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November 19, 2019

Hon. John Rhodes  
Chair  
New York State Public Service Commission  
3 Empire State Plaza - 20<sup>th</sup> Floor  
Albany, NY 12223

**Re: Rate case nos. 19-G-0309 and 19-G-0310, Keyspan Gas East Corporation  
d/b/a National Grid and the Brooklyn Union Gas Company d/b/a/  
National Grid NY (together, “National Grid” or the “Companies”)**

Dear Chairman Rhodes:

We are writing to you today to urge the New York State Public Service Commission to decline National Grid’s demanded rate increases. Moreover, we request that the Commission initiate a penalty proceeding for National Grid’s damage to the lives of both individuals and businesses, and a separate prudence proceeding into the Companies’ failure to invest in necessary measures to avoid this moratorium in Kings, Nassau, Queens, and Suffolk Counties.

### **I. The Rate Cases**

As we are sure you know, Long Island and New York City have some of the highest electric rates in the United States. In addition, the cost of living in the five counties served by National Grid is among the highest in New York State. This results in extreme, unequal financial pressures on low- and moderate-income homeowners and apartment dwellers.

Simultaneously, despite natural gas prices continually dropping over the past 10 years, National Grid has increased their gas prices. National Grid has stated that this is for investment in infrastructure, but as we can see from the moratorium, not much of that extra money made it there.

In the Companies’ 2019 rate cases, they sought approximately an 18% increase in delivery rates for the counties in New York City, and approximately a 7% increase for the Long Island counties. The Companies also proposed \$1.5 billion in infrastructure investments purportedly aimed at enabling them to provide safe, reliable, and affordable service. However, the Companies did not make any statements about working to avoid the moratorium up until two weeks before they initiated it.

The Companies' moratorium constitutes a failure to meet their legal requirement to provide their services. They are demanding even more money just to complete the tasks that they were already chartered to do. There is also no obvious focus by the Companies on investing to avert the more pressing capacity constraints cited as the reason behind the moratorium, nor have the Companies made any public statement about how they will make gas available for those customers that were not provided new or restored service as of the beginning of New York's heating season (Oct. 1, 2019). The Companies' continual award of increases must stop now. We therefore respectfully request that the PSC deny the Companies' requests for rate increases.

Moreover, we believe that the PSC should look with skepticism upon any settlement offer by the Companies. Currently, the companies plan to spend hundreds of millions of dollars on new information technology systems, new "customer service systems," and stranded costs in gas infrastructure. The State and City of New York are environmentally responsible and embody a movement towards decarbonization, as opposed to investing in more business as usual. We urge the PSC to instruct DPS staff to reject any settlement offer by the Companies that is inconsistent with these policies and does not reflect significant changes in the practices that have caused them to resort to declaring a moratorium. Such significant changes may include repurposing their spending into demand reduction and gas efficiency projects, other moratorium aversion/moderation projects, and subsidized electrification projects where such projects do not impinge upon low-income affordability.

## **II. The Moratorium**

National Grid's moratorium on natural gas occurred with no warning to residential customers, and, although the facts are yet to be fully determined by DPS' investigation(s), it appears that the Companies notified some commercial customers in an arbitrary and potentially discriminatory manner. The Companies never attempted to avoid the moratorium even in part. Instead, National Grid used the moratorium to deflect attention from its failure to create alternatives to potential denial of approvals of the Williams or NESE pipeline project. The Companies failed to have a backup plan if the pipeline failed to be passed, stranding customers that relied upon their service. In fact, rather than develop and publicize responsive and responsible alternative plans, they used their customers' personal contact information to lobby legislators.

The Companies' continual failure to communicate with customers and elected representatives has precipitated a significant financial burden on many small businesses, housing projects, and residential customers. National Grid's behavior surrounding the moratorium has been deplorable, and their moratorium has caused confusion, deprivation, and severe harm. In no way do they deserve to have their rates **increased** because of their actions, especially by more than 10%. Therefore, the Commission should reject any rate increase presented to it.

## **III. The Investigation(s), Penalty and Possible Prudence Proceedings**

Over the past several months, we have called for the Commission to initiate an investigation into the gas moratorium and to open formal, public proceedings in order to enhance transparency and enable customers and other stakeholders to monitor and participate in the investigation process. We are appreciative of the Commission's investigation(s) into National Grid's actions on Long Island and in New York City, and for the recent order, which resulted in approximately 1,100 customers receiving service after having been wrongfully denied.

We assert, however, that much more needs to be done, including making all of the investigations into National Grid's recent actions transparent. As we have noted, our constituents need an open proceeding into which they may file their comments and complaints, and the Commission's eventual rulings will greatly benefit from a robust and comprehensive record.

We also respectfully request that a penalty proceeding be initiated so that the State can levy fines against the Company for any wrongdoing determined from the ongoing investigations, and that the Commission open a prudence investigation into National Grid's operations, including but not limited to, its failure to make prudent investments that could have completely or partially averted the current moratorium due to relying on a system dependent upon a single point of failure.

Moreover, winter has arrived; sub-freezing temperatures have been reported around the State, and more days that are frigid are ahead. There has been much talk concerning whether National Grid's certificates of public convenience and necessity ("CPCN's" or "Franchise") are in jeopardy. In a previous case where a "franchise" to do business in the State of New York was in jeopardy (e.g., Charter Communications case 15-M-0388), settlement and remedatory negotiations took almost an entire year. With customers' lives at stake, any negotiations over the revocation of National Grid's franchise must be concluded in a speedy and efficient manner. Our constituents cannot be left to freezing temperatures without access to the heating they need and are entitled to under State law. The State - including this Commission - must do all that it can to right National Grid's wrongs, and it must do so without delay.

As such, we applaud and join the Governor's call for the rapid revocation of National Grid's franchise to operate its New York City and Long Island gas companies if they do not implement significant remedatory measures that will alleviate the massive losses suffered by customers in the affected areas. The Companies must also implement - under increased oversight - the necessary programs to end the moratorium and avert future moratoria, assisting the State and our communities in transitioning toward cleaner energy.

Thank you in advance for your prompt response to this matter. If you or your staff have any questions, require additional information, or would like to discuss this matter further, please do not hesitate to contact any of us directly, or via Senator Parker's office at (718) 629-6401.

Yours in Partnership,




KEVIN PARKER



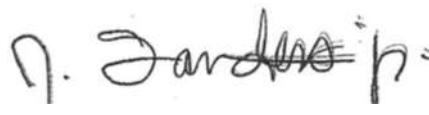
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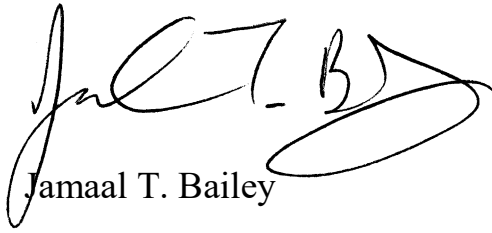
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