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Rory M. Christian, Chair

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PSC Approves Rate Freeze for National Grid's Downstate Gas Companies through March 2028

Approved Petition Allows For Continued Investments in Reliability, Safety, Environmental Cleanup, and Emissions Reductions

NEW YORK— The Public Service Commission (PSC or Commission) today approved a petition by The Brooklyn Union Gas Company d/b/a National Grid NY, or KEDNY, and the KeySpan Gas East Corporation d/b/a National Grid, or KEDLI (collectively National Grid or the Companies), to freeze rates at their current level through March 31, 2028. The rate freeze will stabilize rates throughout 2027 while the Companies prepare to file for new rates to take effect on April 1, 2028 pursuant to a recently reformed rate case process adopted as part of the State Budget earlier this year.

Public Service Commission Chair Rory M. Christian said, "National Grid recognized the affordability concerns of their customers by stabilizing rates and waiting until enhancements to our rate case process are in place before filing for new rates. Important investments to maintain reliability, improve safety, achieve emissions reductions, and meet other legal obligations will continue during the rate freeze subject to staff oversight and cost caps."

Today's Order requires the Companies to track certain unavoidable or legally-required expenses for future recovery. Such expenses include categories such as environmental cleanup of legacy contamination (known as Site Investigation and Remediation costs); leak prone pipe removal and leak repairs, which reduce methane emissions and safety risks; reliability and safety investments, including new fire suppression technology at their Greenpoint LNG facility mandated by the NYC Fire Department. Also included are categories covering local property taxes; uncollectible expenses; and work necessary to facilitate city and state construction projects in New York City.

The types of expenses expected to be tracked were the subject of numerous information requests issued by Department Staff and stakeholders during the Companies' most recent rate case. With respect to property taxes and Site Investigation and Remediation expenses, these costs will be recovered through a surcharge mechanism capped at 2.5% that will take effect in May 2028.

The Commission did not grant the Companies' request to relax performance metrics tied to leak repairs, finding that slowing or relaxing the established targets would impede statewide safety and emissions reduction progress. The Order requires the Companies to adhere to the targets that stakeholders and the Commission vetted in the 2024 rate case.

A reform pushed by Governor Kathy Hochul in the FY27 state budget extends the time period for rate cases to 15 months, up from 11, in order to give more time for Staff review and a greater opportunity

for meaningful participation by stakeholders. To meet the elongated timeframe, the National Grid companies will file for new rates in December 2026 in order for any new approved rates to take effect before April 1, 2028. Under the rate case reforms pushed by the Governor, utilities will be required to comply with a number of new requirements, including, for example: filing an affordability index showing the energy burden under current rates compared to the proposed new rates; filing a budget-bounded option that keeps rate increases below the rate of inflation in parallel with the Companies' proposed rates; and a prohibition on recovery of certain expenses. Under the rate case enhancements, if the final decision in a rate case results in an energy burden greater than 3% for a household at Area Median Income, the Commission may appoint an independent Affordability Monitor to review the Companies' management of costs and report opportunities for cost savings to the Commission.

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 26-G-0384 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.

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