



Public Service Commission

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John B. Rhodes, Chair

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Financial Penalties Loom Over RG&E, NYSEG Windstorm Response

— **Governor Cuomo-Directed Investigation into Utilities' Storm Performance Uncovers Problems** —

ALBANY — The New York State Public Service Commission (Commission) today completed its investigation into the March 2017 Windstorm that swept Western New York and determined that the poor storm restoration response by two utilities — Rochester Gas & Electric Corporation (RG&E) and New York State Electric & Gas Corporation (NYSEG) — violated the companies' own emergency response plan. As a result, the companies' owners now potentially face millions of dollars in financial penalties.

"It is critically important that utilities adhere to our rules and regulations, even more so when the safety of New Yorkers is at stake," **said Commission Chair John B. Rhodes.** "Given the findings, the Commission will now consider financial penalties on the companies for their apparent failure to follow Commission-approved emergency response plans"

While Commission staff found NYSEG and RG&E performed adequately in some areas in terms of their storm response, the in-depth investigation found several areas where the companies did not follow the Commission-approved guidelines. Specifically, the investigation identified four violations for NYSEG and eight violations for RG&E while also uncovering other areas needing improvements as detailed in nearly 30 staff recommendations. With the violations, the companies now face possible financial penalties totaling several million dollars that, if imposed, would be paid by shareholders.

On Wednesday, March 8, 2017, a severe windstorm hit Western New York causing widespread damage to the area. In the storm's aftermath, the companies reported peak outages of approximately 123,000 and 48,000 for RG&E and NYSEG, respectively. Governor Andrew M. Cuomo directed the New York State Department of Public Service on March 11, 2017 to conduct an immediate investigation into the RG&E and NYSEG's preparation and response to the windstorm. Complete restoration took until March 13, 2017 for NYSEG and March 15, 2017 for RG&E.

In 2012, following widespread power outages across the state after Superstorm Sandy, Governor Cuomo directed the Department of Public Service and the Public Service Commission to strengthen oversight of utilities under a new law that took effect in 2013. The new law strengthened requirements and required Commission approval of emergency plans.

Based on staff's investigation, NYSEG and RG&E violated their Commission-approved emergency response plans, which makes them subject to possible financial penalties. The violations include:

- **Damage Assessment:** RG&E's required damage assessment did not start as early in the process as it should have;
- **Downed Wires:** Neither company was able to fully secure downed wires reported by municipal officials within the required 36-hour time period, which put public safety at risk;
- **Restoration:** The companies did not follow the requirement regarding keeping the public informed about restoration times, which created customer uncertainty;
- **Life-Support:** Although no one was harmed or died, the companies failed to properly coordinate communications with customers who are on life-support equipment;
- **Critical Restorations:** RG&E failed to create a priority list of critical facilities impacted — fire and police stations, etc. — to be used for determining restoration priorities;
- **Phone Alerts:** RG&E did not adequately update its automated voice messaging services to reflect the storm conditions; and
- **Call Center:** RG&E's call center was not staffed to the level prescribed in its emergency response plan.

For National Grid, the other utility serving the region, areas around its Genesee, Frontier, and Southwest divisions sustained damage from the windstorm, with the most damage in the Genesee division. Customer outages for National Grid peaked at 113,000 and complete restoration was accomplished on March 12. Staff found that National Grid restored more than 90 percent of affected customers within 36 hours and is not subject to a penalty action.

With the Commission's order, NYSEG and RG&E are directed to respond within 30 days to show why an administrative penalty proceeding should not be initiated. The companies are also directed to show how they are going to improve their storm management practices to ensure such mistakes are not repeated in the future. The Commission will make the responses available before taking any potential next steps.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 17-E-0594 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.