Case 23-G-0225:	Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service
Case 23-G-0226:	Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a National Grid for Gas Service
Case 23-G-0200:	Petition of The Brooklyn Union Gas Company d/b/a National Grid NY for a New York State Sales Tax Refund under 16 NYCRR Section 89.3 and Request for an Extension

Summary of Joint Proposal

The Joint Proposal proposes three-year rate plans for The Brooklyn Union Gas Company d/b/a National Grid NY ("KEDNY") and KeySpan Gas East Corporation d/b/a National Grid ("KEDLI") (collectively, the "Companies") for the term beginning April 1, 2024 and ending March 31, 2027. Rate Year ("RY") 1 is April 1, 2024 through March 31, 2025; RY2 is April 1, 2025 through March 31, 2026; and RY3 is April 1, 2026 through March 31, 2027.

Parties to the Joint Proposal: The Companies, Department of Public Service Staff, the City of New York, the Environmental Defense Fund, and NRG Energy, Inc. support the Joint Proposal. The Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection, while not signing the Joint Proposal, indicated that it will not oppose it.

Revenue Increases: The Joint Proposal sets forth overall annual revenue requirement increases, as follows:

KEDNY w/ Gross Receipts Taxes ($M)			
	Revenue Requirement Increase	Delivery Revenue Percent Increase	Total Revenue Percent Increase
RY1	$444.0M	30.7%	15.9%
RY2	$172.1M	8.9%	6.9%
RY3	$132.0M	6.2%	5.3%

KEDLI w/ Gross Receipts Taxes ($M)			
	Revenue Requirement Increase	Delivery Revenue Percent Increase	Total Revenue Percent Increase
RY1	$246.5M	26.8%	13.4%
RY2	$116.5M	9.8%	7.3%
RY3	$75.7M	5.7%	4.7%

To reduce rate volatility to customers over the term of the rate plan, the rate increases will be implemented on a levelized percentage basis (an annual total bill increase of 10.5 percent for KEDNY and 9.4 percent for KEDLI).

Return on Equity ("ROE")/Capital Structure: The Joint Proposal proposes a 9.35 percent ROE and a ratemaking capital structure that reflects a common equity component of 48 percent for both Companies. The rate plans propose that customers will share earnings in excess of 9.85 percent, with earnings above 10.35 percent applied to the SIR deferral balance.

Make Whole Provision: As Commission action regarding the Joint Proposal will occur after the start of RY1, the Joint Proposal proposes a "make whole" provision to permit the Companies to recover the revenue shortfall resulting from the extension of the suspension period compared to if rates had gone into effect on April 1, 2024.[1]

Rate Adjustment Mechanism ("RAM"): The Companies will implement a Rate Adjustment Mechanism that consolidates deferral balances for property taxes, energy affordability program ("EAP"), and the exogenous clause into a single surcharge/credit for annual recovery. The RAM is subject to an annual cap of 2.00 percent of the Company's actual operating revenues from the prior year (excluding ESCO commodity revenues).

Deferral Balances: The revenue requirements set forth above reflect the annual amortization of KEDNY's net regulatory asset balance as of $195.520 million over ten years (collected from customers), and the annual amortization of KEDLI's net regulatory liability balance totaling $41.072 million over five years (returned to customers).

Capital Investment: The rates proposed in the Joint Proposal reflect the following levels of capital investments during the term of the rate plans:

	RY1	RY2	RY3
KEDNY	$924.025 M	$960.042 M	$971.114 M
KEDLI	$645.687 M	$705.264 M	$729.318 M

Depreciation: The revenue requirements reflect higher depreciation expense consisting of: (i) the commencement of the amortization of leak prone pipe ("LPP") for KEDNY and the continuation of the amortization of LPP as authorized in KEDLI's previous rate case, (ii) the phase-in of revised depreciation rates over four years for KEDNY and two years for KEDLI, and (iii) the amortization of depreciation reserve deficiencies of $131 million for KEDNY and $338 million for KEDLI over 20 years beginning in RY2.

Greenpoint Energy Center: The Joint Proposal acknowledges that the Companies' long-term gas system plan must consider the role for the Greenpoint Liquified Natural Gas ("LNG") plant through 2044, including how long it must be or is expected to be operated to support gas system reliability. Therefore, as part of the initial long-term plan filing due on May 31, 2024, the Companies commit to include a specific chapter that addresses the Greenpoint LNG plant and provides certain specified information regarding its operation.

[1] *See* Cases 23-G-0225 and 23-G-0226, "Order on Extension of Maximum Suspension Period of Major Rate Filings" (Issued and Effective March 15, 2024) ("The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid shall be made whole … for the period between April 1, 2024 and August 31, 2024.").

Gas Operations and Gas Safety Items:

- **Inside Meter Relocations:** The Companies will continue to relocate gas meters that are located inside a customer's premises and install them outside, subject to certain exceptions.
- **Supplemental Leak Surveys:** The Companies will survey their LPP segments using advanced leak detection technology or other new Commission-approved devices or methodologies to identify and repair leaks. The Companies will file annual reports with the Commission regarding the results of these surveys.
- **Gas Safety Public Awareness Program:** The Companies will file an enhanced Gas Safety Outreach Program, including enhanced outreach to landlords to ensure they have sufficient gas safety materials to provide to their tenants in compliance with NYC Local Law 153.
- **Connected Remote Methane Detection ("RMD") Pilot Program:** The Companies will implement a Connected RMD Pilot Program to install RMD devices that use cellular functionality to transmit data. Negative Revenue Adjustments ("NRAs") related to Gas Safety Metrics will be used to reduce pilot expenditures.
- **Voluntary Integrity Management Program ("IMP"):** The Companies will inspect five miles of pipeline operating at greater than 125 pounds per square inch gauge ("psig") but below a specified minimum yield strength of 20 percent in each year of the rate plans.

Information Technology and Digital ("IT&D"): The rates proposed in the Joint Proposal reflect incremental IT&D capital investment of approximately $240.2 million in RY1, $246.6 million in RY2, and $243.8 million in RY3. The Companies will implement a downward-only IT&D Net Utility Plant and Depreciation Expense Reconciliation Mechanism to reconcile actual expense to the forecast revenue requirements. In conjunction with this mechanism, the Companies will implement a downward-only reconciliation mechanism for each of the Core IT and Backoffice Refresh categories of the IT&D capital plan.

Future of Heat:

- **Commitment to Non-Pipe Alternatives ("NPAs"):** Where possible, the Companies will make evaluations of NPAs a standard item before proceeding with the construction of new or replacement gas infrastructure, including particular NPA programs related to LPP project retirements, system reinforcements, main extensions, and service lines. The Companies will retain an implementation contractor (with authority to defer the costs) to assist the Companies in executing their NPA programs. Of particular importance to the stakeholders, the Companies also will increase outreach efforts to inform customers of available NPA project opportunities and will provide annual reports to the Commission on the success of NPA implementation in their service territories.
- **Climate Leadership and Community Protection Act ("CLCPA") and Disadvantaged Community Reporting:** The Companies will file an annual report providing specified data regarding energy efficiency spending, demand response programs, main replacement programs, leak repairs, customer operations data, and clean energy jobs. The Companies will also report on the emissions impacts of projects with an estimated cost of $1 million or greater that impact Disadvantaged Communities.
- **Gas Marketing:** The Companies and their affiliates will not market new gas connections and conversions, including oil-to-gas conversions, during the term of the rate plans. The Companies will also encourage applicants requesting new or expanded service to consider

electrification options, and will require new gas customers to acknowledge in writing that they have been provided information on non-fossil alternatives.

- **Utility Thermal Energy Network Proceeding:** The Companies will continue their active participation in the Commission's Thermal Energy Network proceeding, and will implement, as authorized, geothermal energy systems.
- **Gas Transition Changes:** The Companies may file a petition requesting, among other things, a waiver of the Commission's regulations, to eliminate customer incentives to connect to the gas distribution system. The petition may include seeking a waiver of rules, which provide customers up to 100 feet of main and service piping at no cost and allow customers to apply a revenue test to avoid paying for piping in excess of the 100-foot allotment.
- **Biomethane Supply Interconnections:** The Companies are authorized to defer the revenue requirement impact associated with new biomethane supply interconnection facilities, up to $13.195 million for KEDNY and $9.868 million for KEDLI. Prior to beginning construction, the interconnecting Company will file a report regarding the estimated costs, reliability benefits, source materials, and avoided emissions related to the facility. The Companies will also encourage biomethane project developers to monetize and sell credits for associated environmental attributes to entities located in New York State.
- **Newtown Creek:** KEDNY will file an annual report regarding the operation of the Newtown Creek project, including data on revenues, emissions, and complaints regarding the facility. KEDNY will meet with Consolidated Edison and other hard-to-electrify customers to discuss the potential purchase and sale of biomethane and associated environmental attributes from the facility, and will meet with the NYC Department of Environmental Protection ("DEP") to negotiate a service level agreement that addresses notifications of system outages to the DEP.

Reconciliations: The Joint Proposal includes a number of reconciliations such as EAP, Site Investigation and Remediation ("SIR") expense, Exogenous Costs, Property Tax expenses, Negative and Positive Revenue Adjustments, Net-plant expenses (including trackers for City-State Construction, Customer Connections, and IT&D projects), Variable Pay, Electric Generator Revenues, Management Audit costs, Uncollectible Expense (RY1 and RY2 only), and costs related to the Gas Planning Proceeding (20-G-0131).

Customer Service Performance Indicators ("CSPI"): The Joint Proposal continues and updates the following customer service metrics: PSC Complaint Rate, the Customer Satisfaction Survey, Call Answer Rate, and Percent of Adjusted Bills. Each Company will be subject to maximum total pre-tax potential NRA equal to 40 basis points in RY1, 48 basis points in RY2, and 60 basis points in RY3.

Gas Safety Performance Metrics: The Joint Proposal continues and updates existing metrics: LPP removal; leak management; damage prevention; emergency response; and gas safety regulations performance. The Joint Proposal also establishes more stringent thresholds and clarifies exceptions that pertain to the potential NRAs of 150 basis points for each Company.

Customer Initiatives:

- **Economic Development Programs:** Annual economic development funding will be set at $1.382 million for KEDNY and $1.160 million for KEDLI, which will be funded through the amortization of prior economic development deferral credits, resulting in a $0 net revenue requirement for each Company. During the term of the rate plans, both firm and non-firm non-residential customers will be eligible to participate in the Companies' economic development grant and discount programs.
- **Energy Affordability Program ("EAP"):** The annual rate allowances for KEDNY and KEDLI EAPs increased.
- **Weather-Related Protection:** The Companies will implement additional weather-related protections for customers during the "Cold Weather Period" as defined in 16 NYCRR § 11.51(2), including suspension of terminations of residential gas heating customers on days where the local weather forecast predicts temperatures below 32 degrees Fahrenheit, or the forecast high temperature, factoring in local wind chill, does not exceed 32 degrees Fahrenheit for two or more consecutive days.
- **Domestic Violence Policy and Procedures:** The Companies will refine and enhance policies, procedures and employee training for identifying and addressing situations involving domestic violence involving customers.
- **Deferred Payment Agreements ("DPAs"):** The Companies will continue to allow customers to execute an e-DPA by verbally agreeing to terms over the phone and following up with customers to complete a signed/e-signed DPA to activate the DPA. KEDNY will also allow call center representatives to take financial statements over the phone to determine eligibility for DPAs. The Companies will implement enhanced DPA procedures and outreach, including text message notifications to customers who default on DPAs and improved outreach programs to increase awareness for the DPA program.
- **Language Access:** The Companies will expand availability of translated customer assistance materials available at in-person events and on the Companies' websites within the Companies existing outreach and education budgets, including, at a minimum, communications regarding customer rights and responsibilities, safety, and bill assistance, as well as key energy efficiency materials. Materials will be translated into Spanish, Russian, Chinese, Polish, Haitian Creole, Bengali, Yiddish, Urdu and/or Arabic based on Company and external data such as census data regarding language preferences in a given community.
- **Special Protection and Low-to-Moderate Income ("LMI") Marketing:** The Companies will increase promotion of special protection programs at in-person events and on their websites, and will enhance training of call center representatives with respect to these programs. The rate allowances in the Joint Proposal also reflect funding for LMI Marketing and Outreach of $0.175 million for KEDNY and $0.325 million for KEDLI. The Companies will file an LMI Marketing and Outreach Plan and hold stakeholder meetings to review the plan and its results.

Energy Efficiency ("EE"): The rate allowances included in the Joint Proposal include the following amounts for EE costs:

	RY1 ($ Million)	RY2 ($ Million)	RY3 ($ Million)
KEDNY	Total: $34.719	Non-LMI: $42.257 LMI: $9.081	Non-LMI: $31.489 LMI: $11.518
KEDLI	Total: $27.816	Non-LMI: $30.463 LMI: $7.286	Non-LMI: $23.071 LMI: $9.824

- **Incremental EE Surcharge Mechanism:** The Companies will establish a surcharge mechanism to recover (i) any difference in EE costs recovered in rates and EE budgets approved by the Commission; and (ii) incremental EE costs approved by the Commission in the future.
- **KEDLI HEAT Program:** KEDLI's revenue requirement includes $2.5 million per year for the KEDLI HEAT Program through calendar year 2025. KEDLI will consult with NYSERDA and Staff to develop a plan to transition responsibility for the HEAT Program or equivalent programs to NYSERDA.
- **Weatherization Health and Safety Program:** The Companies will provide a shareholder-funded weatherization health and safety program, up to an annual cap of $2 million (total of $6 million over the rate plan). The program will enable the Companies to provide non-energy related services to address health and safety barriers to EE for LMI and Disadvantaged Community households, including remediation of carbon monoxide hazards, mold, pests, ventilation, plumbing, blocked access, and unsafe appliances.

Revenue Allocation/Rate Design/Bill Impacts:

- **Firm Service:** The revenue allocation and rate design results in total bill impacts for a typical KEDNY residential heating customer using 97 therms per month of 16.68 percent in RY1, 6.93 percent in RY2 and 10.95 percent in RY3, and for a typical KEDLI residential heating customer using 102 therms per month of 17.85 percent in RY1, 7.22 percent in RY2 and 9.31 percent in RY3. The Joint Proposal does not endorse any particular Embedded Cost of Service ("ECOS") methodology or establish precedent for revenue allocation for any future proceeding.
- **Non-Firm Demand Response ("NFDR") Service:** To encourage customers to remain on or switch to interruptible service, the Joint Proposal recommends Tier 1 and Tier 2 interruptible services that will have volumetric delivery rates set at discounts of approximately 55 percent and 65 percent, respectively, below the tail block volumetric rate of the applicable equivalent firm service class.

Sales Tax Refund (Case 23-G-0200): The Joint Proposal resolves all issues in Case 23-G-0200 regarding distribution of a New York State sales and use tax refund with KEDNY retaining 10 percent of the refund. The Company will defer the remaining 90 percent of the refund balance in the amount of $3.135 million for the benefit of customers.