1/22/2026 - NYS PUBLIC SERVICE COMMISSION

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

2026 COMMISSION SESSION

DATE: JANUARY 22, 2026 at 10:33 a.m.

LOCATION: AGENCY 3 BUILDING, 19TH FLOOR
EMPIRE STATE PLAZA
ALBANY, NEW YORK 12223

COMMISSIONERS:

RORY M. CHRISTIAN, Chair
COMMISSIONER JAMES S. ALESI
COMMISSIONER DAVID J. VALESKY
COMMISSIONER JOHN B. MAGGIORE
COMMISSIONER UCHENNA S. BRIGHT
COMMISSIONER DENISE M. SHEEHAN
COMMISSIONER RADINA R. VALOVA

Reported by Winston Idada

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

(The hearing commenced at 10:33 a.m.)

CHAIR CHRISTIAN: Good morning. I call this session of the Public Service Commission to order.

Madam Secretary, are there any changes to the final agenda?

SECRETARY PHILLIPS: There are no changes to the final agenda.

CHAIR CHRISTIAN: Thank you. Before moving to the agenda, I would like to conduct a roll call of Commissioners. When I call your name, please confirm that you are present.

Commissioner James Alesi.

COMMISSIONER ALESI: Present.

CHAIR CHRISTIAN: Commissioner David Valesky.

COMMISSIONER VALESKY: Present.

CHAIR CHRISTIAN: Commissioner John Maggiore.

COMMISSIONER MAGGIORE: Present.

CHAIR CHRISTIAN: Commissioner Uchenna Bright.

COMMISSIONER BRIGHT: Present.

CHAIR CHRISTIAN: Commissioner Denise

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Sheehan.

COMMISSIONER SHEEHAN: Present.

CHAIR CHRISTIAN: Commissioner Radina Valova.

COMMISSIONER VALOVA: Present.

CHAIR CHRISTIAN: Thank you. Before we turn to the regular agenda, do any Commissioners wish to recuse from voting on Item 101, 201, or 301?

Commissioner Alesi.

COMMISSIONER ALESI: I do not.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky.

COMMISSIONER VALESKY: No recusals.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore.

COMMISSIONER MAGGIORE: No recusals.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright.

COMMISSIONER BRIGHT: No.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan.

COMMISSIONER SHEEHAN: Yes. I'm recused from Item 301.

CHAIR CHRISTIAN: Noted. Thank you.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Commissioner Valova.

COMMISSIONER VALOVA: No.

CHAIR CHRISTIAN: Thank you. We now move to the regular agenda.

Our first item for discussion, Item 101, case 24-G-0668, and 24-G-0369, as it relates to the Liberty, St. Lawrence Gas rates and automated meter reading. It'll be presented today by Leah Amyot. Dakin Lecakes, Jeff Hogan, and Paul Darmetko are available for questions.

Judge. Please begin.

ALJ AMYOT: Good morning, Chair Christian and Commissioners. As mentioned, my name is Leah Amyot. I was assigned to preside over these proceedings, with Chief Administrative Law Judge Dakin Lecakes.

Item 101 is a draft order that would approve a Joint Proposal, or JP, that establishes a three-year rate plan for gas delivery service by Liberty Utilities, St. Lawrence Gas Corporation, which I will refer to as "the Company", commencing November 1st, 2025, and ending October 31st, 2028. The JP is signed by the Company, Trial Staff of the Department of Public Service, and multiple

Intervenors.

The only other party to these proceedings, the Utility Intervention Unit of the New York State Department of State, Division of Consumer Protection, does not oppose the JP.

By way of background, the Company provides gas service to approximately 17,000 customers in rural Northern New York. On June 7th, 2024, the Company filed a petition in case 24-G-0369 seeking authorization to implement automated meter reading throughout the Company's service territory and recovery of all costs associated with that implementation during the Company's next rate plan.

The parties ultimately incorporated that petition in their settlement discussions in the Company's rate case, case 24-G-0668, which commenced on November 27th, 2024.

In the rate case, the Company filed revised tariff leaves, proposing a one-year unmoderated increase in its gas revenues of approximately $2.17 million, equivalent to 6.12 percent of total revenues, or 11.45 percent of delivery revenues, for the rate year beginning November 1st, 2025.

The Company states that it proposed a one-year rate plan, but anticipated negotiating a multiyear plan. In its April 2025 rebuttal testimony the Company updated its requested base delivery revenue increase to $2.13 million. In contrast, Staff recommended a rate year revenue requirement decrease of $1.19 million. The parties' settlement negotiations resulted in the filing of the JP on August 29th, 2025.

The JP provides that the Company's unlevelized revenue requirement will increase by approximately $400,000 in rate year 1, $1.88 million in rate year 2, and $1.65 million in rate year 3, corresponding to total revenue increases of 0.9 percent, 4.2 percent, and 3.5 percent, respectively. To avoid volatility and bill impacts, the JP levelizes the revenue increases, resulting in total revenue increases of $1.06 million in rate year 1, $1.09 million in rate year 2, and $1.12 million in rate year 3, or 2.4 percent per year. Accounting for the make-whole provision, the monthly bill increases for a residential customer using an average of eighty-one therms per month, are $3.78, or 4.3 percent for the remainder of rate year 1; $3.24, or

3.5 percent for year 2; and $3.58, or 3.8 percent for rate year 3.

The total bill impact on residential customers is an increase of approximately 10.7 percent over the course of the three-year rate plan, which is less than the 11.3 percent bill increase initially proposed by the Company for rate year 1 alone.

The total bill impact over the term of the rate plan on other service classes is 9.6 percent on commercial sales customers, four percent on large commercial sales customers, and 8.2 percent on industrial transport customers.  The agreed return on equity, or ROE, is 9.3 percent, although the 9.3 percent ROE is higher than the 9.2 percent ROE approved in the prior rate plan is much closer to the 9.25 percent recommended by Staff, than the 9.9 percent requested by the Company.

The increase in the ROE above Staff's recommendation reflects the additional business and financial risks inherent in a multiyear agreement. The Staff Finance Panel explained in its testimony that the ten basis point change in ROE, as compared to that approved in the prior rate plan, is worth approximately $26,000.

The JP also recommends a common equity ratio of forty-six percent in rate year 1, forty-seven percent in rate year 2, and forty-eight percent in rate year 3. The common equity ratio approved in the prior rate plan was forty-eight percent.

Staff provided testimony that each one percent change in the common equity ratio is worth approximately $33,000. Staff sought a lower common equity ratio for rate years one and two than the forty-eight percent approved in the prior rate plan, due to the Company's historical failure to maintain that ratio. The common equity ratio increases over the term of the rate plan in order to provide the Company with a stronger equity base that will allow it to finance its rising investment needs, without the increased risk inherent in overreliance on debt.

At the same time, the common equity ratio is subject to downward reconciliation in rate year 2 and rate year 3 to incentivize the Company to effectively manage its capital structure and to protect ratepayers from paying for a common equity ratio that the Company may not achieve.

Should the Company achieve excess

earnings, the JP contains an earnings sharing mechanism. Under the terms of that mechanism, customers will share in fifty percent of any actual earnings the Company records between 9.8 percent and 10.3 percent. Between 10.3 percent and 10.8 percent, the customer's share is eighty percent, and for earnings that exceed 10.8 percent, the customer's share is ninety percent.

The earnings' sharing mechanism is designed to encourage the Company to find efficiencies, but also to ensure that customers do not fund excessive company earnings. The rest of the JP's terms provide for a standard rate plan and implementation of automated meter reading. The primary rate drivers include the impact of increased net plant and depreciation, the amortization of regulatory deferrals, implementation of automated meter reading at a cost of $4.12 million, increased operation and maintenance expenses, particularly labor costs and property taxes, which are increasing at a rate of approximately ten percent per year.

The JP includes a capital budget of $6.06 million for rate year 1, 13.41 million for rate year 2, and $10.66 million for rate -- in rate year

3. The majority of the capital spending increases are related to implementation of automated meter reading, cybersecurity, and four gas system reliability projects.

The JP includes several deferral mechanisms that protect ratepayers in the event that the Company does not spend the amounts approved by the Commission. In addition to the downward-only reconciliation associated with the common equity ratio in rate year 2 and rate year 3 mentioned earlier, the JP includes a downward-only net plant reconciliation mechanism, except for downward-only mechanisms for spending related to cybersecurity, automated meter reading, and system reliability project.

Having reviewed the evidence compiled in these proceedings, it is our view that the participating parties thoroughly examined the Company's proposed capital expenditures, and that the budgets reflected in the JP fall within the range of possible outcomes that could have resulted following a fully litigated case.

We note that as an additional safeguard, the JP has gas safety performance targets, which encourage the Company to increase system reliability and safety. The JP maintains the performance metrics and associated revenue adjustments that were established in the 2023 Rate Order for emergency response, damage prevention, leak management, and Pipeline safety regulatory compliance.

The JP exposes the Company to a risk of incurring total negative revenue adjustments of 138 basis points annually for failing to meet the agreed-upon performance standards, and it provides the Company with the opportunity to earn a maximum of sixteen basis points annually in positive revenue adjustments for exceeding metric target levels.

In addition, the JP supports the addition of two full time employees to focus on pipeline safety management, and provides that the Company will continue its residential methane detector and first responder training programs.

With respect to customer service, the JP continues the customer service performance indicators and targets currently in place, namely, a risk of incurring total negative revenue adjustments of thirty basis points annually for failure to maintain an adequate complaint rate per 100,000 customers, and the overall customer satisfaction rate.

At Staff's recommendation. The JP also imposes a new requirement that the Company credit a customer $25 if the Company misses an appointment at the customer's premises.

The JP also continues the Company's four-tiered bill discount program for eligible low-income customers, providing a budget of $574,000 in rate year 1, $626,000 in rate year 2, and $706,000 in rate year 3 for the program. The JP requires the Company to make enhanced outreach and education efforts to increase enrollment in its low-income program, as well as expanding access for customers with limited English proficiency.

The JP provides that the Company will also offer levelized payment plans to its residential customers, and the JP directs the Company to launch an arrearage management program designed to support low-income residential customers who are behind on their utility bills.

Finally, the adoption of the rate plan detailed in the JP will not interfere with the attainment of the CLCPA's greenhouse gas emission reduction goals, nor will it disproportionately burden disadvantaged communities. The JP contributes to the goals of the CLCPA by limiting the environmental impact of the utility service provided by the Company, as it fulfills its legal mandate to provide safe and adequate service to its customers.

Specifically, the JP provides that the Company will continue its behavioral demand response and energy efficiency programs, and its annual greenhouse gas emissions reporting. It permits the Company to seek review of green tariffs, through which customers may purchase renewable natural gas generated in state, and to seek authorization of any future proposed green hydrogen projects.

It ensures that the Company will extend service only to applicants beyond that required by law, only after the Commission approves cost recovery upon a petition that has been noticed for public comment, and it requires the Company to modify its capital planning process and reporting to improve its opportunities to implement nonpipe alternatives for areas of pressure concern.

In conclusion, in establishing a gas

rate plan, the Commission must find that the proposed rates assure the continuation of safe and adequate service at just and reasonable rates, and produce a result that is in the public interest.

Based on a thorough evaluation of the record, we believe that the provisions of the JP meet these requirements. The rate plan set forth in the JP appropriately balances affordability concerns with the Commission's obligation to ensure that the Company has adequate revenue to deliver safe and reliable service at just and reasonable rates, and will be able to meet the regulatory and statutory requirements imposed on it.

The terms of the JP represent a reasonable compromise and are consistent with the environmental, social and economic policies of the Commission and the State.

That concludes our presentation, and we are available for any questions you may have.

CHAIR CHRISTIAN: Thank you. Judge, I appreciate the presentation and the Staff involved, all the work in bringing this to the Commission today. You know, I look at this case with our -- considering both gas and electric rate proposals, that I see it as reflective of the Commission's responsibility to provide safe and adequate service at just and reasonable rates, and to do so while grounding our actions in the physical and technical realities of the energy systems, and recognizing that we reasonably evolve over time to take into consideration the new realities as they present themselves.

Now, I think about the Commission's historical actions, the recently approved State energy plan, and I consider the words of Governor Kathy Hochul, and I look at this as akin to an all of the above energy strategy, where we focus our attention on resources we have, providing them to the customers and ratepayers who need them.

This approach is something that we can pursue to reduce emissions while avoiding reliability challenges and potential unintended consequences. Consequences that could disrupt local economies and communities and undermine the very transition we're endeavoring to advance.

So I see this proposed investment, as you pointed out, and done the work on to bring to us today as aligned in the public interest.  I support it. And I thank you for your work in bringing it to us today. Thank you.

Commissioner Alesi.

COMMISSIONER ALESI: Thank you, Chairman. Good job all around, very thorough. And I think that I'll be supporting this. I just want to make sure I thank you for the large print, by the way. I'll be voting, yes, on this item.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky.

COMMISSIONER VALESKY: Thank you, Judge Amyot, Judge Lecakes, and DPS Staff who worked on this order. I agree with you. I find it in the public interest and will be supporting it.

Just one quick question, Paul or Jeff, and I feel like there's probably a pretty straightforward and obvious answer that I'm not thinking of, so I'll ask the question. Judge Amyot noted that one of the cost drivers of this rate case were property taxes, and I have a feeling we'll have thoughts later on in this session about property taxes.

Judge, you indicated that -- are increasing the rate of approximately ten percent per year. So whereas, the City of New York does not have a property tax cap, the rest of the state does. So I'm missing something in terms of how property taxes could increase at about ten percent a year when St. Lawrence County, and I don't know if there are other counties that is served by St. Lawrence Gas, clearly fall under the property -- the state property tax cap statute.

MR. HOGAN: Sure. I'm sure they do. And I'm sure that their increases may be in the low single digits in terms of the rate per dollar of plant. The issue here is that the amount of plant is increasing. So we have making up numbers here, if you have $1 million invested, and the following rate year you have $1.1 million invested, you're going to have property tax in a larger base. And so I think we're talking about total dollars of property tax money so if you had that in that million-dollar example, there was a five percent tax rate on that, you'd be talking about $50,000, if it went to 1.1 million, you talk about 55,000.

So I think it's a combination of factors. Partially the rate per dollar of assessed value going up, but the larger impact would be from a growth -- the growth in CapEx.

Paul, is there anything you wanted to add to that or say?

MR. DARMETKO: No, thank you.

COMMISSIONER VALESKY: Okay. So it would not be a result of the local governments that are overriding the tax cap, which obviously that's in the statute as well.

MR. HOGAN: It does happen, and it does happen on occasion. It just doesn't happen with the frequency that would raise the whole -- we're talking about multiple jurisdictions within the service territory.

COMMISSIONER VALESKY: Right.

MR. HOGAN: Towns, schools, et cetera. They are all doing that, I'm certain. And I think I would have -- I can't state with absolute certainty, but I'm pretty positive that that's not the case.

COMMISSIONER VALESKY: Okay. Okay. No further questions. Thank you.

MR. HOGAN: Okay.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore.

COMMISSIONER MAGGIORE: Thank you. So

I just have a couple questions. So as I review this order in the JP it would enact, it appears to me that almost all the costs we would allow recovery for are based on the Commission's obligation to ensure that the Company has adequate revenue to meet the regulatory and statutory requirements imposed on it. I don't really see much room to reduce discretionary costs.

Can you expand on what some of the major regulatory and statutory requirements are behind the State's -- behind this rate plan?

ALJ LECAKES: Good morning, Commissioner. I'll take that. So basically, the regulatory and statutory requirements that are applicable to the utility are everything that covers utilities' operations. Primarily for this gas company they're found in Article 4 of the Public Service Law and the Commission's Regulations at 16 NYCRR Chapter III.

But they also apply to everything that it does, more broadly, paying taxes, hiring practices, employment and labor practices, environmental compliance regulations, things like that. And so all of those things have cost component that adds in to making up the rates of the Company.

COMMISSIONER MAGGIORE: Okay. Thank you. My second, and I think last question, at the risk of paraphrasing the presentation. The Joint Proposal will contribute to the goals of the CLCPA by limiting the environmental impact of the utility service provided by the Company. My question is, have any of these limitations been imposed upon the Company as a result of the negotiation process, or in this respect, the JP simply reflects what the Company proposed in the first place?

ALJ AMYOT: No. The JPA does not reflect what the Company proposed in the first place. And yes, there were limitations that were imposed as a result of the negotiation process. The main aspects that were cut as a result of the negotiation were gas main extensions, so extensions to new customers. And I believe the Company proposed ten new extensions and only one is being allowed. So that has led to a significant reduction in -- in $CO_2$ emissions, approximately 11,000 metric tons per year. So that is the main -- the main way that negotiation is reduced.

COMMISSIONER MAGGIORE: Beautiful.

Okay. Thank you very much. Thank you, those satisfy my questions, and I will be supporting this item. Thank you for the presentation and the good work.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright.

COMMISSIONER BRIGHT: Thank you, Chairman. And thank you, Judge Amyot.

You covered a variety of the performance metrics around safety, and reliability, and customer service and some of the penalties that are associated with those. I also saw in this JP that -- and correct me if I'm wrong, that some of the previous NRAs went to offset the residential methane detector program; is that right?

ALJ AMYOT: That's correct.

COMMISSIONER BRIGHT: Yeah. That's great. And it would be interesting to -- I'm not sure if we see that during our regular summer reports on our performance metrics, but that is a very interesting sort of -- it's interesting to be able to see sort of where these NRAs sort of go and what the results and the offset -- the ways that they offset costs.

And there was also some back and forth

on incentive compensation. And I was wondering if you could -- it's described in the order, but just if you could go over the specific adjustments that were made there that ensured that the incentive compensation aligns with Commission policy.

ALJ AMYOT: Sure. Well, initially the, the Company requested approximately $531 in incentive compensation in connection with its direct labor expenses. And the concern was that some of that was going to pay for services that may not have had really anything to do with Liberty Gas. You know, could have something to do with Liberty Water, for example.

So there was, initially Staff recommended excluding that compensation altogether. Then there was an order in the Liberty Water case and after that Staff -- but the Company reworked its program, and Staff took a look at it, and they wanted to make sure that compensation was included only to the extent that it was tied to the Company's operational performance and safety, reliability, customer service, and environmental related areas. So that any compensation would go to efforts that were directly benefiting the Company's customers.

Now. Staff in the Company represent that the JP does not allow cost recovery for any incentive compensation based on the performance of affiliates of Liberty's parent company. And that that resulted in the reduction of the 531,000 to 168,000. So it was reduced by 363,000 altogether to make sure that it was only benefiting the Company's customers.

COMMISSIONER BRIGHT: Okay. Thank you for that. So targets tied to -- directly tied to customer benefits?

ALJ AMYOT: Yes.

COMMISSIONER BRIGHT: So thank you. When we go over these rate cases it's clear that there is a cost to do business, and then that cost can cover so many things depending on the utility and their systems. But many times we're talking equipment, taxes, employment, local labor, machinery, moving parts, and the expertise to manage and maintain all these moving parts, not just for the machinery, but also the moving parts to operate a business, even through emergencies, continued growth, and system strain.

So I think it's important that we --

and I think it's also important that we recognize the expectation on the customer side, and expectation of performance, of safe and reliable service, and an expectation of least costs and the efficient use of ratepayer dollars. Finding ways to measure how companies are doing at meeting these expectations, provides insights, and uncover risk, and identify opportunities, which can create lasting value to ratepayers.

So I really appreciate the focus in this, JP to better align the Company's plans with customer focused outcomes. So thank you, Judge Amyot. And that's it from me.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan.

COMMISSIONER SHEEHAN: Thank you, Chair. Thank you, Judge Amyot, and Judge Lecakes, and to all the Staff who worked on this case. I know that even the small utilities take a lot of time.

And I just -- a couple of things I want to highlight. First, I do want to point out that the JP continues the Company's bill discount program for eligible low-income customers. I think that's going to be especially critical in this part of -- in this utility territory in this part of the state. So I'm grateful that that's continued, and that the Company is required to enhance their education and outreach efforts. So I do want to flag that as I think, an important component of the JP.

The other thing I did want to just highlight and maybe, not sure if I have a question, I guess I want to just confirm my understanding.

So Commissioner Valesky and I had the -- had the privilege of actually going on a field trip to see some projects in Liberty's territory, specifically RNG. And you know, sometimes it really does help to get out into the field and see what's actually happening.

And what it really did in terms of speaking for you, too, Commissioner Valesky, was highlight the relationship between, you know, the community, the economic benefits that come from generating RNG at a dairy farm in St. Lawrence County and how that gas has been used by the local utility and helps to support cost, lower cost gas for the customers.

I just want to -- so I know we're making some changes as part of the JP about how those

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

projects are financed to make sure that the risk is on the developer, which I agree with, that when you did your presentation, you mentioned the Company -- in permits the Company to seek review of green tariffs through which customers may purchase renewable natural gas generated in-state.

I just want to make sure I understand what that means, or if that's just basically the same thing that we've already talked that might -- confirms my understanding.

MR. DARMETKO: I think you were given a response to this question prior to, I think, right? So I think it's confirming your understanding --

COMMISSIONER SHEEHAN: Yes.

MR. DARMETKO: -- that the Company can petition the Commission to --

COMMISSIONER SHEEHAN: To make a change.

MR. DARMETKO: -- to make a filing, to make a change to their tariff.

COMMISSIONER SHEEHAN: Okay.

MR. DARMETKO: To be able acquire the, I'll say the environmental attributes if the customers seek it out.

COMMISSIONER SHEEHAN: Okay. That's helpful. Great. So the bottom line is that the Company's commitment to doing RNG in-state is not undermined at all by the JP, which is the thing that I mostly cared about.

MR. DARMETKO: Yeah. That's correct.

COMMISSIONER SHEEHAN: Okay. And again because I do see and you see the benefits directly of these projects when you visit and you see the relationship between the farm, the developer and the Company, and ultimately to the customer. So I wanted to review that one more time for the record. So thank you.

I do agree that the JP is consistent with our guidelines for agreeing to a settlement for reviewing a settlement and that it does continue safe and reliable service at just and reasonable rates. So I will be supporting it. Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Valova?

COMMISSIONER VALOVA: Thank you. So -- thank you, Judge Amyot for the presentation, for Staff's work, for all the stakeholders who participated. I will also be supporting the Joint

Proposal or the order adopting the Joint Proposal. Commissioner Sheehan stole my question.

COMMISSIONER SHEEHAN: Oh, I'm sorry.

COMMISSIONER VALOVA: But thank you. So I have the answer. I want to also echo Commissioner Bright's appreciation for the emphasis in the Joint Proposal on -- I think she said it very well, better aligning the Company's plans with direct benefits to ratepayers. So with that, I will support. Thank you.

CHAIR CHRISTIAN: Thank you.

Now, I'll conduct a call for a vote. My vote is in favor of the recommendation contained in the draft order as discussed.

Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky?

COMMISSIONER VALESKY: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore?

COMMISSIONER VALESKY: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

COMMISSIONER BRIGHT: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan?

COMMISSIONER SHEEHAN: Yes.

CHAIR CHRISTIAN: Thank you.

And Commissioner Valova?

COMMISSIONER VALOVA: Yes.

CHAIR CHRISTIAN: Thank you.

The item is approved and the recommendations are adopted. Thank you, everyone.

Now, we begin moving to our second item for discussion today. Item 201, case 25-E-0072 and 25-G-0073, as it relates to Con Edison electric and gas rates.

It'll be presented today by Nicholas Planty. Tara Kersey, Judge James Costello, Dakin Lecakes, Jim (sic) Canty and Mike Rieder are available for questions and will begin momentarily.

Thank you, everyone.

Judge Planty, please begin.

ALJ PLANTY: Thank you. Good morning, Chair and Commissioners. As mentioned, my name is Nicholas Planty. I was assigned to preside over these proceedings with Administrative Law Judges

James Costello and Tara Kersey, who are here with me this morning.

Item 201 is a draft order that would approve a Joint Proposal that establishes electric and gas delivery rate plans for Consolidated Edison Company of New York, Inc., which I will refer to as Con Edison or the Company, for a three-year period from January 1st, 2026, through December 31st, 2028. The Joint Proposal is signed by Con Edison, trial Staff of the Department of Public Service, the City of New York, Alliance for a Green Economy, Consumer Power Advocates, Electrify America, LLC, Environmental Defense Fund, National Railroad Passenger Corporation, also known as Amtrak, New York Energy Consumers Council, Inc., New York Geothermal Energy Organization, Retail Energy Supply Association, and the New York Power Authority.

The following parties are not opposing the Joint Proposal. Metropolitan Transportation Authority, or MTA, Public Utility Law Project of New York, the Utility Intervention Unit of the New York State Department of State's Division of Consumer Protection, New Yorkers for Clean Power and the Westchester Municipal Consortium, which is a group of

40 Westchester municipalities. Natural Resources Defense Council takes no position on the Joint Proposal.

The Joint Proposal is opposed by Westchester County and New York State Assembly members Chris Burdick, Dana Levenberg, and MaryJane Shimsky, collectively, individual Intervenors, Roger Caiazza, Richard Ellenbogen, and Francis Menton, collectively, who I will refer to as the individual Intervenors, New York State Senator Robert Jackson and UtiliSave, LLC.

See slide 2. Con Edison initiated these cases on January 31st, 2025, by filing new tariff leaves. After Con Edison submitted updates and corrections, Con Edison saw increases to its base electric delivery revenues of approximately $1.6 billion, and to base gas delivery revenues of approximately $349 million. Thereafter, pursuant to our procedural schedule, various parties, including Trial Staff, filed responses and rebuttal testimony. Con Edison filed a notice of impending settlement negotiations on June 24th, 2025.

Negotiations ultimately resulted in the Joint Proposal, which was filed November 5th,

2025. We conducted an evidentiary hearing on the Joint Proposal on December 3rd, 2025. At the hearing, we admitted evidence consisting of, among other things, one -- over 1,240 exhibits, testimony on the Joint Proposal by UtiliSave, testimony regarding Con Edison's most recently completed operations management audits, and testimony on cross-examination of a panel consisting of various witnesses for the Company and DPS Staff. Various briefs were filed before and after the hearing.

Con Edison initially requested a single year increase to base electric delivery revenues of approximately $1.6 billion, and to base gas delivery revenues of approximately $440.5 million. In response, Trial Staff had recommended an increase to base electric delivery revenues of approximately $411.87 million and a decrease to base gas delivery revenues of approximately $15.22 million. Con Edison also provided projected revenue increases for rate year 2, and rate year 3 for consideration if this case entered settlement negotiations.

The Company projected additional increases of $932 million to base electric delivery revenues and $266 million to base gas delivery revenues in rate year 2 and $880 million to base electric delivery revenues, and $166 million to base gas revenues in rate year 3. The Joint Proposal, after shaping the year over year revenue requirement increases to reduce bill volatility in any single rate year, recommends electric delivery service revenue increases of $234 million, which is 4.4 percent delivery, or 2.8 percent total revenues in rate year 1. $409.7 million, which is 4.4 percent delivery, or 2.8 percent total revenues in rate year 2, and $421.1 million, which is 4.2 percent delivery, or 2.8 percent total revenues in rate year 3.

See slide 3. After shaping, the Joint Proposal recommends revenue requirement increases for gas delivery service of $27.5 million, which is 2.8 percent delivery, or 2.0 percent total revenues in rate year 1. $68.8 million, which is 2.8 percent delivery, or 2.0 percent total revenues in rate year 2. And $70.3 million, which is 2.8 percent delivery, or 2.0 percent total revenues in rate year 3.

See slide 4. For context, the record shows projected overall inflation rates of 2.4 percent during rate year 1, 2.2 percent during rate

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

year 2 and 2.1 percent during rate year 3. This information shows that the total electric revenue increases of 2.8 percent per rate year are near the projected rates of inflation, and the total gas revenue increases of 2.0 percent per rate year are below the projected rates of inflation.

If adopted, the Joint Proposals increases will result in residential electric bills for a typical New York City customer using 280 kilowatt hours per month, increasing by $4, which is 5.3 percent delivery, or 3.9 percent total bill in rate year 1. $3.55, which is 4.5 percent delivery or 3.3 percent total bill in rate year 2. And $3.58, which is 4.3 percent delivery, or 3.2 percent total bill in rate year 3.

For a typical residential Westchester electric customer using 425 kilowatt hours per month. The electric bill will increase by $5.25 -- and $0.27, which is 5 percent delivery or 3.6 percent total bill in rate year 1. $4.94, which is 4.5 percent delivery, or 3.3 percent total bill in rate year 2. And $4.95, which is 4.3 percent delivery, or 3.2 percent total bill in rate year 3.

As shaped the residential gas bill for

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

a typical heating customer, using one hundred therms per month will increase by $5.73, which is 3.1 percent delivery, or 2.4 percent total bill in rate year 1. $19.32, which is 10.2 percent delivery, or 7.8 percent total bill in rate year 2. And $15.08, which is 7.2 percent delivery, or 5.6 percent total bill in rate year 3.

These bill impacts include the effect of the Joint Proposals one month make whole provision as the first rate year begins as of January 1st, 2026. The cumulative electric revenue increase over the three-year term of the electric rate plan is driven in large part by the revenue requirement impact of adding $724 million to the Company's net plant and service, and associated depreciation. $306 million in property tax expenses, $186 million in pension and other post-employment benefits costs, and $113 million from changes in the Company's capital structure, primarily due to the increase to the return on equity, or ROE, from 9.25 percent in the previous rate plans to 9.4 percent in the Joint Proposal.

The cumulative electric revenue increases also reflect revenue requirement offsets, such as decreases by $98 million and other operating revenues, and $302 million for the amortization of customer credits, and an increase of $193 million in net sales revenues, which decreases the revenue requirement.

Notably, expected increases to Con Edison's property taxes alone account for approximately twenty-six percent of the electric revenue requirement.

See slide 5. To assist customers facing utility bill increases, the electric revenue requirements incorporate several measures to mitigate rates and address energy affordability. The Joint Proposal holds electric depreciation expense at rate year 1 levels for all three rate years, and limits recovery of reserve deficiencies, which reduce electric revenue requirement by $143.5 million in rate year 1, $111.1 million in rate year 2, and $154 million in rate year 3.

The parties have included productivity adjustments in the Joint Proposal of three percent in rate year 1 and two percent in each of rate year 2 and rate year 3, which has reduced the cumulative electric revenue requirements by $124.8 million. In addition, the parties have offset part of the revenue requirement increases by applying an existing unbilled revenue regulatory liability to further reduce the cumulative electric revenue requirements by $250 million.

Drivers of the cumulative gas revenue requirement increase include the addition of $189 million in infrastructure to net plant and depreciation, $35 million in expected property tax increases, $42 million for expected decreases in net sales revenues, $421 million for increases in operations and maintenance or O&M expenses. $36 million from the changes in the Company's ROE and $25 million for labor and benefits expenses.

The cumulative total increase also reflects revenue requirement offsets, such as decreases of $26 million and other rate base and $69 million from the amortization of customer credits, and an increase of $58 million in other operating revenues, which decreases the revenue requirement.

Similar to the electric revenue requirement increases, property tax expense increases account for approximately twenty-two percent of the gas revenue requirements.

See slide 6. The gas revenue requirements incorporate the same measures applied to the electric revenue requirements to mitigate rates and address energy affordability. By holding the gas depreciation expense at rate year 1 levels for all three years and limiting recovery of reserve deficiencies, the Joint Proposal reduced the gas revenue requirements by $59.6 million over rate year 1, $25.1 million in rate year 2 and $23.3 million in rate year 3.

The productivity adjustments incorporated into the Joint Proposal reduce the cumulative gas revenue requirements by $31.7 million, and the application of customer credits for unbilled revenues reduce the cumulative gas revenue requirements by $140 million.

Senator Jackson, as well as Westchester County and Assembly members Burdick, Levenberg, and Shimsky, opposed the Joint Proposals, revenue and corresponding bill increases. However, the Joint Proposals' opponents do not identify nor provide evidence on any specific capital expenditures, O&M expenses, or other expenses that could be reduced to achieve lower rates without impairing the Company's ability to provide safe, adequate and reliable service.

The record demonstrates that the Joint Proposals Revenue increases are necessary to provide sufficient funding for Con Edison to continue to meet projected increases in electric demand, maintain its electric and gas systems, operate those systems safely, and to deliver reliable essential services to customers while meeting State and Commission policies.

The opponents criticized the Joint Proposal's inclusion of a 9.4 percent return on equity. Although the 9.4 percent ROE is the product of a settlement compromise, it falls within the range of the 10 percent proposed by the Company and is much closer to the 9.3 percent recommended by Trial Staff for a single year rate limit.

In addition, the record shows that the ROE reasonably balances the return requirements of Con Edison investors with its customers' expectations of safe and reliable service at just and reasonable rates, and that the multi-year rate plans will provide relative predictability and stability to Con Edison's operations and its customers.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

The Joint Proposal's ROE reflects the economic conditions at the time the parties entered into the agreement, provides for the constitutionally required opportunity for a utility to earn a fair return on its prudently incurred infrastructure investments used to serve the public, accounts for the financial risk associated with multiyear plans, and compares favorably to the Commission's recent adoption of three year rate plans for Central Hudson and National Grid in August 2025, that provided for a 9.5 percent ROE in both cases.

Notably, the 9.4 percent ROE allowed in the Joint Proposal continues the trend that New York's allowed ROE for investor-owned utilities remains lower than the national average ROE.

See slide 7 and 8. We will now address other arguments made in opposition to the Joint Proposal.

The Joint Proposal expands and extends a one year price guarantee to residential ground source heat and residential air source heat pump customers who enroll in either an optional demand-based rate or an optional seasonal time of use rate. The individual Intervenors object to the provision, claiming that it acts as a loss leader to entice customers to a rate that will cost more in the long run.

The opponents also criticize the Joint Proposal for not specifying what happens after the one year guarantee expires. The record shows, however, that the individual Intervenors mischaracterized the provision, which essentially gives eligible ratepayers a risk free one year trial period to take service under a different service subclass to compare which rate best serves their own circumstances. Moreover, such ratepayers are not locked in and may return to service under Service Class 1, rate 1, if they choose.

Westchester County and Assembly Members Burdick, Levenberg, and Shimsky argue that Westchester County customers are unfairly subsidizing the high property taxes imposed by New York City on Con Edison infrastructure. However, precedent shows that this criticism is not unique to this case, and that the Commission previously rejected the same argument in setting Con Edison electric rates in case 08-E-0539.

In that case, the Commission

determined that property taxes are imposed on facilities and land held and used for the Company's delivery service in its totality, and thus are an ancillary cost of having and using the property to its entire customer base for the purposes of providing essential utility services, regardless of any individual ratepayers location within the service territory.

The Commission's holding and rationale in case 08-E-0539 are equally applicable to the present circumstances and the Joint Proposal. Westchester County and Assembly Members Burdick, Levenberg, and Shimsky also argue that given the energy requirements associated with the rapid growth of AI data centers, a provision should be added to the Joint Proposal to support a generic proceeding to analyze the impact of AI data centers on Con Edison's operations and costs, and determine if a separate rate classification should be adopted for AI data centers.

This argument does not warrant rejection or modification of the Joint Proposal, because the opposing parties or other stakeholders are free to petition the Commission for commencement of a generic proceeding addressing AI data centers, particularly given the limited scope of individual utility rate proceedings, where not all prospective stakeholders are participating.

The Joint Proposal supports planned electric capital spending of approximately $3.9 billion in rate year 1, $3.8 billion in rate year 2 and $4.1 billion in rate year 3.  These investments support 312 electric capital projects or programs, including the construction of nine new transmission and distribution substations across the Company's service area that the record demonstrates are necessary to address growing electric loads.

The funding of work needed to connect new customers to the Company's electric system.  The replacement of substation power transformers that are at the end of their useful life and need to be replaced to address reliability, the undergrounding of electrical distribution feeds and installation of submersible transformers, and the replacement of failed cable sections and transformers.

The individual Intervenors object to the capital expenditure budgets, asserting that they create, quote, "Large rate increases for projects not necessary or germane to reliability and safety of the electrical system, and are instead intended to support extraneous climate goals that are impossible or infeasible." End quote.

However, the Company has consistently stated throughout these proceedings and the signatory parties agree that the electric projects and programs in the Joint Proposal are designed to ensure the continuation of safe and reliable service. And that although some of those projects and programs have the ancillary effect of supporting decarbonization goals. The capital budgets cannot be parsed out to identify any specific projects and programs that are intended only to support CLCPA goals.

In our review, we have determined that the independent Intervenors fail to provide any convincing argument or evidence to support their position. The independent Intervenors also argue that there is insufficient bulk transmission capacity to support the electric capital projects and programs. However, these arguments are outside the scope of these rate cases and in any event are speculative. Both the New York Independent System Operator or NYISO, and the Commission will address those issues.

The NYISO, through its short-term reliability process. And the Commission in a proceeding instituted on December 18th, 2025, in case 25-E-0764, to ensure that all appropriate steps are taken to address reliability needs in New York City, and that safe and adequate service is continually maintained for the short and long term.

Finally, the independent Intervenors argument that providing incentives, promoting building electrification and electric vehicle adoption will increase GHG emissions due to insufficient zero emissions generation sources, and an increase in fossil fuel use to generate electricity to meet those projects and programs is also speculative, does not account for the ongoing development of wind and solar energy in the state and ignores relevant state and local laws and policies. The Commission continues to take steps to implement the CLCPA's directive to develop a renewable energy program under which New York State's electrical demand system will be zero emission by 2040.

The Joint Proposal includes various programs designed to enhance Con Edison's customer service, including information technology program reporting, suspension of residential service, termination during qualifying hot and cold weather events, expanded language access, improved procedures for recoding customers as electric heat customers, and outreach and education. All of these provisions are uncontested, although UtiliSave criticizes the Company's bills for not being transparent because they do not disclose specific information that UtiliSave argues should be provided for customers to understand their bills.

The Joint Proposal and signatory parties explain why UtiliSave's arguments are insufficient to require any modification, including the fact that UtiliSave did not raise such issues in testimony before the parties completed negotiations on the Joint Proposal. In contrast, Consumer Power Advocates statement in support states that, quote, "The Joint Proposal recognizes and endorses the commitment to billing transparency advocated in its testimony in this rate case." End quote.

The Joint Proposal's Energy Affordability Program, or EAP provisions, are not contested. The provisions include increased target costs for the electric discount component of the EAP of $213.7 million per rate year, up from $166.3 million per rate year in the prior rate order, and the gas discount component of the EAP of $43.6 million per rate year, up from $35.8 million per rate year in the prior rate order.

While the Joint Proposals EAP budgets are based on estimations of the number of customers. Enrollment is open to all qualifying customers without limit.  Customers enrolled in the EAP will no longer be subject to meter reconnection fees following termination of electric or gas service. Also, the Company will further amend its electric and gas tariffs to implement the enhanced EAP as required by the Commission's July 17th, 2025 and September 19th, 2025 orders.

The Company will also enhance its partnerships with community-based organizations to improve outreach for the EAP and disadvantaged communities through mailings, informational meetings, and other strategies.

The draft order concludes that the rate plans proposed in the Joint Proposal conform with Section 7(2) and Section 7(3) of the CLCPA.

Although Senator Jackson opposes the Joint Proposal. His statement of opposition nonetheless includes a list of various provisions that he supports and acknowledges constructive progress in other specified areas.

Likewise, the statement of support filed by Westchester County and Assembly members Burdick, Levenberg, and Shimsky highlights their support for a number of the proposed rate plans, customer protections, as well as provisions that assist meeting the state's climate goals.

In establishing electric and gas rate plans, the Commission must find that the proposed rates assure the continuation of safe and adequate service at just and reasonable rates and produce a result that is in the public interest. A negotiated Joint Proposal must meet the public interest standard after the Commission's consideration of the following factors. Whether the Joint Proposal balances the protection of consumers with fairness to investors and the long-term viability of the utility, whether it is consistent with the environmental, social, and economic policies of the Commission and the State. Whether it falls within the range of reasonable

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

likely outcomes that would have resulted in a fully litigated proceeding, and whether the record provides a rational basis for the Commission's adoption of it.

These factors and considerations in the context of the negotiated settlement are themselves elements of the public interest standard. Based on a thorough evaluation of the record in this presentation of our findings, we believe that the Joint Proposal satisfies these criteria.

Finally, Administrative Law Judge Maureen Leary was assigned as a settlement judge in this case, and we want to give her due credit for her work. We also want to give due credit to the participating parties for all of their hard work on this case and thank the Senior Advisory Staff team assisting us here today.

That concludes our presentation and we are available for any questions you may have.

CHAIR CHRISTIAN: Thank you, Judge Planty. I appreciate the work that's gone into this. I do have one question before I make my remarks, you referenced case 08-E-0539, in reference to the treatment of taxes, consideration of taxes between

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Westchester and New York City, based on that number, I'm assuming that was the Con Ed rate case from 2008, 2009; is that correct?

MS. KERSEY: That's correct. Yes.

**

CHAIR CHRISTIAN: Got it. So -- so that's a -- that's a decision that pre-dates. All right. Yeah. Everybody here from almost twenty years ago. I just wanted to confirm the dates on that. So thank you.

Okay. We're doing two rate cases today. This being the second. I want to take a little more time and just talk about some of the discussions that have taken place.

SECRETARY PHILLIPS: So we're just -- we're trying to get back to a picture of the Commissioners instead of a picture of the slides.

CHAIR CHRISTIAN: I see. Well, they are nice slides.

SECRETARY PHILLIPS: I'm sorry?

CHAIR CHRISTIAN: They are nice slides.

SECRETARY PHILLIPS: They are. There we go.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

CHAIR CHRISTIAN: And we're back.

SECRETARY PHILLIPS: Thank you.

CHAIR CHRISTIAN: Thank you. Apologies for the technical issue.

So this being the second rate case, I want to take some time to just talk about the process and how it's come about over the last few years.

When I think about the rate case process, I look at them as a snapshot in time. Something that's developed over the course of an eleven-month process that captures the priorities and the needs from multiple perspectives and distills that all down into a portfolio of investments that are highly capital intensive, very long lasting, and critical to achieving the various priorities initially considered.

The resulting Commission action approving a rate case is based on information established in the record at the time and is consistent with the State law in place at the time. And though a snapshot in time, the rate case process and the outcomes, those are built on a foundation of meticulously crafted legal, regulatory, and policy decisions. A foundation predicated on the idea that law, not politics, be the basis upon which we regulate utilities providing our essential services.

This is a foundation that affects every aspect of the rate case process, including, as just discussed, the treatment of property taxes. Also, the formula used to determine the return on equity and a variety of other considerations. Far too many to list. But this is importantly a foundation built through experience. And to paraphrase Oscar Wilde, experience is the hardest teacher that gives you the test first and the lesson after. And we at this Commission have learned many such lessons through past experience.

Experience reinforces the fact that the rate case process is the best approach for identifying the right portfolio of investments needed to meet the needs of our systems. Now, this process includes the basics as Commissioner Bright mentioned, wires, pipes, complex equipment, transformers, switchgear, and various operational needs, bucket trucks, skilled labor, insurance, and a variety of other costs. All of these are necessary to keep the system running, and the balance we strive to achieve through the rate case process aims to keep the entire system in the best possible condition. So we can count on it during times when it can -- when external conditions are at their most extreme.

Now, how we do this is a reflection of long-standing judgments, and it's based on decades of experience. Experience about how best to deliver the Commission's mandate to provide safe, reliable, and adequate service at just and reasonable rates. As a result, they are not easily or quickly altered, not without careful consideration of broader consequences.

What is striking, though, is this very paradigm some commenters urge the Commission to revisit are the same ones that have underpinned the safety and reliability of the energy system, on which every New Yorker depends, every hour of every day, every year.

These structures have enabled utilities to effectively plan and maintain infrastructure that we are now asking to perform under increasingly complex and demanding conditions. Now, none of this is to suggest that reform is impossible or undesirable. To the contrary, this Commission has demonstrated clearly and repeatedly in recent years a willingness to examine, refine, and in some cases fundamentally reshape regulatory approaches in response to changing circumstances.

When it comes to maintaining utility services, reform is best done through targeted, incremental actions. Such an approach is more likely to achieve the best outcomes without adverse consequences. To do otherwise would set aside the law when it becomes inconvenient and would put our energy systems at risk, erode trust and invalidate past commitments. The outcome would be a weakening of the foundations that keep our systems functioning.

That's -- now to the case before us today. Again, I want to thank Staff for their hard work in bringing this about. Again, every rate case is a feat. This one is no exception. And I know it's an outcome many of you take pride in. And I want to start with a few figures.

This particular rate case involved four virtual and fourteen in-person public statement hearings over the course of the eleven, twelve months, we received roughly 14,000 comments written or public statements. Of the parties, twelve supported the proposal outright, another five affirmatively stated they don't oppose. And several of the parties who did oppose, as you pointed out in your statement, ultimately felt there were many positive outcomes included in the rate case.

And let's take a moment to let that sink in for a moment. It's through this engagement by parties, even those who oppose the final JP, that the proposal reflects reductions in rates for Con Ed's electric and gas business of nearly eighty-seven percent from what was initially proposed by the Company in their initial filing.

Now, what Department Staff heard and what the order represents today, is a reaction to the world in which we live in. One that is characterized by increasing costs that are far beyond the cost of energy alone. Food, housing, and inflation are increasing at a rate far faster than wages. The common interest of managing these pressures is what resulted in this negotiated outcome. Many compromises were made. Compromises by diverse and frankly adversarial parties, with strong incentives to focus narrowly on their individual interests.

And while the order before us certainly reflects that reality, what I see is the power of working towards a shared outcome, an outcome that is best for New Yorkers. And this settlement guarantees benefits to ratepayers that could not have been secured in a litigated case. As public officials, we all take on the responsibility of accountability. And without that accountability, we risk losing public trust.

I take this responsibility, and I know my fellow Commissioners do as well. I take it with the utmost seriousness. It is my expectation that colleagues elected to the State legislature and City Council, many of whom I have heard from directly or seen in the media over the last several weeks do the same.

I received recently a letter from 120 officials spanning both State and City government. Of these officials, three were party to the case. So, of the 120, 3 were actual parties to the case. The suggestion that temporary rates be established in lieu of the negotiated agreement is not warranted, given the successful outcomes achieved by the JP. There is a time and place for temporary rates. Notably, for example, when additional time will likely result in a better permanent outcome than what can be achieved on the original schedule of the rate case, and that was not the case here.

I'll note that multiple officials have called for a lower ROE, citing previous rate cases and recent Staff testimony in a different case. As noted, and shown on the slide, that was up for a little bit longer than expected. We take great efforts to set an ROE that minimizes customer costs as much as possible while maintaining the financial integrity of the utility. And we do so to ensure that ROEs are among the lowest possible. And we have evidence showing that ROEs in New York are among the lowest of utilities in the country.

When we set an ROE, it's not a guarantee, it's an opportunity to earn that amount, should the Company manage its obligations and operations with the efficiency needed to achieve that outcome. Now, this 9.4 percent ROE of the Joint Proposal, this is a result of the negotiated agreement at a specific point in time. It reflects the economic conditions at the time the agreement was reached, as well as a recognition of the additional risks of this multi-year agreement.

This includes financial risks and

economic conditions that could change. Investor return requirements that could increase. And the inherent business risk that costs could rise faster than projected. Further, should the Company manage to keep costs even lower than their forecast suggest and earn in excess of the ROE allowed, the agreement includes an earnings sharing mechanism designed to capture savings and return those to customers.

So if the customer (sic) finds enough money to earn over 9.9 percent, then customers receive at least 50 percent of those savings. In addition, half of the Company's share of any such savings are used to write down site investigation and remediation balances, leading to additional customer savings. And when the Company comes in for rates again, it will be setting rates based on these lower costs.

Now, I want to take a moment to again, thank everyone involved in the process and express my appreciation not just for DPS Staff, but for all the stakeholders. That is how we achieve the best outcome for New Yorkers. And I thank you all for your hard work in bringing this before the Commission today.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Commissioner Alesi?

COMMISSIONER ALESI: Thank you, Chairman.

As always, I guess I have to start with complimenting the panel and all the professionals that delivered this today, as well as the people that we're not seeing that worked on all of this.

Now, let me say, I understand the emotional reaction to any proposal to raise any prices anywhere, whether it's a grocery store or whether it's here for the cost of gas and electric, et cetera, et cetera. We all understand that. And it can become an emotional issue. I'd also point out that in my history, I've served as a county legislator, a member of the Assembly, and a member of the Senate. And I understand the passion that those people have when it comes to serving their constituents.

We have a different focus. We do have a responsibility to serve the general public, but our responsibility also extends to the fact that we have to keep vital services alive and healthy as well. Otherwise nobody gets serviced. So looking at this -- and thank you again for an excellent job, which is the basis of the -- providing your remarks today. It's very clear we have a simple pattern. I hate to keep going back to it. I will point out that based on an almost eighty-seven percent reduction in the initial ask across the board that we -- that we are providing a vital service to the general public. And it's one that is almost guaranteed to serve them the way they need to be served, and to keep this utility in operation. That's really what we have to do.

So it is in the public interest to do what the net result of this negotiation does, and it does it well within the range of inflation, which is not entirely predictable. But over the course of these three years, it's fairly predictable.

Emotionally, I could join anybody and say, "I don't want my rates increased," and nobody could argue with that emotional part of it. But on balance, we have to do this. It's our responsibility here as Commissioners, not as anything else, to take what you have given us and deal with it appropriately, which in my opinion means a yes vote, which you will get.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky?

COMMISSIONER VALESKY: Thank you, Chair Christian. I listened carefully to your presentation. What I thought was extremely well done. And certainly, I don't see a need to repeat anything that you have already said. And I would just for the record state that I'm in complete agreement with your comments and appreciate that presentation. Judge Planty, thank you and your judicial colleagues and the entire team that worked so hard on this case. There's a lot here, obviously. We all know that.

I just have one question, if I could in regard to one of the twelve -- I think you indicated twelve signatories to the proposal was with the City of New York. At the time the proposal was submitted, in early November, I believe, the Joint Proposal, certainly to the City administration, was the now former administration. Is there anything in the record from the new administration or current administration since the 1st of January, I guess, that would support and/or contradict anything that the now former administration shared as it relates to this Joint Proposal?

ALJ PLANTY: No.

COMMISSIONER VALESKY: We've heard nothing from the City of New York under its new administration?

MS. KERSEY: Not to our knowledge. No.

ALJ PLANTY: Nothing's been formally filed in this case at all. Despite any comments that may have been made in the media or anything.

COMMISSIONER VALESKY: Okay. That's what I'm getting at. Yeah. So the record itself shows No, OK. Our question when you boil all of this down comes down to your conclusion, Judge Planty, as Commissioners, we are asked to vote on one question. One question, does this meet the public interest standard? Does the Joint Proposal that you have presented to us meet the public interest standard, I am convinced that it certainly does.

And as a result, we will be supporting this order. Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore?

COMMISSIONER MAGGIORE: Thank you.

Thank you for the presentation. I have several questions about some of the items that you raised. And I'm going to start by asking some questions about the ROE. And I'd like to explore the justification for our approving it rather than how we got there.

So won't investors be making more money than in the past because of increased capital expenditures? And if that's the case, wouldn't that justify a lower ROE?

MR. HOGAN: Commissioner, I'll take that question. Investors will make more on an overall basis, the total profit for the Company, the total shareholder return will be higher. The number of dollars. Millions.

COMMISSIONER MAGGIORE: Yeah.

MR. HOGAN: The return that each investor receives for every dollar invested will be the same. The we you heard about the approximate $4 billion per year of additional CapEx that's needed. In order to build that that infrastructure, you need to raise funds, whether it be through debt or through equity. The equity has to have an appealing rate for new investors to come along. They invest. Everyone gets the same return. So it's a -- the size of the pie is growing and that does increase the total profit level. But the ROE is the same for all 9.4 in this case.

COMMISSIONER MAGGIORE: Okay. Well, how low could it go before Con Ed's bond rating is broken? And if it could go lower than 9.4, why don't we insist on that?

MR. HOGAN: So credit ratings are based on many factors. Two prominent ones are the regulatory regime where the utility operates here in New York. Also the financial strength of the Company, which is measured by the credit metrics of the Company. I'd say that if the Commission rejected this agreement on this whole basis of ROE, that would signal a very large change to the approach of the Commission. It would indicate that this regulatory regime is tougher on utilities than it had been, tougher than was already mentioned in almost any state in the country has higher average ROEs than we do, in terms of a lot of ROEs.

So that change regulatory regime would have an impact on the credit ratings/debt costs of the Company alone. It would not only affect Con

Edison but would also affect future rate cases for other companies as well until another change is seen in terms of the way the Commission is approacing things. Specifically to Con Edison it would impact the credit rating because the credit metrics of the Company would be poor. The profit of the Company, the cash flow, the Company would be lower, and that would lead to lower credit metrics.

Exactly what level would lead to a downgrade is a qualitative thing and would be weighed with everything else I just mentioned in terms of regulatory regime and such. We do look at -- the Staff looks at in every case the current rating and what credit metrics are required to maintain that rating. Con Edison has an A-minus rating by S&P equivalent by Moody's. The Joint Proposal produces credit metrics that support that.

I think that if you go below nine percent, for instance, in ROE, you get into an area where there'd be pressure for a downgrade just from the credit metrics alone, not even mention the regulatory regime aspect that I already mentioned.

COMMISSIONER MAGGIORE: Okay. And a downgrade would end up costing ratepayers more?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

MR. HOGAN: It would cost ratepayers more in debt costs.

COMMISSIONER MAGGIORE: Yeah.

MR. HOGAN: And it's not only a downgrade that can happen if you have very nuanced investors who invest a lot of money, very intelligent. Even if the rating change hasn't occurred yet, they will take note of those changes. And no doubt there will be an incremental increase in debt cost. So some of the savings that you get from lowering the ROE would be lost to a higher debt expense.

COMMISSIONER MAGGIORE: Okay. Just one last question on this. Procedurally, if despite everything you said, the Commission explicitly rejected the order because you wanted to a lower ROE. What would happen next?

MR. HOGAN: I'll touch on the financial piece as opposed to the procedural part. The financial piece, I would say it's what I described, the reaction from the credit rating agencies. We just saw a couple of days ago Moody's released a review of one of our other utilities. And talked about the rating is dependent on the rate case outcome. They pay a lot of attention to that.

So I think that we would open up the Company to a rating downgrade. I think that you would have higher debt costs than had been forecasted. If the Company agreed to the Joint Proposal with this change, they would have lower revenue than expected. Their debt costs would be higher. In future rate cases, we would be facing higher debt costs than we would have otherwise felt. If the Company rejected that change to the Joint Proposal, you'd have a litigated case. I think your return on equity would be still in the low nines and very similar number. And you may still have the damage from the debt cost increasing.

COMMISSIONER MAGGIORE: Okay. Thank you.

I'm going to shift to asking some questions about local taxes. And I think, Judge Planty, you mentioned that twenty-six percent of the rate increase is going toward local taxes.

What percentage of the delivery portion of Con Ed's customer's bills goes toward local taxes?

MR. CANTY: I'll take that question.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

When you include property taxes and revenue taxes, which are made up of GRT and MTA approximately thirty-two percent of the electric delivery bill goes to local taxes, and about twenty-seven percent of the gas delivery bill goes to local taxes.

COMMISSIONER MAGGIORE: Okay. So about a third of the electric bill and more than a quarter of the gas bill?

MR. CANTY: That's correct.

COMMISSIONER MAGGIORE: Okay. And how much revenue does New York City and Westchester County get from these taxes?

MR. CANTY: New York City gets about $2.3 billion a year on average over the three-year rate plan for electric. Westchester, it's approximately 180 million from electric. For gas, New York City gets $492 million on average. And Westchester gets about $77 million.

COMMISSIONER MAGGIORE: Okay. And are companies like Con Ed legally entitled to recover the cost of local taxes through rates?

MR. CANTY: Yes. Legitimate costs of doing business. Utilities are entitled to recover those costs and rates.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

COMMISSIONER MAGGIORE: Okay. But local government collects revenues from an income tax. The amount of revenue is directly related to the taxpayer's income. If the local government imposes a property tax on property owners, the amount collected is related to the value of the property. Does the utility pass on its tax burden in a progressive manner, tied to ratepayers' income, or the value of their property, or their ability to pay?

MR. CANTY: No. The utility does not pass these tax burdens on the customers in a progressive manner. The utility charges customers based on the usage and the service class rate for that customer. It's not tied to ratepayers' income, property value, or the ability to pay. Although Con Ed does have an energy affordability program for customers who qualify.

COMMISSIONER MAGGIORE: Okay. Do the tax revenues collected from the utilities go to the local government general fund, or are the revenues segregated for use related to the delivery of energy?

MR. CANTY: Generally the property tax is collected go to the general fund and the local tax jurisdiction.

COMMISSIONER MAGGIORE: Okay. So this is more of a statement than a question. So a percentage of the delivery cost of people's energy bills go towards the pot of money used to pay for such things as some of the salaries of some of the elected officials who are asking us to vote against this?

MR. CANTY: That's correct.

COMMISSIONER MAGGIORE: Okay. Am I correct that these taxes were approved by local and state governments and that those entities have the power, unlike the Public Service Commission, to repeal these taxes and perhaps replace them with more progressive way of raising the same amount of revenue?

MR. CANTY: That's also correct.

COMMISSIONER MAGGIORE: Okay. I'm going to shift to some of the issues that were raised by the individual Intervenor group and CLCPA. Now, I just spent some time exploring a cost recovery that's behind the major portion of ratepayers' energy bills, for which we have no legal authority to reject.

I'd like to spend a little bit of time on something that some commentators, the individual

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Intervenors, seem to believe is a major driver of this rate increase and that we can do something about, which is the CLCPA, also known as the State's climate law.

So Judge Planty, you characterized some of the basic issues, and I just want to see if you would agree with my characterization. So they're saying that the legal mandates of the CLCPA cannot possibly be met, and because they can't be met Con Ed should identify those costs incurred as a result of the CLCPA so that we, the Public Service Commission, can reject Con Ed's requests to recover those costs.

Do you agree with that characterization?

ALJ LECAKES: Hi, Commissioner. Yeah. That's essentially what they asked is for Con Edison to separate out all the costs that are solely attributable to the CLCPA, so the Commission could discard those as wasteful.

COMMISSIONER MAGGIORE: Okay. And would you also agree with my characterization of Con Ed's response that -- and I'm going to quote from their response, "It cannot isolate and eliminate CLCPA related programs or projects, because projects needed for safe and reliable service may also enable customers to adopt clean energy measures, such as building or vehicle electrification."

ALJ LECAKES: Right. They're essentially saying that there's no way to directly attribute the cost to CLCPA mandate.

COMMISSIONER MAGGIORE: Do you agree with that statement from Con Ed?

ALJ LECAKES: Yes.

COMMISSIONER MAGGIORE: Okay. Is it fair to say that in contrast to local taxes, that there is not a dollar amount in this rate plan that could be attributed to the CLCPA?

ALJ LECAKES: Right. So first of all, for local taxes, you have a direct expense. You have evidence of that through a tax bill. There's nothing like that related to the CLCPA. Instead, the CLCPA is basically a guide that helps shape programs but doesn't create any identifiable individual cost.

COMMISSIONER MAGGIORE: Okay. The Company's proposed gas projects and programs are estimated to reduce emissions by over 31,000 metric tons over a three-year rate plan and Building Electrification Electric Vehicles program are projected to reduce emissions by an additional seven million metric tons over the three-year rate plan, when compared to forecasted electric and delivery volume.

Does this mean that approval of this order will lead to reduced emissions three years from now compared to today? In other words, is approval of this order not simply not consistent with the CLCPA, but will it help New York achieve its emissions goal?

ALJ LECAKES: So what I'll say to caveat the answer that I'm about to give is that we have a long history of rate cases in the CLCPA, looking at what impacts are on the utility's plant, and it doesn't take into account the upstream impacts from end users. But as far as this rate case is concerned, yes, it is going to result in reduced emissions from the Company's transmission and delivery service.

COMMISSIONER MAGGIORE: Okay. And my last question along these lines is, are there aspects of the JP that impose upon Con Ed's direction -- imposed upon Con Ed directions that will help advance the State's emissions goals beyond what was initially proposed by Con Ed?

ALJ LECAKES: So there as we just mentioned directives to the Company in the JP for programs and things to implement the CLCPA that are going to result in reductions overall for their plant. As for whether it's beyond what was initially proposed, it's not part of the analysis that was done in reviewing the JP, the review was done on the JP's programs relative to the public interest standard.

COMMISSIONER MAGGIORE: Okay. Just a couple last questions and then shifting gears a little bit. As Judge Planty mentioned that recent comments maintained that artificial intelligence data centers are responsible for and should absorb the rising costs and rates. You would you address that, Con Ed said that they would support and participate in any generic proceedings initiated by the Commission to examine you address that as well? So I mean, to me, this seems like a good idea.

Can we do this?

ALJ COSTELLO: Yes, that can be done, Commissioner. The Commission on its own motion or on petition by a party or somebody else that's interested can start a generic proceeding to look into these issues.

COMMISSIONER MAGGIORE: Okay. Thank you. And my final question, and then I'll make a comment. Is the settled outcome superior to what may have been achieved through a fully-litigated proceeding?

ALJ COSTELLO: Yes, it is superior. And I think Judge Planty this mentioned several things in his comments. It -- it affords a three-year-rate plan, which basically addresses affordability concerns and provides predictability for ratepayers, as well. The things that couldn't be achieved, there are also certain factors in -- that are allowed through Joint Proposals that are generally not done in litigated rate cases, you know.

COMMISSIONER MAGGIORE: Okay. Thank you very much. And thank you for the presentation and for your work on this.

I'm going to say something that's not generally understood. We are not being asked today to approve or reject a rate increase. We're being asked today to approve or reject an order. If we approve this order, rates will go up. If we reject this order, rates will go up. That said, I often feel boxed in to make the least bad choice when it comes to major rate cases.

I think this outcome, which is supported by entities ranging from the City of New York to the Alliance for a Green Economy, not opposed by entities ranging from PULP to the Westchester Municipal Consortium, is considering math, the law, and the fact that it costs money to keep the lights on, a good outcome. So thank you, I'm going to be supporting this measure.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright.

COMMISSIONER BRIGHT: Thank you, Judge Planty. That was a great presentation.

Hi, Judge Kersey and Judge Costello.

So I just have a couple of questions.

You went over, in your presentation, some specific capital projects. It included some, you know, general capital projects of transmission and distribution substations, constructing those, replacing some transformers at the end of their useful life, et cetera. And I'm just wondering if you can describe some of the transparency and accountability measures that are built into this JP to ensure that Con Edison's spending and operations on these capital expenditures are transparent, but also that they're held accountable for that spending and their performance.

MR. RIEDER: Well, good afternoon, Commissioner.

So as far as the capital spending program, there is a requirement for annual and quarterly reporting for all their capital expenditures, as laid out in Appendix 11 of the Joint Proposal.

COMMISSIONER BRIGHT: Great. Thank you. And for the performance metrics, they're still the -- similar to what we generally have on reliability, safety, and customer service?

MR. RIEDER: Absolutely. There's four related appendixes, I believe related to all those performance metrics annual reporting associated with them, the electric ones is all laid out in Appendix 17 of the Joint Proposal.

COMMISSIONER BRIGHT: Great. And on the sort of transparency and accountability, there's also the reconciliation and deferral mechanisms that are in this JP, as well?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

MR. RIEDER: Yes, there are deferrals and reconciliations.

COMMISSIONER BRIGHT: Thank you for covering that.

Moving on, you know, I just want to talk a little bit about arrears management. And right now, people are highly stressed with the costs -- with just costs right now when we go to public statement hearings, which ALJs oversee, speaking with amazing -- the amazing team at PULP, talking with some of our outstanding DPS Staff that's on the front lines at the call center within our Office of Consumer Services or our outreach and education arm of the OCS team, which travels across the state and is one of our first lines of defense when it comes to people -- helping people know their rights and understand their options.

So there's a lot of work happening on the ground, but it also seems like arrears are holding very steady at pretty high levels. They started to sort of come down in the 2022-2023 period, but there sort of now back up. And can you talk about provisions that are in this JP to address arrears management?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

ALJ KERSEY: The Company -- as I think Judge Planty had noted, the Company provides their EAP program, which provides discounts to eligible and enrolls low-income residential customers. And there is much said in the JP with respect to expanding its outreach and education efforts to -- to residential customers. I know, as Judge Planty had mentioned, the electric and gas customers who are enrolled in the EAP are not going to be subject to reconnection fees when, you know -- which is -- which is substantial. There's no limit to participating in the EAP program. There's no numerical limitation.

The Company is going to be enhancing -- it's going to be required to enhance its partnerships with community-based organizations and in order to get the word out that the EAP program exists so people are able to avail themselves of -- of the program that's out there. And in fact, the Company is required to conduct direct outreach, I believe, to at least twenty-five community-based organizations within rate year 1.

They're also going to be targeting customers who self-enroll, that are self-certified, who were previously enrolled in the EAP within the last three years, but who may no longer be enrolled in the program. So it's this constant effort to let people know of the programs that are out there that can help them when they fall on hard times. And also, they're expanding language access to twelve different languages, which, again, provides more information to people so that, when they -- when they fall on these difficult times, they're able to understand what is out there and that there are programs out there to help them bridge those gaps.

COMMISSIONER BRIGHT: Thanks so much for covering that.

So I had a question on the residential time of use and demand-based rates. Can you just elaborate a little bit more on the adjustments and requirements in this JP around the service class 1 residential rates, but also how customers are made aware of those, as well --

ALJ KERSEY: Sure. Sure.

COMMISSIONER BRIGHT: -- and why they might see those as beneficial.

ALJ KERSEY: Sure. So SC1 rate 1 is the residential customer volumetric rate. And SC1 rate 3 is an optional volumetric seasonal --

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

seasonally differentiated time-of-use rate that's available to all SC1 customers. And SC1 rate 4 is an optional demand-based rate. And again, as I said, the JP is providing that this rate is available to all SC1 customers. The -- these subclasses -- rate 1, rate 3, and rate 4 -- are available to customers.

The JP provides that the Company has to, by -- I think it's November -- I think it's November 30th, 2026, study the appropriate rate structure, so study SC1 rate 3 and study SC1 rate 4. Particularly, they're going to be evaluating peak periods and the cost recovery between summer and winter seasons for SC1 rate 3 and identify any appropriate changes. And they're going to study the appropriate peak period of SC1 rate 4. The parties will be presented with the study so that they have the ability to speak to the -- the proposed changes and provide written stakeholder comments. So there's much being done on -- with respect to these subclasses.

We would note that AGREE noted that the adoption of electric heat pumps under a traditional residential rate can lead to some unexpected billing experiences where a customer begins to experience winter peaks, which may result in higher -- higher net annual bills. And so there's an anticipation that the studies are going to analyze whether the tariff-rate structures are performing as expected.

The draft order explains that there's a pre-existing one-year price guarantee that -- that is with respect to heat pump customers. And that's being expanded and enhanced to provide that one-year guarantee to a broader class of residential customers via this Joint Proposal. All new or existing residential customers operating air-source heat pumps or ground-source heat pumps who take service under subclass 3 or 4 for the first time during the term of this rate plan can be eligible for a price guarantee for one year. So basically, they're able to receive a credit for the difference between what they may have -- may pay in excess under subclass 3 or 4 versus what they would have paid under 1, so -- under rate 1. So they -- they have the ability to try out these -- these other subclasses without any financial loss for up to a year.

With respect to getting the word out, that's a really good question. And the Company is making efforts to do that, so a couple different things. The customer has a -- what they call the CARE program that they're working on, which is developing a suite of tools for customers to aid them in -- in -- in the customer clean energy service transmission -- transition, I'm sorry.

So there's clean energy experience tools that will be available to them, and also rate product tools to give them the information with respect to what other rates may be available for them, the options that are available. And there's also a heat pump operating engagement plan that will be doing the same, which will be educating customers regarding the -- the rates that are available to them and their ability to -- to try these different rates. So they -- they are required under the JP to make efforts to get the word out on these plans that might be -- might suit them better economically.

COMMISSIONER BRIGHT: Yeah. That's fantastic. Thank you. I have no further questions, but I would, of course, like to thank the ALJs sitting here right in front of us, Trial Staff, and the various parties that participated in this rate case. As a result of extensive public participation, like my fellow Commissioners have said, this agreement that is in front of us is a three-year rate plan instead of a one-year rate plan. And it is almost a ninety-percent reduction, even though I know my fellow Commissioners were much more precise with the eighty-seven percent number than what was originally requested. So I really just want to thank everybody for their hard work. Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan.

COMMISSIONER SHEEHAN: Thank you, Chair.

Thank you to all the judges. If I list you all, I'll just use up more time, but also shout out to Judge Leary for -- for her work.

I do also want to thank the Staff, who I know spend hours and hours, and all the parties who -- I'm just going to echo the Chair's words on that. Their involvement is really critical.

I also want to thank the public who attended all the public statement hearings, taking the time to share their experiences, and we do pay attention to that.

As Commissioner Alesi said, sometimes,

especially with these bigger cases that get a lot of attention and media attention, we all spend a lot of time reading all that. And it does factor -- it does go into our thinking. But at the end of the day, we have to step back and say, what's our job.

So coming to that place in reviewing this, our job is to review the record before us and to decide whether the settlement agreed to by a majority of parties is a reasonable outcome and is in the public interest. And when we do that, we have specific guidelines that we follow. So we have to ensure that the terms of the JP ensure Con Ed's continued provision of safe and reliable service at just and reasonable rates, preserve the Company's operational and financial stability, fall within a range of potential litigated outcomes, or otherwise provide benefits to ratepayers that could not have been achieved in a fully litigated proceeding and are consistent with environmental, social, and economic policies of the Commission and the State. So that's what I look at when I look at this JP. So just sharing that framework for purposes of how we come at these things.

So I had a bunch of areas of focus,

which I shared a little bit here and there. But because I did attend many of the public statement hearings, we did hear quite a bit from Con Ed customers about affordability. So coming at this with that as my first place of focus, I wanted to say to myself, what does this JP do with respect to affordability.

So as my fellow Commissioners have pointed out, it's an eighty-seven percent reduction from Con Ed's request, which is extremely significant and isn't what anybody could call, we just met in the middle. This is a significant reduction. It's consistent with inflation rates, projected inflation rates. It includes a very important enhanced EAP program and enhanced education and outreach. To me, those are some of the very specific areas where affordability has been built into this JP.

I just wanted to see if there's anything else I'm missing or give you all the opportunity to add more to what I may have identified as really kind of getting at the heart of the affordability issues.

So I don't know, Judge, if there's more you want to add, or any of the Staff.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

ALJ COSTELLO: There's -- I mean, it's things that are baked into the reductions. So in true negotiations, $986 million in capital expenditures were removed from what Con Edison originally proposed, so that -- that's baked into that. And as Judge Planty had mentioned, there's also productivity adjustments of three percent in rate year 1 and two percent in rate years 2 and 3. And typically, there's generally -- and this is -- it varies, but it's typically a one-percent productivity adjustment that would be applied. And these -- these and other things collectively came out to reducing the electric revenue requirement by over $782 million and the gas revenue requirements by over $270 million.

COMMISSIONER SHEEHAN: Okay. Thank you, Judge.

Just moving to property taxes, and to follow up on Commissioner Maggiore's questions, as we -- as you guys have already laid out, 25 to 30 percent of Con Ed customer bills are related to property taxes. So I wanted to note that the JP does include increased transparency, bill transparency, with respect to what was the cost drivers, which I think is going to be very important, for customers to have that information.

One thing that's become apparent to me through the process of reviewing the JP is that percent of the bill that people pay for property taxes is with respect to Con Ed versus its peers. And Tim, I know you did some work on this. We know the utilities are all required to pay property taxes. This is not unique to Con Ed. So all of the rate cases that come before us have some component of property taxes built in to the rates. The thing that I just wanted to highlight is that Con Edison and what it pays for property taxes versus its peers, both in the State and nationally -- and I don't know, Tim, if you can just speak to that a little bit.

MR. CANTY: Yeah. I think one of the unique features in New York City is they have four-class property system where the City can charge utility companies, which are a class-3 property -- they can charge them their own rate, different than the rate that they charge residential homeowners or co-ops or -- or other industrial or commercial classes. So I think that in particular is the main reason why New York City's property -- or Con

Edison's property taxes are so high. They're relative to everybody else.

COMMISSIONER SHEEHAN: Okay. The other thing that the JP includes is a reporting requirement from Con Edison to report to us on their efforts to address property taxes and how they're levied on their equipment and property. So I just wanted to note that, as well, in addition to the bill transparency as ways we're trying to look more closely at that issue. So thank you all for including that in the JP. Okay.

Shifting to capital projects, last month, in December, we kicked off a proceeding looking at reliability in Con Ed's territory. Granted, we're looking further down the road, and the work of the Commission is looking at and requiring Con Ed to do an RFI looking at reliability from 2031, beginning 2031, for the next five years.

But recognizing that that's around the corner, one of the things that I wanted to just identify or maybe speak to is there is a lot of capital -- there's a huge capital budget being approved as part of this rate plan. And I just wanted to ask the question of, are we ensuring and have we looked at the capital projects that are included in this rate case to ensure that they are helping to support what we know is the future reliability issues?

MR. RIEDER: Yes, we can absolutely say that we have looked at the capital budget to ensure that what is being done is not -- or absolutely enhances what is coming down the pike.

COMMISSIONER SHEEHAN: Okay. Someone just used this analogy with me recently. Like, we want to make sure, if we're building a new substation, the analogy being, if we're building a house, we want to make sure it has a staircase. So that's really what I just wanted to get across, that we're thinking along those lines and that we're -- that the investments we're making through this rate case are supportive of what we know is coming. And then so thank you. Thanks, Mike.

And then lastly, I did just want to note one of the things that I have spent a lot of time working on before I joined the Commission was on nonwires alternatives, nonwires solutions. And we have -- the previous rate cases included specific requirements that Con Ed bake into its review of capital projects that were looking at nonwire solutions. And I'm happy to see that it's included in the JP and that there's still a focus on requiring Con Ed to look at the cost-benefit analysis and to do the work associated with nonwires alternatives.

So those were my -- some of my areas of focus. And I just want to thank you guys all for your efforts. Again, thank you to everybody who put the time and effort in, all the parties, and I'll be supporting. Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Valova.

COMMISSIONER VALOVA: Thank you. I want to echo everyone's thanks to our administrative law judges and Trial Staff, everyone involved, all the stakeholders who participated, as well as the Company, because it took everyone to agree to this Joint Proposal and arrive at these terms. I will be supporting it. I think that it is in the public interest based on our standard of review.

I do have some clarifying questions I'd like to get on the record for anyone watching.

First, and perhaps for Judge Costello, since you had last mentioned it, what is the

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

productivity adjustment, and how does it result in lowered cumulative revenue requirements?

ALJ COSTELLO: So the productivity adjustments are an adjustment that the Commission makes in almost every rate case. And usually, a standard productivity adjustment is one percent of labor, roughly. And it's to take into account efficiencies that haven't been accounted for in our audit, that we think the utility companies are able to achieve efficiencies. And it's the one-percent productivity adjustment's a proxy for efficiencies that we think that they'll gain. And in this case, as we said, the productivity adjustment is at one percent -- three percent rate year 1 and two percent rate year 2, and two percent rate year 3.

COMMISSIONER VALOVA: Thank you. I think that is an important note because our role as regulators is to act as the -- or act in place of the marketplace, since utilities are not publicly traded -- or excuse me. Since they are regulated monopolies, they don't face the same competition as other companies. And I think elements like the productivity adjustment are important ways to make sure that -- as Commissioner Bright has said several times, that they are aligning their programs and services with consumer benefits.

My next question is, as a Westchester County resident, I am definitely interested in understanding, as much as possible, how property taxes in the county compare to property taxes in the city. So this is a clarification of something that's already been asked. I think the presentation and the Joint Proposal mentioned a total of 306 million in electric property taxes and thirty-five million in gas cumulatively not split between the city and Westchester. Does that sound right?

MR. RIEDER: I think what you're referring to is the property tax cost drivers.

COMMISSIONER VALOVA: Yes.

MR. RIEDER: Yes.

COMMISSIONER VALOVA: Correct. Thank you.

MR. RIEDER: Great.

COMMISSIONER VALOVA: What amount of that total is attributable to Westchester property taxes, or how does it compare to other revenue requirement drivers like the rate of return, for example?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

MR. RIEDER: So the Westchester property tax increases from current rates to the end of rate year 3 out for about $141 million of increases projected. And the increase in ROE from where it is currently at 9.25 to what we're proposing in this rate order is approximately 144 million. So they're very comparable rate increases in Westchester versus the ROE increases.

COMMISSIONER VALOVA: Thank you. And so if I'm understanding this correctly, the cost drivers from the property taxes, if I'm doing my math correctly, 306 plus 35 million is 341. Of that 341, 141 is attributable to Westchester County. Am I understanding that correctly?

MR. RIEDER: Yes, you are.

COMMISSIONER VALOVA: Okay. So about half. Okay. Thank you.

My next question is bigger picture. I would like to pose a hypothetical. A lot of public comments raised requests to hold rates steady, to not have a rate increase. As Commissioner Maggiore mentioned earlier, that is not an option for us. If we reject the Joint Proposal, as I understand it, the Company's original request would go into place, correct, for a period of time?

ALJ LECAKES: There's a lot of things that can happen to avoid that. But if the Commission fails to act within the suspension period on the filed rate, that rate goes into effect as filed, so yes.

COMMISSIONER VALOVA: Thank you. Okay. So hypothetically speaking, let's say it was an option, either for us or for the legislature or for the governor for someone, to say, we're going to freeze rates. Does that also freeze the underlying costs that the utility is incurring, or do they continue to incur?

MR. RIEDER: No, if we freeze rates, the costs are rate-frozen, and they're going to incur additional costs. And they're going to continue to make additional investments, but they probably won't make them as rigorously as what we would hope them to make.

COMMISSIONER VALOVA: What would be the effect, then, on future rates? If those costs don't freeze or don't disappear, if the Company comes back for a rate case at some point in the future, would that mean that they would snowball, in a sense?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

MR. RIEDER: Absolutely. Yes.

COMMISSIONER VALOVA: So generally speaking, as a matter of policy, having regular rate cases where utilities can recover their prudently incurred costs is actually an affordability measure.

MR. RIEDER: Yes, you can say that. Yes.

COMMISSIONER VALOVA: Because it allows to -- it allows us to even out the rate increase as opposed to allowing it to accrue, accrue, accrue and have a much larger sum in the future.

MR. RIEDER: So just for point of reference, back in the '70s, we had rate cases annually, year after year after year, and there wasn't Joint Proposals. And then in the '80s, we started doing the Joint Proposals which allowed for a longer period of time, so either -- in this case, it's a three-year term. It also stabilizes rates for -- stabilizes bills and rates and allows for mitigating risk for customers and the Company.

COMMISSIONER VALOVA: Thank you. My last question is a procedural one. Is it typical to assign a settlement judge in rate cases?

ALJ LECAKES: I'll take that. So the

way we've operated up until recently is that a settlement judge was available on request from the parties. It's happened a few times. We're trying an experiment due to -- mostly to the length of time that settlement negotiations have been going on. And some of the feedback we've gotten from some of the smaller parties, that they didn't feel like they were being given proper consideration in settlement negotiations.

So with the request of the Company and a discussion I've had with the Company prior to them issuing a notice of intent to enter settlement negotiations, I assigned a settlement judge right from the beginning here given the fact that we're in January, and which is -- January 1st is when the rate year 1 was supposed to start. So we're one month over the suspension period allowed by the statute. I think it was a large success, and we are seriously considering doing it as a matter of course for other big utilities that file major rate cases.

COMMISSIONER VALOVA: That is great to hear. I don't recall ever seeing such a large reduction from the original rate request in a Joint Proposal for as long as I've been practicing, which

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

is -- it's been thirteen, fourteen years at this point. I've lost count. If that is the result of having a settlement judge, I -- you know, I think it's definitely worth exploring, particularly if it gives Intervenors and staff in the Company a greater trust in the outcome and hopefully also demonstrates to the public, by having so many and such diverse stakeholders signed on, by also giving the public greater confidence that this settlement agreement was intensely scrutinized and that the results are just and reasonable, and so --

ALJ LECAKES: And I think it was borne out by the presentation, as well as some of the earlier Commissioner comments, that first slide that shows not only the number of parties that signed on the Joint Proposal, but those who didn't feel like it was so objectionable that they needed to oppose it, and even some of the comments from those who did oppose it, who actually highlighted provisions of the proposal that they felt were favorable for customers. I think that says a lot to the way the settlement process worked in this case, so thank you so much for your comments.

COMMISSIONER VALOVA: Thank you. With

that, I will be supporting.

CHAIR CHRISTIAN: Thank you. I will call for a vote. My vote is in favor of the recommendations contained in the draft order as discussed.

Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: I vote yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky?

COMMISSIONER VALESKY: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore?

COMMISSIONER MAGGIORE: Yes.

CHAIR CHRISTIAN: Thank you,

Commissioner Bright?

COMMISSIONER BRIGHT: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan?

COMMISSIONER SHEEHAN: Yes.

CHAIR CHRISTIAN: Thank you,

Commissioner Valova?

COMMISSIONER VALOVA: Yes.

CHAIR CHRISTIAN: Thank you.

The item is approved, and the

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

recommendations are adopted.

We will take a ten-minute recess. By my clock, it is 12:35. We'll return at 12:45. Thank you.

(Off the record)

(On the record)

CHAIR CHRISTIAN: Good afternoon, everyone. We'll now proceed to the third and final item on our discussion agenda today. Item 301, case 15-E-0302, which relates to extending the zero-emissions credit program. It'll be presented today by Rob Haberman. Ryan Coyne, Justin Fung, John Sipos, Marco Padula, Bridget Frymire, John Hogan and -- oh, sorry Jeff Hogan, apologies, and Emily Barkdoll are available for questions.

Rob, please begin.

MR. HABERMAN: Thank you. Good afternoon, Chair Christian and Commissioners. The draft order before you recommends that the Commission extend the Zero Emission Credit, or ZEC program, for four operating upstate nuclear facilities.

These facilities, all of which are located on the shore of Lake Ontario, include Nine Mile Point, Unit 1 and Unit 2, the James A

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Fitzpatrick Nuclear Power Plant, or Fitzpatrick and the R.E. Ginna Nuclear Power Plant, or Ginna.

The Zero Emission Credit Program was established in 2016 as part of the Commission's original Clean Energy Standard order, wherein the Commission determined that there was a public necessity to preserve the upstate nuclear facilities' zero emission attributes.

At the time, the Commission adopted Staff's proposal for ZEC contracts to be administered in six tranches of two years each. To provide certainty as how the prices would be set, the ZEC price would be updated for each tranche, pursuant to a set formula. This formula calculates the ZEC price using the social cost of carbon, subtracts costs that are already captured in the market revenues received by eligible facilities under the Regional Greenhouse Gas Initiative, or RGGI, and subtracts the value of zone A energy and capacity prices combined that exceed $39 a megawatt hour.

In order to ensure ratepayers were shielded from cost impacts, the formula included several components that are designed to mitigate the cost impact to ratepayers and ensure the facilities received adequate financial support to cover their operating costs, but not a windfall.

The Commission also capped the amount of ZECs purchased annually at the facilities' historic contribution to the State clean energy mix, totaling 27,618,000 megawatt hours across all four facilities.  To ensure performance, the Commission established various financial consequences for failure to provide the requisite ZECs.  Recognizing that plant closures could impact the production of ZECs, the Commission ordered that if any of the upstate nuclear facilities permanently stopped producing zero-emission attributes for any reason, the overall cap would be reduced by one-third.

The current program under these requirements runs through April 2029, when the Nuclear Regulatory Commission's operating licenses for Nine Mile Point Unit 1 and Ginna expire. However, to ensure these facilities can receive new operating licenses in advance of their 2029 expiration, they need to submit an application to the NRC for what's called a subsequent license renewal, which is due no later than March 2026 for Nine Mile Point Unit 1, and June 2026 for Ginna.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

Given these timing considerations and the need for these facilities to apply for their subsequent license renewals, the Commission, in an order issued on May 15th, 2025, directed Department of Public Service Staff to prepare a white paper evaluating how a discontinued -- how a continued ZEC program should be structured, and to file such white paper for public comment.

In response to that directive, on July 31st, 2025, Staff filed a white paper. The proposal outlined the continued need for emissions-free energy as provided by the State's existing nuclear facilities, and proposed continuing and extending the ZEC 1.0 program with modifications and updates to support the operation of these resources through 2049, what the draft order calls the ZEC 2.0 program.

Since its establishment in 2016, the ZEC program has served as a cornerstone of the Commission's clean energy policy by providing the facilities with fair and adequate compensation for the environmental attributes associated with their zero-emission nuclear generation, while simultaneously ensuring that facilities remain financially viable and preventing their closure, which would negatively impact New Yorkers.

The program has provided between 462 million and 590 million dollars annually to participating facilities, resulting in the avoidance of over 13.7 million metric tons of carbon dioxide per year, and delivering the benefit of over 9.5 billion through the end of the program due to the avoidance of carbon emissions alone. Furthermore, the plants have operated above anticipated levels, producing additional zero-emission energy and providing benefits to New Yorkers since the beginning of the ZEC 1.0 program.

Put simply, the program has delivered. What the Commission found in 2016, that the benefits of preserving the zero-emission attributes of the upstate nuclear facilities outweighed the costs, has proven true since the program's inception and remains true today and into the future.

Therefore, the draft order before you proposes the continuation of the existing ZEC program, referred to in the draft order, again, as ZEC 2.0, for an additional twenty years from 2029 to 2049. This would run during the full renewed operating license period for Ginna and Nine Mile

Point 1. The draft order recognizes that, while the program would not begin until 2029, there are several reasons to act now.

First, the avoidance -- sorry. First, the operation of the upstate nuclear facilities will result in the continued avoidance of emissions and contribute to the clean energy goals of the State. The facilities' verifiable historic contributions to the clean energy resource mix in the State is undisputed. All four operate at well over ninety percent capacity factor, typically shutting down only for refueling activities.

Second, these facilities provide critical reliability services under growing system constraints from rapid load growth and economic development, an aging generation fleet, and increasing challenges to the timely and cost effective development of new dispatchable resources.

Third, the upstate nuclear facilities continue to require additional financial support beyond what they earn in energy markets. Constellation, the owner and operator of the facilities, would also benefit from greater financial certainty prior to submitting its subsequent license

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

renewal. If the renewal is granted, these facilities will be the first in the nation to operate beyond sixty years.

And last, the draft order recognizes the need to act on the ZEC program now, as the alternatives to the nuclear facilities are not cost effective; can't be deployed within the time frames necessary to replace the loss of this zero emission resource; and cannot replicate the unique services to the electric grid that nuclear energy provides, including for reliability during lulls of wind and solar generation.

In assessing the continuation of the ZEC program, the draft order also considers the land use impacts from replacement resources if the facilities were to retire; the lack of commercialized, dispatchable emissions-free resources, or DEFRs, to replace the zero-emission attributes of the facilities; the cost of additional increments of renewable energy that are expected to be higher than projected ZEC prices; the economic and jobs benefits that the facilities provide to the State and local host communities; the benefits of the federal production tax credit that is in place through 2032. That significantly reduces the cost of the program to ratepayers, the significance of which cannot be overstated.

As of January 7th, Constellation confirmed that it claimed $162 million in the federal nuclear production tax credit, savings which will flow directly to New York ratepayers in 2026. And regarding State and local jobs and benefits, the retirements of the existing facilities would result in a loss of about 2,000 jobs for employees at the units, and additional jobs supported by the plants, along with an estimated $10 billion in cumulative local tax revenues to the communities over a twenty-year period.

So I'll emphasize here that the draft order proposes a continuation of the ZEC program. Hence, the program only preserves the zero-emission attributes of the current operating facilities. Although many commenters in the proceedings submitted comments regarding new advanced nuclear development, this order exclusively focused on the State's existing nuclear generation fleet in upstate New York.

Although most of the other components

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

of the Commission's 2016 Clean Energy Standard order remain, the draft order does include a few modifications that I'll list here.

First, the draft order lays out a new tranche schedule, beginning in 2029 with tranche 7 that acts as a stub period to align the ZEC program with the calendar-year administration of the State's other clean energy programs. Thereafter, tranches 8 through 17 are two years each through 2049.

Second, the draft order updates a few inputs to the ZEC formula, including the use of an updated social cost of carbon value, inflation estimates, and conversion factor. It also modifies how the basis differential is calculated, proposing to update it every four years.

Third, given the expected duration of the ZEC 2.0 program, the draft order finds that a periodic review of the program is both reasonable and prudent to ensure that it remains cost effective in the future, and that the Commission appropriately balances ratepayer interests with the need to retain these zero-emission generating facilities for environmental and reliability purposes.

The review process, occurring every

four years beginning in 2033, would include, at a minimum, an analysis of ongoing costs and revenues of each facility eligible to participate in the ZEC 2.0 program, including anticipated capital expenditures needed to continue safely and reliably operating the facilities; the availability of federal and other tax credits, grants, or financing to offset some of the cost of the operating plants; whether and to what extent third-party power purchase agreements provide additional compensation to the zero-emission attributes of the plant's electricity production; a review of the amounts and actual ZEC prices paid to eligible facilities as compared to the maximum ZEC prices calculated for each tranche; and other relevant considerations such as changes to federal or State policy and regulations.

Fourth, the draft order directs NYSERDA to submit a proposal detailing how a voluntary sale, ZEC sale mechanism would work. Currently, NYSERDA may only sell ZECs that it purchases from eligible nuclear facilities to the obligated load-serving entities. Each load-serving entity is required to purchase ZECs from NYSERDA based on its proportionate share of statewide electric load. A voluntary sale mechanism could directly reduce program costs to ratepayers.

And lastly, the draft order provides the estimated monthly bill impacts for residential, commercial and industrial customers. The forecasted cost to the typical residential customer over the entire ZEC 2.0 program period is cost $2.80 a month. It is worth noting that this amount is only reflective of the estimated cost that ratepayers would pay for the extension of this program, and does not reflect any cost that would be incurred by ratepayers should these facilities retire.

In the draft order, Staff did classify the maximum ZEC prices in each tranche during the course of the ZEC 2.0 proposal, identifying a maximum cost of the program to ratepayers of 33.4 billion, or just over 1.6 billion per year. However, importantly, this amount is not the estimated cost of the program, and actual ZEC prices will likely be significantly lower as forecasted market revenues are almost certain to exceed $39 a megawatt hour over the 2029 to 2049 period.

Staff estimates that the actual cost of

the ZECs will be approximately half the maximum amount on average, because forecasted energy capacity revenues will result in downward ZEC price adjustments, which, as the draft order describes, have occurred in the current ZEC program. For example, for tranche 4, which ended in March 2025, the downward adjustment resulted in $150 million decrease to the cost of the ZEC 1.0 program. The current period, for tranche 5, the decrease in cost is projected to be over 320 million.

However, if market revenues were to stay below $39 a megawatt hour through 2049, which would be an unprecedented period of low energy costs, the maximum ZEC price paid to the upstate nuclear -- and we paid the maximum ZEC price to the upstate nuclear facilities, this would be an overall positive outcome for ratepayers as it means lower customer bills relative to the forecasts.

The draft order is a testament to the Commission's core mandate to ensure the safe and reliable operation of our electric system. Our energy system is changing rapidly in this period of growing energy demand, the retirement of existing generators, and the economic challenges that have deeply affected the pace and cost of renewables deployment.

However, through actions in the Clean Energy Standard and the coordinated grid-planning process, the Commission and Department Staff are advancing measures to responsibly develop clean resources and a modern transmission and distribution system to meet the evolving needs of the State.

Alongside the proposed extension of the ZEC program, Staff will continue to move these and other important efforts forward to identify the most strategic and cost-effective solutions for ratepayers.

This concludes my presentation of the draft order.  John Sipos, Jeff Hogan, Bridget Frymire, Marco Padula, Justin Fung, Ryan Coyne, and Emily Barkdoll and I are available to answer any questions.  Thank you.

CHAIR CHRISTIAN:  Thank you for the presentation, Rob, and thank you, everyone else, for your work in bringing this forward.

As you were speaking and talking about the original ZEC program, 2016, I was reminded that I was a stakeholder supporting that original program ten years ago. So interesting where things have gone in the last intervening decade. But I appreciate the work that you put into this. I agree with the core reasons you've identified as being compelling. And I think the added benefit of the federal tax credit is a cherry on top, making this even more appealing. So I support this, and thank you for bringing this to the Commission.

Commissioner Alesi.

COMMISSIONER ALESI: I have no questions or comments, but I will be supporting it. Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky.

COMMISSIONER VALESKY: Thank you, Chair. I too remember well where I was at the commencement of ZEC 1.0 in 2016. I was a member of the Senate, certainly representing part of Central New York, where the nuclear plants are so incredibly, incredibly important. We've come a long way since those days in terms of the success of that program.

So Rob, I want to thank you and the entire team for the effort that you have led. This is actually not the first item regarding ZEC 2.0 that has come before us. We've considered a draft environmental impact statement a couple of months ago on the consent agenda. So much has happened since the white paper was developed a number of months ago. So I know you've put a lot of time and effort into this.

You've really addressed in your presentation a lot of the questions that I would have had, so thank you for clarifying why we're doing this now, even though 1.0 doesn't expire until 2029. It's clearly directly related to the two anticipated license extensions that will be coming up in a matter of months, I have no doubt.

Thank you for also clarifying -- I know there may have been and may still be some confusion as to whether this has anything to do with all of the conversations from the governor's office, from other State agencies about advanced nuclear, new nuclear, the work that the power authority has already begun, in terms of soliciting solicitations for interested host communities, and thank you for clarifying the fact that this has nothing to do with that. This applies to the four existing upstate nuclear plants as you have indicated, so thank you for that.

I think what I would like to do is just -- and thank you also. I will pick up on one of the comments that you had made in your presentation. You said the draft order is a testament to the Commission's core mandate to ensure the safe and reliable operation of our electric system. I couldn't agree more. You know, we have done -- this Commission and the Agency, we've done a lot around reliability in recent sessions and will continue to do so.

From my perspective, none may be as important as this. This is literally that important. And in reading the draft order and a large collection of comments that came in around this proposal, both for and against -- and I can relate to many of them. I know there's a tremendous economic impact that these plants have in upstate New York. And counties have weighed in, and labor unions have weighed in, and environmental organizations have weighed in. But I'm just going to take about a minute or a minute and a half to read into the record, Rob, your summary -- it's in Appendix B -- of what I think is probably the most important of all of the important comments that

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

were submitted, and it reads as follows:

The New York Independent System Operator strongly agrees with Staff's proposal, and contends that the existing fleet of four nuclear generation resources must remain operational to avoid resource adequacy shortfalls, and other electric system reliability issues.

The NYISO notes that the electric grid is at an inflection point, driven by the convergence of three structural trends:  The aging of the existing generation fleet; the rapid growth of large loads; and the increasing difficulty of developing new dispatchable resources.

The issue is not simply one of quantity of capacity, but also of quality, timing, and location of those resources' ability to serve load.  The NYISO asserts that existing nuclear generation resources provide reliable, continuous, and predictable electricity.

The NYISO highlights the importance of maintaining the existing fleet of nuclear generation resources as contemplated in the proposal and discussed in the draft New York State Energy Plan. The NYISO notes that nuclear resources are a critical component of fuel diversity and fuel security in New York, as nuclear generation provides more than one-fifth of the annual electricity produced in New York.

The NYISO also states that reliability margins are eroding as traditional fossil-fuel-based generation deactivates in response to decarbonization goals and tighter emissions regulations, without comparable replacement resources coming online.

Large energy-intensive economic development projects are driving up demand for electricity. The NYISO asserts that the critical step to maintaining electric system reliability is to retain the four existing nuclear power reactors currently operating in upstate New York. The NYISO asserts that nuclear generators provide reliable, continuous, predictable, emissions-free supply and must remain online to maintain electric system reliability.

The four nuclear generators in upstate New York account for nine percent of total statewide installed capacity, with a combined nameplate capability of over 3,500 megawatts, and supply twenty-one percent of the energy produced in the State in 2024.

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

The NYISO contends that, in the event that licenses are not renewed for these nuclear resources, reliability margins -- excuse me, reliability margin deficiencies would be expected within one year of the loss of these resources.

Again, I take the time to read that into the record because this is as clear as it gets, in my opinion, in terms of reliability and our mandate to ensure a reliable electric system in New York. So I will certainly be supporting this item, and thank you again for all the tremendous work you've done. Thanks.

CHAIR CHRISTIAN: Thank you Commissioner Maggiore?

COMMISSIONER MAGGIORE: Thank you. Thank you for the presentation. It was very clear. I do have a few questions.

We established that the ZEC 1 program was created in 2016, so it's fair to say that's not a result of the CLCPA, which was passed in 2019?

MR. HABERMAN: That's correct.

COMMISSIONER MAGGIORE: Okay. If we don't approve this measure today, will the market sustain the viability of the four nuclear plants in question?

MR. HOGAN: No, Commissioner. We do not believe that the markets will, over the long term, sustain their viability, based on the review that we've done.

COMMISSIONER MAGGIORE: Okay. Commissioner Valesky mentioned nine percent. Is that the percentage of New York State's electricity that's generated by these plants?

MR. HABERMAN: So as of the 2025 NYISO Gold Book, the nuclear facilities generated about 20.6 percent of the statewide New York control area generation.

COMMISSIONER MAGGIORE: 20.6 percent?

MR. HABERMAN: That's correct.

COMMISSIONER MAGGIORE: So also, as mentioned by Commissioner Valesky, the NYISO has a long large-load interconnection queue. It tells us that several enormous energy consumers are on deck, including data centers and high tech manufacturers like Micron, which recently broke ground. Will some of these consumers that are not yet online draw power from the plants supported by the ZECs?

MR. HABERMAN: So generally speaking,

depending on where the large load is sited, it could directly benefit from the nuclear facilities in upstate. But these facilities provide general reliability services to the statewide grid through the provision of consistent zero-emission generation. And they support the delivery of other forms of generation from across the transmission interconnects from the northern and western parts of the state to the load centers throughout the state.

COMMISSIONER MAGGIORE: Okay. Suppose as a Commission, we wanted to try to address the challenge of providing all the energy that's going to be needed from the other direction. Do we have the legal authority to halt the growth of some of these large electricity consumers?

MR. HABERMAN: So I'm seeing John is interested here, but I'll say that under current laws and regulations, the Commission and utilities have an obligation to serve customers.

COMMISSIONER MAGGIORE: Yeah.

MR. HABERMAN: But these facilities, as we noted, will be important for reliability purposes, to serve existing and new customers.

COMMISSIONER MAGGIORE: Okay. You had

mentioned -- you had alluded to costs involved if the four nuclear plants shut down. So the ZEC program is costly. Do you have a sense of what the cost would be of replacing these energy sources? Would it be more -- rather, would it be more costly?

MR. HABERMAN: Yeah. The short answer is yes. These facilities provide over 27 million megawatt hours of zero-emission generation a year. The draft order recognizes that, if you were to replace these resources with equivalent renewable or zero-emission resources, it would be more costly than continuing the extension of the ZEC program.

COMMISSIONER MAGGIORE: Okay. And once again to build on something Commissioner Valesky said about other discussions having to do with nuclear energy, is there anything in the language of this order that sets a new precedent or that binds the Commission to future decisions about future nuclear projects?

No. As proposed, the program would only apply to existing nuclear facilities. They would be the only eligible facilities to participate in the ZEC 2.0 program. And actually, the draft order explicitly states that the broader policy decisions regarding new nuclear and advanced nuclear technologies are outside the scope of this order.

COMMISSIONER MAGGIORE: Okay. Thank you. Very compelling presentation. I will vote in favor.

MR. HABERMAN: Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright?

COMMISSIONER BRIGHT: Thank you, Rob and team. I have no questions. This is an important part of our energy mix, as Commissioner Valesky perfectly described. And this is at a time when we need more generation, not less. And these are our high performing assets, as you described, Rob, that have clear benefits. I think you said 13.7 million metric tons of CO2 per year avoided. So great work, and thank you very much.

MR. HABERMAN: Thank you.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan, I believe you are recusing from this items.

COMMISSIONER SHEEHAN: That's correct.

CHAIR CHRISTIAN: Commissioner Valova?

COMMISSIONER VALOVA: Thank you. I

want to thank Staff and all the stakeholders who submitted comments in this matter. I have quite a few questions, so please bear with me.

I'd like to take a bird's eye view first. What would be the impact on New York or New York policy the ZEC program were not extended, if these facilities ceased operations today. I understand that the literal, immediate potentially impact would be that the facilities may no longer be able to compete in the marketplace and would have to shut down, but why do we care about that?

MR. HABERMAN: Well, it's a good question, Commissioner. And I would respond that New York State is operating very thin reliability margins, both downstate, as you've heard in the past Commission session, but also upstate.

The loss of these resources would require replacement resources to come online within a very quick period of time in some instances, for the facilities that would retire first. So the policy decisions that would sort of necessitate those replacement resources would be difficult ones to make, based on what could be built in what time frame and how much we could build in that time frame and what other sort of tradeoffs you have to make in terms of that.

COMMISSIONER VALOVA: Thank you. I think that is a really important point. And Commissioner Valesky mentioned reliability as being a huge impetus for keeping the plants in service.

For clarification, for the record, just so everyone understands the purpose of the program, the explicit purpose of the program, as I understand it, is to preserve the zero-emissions attributes, the environmental attributes of the plants. And things like the reliability benefits, the workforce benefits, allowing communities to continue receiving payments in lieu of taxes or other tax benefits, those are in a sense ancillary, even though they're big and they're very important.

The primary purpose is to preserve the zero-emissions attributes. Is that a fair characterization?

MR. HABERMAN: That's correct.

COMMISSIONER VALOVA: So another thing that we care about, then, as I see it, apart from the reliability, is under the CLCPA, we have very ambitious greenhouse gas emissions goals. And in the

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

absence of these units, our baseline of zero-emissions resources would significantly drop.

And I think the order already expresses this, but I want to make sure we get it on the record. Correct me if I'm wrong. We don't have other cost-effective zero-emissions resources we can deploy to fill the gap that would occur if any one of the plants or all of them closed down, correct?

MR. HABERMAN: Yeah. The draft order recognizes that what are called dispatchable emissions-free resources that could replace the attributes of these types of facilities are not fully commercialized or deployed at scale yet in New York State.

COMMISSIONER VALOVA: What --

MR SIPOS: Commissioner, if I could just add on that. To your question, if one were to take a switch and turn off these four units and lose their, you know, 3,500 megawatt capacity, there's not another switch to put on for zero-emission electric generation at that scale.

So that is a -- from -- from a greenhouse gas, from an air emissions perspective, from the environmental attributes that you referenced in your previous question, there is a gap. There is a vacuum that would not be filled. There are -- there are not 3,500 megawatts of other electric generation just waiting to essentially pick up the baton here.

COMMISSIONER VALOVA: Thank you. And what about demand-side resources, energy storage apart from generation, could they fill that gap right now?

MR. HABERMAN: No. I'll look at Marco too here, but I don't believe they could, although the Commission and Staff are interested in pursuing those to the maximum extent possible, and we have ongoing proceedings to do just that.

COMMISSIONER VALOVA: So my follow-up question, then, as Commissioner Maggiore noted, this program comes at a cost. What does continuing the ZEC program and investing ratepayer dollars into it mean for all of these other programs, like grid of the future, like the coordinated grid planning cycle? Are we talking about a zero-sum game? Is this either/or, or is it yes/and?

MR. HABERMAN: Yes/and.

COMMISSIONER VALOVA: So in other

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

words, by extending the ZEC program, we are keeping all solutions on the table. We are maintaining our existing fleet of zero-emissions resources and all of their reliability and workforce and community benefits, while keeping our -- oh, gosh, what is the expression -- pedal to the metal, when you're stepping on the gas, not taking your foot off the gas or the electric vehicle, as we continue to aggressively attempt to grow things like flexible resources and demand-side resources and energy storage and wind and solar. Is that fair to say? There is no slowdown in any of those efforts? We're still aggressively pursuing them?

MR. HABERMAN: Correct.

COMMISSIONER VALOVA: I want to close with a question regarding the needs assessment for these facilities. How do we know that each of the facilities requires ZEC payments in order to remain operational?

MR. HOGAN: So Commissioner, the way that we know that these -- this is a multifaceted answer. I'll try to summarize the best I can. We reviewed the cost needs of the -- of these plants on a consolidated basis, an aggregated basis in this proceeding. And we received confidential information that confirmed that we did not believe that any of the plants will be able to operate in the long term, with just market revenues, as I replied earlier.

In 2016, we had reviewed the costs of a facility-by-facility basis. This was in part necessary because we had two different companies that were involved, and we had that data broken down a little more granularly. At that time, the companies had stated publicly that their total costs were about $50 per megawatt hour in order to operate the units.

We reviewed that confidential information and found that that was accurate. And that review was done with a confidential proceeding with multiple stakeholders that were involved. And we were comfortable that the resulting ZEC 1.0 program, along with the expected market revenues, we're going to produce about enough in that $50 range -- about enough for the plants to remain in operation. Of course, that's what's occurred.

As Rob pointed out, for ZEC 2.0, our interest is in continuing the program and to ensure that all the zero-emission attributes are retained. This requires that the overall revenue that all the

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

plants get is sufficient to keep everything open.

The confidential information, as I mentioned, was aggregated. That is in part because of the nature of the costs, which involve a lot of shared services between the plants. In addition, as Rob mentioned, there is a penalty if any one of the plants shuts down. So we have to make sure that we're providing enough in aggregate for Constellation, the owner, to keep the plants open.

Our review showed the overall, the plants have costs which are much higher than what the market revenues are expected to be. The market revenues in 2029, according to the ISO and internal capacity revenue forecast, are expected to be approximately $40, or a little under $40 per megawatt hour in 2029.

I'll remind you that I'd mentioned in 2016, we had confirmed facility by facility that the costs were approximately $50 per megawatt hour. I can also state that the costs were very similar facility by facility, so we've had those expenses grow over time. And so it's not surprising to myself and those who had looked at it that the 2029 and 2032 data supports a much higher cost than even the $50 that had been talked about previously.

So market revenues just wouldn't be enough. So we can state that with the tranche pricing proposed here in this order, as well as the forecasted market revenues that we do expect that should be enough that the plants will remain open and the zero-emission benefits will accrue for New Yorkers.

Going forward as each tranche goes on, there will be slight increases in the tranche price, roughly the rate of inflation two-and-a-half to three percent. And we believe that the end result -- Rob mentioned the $2.80 impact on an average residential customer is a -- well, it's a financial burden on customers. It's one -- we believe that it's lower than if they shut down, and it's only incrementally higher than the current ZEC 1.0 price burden.

So while there hasn't been a facility-by-facility review to confirm things, we know that, as I said, based on the expense of the plants and our history of looking at these plants facility-by-facility, that this level of support is necessary to keep them all open.

COMMISSIONER VALOVA: Thank you. That

that answers my question fully. I will be supporting the order, and I want to provide one personal anecdote. When in my prior life working at the Pace Energy and Climate Center, I conducted some research on the impact of closures of upstate coal generators on the local communities and their loss of payments and lower taxes.

And as part of that, my research team and I submitted some FOIL requests to some of the local municipalities. And one of them -- I won't mention which -- just wasn't responding to our requests. And we got frustrated and started calling, and no one was picking up. Lo and behold, they had to cut the budget and the Staff for their town clerk's office significantly, because they've lost significant revenue from less power production from the local coal facility.

And that's one very, very small observation. But it definitely made me appreciate a little bit more that shuttering a large plant that provides jobs and PILOT payments or other tax revenue to local communities has a real tangible impact.

So when the time comes, because these plants will shut down eventually, I hope that -- and

I expect that future Commissioners on the Commission will hopefully initiate a process to ensure a just transition for the local towns and for the workers.

But in the meantime, I'm supportive of the program and look forward to the four-year review process, where Staff will vet the continued financial need of each of the generators so that we are not paying ZEC payments where they are not actually necessary.

Thank you very much.

CHAIR CHRISTIAN: Thank you. I will now conduct a call for a vote. My vote is in favor of the recommendations contained in the draft order as discussed.

Commissioner Alesi, how do you vote?

COMMISSIONER ALESI: I vote yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky?

COMMISSIONER VALESKY: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore?

COMMISSIONER MAGGIORE: Yes.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

COMMISSIONER BRIGHT:  Yes.

CHAIR CHRISTIAN:  Thank you.

Commissioner Sheehan is recusing.

Commissioner Valova?

COMMISSIONER VALOVA:  Yes.

CHAIR CHRISTIAN:  Thank you.

The item is approved and the recommendations are adopted.

Thank you everyone.

With that, we now move to the consent agenda.  Do any Commissioners wish to comment on or recuse from voting on any items on the consent agenda?

I'll begin with Commissioner Alesi.

COMMISSIONER ALESI:  I do not.

CHAIR CHRISTIAN:  Thank you.

Commissioner Valesky?

COMMISSIONER VALESKY:  No comments or recusals.

CHAIR CHRISTIAN:  Thank you.

Commissioner Maggiore?

COMMISSIONER MAGGIORE:  No comments, but I am going to recuse from item 261.

CHAIR CHRISTIAN:  Confirming item 261,

your recusal. Thank you.

Commissioner Bright?

COMMISSIONER BRIGHT: Yes. I'm going to comment on two items. First item 262, the New York Green Bank. I wanted to express my appreciation for this item and an appreciation for the progress and the petition submitted by NYSERDA, but also Staff's work to make adjustments and modifications, which made a ton of sense to me, especially considering the need for market transformation in buildings and affordable and market-rate multi-family housing, as well as our need to transform markets within disadvantaged communities and for low and moderate-income households.

So as always, thanks to Chris Coll and Marco, who I didn't know I would see today, but Marco Padula in the back there and the entire markets and innovations team.

I also wanted to comment on item 375, the interconnection queue management item. If this is approved today, the Commission is taking -- the Commission will be taking action to maximize tax credits for the benefit of ratepayers, which I fully support. I also want to recognize the stakeholder comments asking the Commission to solve some of the DER -- some of the issues DER developers are seeing with the interconnection -- with interconnection.

And I recognize that this is happening in separate proceedings. That said, hopefully it's possible that some of the structures we're putting in place here might inform improvements for the future, especially considering the ongoing work and discussions in the Interconnection Technical Working Group, which informed the Staff's proposal and the Interconnection Policy Working Group.

I think there may be some standard things within the DER interconnection process that could potentially be improved, particularly around harnessing the power that is already in our interconnection queues in order to lower, defer, or avoid the costs utilities face with traditional transmission or distribution system infrastructure expenditures.

And there is, of course, as we've talked about today multiple times, the continued need for equipment and materials. Infrastructure ages and we as ratepayers pay for updating that infrastructure. The Chairman and Commissioner Alesi mentioned also updating walls and wires, substations and work being done on underground equipment, things that not only keep the lights on, but that we need in order to maintain a system that we rely on every day and almost don't even recognize how much we rely on it until it fails.

And I understand that there's a need and a cost to maintaining a safe, reliable system. It also seems like there could be things we might be able to do so that it doesn't cost as much for utilities, or where constraints and bottlenecks can be eased. And this avoided cost would end up benefiting all New York ratepayers, regardless of if you're upstate or downstate, since, for instance, the more solar and storage that come online, the less strain the grid might see as we continue to experience load growth, since DERs can provide energy at or near where it is actually being consumed.

This could also have a positive impact on wholesale markets as well as some of our winter reliability needs, especially if DERs are increasingly treated as an asset in the utility planning process. I recognize that this is a delicate dance and a balance. Utilities are cautious for a reason. That said, our utilities have been open in the past, and I hope they will continue to be open to innovative approaches that will help keep customer costs down.

So again, while I support what we're doing here, I hope some of the structures we put in place could be a bit of a proving ground for future improvements, even as we work on a variety of other proceedings, including the proactive planning process, the grid of the future, or the Con Ed reliability needs assessment that we moved forward in December, or proceedings looking at the marginal cost of service and locational system relief values and demand reduction values to inform pricing.

So more flexibility, increased reliability, and cost containment is possible. If we continue to work together, we can achieve that. So I appreciate Staff's work, thorough, extremely thorough work on this particular item, and to move this particular item forward, Liz, Jason Pause, Jalila, Sandra Sweet, and also all of the stakeholders who gave incredible input in a very short amount of time and helped Staff work to meet this moment. And I am sure there will be more moments to be met.

So thank you, Staff, and thank you, Chairman.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan?

COMMISSIONER SHEEHAN: So I am recusing from items 368, 371, and 375. And I don't have any comments on the other items. Thank you.

CHAIR CHRISTIAN: Okay. Confirming recusal, 368, 371, and 375. Thank you.

Commissioner Valova?

COMMISSIONER VALOVA: No comments. No Recusals.

CHAIR CHRISTIAN: Thank you all. Do a call for a vote. My vote is in favor of the recommendations on the consent agenda.

Commission Alesi, how do you vote?

COMMISSIONER ALESI: Yes, on all items.

CHAIR CHRISTIAN: Thank you.

Commissioner Valesky?

COMMISSIONER VALESKY: Yes, on all items.

CHAIR CHRISTIAN: Thank you.

Commissioner Maggiore?

1/22/2026 - NYS PUBLIC SERVICE COMMISSION

COMMISSIONER MAGGIORE: Yes, on all items, except for 261, which I'm recusing from voting on.

CHAIR CHRISTIAN: Thank you.

Commissioner Bright?

COMMISSIONER BRIGHT: Yes, on all items.

CHAIR CHRISTIAN: Thank you.

Commissioner Sheehan?

COMMISSIONER SHEEHAN: Yes, on all items, with the exception of items 368, 371, and 375, where I'm recused.

CHAIR CHRISTIAN: Thank you.

And Commissioner Valova?

COMMISSIONER VALOVA: Yes, on all items.

CHAIR CHRISTIAN: Thank you. The items are approved and the recommendations are adopted.

Madam Secretary, is there anything further to come before us today?

SECRETARY PHILLIPS: There's nothing further today.

CHAIR CHRISTIAN: And with that, thank

you all. Happy New Year, and I adjourn.

(The hearing concluded at 1:36 p.m.)

STATE OF NEW YORK

I, WINSTON IDADA, do hereby certify that the foregoing was reported by me, in the cause, at the time and place, as stated in the caption hereto, at Page 1 hereof; that the foregoing typewritten transcription consisting of pages 1 through 140, is a true record of all proceedings had at the hearing.

IN WITNESS WHEREOF, I have hereunto subscribed my name, this the 27th day of January, 2026.

Winston Idada

WINSTON IDADA, Reporter

## H



## I

## M

## Y



## Z