



Public Service Commission

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Rory M. Christian, Chair

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PSC Launches Inquiry into the Use of Artificial Intelligence by New York's Utilities

First Phase Will Inventory All Use Cases and Internal Control Policies at Utilities

ALBANY — The Public Service Commission (PSC or Commission) today commenced a review of how New York utilities are integrating artificial intelligence (AI) systems into their operations. To varying degrees, utilities are now relying on AI systems to perform basic functions, such as customer service, predictive maintenance, and facility safety inspections. Today's Order noted that AI systems create risk for organizations, and are susceptible to hallucinations, algorithmic biases, transparency issues, data privacy concerns, misconfiguration errors, cybersecurity attacks, and functional brittleness. The PSC noted that the purpose of the inquiry is to inventory the utilities' current use of AI, examine their internal control policies guiding the use of AI, and consider whether additional protections and policies are needed to protect consumers and critical infrastructure.

The major electric, gas and water utilities subject to the inquiry include: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Liberty Utilities (St. Lawrence Gas) Corp., Liberty Utilities (New York Water) Corp., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, KeySpan Gas East Corporation (KEDLI), National Fuel Gas Distribution Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and Veolia Water New York, Inc.

"Today's Order recognizes the rapid evolution of AI is a double-edged sword for utilities," **said PSC Chair Rory M. Christian.** "While AI can be a powerful tool that can result in cost efficiencies and improved operations, it also presents serious risks that must be evaluated and addressed appropriately."

Today's Order requires that within 60 days the utilities each file with the Commission a complete inventory of all use cases of AI systems in their operations and disclose their policies, procedures, and protocols governing their use of the technology. The Commission will evaluate those procedures and protocols for adequacy and robustness against commonly accepted AI Governance frameworks.

For the purposes of the Commission's inquiry, an AI system is defined as a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. The definition includes, but is not limited to,

systems that use machine learning, large language models, natural language processing, and computer vision technologies, including generative AI.

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-M-0552 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](tel:518-474-2500)). If you have difficulty understanding English, please call us at [1-800-342-3377](tel:1-800-342-3377) for free language assistance services regarding this press release.

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