

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223
Further Details: James Denn
james_denn@dps.state.ny.us | 518.474.7080
<http://www.dps.state.ny.us>
<http://twitter.com/NYSDPS>

11053/11-E-0413

UTILITY RELIABILITY AND CUSTOMER SERVICE REVIEWED

— Utilities Overall Performed Well; Reliability Steadily Increases —

Albany, NY—06/16/11—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 quality performance by electric and natural gas utilities in New York State. Overall, staff was pleased with the steady reliability of electric service and satisfactory customer service performance across the New York State.

“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 mechanisms link company earnings to company performance on specific measures of system reliability and/or customer service. These measurement metrics 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 the State.”

Statewide interruption frequency for 2010, excluding major storms, has been nearly identical for the past three years, and better than the five-year average. Central Hudson Gas and Electric Corporation and National Grid Upstate improved when compared with 2009. While the performances of the remaining four — Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation — of the major electric companies were not as good as 2009 levels, they still performed satisfactorily and met the criteria in the performance

mechanisms to which they were subject. For these companies, calendar year 2009 was also one of their best performing years in recent history.

The statewide duration performance for the most part in 2010 was acceptable. Although the statewide duration in 2010 was slightly worse than 2009, it was better than the five-year average. In 2010 NYSEG's and RG&E's duration was its best performance in the past five years.

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 that experience an interruption in electric service during the year.

Frequency of outages is influenced by factors such as system design, capital investment, maintenance, and weather. Decisions made by utilities today on capital expenditures and maintenance policies, however, can take several years before being fully reflected in the frequency measures. Duration, on the other hand, is affected by workforce levels, management of the workforce, and geography.

All investor-owned electric utilities have reliability performance mechanisms (RPMs) in place as part of their rate plans. The reliability performance mechanisms impose negative revenue adjustments on the utilities that fail to meet electric reliability targets. All of the companies met their RPM targets, except as noted below.

Additionally, staff presented to the Commission its report on customer service quality which examined utilities' performance on a wide range of measures of importance to customers, including complaint rates, customer satisfaction, service appointments kept and timeliness of telephone response. In 2010, the state's electric and natural gas utilities met or exceeded the standards for performance on each of the measures of customer service as established in each of their rate plans.

Staff's 2010 Electric Reliability Report concerning electric reliability performance, when issued, may be obtained from the Commission's www.dps.state.ny.us Web site by accessing the Commission's Search section of the homepage and referencing Case 11-E-0413. Many libraries offer free Internet access. Staff's report may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).