

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**PROCEEDING ON MOTION OF THE COMMISSION)
AS TO THE RATES, CHARGES, RULES AND)
REGULATIONS OF NIAGARA MOHAWK POWER)
CORPORATION D/B/A NATIONAL GRID)
FOR ELECTRIC SERVICE)**

Case 20-E-0380

**PETITION OF NIAGARA MOHAWK POWER CORPORATION D/B/A NATIONAL
GRID REQUESTING APPROVAL TO UTILIZE PRIOR ECONOMIC DEVELOPMENT
GRANT PROGRAM DEFERRAL BALANCES**

NIAGARA MOHAWK POWER CORPORATION
d/b/a NATIONAL GRID

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I. Introduction

Niagara Mohawk Power Corporation d/b/a National Grid (the “Company”) respectfully requests Commission approval to utilize \$2,843,183 in prior deferral credit balances that are necessary to fund the Company’s existing portfolio of electric Economic Development grant programs during the remaining term of the current rate case. Since 2003, the Company has administered a portfolio of Economic Development grant programs. During that time, the programs provided over \$160 million in assistance, helped create or retain almost 70,000 jobs, and leveraged nearly \$12 billion in new capital investment across the Company’s upstate New York service territory. The level of program activity has been very high during the term of the current rate plan, and the Company anticipates it will fully utilize – and potentially exceed – program budgets over the term of the rate agreement. As of April 1, 2023, when the Company filed its Economic Development Programs Annual Report (“Annual Report”), there are prior

deferral credit balances owed to customers, totaling approximately \$2.84 million.¹ This balance of prior deferral credit balances is a result of under-expenditures during the Company's two previous rate plans in Cases 17-E-0238 and 12-E-0201.² The Company is requesting the authority to utilize those deferral balances as necessary to remain within the current rate allowance and, in doing so, reduce the potential need for the Company to request deferral treatment for any over-expenditures.

II. Discussion

As provided in the Joint Proposal in Case 20-E-0380, the rate allowance for the Company's electric Economic Development grant programs is \$11 million per year³, subject to a downward-only reconciliation.⁴ Any difference between the respective rate allowance and actual program costs in a given Rate Year will be carried forward and reconciled at the end of Rate Year Three, with any under-expenditure to be deferred for future use in the respective Economic Development Grant Programs.⁵ The Company has almost fully utilized this rate allowance during the current rate plan and, as of September 30, 2023, the electric Economic Development grant deferral had a cumulative deferral credit balance owed to customers of \$61,274.

¹ See Cases 20-G-0380 and 20-G-0381, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service*, "Economic Development Grant Programs Annual Report" (April 1, 2023).

² See Cases 17-E-0238 and 12-E-0201, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service*.

³ Cases 20-E-0380 *et. all*, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service*, "Order Adopting Terms of Joint Proposal, establishing Rate Plans and Reporting Requirements" (issued and effective January 20, 2022) ("2020 NMPC Joint Proposal"), at Section 11.4.2.

⁴ Case 17-E-0238, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans" (issued and effective March 15, 2018) ("2017 NMPC Joint Proposal"), at Section 10.1.4.

⁵ *Id.*

As discussed in the Company’s Annual Report filed with the Commission on April 1, 2023, electric program activity is expected to remain very high⁶ – and will most likely increase – due to:

- 1) The direct and indirect (supply chain) Economic Development activity associated with Micron Technology’s announced \$100 billion investment in New York.
- 2) A surge in interest and investment in New York from the clean energy industries, including electric-intensive manufacturers of solar/photovoltaic (“PV”) components, battery storage technology, green hydrogen, and the offshore wind supply chain. The Company’s Economic Development staff, in collaboration with state and local Economic Development organizations, is currently working with many prospective customers in these industries. The 12 largest of these prospective customers represent a combined total of over 3,200 new jobs and \$3.3 billion in new capital investment in the Company’s service territory. The successful attraction of those businesses also will require substantial electric infrastructure upgrades that could qualify the customers for assistance through the Company’s Economic Development grant programs, most notably the Electric Capital Investment Incentive program.
- 3) Increasing electrification of customer systems and processes that are currently fueled by natural gas and other alternatives.
- 4) New York State Empire State Development’s recent launch of “Fast NY,” a statewide site development program that is also expected to generate new applications for National Grid’s Economic Development grant programs, particularly the Shovel Ready Incentive program.

⁶ See Cases 20-G-0380 and 20-G-0381, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service*, “Economic Development Grant Programs Annual Report” (April 1, 2023).

5) General inflationary pressure, which has increased the costs of construction, machinery/equipment, and infrastructure upgrades for new and expanding customers.

The Joint Proposals in Cases 20-E-0380, 17-E-0238, and 12-E-0201 all provide that, in the event of any anticipated over-expenditures, the Company may petition the Commission for deferral of such over-expenditures and shall have no obligation to make any such additional expenditure unless and until the Commission authorizes the Company to defer amounts in excess of the rate allowance for future recovery.⁷ Those three Joint Proposals also provide that under-expenditures during the term of the rate plan will be deferred for future use in the Company's Economic Development grant programs.⁸

There were under-expenditures of \$2,782,105 and \$61,078 during the terms of the rate agreements in Cases 12-E-0201 and 17-E-0238, respectively, for a total balance (credits owed to customers) of \$2,843,183. Given the high level of current and anticipated grant program activity described above, and the potential for program expenditures to exceed the rate allowance during the remainder of the current rate agreement, the Company is seeking approval to utilize the prior deferral credit balances as necessary to remain within the rate allowance. In doing so, the Company will likely avoid the need to petition the Commission for future deferral treatment of any over-expenditures during the remaining term of the current rate plan.

III. Conclusion

For the reasons detailed above, the Company respectfully requests Commission approval to utilize \$2,843,183 in prior deferral credit balances as necessary to fund its existing portfolio of

⁷ 2020 NMPC Joint Proposal at Section 6.1.4; *see* 2017 NMPC Joint Proposal at Section 10.1.4. *See also* Cases 12-E-0201 and 12-G-0202, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service, "Order Approving Electric and Gas Rate Plans in Accord with Joint Proposal" (issued and effective March 15, 2013) ("2012 NMPC Joint Proposal"), at Section 6.1.4.

⁸ *Id.*

electric Economic Development grant programs during the remaining term of the current rate case, as approved by the Commission.

Respectfully submitted,

NIAGARA MOHAWK POWER
CORPORATION d/b/a NATIONAL GRID

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Dated: December 21, 2023