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John B. Rhodes, Chair

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PSC Announces \$25.5 Million East Harlem Settlement

— Con Edison Shareholders Pay to Improve Gas Leak Detection; Provide Training for Firefighters; Give Out Hundreds of Methane Detectors to Residential Customers; Make Gas Infrastructure More Resilient, Stronger; Create Safety Education Program for Children and Summer Internships for Teenagers —

ALBANY — The New York State Public Service Commission (Commission) today approved a \$25.5 million spending plan that Consolidated Edison Company of New York, Inc. shareholders will pay as part of a settlement stemming from the Commission’s investigation into the East Harlem gas explosion in 2014. The spending plan approved today is part of the overall \$153.3 million settlement first announced by Governor Andrew M. Cuomo on Feb. 16, 2017.

“Our stringent gas safety regulations — among the strictest in the nation — ensure that the infrastructure, the underground pipes that transport and deliver gas to consumers, are properly maintained and secured, to protect New Yorkers,” **Commission Chair John B. Rhodes said.** “Utilities face stiff regulatory action if they fail to adhere to these safety regulations. Our decision today ensures that the community that suffered the most from the utility’s past mistake will receive the relief they deserve.”

With today’s decision, Con Edison shareholders will provide \$11.3 million to improve detection of and response to gas leaks, which includes providing first responders with remote methane detection equipment and high-powered blower aerators, train fire fighters in natural gas emergency response, and distribute hundreds of residential methane detectors.

The company will also provide \$11.8 million to improve infrastructure in the East Harlem neighborhood where the incident occurred, and it will provide \$2.4 million for gas-safety education programs, specifically, creating gas safety curricula for school-aged children and teens in East Harlem’s Technical High School and throughout the City, along with summer internships for Technical High School teens.

The overall settlement agreement announced in 2017 remains the largest gas safety-related settlement in New York history. The landmark action was designed to send a strong signal to utilities of their responsibility to maintain safety first and foremost. It demonstrated the stronger penalty powers of the regulator to hold utilities accountable to the highest standards, and it enforced the requirement that the utilities need to place life and safety before any other consideration.

Under the terms of the global settlement, Con Edison's shareholders paid for the inspection and repair of gas pipes in the utility's natural gas distribution system that evidenced poor workmanship. The company also implemented measures that improved the safety of its distribution system by reducing the time needed to complete an emergency shut-down of parts of the system.

Con Edison also took and continues to take other actions, including: conducting additional system-wide gas leakage surveys; ensuring that the pipe-fusing regulations are being adhered to; improving worker qualifications and inspections; replacing leak prone pipes; working more closely with City agencies to ensure the safety of all New Yorkers; and launching a pilot program to evaluate residential methane detectors.

The settlement approved by the Commission was a result of a 2015 Department of Public Service report that found that Con Edison had violated State and federal safety regulations and failed to follow its own procedures which contributed to the natural gas explosion that occurred on March 12, 2014 in East Harlem, New York. The violations included the failure to properly qualify employees and contractors to perform plastic gas pipe fusions and supervise their work, inadequate record-keeping, and installing valves capable of shutting down the gas system during emergencies. Eight people died and at least 48 people were seriously injured in the explosion.

The Department of Public Service investigation found that Con Edison had failed to adhere to nearly a dozen State gas safety requirements, many of which contributed to the explosion in 2014. The Department's investigation echoed similar findings by the National Traffic Safety Board in 2015, but the Department's analysis was much more extensive. In addition, the NTSB did not have the authority to issue financial penalties against Con Edison.

To settle the Commission's proceeding, Con Edison agreed not to seek reimbursement from its customers for the more than \$127.8 million spent on gas leak response-related activities since the East Harlem explosion. Additionally, the settlement did not resolve civil actions brought by individuals against Con Edison related to the explosion.

The historic settlement was made possible by reforms put in place by Governor Cuomo in 2013. The reforms strengthened the Commission's enforcement mechanisms to ensure that major electric and gas utility companies are held accountable first and foremost to the safety of New Yorkers. The settlement costs are the responsibility of utility shareholders, ensuring the monies come out of the bottom line of the corporation instead of utility customers.

Con Edison provides gas service to approximately 1.1 million customers in Manhattan, the Bronx, parts of Queens, and Westchester County. It also provides electric service to approximately 3.4 million customers in New York City and Westchester County; and operates a steam distribution system that produces and delivers steam to approximately 1,700 customers in parts of Manhattan.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 14-G-0201 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.