

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on September 17, 2026

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore
Uchenna S. Bright
Denise M. Sheehan
Radina R. Valova

CASE 26-M-0552 - Proceeding on Motion of the Commission
Regarding an Examination of Artificial
Intelligence Utilization in the Operations of
Public Utilities and Other Regulated Entities.

ORDER INITIATING PROCEEDING

(Issued and Effective September 17, 2026)

BY THE COMMISSION:

INTRODUCTION

By this Order, the Public Service Commission (Commission) initiates a proceeding to examine and catalog the use of Artificial Intelligence (AI) systems in public utility operations in New York State. Electric and natural gas utilities throughout the United States, including New York, have adopted AI systems in their daily operations. In some cases, human inputs are being supplanted by AI systems and, therefore, public utilities may become operationally dependent on AI providers. The Public Service Law (PSL) authorizes the Commission to supervise public utilities in their provision of safe and reliable utility service to New York customers at just, reasonable, and affordable rates.

Given the burgeoning dependency on AI systems and their ability to affect New York's energy systems and critical infrastructure, the Commission orders 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 d/b/a National Grid, National Fuel Gas Distribution Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and Veolia Water New York, Inc. (collectively, the Subject Utilities) to inventory and report all use cases of AI systems in their operations. Secondly, the Commission directs the Subject Utilities to disclose the policies, procedures, and protocols that govern the use of AI systems within their organizations. The Commission also encourages PSEG Long Island to participate in this proceeding and provide the same information as the Subject Utilities for efficiency and consistency of this statewide review.

For the purposes of this Order, 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.¹ The definition includes, but is not limited to, systems that use machine learning, large language models, natural language

¹ See 15 U.S.C. §9401(3); see also New York State Information Technology Policy No. NYS-P24-001, p. 2. The definition does not include basic calculations, basic automation, or pre-recorded rule-based conditional logic response systems with predefined triggers that automatically initiate predetermined actions.

processing, and computer vision technologies, including generative AI.

BACKGROUND

The Commission is aware of instances in which utility companies throughout the United States are gradually adopting AI systems for various use cases; these instances may reflect a harbinger of developing trends in the state and nation.² Here in New York, various entities are already utilizing AI systems in various ways, including facility inspections,³ outage prediction model development,⁴ customer service,⁵ and electric usage analytics.⁶ National Grid, for example, has deployed an AI

² See Slate et al., Adoption of Artificial Intelligence by Electric Utilities, 45 Energy L.J. 1 (2024); see also Aaron Mok, "Utilities are tiptoeing into AI as climate change and data center growth add stress to the energy grid," Business Insider (July 3, 2025) available at <https://www.businessinsider.com/utilities-modernize-energy-grid-generative-ai-predictive-maintenance-2025-7>.

³ Lockport Union-Sun & Journal, "New York State Utility Using AI, Drones to Assess Grid" (February 10, 2025) available at <https://www.govtech.com/artificial-intelligence/new-york-state-utility-using-ai-drones-to-assess-grid>.

⁴ Larry Rulison, Times Union, "N.Y. Utility to Create AI System That Foresees Outages" (September 30, 2021) available at <https://www.govtech.com/districts/n-y-utility-to-create-ai-system-that-foresees-outages>.

⁵ New York State Electric & Gas Corporation, "Avangrid Launches AI Energy Assistant to Enhance Customer Satisfaction and Experience" (June 18, 2024) available at <https://www.nyseg.com/w/avangrid-launches-ai-energy-assistant-to-enhance-customer-satisfaction-and-experience>.

⁶ C3.AI, "Con Edison Expands New Advanced Analytics and Enterprise AI Applications on C3 AI Suite" (May 26, 2021) available at <https://c3.ai/con-edison-expands-new-advanced-analytics-and-enterprise-ai-applications-on-c3-ai-suite/>.

system known as GridCARE to “identify and unlock” interconnection capacity for large-load customers in New York State.⁷ By way of another example, the New York Power Authority has used an AI platform to analyze drone-captured data for enhanced vegetation management.⁸ The actual extent and scope of AI systems in New York utility operations remains unclear, however, as no current inventory of use cases in the industry exists today.

The Commission monitors industry behavior and technological change that could affect New York’s energy system reliability and safety. Despite potential advantages, it has been reported that AI systems might conceivably introduce risk for organizations and encounter hallucinations, algorithmic biases, transparency issues, data privacy concerns, misconfiguration errors, cybersecurity attacks, outages, and functional brittleness.⁹ These potential risks may have negative consequences for the safety and reliability of New York’s

⁷ Brian Martucci, “National Grid, GridCARE partnership could cut ‘time to power’ for large loads in New York,” Utility Dive (April 1, 2026) available at <https://www.utilitydive.com/news/national-grid-gridcare-partnership-could-cut-time-to-power-for-large-load/816344/>.

⁸ NYPA Press Release, “New York Power Authority Deploys AI Technology for Drone-captured Power Grid Safety Analysis” (November 22, 2022) available at <https://www.nypa.gov/News/Press-Releases/2022/20221122-Drone>.

⁹ See Bill Scherlis, “Weaknesses and Vulnerabilities in Modern AI: Integrity, Confidentiality, and Governance,” Carnegie Mellon University, Software Engineering Institute Blog (August 5, 2024) available at <https://www.sei.cmu.edu/blog/weaknesses-and-vulnerabilities-in-modern-ai-integrity-confidentiality-and-governance/>; see also Kristin Burnham, “These Are The Most Urgent AI Risks, According To 272 Experts,” Massachusetts Institute of Technology, Sloan School of Management (July 20, 2026) available at <https://mitsloan.mit.edu/ideas-made-to-matter/these-are-most-urgent-ai-risks-according-to-272-experts>.

critical infrastructure. In February 2026, the research and consulting firm Gartner, Inc. issued a report predicting “that by 2028, misconfigured AI in cyber physical systems (CPS) will shut down national critical infrastructure in a G20 country.”¹⁰ The report ventures that “[t]he next great infrastructure failure may not be caused by hackers or natural disasters but rather by a well-intentioned engineer, a flawed update script, or a misplaced decimal[.]”¹¹

By way of example, substantial recent reporting exists about the use of AI in the context of wildfire prediction.¹² In 2025, Southern California Edison utilized an AI model to forecast the impact of wildfires in both scope and intensity. The utility relied on an AI model to make preparations and predictions for the fire season. The wildfire models simulated permutations of wildfire events, and their associated potential destruction, in the California region for a burn length of approximately eight hours; the AI model predicted approximately 1,000 acres would burn for the season. A wildfire erupted in the Los Angeles region which was over ten-times larger (14,000 acres) than the AI system expected, destroying 9,400 homes and leading to the death of 17 people. The AI system was apparently

¹⁰ Gartner, “Gartner Predicts That by 2028 Misconfigured AI Will Shut Down National Critical Infrastructure in a G20 Country” (February 12, 2026) available at <https://www.gartner.com/en/newsroom/press-releases/2026-02-12-gartner-predicts-that-by-2028-misconfigured-ai-will-shut-down-national-critical-infrastructure-in-a-g20-country>.

¹¹ Id.

¹² See generally Phinehas Lampman et al., Leveraging drone-based thermal imagery and artificial intelligence to advance wildland fire behavior quantification and prediction, 35 Int. J. Wildland Fire 1 (May 1, 2026) (discussing fire prediction models).

misconfigured¹³ to stop forecasting damage in simulations after the eight-hour mark, when most of the damage in the Los Angeles fires actually occurred after the blaze was burning for more than eight hours.¹⁴

The growing dependency on AI systems in the critical infrastructure industry, and their potential for failure or misconfiguration, represents a new risk category for the Commission to evaluate and consider. The National Institute of Standards and Technology (NIST) has developed an AI Risk Management Framework (NIST AI RMF) that advises organizations to proactively identify risks, analyze AI systems in their real-world implementation, and then swiftly act when issues arise.¹⁵ Additionally, the Organization for Economic Co-operation and Development has created principles for the responsible use of AI systems in large organizations. Regardless of their origin, most AI Governance frameworks have the same principles of organizational accountability, transparency, explainability, and human oversight at their core.

¹³ NIST defines misconfiguration as “[a]n incorrect or suboptimal configuration of an information system or system component that may lead to vulnerabilities.” See NIST Special Publication 800-128, Guide for Security-Focused Configuration Management of Information Systems, Appendix B, p. B-5 (2019).

¹⁴ Tim McLaughlin, “Los Angeles wildfires were 10 times bigger than utility's AI forecast” Reuters (June 9, 2025) available at <https://www.reuters.com/business/environment/los-angeles-wildfires-were-10-times-bigger-than-utilitys-ai-forecast-2025-06-09/>; see also SB 1011, 2025-2026 Sess. (Cal. 2026) (proposing limitations on AI systems in California’s public utilities, defining wildfire risk mitigation systems as high-risk).

¹⁵ NIST, NIST AI RMF Playbook (July 8, 2022) available at <https://www.nist.gov/itl/ai-risk-management-framework/nist-ai-rmf-playbook>.

LEGAL AUTHORITY

The PSL vests the Commission with general supervision over electric corporations and gas corporations and water works companies in New York State.¹⁶ The Commission has been authorized to "[e]xamine all persons, corporations, and municipalities under its supervision and keep informed as to the methods, practices, regulations and property employed by them in the transaction of their business."¹⁷

The Commission also has the power to "examine or investigate the methods employed by ... persons, corporations ... in manufacturing, distributing, and supplying ... gas or electricity ... and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such ... gas or electricity."¹⁸ The Commission will act to ensure that electric gas, and water corporations provide safe and adequate service, instrumentalities, and facilities at just and reasonable rates.¹⁹

Similarly, the Commission has "the power of its own motion to examine and investigate the methods employed by water-works corporations"²⁰ and "keep informed as to the methods, practices, regulations and property employed by them in the transaction of their business."²¹

DISCUSSION AND CONCLUSION

The Commission has observed that New York State's utility industry is adopting AI systems into their operations.

¹⁶ PSL §66(1).

¹⁷ PSL §66(5).

¹⁸ PSL §66(2).

¹⁹ PSL §65(1).

²⁰ PSL §89-c(2).

²¹ PSL §89-c(4).

While AI systems potentially offer substantial operational efficiencies, they may also introduce novel or underappreciated risks concerning the safety and reliability of New York's energy systems. The Commission underscores that utilities that seek to deploy AI systems in their operations must do so appropriately and prudently. Although technologies change over time through innovation, the obligation of New York's utilities remains constant: provide utility service in a safe and reliable manner. This proceeding endeavors to balance public utility innovation and modernization with regulatory vigilance and the public interest.

The Commission directs the Subject Utilities to inventory and report all use cases of AI systems in their operations. These reports shall be detailed and descriptive regarding the AI system used, the functional objective of the system, and the level of human oversight.²² This inventory will provide insight into the scope and status of AI system integration in New York's energy systems and critical infrastructure.

The Commission further orders the Subject Utilities to disclose the policies, procedures, and protocols that govern the use of AI systems within their organizations. This disclosure shall include, but not be limited to, AI Governance policies, verification methodologies, pre-deployment testing, human oversight protocols, override capabilities, and data privacy

²² We understand that the some of the information might conceivably include information that could fall within the scope of Public Officers Law (POL) §§87, 89. Each utility subject to this Order should evaluate whether a well-founded basis exists that makes it appropriate to file such information with the Department's Records Access Officer under the statutory framework provided by POL §89(5). We note that POL §89(5) envisions a substantive and tailored written supporting statement in such instances.

practices. The Commission will review these governance procedures and protocols in light of the utilities' obligations under the PSL.

The Commission orders:

1. A proceeding is instituted to examine and inventory the use of Artificial Intelligence (AI) systems in utility operations and to analyze the policies, procedures, and protocols that govern the use of AI at each utility.

2. The Secretary shall send a copy of this Order to 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 d/b/a National Grid, National Fuel Gas Distribution Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and Veolia Water New York, Inc.

3. 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 d/b/a National Grid, National Fuel Gas Distribution Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and Veolia Water New York, Inc. shall each individually submit, within 60 days of the issuance of this Order, a written inventory report that describes all use cases of AI systems in their operations, consistent with the body of this Order.

4. 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 d/b/a National Grid, National Fuel Gas Distribution Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and Veolia Water New York, Inc. shall each individually submit, within 60 days of the issuance of this Order, the policies, procedures, and protocols that govern the use of AI systems within their organizations, consistent with the body of this Order.

5. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

6. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary