

STATE OF NEW YORK

Public Service Commission

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FOR RELEASE: IMMEDIATELY

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PSC APPROVES \$37M CON EDISON SETTLEMENT

-Settlement Precludes Recovery of Costs of 2007 Steam Rupture from Ratepayers-

Albany, NY—11/12/08—The New York State Public Service Commission (Commission) at its regular monthly meeting discussed items relative to the steam pipe rupture of Consolidated Edison Company of New York, Inc.'s (Con Edison) distribution system at the corner of East 41st Street and Lexington Avenue in Manhattan on July 18, 2007. Today, the Commission at its meeting approved a \$37 million settlement to resolve its prudence investigation to evaluate Con Edison's actions and practices relating to the 2007 steam incident.

“The public interest is well-served in approving the settlement since it precludes Con Edison from recovering from ratepayers its direct and indirect costs for the steam pipe rupture,” said Commission Chairman Garry Brown. “In addition, the settlement significantly promotes the safety of the steam system.”

In an order dated February 13, 2008, the Commission initiated a proceeding to evaluate the prudence of Con Edison's actions and practices relating to the July 2007 steam pipe rupture. On August 7, 2008, Con Edison, Staff of the Department of Public Service (Staff), and the New York State Consumer Protection Board executed and filed a settlement agreement to resolve pending prudence-related issues. A hearing was held on August 21, 2008 to receive public statements and to hear from interested parties about the settlement terms.

The Commission today determined that the settlement agreement fully protects ratepayers by eliminating from the prices they pay the costs Con Edison incurred, approximately \$37 million, due to the steam pipe rupture in July 2007.

In a separate, but related matter, with approval by the Chairman of the Commission, Con Edison will establish a reserve account in the amount of \$4 million to be used for ratepayer benefit in lieu of further action by the Commission. This account may be used to mitigate the rate impact of operational and maintenance and/or capital expenditures made by Con Edison to implement safety-enhancement actions.

These safety-enhancement actions are outlined in the company's December 2007 Recommendations and Action Plan; and in Staff's February 2008 Report on the steam pipeline rupture which included 13 recommendations for improvement in Con Edison's steam system operations and maintenance practices and procedures.

Today, Staff provided a status report to the Commission noting that Con Edison has complied with the recommendations in Staff's February 2008 Report. Staff in its report, recommended bi-monthly and/or quarterly reporting by Con Edison regarding implementation of remote monitoring systems to detect real-time water infiltration into steam pipeline facilities and a feasibility analysis of high capacity steam traps and trap assembly designs to improve debris removal, respectively.

In another related matter, the Commission also approved a waiver to allow Con Edison to issue bill credits to affected non-residential steam and gas customers for a portion of the costs of their steam and gas service between July 18, 2007 and the date the customer or its tenant(s) was able to reoccupy the premises where the company's service was taken. Con Edison will not seek recovery of costs from ratepayers for these bill credits.

The Commission's orders in Case 08-S-0153, when issued, will be available on the Commission's www.dps.state.ny.us Web site by accessing the File Room section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).