

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn

James.denn@dps.ny.gov | 518.474.7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

13015/12-E-0201;12-G-0202

RATE DECREASE FOR NATIONAL GRID CUSTOMERS APPROVED

— Three Year Rate Plan Approved: Electric and Gas Rates to Drop in 2013 —

Albany, NY—03/14/13—The New York State Public Service Commission (Commission) today adopted a Joint Proposal for a three-year rate plan for National Grid electric and natural gas service. The new rate plan will be in effect from April 1, 2013 through March 31, 2016.

For electricity customers of National Grid, total electric delivery charges will decrease by 8.7 percent in the first year, and increase 2.8 percent in the second and third years. Meanwhile, base electric delivery revenues for the company would increase by \$43.39 million in the first year, \$51.36 million in the second year and \$28.34 million in the third year.

For natural gas customers, total gas delivery charges will decrease 6.7 percent in the first year, and increase 4.8 percent in the second year and 4.9 percent in the third year. Base gas revenues would decrease by \$3.29 million in the first year, and then increase by \$5.85 million in the second year and \$6.26 million in the third year.

Based on the new revenue requirements, a typical monthly residential electric bill for 600 kilowatt hours of electricity usage would decrease on average by 6.6 percent in the first year, and increase an average of 3.3 percent and 2.1 percent in years two and three, respectively. Due to the sharp decrease in the first year, electric delivery bills through 2016 will remain lower than they are today.

The decrease in the first year is made possible by the expiration of a \$190 million surcharge and return of deferred customer credits. The surcharge was allowed as part of previous rate plans to recover various costs associated with the company's electric business.

Based on the new revenue requirements, a typical monthly residential gas bill for 83 therms of gas usage would decrease on average by 4 percent in the first year, and increase an average of 3.9 percent and 2.9 percent in years two and three respectively. The decrease in the first year is possible due to the use of credits owed to customers.

Anticipated impacts on the overall bills of residential customers, including supply charges as well as the regulated delivery rate, are reductions in the first year of 6.6 percent for electricity and 4 percent for gas. Following these reductions, overall residential bills are projected to increase by 3.3 percent in the second year and 2.1 percent in the third year for electricity, and by 3.9 percent in the second year and 2.9 percent in third year for gas.

The base delivery rate changes approved today include increases in the monthly customer charge for residential electric customers from \$16.21 to \$17, with a \$0.40 per month credit available for customers choosing paperless billing. The monthly customer charge for residential gas customers increases from \$17.20 to \$20.35.

The rate plan provides for an average 9.3 percent return on equity. Under an earnings-sharing mechanism, a portion of National Grid's earning will be credited to ratepayers when the company's earned return on equity exceeds defined levels per rate year. Throughout the proceeding public comments were received in letters, e-mails, telephone calls, and oral presentations at five public statement hearings held in Schenectady, Syracuse, Cheektowaga, and Williamsville.

Under the rate plan, existing rate discounts for certain economic development programs (i.e., Empire Zone and Excelsior Jobs) would continue, and the electric economic development grant program would be funded at \$11 million a year, an approximately \$2 million increase, and a comparable gas program will be created for the first time, funded at \$1 million a year.

For customer and outreach programs, low income monthly bill discounts for gas customers will increase from \$7.50 to \$10 in the first year and rise to \$11 in the third year; Affordability Program participants will receive arrears forgiveness of \$30 a month up to 24 months; HEAP customers who have had their service disconnected will receive a one-time \$46 reconnection fee discount; and outreach and education program funding will increase from \$0.9 million to \$3 million annually to improve communications related to safety, storm readiness, benefits of natural gas, and general customer education. Additionally, a missed appointment customer credit of \$30 will be provided when the company fails to keep a customer requested appointment.

New performance standards are created for gas pipeline safety and electric inspection and maintenance, and replacement of aging gas pipes will be accelerated. Finally, National Grid will develop a web-based bill calculator to enable Energy Services Company (ESCO) customers to compare actual billing to what they would have been billed as a non-ESCO customer.

The active parties signing the multi-year rate plan Joint Proposal include: National Grid/Niagara Mohawk, Department of Public Service Staff, Multiple Intervenors, NYS Department of State Utility Intervention Unit, United States Army and Department of Defense, Retail Energy Supply Association; and New York Power Authority.

The Commission's decision today, when issued, 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 12-E-0201 or 12-G-0202 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.