

**Testimony of Kimberly Harriman Deputy CEO, Avangrid  
On behalf of New York State Electric & Gas and Rochester Gas & Electric**

**Before the Senate Standing Committee on Corporations, Authorities and  
Commissions and the Senate Standing Committee on Energy and  
Telecommunications**

**September 30, 2025**

**Introduction**

Good morning, Chair Comrie, Chair Parker, and Members of the Committees.

My name is Kimberly Harriman, and I serve as Deputy CEO of Avangrid. I am here today on behalf of New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E), which collectively serve millions of New Yorkers across 40% of New York. Our companies are deeply embedded in the communities we serve, and we take seriously our responsibility to deliver safe, reliable, and affordable energy while advancing New York's ambitious clean energy and equity mandates.

We appreciate the Committees' leadership in convening this hearing. The Public Service Commission (PSC or Commission) and Department of Public Service (DPS) play a central role in ensuring that utility investments are aligned with customer needs, affordability, and the state's policy goals and mandates.

It is important to underscore that the rate case process in New York is among the most transparent and rigorous in the nation. Since NYSEG and RG&E filed our current rate cases on June 30, 2025, DPS Staff, and parties representing a broad spectrum of interests, have issued thousands of questions on all aspects of the rate filing. Public statement hearings, both in person and virtual, have been scheduled across our service territories to ensure that customers, elected officials, and community leaders have meaningful opportunities to participate. DPS Staff will file testimony on October 30th and, consistent with precedent, the testimony will be comprehensive, data-driven, and independent. The PSC will weigh all evidence, which includes public comments, Staff's and intervenors' analyses, and the utilities' proposals to reach a decision that protects ratepayers, ensures system reliability, and advances New York's energy and climate mandates.

The Commission faces a complex challenge. While many view a final rate case decision or a generic proceeding decision as the ideal balance of costs, reliability, and state policy objectives, the reality is more nuanced. It involves balancing competing priorities and ultimately selecting the least imperfect solution.

## The Utility Bill

To understand how these complex regulatory decisions ultimately affect customers, it is helpful to examine how a utility bill is structured, particularly the delivery charge, which is directly shaped by the outcome of the rate case process.

The PSC is responsible for establishing delivery rates for electric, natural gas, private water, and steam services provided by regulated utilities. The rate case process begins when a utility requests to change the delivery rates it charges customers. The utility must demonstrate its need for a rate adjustment through the filing of expert testimony, which is subject to rigorous review.

While a customer's total monthly utility bill reflects the outcome of this regulatory process, it also includes several distinct components outside the Commission's jurisdiction. The supply charge recovers the cost of the actual energy consumed. This commodity rate is not regulated by the Commission; instead, it is set by the market and passed directly to the customer, with no profit to the utility. Government charges are recovered through authorized mechanisms, either as separate surcharges, like the System Benefit Charge, or embedded within the delivery charge, such as property taxes on utility infrastructure. The remaining delivery charge covers the core costs of owning, operating, and maintaining the utility system, including investments in infrastructure to ensure safe and reliable service.

## Cost Drivers Behind the Rate Case

What does DPS staff review in a rate case? As an example, the proposals advanced in our current rate filings reflect a convergence of cost pressures that are material, structural, and urgent. These cost drivers include:

- **Base Activity Needs:** Costs associated with expanded vegetation management, modernization of aging infrastructure, growing capacity needs, and upgrades to information technology systems that support grid reliability, customer service, compliance with federal and state safety mandates, replacement of leak-prone pipe, prevailing wage requirements, and investments to support the transition to a lower-carbon energy system. See Exhibit 1 annexed hereto.
- **Correct Legacy Issues:** Increased costs associated with storm response, arrears recovery following the COVID-19 pandemic, reclamation & danger tree expenses and capital expenditures to correct legacy underinvestment.
- **State Policy:** Implementation of the Climate Leadership and Community Protection Act (CLCPA) through clean energy programs and investments in renewable integration, grid flexibility, and emissions reductions, make ready to support broadband expansion, low to middle income support programs, Roadway Excavation Act and the new Call Center Law.

These cost pressures are further compounded by macroeconomic factors, including inflation, supply chain disruptions, labor shortages, and rising contractor costs. The scale and complexity of these challenges require thoughtful, forward-looking investment and thorough expert review by DPS.

## **System Reliability and Resilience**

One of the most critical factors the PSC considers when evaluating delivery rates is system reliability, an increasingly urgent concern as utilities confront the growing impacts of climate change. Again, using our service territories as an example, we have experienced increasingly frequent and severe weather events. These events underscore the urgent need for investments focused on system hardening, outage reduction, and climate resilience. These investments are not discretionary; they are essential to maintaining reliability in the face of escalating climate risks.

DPS Staff plays a critical role in evaluating and guiding utility investments aimed at improving reliability and resiliency. In light of increasingly severe weather events, Staff conducts detailed reviews of utility proposals, including system hardening, outage mitigation, and climate adaptation measures. These reviews are grounded in publicly available filings and technical analyses, ensuring transparency throughout the process.

## **System Capacity**

The conversation related to meeting the state's ambitious climate goals often focuses on the availability of clean energy generation. However, the transition to an electric dependent energy grid will require historic investments in utility distribution and transmission infrastructure. Utilities across the country are making unprecedented investments to support the electrification of homes and proliferation of electric vehicles.

Exhibit 2 shows that for more than two decades electricity demand has been relatively flat and offset by energy efficiency gains, making it difficult to justify major investments in capacity expansion. This is even more apparent in rural service territories, such as ours, where we are seeing sharp increases in demand from new development. Since 2022, NYSEG and RG&E have experienced both a significant increase in load requests and an increase in the size of the load requests, with almost 500 MW of new load requested in 2024. For context, that would be the equivalent to building 500 new super stores across our service territory.

We appreciate the support of the legislature and administration. We particularly note the support in managing these capacity challenges by approving the PowerUp program in this year's state budget. This program will help offset a portion of the costs of prospective capacity investments to make sites across the state more attractive for development. In addition, the PSC has established the Proactive Planning Proceeding to support the utilities' proactive investment in the electric grid to serve emerging electrification capacity projects and keep pace with rapid

development. These efforts will help reduce the burden of these investments on ratepayers while enabling the utilities to implement the necessary investments in their systems to ensure reliability and resiliency, as well as support expanded capacity demands and economic growth opportunities.

### **Wholesale Electricity Price Surge Underscores Urgent Need for Infrastructure Investment**

According to the New York Independent System Operator, Inc.'s September 24, 2025 CEO/COO Report, the year-to-date average wholesale electricity price in August was significantly higher than the same period in 2024. This sharp increase reflects mounting pressure on the grid from a combination of factors, including rising demand, constrained supply, and limited transmission flexibility.

This trend is not just a pricing anomaly, it is a signal. Without timely and strategic investment in infrastructure, including generation, transmission, and grid modernization, the system will struggle to accommodate growing capacity needs, particularly as large-scale industrial and data center loads come online. The current trajectory risks compounding reliability challenges and increasing costs for utility customers.

This price volatility reinforces the need for proactive planning and investment to ensure the grid remains resilient, affordable, and capable of supporting New York's economic and decarbonization goals.

### **Affordability and Customer Support**

Affordability programs are critical components of the Commission's efforts to support vulnerable populations, particularly low-income households and those facing energy insecurity. These programs, such as bill discounts, arrears forgiveness, and energy efficiency initiatives, play a vital role in promoting equity and access to essential services. However, the PSC must also carefully weigh the broader cost implications of these programs on the remaining ratepayer base. As affordability measures are funded through utility rates, there is a delicate balance between providing meaningful relief and ensuring that costs remain reasonable for all consumers. Through their Energy Efficiency and Energy Affordability Program Working Groups, the PSC and DPS have established a transparent and data-driven framework for evaluating program impacts – an essential foundation for maintaining public trust and achieving equitable outcomes.

Through these approved programs, NYSEG and RG&E remain committed to affordability and customer empowerment. Over the past three years:

- Our energy efficiency programs helped customers avoid over 600,000 megawatt-hours of electricity and 3 million dekatherms of natural gas.
- We delivered over \$150 million in assistance to income-eligible customers.

- We expanded electrification programs and enhanced digital tools, such as our Energy Manager portal and AVA virtual assistant, to help customers manage usage and bills.

We are also investing in customer service operations by upgrading call centers, modernizing billing systems, and requesting a substantial increase in incremental full-time employees in our current rate proposal to ensure compliance with the local call handling requirements of the new Call Center Law.

### **Financial Integrity and Access to Capital**

Maintaining financial health is critical to support the necessary capital investments to provide customers with safe and reliable service and execute on the state's clean energy transition. NYSEG and RG&E currently hold Moody's Baa1 ratings, which reflect exposure to financial and regulatory pressures. Further downgrades would increase borrowing costs and restrict access to capital markets, potentially jeopardizing our ability to fund the necessary investments that directly benefit customers and support New York's clean energy future.

The PSC's established methodology for determining a return on equity (ROE) is designed to support utility access to capital at reasonable costs, while safeguarding ratepayer interests. By applying a consistent framework, the Commission ensures that utilities maintain financial health and creditworthiness, essentials for funding infrastructure investments.

### **Conclusion**

The rate case proposals were carefully designed to ensure that NYSEG and RG&E can both continue to deliver safe, reliable, and affordable service and make the investments necessary to meet the expectations of our customers and the mandates of the State of New York. The Commission's regulatory process is thorough, transparent, and inclusive, providing a strong foundation for informed decision-making. We are committed to working collaboratively with DPS Staff, the PSC, stakeholders, and the Legislature to reach outcomes that balance affordability, reliability, and policy alignment, recognizing that these priorities often involve difficult tradeoffs and competing interest.

Thank you for your time and for your continued leadership.

## Exhibit 1



### Aging Infrastructure

#### The Aging Infrastructure, Compromising Reliability Performance and Customer Quality

Outages related to aging infrastructure **impacted 411K customers** in NYSEG and RG&E in 2024

~1,300 breakers in **poor/very poor condition** and require immediate replacement

More than **20,000 poles** require **replacement** in NY today, replacement currently prioritized based on severity/urgency



### NYSEG & RG&E System Upgrades 2026-2028



Substation Circuit Breaker Replacements + **475**



34.5 kV Oil Circuit Breaker

Circuit Breaker & Power Transformer Spares + **140**



34.5 kV Transformer

Distribution Pole Replacements + **35,000**



12.5 kV Distribution Pole (w/ Top Rot)

Transmission & Distribution Tree Trimming Miles **16,000**



Substation Renewal and Associated Upgrades + **120**



115 kV Substation Rebuild (Big Tree)

Substation and T&D Automation Devices + **1,700**



Distribution Recloser Installation

Transmission Pole Replacements + **4,100**  
T&D Line Reconductor Miles + **650**



46 kV Transmission Pole (CVI)

Internal Use

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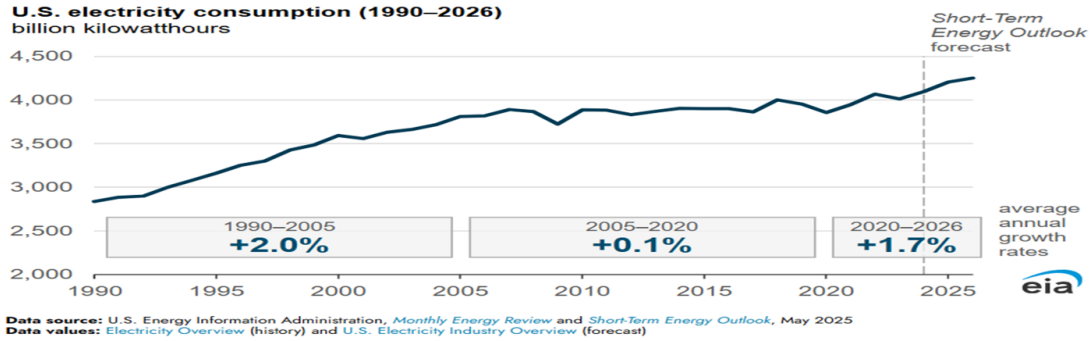
## EXHIBIT 2

### Electricity Demand is on the Rise!



*“We forecast U.S. annual electricity consumption will increase in 2025 and 2026, surpassing the all-time high reached in 2024. This growth contrasts with the trend of relatively flat electricity demand between the mid-2000s and early 2020s. Much of the recent and forecasted growth in electricity consumption is coming from the commercial sector, which includes data centers, and the industrial sector which includes manufacturing establishments”*

- [U.S Energy Information Administration](#)

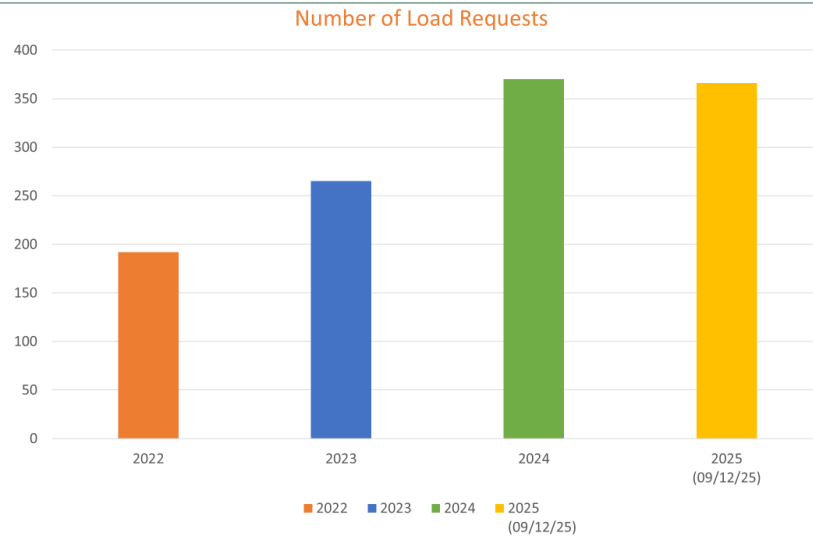


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### Load Interconnect Requests: 2022 – 2025



- Between **2022** and **2024** the number of load requests received across NYSEG/RG&E service territory has increased **93%**.
- At the same time, the size of the load requests increased **44%** with over **500 MW** of **new** load being requested in **2024**.



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## A Convergence of Priorities



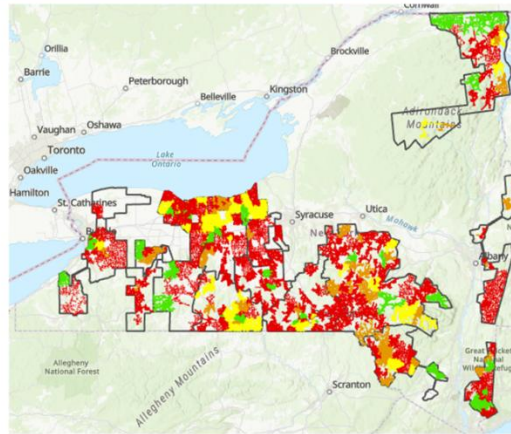
Increased Load Growth\* driven by increased housing, industrial/manufacturing, and Data Center/AI demand.



Rate Case focused on Resiliency, Reliability, and Phase 1 & 2 Capex



Environmental Goals (CLCPA) – Resulting in increased Electrification



**By 2050, electrification at NYSEG and RG&E is expected to cause a peak-load shift from summer to winter (e.g. EVs, Heat Pumps, etc.)**

\* Per NYISO 2023 Gold Book, NYSEG/RG&E service territories expect to see a 90% load growth by 2050.