

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn, (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

08032/07-M-1245

NATIONAL GRID TOLD TO CHANGE DEFAULT PAYMENT PRACTICES Utility's "One-Size-Fits-All" Approach to Defaulted Payments Not Fair to Consumers

New York, NY—3/19/08—The New York State Public Service Commission today told National Grid to discontinue its practice of requiring that all residential applicants who have prior arrears and have defaulted on a minimum deferred payment agreement, to pay the arrears in full or \$1,000, whichever is less, on the grounds that it is not consistent with the intent of the Commission's regulations, which calls for individualized consideration for residential energy service applicants.

"One of our most important roles is to safeguard and protect ratepayers, in particular consumers who are financially less fortunate or have fallen on hard times," said Commission Chairman Garry Brown. "National Grid's practice in this matter regarding residential applicants who are in default does not conform with the intent of Commission regulations."

The Commission denied a related petition submitted by the Public Utility Law Project (PULP) that claimed National Grid should have provided a deferred payment agreement to any applicant for residential service that has previously breached a minimum deferred payment agreement.

In denying PULP's petition, the Commission found that its rules and regulations do not require a utility to offer an applicant for residential service a deferred payment agreement if that applicant previously had an account as a utility customer, owes arrears on that account, and

entered into and defaulted on a previous minimum deferred payment agreement within the last six years.

Nevertheless, the Commission concluded that National Grid's inflexible practice regarding consumers who might have defaulted in the past is not consistent with the requirement that energy utilities provide service that is in all respects just and reasonable, or with the policy implemented for provision of gas, electric and steam service to residential consumers requiring individualized consideration of applicants for residential gas, electric or steam service.

National Grid's current practice also did not take into account that the financial circumstances of an applicant who has previously broken a minimum deferred payment agreement may, particularly if substantial time has passed since the breach, have improved so that the applicant is in a better position to reduce prior arrears and assure reliable payment of a new deferred payment agreement and ongoing bills.

In the interest of reducing unpaid arrears and of providing service to residential applicants when there are reasonable assurances of payment, National Grid's practices should include individualized review of such applicants and consideration of whether an applicant's improved financial circumstances may warrant offering a new deferred payment agreement. The Office of Consumer Services will therefore discuss with National Grid the utility's practices for handling applications for residential service from persons who previously breached an agreement.

The Commission will issue a written order reflecting today's action. That order, when available, may be obtained from the Commission's www.dps.state.ny.us Web site by accessing the Commission's File Room section of the homepage and referencing Case 07-M-1245. 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).