

STATE OF NEW YORK

# Public Service Commission

Audrey Zibelman, Chair

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## **PSC ANNOUNCES STEPS TO SOFTEN BLOW FROM WEATHER-RELATED ELECTRIC BILL SPIKES**

**— State Authorizes National Grid to Provide Temporary Credits to Offset Unprecedented Spikes in Rates; Calls on Other Utilities to Work with Customers to Reduce Bill Impact —**

Albany, NY— 01/29/14 — Audrey Zibelman, Chair of the New York State Public Service Commission (Commission), today announced that the Commission has authorized National Grid to take immediate action to provide its customers with a \$32 million temporary credit to offset an unprecedented increase in electric supply costs. The surges, expected in February, would result in bill spikes for upstate residential and small business customers.

“The unusually cold weather that has gripped the region has caused energy supply prices to surge in New York State and throughout the Northeast,” said Chair Zibelman. “This price spike is impacting National Grid’s upstate service territory, where electricity prices could increase by as much as 27 percent in February. These millions of dollars in temporary credit will help upstate New Yorkers and small businesses, who may already be struggling to pay their bills, offset some of this cost.”

While all utility customers in New York State are facing higher-than-normal electric bills due to the unusually cold weather, electric supply increases for National Grid’s upstate residential and small business customers had been expected to be much higher in February than any other area in the state.

Given the unusual electric supply price hikes that National Grid has been experiencing, the Commission felt that it was reasonable to take action now to offset the increase. Meanwhile, given the nature of this region-specific increase in supply costs, the Commission will be reviewing the reasonableness of National Grid's hedging practices and retail rate mechanisms to avoid similar occurrences in the future.

Without taking immediate action, some National Grid's residential customers would have seen above average price increases in the month ahead. Based on forecasted commodity prices for February, predicted increases for total typical residential bill using 600 kWh ranged between \$12.75 (17.6 percent) and \$29.74 (27.2 percent), depending on the customer's location. For small commercial customers, predicted increases for the total typical bill using 1,500 kWh ranged between \$34.66 (17.9 percent) and \$77.88 (27.6 percent), depending on the customer's location.

In response to the unprecedented customer bill impacts that were forecasted, National Grid, after consulting with Commission staff, petitioned for authorization to modify its supply mechanism by introducing a one-time customer credit to keep total rates, which includes delivery plus commodity charges, to be billed in February at the same rates as those that were in effect in January.

In addition to taking specific steps to aid National Grid's residential and small business customers, Chair Zibelman announced today that she was strongly encouraging all investor-owned utilities in the state to notify eligible residential customers about the advantages of using a budget plan to spread out the recent price increases in supply costs. With a no-fee budget plan, a customer could spread out their bill payments over a 12-month period, rather than paying a larger-than-expected increase in a single month. Chair Zibelman also said customers having difficulty paying their bills should contact their utility for payment assistance programs and deferred payment plan options.

While average residential bills for the other utilities have increased over the same time period, those increases are less than what is being experienced by National Grid customers. The unique

aspect of what National Grid customers are experiencing in terms of higher-than-normal price increases prompted the Commission to act.

While the Commission regulates and sets delivery rates, supply or commodity rates fluctuate based on supply and demand in the market. In recent months, demand for electricity and natural gas, which is used to generate electricity and provide heat, has been unprecedented due to the extremely cold weather that has gripped large parts of the country.

Earlier this month, New York set a new winter record peak demand for electricity of 25,738 megawatts (MW), beating the previous record winter peak demand of 25,541 MW set on December 20, 2004, according to the New York Independent System Operator. Demand remains high while the cold spell continues.

The Commission also ordered that National Grid be allowed to essentially defer the amount associated with the ratepayer credits, estimated at approximately \$32 million, and allow future recovery from customers in a manner and over a period to be determined later by the Commission. The credit will allow the expected increase in February prices to be spread out over a longer period of time.

The Commission's decision 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 14-E-0026 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.