

STATE OF NEW YORK

Public Service Commission

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HISTORIC STORMS IMPACT OVERALL RELIABILITY — Overall Performance Falls Only Slightly Due to Storm Damage in 2011 —

Albany, NY—06/28/12—The New York State Public Service Commission (Commission) today received a report from staff of the Department of Public Service (staff) assessing electric service reliability by electric utilities in New York State. While overall system reliability was only slightly worse in 2011, the spillover effect following the unprecedented number of severe storms last year may have impacted the utilities' overall performance.

“Reliability performance 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. These measurement metrics are designed to promote performance-based incentive strategies for delivery of reliable electric service by electric utilities in the State.”

Statewide interruption frequency for 2011, excluding major storms, was only slightly worse than 2010 as well as the five-year average.

However, five storms in 2011 caused significant hours of interruption of customer service, with Hurricane Irene, Tropical Storm Lee, and an unseasonal October snowstorm causing the most interruptions. While these storms were excluded from a utility's reliability performance because they are circumstances over which the utilities have limited control, there might be some spillover effect in the periods following the storms that would impact the overall performances.

Some of this variance was also attributed to National Grid's change in its data collection and reporting system. Central Hudson Gas and Electric Corporation (Central Hudson) and Orange and Rockland Utilities, Inc. (Orange and Rockland) improved when compared with 2010.

While the reliability performances of the remaining three — Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation — major electric companies fell slightly, they generally performed satisfactorily. Staff noted that 2008-2010 were among the best years recorded, with respect to frequency.

Similar to frequency, the statewide duration performance for 2011, excluding major storms, was slightly worse than the previous year, but generally consistent with the history of the past four years. National Grid, Central Hudson and Orange and Rockland performance improved over 2010.

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 that experience an interruption in electric service 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 measures. Duration, on the other hand, is affected by workforce levels, management of the workforce, and geography.

All investor-owned electric utilities have reliability performance mechanisms (RPMs) in place as part of their rate plans. The reliability performance mechanisms impose negative revenue adjustments on the utilities that fail to meet electric reliability targets. With respect to individual

utility performance in 2011, Con Edison failed to meet its RPM metric for network (underground distribution system) interruptions and duration as well as for radial (overhead distribution system) duration.

Staff's 2011 Electric Reliability Report concerning electric reliability performance, when issued, may be obtained from the Commission's www.dps.ny.gov Web site by accessing the Commission's Search section of the homepage and referencing Case 12-E-0160. Many libraries offer free Internet access. Staff's report may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).