



For Immediate Release: 03/15/18

John B. Rhodes, Chair

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18017/17-E-0238/17-G-0239

**PSC Dramatically Lowers National Grid's Rate Request
— Company's Initial \$407M Request Cut by \$351 Million or 86%; New Stakeholder-Supported Plan Lowers Bills for 220,000 Low-Income Customers; Significantly Improves Energy Efficiency, Renewable Energy, Gas Safety & Infrastructure Resiliency —**

ALBANY — The New York State Public Service Commission (Commission) today adopted a joint proposal by Department staff, National Grid, and 17 interested parties representing customer, municipal, labor, and environmental interests. The decision establishes three-year electric and gas rate plans that limit the overall revenue increases in the first year to only \$43 million or 1.7 percent for electric customers, and only \$13 million or 2.4 percent for natural gas customers. The Commission's decision represents a far better outcome for customers than the company's initial request for a \$326 million revenue increase in electric rates or 13 percent, and an \$81 million increase or 14 percent in natural gas rates.

Under the new rate plan, a typical residential customer using 600 kWh of electricity per month would see a total monthly bill increase of \$2.22 or 2.9 percent in the first year starting in April 2018, \$3.03 or 3.8 percent in the second year starting in April 2019, and \$3.25 or 3.9 percent in the third year starting in April 2020. A typical residential customer using 77 therms of gas per month would see a total monthly bill increase of \$1.20 or 1.7 percent in the first year, \$3.10 or 4.5 percent in the second year, and \$3.18 or 4.4 percent in the third year. Eligible low-income electric customers will see a bill reduction of up to 55 percent.

"We are pleased to adopt a progressive rate plan that is much improved over what the company initially proposed," **said Commission Chair John B. Rhodes.** "The plan — endorsed with broad stakeholder support by environmental groups, labor, large business customers, and the three largest cities in the company's service territory — includes a nation-leading affordability policy that substantially lowers bills for most low-income customers. It moves forward the State's climate agenda by expanding energy efficiency while funding non-wire alternatives and other REV-like initiatives for smarter investments. This decision is a win for the company's customers and for the future of cleaner and more resilient energy."

Details of the Commission's decision include:

- **Low-Income Discount Program:** The Commission adopted funding for an energy affordability program providing discounts to qualifying customers in accordance with the Commission's

nation-leading framework for the design of low-income programs. This decision implements a policy which seeks to limit energy costs to no more than 6 percent of household income for the approximately 2.3 million low-income households in New York. Beginning next winter, National Grid is expected to have 160,000 electric low-income customers and 60,000 low-income gas customers. This program will result in substantial bill reductions (as much as 55 percent) for most low-income households.

- **Capital Investment:** The Commission will allow National Grid to invest \$2.5 billion over three years to reinforce and modernize its electric transmission and distribution system, including investments to address the increased frequency and severity of storms. Additionally, the Commission directed the company to seek out non-wires alternatives that allow it to provide safe and reliable service at a lower cost than traditional infrastructure investments.
- **Service Quality Assurance Program:** The Commission adopted customer service metric updates based on recent performance and brings the company in line with metrics for other investor owned utilities in New York.
- **Terminations and Uncollectibles Incentive:** The Commission adopted the implementation of a mechanism that incents the company to reduce both the number of terminations and the aggregate amount of uncollectibles attributable to residential customer accounts.
- **Collections Agreements:** The Commission adopted refinements to the company's collections practices, including: providing for electronic deferred payment agreements (DPAs); enhanced customer service messaging to ensure that customers know their options if they are behind on their utility bills; updated training materials; and ensuring customers are offered written confirmation of any non-DPA collection arrangements.
- **Street Lighting:** The Commission adopted a number of provisions that will facilitate the upgrading of street lights throughout National Grid's upstate service territory to energy efficient light emitting diodes (LEDs). For municipalities that opt into the program, the company will replace company-owned failed roadway luminaires with LED luminaires. The company will also sell its street lighting assets to municipalities who wish to purchase them at the lowest price possible.
- **Energy Efficiency:** The Commission adopted increasing the targets for the company's energy-efficiency program by 40 percent while increasing program funding by only 20 percent, thus reflecting the cost-effective nature of National Grid's energy-efficiency programs.
- **Gas Safety Performance Metrics:** The Commission adopted updates to existing metrics based on recent performance, in line with metrics for other investor-owned utilities in New York State. The areas of performance measured are leak-prone pipe removal; leak management; damage prevention; emergency response; and gas safety regulations performance.
- **Gas Safety Enhancements:** The Commission approved using shareholder funds to enhance gas safety through six programs that include the distribution of residential methane detectors, initiatives aimed at pipeline damage prevention, and enhanced first responder training programs. The company will invest about \$138 million to replace 150 miles of leak-prone pipe over the terms of the rate plan.

Since the beginning of this case, Department staff has worked tirelessly to minimize cost increases by advocating progressive outcomes regarding affordability, energy efficiency, and the environment. The Commission's decision also reflects the impact of changes to the federal corporate tax rate and bonus depreciation prospectively, with a net first-year benefit for customers totaling \$76 million. These benefits are reflected in, and moderate, the revenue requirement increases.

Parties that signed the joint proposal included Department of Public Service staff, Multiple Intervenors, PACE Energy & Climate Center, Environmental Defense Fund, NY-Geothermal Energy Organization, Tesla, ChargePoint, Great Eastern Energy, Mirabito Natural Gas, Blue Rock Energy, Direct Energy, NY State Office of General Services, Wal-Mart East/Sam's East, NYPA, IBEW Local 97, and the cities of Albany, Buffalo, and Syracuse. Under the rate plan adopted by the Commission, National Grid will add 245 new jobs over three years.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 17-E-0238 and 17-G-0239 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents 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.