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Audrey Zibelman, Chair

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**2-Year Delivery Rate Freeze for National Grid's Upstate Customers
— Residential and Business Customers Reap Benefits of Stable Prices Through 2018 —**

ALBANY — The New York State Public Service Commission (Commission) today announced that electric and natural gas delivery rates for National Grid's customers would remain frozen through March 2018. The decision to freeze delivery rates for the next two years represents the best possible outcome for the utility's 1.7 million electric and gas customers in upstate New York.

"Freezing rates for National Grid's customers for the next two years will have a significant economic benefit for the company's residential and business customers," said Commission Chair Audrey Zibelman. "Our decision will preserve base rate stability while allowing the company to continue modernizing its electric and gas distribution systems."

The Commission's decision provides National Grid's upstate electric and gas customers with a freeze in base delivery rates for two years. The decision also allows the utility to borrow more than \$2 billion to help fund improvements to its electric and gas transmission and distribution system.

In keeping with Reforming the Energy Vision (REV), Governor Andrew M. Cuomo's strategy to lead on climate change and grow New York's economy, the Commission seeks to lower or freeze delivery rates that consumers pay while affording utilities the ability to provide safe, reliable, and resilient service. In recent years, the Commission has had great success in freezing rates, including decisions for Consolidated Edison and Central Hudson in 2015, and National Fuel Gas in 2014.

To provide for the delivery rate freeze for two years, the Commission will allow National Grid to use \$152 million of credits currently owed to customers to offset financial requirements associated with costs to maintain and enhance the existing electric and natural gas system.

With this delivery rate freeze, a typical monthly residential electric bill for 600 kilowatt hours of electricity usage will remain at about \$50 through March 2018, while the typical monthly residential gas bill for 83 therms of gas usage will remain at about \$41 through March 2018. Meanwhile, commodity prices, while unregulated, are expected to remain flat in the months ahead. The supply portion of the bill represents about half of the average bill.

With this decision, National Grid's capital expenditure cap for its electric transmission and distribution system over the next two years will be \$1.05 billion, and the spending cap on its natural gas system will be \$240.8 million. The Commission also allowed National Grid to borrow up to \$2.07 billion to refinance its existing debt at terms more beneficial to its customers, and to help fund additional capital improvements. The company has about 1.3 million electric customers and 470,000 gas customers in upstate New York.

As a condition on receiving permission to use the customer credits against its capital expenditure program, the Commission reduced the company's return on equity as applied to the incremental capital expenditures from 9.3 percent to 9 percent to be consistent with returns allowed in recent rate cases.

The company's current 9.3 percent is based on its expiring rate plan established in April 2013. Reducing the company's allowed return helps to preserve \$11.2 million of credits that otherwise would have been necessary to offset capital expenditures. Those credits will be available to help offset the future impact of National Grid's expansion of its electric and gas capital expenditure program. The company's last electric and gas rate plans were established in 2013. The final rate year of the 2013 rate plan ended on March 31, 2016.

The 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 Number 15-M-0744 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.

About Reforming the Energy Vision

Reforming the Energy Vision (REV) is building a cleaner, more resilient and affordable energy system for all New Yorkers by stimulating investment in clean technologies like solar, wind, and energy efficiency and generating 50% of the state's electricity needs from renewable energy by 2030. Already, REV has driven 600% growth in the statewide solar market, enabled over 105,000 low-income households to permanently cut their energy bills with energy efficiency, and created thousands of jobs in manufacturing, engineering, and other clean tech sectors. REV is ensuring New York State reduces statewide greenhouse gas emissions 40% by 2030 and achieves the internationally-recognized target of reducing emissions 80% by 2050. To learn more about REV, including Governor Cuomo's \$5 billion investment in clean energy technology and innovation, please visit www.ny.gov/REV4NY and follow us at @Rev4NY.