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Thousands of Grid commercial gas customers to get refunds

July 21, 2015 by MARK HARRINGTON / mark.harrington@newsday.com



Thousands of Long Island companies that get gas from National Grid are due refunds dating back as far as 2008 because the utility used an incorrect formula and charged the wrong rate, the state has ordered.

About 3,600 customers are due refunds up to a few thousand dollars, plus years of interest, National Grid acknowledged in a statement Monday. The company has spent months analyzing customer usage data to determine how many of its 57,000 commercial customers are due refunds.

National Grid was ordered last fall by the state Department of Public Service to conduct the review and make the payouts for Long Island and New York City commercial customers.

The error first came to light in 2009, when a pair of Long Island utility consultants reviewing bills for their clients discovered that National Grid in 2008 began using weather-adjusted customer usage data to determine rate classifications. This so-called normalized data removes spikes and lulls from a particular year's weather to moderate the impact.

In this case, the effect was to put thousands of commercial customers into the wrong rate class, the state found following the complaints. National Grid reviews usage data annually and in some cases resets customers' rate classifications.

Those affected paid slightly higher rates, but the impact grew over the years.

In a statement to Newsday, National Grid said refunds before interest could amount to a few dollars to a few thousand depending on customer usage and size. Interest could double the amounts for every four years of overpayments.

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"Customers will be notified within the next few weeks that they will be receiving a refund with interest," company spokeswoman Wendy Ladd said.

The refund will come from National Grid's corporate coffers rather than ratepayers.

National Grid's agreement to pay refunds follows years in which it fought the case, requesting as recently as last year that the state reject the notion of refunds altogether because they were "not appropriate in this case." In an initial review, the state found in favor of the company, but the consultants prevailed on appeal.

"They fought me all the way, right up to the very end, and even then they never conceded they made a mistake," said Douglas DiCeglio, president of Utility Rate Analysis Consulting in Lynbrook.

Ladd said National Grid believed it was applying its rate guidelines "in good faith" before the complaints and the state findings. But after a "comprehensive review," it is "classifying customers as the Public Service Commission has requested."

DPS said it will review National Grid's analysis "to ensure all who qualify for a refund are provided a refund, with interest." Customers with questions about the refunds should call the Department of Public Service at 800-342-3377.

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