

STATE OF NEW YORK

# Public Service Commission

Garry A. Brown, Chairman

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## **RATES FROZEN FOR NATIONAL GRID NY CUSTOMERS**

— Customers Will Also Share in Company Profits —

Albany, NY—06/13/13—The New York State Public Service Commission (Commission) today adopted the terms of a joint proposal signed by National Grid NY, Department of Public Service staff, and Queens Gas Consumers that freezes base delivery rates for 2013 and 2014, increases funding for low-income ratepayers, strengthens customer service performance measures and modifies, among other things, the company’s earnings sharing, revenue requirements and capital expenditures.

“The joint proposal terms we are adopting today will foster continued rate stability and promote the affordability of rates, while providing the company with the resources and motivation it needs to maintain and enhance the safety and adequacy of its gas service,” said Commission Chairman Garry Brown. “National Grid NY customers will significantly benefit from today’s decision.”

The company’s current rates were set as part of a five-year rate plan that was adopted in 2007. As part of that plan, National Grid NY, also known as KEDNY, had an allowed return on equity (ROE) of 9.8 percent, with sharing of earnings above 10.5 percent. However, upon review, it was determined that the utility had exceeded its allowed return in 2008-2011 with ROEs ranging from 10.48 percent to 14.10 percent. It had also exceeded its earnings-sharing target in 2008, 2010, and 2011; and, after sharing with ratepayers, retained actual earnings of 11.85 percent in 2010 and 2011.

The proceeding was initiated out of a growing concern about the company's high earnings, which is now addressed by a joint proposal that provides significant public interest benefits. National Grid NY serves more than 980,000 natural gas customers in Brooklyn, part of Queens, and Staten Island.

In addition to freezing base delivery rates, other key features of the joint proposal include: lowering the allowed ROE to 9.4 percent, down from 9.8 percent; requiring excess earnings above 9.4 percent be shared 80 percent ratepayer/20 percent shareholder, with the ratepayers' share applied to Site Investigation and Remediation (SIR) deferral balances; enhancing National Grid NY's gas safety and customer service metrics; and increasing funding for the low-income program from \$7.4 million to \$10.4 million.

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](http://www.dps.ny.gov) and entering Case Number 12-G-0544 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.