

STATE OF NEW YORK

Public Service Commission

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FOR RELEASE: IMMEDIATELY

08080/06-E-0894

PSC APPROVES \$63M LONG ISLAND CITY SETTLEMENT

-Bill Credits to Customers and Other Community Benefits-

Albany, NY—07/16/08—The New York State Public Service Commission today approved a settlement, with modifications, in regards to the July 2006 Queens power outage in Consolidated Edison Company of New York, Inc.'s (Con Edison) Long Island City electric system. The proposed settlement agreement was filed with the Commission on April 24, 2008.

“Approval of this settlement includes benefits which could not otherwise be conferred in a litigated prudence proceeding and provides a portion of the remedies to those customers directly affected by the 2006 Queens power outage,” said Commission Chairman Garry Brown. “The terms and conditions of this unique settlement were crafted among normally adversarial parties with no opposition. The details of the settlement are set forth on the record in this proceeding supporting the Commission’s conclusion that the public interest is served in approving the settlement.”

Disallowance of Repair Costs

The settlement contains two basic monetary provisions which were offered by Con Edison in exchange for the termination of the prudence investigation instituted by the Commission in April 2007. The first is the disallowance of \$40 million of plant costs and \$6 million of accrued carrying charges incurred by Con Edison to replace and repair electricity delivery facilities in the Long Island City network associated with the July 2006 power outages. The second is Con Edison’s provision of \$17 million in community-benefit funds dedicated to the community directly affected by the 2006 Queens power outage.

The \$46 million disallowance regarding repairs and replacements will not be included in Con Edison's earnings base and will not be collected from ratepayers. The benefits of this disallowance accrue to all Con Edison electric customers.

Community-Benefit Funds

The \$17 million in community-benefit funds is allocated for three purposes. First, approximately one-half the amount will fund bill credits or direct payments to residents and businesses affected by the Long Island City network outages. The bill credits will be \$100 for each residential customer, \$200 for each small non-residential customer, and \$350 for each large non-residential customer. These bill credits will be applied in full to customers' accounts within sixty (60) days of the Commission's order.

Con Edison also will provide an equivalent payment upon request to residents and businesses who were without power during the July 2006 power outage, but who are no longer customers within the Long Island City network. Additionally, Con Edison will provide payments of \$100 to residential claimants and \$200 to non-residential claimants or all non-customers who received a food spoilage claim payment following the outage. These payments and credits are expected to total approximately \$8 million.

Secondly, a study will be conducted and funded up to \$500,000 to investigate the economic and health impacts of the outage on the Long Island City residents and businesses.

Lastly, the approximately remaining half of the \$17 million in the community-benefit fund will be equally used for tree planting and other environmental initiatives or greening projects, designed to improve the environment in the neighborhoods directly affected by the 2006 Queens power outage. Upon completion of the selection process for an administrator for the tree planting and other greening projects, the signatories of the settlement will be required to make a filing with the Commission indicating the entity selected. If the Commission does not seek further review within forty-five (45) days of the filing, the filing will be deemed approved.

This tree planting initiative will be incremental to the City of New York's one- million Tree Planting Program, and will be funded with approximately \$4 million. A green projects administrator will be chosen by the signatories of the settlement who will identify, implement, manage, and oversee the various greening projects within the affected neighborhoods.

These funds are to be spent as expeditiously as possible, and, in any event will be utilized no later than 36 months after the Commission's order. Such greening projects are expected to assist in improving energy efficiency and reducing demand for electricity, in part due to the cooling characteristics of adding trees and other greening projects in metropolitan areas.

Other Provisions of the Settlement

The settlement also provides for a dispute resolution process for those who may have moved since the 2006 Queens power outage or who received payments for food spoilage during the outage and who Con Edison determines are ineligible for a payment for bill credit under the terms and conditions of the settlement. Staff of the Office of Consumer Service of the Department of Public Service will resolve any disputes.

Con Edison will forgo any New York State income tax deduction to which it would ordinarily be entitled regarding its payment of \$17 million for community benefits, thereby preventing any portion of the company's costs from being covered by State taxpayers.

Con Edison also agrees to provide a letter of apology signed by the company's chief executive officer to all affected customers of the 2006 power outage.

Public statement hearings and education forums regarding the terms and conditions of the proposed settlement agreement were held in Long Island City on May 27 and 28. A final evidentiary hearing for the parties was held on June 4, 2008, with no opposition expressed to the terms and conditions of the settlement.

Signatories to settlement include: Con Edison, Staff of the Department of Public Service, the New York State Consumer Protection Board, the Western Queens Power for the People, New York Assemblyman Richard L. Brodsky, The City of New York, and the Public Utility Law Project. The Utility Workers Union of America Local 1-2 stated that it does not oppose approval of the settlement agreement and a Korean community development organization filed correspondence expressing its support for the settlement.

The Commission's order in Case 06-E-0894, when issued, will be available on the Commission's www.dps.state.ny.us Web site by accessing the File Room section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).