

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223
Further Details: James Denn
james_denn@dps.state.ny.us | 518.474.7080
<http://www.dps.state.ny.us>

10065/10-G-0100;09-G-0380

CON EDISON ORDERED TO SET ASIDE \$1M FOR CUSTOMERS

— Joint Proposal in the 2009 Floral Park Gas Explosion —

Albany, NY—07/15/10—To resolve an outstanding enforcement issue, the New York State Public Service Commission (Commission) today voted to direct Consolidated Edison Company of New York, Inc., to establish a \$1 million reserve account to be paid by the company's shareholders to customers due to the natural gas explosion that occurred in April 2009 in Floral Park, Queens, New York.

“This resolution of the penalty issues related to the alleged gas safety code violations obtains the maximum amount that the Commission could have obtained had it fully litigated a civil penalty action in this case,” said Chairman Garry Brown. “This decision is in the interest of ratepayers because it provides a direct benefit to ratepayers that could not be achieved under an enforcement action. Additionally, Con Edison continues to implement enhancements to the safety of its gas delivery system.”

The Commission will now seek public comment as to how the money should be used to benefit customers. The Commission today noted that Con Edison had experienced increased operation and maintenance expenses related to modifications of the company's gas safety procedures undertaken since the Floral Park explosion. Consequently, in Case 09-G-0795, the company requested recovery from ratepayers, incremental gas safety expenditures amounting to approximately \$400,000 annually. The Notice regarding disposition of the proceeds of the reserve account, will seek comments from interested parties whether and, if so, how the reserve

account required today by the Commission should be used to partially offset a rate increase when the Commission considers the new gas rates which would be implemented in Case 09-G-0795.

Background

A natural gas explosion occurred on April 24, 2009, at a private residence located at 80-50 260th Street, Queens, destroying the house and resulting in the death of a resident at that address. Con Edison personnel were on site before the explosion occurred, having responded to a report of a gas odor on the block.

Following the incident, staff of the Department of Public Service in Case 09-G-0380 conducted an investigation and filed a report with the Commission in November 2009. The staff report included a discussion of the causes of the explosion and Con Edison's response to the report of gas odors on the block received prior to the explosion. The staff report identified four aspects of the company's response that, it stated, were at variance with the company's gas leak response procedures in effect at the time of the Floral Park explosion.

In March 2010, the Commission issued in Case 10-G-0100, an order directing Con Edison to show cause why the Commission should not proceed with a penalty action against Con Edison for \$1 million based on each of the four alleged violations of gas leak response procedures. On June 30, 2010, staff and Con Edison concluded a joint proposal to resolve all penalty issues associated with or relating to Floral Park explosion for consideration by the Commission.

The Commission's written decision, when available, in Case 10-G-0100, and staff's report in Case 09-G-0380 may be obtained by going to the Documents section of the Commission's Web site at www.dps.state.ny.us and entering the appropriate case number in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. The Commission's decision may also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).