

STATE OF NEW YORK

# Public Service Commission

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## **UTILITIES MOSTLY MAINTAIN RELIABILITY, SERVICE QUALITY — NYSEG Faces \$2.3M Earnings Reduction Due to Poor Customer Satisfaction —**

Albany, NY — 06/17/10 — The New York State Public Service Commission (Commission) today received reports from staff of the Department of Public Service (staff) assessing electric service reliability and customer service quality performance by electric and gas utilities in New York. According to the reports, statewide interruption frequency for 2009, excluding major storms, was comparable to 2008 and better than the five-year average. In terms of customer service, utilities improved on the 2008 results by meeting or exceeding performance on 48 of 49 measures.

“Reliability performance mechanisms and customer service quality incentive mechanisms have been in effect for many of the utilities for years,” said Commission Chairman Garry Brown. “These performance measurement mechanisms link company earnings to company performance on specific measures of system reliability and/or customer service. These measurement metrics are designed to promote performance-based incentive strategies for delivery of reliable electric service and a high level of customer service by electric and gas utilities in New York State.”

The statewide interruption frequency for 2009, excluding major storms, was comparable to 2008 and better than the five-year average. Performance of all companies, except Central Hudson Gas and Electric Corporation and National Grid (upstate), improved. While Central Hudson and National Grid did not improve from 2008 levels, they nonetheless met required performance mechanisms.

The statewide duration performance in 2009 was at its best in recent years. The primary reasons for good performance by all the utilities in 2009 include the overall mild weather, continued infrastructure improvements, focused tree trimming, and the implementation of improved response practices. Another contributing factor to the good performance was that 2009 was the least affected by storms in the past five years.

Staff's assessment of electric service reliability performance by utilities relies on two primary metrics to measure performance: the System Average Interruption Frequency Index (SAIFI or frequency) and the Customer Average Interruption Duration Index (CAIDI or duration). SAIFI is the average number of times that a customer is interrupted during a year. CAIDI is the average interruption duration time for those customers that experience an interruption during the year.

Frequency of outages is influenced by factors such as system design, capital investment, maintenance, and weather. Decisions made by utilities today on capital expenditures and maintenance policies, however, can take several years before being fully reflected in the frequency measure. Duration, on the other hand, is affected by workforce levels, management of the workforce, and geography.

All electric utilities have reliability performance mechanisms in place as a component of their rate plans. The reliability performance mechanisms impose negative revenue adjustments on the utilities that fail to meet electric reliability targets. No company incurred a negative revenue adjustment due to its failure to achieve frequency or duration outage targets in its reliability performance mechanism for 2009.

Staff also presented to the Commission its report on customer service quality which examined utilities' performance on a wide range of measures of importance to customers, including complaint rates, customer satisfaction, service appointments kept and timeliness of telephone response.

Overall, the state's electric and gas utilities met or exceeded the standards for performance on 48 of the 49 measures of customer service established within the utilities' rate plans. With only one

exception, all of the state's electric and gas utilities met or exceeded the applicable standards for performance on measures of customer service.

New York State Electric & Gas Corporation did not achieve the target level on survey measures of customer satisfaction, which resulted in a reduction of earnings of approximately \$2.3 million, as prescribed under the company's performance incentive mechanism. The \$2.3 million will be used for the benefit of NYSEG's customers. National Grid and Orange and Rockland Utilities Inc. improved performance over 2008 and met customer satisfaction targets in 2009.

Staff's 2009 Electric Reliability Performance Report, when issued, may be obtained by going to the Documents section of the Commission's Web site at [www.dps.state.ny.us](http://www.dps.state.ny.us) and entering case number 10-E-0226 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Staff's Report may also be obtained from the Commission's Files Office, 14<sup>th</sup> floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).