KEDNY SIR Petition
Case 15-G-0323
Introduction

• The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY) requests to increase its SIR Recovery Surcharge by $37.5 million annually

• Deferred SIR balance at December 31, 2014 is approximately $218.8M net of base rate and surcharge recoveries

• Staff recommends approval to permit increase
Background

• NYS Department of Environmental Conservation (DEC) has primary oversight role in SIR cleanup activities

• The utility is responsible for the overall implementation of the remedial action work plan

• Full recovery of all prudently-incurred net SIR costs has been approved

• Many sites are still in early stages of remediation

• KEDNY is responsible for 28 former MGP sites identified by DEC
  • EPA led Gowanus Canal and Newtown Creek sites not for consideration in this petition
SIR Cost Estimates

• Spending estimates exclude costs of Gowanus Canal and Newtown Creek sites
SIR Cost Estimates

The chart reflects future spending estimates excluding costs associated with Gowanus Canal and Newtown Creek sites.
Staff’s Review

- Staff review of Company’s procedures
  - Cost control measures
  - Project management and monitoring
  - Internal approval process
  - Cost responsibility
  - Site Visits
  - Comments in opposition
Staff’s Recommendation

- Staff recommends approval of SIR Recovery Surcharge increase
  - To increase the SIR Recovery Surcharge to collect a total of $62.5 million through DRA beginning November 1, 2015
  - SIR costs continue to grow
  - Increasing the SIR surcharge will increase cash flow and allow for a more rapid recovery of the deferred SIR balance