



STATE OF NEW YORK | EXECUTIVE CHAMBER

ANDREW M. CUOMO | GOVERNOR

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GOVERNOR CUOMO ANNOUNCES CON EDISON RATE SETTLEMENT

Agreement Would Freeze Rates for 2-3 Years, While Strengthening Resiliency & Improving Efficiency

Governor Andrew M. Cuomo today announced a joint agreement with the Consolidated Edison Company of New York, Inc. that includes a two-year electric delivery rate freeze and a three-year gas and steam distribution rate freeze starting on January 1, 2014. The agreement also requires the utility to make significant investments to strengthen the resiliency of the energy grid, improve energy efficiency, and accelerate the transition to a cleaner, more distributed energy system. This agreement stems from the Governor's call last October for the Public Service Commission (PSC) to [reject the utility's proposed rate hike](#).

"This is a clear victory for consumers and businesses, particularly those who suffered through power outages from Superstorm Sandy last year," Governor Cuomo said. "New Yorkers deserve stable power rates and a reliable electric system that is clean and fortified to withstand and respond to the impacts of future extreme weather. With this groundbreaking settlement, we have achieved both of these critical elements for ratepayers in New York City and Westchester County. I commend all parties, including the PSC staff, consumer and environmental groups and Con Edison for their efforts."

The settlement proposal, pending approval by the PSC, provides Con Edison customers with a freeze in base delivery rates for two years for electric service and three years for gas and steam delivery services. Additionally, the settlement provides for significant investments in resiliency and system hardening; increases in gas safety measures and increases in leak prone pipe replacements; expansion of the low-income program; and increase investment in and focus on oil-to-gas conversions, which will reduce polluting air emissions, and distributed generation.

Under the terms of the joint proposal – signed by the majority of parties, including Department of Public Service staff, the City of New York, and several environmental and consumer groups – residential customers will receive a two-year electric delivery rate freeze and a three-year gas distribution rate freeze starting January 1, 2014. Most commercial and industrial customer classes will see a rate decrease.

In addition to the customer-friendly rate freeze, other benefits for Con Edison customers include:

- Improving and increasing the discounts associated with the low-income electric and gas programs;
- Ensuring quicker reconnections of residential electric service by providing the company resources to expand its capability to reconnect most customers the same day they are eligible for reconnection of service;
- Strengthening performance measure targets for customer service; and
- Expanding performance measure targets for gas safety violations.

In recognition that climate change is increasingly impacting the company's energy distribution systems in New York City and Westchester County, the joint proposal recommends spending \$1 billion to harden and make more resilient the company's electric, gas and steam systems. The agreement also creates a process to fund other approved storm hardening and resiliency collaborative proposals developed during the term of the rate plans.

The agreement significantly increases the amount of leak-prone pipe to be replaced, and expands the program to include replacement of leak-prone pipes in flood zones. It also includes a study on ways to reduce the amount of methane that might leak from the gas distribution system, which in turn would limit the amount of greenhouse gas escaping into the atmosphere.

The agreement also advances cleaner fuels and new technologies to enhance efficiency and reliability. Con Edison would study the feasibility and cost-effectiveness of expanding the use of microgrid systems, which are small-scale versions of the centralized electricity system designed to achieve specific local goals, such as reliability, carbon emission reduction, diversification of energy sources, and cost reduction. The agreement also requires Con Edison to improve and expand its oil-to-gas conversion program.

In January 2013, Con Edison requested state Public Service Commission (PSC) approval for an increase of 8 percent to electric delivery rates, 2.5 percent to gas, and 2.3 percent to steam delivery rates for one year beginning January 2014, among other things. After the one year period, Con Edison could have returned to the PSC for approval of another rate increase.

In response to the utility's proposed rate increase, Governor Cuomo sent a letter to the PSC on Oct. 8, 2013, urging it to reject the utility's request to increase rates. Specifically, the Governor asked the PSC to stabilize rates and ensure utility investments would truly benefit customers. The new joint proposal meets both of these objectives.

Joining the Department of Public Service and Con Edison in signing the agreement are: the City of New York, the New York Power Authority, the New York State Department of Consumer Protection Utility Intervention Unit, Consumer Power Advocates, New York Energy Consumers Council, the Environmental Defense Fund, Columbia Center for Climate Change Law, PACE Climate Center, NRG Energy, Inc., and US Power Generating Company. The joint proposal will be issued by the PSC for public comment, and it will be subject of an evidentiary hearing, to be followed by an anticipated PSC decision at its February 20, 2014 session.

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