

STATE OF NEW YORK

Public Service Commission

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PSC EXAMINES CON EDISON'S GAS SAFETY EFFORTS

— State Regulators Seek Assurance Utility's Gas Safety Program Remains on Track —

Albany, NY—05/20/14— The Chair of the New York State Public Service Commission (Commission) today directed Consolidated Edison Company of New York, Inc. to meet as soon as possible with Department of Public Service personnel to establish whether Con Edison is effectively managing the increased work it is conducting as a result of a greater number of gas odor calls being made since the natural gas explosion in East Harlem on March 12, 2014, and how Con Edison is addressing other related work requirements.

“It is imperative that residents remain vigilant in reporting gas odors and that the company remains proactive in educating the public on the importance of making such calls,” said Commission Chair Audrey Zibelman. “It is equally important that we ensure the company is being responsive to the increase in these calls without negatively impacting the company’s operations. To this end, we will continue to actively monitor the company’s progress in addressing the increased call volume.”

Con Edison is now required to report on a monthly basis a summary of its performance in responding to gas leak and odor calls. The company reports to the Department the number of odor calls received, and the percentage rate at which the company responds to each call for each of 13 different time intervals. The Department will discuss with Con Edison increasing the frequency of the submission of these reports for more immediate data.

The Department will also examine how other company services and obligations are being affected by the added workload placed upon company employees as a result of increased calls. Specifically, the Department will examine how the company intends to meet the increased costs associated with responding to higher levels of gas leak and odor calls, and to examine what cost cutting activity the company may undertake in response to the increased costs, particularly with respect to costs associated with gas safety.

According to press reports, the number of calls about gas odors had more than doubled in the first seven weeks after the explosion compared with the same period last year. Con Edison, like all gas utilities, has specific metrics that it needs to meet for gas safety, including pipe replacement, reducing backlog, and responding to calls. Failure to meet these metrics could make the company shareholders subject to financial penalties.

The Department's independent investigation of the East Harlem investigation is proceeding pursuant to the Department's authority under State law. The tragic incident led to eight fatalities and more than 40 injuries. Department staff is performing a comprehensive investigation to determine contributing factors and will make recommendations, where appropriate, to mitigate the possibility of this type of incident from reoccurring.

There are several components to the ongoing investigation that must be examined, including leak-prone and aging gas infrastructure — such as cast iron pipe — as well as Con Edison's operating, maintenance and construction practices, compliance with pipeline safety regulations, and public awareness of how to react to natural gas odors. The investigation is ongoing.