

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>

10037/09-M-0427

NYSEG PAYS SETTLEMENT FOR FAILING TO TRIM TREES — Tree Touches Power Line, Company Owners Pay \$200K —

Albany, NY—04/15/10—The New York State Public Service Commission (Commission) today reaffirmed the importance of requiring utilities to prevent trees from contacting high-powered transmission lines when it announced a \$200,000 settlement with New York State Electric & Gas Corp. (NYSEG) after the utility failed to prevent a tree from encroaching a transmission line.

“Safety and reliability of the state’s electric transmission system is of paramount importance,” said Commission Chairman Garry Brown. “Utilities protect the safety and reliability of this critical infrastructure by implementing effective vegetation management in their transmission rights of way. In this settlement, and based on NYSEG’s failure to implement its vegetation management procedures, it will be required to set aside the money to benefit ratepayers. NYSEG also agrees to further enhance its capacity to provide increased and appropriate attention to this critical transmission system infrastructure.”

The settlement stems from a July 2008 incident when a vegetation-related circuit-trip occurred on NYSEG’s electric transmission system. The circuit-trip was caused by contact between Line 33, one of the company’s 345 kV transmission lines located in its Liberty Division, and a 55-foot spruce tree growing under the wires on the transmission line right-of-way (ROW).

While the contact did not lead to any customer outages, it did occur due to the company’s failure to properly patrol and manage vegetation along its transmission lines, in violation of the Commission’s June 20, 2005 vegetation management order which requires utility companies, in

the interest of transmission system reliability, to comply with certain ROW vegetation management practices, including performing annual aerial and ground patrols.

Last month, the North American Electric Reliability Corporation (NERC) issued a notice indicating that the company reached a settlement with NERC for violations relating to this circuit-trip. The settlement involved a penalty of \$250,000 for this circuit-trip plus an additional circuit-trip on a different transmission line, both in violation of the Federal Energy Regulatory Commission's rules governing vegetation clearance.

As part of the settlement, NYSEG agreed to contribute \$200,000 in shareholder funds to a ratepayer deferral account. It also agreed to provide a written report detailing the number and location of in-house versus contract foresters, submit a plan for succession management for division foresters who are within five years of retiring, and make recommendations to stem the outflow of division foresters. NYSEG will coordinate with Department staff on a customer outreach and education bill insert that will discuss the relationship between electric system reliability and the need for the company to trim or remove vegetation from the ROW.

This settlement provides for the complete resolution of any penalty or prudence related issues associated with or relating to the 2008 outage. In return for, and conditioned upon satisfaction of the above financial commitment, the parties agree that the company will be released and discharged from all penalty or prudence-related claims that were or could have been asserted relating to the company's actions. The investigation into the 2008 outage is discontinued and it will not be reinstated or renewed at a future time.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Number 09-M-0427 in the input box labeled "Search for Case/Matter Number." 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).