

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn, (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

08101/04-E-0572; 07-M-0868

STAFF REVIEWS UTILITY RELIABILITY, SERVICE QUALITY -2007 PSC Staff Reports on Service Outages and Customer Service Performance-

Albany, NY—09/17/08—The New York State Public Service Commission (Commission) today received reports from Staff of the Department of Public Service (Staff) assessing electric service reliability and customer service performance by utilities in New York State.

As reported today to the Commission by Staff, overall reliability performance during the most recent five-year period indicates that performance remains steady with respect to frequency of service interruptions and improving slightly with respect to duration of service outages. However, based on Staff's findings, reliability and service performance improvements are strongly indicated for some utilities.

“Reliability performance mechanisms and customer service quality incentive mechanisms have been in effect for many of the utilities for years,” said Commission Chairman Garry Brown. “These performance measurement systems link company earnings to company performance on specific measures of system reliability and/or customer service. These measurement systems are designed to promote performance-based incentive strategies for delivery of reliable electric service and a high level of customer service by electric and gas utilities in New York State.”

Reliability Performance

Staff's assessment of electric service reliability performance by utilities relies on two primary metrics to measure performance — the System Average Interruption Frequency Index (SAIFI or frequency) and the Customer Average Interruption Duration Index (CAIDI or

duration). SAIFI is the average number of times that a customer is interrupted during a year. CAIDI is the average interruption duration time for those customers that experience an interruption during the year.

In its company-specific findings, Staff recommended that New York State Electric & Gas Corporation (NYSEG) conduct a detailed assessment of its existing distribution tree-trimming program, procedures, and expenditures and that Central Hudson Gas and Electric Corporation conduct a detailed self assessment of the effectiveness of its modified tree trimming program.

Staff also recommended Consolidated Edison Company of New York, Inc. (Con Edison) conduct a self-assessment into why its duration performance associated with its above-ground (radial) systems has deteriorated.

Under National Grid's rate plan, the company's revenues will be adjusted \$13.2 million for failing to achieve the frequency target in its reliability performance mechanism for 2007. Staff has been working with the company to resolve reliability and infrastructure concerns through its capital expenditure filing and commitment to invest \$1.47 billion in the next five years.

In a related action, the Commission approved a \$9 million negative adjustment of Con Edison's revenues related to certain reliability issues. This action represents a \$5 million revenue adjustment due to the company's failure to meet the underground (network) interruption frequency target and \$4 million due to the company's failure to meet the above-ground interruption duration target. The money will be set aside for the future benefit of ratepayers.

Customer Service Performance

Staff today also presented to the Commission its report on customer service quality which examined utilities' performance on a wide range of significant activities important to customers, including installations of service, non-emergency repairs, meter reading, billing, customer service operations, and complaint handling.

Overall, the state's electric and gas utilities met or exceeded the standards for performance on 42 of the 46 measures of customer service established within each company's incentive mechanism. However, some performance deficits occurred in four utility service territories that will result in utility revenue or earnings adjustments as prescribed under each company's incentive mechanism.

Under the customer service incentives, failure to meet certain performance target levels by NYSEG and National Grid will result in a lowering of earnings or revenue adjustment of \$1.67 million and \$1.04 million, respectively. Also, Orange and Rockland Utilities, Inc.'s (O&R) revenue will be lowered by \$100,000 and Rochester Gas and Electric Corporation's (RG&E) electric and gas revenue will be lowered by \$533,332 for failing to meet certain customer service performance targets.

NYSEG, National Grid, and O&R missed target levels on survey measures of residential customer satisfaction with customer service while RG&E failed to maintain its required customer call answer rate for its call center operations.

The Commission's written decision concerning an adjustment to revenues for Con Edison in Case 04-E-0572, and Staff's 2007 Electric Reliability Performance Report and Staff's Report on 2007 Energy Utility Service Quality Performance in Case 07-M-0868, when issued, can be obtained from 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 may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).