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PSC CONTINUES TO CHALLENGE FERC DECISION

— Federal Energy Regulators Decision Places Unnecessary Burden on Consumers—

Albany, NY—02/28/14— The New York State Public Service Commission (PSC) today announced it was seeking to have a federal energy regulator reverse a recent decision that will result in a potential $230 million increase in annual electric bills to residential, commercial and industrial customers in the lower Hudson Valley.

On January 28, 2014, the Federal Energy Regulatory Commission (FERC) approved new capacity market rules requested by the New York Independent System Operator (NYISO) for all capacity zones, including a new zone in the Lower Hudson Valley, and reiterated its decision to deny the State's request to phase-in the new zone. These new rules take effect in May 2014 and will be effective for three years. These rules affect the prices that New York consumers will pay to secure an adequate supply of electricity.

"We continue to urge and press FERC to reconsider its decision to create a new capacity zone in New York," said PSC Chair Audrey Zibelman. "What federal regulators fail to recognize is the ongoing State initiatives now underway that are designed to resolve the transmission constraints between upstate and downstate that led FERC to take this anti-consumer action. It is critically important that consumers be protected against a rise in electric bills. In the event FERC decides against our appeal, any increase should be phased-in over time."

In basic terms, capacity markets pay generators to help keep existing power plants in service and build new units in order to maintain system reliability. The NYISO has said it designed the new capacity zone to maintain system reliability and attract investments in new and existing generation and demand response resources.

As initially proposed, the establishment of the new capacity zone would have resulted in a $350 million increase in annual electric bills for customers in the lower Hudson Valley. However, in its January decision, FERC accepted several changes offered by the NYISO to the proposed rules that lowered the potential impact on consumers to an estimated $230 million annually.

While FERC agreed to modifications that reduced the initial consumer impact, it maintained its decision to implement a new capacity zone and rejected the proposal to phase-in the impact of the new capacity rules over time.

"It is imperative that measures be taken to mitigate against the impact of excessive electric bill increases resulting from the new capacity zone in the Lower Hudson Valley," said Gil C. Quiniones, president and CEO of the New York Power Authority. "We believe it is essential that consumers be protected against an all-at-once increase in rates."

The PSC said FERC should reconsider its decision not to allow a phase-in of the new capacity zone. The PSC maintains that the evidence clearly supports a conclusion that a new capacity zone is not necessary and, at a minimum, a phase-in approach is needed to ensure prices are just and reasonable, and to avoid unreasonable price increases on consumers within the new capacity zone.

The PSC, along with other parties, strongly opposes the imposition of such costs; arguing instead to allow the State time to develop strategies that would enable more electricity to be transferred from upstate New York to the downstate area, which would mitigate the need to burden consumers with higher expenses.

The complete Public Service Commission filing with FERC can be found on the PSC's Web site at www.dps.ny.gov, and clicking on "Electric" and then "Federal Energy Regulatory Commission (FERC) Filings" listed under "Electric Topics". -30-