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GOVERNOR ANDREW M. CUOMO

**GOVERNOR CUOMO ISSUES LETTER NOTIFYING NATIONAL GRID OF INTENT TO REVOKE ITS CERTIFICATE TO OPERATE DOWNSTATE GAS FRANCHISE**

Governor Andrew M. Cuomo today issued a letter to National Grid CEO John Pettigrew and President John Bruckner giving 14 days' notice of New York State's intent to revoke National Grid's certificate to operate its downstate gas franchise. The Governor came to this conclusion following National Grid's failure to provide "adequate and reliable service," including failing to address supply issues, neglecting the needs of their customers, stalling private development, and the associated diminution of tax revenues to local governments.

*The full text of the letter is below:*

Dear Mr. Pettigrew and Mr. Bruckner,

This letter is to give you 14 days' notice of my intention to have New York State move to revoke National Grid's certificate to operate its downstate gas franchise.

National Grid (and all utilities in the state) operate only if it is in the public interest for the company to operate.

The Public Service Law provides that a utility is granted a certificate of public convenience and necessity if the corporation can provide "adequate and reliable service" and the utility's operation is "in the public interest." There are two additional open safety violation proceedings at the public service commission, denoting your continued reckless disregard for the obligation's incumbent upon National Grid as a public utility.

Further, given National Grid's mishandling of the gas supply system on Long Island and New York City as evidenced by your recent "moratorium" on service there is no doubt National Grid failed to provide "adequate and reliable" service. Your recent admission to the Public Service Commission that "more could have been done to communicate with customers" effectively concedes that National Grid improperly denied service to over 1,100 households and is demonstrable evidence of both your inability to provide adequate service and take advantage of the public you serve.

The essential responsibility for a utility to provide adequate and reliable service is to manage the supply and demand. The very lack of supply you now point to as the reason

for your denial of service to thousands of customers exhibits your failure to plan for supply needs. Your fundamental legal obligation as mandated by your certificate of operation was to plan and provide for future needs. You failed by your own admission.

National Grid has made clear that its only plan for future supply was based on a single, speculative project: construction of a private pipeline through New Jersey and New York. The plan to build such a pipeline was risky at best. The pipeline required multiple regulatory approvals in both states, faced multiple potential legal challenges and construction hurdles. Reliance on a 12-month construction timeline for such a complex and controversial project is also irresponsible.

Considering all the risks involved in such a pipeline coming to a timely conclusion, it was incumbent upon a competent and professional utility to explore and provide contingency plans and short-term and long-term options.

The "moratorium" is either a fabricated device or a lack of competence. There is no legitimate need for it in the first place. There are existing short-term options to contract for non-piped gas from other sources, which National Grid either deliberately, negligently or incompetently did not secure. National Grid should have explored all options before denying service. Gas can be trucked, shipped, or barged, and other infrastructure could be proposed, or additional unloading facilities installed. Electric service and demand response measures could be proposed. Heat pumps and renewable sources could be proposed. These options should have been explored and weighed by National Grid and made public for consumers to evaluate before National Grid denied gas service.

The pipeline, as just one option, must be evaluated together with other options for the respective economic and environmental consequences to allow the State and National Grid to make an informed decision. The choice was never between the pipeline or an immediate moratorium. There were, and are, certainly other short-term solutions. That was your legal obligation.

National Grid's actions clearly violated the State's mandated policy for utilities: "to formulate and carry out long-range programs, individually or cooperatively, for the performance of their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources."

The lack of National Grid's capacity in addressing the supply and demand issue was actually exacerbated by National Grid's own actions. National Grid marketed "oil to gas conversions" which increased the gas demand (and the customer base of National Grid) in reckless disregard of the company's failure to have any future plan to meet the demand it was creating.

Furthermore, National Grid's failure to address the supply issue, the abuse of their customers, the adverse economic impact caused by stalling private development, and

the associated diminution of tax revenues to local governments, clearly demonstrate that National Grid's operations are not in the public interest. National Grid's imposition of a moratorium on new development and the extension of the moratorium to existing customers harmed thousands of individuals. National Grid tacitly admitted this abuse pursuant to a Public Service Commission's finding that gas to more than 1,100 customers was wrongfully denied.

There are only two theories to explain National Grid's actions. Either National Grid was grossly negligent in relying exclusively on the speculative construction of a private pipeline to meet the demands that it was statutorily required to provide; or, National Grid deliberately defrauded the people of the state by not developing or pursuing existing supply options to force approval and reliance on a private pipeline to further their business interests at the cost of the consumer.

Either alternative clearly violates your certificate of operation in the State of New York.

Please advise me of any considerations I have overlooked, or present meaningful and immediate remedial actions you would propose, within 14 days.

Thank you.

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