

Hon. Michelle L. Phillips  
Secretary to the Commission  
NYS Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 25-M-0043 – In the Matter of a Focused Operations Audit to Examine Management Incentive Compensation Programs at Electric, Gas, and Water Utilities.


Dear Secretary Phillips:

On February 13, 2025, the New York Public Service Commission (Commission) initiated a focused operations audit (Audit) of the management incentive compensation programs of Consolidated Edison Company of New York, Inc.; Orange and Rockland Utilities, Inc.; Niagara Mohawk Power Corporation d/b/a National Grid; The Brooklyn Union Gas Company d/b/a National Grid NY; Key Span Gas East Corporation d/b/a National Grid; Central Hudson Gas & Electric Corporation; National Fuel Gas Distribution Corporation; Rochester Gas and Electric Corporation; New York State Electric & Gas Corporation; Liberty Utilities (New York Water) Corp.; Liberty Utilities (St. Lawrence Gas) Corp.; Corning Natural Gas Corporation; and Veolia Water New York, Inc. (collectively, the Utilities). On May 15, 2025, the Commission selected Overland Consulting, Inc. (Overland) to perform the Audit. On June 6, 2025, the Non-Disclosure Agreement and the signed contract (Agreement) among the Utilities, Overland, and the Department for the above-referenced proceeding were filed in DMM.

This letter memorializes a supplement (Amendment) modifying the Agreement as it pertains to Articles 3, 4, and 10. Pursuant to Article 10 of the Agreement, Overland requested modifications to the Final Work Plan to include a comparative review of executive and non-executive compensation, as well as an assessment of the efficacy and effectiveness of peer group studies used as benchmarks for utility-specific compensation programs. Related to this addition, Overland requested a modification of Article 3 of the Agreement concerning the dates in which Overland is to submit its Draft and Final Reports. Specifically, Overland requests to amend the Draft Report submission deadline from April 2026 to August 2026, and amend the Final Report submission deadline from May 2026 to September 2026.

Pursuant to Article 4 and Article 10, Section A of the Agreement, Overland requested to amend the compensation limit to cover professional fees associated with the Final Work Plan modifications and extended period of the engagement. Pursuant to the Agreement, Article 4, Section A, professional fees shall not exceed \$1,830,225. Overland seeks to modify and increase the professional fees to an amount not to exceed \$2,194,725. Department Staff has reviewed the request to amend the compensation limit and consulted with the Utilities, as required by Article 10 Section A. By this letter, the Department approves the requested Amendment

Respectfully submitted,

A handwritten signature in black ink, appearing to be "P. Lavery", enclosed within a large, loopy oval shape.

Peter Lavery  
Audit Project Manager

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