

STATE OF NEW YORK

Public Service Commission

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NATIONAL GRID IMPROVEMENTS RECOMMENDED

- Changes Requested in Light of Capital Region, Troy Outages -

Albany, NY— 2/13/08—The New York State Public Service Commission (Commission) today received a report from Department of Public Service Staff on the actions of National Grid following storms that occurred July 9, 2007 and July 10, 2007 in the Capital Region, including an in-depth analysis of the load shed event in the Troy area on July 10, 2007. These three events resulted in outages to over 100,000 customers.

“The assessment process undertaken by Staff after a major outage is an invaluable tool that enables the Commission to identify opportunities to improve utility performance in any type of outage situation,” said Commission Chairman Garry Brown. “Developing new ways to improve restoration efforts is a critical part of our mission to ensure safe and adequate service. The decision to shed load in the Troy and Cohoes area, which resulted in the loss of power for some parts of the region, was the correct and proper response to prevent further damage to the network. However, the company failed to communicate what was happening in a timely manner. Implementation of the recommendations made by Staff will ensure National Grid is better prepared to respond to outage events of all types, and the company will, in turn, work to keep the public and public officials, properly informed.”

The first event which precipitated the outage was a series of severe thunderstorms containing strong winds and heavy rain that occurred in the Capital Region of National Grid’s Eastern Division on July 9, 2007. At peak, approximately 38,400 National Grid customers were

without electric service. National Grid restored service to all affected customers by the morning of July 12. Staff found no significant shortcomings in National Grid's restoration efforts related to this storm.

On July 10, 2007, a series of equipment failures resulted in an emergency load shed that cut power to the cities of Troy and Cohoes, and several other communities in the surrounding area. In its report, Staff concluded that the July 10 emergency load shed incident could have been averted had National Grid taken more aggressive action in restoring certain key elements to the electric system prior to the July 9 storm. Staff also found that National Grid staff should have been more aware of the possibility of problems in Troy, Cohoes, and surrounding communities given the number of lines already out of service.

In addition to the system-related issues, Staff's report highlighted communications breakdowns, both internal and external, that exacerbated the problems caused by the emergency load shed. Staff made several recommendations to address the communications issues and ensure that in the future, the company applies its storm-related communications practices to load shed events and other non-storm related outages.

The third event relates to thunderstorms in the Saratoga-Glens Falls area on the night of July 10. These storms impacted the transmission system, resulting in a loss of generation capability, and a loss of power for some 82,000 customers for up to 16 hours. Staff has several recommendations for operational improvements related to this event.

Staff made numerous recommendations for improvement of National Grid's performance, and expects the company to ensure timely implementation. The company is expected to complete implementation of all recommendations by 60 days from receipt of Staff's report.

Listed below are Staff's key recommendations, which are detailed in the report:

- National Grid should revisit a number of policies and procedures dealing with line repairs, emergency ratings, and system modeling.
- Staff recommends that a section be added to National Grid's emergency plan dealing specifically with extraordinary events (including, but not limited to load sheds) and establish a specific and detailed communications protocol, including how the company will provide advance notice of the potential for an outage.
- National Grid should revisit the chain of communications to emphasize the importance of immediate and complete notification to all concerned parties, both external and internal, in outage and safety events.
- National Grid should review its media plan to ensure that its implementation is focused on proactive, timely, and comprehensive communication that clearly addresses customer informational needs and customer service issues related to load shed events and other non-storm related emergencies.

The Staff Report, when issued, will be available on the Commission's www.dps.state.ny.us Web site by accessing the File Room. Many libraries offer free Internet access. Commission decisions can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).