

# KEDNY and KEDLI:

## 2019 Rate Review

Investor Relations | April 2019

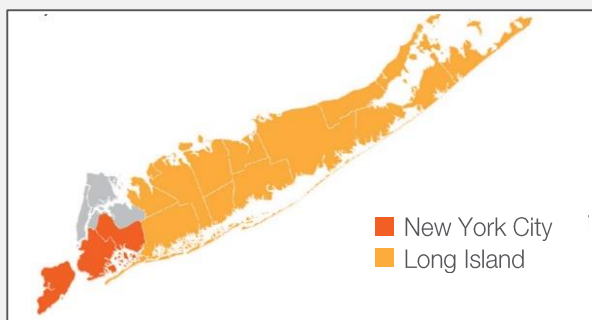


**“Our proposal to the New York Public Service Commission seeks to fund programs necessary to continue a safe and reliable service, modernize the gas network, and deliver a sustainable future for natural gas. We will maintain our focus on customer affordability through maximizing efficiencies over the multi-year rate plan.”**

**John Bruckner**

National Grid President, New York jurisdiction

### National Grid and KeySpan Energy Delivery New York (KEDNY) and KeySpan Energy Delivery Long Island (KEDLI)



- Downstate New York Gas distribution utilities
- 1.8 million natural gas customers, 4,000 employees
- 1.2 million New York City; 590,000 Long Island
- 12,000 miles of gas distribution and transmission pipe
- 4,000 miles New York City; 8,000 miles Long Island

### Meeting our commitments . . . . . . since the last rate case in 2016

- Significant capex to modernize gas networks
- Strong operational performance; meeting or exceeding regulatory performance metrics (leaks, emergency response, damage prevention)
- Accelerated leak prone pipe replacement
- More than 22,000 new gas connections since 2016

### Financing assumptions

	Cost of equity	Cost of debt	Rate of Return	Assumed equity capitalization
<b>KEDNY</b>	9.65%	4.11%	6.76%	48.0%
<b>KEDLI</b>	9.65%	4.06%	6.74%	48.0%

### Key elements of 2019 rate review

Requested revenue increase	RY1 (2020/21)	RY2	RY3	RY4
<b>KEDNY Annual</b>	\$237m	\$132m	\$85m	\$85m
<b>KEDNY Cumulative</b>	\$237m	\$369m	\$454m	\$539m
<b>KEDLI Annual</b>	\$49m	\$46m	\$35m	\$39m
<b>KEDLI Cumulative</b>	\$49m	\$95m	\$130m	\$169m

- Requested ROE of 9.65%
- Requested debt:equity structure of 52%/48% in RY1, 51%/49% in RY2, and 50%/50% for RY3, RY4
- 4 year rate plan (April 2020 to end March 2024)
- \$962m capex KEDNY and \$586m capex KEDLI for FY21
- \$6.2bn capex across the rate plan to 2023/24
- Maintains tracker and true-up mechanisms for property taxes, commodity related bad debt, Pension/OPEB's, and environmental remediation
- Funds more than 250 new positions in Rate Year 1
- Investment to ensure affordable, decarbonized heating, including expansion to renewable natural gas and geothermal demonstration pilot for 900 customers
- Proposal to adopt additional innovative rate design elements, including performance based rates and incentives and new earnings adjustment mechanisms
- Anticipate new rates effective in April 2020

### Customer impact (total bill)

- KEDNY: Typical residential gas customers will see an average net bill increase of 12.0% or \$16.66 per month
- KEDLI: Typical residential gas customers will see an average net bill increase of 5.2% or \$7.14 per month

## KEDNY Capex and Opex

### Capex

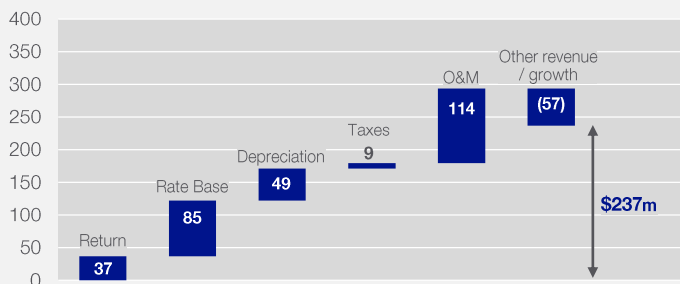
- Capital investment of \$962m for FY21
- Replace 70, 75, 80, 85 miles of pipeline across FY21-FY24
- Storm hardening projects
- Install new transmission pipes to meet demand and enhance reliability
- Upgrade Greenpoint LNG Facility

### Opex

\$114m increase reflects:

- \$21m inflation
- Increases in environmental recoveries offset by efficiencies and lower pension expenses
- Implement pipeline safety programs
- Low income programs
- Future of Heat strategy supporting sustainable growth, renewable supply

### KEDNY Year-1 revenue increase (\$m)



## KEDLI Capex and Opex

### Capex

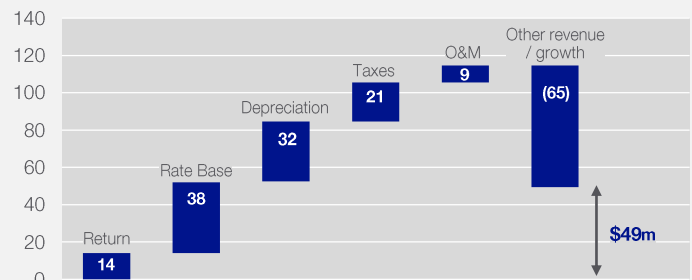
- Capital Investment of \$586m for FY21
- Replace 155 miles of pipeline each year across FY21-FY24
- Storm hardening projects
- Install new transmission pipes to meet demand and enhance reliability
- Upgrade Holtsville LNG Facility

### Opex

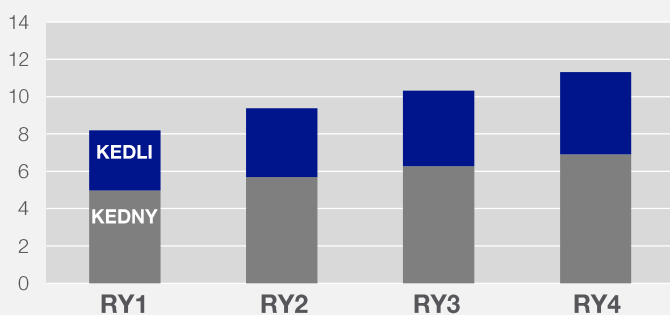
\$9m increase reflects:

- \$8m inflation
- Increases offset by efficiencies and lower pension expenses
- Implement pipeline safety programs
- Low income programs
- Future of Heat strategy supporting sustainable growth, renewable supply

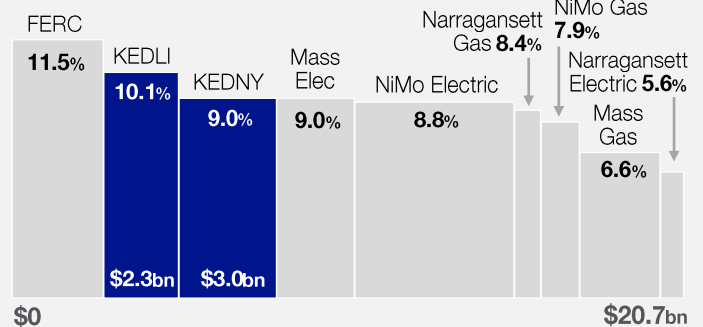
### KEDLI Year-1 revenue increase (\$m)



### KEDNY/KEDLI rate base forecast (\$bn)



### 2017/18 RoE/Rate base (\$m)



### Important notice

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