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John B. Rhodes, Chair

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## **PSC Adopts Terms of \$10.5 Million Settlement With NYSEG, RG&E Over Failure to Adequately Prepare for 2018 Winter and Spring Storms**

***Storms Left More than 300,000 NYSEG, RG&E Customers in the Dark***

***Largest Penalty Payment Ever for Failure to Follow Utility Emergency Response Plan***

***NYSEG and RG&E Required to Develop More Robust Storm Response Program, Enhance Communication and Coordination with Municipal and County Governments, and Strengthen Support for People on Life-Saving Equipment***

***NYSEG Will Hire 20 New Employees and Dedicate at Least 175 More Workers to Help with Storm Restoration Responsibilities***

***Third-Party Expert to Assess Company's Storm Response Training Programs***

**ALBANY** — The New York State Public Service Commission (Commission) today adopted the terms of a joint proposal — first announced by Governor Andrew M. Cuomo — with New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation that would settle the companies' liability for alleged violations stemming from companies' failure to adequately prepare for winter and spring storms in 2018. Under the terms of the agreement, the companies would pay \$10.5 million from shareholder funds, to be allocated \$9 million to NYSEG and \$1.5 million to RG&E.

On December 19, 2019, Governor Cuomo announced the terms of the \$10.5 million settlement with NYSEG and RG&E following the companies' failure to adequately prepare for and restore service after storms in 2018 swept through their service territories and left more than 300,000 homes and businesses without power, in the dark and in the cold. Following the outages, Governor Cuomo directed the Department of Public Service to investigate the utilities' preparations and response to the storms. The \$10.5 million enforcement penalty is the largest ever in New York State for a utility failing to follow procedures related to an emergency response.

"Utilities have a duty to their customers to be prepared for a storm and to restore power as safely and as quickly as possible," **said Commission Chair John B. Rhodes.** "Our decision today clearly demonstrates that if the utility fails to do that, the company's shareholders will be held accountable."

As part of the agreement announced today, NYSEG acknowledges and admits to 18 violations of its state-approved emergency response plans, and RG&E acknowledges and admits three violations.

To compensate customers, company shareholders will pay \$10.5 million: \$9 million from NYSEG and \$1.5 million from RG&E. The money will be used to provide customer benefits at the direction of the Commission.

In addition to the adopted joint proposal, the companies, as a result of a separate court order and judgment approved in Albany County Supreme Court on January 28, 2020, are required to take the following actions:

- In the near term, NYSEG will hire and maintain 20 additional employees with storm restoration responsibilities; additionally, PSC staff and NYSEG will review long-term staffing needs and requirements;
- NYSEG will maintain at least 175 damage assessment trained employees, excluding employees who perform restoration work during an emergency event;
- NYSEG and RG&E's Emergency Response Organization will form a group to develop a Storm Response Exercise program to include in-the-field activities and non-table-top storm response exercises, including testing their enhanced life-support equipment customer contact and tracking procedures, as well as communication and coordination with which will include municipal and county governments;
- NYSEG agrees to retain a third-party consultant, subject to consultation with Commission staff, to audit and assess the companies' storm response training and training exercise programs and NYSEG agrees that shareholders will bear any incremental costs for the term of engagement for the consultant.

In recent years, the State has faced an increased frequency of severe weather events that have impacted utility infrastructure. It is mission-critical that utilities are adequately prepared to meet and address these new realities and respond appropriately, including concretely improving plans and practices with each cycle.

The Commission issued an order on April 18, 2019 commencing an administrative enforcement proceeding against NYSEG and RG&E that would consider penalties against the company for alleged failures to adequately prepare for storms that hit their service territories in 2018.

The multiple 2018 winter and spring storms affected customers throughout New York State in all major electric utility service territories. Winter Storms Riley and Quinn, which hit the mid-Hudson region five days apart in March, had peak outages of approximately 500,000 and 162,000, respectively, resulting in some customers being without power for more than a week. In addition to storms Riley and Quinn, the Commission's investigation focused on three other storms in 2018: a windstorm in Western New York in April; a windstorm in the Plattsburgh and Glens Falls areas in early May; and a severe thunderstorm in the mid-Hudson region in mid-May.

Governor Cuomo's 2013-14 State Budget provided for significantly more stringent assessment and overview of utility activity requirements in New York. As a result of those changes, each year, electric utilities are now required to submit for Commission review and approval emergency response plans.

The investigation of the 2018 utility storm response covered all of the State's utilities and identified 43 potential violations and instances where emergency response plans were not followed by various utilities across the state. The investigation results were issued in an April 2019 report, and utilities have already taken steps to adopt recommendations for improved performance. Enforcement

proceedings stemming from the investigation report continue into various utilities, including Orange and Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Numbers 19-E-0105 and 19-E-0106 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.