



Public Service Commission

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Rory M. Christian, Chair

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PSC Cuts RG&E, NYSEG's Electric and Gas Rate Request Nearly 50 Percent

New Efficiency and Electrification Initiatives Will Reduce Need for Natural Gas

Gas Safety Remains a Top Concern and Priority for Commission

Investigation Into Billing and Complaint Issues Ongoing, \$18.5 Million Already Set Aside to Benefit Customers Due to Dispute

Labor and Industry Groups Support Approved Plan

ALBANY — The New York State Public Service Commission (Commission) today established three-year rate plans for electric and gas customers of New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) by adopting the terms of a joint proposal that is much more favorable to customers than the companies' original requests, reducing the initial rate year requests by almost \$231 million.

"The forward-looking plan we have adopted benefits customers and includes provisions that further important State and Commission objectives," **said Commission Chair Rory M. Christian.** "With today's decision, NYSEG and RG&E are required to pursue important energy-efficiency initiatives among other progressive policies, to advance the goals of New York State's nation-leading climate change targets, while mitigating bill impacts for most low-income customers, as part of New York's energy affordability policy."

Considering the companies' recent customer service metrics and the ongoing investigation into billing and complaint issues at the two utilities, the joint proposal includes negative rate adjustments totaling \$18.5 million to be applied for ratepayer benefit and used to lower rates going forward. The negative rate adjustments are company financial enforcement payments for missing specified billing and customer service metrics. The \$18.5 million negative rate adjustment represents a significant financial consequence for missing the consumer service metrics. Meanwhile, the Department and the Commission continue to investigate potential aspects related to billing complaint increases at the companies. Moreover, going forward, if the companies miss any future individual consumer service metrics for two years consecutively, the negative rate adjustment penalty would double to \$37 million.

Under its initial proposal, the companies sought a total of \$447 million in the first year while the rates approved today provided \$217.3 million in the first year, roughly 50 percent less. The increases in rates over the three-year term of the electric and gas rate plans are necessary to meet increased company costs, including increases in the property tax burden, and to support spending for capital

improvements and employee additions, which are necessary to improve electric and gas operations and enhance overall electric and gas system integrity, safety and reliability.

Parties who signed the joint proposal include the companies, Department of Public Service staff, IBEW Local 10, Nucor Steel, and Walmart. The New York Power Authority and Convergent Energy signed with respect to the electric provisions only. Multiple Intervenors signed as to electric and gas revenue allocations and large non-residential rate designs, and the Department of State's Utility Intervention Unit signed as to electric and gas revenue allocations.

Highlights of the decision include:

Gas Safety: The agreement continues the companies' gas safety performance mechanisms in the areas of leak management, emergency response, damage prevention, gas infrastructure reduction or replacements, and compliance with safety regulations and procedures, maintaining or enhancing both the targets and potential positive and negative revenue adjustments. The agreement also requires NYSEG and RG&E to replace at least 81 miles of leak prone pipe over the next three years and continue the residential methane detection program, which will help ensure public safety.

Clean Energy: Consistent with New York's actions to promote clean energy, the companies continue their commitment to achieving a net zero increase in gas use and to consider suitable non-pipes alternatives to construction of a new or replacement of existing pipeline.

Vegetation Management: A majority of electrical outages are commonly caused by trees or branches falling on power lines, and thus a robust vegetation management program is necessary for maintaining overall system reliability and ensuring that customers receive safe and reliable service that is resilient and adaptable to impacts on the system. To continually make improvements to the companies' reliability metrics, the agreement provides rate year one funding of \$65.8 million, an increase of 15 percent for NYSEG, and \$10.7 million for RG&E, an increase of 5 percent, to fund the three principal components of the vegetation management program: routine trimming, danger tree mitigation and reclamation of overgrown circuits.

Physical and Cyber Security: The rate plan positions the companies to develop their physical and cyber security posture to match the evolving State of the New York electric grid and the challenges to security, resilience, and reliability that it faces. The agreement provides a tailored approach focusing on building a secure foundation for protecting the companies' facilities from physical threats and securing both the companies communications and their customer's personal data.

Customer Assistance: The agreement increases the amount devoted to low-income assistance. Over the three-year period, NYSEG's low-income customers will receive \$27.47 million in assistance, and RG&E's low-income customers will receive \$22.96 million, 33 percent greater than the previous year. In addition, the companies are expanding their language access programs to ease communication for the immigrant communities in their service territories. The companies are continuing to provide special protections against shutoffs during cold weather and will refrain from scheduling service terminations in its service territory when the forecast is for temperatures below 32 degrees. The companies will avoid residential service terminations for non-payment during heat emergencies, which is defined as a forecast at or above 85 degrees in the companies' operating regions. Finally, the companies are adopting additional protections for victims of domestic violence.

Specifically, NYSEG sought a first-year electric revenue increase of \$274 million, or 16.8 percent increase in total revenues. The company also sought a \$43.4 million gas revenue increase, or 9.8 percent increase in total revenues. RG&E sought a first-year electric revenue increase of \$93.8

million, or 11.3 percent increase in total revenues. The company also sought a \$37.7 million gas revenue increase, or 9.7 percent increase in total revenues.

Instead, the Commission approved a levelized electric rate increase for NYSEG for the rate year beginning May 1, 2023 of \$137.3 million, \$160.7 million for the next year, and \$200.6 million for the third year. For RG&E, the Commission approved a levelized electric rate increase for the rate year beginning May 1, 2023 of \$50.9 million, \$56.6 million for the second year, and \$65.3 million for the third year.

On a total electric bill basis, the results for NYSEG yield 6.6 percent, 7.3 percent, and 8.2 percent increases in each of the rate years, respectively. In addition, the Commission approved a levelized gas rate increase of \$11.7 million, \$12.4 million, and \$12.9 million, for each of the respective rate years. On a total NYSEG gas bill basis, the results yield 2 percent, 2 percent, and 2.1 percent increases in each of the rate years, respectively.

The Commission approved a levelized electric rate increase for RG&E of \$50.9 million in the first year, \$56.6 million in the second year, and \$65.3 million in the third year. On a total electric bill basis, the results yield 5 percent, 5.3 percent, and 5.7 percent increases in each of the rate years, respectively. In addition, the Commission approved a levelized RG&E gas rate increase of \$18.2 million in the first year, \$20.1 million in the second year, and \$22.4 million in the third year. On a total gas bill basis, the results yield 3.4 percent, 3.6 percent, and 3.9 percent increases in each of the rate years, respectively.

Under the new rate plan, a NYSEG residential electric customer using 600 kWh per month would see an average total monthly bill increase of \$9.94 or 10.3 percent in November of this year, \$8.88 or 8.4 percent starting May 2024, and \$11.34 or 9.9 percent starting May 2025. A residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of \$4.96 in November of this year, or 3.6 percent, an \$2.13 increase in the second year, or 1.5 percent, and a \$4.10 increase in the third year, or 2.9 percent.

Under the new rate plan, an RG&E residential electric customer using 600 kWh per month would see an average total monthly bill increase of \$6.47 or 7.4 percent in November of this year, \$5.98 or 5.5 percent starting May 2024, and \$6.90 or 6 percent starting May 2025. A residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of \$5.29 in November of this year, or 4.6 percent, an \$5.44 increase in the second year, or 4.5 percent, and a \$5.41 increase in the third year, or 4.3 percent.

NYSEG, a subsidiary of Avangrid, serves 905,005 electricity customers and 271,547 natural gas customers across more than 40 percent of upstate New York. RG&E, also a subsidiary of Avangrid, serves approximately 388,737 electricity customers and 321,651 natural gas customers in a nine-county region centered on the City of Rochester.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 22-E-0317; 22-E-0319; 22-G-0318; 22-G-0320 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.