstate National Grid customer using 60 kW per month pays approximately \$1,180 a month for delivery of electric service, or about \$2,110 including supply service. With the Commission decision, such customers will see the delivery portion of their electric bill fall by approximately \$270, or around \$250 including supply service.
- A mid-sized industrial upstate National Grid customer using 750 kW per month pays approximately \$20,000 a month for delivery of electric service, or about \$37,380 including supply service. With the Commission decision, such customers will see the delivery portion of their electric bill fall by approximately \$8,560, or around \$8,310 including supply service.
- A large industrial upstate National Grid customer using 4,000 kW per month pays approximately \$54,400 a month for delivery of electric service, or about \$139,400 including supply service. With the Commission decision, such customers will see the delivery portion of their electric bill fall by approximately \$22,700, or around \$19,300 including supply service.

The primary reason for the sharp decrease in rates is because the fixed Competitive Transition Charge established as a part of Niagara Mohawk's 1998 rate plan and extended in 2002 as part of the merger of National Grid and Niagara Mohawk is being eliminated.

The charge, according to National Grid, cost ratepayers \$573 million in 2011, and was designed for the recovery of Niagara Mohawk's buy-out costs to end certain above-market priced federal- and state-mandated power supply contracts and the loss on the sale of Niagara Mohawk's generation assets.

Although the charge was supposed to expire at the end of 2011, National Grid had initially proposed in January, 2010 to extend its collection beyond its expiration to maintain level bills. Through the rate filing examination process, the Commission determined the company's cost of service was lower and level rates could be provided in 2011 without the need to extend the collection of the charge.

In addition to ending the charge, the Commission will allow National Grid to recover \$236 million in outstanding deferral account balances, including up to \$35 million related to costs associated with Hurricane Irene, over a 15-month period beginning January 1, 2012 and continuing through March 31, 2013, with the exception of a longer period for street lighting customers.

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 10-E-0050 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).