

STATE OF NEW YORK
DEPARTMENT OF STATE

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KATHY HOCHUL
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WALTER T. MOSLEY
SECRETARY OF STATE

September 23, 2026

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

Re: Filing of UIU Comments

CASE 26-G-0384 – Petition of The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid for Authorization to Permit their Existing Base Tariff Rates to Remain in Effect During the Year Ending March 31, 2028 and Other Related Relief.

Dear Secretary Phillips:

The New York State Department of State, Division of Consumer Protection Utility Intervention Unit (UIU) hereby submits the enclosed comments for filing in the above reference proceeding.

Copies of these comments are being served on the individuals listed on the Party List on the Public Service Commission's Document and Matter Management System. Please contact us if you have any questions.

Sincerely,



Andrea Cerbin
Deputy Counsel



Thomas Musich
Assistant Attorney
Utility Intervention Unit



**Department
of State**

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

CASE 26-G-0384 – Petition of The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid for Authorization to Permit their Existing Base Tariff Rates to Remain in Effect During the Year Ending March 31, 2028 and Other Related Relief.

COMMENTS OF THE UTILITY INTERVENTION UNIT

John Haff
Director

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I. INTRODUCTION

The New York State Department of State, Division of Consumer Protection Utility Intervention Unit (UIU) respectfully submits these comments in response to the Notice Establishing Comment Deadline issued June 23, 2026 (Notice) in the above-captioned proceeding.¹ UIU is statutorily charged with representing residential and small business utility consumers in proceedings before this Commission.²

On May 29, 2026, The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY) and KeySpan Gas East Corporation d/b/a National Grid (KEDLI) (together, the Companies or National Grid) filed a petition (Petition) requesting: (1) authorization to extend existing base tariff rates through the rate year ending March 31, 2028 (Rate Year Four or RY4); (2) conversion of existing downward-only net utility plant and depreciation expense reconciliation mechanisms to two-way tracking mechanisms; (3) implementation of new tracking mechanisms for city/state construction-related operation and maintenance expenses (KEDNY only), property taxes, and uncollectible expenses; (4) implementation of a surcharge for recovery of deferred costs related to property taxes and site investigation and remediation (SIR) activities; and (5) modification of existing leak-prone pipe (LPP) replacement and leak backlog targets.³

¹ Case 26-G-0384, *Petition of The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid for Authorization to Permit their Existing Base Tariff Rates to Remain in Effect During the Year Ending March 31, 2028, and Other Related Relief*, Notice Establishing Comment Deadline (issued June 23, 2026).

² Exec. Law § 94-a (4)(b)(i), (ii). UIU is authorized to participate in this proceeding pursuant to Executive Law § 94-a (4)(b)(i), which empowers the UIU to “initiate, intervene in, or participate in any proceedings before the public service commission or the department of public service” under applicable provisions of law, and Executive Law § 94-a (4)(b)(ii), which independently authorizes the UIU to “represent the interests of consumers of the state before federal, state and local administrative and regulatory agencies engaged in the regulation of energy services.”

³ Petition at 1-3.

UIU recognizes that holding base rates steady benefits consumers in the near term. Here, the Petition proposes to establish new cost-recovery mechanisms, convert existing reconciliation mechanisms from one-way to two-way, implement a new surcharge, pre-authorize capital expenditure programs, and modify certain infrastructure commitments. Taken as a whole, the potential effect of the proposed deferral mechanisms, surcharges, carrying charges, and modifications to existing rate plan terms could potentially be construed as increasing the revenues ultimately collected from ratepayers by an amount that may exceed the statutory threshold of Public Service Law (PSL) § 66(12)(c). UIU requests that the Commission continue to carefully evaluate any such projected impacts to determine whether such threshold is implicated and, if so, deny the Petition and direct the Companies to file a comprehensive rate case.

For the reasons articulated below, UIU requests that the Commission consider additional conditions in its evaluation of the proposals, including: (a) a date-certain requirement that the Companies file a comprehensive rate case in the future; (b) a method for limiting or capping, where feasible, accumulated deferral balances, potentially with incorporation of a mechanism by which a certain threshold may trigger a filing obligation; and (c) wherever practicable, applying carrying charges at the lowest reasonable rate.

II. THE PROPOSED DEFERRAL MECHANISMS AND TARGET
MODIFICATIONS WARRANT CONSIDERATION OF POTENTIAL RISK
MITIGATION MEASURES

The deferral mechanisms proposed in the Petition could introduce potential risks to ratepayers. For instance, some costs that may be incurred during RY4, if deferred as regulatory assets, could accrue carrying charges at the Companies' weighted average cost of capital. Such

carrying charges may compound over the deferral period for potential collection from future ratepayers. This mechanism may transfer costs from customers who receive service during RY4 to future customers. Therefore, UIU submits that any Commission approval should, wherever practicable, consider conditioning some or all carrying charges at the lowest reasonable rate rather than the full weighted average cost of capital to mitigate any potential cost shift to future ratepayers.

Additionally, while the Petition specifies estimates for the net utility plant and City/State Construction Operation and Maintenance deferrals, the proposed property tax and uncollectible tracking mechanisms do not appear to be specifically capped. UIU submits that the Commission should consider mechanisms for limiting, otherwise mitigating, or capping, if feasible, deferral authority, which may include consideration of a defined ceiling on the balance that can accumulate before that balance triggers a rate case filing.

Furthermore, the Petition proposes to defer the difference between property taxes embedded in base rates and actual property taxes incurred during RY4. This could create the risk of an obligation without a defined ceiling. Property tax assessments can vary significantly from year to year and are not within the Companies' direct control. The Petition illustrates this volatility.⁴ The proposed mechanism could permit the Companies to shift risks regarding property tax increases to ratepayers. UIU believes that the Commission should consider mechanisms to mitigate, limit, or cap such potential risk to further protect ratepayers and limit the potential impact on rates to future customers in the event that the future total deferred balance exceeds the Companies' current estimates. UIU submits that the proposed uncapped deferral

⁴ Petition at 7-8 (KEDNY), 14-16 (KEDLI).

mechanisms for such cost categories that may be volatile and beyond the Companies' control should be avoided whenever feasible or otherwise limited to the greatest extent practicable.

Moreover, the absence of a date-certain filing obligation could create the risk of indefinite deferral accumulation. The Petition does not commit the Companies to filing a comprehensive rate case by any specific date. Without such a commitment, the regulatory assets created by the deferral mechanisms could accumulate indefinitely, with carrying charges compounding and no assurance that the prudence of the underlying expenditures will be reviewed within a reasonable time. If the Petition is approved, the Commission should consider conditioning any approval of deferral mechanisms on a requirement that the Companies file a comprehensive rate case within a defined period, which UIU respectfully submits should be no later than April 1, 2028.⁵

III. RELIEF REQUESTED

For the foregoing reasons, UIU respectfully requests that the Commission:

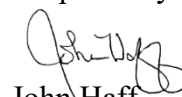
(1) Evaluate the revenue impacts sought here to determine whether the statutory threshold is exceeded and, if so, deny the Petition and direct the Companies to file a comprehensive rate case pursuant to PSL § 66(12); and

(2) To the extent the Petition or any part thereof is approved, consider including: (a) a date-certain requirement that the Companies file a comprehensive rate case no later than April 1, 2028; (b) mechanisms, where feasible, for capping or otherwise limiting certain accumulated deferral balances, which may include incorporation of a threshold beyond which any potential

⁵ The Petition also proposes lowering both the LPP replacement targets and the leak backlog targets established in the current rate plan. Petition at 13-14, 19-20. The Petition appears to attribute the requested reductions, in part, to operational considerations and resource constraints. UIU submits that detailed engineering analysis, risk assessment, and safety data should be considered and weighed carefully to support any changes to such commitments.

exceedance could trigger a future filing obligation; and (c) setting carrying charges at the lowest reasonable rate to the greatest extent practicable, rather than at the full weighted average cost of capital.

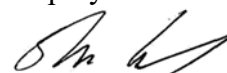
Respectfully submitted,



John Haff
Director



Andrea Cerbin
Deputy Counsel



Thomas Musich
Assistant Attorney

Dated: September 23, 2026
Albany, New York