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John B. Rhodes, Chair

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**PSC Orders Management & Operations Audit of National Grid’s Statewide
Operations**
— **Audit of the Utility’s Upstate and Downstate Operations Focuses on Construction
Planning and Operational Efficiency** —

ALBANY — The New York State Public Service Commission (Commission) today commenced a detailed management and operations audit of three National Grid USA subsidiaries, all referred to as National Grid: Niagara Mohawk Power Corporation, The Brooklyn Union Gas Company or KEDNY, and KeySpan Gas East Corporation or KEDLI. The audit will focus on construction program planning and operational efficiency.

“The audit will include an assessment of the utilities’ readiness to respond to the Reforming the Energy Vision initiative, and closely examines how the utilities plan for and manage information systems projects,” **said Commission Chair John B. Rhodes.** “The audit will also address issues from previous management audits that require follow-up review, such as organizational structure, project estimating processes, and work management processes.”

In his 2013 State of the State Address, Governor Andrew M. Cuomo highlighted the importance of management and operations audits of New York’s utilities, and introduced, and subsequently signed, legislation that required utilities to file plans for implementing audit recommendations, and empowered the Commission enforce utility compliance with those implementation plans.

This is the fourth comprehensive audit since the Governor’s address, and three additional audits are underway. To date, these audits have recommended numerous productivity enhancements, better risk mitigation strategies, and improved planning processes, as well as other operational improvements, at New York’s utilities. These process improvements result in savings for customers over time, and those savings are captured in rate cases.

National Grid USA has three operating utilities in New York State. Niagara Mohawk provides both electric and gas service across a wide portion of upstate New York. KEDNY provides gas service in portions of New York City. KEDLI provides gas service on Long Island and a small area of New York City.

In recent years, the Commission has instituted two statewide operations audits of the utilities. One audit evaluated the completeness and accuracy of performance metrics of the large utilities and the second audit examined the large utilities’ internal and contractor resources to determine whether sufficient staffing levels were maintained, while optimizing efficiency and cost effectiveness.

This audit is a second cycle management and operations audit of National Grid USA's Commission-regulated subsidiaries. Commission staff expects to recommend an independent consulting firm to conduct the audit to the Commission at the September 13, 2018 Session. The final report is expected in September 2019.

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 Number 18-M-0195 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.