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Rory M. Christian, Chair

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PSC Dramatically Reduces National Grid's Rate Request

Commission Adopts Multi-Year Joint Proposal Roundly Supported by Company, Department Staff, Consumer Advocates, Trade and Labor Groups, and Large Industrial Customers

ALBANY — The New York State Public Service Commission (Commission) today adopted a joint proposal establishing three-year electric and gas rate plans for National Grid signed by 15 parties, including the company, Department of Public Service staff, consumer advocates, trade and labor groups, and large industrial customers. The Commission's action will significantly reduce the company's request for total electric delivery revenues by over $340 million (67% decrease from request) and total gas delivery revenues by nearly $100 million (63% decrease from request) in the first year. The adopted joint proposal delivers $110 million in annual efficiency savings, defers non-essential capital projects, and supports energy affordability programs and protections for vulnerable customers.

National Grid had sought a base delivery increase of $509.6 million (25.5 percent delivery or 10.4 percent total revenue) and $156.5 million (29.7 percent delivery or 15.7 percent total revenue) for electric and gas, respectively for one year. Instead, the Commission adopted a joint proposal establishing levelized increases, on a percentage basis, to the company's electric revenues of $167.3 million in the first year, $297.4 million in the second year, and $243.4 million in the third year. Levelized revenues to the company's gas revenues are $57.4 million, $64.5 million, and $71.8 million, respectively, in each of the upcoming rate years beginning September 1, 2025. National Grid, previously known as Niagara Mohawk Power Corporation, provides utility service to 2.3 million customers in upstate New York.

"The adopted joint proposal meets the legal requirement that the company continue to provide safe and adequate service at just and reasonable rates," **said Commission Chair Rory M. Christian.** "The three-year rate plan is in the public interest. It is a forward-looking plan that benefits customers and includes provisions that further important state and Commission objectives, while keeping customer affordability first and foremost in mind."

The joint proposal was submitted by 15 parties, including the company, Department staff, Multiple Intervenors, New York Solar Energy Industries Association, and Alliance for a Green Economy. Other parties who signed onto the joint proposal include the Independent Power Producers of New York, NYGEO, Turning Stone Enterprises, the U.S. Department of Defense, Fedrigoni Special Papers North America, Empire Natural Gas Corporation, New Yorkers for Clean Power, the New York Power Authority, and IBEW Local 97. Additional active parties, including the Environmental Defense Fund, did not oppose the joint proposal.

This adopted rate plan reflects capital investments of approximately $4.3 billion for electric and $1 billion for gas to ensure the company can continue to provide safe and reliable service to its customers. The adopted joint proposal reflects increased outreach for the recently expanded Energy Affordability Program, enhanced performance metrics, and it is supportive of the objectives of the state's climate goals. This joint proposal was made available for public comment and nearly 9,000 public comments were reviewed and considered.

Governor Kathy Hochul made it clear the original rate proposal was too high. At Governor Kathy Hochul's direction, the Department of Public Service, the staff arm of the Commission, scrutinized National Grid's rate case to prioritize affordability. It's the Commission's responsibility to find the right balance between the resources needed to ensure system reliability and minimize costs to ratepayers. The Commission believes these agreements found the best possible path forward in this case.

The main rate drivers in the first year of the electric and gas rate plans are attributable to capital investments to maintain safety and reliability, including leak prone pipe replacement; increases to operation and maintenance (O&M) expenses to provide the company the ability to operate the electric and gas businesses, and a return on equity that reflects market conditions and allows the company to obtain funding for its capital investments at reasonable rates. In the second and third year of the rate plan, the increases are primarily driven by increases to O&M expense, depreciation expense, property taxes, and additional capital investments.

The adopted joint proposal continues or enhances numerous provisions in the prior rate order such as customer service performance metrics, gas safety metrics, low-income and energy affordability provisions. The adopted joint proposal also encourages the company to pursue non-pipeline alternatives.

The adopted joint proposal will result in a total electric revenue increase, on a levelized basis, of 3.4 percent in the first year, 5.6 percent in the second year, and 4.6 percent in the third year. For gas, the increase in total revenues, on a levelized basis, will be 5.5 percent in the first year, 5.5 percent in the second year, and 6 percent in the third year.

As part of the rate-setting process, Department staff reviewed and considered the almost 9,000 public comments submitted in the proceeding. The Commission also held three in-person public statement hearings, a virtual public statement hearing, as well as an evidentiary hearing, a procedural hearing, and a technical conference.

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 24-E-0322 or 24-G-0323 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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