

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION
NOTICE OF PROPOSED RULEMAKING**

Pursuant to the provisions of the State Administrative Procedure Act, notice is hereby given of the following proposed rulemaking:

1. **Proposed Action:** The Public Service Commission is considering whether to approve or deny in whole or in part a petition of New York State Electric & Gas Corporation authorizing the issuance of long-term indebtedness, preferred stock and hybrid securities and to enter into derivative instruments to manage interest rate risk and other financial exposure.
2. **Statutory Authority Under Which the Rule is Proposed:** PSL Section 69.
3. **Subject of the Proposed Rule:** Issuance of and sale of preferred stock, bonds and other forms of indebtedness.
4. **Purpose of Proposed Rule:** To permit New York State Electric & Gas Corporation to finance transactions for purposes authorized under PSL Section 69.
5. **Terms of the Proposed Rule:** New York State Electric & Gas Corporation is requesting authority to issue and sell preferred stock, bonds and other forms of indebtedness under PSL Section 69.
6. **Text of proposed rule may be obtained from:** Central Operations, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223, (518) 474-2500.
7. **Data, views or arguments may be submitted to:** Michelle Phillips, Secretary, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223, (518) 474-6530.
8. **Public comment will be received until:** 60 days after publication of this notice.
9. **Regulatory Impact Statement, Regulatory Flexibility Analysis for Small Business and Rural Area Flexibility Analysis:** Statements and analyses are not submitted with this notice because the rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act.

NEW YORK STATE PUBLIC SERVICE COMMISSION

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In the Matter of the Petition of NEW YORK STATE :
ELECTRIC & GAS CORPORATION Under Section 69 of the : Case 24-M-_____
Public Service Law for Authority to Issue Long-Term :
Indebtedness, Preferred Stock and Hybrid Securities [:
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**VERIFIED PETITION OF
NEW YORK STATE ELECTRIC & GAS CORPORATION
FOR AUTHORITY TO ISSUE LONG-TERM INDEBTEDNESS, PREFERRED STOCK
AND HYBRID SECURITIES AND TO ENTER INTO DERIVATIVE INSTRUMENTS**

Dated: March 29, 2024

NEW YORK STATE PUBLIC SERVICE COMMISSION

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In the Matter of the Petition of NEW YORK STATE :
ELECTRIC & GAS CORPORATION Under Section 69 of the : Case 24-M-_____
Public Service Law for Authority to Issue Long-Term :
Indebtedness, Preferred Stock and Hybrid Securities and to enter :
into derivative instruments to manage interest rate risk and other :
financial exposure :
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**VERIFIED PETITION OF
NEW YORK STATE ELECTRIC & GAS CORPORATION
FOR AUTHORITY TO ISSUE LONG-TERM INDEBTEDNESS, PREFERRED STOCK
AND HYBRID SECURITIES**

New York State Electric & Gas Corporation ("NYSEG" or the "Company") hereby petitions the State of New York Public Service Commission (the "Commission") for authorization under Section 69 of the Public Service Law ("PSL") to issue long-term indebtedness (Proposed Debt), preferred stock and Hybrid Securities (as defined herein) (together the "Proposed Securities") and to enter into derivative instruments to manage interest rate risk and other financial exposure.

Background

1. NYSEG is an electric and gas corporation organized under the laws of the State of New York in 1852. NYSEG is an indirect wholly-owned subsidiary of AVANGRID Networks, Inc. AVANGRID Networks is a wholly-owned subsidiary of AVANGRID, Inc. Iberdrola S. A. owns 81.6% of the outstanding shares of Avangrid, Inc. common stock, and the remaining 18.4% of the outstanding shares are traded on the New York Stock Exchange under the ticker AGR. NYSEG's Restated Certificate of Incorporation, as amended, is on file with the Commission in Case 12-M-0066.
2. NYSEG's principal office is at 180 South Clinton Avenue, Rochester, New York 14604.

3. In its Order authorizing the issuance of securities issued and effective September 13, 2021 through December 31, 2024¹ the Commission authorized NYSEG to issue and sell up to \$1.65 billion of new securities for traditional utility purposes pursuant to either rule 144A (unregistered public offering) or rule 4(a) (2) (private placement offering). Additionally, the Commission authorized the Company to enter into various derivative contracts subject to terms and conditions,(the “Order”).

4. Through the date of this petition, the Company has issued \$1.542 billion for traditional utility purposes, leaving an authorization of \$108 million of new securities available for traditional utility purposes. The Company expects to require funding in excess of the remaining authorization reserved for traditional utility purposes before the December 31, 2024 expiration date of the Order. Therefore, the Company requests that the Commission approve this Petition by the July session. Paragraph 6 specifically addresses the request for authorization and places it in the context of the total financing need over the period through the end of December 31, 2026, (the “Financing Period.”)

5. The Company requests that communications in this proceeding be addressed to the attention of Michael Panichi –Treasurer, 203-464-1447, michael.panichi@avangrid.com and Jeffrey A. Rosenbloom, General Counsel and Secretary, 585-724-8132, jeffrey.rosenbloom@avangrid.com, and the business address is 180 South Clinton Avenue, Rochester, New York 14604.

Current Petition

6. NYSEG hereby seeks Commission authorization of the following:

¹ Case 21-M-0274 - Petition of New York State Electric & Gas Corporation for Authority to Issue Long-Term Indebtedness, Preferred Stock and Hybrid Securities

- (1) to issue and sell up to \$1.975 billion principal amount of new securities (Proposed Securities) through December 31, 2026, the Financing Period;
- (2) to issue the Proposed Debt pursuant either to rule 144A (unregistered public offering) or rule 4(a)(2) (private placement offering);
- (3) to defer and amortize the costs and expenses of issuing the Proposed Debt over the life of the Proposed Debt; and
- (4) to enter into derivative instruments to manage interest rate risk and other financial exposure

The request for authorization is further described in the paragraphs below; the financing requirements are developed in the attached Exhibit F, and Exhibit I supports the request to issue Proposed Debt in the private placement market.

7. NYSEG proposes to use the proceeds of the issuance and sale of the Proposed Securities for purposes permitted by PSL Section 69, and as described in Paragraph (6) above.

8. NYSEG hereby requests authority that the Proposed Securities issued and sold under this authorization may be: (a) unsecured or secured long-term debt obligations; (b) unsecured, subordinated taxable debt securities with interest deferral provisions or other forms of securities with debt and quasi-equity characteristics ("Hybrid Securities"); or (c) new preferred stock.

9. The Company has not determined whether any of the Proposed Securities will bear a fixed or adjustable rate.

10. The Company currently has no preferred stock or Hybrid Securities issued and outstanding. If the Company were to issue new preferred stock or Hybrid Securities, it will meet with the Department of Public Service Staff no later than 60 days after issuance to

provide an explanation of the terms and demonstrate the reasonableness of issuing such preferred stock or Hybrid Securities. The designation, dividend rate, redemption prices and sinking fund, if any, applicable to the preferred stock will be set forth in a Certificate of Amendment to NYSEG's Restated Certificate of Incorporation pursuant to Section 805 of the New York Business Corporation Law, if applicable, which would be supplied to the Commission as soon as practicable after becoming available.

11. The terms proposed herein for the Proposed Securities are substantially the same as those approved by the Commission in the Order. The Proposed Securities will be exclusive of the current debt.

12. Although it may prove advantageous to provide security for certain of the Proposed Securities because of uncertain future market conditions, the Company has not determined if any of the Proposed Securities will be secured. The Company has also not determined whether any of the Proposed Securities will be in the form of financing facilities or debt instruments with banks or other financial institutions; what any Proposed Securities maturities will be; whether the Proposed Securities will be sold at one time or in a number of transactions and tranches; or when the Proposed Securities transactions will take place.

13. Any underwriting agreement or bond purchase agreement, or its equivalent, entered into in connection with the sale, as well as a copy of the appropriate instrument defining the rights of the holders of the Proposed Securities, will be filed as part of the relevant Compliance Filing.

14. NYSEG requests that the costs and expenses of issuing the Proposed Debt be deferred and amortized over the life of the Proposed Debt. An estimate of such costs and expenses is

attached hereto as Exhibit G. NYSEG shall submit a verified report of the actual costs and expenses of each such issue following the closing of the subject transaction.

15. In its November 5, 2013 Order in connection with Case 12-M-0066² at page 27, the Commission required that the Petitioner provide: “an analysis of existing interest rate spreads between Rule 144A and fully registered securities at the time of the petition; a forecast of those spreads for one year following the date of the petition; an analysis of if and when full SEC registration should commence based upon those spreads and the costs of registration; and, a discussion of the timeframe needed for the preparation and filing of the necessary registration documents.” Petitioner addresses these requirements in Exhibit H and concludes that registration would not be economic at this time.

16. In this petition, the Company seeks authorization to expand the interim relief of issuing the Proposed Securities pursuant to rule 144A (public unregistered offering) to include the ability to issue pursuant to rule 4(a)(2) (private placement offering). The Commission granted Rochester Gas and Electric Corporation authority to issue debt in the private placement market in Order 23-M-0232. In support of this request, the Company has prepared Exhibit I.

17. The reimbursement margin provides NYSEG a method to demonstrate that the proceeds from the current debt have been used for utility plant purposes. The margin is essentially the amount by which net utility plant, both in service and under construction, exceeds long-term securities at a given date. Attached as Exhibit E is the pro forma reimbursement margin projected through December 31, 2026, which demonstrates that there is excess margin sufficient to issue such Proposed Securities.

² Case 12-M-0066 – Petition for Approval of an Internal Reorganization Pursuant to Public Service Law §70, Order Adopting Staff Report and Approving Reorganization, Subject To Conditions as Modified and Clarified, and Making Findings on Management Audit Compliance (Nov. 5, 2013)

18. No further application is required to be made to any federal agency for consent to the issuance and sale of the Proposed Securities as herein proposed.

19. The utility property of NYSEG is stated at "original cost" as defined in 16 NYCRR Sections 37.1(b) and 31.1(f) and there is not included therein any amount for a franchise, consent or right to operate as a public utility.

20. In compliance with 16 NYCRR Section 37.1(n), NYSEG advises that no franchise, or any right to own, operate or enjoy any franchise, or any contract for consolidation or lease is proposed to be capitalized directly or indirectly under the programs herein outlined.

Supporting Schedules

21. In support of this Petition, NYSEG submits the following schedules, or agrees to furnish them as soon as they are available, including a statement of its financial condition, in accordance with the 16 NYCRR. Sections 18.1 and 37.1:

<u>Exhibit</u>	<u>Description</u>
A	Long-term Indebtedness Issued Pursuant to 21-M-0274
B	Statement of Financial Condition
C	Utility Plant Additions
D	Utility Plant Depreciation
E	Reimbursement Margin
F	Forecast of Financing Requirements 2024-2026
G	Schedule of Estimated Costs and Expenses
H	Analysis Pursuant to Requirements Contained in Case 12-M-0066
I	Points in support of expanding the interim relief

granted in 12-M-0066 to include the ability to issue debt in the private placement market

J Affidavit re: 16 NYCRR Sections 37.1(o), 37.3(d) and 37.6 (j)

WHEREFORE, for the reasons set forth herein, the Company respectfully requests that the Commission issue an Order no later than the July 2024 session authorizing Petitioner, pursuant to PSL Section 69, to enter into the financing arrangements described herein and issue such further orders as may be necessary to permit the Company to issue and sell the Proposed Securities from time to time: and grant such other and further relief to which the Company may be entitled.

Respectfully submitted,

NEW YORK STATE ELECTRIC & GAS
CORPORATION

By:



Michael Panichi
Treasurer

Dated: March 29, 2024

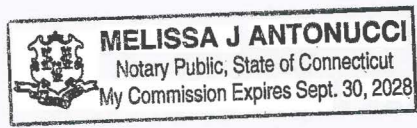
STATE OF Connecticut)
) ss.: Orange
COUNTY OF New Haven)

VERIFICATION

Michael Panichi, being duly sworn, deposes and says: I am the Treasurer of NEW YORK STATE ELECTRIC & GAS CORPORATION, the Petitioner herein; I have read the foregoing Petition and know the contents thereof; the same is true to my knowledge.



Michael Panichi



Subscribed and sworn to
before me this 29 day
of March 2024.



Notary Public, State of Connecticut
Qualified in New Haven County
Commission Expires: 09/30/2028

NEW YORK STATE PUBLIC SERVICE COMMISSION

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 In the Matter of the Petition of NEW YORK ELECTRIC & GAS :
 CORPORATION Under Section 69 of the Public Service Law : Case 24-M-_____
 for Authority to Issue Long-Term Indebtedness and Request for :
 Expedited Approval :
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AFFIDAVIT

STATE OF *Connecticut*)
) ss.: *Orange*
 COUNTY OF *New Haven*)

Michael Panichi, being duly sworn, deposes and says:

1. I am the Treasurer of NEW YORK ELECTRIC & GAS CORPORATION ("NYSEG"):
2. The accounts of NYSEG have been kept strictly in accordance with the accounting orders of the State of New York Public Service Commission (the "Commission") applicable thereto, and that since the effective date of such orders there have been no charges to asset accounts not in accordance therewith and that all required credits to such asset accounts have been made for the amount and in the manner prescribed therefore in such accounting orders;
3. Proper credits to all sub-accounts have been made for all property which was removed, sold, abandoned or destroyed, or which for any cause ceased to be used and useful in the service of the public during the reimbursement period referred to in NYSEG's Petition in this proceeding, as required by the applicable system of accounts prescribed by the Commission; that during such period the debits to each of said sub-accounts represent the original cost of property used and useful in the service of the public; and that the funds expended for purposes for which

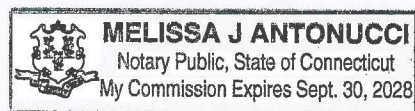
reimbursement is sought were not directly or indirectly derived from the sale of stock, bonds, notes or other evidences of indebtedness payable at periods of more than twelve months after the date thereof or from open accounts of NYSEG; and


4. No part of the Proposed Securities (as defined in NYSEG's Petition in this matter) is in whole or in part reasonably chargeable to maintenance of NYSEG's system or service.



Michael Panichi

Subscribed and sworn to
before me this 29 day
of March 2024.





Notary Public, State of Connecticut
Qualified in New Haven County
Commission Expires: 09/30/2028